

# Aktia CMD

Helsinki, 8 September 2021

Aktia



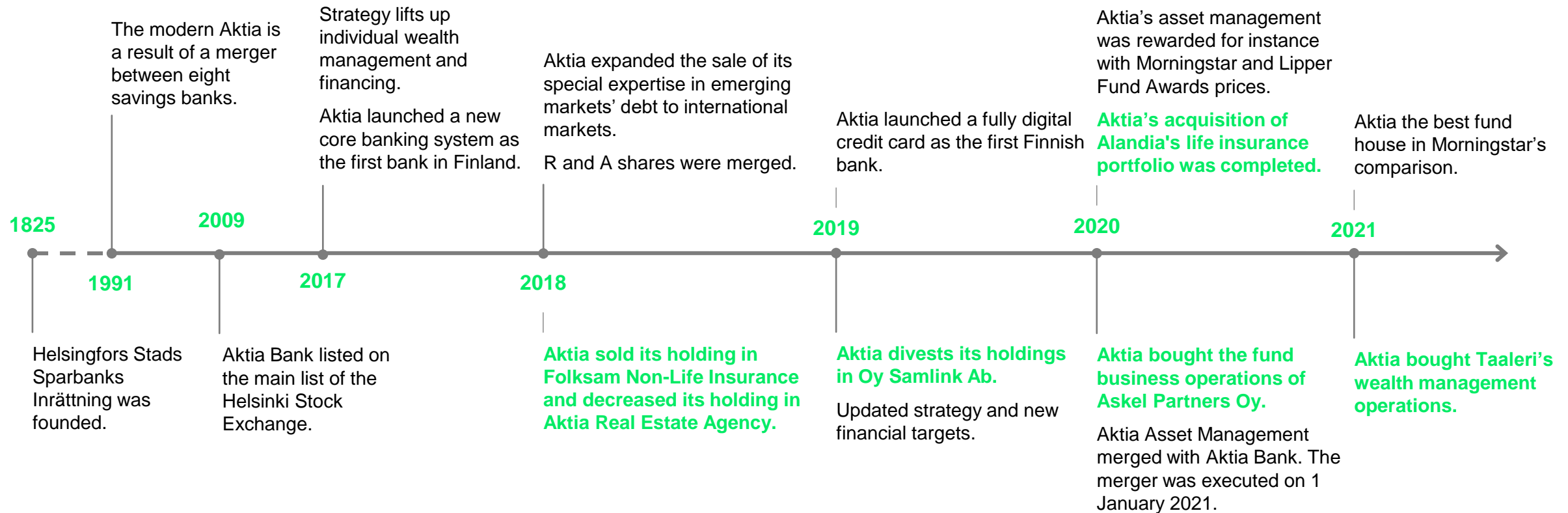
# Aktia's Strategy

Mikko Ayub, CEO

Aktia



# 200 years of banking



**Aktia**

# Aktia in short

30 June 2021  
(Approx.)

EUR 15.6 billion

Customer assets under management (AuM)

EUR 11.2 billion

Balance sheet total

39,000

Shareholders

EUR 760 million

Market cap

260,000

Private customers

900 

Employees

20,000

Corporate and institutional customers

1. Finland's first

digital credit card

100,000

Insurance policies

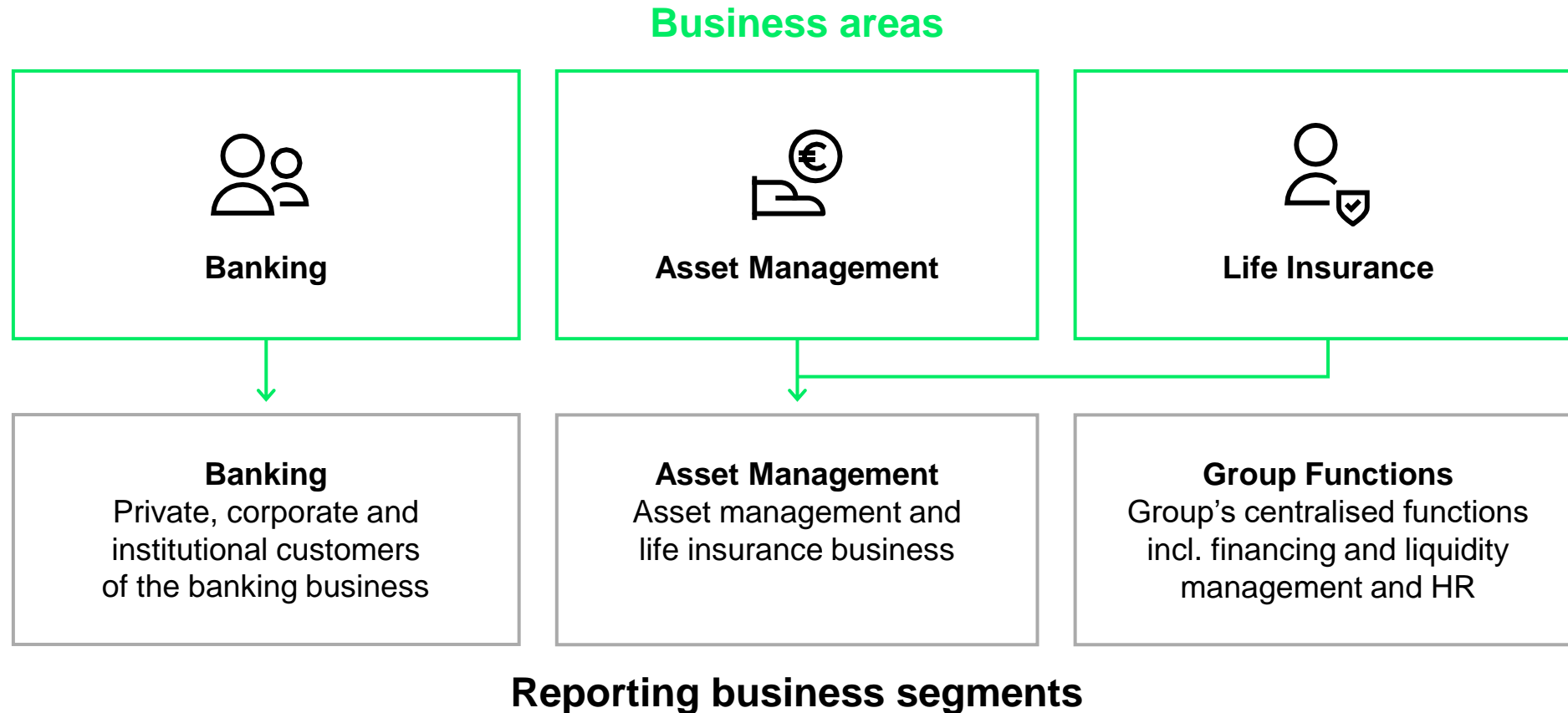
70%

smaller carbon footprint of our own funds compared with reference market



Rating	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	-

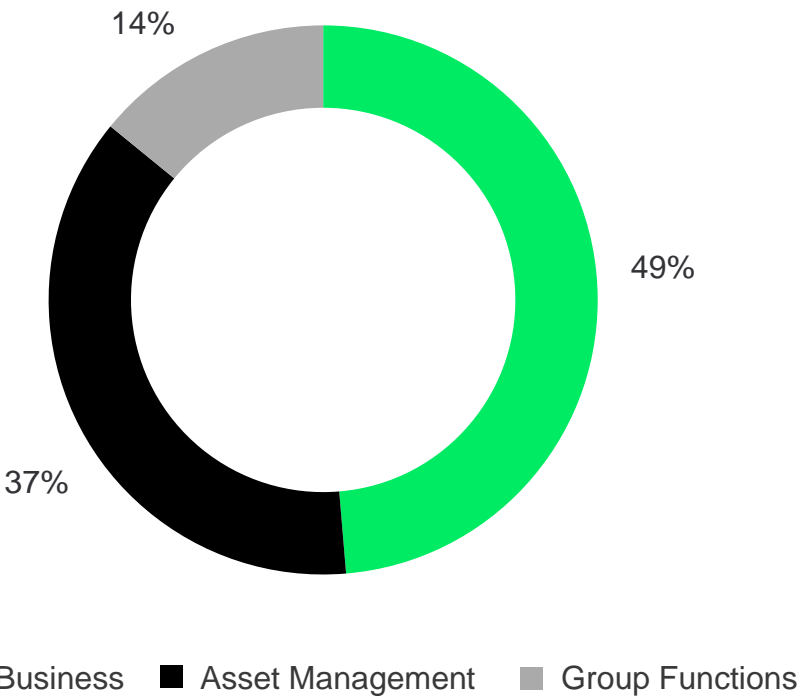
# Aktia's business areas and reporting business segments



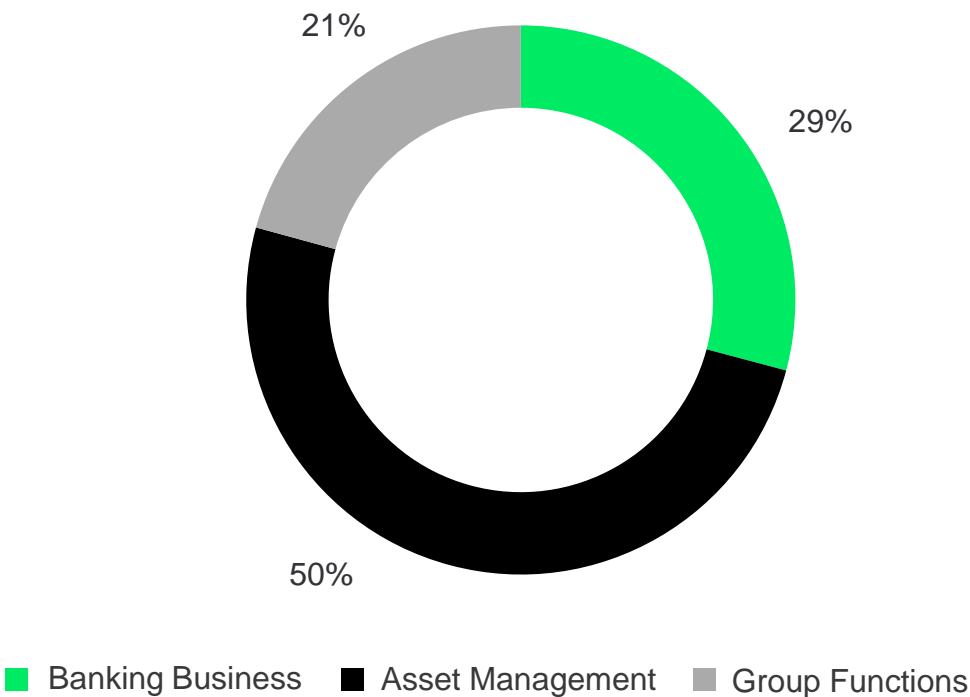
# A well balanced business portfolio

1–6 2021

**Share of total operating income 1–6 2021**  
EUR 135.4 million excluding Other & eliminations EUR -4.2 million  
**Total EUR 131.2 million**



**Share of comparable operating profit 1–6 2021**  
EUR 42.9 million excluding Other & eliminations EUR 0.0 million  
**Total EUR 42.9 million**





# Key highlights from the strategic period through the lens of our strategic priorities defined in 2019

## ① Win in asset management

- The merger of two strong asset managers Aktia and Taaleri Wealth Management
- A co-operation agreement with Taaleri Oyj that supports the strategy of both parties going forward
- Our new wealth plan concept has been rolled out to our private customers

## ② Acquire new private and corporate customers in Finland's growth areas

- Double-digit growth among SMEs
- The service model renewal within banking that was initiated in 2019 has delivered well, supported by new digital solutions.

## ③ Operational efficiency

- New ways of working, automation, robotics and Lean development have improved our operations
- Customer experience on excellent level
- Significant improvements in offer lead times for mortgage loans which has supported growth within loan book

# Aktia's Strategy



# There is a growing need for comprehensive wealth management

## Climate change and over-exploitation of natural resources

call for responsible and transparent business models and products.

## Uncertain economic outlook

together with the global pandemic set new kind of challenges and opportunities for the financial industry.



## Technological development

continuously opens new, digital opportunities but also raises threats around cyber security.

## New ways of interaction

enable more flexibility and innovative work environments as well as new ways of serving customers.

# The roles of our Business Areas in executing strategy

## Banking

Balances the portfolio and brings in secure revenue to the Group. Grows selectively and profitably within the business area and through cross-sales. Nurtures the potential of the customer base who want to increase wealth and provides them with wealth management advice.

## ASSET MANAGEMENT

## Asset management

The spearhead and anchor in Aktia's strategy. The primary wealth manager partner for institutions, high net worth individuals and entrepreneurs. Offers best-in-class competence in spearhead strategies combined with skillful manager selection. The most preferred wealth manager, known for discrete luxury.

## Aktia

## BANKING

## LIFE

## Life

Provides a fundamental pillar of the offering for being prepared for the unexpected, thinking of future generations, maintaining wealth, and securing the most important asset: the individuals themselves

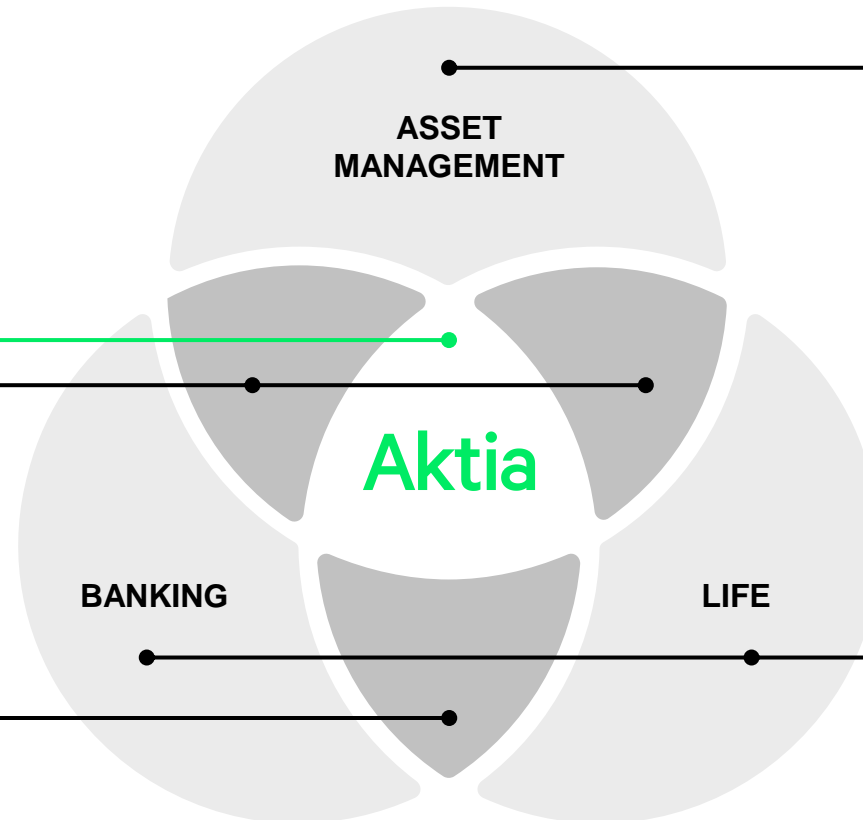
# Focus on guiding customers to our focal point

## Growth in our strategic sweet-spot

Offering comprehensive wealth management to our target segments, including wealth plans, financing, asset management services, personal life insurance and convenient banking services

## Growth through cross-selling

Focus on cross sales and development of our current customer base



**Focus on excellent customer experience and offering** for single product customers

**Focus on production and service cost** for single product customers

# Taaleri integration proceeding as planned

- Taaleri Wealth Management has matched our pre-transaction understanding
- A closer evaluation of the synergy potential has matched our pre-transaction understanding
- Operational take-over and business continuity completed smoothly
- Integration projects are advancing as planned
- Cross sales capabilities further enhanced during Q4/2021
- Strategic co-operation with Taaleri Oyj initiated

# Our three strategic priorities

1

## Win in wealth management

- A) The most preferred wealth manager among private and institutional customers
- B) Success in integrating Taaleri Wealth Management

2

## Growth among customers who are willing to increase their wealth

- C) Acquire new customers to our strategic sweet-spot
- D) Focus on cross-sales and development of our current customer base

3

## Excellent customer experience

- E) Seamless collaboration and holistic service models across all business areas

## OUR VISION

The leading wealth manager bank

## OUR MISSION

Building wealth for our customers and society

2025

**Aktia**

Courageously

Skillfully

Together





# Aktia Financial Prospects

Outi Henriksson

Aktia



# Financial summary YTD

EUR million	1-6/2021	1-6/2020	Δ, %
<b>Total operating income</b>	<b>131.2</b>	<b>94.7</b>	<b>39%</b>
Net interest income	49.0	39.8	23%
Net commission income	56.8	48.1	18%
Net income from life insurance	20.4	4.9	315%
Other income	5.0	1.9	168%
<b>Total operating expenses</b>	<b>-87.6</b>	<b>-71.9</b>	<b>22%</b>
Impairments of credits and other commitments	-3.6	-3.2	14%
<b>Operating profit</b>	<b>39.9</b>	<b>19.1</b>	<b>109%</b>
<b>Comparable operating profit*</b>	<b>42.9</b>	<b>19.3</b>	<b>122%</b>
Earnings Per Share (EPS), EUR	0.45	0.22	106%
Return on Equity (ROE), %	9.1	4.9	87%
Cost-to-income ratio (comparable)	0.64	0.76	-16%
Common Equity Tier 1 capital ratio, %	10.8	15.7	-31%

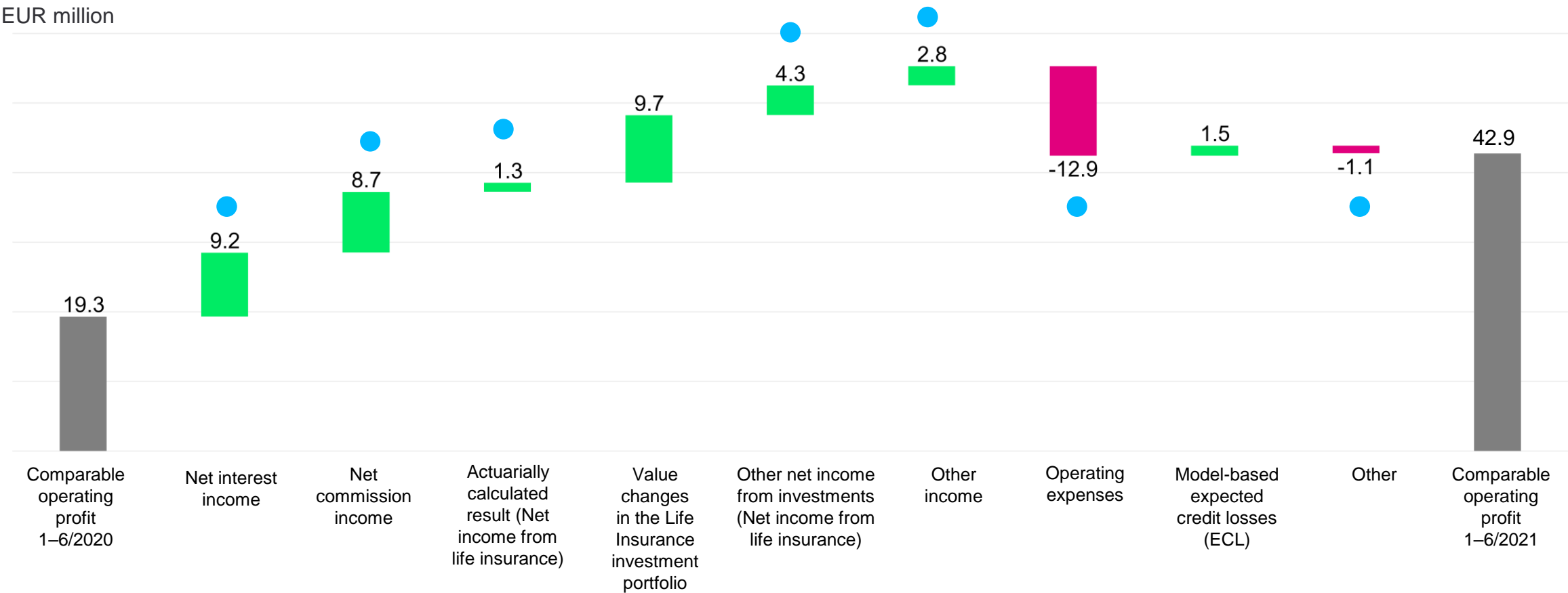
\*) Excl. items affecting comparability

# Comparable operating profit

1–6/2021 vs 1–6/2020

● +68% underlying profit growth (without unrealised value changes)

EUR million



# The financial targets 2025

Comparable  
operating profit  
**above EUR 120  
million**

1–6/2021;  
**EUR 42.9 million**

Comparable  
return on  
Equity (ROE)  
**above 12%**

30 June 2021;  
**10.2%**

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

1–6/2021;  
**0.64**

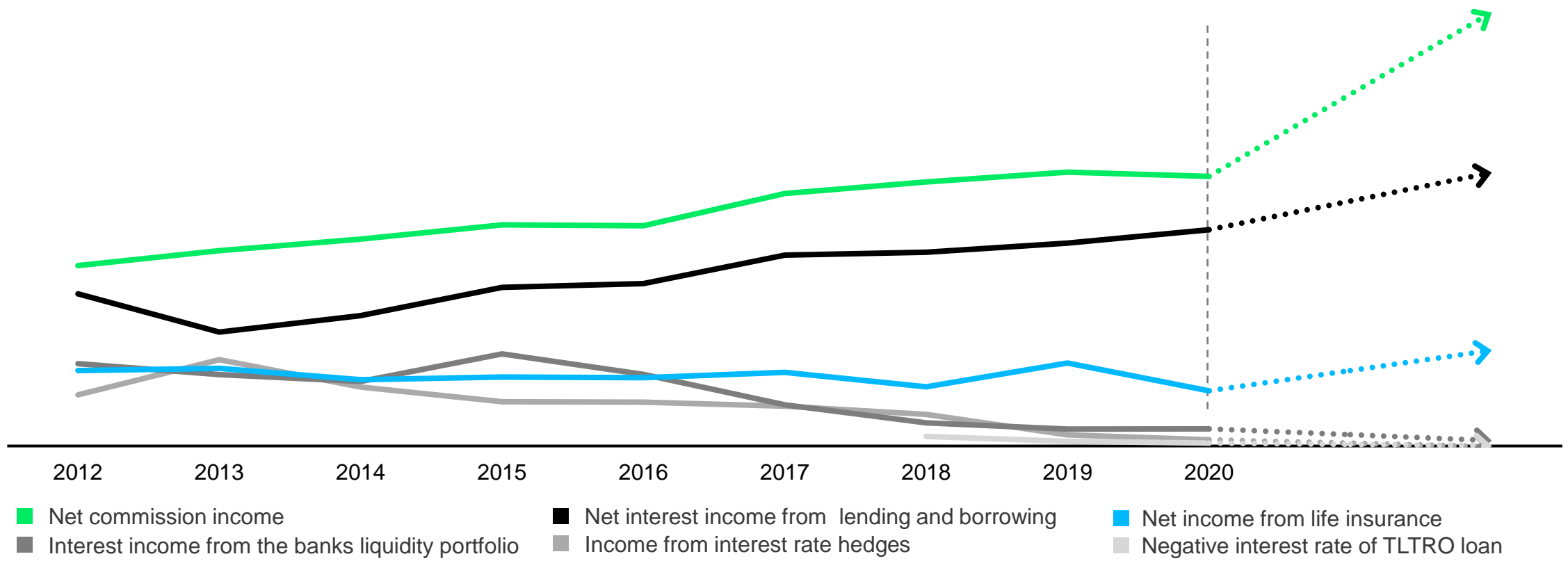
Common Equity  
Tier 1 capital ratio  
(CET1) **above 1.5  
percentage points  
over the regulatory  
requirement**

30 June 2021;  
**3.1 percentage points over  
the minimum capital  
requirement 7.7%**

# Financial targets 2025: Division of operating income

## Overview

EUR million



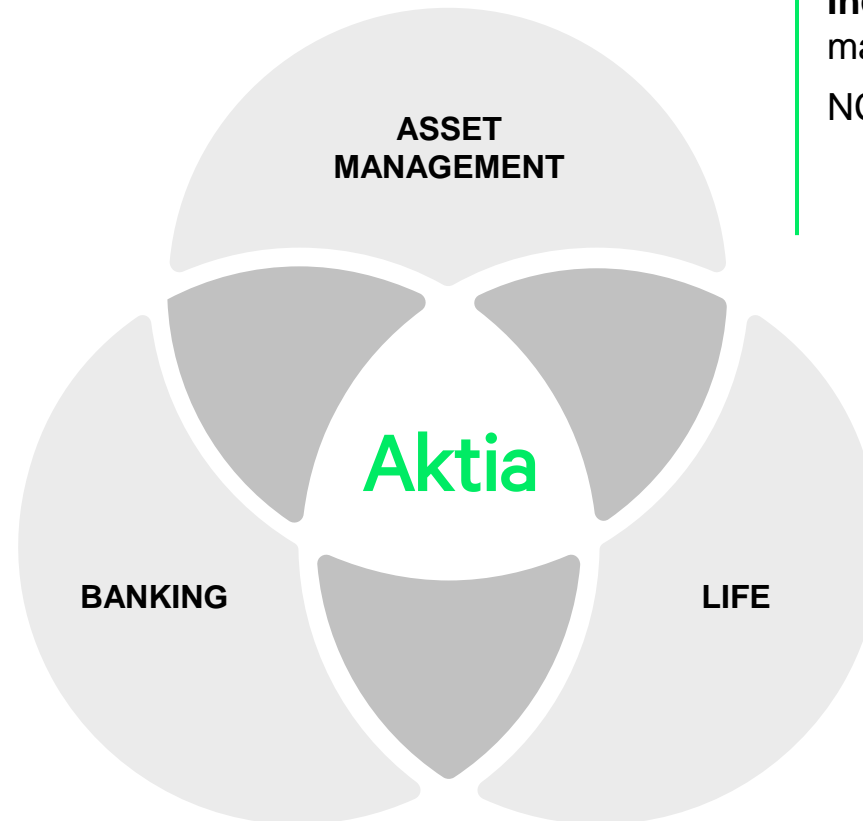


# Growth within all business areas

**Increased net interest income** from growth in lending to targeted private and corporate customers

NII CAGR ~2% (2021-2025)

Total lending volume > EUR 8 billion



**Increased net commission income** mainly from funds and wealth management  
NCI CAGR ~7% (2021-2025)

Increased revenues from life insurance, focus on broadened unit linked offering and cross-sales of risk life insurances.  
CAGR ~5% (2021-2025)

# Increased operational efficiency

Focus on improved cost to income ratio



**Streamline daily operations to reduce running costs**



**Focus on development and better productivity**

Improve efficiency through further simplifying and automating processes

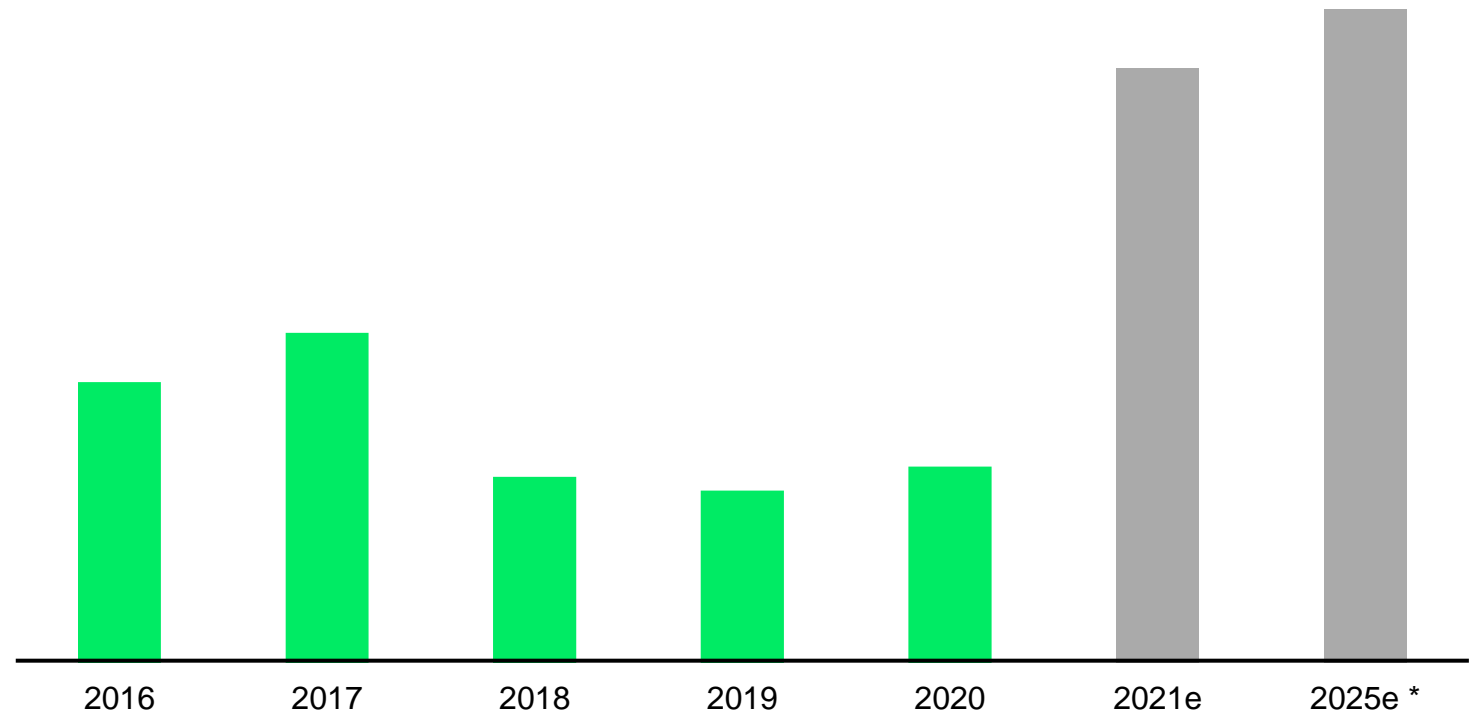
Stronger business case thinking, prioritisation



**Synergies**

Ensure realisation of synergies from acquisition of Taaleri wealth management

**Comparable operating costs**  
EUR million



\*) 2025 includes Taaleri acquisition related operation expenses, intangible depreciations and synergies

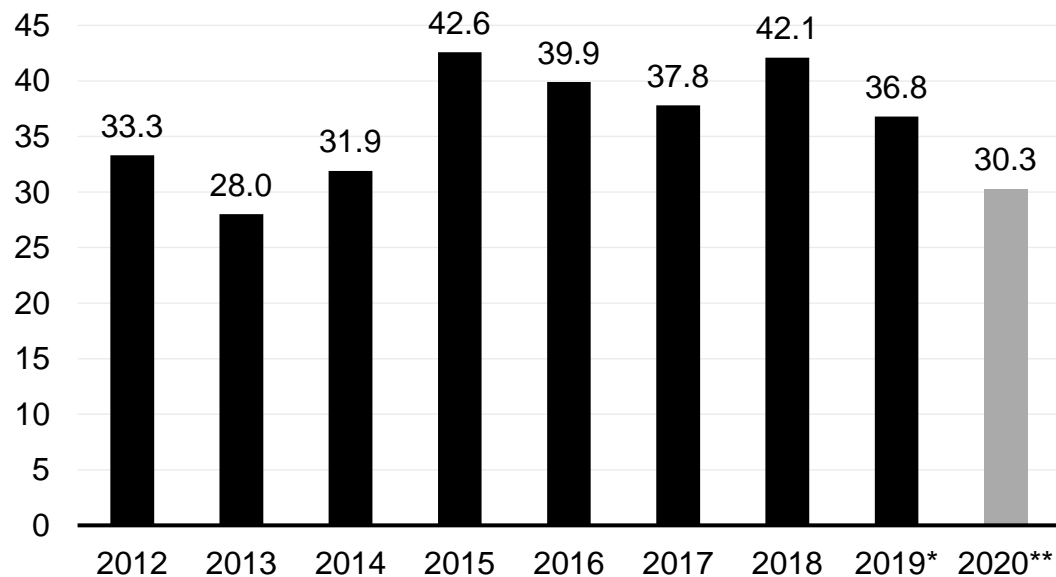
**Aktia**

# A good and stable dividend payer – compelling return considering the low risk level

Aktia's dividend policy (unchanged): 60–80% of annual net result

## Aktia's dividend pay out in total 2012–2020

EUR million

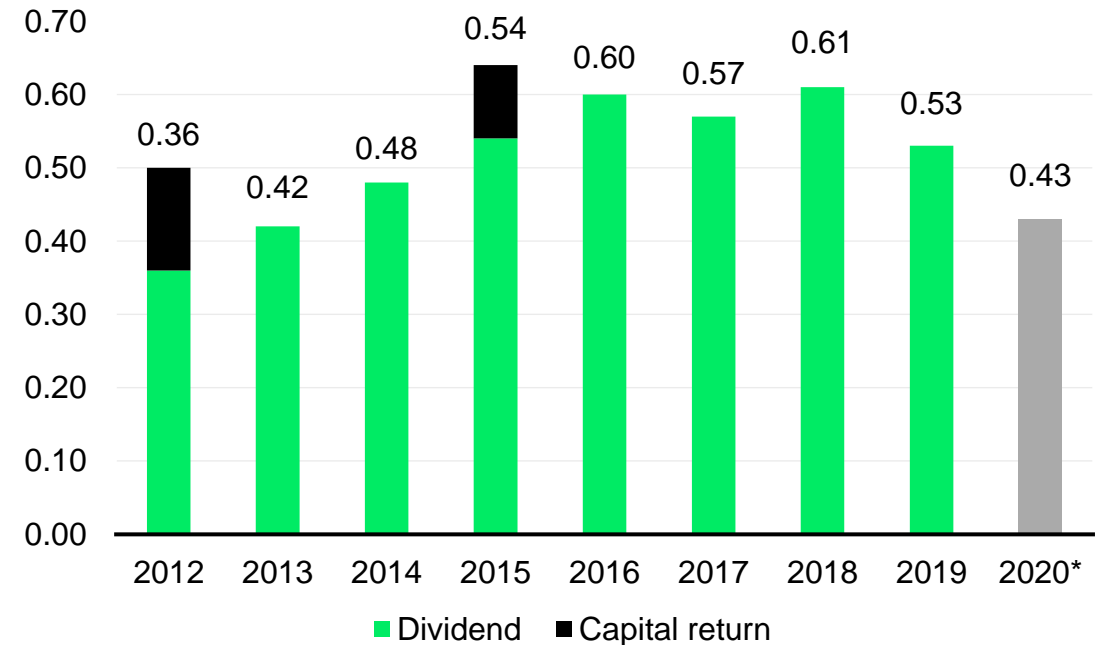


\*) Payment Date January 2021

\*\*) 2020 Estimated payment 2021: Estimate is based on a maximum dividend of EUR 0.43 per share and the current number of shares

## Aktia's dividend per share 2012–2020

EUR

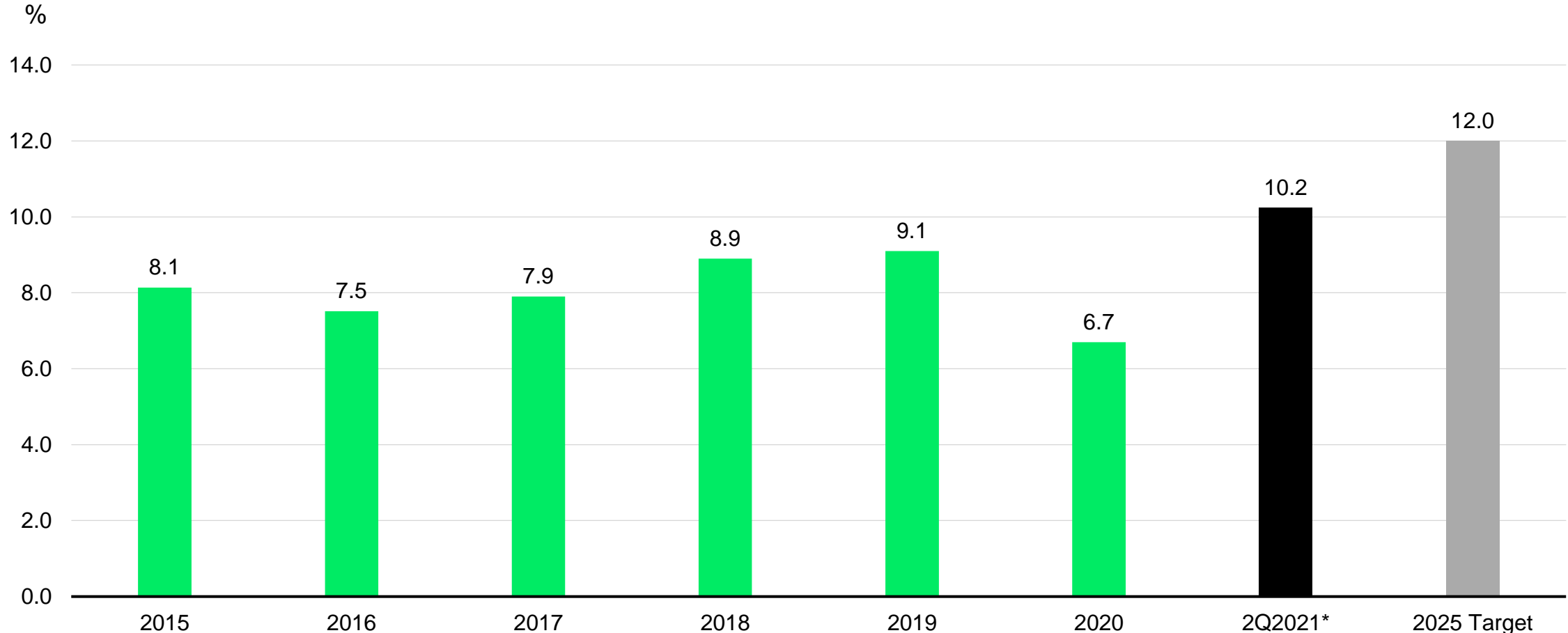


\*) 2020 Maximum authorisation of payment 2021: Estimate is based on the maximum dividend of 0.43 euro per share

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# Development of Aktia's comparable return on equity

Aktia's comparable return on equity (ROE)



\*) (YTD 6/2021 \*2)/Average equity((31.12.2020 + 30.6.2021)/2)

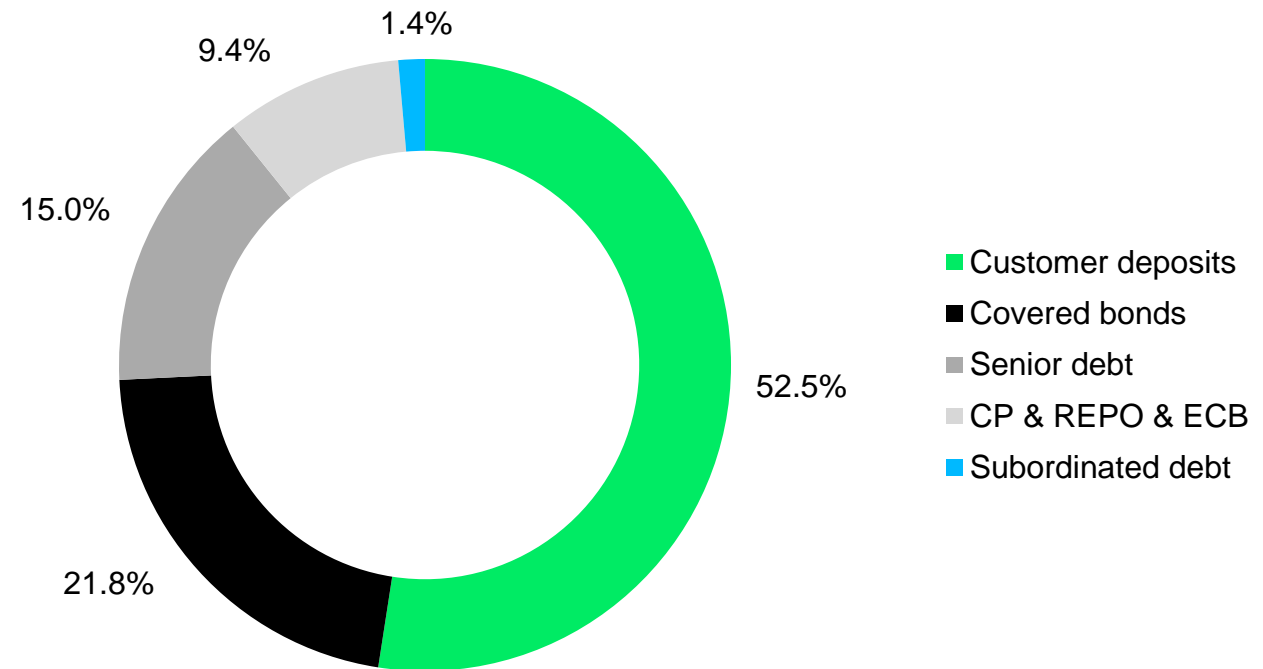
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# Sound funding profile

## Covered Bond issuance and customer deposits dominate

- Borrowing from the public and public-sector entities increased to EUR 4,560 (4,466) million. Aktia's market share of deposits was 3.0% (3.1%) at the end of June.
- The value of bonds issued by Aktia Bank totalled EUR 2,890 (2,720) million. The total is excluding the EUR 300 million retained Covered Bond issued in May 2020.

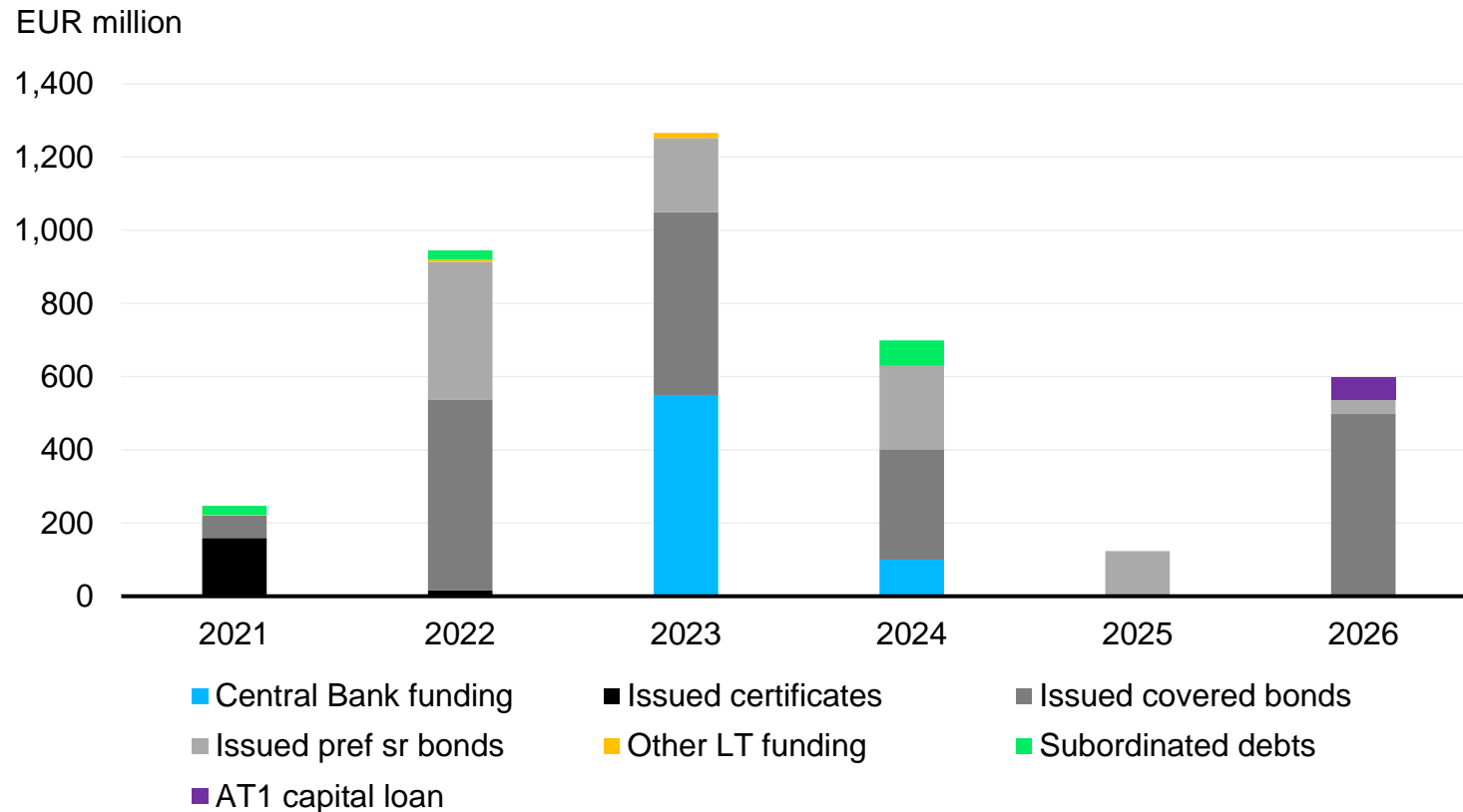
**STABLE CREDIT RATINGS:**  
Moody's: A1 / P-1 CB: Aaa, S&P: A- / A-2





# Redemption schedule

The year 2021 is gentle on redemptions but growth and future redemptions increase funding volumes.



**Potential T2 ISSUE FOR  
Aktia life in on the drawing board.**



**Aktia**

# CET1 ratio at a solid level

## Capital Adequacy

At the end of the period, the Bank Group's Common Equity Tier 1 (CET1) capital ratio was 10.8%

- Target range at the end of period 9.2–10.7%
- AT1 requirements now covered with AT1 capital
- Minimum requirement for CET1 ratio 7.7%

CET1 capital decreased by EUR 112.7 million during the period as expected

- The decrease was mainly as a result of increase of intangible assets and goodwill accounted for the successful closing of the Taaleri transaction
- The maximum proposed 2020 dividend, EUR 0.43 per share, has been deducted from the CET1 capital, which affected the CET1 capital ratio by 1.2 percentage points

Aktia has issued AT1 capital of EUR 60 million during the second quarter

- Tier 1 ratio was 12.9%

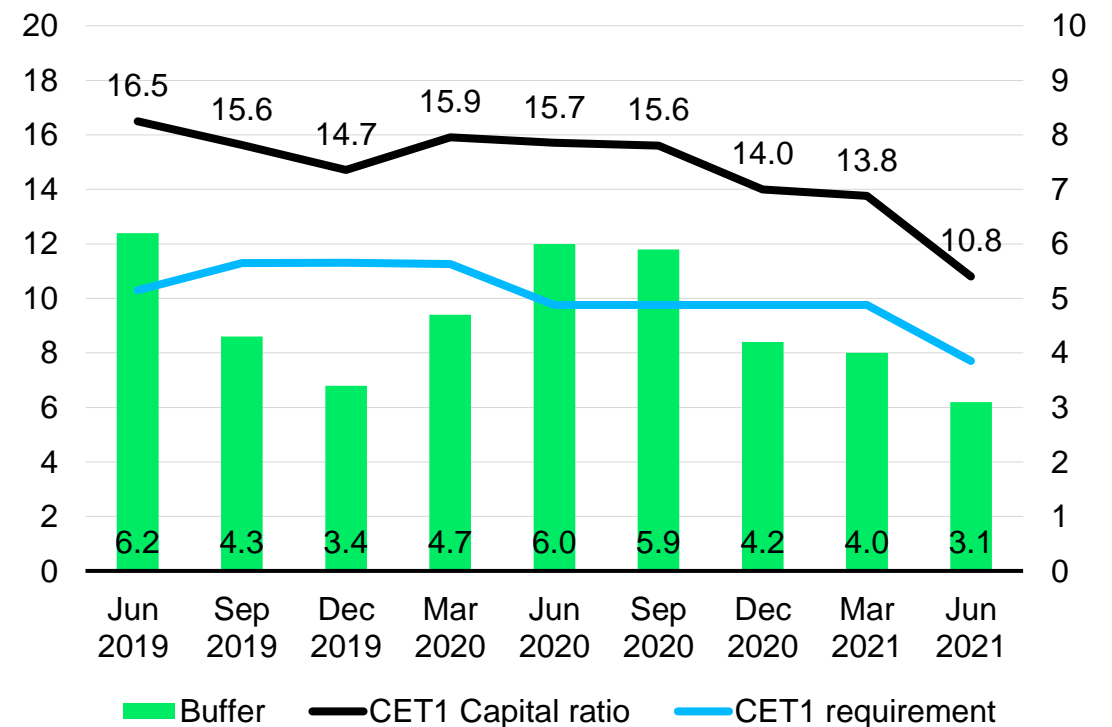
Total capital ratio 15.5% (minimum requirement 11.8%)

## Aktia

### CET1

Capital ratio, %

Buffer, %

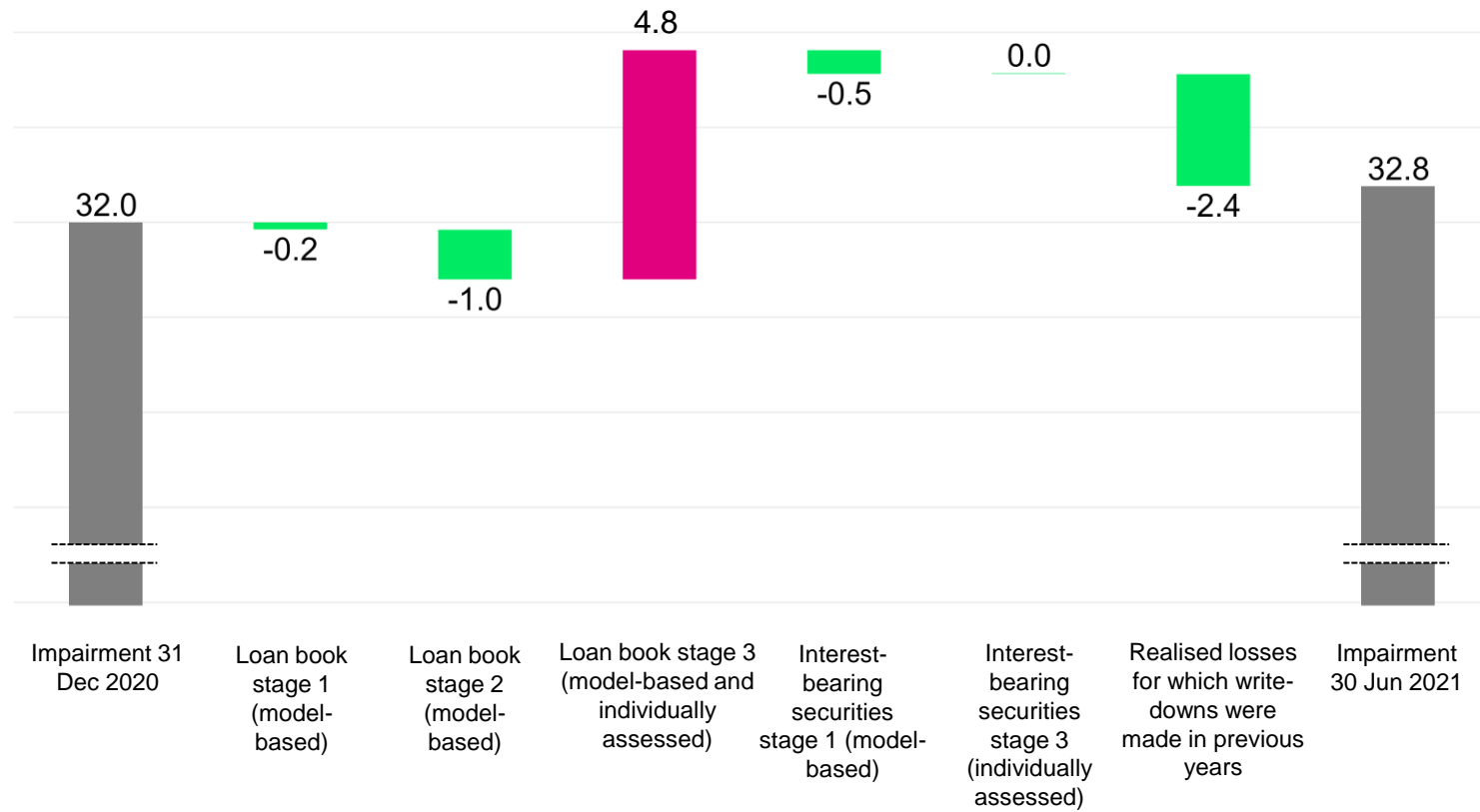


# Impairments for future expected credit losses

## Change in expected credit losses (ECL) 1–6/2021

EUR million

### Impairment of credits and other commitments 1–6/2021 EUR -3.6 million



- Impairments on credits and other commitments increased to EUR -3.6 (-3.2) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -1.2 (-2.1) million, whereas other impairments on credits increased to EUR -2.4 (-1.0) 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.
- The macroeconomic assumptions were updated again in Q2, no material impact (EUR +0.6 million in Q1).
- We still have not observed any major covid-related new risk concentrations in our credit portfolio.

# Outlook 2021

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

- 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 whereas the capital adequacy ratio is expected to be solid but somewhat lower than during the first quarter, which is mainly attributable to the acquisition of Taaleri's wealth management operations

# Aktia Q&A



A man and a woman in business attire are sitting on a grey sofa, looking at a laptop. The man is on the left, wearing a dark suit and a patterned tie, pointing at the laptop screen. The woman is on the right, wearing a dark purple blouse, smiling and looking at the laptop. The background is a modern office with a textured wall and a dark leather chair.

# Aktia Asset Management

Perttu Purhonen

**Aktia**

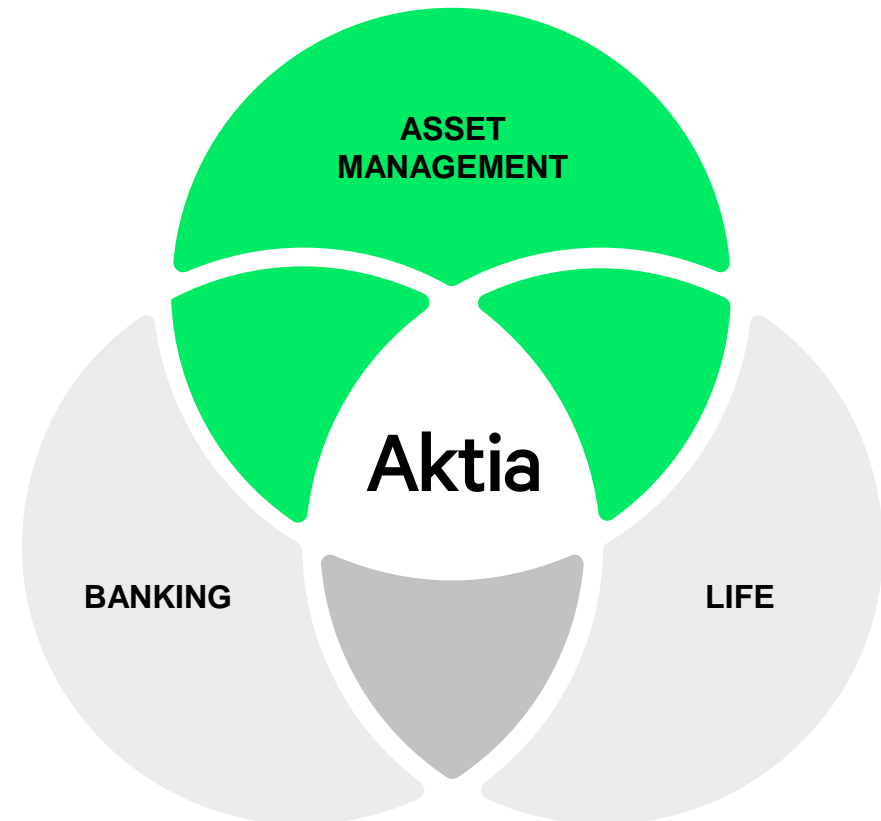
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# Asset Management is the spearhead and anchor in Aktia's strategy

The spearhead of Aktia's strategy, providing the talent and offering necessary to prove the positioning and offer first-class asset management services.

## We focus on:

- ① **Increased net commission income** from funds and other wealth management products and services.
- ② **Continued excellence in portfolio management**, building on our best-in-class competence in spearhead strategies and skillful manager selection.
- ③ **Becoming the most preferred wealth manager** by delivering excellent customer experience.
- ④ **Building a new Aktia Asset Management**, aiming for a full integration with one set of processes, products and operating model.



**Aktia**



# The best Wealth Manager in Finland

## The wealth manager with discrete luxury

The primary partner for institutions, individuals and entrepreneurs. Personalised service and tailor-made solutions making Aktia the most preferred wealth manager.

## Excellence in asset management with a proven track-record

Best-in-class competence in spearhead strategies combined with skillful manager selection to ensure holistic offering to match our clients' needs.

## A pioneer of modern and responsible wealth management

Offering our clients unique and bold new investment ideas and solutions driven by our entrepreneurial mindset.

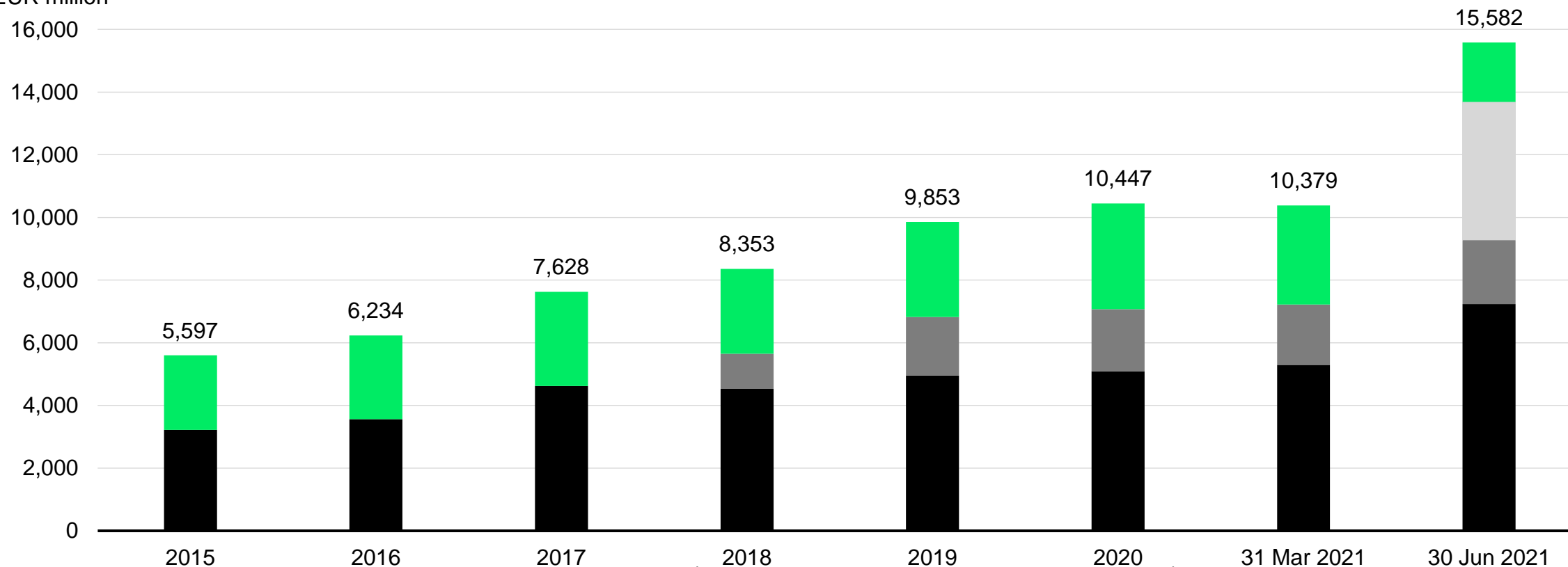
**Aktia**

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# We continue to deliver on our strategy to win in wealth management

## Assets under management excluding custody (AuM)

EUR million



**Aktia**

- Household customer assets (including Private Banking assets until 30.6.2021)
- Private Banking assets (since 30.6.2021)
- International institutional assets (UI-Aktia)
- Institutional assets

# Broad capabilities and offering to drive growth in all our customer segments

## Private Banking

The primary partner for individuals and entrepreneurs, offering personal service and tailored solutions.

A broad offering of broker services, private equity and excellent discretionary wealth management solutions.

Extensive financing and insurance solutions available (e.g M&A financing and investment financing)

## Domestic institutions

The leading advisor and partner on strategic, tactical and product allocation decisions.

Selected spearhead solutions and competitive manager selection for large institutions and primary advisor on holistic solutions for smaller institutions.

## International customers

Focused offering of a few best-in-class products e.g. EMD and Nordic strategies.

We continuously seek new international partners and distributors.

## Household customers

A holistic approach to help our customers accumulate wealth, driven by our broad offering of excellent combined solutions and alternative products.

Modern digital wealth management solutions and tools.

Seamless transition to Private Banking when customers expect broader offering and services.

# Two strong asset managers merged together

**Aktia won first place in all three Fund House categories\* in Morningstar's Finland Awards 2021.**

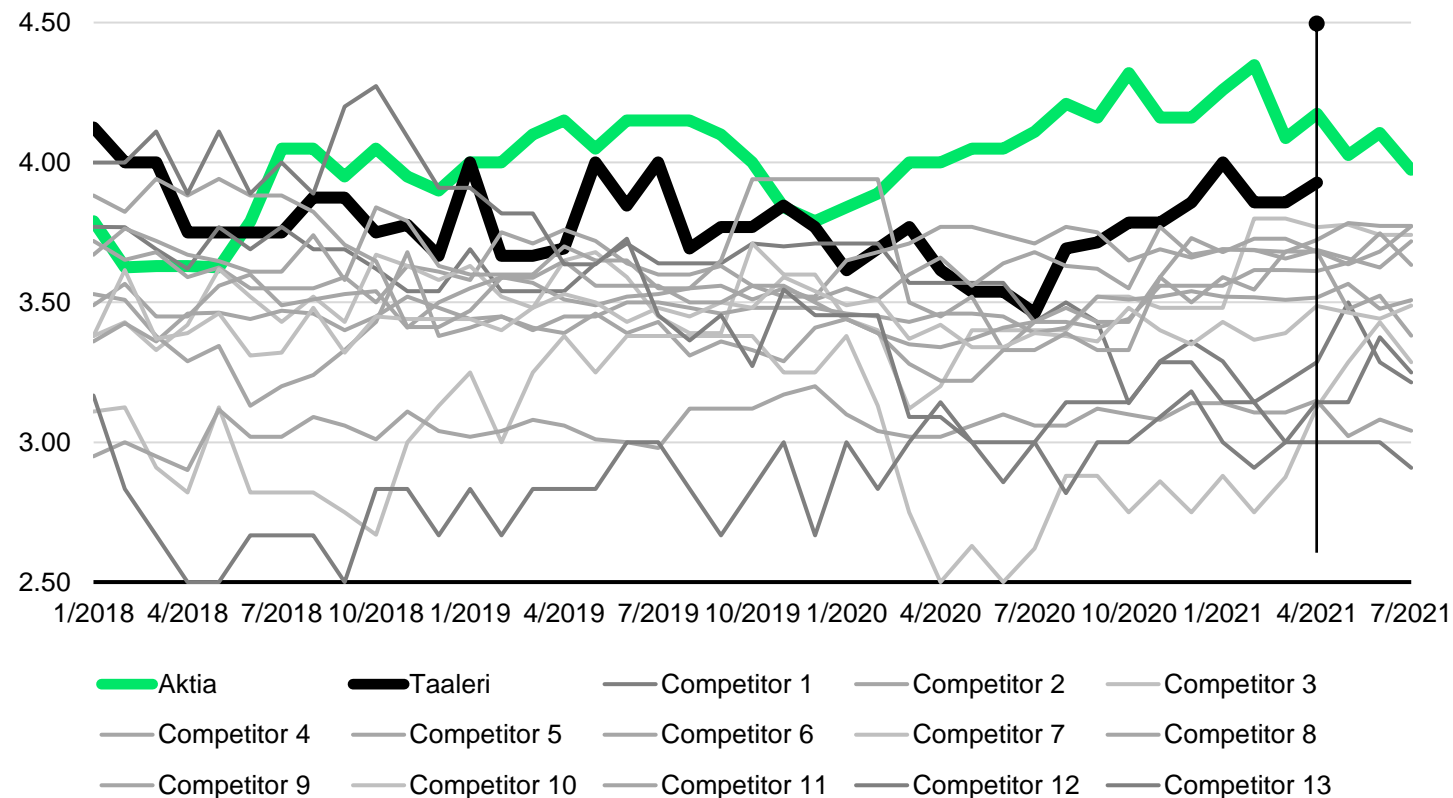
\*(Equities, fixed income and best overall)

**Aktia**

## Exceptional portfolio management with a proven track record.

The average Morningstar rating for investment funds, per 7/2021

Taaleri reported as a part of Aktia since 5/2021



## SCANDINAVIAN FINANCIAL RESEARCH

### Allrounder series (Aktia):

Platinum Award: 2010, 2012, 2013.

Gold Award: 2011, 2015, 2016, 2017, 2019, 2020

### Challenger series (Taaleri):

Platinum Award: 2020

Gold Award: 2018, 2019

### KANTAR SIFO PROSPERA (Aktia)

2013 #4, 2014 #6, 2015 #4, 2016 #5, 2017 #3,  
2018 #3, 2019 #6, 2020 #6 2021 #5



**Prospera**

BY KANTAR SIFO

**3.9**

Aktia Private  
Banking customer  
satisfaction on a  
scale from 1-4



**Improved  
customer  
satisfaction for  
transferred  
customers**

# Great foundation in becoming the most preferred asset manager

## Aktia



# Integration continues according to plan

- Customer satisfaction has remained on good levels and even improved among transferred customers
- Cross-selling and additional sales started immediately
- First wave of fund mergers has been completed
- Concrete revenue and cost synergies have started to materialize and remain on track



# We broaden our offering of alternative and impact investments through the strategic partnership with Taaleri Oyj

- The partnership provides our customers with investment solutions with a positive impact on society and the environment.
- Strategic partnership with Taaleri Oyj progressing well with new real estate and infrastructure funds to be launched during H2/2021.



# Aktia Banking

Anssi Huhta

Aktia

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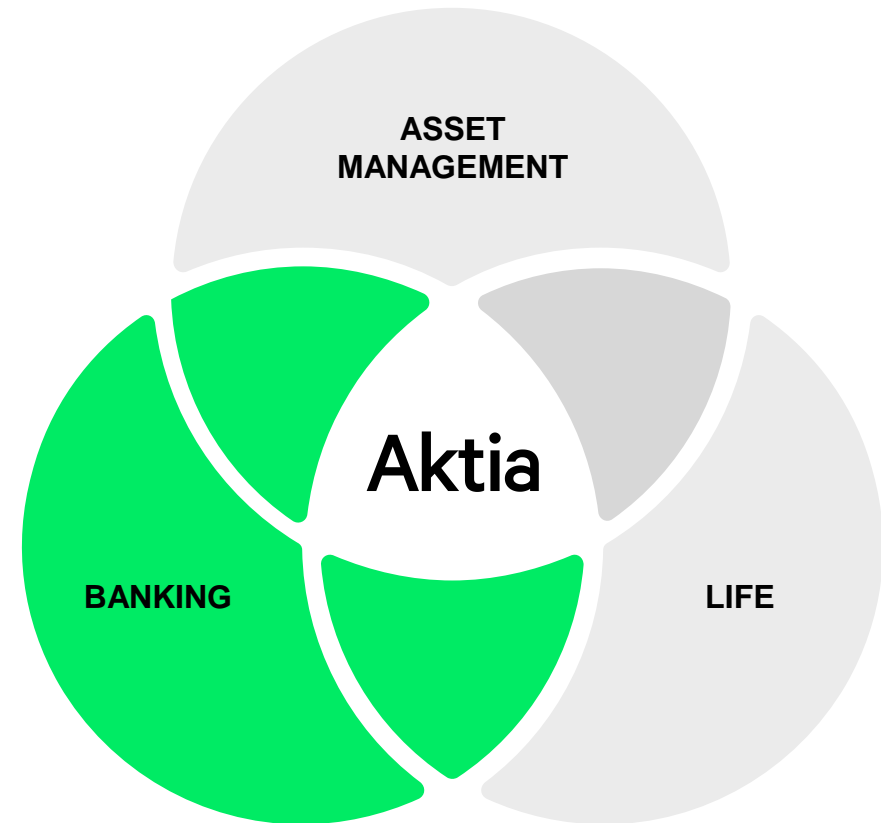


# Banking business balances the portfolio and brings in secure revenue through cross-sales

The banking business grows selectively and profitably within the business area and through cross-sales. Focus is on acquiring and developing a customer base of companies, entrepreneurs and individuals who want to increase their wealth, and provide them with wealth management advice.

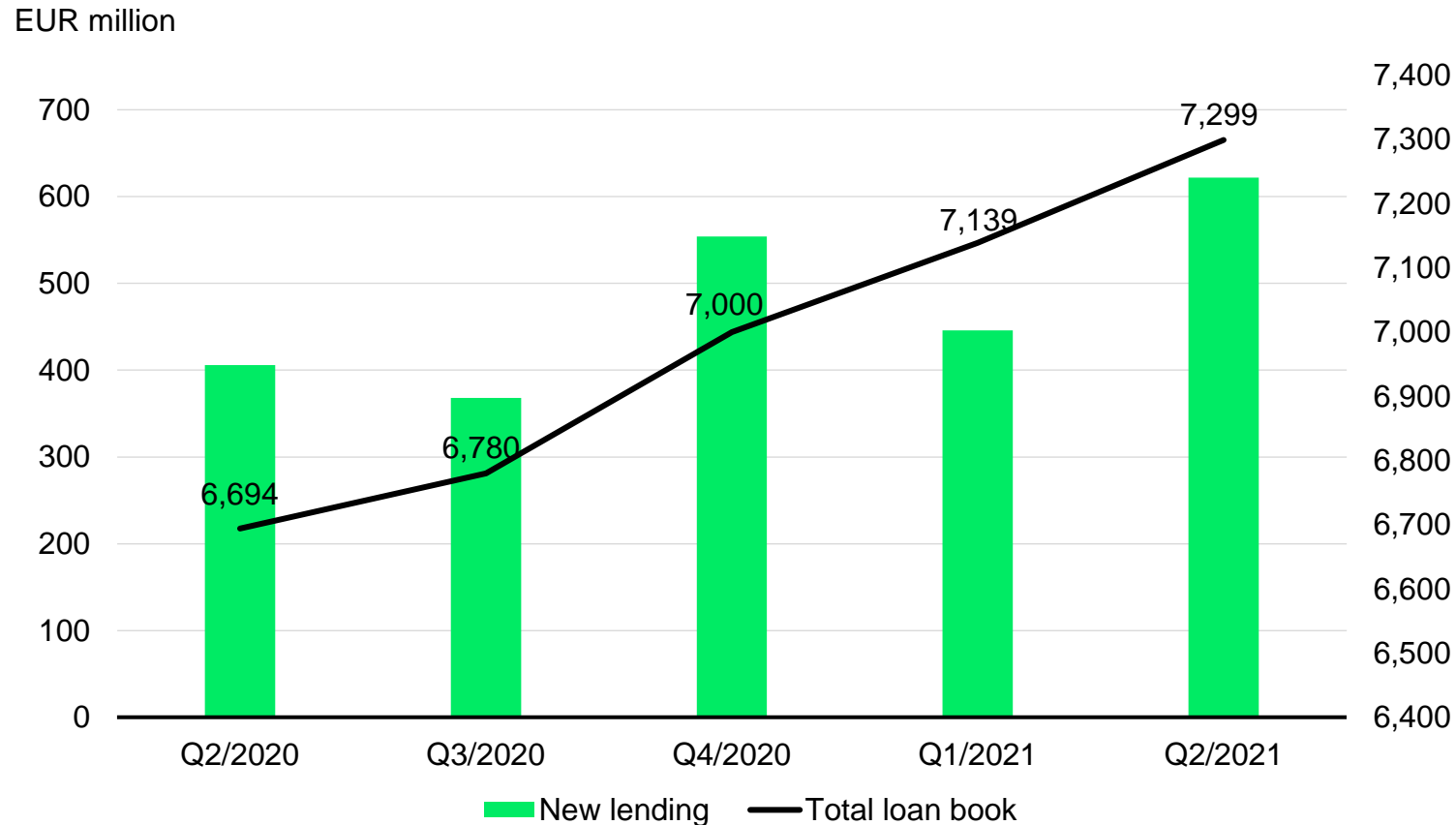
## We focus on:

- ① **Increased net interest income**, growth in lending to targeted private and corporate customers and increased focus on M&A and investment financing.
- ② **Enhanced cross-sales**, targeting increased net commission income mainly from funds and wealth and revenues from life insurance and wealth management.
- ③ **Drive excellent customer experience**, by developing service models that enhance customer experience.



# Growth in total loan book continues

Total loan book EUR +160 million (+2%) Q-o-Q



## Key highlights

Loan book and new lending has grown well, with 10% growth from Q2/2020

19% growth in Corporate customers and 6% growth in Private customers

Success in Corporate customer acquisition, still maintaining solid margin development

# Our target customers

We seek growth among individuals, entrepreneurs, companies and institutions who want to increase their wealth.

Our top priority is to ensure that our customers can see the whole picture of their full potential - with the synergy and convenience of asset management, financing, banking and life insurance services.

We believe that a prosperous society is built one decision and one investment at a time.

**Aktia**

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# We want to be **the first choice** for entrepreneurs, individuals and companies who want to increase their wealth

## **The primary advisor** for entrepreneurs and companies

A holistic offering of cash management and financing combined with excellent personal service, tailored for our customers. Defined by our entrepreneurial and deal-making spirit.

## **The leading wealth manager bank** for holistic advisory to individuals

The leading provider of loans, savings and life insurance solutions. We provide a holistic view and help our customers to increase their wealth. We leverage our excellent asset management expertise and broad offering for Banking customers.

## **Excellent customer experience** driven by efficient digital services

We believe banking services should be effortless and efficient. Our digital capabilities combined with personal service ensure our customers' needs are met in the best possible way.



# People thinking further continue to be the focus in Household Banking

**We seek growth among private customers who want to increase their wealth.** These are individuals or households who want to increase their wealth, who strive to lead a good life with financial stability, safety and opportunity to make choices that enhance life quality.

- We offer a wide range of best-in-class investment products including future-oriented sustainable investment solutions.
- We are committed to create personalized, holistic wealth plans that cover all financial goals, helping our customers think further.
- For single-product customers we offer solutions through modern and cost-efficient service models.

## Delivered

Customer satisfaction within Household Banking  
Customers on excellent level (NPS 73)  
Broadened offering in digital solutions and tools

## Coming up

Further development of our digital offering with focus on wealth creation  
Development of our credit process continues – we aim to shorten lead times and increase automation  
Service model transformation continues

# SMEs are the core segment within Corporate Banking

**We seek growth among SMEs** with established business and private ownership located in Finland's growth areas.

- **Our spearhead offering** is finance solutions, complemented by comprehensive cash management, life risk insurance and wealth management solutions.
- **We are committed to build long-term relationships** and prepared to walk the extra mile for our customers. We believe in relationships of trust and offer individual service with a Key Account Managers for SMEs.
- **Our strength** is fast decision-making, even in cases involving large financing

## Delivered

Strong growth among of SMEs, +18% growth in gross income 2020.

Customer satisfaction with Key Account Manager on excellent level within Corporate Banking (NPS 83 in 2020)

## Coming up

Launch of Vendor finance services in co-operation with Secto Automotive

Re-launch of improved factoring and leasing solutions.  
Strengthened collaboration with Asset Management and increased focus on M&A financing.

We continue to  
reshape our service  
model to **excellent  
customer experience**

**Aktia**



# Solid foundation for profitable growth and becoming the wealth manager bank

**First phases of the service model renewal delivered**

**From 34 branch offices in 2019 to 18 branch offices (-16) concentrated to Finland's growth areas**

**Customer satisfaction on excellent level\***

**NPS 73 among Household Banking Customers**

**NPS 83 with Key Account Managers in Corporate Banking**

**Strong and steady increase in net interest income**

**Net interest income growth +15% from the beginning of 2019**

**Focus on wealth management has increased monthly savings**

**Average monthly fund savings amount increased by 22 % from the beginning of 2019**

\*) Private customers figure from H1/2021 and Corporate customers from 2020

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# Aktia

# Sustainability

Markus Lindqvist

Aktia

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# Drivers for our sustainability development

**Banks have a central role in society,  
channeling cashflows  
and enabling transactions.  
We offer financing and investment services  
where we also make investment decisions  
on behalf of our clients.**

## **1. Growing client expectations**

Our high standard is set by the most demanding institutional clients

## **2. Stakeholder materiality analysis**

Helping us prioritise the Corporate Social Responsibility work

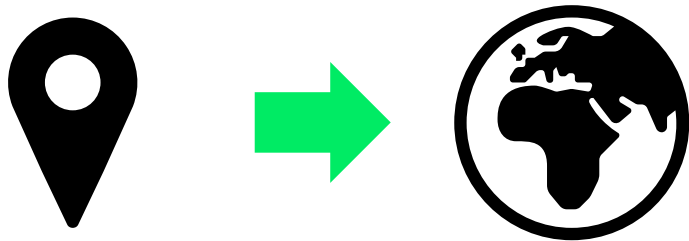
## **3. ESG megatrends**

Affecting ESG integration and stewardship activities

## **4. Regulation**

Comply with the EU sustainable finance regulation

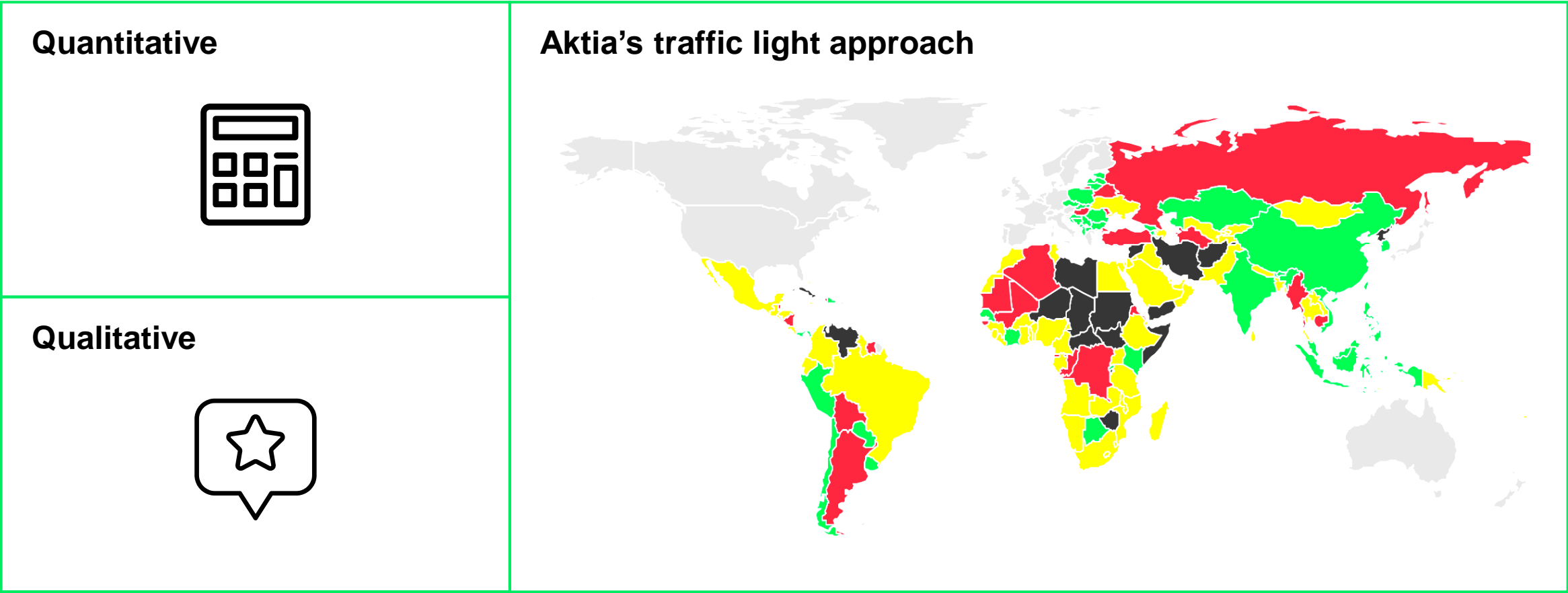
# Why global megatrends matter



**Although our operations are local we have exposure as well as impact to global ESG megatrends such as climate change, biodiversity, demographic trends and human rights through our global investment activities.**



# Sovereign ESG risk assessment



# New climate strategy

We've developed a climate strategy, where we set targets and take action on climate within our investment activities, lending portfolio as well as our own operations.

## Investments

To support the goals of the Paris Agreement we have set an objective that all our investment portfolios are carbon neutral by 2050.

## Financing

We are applying for membership in the Principles for Responsible Banking initiative. Our goal is to lower the carbon footprint and exposure of our lending portfolio by developing criteria for sustainable financing with set targets for 2030 and 2050.

## Own operations

Our objective is to reach net carbon neutrality in energy consumption of our premises by 2030 and in other remaining major sources by 2050.

# Aktia

## Q&A

Aktia

A series of many thin, dark, wavy lines that flow from the bottom left towards the top right, creating a sense of movement and depth against the dark grey background.

**Aktia**