

5 AUGUST 2021

Q2 Results

Mikko Ayub
CEO

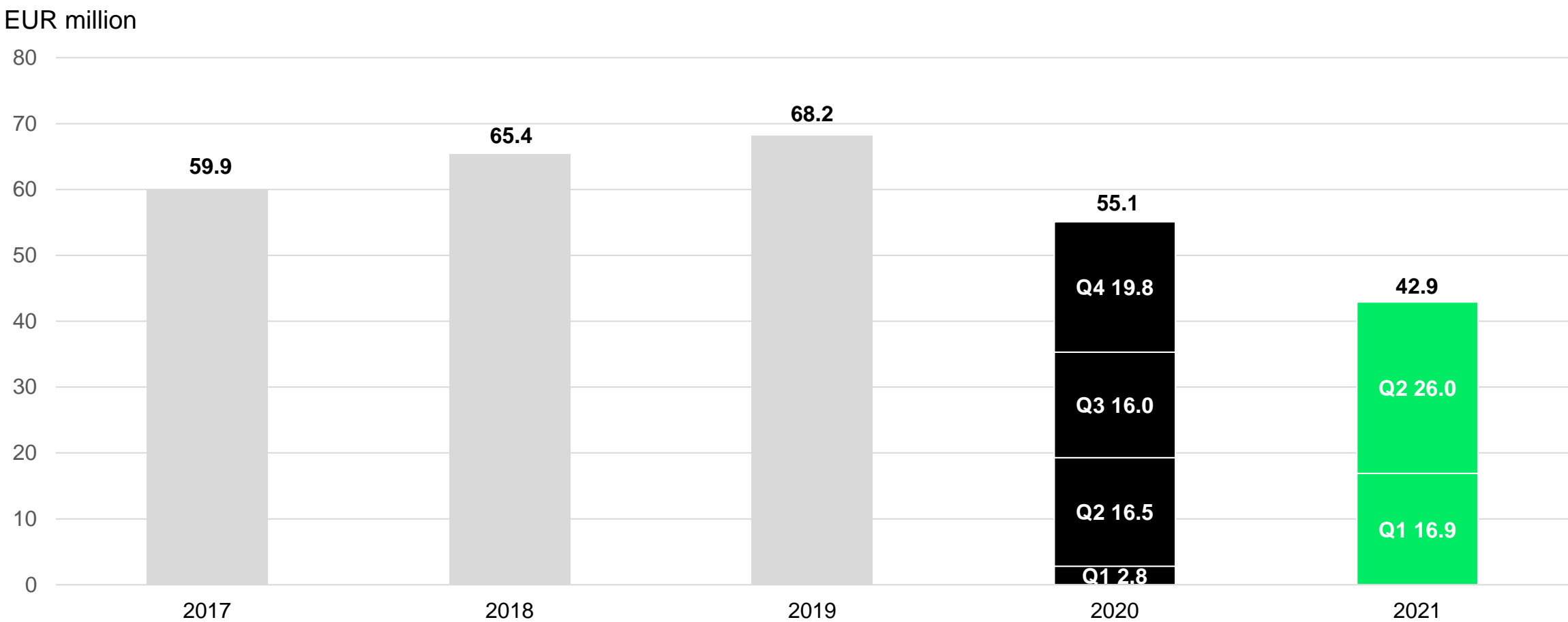
Aktia

Record-strong second quarter

EUR million	2Q2021	2Q2020	Δ %
Total operating income	73.3	54.8	34%
Net interest income	27.7	20.1	37%
Net commission income	31.7	22.9	39%
Net income from life insurance	10.5	10.1	4%
Other income	3.4	1.6	111%
Total operating expenses	-48.8	-36.3	35%
Impairments of credits and other commitments	-1.4	-1.8	-20%
Operating profit	23.0	16.3	41%
Comparable operating profit	26.0	16.5	57%
EPS, EUR	0.25	0.19	32%
ROE, %	10.1	8.4	20%
Cost-to-income ratio (comparable)	0.63	0.66	-5%
CET1, %	10.8	15.7	-31%

- The comparable operating profit at an all-time high
- Strong increase in all income categories
- The half-year report includes Taaleri's wealth management business (May–June)
- The increase in expenses is attributable to the costs related to the acquisition

Comparable operating profit 2017–2Q2021



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

Dividend 2020

On 27 July 2021, Financial Supervisory Authority (FIN-FSA) informed that its recommendation on the distribution of credit institutions' profits will not be extended beyond 30 September 2021. Aktia's Board of Directors will make the decision on the dividend for 2020 in October. The decision and the payment schedule will be informed separately. Aktia's Annual General Meeting 2021 authorised the Board of Directors to decide on the payment of a maximum dividend of EUR 0.43 per share for the accounting period 1 January–31 December 2020.

Aktia paid a dividend of EUR 0.53 per share for the financial period 1 January–31 December 2019. The record date for the dividend was 13 January 2021 and the payment date 20 January 2021.

Asset Management

- Aktia acquired Taaleri's wealth management business – the transaction was completed on 30 April 2021
- The transaction brought together two strong players
- Private Banking transferred to the Asset Management business area and reported segment
- Strong sales particularly to private individuals
- Easening of travel restrictions support international sales

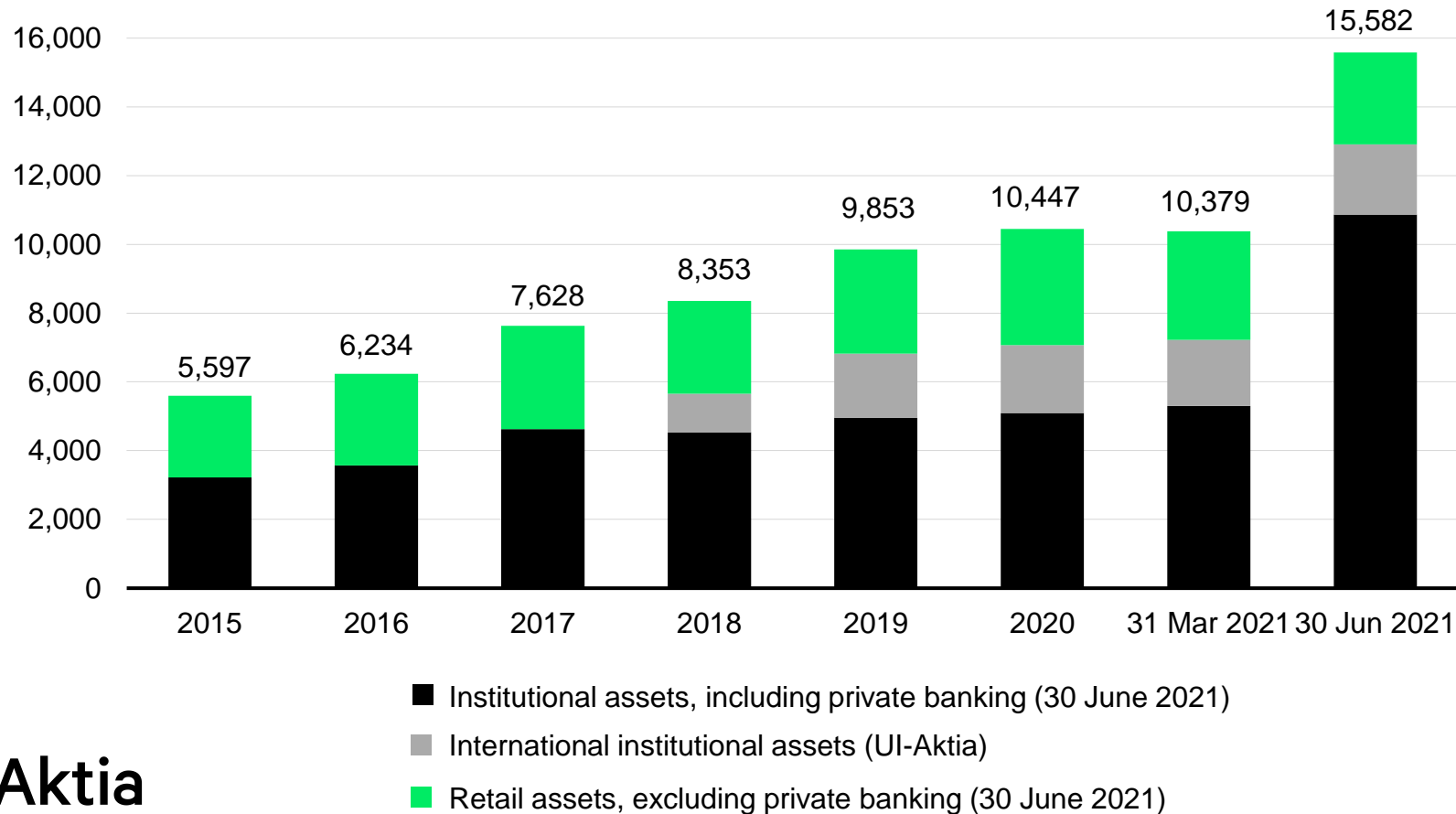
Aktia



Taaleri wealth management included in AuM during Q2

Assets under management excluding custody (AuM)

EUR million



Aktia

Taaleri integration proceeding as planned

- Taaleri integration has proceeded according to plans and timetable
- Focus on income and cost synergy targets. The work in terms of these has progressed well
- Organisations unified, a more comprehensive product selection to all customers
- The additional sales and cross-selling of several fund products has started to both new and old customers (e.g., Impact and Emerging Market funds). The harmonisation of the fund selection has started
- The work for a mutual working model and business culture is well under way

Banking Business

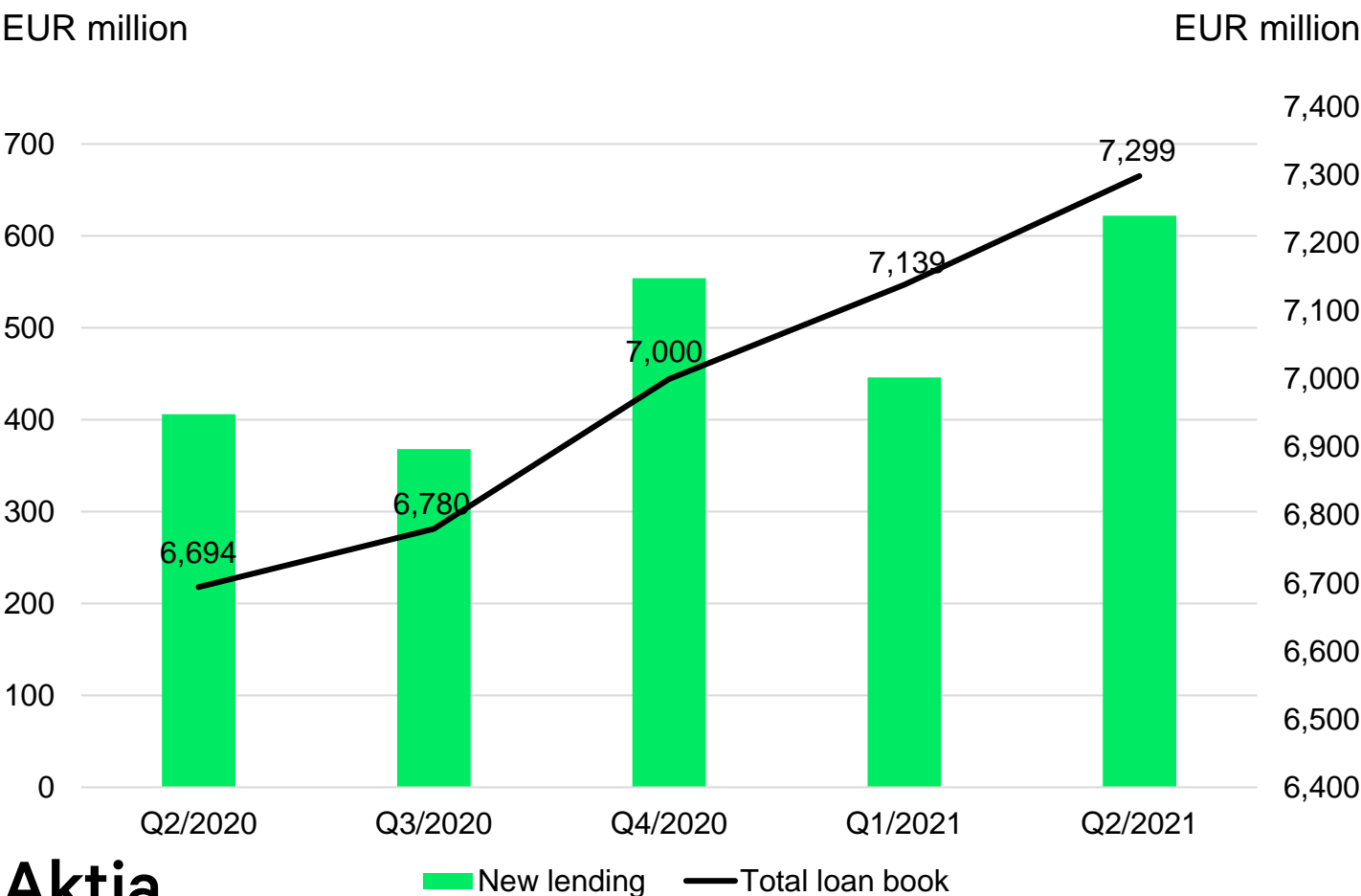
- Quarterly sales of mortgages reached all-time high levels
- The improved credit process and quicker indicative offer for mortgages have enabled the growth
- Expected credit losses remained on a low level
- Corporate customer business continued to grow strongly: active acquisition of new customers led to very strong growth of the loan book and net interest income

Aktia



Growth in total loan book continues

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



Life Insurance

- Strong market development together with successful new sales of unit-linked products contributed to good result in Life Insurance
- The risk life new sales showed steady growth during the second quarter
- Preparation for broadening the investment alternatives in the unit-linked insurances started after Taaleri acquisition



Aktia makes determined efforts to develop CSR

Highlights in 1–6/2021

Clarified responsibilities

- Markus Lindqvist appointed Director, Sustainability

Governance

- Updated responsible investment policy and implemented first obligations under the EU Sustainable Finance Disclosure Regulation

Impact investing

- Special investment fund Impakti became part of Aktia's product portfolio

Climate

- Assessment of CO2 emissions and flood risks of Aktia's loan portfolio

Engagement

- Acted for the first time as investor lead in CDP's annual Non-Disclosure campaign to engage with companies to report on climate related issues

Aktia

Aktia's Capital Markets Day

Aktia arranges a **Capital Markets Day** for investors, analysts, bank representatives and media in Helsinki on **8 September 2021**.

Aktia's CEO Mikko Ayub, CFO Outi Henriksson and other members of the Group's Executive Committee will present at the event.

Information on registration and the more detailed agenda will be published later in August.



Financial overview

Outi Henriksson
CFO

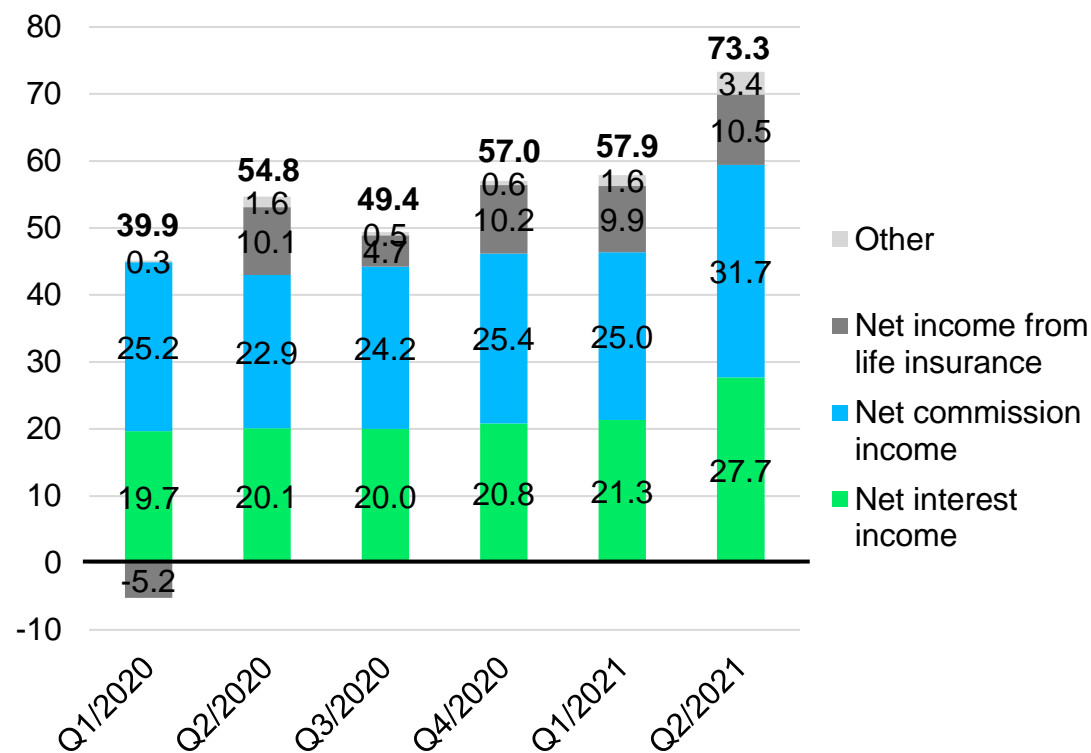
Aktia

Comparable operating profit and income

Q-o-Q

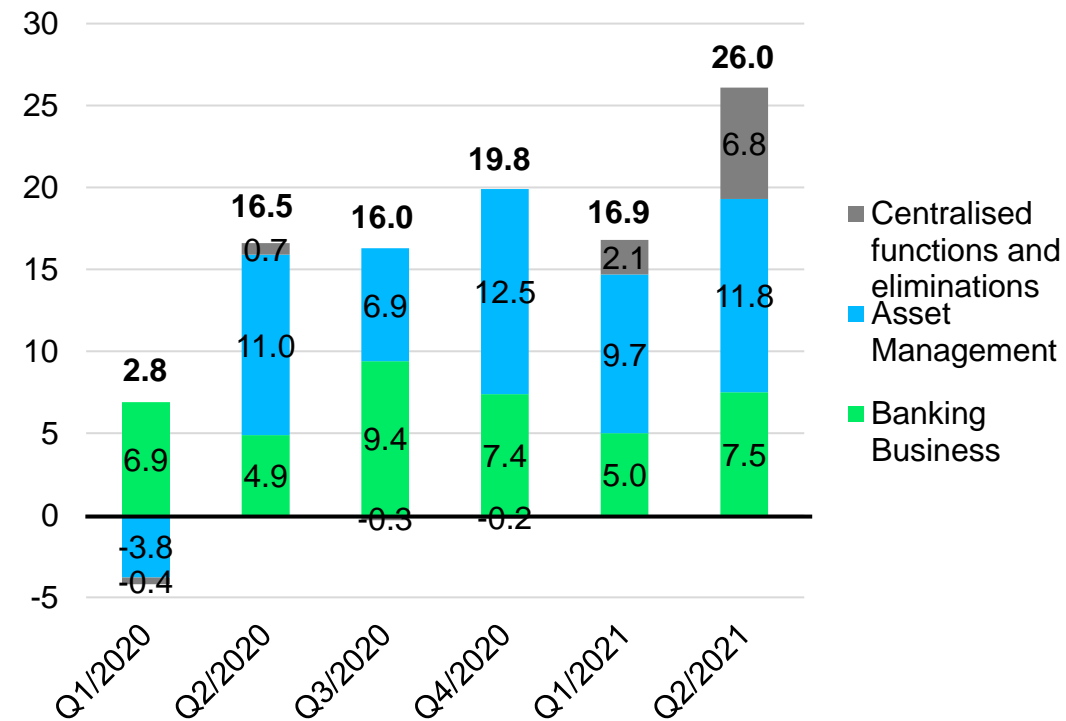
Comparable operating income

EUR million



Comparable operating profit

EUR million



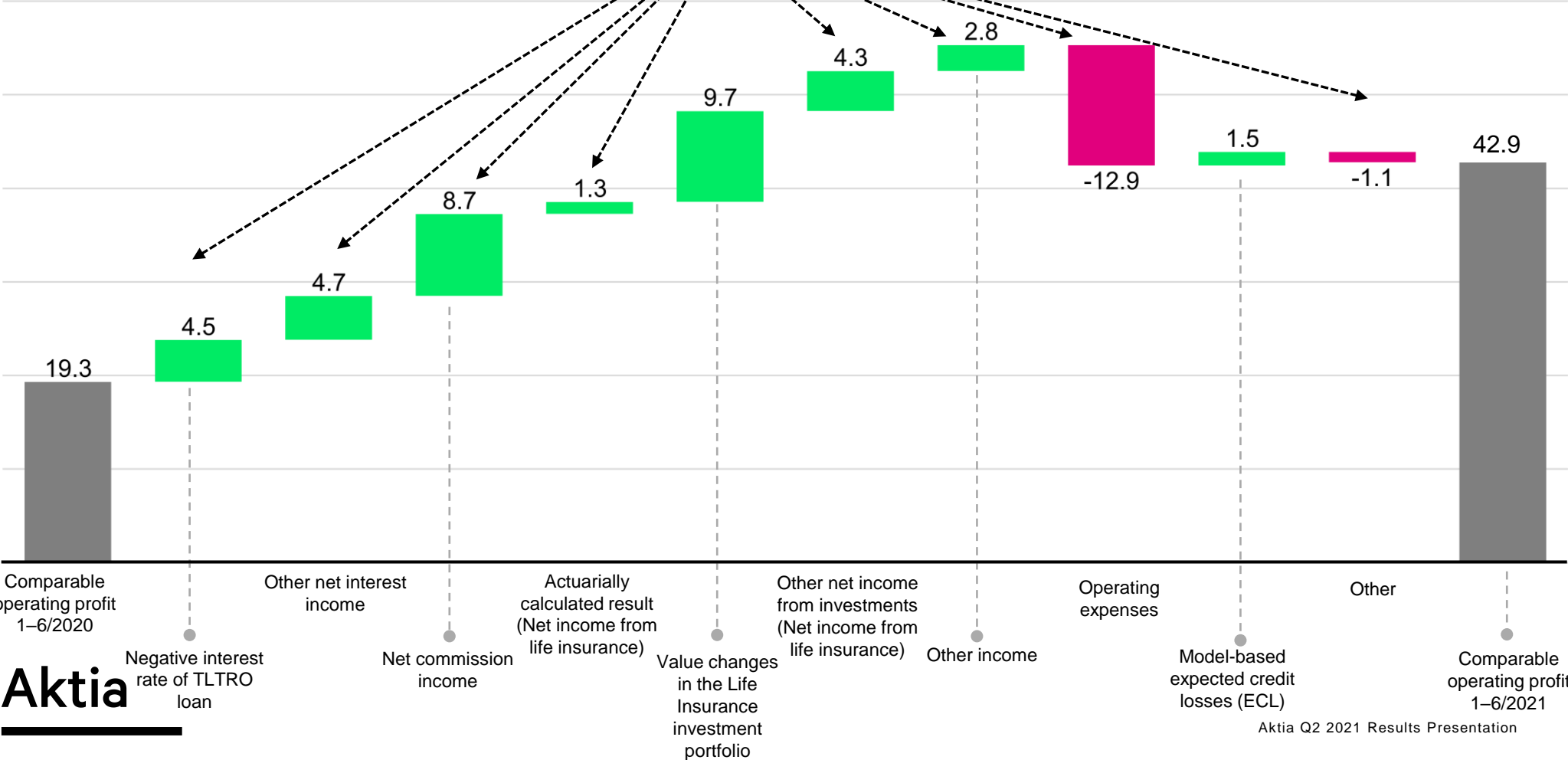
Aktia

Comparable operating profit

1–6/2021 vs 1–6/2020

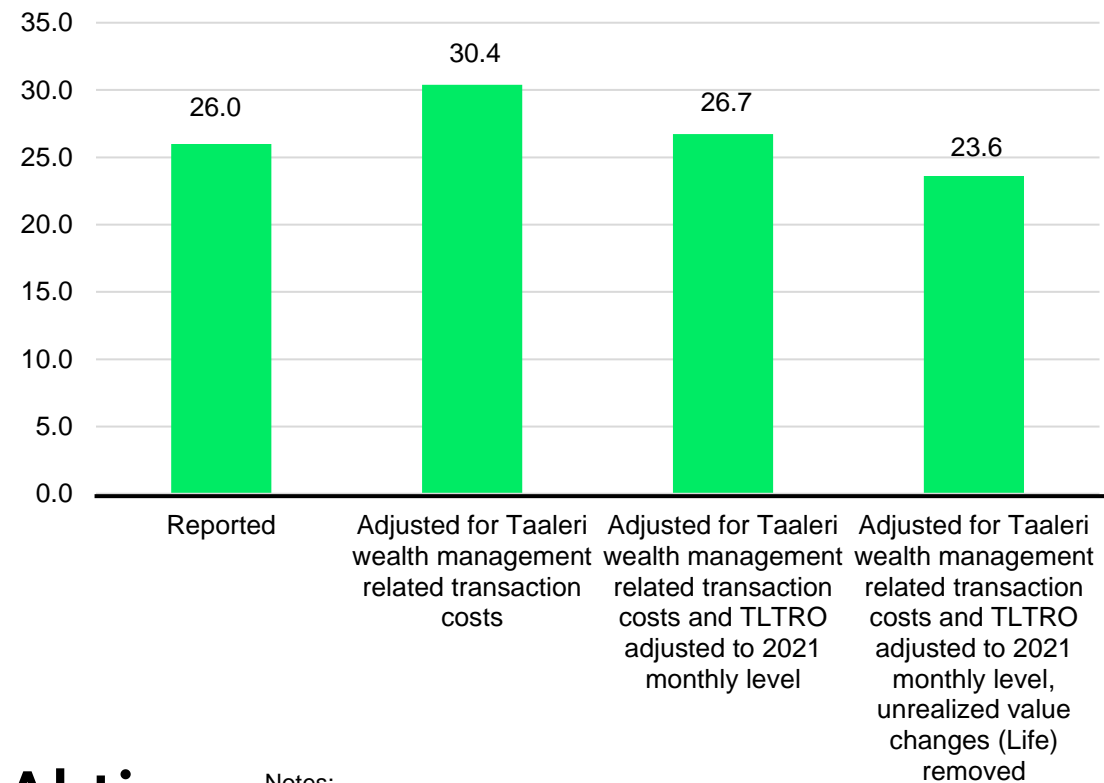
+68% underlying profit growth
(without unrealised value changes)*

EUR million

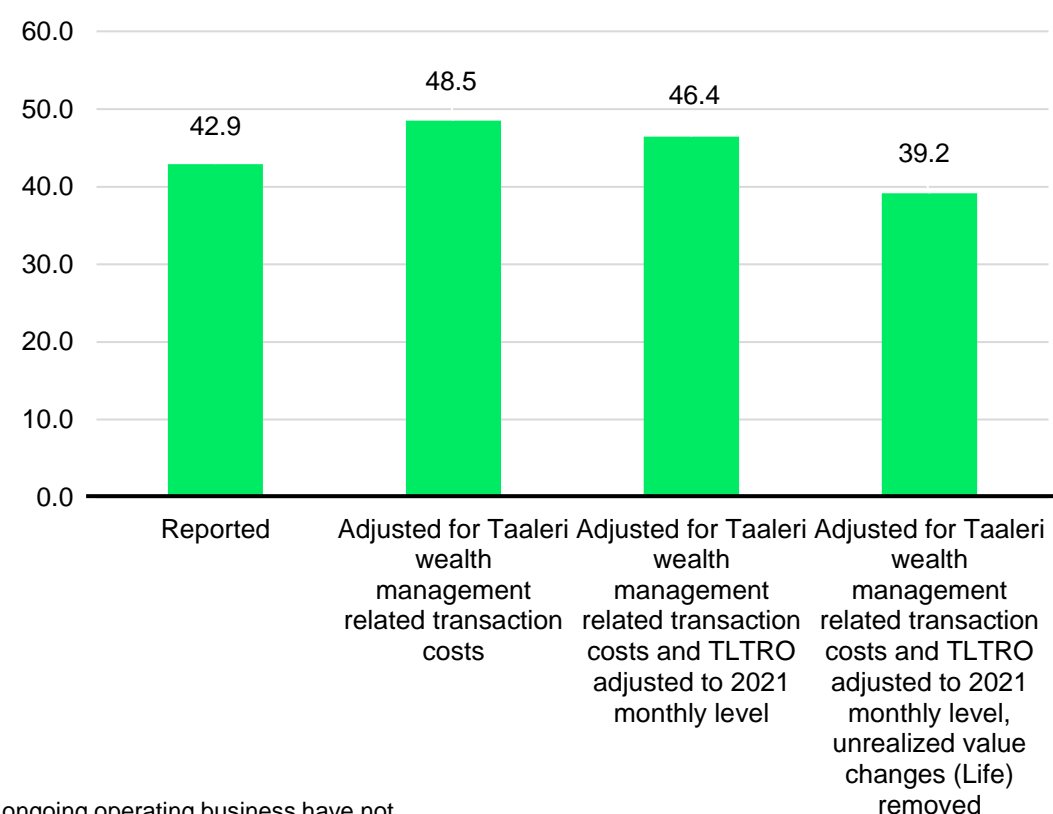


2Q and 1H comparable operating profit adjusted for certain major items

2Q2021
EUR million



1H2021
EUR million



Notes:

- All non-recurring items, such as gains and losses or phasing of costs, that are part of ongoing operating business have not been adjusted from reported results in the graph
- Quarterly or half-year numbers presented here should not be used or considered as estimates for 2021
- TLTRO III financing and unrealized value changes are part on ongoing operations, while transaction costs are of one-time nature

Taaleri wealth management acquisition related transaction costs

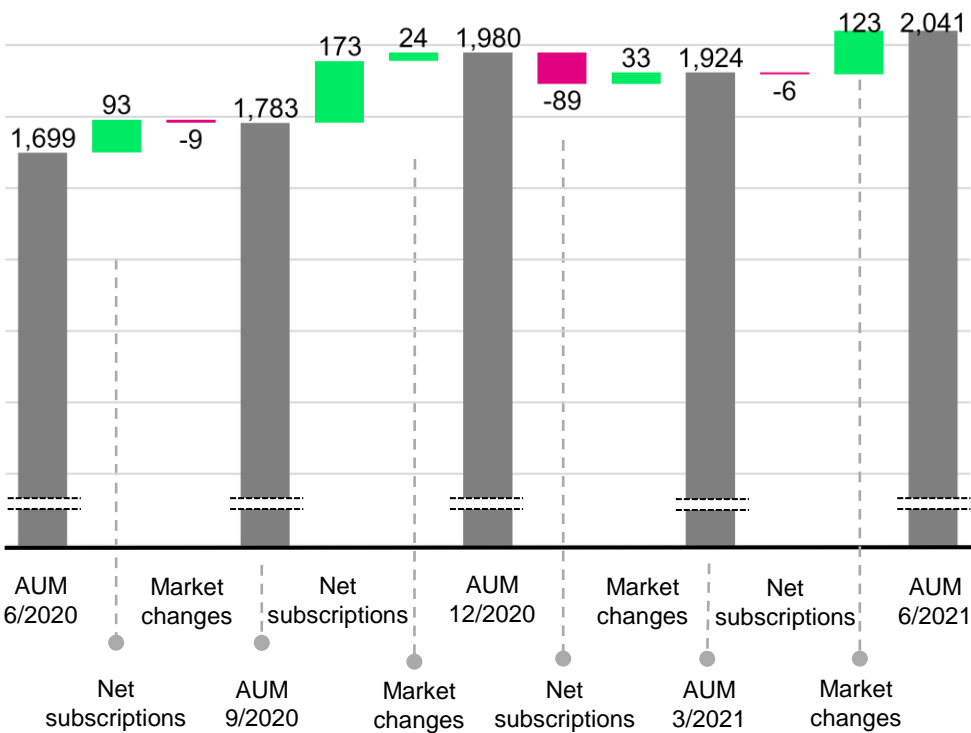
EUR million	1Q2021	2Q2021	1H2021
Advisory fees total	1.2	1.8	3.1
Transfer tax	-	2.0	2.0
Other transaction costs	-	0.6	0.6
Total	1.2	4.4	5.6

Transaction costs are included in the comparable operating profit.

Assets under Management – Net subscriptions and market changes

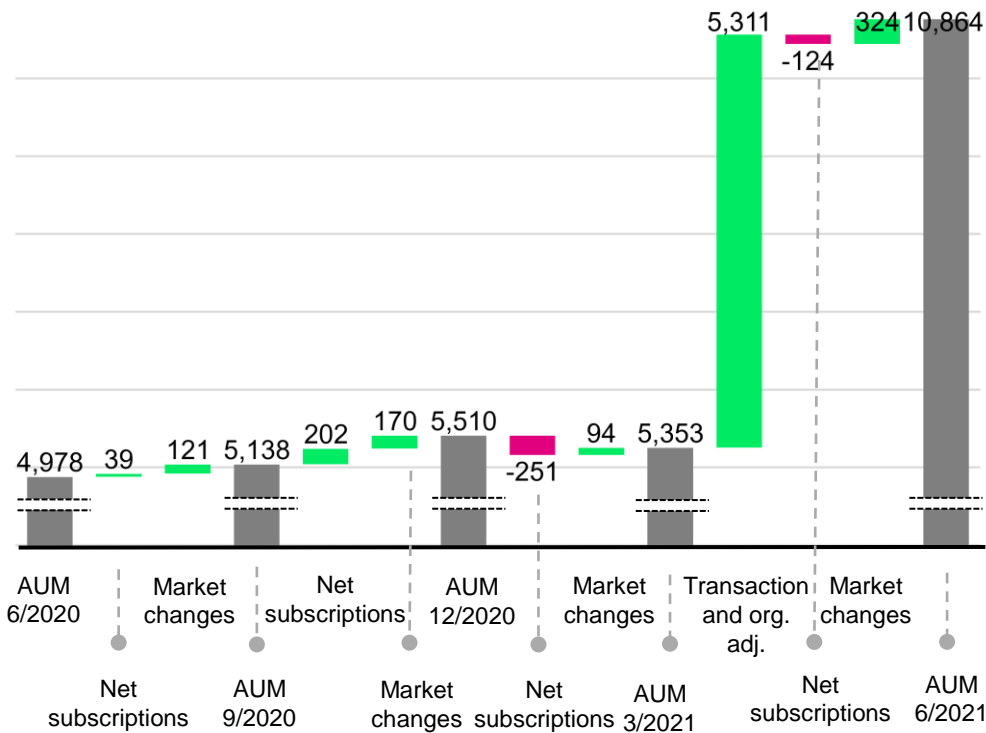
Asset Management, Aktia UI Q-o-Q

EUR million



Asset Management, domestic Q-o-Q

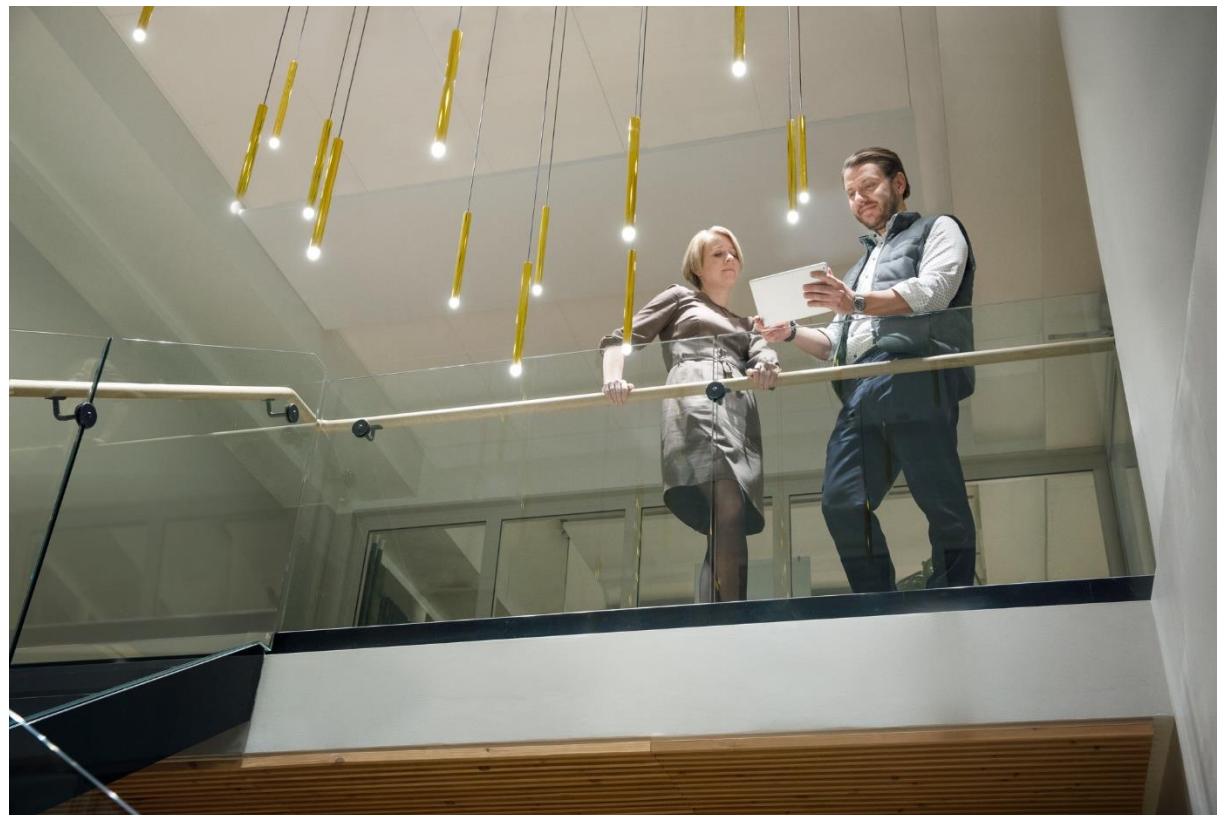
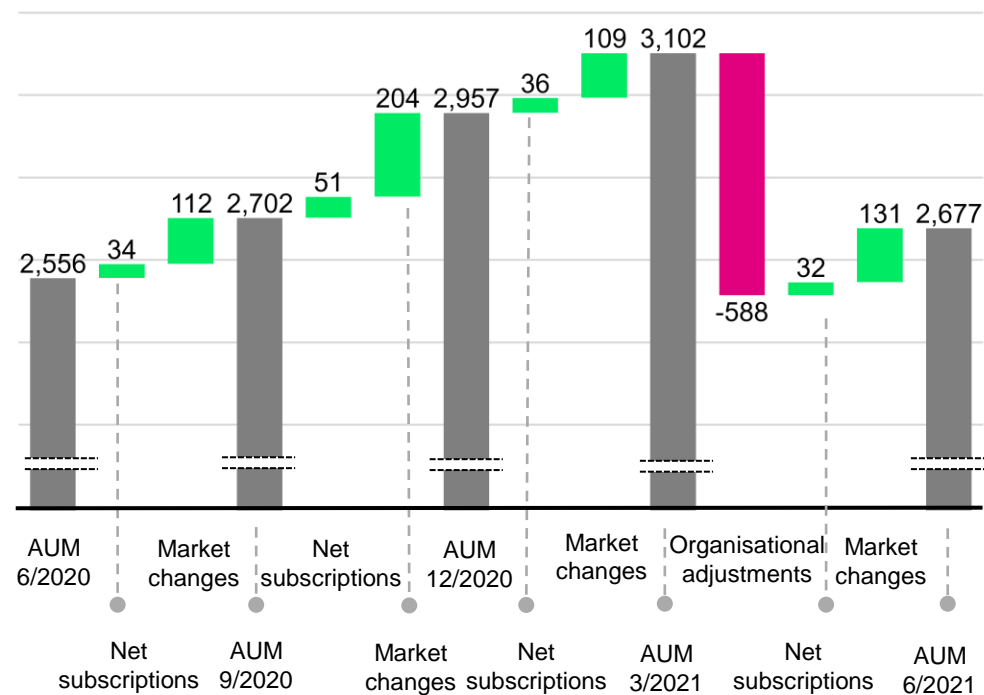
EUR million



Assets under Management – Net subscriptions and market changes

Banking Business, Retail Q-o-Q

EUR million

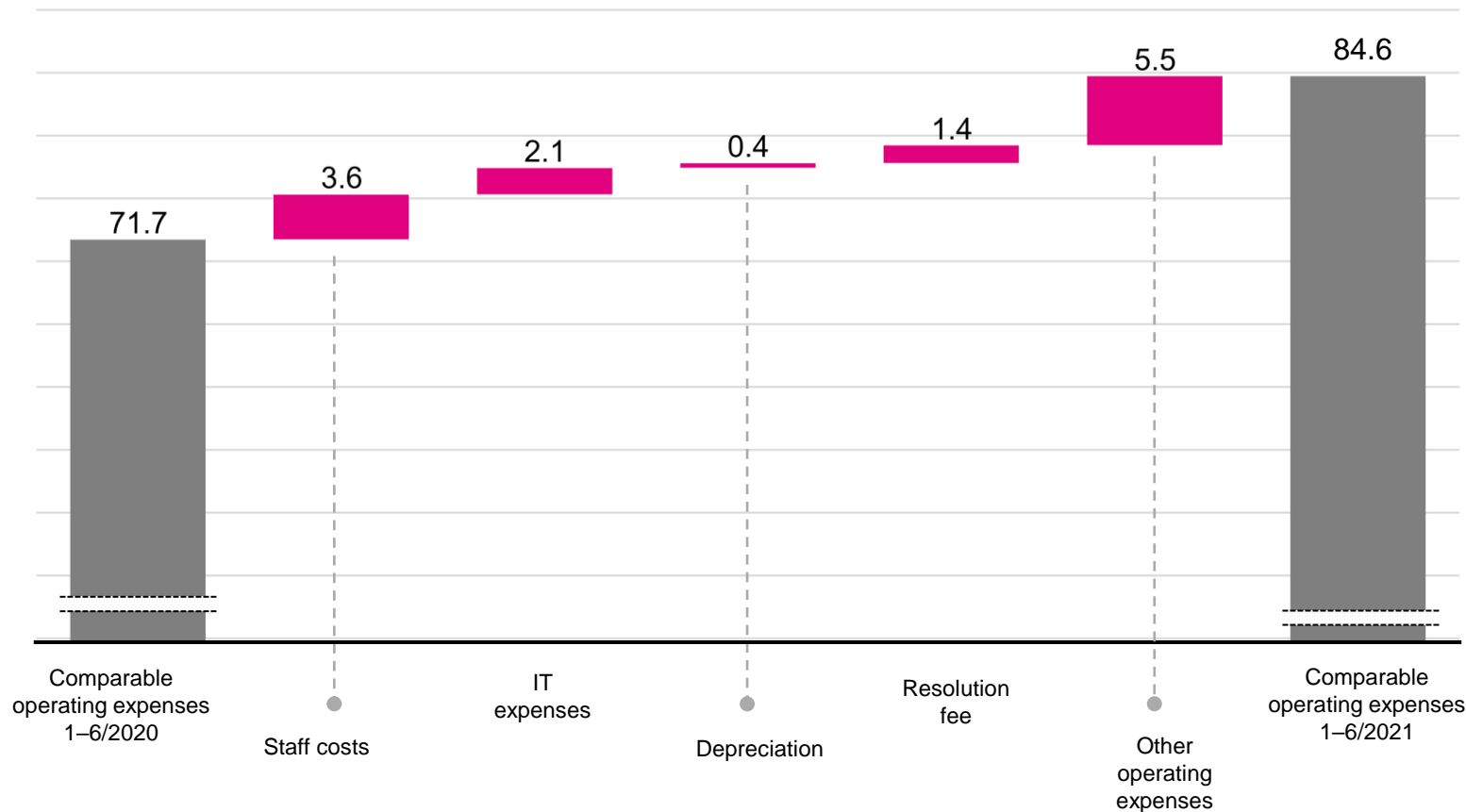


Aktia

Comparable operating expenses

1–6/2021 vs 1–6/2020

EUR million



Staff costs:

The comparable staff costs increased by 10% to EUR 38.3 (34.8), which is mainly attributable to Taaleri's wealth management acquisition with approximately 100 new employees.

IT expenses:

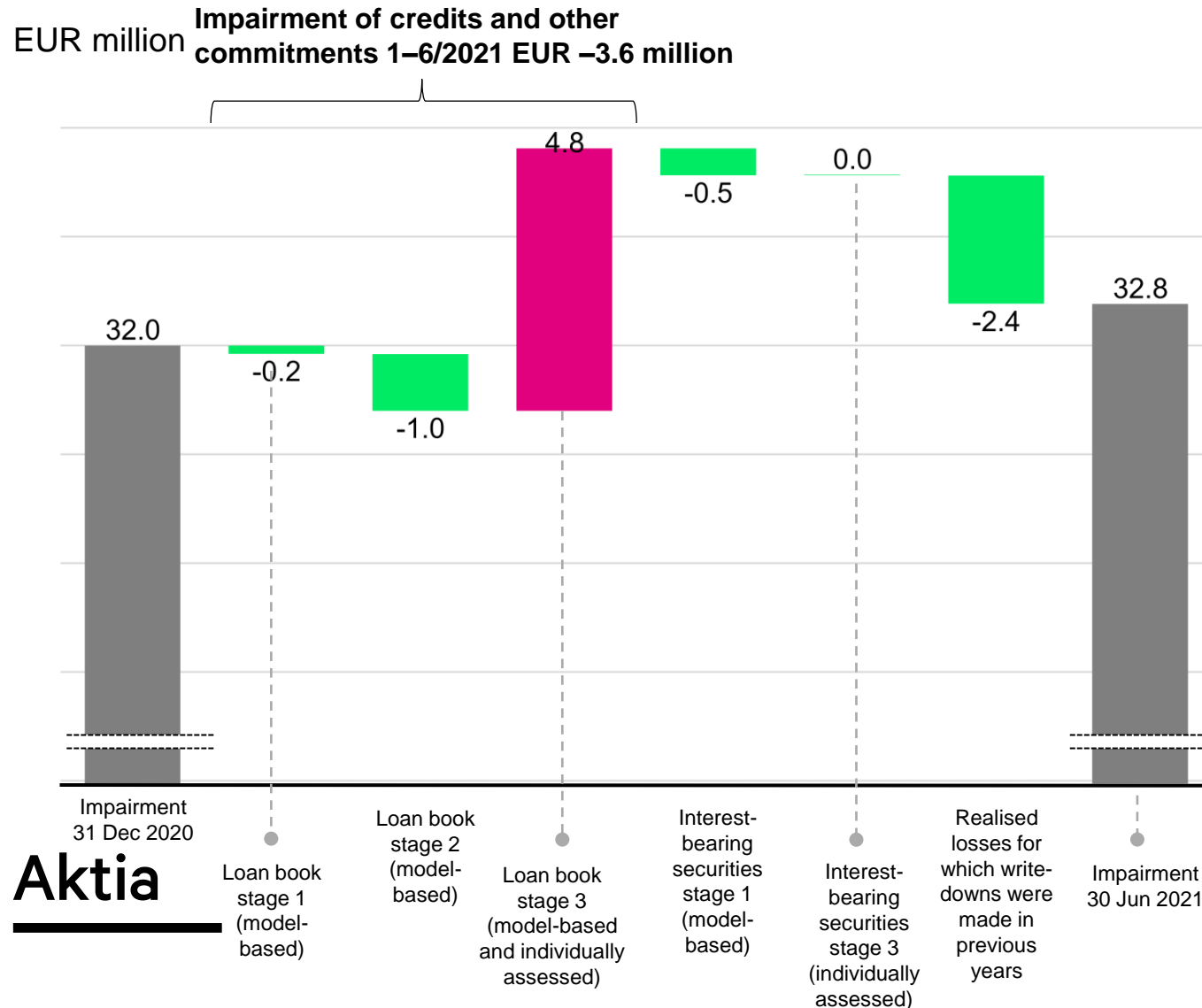
IT expenses increased by 17% to EUR 14.0 (11.9) million mainly due to the acquisition as well as a greater number of IT projects.

Other operating expenses:

Other comparable operating expenses increased by 44% to EUR 22.5 (15.6) million mainly due to the transaction costs of one-time nature, related to the acquisition of Taaleri's wealth management. Other increases include the cost for the stability fee that increased to EUR 4.1 (2.8) million as well as other expenses. Depreciations of intangible assets related to the acquisition were EUR 0.75 million for H1.

Impairments for future expected credit losses

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



- 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.

Financial summary Q2 and YTD

EUR million	2Q2021	2Q2020	Δ %	1-6/2021	1-6/2020	Δ, %
Total operating income	73.3	54.8	34%	131.2	94.7	39%
Net interest income	27.7	20.1	37%	49.0	39.8	23%
Net commission income	31.7	22.9	39%	56.8	48.1	18%
Net income from life insurance	10.5	10.1	4%	20.4	4.9	315%
Other income	3.4	1.6	111%	5.0	1.9	168%
Total operating expenses	-48.8	-36.3	35%	-87.6	-71.9	22%
Impairments of credits and other commitments	-1.4	-1.8	-20%	-3.6	-3.2	14%
Operating profit	23.0	16.3	41%	39.9	19.1	109%
Comparable operating profit*	26.0	16.5	57%	42.9	19.3	122%
Earnings Per Share (EPS), EUR	0.25	0.19	32%	0.45	0.22	106%
Return on Equity (ROE), %	10.1	8.4	20%	9.1	4.9	87%
Cost-to-income ratio (comparable)	0.63	0.66	-5%	0.64	0.76	-16%
Common Equity Tier 1 capital ratio, %	10.8	15.7	-31%	10.8	15.7	-31%

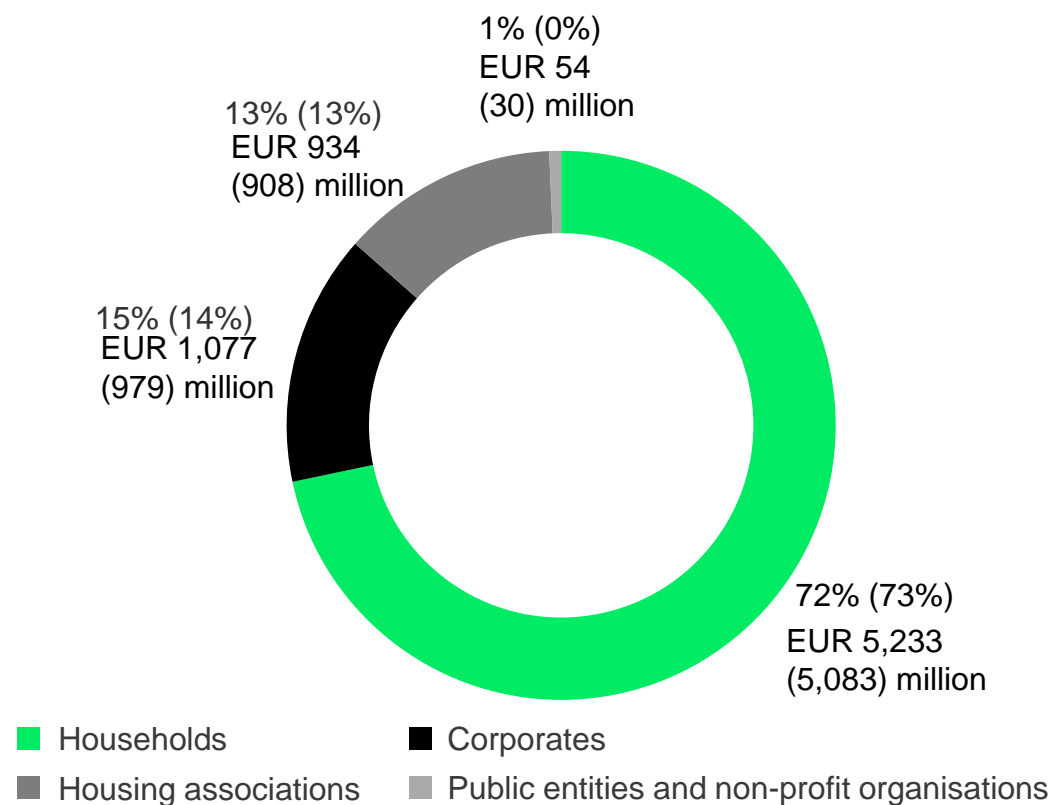
*) Excl. items affecting comparability

Structure of lending and deposits

30 June 2021 (31 December 2020)

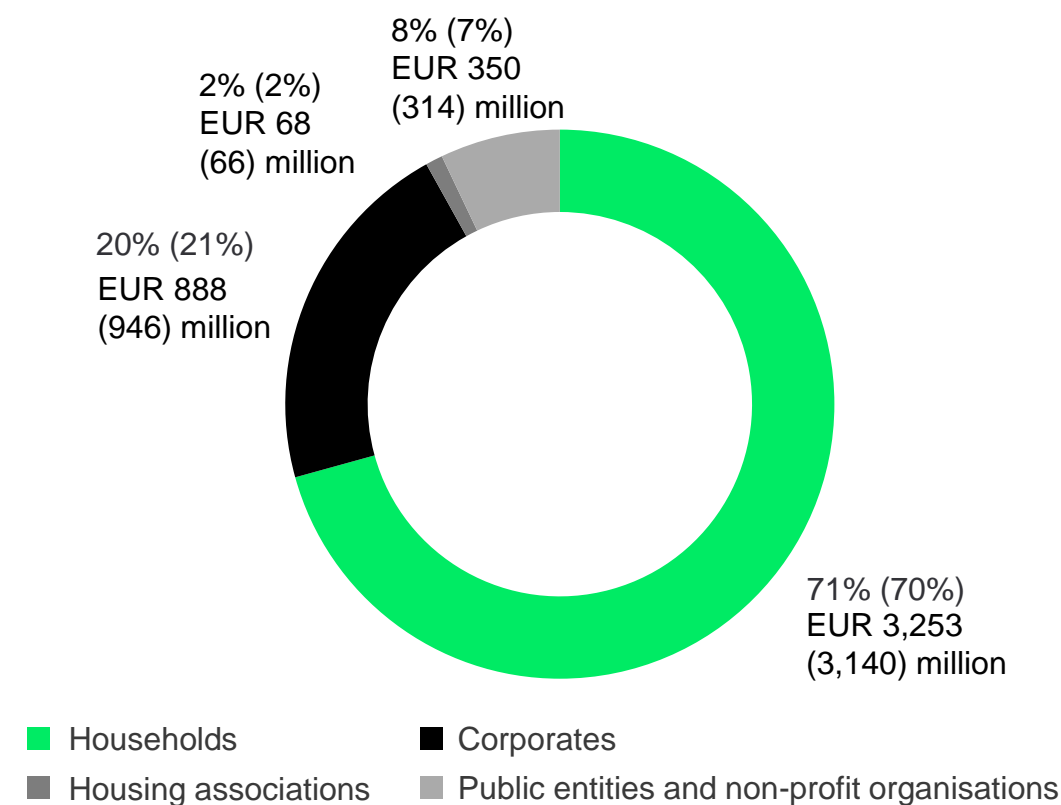
Lending

Total EUR 7,299 (7,000) million



Deposits

Total EUR 4,560 (4,466) million

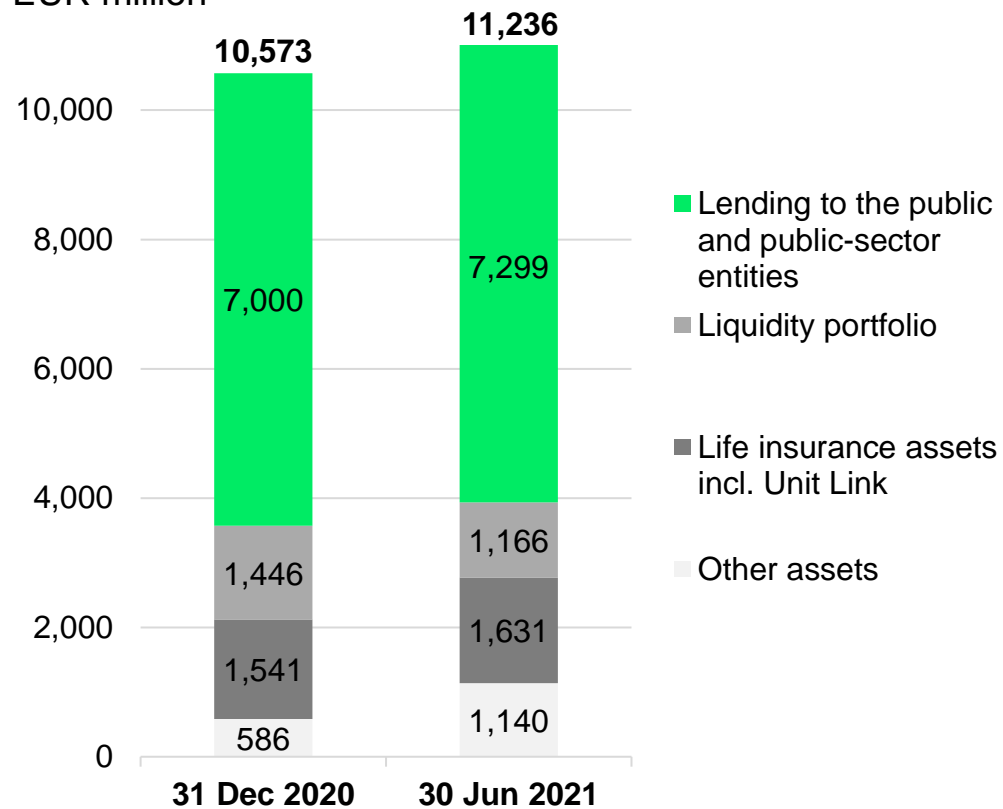


Balance sheet total increased to EUR 11,236 million

30 June 2021

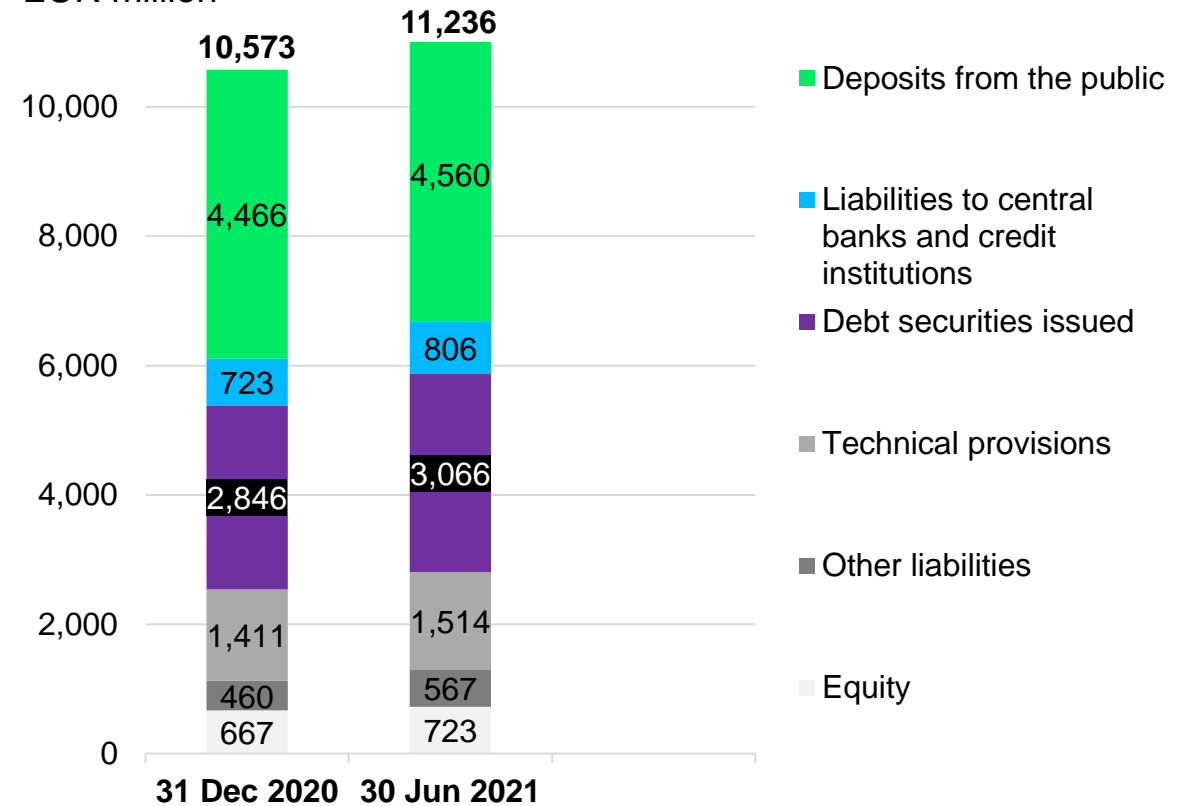
Total assets

EUR million



Total liabilities and equity

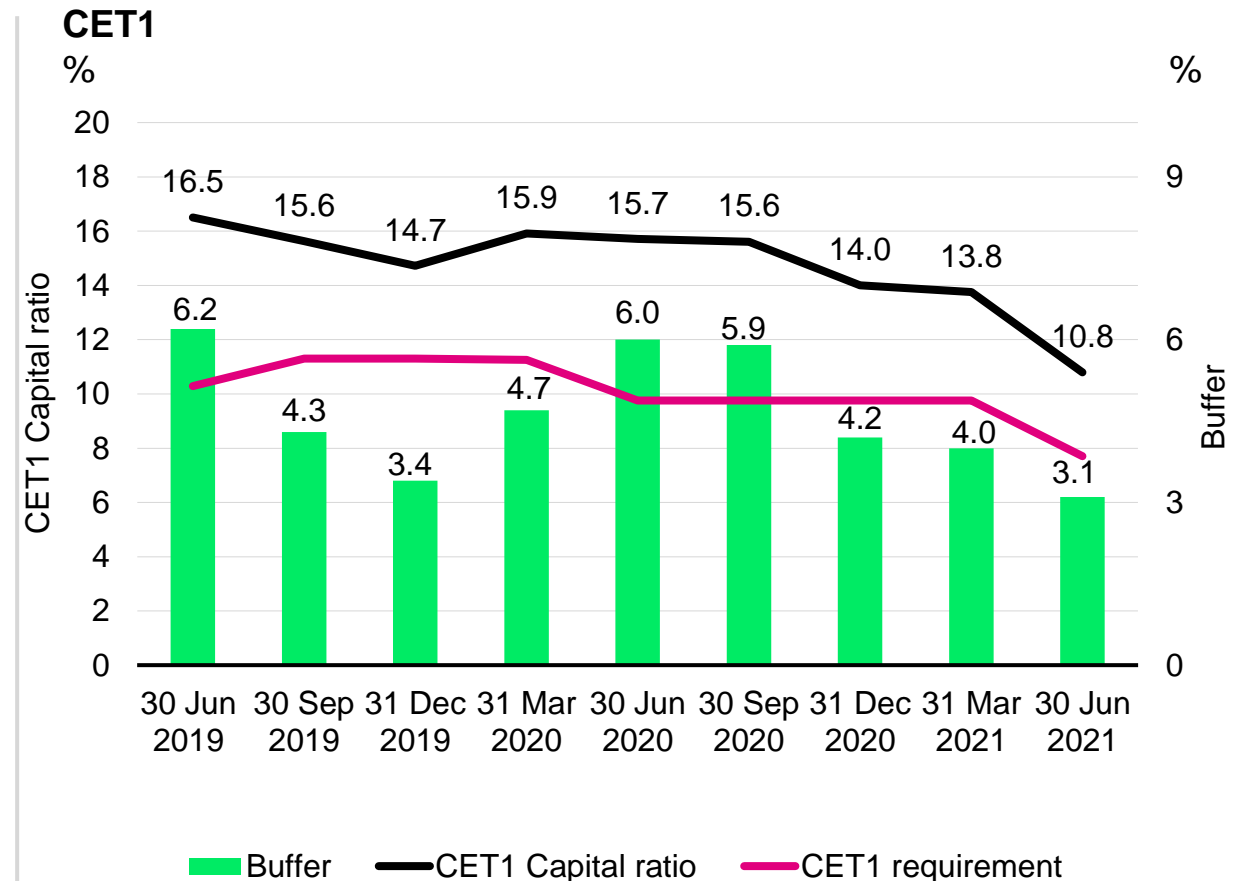
EUR million



CET1 ratio close to the upper limit of the target

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%)



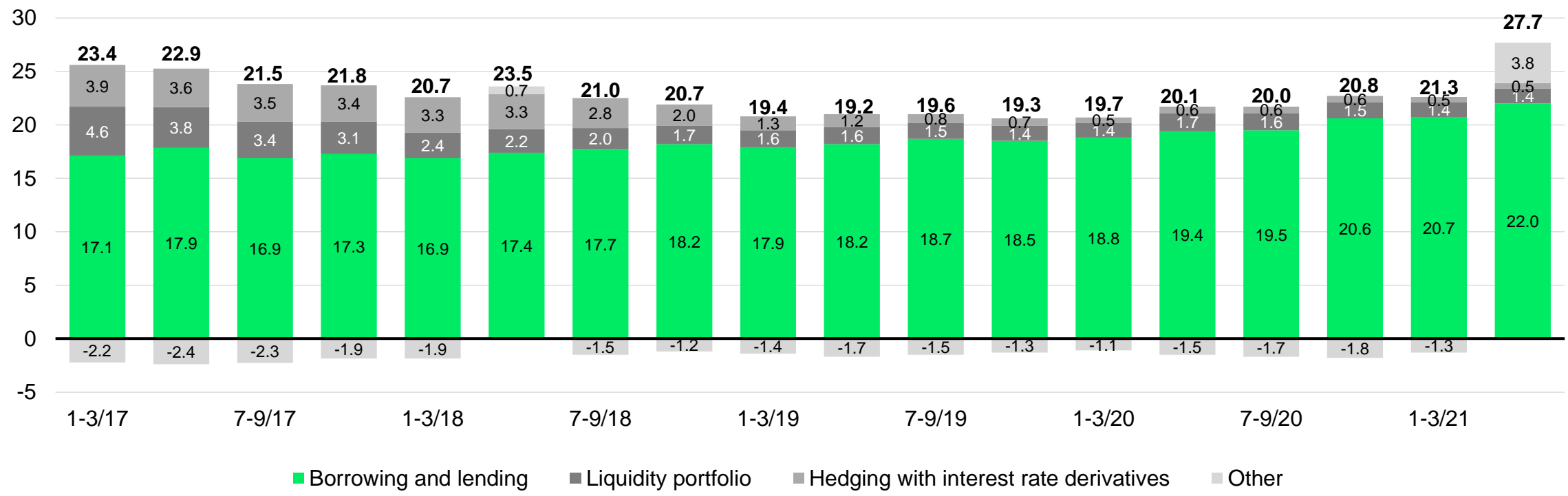
Funding activities

- During the Q2 2021 Aktia completed one private placement transaction. During the first half of the year 2021 Aktia Bank has issued 12 senior preferred debts under the EMTN program. The total volume being approximately EUR 195 million with maturities in the range of 3–10 years.
- In May Aktia Bank issued successfully inaugural transaction of Additional Tier 1 unsecured fixed to fixed rate notes of EUR 60 million. The Notes bear a fixed interest at the initial rate of 3.875 per cent per annum. The Notes are rated Baa3 by Moody's Investors Service and listed on Nasdaq Helsinki Ltd.
- Aktia's liquidity situation is very good. The LCR ratio has been well over the regulative limit being 161% at the end of Q2. The cash level has been equally very good. The ECB tiering structure has been in full use for nearly the whole period.

Appendices

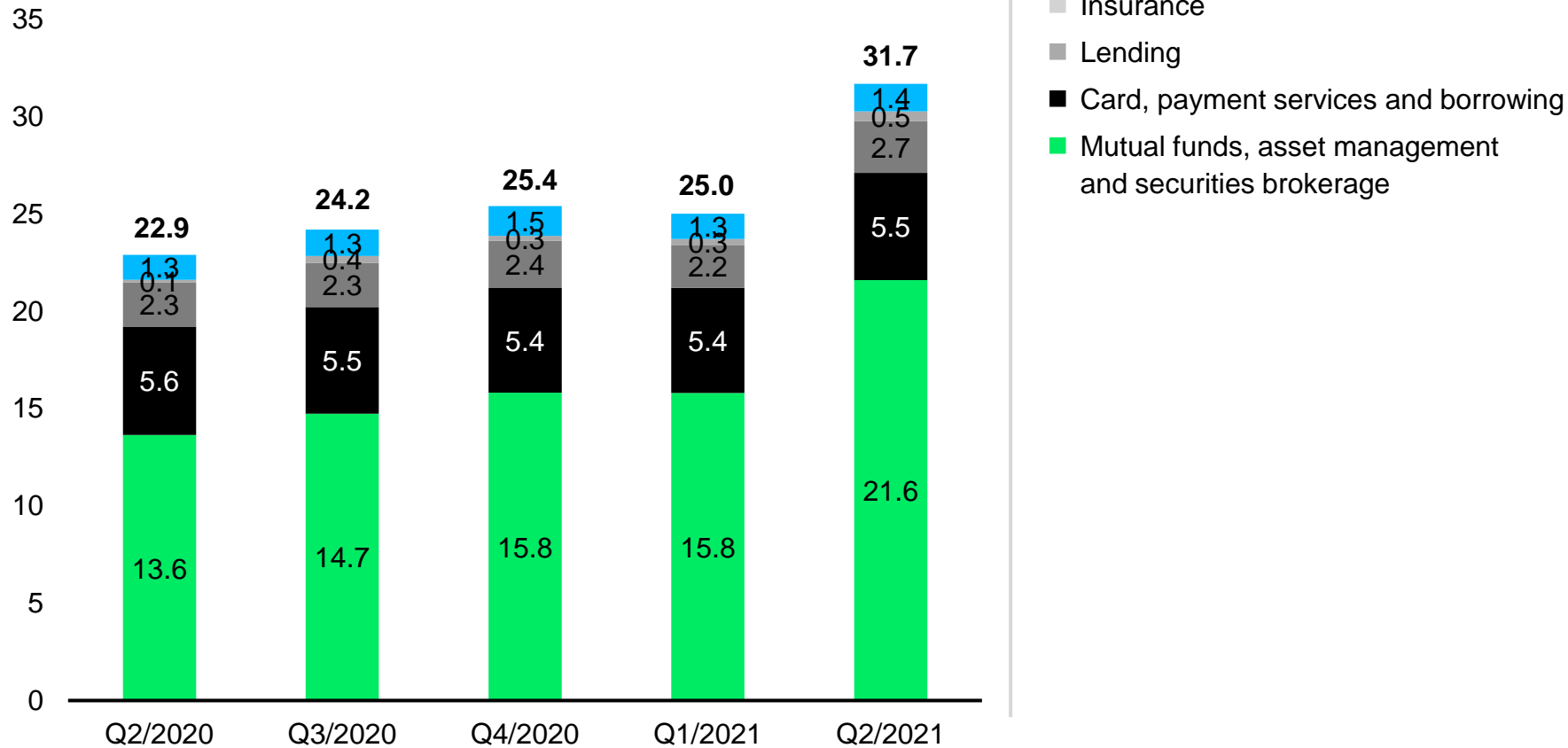
Net interest income mix

EUR million



Net commission income mix

EUR million



Aktia

The financial targets 2023

**Comparable
operating profit
EUR 100 million**

1–6/2021;
EUR 42.9 million

(1–12/2020;
EUR 55.1 million)

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

30 June 2021;
9.1%

(31 December 2020;
6.7%)

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

1–6/2021;
0.64

(1–12/2020;
0.71)

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

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

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



The good bank. And a great asset manager.

Investor Relations contacts:

Lotta Borgström

Director, Investor Relations and Communications

+358 10 247 6838

lotta.borgstrom@aktia.fi

Aktia
