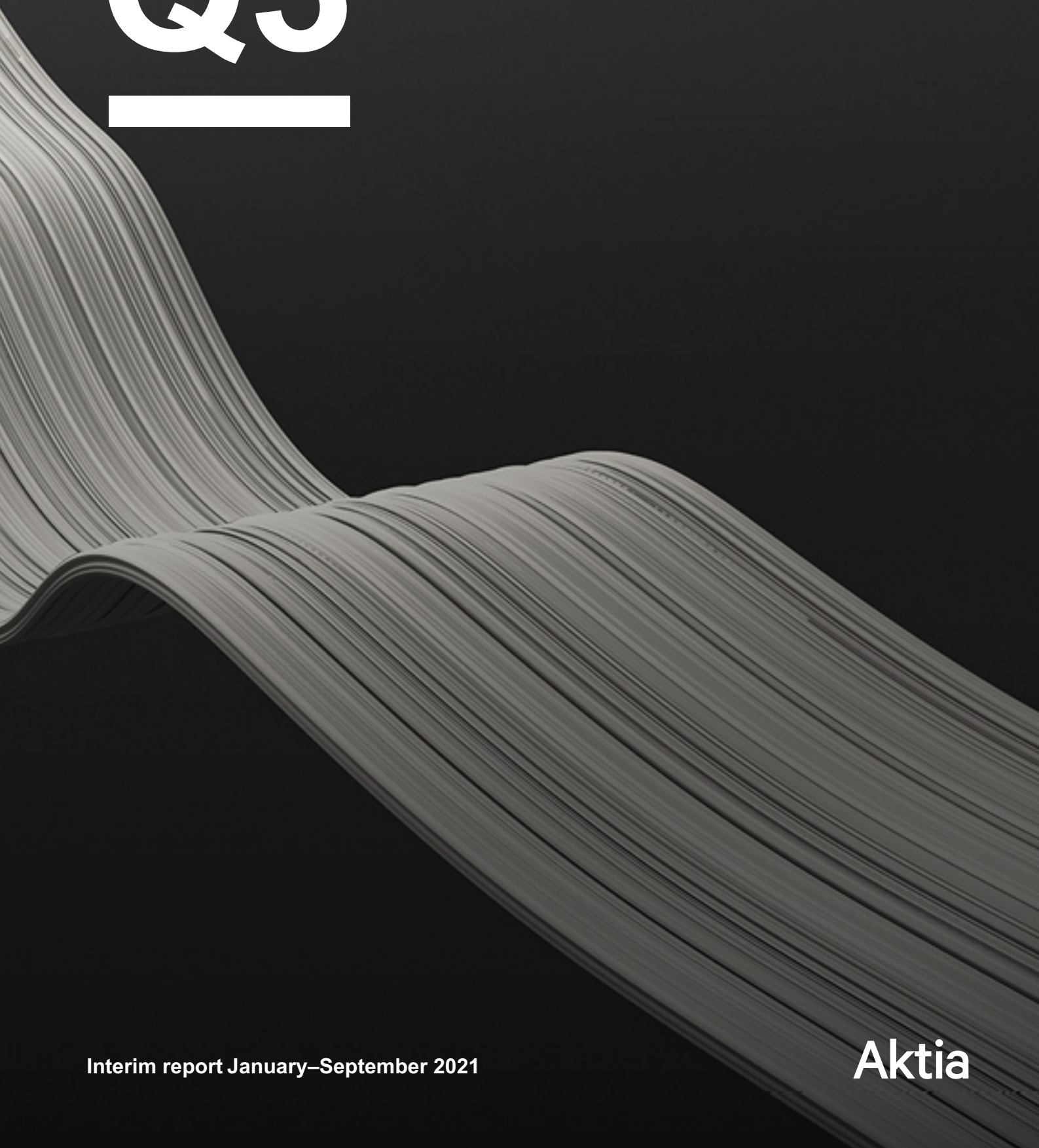


Q3



Continued good performance in all business areas

The quarter in short

- A good net interest income from both borrowing and lending
- The net commission income was at a very good level, the net subscriptions turned positive during the quarter
- The strong net income from life insurance was attributable to an increased actuarially calculated result and the net investment income was significantly higher than last year
- The comparable cost-to-income ratio decreased to 0.63
- The integration of Taaleri's wealth management operations continues according to plan

Outlook 2021 (maintained)

Aktia maintains its previous outlook in which the comparable operating profit for 2021 is expected to be considerably higher than during 2020 (see page 23).

Dividend

On 5 October 2021, the Board of Directors of Aktia decided to pay out a dividend of EUR 0.43 per share for the accounting period of 1 January–31 December 2020 in accordance with the authorisation given by the Annual General Meeting of 2021. The dividend was paid on 14 October 2021.

(EUR million)	Q3/2021	Q3/2020	Δ%	1-9/2021	1-9/2020	Δ%	Q2/2021	Δ%	Q1/2021	2020
Net interest income	23.1	20.0	16%	72.2	59.9	21%	27.7	-16%	21.3	80.7
Net commission income	33.5	24.2	39%	90.3	72.2	25%	31.7	6%	25.0	97.6
Net income from life insurance	9.7	4.7	105%	30.1	9.6	212%	10.5	-8%	9.9	19.9
Total operating income	67.1	49.4	36%	198.3	144.1	38%	73.3	-9%	57.9	201.1
Operating expenses	-41.6	-33.8	23%	-129.2	-105.7	22%	-48.8	15%	-38.7	-142.2
Impairment of credits and other commitments	-1.0	-0.1	-	-4.6	-3.2	44%	-1.4	29%	-2.2	-4.0
Operating profit	24.4	16.0	53%	64.3	35.1	83%	23.0	6%	16.9	54.8
Comparable operating income ¹	66.5	49.4	35%	197.7	144.1	37%	73.3	-9%	57.9	201.1
Comparable operating expenses ¹	-41.6	-33.8	23%	-126.2	-105.5	20%	-45.9	9%	-38.7	-141.9
Comparable operating profit¹	23.8	16.0	49%	66.7	35.3	89%	26.0	-8%	16.9	55.1
Cost-to-income ratio	0.62	0.68	-9%	0.65	0.73	-11%	0.67	-7%	0.67	0.71
Comparable cost-to-income ratio ¹	0.63	0.68	-8%	0.64	0.73	-13%	0.63	-1%	0.67	0.71
Earnings per share (EPS), EUR	0.28	0.18	54%	0.72	0.39	85%	0.25	11%	0.20	0.61
Comparable earnings per share (EPS), EUR 1) ¹	0.27	0.18	51%	0.75	0.40	87%	0.29	-7%	0.20	0.61
Return on equity (ROE), % ³	11.4	7.8	46%	10.0	5.8	71%	10.5	9%	8.6	6.7
Comparable return on equity (ROE), % ^{1,3}	11.2	7.8	43%	10.4	5.9	77%	12.3	-9%	8.6	6.7
Common Equity Tier 1 capital ratio (CET1), % ²	10.4	15.6	-33%	10.4	15.6	-33%	10.8	-4%	13.8	14.0

1) Alternative performance measures excluding items affecting comparability, see page 19

2) At the end of the period

3) The ROE definition has been updated, see page 24

Interim report January–September 2021 is a translation of the original Swedish version "Delårsrapport 1.1-30.9.2021". In case of discrepancies, the Swedish version shall prevail.

CEO's comments

The good performance continued during Aktia's third quarter. Thanks to the strong development in all business areas, the comparable operating profit amounted to EUR 23.8 (Q3/2020; 16.0) million.

The net interest income was EUR 23.1 (20.0) million during the quarter. Lending among both private customers and corporate customers continued to grow at the current, moderate level of risk. Our goal in itself is not to increase the volume but upholding the good quality of the credit portfolio is equally important for us. Financing services were now also offered to the new private customers who became Aktia's customers in connection to the acquisition of Taaleri's wealth management operations.

The net commission income increased to EUR 33.5 (24.2) million. The assets under management remained at the level of the previous quarter and amounted to EUR 15.6 billion: the volatility of the equity market and the nervousness of investors weighed the changes in market values, but the net subscriptions turned positive during the quarter, which I am happy about. Taaleri's wealth management operations, acquired in the spring, was also for the first time included in the figures of the whole quarter. The net income from life insurance increased to EUR 9.7 (4.7) million and both the actuarially calculated result and the net investments were at a good level.

Aktia's comparable expenses amounted to EUR 41.6 (33.8) million. The big difference to last year's corresponding period is explained by the normal operating expense structure that has increased as a result of the acquisition of Taaleri's wealth management operations.

Aktia has updated its strategy and financial targets

In the beginning of September, Aktia updated its strategy and long-term financial targets. The new strategy update, which extends to 2025, supports Aktia's growth objectives, and our ambitious goal is to create a completely new kind of wealth manager bank in Finland. Seamless cooperation between different business functions is a prerequisite for our success. I am also very happy with Aktia's new climate objectives, according to which Aktia is aiming, among other things, at reaching carbon neutrality in its investment portfolios by 2050.

Aktia's new strategic priorities are:

1. Win in wealth management

Aktia's objective is to be the first choice for private and institutional customers. A comprehensive product offering, top



quality portfolio management expertise and high-quality private banking are at the core of Aktia's wealth management. A central part of the development of wealth management is to successfully carry out the integration of Taaleri's wealth management operations that was acquired during last spring.

2. Growth among customers who are willing to increase their wealth

Aktia is seeking growth particularly amongst customers who want to increase their wealth and offers responsible and holistic wealth management advisory including a comprehensive selection of banking, wealth management and life insurance services. More efficient cross-selling of products and services in different business areas is an essential part of the whole. In Corporate Banking, Aktia seeks growth particularly amongst medium-sized companies, which fits well with our strategy of becoming the leading wealth manager bank.

3. Excellent customer experience

Aktia's customer experience is an important driver of growth. Aktia invests in customer insight and the development of service models, with emphasis on seamless cooperation and comprehensive solutions between different business areas in order to create an excellent customer experience.

The new long-term financial targets for 2025 are: a comparable operating profit of above EUR 120 million, a comparable return on equity (ROE) of above 12 per cent, a comparable cost-to-income ratio of under 0.60 and a Common Equity Tier 1 capital ratio (CET1) above 1.5 percentage points over the regulatory requirements.

The integration progresses on schedule

The integration of Taaleri's wealth management operations continues according to plan and the organisation of Aktia's asset management was completed during the third quarter. Aktia now has one of the largest Portfolio Manager teams in Finland. Aktia's funds succeeded excellently during the quarter, which shows that Aktia's investment decisions are based on a strong investment process and philosophy that has been built

for over ten years. It has also been great to see how the transition from strictly doing remote work to the adaptation of the hybrid work model during September has clearly contributed to the integration process. Communality is still important, also in our working life.

Aktia's employee issuance at the end of September was oversubscribed, and the Board decided to, in accordance with to the conditions of the employee issuance, increase the number of shares offered. The Board accepted all

subscriptions in the employee issuance – a total of 1,371,500 new shares. As part of the personnel financed their subscription through a loan granted by Aktia, the issue did not have any considerable effect on Aktia's CET1 capital ratio. I am very pleased with the outcome of employee issuance. The goal with the issuance was to involve and encourage the employees in becoming shareholders in Aktia and thus to long-term work to increase shareholder value. The issuance was oversubscribed, which is a strong indication of the personnel's confidence in Aktia's future.

Helsinki 4 November 2021

Mikko Ayub
CEO

Profit and balance

Profit July–September 2021

The Group's operating profit increased to EUR 24.4 (16.0) million and the profit for the period to EUR 19.4 (12.4) million. The comparable operating profit increased to EUR 23.8 (16.0) million. The main reason for the improved result is attributable to a very positive development in all income categories as well as the acquisition of Taaleri's wealth management operations.

Items affecting comparability

(EUR million)	Jul-Sep 2021	Jul-Sep 2020
Additional income from divestment of Visa Europe to Visa Inc	0.5	-
Operating profit	0.5	-

Income

The Group's operating income increased to EUR 67.1 (49.4) million and the Group's comparable operating income to EUR 66.5 (49.4) million, which is an increase by 35% from last year.

Net interest income increased by 16% to EUR 23.1 (20.0) million. Net interest income from borrowing and lending increased by 10% to EUR 21.5 (19.5) million. The negative interest expense for the TLTRO III financing increased to EUR 1.7 (0.2) million.

Net commission income increased to EUR 33.5 (24.2) million. Commission income from funds, asset management and securities brokerage increased by 63% to EUR 25.8 (15.9) million. The increase is partly attributable to the acquisition of Taaleri's wealth management operations. Commission income from cards, payment services and borrowing increased by 3% to EUR 6.7 (6.5) million and commission income from lending increased by 4% to EUR 2.4 (2.3) million.

Net income from life insurance was very good for the third quarter and increased to EUR 9.7 (4.7) million. The actuarially calculated result increased to EUR 5.2 (3.7) million thanks to a very good risk result, higher market values of the unit linked book and a lower paid interest on the interest-related book. Net investments increased to EUR 4.5 (1.0) million and include unrealised value changes in the life insurance company's investment portfolio of EUR 2.7 (-1.6) million.

Net income from financial transactions amounted to EUR 0.4 (0.2) million and the comparable net income from financial transactions to EUR -0.1 (0.4) million. The quarter includes an additional income of EUR 0.5 million relating to the sale of Visa Europe to Visa Inc, which is not included in the comparable result.

Other operating income amounted to EUR 0,2 (0,3) million.

Expenses

Operating expenses increased by 23% to EUR 41.6 (33.8) million. The increase pertains to expenses in Taaleri's wealth management operations and to transaction and integration costs for the acquisition.

Staff costs increased to EUR 21.9 (16.4) million. The increase is mainly attributable to staff expenses in Taaleri's wealth management operations as well as increased costs for variable compensation (STI and LTI).

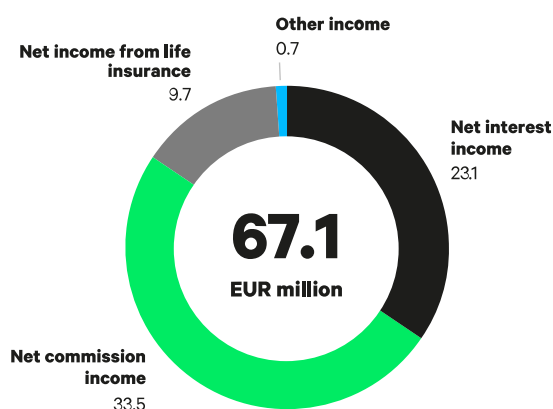
IT expenses increased by 5% to EUR 7.5 (7.1) million. The deviation compared to last year is attributable to Taaleri's wealth management operations. The Group's other IT expenses was lower than last year.

The depreciation of tangible and intangible assets increased to EUR 5.7 (4.3) million. The increase is attributable to depreciations related to Taaleri's wealth management operations.

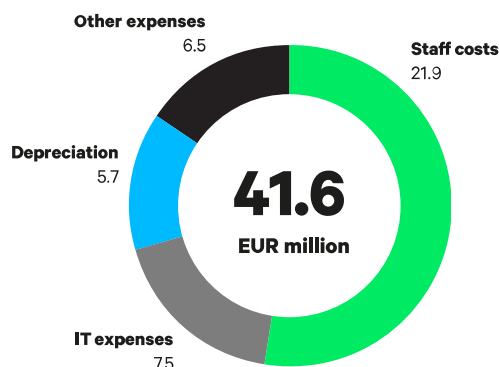
Other operating expenses increased by 8% to EUR 6.5 (6.0) million. The increase partly pertains to expenses relating to Taaleri's wealth management operations.

Impairments on credits and other commitments amounted to EUR -1.0 (-0.1) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -0.8 (0.6) million.

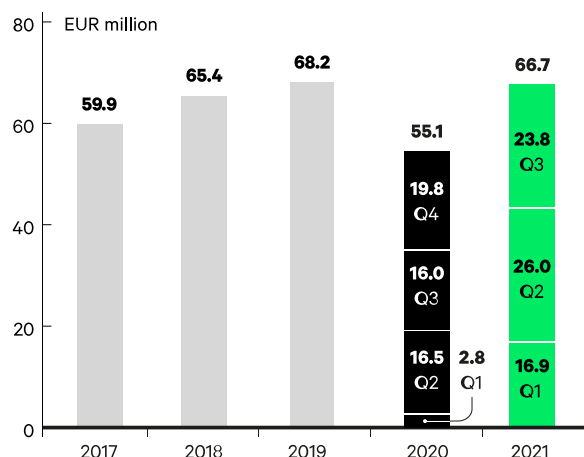
Operating income 3Q/2021



Operating expenses 3Q/2021



Comparable operating profit 2017–3Q/2021, EUR million



Profit January–September 2021

The Group's operating profit increased to EUR 64.3 (35.1) million and the profit for the period to EUR 51.1 (27.5) million. The comparable operating profit increased to EUR 66.7 (35.3) million. The improved result pertains to the acquisition of Taaleri's wealth management operations, a clear improvement in the net income from life insurance and a positive development both in net interest income as well as in net commission income.

Items affecting comparability

(EUR million)	Jan-Sep 2021	Jan-Sep 2020
Additional income from divestment of Visa Europe to Visa Inc	0.5	-
Costs for restructuring	-3.0	-0.2
Operating profit	-2.4	-0.2

Income

The Group's operating income increased to EUR 198.3 (144.1) million and the Group's comparable operating income to EUR 197.7 (144.1) million.

Net interest income increased by 21% to EUR 72.2 (59.9) million. Net interest income from borrowing and lending increased by 11% to EUR 64.0 (57.7) million. Interest expenses for other financing amounted to EUR 2.7 (-4.2) million and include a EUR 6.9 (1.0) million negative interest expense for the TLTRO III financing.

Net commission income increased by 25% to EUR 90.3 (72.2) million. Commission income from funds, asset management and securities brokerage increased by 40% to EUR 66.3 (47.4) million. The increase is partly attributable to the acquisition of Taaleri's wealth management operations. Commission income from cards, payment services and borrowing decreased by 2% to EUR 19.8 (20.2) million while commission income from lending increased by 11% to EUR 7.3 (6.6) million.

Net income from life insurance increased to EUR 30.1 (9.6) million, which is mainly related to the EUR 7.8 (-11.3) million unrealised value changes and impairments in the life insurance company's investment portfolio. The actuarially calculated result increased to EUR 13.1 (10.3) million owing to higher market values of the unit linked book, a better risk result than last year and effects from the acquisition of Liv-Alandia's life insurance book. Sales gains from the investment portfolio decreased to EUR 0.7 (2.1) million.

Net income from financial transactions increased to EUR 4.6 (0.5) million and comparable net income from financial transactions to EUR 4.1 (0.5) million. The increase mainly relates to sales gains in the liquidity portfolio amounting to EUR 3.1 (0.3) million.

Other operating income decreased to EUR 1.1 (1.8) million. The reference period includes one-off recognised items of EUR 0.7 million.

Expenses

Operating expenses increased to EUR 129.2 (105.7) million. Comparable operating expenses increased by 20% to EUR 126.2 (105.5) million. The increase is mainly attributable to expenses in Taaleri's wealth management operations, transaction and integration expenses for the acquisition as well as to higher staff costs.

Staff costs increased to EUR 61.5 (51.4) million. The comparable staff costs increased by 18% to EUR 60.2 (51.2) million, which is attributable to Taaleri wealth management operations' staff costs, increased costs for variable compensation (STI and LTI) as well as somewhat higher running staff costs.

IT expenses increased by 13% to EUR 21.5 (19.1) million. The deviation compared to last year is mainly attributable to Taaleri's wealth management operations IT expenses as well as a greater number of IT projects than for the corresponding period last year.

Depreciation of tangible and intangible assets increased to EUR 15.5 (13.7) million. The increase pertains to depreciations related to Taaleri's wealth management operations, while Aktia's other depreciations have decreased.

Other operating expenses increased to EUR 30.6 (21.6) million. Comparable other operating expenses increased by 34% to EUR 29.0 (21.6) million. The increase mainly pertains to one-off expenses relating to the acquisition of Taaleri's wealth management operations of EUR 5.4 (0.5) million and the expense for the stability fee that increased to EUR 4.1 (2.8) million.

Impairments of credits and other commitments amounted to EUR -4.6 (-3.2) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -2.0 (-1.6) million.

Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased to EUR 11,374 (10,573) million. Off-balance sheet commitments, consisting of credit limits, other loan promises, and bank guarantees increased to EUR 792 (699) million.

Borrowing

Borrowing from the public and public-sector entities increased to EUR 4,607 (4,466) million. Aktia's market share of deposits was 3.0 (3.1) % at the end of September.

The value of long-term bonds issued by Aktia Bank totalled EUR 2,901 (2,720) million. After an issued retained covered bond was set off, EUR 1,603 (1,622) million consisted of Covered Bonds issued by Aktia Bank.

During the third quarter, Aktia Bank issued new long-term unsecured bonds to a value of EUR 20 million within the scope of the bank's EMTN programme. New issued long-term unsecured bonds during the period totalled EUR 215 million. Additionally, the bank has participated in the TLTRO III refinancing operations with an additional EUR 100 million withdrawal.

Lending

Group lending to the public and public-sector entities increased by 6% to EUR 7,413 (7,000) million. Loans to households accounted for EUR 5,285 (5,083) million, or 71.3 (72.6) % of the total loan book.

The housing loan book totalled EUR 5,385 (5,185) million, of which the share for households was EUR 4,331 (4,178) million. Aktia's new lending amounted to EUR 1,007 (846) million. At the end of September, Aktia's market share in housing loans to households was 4.1 (4.0) %.

Corporate lending accounted for 14.8 (14.0) % of Aktia Group's loan book. Total total corporate lending increased to EUR 1,101 (979) million. Loans to housing companies increased to EUR 972 (908) million, which was 13.1 (13.0) % of Aktia's total loan book.

Loan book by sector

(EUR million)	30 Sep 2021	31 Dec 2020	Δ	Share, %
Households	5,285	5,083	202	71.3 %
Corporates	1,101	979	122	14.8 %
Housing companies	972	908	64	13.1 %
Non-profit organisations	53	27	26	0.7 %
Public sector entities	2	3	-1	0.0 %
Total	7,413	7,000	413	100.0 %

Financial assets

The Aktia Group's financial assets consist of the Bank Group's liquidity portfolio (net after the issued retained covered bond was set-off) amounting to EUR 1,259 (1,446) million, the life insurance company's investment portfolio of EUR 597 (602) million, and the Bank Group's equity holdings of EUR 5 (5) million.

Technical provisions

The life insurance company's technical provisions increased to EUR 1,519 (1,411) million. Unit-linked technical provisions increased to EUR 1,097 (970) million while interest-related technical provisions decreased to EUR 422 (441) million.

Equity

Aktia Group's equity amounted to EUR 756 (667) million. The fund at fair value decreased to EUR 10 (21) million and the profit for the period amounted to EUR 51 million. Dividend amounting to EUR 37 million was paid to the shareholders in January.

A EUR 10.0 million directed share issue was completed in conjunction with the acquisition of Taaleri's wealth management operations. In May, a EUR 60 million unsecured bond with fixed rate that can be counted as Additional Tier 1 capital was issued. At the end of september, shares were issued to employees to a total value of EUR 13.9 million. The issue did not have any considerable effect on Aktia's CET1 capital ratio.

Assets under Management

The Group's total assets under management amounted to EUR 17,998 (12,712) million.

Assets under management comprise managed and brokered mutual funds as well as managed capital. Assets under management presented in the table to the right reflect net volumes, so that assets under management included in multiple companies or funds have been eliminated.

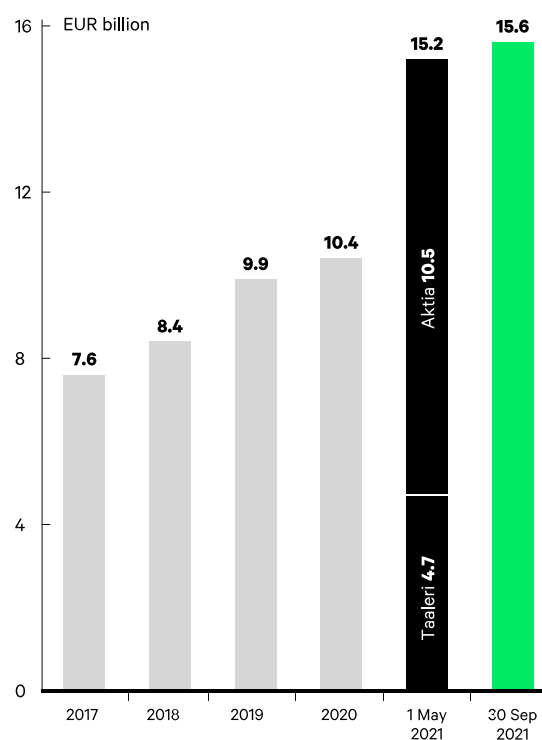
Group financial assets include the Bank Group's liquidity portfolio managed by the treasury function and the life insurance company's investment portfolio.

Assets under management

(EUR million)	30 Sep 2021	31 Dec 2020	Δ%
Customer assets under management*	15,581	10,447	49%
Group financial assets	2,417	2,265	7%
Total	17,998	12,712	42%

* Excluding fund in funds

Customer assets under management (AuM) excluding custody assets 2017–Q3/2021, EUR billion



Segment overview

Aktia Bank's operations are divided into three reporting business segments: Banking Business, Asset Management and Group Functions.

Banking Business

The segment comprises household and corporate customers of the banking business not including Private Banking. Aktia's private customers are provided a wide range of financing, insurance, savings as well as investment products and services through various channels. Aktia's corporate business provides services to companies and organisations, from micro sized companies and associations to listed companies, as well as to institutional customers with other banking services than asset management.

Private customers

Sales related to both financing and investment activities aimed at private customers developed well during the quarter. Aktia's wealth plan has received thanks from customers, and it has become the primary way of offering customers a comprehensive package of asset management, life insurance and banking products.

The mortgage volumes continued on a good level during the third quarter. The risk level of the loan book remained stable and of good quality. The sales of interest rate hedges were still good. The finance offering was aimed particularly at the new private customers that were transferred in the conjunction with acquisition of Taaleri's wealth management operations.

The strong sales activity also supported an increase in private customers' fund investments and the number of customers saving into funds on a monthly basis increased. The interest in alternative and structured investment products was at a good level. However, the uncertainty on the equity market and discussions about the inflation led to increased caution amongst investors towards the end of the quarter.

Customer satisfaction was at a good level according to surveys in the autumn and the satisfaction of Premium customers in particular was downright excellent. Customer work has gradually moved to a hybrid model where the combination of face-to-face meetings and virtual customer meetings create a new way of working.

In addition to webcasts, we have again started arranging customer events at Aktia Studio in Helsinki, and we have opened the renewed premises in Tampere. The utilisation

rate of the extended call services during weekends continued to increase.

Corporate customers

The growth of the corporate customer business remained strong, and the customer activity continued at a good level. After the summer, the number of customer meetings increased clearly, and a greater number of meetings are now arranged face-to-face. In the third quarter, particular effort was made to develop the customer service for corporate customers as well as to organise the work, which our customers noticed as shorter waiting and service times.

The market situation remained favourable for the corporate customer business. The positive economic outlook of Finland's export destination countries benefits Aktia's exporting corporate customers, and their willingness to invest was better than expected. The positive sentiment was evident in the new industrial orders, which were restored exceptionally quickly after the beginning of the coronavirus pandemic. This was reflected in Aktia's corporate customers in industrial subcontracting chains as well as in their investment and working capital needs. Aktia's investments in the sales and development of leasing products were also reflected in the profitable growth of the credit book and market share for Aktia's small and medium sized corporate customers.

Results for Banking Business segment

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ%
Operating income	99.2	94.1	5%
Operating expenses	-73.8	-69.9	6%
Operating profit	20.8	21.1	-1%
Comparable operating profit	22.0	21.2	4%

The operating income for the period increased to EUR 99.2 (94.1) million.

The net interest income was 6% higher than for the corresponding period last year and amounted to EUR 54.5 (51.6) million. The increase is mainly related to the growth in the corporate customers' loan book. The customer margins for corporate customers increased from the corresponding period last year. The customer margins for private customers decreased somewhat during the third quarter compared to the corresponding period last year. The growth in the loan book continued during the third quarter and the total loan book increased by 6% from the year-end and amounted to EUR 7,246 (6,829) million. The private customers' loan book increased to EUR 5,137 (4,939) million and the corporate customers' loan book to EUR 2,109 (1,889) million.

The net commission income was 7% higher than during the corresponding period last year and amounted to EUR 44.4 (41.6) million. Net commission income from investment activities increased by 23% to EUR 12.2 million owing to good sales and a very positive market change, especially in equity funds. The strong balance growth resulted in net commission income from lending increasing by 11% to EUR 7.3 million.

Other operating income decreased to EUR 0.3 (0.9) million, which is explained by the fact that the reference period includes one-off recognised items of EUR 0.7 million.

The comparable operating expenses increased to EUR 72.6 (69.7) million. The increase is mainly attributable to higher staff expenses, the stability fee for the year as well as other losses.

Impairments of credits and other commitments increased to EUR -4.6 (-3.2) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -2.0 (-1.6) million, whereas other impairments of credits increased to EUR -2.6 (-1.6) million. The new definition of default that entered into force on 1 January 2021 increased the model-based impairments with approximately EUR 0.8 million and has also affected the individual impairments.

Asset Management

The segment includes asset management and life insurance business as well as Private Banking and provides asset management to institutional investors, as well as a wide range of investment and life insurance products to be distributed in Aktia's and external partners' sales channels.

Customer assets under management

(EUR million)	30 Sep 2021	31 Dec 2020	Δ%
Customer assets under management*	15,581	10,447	49%
of which institutional assets	8,328	7,071	18%

* Excluding fund in funds

Asset management

The third quarter was a period of intensive integration for the asset management at Aktia. The integration of Taaleri's wealth management operations continues according to plan and the organisation of Aktia's asset management was completed during the third quarter.

In September, we transferred from working remotely to the hybrid working model, which clearly furthered the integration process.

In the integration process, we specifically prioritised furthering changes that are concretely visible to customers in Asset Management and Private Banking. We merged fixed income funds and the plans to merge equity funds progressed. In addition, we built a function that concentrates on managing equity funds, which enables efficient distribution of Taaleri's equity funds to Aktia's customers. We started selling the first equity fund, "Asunto VIII", to all asset management customers during the third quarter.

Aktia's funds continued to be extremely successful during the quarter, which also led to new international customer relationships. More customer events and meetings were held both as virtual and physical meetings. The customer

feedback was excellent throughout. The group strategy that was updated in September was well received by our customers. The broad range of services, the seamless cooperation between different business areas and the strong investment expertise will continue being the basis for all customer work in Aktia.

Life insurance

The development of the life insurance business continued during the third quarter. The business plan that was crystallised during the beginning of the year was published as a part of the renewed Group strategy in the beginning of September. The work undertaken was reflected in an even clearer role of the life insurance business on Aktia's journey towards becoming the leading wealth manager bank.

The goal is that the life insurance company will grow organically during the strategy period both through Aktia as well as through external distribution partners. The new co-operation with Finland's Företagskydd continued well, strengthening Aktia Life's position particularly amongst small and medium sized companies. The competitiveness will be ensured by continuously developing processes and services. During the quarter, the development work focused on improving the efficiency of the process of granting risk insurances and expanding the investment offering. The strategic co-operation with Taaleri Plc will deepen and be visible to customers, for example as a broader offering of insurance-based investment objects.

The demand for personal insurances continued to increase, particularly the sales of the cover for critical illness that was launched a little over a year ago developed well. The sales of investment-linked insurances also continued well during the quarter. The capital redemption policy that was launched at the end of last year was well received by both customers and distributors. During the past year, we have reached good results measured in premiums written. Good new sales combined with positive investment market developments contributed to a good increase in customer assets.

Results for Asset Management segment

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ%
Operating income	79.9	43.6	83%
Operating expenses	-47.6	-29.5	61%
Operating profit	32.3	14.1	129%
Comparable operating profit	34.0	14.1	141%

The operating income for the period increased by EUR 36.3 million to EUR 79.9 million, which is mainly explained by the income from the wealth management operations acquired from Taaleri (included as of 1 May 2021) and negative unrealised value changes in the life insurance company's investment portfolio during the reference period as the coronavirus pandemic affected the market negatively.

As the second quarter, the first two months of the third quarter were mainly characterised by a continuous increase in market prices. The large global exchanges reached all-time high levels. The exception during the third quarter was September, which was a volatile month on the investment market. The equity market has been experiencing large daily movements both up and down. The global equity markets fell in September by approximately 3.5% in local currency and by approximately 2% in EUR. The cumulative return for the year was, however, essentially unchanged as all large stock indices still have a high double-digit percentage of positive return for the year.

The purchasing managers' index (PMI), which measures corporate activity, has started decreasing on all main markets, both within industry and services. This indicates a decline in growth. It looks like the global economic growth has reached its peak.

The reference period was still affected by heavy volatility on the investment market. The world economy is still supported by great fiscal stimulus and by the central banks in the world. There are, however, indications of the support measures of central banks decreasing in the near future and the financial market being driven to a more normal state. The coronavirus pandemic continues affecting our economy.

The net commission income increased by 46% to EUR 51.0 million and the net income from life insurance increased to EUR 27.1 (7.3) million owing to the good return on the investment portfolio.

The premiums written from the life insurance business increased by 60% from the corresponding period the previous year mainly due to increased premiums from investment-linked insurances.

The segment's comparable operating expenses increased to EUR 45.9 (29.5) million, which is mainly attributable to the increased running expenses from Taaleri's wealth management operations. The cost structure was also affected by integration costs from the Taaleri transaction. Additionally, the period includes increased sales commission expenses in life insurance, higher one-off expenses in asset management and higher group governance costs.

Assets under management increased from the year-end to EUR 15,581 (10,447) million. Net subscriptions for the period amounted to EUR -383 million, and the market value change to EUR 794 million.

Group Functions

The Group functions comprise the Group's centralised functions. The entities oversee the Group's financing and liquidity management and assist the other business segments with sales, IT and product support, and development. The Group functions are also responsible for monitoring and controlling risk and financial follow-up.

Results for Group Functions segment

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ%
Operating income	25.5	12.9	97%
Operating expenses	-14.2	-13.0	9%
Operating profit	11.3	-0.1	-
Comparable operating profit	10.8	0.0	-

Operating income for the segment increased to EUR 25.0 (12.9) million.

The net interest income for the segment increased by EUR 9.6 million to EUR 16.5 million mainly owing to the negative interest expense from the TLTRO III financing and lower interest expenses from other financing. Interest income from hedging measures via interest rate derivatives and interest income from the banks' liquidity portfolio were somewhat lower than last year.

Since March 2015, Aktia Bank participates in the European Central Bank's refinancing operations (TLTRO), which has enabled Aktia to offer the market favourable and competitive loans.

Comparable net income from financial transactions increased to EUR 3.9 (0.5) million. The increase mainly pertains to sales gains from interest-bearing securities. The segment's operating expenses increased from last year due to higher running staff costs and transfer tax for the acquisition of Taaleri.

Group's segment reporting

(EUR million)	Banking Business		Asset Management		Group Functions		Other & eliminations		Total Group	
	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Income statement										
Net interest income	54.5	51.6	1.2	1.4	16.5	6.8	0.0	0.0	72.2	59.9
Net commission income	44.4	41.6	51.0	34.8	4.0	4.7	-9.1	-8.8	90.3	72.2
Net income from life insurance	-	-	27.1	7.3	-	-	3.0	2.4	30.1	9.6
Other operating income	0.3	0.9	0.7	0.2	5.0	1.4	-0.3	-0.2	5.7	2.3
Total operating income	99.2	94.1	79.9	43.6	25.5	12.9	-6.4	-6.6	198.3	144.1
Staff costs	-15.0	-13.3	-17.9	-12.0	-28.6	-26.1	-	-	-61.5	-51.4
Other operating expenses ¹	-58.8	-56.6	-29.7	-17.5	14.4	13.1	6.4	6.6	-67.6	-54.4
Total operating expenses	-73.8	-69.9	-47.6	-29.5	-14.2	-13.0	6.4	6.6	-129.2	-105.7
Impairment of credits and other commitments	-4.6	-3.2	-	-	0.0	0.0	-	-	-4.6	-3.2
Impairment of other receivables	-	-	-	-	-	-	-	-	-	-
Share of profit from associated companies	-	-	-	-	-	-	-0.2	-0.1	-0.2	-0.1
Operating profit	20.8	21.1	32.3	14.1	11.3	-0.1	-0.1	0.0	64.3	35.1
Comparable operating profit	22.0	21.2	34.0	14.1	10.8	0.0	-0.1	0.0	66.7	35.3
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
Balance sheet										
Financial assets measured at fair value	-	-	1,534.8	1,447.1	901.7	1,053.7	-	-10.0	2,436.4	2,490.7
Cash and balances with central banks	186.8	1.3	0.0	0.0	482.1	297.3	-	-	668.8	298.6
Interest-bearing securities measured at amortised cost	-	-	37.5	37.8	348.9	376.0	-	-	386.4	413.8
Loans and other receivables	7,246.5	6,828.7	255.1	224.6	28.8	24.9	-71.2	-49.6	7,459.2	7,028.7
Other assets	23.2	72.0	192.6	58.8	386.2	277.7	-179.2	-67.6	422.8	341.0
Total assets	7,456.4	6,902.1	2,019.9	1,768.3	2,147.7	2,029.6	-250.4	-127.2	11,373.7	10,572.8
Deposits	4,152.7	4,015.8	604.5	566.5	695.4	631.7	-71.2	-49.6	5,381.5	5,164.4
Debt securities issued	-	-	-	-	3,115.6	2,855.6	0.0	-9.8	3,115.6	2,845.8
Technical provisions	-	-	1,518.6	1,410.8	-	-	-	-	1,518.6	1,410.8
Other liabilities	15.9	63.9	45.9	28.0	546.7	402.5	-6.4	-9.5	602.1	484.9
Total liabilities	4,168.7	4,079.7	2,169.0	2,005.3	4,357.7	3,889.8	-77.6	-68.8	10,617.7	9,905.9

1) The net costs for central functions are allocated from the Group Functions to the business segments Banking Business and Asset Management. This cost allocation is included in the segments' other operating expenses.

The quarterly figures for the segments are presented later in the report.

Capital adequacy and solvency

At the end of the period, Common Equity Tier 1 capital ratio of Aktia Bank Group (Aktia Bank Plc and all its subsidiaries except Aktia Life Insurance) was 10.4 (14.0) %. CET1 capital decreased during the period by EUR 115.7 million due to the increase in intangible assets and goodwill that was allocated when acquiring Taaleri's wealth management operations. During the first quarter, Aktia implemented the new definition of default for IRB models, which led to an increase in expected losses. The payment of dividends, EUR 0.43 per share for 2020, has been deducted from the CET1 capital in accordance with the decision on 5 October 2021 by the Board of Directors of Aktia Bank Plc. In the third quarter a directed share issue was carried out to employees of the group, which increased the CET1 capital by EUR 1.5 million.

To strengthen its Tier 1 capital, Aktia Bank issued a EUR 60 million AT1 loan (Additional Tier 1 capital) during the second quarter of the year.

The 15% risk-weight floor for mortgage loans ceased in the beginning of 2021, which decreased the risk-weighted assets. Concurrently, the new definition of default and lending growth led to an increase in the risk-weighted assets. Aktia also implemented the new Capital Requirements Regulation (CRR II) at the end of the second quarter. In total, the risk-weighted assets decreased by EUR 60.8 million during the period.

The Bank Group applies internal risk classification (IRB) for the calculation of capital requirement for retail, equity and certain corporate exposures. For other exposures the standardised approach is used.

Total capital requirement

30 September 2021 (%)	Buffer requirements						Total capital requirement
	Pillar 1 minimum requirement	Pillar 2 requirement	Capital Conservation	Counter-cyclical	O-SII	Systemic risk	
CET1 capital	4.50	0.70	2.50	0.01	0.00	0.00	7.71
AT1 capital	1.50	0.23					1.73
Tier 2 capital	2.00	0.31					2.31
Total	8.00						11.76

Capital adequacy, %	30 Sep 2021	31 Dec 2020
Bank Group		
CET1 capital ratio	10.4	14.0
Total capital ratio	14.8	16.6

The total capital requirement for banks consists of a minimum requirement (so-called Pillar 1), buffer requirement based on assessment (so-called Pillar 2) and other buffer requirements. The table below describes the different components of Aktia's capital requirements. During the second quarter, the new Act on Credit Institutions entered into force, under which the Pillar 2 requirement can be partially covered by the AT1 capital and Tier 2 capital. Taking all capital requirements into account, the minimum total capital ratio for the Bank Group was 11.76%, and 9.45% for Tier 1 capital ratio at the end of the period.

After CRR II entering into force at the end of the second quarter, a 3% binding minimum requirement for the leverage ratio was introduced.

Leverage ratio	30 Sep 2021	31 Dec 2020
Tier 1 capital	368.5	424.3
Total exposures	9,897.6	9,211.3
Leverage ratio, %	3.7	4.6

On 28 April 2021, Financial Stability Authority has renewed the MREL requirement for Aktia. The new requirement is 19.86% of the total risk-weighted items (TREA) or 5.91% of the leverage ratio exposures (LRE). The MREL requirement does not include a so-called subordination requirement. The requirement enters into force on 1 January 2022 and replaces the previous MREL decision as of 28 April 2021.

MREL requirement (EUR million)	30 Sep 2021	31 Dec 2020
MREL requirement	589.7	727.3
Own funds and eligible liabilities		
CET1	308.5	424.3
AT 1-instruments	60.0	0.0
Tier 2-instruments	72.1	95.6
Other liabilities	1,023.6	1,082.4
Total	1,464.3	1,602.3

The life insurance company follows the Solvency II directive, in which the calculation for technical provisions are measured at market value. According to Solvency II, the company calculates its Solvency Capital Requirement (SCR) and Minimum Capital Requirement (MCR) and identifies its available solvency capital within Solvency II. Aktia Life Insurance applies the standard formula for SCR, with consideration of the transitional measure for technical provisions in accordance with the permission granted by the Financial Supervisory Authority.

Solvency II	With transitional rules		Whitout transitional rules	
(EUR million)	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
MCR	28.1	28.2	30.5	29.5
SCR	112.3	109.0	122.1	119.4
Eligible capital	184.6	159.1	145.5	116.2
Solvency ratio, %	164.3	145.9	119.2	97.4

The Group's risk exposures

The Group focuses primarily on banking, asset management and life insurance operations. Risks and risk management are thus an important part of Aktia's operating environment and business activities. The main areas of risk are credit, interest rate and liquidity risks in the Bank Group, as well as interest rate and other market risks and actuarial risks in the life insurance business. All these operations are exposed to business and operational risks.

Definitions and general principles for asset and risk management can be found in note G2 on p. 120–135 in Aktia Bank Plc's Annual and Sustainability Report for 2020 and in Aktia Bank Plc's Capital and Risk Management Report on the Group's website www.aktia.com.

Banking and asset management business

Credit risks

Aktia's loan book constitutes for the major part of loans to households and private persons with residential or real estate securities. The loan ratio measured in loan-to-value (LTV) is at an adequate level and a low risk level provides a good quality of credits in Aktia's loan book. At the end of the third quarter 2021, the LTV level amounted on average to 42% for the entire loan book.

Gross loans past due by time overdue and ECL stages¹

(EUR million)		30 September 2021			
Days		Stage 1	Stage 2	Stage 3	Total
≤ 30		22.0	32.9	5.9	60.9
of which households		19.9	26.4	4.9	51.2
> 30 ≤ 90		0.0	18.9	8.4	27.4
of which households		0.0	12.9	7.8	20.7
> 90		0.0	0.0	51.8	51.8
of which households		0.0	0.0	40.7	40.7

¹ Changes in exposures since Q2. The bank is reporting on gross exposures to loans past due as of Q3/2021 compared to the previously reported net exposures.

(EUR million)		31 December 2020			
Days		Stage 1	Stage 2	Stage 3	Total
≤ 30		25.6	24.6	0.8	51.1
of which households		19.0	23.1	0.7	42.8
> 30 ≤ 90		0.0	22.0	1.2	23.2
of which households		0.0	21.4	0.6	22.0
> 90		0.0	0.0	57.7	57.7
of which households		0.0	0.0	44.3	44.3

Credit exposures (incl. off-balance sheet commitments) per probability of default (PD)

(EUR million)		30 Sep 2021	31 Dec 2020
Corporate			
PD grades A		247.3	209.7
PD grades B		910.0	866.5
PD grades C		915.3	797.0
Default		25.7	27.4
		2,098.3	1,900.6
Loss allowance (ECL)		-14.3	-15.0
Carrying amount		2,084.0	1,885.6
Households			
PD grades A		3,392.6	3,319.7
PD grades B		1,174.1	1,130.4
PD grades C		865.5	908.5
Default		89.8	41.7
		5,522.0	5,400.3
Loss allowance (ECL)		-16.3	-15.5
Carrying amount		5,505.7	5,384.8
Other			
PD grades A		28.7	29.9
PD grades B		431.5	348.0
PD grades C		78.5	79.1
Default		0.8	0.6
		539.5	457.6
Loss allowance (ECL)		-0.5	-0.5
Carrying amount		539.0	457.1

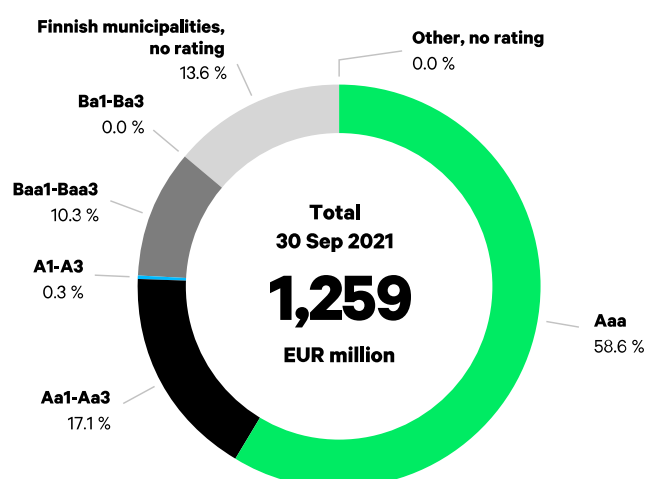
The PD grades are divided according to PD-TTC, where grade A has a PD of less than 0.2%, grade B has a PD of less than 1%, grade C has a PD of less than 100% and grade Default has a PD-TTC of 100%. In Q3/2021, Aktia adjusted the default reporting. Since the introduction of the new definition of default early in the year, the default reporting has been EUR 16 million too high in Q1/2021 and EUR 17 million too high in Q2/2021.

Market risks

Market risks arise as a result of price changes and risk factors on the financial market. Market risks include interest rate risk, currency risk as well as equity and real estate risk.

The interest rate risk is the largest market risk. A structural interest rate risk occurs as a result of differences interest determination periods and repricing of interest-bearing assets and liabilities. In the banking business, structural interest rate risks are actively managed through various trading arrangements considering the current market situation, either through hedging derivatives or investments in the liquidity portfolio or a combination of both, depending on the prevailing market conditions.

Rating distribution for the Bank Group's liquidity portfolio



The bank measures the interest rate risk through sensitivity analyses of the net interest income and through the current value on interest-bearing assets and liabilities where the interest rate curve is stressed by using different interest rate shock scenarios according to EBA's guidelines as well as with the bank's own internally defined interest rate shock scenarios. The bank group's interest rate risk increased somewhat during the second quarter mainly due to updated balance sheet assumptions as well as the increased balance sheet total.

The banking business conducts no equity trading or investments in real estate property for yield purposes.

Equity investments pertaining to business operations amounted to EUR 5.2 (5.0) million. The Bank Group had no real estate holdings at the end of the period.

The Bank Group's total currency exposure is marginal and amounted to EUR 5.3 (3.9) million at the end of the period.

Liquidity reserve and measurement of liquidity risk

The liquidity portfolio consists of high-quality assets that can be used to meet liquidity requirements in stressed situations. 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 1,482 (1,368) million at the end of the period.

All bonds met the criteria for refinancing at the central bank.

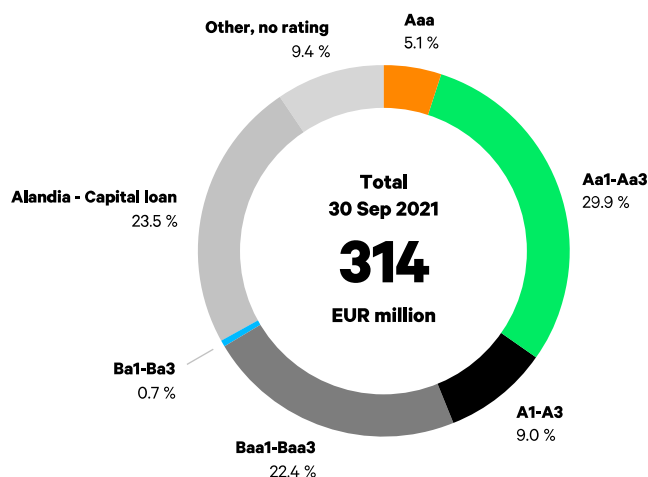
Liquidity reserve, market value (EUR million)	30 Sep 2021	31 Dec 2020
Cash and balances with central banks	619	250
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	236	226
Securities issued or guaranteed by municipalities or the public sector	171	132
Covered Bonds	456	755
Securities issued by credit institutions		6
Securities issued by corporates (commercial papers)	-	-
Total	1,482	1,368
<i>of which LCR-qualified</i>	<i>1,482</i>	<i>1,362</i>

The liquidity risk is, among other things, followed up by the Liquidity Coverage Ratio (LCR). LCR measures the short-term liquidity risk and is aimed to ensure that Aktia Bank's liquidity reserve, consisting of unencumbered high-quality assets, is enough to meet short-term net outflows in stressed situations over the coming 30 days. LCR fluctuates over time, partly depending on the maturity structure of the bank's issued bonds. The LCR amounted to 125 (138) %.

Liquidity coverage ratio (LCR)	30 Sep 2021	31 Dec 2020
LCR %	125%	138%

Rating distribution for the life insurance business' direct interest-bearing investments

(excluding investments in fixed income funds, real estates, equities and alternative investments)



Life Insurance Business

Investment portfolio of the life insurance company

The market value of the life insurance company's total investment portfolio amounted to EUR 597 (602) million. The life insurance company's direct real estate investments amounted to EUR 44 (40) million. The properties are in the Helsinki region and in other growth areas in Southern Finland and they mostly have long tenancies.

Aktia Life Insurance, allocation of investment portfolio

(EUR million)	30 Sep 2021		31 Dec 2020	
Equities	7.4	1.2%	0.0	0.0%
Europe	4.5	0.8%	0.0	0.0%
USA	2.8	0.5%	0.0	0.0%
Fixed income investments	388.7	65.2%	437.0	72.6%
Government bonds	118.1	19.8%	119.2	19.8%
Financial bonds	37.0	6.2%	62.7	10.4%
Other corporate bonds ¹	160.8	27.0%	184.6	30.6%
Emerging Markets (mtl. funds)	45.3	7.6%	43.2	7.2%
High yield (mtl. funds)	24.5	4.1%	24.0	4.0%
Trade Finance (mtl. funds)	3.0	0.5%	3.4	0.6%
Alternative investments	19.0	3.2%	11.8	2.0%
Private Equity etc.	15.3	2.6%	11.8	2.0%
Infrastructure funds	3.7	0.6%	0.0	0.0%
Real estates	82.2	13.8%	77.5	12.9%
Directly owned	43.6	7.3%	40.4	6.7%
Real estate funds	38.6	6.5%	37.1	6.2%
Money Market	38.3	6.4%	50.2	8.3%
Derivatives	0.0	0.0%	0.0	0.0%
Cash and bank	61.0	10.2%	25.8	4.3%
Total	596.6	100.0%	602.2	100.0%

¹ Includes capital loan to Alandia in connection with the acquisition of their life insurance portfolio

Life insurance company's market risk

Technical provisions include an interest reserve of EUR 25.8 (28.1) million, which can be used to cover the future interest rate requirements. The average discount rate for the interest-bearing technical provisions after dissolutions from the interest reserve is 2.2% for 2021–2025, 2.3% for 2026–2029. The discount rate is subsequently approximately 3%. Aktia Life Insurance makes an annual assessment of the adequacy of the interest reserve and adjusts it if necessary. Interest rate risk is the most significant risk in conjunction with technical provisions in the life insurance company. It affects profitability through the spread between rate of return and guaranteed customer rate and capital adequacy as a result of the market valuation of assets and liabilities. Interest rate risk of the company's interest-bearing balance sheet items in the investment portfolio and in the interest-linked and unit-linked technical provisions is calculated through an interest rate stress test (decrease in interest rate) representing a historical 99.5 percentile of the market interest rate. The calculated effect in the stress scenario is mainly due to the change in the market value of the long-term technical provisions and amounted to EUR -25 (-44) million.

Main events

Strategy and long-term financial targets

Aktia updated its strategy and its long-term financial targets (see page 22) before the Capital Markets Day, which was held on 8 September 2021. The new strategy update, which extends to 2025, supports Aktia's growth objectives and guides the company towards the new vision of being "the leading wealth manager bank". The growth strategy is built particularly on close cooperation between Aktia's three business areas (Asset Management, Banking and Life Insurance). A strong focus on wealth management is a key part of all of the company's business activities.

Aktia's employee share issue was oversubscribed

On 31 August 2021, the Board of Directors of Aktia decided on the employee share issue. A maximum total of 1,000,000 new shares in the company was offered for subscription to the personnel of the Aktia Group companies. The subscription period ended on 22 September 2021.

The employee share issue was oversubscribed, and the Board decided to increase the number of the new shares offered according to terms and conditions of the share issue. The Board approved all subscriptions in connection to the employee share issue, i.e. a total of 1,371,500 new shares. A total of 336 company employees subscribed shares in the share issue. The subscription price for the share was EUR 10.14 per share, based on the trade volume weighted average price of the company's share on Nasdaq Helsinki Ltd during 1–31 July 2021 and at a 10 per cent price reduction.

New climate strategy

Aktia has prepared a climate strategy for the Group, which applies to wealth management, investments, lending and the Group's own activities. Aktia systematically invests in the development of its climate-related work through its climate strategy. The goal is among other things carbon neutrality in the investment portfolios by 2050.

Aktia simplifies its group structure with mergers of subsidiaries

Aktia Bank Plc initiates merger procedures aiming at merging the wholly owned subsidiary Aktia Wealth Management Ltd (former Taaleri Wealth Management Ltd) with Aktia Bank Plc. At the same time, Aktia initiates merger procedures between its two subsidiaries, where Aktia Fund Management Company Ltd merges with AV Fund Management Oy (former Taaleri Fund Management Ltd). After the planned merger, the fund management company's name will be Aktia Fund Management Company Ltd. Both mergers are a part of the combination and integration of Aktia and Taaleri's wealth management operations, where an essential part is the simplification of the group structure.

The planned entry into force of both mergers is 1 January 2022.

Aktia acquires the wealth management operations of Taaleri and companies initiated co-operation supporting the strategy of both parties

Aktia Bank Plc's acquisition of Taaleri's wealth management operations was completed on 30 April 2021 in accordance with the sale agreement signed on 10 March 2021. The acquisition included 100% of Taaleri Wealth Management Ltd and its wholly owned subsidiaries Taaleri Fund Management Ltd, Taaleri Tax Services Ltd, Evervest Ltd and Taaleri Asumnot GP Ltd. As a part of the transaction, the parties agreed on initiating co-operation that supports the strategy of both parties, through which Aktia became the distributor of Taaleri's alternative investment products in Finland.

Asset management is in the core of Aktia's strategy and acquiring Taaleri Plc's wealth management operations supports Aktia's objective to be the best asset manager in Finland. Together, Aktia and the operations that are being transferred from Taaleri, form one of the leading asset management organisations in Finland that combines excellent services, customer orientation, strong investment knowledge, comprehensive portfolio management and digital capabilities. With the transaction, Aktia will offer its customers first-class asset management products, price-winning Private Banking competence and comprehensive banking and life insurance services.

The transaction is expected to deliver significant synergy gains, which consist mainly of revenue synergies, reorganisation of functions and scale benefits including IT and other infrastructure. The synergy gains at an annual level are estimated to amount to EUR 8 million and they are expected to be realised in full during 2023.

The purchase price amounted to EUR 123.7 million, of which EUR 10.0 million were paid as 974,563 Aktia shares. With the acquisition, intangible assets amounting to EUR 43.1 million for customer relations, partnership agreements and non-compete agreements as well as EUR 80.4 million for goodwill were allocated.

Changes in Aktia's Executive Committee and responsibilities

Aktia simplified the Group's organisational structure and clarified the responsibilities and management of the different business areas.

Perttu Purhonen, was appointed EVP, Asset Management as of 3 May 2021.

Anssi Huhta, EVP, Corporate Customers and member of the Executive Committee, took over the responsibility of the entire Banking Business as of 5 May 2021.

Sari Leppänen was appointed EVP, Chief Information Officer (CIO) and member of the Executive Committee as of 9 August 2021.

Carola Nilsson left her duties in the Group's Executive Committee as of 5 May 2021 but continues as Director for the Private Customer business.

Anu Tuomolin, Chief Operating Officer (COO) and HR, left her duties in Aktia as of 5 May 2021.

Aktia issued EUR 60 million Additional Tier 1 bond

On 19 May 2021, Aktia Bank Plc issued EUR 60 million unsecured bond with fixed rate that can be counted as Additional Tier 1 capital in the capital adequacy. The bond bear a fixed interest at the initial rate of 3.875 per cent per annum.

Cooperation negotiations at Aktia were completed

Aktia's cooperation negotiations that were initiated on 18 February 2021 were completed on 20 April 2021. After completing the negotiations, the company decided on making changes that resulted in Aktia reducing 75 jobs instead on the initially estimated 100 jobs. With the negotiations, approximately 50 persons were given a possibility to obtain new duties within the company.

Aktia the best fund house in Morningstar's comparison

Aktia won first place in all three Fund House categories in Morningstar's Finland Awards 2021 competition. In terms of fund houses, the five-year risk-adjusted return in three areas is assessed: equities, fixed income and best overall. This year, Aktia was the winner in all three areas.

Decision on the payment of dividend

The Board of Directors of Aktia Bank Plc decided based on the authorisation given by the Annual General Meeting in 2020 on paying out a dividend of EUR 0.53 per share for the accounting period 1 January–31 December 2019. The payable dividend amounts to EUR 36.8 million. The record date was 13 January 2021 and the payment date 20 January 2021.

The Board of Directors of Aktia acknowledged the recommendation on distribution of credit institutions' profits updated by the Finnish Financial Supervisory Authority (FSA) on 18 December 2020 and decided after careful consideration to pay its shareholders dividend in accordance with the lower end of its dividend policy. Aktia's objective according to its dividend policy is a dividend pay-out of 60–80% for the financial period after taxes.

Other information

Events after the end of the period

Decision on the payment of dividend

On 5 October 2021, the Board of Directors of Aktia Bank Plc has decided to pay out a dividend of EUR 0.43 per share for the accounting period of 1 January–31 December 2020 in accordance with the authorisation given by the Annual General Meeting of 2021. The payable dividend amounts to EUR 30.9 million. The ex-dividend date was 6 October 2021, the record date 7 October 2021 and the payment date 14 October 2021.

Rating

On 22 January 2021, Standard & Poor's (S&P) adjusted its outlook for the creditworthiness of Aktia Bank Plc to stable. The rating is A- for long-term borrowing and A2 for short-term borrowing. The rating has been updated on 25 March 2021.

On 9 September 2021, Moody's Investors Service confirmed the long-term and short-term senior funding credit ratings of Aktia Bank and changed the outlook of the ratings to negative. The rating for senior preferred bonds is A1 and for short-term debt instruments P-1. Moody's Investors Service confirmed the rating Aaa for Aktia Bank's long-term Covered Bonds.

On 17 May 2021, Moody's Investors Service awarded Aktia Bank the rating Baa3 (hyb) for the Additional Tier 1 capital issued by Aktia Bank.

	Long-term borrowing	Short-term borrowing	Outlook	Covered Bonds
Moody's Investors Service	A1	P-1	negative	Aaa
Standard & Poor's	A-	A-2	stable	-

Events concerning related parties

Related parties include shareholders with significant influence and key persons in management positions and close family members, as well as companies where a key person in a management position has a controlling influence. The Aktia Group's key persons are the members of the Board of Directors, the CEO, the Deputy CEO and other members of the Executive Committee.

Further information on events concerning related parties is described in notes G43 and P43 in the Financial statements 2020.

Staff

The number of full-time employees at the end of September amounted to 865 (31 December 2020; 830). The average number of full-time employees amounted to 863 (1 January–30 September 2020; 799).

The incentive scheme

In 2018, Aktia Bank Plc launched a long-term share savings plan for Aktia Group's employees in order to support the implementation of Aktia's strategy. The current 12-month saving period, AktiaUna 2021–2022, was launched in spring 2021 and continues until spring 2022. Decisions about possible new plans are made yearly.

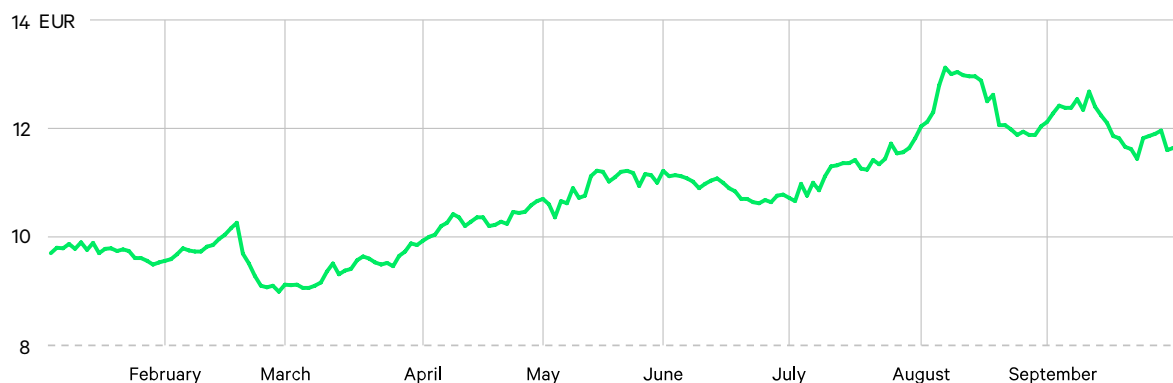
The incentive scheme in its entirety includes two parts. The share savings plan AktiaUna is aimed at the whole personnel, about 950 persons, and the performance-based share savings plan is aimed at about 60 key persons. The plan gives every employee the possibility to become a shareholder in Aktia on favourable terms. Within the plan, part of the salary (2–4%, 7% for members of the Executive Committee) is deducted and invested in Aktia's shares at a reduced price (-10%). Furthermore, the participants are motivated by granting them free matching shares against shares acquired in the share savings plan after approximately two years.

The performance criteria for the above-mentioned performance-based plan, which concerns approximately 60 key persons (including the CEO and members of the Executive Committee), are Aktia Group's comparable operating profit and net commission income during a period of two years. The potential incentive based on the performance period will be defined according to the terms of the plan, according to which the Board's comprehensive assessment of the employee's, the business unit's and the Group's total results and development is considered.

On 5 August 2021, the Board of Directors of Aktia Bank Plc decided on a new long-term share-based incentive scheme, the Restricted Share Plan. The total number of Aktia shares paid as incentive within the scope of the incentive scheme is 280,000.

For more information on the incentive scheme see www.aktia.com > Investors > Corporate Governance > Remuneration.

Development of Aktia's share 4 January–30 September 2021



Decisions of Aktia Bank Plc's Annual General Meeting 2021

The Annual General Meeting of Aktia Bank Plc on 13 April 2021 adopted the financial statements of the parent company and the consolidated financial statements and discharged the members of the Board of Directors, the CEO and his deputy from liability.

In accordance with the proposal by the Board of Directors, the Annual General Meeting decided, taking into account the recommendations issued by the authorities', to authorise the Board to at a later date decide on the payment of a maximum dividend of 0.43 euro per share for the accounting period 1 January – 31 December 2020 with a payment at one or more occasions. The Board was authorised to decide on the record date and the date of payment of a possible dividend.

On 5 October 2021, the Board of Directors of Aktia Bank Plc has decided to pay out a dividend of EUR 0.43 per share for the accounting period of 1 January–31 December 2020 in accordance with the authorisation given by the Annual General Meeting of 2021.

The Annual General Meeting confirmed the number of board members as eight. Johan Hammarén, Maria Jerhamre Engström, Harri Lauslahti, Olli-Petteri Lehtinen, Johannes Schulman, Lasse Svens and Arja Talma were re-elected as Board members. Timo Vättö was elected as a new member of the Board of Directors. The Board of Directors, which convened after the General Meeting, elected Lasse Svens as chair and Timo Vättö as vice chair.

In accordance with the proposal by the Board of Directors the Annual General Meeting decided to approve the remuneration report for the governing bodies of Aktia Bank Plc and confirmed the remuneration for the Board members. The Annual General Meeting determined that the number of auditors shall be one, and confirmed the remuneration to the auditor, and re-elected APA firm KPMG Oy Ab as auditor with Marcus Tötterman, M.Sc. (Econ.), APA, as auditor-in-charge.

The Annual General Meeting adopted the proposal of the Board of Directors regarding resolution for share issue authorisation for up to 6,967,000 shares or securities entitling to shares, authorisation to acquire up to 500,000 company's own shares for use in the company's share based scheme and/or the remuneration of members of the company's Board of Directors and authorisation to divest up to 500,000 company's own shares.

The Annual General Meeting adopted the proposal of the Board of Directors regarding the right to a share incorporated in the book-entry system and the rights that the share carries have been forfeited for the shares in Aktia Bank Plc's collective account. The 47,920 shares now object for forfeiture are shares issued as a buffer in connection with the merger of Veritas Mutual Non-Life Insurance Company to Aktia Plc on 1 January 2009.

All proposals mentioned above are included in the Summons to the Annual General Meeting published on the website www.aktia.com under Investors > Corporate governance > Annual general meeting > Annual General Meeting 2021.

Share capital and ownership

Aktia Bank Plc's share capital amounts to EUR 170 million. At the end of September 2021, the number of Aktia shares was 72,087,006. The total number of registered holders amounted to 38,974 (30 September 2020; 36,576). 13.45% of the shares were in foreign ownership. There were no unregistered shares at the end of September. On 30 September 2021, the Group held 307,107 (30 September 2020; 113,372) Aktia shares. Aktia Bank Plc's market value on 30 September 2021, the last trading day of the period, was approximately EUR 822 million. The closing price for the Aktia share on 30 September 2021 was EUR 11.62. The highest price for the Aktia share during the period was EUR 13.40 and the lowest EUR 8.94.

The average daily turnover of the Aktia share during January–September 2021 was EUR 1,105,822 or 104,651 shares.

(EUR million)	Number of shares	Share capital	Unrestricted equity reserve
1 Jan 2020	69,172,437	163.0	110.2
Share issue 14 Feb 2020	744,696	6.7	-
Share issue 4 May 2020	220,000	-	1.7
Share issue 27 May 2020	84,355	-	0.6
Invalidation of shares 7 Oct 2020	-717,196	-	-
Share issue 16 Nov 2020	69,881	-	0.7
Other changes	-	-	-0.4
31 Dec 2020	69,574,173	169.7	112.7
Share issue 9 Feb 2021	100,000	-	1.0
Share issue 6 May 2021	974,563	-	9.6
Share issue 20 May 2021	66,770	-	0.7
Share issue 30 Sep 2021	1,371,500	-	13.9
Other changes	-	-	0.1
30 Sep 2021	72,087,006	169.7	138.0

Financial targets up until 2025

The financial targets stipulated by the Board of Directors in September 2021 are:

- a comparable operating profit of above EUR 120 million,
- a comparable return on equity (ROE) of above 12 per cent,
- a comparable cost-to-income ratio of under 0.60 and
- a Common Equity Tier 1 capital ratio (CET1) above 1.5 percentage points over the regulatory requirements.

Risks and outlook

Risks (updated)

Aktia's result is affected by many factors, of which the most important are the general economic situation, fluctuations in share prices, interest rates and exchange rates, as well as the competitive situation. The demand for banking, insurance, and asset management services can be changed by these factors.

Changes in interest rate level, yield curves and credit margins are hard to predict and can affect Aktia's interest margins and thus profitability. Aktia is pursuing a proactive management of interest rate risks.

Any future impairment of credits in Aktia's credit portfolio could be due to many factors, of which the most important are the general economic situation, the interest rate level, the level of unemployment and the development of house prices.

The availability of liquidity on the financial market is important for Aktia's refinancing activities. Like other banks, Aktia relies on deposits from households to service some of its liquidity needs.

The market value of Aktia's financial and other assets can change, among other things, as a result of requirements among investors for higher returns.

Increased regulation of banking and insurance operations has led to more stringent capital and liquidity requirements for the bank. The new regulations have also resulted in increased demands on long-term financing and higher fixed expenses.

The development of the commission income is dependent on the volume and value development of assets under management, which as a result of market fluctuations has increased the risks pertaining to the Group's income and profitability.

The coronavirus pandemic that broke out during 2020 and the measures taken for limiting its development has influenced both the real economy and the financial market. The negative impact of the coronavirus pandemic as well as the sufficiency of the measures taken to decrease the impact are monitored and assessed continuously.

According to the latest data, the recovery from the consequences of the coronavirus pandemic will continue and this will also be reflected in the statistical indicators concerning Finland's economic development as of spring 2021. The quality of Aktia's loan book and new lending has been stable despite the growth in lending. This applies to the lending volume of both companies and private customers.

The acquisition of Taaleri's wealth management operations was carried out on 30 April 2021. The transaction is being handled actively by thorough integration coordination and capital planning. Future risks concern the completion of the transaction and that the integration can be carried out in accordance with the set targets, including the synergy and cross-selling targets. Aktia is simplifying its group structure and made the decision of merging two fund management companies as well as Aktia Wealth Management Ltd and Aktia Bank Plc on 1 January 2022. The mergers have been prepared and the risks associated with them have been identified. Potential risks for unclear processes, responsibilities or operative principles are mitigated by harmonising processes, principles and the government structure before carrying out the mergers.

The increase in fraud against the entire financial sector and especially in relation to the digital services has continued. The financial sector has worked actively with various authorities to, among other things, inform bank customers about fraud threats. During the first half of 2021, Aktia's customers were also victims of phishing. Aktia has succeeded in combating new attempts and no significant new loss of customer assets took place during the third quarter. Aktia's business has not been noticeably affected by any operational risks during the coronavirus pandemic, even though the organisation was forced to swiftly switch to new operations models and has worked extensively according to a remote work model.

In the fourth quarter, the organisation will move more into the hybrid work model, which includes the possibility to work both remotely and at the workplace, depending on the task at hand.

The expansion of the asset management operations in connection with the acquisition of Taaleri has caused Aktia's regulative capital situation to decrease in relation to the risk-weighted position. This has resulted in a higher risk of the regulative capital situation limiting utilising the market potential for growth in terms of risk positions in the future.

Outlook 2021 (maintained)

Aktia maintains its previous outlook in which the comparable operating profit for 2021 is expected to be considerably higher than during 2020.

- The increase in net interest income is expected to continue owing to strong volume increase and reasonable financing expenses
- The increase in commission income from fund and asset management is expected to be higher than during the first half year due to the acquisition of Taaleri's wealth management operations
- Expenses are expected to be higher than during 2020 considering the increased staff expenses due to the acquisition of Taaleri's wealth management operations as well as one-off transaction and integration related expenses
- Provisions for possible expected credit losses are expected to increase moderately. Aktia's liquidity is expected to be at a high level and the capital adequacy ratio is expected to be stable.

Tables and notes to the interim report

Key figures

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ%	3Q2021	2Q2021	1Q2021	4Q2020	3Q2020
Earnings per share (EPS), EUR	0.72	0.39	85%	0.28	0.25	0.20	0.22	0.18
Total earnings per share, EUR	0.57	0.46	24%	0.26	0.19	0.12	0.24	0.23
Equity per share (NAV), EUR ^{*1}	9.69	9.21	5%	9.69	10.26	9.19	9.60	9.21
Average number of shares (excl. treasury shares), million ²	70.0	69.7	0%	70.0	69.8	69.5	69.8	69.7
Number of shares at the end of the period (excl. treasury shares), million ¹	71.8	70.1	2%	71.8	70.5	69.5	69.5	70.1
Return on equity (ROE), % ^{*3}	10.0	5.8	71%	11.4	10.5	8.6	9.2	7.8
Return on assets (ROA), % [*]	0.62	0.36	72%	0.69	0.63	0.53	0.57	0.48
Cost-to-income ratio [*]	0.65	0.73	-11%	0.62	0.67	0.67	0.64	0.68
Common Equity Tier 1 capital ratio, CET1 (Bank Group), % ¹	10.4	15.6	-33%	10.4	10.8	13.8	14.0	15.6
Tier 1 capital ratio (Bank Group), % ¹	12.4	15.6	-21%	12.4	12.9	13.8	14.0	15.6
Capital adequacy ratio (Bank Group), % ¹	14.8	18.5	-20%	14.8	15.5	16.3	16.6	18.5
Risk-weighted assets (Bank Group) ¹	2,969.2	2,900.7	2%	2,969.2	2,885.7	3,035.8	3,030.0	2,900.7
Capital adequacy ratio (finance and insurance conglomerate), % ¹	125.7	136.9	-8%	125.7	121.6	126.9	126.6	136.9
Equity ratio, % ^{*1}	6.9	6.4	8%	6.9	6.6	6.3	6.6	6.4
Group financial assets ^{*1}	2,417.0	2,625.9	-8%	2,417.0	2,374.0	2,221.8	2,265.5	2,625.9
Customer assets under management ^{*1}	15,581.0	9,623.5	62%	15,581.0	15,581.7	10,378.5	10,446.9	9,623.5
Borrowing from the public ¹	4,606.5	4,497.1	2%	4,606.5	4,559.6	4,370.6	4,465.8	4,497.1
Lending to the public ¹	7,412.7	6,779.9	9%	7,412.7	7,299.2	7,139.0	6,999.8	6,779.9
Premiums written before reinsurers' share [*]	112.9	70.8	59%	32.1	41.8	38.9	35.3	17.8
Expense ratio, % (life insurance company) ^{*2}	94.9	87.7	8%	94.9	95.6	97.3	73.9	87.7
Solvency ratio (life insurance company), %	164.3	146.8	12%	164.3	156.6	154.7	145.9	146.8
Eligible capital (life insurance company)	184.6	154.0	20%	184.6	177.1	171.3	159.1	154.0
Investments at fair value (life insurance company) ^{*1}	1,614.9	1,421.7	14%	1,614.9	1,608.7	1,555.1	1,515.2	1,421.7
Technical provisions for risk insurances and interest-related insurances ¹	421.9	450.7	-6%	421.9	426.5	435.9	441.0	450.7
Technical provisions for unit-linked insurances ¹	1,096.6	889.0	23%	1,096.6	1,087.9	1,020.2	969.8	889.0
Group's personnel (FTEs), average number of employees	863	800	8%	901	867	827	826	833
Group's personnel (FTEs), at the end of the period ¹	865	821	5%	865	926	824	830	821
Alternative performance measures excluding items affecting comparability:								
Comparable cost-to-income ratio [*]	0.64	0.73	-13%	0.63	0.63	0.67	0.64	0.68
Comparable earnings per share (EPS), EUR [*]	0.75	0.40	87%	0.27	0.29	0.20	0.22	0.18
Comparable return on equity (ROE), % ^{*3}	10.4	5.9	77%	11.2	12.3	8.6	9.3	7.8

* Aktia has defined the alternative performance measures to be presented in the Group's financial reports in accordance with the guidelines for Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA). The Alternative Performance Measures (APMs) are financial measures that have not been defined in the IFRS rules, the capital requirements regulation (CRD/CRR) or in the Solvency II framework (SII). Therefore, the APMs shall not be regarded as substitutes for financial measures in accordance with IFRS. The APMs make comparison of different periods easier and gives users of financial reports useful further information. Aktia presents a number of APMs, from which items affecting comparability are excluded. Items affecting comparability are not associated with day-to-day business, and such items are income and expenses attributable to restructuring, divestment of operations as well as impairment of assets departing from day-to-day business. The items affecting comparability are shown in the table under the Group's income statement and comprehensive income.

¹) At the end of the period

²) Cumulative from the beginning of the year

³) Return on equity exclude the additional Tier 1 capital loan recognised as equity (Q2/2021 is recalculated according to the new definition).

Formulas for the key figures are available in Aktia Bank Plc's Annual and Sustainability Report 2020 on page 110.

Consolidated income statement

(EUR million)	Note	Jan-Sep 2021	Jan-Sep 2020	Δ%	2020
Net interest income	3	72.2	59.9	21%	80.7
Dividends		0.3	0.3	-2%	0.4
Commission income		99.1	79.3	25%	106.9
Commission expenses		-8.8	-7.1	-24%	-9.3
Net commission income		90.3	72.2	25%	97.6
Net income from life insurance	4	30.1	9.6	212%	19.9
Net income from financial transactions	5	4.6	0.5	812%	0.6
Net income from investment properties		-	-	-	-
Other operating income		0.7	1.5	-52%	1.9
Total operating income		198.3	144.1	38%	201.1
Staff costs		-61.5	-51.4	20%	-69.1
IT expenses		-21.5	-19.1	13%	-26.0
Depreciation of tangible and intangible assets		-15.5	-13.7	13%	-18.3
Other operating expenses		-30.6	-21.6	42%	-28.8
Total operating expenses		-129.2	-105.7	22%	-142.2
Impairment of credits and other commitments	8	-4.6	-3.2	44%	-4.0
Share of profit from associated companies		-0.2	-0.1	-164%	-0.1
Operating profit		64.3	35.1	83%	54.8
Taxes		-13.2	-7.6	75%	-12.2
Profit for the period		51.1	27.5	86%	42.6
Attributable to:					
Shareholders in Aktia Bank Plc		50.6	27.5	84%	42.6
Holders of Additional Tier 1 capital		0.5	-	-	-
Total		51.1	27.5	86%	42.6
Earnings per share (EPS), EUR		0.72	0.39	83%	0.61
Earnings per share (EPS) after dilution, EUR		0.72	0.39	83%	0.61
Operating profit excluding items affecting comparability:					
Operating profit		64.3	35.1	83%	54.8
Operating income:					
Additional income from divestment of Visa Europe to Visa Inc		-0.5	-	-	-
Operating expenses:					
Costs for restructuring		3.0	0.2	-	0.3
Comparable operating profit		66.7	35.3	89%	55.1

Consolidated statement of comprehensive income

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ%	2020
Profit for the period	51.1	27.5	86%	42.6
Other comprehensive income after taxes:				
Change in valuation of fair value for financial assets	-7.4	7.0	-	8.4
Change in valuation of fair value for cash flow hedging	-0.1	0.1	-	0.3
Transferred to the income statement for financial assets	-3.4	-2.5	-36%	-2.6
Comprehensive income from items which can be transferred to the income statement	-10.8	4.6	-	6.2
Defined benefit plan pensions	-	-	-	-0.2
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.2
Total comprehensive income for the period	40.3	32.1	25%	48.6
Total comprehensive income attributable to:				
Shareholders in Aktia Bank Plc	39.8	32.1	24%	48.6
Holders of Additional Tier 1 capital	0.5	-	-	-
Total	40.3	32.1	25%	48.6
Total earnings per share, EUR	0.57	0.46	23%	0.70
Total earnings per share after dilution, EUR	0.57	0.46	23%	0.70
Total comprehensive income excluding items affecting comparability:				
Total comprehensive income	40.3	32.1	25%	48.6
Operating income:				
Additional income from divestment of Visa Europe to Visa Inc	-0.4	-	-	-
Operating expenses:				
Costs for restructuring	2.4	0.2	-	0.2
Comparable total comprehensive income	42.2	32.3	31%	48.8

Items affecting consolidated income statement and comprehensive income

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ%	2020
Net income from financial transactions	0.5	-	-	-
Total operating income	0.5	-	-	-
Staff costs	-1.3	-0.2	548%	-0.3
Other operating expenses	-1.7	-	-	-
Total operating expenses	-3.0	-0.2	-	-0.3
Operating profit	-2.4	-0.2	-	-0.3
Taxes	0.6	0.0	-	0.1
Total comprehensive income for the year	-1.8	-0.2	-	-0.2

Consolidated balance sheet

(EUR million)	Note	30 Sep 2021	31 Dec 2020	Δ%	30 Sep 2020
Assets					
Interest-bearing securities		97.2	102.7	-5%	102.7
Shares and participations		183.5	159.9	15%	153.0
Investments for unit-linked investments		1,097.1	969.9	13%	889.4
Financial assets measured at fair value through income statement	8	1,377.7	1,232.5	12%	1,145.0
Interest-bearing securities		1,058.7	1,258.2	-16%	1,266.9
Financial assets measured at fair value through other comprehensive income	8	1,058.7	1,258.2	-16%	1,266.9
Interest-bearing securities	7.8	386.4	413.8	-7%	391.2
Lending to Bank of Finland and credit institutions		46.5	28.9	61%	28.7
Lending to the public and public sector entities	7.8	7,412.7	6,999.8	6%	6,779.9
Cash and balances with central banks	8	668.8	298.6	124%	673.6
Financial assets measured at amortised cost		8,514.4	7,741.1	10%	7,873.4
Derivative instruments	6.8	48.2	76.1	-37%	72.1
Investments in associated companies and joint ventures		0.2	0.1	24%	0.2
Intangible assets and goodwill		177.0	57.9	206%	58.0
Right-of-use assets		23.2	22.6	2%	22.6
Investment properties		42.4	39.8	6%	39.9
Other tangible assets		7.2	5.3	34%	4.4
Tangible and intangible assets		249.7	125.7	99%	124.9
Other assets		121.7	136.1	-11%	100.8
Income tax receivables		0.7	0.5	36%	2.7
Deferred tax receivables		2.3	2.5	-6%	2.5
Tax receivables		3.0	3.0	1%	5.3
Total assets		11,373.7	10,572.8	8%	10,588.5
Liabilities					
Liabilities to central banks		650.0	550.0	18%	550.0
Liabilities to credit institutions		124.9	148.6	-16%	148.8
Liabilities to the public and public sector entities		4,606.5	4,465.8	3%	4,497.1
Deposits	8	5,381.5	5,164.4	4%	5,195.8
Derivative instruments	6.8	18.7	12.2	53%	19.3
Debt securities issued		3,115.6	2,845.8	9%	2,948.1
Subordinated liabilities		105.8	158.2	-33%	169.5
Other liabilities to credit institutions		20.4	24.6	-17%	30.9
Other liabilities to the public and public sector entities		289.5	150.0	93%	100.0
Other financial liabilities	8	3,531.3	3,178.5	11%	3,248.5
Technical provisions for risk insurances and interest-related insurances		421.9	441.0	-4%	450.7
Technical provisions for unit-linked insurances		1,096.6	969.8	13%	889.0
Technical provisions		1,518.6	1,410.8	8%	1,339.7
Other liabilities		101.8	82.9	23%	83.9
Provisions		1.5	1.3	21%	1.4
Income tax liabilities		5.5	4.0	37%	0.6
Deferred tax liabilities		58.7	51.7	14%	53.7
Tax liabilities		64.3	55.8	15%	54.3
Total liabilities		10,617.7	9,905.9	7%	9,942.8
Equity					
Restricted equity		180.2	191.0	-6%	189.5
Unrestricted equity		575.8	475.8	21%	456.3
Shareholders' share of equity		696.5	666.8	4%	645.7
Holders of Additional Tier 1 capital		59.5	-	-	-
Total equity		756.0	666.8	13%	645.7
Total liabilities and equity		11,373.7	10,572.8	8%	10,588.5

Consolidated off-balance-sheet commitments

(EUR million)	30 Sep 2021	31 Dec 2020	Δ%	30 Sep 2020
Guarantees	22.0	22.2	-1%	26.1
Other commitments provided to a third party	6.3	8.2	-23%	6.0
Commitments provided to a third party on behalf of the customers	28.3	30.4	-7%	32.1
Unused credit arrangements	737.2	660.0	12%	654.1
Other commitments provided to a third party	26.6	8.6	210%	9.3
Irrevocable commitments provided on behalf of customers	763.8	668.5	14%	663.4
Total	792.1	698.9	13%	695.5

Consolidated statement of changes in equity

(EUR million)	Share capital	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Additional Tier 1 capital holders	Total equity
Equity as at 1 January 2020	163.0	15.1	2.6	110.2	319.1	610.0	-	610.0
Share issue	6.7			2.9	-6.1	3.6		3.6
Acquisition of treasury shares					-1.7	-1.7		-1.7
Divestment of treasury shares				-0.4	1.3	0.9		0.9
Profit for the year					42.6	42.6		42.6
Financial assets		5.8				5.8		5.8
Cash flow hedging		0.3				0.3		0.3
Defined benefit plan pensions					-0.2	-0.2		-0.2
Total comprehensive income for the year		6.2			42.4	48.6		48.6
Change in share-based payments (IFRS 2)			0.3		1.5	1.8		1.8
Repayment of dividend debt for invalidated shares					3.6	3.6		3.6
Equity as at 31 December 2020	169.7	21.3	3.0	112.7	360.2	666.8	-	666.8
Equity as at 1 January 2021	169.7	21.3	3.0	112.7	360.2	666.8	-	666.8
Share issue				25.2	-	25.2		25.2
Acquisition of treasury shares					-1.0	-1.0		-1.0
Divestment of treasury shares				0.1	1.0	1.0		1.0
Dividend to shareholders					-36.8	-36.8		-36.8
Profit for the year					51.1	51.1		51.1
Financial assets		-10.7			-	-10.7		-10.7
Cash flow hedging		-0.1			-	-0.1		-0.1
Total comprehensive income for the period		-10.8			51.1	40.3		40.3
Additional Tier 1 (AT1) capital issue						-	60.0	60.0
Issue cost						-	-0.5	-0.5
Change in share-based payments (IFRS 2)			0.3		0.6	0.9		0.9
Equity as at 30 September 2021	169.7	10.5	3.3	138.0	375.1	696.5	59.5	756.0

(EUR million)	Share capital	Fund at fair value	Fund for share-based payments	Unrestricted equity reserve	Retained earnings	Shareholders' share of equity	Additional Tier 1 capital holders	Total equity
Equity as at 1 January 2020	163.0	15.1	2.6	110.2	319.1	610.0	-	610.0
Share issue	6.7			2.3	-6.1	2.9		2.9
Acquisition of treasury shares					-1.7	-1.7		-1.7
Divestment of treasury shares				0.2	1.3	1.5		1.5
Profit for the year					27.5	27.5		27.5
Financial assets		4.5				4.5		4.5
Cash flow hedging		0.1				0.1		0.1
Total comprehensive income for the year		4.6			27.5	32.1		32.1
Change in share-based payments (IFRS 2)			-0.2		1.1	0.9		0.9
Equity as at 30 September 2020	169.7	19.7	2.4	112.6	341.3	645.7	-	645.7

Consolidated cash flow statement

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ %	2020
Cash flow from operating activities				
Operating profit	64.3	35.1	83%	54.8
Adjustment items not included in cash flow	13.0	32.9	-61%	12.5
Paid income taxes	-11.1	-11.2	1%	-12.4
Cash flow from operating activities before change in receivables and liabilities	66.2	56.8	17%	54.9
Increase (-) or decrease (+) in receivables from operating activities	-326.6	-428.7	24%	-774.4
Increase (+) or decrease (-) in liabilities from operating activities	767.0	781.1	-2%	775.1
Total cash flow from operating activities	506.6	409.1	24%	55.6
Cash flow from investing activities				
Acquisition of the Taaleri Varainhoito Group	-113.7	-	-	-
Investment in investment properties	-2.3	-1.5	-57%	-1.5
Proceeds from sale of investment properties	0.9	-	-	-
Investment in tangible and intangible assets	-6.8	-6.8	1%	-11.0
Proceeds from sale of tangible and intangible assets	0.0	-	-	0.0
Share issue and capital loan to associated companies	-0.2	-0.1	-40%	-0.1
Acquisition of Liv-Alandia's life insurance portfolio	-	7.0	-	7.0
Total cash flow from investing activities	-122.1	-1.5	-	-5.6
Cash flow from financing activities				
Subordinated liabilities	-52.4	-46.0	-14%	-57.3
Share issue	13.9	-	-	-
Additional Tier 1 (AT1) capital issue	59.5	-	-	-
Dividend/share issue to the non-controlling interest	-	-3.0	-	-3.0
Divestment of treasury shares	1.0	1.5	-29%	0.9
Paid dividends	-36.8	-	-	-
Total cash flow from financing activities	-14.8	-47.5	69%	-59.4
Change in cash and cash equivalents	369.7	360.1	3%	-9.5
Cash and cash equivalents at the beginning of the year	276.6	286.1	-3%	286.1
Cash and cash equivalents at the end of the period	655.8	646.2	1%	276.6
Cash and cash equivalents from the acquired Taaleri Varainhoito Group	9.5	-	-	-
Cash and cash equivalents in the cash flow statement consist of the following items:				
Cash in hand	0.8	1.5	-49%	1.3
Bank of Finland current account	617.8	623.9	-1%	248.3
Repayable on demand claims on credit institutions	37.3	20.7	80%	27.0
Total	655.8	646.2	1%	276.6
Adjustment items not included in cash flow consist of:				
Impairment of interest-bearing securities	-0.4	-0.1	-247%	0.1
Unrealised change in value for financial assets measured at fair value through income statement	-6.5	5.5	-	1.6
Write-downs on credits and other commitments	4.6	3.2	44%	4.0
Change in fair values	5.5	12.1	-54%	-9.7
Depreciation and impairment of tangible and intangible assets	11.7	9.4	25%	12.6
Sales gains and losses from tangible and intangible assets	-0.3	-	-	-
Unwound fair value hedging	-1.5	-1.6	2%	-2.1
Change in fair values of investment properties	-0.8	3.8	-	3.8
Change in share-based payments	0.2	-0.5	-	0.1
Other adjustments	0.4	1.0	-56%	2.0
Total	13.0	32.9	-61%	12.5

Quarterly trends in the Group

(EUR million)

Income statement	3Q2021	2Q2021	1Q2021	4Q2020	3Q2020	Jan-Sep 2021	Jan-Sep 2020
Net interest income	23.1	27.7	21.3	20.8	20.0	72.2	59.9
Dividends	0.0	0.3	0.0	0.1	0.0	0.3	0.3
Net commission income	33.5	31.7	25.0	25.4	24.2	90.3	72.2
Net income from life insurance	9.7	10.5	9.9	10.2	4.7	30.1	9.6
Net income from financial transactions	0.4	2.9	1.3	0.1	0.2	4.6	0.5
Other operating income	0.2	0.2	0.3	0.4	0.3	0.7	1.5
Total operating income	67.1	73.3	57.9	57.0	49.4	198.3	144.1
Staff costs	-21.9	-22.0	-17.6	-17.7	-16.4	-61.5	-51.4
IT expenses	-7.5	-7.6	-6.4	-6.9	-7.1	-21.5	-19.1
Depreciation of tangible and intangible assets	-5.7	-5.3	-4.4	-4.6	-4.3	-15.5	-13.7
Other operating expenses	-6.5	-13.9	-10.3	-7.2	-6.0	-30.6	-21.6
Total operating expenses	-41.6	-48.8	-38.7	-36.4	-33.8	-129.2	-105.7
Impairment of credits and other commitments	-1.0	-1.4	-2.2	-0.8	-0.1	-4.6	-3.2
Impairment of other receivables	-	-	-	-	0.4	-	-
Share of profit from associated companies	-0.1	-0.1	0.0	-0.1	0.0	-0.2	-0.1
Operating profit	24.4	23.0	16.9	19.7	16.0	64.3	35.1
Taxes	-5.0	-5.4	-2.9	-4.6	-3.5	-13.2	-7.6
Profit for the period	19.4	17.7	14.0	15.1	12.4	51.1	27.5
Attributable to:							
Shareholders in Aktia Bank Plc	19.4	17.1	14.0	15.1	12.4	50.6	27.5
Holders of Additional Tier 1 capital	0.0	0.5	-	-	-	0.5	-
Total	19.4	17.7	14.0	15.1	12.4	51.1	27.5
Earnings per share (EPS), EUR	0.28	0.25	0.20	0.22	0.18	0.72	0.39
Earnings per share (EPS) after dilution, EUR	0.28	0.25	0.20	0.22	0.18	0.72	0.39

Operating profit excluding items affecting comparability:	3Q2021	2Q2021	1Q2021	4Q2020	3Q2020	Jan-Sep 2021	Jan-Sep 2020
Operating profit	24.4	23.0	16.9	19.7	16.0	64.3	35.1
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-0.5	-	-	-	-	-	-
Operating expenses:							
Costs for restructuring	-	3.0	-	0.1	-	3.0	0.2
Comparable operating profit	23.8	26.0	16.9	19.8	16.0	66.7	35.3

(EUR million)

	3Q2021	2Q2021	1Q2021	4Q2020	3Q2020	Jan-Sep 2021	Jan-Sep 2020
Comprehensive income							
Profit for the period	19.4	17.7	14.0	15.1	12.4	51.1	27.5
Other comprehensive income after taxes:							
Change in fair value for financial assets	-0.5	-2.3	-4.6	1.5	4.0	-7.4	7.0
Change in fair value for cash flow hedging	0.0	0.0	0.0	0.2	0.1	-0.1	0.1
Transferred to the income statement for financial assets	-0.7	-1.8	-0.8	-0.1	-0.5	-3.4	-2.5
Comprehensive income from items which can be transferred to the income statement	-1.2	-4.1	-5.5	1.5	3.6	-10.8	4.6
Defined benefit plan pensions	-	-	-	-0.2	-	-	-
Comprehensive income from items which can not be transferred to the income statement	-	-	-	-0.2	-	-	-
Total comprehensive income for the period	18.2	13.6	8.5	16.4	16.1	40.3	32.1
Total comprehensive income attributable to:							
Shareholders in Aktia Bank Plc	18.2	13.1	8.5	16.4	16.1	39.8	32.1
Holders of Additional Tier 1 capital	-	0.5	-	-	-	0.5	-
Total	18.2	13.6	8.5	16.4	16.1	40.3	32.1
Total earnings per share, EUR	0.26	0.19	0.12	0.24	0.23	0.57	0.46
Total earnings per share after dilution, EUR	0.26	0.19	0.12	0.24	0.23	0.57	0.46

Total comprehensive income excluding items affecting comparability:	3Q2021	2Q2021	1Q2021	4Q2020	3Q2020	Jan-Sep 2021	Jan-Sep 2020
Operating profit	18.2	13.6	8.5	16.4	16.1	40.3	32.1
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-0.4	-	-	-	-	-0.4	-
Operating expenses:							
Costs for restructuring	-	2.4	-	0.1	-	2.4	0.2
Comparable total comprehensive income	17.7	16.0	8.5	16.5	16.1	42.2	32.3

Quarterly trends in the Segments

Banking Business	3Q2021	2Q2021	1Q2021	4Q2020	3Q2020	Jan-Sep 2021	Jan-Sep 2020
Net interest income	18.2	18.7	17.6	18.1	17.7	54.5	51.6
Net commission income	15.1	15.1	14.2	14.1	13.8	44.4	41.6
Other operating income	0.0	0.1	0.2	0.1	0.2	0.3	0.9
Total operating income	33.3	33.9	32.0	32.3	31.7	99.2	94.1
Staff costs	-4.7	-5.7	-4.6	-4.9	-4.6	-15.0	-13.3
Other operating expenses ¹	-18.1	-20.5	-20.1	-19.2	-18.1	-58.8	-56.6
Total operating expenses	-22.8	-26.2	-24.7	-24.1	-22.6	-73.8	-69.9
Impairment of credits and other commitments	-1.0	-1.4	-2.2	-0.8	-0.1	-4.6	-3.2
Impairment of other receivables	-	-	-	-	0.4	-	-
Operating profit	9.5	6.3	5.0	7.4	9.4	20.8	21.1
Comparable operating profit	9.5	7.5	5.0	7.4	9.4	22.0	21.2

Asset Management	3Q2021	2Q2021	1Q2021	4Q2020	3Q2020	Jan-Sep 2021	Jan-Sep 2020
Net interest income	0.4	0.4	0.4	0.5	0.5	1.2	1.4
Net commission income	20.2	18.5	12.4	12.5	11.7	51.0	34.8
Net income from life insurance	8.7	9.5	8.9	9.4	3.9	27.1	7.3
Other operating income	0.3	0.3	0.1	0.1	0.1	0.7	0.2
Total operating income	29.5	28.6	21.8	22.5	16.2	79.9	43.6
Staff costs	-7.3	-6.2	-4.5	-4.2	-3.5	-17.9	-12.0
Other operating expenses ¹	-9.7	-12.4	-7.6	-5.8	-5.8	-29.7	-17.5
Total operating expenses	-17.0	-18.6	-12.0	-10.0	-9.3	-47.6	-29.5
Operating profit	12.6	10.0	9.7	12.4	6.9	32.3	14.1
Comparable operating profit	12.6	11.7	9.7	12.5	6.9	34.0	14.1

Group Functions	3Q2021	2Q2021	1Q2021	4Q2020	3Q2020	Jan-Sep 2021	Jan-Sep 2020
Net interest income	4.6	8.5	3.4	2.3	1.9	16.5	6.8
Net commission income	1.4	1.2	1.4	1.7	1.5	4.0	4.7
Other operating income	0.4	3.2	1.4	0.5	0.3	5.0	1.4
Total operating income	6.4	12.9	6.2	4.5	3.7	25.5	12.9
Staff costs	-10.0	-10.1	-8.6	-8.6	-8.4	-28.6	-26.1
Other operating expenses ¹	5.9	4.0	4.5	4.1	4.2	14.4	13.1
Total operating expenses	-4.0	-6.1	-4.1	-4.6	-4.1	-14.2	-13.0
Impairment of credits and other commitments	0.0	-	-	-	-	0.0	0.0
Operating profit	2.4	6.8	2.1	-0.1	-0.4	11.3	-0.1
Comparable operating profit	1.9	6.8	2.1	-0.1	-0.4	10.8	0.0

¹⁾ The net cost for central functions are allocated from the Group Functions to the business segments Banking Business and Asset Management. This cost allocation is included in the segments' other operating expenses.

Note 1. Basis for preparing the half-year report and important accounting principles

Basis for preparing the half-year report

Aktia Bank Plc's consolidated financial statement is prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU.

The interim report for the period 1 January–30 September 2021 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The interim report does not contain all the information and notes required for financial statements and should therefore be read together with the Aktia Group's annual report of 31 December 2020. Figures in the tables are presented in millions of euros rounded to one decimal. Therefore, the total of individual amounts may differ from the presented total.

The interim report for the period 1 January–30 September 2021 was approved by the Board of Directors on 4 November 2021.

Key accounting principles

In preparing the half-year report the Group has followed the accounting principles applicable to the annual report of 31 December 2020.

Accounting principles requiring management discretion

The calculation of ECL (Expected Credit Loss) includes essential assessments due to the current uncertainty and the low visibility regarding the effects of the coronavirus crisis. To support the Group's ECL calculations an expert panel has been established in order to observe relevant future macroeconomic factors. Macroeconomic factors considered include, for example, unemployment, interest rate level, inflation, residential and commercial property prices. The methodologies and scenarios over future macroeconomic prerequisites have been updated per quarter and include essential assessments e.g. in order to observe the coronavirus crisis' impact on future expected credit losses. The assessment includes several considerations, the Group has among other things taken into account the authorities' extensive stimulus packages. In the calculation of the ECL it has also been taken into account that the instalment-free periods due to the corona crisis do not automatically lead to an increased need for provisions, but the assessment is carried out individually as the applications are being processed. The assessments have been made on the basis of the information available at the date of reporting. Due to the current uncertainty and the limited availability on trustworthy data the assessments for the future include significant uncertainty, which could have a considerable effect on the ECL estimate. The macroeconomic development and the assessments of credit quality are revised continuously on a quarterly basis. As of 1 January

2021, Aktia has introduced the new Definition of Default in accordance with EBA's guidelines in CRR 178.

Accounting principles for AT1 loan

Aktia Bank also issued a EUR 60 million AT1 instrument (Additional Tier 1 capital) during the second quarter of the year. The terms of the AT1 instrument include no agreed maturity and the payment of interest can be cancelled by the issuer. The capital and the interest are reported as equity according to IAS 32.16. The accumulated interest is paid as a contingent liability and amounts to EUR 0.8 million on 30 September 2021. The capital can be counted as AT1 capital (Additional Tier 1) in the capital adequacy.

The following new or revised IFRS standards and interpretations have been made by IFRIC:

In April 2021, the IFRS Interpretation Committee (IFRIC) adopted a final agenda decision on the treatment of development expenses related to purchased cloud services (IAS 38 intangible assets). The agenda includes clarifications of the type of development expenses that can be activated as an intangible asset. According to the new interpretation, the expenses for developing systems that a company does not own or manage, such as cloud services, must not be activated. During the fourth quarter 2021, an analysis on whether the agenda decision affects the Group's development expenses activated at an earlier time.

No new or adjusted IFRS standards have been implemented this year.

The following new and amended IFRSs will affect the reporting of future transactions and business:

The reporting of insurance contracts is regulated in IFRS 4 and will in the future be replaced by the new standard IFRS 17. IFRS 17 means new starting points for reporting and measurement of insurance contracts as well as rules on how insurance contracts are presented in the notes. The aim of the new standard is to increase transparency, give a more accurate picture of the results of the insurance contracts and to reduce the differences in accounting between different insurance contracts. This year, IASB has approved a change package for IFRS 17 which will postpone the introduction of the standard to 2023. The standard is expected to be approved by the EU during 2021 and will be compulsory in the EU on 1 January 2023. Aktia Group aims at implementing IFRS 17 when the standard becomes compulsory within the EU.

The Group does not expect other new or revised IFRSs or interpretations from IFRIC (International Financial Reporting Interpretations Committee) to have an impact on the Group's future results, financial position or explanatory notes.

Note 2. Group's risk exposure

The Bank Group's capital adequacy

Banking Group includes Aktia Bank Plc and all its subsidiaries except for Aktia Life Insurance Ltd, and forms a consolidated group in accordance with the capital adequacy regulations.

(EUR million)	30 Sep 2021		31 Dec 2020		30 Sep 2020	
Calculation of the Bank Group's capital base	Group	Bank Group	Group	Bank Group	Group	Bank Group
Total assets	11,373.7	9,793.8	10,572.8	9,091.4	10,588.5	9,202.5
of which intangible assets	177.0	175.9	57.9	57.1	58.0	57.2
Total liabilities	10,617.7	9,142.3	9,905.9	8,516.9	9,942.8	8,642.6
of which subordinated liabilities	105.8	105.8	158.2	158.2	169.5	169.5
Share capital	169.7	169.7	169.7	169.7	169.7	169.7
Fund at fair value	10.5	7.6	21.3	15.5	19.7	15.0
Restricted equity	180.2	177.4	191.0	185.3	189.5	184.8
Unrestricted equity reserve and other funds	141.2	141.1	115.7	115.6	115.0	114.9
Retained earnings	383.4	297.0	317.6	235.9	313.8	232.2
Profit for the year	51.1	36.0	42.6	37.8	27.5	28.1
Unrestricted equity	575.8	474.1	475.8	389.3	456.3	375.1
Equity	756.0	651.5	666.8	574.5	645.7	559.9
Total liabilities and equity	11,373.7	9,793.8	10,572.8	9,091.4	10,588.5	9,202.5
Off-balance sheet commitments	792.1	765.5	698.9	690.4	695.5	686.2
The Bank Group's equity		651.5		574.5		559.9
Provision for dividends to shareholders		-40.9		-29.9		-
Profit for the period, for which no application was filed with the Financial Supervisory Authority		-		-		-28.1
Intangible assets		-167.9		-57.1		-57.2
Debentures		72.1		80.1		84.6
Additional expected losses according to IRB		-25.6		-23.6		-21.6
Deduction for significant holdings in financial sector entities		-13.9		-3.4		-0.8
Other incl. unpaid dividend		-34.7		-36.4		0.6
Total capital base (CET1 + AT1 + T2)		440.7		504.3		537.5

The calculation of own funds doesn't include the treatment of article 468 of EU regulation 2020/873 (so called CRR quick fix). The article introduces a temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic.

(EUR million)

	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
The Bank Group's capital adequacy					
Common Equity Tier 1 Capital before regulatory adjustments	507.9	512.4	505.2	508.4	532.4
Common Equity Tier 1 Capital regulatory adjustments	-199.4	-200.8	-87.4	-84.2	-79.6
Total Common Equity Tier 1 Capital (CET1)	308.5	311.6	417.9	424.3	452.8
Additional Tier 1 capital before regulatory adjustments	60.0	60.0	-	-	-
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments (AT1)	60.0	60.0	-	-	-
Total Tier 1 capital (T1 = CET1 + AT1)	368.5	371.6	417.9	424.3	452.8
Tier 2 capital before regulatory adjustments	72.1	74.3	76.9	80.1	84.6
Tier 2 capital regulatory adjustments	-	-	-	-	-
Total Tier 2 capital (T2)	72.1	74.3	76.9	80.1	84.6
Total own funds (TC = T1 + T2)	440.7	445.9	494.8	504.3	537.5
Risk weighted assets	2,969.2	2,885.7	3,035.8	3,030.0	2,900.7
of which credit risk, the standardised model	606.4	589.1	654.7	663.8	658.9
of which credit risk, the IRB model	1,954.0	1,887.9	2,021.7	1,909.8	1,781.4
of which 15% risk-weight floor for residential mortgages	-	-	-	96.9	99.0
of which market risk	-	-	-	-	-
of which operational risk	408.8	408.8	359.5	359.5	361.3
Own funds requirement (8%)	237.5	230.9	242.9	242.4	232.1
Own funds buffer	203.1	215.0	251.9	261.9	305.4
CET1 Capital ratio	10.4%	10.8%	13.8%	14.0%	15.6%
T1 Capital ratio	12.4%	12.9%	13.8%	14.0%	15.6%
Total capital ratio	14.8%	15.5%	16.3%	16.6%	18.5%
Own funds floor (CRR article 500)					
Own funds	440.7	445.9	494.8	504.3	537.5
Own funds floor ¹	244.5	236.7	232.3	229.0	221.4
Own funds buffer	196.2	209.2	262.5	275.3	316.0

1) 80% of the capital requirement based on standardised approach (8%).

Calculation of capital adequacy is made using ratings from Moody's Investors Services to define risk weight of exposures.

Bank Group's risk-weighted amount for operational risks

(EUR million)

	2018	2019	2020	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Risk-weighted amount for operational risks								
Gross income	221.2	219.0	213.8					
- average 3 years			218.0					
Capital requirement for operational risk				32.7	32.7	28.8	28.8	28.9
Risk-weighted amount				408.8	408.8	359.5	359.5	361.3

The capital requirement for operational risk is 15% of average gross income for the last three years.
The risk-weighted amount for operational risk is calculated by dividing the capital requirement by 8%.

(EUR million)

30 September 2021

The Bank Group's total risk exposures	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Corporates - SME	1,105.4	1,016.8	62%	634.0	50.7
Corporates - Other	527.5	477.7	77%	367.0	29.4
Retail - Secured by immovable property non-SME	4,826.3	4,819.5	14%	651.1	52.1
Retail - Secured by immovable property SME	138.4	137.5	49%	67.7	5.4
Retail - Other non-SME	378.4	369.5	28%	104.6	8.4
Retail - Other SME	40.9	39.1	74%	29.0	2.3
Risk-weight floor for residential mortgages, 15%	0.0	0.0	15%	0.0	0.0
Equity exposures	37.6	37.6	267%	100.5	8.0
Total exposures, IRB approach	7,054.6	6,897.7	28%	1,954.0	156.3
Credit risk, standardised approach					
States and central banks	878.0	948.4	0%	0.0	0.0
Regional governments and local authorities	186.7	184.9	0%	0.2	0.0
Multilateral development banks	0.0	18.0	0%	0.0	0.0
International organisations	20.1	20.1	0%	0.0	0.0
Credit institutions	197.8	185.6	22%	41.1	3.3
Corporates	170.0	95.4	84%	79.7	6.4
Retail exposures	264.4	99.8	72%	72.0	5.8
Secured by immovable property	755.7	739.6	30%	221.1	17.7
Past due items	5.0	3.8	109%	4.2	0.3
Covered Bonds	736.8	736.8	10%	76.5	6.1
Other items	149.0	149.0	56%	84.1	6.7
Total exposures, standardised approach	3,363.4	3,181.3	18%	579.0	46.3
Total risk exposures	10,418.0	10,079.0	25%	2,532.9	202.6

(EUR million)

31 December 2020

The Bank Group's total risk exposures	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Corporates - SME	520.5	473.7	79%	376.3	30.1
Corporates - Other	893.6	837.5	72%	607.1	48.6
Retail - Secured by immovable property non-SME	4,810.6	4,800.7	14%	656.8	52.5
Retail - Secured by immovable property SME	151.3	149.7	49%	73.1	5.9
Retail - Other non-SME	178.5	174.8	30%	51.9	4.2
Retail - Other SME	33.0	31.2	60%	18.7	1.5
Risk-weight floor for residential mortgages, 15%	-	-	15%	96.9	7.8
Equity exposures	47.9	47.9	263%	125.8	10.1
Total exposures, IRB approach	6,635.5	6,515.6	31%	2,006.7	160.5
Credit risk, standardised approach					
States and central banks	482.7	530.0	0%	-	-
Regional governments and local authorities	186.5	207.7	0%	0.8	0.1
Multilateral development banks	-	-	-	-	-
International organisations	20.1	20.1	0%	-	-
Credit institutions	407.8	319.8	31%	100.5	8.0
Corporates	202.4	105.9	96%	101.9	8.1
Retail exposures	240.0	95.6	72%	69.3	5.5
Secured by immovable property	690.1	652.0	34%	224.4	18.0
Past due items	0.6	0.5	141%	0.7	0.1
Covered Bonds	800.9	800.9	10%	82.2	6.6
Other items	120.4	120.4	54%	64.7	5.2
Total exposures, standardised approach	3,151.4	2,853.0	23%	644.4	51.6
Total risk exposures	9,786.9	9,368.5	28%	2,651.1	212.1

The finance and insurance conglomerates capital adequacy

(EUR million)	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2020	30 Sep 2020
Summary					
The Group's equity	756.0	722.8	638.5	666.8	645.7
Sector-specific assets	75.3	77.7	80.5	83.9	88.7
Intangible assets and other reduction items	-262.1	-262.1	-141.1	-177.7	-142.7
Conglomerate's total capital base	569.1	538.4	577.8	573.1	591.7
Capital requirement for banking business	339.7	329.8	344.6	343.7	327.5
Capital requirement for insurance business	112.3	113.1	110.7	109.0	104.9
Minimum amount for capital base	452.0	442.9	455.3	452.7	432.3
Conglomerate's capital adequacy	117.1	95.5	122.5	120.4	159.4
Capital adequacy ratio, %	125.9%	121.6%	126.9%	126.6%	136.9%

The finance and insurance conglomerate's capital adequacy is based on consolidation method and is calculated according to the rules of the Finnish Act on the Supervision of Financial and Insurance Conglomerates and the standards of the Finnish Financial Supervision Authority.

Note 3. Net interest income

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ %	2020
Borrowing and lending	64.0	57.7	11%	78.3
Liquidity portfolio	4.0	4.7	-15%	6.2
Hedging measures through interest rate derivatives	1.4	1.7	-16%	2.2
Other, incl. funding from wholesale market	2.7	-4.2	-	-6.0
Total	72.2	59.9	21%	80.7

Borrowing and lending include the Covered Bonds issued by mortgage bank operations and the interest rate hedging that was made in connection with the issues. Other consists mainly of senior financing, its interest rate hedging and risk debentures.

Note 4. Net income from life insurance

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ %	2020
Premiums written	112.3	70.2	60%	105.3
Net income from investments	17.0	-0.6	-	7.8
of which change in ECL impairment	0.1	-0.1	-	0.0
of which unrealised value changes for shares and participations	6.3	-4.6	-	-0.5
of which unrealised value changes for investment properties	1.5	-3.8	-	-3.8
Insurance claims paid	-73.3	-90.3	19%	-119.3
Net change in technical provisions	-25.9	30.4	-	26.0
Total	30.1	9.6	212%	19.9

Note 5. Net income from financial transactions

(EUR million)	Jan-Sep 2021	Jan-Sep 2020	Δ %	2020
Net income from financial assets measured at fair value through income statement	0.2	0.4	-37%	0.2
Net income from securities and currency operations	0.7	0.1	983%	0.5
of which unrealised value changes in shares and participations	0.2	0.0	884%	0.2
Net income from financial assets measured at fair value through other comprehensive income	4.0	0.4	899%	0.3
of which change in ECL impairment	0.3	0.1	176%	0.0
Net income from interest-bearing securities measured at amortised cost	0.1	0.1	-16%	0.0
of which change in ECL impairment	0.1	0.1	-15%	0.0
Net income from hedge accounting	-0.3	-0.4	22%	-0.4
Total	4.6	0.5	812%	0.6

Note 6. Derivative instruments

30 September 2021			
Hedging derivative instruments (EUR million)	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	3,009.3	39.2	15.8
Total	3,009.3	39.2	15.8
Cash Flow hedging			
Interest rate-related	240.2	6.1	0.0
Total	240.2	6.1	-
Derivative instruments valued through the income statement			
Interest rate-related ¹	70.0	2.9	2.9
Currency-related	4.3	0.0	0.0
Total	74.3	2.9	2.9
Total derivative instruments			
Interest rate-related	3,319.5	48.2	18.7
Currency-related	4.3	0.0	0.0
Total	3,323.8	48.2	18.7

31 December 2020			
Hedging derivative instruments (EUR million)	Total nominal amount	Assets, fair value	Liabilities, fair value
Fair value hedging			
Interest rate-related	2,570.4	63.3	6.8
Total	2,570.4	63.3	6.8
Cash Flow hedging			
Interest rate-related	240.2	7.4	-
Total	240.2	7.4	-
Derivative instruments valued through the income statement			
Interest rate-related ¹	120.0	5.2	5.5
Currency-related	8.2	0.1	0.0
Total	128.2	5.4	5.5
Total derivative instruments			
Interest rate-related	2,930.6	76.0	12.2
Currency-related	8.2	0.1	0.0
Total	2,938.9	76.1	12.2

¹) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 70.0 (120.0) million.

Note 7. Financial assets and impairment by stage

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Book value of financial assets 30 June 2021				
Interest-bearing securities	1,445.2	-	-	1,445.2
Lending	7,054.4	315.9	88.9	7,459.2
Off-balance sheet commitments	784.2	6.7	1.1	792.1
Total	9,283.8	322.6	90.0	9,696.4

Book value of financial assets 31 December 2020				
Interest-bearing securities	1,672.0	-	-	1,672.0
Lending	6,646.2	334.8	47.7	7,028.7
Off-balance sheet commitments	695.8	2.5	0.6	698.9
Total	9,014.0	337.3	48.3	9,399.6

Credits and other commitments

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of credits and the other commitments 1 January 2021 according to IFRS 9	4.3	5.3	21.3	30.9
Transferred from stage 1 to stage 2	-0.1	1.5	-	1.4
Transferred from stage 1 to stage 3	-0.1	-	1.7	1.6
Transferred from stage 2 to stage 1	0.1	-0.4	-	-0.3
Transferred from stage 2 to stage 3	-	-1.3	2.1	0.8
Transferred from stage 3 to stage 1	0.0	-	-0.1	-0.1
Transferred from stage 3 to stage 2	-	0.1	-0.1	0.0
Reversal of impairment	-	-	-0.1	-0.1
Other changes	0.0	-0.8	2.1	1.3
Impairment January-September 2021 in the income statement	-0.2	-1.0	5.7	4.6
Realised losses for which write-downs were made in previous years	-	-	-2.5	-2.5
Reversal of impairment	-	-	0.1	0.1
Impairment of credits and the other commitments 30 September 2021 according to IFRS 9	4.1	4.4	24.6	33.1
of which ECL provisions in the balance sheet	1.0	0.0	0.5	1.5

Interest-bearing securities

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of interest-bearing securities 1 January 2021 according to IFRS 9	0.8	-	0.3	1.1
Other changes	-0.4	-	-	-0.4
Impairment January-September 2021 in the income statement	-0.4	-	-	-0.4
Impairment of interest-bearing securities 30 September 2021 according to IFRS 9	0.4	-	0.3	0.7

The model-based provisions regarding healthy credits in stage 1 and stage 2 were at the same level compared to the calculations for Q4 2020. The provisions with regards to non-performing loans in stage 3 increased because the definition of insolvency had changed.

Note 8. Financial assets and liabilities

Fair value of financial assets and liabilities

(EUR million)		30 September 2021		31 December 2020	
Financial assets		Book value	Fair value	Book value	Fair value
Financial assets measured at fair value through income statement		1,377.7	1,377.7	1,232.5	1,232.5
Financial assets measured at fair value through other comprehensive income		1,058.7	1,058.7	1,258.2	1,258.2
Interest-bearing securities measured at amortised cost		386.4	411.8	413.8	448.3
Loans and other receivables		7,459.2	7,513.7	7,028.7	7,127.8
Cash and balances with central banks		668.8	668.8	298.6	298.6
Derivative instruments		48.2	48.2	76.1	76.1
Total		10,999.1	11,079.0	10,307.8	10,441.5
Financial liabilities					
Deposits		5,381.5	5,375.8	5,164.4	5,164.5
Derivative instruments		18.7	18.7	12.2	12.2
Debt securities issued		3,115.6	3,150.5	2,845.8	2,882.1
Subordinated liabilities		105.8	106.6	158.2	156.2
Other liabilities to credit institutions		20.4	20.5	24.6	24.7
Other liabilities to the public and public sector entities		289.5	290.0	150.0	150.5
Liabilities for right-of-use assets		25.3	25.3	24.6	24.6
Total		8,956.8	8,987.4	8,379.8	8,414.8

In the table, the fair value and the book value of the financial assets and liabilities, are presented per balance sheet item. The fair values are determined both for agreements with fixed and variable interest rates. The fair values are calculated without accrued interest and without the effect of possible hedging derivatives attributable to the balance sheet item.

Fair values on investment assets are determined by market prices quoted on the active market. If quoted market prices are not available, the value of the balance sheet items is mainly determined by discounting future cash flow using market interest rates on the day the accounts were closed. In addition to the credit risk profile of current stock, costs for re-financing are considered in the discount rate when determining fair values on loans. For cash and balances with central banks, the nominal value is used as fair value.

For deposits repayable on demand, the nominal value is assumed to be equivalent to the fair value. Deposits with maturity are determined by discounting future cash flows at market interest rates on the day the accounts were closed. The fair value of issued debts is mainly determined based on quotes on the market. In the discount rate for unquoted issued debts and subordinated liabilities, a margin corresponding the seniority of the instrument is applied.

Derivatives are valued at fair value corresponding to quotes on the market.

Measurement of financial assets at fair value

Level 1 consists of financial instruments that are valued using prices listed on an active market. In an active market transactions occur with sufficient volume and frequency to provide pricing information on an ongoing basis. This category includes listed bonds and other securities, listed equity instruments and derivatives, for which tradable price quotes exist.

Level 2 consists of financial instruments that do not have directly accessible listed prices from an effective market. The fair value has been determined by using valuation techniques, which are based on assumptions supported by observable market prices. Such market information may include listed interest rates, for example, or prices for closely related instruments. This category includes the majority of OTC derivative instruments, as well as many other instruments that are not traded on an active market. In addition, the Bank makes an independent valuation adjustment to the market value of the outstanding OTC derivatives for the total credit risk component for the counterparty credit risk as well as for the own credit risk.

Level 3 consists of financial instruments for which the fair value cannot be obtained directly from quoted market prices or indirectly by using valuation techniques or models supported by observable market prices. This category mainly includes unlisted equity instruments and funds, and other unlisted funds and securities where there currently are no fixed prices.

(EUR million)	30 September 2021				31 December 2020			
	Market value classified into				Market value classified into			
Financial instruments measured at fair value	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value through income statement								
Investments for unit-linked investments	1,097.1	-	-	1,097.1	969.9	-	-	969.9
Interest-bearing securities	23.6	73.6	-	97.2	24.2	78.5	-	102.7
Shares and participations	128.8	-	54.6	183.5	113.0	-	46.9	159.9
Total	1,249.5	73.6	54.6	1,377.7	1,107.0	78.5	46.9	1,232.5
Financial assets measured at fair value through other comprehensive income								
Interest-bearing securities	905.0	78.6	75.2	1,058.7	1,128.6	54.4	75.2	1,258.2
Shares and participations	-	-	-	-	-	-	-	0.0
Total	905.0	78.6	75.2	1,058.7	1,128.6	54.4	75.2	1,258.2
Derivative instruments, net	0.0	29.5	-	29.5	0.1	63.7	-	63.8
Total	0.0	29.5	-	29.5	0.1	63.7	-	63.8
Total	2,154.5	181.7	129.8	2,465.9	2,235.7	196.7	122.1	2,554.5

Transfers between level 1 and level 2

Transfers between levels may occur when there are indications of changes in market conditions, e.g. when instruments cease to be actively traded. During the period no transfers between level 1 and level 2 have occurred.

Aktia Group's Risk control has the responsibility for classifying financial instrument into levels 1, 2 and 3. The valuation process, which is made on an ongoing basis, is the same for financial instruments in all levels. The process determines to which level in the fair value hierarchy a financial instrument will be classified. In cases where internal assumptions have a material impact on fair value, the financial instrument is reported in level 3. The process also includes an evaluation based on the quality of the valuation data, if a class of financial instrument is to be transferred between levels.

Changes within level 3

The following table present the change from year-end regarding level 3 financial assets reported at fair value.

Reconciliation of changes for financial instruments belonging to level 3	Financial assets measured at fair value through income statement			Financial assets measured at fair value through other comprehensive income			Total		
	Interest- bearing securities	Shares and partici- pations	Total	Interest- bearing securities	Shares and partici- pations	Total	Interest- bearing securities	Shares and partici- pations	Total
(EUR million)									
Carrying amount 1 January 2021	-	46.9	46.9	75.2	-	75.2	75.2	46.9	122.1
New purchases	-	5.3	5.3	-	-	-	-	5.3	5.3
Sales	-	-0.1	-0.1	-	-	-	-	-0.1	-0.1
Unrealised value change in the income statement	-	2.6	2.6	-	-	-	-	2.6	2.6
Value change recognised in total comprehensive income	-	-	-	-0.1	-	-0.1	-0.1	-	-0.1
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 30 September 2021	-	54.6	54.6	75.2	-	75.2	75.2	54.6	129.8

Sensitivity analysis for level 3 financial instruments

The value of financial instruments reported at fair value in level 3 includes instruments, that have been measured partly or in total, using techniques based on assumptions not supported by observable market prices.

This information shows the effect that relative uncertainty can have on the fair value of financial instruments whose valuation is dependent on non-observable parameters. The information should not be seen as predictions or as indication of future changes in fair value.

The following table shows the sensitivity of fair value in level 3 instruments in the event of market changes. Interest-bearing securities have been tested by assuming a 3 percentage points parallel shift of the interest rate level in all maturities. At the same time the market prices for shares and participations are assumed to change by 20%. These assumptions would mean a result or valuation effect via the income statement or via other comprehensive income corresponding to 2.3 (2.0) % of the finance and insurance conglomerate's own funds.

Sensitivity analysis for financial instruments belonging to level 3 (EUR million)	30 September 2021			31 December 2020		
	Effect at an assumed movement			Effect at an assumed movement		
	Carrying amount	Positive	Negative	Carrying amount	Positive	Negative
Financial assets measured at fair value through income statement						
Shares and participations	54.6	10.9	-10.9	46.9	9.4	-9.4
Total	54.6	10.9	-10.9	46.9	9.4	-9.4
Financial assets measured at fair value through other comprehensive income						
Interest-bearing securities	75.2	2.3	-2.3	75.2	2.3	-2.3
Total	75.2	2.3	-2.3	75.2	2.3	-2.3
Total	129.8	13.2	-13.2	122.1	11.6	-11.6

Set off of financial assets and liabilities

(EUR million)	30 September 2021		31 December 2020	
	Derivatives	Reverse repurchase agreements	Derivatives	Reverse repurchase agreements
Assets				
Financial assets included in general agreements on set off or similar agreements	48.2	-	76.1	-
Carrying amount in the balance sheet	48.2	-	76.1	-
Amount not set off but included in general agreements on set off or similar	7.0	-	6.5	-
Collateral assets	41.3	-	64.6	-
Amount not set off in the balance sheet	48.4	-	71.1	-
Net amount	-0.2	-	4.9	-
Liabilities				
Financial liabilities included in general agreements on set off or similar agreements	18.7	-	12.2	11.4
Carrying amount in the balance sheet	18.7	-	12.2	11.4
Amount not set off but included in general agreements on set off or similar	7.0	-	6.5	-
Collateral liabilities	9.3	-	1.9	11.3
Amount not set off in the balance sheet	16.3	-	8.4	11.3
Net amount	2.4	-	3.9	0.0

The table shows financial assets and liabilities that are not set off in the balance sheet, but have potential rights associated with enforceable master set-off arrangements or similar arrangements, such as ISDA Master Agreements, together with related collateral. The net amount shows the exposure in normal business as well as in the event of default or insolvency.

Note 9. Specification of Aktia Group's funding structure

(EUR million)	30 Sep 2021	31 Dec 2020	30 Sep 2020
Deposits from the public and public sector entities	4,606.5	4,465.8	4,497.1
Short-term liabilities, unsecured debts			
Banks	83.6	72.7	83.4
Certificates of deposits issued and money market deposits	503.8	276.0	136.0
Total	587.4	348.6	219.4
Short-term liabilities, secured debts (collateralised)			
Banks - received cash in accordance with collateral agreements	41.3	64.6	65.4
Repurchase agreements - banks	-	11.4	-
Total	41.3	76.0	65.4
Total short-term liabilities	628.7	424.6	284.8
Long-term liabilities, unsecured debts ¹⁾			
Issued debts, senior financing	1,297.8	1,098.3	1,289.3
Other credit institutions	12.4	16.6	17.9
Subordinated debts	105.8	158.2	169.5
Total	1,416.1	1,273.0	1,476.7
Long-term liabilities, secured debts (collateralised)			
Central bank and other credit institutions	658.0	558.0	563.0
Issued Covered Bonds	1,603.4	1,621.5	1,622.7
Total	2,261.4	2,179.5	2,185.7
Total long-term liabilities	3,677.5	3,452.5	3,662.4
Interest-bearing liabilities in the banking business	8,912.8	8,342.9	8,444.3
Technical provisions in the life insurance business	1,518.6	1,410.8	1,339.7
Total other non interest-bearing liabilities	187.0	152.2	158.9
Total liabilities	10,618.3	9,905.9	9,942.9

Short-term liabilities = liabilities which original maturity is under 1 year

Long-term liabilities = liabilities which original maturity is over 1 year

1) AT1 loan (Additional Tier 1 capital) of 60 million euros, issued during Q2 2021, booked under equity

Note 10. Collateral assets and liabilities

Collateral assets (EUR million)	30 Sep 2021	31 Dec 2020	30 Sep 2020
Collateral for own liabilities			
Securities	424.5	333.2	313.8
Outstanding loans constituting security for Covered Bonds	2,365.6	2,475.5	2,336.1
Total	2,790.2	2,808.7	2,649.9
Other collateral assets			
Pledged securities ¹	1.4	1.4	1.3
Cash included in pledging agreements and repurchase agreements	9.3	1.9	8.0
Total	10.6	3.3	9.3
Total collateral assets	2,800.8	2,812.0	2,659.2
Collaterals above refers to the following liabilities			
Liabilities to credit institutions ²	658.0	569.3	563.0
Issued Covered Bonds ³	1,603.4	1,621.5	1,622.5
Derivatives	9.3	1.9	8.0
Total	2,270.7	2,192.8	2,193.5

1) Refers to securities pledged for the intra day limit. As at 30 September 2021, a surplus of pledged securities amounted to EUR 30 (6) million.

2) Refers to liabilities to the central bank, the European Investment Bank and to repurchase agreements with standardised GMRA (Global Master Repurchase Agreement) terms and conditions.

3) Own repurchases deducted.

Collateral liabilities (EUR million)	30 Sep 2021	31 Dec 2020	30 Sep 2020
Cash included in pledging agreements ¹	41.3	64.6	65.4
Total	41.3	64.6	65.4

1) Refers to derivative agreements where collaterals were received from the counterparty in accordance with ISDA/CSA agreements.

Note 11. Acquired businesses

Acquired businesses during the financial period

The acquisition of Taaleri Plc's wealth management operations ("Taaleri") was completed on 30 April 2021 in accordance with the sales deed that was signed on 10 March 2021. The acquisition included 100% of Taaleri Wealth Management Ltd (name changed to Aktia Wealth Management Ltd) and its wholly owned subsidiaries Taaleri Fund Management Ltd (name changed to AV Fund Management Ltd), Taaleri Tax Services Ltd (name changed to Aktia Wealth Planning Ltd), Evervest Ltd and Taaleri Asunnot GP Oy (name changed to Aktia Housing GP Ltd).

Asset Management is at the core of Aktia's strategy and the acquisition of Taaleri Plc's wealth management operations supports Aktia's objective to be the best asset manager in Finland. Together, Aktia and the functions that are being transferred from Taaleri, compose one of the leading asset management organisations in Finland in which excellent services, customer orientation, strong investment expertise, comprehensive portfolio management and digital expertise are combined. With the transaction, Aktia offers its customer high-quality asset management products, award-winning Private Banking expertise as well as comprehensive banking and life insurance services.

The acquisition is expected to bring considerable synergy gains that mainly consist of revenue synergies, re-organisation of functions as well as economies of scale within among other things IT and other infrastructure. The synergy gains are expected to amount to approximately EUR 8 million at an annual level and they are expected to be realised in full during 2023.

Transaction and integration costs for the acquisition have up until 30 June 2021 totalled EUR 6.2 million, EUR 5 million of which pertains to 2021. The acquired operations contribute to the net commission income for the period of approximately EUR 6.0 million. The integration of the business has commenced immediately at the time of acquisition, with which the impact of the acquired business's can not be distinguished.

Preliminary acquisition calculation* (EUR million)

	30 April 2021		
	Taaleri	Adjustment for fair value	Taaleri's acquisition balance
Assets			
Financial assets measured at fair value through income statement	0.0		0.0
Daily accounts, credit institutions	9.5		9.5
Intangible assets	2.4	43.1	45.4
Tangible assets	0.1		0.1
Tax receivables	0.2		0.2
Other assets	5.2		5.2
Total assets	17.4	43.1	60.4
Liabilities			
Tax liabilities	0.6	8.6	9.2
Other liabilities	8.0		8.0
Total liabilities	8.5	8.6	17.2
Net assets according to IFRS	8.8	34.5	43.3
Acquisition value			123.7
- of which have been paid in cash			113.7
- of which has been paid with a directed issue of 974,563 shares of EUR 10.261			10.0
Differens = Goodwill			80.4
The acquisition balance includes allocated intangible assets according to the following:			
* Customer relationships with a depreciation period of 10 years			26.9
* Cooperation agreement with a depreciation period of 12 years			13.1
* Competition agreement with a depreciation period of 5 years			3.1
Total allocated intangible assets			43.1

Intangible assets that have been acquired through a combination of businesses are identified and reported separately from goodwill if they meet the definition of an intangible asset and the fair value can be calculated in a reliable way. The acquisition value for this type of intangible assets is the fair value at the time of the acquisition. The surplus that constitutes of the difference between the paid purchase-sum and the fair value of the Group's share of identifiable acquired net assets are reported as goodwill. If the purchase-sum is lower than the fair value of the company's acquired net assets, the difference is reported directly on the income statement. A latent EUR 8,615 tax debt is reported on the acquisition balance sheet for the allocated intangible assets that amounted to EUR 43,073.

Goodwill is valued, after the first initial recognition, at acquisition value after deductions for possible accumulated impairments. Impairments relating to goodwill are not reversed even though the reason behind the impairment would have ceased to exist. To be able to perform an impairment test, goodwill that has been acquired in conjunction with a combination of businesses is allocated to groups of cash flow generating entities that are expected to be favoured by the synergies in the acquisition. An impairment test for goodwill and intangible assets is performed yearly and if there is any indication of value impairment, an impairment is reported on the income statement. In Taaleri, goodwill amounted to EUR 4,157 and further allocated goodwill for the acquisition amounted to EUR 76,238 at the time of the acquisition.

*The acquisition calculation has been calculated as preliminary during the second quarter and is expected to be determined in final form in connection with the preparation of the annual accounts for 2021.

Helsinki 4 November 2021

Aktia Bank Plc
The Board of Directors

Report on review of the interim report of Aktia Bank plc as of and for the three months period ending September 30, 2021

To the Board of Directors of Aktia Bank plc

Introduction

We have reviewed the balance sheet as of September 30, 2021 and the related income statement, statement of other comprehensive income, statement of changes in equity capital and cash flow statement of Aktia Bank plc Group for the nine-month period then ended, as well as other explanatory notes to the consolidated financial statements. The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of this interim financial information in accordance with IAS 34 Interim Financial Reporting and other Finnish rules and regulations governing the preparation of interim reports. We will express our conclusion on the interim report based on our review.

Scope of review

We conducted our review in accordance with the Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and

accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the standards on auditing and other generally accepted auditing practices and consequently does not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report, in all material respects, is not prepared in accordance with IAS 34 Interim Financial Reporting and other applicable rules and regulations governing interim financial reporting preparation in Finland.

Helsinki 4 November 2021

KPMG OY AB
Marcus Tötterman
Authorised Public Accountant, KHT

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Webcast from the results event

A live webcast from the results event will take place on 4 November 2021 at 10.30 a.m. CEO Mikko Ayub and CFO Outi Henriksson will present the results. The event is held in English and can be seen live at <https://aktia.videosync.fi/2021-q3-results>. A recording of the webcast will be available at www.aktia.com after the event

Financial calendar

Financial Statement Release 2021.....	16 February 2022
Annual General Meeting of Shareholders 2022.....	6 April 2022
Interim Report January–March 2022.....	11 May 2022
Half-year Report January–June 2022.....	5 August 2022
Interim Report January–September 2022.....	4 November 2022

Aktia