

5 MAY 2021

Q1 Results

Mikko Ayub
CEO

Aktia

Aktia's Q1 2021 in brief

- The good development of the net interest income continued mainly due to the strong balance growth of corporate credits
- The housing market continued to be active and the demand on especially holiday homes increased
- Assets under management were at the same level as at the year-end and amounted to EUR 10.4 billion
- Net subscriptions for Aktia's investment products on the emerging markets decreased somewhat, but without any significant effect on the financial performance
- Positive value changes together with the stable actuarially calculated result contributed to the very favourable development of net income from life insurance
- Aktia's acquisition of the wealth management operations of Taaleri was completed on 30 April 2021

Aktia

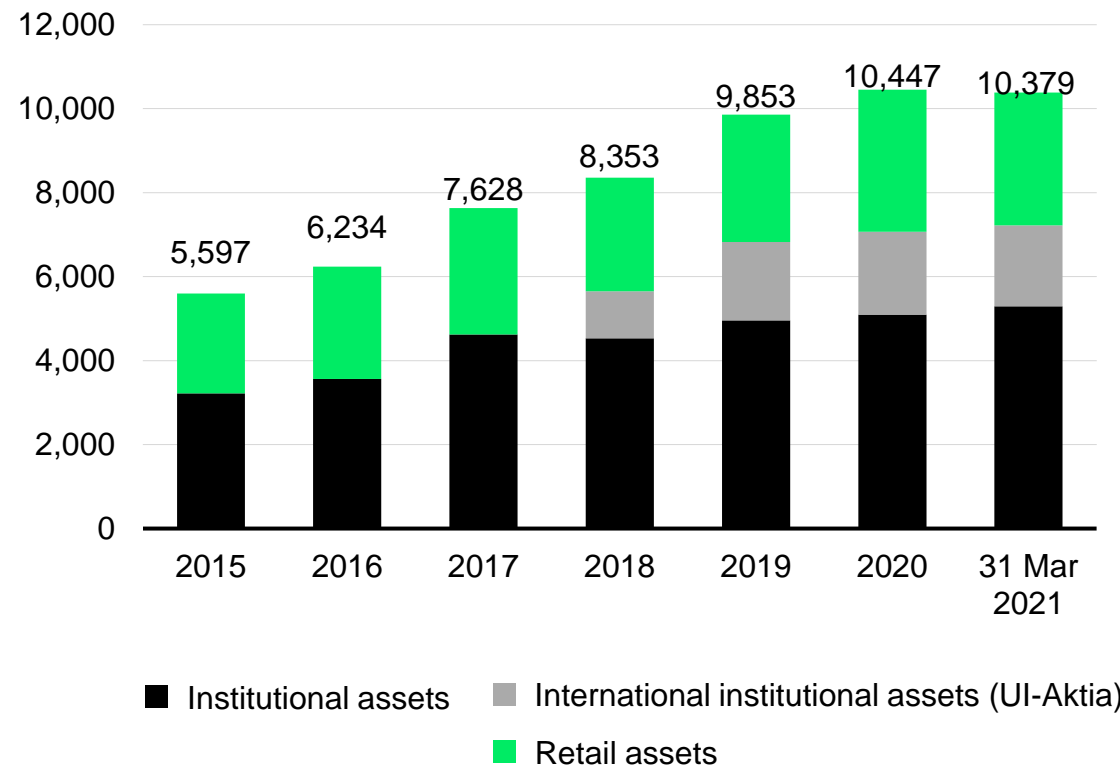


Aktia won all three categories in Morningstar awards

Asset Management

Assets under management excluding custody (AuM)

EUR million



Asset Management

- Aktia's extensive and top-quality asset management competence was rewarded with Morningstar's all three fund house awards
- Aktia announced on 30 April the closing of the acquisition of Taaleri Plc's wealth management operations. After the transaction Aktia will provide its customers an increasingly broad product range

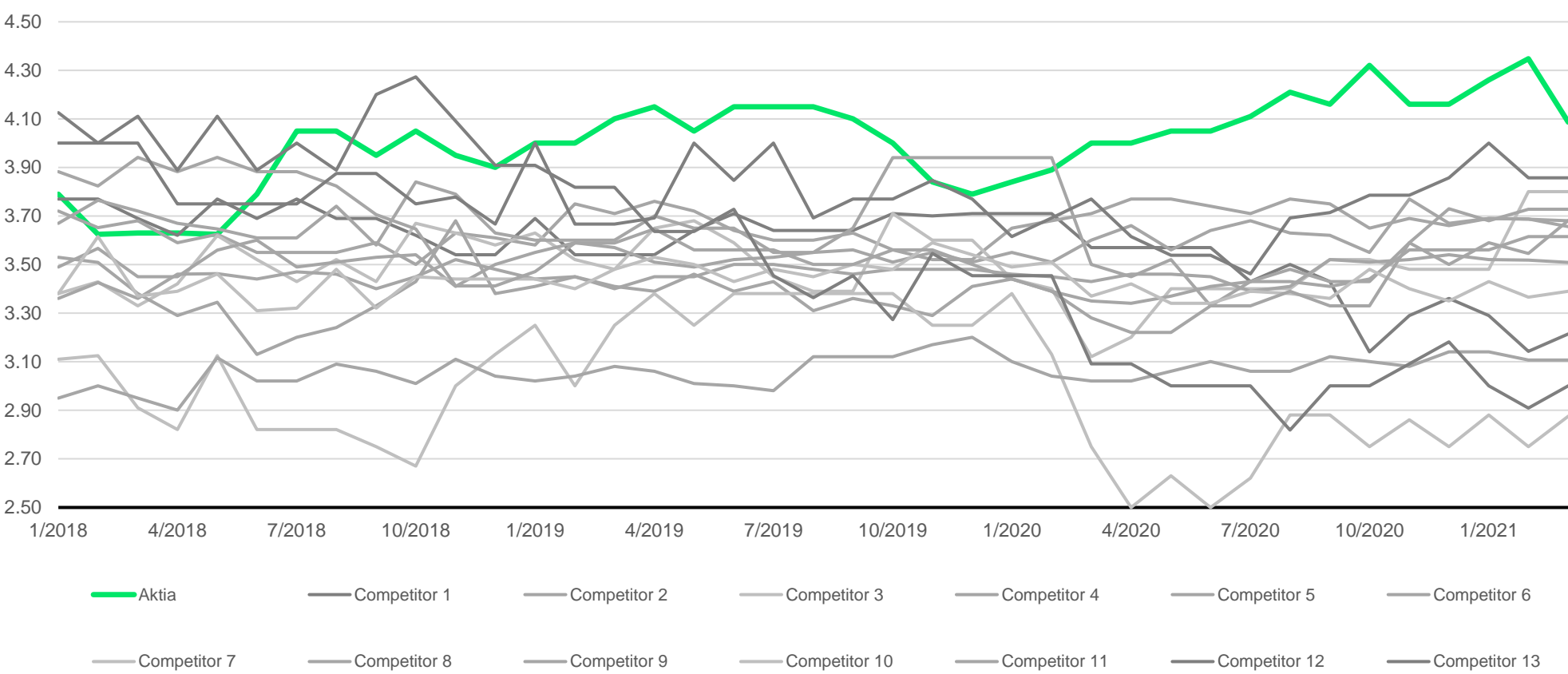
Life Insurance

- The sales of personal insurances were strong during Q1
- The Mortgage Society of Finland started sales during Q1 as a new co-operation partner for the distribution of personal insurances to private persons

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Aktia's Morningstar rating extraordinary strong

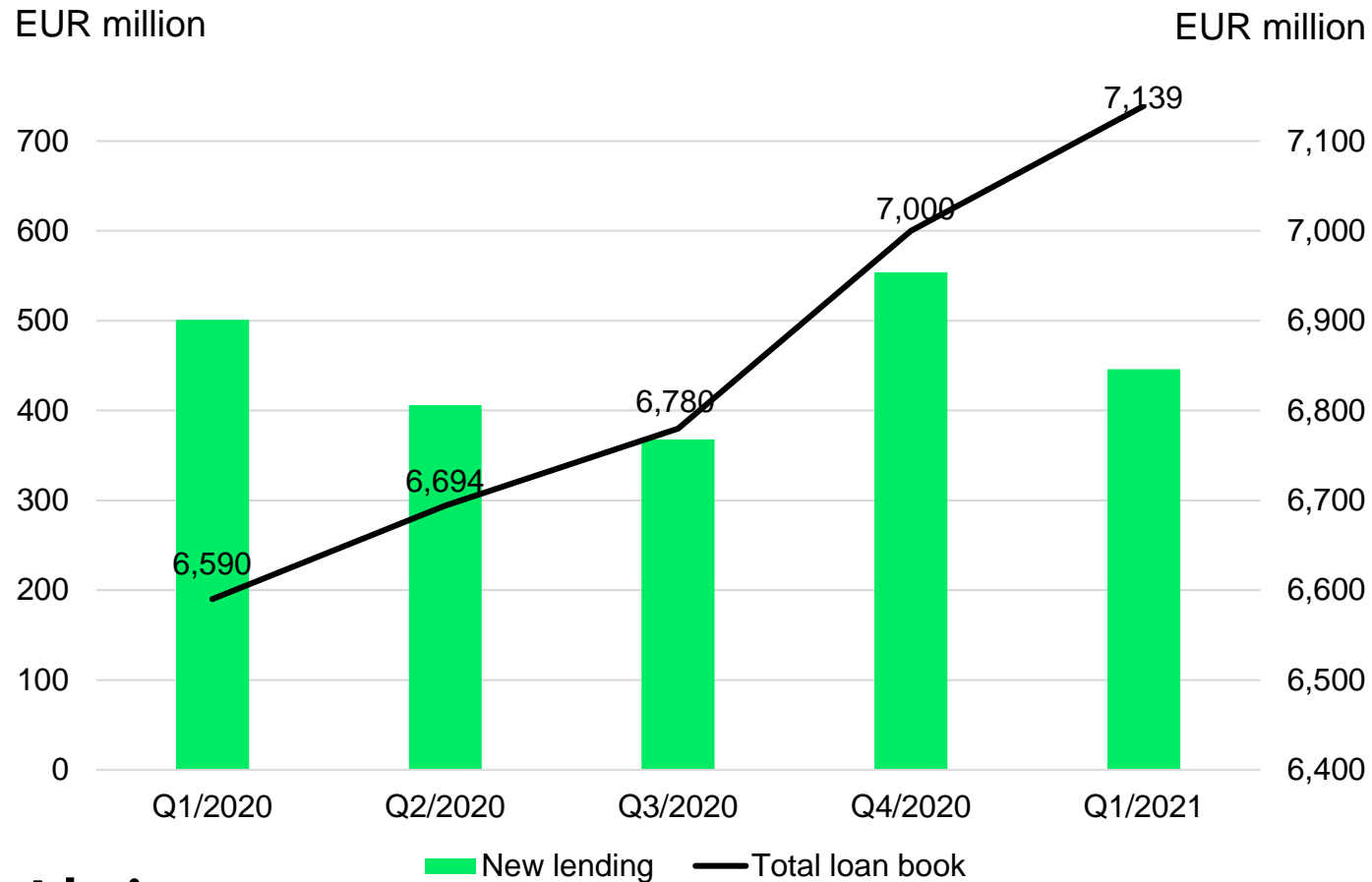
3/2021



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

Growth in total loan book continues

Total loan book EUR +139 million (+2%) Q-o-Q



- Group lending to the public and public-sector entities increased by EUR 139 million to EUR 7,139 (7,000) million
- Aktia's total new lending was EUR 446 (554) million

Implementation of the service model continues

Banking Business

Private customers

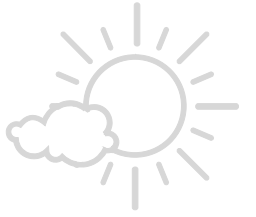
- The good development in housing loan operations continued during Q1 and the number of digital housing transactions increased further.
- Aktia's customer-oriented service model has become a part of the company's everyday business
- Customer behaviour has changed, and the location-independent service model has strengthened its position in customer work: The share of virtual meetings, digital signatures and webinars increased during Q1 and the demand for virtual services continued to increase

Corporate customers

- The demand on corporate lending continued to increase
- The increase in financing for RS objects and SMEs was still strong in strategic growth areas
- Aktia's corporate customers' interest in leasing and factoring products increased considerably

Aktia

Our strategic priorities



2023

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

The financial targets 2023

**Comparable
operating profit
EUR 100 million**

1–3/2021;
EUR 16.9 million

(1–12/2020;
EUR 55.1 million)

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

31 March 2021;
8.6%

(31 December 2020;
6.7%)

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

1–3/2021;
0.67

(1–12/2020;
0.71)

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

31 March 2021;
**4.0 percentage points over
the minimum capital
requirement 9.8%**

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

Aktia acquired 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 was completed on 30 April 2021
- The acquired Taaleri wealth management business is profitable and expected to have positive contribution to operating profit going forward. However, in 2021 the transaction execution and integration will incur one-time expenses such as M&A and legal advisory related costs and post-closing integration costs.
- Taaleri Asset Management impact on financial results will be commented in connection with 2Q results.

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 at the annual level are estimated to amount to EUR 8 million by the end of 2023

Aktia



Financial overview

Outi Henriksson
CFO

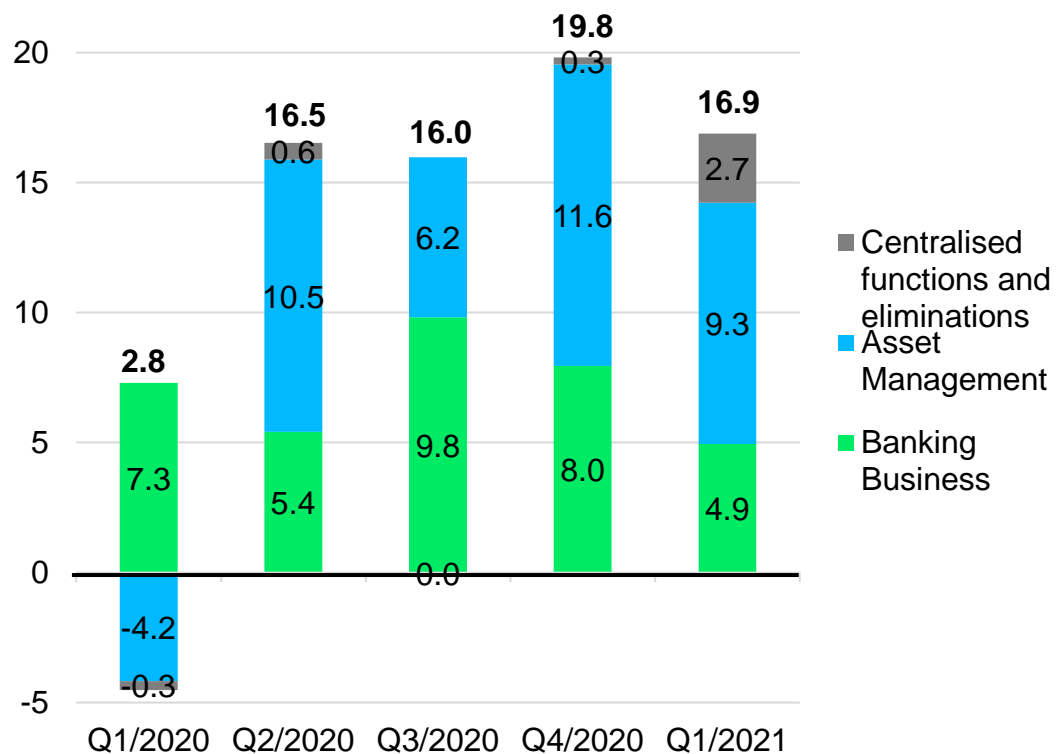
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Comparable operating profit and income

Q-o-Q

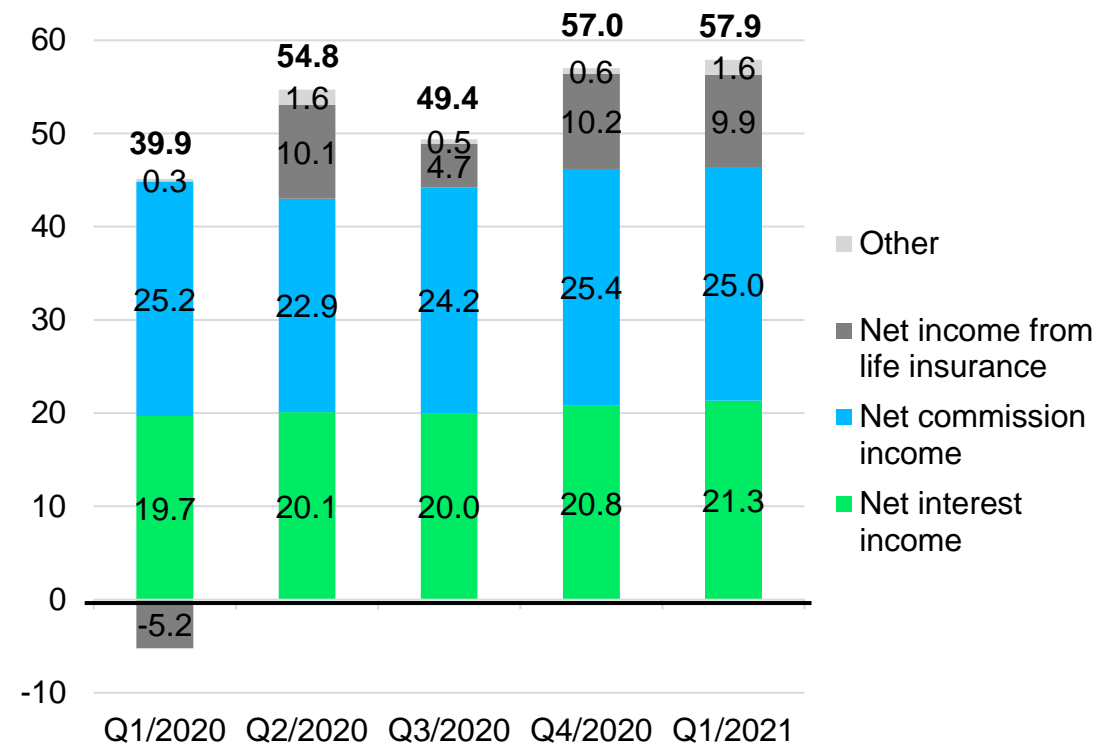
Comparable operating profit

EUR million



Comparable operating income

EUR million

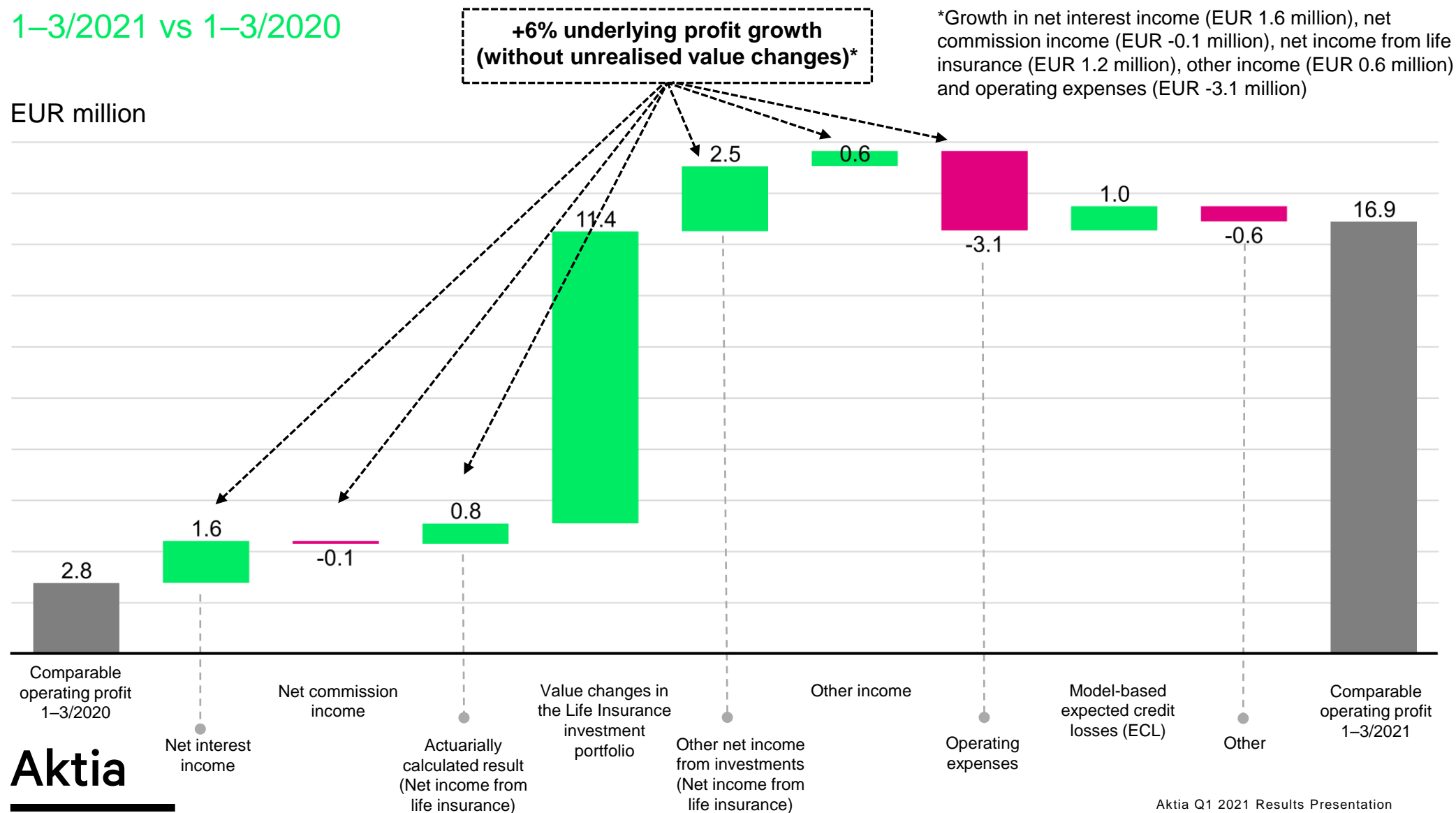


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Comparable operating profit

1–3/2021 vs 1–3/2020

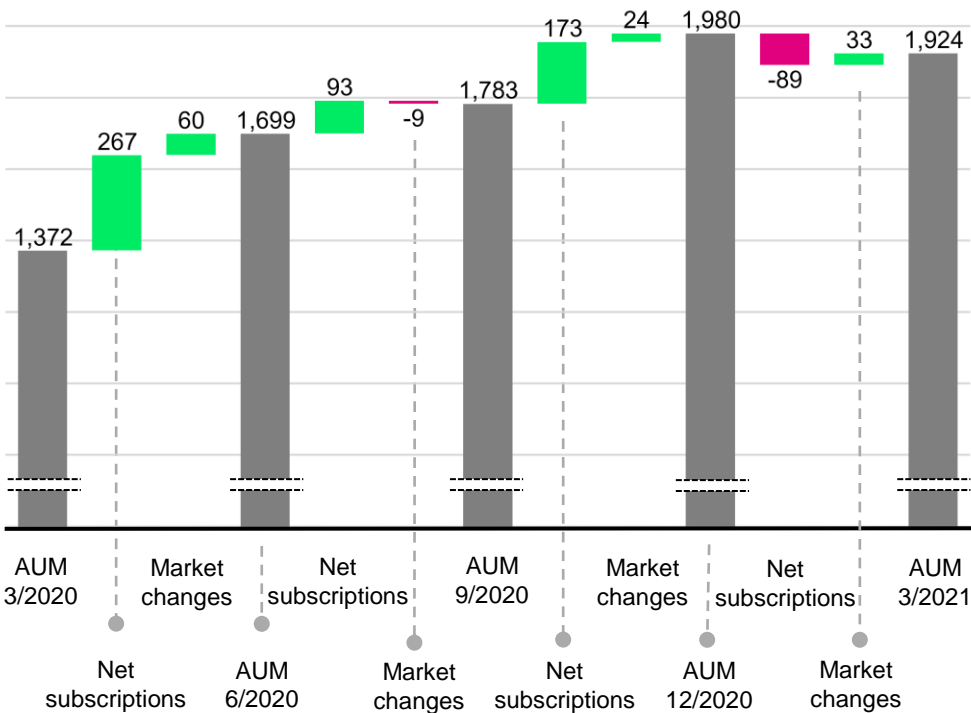
EUR million



Assets under Management – Net subscriptions and market changes

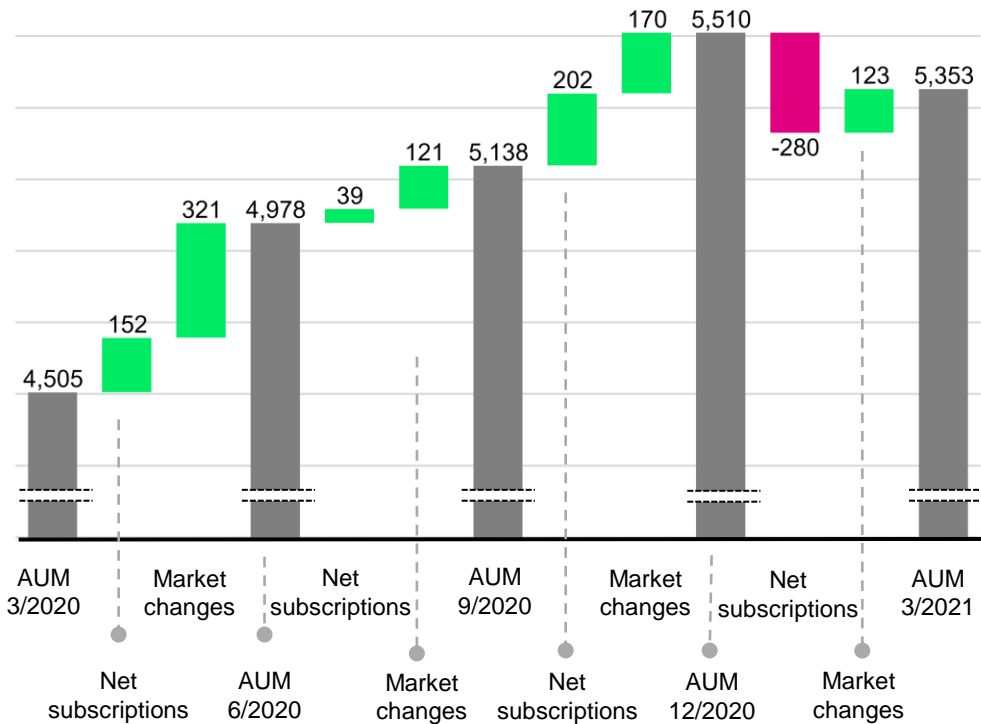
Asset Management, Aktia UI Q-o-Q

EUR million



Asset Management, domestic Q-o-Q

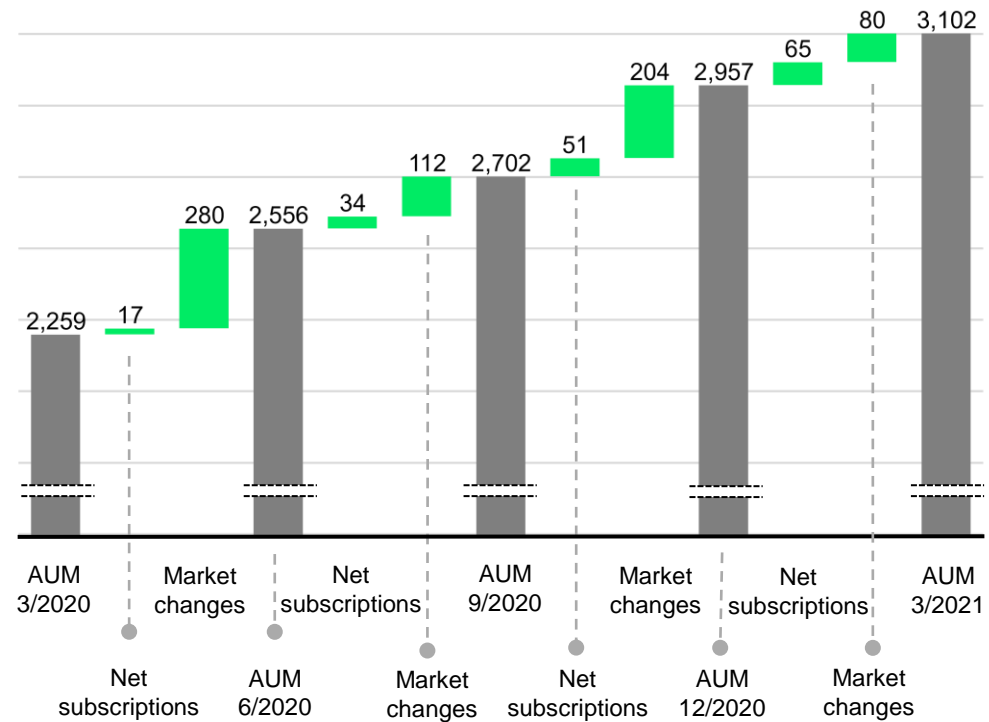
EUR million



Assets under Management – Net subscriptions and market changes

Banking Business, Retail Q-o-Q

EUR million



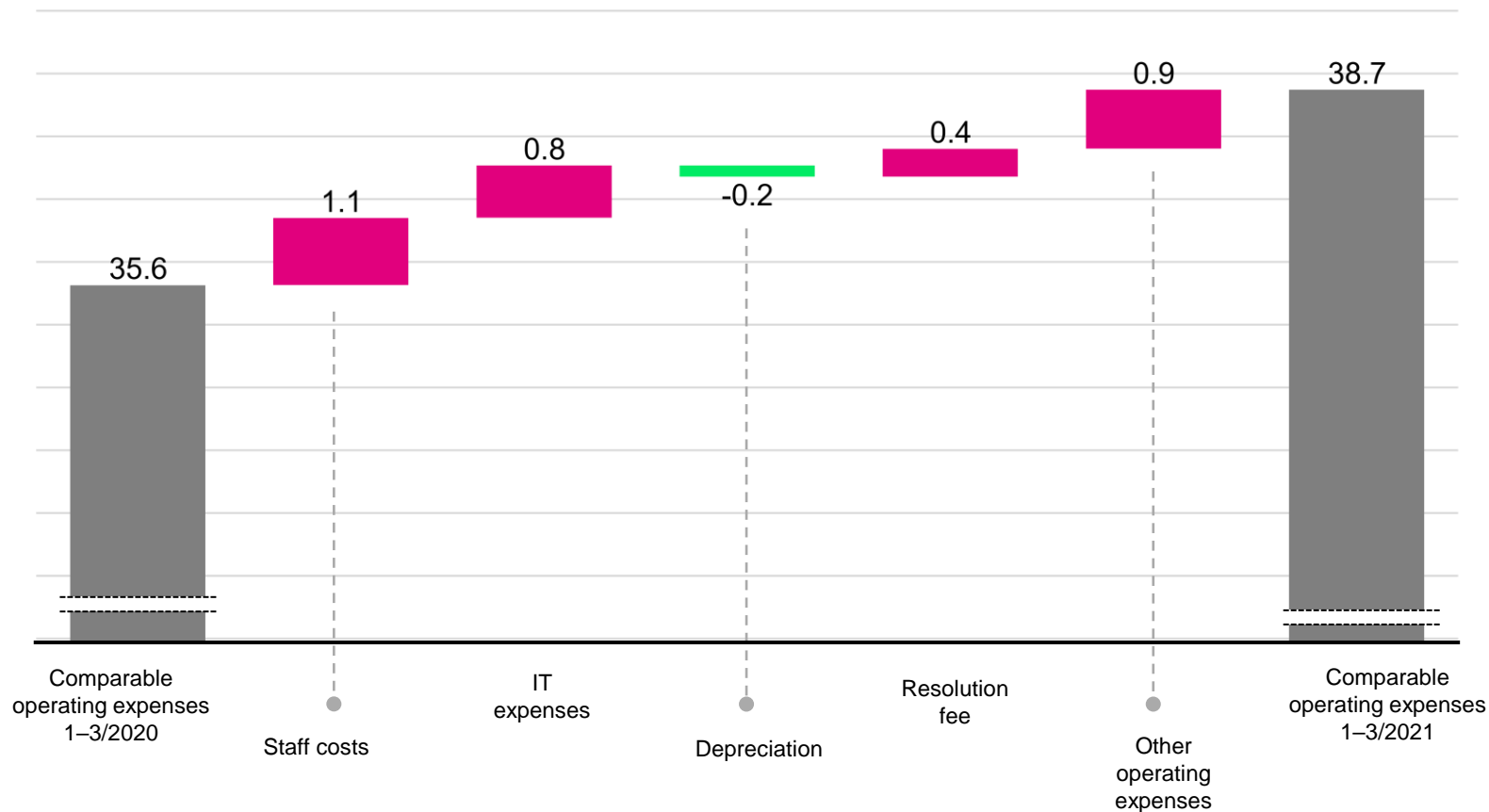
Aktia



Comparable operating expenses

1–3/2021 vs 1–3/2020

EUR million



Staff costs:

Staff expenses increased by 6% to EUR 17.6 (16.6) million, which relate to recruitments in 2020.

IT expenses:

IT expenses increased to EUR 6.4 (5.6) million, partially related to timing of recognising certain IT costs. The run-rate is approximately at 2020 level.

Other operating expenses:

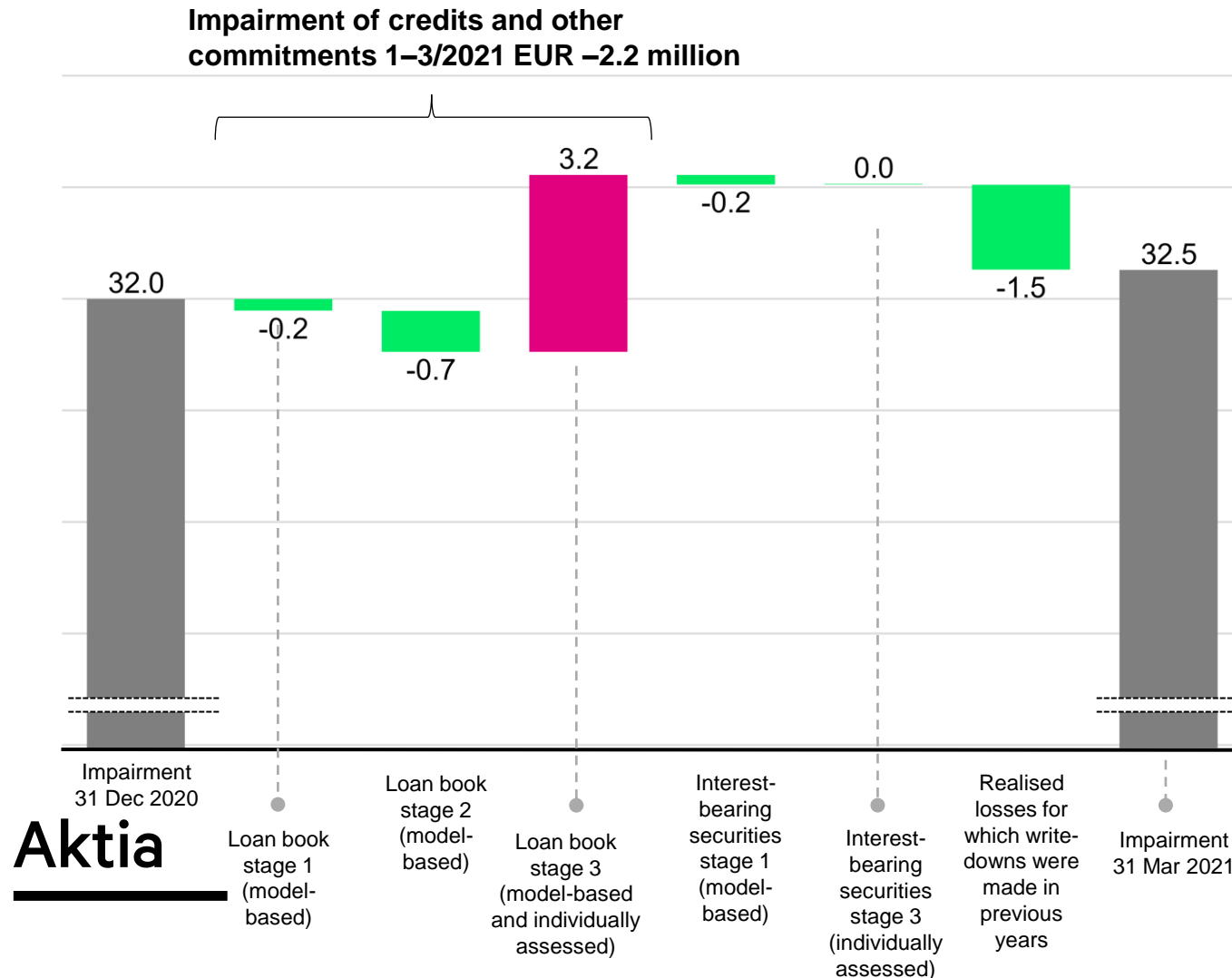
Other operating expenses increased to EUR 10.3 (8.9) million. The increase mainly pertains to Taaleri Asset Management transaction related one-off costs (EUR 1.2 million).

Operating expenses also include the estimated stability fee of EUR 2.8 (2.3) million for 2021.

Impairments for future expected credit losses

Change in expected credit losses (ECL) 1–3/2021

EUR million



- Impairments on credits and other commitments increased to EUR -2.2 (-1.4) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -1.1 (-0.9) million, whereas other impairments on credits increased to EUR -1.1 (-0.5) million.
- The new definition of default that entered into force on 1 January 2021 increased the model-based impairments with EUR 0.8 million.
- The macroeconomic assumptions in the ECL model were updated leading to a positive change of EUR 0.6 million for the quarter. Macroeconomic factors considered include measures such as unemployment rate, GDP growth, residential and commercial property prices.
- We still have not observed any major covid-related new risk concentrations in our credit portfolio.

Financial summary Q1

EUR million	1Q2021	1Q2020	Δ %	4Q2020	Δ %
Total operating income	57.9	39.9	45%	57.0	2%
Net interest income	21.3	19.7	8%	20.8	2%
Net commission income	25.0	25.2	0%	25.4	-1%
Net income from life insurance	9.9	-5.2	-	10.2	-3%
Other income	1.6	0.3	503%	0.6	181%
Total operating expenses	-38.7	-35.6	9%	-36.4	6%
Impairments of credits and other commitments	-2.2	-1.4	58%	-0.8	169%
Operating profit	16.9	2.8	508%	19.7	-14%
Comparable operating profit*	16.9	2.8	508%	19.8	-15%
Earnings Per Share (EPS), EUR	0.20	0.03	567%	0.22	-9%
Return on Equity (ROE), %	8.6	1.4	533%	9.2	-7%
Cost-to-income ratio (comparable)	0.67	0.89	-25%	0.64	5%
Common Equity Tier 1 capital ratio, %	13.8	15.9	-14%	14.0	-2%

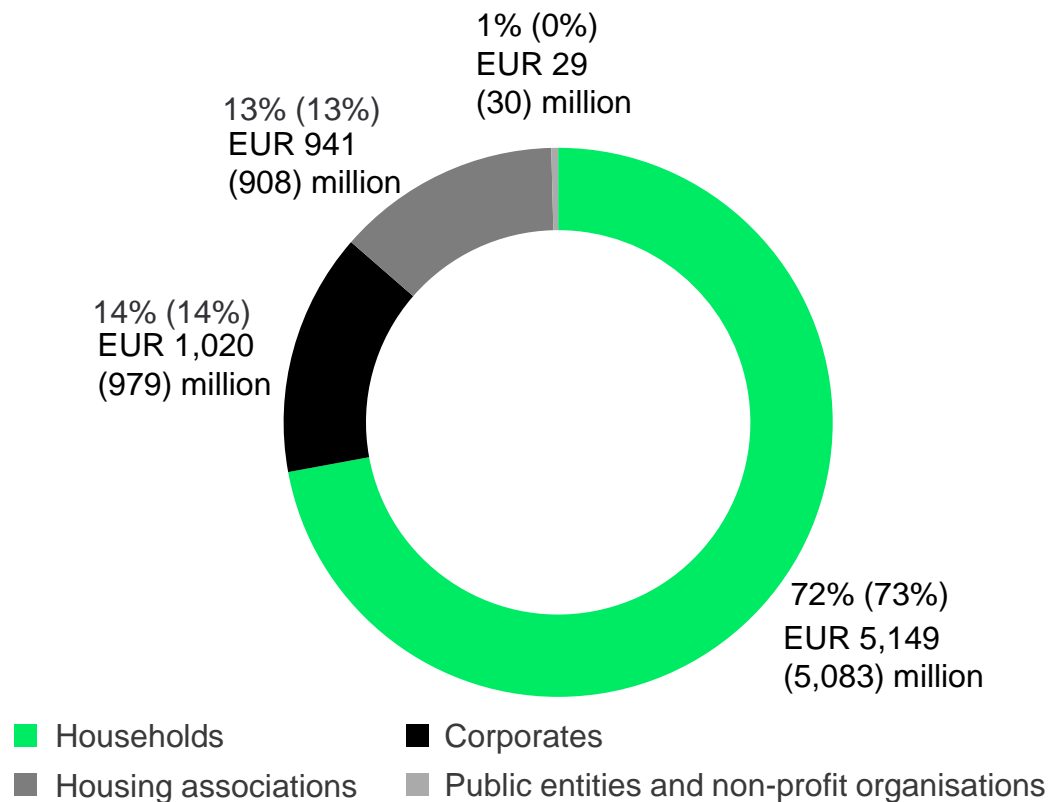
*) Excl. items affecting comparability

Structure of lending and deposits

31 March 2021 (31 December 2020)

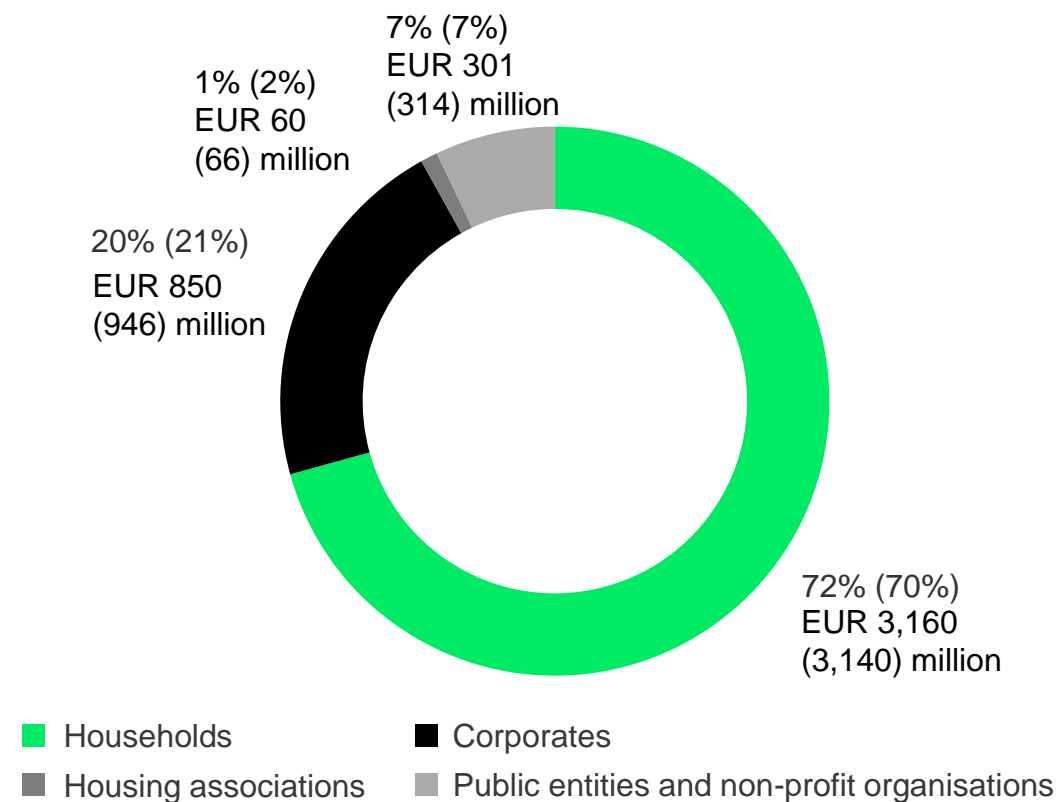
Lending

Total EUR 7,139 (7,000) million



Deposits

Total EUR 4,371 (4,466) million

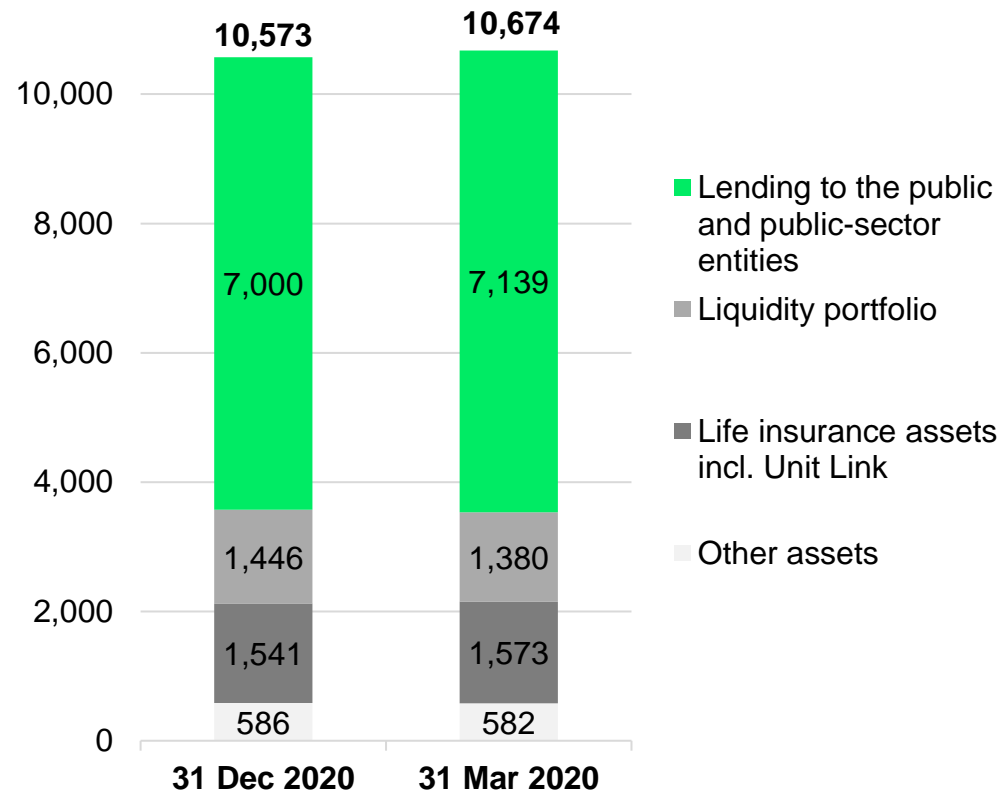


Balance sheet total increased to EUR 10,647 million

31 March 2021

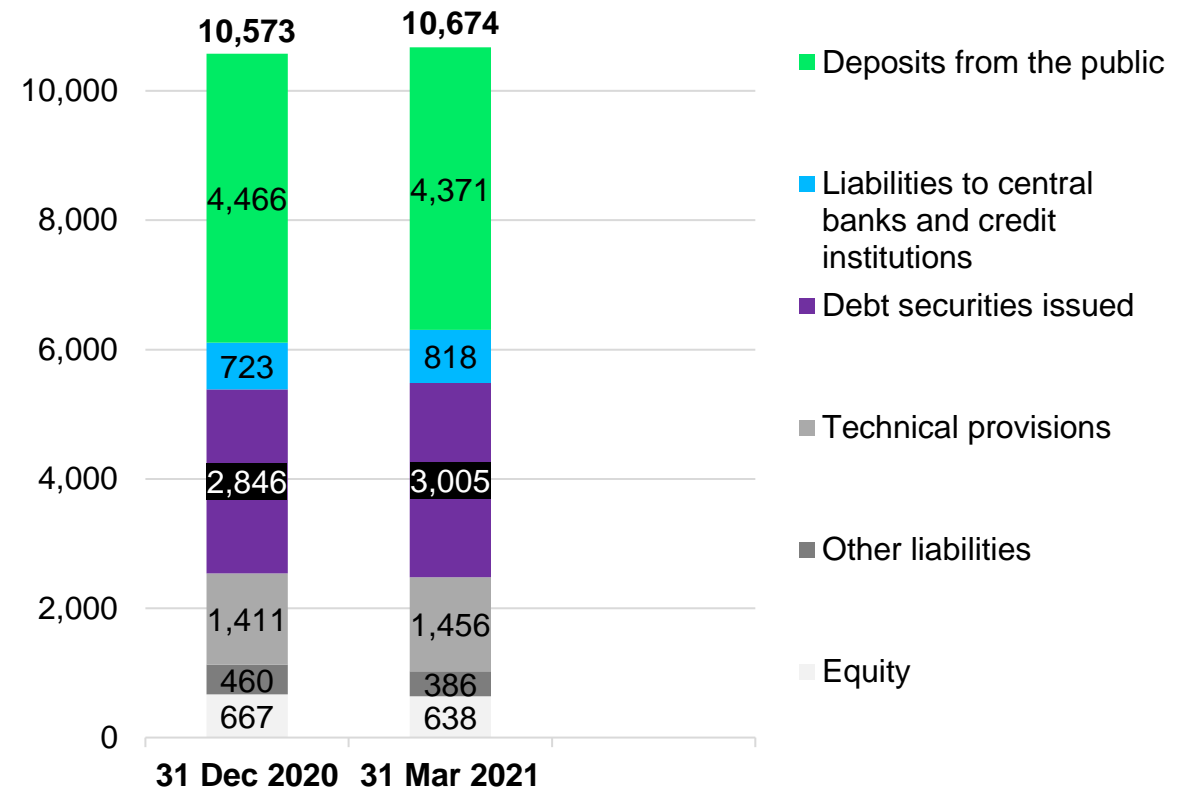
Total assets

EUR million



Total liabilities and equity

EUR million



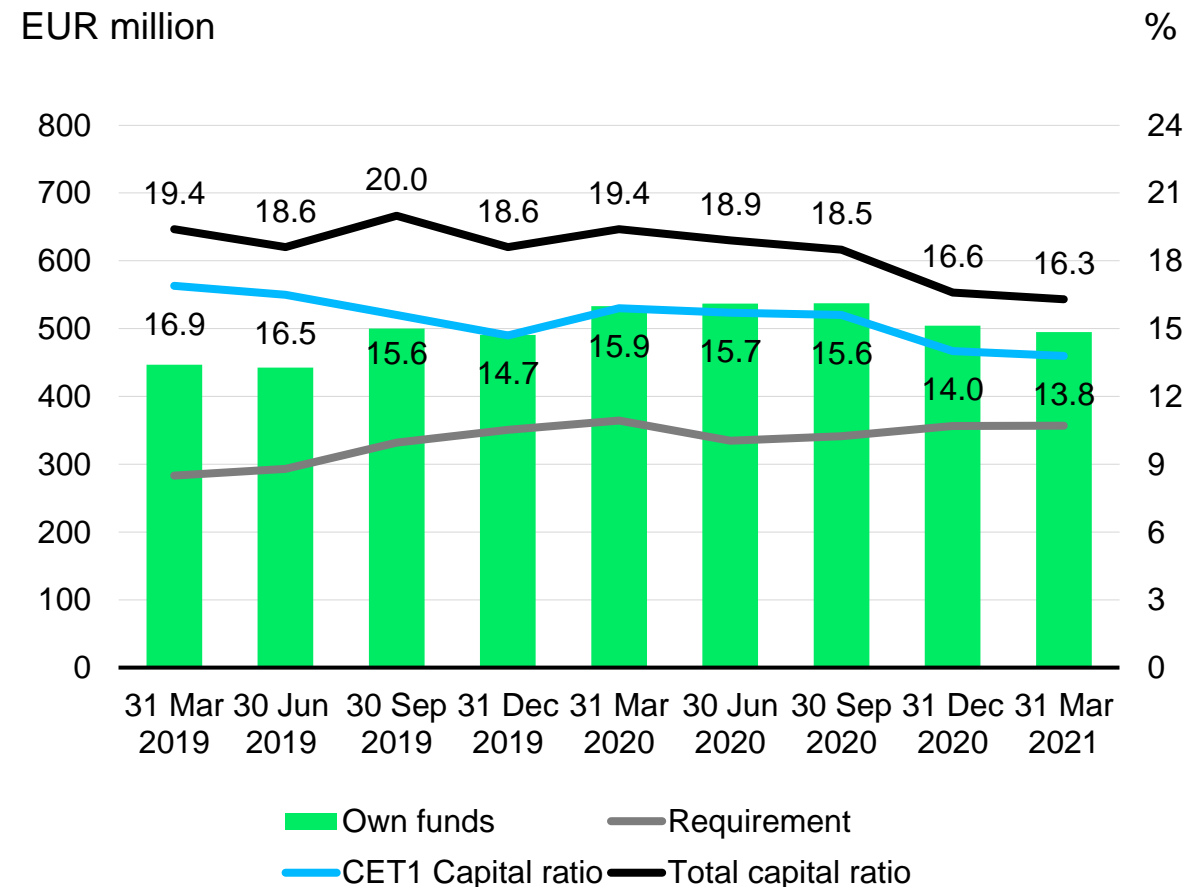
CET1 on a solid level above the target range

Capital Adequacy

- At the end of the period, the Bank Group's Common Equity Tier 1 (CET1) capital ratio was 13.8%.
 - Target range at the end of period 11.3–12.8%.
- During the Q1 Aktia implemented the new definition of default (DoD) for IRB models.
- CET1 capital decreased by EUR 6.4 million during the period
 - The decrease was mainly as a result of increase of expected losses due to the DoD-implementation
 - The maximum proposed 2020 dividend, EUR 0.43 per share, has been deducted from the CET1 capital, which affected the CET1 capital ratio by 1.1 percentage points.
- The risk-weighted assets (RWA) increased by EUR 5.8 million
 - The 15% risk-weight floor for mortgage loans have abolished which reduced the RWA
 - The implementation of DoD and growth in the loan book increased the RWA

CET1

EUR million



High funding activities

- During the Q1 2021 Aktia has continued to be active issuer in the senior preferred market. Aktia has completed over 30 transactions under the EMTN program. The total volume during the first quarter was EUR 170 million with maturities in the range of 2–15 years.
- Aktia is considering to issue further approximately EUR 100 million worth of new debt during the first half year 2021. The bank has also been mandated by the Board of Directors to issue inaugural Additional Tier 1 issue to the market.
- Aktia's liquidity situation is solid. The LCR ratio has been comfortably over the regulative limit being 139% at the end of Q1. The cash level has been equally very good. The ECB tiering structure has been in full use for nearly the whole period.

Appendices

Key figures Q1 2021

(Q1 2020)

Net interest income	+8%	EUR 21.3 (19.7) million
Net commission income	0%	EUR 25.0 (25.2) million
Total operating income	+45%	EUR 57.9 (39.9) million
Comparable operating income	+45%	EUR 57.9 (39.9) million
Total operating expenses	+9%	EUR -38.7 (-35.6) million
Comparable operating expenses	+9%	EUR -38.7 (-35.6) million
Comparable operating profit	+508%	EUR 16.9 (2.8) million

EPS
EUR 0.20
(EUR 0.03)

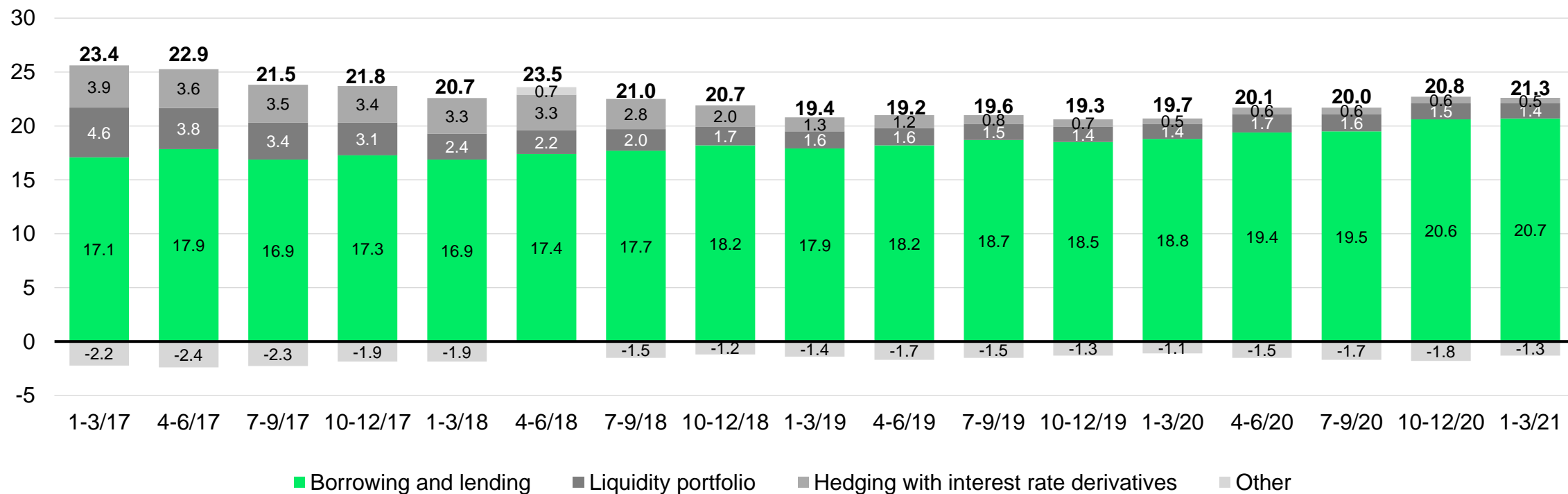
Comparable C/I ratio
0.67
(0.89)

ROE
8.6%
(1.4%)

CET1
13.8%
(31 December 2020; 14.0%)

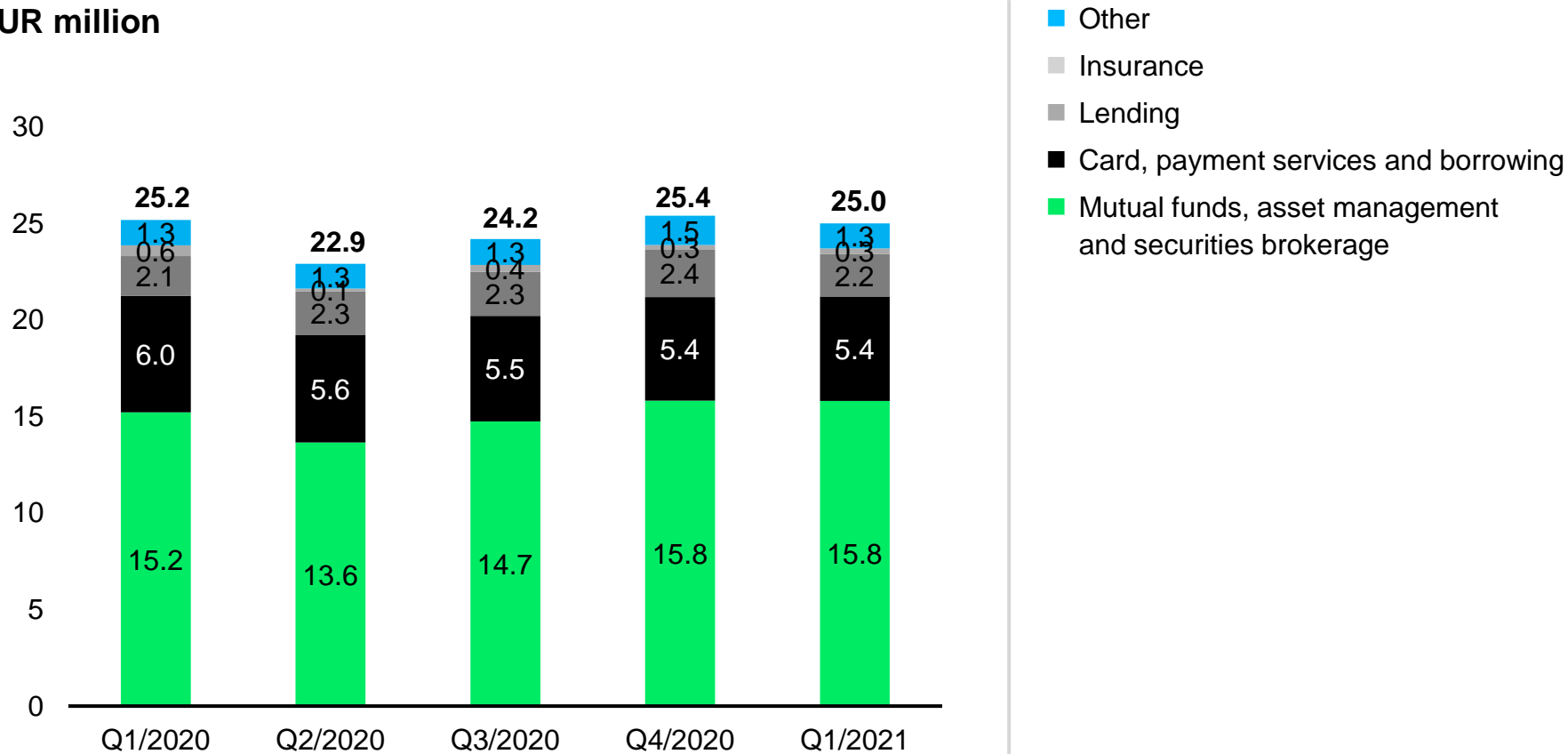
Net interest income mix

EUR million



Net commission income mix

EUR million



Aktia



The good bank. And a great asset manager.

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