

Corporate Governance Report 2021

Aktia



Corporate Governance Statement for Aktia Bank Plc

This report has been approved by the Board of Directors of Aktia Bank Plc (Aktia) on 16 February 2022. The report has been prepared separately from the Report by the Board of Directors and it has been handled by the Audit Committee of the Board of Directors. This Corporate Governance Report has been prepared in accordance with the Finnish Corporate Governance Code 2020. This report and other disclosures required under the Corporate Governance Code, the company's financial statements, the Report by the Board of Directors and the auditor's report for 2021 are available on the company's website, www.aktia.com.

Recommendations concerning corporate governance

In addition to complying with legislation in force and the company's Articles of Association, Aktia Bank Plc also complied with the 2020 Corporate Governance Code for Listed Companies issued by the Finnish Securities Market Association (Corporate Governance Code 2020). The Code is publicly available on the website of the Finnish Securities Market Association, www.cgfinland.fi. Aktia is a supporting member of the Securities Market Association.

AKTIA BANK PLC'S GOVERNANCE STRUCTURE



BOARD OF DIRECTORS 31 DECEMBER 2021



Lasse Svens

b. 1962
Chairman of the Board and Chairman of the Board's Remuneration and Corporate Governance Committee
M.Sc. (Econ.)
CEO, Åbo Akademi University Foundation sr
Member of the Board since 2016
Shares in Aktia Bank Plc 31 December 2021: 14,445



Timo Vättö

b. 1964
Vice Chairman of the Board and member of the Board's Remuneration and Corporate Governance Committee
M.Sc. (Econ.)
Managing Partner, Cundo Management AG, Switzerland
Member of the Board since 2021
Shares in Aktia Bank Plc 31 December 2021: 1,606



Johan Hammarén

b. 1969
Member of the Board and member of the Board's Remuneration and Corporate Governance Committee
M.Sc (Econ.), Master of Laws
CEO, Oy Hammarén & Co Ab
Member of the Board since 2019
Shares in Aktia Bank Plc 31 December 2021: 4,057



Maria Jerhamre Engström

b. 1969
Member of the Board and Chairman of the Board's Risk Committee
eMBA
Management Consultant focusing on IT and IT transformation
Member of the Board since 2018
Shares in Aktia Bank Plc 31 December 2021: 5,603



Harri Lauslahti

b. 1961

Member of the Board and member of the Board's Risk Committee

M.Sc. (Econ.)

Managing Partner, Kohtas Co. Finland Oy

Member of the Board since 2020

Shares in Aktia Bank Plc 31 December 2021: 2,765



Olli-Petteri Lehtinen

b. 1960

Member of the Board and member of the Board's Audit Committee and Risk Committee

M.Sc. (Econ.)

Board professional

Member of the Board since 2020

Shares in Aktia Bank Plc 31 December 2021: 2,765



Johannes Schulman

b. 1970

Member of the Board and member of the Board's Audit Committee

M.Sc. (Econ.)

Senior Advisor, Millton Markets

Member of the Board since 2018

Shares in Aktia Bank Plc 31 December 2021: 5,403



Arja Talma

b. 1962

Member of the Board and Chairman of the Board's Audit Committee

M.Sc. (Econ.), eMBA

Board professional

Member of the Board since 2013

Shares in Aktia Bank Plc 31 December 2021: 10,843

Christina Dahlblom

b. 1978

Ph.D (Econ.)

Member of the Board and Chairman of the Board's Remuneration and Corporate Governance Committee up until the Annual General Meeting 13 April 2021

Kari A. J. Järvinen

b. 1962

M.Sc.Eng., MBA

Member of the Board and member of the Board's Remuneration and Corporate Governance Committee up until the Annual General Meeting 13 April 2021

Information on remuneration paid to the members of the Board is found in Notes G43 and G45 of the financial statements.

Composition of the Board of Directors

In accordance with the provisions of the Articles of Association, Aktia's Board of Directors encompasses a minimum of five and a maximum of 12 ordinary members. The Annual General meeting decides on the number of Board members, elects Board members and decides on the fees to be paid to the Board members based on the proposal submitted by the shareholders' Nomination Board. The Board members' mandates begin at the end of the Annual General Meeting and ends at the end of the following Annual General Meeting. The Board of Directors elects its Chairman and Deputy Chairman from among its members. No Board members are appointed through a special appointment procedure.

Pursuant to the Articles of Association of Aktia, the Nomination Board comprises representatives of the five largest shareholders according to number of shares held. The chairman of the Board of Directors convenes the Nomination Board and acts as an expert at the meetings.

The right to appoint a member to the Nomination Board lies with the five shareholders whose ownership of shares in Aktia Bank Plc is the largest on 1 June on the calendar year immediately preceding the General Meeting. Should a shareholder not wish to use his/her appointment right, the right transfers to the next largest shareholder who would otherwise not have an appointment right.

Prior to an Annual General Meeting the Nomination Board shall present its proposals for members of the Board of Directors and for remuneration to the Board of Directors of Aktia Bank Plc before the end of January. Concerning Extraordinary General Meetings, proposals shall be presented in a similar manner in good time before the meeting, considering applicable rules and regulations.

Independence and diversity of Board members

None of the Board members has been or is an employee of the company. The Board of Directors deems all members of the Aktia's Board 2021 to be independent in relation to Aktia within the meaning of the Corporate Governance Code 2020. According to the Board's assessment, all Board members except Timo Vättö are independent of significant shareholders of the company (a shareholding representing at least ten per cent of the total number of shares or voting rights). Timo Vättö is a member of the board of directors in Rettig Group Oy Ab, which in turn is the biggest shareholder of RG Partners Oy, which is Aktia Bank's biggest shareholder (10.11%).

The Board of Directors has approved principles for diversity with the aim of ensuring that the Board as a whole has the expertise and the diversity required to ensure a healthy board culture, to preserve shareholder value through efficient supervision of the business and to increase shareholder value through insights and strategic thinking. The principles are

available on the company's website, www.aktia.com/en/investors/corporate-governance/board-and-committees.

According to Aktia's principles in terms of gender, an even gender distribution in the Board of Directors shall be pursued. Up until 13 April 2021, the number of women on the Board of Directors was 33 per cent and as of 13 April 2021, the number of women on the Board of Directors was 25 per cent. Even though the goal was not met, the shareholders' Nomination Board still aims to pursue the goal to reach an even gender distribution in the Board of Directors.

The Board of Directors' tasks and meetings

The Board of Directors represents Aktia and is responsible for managing the company in accordance with the provisions of the applicable laws and the Articles of Association. Apart from assignments given by the Board of Directors to its members in individual cases, Board members do not have individual duties related to the governance of the company.

The Board has adopted written rules of procedure for its work. Meetings of the Board are held mainly at Aktia's premises in Helsinki. When required, the Board can also hold meetings by telephone/e-mail and adopt resolutions without convening. In 2021, the Board of has held both physical and distance meetings. In accordance with the rules of procedure, the Board normally meets once a month and as

necessary. Annually at one longer meeting the Board mainly discusses the Group's strategy.

Meetings of the Board of Directors are deemed quorate when more than half of its members, including the Chairman or the Deputy Chairman, are present. The rules of procedure for the Board of Directors define in more detail the general duties of the Board, meeting procedures, meeting minutes, ordinary affairs, preparation and presentation of matters to be dealt with at the Board meetings as well as reporting procedures.

In 2021 the Board held 17 meetings. In addition, the Board of Directors adopted separate decisions on 8 occasions concerning matters that fall under its authority.

The following Board members have been members throughout 2021. Their attendance at meetings:

Svens Lasse, Chairman	17/17
Hammarén Johan	17/17
Jerhamre Engström Maria	17/17
Lauslahti Harri	17/17
Lehtinen Olli-Petteri	17/17
Schulman Johannes	17/17
Talma Arja	17/17

Timo Vättö was elected to the Board on 13 April 2021 and has thereafter attended Board meetings 9/9.

Christina Dahlblom and Kari A.J. Järvinen were members of the Board up until the Annual General Meeting 13 April 2021. Christina Dahlblom had before that participated in 8/8 Board meetings and 3/3 Committee meetings and Kari A.J. Järvinen in 8/8 Board Meetings and 3/3 Committee meetings.

Composition and duties of Board committees

To prepare matters to be resolved by the Board of Directors and to make decisions on certain defined matters, the Board of Directors has established three committees. The committees' rules of procedures constitute a part of the Board of Directors' rules of procedure. Under the rules of procedure, the committees must have at least three and not more than four members. The rules of procedure also specify which matters are to be prepared by the committees and the matters which are reported to the committees.

The Risk Committee prepares matters of risk-taking and risk management as well as individual credit matters that require the Board of Directors' decision. In addition, the committee considers the central risk-related processes for capital and liquidity, internal capital adequacy assessment process (ICAAP) and the internal liquidity adequacy assessment (ILAAP) and prepares risk-related matters for the Board of Directors to decide on. The committee prepares decisions on the annual plan and on procedures for the Risk Control and

Compliance functions to be adopted by the Board, and receives the reports submitted by Risk Control and Compliance. In 2021, the committee held 9 meetings and besides the regular matters it focused on monitoring of certain development projects.

Members of the Risk Committee and meeting attendance in 2021:

Jerhamre Engström Maria, Chairman	9/9
Lauslahti Harri	9/9
Lehtinen Olli-Petteri, as of 13 April 2021	6/6
Svens Lasse, up until 13 April 2021	3/3

The Audit Committee secures the financial reporting and an appropriate organisation for internal control and internal audit. The Audit Committee prepares matters to be decided upon by the Board of Directors for the financial statements and interim reports. The committee prepares the principles for internal auditing and the Group's internal audit plan. The committee receives the reports issued by the external auditor, the Internal Audit function and assesses the sufficiency of the other internal reporting. The Audit Committee assesses the independence of the auditor or audit firm and, in particular, the provision of ancillary services. In 2021 the Audit Committee held 5 meetings and besides the regular matters it focused on the preparations of adopting IFRS 17 in Aktia Life Insurance Company.

Members of the Audit Committee and meeting attendance in 2021:

Talma Arja, Chairman	5/5
Lehtinen Olli-Petteri	5/5
Schulman Johannes	5/5

The Remuneration and Corporate Governance Committee prepares and puts forward proposals to be decided upon by the Board of Directors concerning the Group's remuneration policy and report, and more in detail concerning the remuneration and incentive schemes of the Executive Committee and assesses these. The committee prepares and manages also matters relating to the development of the Group's administration and governance systems. In 2021, the committee held 10 meetings and besides the regular matters it focused on the integration process after the acquisition of Taaleri's wealth management business.

Members of the Remuneration and Corporate Governance Committee and meeting attendance in 2021:

Svens Lasse, Chairman	10/10
Hammarén Johan	10/10
Vättö Timo, as of 13 April 2021	7/7
Dahlblom Christina, Chairman up until 13 April 2021	3/3
Järvinen Kari A. J., up until 13 April 2021	3/3

EXECUTIVE COMMITTEE 31 DECEMBER 2021



Mikko Ayub

b. 1969
CEO
M.Soc.Sc., MBA
At Aktia since 2018
Shares in Aktia Bank Plc 31 December 2021: 52,223



Juha Hammarén

b. 1960
Executive Vice President, Deputy CEO
Master of Laws (with court training), eMBA
At Aktia since 2014
Shares in Aktia Bank Plc 31 December 2021: 57,526



Outi Henriksson

b. 1969
Executive Vice President, CFO
M.Sc. (Econ.)
At Aktia since 2017
Shares in Aktia Bank Plc 31 December 2021: 26,486



Anssi Huhta

b. 1977
Executive Vice President, Banking Business
eMBA
At Aktia since 2020
Shares in Aktia Bank Plc 31 December 2021: 11,377



Sari Leppänen

b. 1969

Executive Vice President, Chief Information Officer

Master of Science and Doctor of Philosophy in Computer Science, Systems Architecture and Engineering

At Aktia since 2021

Shares in Aktia Bank Plc 31 December 2021: 0



Perttu Purhonen

b. 1969

Executive Vice President, Asset Management

Master of Science (Econ.)

At Aktia since 2021

Shares in Aktia Bank Plc 31 December 2021: 10,000



Max Sundström

b. 1971

Executive Vice President, Shared Services & Digitalisation

M.Sc.Eng.

At Aktia since 2019

Shares in Aktia Bank Plc 31 December 2021: 35,193

Niina Bergring

b. 1973

Executive Vice President, Asset Management

Member of the Executive Committee up until 3 May 2021

Carola Nilsson

b. 1967

Executive Vice President, Private customers

Member of the Executive Committee up until 5 May 2021

Anu Tuomolin

b. 1976

Executive Vice President, COO

Member of the Executive Committee up until 5 May 2021

Juha Volotinen

b. 1975

Executive Vice President, IT

Member of the Executive Committee up until 1 March 2021.

Information on remuneration of members of the Executive Committee is found in Notes G43 and G45 of the financial statements.

CEO and his duties

Mikko Ayub, M.Soc.Sc., MBA, born 1969.

The CEO is responsible for the day-to-day management of the Aktia Group. The CEO is to attend to his duties of overseeing the bank's day-to-day management in accordance with the instructions issued by the Board of Directors. The CEO prepares matters for the consideration of the Board of Directors and implements the Board's decisions. The CEO is assisted in the day-to-day management by the Executive Committee.

Executive Committee

Duties of the Executive Committee

The task of the Group's Executive Committee is to assist the CEO. The Executive Committee discusses and monitors the outcome of the Group's strategy and its earnings performance as well as outcomes for significant projects and the achievement of defined targets. The Executive Committee has no formal corporate law status. The Executive Committee consists of the CEO, who acts as chairman, and the executives for segments and functions, as stipulated by the Board. The members of the Executive Committee report to the CEO. In 2021, the Executive Committee generally convened every two weeks.

Internal control and risk management in Aktia Group

The system of internal control is designed to ensure that the activities of the Aktia Group comply with the applicable regulatory requirements and the operational guidelines adopted by the Board. In Aktia,

the methodology called "Three lines of defence" is applied to internal control and risk management. Internal control is thus implemented on all levels of the organisation. Ensuring the appropriate organisation and functioning of the internal control is part of the duties of the Board of Directors of Aktia Bank Plc.

The first line of defence, i.e. business operations as well as its support functions, own all risks in their operations and are through that responsible for the internal control and risk management. In addition to processes for financial reporting, a functioning internal control in Aktia Group is secured by the Risk Control Function, the Compliance Function and in Aktia Life Insurance Ltd by the independent actuarial function as well as in Aktia Fund Management Company by the independent risk management function in the second line of defence as well as by the Internal Audit in the third line of defence. All these functions operate independently of the operative business. Risk Control and Compliance functions and Internal Audit function report directly to the Group's Board of Directors and the boards of the Group's regulated subsidiaries. Additionally, the independent actuarial function reports to the Board of Aktia Life Insurance Ltd and the independent risk management function reports to the Board of Aktia Fund Management Company.

The Board determines principles, instructions, risk strategies and risk appetite in the Group, and thus establishes a framework for risk management in the Group. The Board is in charge of ensuring that

risk management is carried out in an appropriate, efficient and responsible manner and that Aktia has working methods which guarantee that Aktia Group's business activities comply with the law.

The main principles for risk management in Aktia Group as well as the processes and internal control are described in detail in the Pillar III Report 2021, which is available on the website www.aktia.com/en/investors/results-and-presentations/year/2022.

Risk Control function

The Aktia Group has a Risk Control function which is independent of the operative business, and which evaluates risk management in the Group and its subsidiaries and reports on risks to management and the Board of Directors. The function monitors that well adapted measuring, analyses and monitoring of risks exist in the Group's every operating area and carries out an assessment of the Group's overall risk position in relation to the strategies and risk appetite, which is established by the Board of Directors. Risk control in the subsidiaries takes account of the particular characteristics of each subsidiary and the specific regulations which apply to its operations. The Risk Control function is guided by a set of principles and an annual plan for the function, which are adopted annually by the Board of Directors.

Compliance function

Aktia Group has a Compliance function that is independent of the operative business. The Group's Compliance function performs advisory, supervisory and reporting tasks for the purpose of ensuring

compliance with the applicable customer protection, data protection, market conduct, permissions and supervision as well as anti-money laundering regulations. Compliance supports Aktia's operational activities and is tasked with supervising that these activities are conducted in compliance with the applicable laws. The Compliance function is governed by a set of principles and an annual plan for the function, which are adopted annually by the Board of Directors.

Internal audit

Aktia Group has an Internal Audit function that is independent of the operative business. The function examines the adequacy and effectiveness of the internal monitoring system and the quality of the tasks performed, and thereby (by addressing observed shortcomings and identifying areas of potential improvement) helps to ensure that necessary changes are implemented. Principles for the activities of the Internal Audit function as well as the Group's audit plan are reviewed and adopted by the Group's Board of Directors on an annual basis. On a quarterly basis, Internal Audit reports on its key observations, the review of previously implemented actions and the implementation of the audit plan directly to the Aktia Group's Board of Directors and its Audit Committee.

The Internal Audit function operates in accordance with the international framework for the professional practice of internal auditing, including the definition of internal audit, the professional ethical code, and guidelines for professional internal auditing. The function also follows other legislation and regulatory requirements for the industry.

Financial reporting

Internal controls in the financial reporting process are based on the following underlying principles: having clear roles, a clear division of responsibility, sufficient understanding of operations in the parts of the organisation concerned and comprehensive and regular reporting procedures in Aktia Group.

To ensure that the financial reporting is accurate, system-based internal controls, duality and reconciliation have been built into all key processes where information is recorded. Internal control is supported by observations made by the Group's Internal Audit function which, through risk-based audits, verifies the accuracy of information flows and the sufficiency of the level of control.

The Aktia Group's operational financial reporting organisation consists of an accounts unit at Group level that is in charge of external as well as internal financial reporting. The unit's remit includes consolidation, budgeting, internal performance monitoring, updating of accounting principles, and internal financial reporting guidelines and instructions. For each business segment and key individual subsidiaries within these units, segment controllers have been appointed with responsibility for financial monitoring and analysis. The Group's reports are compiled centrally and are based on a common financial reporting system covering external as well as internal reporting, which helps to ensure that day-to-day financial reporting is handled in a uniform manner.

Important parts of current accounting activities in companies within Aktia Group have been outsourced

to an external company that provides accountancy services. These accountancy services also include the maintenance of securities, purchasing and fixed asset ledgers and the preparation of accounts in accordance with Finnish accounting standards. The services are rendered in accordance with agreements entered into between the parties and comply with the guidelines and directives issued by the Financial Supervisory Authority and other authorities. In order to develop and assess cooperation, meetings are arranged regularly with service providers. Aktia Group has an ownership interest in and is represented on the board of Figure Taloushallinto Oy, which is responsible for Aktia Group's outsourced accountancy services.

Within Aktia Group, duties and responsibilities have been organised so that people involved in the financial reporting process only have very restricted rights of use to the different production systems and business applications in the respective business area. Aktia Group's Chief Accounting Officer, who is in charge of internal and external financial management, is not involved in making direct business decisions. Her incentives are mainly independent of factors driving the business. The Chief Accounting Officer reports to the Chief Financial Officer of the Aktia Group, who is a member of the Executive Committee.

The Aktia Group's internal reporting and monthly financial reports are based on the same structure and are prepared using the same standards as applied to the official interim financial statements and annual accounts. The monthly reports, supplemented by comparative analysis on previous periods, the budget, planned projects and central key figures for analysing

the respective business segment are on a regular basis distributed to Aktia Group's Board of Directors and management, selected key personnel and the auditors.

Aktia Group's financial development and performance is addressed each month by the Group's Executive Committee. Similar detailed review takes place on a quarterly basis by the Group's Board of Directors and its Audit Committee in the form of interim reports and an annual report. The annual accounts are audited and the interim reports are reviewed by the Group's external auditors, who report their observations to the Audit Committee. New or revised accounting principles are to be dealt with and approved by the Group's Board of Directors and its Audit Committee.

Insider administration

As a listed company and issuer, Aktia Bank Plc follows the Market Abuse Regulation (MAR), under which companies are required to draw up insider lists and lists of persons discharging managerial responsibilities and persons closely associated with them, as well as Nasdaq Helsinki Ltd's (Helsinki Stock Exchange) Guidelines for Insiders. More information on the governing of insider information is available on Aktia's website www.aktia.com/en/investors/corporate-governance/insider-administration.

Related party transactions

To ensure that possible conflicts of interest are taken into consideration in an appropriate way in decision-making, an evaluation of the company's all related party transactions will be made. Aktia Bank has defined its related parties (i.e. close relations) and is involved in regular trading with these. These

business transactions are a part of the company's normal business, as many of the individuals defined as related parties are also customers of Aktia Bank. With the exception of employee benefits for those individuals employed by Aktia, all business transactions are made at normal customer terms and conditions, following determined decision-making processes. The Audit Committee's duty is to monitor and assess how agreements and other legal acts between the company and its related parties meet the requirements of the ordinary course of business and arm's length terms.

Business transactions with related parties that are significant for Aktia, as well as business transactions with related parties that deviate from the bank's normal business operations, or business transactions made at other than market terms shall be approved by the Board of Directors. Special attention shall be paid to that the related parties do not benefit from their positions.

Aktia's finance unit evaluates and reports transactions made with related parties as part of the normal routines for control and reporting. Related party transactions are reported in Aktia Bank's financial statements (Note G43).

Auditor

The auditing firm KPMG Oy Ab with Marcus Tötterman, Authorised Public Accountant, as lead audit engagement partner has been Aktia's auditor in 2021. The auditor is elected by the Annual General Meeting. Information on fees paid for audit and non-audit services is provided in Note G12 to the financial statements.

Contact information

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Aktia

