Q4

Financial Statement Release January–December 2022

Aktia

Changes in the operating environment marked Aktia's year 2022

The quarter in short

- Interest income from lending grew strongly towards the end of the year.
- Net subscriptions were negative despite the strong new sales in asset management.
- Expenses were at the same level as the previous quarters.
- The calibration of the ECL model (Expected Credit Loss), driven by the regulation, increased the provisions for potential future credit losses. The quality of the credit portfolio remained solid.

Dividend

Aktia's Board of Directors proposes, in accordance with the company's dividend policy, that a dividend of EUR 0.43 per share be paid for 2022, which constitutes 60% of the profit for the reporting period.

The year 2022 in short

- Interest income began to grow strongly as interest rates increased, however higher financing and hedging costs weighed down net interest income.
- The demand for mortgage loans slowed down, but the demand for corporate loans remained strong. Margin development was good.
- The volatile investment market weighed down assets under management, net subscriptions for the full year amounted to EUR -69 million.
- In particular, higher interest rates weighed down value changes in the life insurance portfolio and the net income from life insurance, while life insurance business continued to perform well.
- International distribution of Aktia investment products increased – Funds from Aktia's portfolio management are now sold in 17 different countries.

Outlook for 2023

Aktia's comparable operating profit in 2023 is expected to be clearly higher than in 2022. (see page 22).

(EUR million)	Q4/2022	Q4/2021	Δ%	2022	2021	Δ%	Q3/2022	Δ%	Q2/2022	Q1/2022
Net interest income	24.2	24.1	0%	99.2	96.2	3%	24.0	1%	25.8	25.1
Net commission income	29.1	33.7	-14%	122.0	124.0	-2%	29.9	-3%	31.6	31.3
Net income from life insurance	12.7	7.6	68%	30.5	37.7	-19%	3.4	276%	12.7	1.8
Total operating income	67.5	65.5	3%	254.3	263.8	-4%	56.2	20%	71.6	59.0
Operating expenses	-46.9	-45.2	4%	-180.3	-174.4	3%	-42.8	9%	-44.7	-45.9
Impairment of credits and other commitments	-7.1	0.1	-	-10.2	-4.5	127%	-1.0	-613%	-2.4	0.3
Operating profit	**13.4**	**20.3**	**-34%**	**64.0**	**84.6**	**-24%**	**12.3**	**9%**	**24.7**	**13.5**
Comparable operating income[1]	67.5	65.5	3%	254.1	263.2	-3%	56.2	20%	71.6	58.8
Comparable operating expenses[1]	-45.5	-44.9	1%	-179.0	-171.1	5%	-42.8	6%	-44.7	-45.9
Comparable operating profit[1]	**14.8**	**20.7**	**-28%**	**65.2**	**87.4**	**-25%**	**12.3**	**20%**	**24.7**	**13.3**
Cost-to-income ratio	0.69	0.69	1%	0.71	0.66	7%	0.76	-9%	0.62	0.78
Comparable cost-to-income ratio[1]	0.67	0.69	-2%	0.70	0.65	8%	0.76	-11%	0.62	0.78
Earnings per share (EPS), EUR	0.15	0.23	-34%	0.72	0.95	-24%	0.14	8%	0.28	0.15
Comparable earnings per share (EPS), EUR[1]	0.17	0.23	-30%	0.73	0.98	-25%	0.14	19%	0.28	0.15
Return on equity (ROE), %	6.8	9.5	-28%	7.8	10.0	-22%	6.4	7%	12.3	6.5
Comparable return on equity (ROE), %[1]	7.5	9.6	-22%	8.0	10.3	-23%	6.4	18%	12.3	6.5
Common Equity Tier 1 capital ratio (CET1), %[2]	10.8	11.2	-3%	10.8	11.2	-3%	10.6	2%	10.4	10.6
Dividend per share (proposal from Board Directors), EUR				0.43	0.56	-23%				

1) Alternative performance measures excluding items affecting comparability, see page 23
2) At the end of the period

CEO's comments

In 2022, Aktia's market environment changed significantly. The Russian invasion of Ukraine, which began early in the year, was part of the reason why the central banks tightened their monetary policy in order to curb inflation. After a pause of many years, interest rates started rising again, which increased Aktia's interest income, but also its financing costs.

Provisions for potential future credit losses increased in the last quarter due to calibration of the ECL model, driven by the regulation. It is clear that a potential recession would have an impact on customers' ability to pay, and consequently, on the increase of credit losses. However, the demand for instalment-free periods has not yet increased significantly, and so far customers seem to be able to cope well with managing their loans. The majority of Aktia's loan portfolio consists of mortgages, and a good quality credit portfolio is clearly beneficial to us – Aktia continues to be a responsible creditor.

However, last year also brought us business-related challenges. The uncertain investment environment caused a market downturn during the year, weighing down Aktia's assets under management. The higher interest rates decreased the net income from life insurance through changes in the value of the life insurance portfolio, which caused volatility in Aktia's result. The life insurance business as such continued to develop well and the sales of risk life insurances increased in particular.

New investment products in 2022, such as the UI-Aktia Sustainable Corporate Bond fund, a dark green fund in accordance with Article 9 in the EU Sustainable Finance Disclosure Regulation, substantially increased sales: in December, the Fund's subscriptions amounted to EUR 100 million. Moreover, the rapid expansion of international distribution channels gives us the possibility to reach a larger customer base. Funds from Aktia's portfolio management are now sold in 17 different countries. The integration of the Taaleri wealth management, acquired by Aktia in 2021, will also be completed in 2023, as we stated in connection with the acquisition. Now we have all the premises to fully implement the growth strategy for Aktia asset management.

We continue to rely on our strategy of becoming the leading wealth manager bank

Aktia's comparable operating profit in 2022 was EUR 65.2 (87.4) million, thus clearly lower than the previous year. Although the operating environment had a major impact on performance development, we must continue our determined efforts to develop our own activities. The net interest income improved especially towards December and the development for the start of this year looks promising: the growth is expected to continue this year with the annual repricing of mortgage loans. The effect of the interest rate hedges made in 2022 will also start to contribute positively in the net interest income.

Cost management is one of the main objectives for this year, and here, the inflation brings its own additional challenges. This year holds a lot of question marks in terms of both the investment market and the global political situation. We must therefore maintain a high response capability in case of various disturbing factors.

Aktia's operations continue to rely heavily on our strategy of becoming the leading wealth manager bank. Together, Asset Management, Banking and Life Insurance form a solid foundation for our work. An excellent employee and customer experience, the best wealth management, and customers who are willing to increase their wealth are the cornerstones of our strategy. An increase in individuals' wealth through the Aktia Wealth Plan benefits our customers and thus the Finnish society as a whole and makes our work meaningful.

Helsinki 17 February 2023

Mikko Ayub
CEO

Profit and balance

Profit Q4/2022

The Group's operating profit decreased to EUR 13.4 (20.3) million and the profit for the period to EUR 10.8 (16.3) million from the corresponding quarter last year. The comparable operating profit decreased by 28% to EUR 14.8 (20.7) million. The weaker result for the quarter result is mainly attributable to higher model-based ECL impairments and to the market decline, which has had a negative impact on the group's net commission income and the net income from life insurance.

Items affecting comparability

(EUR million)	Q4/2022	Q4/2021
Costs for restructuring	-1.4	-0.4
Operating profit	**-1.4**	**-0.4**

Income

The Group's operating income increased to EUR 67.5 (65.5), which is an increase by 3% from the corresponding quarter last year. The improvement is related to an extra dissolution of the interest reserve in the life insurance business and thus a higher net income from life insurance than last year, while the net commission income decreased.

Net interest income was on the same level as in the corresponding quarter last year and amounted to EUR 24.2 (24.1) million. Net interest income from borrowing and lending increased by 36% to EUR 30.4 (22.3) million. Net interest income from lending increased by 93% and was EUR 39.1 (20.3) million. The improvement is attributable to rising reference rates, higher loan margins and a larger loan book, while the interest expense for savings deposits increased. Interest income from the liquidity portfolio has increased steadily during the whole year, amounting to EUR 2.5 (1.1) million while interest income from hedging measures via interest rate derivatives decreased to EUR -0.8 (0.4) million. The interest expense from the TLTRO III financing amounted to EUR -2.7 million, compared to a negative interest expense of EUR 1.7 million for the corresponding quarter last year. Other financing expenses increased to EUR -4.9 (-1.0) million.

Net commission income decreased by 14% to EUR 29.1 (33.7) million. Commission income from funds, asset management and securities brokerage decreased by 19% to EUR 20.6 (25.5) million. Assets under management decreased by 14% from last year due to negative market changes. Commission income from cards, payment services and borrowing increased by 12% to EUR 7.6 (6.8) million while commission income from lending decreased by 15% to EUR 2.1 (2.5) million.

Net income from life insurance increased to EUR 12.7 (7.6) million. The actuarially calculated result increased to EUR 10.6 (3.2) million due to an extra dissolution of the interest reserve of EUR 6.3 million during the quarter, compared with an extra reserve of EUR 1.5 million in the fourth quarter last year. A slightly higher loss ratio and a lower market value of the Unit-Link book, which resulted in a slightly lower expense loading from investment-linked insurances, has had a negative impact on the actuarially calculated result. Net investments decreased to EUR 2.1 (4.3) million. The decrease is attributale to lower unrealised value changes in the life insurance company's investment portfolio and a negative change in the model-based impairments on interest-bearing securities of EUR 0.8 (3.1) million.

Net income from financial transactions increased to EUR 1.3 (0.0) million. The increase is mainly due to a positive change in ECL impairments on the bank's interest-bearing securities and positive unrealised value changes in the bank's equity instruments.

Expenses

Operating expenses increased to EUR 46.9 (45.2) million. Comparable operating expenses increased by 1% to EUR 45.5 (44.9) million. The increase is mainly attributable to IT expenses and other operating expenses, including project-related one-off expenses.

Staff costs decreased to EUR 20.7 (22.2) million. Comparable staff costs decreased by 9% to EUR 20.0 (21.8) million. In November 2022, Aktia, together with CGI, established the service company AktiaDuetto, which will provide a significant part of the maintenance and development services for IT systems in Aktia's banking business. Despite the transfer of staff from Aktia to AktiaDuetto, the average number of employees for the quarter (converted to full-time) increased to 913 (859). Running costs for staff were thus higher than during the corresponding quarter last year. The effects of the change negotiations in November are seen in the number of employees and in costs from 2023 onwards.

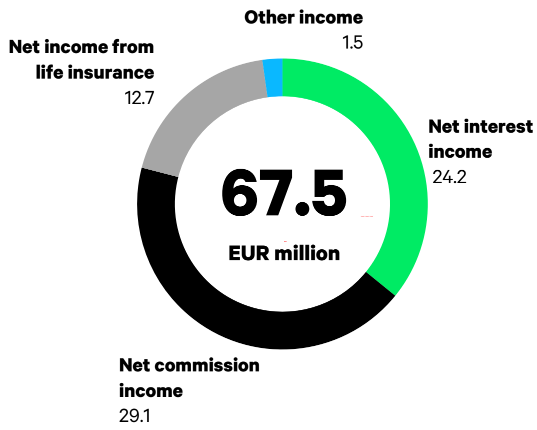
IT expenses were 10% higher than in the corresponding quarter last year and amounted to EUR 10.0 (9.1) million. The increase is mainly due to the transfer of staff from Aktia to Duetto.

The depreciation of tangible and intangible assets decreased by 2% to EUR 5.9 (6.0) million.

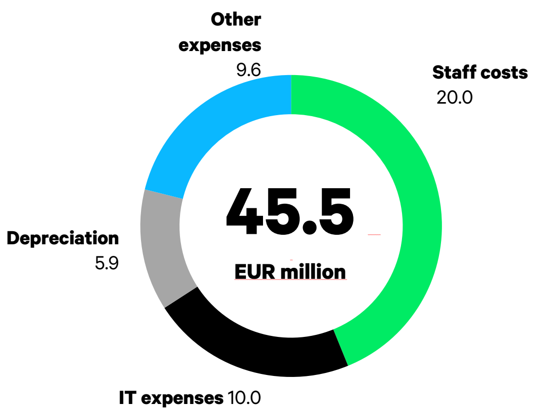
Other operating expenses increased to EUR 10.2 (7.9) million. Comparable other operating expenses increased by 22% to EUR 9.6 (7.9) million. The increase is attributable to project expenses and one-off expense items. A higher number of employees (FTE) has also resulted in higher other operating expenses than in the fourth quarter last year.

Impairments on credits and other commitments increased to EUR -7.1 (+0.1) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -6.3 (+0.3) million. During the fourth quarter, the update of the IRBA model and the ECL model parameters resulted in an increase in ECL impairmets of approximately EUR 4 million.

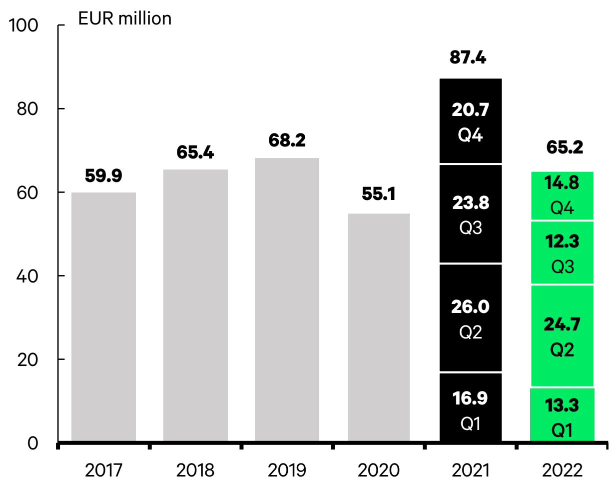
Operating income Q4/2022



Operating expenses Q4/2022



Comparable operating profit 2017–2022



Profit January–December 2022

The Group's operating profit decreased to EUR 64.0 (84.6) million and the profit for the period to EUR 51.6 (67.4) million. The comparable operating profit decreased to EUR 65.2 (87.4) million. The weaker result is mainly attributable to the market decline and thus negative unrealised value changes in the life insurance company's investment portfolio, and a lower net commission income due to lower market values of assets under management. An increase in operating expenses has also had a negative impact on the result.

Items affecting comparability

(EUR million)	2022	2021
Additional income from divestment of Visa Europe to Visa Inc	0.2	0.5
Costs for restructuring	-1.4	-3.3
Operating profit	**-1.2**	**-2.8**

Income

The Group's operating income decreased to EUR 254.3 (263.8) million. Comparable operating income decreased by 3% to EUR 254.1 (263.2) million. The decrease mainly pertains to net income from life insurance and to net income from financial transactions.

Net interest income increased by 3% to EUR 99.2 (96.2) million. Net interest income from borrowing and lending increased by 19% to EUR 103.1 (86.3) million. The improvement is mainly attributable to a larger loan book and a higher interest rate level. Interest income from the liquidity portfolio was only EUR 1.5 million higher than in the comparison year due to the fixed rate of the liquidity portfolio at the beginning of the year. On the other hand, interest income from hedging measures via interest rate derivatives decreased by EUR 1.8 million. Negative interest expense for the TLTRO III financing decreased to EUR 1.3 (8.6) million and interest expenses for other financing increased to EUR -10.6 (-4.2) million.

Dividends increased to EUR 1.4 (0.4) million.

Net commission income decreased by 2% to EUR 122.0 (124.0) million. Commission income from funds, asset management and securities brokerage decreased by 4% to EUR 87.8 (91.7) million. The expansion of the asset management segment has increased income, while the decline on the market has had a negative impact on income. In addition, the current period does not include any performance-based commissions, while the reference period included commissions of EUR 3.7 million. Commission income from cards, payment services and borrowing increased by 9% to EUR 29.2 (26.7) million, while lending commissions decreased by 7% to EUR 9.1 (9.8) million.

Net income from life insurance decreased by 19% to EUR 30.5 (37.7) million. The decrease is due to the net income from investments, which decreased to EUR 7.0 (21.3) million, including value changes and impairments in the life insurance company's investment portfolio of EUR -11.1 (10.9) million and capital gains of EUR 9.8 (0.8) million. The actuarially calculated result increased to EUR 23.6 (16.4) million. The improvement is mainly attributable to an adjustment of the interest reserve i December. A slightly higher loss ratio and a lower investment-linked insurance book has partly been compensated by lower interest expenses than last year.

Net income from financial transactions decreased to EUR 0.6 (4.7) million and comparable net income from financial transactions to EUR 0.5 (4.1) million. The decrease is mainly attributable to the reallocation of capital in the liquidity portfolio last year. Capital gains from the liquidity portfolio decreased to EUR 0.4 (3.2) million and the change in model-based ECL impairments decreased to EUR -0.7 (0.3) million. The period includes an additional income of EUR 0.2 (0.5) million from the sale of Visa Europe to Visa Inc., which is not included in the comparable result.

Other operating income decreased to EUR 0.5 (0.8) million. Last year includes one-off recognised items of EUR 0.4 million.

Expenses

Operating expenses increased to EUR 180.3 (174.4) million. Comparable operating expenses increased by 5% to EUR 179.0 (171.1) million and the increase is attributable to all cost items.

Staff costs were on the same level as last year and amounted to EUR 83.6 (83.7) million. The comparable staff costs increased by 1% to EUR 82.9 (82.1) million. The average number of employees (expressed as full-time equivalents) increased to 911 (862). The single main explanation for the higher running costs for staff is the expansion of the asset management business.

IT expenses increased by 9% to EUR 33.4 (30.7) million. The increase is mainly related to a broader IT structure than before, with regard to both volumes used and the number of applications. The transfer of staff from Aktia to Duetto in November 2022 also contributed to the higher IT expenses.

Depreciation of tangible and intangible assets increased to EUR 23.6 (21.5) million. The increase mainly pertains to depreciations related to the acquisition of Taaleri's wealth management operations.

Other operating expenses increased to EUR 39.7 (38.5) million. Comparable other operating expenses increased by 6% to EUR 39.1 (36.9) million. Expenses for the stability fee increased by 23% to EUR 5.1 (4.1) million. The life insurance business' cooperation with Suomen Yrittäjäturva increased the sales commissions paid compared with last year, but the cooperation contributed to higher sales during the year and will result in higher earnings in coming years. Both the current year and the previous year include one-off project costs.

Impairment of credits and other commitments amounted to EUR -10.2 (-4.5) million, of which the change in the allowance for model-based credit losses (ECL) amounted to EUR -8.0 (-1.7) million. The update of the ECL model increased ECL impairments by approximately EUR 4 million.

Balance sheet and off-balance sheet commitments

The Group's balance sheet total increased to EUR 12,393 (11,653) million. Off-balance sheet commitments, consisting of credit limits, other loan promises, and bank guarantees decreased to EUR 645 (738) million.

Borrowing

Borrowing from the public and public-sector entities increased to EUR 5,214 (4,503) million. Aktia's market share of deposits was 3.1 (3.0) % at the end of December.

The value of long-term bonds issued by Aktia Bank totalled EUR 2,947 (2,917) million. After an issued retained covered bond was set off, EUR 1,354 (1,534) million consisted of Covered Bonds issued by Aktia Bank.

In January, Aktia Bank issued a new covered bond to a value of EUR 500 million and with a maturity of approximately 6.8 years, replacing a corresponding bond that was due in March. The issue was carried out to very favourable terms and it was oversubscribed more than twofold.

During the fourth quarter, Aktia issued the first senior non-preferred notes to a value of EUR 71 million. During the year, Aktia Bank has issued new long-term unsecured bonds to a total value of EUR 680 million as part of its EMTN programme, of which EUR 291 million was issued during the fourth quarter.

Lending

Group lending to the public and public-sector entities increased by 4% to EUR 7,792 (7,486) million. Loans to households accounted for EUR 5,312 (5,292) million, or 68.2 (70.7) % of the total loan book.

The housing loan book totalled EUR 5,434 (5,389) million, of which the share for households was EUR 4,289 (4,326) million. Aktia's new lending amounted to EUR 995 (1 281) million. At the end of December, Aktia's market share in housing loans to households was 3.9 (4.0) %.

Corporate lending accounted for 16.7 (15.3) % of Aktia Group's loan book. Total corporate lending increased by 14% to EUR 1,301 (1,143) million. Loans to housing companies increased by 12% to EUR 1,120 (996) million, which was 14.4 (13.3) % of Aktia's total loan book.

Loan book by sector

(EUR million)	31 Dec 2022	31 Dec 2021	Δ	Share, %
Households	5,312	5,292	20	68.2 %
Corporates	1,301	1,143	158	16.7 %
Housing companies	1,120	996	124	14.4 %
Non-profit organisations	52	52	0	0.7 %
Public sector entities	6	3	3	0.1 %
Total	**7,792**	**7,486**	**306**	**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 1,307 (1,306) million, the life insurance company's investment portfolio of EUR 488 (642) million, and the Bank Group's equity holdings of EUR 8 (5) million.

Technical provisions

Because of the market drop during the first quarter, the life insurance company's technical provisions decreased to EUR 1,351 (1,568) million. The unit-linked technical provisions decreased to EUR 1,002 (1,154) million and the interest-related technical provisions decreased to EUR 350 (414) million.

Equity

Aktia Group's equity amounted to EUR 698 (738) million, of which Holders of Additional Tier 1 capital amounted to EUR 59 (59) million. The fund at fair value decreased to EUR -50 (6) million and the profit for the period amounted to EUR 52 million. A dividend amounting to EUR 40 million was paid to the shareholders in April.

Fund at fair value

(EUR million)	31 Dec 2022	31 Dec 2021	Δ
Interest-bearing securities, Aktia Bank	-35.8	4.0	-39.8
Interest-bearing securities, Aktia Life Insurance	-14.0	2.0	-16.0
Cash flow hedging	-0.1	0.2	-0.3
Total	**-49.9**	**6.2**	**-56.1**

Assets under Management

The Group's total assets under management amounted to EUR 16,475 (18,340) million.

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

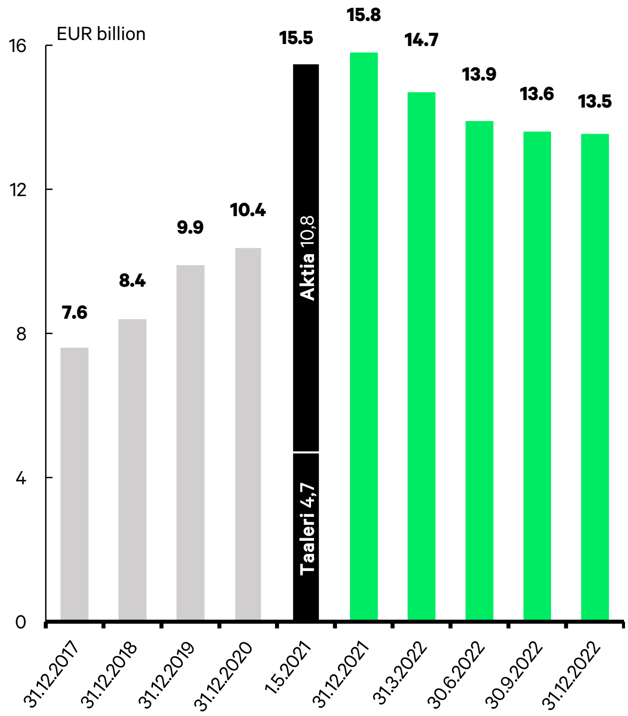
Group financial assets include the Bank Group's liquidity portfolio managed by the treasury function and the life insurance company's investment portfolio.

Assets under management

(EUR million)	31 Dec 2022	31 Dec 2021	Δ%
Customer assets under management*	13,539	15,794	-14 %
Group financial assets	2,936	2,546	15 %
Total	**16,475**	**18,340**	**-10 %**

* Excluding fund in funds

Customer assets under management (AuM) excluding custody assets 2017–2022



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

The rise in interest rates and inflation as well as the uncertain economic environment had a strong impact on the behaviour of private customers in the fourth quarter. Private customers' weakened confidence in the economic outlook was reflected particularly in a decrease in the demand for mortgages. The financing of investment properties also decreased significantly. As a result, the entire private customer loan book decreased by 0.8% in the last quarter. However, the average margin for the entire loan book continued to rise. In a difficult market environment, Aktia supports its customers by helping them to act on a long-term basis and prepare for economic uncertainty through Aktia Wealth Plan.

In consumer financing, the popularity of both the Finnair Visa Credit card and Aktia's consumer loans continued to increase. Especially the extensive marketing campaign for the Finnair Visa Credit card carried out in December increased the number of cards issued.

There was still an atmosphere of caution among investors and depositors. However, the special offers on deposits at the end of the year and the capital protected equity-linked bond issued in December successfully aroused interest.

In December, Aktia launched the Aktia ID identification application. Aktia ID provides a smoother and more secure customer experience when using Aktia's digital services as well as services requiring strong authentication. The Aktia ID application has been received very positively and it has been widely taken into use by Aktia's customers.

Corporate customers

The growth in lending in the corporate customer business remained strong in the last quarter, even though the impact of rising costs and interest rates, accelerating inflation and the general uncertain economic situation was reflected in a decrease in companies' willingness to grow and invest, as well as in general caution. The significant slowdown on the housing market also manifested as a decreasing demand for financing for new-build housing projects (RS financing). Growth was noted in all financial products, and particularly in the leasing and hire purchase financing of SMEs. The development of cooperation with sellers and accounts receivable financing also proceeded as planned.

The quality of the corporate customer loan book remained good despite the decline in the economic environment. The corporate loan book margins for new lending increased and the average margin continued to rise, being clearly higher at the end of the year than at the same time a year ago.

During the last quarter, Aktia offered its corporate customers a positive interest rate on investment deposits, which aroused interest among the customers.

A customer satisfaction survey carried out in the quarter showed that our corporate customers are particularly satisfied with their contact person as well as the solutions offered by Aktia and the added value they provide.

Results for Banking Business segment

(EUR million)	Q4/2022	Q4/2021	Δ%
Operating income	37.3	34.3	9 %
Operating expenses	-26.9	-24.6	9 %
Operating profit	3.3	9.9	-67 %
Comparable operating profit	4.1	10.0	-59 %

The net commission income increased by 9% in relation to the corresponding quarter last year and amounted to EUR 37.3 (34.3) million. The net interest income increased by 20% to EUR 22.8 (18.9) million. The customer margins for the entire loan book have continued to rise throughout the period. Strong growth in the corporate customer loan book contributed to the increase in net interest income. The rising reference rates have also had a positive effect on the interest income from lending, as internal interest expenses have increased.

The loan book increased by 4% to EUR 7,620 (7,313) million from last year. The corporate customer loan book increased to EUR 2,489 (2,178) million and the private customer loan book amounted to EUR 5,131 (5,135) million.

Borrowing from the public and public-sector entities increased by 12% from last year and amounted to EUR 4,442 (3,977) million.

The net commission income decreased by 6% compared to the corresponding quarter last year and amounted to EUR 14.4 (15.3) million. The net commission income from cards, payment services and borrowing increased by 10% to EUR 6.3 (5.7) million. However, the net commission income from investment activities decreased by 14% to EUR 3.7 (4.3) million. Customer assets under management decreased by 18% to EUR 1,632 million during the period.

Comparable operating expenses for the fourth quarter increased by 7% to EUR 26.1 (24.5) million. The increase in costs is mainly attributable to IT costs. Increased sales have also led to slightly higher operating expenses.

Impairment of credits and other commitments increased from the corresponding quarter last year, and amounted to EUR -7.1 (0.1) million. The change in the allowance for model-based credit losses (ECL) increased to EUR -6.3 (0.3) million. The main reasons for the increase are attributable to the update of the bank's IRBA model for household customers and the calibration of the ECL model. Individual impairments also increased to EUR -0.8 (-0.2) million.

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)	31 Dec 2022	31 Dec 2021	Δ%
Customer assets under management*	13,539	15,794	-14 %
of which institutional assets	*7,506*	*8,848*	*-15 %*

* Excluding fund in funds

Asset management

The equity market developed positively during the fourth quarter. However, this was not sufficient to influence the overall market development, and the development of all main equity indices were negative in 2022. The most common fixed income investments also developed negatively throughout the year.

Despite the best new sales of the year, net subscriptions in asset management decreased in the fourth quarter and amounted to EUR -62 million. The negative amount of net subscriptions in the fourth quarter was due to a few larger redemptions. Net subscriptions of domestic Private Banking and Institution customers increased by EUR 190 million throughout the year.

The Article 9 Aktia Sustainable Corporate Bond fund, launched in the autumn, reached a size of over EUR 100 million in December, which creates a good basis for international sales in 2023. The funds Bioindustry I, Wind Power Fund IV and Housing Fund VIII, which were launched in cooperation with Taaleri, also reached their target with subscriptions amounting to EUR 112 million during the year. In particular, the values of capital funds investing in solar and wind energy developed positively. International sales also picked up towards the end of the year, and international net subscriptions amounted to EUR 55 million in December.

In the last quarter, Aktia launched the Aktia Avara investment insurance developed through group-wide cooperation. Aktia Avara is a competitive investment and insurance product family that offers a flexible and tax-efficient way of investing in the long term.

The integration within asset management following the acquisition of Taaleri Wealth Management progressed as planned during the quarter. The integration will continue in 2023 in order to harmonise the applications and back-end systems of both bankers and customers.

Life insurance

The life insurance business continued to develop positively during the last quarter of the year. The new sales of risk life insurance policies remained strong and the net subscriptions of investment–linked insurances continued to increase. The Aktia Avara investment insurance and capitalisation agreements enable the use of a wide range of investment products in asset management. The first agreements were sold at the end of the quarter.

The actuarially calculated result was good and was influenced by the positive development in new sales of risk insurances, the risk result, and an extra dissolution of interest reserves at the end of the year. As a result of the changed interest rate environment, Aktia reassessed the adequacy of the interest reserves and dissolved some of the interest reserves made earlier, which had a positive impact on profit. Interest expenses for the interest-linked stock continued to decrease.

The value of the investment portfolio that covers the technical provisions decreased during the quarter, and the result from investment activities decreased to EUR -1.4 (3.3) million. The result was weakened particularly by negative unrealised value changes in the investment portfolio. The capital adequacy of the life insurance business remained at a good level. The capital adequacy was 243% with transitional provisions and 181% without transitional provisions.

Results for Asset Management segment

(EUR million)	Q4/2022	Q4/2021	Δ%
Operating income	29.7	27.0	10 %
Operating expenses	-17.4	-18.5	-6 %
Operating profit	12.3	8.4	46 %
Comparable operating profit	12.8	8.6	49 %

The operating income for the quarter increased by EUR 2.7 million to EUR 29.7 million. The net commission income in the fourth quarter decreased compared to last year while the net income from life insurance increased. The main reason for the increase in the net income from life insurance is the extra dissolution of the interest reserve by EUR 6.3 million. The net investment income was affected by unrealised value changes of EUR 0.8 (3.1) million. Life insurance premiums written decreased by 21%, or EUR 8.1 million, compared with the corresponding quarter last year. Demand for risk insurance remained high, while investment-linked insurances have been negatively affected by the turbulent investment market and sales were below last year's level. The actuarially calculated result excluding the extra dissolution/extra reserve of the interest reserve decreased to EUR 4.3 (4.7) million. The decrease is due to insurance claims paid out and a lower expense loading due to the turbulence on the investment market.

The net commission income in the asset management business was EUR 4.0 million lower than in the corresponding quarter last year and amounted to EUR 15.9 million. The net commission income development was negatively affected by lower assets under management compared with the fourth quarter last year. Assets under management were approximately EUR 2 billion (13%) lower than in the corresponding quarter last year and the decrease is due to lower market values. In addition, the performance-based commissions decreased to EUR 0,0 (0,7) million. Due to lower customer activity, transaction-related commissions also decreased by EUR 1.3 million from the corresponding quarter last year.

The assets under management decreased by EUR 2,255 million from year-end and amounted to EUR 13,539 (15,794) million at the end of the year. The net subscriptions for the year amounted to EUR -69 million, and the market value change to EUR -2,186 million. The net subscriptions for the fourth quarter amounted to EUR -62 million, and the market value change to EUR +3 million.

The comparable operating expenses of the segment in the quarter decreased by EUR 1.5 million to EUR 16.8 million. The quarter included expense items affecting comparability of EUR 0.5 (0.2) million. All direct operating expenses of the segment were lower than in the fourth quarter of last year, while the allocated group expenses increased. Staff costs constituted 33 (38)% of the total expenses of the segment in the fourth quarter.

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)	Q4/2022	Q4/2021	Δ%
Operating income	2.6	6.2	-57 %
Operating expenses	-4.8	-4.1	18 %
Operating profit	-2.1	2.1	-201 %
Comparable operating profit	-2.1	2.2	-195 %

Comparable operating income for the segment decreased to EUR 2.6 (6.2) million in the fourth quarter. Net interest income decreased to EUR -0.3 (4.8) million. The change is mainly attributable to the interest expense from TLTRO III financing of EUR -2.7 million, which was a negative interest expense of EUR 1.7 million during the corresponding quarter last year, and to higher financing expenses. At the segment level, the higher financing expenses are partly offset by higher internal interest income.

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.

Net income from financial transactions increased to EUR 1.3 (0.0) million. The change is mainly attributable to a positive change in ECL impairments during the fourth quarter.

The total comparable operating expenses of the segment increased by EUR 4.5 million in relation to the comparabe quarter last year, mainly due to the higher IT and project costs. Most of the segment's variable costs are allocate to other segments.

Group's segment reporting

(EUR million)	Banking Business		Asset Management		Group Functions		Other & eliminations		Total Group	
Income statement	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
Net interest income	86.3	73.5	3.4	1.6	9.5	21.2	0.1	0.0	99.2	96.2
Net commission income	58.3	59.8	69.4	70.9	5.9	5.3	-11.7	-12.0	122.0	124.0
Net income from life insurance	-	-	27.3	33.6	-	-	3.2	4.1	30.5	37.7
Other operating income	0.2	0.3	0.4	0.8	2.2	5.1	-0.2	-0.3	2.6	5.9
Total operating income	**144.8**	**133.5**	**100.5**	**106.9**	**17.6**	**31.6**	**-8.6**	**-8.3**	**254.3**	**263.8**
Staff costs	-15.1	-17.2	-24.6	-25.0	-43.9	-41.6	-	-	-83.6	-83.7
Other operating expenses[1]	-86.1	-81.2	-43.9	-41.2	24.6	23.4	8.6	8.3	-96.7	-90.7
Total operating expenses	**-101.2**	**-98.4**	**-68.4**	**-66.2**	**-19.3**	**-18.2**	**8.6**	**8.3**	**-180.3**	**-174.4**
Impairment of tangible and intangible assets	0.0	-	-	-	-	-	-	-	0.0	-
Impairment of credits and other commitments	-10.2	-4.5	-	-	-	0.0	-	-	-10.2	-4.5
Share of profit from associated companies	-	-	-	-	-	-	0.2	-0.3	0.2	-0.3
Operating profit	**33.3**	**30.7**	**32.1**	**40.7**	**-1.6**	**13.4**	**0.2**	**-0.2**	**64.0**	**84.6**
Comparable operating profit	**34.1**	**32.0**	**32.6**	**42.7**	**-1.7**	**13.0**	**0.2**	**-0.2**	**65.2**	**87.4**
Balance sheet	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Financial assets measured at fair value	-	-	1,409.6	1,649.3	854.2	949.5	-14.8	-40.0	2,248.9	2,558.8
Cash and balances with central banks	101.7	289.0	0.0	0.0	64.1	443.8	-	-	165.8	732.8
Interest-bearing securities measured at amortised cost	-	-	36.8	37.4	492.6	349.0	-	-	529.4	386.5
Loans and other receivables	7,620.1	7,327.3	234.3	252.6	1,155.7	29.1	-25.2	-57.3	8,984.9	7,551.7
Other assets	87.5	57.0	140.5	193.0	298.6	351.5	-62.4	-177.9	464.2	423.6
Total assets	**7,809.3**	**7,673.3**	**1,821.2**	**2,132.3**	**2,865.2**	**2,122.9**	**-102.4**	**-275.2**	**12,393.3**	**11,653.3**
Deposits	4,471.4	4,064.3	820.3	580.7	779.1	838.1	-25.2	-57.3	6,045.7	5,425.8
Debt securities issued	-	-	-	-	3,066.6	3,100.3	-14.8	-40.0	3,051.7	3,060.3
Technical provisions	-	-	1,351.4	1,568.2	-	-	-	-	1,351.4	1,568.2
Other liabilities	140.5	-5.1	119.2	100.4	1,003.0	770.4	-16.0	-5.1	1,246.7	860.6
Total liabilities	**4,611.9**	**4,059.2**	**2,291.0**	**2,249.3**	**4,848.7**	**4,708.8**	**-56.0**	**-102.4**	**11,695.5**	**10,914.9**

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 10.8 (11.2) %. Aktia Life Insurance's own funds were positively influenced by both increasing interest rates and capital gains from the real estate investment. As a result of strong solvency, Aktia Life Insurance paid a dividend of EUR 20 million in March 2022 and a further dividend of EUR 15 million to Aktia Bank in June 2022, strengthening the bank's CET1 capital. The increasing interest rates during the year have led to a decrease in the fair value reserve, which in turn has weakened the bank's CET1 capital by around EUR 40 million. As Aktia's interest rate risk related to the investments in the liquidity portfolio, which are reported at fair value through comprehensive income, was mostly hedged, the fair value reserve increased by EUR 1.0 million in the fourth quarter despite sharply rising interest rates. The risk-weighted assets increased by EUR 190 million from year-end.

The Bank Group applies internal risk classification (IRBA) for the calculation of capital requirement for retail, equity and certain corporate exposures. During the fouth quarter, Aktia received permission from the Financial Supervisory Authority to implement new internal models for household exposures. For other exposures the standardised approach is used. The implementation did not significantly affect the risk-weighted exposures, while the expected credit losses (ECL) increased. The IRBA model change affected the Bank Group's CET1 ratio by approximately 0.2 percentage points.

Capital adequacy, %	31 Dec 2022	31 Dec 2021
Bank Group		
CET1 capital ratio	10.8	11.2
Total capital ratio	14.9	15.6

Total capital requirement

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. Taking all capital requirements into account, the minimum total capital ratio for the Bank Group was 11.78%, and 9.47% for Tier 1 capital ratio at the end of the year.

Leverage ratio	31 Dec 2022	31 Dec 2021
Tier 1 capital	396.9	389.1
Total exposures	10,985.2	10,083.3
Leverage ratio, %	**3.6**	**3.9**

For Aktia, the ratio of own funds and eligible liabilities to the total risk exposure amount (TREA) was 332.25 % and to the leverage ratio exposure (LRE) 318.19 %, as compared to the current MREL requirements of 19.86 % of the TREA and 5.91 % of the LRE. The current requirement entered into force on 1 January 2022. Aktia's requirement was covered by own funds and unsecured senior bonds. The MREL requirement does not include a so-called subordination requirement.

			Buffer requirements				
31 Dec 2022 (%)	Pillar 1 minimum requirement	Pillar 2 requirement	Capital Conservation	Counter-cyclical	O-SII	Systemic risk	Total capital requirement
CET1 capital	4.50	0.70	2.50	0.03	0.00	0.00	7.73
AT1 capital	1.50	0.23					1.73
Tier 2 capital	2.00	0.31					2.31
Total	**8.00**	**1.25**	**2.50**	**0.03**	**0.00**	**0.00**	**11.78**

MREL requirement (EUR million)	31 Dec 2022	31 Dec 2021
Total Risk Exposure Amount (TREA)	3,130.6	2,938.8
of which MREL requirement	621.7	583.7
Leverage Ratio Exposure (LRE)	10,985.2	10,083.3
of which MREL requirement	649.2	595.9
MREL requirement	**649.2**	**595.9**
Own funds and eligible liabilities		
CET1	339.2	329.1
AT 1-instruments	57.7	60.0
Tier 2-instruments	69.5	70.6
Other liabilities	1,599.3	903.7
Total	2,065.7	1,363.5

Aktia's buffer for the MREL was EUR 1,416.5 million. The MREL requirement for Aktia was based on the leverage ratio exposure.

The Financial Stability Authority updated the MREL requirement for Aktia on 6 April 2022. From 1 January 2024, the MREL requirement will increase to 19.95 % of the total risk exposure amount or 7.7 % of the leverage ratio exposures

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)	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
MCR	21.8	27.5	23.1	29.7
SCR	75.2	108.9	84.2	118.7
Eligible capital	183.2	244.7	152.2	206.8
Solvency ratio, %	243.5	224.7	180.8	174.3

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 page 59–74 in Aktia Bank Plc's Financial Review 2021 and in Aktia Bank Plc's Pillar III Report 2022, published 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 realestate 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 fourth quarter of 2022, the LTV level amounted to, on average, 42% for the entire loan book.

The Financial Supervisory Authority has authorised Aktia to implement updated IRBA models for retail exposures, which were implemented during the fouth quarter 2022. The updated models did not significantly affect the risk-weighted exposures, but the expected credit losses (ECL) increased. The model update did not have a significant impact on the bank's capital adequacy, but improves the bank's risk rating capacity.

The current economic situation with higher inflation and loan servicing costs is expected to have a negative impact on customers' repayment capacity. The bank has continued the follow-up and reporting of identified sectors, for example agriculture, transport and construction, that may have an increased risk due to the current economic situation.

The number of defaulted credit exposures has increased during the year. The increase mainly consists of counterparties that have been marked as unlikely-to-pay within retail exposures. Exposures with delays of more than 90 days are within historical development, despite the increase in the table below.

Gross loans past due by time overdue and ECL stages

(EUR million)	31 Dec 2022			
Days	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
⩽ 30	34.0	22.9	6.4	63.4
of which households	24.4	22.5	6.3	53.2
> 30 ⩽ 90	0.0	24.5	16.1	40.7
of which households	0.0	20.1	11.6	31.7
> 90	0.0	0.0	55.7	55.7
of which households	0.0	0.0	45.3	45.3

(EUR million)	31 December 2021			
Days	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
⩽ 30	22.2	18.8	5.5	46.5
of which households	20.8	17.5	4.9	43.1
> 30 ⩽ 90	0.0	22.0	10.8	32.8
of which households	0.0	17.2	9.9	27.0
> 90	0.0	0.0	52.0	52.0
of which households	0.0	0.0	41.3	41.3

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

(EUR million)	31 Dec 2022	31 Dec 2021
Corporate		
PD grades A	2,264.3	1,880.4
PD grades B	62.4	59.9
PD grades C	12.7	170.1
Default	28.3	23.6
	2,367.7	2,133.9
Loss allowance (ECL)	-14.4	-14.4
Carrying amount	**2,353.3**	**2,119.5**
Households		
PD grades A	4,342.5	3,506.4
PD grades B	839.1	1,204.5
PD grades C	247.9	701.9
Default	112.4	95.7
	5,541.9	5,508.5
Loss allowance (ECL)	-23.7	-17.4
Carrying amount	**5,518.2**	**5,491.1**
Other		
PD grades A	535.5	520.1
PD grades B	18.8	11.5
PD grades C	1.6	17.3
Default	1.4	0.6
	557.3	549.6
Loss allowance (ECL)	-0.7	-0.6
Carrying amount	**556.6**	**549.0**

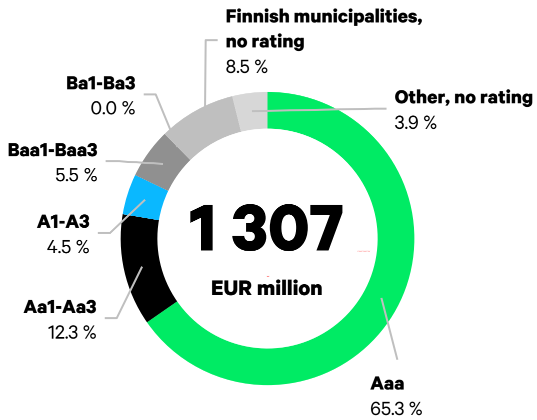
Reporting of PD classes A, B and C has been updated in Q4 2022 reporting to correspond to the PD classes according to the bank's internal method, where Default has a PD of 100%.

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 31 Dec 2022 total



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, present value risk (financial value), increased during the year due to the increasing market interest rates. In the fourth quarter, both the bank's and the life insurance's interest rate risk has been actively reduced by interest-rate swaps.

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 8 (5) 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 (5) 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 2,256 (1,571) million at the end of the year.

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

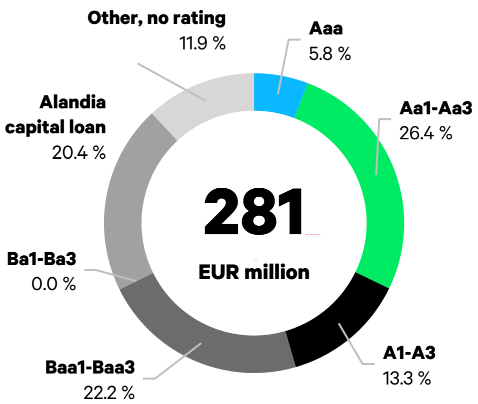
Liquidity reserve, market value (EUR million)	31 Dec 2022	31 Dec 2021
Cash and balances with central banks	1,172	681
Securities issued or guaranteed by sovereigns, central banks or multilateral development banks	196	222
Securities issued or guaranteed by municipalities or the public sector	111	155
Covered Bonds	777	514
Securities issued by credit institutions	-	-
Securities issued by corporates (commercial papers)	-	-
Total	2,256	1,571
of which LCR-qualified	2,256	1,571

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 183 (140) %.

Liquidity coverage ratio (LCR)	31 Dec 2022	31 Dec 2021
LCR %	183%	140%

Rating distribution for the life insurance business's direct interest-bearing investments 31 Dec 2022 total

(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 485 (642) million. The life insurance company's direct real estate investments amounted to EUR 46 (47) 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)	31 Dec 2022		31 Dec 2021	
Equities	**12.8**	**2.6%**	**8.0**	**1.3%**
Europe	8.6	1.8%	4.9	0.8%
USA	4.2	0.9%	3.2	0.5%
Fixed income investments	**327.7**	**67.1%**	**384.9**	**60.0%**
Government bonds	90.9	18.6%	116.9	18.2%
Financial bonds	31.7	6.5%	37.3	5.8%
Other corporate ibonds[1]	143.7	29.4%	157.5	24.5%
Emerging Markets i(mtl. funds)	37.2	7.6%	45.6	7.1%
High yield (mtl. ifunds)	21.5	4.4%	24.4	3.8%
Other funds	2.7	0.6%	3.6	0.6%
Alternative investments	**28.7**	**5.9%**	**24.8**	**3.9%**
Private Equity etc.	21.5	4.4%	18.9	2.9%
Infrastructure funds	7.2	1.5%	5.9	0.9%
Real estates	**72.7**	**14.9%**	**88.1**	**13.7%**
Directly owned	48.7	10.0%	47.2	7.3%
Real estate funds	24.0	4.9%	41.0	6.4%
Money Market	**55.3**	**11.3%**	**90.3**	**14.1%**
Derivatives	**-23.9**	**-4.9%**	**-0.9**	**-0.1%**
Cash and bank	**14.7**	**3.0%**	**46.7**	**7.3%**
Total	**488.0**	**100.0%**	**642.0**	**100.0%**

1) Includes capital loan to Alandia

Life insurance company's market risk

Technical provisions include an interest reserve of EUR 14 (25) 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 3.1% for 2023, 2.9% for 2024, 2.7% for 2025–2027 and maximum 2.5% after that. Aktia Life Insurance makes an annual assessment of the adequacy of the interest reserve and adjusts it if necessary. The interest rate risk remains the largest market risk associated with the life insurance company's insurance debt, other market risks have a marginal impact. Rising market rates also tend to increase interest rate risk, and the extensive hedging measures put in place against falling rates in the form of swaps further increase the interest rate risk. 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 amounted to EUR -3 (-25) million on 31 December 2022.

Main events

S&P Global Ratings affirmed Aktia Bank Plc's ratings and outlook

S&P Global Ratings affirmed on 8 November 2022 its A-/A-2 long- and short-term issuer credit ratings on Aktia Bank Plc. The outlook was affirmed as stable.

Aktia Bank and Aktia Life Insurance initiated change negotiations

Aktia Bank Plc and Aktia Life Insurance Ltd initiated change negotiations under the Co-operation Act to reorganise their operations. The negotiations ended 30 November 2022 and the resulted in a reduction of 65 jobs. In connection with the change negotiations 34 new jobs was created, which people who were made redundant could apply.

Aktia and CGI enter strategic cooperation

Aktia Bank Plc and IT service provider CGI Finland Ltd signed an agreement on strategic cooperation whereby a joint venture between Aktia and CGI will provide Aktia with a significant part of the maintenance and development services for Aktia's banking business IT systems in the future. The cooperation supports Aktia's strategic objectives to develop its banking business and services and to be the leading wealth manager bank in Finland. With the partnership, some 50 Aktia IT service specialists transferred to the joint venture before the end of the year. At the same time, a significant part of the capacity and data centre services of Aktia's banking business transferred to CGI. With the strategic cooperation, Aktia estimates that it will also achieve cost savings of several million euros during the contract period of at least five years. Part of the cost savings will be used to develop digital services.

Aktia Launches Rare Dark Green Corporate Bond Fund

Aktia launched the new UI-Aktia Sustainable Corporate Bond fund on 1 September 2022. It is classified as a so-called dark green fund in accordance with Article 9 of the EU Sustainable Finance Disclosure Regulation. The fund invests only in green, social, and responsible bonds as well as sustainability-linked bonds (SLB), and each investment object is also required to have a positive net impact, considering, for example, the impact on society and the environment.

Moody's downgrades Aktia's ratings and upgrades outlook to stable

The credit rating agency Moody's Investors Service decided on 26 September 2022 to downgrade Aktia Bank Plc's long-term deposit and senior unsecured debt ratings to A2 from A1 and changed the outlook to stable from negative. Furthermore, the rating agency downgraded the Baseline Credit Assessment (BCA) and adjusted BCA to baa1, from a3. All short-term ratings and assessment were affirmed at P-1.

Change in Executive Committee

Sini Kivekäs, Master of Laws with court training, was appointed Aktia's new Executive Vice President, Human Resources (EVP, HR). In connection with the appointment, the EVP, HR also become a member of Aktia's Executive Committee. Kivekäs has a long and versatile work history in different positions at Nordea: she has previously worked as HR Director of Nordea Finland, among other things, as well as Head of Country Senior Executive Office at Nordea Finland. Kivekäs started in the new position on 1 December 2022.

Max Sundström, Aktia's Chief Transformation Officer and member of the Executive Committee, left his duties at Aktia on 31 December 2022.

Aktia Life Insurance sold its real estate investment, capital gains of EUR 11 million

On 16 May 2022, Aktia informed that Aktia Life Insurance Ltd, a subsidiary of Aktia Bank Plc, is an investor in a real estate investment company, the sale of which was subject to a letter of intent. The transaction was executed during the second quarter and as a result. Aktia Life Insurance Ltd recorded capital gains of EUR 11 million in its investment portfolio.

Aktia signed the UN Principles for Responsible Banking and joined the world's largest banking community

Aktia became an official Signatory of the UN Principles for Responsible Banking – a single framework for a sustainable banking industry developed through a partnership between over 270 banks worldwide and the United Nations Environment Programme Finance Initiative (UNEP FI).

Aktia's funds won recognition in the Refinitiv Lipper Fund Awards 2022

Aktia Asset Management was rewarded in the Refinitiv Lipper Fund Awards 2022 both for its equity funds investing in Nordic companies and for its bond fund investing in euro-denominated corporate bonds. The awards are granted based on risk-adjusted returns over three-, five-, and ten-year periods.

Aktia once again Finland's best fund house in Morningstar's comparison

In the Morningstar Awards 2022 comparison, published on 28 February 2022, Aktia was selected as Finland's best fund house for fixed-income funds as well as for the overall selection. Morningstar is an independent party carrying out fund comparisons and selecting the best fund houses annually based on the five-year risk-adjusted return.

Aktia became partner in Alexander Corporate Finance

On 30 November, Aktia Bank Plc and Alexander Corporate Finance Oy ("ACF") announced an arrangement, which resulted in Aktia owning 20% of ACF's shares. The completion of the arrangement took place on 2 February 2022 after receiving the approval from the Finnish Financial Supervisory Authority. With the arrangement, the name of Alexander Corporate Finance was changed to Aktia Alexander Corporate Finance Oy.

Aktia issued a EUR 500 million covered bond

On 18 January 2022, Aktia Bank Plc issued a new EUR 500 million covered bond, due in October 2028. The bond was priced at a negative margin compared to swap rates (MS -1). This was the first Finnish covered bond in 2022.

Aktia simplified its group structure with mergers of subsidiaries

As planned, Aktia Bank Plc executed the merger of its wholly owned subsidiary Aktia Wealth Management Ltd with Aktia Bank Plc on 1 January 2022. At the same time, Aktia merged its two subsidiaries, where Aktia Fund Management Company Ltd merged with AV Fund Management Ltd. As from 1 January 2022, the name of the Fund Management Company was Aktia Fund Management Company Ltd. Both mergers were a part of simplifying Aktia's asset management operations, where an essential part is the simplification of the group structure.

Events after the end of the period

Change in the Executive Commitee

Director in charge of Aktia's Asset Management, Perttu Purhonen, concluded his duties on 1 February 2023.

Other information

Rating

Standard & Poor's (S&P) outlook for the creditworthiness of Aktia Bank Plc has been stable since the update on 22 January 2021. The rating is A- for long-term borrowing and A2 for short-term borrowing. The rating was affirmed on 8 November 2022 in S&P's "RatingsDirect" report.

The credit rating agency Moody's Investors Service has on 26 September 2022 decided to downgrade Aktia Bank Plc's long-term deposit and senior unsecured debt ratings to A2 from A1 and changed the outlook to stable from negative. Furthermore, the rating agency downgraded the Baseline Credit Assessment (BCA) and adjusted BCA to baa1, from a3. All short-term ratings and assessment were affirmed at P-1.

According to Moody's, the downgrade reflects a multiyear trend of declining capital metrics, mainly due to lending growth, high dividend payout ratios as well as the goodwill created by the acquisition of Taaleri Asset Management during the second quarter of 2021.

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

Events concerning related parties

Related parties include subsidiaries and associated companies, 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 Review 2021.

Staff

The number of full-time employees at the end of December amounted to 891 (31 December 2021; 854). The average number of full-time employees amounted to 911 (1 January–31 December 2021; 862).

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 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 AktiaUna PSP is aimed at certain key persons.

The share savings plan AktiaUna gives every employee the possibility to become a shareholder in Aktia on favourable terms. Within the plan, part of the salary is deducted and invested in Aktia's shares at a reduced price (-10%). The participants are motivated by granting them free matching shares against shares acquired in the share savings plan after approximately two years. The Board of Directors decides annually on the establishment of a new savings period in the plan as well as the performance criteria.

The performance criteria for the performance-based share savings plan AktiaUna PSP consist of Aktia Group's comparable operating profit and the net commission income over a period of two years. The possible reward from the performance period is determined on the basis of the programme's conditions.

In the first quarter of 2022, matching shares for the 2020–2021 share savings plan AktiaUna, including AktiaUna PSP, were paid out.

In the first quarter, Aktia Bank Plc's Board of Directors decided to set up a new savings period for AktiaUna 2022–2023 and AktiaUna PSP 2022–2023 as well as a new performance-based incentive scheme for the period 2022–2023 for key persons in the company's business areas. The new scheme (Business Area LTI) is intended to support the company's strategy and encourage key persons to achieve the financial and strategic objectives of their own business areas. The new scheme has a one-year performance period, the calendar year 2022. The performance period is followed by a restriction period of approximately 14 months. The reward for the Business Area LTI scheme is based on the operating profit and strategic criteria of the business areas. Participation in the scheme requires participation in the share savings plan AktiaUna.

AktiaUna PSP 2022–2023 concerns around 30 key persons (including the CEO and members of the Executive Committee) and the new Business Area LTI scheme concerns around 50 key persons. The same persons cannot belong to both AktiaUna PSP and the Business Area LTI scheme.

More information on the incentive schemes is presented at www.aktia.com > Investors > Corporate Governance > Remuneration.

Decisions of Aktia Bank Plc's Annual General Meeting 2022

The Annual General Meeting of Aktia Bank Plc on 6 April 2022 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 on the payment of a dividend of 0.56 euro per share for the accounting period 1 January – 31 December 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 Timo Vättö were re-elected as Board members. Sari Pohjonen 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 7,221,000 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.

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 2022.

Share capital and ownership

Aktia Bank Plc's share capital amounts to EUR 170 million. At the end of March 2022, the number of Aktia shares was 72,385,072. The total number of registered holders amounted to 40,147 (31 December 2021; 39,461). 10.00% of the shares were in foreign ownership. There were no unregistered shares at the end of December. On 31 December 2022, the Group held 228,122 (31 December 2021; 326,541) Aktia shares. Aktia Bank Plc's market value on 31 December 2022, the last trading day of the period, was approximately EUR 740 million. The closing price for the Aktia share on 31 December 2022 was EUR 10.22. The highest price for the Aktia share during the period was EUR 12.88 and the lowest EUR 8.62.

The average daily turnover of the Aktia share during January–December 2022 was EUR 523,742 or 51,225 shares.

(EUR million)	Number of shares	Share capital	Unrestricted equity reserve
1 Jan 2021	**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
Share issue 18 Nov 2021	57,075	-	0.6
Other changes	-	-	0.1
31 Dec 2021	**72,144,081**	**169.7**	**138.6**
Share issue 14 Feb 2022	75,000	-	0.9
Share issue 24 May 2022	74,631	-	0.7
Share issue 17 Nov2022	91,360	-	0.8
Other changes	-	-	0.5
31 Dec 2022	**72,385,072**	**169.7**	**141.5**

Sustainability

Sustainability is an integral part of Aktia's strategy and supports value creation for its stakeholders. To Aktia, sustainability means both corporate responsibility and the integration of sustainability into business operations. The renewed version of Aktia's sustainability programme was adopted in 2022 and the targets of the programme are set for 2025. On a higher level, the objectives of our renewed sustainability programme are to enable sustainable prosperity, provide meaningful work for skilled employees, ensure reliable and transparent operations, and work towards carbon neutrality.

In 2022, we drew up interim targets för 2025 and 2030 for the climate strategy launched the previous year. In asset management, the interim targets for 2025 are to reduce the carbon footprint of equity and credit portfolios by 30 % (compared to 2019) and increase the share of green bonds in corporate credit funds to 35 %. In lending, the next interim target is to create a green loan framework, introduce the first green loan products and develop a framework for green bonds in 2023. As for Aktia's own operations, the interim target is to achieve net carbon neutrality in the energy consumption of Aktia's head office by 2025.

In 2022, Aktia signed the UN Principles for Responsible Banking and joined the world's largest banking community. The Principles for Responsible Banking is the leading framework for ensuring that banks' strategies and practices are aligned with the UN Sustainable Development Goals and the Paris Climate Agreement.

During the year, Aktia launched two special-purpose investment funds: Aktia Bioindustry I Ky and Aktia Sustainable Corporate Bond Fund. With these two new funds and the Aktia Impact Fund updates, Aktia now has three funds classified as so-called dark green, Article 9 funds, in accordance with the EU Sustainable Finance Disclosure Regulation. In addition, Aktia published its first fund-specific ESG reports. The reports describe the sustainability and impact of our funds through, for example, ESG indicators related to the environment, society and governance, impacts related to the UN Sustainable Development Goals, the net impacts of operations, and climate indicators. The fund-specific reports are published on a quarterly basis and so far, they cover our equity and corporate credit funds.

We have also continued our sustainability work in banking operations throughout the year. The first sustainability-linked pilot loan project was launched, and we expect to launch Aktia's first green lending products, including green mortgages for private customers, in 2023.

Information security awareness is a key priority for Aktia, and we are continuously training our staff in information security. Aktia participated in a cyber security campaign in October and in Finland's largest joint cybersecurity exercise Tieto22 in September.

In 2023, for the first time, we will consider climate risks as part of the environmental risks of the Aktia Bank plc and Aktia Life Insurance investment portfolios in the internal capital adequacy assessment process (ICAAP), in order to assess the additional risk brought by climate change to the value of the portfolios. We also included ESG risks in the Life Insurance Company's Own risk and solvency assessment (ORSA) Report in 2022.

As regards customer service and digital services, we expanded our selection by launching the Aktia ID identification application.

Indicators (target 2025)	2022	2021	Frequency
The share of Article 8/9 classified assets under management (increase)	2.1%	1.8%	quarterly
Aktia's ESG ratings (at least 4sector average)			quarterly
MSCI	AA	AA	
Sustainalytics	Low risk	High Risk	
ISS	D+	D+	
Net impact ratio of Aktia Bank Plc according to the Upright model (positive)	+31%	+45%	quarterly
Carbon footprint of equity and credit portfolios** (-30% versus 2019)	42.70	41.90	quarterly
Siqni flame index	72	-	every six months
eNPS, Employee Net Promoter Score (minimum 20)	-13	-5	every six months

* Scale 0-100
** Equity funds: Capital, Nordic, Nordic Small Cap, Nordic Micro Cap, Europa, Europe Small Cap, America, Global, Micro Rhein, Rhein Value, Micro Markka and European Dividend.
Corporate credit funds: Corporate Bond+, Short-Term Corporate Bond+, European High Yield Bond+, Nordic High Yield and IU Aktia Sustainable Corporate Bond.
In addition, the balanced funds Secura and Solida and the portfolios of Aktia Treasury and Aktia Life Insurance Company.

Development of Aktia's share 3 January–30 December 2022

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 requirement.

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. Changes in these factors may affect the demand for banking, insurance, and asset management services. The market value of Aktia's financial and other assets may change, for example, because of investors' higher return requirements or rising interest rates.

The high inflation rate in the euro area (10.1% in November) has contributed to a continued rise in interest rates during 2022. At the end of December, the market expected the ECB's policy rate to rise in one year from its year-end level within one year. Due to the reasons described above, we have hedged the interest rate risk of the liquidity portfolio over the past year. Correspondingly, we have reduced the interest rate risk of the Life insurance company. The availability of liquidity on the financial market is important for Aktia's refinancing activities. In the current interest rate environment, retail deposits have become an increasingly favourable form of funding alongside wholesale funding, making Aktia more active in the acquisition of deposits.

The development of the commission income is dependent on the volume and value development of assets under management, which has increased the risks pertaining to the Group's income and profitability. As a result of the increase in volatility in the financial markets and negative value developments in 2022, the risk level of commission income has increased, and in addition to this, the amount of assets under management has decreased because of the decrease in value. On the other hand, the increase in net subscriptions has increased the amount of assets under management.

Aktia has introduced new internal risk rating models for retail exposures (IRBA models) during the fourth quarter 2022, improving the bank's ability to classify clients on a risk basis. In connection with the development and improvement of models and calculations, the Financial Supervisory Authority has set additional capital requirements for the bank. Implementation of the updated models has no significant impact on the bank's capital adequacy.

The updated IRBA models also affect the ECL model for retail exposures. The model update and the calibration of the level of risk to a higher level due to the current uncertain economic situation increased the expected credit losses, with a negative effect on result in the fourth quarter. 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 current economic situation increases the uncertainty in Aktia's credit portfolio. High inflation has reduced real income, while interest rates have risen at a record rate in the course of the year, leading to higher loan and other expenses for customers. At the moment, there have been no significant deviations in customer behaviour, for example in the demand for instalment-free periods or the number of loans in arrears, but Aktia is actively monitoring the situation. Aktia actively monitors risks in sectors that are most affected by the current situation, such as the energy-intensive industry and transport sectors. Some impairments have been made in the corporate portfolio. There is an increase in the number of defaulted exposures in Aktia's loan portfolio due to individual corporate counterparties and the increasing amount of uncertain repayment on the private customer side.

Aktia's operational risks have been in line with the risk appetite during the fourth quarter. Due to the crisis in Ukraine and Finland's decision to apply for NATO membership, the threat of various cyber-attacks has remained high, and short-term denial of service attacks have been targeted also against Aktia, but these have not directly affected services. Throughout the year, Aktia has actively collaborated with different authorities and other stakeholders in the sector to prevent cybercrime.

Various phishing attacks have been ongoing throughout the year. In particular, scams on online sales platforms and SMS scams have increased significantly in Finland. Aktia's customers have also suffered from these scams. Through its own measures, Aktia is proactive in preventing these scams targeting customers. Aktia has informed its customers about the threat, for example by arranging a webinar on fraud and how customers can protect themselves from it. In addition, Aktia is actively cooperating with various actors, such as authorities, the financial sector and other partners, in the fight against fraud.

Outlook for 2023

Aktia's comparable operating profit in 2023 is expected to be clearly higher than in 2022.

The outlook is based on following assumptions:

- Net interest income is expected to be clearly higher than in 2022.
- Net commission income is expected to start increasing slightly in 2023.
- Life insurance business is expected to develop stably. However, the result is also dependent on changes in market values.
- Operating expenses are expected to remain at the same level as in 2022.
- Provisions for potential credit losses are expected to be at the same level as in 2022.

Tables and notes to the financial statement

Key figures

(EUR million)	2022	2021	Δ %	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021
Earnings per share (EPS), EUR	0.72	0.95	-24%	0.15	0.14	0.28	0.15	0.23
Total earnings per share, EUR	-0.06	0.73	-	0.17	0.05	-0.05	-0.23	0.16
Equity per share (NAV), EUR *1	8.85	9.45	-6%	8.85	8.67	8.63	9.21	9.45
Average number of shares (excl. treasury shares), million[2]	72.0	70.5	2%	72.0	72.0	71.9	71.9	70.5
Numer of share at the end of the period (excl. treasury shares), million[1]	72.2	71.8	0%	72.2	72.1	72.1	72.0	71.8
Return on equity (ROE), % *3	7.8	10.0	-22%	6.8	6.4	12.3	6.5	9.5
Return on assets (ROA), % *	0.43	0.61	-29%	0.36	0.34	0.67	0.38	0.57
Cost-to-income ratio*	0.71	0.66	7%	0.69	0.76	0.62	0.78	0.69
Common Equity Tier 1 capital ratio. CET1 (Bank Group), %[1]	10.8	11.2	-3%	10.8	10.6	10.4	10.6	11.2
Tier 1 capital ratio (Bank Group), %[1]	12.7	13.2	-4%	12.7	12.5	12.3	12.6	13.2
Capital adequacy ratio (Bank Group), %[1]	14.9	15.6	-5%	14.9	14.7	14.6	14.8	15.6
Risk-weighted exposures (Bank Group)[1]	3,130.6	2,940.6	6%	3,130.6	3,084.0	3,089.5	3,072.1	2,940.6
Capital adequacy ratio (finance and insurance conglomerate), %[1]	146.5	145.0	1%	146.5	145.6	143.3	140.6	145.0
Equity ratio, %*1	5.8	6.6	-13%	5.8	5.8	5.8	6.2	6.6
Group financial assets*1	2,936	2,546	15%	2,936	2,475	2,589	2,580	2,546
Assets under management*1	13,539	15,794	-14%	13,539	13,598	13,919	14,697	15,794
Borrowing from the public[1]	5,213.8	4,503.3	16%	5,213.8	4,904.1	4,890.1	4,698.9	4,503.3
Lending to the public[1]	7,791.7	7,486.4	4%	7,791.7	7,739.1	7,698.2	7,607.3	7,486.4
Premiums written before reinsurers' share*	142.2	152.7	-7%	31.7	28.4	36.4	45.7	39.8
Expense ratio, % (life insurance company)*2	108.0	98.9	9%	108.0	106.8	107.1	102.3	98.9
Solvency ratio (life insurance company), %	243.5	224.7	8%	235.5	246.1	245.1	221.9	224.7
Eligible capital (life insurance company)	183.2	244.7	-25%	183.2	191.4	205.8	219.4	244.7
Investments at fair value (life insurance company)*1	1,476.8	1,693.4	-13%	1,476.8	1,453.5	1,495.4	1,599.3	1,693.4
Technical provisions for risk insurances and interest-related insurances[1]	349.6	414.5	-16%	349.6	368.0	381.6	402.4	414.5
Technical provisions for unit-linked insurances[1]	1,001.8	1,153.8	-13%	1,001.8	974.5	1,003.4	1,086.4	1,153.8
Group's personnel (FTEs), average number of employees	911	862	6%	913	947	923	875	859
Group's personnel (FTEs), at the end of the period[1]	891	854	4%	891	927	965	895	854
Alternative performance measures excluding items affecting comparability:								
Comparable cost-to-income ratio*	0.70	0.65	8%	0.67	0.76	0.62	0.78	0.69
Comparable earnings per share (EPS), EUR*	0.73	0.98	-25%	0.17	0.14	0.28	0.15	0.23
Comparable return on equity (ROE), %*3	8.0	10.3	-23%	7.5	6.4	12.3	6.5	9.6

* 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
Formulas for the key figures are available in Aktia Bank Plc's Annual Review 2021 on page 49.

Consolidated income statement

(EUR million)	Note	2022	2021	Δ %
Net interest income	3	99.2	96.2	3 %
Dividends		1.4	0.4	309 %
Commission income		134.3	136.0	-1 %
Commission expenses		-12.3	-12.0	-2 %
Net commission income		122.0	124.0	-2 %
Net income from life insurance	4	30.5	37.7	-19 %
Net income from financial transactions	5	0.6	4.7	-86 %
Other operating income		0.5	0.8	-40 %
Total operating income		**254.3**	**263.8**	**-4 %**
Staff costs		-83.6	-83.7	0 %
IT expenses		-33.4	-30.7	9 %
Depreciation of tangible and intangible assets		-23.6	-21.5	10 %
Other operating expenses		-39.7	-38.5	3 %
Total operating expenses		**-180.3**	**-174.4**	**3 %**
Impairment of tangible and intangible assets		0.0	-	-
Impairment of credits and other commitments	7	-10.2	-4.5	127 %
Share of profit from associated companies		0.2	-0.3	-
Operating profit		**64.0**	**84.6**	**-24 %**
Taxes		-12.4	-17.3	-28 %
Profit for the period		**51.6**	**67.4**	**-23 %**
Attributable to:				
Shareholders in Aktia Bank Plc		51.6	66.8	-23 %
Holders of Additional Tier 1 capital		-	0.5	-
Total		**51.6**	**67.4**	**-23 %**
Earnings per share (EPS), EUR		0.72	0.95	-24 %
Earnings per share (EPS) after dilution, EUR		0.72	0.95	-24 %
Operating profit excluding items affecting comparability:				
Operating profit		64.0	84.6	-24 %
Operating income:				
Additional income from divestment of Visa Europe to Visa Inc		-0.2	-0.5	67 %
Operating expenses:				
Costs for restructuring		1.4	3.3	-59 %
Impairment of tangible and intangible assets:				
Costs for restructuring		0.0	-	-
Comparable operating profit		**65.2**	**87.4**	**-25 %**

Consolidated statement of comprehensive income

(EUR million)	2022	2021	Δ %
Profit for the period	51.6	67.4	-23 %
Other comprehensive income after taxes:			
Change in valuation of fair value for financial assets	-55.8	-11.4	-389 %
Change in valuation of fair value for cash flow hedging	-0.3	-0.1	-183 %
Transferred to the income statement for financial assets	0.1	-3.5	-
Comprehensive income from items which can be transferred to the income statement	-56.1	-15.1	-272 %
Defined benefit plan pensions	0.5	-0.1	-
Comprehensive income from items which can not be transferred to the income statement	0.5	-0.1	-
Total comprehensive income for the period	**-4.1**	**52.2**	**-**
Total comprehensive income attributable to:			
Shareholders in Aktia Bank Plc	-4.1	51.6	-
Holders of Additional Tier 1 capital	-	0.5	-
Total	**-4.1**	**52.2**	**-**
Total earnings per share, EUR	-0.06	0.73	-
Total earnings per share after dilution, EUR	-0.06	0.73	-
Total comprehensive income excluding items affecting comparability:			
Total comprehensive income	**-4.1**	**52.2**	**-**
Additional income from divestment of Visa Europe to Visa Inc	-0.1	-0.4	67 %
Costs for restructuring	1.1	2.6	-57 %
Comparable total comprehensive income	**-3.1**	**54.4**	**-**

Items affecting consolidated income statement and comprehensive income

(EUR million)	2022	2021	Δ %
Net income from financial transactions	0.2	0.5	-67 %
Total operating income	**0.2**	**0.5**	**-67 %**
Staff costs	-0.8	-1.6	-54 %
Other operating expenses	-0.6	-1.7	-63 %
Total operating expenses	**-1.4**	**-3.3**	**-59 %**
Impairment of tangible and intangible assets	0.0	-	0 %
Operating profit	**-1.2**	**-2.8**	**56 %**
Taxes	0.2	0.6	-56 %
Total comprehensive income for the period	**-1.0**	**-2.2**	**56 %**

Consolidated balance sheet

(EUR million)	Note	31 Dec 2022	31 Dec 2021	Δ%
Interest-bearing securities		75.3	94.6	-20 %
Shares and participations		174.9	203.2	-14 %
Investments for unit-linked investments		1,001.6	1,154.0	-13 %
Financial assets measured at fair value through income statement	8	1,251.9	1,451.8	-14 %
Interest-bearing securities		997.1	1,107.0	-10 %
Financial assets measured at fair value through other comprehensive income	8	997.1	1,107.0	-10 %
Interest-bearing securities	7,8	529.4	386.5	37 %
Lending to Bank of Finland and credit institutions	7,8	1,193.2	65.3	-
Lending to the public and public sector entities	7,8	7,791.7	7,486.4	4 %
Cash and balances with central banks	8	165.8	732.8	-77 %
Financial assets measured at amortised cost		9,680.2	8,671.0	12 %
Derivative instruments	6,8	54.7	39.6	38 %
Investments in associated companies and joint ventures		3.1	0.2	-
Intangible assets and goodwill		166.3	174.0	-4 %
Right-of-use assets		19.9	22.3	-11 %
Investment properties		44.7	45.5	-2 %
Other tangible assets		9.0	8.1	11 %
Tangible and intangible assets		239.9	249.8	-4 %
Other assets		148.3	131.7	13 %
Income tax receivables		1.5	0.2	717 %
Deferred tax receivables		16.8	2.1	683 %
Tax receivables		18.3	2.3	686 %
Total assets		**12,393.3**	**11,653.3**	**6 %**
Liabilities to central banks (TLTRO loan)		800.0	800.0	0 %
Liabilities to credit institutions		31.9	122.5	-74 %
Liabilities to the public and public sector entities		5,213.8	4,503.3	16 %
Deposits	8	6,045.7	5,425.8	11 %
Derivative instruments	6.8	294.0	20.5	-
Debt securities issued		3,051.7	3,060.3	0 %
Subordinated liabilities		118.5	150.0	-21 %
Other liabilities to credit institutions		5.5	14.0	-61 %
Other liabilities to the public and public sector entities		686.0	506.0	36 %
Other financial liabilities	8	3,861.8	3,730.4	4 %
Technical provisions for risk insurances and interest-related insurances		349.6	414.5	-16 %
Technical provisions for unit-linked insurances		1,001.8	1,153.8	-13 %
Technical provisions		1,351.4	1,568.2	-14 %
Other liabilities		83.6	104.2	-20 %
Provisions		1.3	1.0	29 %
Income tax liabilities		2.8	6.7	-58 %
Deferred tax liabilities		54.9	58.1	-6 %
Tax liabilities		57.7	64.8	-11 %
Total liabilities		**11,695.5**	**10,914.9**	**7 %**
Restricted equity		119.8	175.9	-32 %
Unrestricted equity		518.5	503.0	3 %
Shareholders' share of equity		638.3	678.9	-6 %
Holders of Additional Tier 1 capital		59.5	59.5	0 %
Total equity		**697.8**	**738.4**	**-6 %**
Total liabilities and equity		**12,393.3**	**11,653.3**	**6 %**

Consolidated off-balance-sheet commitments

(EUR million)	31 Dec 2022	31 Dec 2021	Δ%
Guarantees	19.0	20.7	-9 %
Other commitments provided to a third party	4.3	6.8	-37 %
Commitments provided to a third party on behalf of the customers	**23.2**	**27.5**	**-16 %**
Unused credit arrangements	604.6	685.3	-12 %
Other commitments provided to a third party	17.3	24.8	-30 %
Irrevocable commitments provided on behalf of customers	**621.9**	**710.1**	**-12 %**
Total	**645.1**	**737.6**	**-13 %**

Consolidated statement of changes in equity

(EUR million)	Share capital	Fund at fair value	Fund for share-based payments	Un-restricted equity reserve	Retained earnings	Share-holders' share of equity	Additional Tier 1 capital holders	Total equity
Equity as at 1 January 2021	**169.7**	**21.3**	**3.0**	**112.7**	**360.2**	**666.8**	**-**	**666.8**
Share issue	-			25.8	-	25.8		25.8
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					-67.7	-67.7		-67.7
Profit for the year					*67.4*	*67.4*		*67.4*
Financial assets		*-14.9*				*-14.9*		*-14.9*
Cash flow hedging		*-0.1*				*-0.1*		*-0.1*
Comprehensive income from items which can be transferred to the income statement		-15.1			67.4	52.3		52.3
Defined benefit plan pensions					*-0.1*	*-0.1*		*-0.1*
Comprehensive income from items which can not be transferred to the income statement					-0.1	-0.1		-0.1
Total comprehensive income for the year		-15.1			67.2	52.2		52.2
Additional Tier 1 (AT1) capital issue						-	60.0	60.0
Issue cost						-	-0.5	-0.5
Change in share-based payments (IFRS 2)			1.0		0.7	1.7		1.7
Equity as at 31 December 2021	**169.7**	**6.2**	**3.9**	**138.6**	**360.5**	**678.9**	**59.5**	**738.4**
Equity as at 1 January 2022	**169.7**	**6.2**	**3.9**	**138.6**	**360.5**	**678.9**	**59.5**	**738.4**
Share issue				2.3	-	2.3		2.3
Acquisition of treasury shares					-0.9	-0.9		-0.9
Divestment of treasury shares				0.5	1.2	1.7		1.7
Dividend to shareholders					-40.3	-40.3		-40.3
Profit for the period					*51.6*	*51.6*		*51.6*
Financial assets		*-55.8*			*-*	*-55.8*		*-55.8*
Cash flow hedging		*-0.3*			*-*	*-0.3*		*-0.3*
Comprehensive income from items which can be transferred to the income statement		-56.1			51.6	-4.5		-4.5
Defined benefit plan pensions					*0.5*	*0.5*		*0.5*
Comprehensive income from items which can not be transferred to the income statement					0.5	0.5		0.5
Total comprehensive income for the period		-56.1			52.0	-4.1		-4.1
Paid interest on Additional Tier 1 (AT1) capital, after taxes					-1.9	-1.9	-	-1.9
Change in share-based payments (IFRS 2)			1.8		0.7	2.4		2.4
Equity as at 31 Dec 2022	**169.7**	**-49.9**	**5.7**	**141.5**	**371.3**	**638.3**	**59.5**	**697.8**

Consolidated cash flow statement

(EUR million)	2022	2021	Δ %
Cash flow from operating activities			
Operating profit	64.0	84.6	-24 %
Adjustment items not included in cash flow	62.5	14.2	342 %
Paid income taxes	-21.1	-12.8	-65 %
Cash flow from operating activities before change in receivables and liabilities	**105.4**	**86.0**	**23 %**
Increase (-) or decrease (+) in receivables from operating activities[1]	-1 440.2	-542.7	-165 %
Increase (+) or decrease (-) in liabilities from operating activities	**825.0**	1,033.0	-20 %
Total cash flow from operating activities	**-509.7**	**576.2**	**-**
Cash flow from investing activities			
Acquisition of the Taaleri Wealth Management Ltd	-	-113.7	-
Investment in investment properties	-	-3.8	-
Proceeds from sale of investment properties	-	0.9	-
Investment in tangible and intangible assets	-12.2	-9.7	-26 %
Proceeds from sale of tangible and intangible assets	0.1	0.1	-47 %
Acquisition of and capital loan to associated companies	-2.7	-0.3	-792 %
Total cash flow from investing activities	**-14.8**	**-126.4**	**88 %**
Cash flow from financing activities			
Subordinated liabilities	-25.0	-7.8	-222 %
Share issue	-	13.9	-
Additional Tier 1 (AT1) capital issue	-	59.5	-
Paid interest on Additional Tier 1 (AT1) capital	-2.3	-	-
Divestment of treasury shares	1.7	1.0	61 %
Paid dividends	-40.3	-67.7	40 %
Total cash flow from financing activities	**-65.9**	**-1.0**	**-**
Change in cash and cash equivalents	**-590.5**	**448.8**	**-**
Cash and cash equivalents at the beginning of the year	734.9	276.6	166 %
Cash and cash equivalents at the end of the period	144.4	734.9	-80 %
Cash and cash equivalents from the acquisition of Taaleri Wealth Management Ltd	-	9.5	-
Cash and cash equivalents in the cash flow statement consist of the following items:			
Cash in hand	0.9	0.9	-6 %
Bank of Finland current account excl. the minimum reserve deposit in Bank of Finland	111.1	680.3	-84 %
Repayable on demand claims on credit insitutions	32.5	53.7	-39 %
Total	**144.4**	**734.9**	**-80 %**
Adjustment items not included in cash flow consist of:			
Impairment of interest-bearing securities	1.1	-0.4	-
Unrealised change in value for financial assets measured at fair value through income statement	9.8	-7.9	-
Impairment of credits and other commitments	10.2	4.5	127 %
Change in fair values	21.7	4.6	371 %
Depreciation and impairment of tangible and intangible assets	18.9	16.6	14 %
Capital gains and losses from tangible and intangible assets	-	-0.3	-
Unwound fair value hedging	-2.0	-2.0	0 %
Change in fair values of investment properties	0.8	-2.4	-
Change in share-based payments	1.6	0.8	98 %
Other adjustments	0.6	0.7	-22 %
Total	**62.5**	**14.2**	**342 %**

1) Including a deposit in Bank of Finland of EUR 1,060 million.

Quarterly trends in the Group

(EUR million) Income statement	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	2022	2021
Net interest income	24.2	24.0	25.8	25.1	24.1	99.2	96.2
Dividends	0.0	1.0	0.4	0.0	0.0	1.4	0.4
Net commission income	29.1	29.9	31.6	31.3	33.7	122.0	124.0
Net income from life insurance	12.7	3.4	12.7	1.8	7.6	30.5	37.7
Net income from financial transactions	1.3	-2.2	0.9	0.7	0.0	0.6	4.7
Other operating income	0.2	0.1	0.1	0.1	0.1	0.5	0.8
Total operating income	**67.5**	**56.2**	**71.6**	**59.0**	**65.5**	**254.3**	**263.8**
Staff costs	-20.7	-20.8	-20.8	-21.3	-22.2	-83.6	-83.7
IT expenses	-10.0	-7.5	-8.3	-7.6	-9.1	-33.4	-30.7
Depreciation of tangible and intangible assets	-5.9	-5.9	-5.9	-5.9	-6.0	-23.6	-21.5
Other operating expenses	-10.2	-8.7	-9.6	-11.2	-7.9	-39.7	-38.5
Total operating expenses	**-46.9**	**-42.8**	**-44.7**	**-45.9**	**-45.2**	**-180.3**	**-174.4**
Impairment of tangible and intangible assets	0.0	-	-	-	-	0.0	-
Impairment of credits and other commitments	-7.1	-1.0	-2.4	0.3	0.1	-10.2	-4.5
Share of profit from associated companies	0.0	0.0	0.2	0.1	-0.1	0.2	-0.3
Operating profit	**13.4**	**12.3**	**24.7**	**13.5**	**20.3**	**64.0**	**84.6**
Taxes	-2.6	-2.4	-4.9	-2.5	-4.0	-12.4	-17.3
Profit for the period	**10.8**	**10.0**	**19.8**	**11.0**	**16.3**	**51.6**	**67.4**
Attributable to:							
Shareholders in Aktia Bank Plc	10.8	10.0	19.8	11.0	16.3	51.6	66.8
Holders of Additional Tier 1 capital	-	-	-	-	-	-	0.5
Total	**10.8**	**10.0**	**19.8**	**11.0**	**16.3**	**51.6**	**67.4**
Earnings per share (EPS), EUR	0.15	0.14	0.28	0.15	0.23	0.72	0.95
Earnings per share (EPS) after dilution, EUR	0.15	0.14	0.28	0.15	0.23	0.72	0.95

Operating profit excluding items affecting comparability:	**Q4/2022**	**Q3/2022**	**Q2/2022**	**Q1/2022**	**Q4/2021**	**2022**	**2021**
Operating profit	13.4	12.3	24.7	13.5	20.3	64.0	84.6
Operating income:							
Additional income from divestment of Visa Europe to Visa Inc	-	-	-	-0.2	-	-0.2	-0.5
Operating expenses:							
Costs for restructuring	1.4	-	-	-	0.4	1.4	3.3
Impairment of tangible and intangible assets:							
Costs for restructuring	0.0	-	-	-	-	0.0	-
Comparable operating profit	**14.8**	**12.3**	**24.7**	**13.3**	**20.7**	**65.2**	**87.4**

(EUR million) Comprehensive income	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	2022	2021
Profit for the period	**10.8**	**10.0**	**19.8**	**11.0**	**16.3**	**51.6**	**67.4**
Other comprehensive income after taxes:							
Change in fair value for financial assets	1.0	-7.0	-22.0	-27.8	-4.1	-55.8	-11.4
Change in fair value for cash flow hedging	0.4	0.1	-0.8	0.0	-0.1	-0.3	-0.1
Transferred to the income statement for financial assets	-0.7	0.7	-0.3	0.3	-0.2	0.1	-3.5
Comprehensive income from items which can be transferred to the income statement	0.7	-6.2	-23.1	-27.5	-4.3	-56.1	-15.1
Defined benefit plan pensions	0.5	-	-	-	-0.1	0.5	-0.1
Comprehensive income from items which can not be transferred to the income statement	0.5	-	-	-	-0.1	0.5	-0.1
Total comprehensive income for the period	**12.0**	**3.7**	**-3.3**	**-16.5**	**11.8**	**-4.1**	**52.2**
Total comprehensive income attributable to:							
Shareholders in Aktia Bank Plc	12.0	3.7	-3.3	-16.5	11.8	-4.1	51.6
Holders of Additional Tier 1 capital	-	-	-	-	-	-	0.5
Total	**12.0**	**3.7**	**-3.3**	**-16.5**	**11.8**	**-4.1**	**52.2**
Total earnings per share, EUR	0.17	0.05	-0.05	-0.23	0.16	-0.06	0.73
Total earnings per share after dilution, EUR	0.17	0.05	-0.05	-0.23	0.16	-0.06	0.73

Total comprehensive income excluding items affecting comparability:	**Q4/2022**	**Q3/2022**	**Q2/2022**	**Q1/2022**	**Q4/2021**	**2022**	**2021**
Total comprehensive income	**12.0**	**3.7**	**-3.3**	**-16.5**	**11.8**	**-4.1**	**52.2**
Additional income from divestment of Visa Europe to Visa Inc	-	-	-	-0.1	-	-0.1	-0.4
Costs for restructuring	1.1	-	-	-	0.3	1.1	2.6
Comparable total comprehensive income	**13.1**	**3.7**	**-3.3**	**-16.7**	**12.1**	**-3.1**	**54.4**

Quarterly trends in the segments

Banking Business	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	2022	2021
Net interest income	22.8	23.0	21.0	19.5	18.9	86.3	73.5
Net commission income	14.4	14.0	14.8	15.1	15.3	58.3	59.8
Other operating income	0.1	0.0	0.0	0.0	0.0	0.2	0.3
Total operating income	**37.3**	**37.1**	**35.8**	**34.6**	**34.3**	**144.8**	**133.5**
Staff costs	-4.0	-3.9	-3.8	-3.4	-4.2	-15.1	-17.2
Other operating expenses[1]	-22.9	-19.4	-20.7	-23.0	-20.3	-86.1	-81.2
Total operating expenses	**-26.9**	**-23.4**	**-24.5**	**-26.5**	**-24.6**	**-101.2**	**-98.4**
Impairment of tangible and intangible assets	0.0	-	-	-	-	0.0	-
Impairment of credits and other commitments	-7.1	-1.0	-2.4	0.3	0.1	-10.2	-4.5
Operating profit	**3.3**	**12.7**	**8.9**	**8.4**	**9.9**	**33.3**	**30.7**
Comparable operating profit	**4.1**	**12.7**	**8.9**	**8.4**	**10.0**	**34.1**	**32.0**

Asset Management	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	2022	2021
Net interest income	1.7	0.7	0.5	0.5	0.4	3.4	1.6
Net commission income	15.9	17.2	18.5	17.8	20.0	69.4	70.9
Net income from life insurance	12.0	2.6	11.8	0.9	6.5	27.3	33.6
Other operating income	0.0	0.1	0.1	0.1	0.1	0.4	0.8
Total operating income	**29.7**	**20.5**	**31.0**	**19.4**	**27.0**	**100.5**	**106.9**
Staff costs	-5.7	-6.1	-5.8	-7.0	-7.1	-24.6	-25.0
Other operating expenses[1]	-11.7	-10.1	-11.4	-10.6	-11.4	-43.9	-41.2
Total operating expenses	**-17.4**	**-16.3**	**-17.2**	**-17.6**	**-18.5**	**-68.4**	**-66.2**
Operating profit	**12.3**	**4.2**	**13.8**	**1.7**	**8.4**	**32.1**	**40.7**
Comparable operating profit	**12.8**	**4.2**	**13.8**	**1.7**	**8.6**	**32.6**	**42.7**

Group Functions	Q4/2022	Q3/2022	Q2/2022	Q1/2022	Q4/2021	2022	2021
Net interest income	-0.3	0.3	4.3	5.1	4.8	9.5	21.2
Net commission income	1.6	1.5	1.4	1.5	1.3	5.9	5.3
Other operating income	1.4	-1.2	1.3	0.7	0.1	2.2	5.1
Total operating income	**2.6**	**0.7**	**7.0**	**7.3**	**6.2**	**17.6**	**31.6**
						-	
Staff costs	-11.1	-10.7	-11.2	-10.8	-10.9	-43.9	-41.6
Other operating expenses[1]	6.3	5.5	6.1	6.8	6.8	24.6	23.4
Total operating expenses	**-4.8**	**-5.3**	**-5.2**	**-4.1**	**-4.1**	**-19.3**	**-18.2**
						-	
Impairment of credits and other commitments	-	-	-	-	-	-	0.0
Operating profit	**-2.1**	**-4.6**	**1.9**	**3.2**	**2.1**	**-1.6**	**13.4**
Comparable operating profit	**-2.1**	**-4.6**	**1.9**	**3.1**	**2.2**	**-1.7**	**13.0**

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

Note 1. Basis for preparing the financial statement release and important accounting principles

Basis for preparing the financial statement release

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

The financial statement release for the period 1 January–31 December 2022 has been prepared in accordance with IAS 34 "Interim Financial Reporting". The financial statement release does not contain all the information and notes required for financial statements and should therefore be read together with Aktia Group's Financial Statements 2021 and other supplementary reports (mainly the Financial Review 2021 and the Pillar III Report 2021). 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 financial statement release for the period 1 January–31 December 2022 was approved by the Board of Directors on 17 February 2023.

Key accounting principles

In preparing the financial statement release the Group has followed the accounting principles applicable to the Annual report of 31 December 2021.

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.

The new standard introduces uniform valuation principles based on three measurement models: the general model (GM), the premium allocation approach (PAA), and the variable fee approach (VFA). IFRS 17 prescribes the general model for the valuation of insurance contracts, whereby the insurance commitment is measured based on expected present values of future cash flows, with consideration given to risk and a profit margin. The two other valuation models can be applied under certain conditions. The choice of valuation model depends on the terms of the contract (long-term, shortterm or profit-yielding).

In the transition to IFRS 17, it is not possible for Aktia to use the full retrospective approach for the majority of the insurance contracts, since a large part of the insurance portfolio is very old. For those contracts where the full retrospective approach is not used, the fair value approach will be used. In the transition to IFRS 17 1 January 2022, Aktia expects that its equity will be reduced by approx. EUR 100 million. The decrease is mainly due to low interest rates and discounting effects on the insurance debt in the transition to IFRS 17. Rising interest rates mean that equity will increase in 2022. Aktia has used interest rate hedging to decrease volatility in the life insurance business result since 2023. A slightly higher result from the insurance business is expected in coming periods. The reduction of equity in the transition to IFRS 17 is not expected to have an effect on the bank group's capital adequacy ratio, but it will have an effect on the finance and insurance conglomerate's capital adequacy ratio.

Of the total technical provisions of EUR 1.35 billion per 31 December 2022, approximately EUR 0.42 billion will be recognised as insurance contracts under IFRS 17 and approximately EUR 0.93 billion as investment contracts under IFRS 9. The contractual margin in the transition to IFRS 9 is expected to be approximately EUR 80 million.

Aktia does not plan to use the option to recognise financial income and expenses through other comprehensive income.

The IFRS 17 standard was approved by the EU on 23 November 2021 and became compulsory in the EU on 1 January 2023. The Aktia Group implemented IFRS 17 when the standard became compulsory within the EU. More information on IFRS 17 and the transition effects will be published in conjunction with the interim report for 1 January – 31 March 2023.

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)	31 December 2022		31 December 2021	
Calculation of the Bank Group's capital base	**Group**	**Bank Group**	**Group**	**Bank Group**
Total assets	**12,393.3**	**10,918.8**	**11,653.3**	**9,993.9**
of which intangible assets	166.3	164.6	174.0	172.8
Total liabilities	**11,695.5**	**10,286.6**	**10,914.9**	**9,361.7**
of which subordinated liabilities	118.5	69.5	150.0	94.5
Share capital	169.7	169.7	169.7	169.7
Fund at fair value	-49.9	-35.9	6.2	4.2
Restricted equity	119.8	133.8	175.9	173.9
Unrestricted equity reserve and other funds	147.1	147.0	142.5	142.4
Retained earnings	319.7	215.7	293.1	206.7
Profit for the period	51.6	76.2	67.4	49.8
Unrestricted equity	518.5	439.0	503.0	398.8
Shareholders' share of equity	638.3	572.8	678.9	572.7
Holders of other Tier 1 capital	59.5	59.5	59.5	59.5
Equity	**697.8**	**632.3**	**738.4**	**632.2**
Total liabilities and equity	**12,393.3**	**10,918.8**	**11,653.3**	**9,993.9**
Off-balance sheet commitments	**645.1**	**627.8**	**737.6**	**712.8**

	31 December 2022	31 December 2021
The Bank Group's equity	**632.3**	**632.2**
Provision for dividends to shareholders	-31.0	-40.2
Profit for the period, for which no application was filed with the Financial Supervisory Authority	-	-
Intangible assets	-153.4	-162.3
Debentures	69.5	70.6
Additional expected losses according to IRB	-26.7	-24.4
Deduction for significant holdings in financial sector entities	-13.0	-12.1
Other incl. unpaid dividend	-11.3	-4.1
Total capital base (CET1 + AT1 + T2)	**466.5**	**459.7**

1) Based on the CRR regulation

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) **The Bank Group's capital adequacy**	31 Dec 2022	30 Sep 2022	30 June 2022	31 Mar 2022	31 Dec 2021
Common Equity Tier 1 Capital before regulatory adjustments	532.1	522.2	520.6	523.4	520.2
Common Equity Tier 1 Capital regulatory adjustments	-192.8	-195.3	-199.8	-197.1	-191.1
Total Common Equity Tier 1 Capital (CET1)	**339.2**	**326.9**	**320.8**	**326.3**	**329.1**
Additional Tier 1 capital before regulatory adjustments	57.7	58.3	60.0	60.0	60.0
Additional Tier 1 capital regulatory adjustments	-	-	-	-	-
Additional Tier 1 capital after regulatory adjustments (AT1)	**57.7**	**58.3**	**60.0**	**60.0**	**60.0**
Total Tier 1 capital (T1 = CET1 + AT1)	**396.9**	**385.1**	**380.8**	**386.3**	**389.1**
Tier 2 capital before regulatory adjustments	69.5	69.5	69.5	69.7	70.6
Tier 2 capital regulatory adjustments	-	-	-	-	-
Total Tier 2 capital (T2)	**69.5**	**69.5**	**69.5**	**69.7**	**70.6**
Total own funds (TC = T1 + T2)	**466.5**	**454.7**	**450.3**	**456.0**	**459.7**
Risk weighted exposures	**3,130.6**	**3,084.0**	**3,089.5**	**3,071.7**	**2,940.6**
of which credit risk, the standardised model	633.7	680.1	625.4	661.8	560.4
of which credit risk, the IRB model	2,065.6	1,983.0	2,043.2	1,989.1	1,959.3
of which 15% risk-weight floor for residential mortgages	-	-	-	-	-
of which market risk	-	-	-	-	-
of which operational risk	431.4	420.9	420.9	420.9	420.9
Own funds requirement (8%)	**250.5**	**246.7**	**247.2**	**245.7**	**235.2**
Own funds buffer	216.0	208.0	203.2	210.2	224.5
CET1 Capital ratio	10.8 %	10.6 %	10.4 %	10.6 %	11.2 %
T1 Capital ratio	12.7 %	12.5 %	12.3 %	12.6 %	13.2 %
Total capital ratio	14.9 %	14.7 %	14.6 %	14.8 %	15.6 %
Own funds floor (CRR article 500)					
Own funds	466.5	454.7	450.3	456.0	459.7
Own funds floor1	246.0	245.5	244.3	239.8	235.3
Own funds buffer	220.5	209.2	206.0	216.2	224.4

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) **Risk-weighted amount for operational risks**	2020	2021	2022	31 Dec 2022	30 Sep 2022	30 June 2022	31 Mar 2022	31 Dec 2021
Gross income	213.8	240.5	235.8					
- average 3 years			230.1					
Capital requirement for operational risk				**34.5**	**33.7**	**33.7**	**33.7**	**33.7**
Risk-weighted amount				**431.4**	**420.9**	**420.9**	**420.9**	**420.9**

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) The Bank Group's total risk exposures	31 Dec 2022 Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
Exposure class					
Credit risk, IRB approach					
Corporates - SME	1,092.9	991.8	58 %	579.3	46.3
Corporates - Other	869.9	800.6	70 %	564.3	45.1
Retail - Secured by immovable property non-SME	4,858.1	4,845.8	15 %	733.0	58.6
Retail - Secured by immovable property SME	107.3	106.8	12 %	12.6	1.0
Retail - Other non-SME	238.8	226.2	24 %	53.6	4.3
Retail - Other SME	16.7	15.0	59 %	8.9	0.7
Risk-weight floor for residential mortgages, 15%	-	-	-	-	-
Equity exposures	41.6	41.6	274 %	113.8	9.1
Total exposures, IRB approach	**7,225.2**	**7,027.8**	**29 %**	**2,065.6**	**165.2**
Credit risk, standardised approach					
States and central banks	1,429.6	1,478.3	0 %	-	-
Regional goverments and local authorities	174.7	173.2	0 %	0.3	0.0
Multilateral development banks	-	49.6	0 %	-	-
International organisations	25.0	25.0	0 %	-	0.0
Credit institutions	322.1	318.8	21 %	67.3	5.4
Corporates	95.6	43.7	67 %	29.3	2.3
Retail exposures	384.1	160.4	68 %	109.7	8.8
Secured by immovable property	797.2	781.2	31 %	238.5	19.1
Past due items	8.1	6.2	110 %	6.7	0.5
Covered Bonds	853.7	853.7	11 %	90.3	7.2
Other items	104.3	104.3	74 %	77.0	6.2
Total exposures, standardised approach	**4,194.5**	**3,994.4**	**16 %**	**619.2**	**49.5**
Total risk exposures	**11,419.8**	**11,022.2**	**24 %**	**2,684.7**	**214.8**

(EUR million) The Bank Group's total risk exposures	Contractual exposure	Exposure at default	Risk weight, %	Risk-weighted amount	Capital requirement 8%
			31 December 2021		
Exposure class					
Credit risk, IRB approach					
Corporates - SME	1,007.1	921.1	63 %	579.5	46.4
Corporates - Other	667.6	616.3	70 %	432.5	34.6
Retail - Secured by immovable property non-SME	4,952.6	4,946.1	13 %	665.3	53.2
Retail - Secured by immovable property SME	139.5	138.7	49 %	68.6	5.5
Retail - Other non-SME	232.3	223.0	32 %	71.3	5.7
Retail - Other SME	49.0	47.0	79 %	37.0	3.0
Risk-weight floor for residential mortgages, 15%	-	-	-	-	-
Equity exposures	39.5	39.5	266 %	105.1	8.4
Total exposures, IRB approach	**7,087.4**	**6,931.7**	**28 %**	**1,959.3**	**156.7**
Credit risk, standardised approach					
States and central banks	942.1	1,007.0	0 %	-	-
Regional goverments and local authorities	227.2	212.6	0 %	0.3	0.0
Multilateral development banks	-	22.6	0 %	-	-
International organisations	20.1	20.1	0 %	-	-
Credit institutions	203.6	200.5	21 %	43.1	3.4
Corporates	100.0	20.3	81 %	16.5	1.3
Retail exposures	268.2	110.8	71 %	78.8	6.3
Secured by immovable property	786.6	767.2	30 %	231.8	18.5
Past due items	5.7	4.4	108 %	4.7	0.4
Covered Bonds	814.8	814.8	11 %	86.3	6.9
Other items	131.5	131.5	60 %	79.2	6.3
Total exposures, standardised approach	**3,499.9**	**3,311.8**	**16 %**	**540.7**	**43.3**
Total risk exposures	**10,587.3**	**10,243.4**	**28 %**	**2,499.9**	**200.0**

The finance and insurance conglomerates capital adequacy

(EUR million)	31 Dec 2022	30 Sep 2022	30 June 2022	31 Mar 2022	31 Dec 2021
Summary					
The Group's equity	697.8	686.0	681.2	722.7	738.4
Sector-specific assets	125.5	125.5	125.5	125.7	126.6
Intangible assets and other reduction items	-187.3	-183.4	-178.7	-214.4	-220.1
Conglomerate´s total capital base	**636.0**	**628.1**	**628.0**	**634.0**	**644.9**
Capital requirement for banking business	359.0	353.5	354.2	352.0	335.8
Capital requirement for insurance business	75.2	77.8	83.9	98.9	108.9
Minimum amount for capital base	**434.3**	**431.3**	**438.2**	**450.8**	**444.7**
Conglomerate´s capital adequacy	**201.8**	**196.8**	**189.9**	**183.2**	**200.2**
Capital adequacy ratio, %	146.5 %	145.6 %	143.3 %	140.6 %	145.0 %

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)	2022	2021	Δ %
Borrowing and lending	103.1	86.3	19 %
Liquidity portfolio	6.6	5.1	30 %
Hedging measures through interest rate derivatives	0.0	1.8	-100 %
Negative interest expenses from TLTRO loan	1.3	8.6	-85 %
Other financing	-11.9	-5.6	-113 %
Total	**99.2**	**96.2**	**3 %**

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)	2022	2021	Δ %
Premiums written	141.2	151.9	-7 %
Net income from investments	7.0	21.3	-67 %
of which change in ECL impairment	*-0.4*	*0.1*	-
of which unrealised value changes for shares and participations	*-9.8*	*7.7*	-
of which unrealised value changes for investment properties	*-0.8*	*3.1*	-
Insurance claims paid	-114.5	-98.0	-17 %
Net change in technical provisions	-3.1	-37.5	92 %
Total	**30.5**	**37.7**	**-19 %**

Note 5. Net income from financial transactions

(EUR million)	2022	2021	Δ %
Net income from financial assets measured at fair value through income statement	0.0	0.2	-89 %
Net income from securities and currency operations	0.7	0.8	-13 %
of which unrealised value changes in shares and participations	*0.1*	*0.2*	*-65 %*
Net income from financial assets measured at fair value through other comprehensive income	0.0	4.0	-99 %
of which change in ECL impairment	*-0.5*	*0.3*	-
Net income from interest-bearing securities measured at amortised cost	-0.2	0.1	-
of which change in ECL impairment	*-0.2*	*0.1*	-
Net income from hedge accounting	0.1	-0.4	-
Total	**0.6**	**4.7**	**-86 %**

Note 6. Derivative instruments

Hedging derivative instruments (EUR million)	31 December 2022 Total nominal amount	Assets, fair value	Hedging derivative instruments (EUR million)
Fair value hedging			
Interest rate-related	5,211.3	53.5	280.1
Total	**5,211.3**	**53.5**	**280.1**
Cash Flow hedging			
Interest rate-related	330.2	0.3	13.0
Total	**330.2**	**0.3**	**13.0**
Derivative instruments valued through the income statement			
Interest rate-related[1]	60.0	0.9	0.9
Currency-related	4.2	0.0	0.0
Total	**64.2**	**0.9**	**0.9**
Total derivative instruments			
Interest rate-related	5,601.5	54.7	294.0
Currency-related	4.2	0.0	0.0
Total	**5,605.7**	**54.7**	**294.0**
Of which cleared interest rate swaps	783.0	1.1	5.1

Hedging derivative instruments (EUR million)	31 December 2021 Total nominal amount	Assets, fair value	Hedging derivative instruments (EUR million)
Fair value hedging			
Interest rate-related	3,303.3	31.1	17.4
Total	**3,303.3**	**31.1**	**17.4**
Cash Flow hedging			
Interest rate-related	240.2	5.3	-
Total	**240.2**	**5.3**	**-**
Derivative instruments valued through the income statement			
Interest rate-related[1]	70.0	3.1	3.1
Currency-related	1.9	0.0	0.0
Total	**71.9**	**3.1**	**3.1**
Total derivative instruments			
Interest rate-related	3,613.5	39.6	20.5
Currency-related	1.9	0.0	0.0
Total	**3,615.4**	**39.6**	**20.5**
Of which cleared interest rate swaps	-	-	-

1) Interest-linked derivatives include interest rate hedging provided for local banks which after back-to-back hedging with third parties amounted to EUR 60.0 (70.0) million.

Note 7. Financial assets and impairment by stage

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Book value of financial assets 31 Dec 2022				
Interest-bearing securities	1 520,2	81,6	0,0	1 601,8
Lending	7 398,3	281,9	111,6	7 791,7
Off-balance sheet commitments	640,2	2,8	2,1	645,1
Total	**9 558,7**	**366,3**	**113,7**	**10 038,6**
Book value of financial assets 31 December 2021				
Interest-bearing securities	1 588,1	-	-	1 588,1
Lending	7 092,3	300,4	93,6	7 486,4
Off-balance sheet commitments	721,4	14,3	1,9	737,6
Total	**9 401,8**	**314,7**	**95,5**	**9 812,0**

Impairment of credits and other commitments

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of credits and the other commitments 1 January 2022	3,9	3,7	24,8	32,4
Transferred from stage 1 to stage 2	-0,2	3,3	-	3,0
Transferred from stage 1 to stage 3	-0,1	-	2,9	2,8
Transferred from stage 2 to stage 1	0,1	-0,5	-	-0,4
Transferred from stage 2 to stage 3	-	-0,9	2,0	1,1
Transferred from stage 3 to stage 1	0,0	-	-0,3	-0,3
Transferred from stage 3 to stage 2	-	0,3	-0,6	-0,4
Increases due to origination and acquisition	1,7	0,0	0,2	2,0
Decrease due to recognition	-0,5	-0,3	-2,7	-3,4
Changes due to updated calculation method	0,3	2,3	1,4	4,0
Decrease in allowance account due to write-offs	0,0	0,0	-3,9	-3,9
Other changes	-0,2	-1,6	3,7	1,8
Impairment of credits and the other commitments 31 Dec 2022	**5,0**	**6,4**	**27,4**	**38,8**
of which provisions	*1,1*	*0,1*	*0,2*	*1,3*

Impairment of interest-bearing securities

(EUR million)	Stage 1	Stage 2	Stage 3	Total
Impairment of interest-bearing securities 1 January 2022	0,4	-	0,3	0,7
Transferred from stage 1 to stage 2	-0,1	0,6	0,0	0,5
Transferred from stage 2 to stage 1	0,0	0,0	-	0,0
Increases due to origination and acquisition	0,0	0,0	-	0,1
Decrease due to recognition	0,0	0,0	-	0,0
Decrease in allowance account due to write-offs	0,0	0,0	-0,3	-0,3
Other changes	0,6	0,0	0,0	0,6
Impairment of interest-bearing securities 31 Dec 2022	**0,9**	**0,6**	**0,0**	**1,5**

The model-based reservations regarding healthy credits in stage 1 and stage 2 have increased compared to 31 December 2021, where the largest individual reasons are the update of the bank's IBRA models for household customers and the calibration of the ECL model.

Note 8. Financial assets and liabilities

Fair value of financial assets and liabilities

(EUR million)	31 December 2022		31 December 2021	
Financial assets	**Book value**	**Fair value**	**Book value**	**Fair value**
Financial assets measured at fair value through income statement	1,251.9	1,251.9	1,451.8	1,451.8
Financial assets measured at fair value through other comprehensive income	997.1	997.1	1,107.0	1,107.0
Interest-bearing securities measured at amortised cost	529.4	493.6	386.5	408.8
Loans and other receivables	8,984.9	8,796.2	7,551.7	7,558.6
Cash and balances with central banks	165.8	165.8	732.8	732.8
Derivative instruments	54.7	54.7	39.6	39.6
Total	**11,983.8**	**11,759.3**	**11,269.3**	**11,298.5**
Financial liabilities				
Deposits	6,045.7	6,062.2	5,425.8	5,416.9
Derivative instruments	294.0	294.0	20.5	20.5
Debt securities issued	3,051.7	3,070.2	3,060.3	3,095.5
Subordinated liabilities	118.5	113.4	150.0	150.4
Other liabilities to credit institutions	5.5	5.5	14.0	14.1
Other liabilities to the public and public sector entities	686.0	684.8	506.0	506.6
Liabilities for right-of-use assets	22.3	22.3	24.5	24.5
Total	**10,223.8**	**10,252.5**	**9,201.2**	**9,228.6**

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)	**31 December 2022 Market value classified into**				**31 December 2021 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	1,001.6	-	-	1,001.6	1,154.0	-	-	1,154.0
Interest-bearing securities	18.5	56.7	0.1	75.3	21.9	72.6	0.1	94.6
Shares and participations	**122.6**	**-**	**52.4**	**174.9**	**140.4**	**-**	**62.8**	**203.2**
Total	**1,142.7**	**56.7**	**52.4**	**1,251.9**	**1,316.3**	**72.6**	**62.9**	**1,451.8**
Financial assets measured at fair value through other comprehensive income								
Interest-bearing securities	**886.8**	**68.2**	**42.0**	**997.1**	**967.2**	**64.7**	**75.1**	**1,107.0**
Shares and participations	-	-	-	-	-	-	-	-
Total	**886.8**	**68.2**	**42.0**	**997.1**	**967.2**	**64.7**	**75.1**	**1,107.0**
Derivative instruments, net	0.0	-239.3	-	-239.3	0.0	19.1	-	19.1
Total	**0.0**	**-239.3**	**-**	**-239.3**	**0.0**	**19.1**	**-**	**19.1**
Total	**2,029.5**	**-114.4**	**94.5**	**2,009.6**	**2,283.4**	**156.4**	**138.0**	**2,577.9**

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**		
(EUR million)	**Interest-bearing securities**	**Shares and partici-pations**	**Total**	**Interest-bearing securities**	**Shares and partici-pations**	**Total**	**Interest-bearing securities**	**Shares and partici-pations**	**Total**
Carrying amount 1 January 2022	0.1	62.8	62.9	75.1	-	75.1	75.2	62.8	138.0
New purchases	-	12.4	12.4	-	-	-	-	12.4	12.4
Sales	-	-38.6	-38.6	-	-	-	-	-38.6	-38.6
Matured during the year	-	-	-	-32.0	-	-32.0	-32.0	0.0	-32.0
Realised value change in the income statement	-	13.0	13.0	-	-	-	-	13.0	13.0
Unrealised value change in the income statement	-	2.7	2.7	-	-	-	-	2.7	2.7
Value change recognised in total comprehensive income	-	-	-	-1.1	-	-1.1	-1.1	-	-1.1
Transfer from level 1 and 2	-	-	-	-	-	-	-	-	-
Transfer to level 1 and 2	-	-	-	-	-	-	-	-	-
Carrying amount 31 Dec 2022	**0.1**	**52.4**	**52.4**	**42.0**	**-**	**42.0**	**42.1**	**52.4**	**94.5**

Set off of financial assets and liabilities

	31 December 2022		31 December 2021	
(EUR million) **Assets**	**Derivatives**	**Reverse repurchase agreements**	**Derivatives**	**Reverse repurchase agreements**
Financial assets included in general agreements on set off or similar agreements	54.7	-	39.6	-
Carrying amount in the balance sheet	**54.7**	**-**	**39.6**	**-**
Amount not set off but included in general agreements on set off or similar	53.1	-	5.1	-
Collateral assets	1.3	-	34.3	-
Amount not set off in the balance sheet	**54.4**	**-**	**39.5**	**-**
Net amount	**0.3**	**-**	**0.1**	**-**

Liabilities	**Derivatives**	**Reverse repurchase agreements**	**Derivatives**	**Reverse repurchase agreements**
Financial liabilities included in general agreements on set off or similar agreements	294.0	-	20.5	-
Carrying amount in the balance sheet	**294.0**	**-**	**20.5**	**-**
Amount not set off but included in general agreements on set off or similar	53.1	-	5.1	-
Collateral liabilities	127.6	-	12.0	-
Amount not set off in the balance sheet	**180.7**	**-**	**17.2**	**-**
Net amount	**113.3**	**-**	**3.3**	**-**

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)	31 December 2022	31 December 2021
Deposits from the public and public sector entities	5,213.8	4,503.3
Short-term liabilities, unsecured debts[1]		
Banks	30.6	88.2
Certificates of deposits issued and money market deposits	791.1	649.1
Total	**821.8**	**737.3**
Short-term liabilities, secured debts (collateralised)[1]		
Banks - received cash in accordance with collateral agreements	1.3	34.3
Repurchase agreements - banks	0.0	0.0
Total	**1.3**	**34.3**
Total short-term liabilities	**823.0**	**771.6**
Long-term liabilities, unsecured debts [2]		
Issued senior preferred debts	1,521.8	1,383.8
Issued senior non-preferred debts	71.3	-
Other credit institutions	5.5	11.0
Subordinated debts	69.5	94.5
AT1 loan (Additional Tier 1 capital)[3]	60.0	60.0
Total	**1,728.2**	**1,549.3**
Long-term liabilities, secured debts (collateralised) [2]		
Central bank and other credit institutions	800.0	803.0
Issued Covered Bonds	1,353.5	1,533.5
Total	**2,153.5**	**2,336.5**
Total long-term liabilities	**3,881.7**	**3,885.7**
Interest-bearing liabilities in the banking business	**9,918.5**	**9,160.6**
Technical provisions in the life insurance business	1,351.4	1,568.2
Subordinated debts in the life insurance business	49.0	55.6
Total other non interest-bearing liabilities	436.6	190.5
Total liabilities	**11,755.5**	**10,974.9**

1) Short-term liabilities = liabilities which original maturity is under 1 year
2) Long-term liabilities = liabilities which original maturity is over 1 year
3) AT1 loan (Addtional Tier 1 capital), issued during the second quarter 2021 is recognised within equity

Note 10. Collateral assets and liabilities

Collateral assets (EUR million)	31 December 2022	31 December 2021
Collateral for own liabilities		
Securities	246.7	425.8
Outstanding loans constituting security for Covered Bonds	2,519.1	2,774.2
Total	**2,765.8**	**3,200.0**
Other collateral assets		
Pledged securities[1]	1.3	1.4
Cash included in pledging agreements and repurchase agreements	127.6	12.0
Total	**128.9**	**13.4**
Total collateral assets	**2,894.7**	**3,213.3**
Collaterals above refers to the following liabilities		
Liabilities to credit institutions[2]	800.0	803.0
Issued Covered Bonds[3]	1,353.5	1,533.5
Derivatives	127.6	12.0
Total	**2,281.0**	**2,348.5**

1) Refers to securities pledged for the intra day limit. As at 31 December 2022, a surplus of pledged securities amounted to EUR 25.4 (11.7) 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)	31 December 2022	31 December 2021
Cash included in pledging agreements[1]	1.3	34.3
Total	**1.3**	**34.3**

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

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Webcast from the results event

A live webcast from the results event will take place on 17 Februrary 2023 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/2022-q4-results**. A recording of the webcast will be available at **www.aktia.com** after the event.

Financial calendar

Annual General Meeting .... 5 April 2023
Interim Report January-March 2023 .... 11 May 2023
Half-year Report January-June 2023 .... 9 August 2023
Interim Report january-September 2023 .... 9 November 2023