



**The Aktia Bank Group
Pillar III Report as of
Dec 31, 2024**

Aktia

Contents

Regulatory framework and general requirements for disclosures risk management objectives and policies.....	3	2.2.2 Qualitative disclosure requirements related to standardised approach (EU CRD).....	16	5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA).....	26
Introduction.....	3	2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE).....	17	6 Funding & liquidity risk.....	27
Disclosure of risk management objectives and policies (Article 435 CRR).....	4	2.3 Counterparty credit risk (CCR) (Article 439, Article 444 e) and Article 452 (g) CRR).....	19	6.1 Disclosure of liquidity requirements (Article 451a CRR).....	28
Institution risk management approach (EU OVA).....	4	2.3.1 Qualitative disclosure related to CCR (EU CCRA).....	19	6.1.1 Liquidity risk management (EU LIQA).....	28
1.1.1 ICAAP information (EU OVC).....	10	3 Market risk.....	20	6.1.2 Qualitative information on LCR (EU LIQB).....	30
1.1.2 Disclosure of LR qualitative information (EU LRA).....	11	3.1 Exposure to market risk.....	21	6.1.3 Accompanying narrative information (EU AE4).....	31
2 Credit risk and credit risk mitigations.....	12	3.1.1 Qualitative disclosure requirements related to market risk (EU MRA).....	21	7 Other disclosures.....	32
2.1 General information on credit risk (Article 435 (a, d, f) and Article 442 (a-c,e-g) CRR).....	13	4 Operational risk.....	22	7.1.1 Explanations of differences between accounting and regulatory exposure amounts (EU LIA).....	33
2.1.1 General qualitative information about credit risk (EU CRA).....	13	4.1 Disclosure of operational risk management (Article 446 (a) CRR).....	23	7.1.2 Other qualitative information on the scope of application (EU LIB).....	33
2.1.2 Additional disclosure related to the credit quality of assets (EU CRB).....	14	4.1.1 Qualitative information on operational risk (EU ORA).....	23	8 Requirements.....	34
2.2 General information on credit risk mitigation (Article 453 (a-f) CRR).....	15	5 Interest rate risk in banking book (IRRBB).....	25	8.1.1 Compliance with regulatory disclosure requirements.....	35
2.2.1 Qualitative disclosure requirements related to CRM techniques (EU CRC).....	15	5.1 Exposure to interest rate risk in the banking book (Article 448 CRR).....	26	8.1.2 Immaterial items not disclosed.....	47

Regulatory framework and general requirements for disclosures risk management objectives and policies

Introduction

The Pillar III Report 2024 discloses information on the capital adequacy of the Aktia Bank Group, as specified in Part 8 of EU Capital Requirements Regulation (575/2013), later amended by CRR II regulation (2019/8769) in compliance with the commission implementing regulations, delegated regulations and guidelines issued by European Banking Authority (EBA) for publishing disclosures. In 2020, EBA published final implementing technical standard on public disclosures based on the mandate included in Article 434a of CRR II to specify uniform disclosure formats and associated instructions. These new disclosure requirements apply from 28 June 2021 onwards and this Report has been prepared in accordance with updated regulation. The report consists of this document, which contains qualitative Pillar III data, and the quantitative Pillar III tables published in .xlsx format. It provides the full set of Pillar 3 disclosures of the Aktia Bank Group applicable for this reporting period and does not contain references to the Annual Report as of December 31, 2024. However, additional information can be found in the Annual Review 2024, Corporate Governance Report 2024, Financial Review 2024, Financial Statement 2024, and Remuneration Report 2024.

The report is presented in euros (EUR) rounded to the nearest millions of euros to one decimal place. Due to rounding, numbers presented throughout this Report may not add up precisely to the totals we provide, and percentages may not precisely reflect the absolute figures.

The appropriateness of the Pillar III disclosed information is approved by the Senior management of the Aktia Bank Group. If there is information considered to be proprietary or confidential, the information is not published but disclosed in more general manner. Also, information or templates identified as not applicable to the Aktia Bank Group has not been included in the Report. For more information, see Section 8.

Aktia Life Insurance Ltd is included in the consolidated financial statement according to IFRS but is not under the scope of regulatory consolidation- and thus has not been included in the Pillar III disclosed figures.

Aktia Bank Group, classified as an other institution based on Article 4 No. (146) CRR, publishes its Pillar 3 Disclosures as required to Article 433 and 433c CRR. In this regard the Group also adheres to the frequency of disclosure requirements as provided within EBA Guideline "Final draft implementing technical standards on public disclosures by institutions of the information referred to in Titles II and III Part Eight of Regulation (EU) No 575/2013".

The documents comprising Aktia Bank Plc's Pillar III Report 2024 are published on the Group's website www.aktia.com.

Disclosure of risk management objectives and policies (Article 435 CRR)

Institution risk management approach (EU OVA)

(a) Point (f) of Article 435(1) CRR

Disclosure of concise risk statement approved by the management body.

Aktia's business model is diversified, with the main risk being credit risk.

Aktia Group

Aktia is a Finnish asset manager, bank and life insurer that has been creating wealth and well-being from one generation to the next for 200 years. We are the best partner for people, companies, and organisations that value inner wisdom and responsible wealth creation. Our vision is to be the leading wealth manager bank, and our mission is to build wealth for our customers and society. We serve our customers in digital channels everywhere and face-to-face in our offices in the Helsinki, Kuopio, Oulu, Turku, Tampere and Vaasa regions. Our award-winning asset management business sells investment funds internationally. We employ approximately 850 people around Finland. Total assets of Aktia are 11.9 billion, with a Common Equity Tier 1 (CET1) capital ratio of 12.0%. Assets under management are EUR 14.0 billion.

Risk Appetite

Aktia's capital ratios at the end of 2024 were as follows: Common Equity Tier 1 (CET1) capital ratio of 12.0%, Tier 1 capital ratio of 13.6% and own funds ratio of 16.6%. Aktia assesses its risk capacity on at least an annual basis, defining it as the maximum level of risk the Group is deemed capable of assuming given its capital (own funds), risk management and control capabilities, and regulatory constraints. The risk appetite within Aktia is defined as the aggregate level and types of risk Aktia is willing to assume, within its risk capacity and in line with its business model, to achieve its strategic objectives. Aktia carries out ongoing monitoring and reporting of its risk exposures against the risk limits to ensure that risk-taking activities remain within the risk appetite.

Key risks in Aktia's operations

Aktia has in place a risk strategy to support strategic priorities while ensuring a strong risk and control culture across the Group. By focusing on its strategic priorities, Aktia provides private individuals, corporate customers and institutions with customer-oriented banking and financing solutions, based on close consultancy, through different **channels**. The individual needs of each customer are the starting point of everything we do. Risks are spread across industries and customer types. The Group's material risks derive from business activities which include banking, asset management, and insurance.

Aktia is an active lender to households and corporate customers. This activity gives rise to credit risk, which is Aktia's primary financial risk, accounting for approximately 85% of its total risk exposure amount (REA). The credit risk appetite statement is defined according to the bank strategy and current business environment, and limited by e.g. capital allocation, credit risk concentration (limits for specific client groups), long-term credit quality (expected loss). Internal ratings-based corporate and retail exposures currently represent 35.0% and 25.8% respectively of Aktia's total REA. The Group's credit portfolio quality has shown signs of deterioration in 2024, due to an increase in defaulted exposures within the retail segment, which is mainly caused by a growth in customers' unlikelihood to pay and the current economic environment with increased unemployment. The increase in UTP customers is mainly due to a renewed process, where customers are marked UTP at an earlier stage than before. As the retail segment is one of key segments in the bank, the increase in defaults affects the risk figures and KRI's, and there was an increase in several KRI's during the year. A KRI limit measuring the

quality of a certain customer segment was breached during the year, which does not though have a significant effect on capital adequacy. Losses are expected to remain relatively low as the bank's collateral position is considered safe. The REA attributable to credit risk was EUR 2,917 million at the end of the fourth quarter of 2024.

Operational risk is inherent across all Aktia's activities and is the Group's second largest Pillar 1 risk area. Capital held for operational risk has not significantly changed from 2023 (14%) and represents thus 15% of the Group's total REA.

As the geopolitical developments have continued, Aktia has continued to closely monitor what impacts and threats these developments could have on Aktia and its customers and shall continue to do so also going forward. For example, international cyber threats against the financial sector continued during 2024. The impacts have so far been insignificant for Aktia and Aktia works actively to combat potential future cyber threats. Aktia has also noticed more external fraud attempts against its customers during 2024. Therefore, Aktia has continued to strengthen its capabilities to detect and prevent financial crime.

Despite well-functioning internal controls, risk events (incidents) do occur. The loss of realised operational risks increased by approximately EUR 300,000 in comparison to 2023 due to a few notable incidents. These incidents have all been managed in accordance with Aktia's processes. Aktia has continued to strengthen its internal control and risk management in the first line of defence, for example by appointing risk coordinators in the business segments.

Aktia's risk appetite for the three operational risk areas information security risk, compliance risk and AML/CFT risk, is generally low, that is, such risks must be mitigated and limited to what is financially acceptable. The risk appetite for the fourth operational risk area other operational risk is generally moderate, that is, such risks should be sufficiently mitigated and managed in an appropriate way.

The primary risk not mitigated with capital and hence not measured in REA terms is liquidity risk, which is a material risk for Aktia. Aktia adheres to a liquidity risk appetite according to which it must have sufficient liquidity to be able to always meet its cash flow obligations, including on an intraday basis, across market cycles and during periods of stress. Liquidity risk limits and triggers are set to ensure that the liquidity risk profile of the Group remains within the liquidity risk appetite. The Bank has set minimum levels for Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). The year-end figures were for LCR 214%, and NSFR 124%.

Material transactions

Aktia and Swedbank signed on 23 May 2024 a strategic partnership agreement to collaborate long-term with the aim to better serve both banks' corporate customers.

Board of Directors' approval of the risk statement

Aktia's Board of Directors has approved this risk statement and acknowledges that the Aktia Group's risk management arrangements are adequate and well adapted to its business model, risk appetite and capital position.

(b) Point (b) of Article 435(1) CRR

Information on the risk governance structure for each type of risk

The Group is managed in the manner of an industrial group, which means that the parts of the Group complement each other, work in synergy and promote competitive advantages as a group. In the subsidiaries, the Boards of Directors and CEOs are responsible for adherence to the strategies, guidelines and policies set at the Group level.

The Board of Directors of Aktia Bank Plc oversees the efficient management of the Aktia Group and follows prudent business principles in accordance with the provisions of applicable laws and the Articles of Association. The Board of Directors approves the Bank's business strategy, strategic objectives, risk strategy, and systems for management and governance, as well as their monitoring and oversight. The Board of Directors also appoints Aktia's CEO.

The Group's strategy governs all risk taking, and the Board of Directors has responsibility for the Group's risk management, and the resources it requires. The Board of Directors annually approves the Group's risk management framework, including strategies, goals, and limits for managing the operations. The risk appetite is approved and translated into key risk indicators (KRIs), guidelines and limits for business units.

The Board of Directors regularly monitors the Group's compliance with the risk policy and its risk positions. The utilisation of limits and KRIs are reported to the Board of Directors at least quarterly.

The Board of Directors approves and monitors the Group's internal capital assessment, including stress tests, to measure the adequacy of capital, considering the Group's risk positions.

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

For further information on the Risk Committee, including the number of meetings held in the past year, as well as further information on the governance structure, please see the Corporate Governance Statement on Aktia's website.

The CEO is appointed by the Board of Directors. The CEO is responsible for the day-to-day management of the Aktia Group in accordance with instructions issued by the Board of Directors.

The Executive Committee members manage their respective business areas or support functions. Certain matters related to lending and the handling of the Group's asset and liability management, financing, liquidity and market risks, as well as administration, are dealt with by committees consisting of Executive Committee members and others appointed by the CEO. Among other things, the CEO is responsible for organising the risk management processes, including matters relating to internal capital assessment and further delegation of risk mandates.

The CEO appoints a committee for asset and liability management (ALM). The Asset and Liability Committee (ALCO) meets approximately once a month in meetings dedicated to ALM-, capital- and risk-related matters. The role of these meetings is to handle and prepare issues for decisions by the Board of Directors and make decisions, based on a mandate delegated by the Board of Directors, regarding internal credit and market risk

models and parameters used in scenario analysis. The ALCO is comprised of 3 members of the Executive Committee. The Chief Risk Officer (CRO) is also a member of the ALCO.

The primary responsibility for internal control lies with the first line of defence: business units are responsible for the day-to-day running of business operating processes as well as risk management measures. In the second line of defence, the control functions consist of Group Risk Control function, Group Compliance function and of the independent Actuarial function in Aktia Life Insurance Ltd, which are independent of the business units. In addition, two of the subsidiaries, Aktia Life Insurance Ltd and Aktia Fund Management Company Ltd, have persons or other mechanisms within the group responsible for their risk management functions. These persons report to the Board of Directors of each of the subsidiaries. In addition, these persons have a dual reporting line to the Group's Chief Risk Officer and coordinate their activities in co-operation with the Group's Risk Control function. The Group's Internal Audit function represents the third line of defence, and the function is responsible for the independent audit of the first and second lines of defence.

The Group's Risk Control function reports to the Board of Directors. The Risk Control function monitors risk management in the business units and is responsible for securing appropriate calculations, analyses, and monitoring of risks in all areas of the Group's operations, including subsidiaries. The Risk Control function assesses the Group's overall risk position in relation to the strategy and risk appetite decided by the Board of Directors. The Risk Control function is responsible for preparing the Group's risk management framework, which is approved annually by the Board of Directors. The Group's internal capital assessment and liquidity planning process is controlled by the Risk Control function, and it evaluates the impacts of various stress tests and scenarios on the capital adequacy and liquidity position, as well as on the result of the financial conglomerate and Group companies. The Risk Control function is also responsible for coordinating and updating the Group's recovery plan in accordance with the Bank Recovery and Resolution Directive and national legislation, and for monitoring the indicators in the plan. Administratively, the Group's Risk Control function is subordinate to the CEO.

Regarding Aktia Fund Management Company Ltd., the independent risk control function is responsible for monitoring and reporting risk limits related to mutual fund activities. Risk limits are reported to the Boards of Directors of the subsidiary, Aktia Fund Management Company Ltd. The Group's Risk Control, in cooperation with the Actuary Function of the Aktia Life Insurance subsidiary, is also responsible for monitoring and reporting risks and limits related to insurance activities to the Board of Directors of Aktia Life Insurance Ltd.

The role of the Compliance function is to advise and guide the management and business but also to control and evaluate the management of risks related to inadequate compliance within the function's areas of responsibility. The Compliance function's activities are presented to the Group's CEO and the Board of Directors as a risk-based annual plan that is approved by the Board of Directors. The Compliance function also develops and maintains general compliance risk management rules, which are adopted regularly either by the Board of Directors or by the Group's CEO. Thus, as part of the second line of defence the Compliance function is responsible for monitoring and controlling regulatory compliance, to provide advice and support on measures that can be taken to ensure that applicable rules are known and duly implemented by the business. The Compliance function reports regularly on the status and development of compliance risks, including significant observations from its monitoring activities, and significant changes in applicable external regulation to the Board of Directors, the Group's CEO and the Board of Directors and CEO of Aktia Fund Management Company Ltd and Aktia Life Insurance Ltd. The Group's Compliance function reports independently to the Board of Directors.

Administratively, the Group's Compliance function is subordinate to the Group's CEO. The Group's Data Protection Officer (DPO) is part of the Compliance function.

(c) Point (e) of Article 435(1) CRR

Declaration approved by the management body on the adequacy of the risk management arrangements.

By approving this report, the Board of Directors approves the statement of key risks in this point (c) and declares the adequacy of risk management arrangements given Aktia's risk profile. The Board of Directors has approved the Group principles for publication of disclosures according to Part Eight of the CRR, Article 435(1).

The figures in this report are based on economic information that is presented and audited in the 2024 Annual Report. This report is not externally audited; however, control mechanisms, internal control processes and policies provide certainty to stakeholders related to its accuracy and relevance. All figures in this report are as of year-end 2024 unless otherwise stated.

The results and capital adequacy of the banking business are affected primarily by business volumes, deposit and lending margins, the balance sheet structure, the general interest rate level, write-downs, and cost-effectiveness. Fluctuating results in banking operations may occur as a result of sudden credit or operational

risk outcomes. Business risks in the form of changes in volumes and interest margins change slowly, and they are managed through diversification and adjustment measures.

The results of asset management operations are mainly affected by trends in business volumes, commission levels and cost-effectiveness. Opportunities for improving, customising, and developing new products and processes help reduce business risks. Negative trends in the valuation of assets under management may also affect customers' decisions on whether to invest in funds and other investment products.

Life insurance operations are based on bearing and managing the risk of loss events, as well as the risks involved in both the asset and liability sides of the balance sheet. Volatility in solvency and the results from life insurance operations can be attributed primarily to market risks in the investment assets and to the interest rate risk in technical provisions. The policyholder bears the market risk of investments that act as cover for unit-linked policies, while the company bears the risk of the part of the investment portfolio that covers technical provisions for interest-linked policies.

Risks in sustainability of operations, and risks in environmental, social and governance issues affect all of Aktia's operations.

Risk definitions and risk profile

Risk	Definition	Risk profile
General	Risk refers to a calculated or unexpected event that has a negative impact on results (loss) or capital adequacy/solvency. The term covers both the probability of an event taking place, as well as the impact of the event taking place.	Aktia focuses primarily on asset management, banking, and life insurance operations. Risks and risk management are thus a substantial part of Aktia's operating environment and business activities. The main areas of risk are credit, interest and liquidity risks in the banking sector and interest and other market risks and insurance risks in the life insurance business. All of the Group's operations are exposed to business and operational risks.
Credit risk	Credit risk is defined as the risk of losses brought about by the debtor failing to fulfil obligations towards Aktia, while counterparty risk is defined as the risk of losses or negative valuation differences due to deterioration of the counterparty's creditworthiness.	Aktia's lending is diversified between private individuals and SME's. Lending for private individuals consists mainly of mortgage lending with real estate collateral, which is diversified by lending in credit cards and loans for private investments. Aktia aims to keep a low risk level in the credit portfolio, by focusing credit granting to counterparties with high credit quality and adequate collateral loan-to-value ratios to cover potential losses. The bank is exposed to counterparty risk through derivative contracts, which is mitigated by collateral arrangements according to agreements with each counterparty. Counterparties are selected through an evaluation process focusing on their ratings and they are mainly systemically important financial institutions.
Market risk	Market risks arise from price and volatility changes in the financial markets. Market risks for Aktia Bank are divided into interest rate, spread, foreign exchange rate and equity risks. The market risks considered for the life insurance company are interest rate, spread, foreign exchange rate, equity, real estate and concentration risks.	Aktia's market risk is mainly structural interest rate risk in its balance sheet, while exchange rate risk is low as lending and funding is mainly euro-denominated. No trading activities are carried out by the Group. Aktia is also exposed to market risk in its investment activities in the bank and in Aktia Life Insurance. The Bank Group aims for low market risks and low volatility in its earnings.
Funding and liquidity risk	Funding and liquidity risk imply a risk that the Group will not be able to meet its payment obligations, or could only do so at high cost, and is defined as the availability and cost of refinancing, as well as differences in maturity between assets and liabilities. Funding risk also occurs if funding is largely concentrated in individual counterparties, instruments, or markets.	To ensure market-related refinancing, the bank strives to maintain a diverse range of financing sources and an adequate diversification across different markets and investors. Aktia maintains a liquidity buffer for which a target is set annually by the Board of Directors. The liquidity buffer consists almost entirely of securities which are eligible as pledges to the central bank. Aktia's appetite for liquidity risk is low.
Operational risk	Operational risk is defined as the risk of loss resulting from inadequate, unclear or failed internal processes, inadequate or unclear internal rules, deficient or unreliable systems, and inadequate or unreliable information, as well as those caused by personnel – including through human error – or external events and is divided into four risk areas, that is, information security, compliance, AML/CFT and other operational risk. Compliance risk is defined as the risk of failure to comply with applicable regulations and related internal rules. Other operational risk also includes legal risk.	The Board of Directors confirms the risk appetite for different operational risk areas annually. In 2024 these were the following: <ul style="list-style-type: none"> • The risk appetite for information security risk is mainly low • The risk appetite for compliance risks is generally low • The risk appetite for AML/CFT risks is low • For other operational risks, the risk appetite is moderate
Other	Other risks include business risk, strategic risk, and reputational risk. Business risk refers to the risk of decreased income and increased costs due to decreasing volumes, price pressures or competition. Strategic risk is closely related to business risk and is defined as risk of losses due to mistaken business decisions or failure to react to the changes in society, regulatory system, or the banking sector, while reputational risk is a decline in confidence towards the Group due to negative publicity. Risks in sustainability of operations, and risks in environmental, social and governance issues affect all operations of Aktia.	Business and strategic risk are predominantly risks that, when realised, have an impact on the Group's performance and profitability. Reputational risk is similar but can in addition have an impact on the Group's liquidity. Business risk is reduced by diversification in operations, as well as strategic risk. Some strategic risks can also be realised as operational risk incidents and they are managed by the same measures as mentioned above. Corporate responsibility is a crucial aspect of Aktia's operations in the short term and the long term. Aktia's strategy identifies corporate responsibility as one of the pillars of its operations. Aktia aims to be a solvent, reliable and environmentally responsible

partner for economic well-being and the most attractive workplace in the business.

(d) Point (c) of Article 435(1) CRR

Disclosure on the scope and nature of risk disclosure and/or measurement systems.

The Group focuses primarily on banking, asset management and life insurance operations. The main areas of risks are credit, interest rate and liquidity risks in the Bank Group, interest rate and other market risks and actuarial risks in the life insurance business. All these operations are exposed to business and operational risks.

Business units and the line organisations have the primary responsibility for internal control as they are in charge of the governance of the day-to-day business activities, operational processes, financial reporting as well as for risk management measures.

- Credit risks are reported to the Group's Board of Directors and its risk committee every quarter. Position- and aggregate-level credit risk reporting is available daily to the business personnel involved in the credit process and the Executive Committee. Every year, Risk Control conducts a comprehensive validation of all credit risk models, and the results are reported to both the Board of Directors and members of the Executive Committee in the ALCO. The internal models comprise models for probability of default (PD) and loss given default (LGD). In addition to the capital adequacy calculation these models are used for monitoring credit risk, internal risk reporting, and for estimating expected credit loss. Internal ratings are used for corporate exposures, while internal credit scoring is used for retail exposures. More detailed descriptions of the models used can be found in the credit risk section in the table EU CRA.
- As a locally operating financial institution, Aktia is exposed to certain concentration risks. Concentration risks are governed by the Group's credit risk policy, which imposes rules and restrictions for the individual counterparty level and portfolio level.
- Aktia Bank's counterparty credit risk arises from holdings of financial instruments as part of daily liquidity management. The instruments mainly comprise bonds that the Bank holds in its liquidity portfolio and largely consist of covered bonds and sovereign bonds, as well as domestic municipal bonds. Risk tolerance for counterparty risk is generally low. Exposures to counterparties, asset classes and countries are approved and limited by the Board, and existing limits are reviewed and decided each year. Limits are set for exposure values and tenors.
- The Aktia Group's risk appetite and the limit system restricts the size of the exposure to market risks. Measurement methods, limits and strategy are prepared in the ALCO and the Board's Risk Committee and are thereafter established by the Board of Directors. The Group's Asset and Liability Management Committee is responsible for the operational management of internal group investment assets within the given guidelines and limits. The Bank's ALM unit manages the interest rate risk in the banking book and the Bank's Treasury unit executes transactions to manage the structural interest rate risk based on the established strategy and limits. The Group's Risk Control unit, which continuously monitors market risks and their associated limits, is responsible for reporting on these risks to the Board and the Executive Committee.
- Interest rate risk in the banking book (IRRBB) is assessed through net interest income (NII) risk and economic value (EV) risk, both of which are measured in accordance with EBA guidelines and monitored monthly.

- Structural NII risk arises from repricing mismatches between assets and liabilities, option risk and yield curve risk. The short and medium term NII risk is actively managed with the use of interest rate derivatives and liquidity portfolio management, with the aim of stabilizing net interest income against adverse interest rate movements.
- NII risk is simulated using a dynamic asset and liability management model that incorporates planned growth assumptions and accounts for the modelling of customer behaviour for loan prepayments and non-maturing deposits.
- Economic value (EV) risk is measured by summing all discounted cash flows under various yield curve shocks relative to the baseline curve, considering all material interest-bearing items based on their contractual characteristics. The sensitivity of EV is modelled using behavioural assumptions for loan prepayments and non-maturing deposits.
- The foreign exchange (FX) risk is the risk of a negative change in the value of the Bank Group's FX positions caused by fluctuations in exchange rates, especially against the euro.
- In the Bank Group, currency dealings are based on customer requirements, which is why most of this activity involves Nordic currencies and the US dollar. The guiding principle for the management of exchange rate risks is matching. The Treasury unit is responsible for managing the bank's day-to-day currency position, subject to the limits set.
- The funding and liquidity risks are managed at legal company level, and there are no explicit financing commitments between Aktia Bank Plc and Aktia Life Insurance Ltd.
- The liquidity risk is measured on both short- and long-term bases. To ensure funding in situations in which Aktia is in urgent need of cash, and normal funding sources do not suffice, Aktia holds a liquidity reserve. The liquidity reserve consists of highly liquid assets that can easily be sold or used as collateral in funding operations.
- Liquidity risks are measured and monitored with the help of the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR). More detailed descriptions of the models used can be found in the liquidity risk section in the table EU LIQA.
- Operational risk is present in all of Aktia's operations. The risk level of operational risk in the different risk areas information security, compliance, AML/CFT and other operational risk is measured through key risk indicators (KRIs), that are annually approved by the Board of Directors. More detailed descriptions of the models used can be found in the operational risk section in the table EU ORA.

(e) Point (c) of Article 435(1) CRR

Disclose information on the main features of risk disclosure and measurement systems.

The Group's Risk Control unit is responsible for ensuring that the models and methods used for measuring risk are comprehensive and reliable.

The central numbers, assumptions and calculation methodologies are validated and checked annually according to the duality principle within the Risk Control and risk management units. The most significant parts of the calculation methodology for all risk areas are also examined internally within the risk control unit.

All credit risk models used for IRB purposes are validated annually, and central model performance metrics are reported quarterly to both the Board of Directors and the Group's management. Validation is performed by the Risk Control unit, and it includes both quantitative and qualitative assessments of model performance and parameters. Model monitoring is performed and analysed quarterly by the Risk Control unit, with key metrics reported to the Board of Directors and the Group's management.

(f) Point (a) of Article 435(1) CRR

Strategies and processes to manage risks for each separate category of risk.

Aktia conducts regular stress testing and scenario analysis to analyse their capital position and identify risks. The process is conducted for key portfolios at different levels. Stress tests are conducted to measure the risk in certain positions, or at company and Group-level to capture the enterprise level of risk.

More detailed qualitative information on stress tests, such as the portfolios subject to stress testing, the scenarios adopted and the methodologies used, can be found in the descriptions of each risk area.

- The Group's capital planning is based on a business plan which covers near-future changes in volumes and risk levels. Based on the plans, forecasts of changes in capital adequacy requirements for the Group and the various companies are prepared. In addition to the baseline scenarios, stress tests are performed, which are used to assess how weaker economic environments would affect capital adequacy. The stress scenarios in capital management and internal capital focus on the key risk factors of the Group. More detailed information is described in the table EU OVC. Most of the loan book is secured by residential or commercial real estate. Credit risk is described in the table EU CRA. Various components of market risk are subject to stress testing in market risk management: interest rate risk, credit spread risk and equity risk. For interest rate risk, the size and maturity of the liquidity portfolio is restricted, and the risk level is managed with a capital limit based on dynamic interest rate shocks. In the sensitivity analysis, interest rate risk is stressed through absolute change factors calculated from the Euribor–euro swaps curve for each rate maturity. The factors are determined from historical data and recalibrated annually. For credit spread risk, in the sensitivity analysis, credit spread risk is stressed through absolute change factors calculated from a set of collective yield curves from the market. Each security is mapped to the most appropriate curve in the set, using factors such as type of investment and rating. The factors are determined from historical data and recalibrated annually. The (upward) stress represents the 99.5th percentile of the

absolute changes of the yield curve level from which the risk-free component has been subtracted. For equity risk, in the sensitivity analysis, equity risk is calculated simply as a percentage decrease in the market value. The factor is chosen by expert judgement, but it is based on historical data.

- Aktia conducts regular stress testing to ensure that liquidity is sufficient even during unfavourable market conditions. In these tests, the Bank constructs unlikely but still possible adverse scenarios that would trigger a range of risk drivers. In the Internal liquidity adequacy assessment process (ILAAP), various stress scenarios are used, e.g., withdrawals of deposits, no access to funding in the capital market, combined stress from the previous ones etc. The stress scenarios in the ILAAP focus on the impact on the regulatory requirements (Liquidity Coverage Ratio, Net Stable Funding Ratio) and the Bank's net liquidity position.

(g) Points (a) and (d) of Article 435(1) CRR

Information on the strategies and processes to manage, hedge and mitigate risks, as well as on the monitoring of the effectiveness of hedges and mitigants.

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 risks are credit, interest rate and liquidity risks in the Bank Group, interest rate and other market risks and actuarial risks in the life insurance business. All these operations are exposed to business and operational risks. The Group is utilizing a variety of risk mitigation methods to manage financial and non-financial risk exposures. More detailed risk type specific considerations can be found in following chapters:

- 2.6.4 Disclosure on qualitative items (EU LRA)
- 3.1.1 General qualitative information about credit risk (EU CRA)
- 3.4.1 Qualitative disclosure requirements related to CRM techniques (EU CRC)
- 3.5.2 Qualitative disclosure requirements related to standardised model (EU CRD)
- 3.5.5 Qualitative disclosure requirements related to IRB approach (EU CRE)
- 3.7.1 Qualitative disclosure related to CCR (EU CCRA)
- 4.1.1 Qualitative disclosure requirements related to market risk (EU MRA)
- 5.1.1 Qualitative information on operational risk (EU ORA)
- 6.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
- 7.1.1 Liquidity risk management (EU LIQA)

The Aktia Group's internal reporting and monthly financial reports are based on the same structure and are prepared using the same standards as applied to the official interim financial statements and annual accounts. The monthly reports, supplemented by comparative analysis on previous periods, the budget, planned projects and central key figures for analysing the respective business segment are on a regular basis distributed to Aktia Group's Board of Directors and management, selected key personnel and the auditors.

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

Senior management's attestation

The senior management confirms in accordance with CRR article 431(3) that Aktia Bank Group has made the Pillar III disclosures required under Part Eight of Regulation (EU) No 2019/879 (CRR2) and further disclosure guidance provided by the European Banking Authority (EBA) in its "Final draft implementing technical standards on public disclosures by institutions of the information related to in Titles II and III of Part Eight of Regulation (EU) No 575/2013" (EBA ITS) in accordance with the formal policies and internal processes, systems and controls. The key elements of the Aktia Bank Group's formal policies to comply with the disclosure requirements are included in the Pillar III report.

In Helsinki, 13 March 2025

Tommi Orpana

Chief Risk Officer at Aktia

1.1.1 ICAAP information (EU OVC)

(a) Article 438(a) CRR

Approach to assessing the adequacy of the internal capital

The annual Internal Capital Adequacy Assessment Process (ICAAP) process is part of the Board's strategy work.

On the basis of strategic lines, estimates are made of the development of business volumes (the consolidated balance sheet) and the revenue and expense structure (the consolidated income statement). The forward looking scenario analysis forms the basis for the Group's capital adequacy forecasts and stress scenarios. The Group's internal capital requirements are also set as part of the ICAAP process.

The ICAAP documentation is updated on the basis of the strategy work on an annual basis, and more often if needed. Methodologies and risk models for the internal assessment of capital requirements are also updated. The ICAAP documentation and conclusions are approved by the Board. At the same time as the ICAAP, Life Insurance Company's ORSA process is also established. External reporting of the conclusions takes place as part of the Group's Pillar 3 reporting.

The internal assessment of capital requirements for the Group is an important element of capital management. The internal capital requirement reflects the Group's capital adequacy more comprehensively than the regulatory capital requirements (Pillar 1), because it also takes into account risks not included in them. The internal capital requirement encompasses all the Group's material risks.

The Bank Group's internal capital requirement is based on the "Pillar 1 plus Pillar 2" method. Pillar 1 sets the minimum regulatory capital requirements for credit risks and operational risks. In Pillar 2, the capital requirement is supplemented by internal capital requirements for other risks, as well as areas that are covered insufficiently under Pillar 1.

The Pillar 1 requirements for credit risks are based on a combination of the standard approach and Aktia's IRB models. Pillar 2 adds the capital requirement for concentration risk, because Pillar 1 methods assume that credit portfolios are perfectly diversified across counterparties, regions, and industries. Aktia uses an internal model to measure single name concentrations in corporate and liquidity portfolios, as well as product and geographical concentrations, in the banking book.

For counterparty credit risk in the OTC derivatives, the mark-to-market method is applied to calculate the exposure value. The capital requirement for the credit valuation adjustment risk is calculated using the standardised method. The basic indicator approach is used for operational risks.

Aktia has no trading book, which means there is no Pillar 1 requirement for market risk. The market risk in the banking book is captured by the Pillar 2 requirements. The Pillar 2 models measure the net interest income and economic value risk for the entire banking book, and spread, equity, FX, and real estate risks in the FVTPL and FVOCI portfolios. Market risk also includes the interest rate risk in the banking book. The model for structural interest risk in the banking book also includes the Bank Group's liquidity portfolio. The aggregation of market risk requirements assumes a correlation structure between various components of market risk.

Business risk in banking is measured with a scenario model that considers changes in customer behaviour and pricing, the cost of funding and the competitive situation which affects net interest income through interest rate margins. The model also incorporates adverse scenarios in non-interest income and operating costs. The model does not capture the effects of credit and market risks on P&L. The liquidity risk is partly covered in the model as increasing funding costs. The Bank Group's total internal capital requirement is the sum of different Pillar 1 and Pillar 2 requirements, i.e., no inter-risk diversification is assumed. The internal capital requirement for Aktia Life Insurance is part of its Own Risk and Solvency Assessment (ORSA) process. The capital requirements are based on internal risk models that cover business, market, underwriting and operational risks. The model takes into account both intra and inter-risk correlations.

Declining real estate prices combined with increasing default rates therefore have a material impact on loan losses. The development of short-term interest rates affects the level of interest income for the mainly Euribor-linked loan book. However, long-term rates have an impact on the values of the fixed-income portfolios in Aktia Bank and Life Insurance. In the Solvency II regime, the interest rates also affect the present value of the interest-linked technical provisions.

Other market risk factors include credit spreads, equity, and commercial real estate prices. Movements in credit spreads have an impact on both the value of the fixed-income portfolios and Aktia's own funding prices. In Aktia Life Insurance, movements in FX rates also have a material impact.

Other key stress factors are related to the development of business volumes on and off the balance sheet, and their pricing. Increasing operating costs also affect the Group's overall profitability. The calculation process starts from the Group's rolling financial forecasts, which include baseline assumptions of business volumes and profitability. The stress scenarios cover a rolling three-year period. The severity of the scenarios can be adjusted to meet different stress-testing requirements. Various P&L items are recalculated in the scenario based on the selected risk factors.

The stressed net interest income (NII) is based on assumptions of the business volumes and margins of both interest-bearing assets and liabilities in the scenario. The selected interest rate scenario affects the repricing of the balance sheet. The interest income estimate is adjusted to incorporate the loss rates of the selected credit risk scenario. The asset and liability management (ALM) model that calculates the NII estimate provides the dynamic balance sheet estimates, which are also used as the basis for credit risk risk-weighted exposure amount (REA) estimates.

The loan book's loan loss estimates are based on the International Financial Reporting Standards 9 model-based credit losses (IFRS 9 ECL models). Credit risk scenarios are based on a two-factor model in which one factor drives the point-in-time estimates of PD and the other the collateral values behind the loss given default (LGD) estimates. The ECL estimates can be supplemented by additional defaults in the corporate portfolio. Risk weight (RW) estimates for internal risk classification (IRB) portfolios are driven by a change in LGD-estimates and the credit rating distribution including defaulted exposures while on the SA portfolio side only an increase in defaulted exposures is taken into account. Combined with the balance sheet estimate, a REA estimate is obtained.

In addition to NII, the market risk factors mainly affect the unrealised profits and losses measured at fair value. The market risk factors are the main drivers of solvency stress in Aktia Life Insurance. The life insurance company has a special ALM tool to measure the dynamic impact of the scenarios on its solvency ratios.

Based on the selected scenario, a stressed balance sheet, P&L and risk metric estimates are calculated. Combined with the scenario assumptions on capital policy (i.e., dividend pay-out and new issues of various capital instruments), capital ratios for Aktia Bank and Life Insurance, and the financial conglomerate are derived. The results are then compared with the target, and limits and notification thresholds are set by the Board of Directors.

The stress scenario methodology is also used to calculate the regulatory stress test exercises on an ad-hoc basis. The stress factors are adjusted in accordance with the given scenarios. The tool can also be used to conduct reverse stress tests. In particular, this method is used to design the stress scenarios that are required to test the recovery and resolution options.

The results of the Bank Group and Aktia Life Insurance are aggregated to a Group requirement. The results are then compared with the capital position of the Group. The Group's own funds are based on the adjusted value of equity and subordinated debt. The equity is adjusted by including the changes in fair value of investments measured at amortised cost in Aktia Life Insurance and deducting the dividend proposal, intangible assets, and EL shortfall. Also deducted are other life insurance-related items that are not considered to be eligible capital in the Solvency II regulation.

The Group's own funds include the mark-to-market effect of technical provisions. Capital instruments that are not freely transferable to cover losses within the Group are deducted from the Group's own funds to the extent that they exceed internal capital requirements. Risk limits have been set based on internal capital requirements. The limit establishes the maximum amount of capital that can be utilised for a specific risk type. The limit framework also incorporates the targets for capital adequacy.

1.1.2 Disclosure of LR qualitative information (EU LRA)

(a) Description of the processes used to manage the risk of excessive leverage

For the Leverage ratio, a management target has been set. This target exceeds the minimum regulatory requirement.

(b) Description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers

Leverage ratio increased during the period by 0.41%. The change was driven by an increase of EUR 22,4 million in T1 capital while, at the same time, LR exposures decreased by EUR 449 million. The decrease in exposure amount was mainly caused by a decrease in retail lending volume. The increase in T1 capital was primarily due to the decrease in intangible assets during the year, as well as fair value reserve growth.

2 Credit risk and credit risk mitigations

2.1 General information on credit risk (Article 435 (a, d, f) and Article 442 (a-b) CRR)

2.1.1 General qualitative information about credit risk (EU CRA)

(a) In the concise risk statement in accordance with point (f) of Article 435(1) CRR, how the business model translates into the components of the institution's credit risk profile.

The general description of the concise risk statement approved by the management body is presented in the table EU OVA.

The credit risk profile including the credit risk strategy of the institution is approved by the Board of Directors, including the target segments and risk levels. The current credit risk profile of the institution has been built on the basis of the bank's previous strategies and business model, focusing on lending to households with real estate securities, with increased lending to corporate exposures in the last years increasing the diversification in the loan portfolio. The credit risk profile includes quantitative and qualitative targets and limits for credit risk, in addition to overall principles for credit granting. Targets and limits are specified for different lending portfolios including e.g. customer selection, geographical concentration and ESG-risk risk appetite. The development of the credit risk profile is monitored by specified KRI indicators, which are reported to senior management and the Board of Directors. KRI's for credit risk includes e.g. a capital limit for credit risk, Expected Loss (EL) for different portfolios, geographical limitation, concentration risk and limits for non-performing exposures. During 2024, caused by increased risk levels in the credit risk portfolio, the bank has increased efforts to manage credit risks by re-organising and prioritizing work to keep the risk profile within the risk appetite level set by the management body.

(b) When discussing their strategies and processes to manage credit risk and the policies for hedging and mitigating that risk in accordance with points (a) and (d) of Article 435(1) CRR, the criteria and approach used for defining the credit risk management policy and for setting credit risk limits.

The strategies and processes to manage credit risk are applied according to the three lines of defence and are based on the group risk management policy.

The group risk management policies, including credit risk management policy, are based on governing laws and regulations, and functions as a base for setting up credit risk limits. Credit risks development is limited by key risk indicators (KRIs), which are analysed and proposed by the credit risk control function in the 2nd line of defence, based on the credit portfolio and the strategy of the bank, and decided on by the Board of Directors. The KRI's are updated yearly. In addition to KRIs, the credit risk control unit is responsible for overseeing the development of risks on the portfolio level by constant monitoring of risks.

The line organisation assesses the credit risk in each transaction and bears the overall responsibility for credit risks in its own customer base. Credit risk management focuses on careful customer selection, which includes long term customer relationships and a good knowledge of the customers' situation and their re-payment capacity. The re-payment capacity is carefully analysed for each credit, where an adequate re-payment capacity of the customers is a prerequisite for credit granting. The Group's Risk Control unit is responsible for ensuring that the models and methods used for measuring credit risk are comprehensive and reliable. The Risk Control unit is also responsible for performing independent risk analysis and reporting.

Credit risks are reported to the Group's Board of Directors and its' Risk committee every quarter. Position- and aggregate-level credit risk reporting is available daily to the business personnel involved in the credit process and the Executive Committee. Every year, Risk Control conducts a comprehensive validation of all credit risk models, and the results are reported to both the Board of Directors and members of the Executive Committee in the ALCO. Risk Control also monitors the models quarterly to ensure they are functioning normally and reports the monitoring results quarterly to both the Board of Directors and the Executive Committee.

The credit risk control function is a part of the second line of defence, whose tasks are described in more detail in EU OVB. In line with the responsibility of the 2nd line of defence, the Group's credit risk control assesses the Group's overall credit risk position in relation to the strategy and risk appetite, is responsible for preparing the risk management framework and proposing the KRI's for the Group's risk appetite concerning credit risk.

(c) When informing on the structure and organisation of the risk management function in accordance with point (b) of Article 435(1) CRR, the structure and organisation of the credit risk management and control function.

Credit risk management function in the first line of defence is independent from the units responsible for banking business, with a separate reporting line to the EVP responsible for credit risk. The credit risk control function in the second line of defence is independent from the Credit Risk Management function in first line of defence.

The Credit Risk Control function reports to the group CRO and is thereby not affected by the business units it controls. The organisational structure is simple, consisting of one team responsible over credit risk control of the bank, functioning as the credit risk control unit according to governing regulation. Modelling and validation tasks are separated within the unit. The head of the unit is a member of the Risk Control Function management team.

(d) When informing on the authority, status and other arrangements for the risk management function in accordance with point (b) of Article 435(1) CRR, the relationships between credit risk management, risk control, compliance and internal audit functions.

Internal audit constitutes the 3rd line of defence in the bank and is fully separated from 1st and 2nd lines of defence. A separate compliance department is placed within the 2nd line of defence. Status and other arrangements for the risk management function in accordance with point (b) of Article 435(1) CRR is described in point (c) above.

2.1.2 Additional disclosure related to the credit quality of assets (EU CRB)

(a) The scope and definitions of 'past-due' and 'impaired' exposures used for accounting purposes and the differences, if any, between the definitions of past due and default for accounting and regulatory purposes as specified by the EBA Guidelines on the application of the definition of default in accordance with Article 178 CRR.

A loan is considered in default if a significant loan payment is delinquent by 90 days or more according to CRR article 178. A loan is also considered in default if a significant loan payment is delinquent by less than 90 days, and the borrower is subject to bankruptcy or debt restructuring, or the borrower's ability to settle his or her loan obligations to their fullest extent is considered unlikely. The definition of impaired and of past due and default for accounting and regulatory purposes is aligned in the bank.

(b) The extent of past-due exposures (more than 90 days) that are not considered to be impaired and the reasons for this.

Non-material past due according to CRR article 178 are not automatically considered impaired.

(c) Description of methods used for determining general and specific credit risk adjustments.

Credit risk adjustments are made either according to the IFRS 9 ECL model, or manual decisions made by the debt collection department in the bank based on counterparty analysis.

For non-defaulted loans whose credit risk has not increased significantly (ECL Stage 1), the expected credit losses for a 12-month period are calculated. For non-defaulted loans whose credit risk has increased significantly (ECL Stage 2), as well as for defaulted loans (ECL Stage 3), the expected credit losses for the remaining lifetime of the loan are calculated.

General credit risk adjustments is in a minor role compared to specific credit risk adjustments, and are made by management overlay decisions.

(d) The institution's own definition of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR specified by the EBA Guidelines on default in accordance with Article 178 CRR when different from the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

Aktia's definitions of a restructured exposure used for the implementation of point (d) of Article 178(3) CRR is in line with the definition of forborne exposure defined in Annex V to Commission Implementing Regulation (EU) 680/2014.

2.2 General information on credit risk mitigation (Article 453 (a-f) CRR)

2.2.1 Qualitative disclosure requirements related to CRM techniques (EU CRC)

(a) Article 453 (a) CRR

A description of the core features of the policies and processes for on- and off-balance sheet netting and an indication of the extent to which institutions make use of balance sheet netting;

The accounting policies of the Aktia Bank Group do not include the netting of balance sheet items or off-balance sheet items.

To limit and reduce counterparty risks, individual collateral arrangements are used, in accordance with credit support annex (ISDA/CSA) conditions. The ISDA/CSA agreement allows the use of close-out netting agreements, in which all positive and negative market values under an agreement can be netted at the counterparty level. The Group has netting and collateral agreements in place with all counterparties that are credit institutions. The collateral used is mainly cash, but government securities can also be used. At year-end, all received and placed collateral was in cash. Aktia has no rating-based triggers in CSA agreements, and a credit rating downgrade would therefore not trigger a requirement for additional collateral.

(b) Article 453 (b) CRR

The core features of policies and processes for eligible collateral evaluation and management

The valuation and administration of collateral is important for managing credit risk. Rules and authorisations concerning the valuation of collateral and the updating of collateral values have been established. In keeping with the principle of prudence, collateral values are calculated by subtracting a haircut from the market value. The extent to which this prudent collateral value is lower indicates the volatility in the collateral's market value, liquidity, and the expected recovery time and fulfilment. Under the SA, real estate collateral, certain guarantees and financial securities are considered in the capital adequacy calculation. Under the IRB approach, credit risk mitigants affect the capital adequacy calculation through the LGD estimate.

For corporate financing purposes, collateral is valued in accordance IVS (International valuation standards) also considering a valuation buffer specific to the collateral, to allow the determination of a prudent value. Especially when valuing commercial properties income value approach is used.

(c) Article 453 (c) CRR

A description of the main types of collateral taken by the institution to mitigate credit risk

Loans to households are mainly granted against real estate collateral. Commercial or residential real estate collateral is used for a major part of the corporate portfolio.

(d) Article 453 (d) CRR

For guarantees and credit derivatives used as credit protection, the main types of guarantor and credit derivative counterparty and their creditworthiness used for the purposes of reducing capital requirements, excluding those used as part of synthetic securitisation structures.

The Finnish government, the credit guarantor Finnvera, the European Investment Fund and Finnish municipalities are the main types of guarantors within Aktia's loan book. The Finnish government and the largest credit guarantee insurer (Finnvera) both have the same high quality credit rating AAA. Unfunded credit protection is also provided mainly to private households, with an external credit rating A-.

Aktia had no outstanding credit default swaps at year-end.

(e) Article 453 (e) CRR

Information about market or credit risk concentrations within the credit mitigation taken

Most of the Bank's collateral stock is made up of residential real estate, and most of the collaterals are concentrated in or around growth centres in Finland. Trends in housing prices are therefore important factors in the Bank's risk profile. LTV is though on a modest level and concentrated to the low LTV classes.

The largest single guarantor is Finnish government (mainly student loans). All the other guarantors have significantly smaller amounts guaranteed, and as such do not create risk concentrations.

2.2.2 Qualitative disclosure requirements related to standardised approach (EU CRD)

(a) Article 444 (a) CRR

Names of the external credit assessment institutions (ECAIs) and export credit agencies (ECAs) nominated by the institution, and the reasons for any changes over the disclosure period.

Aktia uses external long-term issue and issuer ratings from Moody's Investors Service to calculate the risk weight according to the SA. The mapping of ratings follows the ECAI mapping published by the EBA. No changes in the use of ECAI ratings have been done during the disclosure period.

(b) Article 444 (b) CRR

The exposure classes for which each ECAI or ECA is used

EBA table EU CR5 shows the risk weights for exposures in the standardised approach. The external ratings are used for sovereign-type exposure classes (exposure classes (a)–(e) according to Article 112 of the CRR), as well as for institution and covered bond exposure classes. The counterparties with external ratings are mainly derivative counterparties or part of the liquidity portfolio.

(c) Article 444 (c) CRR

A description of the process used to transfer the issuer and issue credit ratings onto comparable assets items not included in the trading book

Aktia uses external long-term issue and issuer ratings from Moody's Investors Service to calculate the risk weight according to the SA. The external ratings are used for sovereign-type exposure classes (exposure classes (a)–(e) according to Article 112 of the CRR), as well as for institutions and covered bond exposure classes. The counterparties with external ratings are mainly derivative counterparties or part of the liquidity portfolio. The mapping of ratings follows the ECAI mapping published by the EBA.

(d) Article 444 (d) CRR

The association of the external rating of each nominated ECAI or ECA (as referred to in row (a)) with the risk weights that correspond with the credit quality steps as set out in Chapter 2 of Title II of Part Three CRR (except where the institution complies with the standard association published by the EBA).

Not applicable for Aktia

2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)

Institutions shall disclose the information referred to of points (a) to (f) of Article 452 of Regulation (EU) 575/20131 (“CRR”) by following the instructions provided below in this Annex to complete table EU CRE which is presented in Annex XXI to this Implementing Regulation.

(a) Article 452 (a) CRR

The competent authority's permission of the approach or approved transition

The Financial Supervisory Authority in Finland has granted Aktia Bank Group permission to apply the internal ratings-based (IRB) approach to retail, equity, and certain corporate exposures. The Foundation IRB approach is used for corporate exposures. The IRB approach represents 61% of Aktia's total REA. The remaining credit exposures are calculated using the standardised approach (SA).

(b) CRR 452(c) The control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on:

- (i) the relationship between the risk management function and the internal audit function;
- (ii) the rating system review;
- (iii) procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models;
- (iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models

The control mechanisms in the bank consist of monitoring and validation of the models. Quarterly monitoring is performed by the credit risk control unit with results reported according to CRR article 189.

Validation is done within the credit risk control unit, with the responsibility of validation separate from modelling. Taking into the consideration Aktia's scale of operations and according to the proportionality principle, Aktia does not have a separated validation function, but has separate staff responsible for validation. Validation is performed yearly, with results reported to ALCO and the management unit.

Internal Audit performs independent reviews on the credit risk control unit on a yearly basis.

(c) Article 452 (d) CRR

The role of the functions involved in the development, approval and subsequent changes of the credit risk models

The Credit Risk Control Unit (CRCU) is responsible for developing and updating the models and the approval process of changes or new model applications with FIN-FSA. CRCU is an independent unit from the functions responsible for the origination of loans, with responsibilities according to CRR article 190.2.

All material changes to credit risk models are validated by the personnel responsible of model validation. Internal audit has a role in auditing material changes made by the CRCU unit.

(d) Article 452 (e) CRR

The scope and main content of the reporting related to credit risk models

Internal reporting of credit risk models is done by all lines of defence. Supervisory reporting is done according to regulation or specific requests.

The first line of defence reports the current and historical level of credit risk in the bank to the sales organisation and senior management.

The second line of the defence risk report includes more detailed information on the PD-, LGD- and EL-levels. Monitoring results are reported quarterly to senior management and the management unit. Validation reports are reported yearly, including a presentation to senior management and the management unit.

The third line of defence reports separately their findings concerning the credit risk models and the status concerning them.

(e) Article 452 (f) CRR

A description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering:

- (i) the definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods;
- (ii) where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure;
- (iii) where applicable, the definitions, methods and data for estimation and validation of credit conversion factors, including assumptions employed in the derivation of those variables.

Aktia uses IRB -models for retail and corporate exposures. A counterparty PD -model is used for corporate exposures. For retail exposures, two models are used depending on the counterparty (household or small business). The scoring will differ based on the counterparty history available (application or behavioural models) and the product used. Expert judgement is used in combination with qualitative analysis for low default portfolios.

For retail models, the main differences are related to how data is used. Internal data are used for the counterparties with behavioural history, and application data are used for new customers. The PDs in different models have been developed by multivariate regression analysis using application, behaviour and transaction data.

The main driver of differences between PD and default rate (DR) is caused firstly by a recent increase in defaults and secondly a mismatch in the calibration of the PD model. Defaults have increased mainly due to increases in unlikelihood to pay (UTP). Defaults due to 90 days past due have also increased during the year. The process of identifying UTP has been renewed, causing heavily increased number of defaults in the last years. This causes the current mismatch in the calibration, where $DR > PD$, as default levels are considerably above the through-the-cycle PD levels used in the PD calibration. A calibration has been performed as a part of a pending IRB PD-model application since Q1 2024. The current PD estimates used for capital adequacy calculations include considerable regulative add-ons. The bank is waiting for a permission from FIN-FSA to recalibrate the PD-models as part of the model application. The reported PD estimates are without regulative add-ons. No specific regulatory floors have been implemented, only the output floors according to CRR are used in capital adequacy calculations. Regulative add-ons are in force and implemented, which affects the RWA calculation.

On the corporate side, one rating model combining a quantitative and qualitative approach is used using the same data of the counterparties.

Aktia uses internal LGD-estimates for their retail portfolio, consisting of one model covering the portfolio. The model uses information on, e.g., collaterals used and internal expenses, calculated by regression to estimate the correct LGD. The time lapse between default and closure in modelling is 5 years. For low default portfolios, which are outside the retail exposures, FIRB or standardised approach is used.

Validation of LGD and PD is performed by staff separate from the ones responsible for modeling. Validation consists of quantitative and qualitative tests, with most of the focus in the latest year's performance of the model. Validation collects own data for validation purposes.

2.3 Counterparty credit risk (CCR) (Article 439, Article 444 e) and Article 452 (g) CRR)

2.3.1 Qualitative disclosure related to CCR (EU CCRA)

(a) Article 439 (a) CRR

Description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties.

Aktia uses the SA-CCR method for calculating the counterparty credit risk arising from derivatives contracts.

(b) Article 439 (b) CRR

Description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves.

Counterparty risk arises from the derivative operations. Counterparty risk in derivative contracts is the risk of a counterparty not fulfilling its contractual obligations to Aktia when a contract has a positive market value. To limit and reduce counterparty risks in derivative contracts, individual collateral arrangements are used, in accordance with ISDA/CSA (credit support annex) conditions. The ISDA/CSA agreement allows the use of close-out netting agreements, in which all positive and negative market values under an agreement can be netted at the counterparty level. Aktia has netting and collateral agreements in place with all counterparties that are credit institutions. Counterparty exposures are measured and followed-up daily.

(c) Article 439 (c) CRR

Description of policies with respect to Wrong-Way risk as defined in Article 291 of the CRR

Wrong-way risk occurs when the exposure to a counterparty is adversely correlated with the credit quality of that counterparty. There are two types of wrong-way risk. Specific wrong-way risk is caused by the specific characteristics of the counterparty or the transaction: for example, if the counterparty posts its own bonds – or bonds of closely linked entities – as collateral. General wrong-way risk arises where the credit quality of the counterparty may for non-specific reasons be held to be correlated with a macroeconomic factor which also affects the value of derivatives transactions. According to its own analysis, Aktia does not have any exposures containing general or specific wrong-way risk.

(d) Article 431 (3) and (4) CRR

Any other risk management objectives and relevant policies related to CCR.

Not any other risk management objectives or related policies.

(e) Article 439 (d) CRR

The amount of collateral the institution would have to provide if its credit rating was downgraded.

Aktia has no rating-based triggers in CSA agreements, and a credit rating downgrade would therefore not trigger a requirement for additional collateral.

3 Market risk



3.1 Exposure to market risk

3.1.1 Qualitative disclosure requirements related to market risk (EU MRA)

(a) Points (a) and (d) of Article 435 (1) CRR

A description of the institution's strategies and processes to manage market risk, including:

- An explanation of management's strategic objectives in undertaking trading activities, as well as the processes implemented to identify, measure, monitor and control the institution's market risks
- A description of their policies for hedging and mitigating risk and strategies and processes for monitoring the continuing effectiveness of hedges

The market risk management operates under the three lines of defence framework. Aktia bank does not have a trading book. Aktia bank's risk appetite and the limit system restrict the size of the exposure to market risks. Measurement methods, limits and strategy are prepared by the ALCO and the Board's Risk Committee and are thereafter established by the Board of Directors.

The market risk and hedging strategy are defined in internal guidelines that define limits for counterparties, regions and products, and processes and internal rules. The general principles of Aktia bank's hedging activities are described in the documentation governing the group's risk policy.

Aktia bank's market risk consists of interest rate in the banking book, credit spread risk, equity risk and foreign currency risk components. The Bank's most significant market risk is IRRBB, the management of which is disclosed in section 6.1. The primary credit spread risk exposure arises from the bank's liquidity portfolio, which is accounted at fair value. Aktia limits its credit spread risk by allocation positions to relatively secure and low duration instruments. The company is subject to spread risk due to the fluctuations in the market prices of the investment portfolio's bonds. Spread risk is related to the credit ratings of the instruments' issuers and the markets' general sentiment towards credit risk-linked instruments.

The structural interest rate risk in the banking book and fair value risk are managed with interest rate derivative instruments. Derivatives are used only for hedging purposes and counterparty risk is limited by daily exchange of collateral in accordance with the ISDA/CSA agreement (collateral management).

The bank has effective processes for identifying, managing, and reporting market risks: The bank has working procedures for approving new products, and in addition, product descriptions are made for all products. Market risk limits are approved annually. Interest rate risk is reported monthly, and the market values of the liquidity portfolio are reported daily. Interest hedging is done either on an instrument-by-instrument basis or at the portfolio level.

The Group's Asset and Liability Management Committee is responsible for the operational management of internal group investment assets within the given guidelines and limits. The Bank's ALM unit manages the market risk and the Bank's Treasury unit executes transactions to manage the market risk based on the established strategy and limits.

Aktia Bank's foreign currency risk, which is managed by the bank's Treasury, is very limited. The foreign currency position is created from the cash flows of the payment, the foreign currency accounts of customers

and foreign currency transactions made for customer service purposes within the Treasury. All foreign currency loan positions are fully hedged with currency and interest rate swaps at the time of issuance.

(b) Point (b) of Article 435 (1) CRR

A description of the structure and organisation of the market risk management function, including a description of the market risk governance structure established to implement the strategies and processes of the institution discussed in row (a) above, and that describes the relationships and the communication mechanisms between the different parties involved in market risk management.

The Group's Risk Control unit, which continuously monitors market risks and their associated limits, is responsible for reporting on market risk factors to the Board and the Executive Committee.

The Bank's ALM unit manages the structural interest rate risk in the banking book and the Bank's Treasury unit executes transactions to manage the interest rate risk based on established strategy and limits. The bank's ALM unit regularly provides ALCO with an overview of the group's interest rate risk. ALCO decides on hedging measures based on the proposal of the ALM unit and the Treasury and authorizes the Treasury to execute the interest rate hedges.

(c) Point (c) of Article 435 (1) CRR

Scope and nature of risk reporting and measurement systems

Risk reporting to the management covers all markets risks (interest rate, credit spread, foreign exchange rate and equity risks) in a pre-defined format at least quarterly. Identification and measuring of the risk take place with suitable IT systems taking into account the measuring methods stated in the Group's risk policy for market risk management. No trading activities are conducted by the Aktia Group. The Aktia Group's risk appetite and the limit system restricts the size of the exposure to market risks.

Measurement methods, limits and strategy are prepared by the ALCO and the Board's Risk Committee and are thereafter established by the Board of Directors. The Group's Asset and Liability Management Committee is responsible for the operational management of internal group investment assets within the given guidelines and limits. The Bank's Treasury unit conducts transactions to manage the structural interest rate risk based on the established strategy and limits. The Group's Risk Control unit, which continuously monitors market risks and their associated limits, is responsible for reporting on these risk factors to the Board and the Executive Committee.

The Group's Risk Control unit monitors credit ratings and the change of the market values of instruments in the liquidity portfolio.

Statistical Value at Risk- models measure the development of structural market risk and the Risk Control unit investigates the components that influence changes in risks levels at least quarterly.

4 Operational risk



4.1 Disclosure of operational risk management (Article 446 (a) CRR)

4.1.1 Qualitative information on operational risk (EU ORA)

(a) Points (a), (b), (c) and (d) of Article 435(1) CRR

Disclosure of the risk management objectives and policies

Definition of operational risk

Operational risk is defined as the risk of loss resulting from inadequate, unclear or failed internal processes, inadequate or unclear internal rules, deficient or unreliable systems, and inadequate or unreliable information, as well as those caused by personnel – including through human error – or external events, and is divided into four risk areas, that is, information security, compliance, AML/CFT and other operational risk. Compliance risk is defined as the risk of failure to comply with applicable regulations and related internal rules.

The realisation of an operational risk could result in direct or indirect economic losses for Aktia, but it could also threaten the reputation of the Group among customers, shareholders and the market.

Management of operational risk

Aktia uses a risk-based approach to manage operational risk. The framework for the management of operational risks in the Group is adopted annually by the Board of Directors. Where applicable, the framework follows the ISO 31000 standard. The Group's CEO adopts other relevant internal rules related to managing operational risk.

The Board of Directors confirms the risk appetite for different operational risk areas annually. In 2024 these operational risk areas were the following: information security risks; compliance risks; AML/CFT-risks and other operational risks including process, personnel, IT & systems and legal risks.

The responsibility for managing operational risk lies with the risk owners, i.e. the Executive Committee and their respective organisations. Risk owners are accountable for the continuous development of the quality of processes and internal controls thereof as well as for identifying and mitigating risks.

The management of each business area is responsible for ensuring that processes and procedures are adapted to Aktia's strategy, the goals established by the Group's Executive Committee, and for sufficient internal rules.

The Operational Risk team in the Risk Control function in the second line of defence is responsible for providing the operational risk framework, for analysing and reporting on the Group's operational risks, as well as for providing support for the risk owners in their risk management work.

Aktia has various methods, processes, and procedures to manage operational risk, such as risk assessment processes, monitoring changes in external regulations, approval of new or materially changed products and processes as well as incident reporting.

Information security management and governance

The Group's CEO annually approves a revised version of the information security policy owned by Operational Risk team in the Risk Control function. The policy is based on ISO 27001, as well as all relevant regulatory requirements.

The Group has a Chief Information Security Officer (CISO) that is in the first line of defence but has a direct reporting line to the Group's CEO enabling the required independence. The CISO is responsible for implementing the IT security framework within the Group. The CISO has the responsibility to implement the information security policy through information security guidelines. The CISO also supports the business in information security related issues as well as has the responsibility to maintain the high level of security awareness in the Group. A training programme for information security awareness is expected to be completed by all personnel.

A process for information security incident management is in place, governed by the Operational Risk team in the second line of defence. Information security risk assessment is part of the general risk assessment process.

Information security assessments for systems and IT infrastructure as well as for third parties are conducted regularly by the CISO organisation. The CISO organisation co-operates actively with the Operational Risk team to assess and manage the current group-level information security risks and further develop and improve the Group's information security framework.

Risk appetite

In general, the risk appetite for operational risk is moderate. However, there are operational risk areas where risk appetite is defined as low.

The risk appetite for information security risk is mainly low but can also be higher in predefined areas. Thus, the risk level for systems used to produce critical or significant services, as well as for support components, processes and systems used in the IT infrastructure identified on a risk basis, must be low. The risk level for information security concerning societally significant services, processes and systems is also low. The risk appetite for information security is otherwise moderate.

The risk appetite for compliance risk is generally low. This means that Aktia does not accept from the company, its management or personnel violations of applicable regulations, in particular, those that concern Aktia as a financial market operator. Neither does Aktia accept unethical conduct or procedures. However, under certain circumstances the risk appetite for compliance risk is moderate and thus it is allowed to utilize the principle of proportionality under those circumstances.

The risk appetite for the AML/CFT-risk is low. Aktia has zero tolerance for all types of misuse of Aktia's services or products for criminal purposes but accepts the possibility that the risk might be realised. Aktia strives to take measures against misuse by means available to it, including monitoring, control measures and reporting. Aktia cooperates with the authorities and other actors in the private sector to prevent activities aimed at financing terrorism, fraud, circumvention of sanctions and money laundering.

Key methods, processes and procedures to manage operational risk:

Risk assessments and risk management

The general risk assessment process ensures that operational risks are assessed regularly within the Group in a coherent and documented manner. That is, risk assessments are performed with the aid of a standard risk management tool and Group-wide risk library, which can be complemented by function-specific risks. The process improves risk awareness and enables effective assessment, control and mitigation of identified risks.

The Operational Risk team facilitates an annual assessment of operational risks. Based on this assessment a Group-level summary including necessary mitigating actions is provided for the management and the Board of Directors.

Independent compliance risk assessment

The Group's Compliance function regularly conducts a risk assessment regarding compliance risks within the function's areas of responsibility. The result of the independent risk assessment provides the function the basis for its annual plan, that is approved by the Board of Directors.

Financial Crime Business Wide Risk Assessment

With the Financial Crime Business Wide Risk Assessment (BWRA) Aktia identifies and assesses the inherent risks of money laundering and terrorist financing and of not having effective measures, procedures and internal controls in place to ensure compliance with financial sanctions, evaluates the effectiveness of the existing controls, and thus finally estimates the residual risks in Aktia's business activities. The BWRA enables Aktia to implement a risk-based approach to combat financial crime. The results are reported to the Board of Directors as well as the action plan approved by the management.

Incident management

Despite well-functioning internal controls, risk events (incidents) do occur. The incident management process ensures appropriate handling and reporting of detected incidents in order to minimize the impact on Aktia, its customers and business partners, prevent similar incidents from reoccurring, and to reduce the impact of potential future incidents. All functions and branches are required to report both incidents with financial implications and "close calls". The incidents are immediately assessed to determine their severity. Depending on the nature of the incident and its severity, Aktia has different requirements on stakeholder involvement, and if required Aktia fulfills incident reporting duties to the relevant authorities.

Internal rules and training

Adequate internal rules and related training enable Aktia and its personnel to comply with applicable regulations and these are a preventive measure to reduce operational risks. Each manager is responsible for compliance with the internal rules within their managed area and to ensure, when deemed necessary, adequate training to their personnel beyond the annual e-learning trainings mandatory for all personnel.

New products and processes approval (NPAP)

Before launching new products, services, or processes or systems affecting customers, or when introducing material changes to previously existing products, services, or processes or systems affecting customers, a new product approval process is applied to identify the associated risks. The aim of this process is to ensure that the introduction of products, services, or processes or systems has been carefully considered from the compliance and risk management perspective. The NPAP process also applies to new outsourcing arrangements. Ultimately, the decision to introduce a product, service, or process or system rests with the risk owner.

Contingency and continuity planning

The risk-based contingency and continuity planning framework and process in Aktia ensures the capability to handle extraordinary events and crises and assure the continued delivery and recovery of processes and services that are considered to be critical. This includes ensuring that roles and responsibilities are clear, known and communicated to all involved. Extraordinary events and crisis situations are dealt with in a timely manner, escalated and reported on in accordance with pre-established structures.

As an example, each critical function has an annually updated business continuity plan, including disaster recovery plans for related critical systems. The responsibility for continuity planning lies with the risk owner. The responsibility for continuity planning lies with the risk owner.

The Operational Risk team in the Risk Control function is responsible for updating the Group-level contingency plan.

Whistleblowing procedures

The objective of the Whistleblowing procedures is to ensure that the personnel have the possibility to reach out and report if they have any reason to suspect that someone is infringing Aktia's Code of Conduct or other rules of Aktia, either according to the normal process, that is, to their line manager, some other manager in Aktia, the Compliance function or Internal Audit, or through Aktia's Whistleblowing channel. The Whistleblowing channel is also available to Aktia's external stakeholders, such as customers or partners.

Complaints-handling

The objective of the Complaints-handling process is to ensure that customer complaints relating to Aktia's services or products are processed in a uniform and fair manner and that customer complaints are handled in a positive, openminded and business-like manner.

Insurance

In addition to the preventive work aimed at avoiding or mitigating operational risks, the Group has adequate insurance coverage for damage that can occur as a result of the realisation of such risks.

(b) Article 446 CRR

Disclosure of the approaches for the assessment of minimum own funds requirements

The capital requirement for operational risks is 15% of average gross revenue for the past three years. The risk-weighted amount for operational risks has been calculated by dividing the capital requirement by 8%. The information at financial year end used for the calculation of own funds requirements is based on audited figures.

5 Interest rate risk in banking book (IRRBB)



5.1 Exposure to interest rate risk in the banking book (Article 448 CRR)

5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)

(a) Article 448.1 (e), first paragraph

A description of how the institution defines IRRBB for purposes of risk control and measurement.

Interest rate risk in the banking book (IRRBB) refers to the current or anticipated impact on earnings or capital due to adverse interest rate movements. Structural interest rate risk arises from repricing mismatches of assets and liabilities, option risk and yield curve risk. IRRBB is measured using the six standardized interest rate shock scenarios outlined in the EBA Guidelines, supplemented by internally defined shock scenarios. Negative interest rate shocks are floored in accordance with the EBA Guidelines.

(b) Article 448.1 (f)

A description of the institution's overall IRRBB management and mitigation strategies.

Measurement methods, limits and strategy are prepared by the Asset and Liability Committee for the Board's Risk Committee and are thereafter established by the Board of Directors. The Group's Asset and Liability Management Committee is responsible for the operational management of internal group investment assets within the given guidelines and limits. The Bank's ALM unit manages the structural interest rate risk in the banking book and the Bank's Treasury unit executes transactions to manage the interest rate risk based on the established strategy and limits. In addition to matching interest-fixing periods in lending and borrowing through business management, derivative instruments and fixed-rate investments in the liquidity portfolio are utilised, with the aim of maintaining net interest income at a stable level.

(c) Article 448.1 (e) (i) and (v); Article 448.2

The periodicity of the calculation of the institution's IRRBB measures, and a description of the specific measures that the institution uses to gauge its sensitivity to IRRBB.

The risk in Net Interest Income (NII) is simulated using a dynamic asset and liability risk management model that incorporates planned growth assumptions and models customer behaviour. NII risk is measured by calculating the change in NII over the first year and separately over the second year (months 13-24). The risk in Economic Value of Equity (EVE) is measured by calculating the sensitivity of economic value of banking book assets, liabilities, and interest-bearing derivatives to interest rate movements, independent of accounting classification. The model assumes a run-off balance sheet and includes behavioural modelling for non-maturing deposits and prepayments. The bank's interest rate risk position is calculated monthly.

(d) Article 448.1 (e) (iii) Article 448.2

A description of the interest rate shock and stress scenarios that the institution uses to estimate changes in the economic value and in net interest income (if applicable)

In addition to the six supervisory shock scenarios, EVE and NII sensitivities are estimated in additional parallel rate shock scenarios, basis shock scenarios and a frozen rates scenario.

(e) Article 448.1 (e) (ii) Article 448.2

A description of the key modelling and parametric assumptions different from those used for disclosure of template EU IRRBB1 (if applicable)

The same assumptions apply.

(f) Article 448.1 (e) (iv) Article 448.2

A high-level description of how the bank hedges its IRRBB, as well as the associated accounting treatment (if applicable).

In addition to matching interest-fixing periods in lending and borrowing through business management, derivative instruments and fixed-rate investments in the liquidity portfolio are utilised in hedging the Bank's IRRBB. The majority of the Bank's fixed rate wholesale funding is swapped to floating rates to balance the floating rate-driven loan portfolio on the asset side. The Bank's Hold-to-Collect portfolio as part of the liquidity reserve provides a natural hedge to fixed rate non-maturing core deposits. The Hold to Collect and Sell - portfolio is hedged with interest rate swaps to avoid a possible adverse impact to the Bank's capital base.

(g) Article 448.1 (c) Article 448.2

A description of key modelling and parametric assumptions used for the IRRBB measures in template EU IRRBB1 (if applicable).

Key IRRBB modelling assumptions are the repricing of non-maturing deposits and prepayment rates for loans. The assumptions for non-maturing deposits are based on a replicating portfolio model combined with a scenario-specific approach to capture behavioral customer optionality in a rapidly changing interest rate environment. Estimated prepayment rates for loans are calibrated and reviewed against actual prepayment behaviour.

(h) Article 448.1 (d)

Explanation of the significance of the IRRBB measures and of their significant variations since previous disclosures

There were no significant changes in IRRBB measures since the previous disclosure. The biggest absolute change in the EVE measure is a risk decline in the standard parallel up scenario. The short-term risk for NII is low and has remained at a similar level compared to the previous period.

(i) Any other relevant information regarding the IRRBB measures disclosed in template EU IRRBB1 (optional)

No other relevant comments.

(1) (2) Article 448.1 (g)

Disclosure of the average and longest repricing maturity assigned to non-maturity deposits.

The weighted average repricing maturity for all non-maturing deposits is 4.1 years in the baseline. Considering the scenario-specific treatment, the average repricing maturity is 3.7 years for an upward shock to short-term interest rates and 4.6 years for a downward shock. The longest repricing maturity is 10 years.

6 Funding & liquidity risk



6.1 Disclosure of liquidity requirements (Article 451a CRR)

6.1.1 Liquidity risk management (EU LIQA)

(a) Strategies and processes in the management of the liquidity risk, including policies on diversification in the sources and tenor of planned funding,

Good diversification between different types of funding sources in various markets and forms of funding instruments is a key component of the funding strategy. Aktia's objective is to achieve a well-diversified financing profile and a competitive price for financing to ensure the competitiveness of its core business. The most important sources of funding are deposits from households and small and medium-sized enterprises, as well as covered bonds. The funding is supplemented with other long-term financing (Senior Preferred and Senior Non-Preferred notes and Private Placement loan agreements) as well as with short-term financing from the capital market and the central bank. Limit framework approved by the Board of Directors includes limits for regulatory LCR- and NSFR-metrics, minimum liquidity buffer and funding maturity structure.

(b) Structure and organisation of the liquidity risk management function (authority, statute, other arrangements).

Funding and liquidity risk management is governed by policies and limits established by the Board. The Group's Asset and Liability Management Committee is responsible for managing financing and liquidity risks. The Group's Risk Control unit, which continuously monitors liquidity risks and their associated limits, reports on these to the Board and the Executive Committee. The Treasury unit is responsible for maintaining the Bank's day-to-day liquidity, and constantly monitors how Aktia's wholesale assets and liabilities mature. Developments and pricing in the deposit stock are also followed closely. The Treasury unit implements the adopted measures to change the liquidity position.

(c) A description of the degree of centralisation of liquidity management and interaction between the group's units

On an operational level, liquidity management is centralised in the Treasury. The Treasury is responsible for Aktia Group's intraday and daily liquidity management and monitoring.

(d) Scope and nature of liquidity risk reporting and measurement systems.

Risk reporting to the management covers adhering to limits as well as development and prospects of liquidity risk metrics, liquid assets and funding and, if necessary, broader analysis of liquidity risks. The report is performed in a pre-defined format at least quarterly. Identification and measuring of the risk takes place with suitable IT systems taking into account the measuring methods stated in the Group's risk policy for liquidity risk management.

(e) Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants.

The main policy for liquidity risk management are risk appetite and Liquidity Risk Strategy. Liquidity Risk Strategy outlines organizational structure, responsibilities and main risk mitigation principles. Liquidity risk is monitored and managed daily. Internal systems support liquidity risk measurement, monitoring and reporting. The maintenance of adequate liquidity reserves in both the short and long term as regards payment obligations and regulatory requirements is a key means of ensuring liquidity adequacy.

(f) An outline of the bank's contingency funding plans.

The Bank Group has a contingency plan for managing liquidity crises. The contingency plan contains a clear division of responsibility and instructions for how the Bank should improve a possible liquidity deficit. The plan indicates appropriate measures to handle various types of crisis situations. Risk Control ensures that a financing continuity plan exists, is sufficient in scope, includes adequate measures and is regularly updated. The Bank Group's recovery plan also includes indicators tied to the liquidity situation.

(g) An explanation of how stress testing is used.

Aktia conducts regular stress testing to ensure that liquidity is sufficient even during unfavourable market conditions. In these tests, the Bank constructs unlikely, but still possible, adverse scenarios that would trigger a range of risk drivers. In the ILAAP, various stress scenarios are used, e.g., withdrawals of deposits, no access to long-term funding in the capital market, etc., The stress scenarios in ILAAP focus on the impact on the regulatory requirements (Liquidity Coverage Ratio, Net Stable Funding Ratio) and the bank's net liquidity position.

(h) A declaration approved by the management body on the adequacy of liquidity risk management arrangements of the institution providing assurance that the liquidity risk management systems put in place are adequate with regard to the institution's profile and strategy.

Based on the liquidity risk governance framework and policies it has established, and on the risk reporting and other information it has received, the Board of Directors states that the liquidity risk management systems used by Aktia Group are adequate regarding Aktia Group's liquidity risk profile and strategy.

(i) A concise liquidity risk statement approved by the management body succinctly describing the institution's overall liquidity risk profile associated with the business strategy. This statement shall include key ratios and figures (other than those already covered in the EU LIQ1 template under this ITS) providing external stakeholders with a comprehensive view of the institution's management of liquidity risk, including how the liquidity risk profile of the institution interacts with the risk tolerance set by the management body.

These ratios may include:

- **Concentration limits on collateral pools and sources of funding (both products and counterparties)**
- **Customised measurement tools or metrics that assess the structure of the bank's balance sheet or that project cash flows and future liquidity positions, taking into account off-balance sheet risks which are specific to that bank**
- **Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity**
- **Balance sheet and off-balance sheet items broken down into maturity buckets and the resultant liquidity gaps**

Aktia has a low appetite for liquidity risk, which is reflected in the various limits set by the Board. These cover liquidity risks on both short- and long-term bases, and include the regulatory LCR and NSFR ratios, the minimum size of the liquidity buffer as well as limits for the maturity structure of funding. Aktia's liquidity risks remained within the established limits throughout 2024. In particular, Aktia Bank's NSFR at the end of 2024 was 124%.

6.1.2 Qualitative information on LCR (EU LIQB)

(a) Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time

Aktia Group's LCR ratio stayed at a high level during the year 2024, in Q4/2024 214 %. The liquidity buffer stayed stable during the whole year.

(b) Explanations on the changes in the LCR over time

LCR fluctuates over time, partly depending on the maturity structure of the bank's issued bonds.

(c) Explanations on the actual concentration of funding sources

Aktia Bank is a retail bank with diversified funding. The most important sources of funding are deposits from households and small and medium-sized enterprises, as well as covered bonds. Sufficient unsecured long-term wholesale funding also ensures the fulfilment of the regulatory requirements (MREL, NSFR) and rating targets. Short-term wholesale funding is used to primarily react to changes in the liquidity position.

(d) High-level description of the composition of the institution's liquidity buffer.

A major part of holdings in Aktia's liquidity reserve are cash at the central bank and covered bonds of very high quality. Residual assets of size in the reserve are government bonds and securities issued by municipalities. Aktia also holds an intra-day credit line at the central bank, which is part of the liquidity buffer.

(e) Derivative exposures and potential collateral calls

Derivatives are used only for hedging purposes. For assessing potential additional outflows from derivatives and other collateral requirements, the historical look-back approach (HLBA) is used.

(f) Currency mismatch in the LCR

The Aktia Group business is conducted in euros, so there is no currency difference.

(g) Other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile

There are no material items in Aktia's LCR that are not captured in the disclosure template.

6.1.3 Accompanying narrative information (EU AE4)

(a) General narrative information on asset encumbrance

The tables provide information on asset encumbrance and liabilities related to encumbered assets. The figures are presented as the quarterly median for 2024. Most of the encumbered assets consist of Aktia Bank's cover pools, which comprise mortgage loans provided as collateral for outstanding covered bonds. Aktia maintains a certain level of over-collateralisation (in addition to the level required by the supervisory authority) in the cover pool to ensure it can withstand a significant price fall in the real estate market. Other sources of asset encumbrance arise from financing operations from the Central Bank and the access of intraday credit line from the Central Bank, repo financing and derivatives.

(b) Narrative information on the impact of the business model on assets encumbrance and the importance of encumbrance to the institution's business model, which provides users with the context of the disclosures required in Template EU AE1 and EU AE2.

Aktia Bank limits its asset encumbrance level by limiting the size of the Covered Bonds issuance related to the size of the bank's Total Assets, available eligible collateral and total funding volume. Also, the bank monitors the encumbrance of the liquid assets portfolio making sure that there is always enough assets and cash to cover the LCR -requirement and other forecasted liquidity requirements. Internal buffers on top of regulative limits ensure the availability of liquid assets in case of unexpected needs.

7 Other disclosures



7.1.1 Explanations of differences between accounting and regulatory exposure amounts (EU LIA)

(a) Article 436(b) CRR

Differences between columns (a) and (b) in template EU LI1

Aktia Life Insurance Ltd is not under the scope of regulatory consolidation but is included in the consolidated financial statement according to IFRS. Entities in the different scopes of consolidation are listed in table EU LI3.

(b) Article 436(d) CRR

Qualitative information on the main sources of differences between the accounting and regulatory scope of consolidation shown in template EU LI2

Table EU LI2 provides information regarding the main sources of differences between the accounting carrying values and regulatory exposures. The main differences result from the amount of off-balance-sheet items, derivatives, CRM techniques (financial collateral) and provisions in the calculation of EAD under IRB methods.

Other differences on row 11 include negative account balances which are not deducted from the exposure amount and difference due to residual value calculation for leased assets.

The items that are subject to deductions from own funds are not risk weighted and are thus excluded from table EU LI2.

7.1.2 Other qualitative information on the scope of application (EU LIB)

(a) Article 436(f) CRR Impediment to the prompt transfer of own funds or to the repayment of liabilities within the group

There are no current or foreseen material, practical or legal impediments to the prompt transfer of the Group's own excess funds, or the repayment of liabilities between Aktia Bank Plc and its subsidiaries. Aktia Bank Plc and all its subsidiaries are incorporated in Finland: there is therefore no need for cross-border transfers within the Group.

(b) Article 436(g) CRR Subsidiaries not included in the consolidation with own funds less than required

Not applicable, each legal entity must fulfil its individual capital requirements and have sufficient liquidity to operate.

(c) Article 436(h) CRR Use of derogation referred to in Article 7 CRR or individual consolidation method laid down in Article 9 CRR

Not applicable, the provisions laid down in Articles 7 and 9 are not in use.

(d) Article 436(g) CRR Aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation

Not applicable, each legal entity must fulfil its individual capital requirements and have sufficient liquidity to operate.

8 Requirements



8.1.1 Compliance with regulatory disclosure requirements

CRR Article	Reference
Article 431	
1. Institutions shall publicly disclose the information referred to in Titles II and III in accordance with the provisions laid down in this Title, subject to the exceptions referred to in Article 432.	This report and disclosures at aktia.com address the requirement
2. Institutions that have been granted permission by the competent authorities under Part Three for the instruments and methodologies referred to in Title III of this Part shall publicly disclose the information laid down therein.	This report and disclosures at aktia.com address the requirement
3. The management body or senior management shall adopt formal policies to comply with the disclosure requirements laid down in this Part and put in place and maintain internal processes, systems and controls to verify that the institutions' disclosures are appropriate and in compliance with the requirements laid down in this Part. At least one member of the management body or senior management shall attest in writing that the relevant institution has made the disclosures required under this Part in accordance with the formal policies and internal processes, systems and controls. The written attestation and the key elements of the institution's formal policies to comply with the disclosure requirements shall be included in institutions' disclosures.	"Aktia Bank Plc has adopted a formal policy to assure compliance with the disclosure requirements. At least one member of the executive management shall certify in writing that Aktia has disclosed the required information in accordance with formal procedures and internal processes, systems and controls. The written certificate and the key elements of the institution's formal procedures for complying with the disclosure requirements shall be included in the publication of the institution's Pillar III report."
Information to be disclosed in accordance with this Part shall be subject to the same level of internal verification as that applicable to the management report included in the institution's financial report.	Disclosure principles of capital adequacy information approved by Aktia's management
Institutions shall also have policies in place to verify that their disclosures convey their risk profile comprehensively to market participants. Where institutions find that the disclosures required under this Part do not convey the risk profile comprehensively to market participants, they shall publicly disclose information in addition to the information required to be disclosed under this Part. Nonetheless, institutions shall only be required to disclose information that is material and not proprietary or confidential as referred to in Article 432.	Disclosure principles of capital adequacy information approved by Aktia's management
4. All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information that may be necessary in order for the users of that information to understand the quantitative disclosures, noting in particular any significant change in any given disclosure compared to the information contained in the previous disclosures.	Disclosure principles of capital adequacy information approved by Aktia's management
5. Institutions shall, if requested, explain their rating decisions to SMEs and other corporate applicants for loans, providing an explanation in writing when asked. The administrative costs of that explanation shall be proportionate to the size of the loan.	To be delivered on request.
Article 432	
Non-material, proprietary or confidential information	
1. With the exception of the disclosures laid down in point (c) of Article 435(2) and in Articles 437 and 450, institutions may omit one or more of the disclosures listed in Titles II and III where the information provided by those disclosures is not regarded as material.	Table 10.2 Immaterial items not disclosed
2. Institutions may also omit one or more items of information referred to in Titles II and III where those items include information that is regarded as proprietary or confidential in accordance with this paragraph, except for the disclosures laid down in Articles 437 and 450.	Table 10.2 Immaterial items not disclosed
3. In the exceptional cases referred to in paragraph 2, the institution concerned shall state in its disclosures the fact that specific items of information are not being disclosed and the reason for not disclosing those items and publish more general information about the subject matter of the disclosure requirement, except where that subject matter is, in itself, proprietary or confidential.	Table 10.2 Immaterial items not disclosed
Article 433	
Frequency of disclosure	
Institutions shall publish the disclosures required under Titles II and III in the manner set out in Articles 433a, 433b and 433c.	Other institutions to which Aktia is classified, shall disclose all the information required under Part 8 on annual basis and the key metrics referred in Article 447 on semi-annual basis
Annual disclosures shall be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter.	The disclosures are made annually in conjunction with the publication of Aktias Annual Report
Semi-annual and quarterly disclosures shall be published on the same date as the date on which the institutions publish their financial reports for the corresponding period where applicable or as soon as possible thereafter.	The disclosures are made semi-annually in conjunction with the publication of Aktias interim financial report
Article 433a	
Disclosures by large institutions	N/A
Article 433b	
Disclosures by small and non-complex institutions	N/A

CRR Article	Reference
Disclosures by other institutions	Other institutions to which Aktia is classified shall disclose all the information required under Part 8 on annual basis and the key metrics referred in Article 447 on semi-annual basis
1. Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency:	
(a) all the information required under this Part on an annual basis;	Information is disclosed on the date of publication of the financial statements.
(b) the key metrics referred to in Article 447 on a semi-annual basis.	Information disclosed half-yearly is presented in connection with interim reports.
2. By way of derogation from paragraph 1 of this Article, other institutions that are non-listed institutions shall disclose the following information on an annual basis:	N/A
Article 434	
Means of disclosures	
1. Institutions shall disclose all the information required under Titles II and III in electronic format and in a single medium or location. The single medium or location shall be a standalone document that provides a readily accessible source of prudential information for users of that information, or a distinctive section included in or appended to the institutions' financial statements or financial reports containing the required disclosures and being easily identifiable to those users.	www.aktia.com
2. Institutions shall make available on their website or, in the absence of a website, in any other appropriate location an archive of the information required to be disclosed in accordance with this Part. That archive shall be kept accessible for a period of time that shall be no less than the storage period set by national law for information included in the institutions' financial reports.	www.aktia.com
Article 434a	
Uniform disclosure formats	
TITLE II	
TECHNICAL CRITERIA ON TRANSPARENCY AND DISCLOSURE	
Article 435	
Disclosure of risk management objectives and policies	
1. Institutions shall disclose their risk management objectives and policies for each separate category of risk, including the risks referred to in this Title. Those disclosures shall include:	
(a) the strategies and processes to manage those categories of risks;	Institution risk management approach (EU OVA) Chapter 6.1.1 Liquidity risk management (EU LIQA) Chapter 2.1.1 General qualitative information about credit risk (EU CRA) Chapter 4.1.1 Qualitative information on operational risk (EU ORA)
(b) the structure and organisation of the relevant risk management function including information on the basis of its authority, its powers and accountability in accordance with the institution's incorporation and governing documents;	Institution risk management approach (EU OVA) Chapter 6.1.1 Liquidity risk management (EU LIQA) Chapter 4.1.1 Qualitative information on operational risk (EU ORA)
(c) the scope and nature of risk reporting and measurement systems;	Institution risk management approach (EU OVA) Chapter 6.1.1 Liquidity risk management (EU LIQA) Chapter 4.1.1 Qualitative information on operational risk (EU ORA)
(d) the policies for hedging and mitigating risk, and the strategies and processes for monitoring the continuing effectiveness of hedges and mitigants;	Institution risk management approach (EU OVA) Chapter 6.1.1 Liquidity risk management (EU LIQA) Chapter 2.1.1 General qualitative information about credit risk (EU CRA) Chapter 4.1.1 Qualitative information on operational risk (EU ORA)
(e) a declaration approved by the management body on the adequacy of the risk management arrangements of the relevant institution providing assurance that the risk management systems put in place are adequate with regard to the institution's profile and strategy;	Institution risk management approach (EU OVA) Chapter 6.1.1 Liquidity risk management (EU LIQA) Chapter 4.1.1 Qualitative information on operational risk (EU ORA)

CRR Article	Reference	
(f)	a concise risk statement approved by the management body succinctly describing the relevant institution's overall risk profile associated with the business strategy; that statement shall include:	
(i)	key ratios and figures providing external stakeholders a comprehensive view of the institution's management of risk, including how the risk profile of the institution interacts with the risk tolerance set by the management body;	Institution risk management approach (EU OVA) Chapter 6.1.1 Liquidity risk management (EU LIQA) Chapter 2.1.1 General qualitative information about credit risk (EU CRA) Chapter 4.1.1 Qualitative information on operational risk (EU ORA)
(ii)	information on intragroup transactions and transactions with related parties that may have a material impact of the risk profile of the consolidated group.	Institution risk management approach (EU OVA) Chapter 6.1.1 Liquidity risk management (EU LIQA) Chapter 2.1.1 General qualitative information about credit risk (EU CRA) Chapter 4.1.1 Qualitative information on operational risk (EU ORA)
2. Institutions shall disclose the following information regarding governance arrangements:		
(a)	the number of directorships held by members of the management body;	https://www.aktia.com/en/ → Investors → Reports and Presentations → 2024 → Corporate Governance Report (EU OVB)
(b)	the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise;	https://www.aktia.com/en/ → Investors → Reports and Presentations → 2024 → Corporate Governance Report (EU OVB)
(c)	the policy on diversity with regard to selection of members of the management body, its objectives and any relevant targets set out in that policy, and the extent to which those objectives and targets have been achieved;	https://www.aktia.com/en/ → Investors → Reports and Presentations → 2024 → Corporate Governance Report (EU OVB)
(d)	whether or not the institution has set up a separate risk committee and the number of times the risk committee has met;	https://www.aktia.com/en/ → Investors → Reports and Presentations → 2024 → Corporate Governance Report (EU OVB)
(e)	the description of the information flow on risk to the management body.	https://www.aktia.com/en/ → Investors → Reports and Presentations → 2024 → Corporate Governance Report (EU OVB)
Article 436		
Disclosure of the scope of application		
Institutions shall disclose the following information regarding the scope of application of this Regulation as follows:		
(a)	the name of the institution to which the requirements of this Regulation apply;	The Aktia Bank Group Pillar III Report as of Dec 31, 2024, Introduction.
(b)	a reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One; that reconciliation shall outline the differences between the accounting and regulatory scopes of consolidation and the legal entities included within the regulatory scope of consolidation where it differs from the accounting scope of consolidation; the outline of the legal entities included within the regulatory scope of consolidation shall describe the method of regulatory consolidation where it is different from the accounting consolidation method, whether those entities are fully or proportionally consolidated and whether the holdings in those legal entities are deducted from own funds;	Table 9.1.4 Outline of the differences in the scopes of consolidation (entity by entity) (EU LI3) Chapter 7.1.1 Explanations of differences between accounting and regulatory exposure amounts (EU LIA)
Disclosure of risk management objectives and policies		
(c)	a breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation pursuant to Sections 2 and 3 of Title II of Part One, broken down by type of risks as referred to under this Part;	Table 9.1.2 Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories (EU LI1)
(d)	a reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements under the regulatory scope of consolidation as defined in Sections 2 and 3 of Title II of Part One, and the exposure amount used for regulatory purposes; that reconciliation shall be supplemented by qualitative information on those main sources of differences;	Table 9.1.3 Main sources of differences between regulatory exposure amounts and carrying values in financial statements (EU LI2)
(e)	for exposures from the trading book and the non-trading book that are adjusted in accordance with Article 34 and Article 105, a breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions;	N/A
(f)	any current or expected material practical or legal impediment to the prompt transfer of own funds or to the repayment of liabilities between the parent undertaking and its subsidiaries;	Chapter 7.1.2 Other qualitative information on the scope of application (EU LIB)
(g)	the aggregate amount by which the actual own funds are less than required in all subsidiaries that are not included in the consolidation, and the name or names of those subsidiaries;	N/A
(h)	where applicable, the circumstances under which use is made of the derogation referred to in Article 7 or the individual consolidation method laid down in Article 9.	N/A
Article 437		

CRR Article	Reference	
Disclosure of own funds		
1. Institutions shall disclose the following information regarding their own funds:		
(a)	a full reconciliation of Common Equity Tier 1 items, Additional Tier 1 items, Tier 2 items and the filters and deductions applied to own funds of the institution pursuant to Articles 32 to 36, 56, 66 and 79 with the balance sheet in the audited financial statements of the institution;	Table 2.1.1 Composition of regulatory own funds (EU CC1) Table 9.1.1 Reconciliation of regulatory own funds to balance sheet in the audited financial statements (EU CC2)
(b)	a description of the main features of the Common Equity Tier 1 and Additional Tier 1 instruments and Tier 2 instruments issued by the institution;	Table 2.2.1 Main features of regulatory own funds instruments and eligible liabilities instruments (EU CCA)
(c)	the full terms and conditions of all Common Equity Tier 1, Additional Tier 1 and Tier 2 instruments;	Table 2.2.1 Main features of regulatory own funds instruments and eligible liabilities instruments (EU CCA)
(d)	a separate disclosure of the nature and amounts of the following:	
(i)	each prudential filter applied pursuant to Articles 32 to 35;	Table 2.1.1 Composition of regulatory own funds (EU CC1)
(ii)	items deducted pursuant to Articles 36, 56 and 66;	Table 2.1.1 Composition of regulatory own funds (EU CC1)
(iii)	items not deducted pursuant to Articles 47, 48, 56, 66 and 79;	Table 2.1.1 Composition of regulatory own funds (EU CC1)
(e)	a description of all restrictions applied to the calculation of own funds in accordance with this Regulation and the instruments, prudential filters and deductions to which those restrictions apply;	N/A
(f)	a comprehensive explanation of the basis on which capital ratios are calculated where those capital ratios are calculated by using elements of own funds determined on a basis other than the basis laid down in this Regulation.	Table 2.1.1 Composition of regulatory own funds (EU CC1)
Article 437a		
Disclosure of own funds and eligible liabilities		
1. Institutions that are subject to Article 92a or 92b shall disclose the following information regarding their own funds and eligible liabilities:		
(a)	the composition of their own funds and eligible liabilities, their maturity and their main features;	Table 1.1.2 Key metrics - MREL and, where applicable, G-SII Requirement for own funds and eligible liabilities (EU KM2) Table 2.5.1 Composition - MREL and, where applicable, the G-SII Requirement for own funds and eligible liabilities (EU TLAC1)
(b)	the ranking of eligible liabilities in the creditor hierarchy;	N/A
(c)	the total amount of each issuance of eligible liabilities instruments referred to in Article 72b and the amount of those issuances that is included in eligible liabilities items within the limits specified in Article 72b(3) and (4);	Table 2.5.1 Composition - MREL and, where applicable, the G-SII Requirement for own funds and eligible liabilities (EU TLAC1)
(d)	the total amount of excluded liabilities referred to in Article 72a(2).	Table 1.1.2 Key metrics - MREL and, where applicable, G-SII Requirement for own funds and eligible liabilities (EU KM2)

CRR Article		Reference
Article 438		
	Disclosure of own funds requirements and risk-weighted exposure amounts	
	Institutions shall disclose the following information regarding their compliance with Article 92 of this Regulation and with the requirements laid down in Article 73 and in point (a) of Article 104(1) of Directive 2013/36/EU:	
(a)	a summary of their approach to assessing the adequacy of their internal capital to support current and future activities;	Chapter 1.1.1ICAAP information (EU OVC)
(b)	the amount of the additional own funds requirements based on the supervisory review process as referred to in point (a) of Article 104(1) of Directive 2013/36/EU and its composition in terms of Common Equity Tier 1, additional Tier 1 and Tier 2 instruments;	Table 1.1.1 Key metrics template (EU KM1)
(c)	upon demand from the relevant competent authority, the result of the institution's internal capital adequacy assessment process;	N/A
(d)	the total risk-weighted exposure amount and the corresponding total own funds requirement determined in accordance with Article 92, to be broken down by the different risk categories set out in Part Three and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds;	Table 2.3.1 Overview of risk weighted exposure amounts (EU OV1)
(e)	the on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending referred to in Table 1 of Article 153(5) and the on- and off-balance-sheet exposures and risk-weighted exposure amounts for the categories of equity exposures set out in Article 155(2);	N/A Specialized lending
(f)	the exposure value and the risk-weighted exposure amount of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company that the institutions do not deduct from their own funds in accordance with Article 49 when calculating their capital requirements on an individual, sub-consolidated and consolidated basis;	Table 2.3.2 Insurance participations (EU INS1)
(g)	the supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate calculated in accordance with Article 6 of Directive 2002/87/EC and Annex I to that Directive where method 1 or 2 set out in that Annex is applied;	Table 2.3.3 Financial conglomerates information on own funds and capital adequacy ratio (EU INS2)
(h)	the variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models, including an outline of the key drivers explaining those variations.	N/A
Article 439		
	Disclosure of exposures to counterparty credit risk	
	Institutions shall disclose the following information regarding their exposure to counterparty credit risk as referred to in Chapter 6 of Title II of Part Three:	
(a)	a description of the methodology used to assign internal capital and credit limits for counterparty credit exposures, including the methods to assign those limits to exposures to central counterparties;	Chapter 1.1.1ICAAP information (EU OVC)
(b)	a description of policies related to guarantees and other credit risk mitigants, such as the policies for securing collateral and establishing credit reserves;	Chapter 2.3.4 Qualitative disclosure related to CCR (EU CCRA)
(c)	a description of policies with respect to General Wrong-Way risk and Specific Wrong-Way risk as defined in Article 291;	N/A
(d)	the amount of collateral the institution would have to provide if its credit rating was downgraded;	N/A
(e)	the amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions;	Table 3.7.6 Composition of collateral for CCR exposures (EU CCR5)
(f)	for derivative transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Sections 3 to 6 of Chapter 6 of Title II of Part Three, whichever method is applicable, and the associated risk exposure amounts broken down by applicable method;	Table 3.7.2 Analysis of CCR exposure by approach (EU CCR1)

CRR Article	Reference
(g) for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three, whichever method is used, and the associated risk exposure amounts broken down by applicable method;	Table 3.7.2 Analysis of CCR exposure by approach (EU CCR1)
(h) the exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three;	Table 3.7.3 Transactions subject to own funds requirements for CVA risk (EU CCR2)
(i) the exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures;	Table 3.7.7 Exposures to CCPs (EU CCR8)
(j) the notional amounts and fair value of credit derivative transactions; credit derivative transactions shall be broken down by product type; within each product type, credit derivative transactions shall be broken down further by credit protection bought and credit protection sold;	N/A
(k) the estimate of alpha where the institution has received the permission of the competent authorities to use its own estimate of alpha in accordance with Article 284(9);	N/A
(l) separately, the disclosures included in point (e) of Article 444 and point (g) of Article 452;	Table 3.7.4 Standardised approach – CCR exposures by regulatory exposure class and risk weights (EU CCR3) Table 3.7.5 IRB approach – CCR exposures by exposure class and PD scale (EU CCR4)
(m) for institutions using the methods set out in Sections 4 to 5 of Chapter 6 of Title II Part Three, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable.	Table 3.7.2 Analysis of CCR exposure by approach (EU CCR1)
Article 440	
Disclosure of countercyclical capital buffers	
1. Institutions shall disclose the following information in relation to their compliance with the requirement for a countercyclical capital buffer as referred to in Chapter 4 of Title VII of Directive 2013/36/EU:	
(a) the geographical distribution of the exposure amounts and risk-weighted exposure amounts of its credit exposures used as a basis for the calculation of their countercyclical capital buffer;	Table 2.4.1 Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (EU CCyB1)
(b) the amount of their institution-specific countercyclical capital buffer.	Table 2.4.2 Amount of institution-specific countercyclical capital buffer (EU CCyB2)
Article 441	
(g) for securities financing transactions, the exposure values before and after the effect of the credit risk mitigation as determined under the methods set out in Chapters 4 and 6 of Title II of Part Three, whichever method is used, and the associated risk exposure amounts broken down by applicable method;	Table 3.7.2 Analysis of CCR exposure by approach (EU CCR1)
(h) the exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment capital charge, separately for each method as set out in Title VI of Part Three;	Table 3.7.3 Transactions subject to own funds requirements for CVA risk (EU CCR2)
(i) the exposure value to central counterparties and the associated risk exposures within the scope of Section 9 of Chapter 6 of Title II of Part Three, separately for qualifying and non-qualifying central counterparties, and broken down by types of exposures;	Not applicable for Aktia: no exposures to CCPs
Disclosure of indicators of global systemic importance	N/A G-SII institutions
Article 442	
Disclosure of exposures to credit risk and dilution risk	
Institutions shall disclose the following information regarding their exposures to credit risk and dilution risk:	
(a) the scope and definitions that they use for accounting purposes of 'past due' and 'impaired' and the differences, if any, between the definitions of 'past due' and 'default' for accounting and regulatory purposes;	Table 3.1.2 Additional disclosure related to the credit quality of assets (EU CRB)
(b) a description of the approaches and methods adopted for determining specific and general credit risk adjustments;	Table 3.1.2 Additional disclosure related to the credit quality of assets (EU CRB)
(c) information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures, including their related accumulated impairment, provisions and negative fair value changes due to credit risk and amounts of collateral and financial guarantees received;	Table 3.1.3 Performing and non-performing exposures and related provisions (EU CR1) Table 3.3.1 Credit quality of forborne exposures (EU CQ1) Table 3.1.5 Quality of non-performing exposures by geography (EU CQ4) Table 3.1.6 Credit quality of loans and advances by industry (EU CQ5) Table 3.1.7 Collateral obtained by taking possession and execution processes (EU CQ7)
(d) an ageing analysis of accounting past due exposures;	Table 3.2.1 Credit quality of performing and non-performing exposures by past due days (EU CQ3)

CRR Article		Reference
(e)	the gross carrying amounts of both defaulted and non-defaulted exposures, the accumulated specific and general credit risk adjustments, the accumulated write-offs taken against those exposures and the net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures;	Table 3.1.5 Quality of non-performing exposures by geography (EU CQ4)
(f)	any changes in the gross amount of defaulted on- and off-balance-sheet exposures, including, as a minimum, information on the opening and closing balances of those exposures, the gross amount of any of those exposures reverted to non-defaulted status or subject to a write-off;	Table 3.1.5 Quality of non-performing exposures by geography (EU CQ4) Table 3.1.6 Credit quality of loans and advances by industry (EU CQ5)"
(g)	the breakdown of loans and debt securities by residual maturity.	Table 3.1.4 Maturity of exposures (EU CR1-A)
Article 443		
Disclosure of encumbered and unencumbered assets		
	Institutions shall disclose information concerning their encumbered and unencumbered assets. For those purposes, institutions shall use the carrying amount per exposure class broken down by asset quality and the total amount of the carrying amount that is encumbered and unencumbered. Disclosure of information on encumbered and unencumbered assets shall not reveal emergency liquidity assistance provided by central banks.	Table 7.2.1 Encumbered and unencumbered assets (EU AE1) Table 7.2.2 Collateral received and own debt securities issued (EU AE2) Table 7.2.3 Sources of encumbrance (EU AE3) Table 7.2.4 Accompanying narrative information (EU AE4)"
Article 444		
Disclosure of the use of the Standardised Approach		
	Institutions calculating their risk-weighted exposure amounts in accordance with Chapter 2 of Title II of Part Three shall disclose the following information for each of the exposure classes set out in Article 112:	
(a)	the names of the nominated ECAIs and ECAs and the reasons for any changes in those nominations over the disclosure period;	Chapter 2.2.2 Qualitative disclosure requirements related to standardised model (EU CRD)
(b)	the exposure classes for which each ECAI or ECA is used;	Chapter 2.2.2 Qualitative disclosure requirements related to standardised model (EU CRD)
(c)	a description of the process used to transfer the issuer and issue credit ratings onto items not included in the trading book;	Chapter 2.2.2 Qualitative disclosure requirements related to standardised model (EU CRD)
(d)	the association of the external rating of each nominated ECAI or ECA with the risk weights that correspond to the credit quality steps as set out in Chapter 2 of Title II of Part Three, taking into account that it is not necessary to disclose that information where the institutions comply with the standard association published by EBA;	Chapter 2.2.2 Qualitative disclosure requirements related to standardised model (EU CRD)
(e)	the exposure values and the exposure values after credit risk mitigation associated with each credit quality step as set out in Chapter 2 of Title II of Part Three, by exposure class, as well as the exposure values deducted from own funds.	"Table 3.5.3 Standardised approach – Credit risk exposure and CRM effects (EU CR4)
Article 445		
Disclosure of exposure to market risk		
	Institutions calculating their own funds requirements in accordance with points (b) and (c) of Article 92(3) shall disclose those requirements separately for each risk referred to in those points. In addition, own funds requirements for the specific interest rate risk of securitisation positions shall be disclosed separately.	N/A, FX net position less than 2% of own funds.
Article 446		
Disclosure of operational risk management		
	Institutions shall disclose the following information about their operational risk management:	
(a)	the approaches for the assessment of own funds requirements for operation risk that the institution qualifies for;	Chapter 4.1.1 Qualitative information on operational risk (EU ORA)
(b)	where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of the relevant internal and external factors being considered in the institution's advanced measurement approach;	N/A advanced measurement approach
(c)	in the case of partial use, the scope and coverage of the different methodologies used.	N/A advanced measurement approach
Article 447		
Disclosure of key metrics		
	Institutions shall disclose the following key metrics in a tabular format:	
(a)	the composition of their own funds and their own funds requirements as calculated in accordance with Article 92;	Table 1.1.1 Key metrics template (EU KM1)
(b)	the total risk exposure amount as calculated in accordance with Article 92(3);	Table 1.1.1 Key metrics template (EU KM1)

CRR Article		Reference
(c)	where applicable, the amount and composition of additional own funds which the institutions are required to hold in accordance with point (a) of Article 104(1) of Directive 2013/36/EU;	Table 1.1.1 Key metrics template (EU KM1)
(d)	their combined buffer requirement which the institutions are required to hold in accordance with Chapter 4 of Title VII of Directive 2013/36/EU;	Table 1.1.1 Key metrics template (EU KM1)
(e)	their leverage ratio and the total exposure measure as calculated in accordance with Article 429;	Table 1.1.1 Key metrics template (EU KM1)
(f)	the following information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1):	
(i)	the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	Table 1.1.1 Key metrics template (EU KM1)
(ii)	the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	Table 1.1.1 Key metrics template (EU KM1)
(iii)	the averages of their liquidity outflows, inflows and net liquidity outflows as calculated pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	Table 1.1.1 Key metrics template (EU KM1)
(g)	the following information in relation to their net stable funding requirement as calculated in accordance with Title IV of Part Six:	
(i)	the net stable funding ratio at the end of each quarter of the relevant disclosure period;	Table 1.1.1 Key metrics template (EU KM1)
(ii)	the available stable funding at the end of each quarter of the relevant disclosure period;	Table 1.1.1 Key metrics template (EU KM1)
(iii)	the required stable funding at the end of each quarter of the relevant disclosure period;	Table 1.1.1 Key metrics template (EU KM1)
(h)	their own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Articles 92a and 92b and broken down at the level of each resolution group, where applicable.	Table 1.1.2 Key metrics of own funds and eligible liabilities (EU KM2)
Article 448		
Disclosure of exposures to interest rate risk on positions not held in the trading book		
	1. As from 28 June 2021, institutions shall disclose the following quantitative and qualitative information on the risks arising from potential changes in interest rates that affect both the economic value of equity and the net interest income of their non-trading book activities referred to in Article 84 and Article 98(5) of Directive 2013/36/EU:	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
(a)	the changes in the economic value of equity calculated under the six supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;	"Table 6.1.2 Interest rate risks of non-trading book activities (EU IRRBB1)
(b)	the changes in the net interest income calculated under the two supervisory shock scenarios referred to in Article 98(5) of Directive 2013/36/EU for the current and previous disclosure periods;	"Table 6.1.2 Interest rate risks of non-trading book activities (EU IRRBB1)
(c)	a description of key modelling and parametric assumptions, other than those referred to in points (b) and (c) of Article 98(5a) of Directive 2013/36/EU used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b) of this paragraph;	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
(d)	an explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date;	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
(e)	the description of how institutions define, measure, mitigate and control the interest rate risk of their non-trading book activities for the purposes of the competent authorities' review in accordance with Article 84 of Directive 2013/36/EU, including:	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
(i)	a description of the specific risk measures that the institutions use to evaluate changes in their economic value of equity and in their net interest income;	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
(ii)	a description of the key modelling and parametric assumptions used in the institutions' internal measurement systems that would differ from the common modelling and parametric assumptions referred to in Article 98(5a) of Directive 2013/36/EU for the purpose of calculating changes to the economic value of equity and to the net interest income, including the rationale for those differences;	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
(iii)	a description of the interest rate shock scenarios that institutions use to estimate the interest rate risk;	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)

CRR Article	Reference	
(iv)	the recognition of the effect of hedges against those interest rate risks, including internal hedges that meet the requirements laid down in Article 106(3);	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
(v)	an outline of how often the evaluation of the interest rate risk occurs;	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
(f)	the description of the overall risk management and mitigation strategies for those risks;	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
(g)	average and longest repricing maturity assigned to non-maturity deposits.	Chapter 5.1.1 Qualitative information on interest rate risks of non-trading book activities (EU IRRBBA)
<p>2. By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) of paragraph 1 of this Article shall not apply to institutions that use the standardised methodology or the simplified standardised methodology referred to in Article 84(1) of Directive 2013/36/EU.</p>		
Article 449		
Disclosure of exposures to securitisation positions	N/A, no securitisation positions	
Article 449a		
Disclosure of environmental, social and governance risks (ESG risks)	N/A, Aktia is not considered a large institution	
Article 450		
Disclosure of remuneration policy		
<p>1. Institutions shall disclose the following information regarding their remuneration policy and practices for those categories of staff whose professional activities have a material impact on the risk profile of the institutions:</p>		
(a)	information concerning the decision-making process used for determining the remuneration policy, as well as the number of meetings held by the main body overseeing remuneration during the financial year, including, where applicable, information about the composition and the mandate of a remuneration committee, the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;	https://www.aktia.com/en/ → Investors → Corporate governance → Remuneration → Remuneration and variable compensation (EU REMA)
(b)	information about the link between pay of the staff and their performance;	https://www.aktia.com/en/ → Investors → Corporate governance → Remuneration → Remuneration and variable compensation (EU REMA)
(c)	the most important design characteristics of the remuneration system, including information on the criteria used for performance measurement and risk adjustment, deferral policy and vesting criteria;	https://www.aktia.com/en/ → Investors → Corporate governance → Remuneration → Remuneration and variable compensation (EU REMA)
(d)	the ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) of Directive 2013/36/EU;	https://www.aktia.com/en/ → Investors → Corporate governance → Remuneration → Remuneration and variable compensation (EU REMA)
(e)	information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based;	https://www.aktia.com/en/ → Investors → Corporate governance → Remuneration → Remuneration and variable compensation (EU REMA)
(f)	the main parameters and rationale for any variable component scheme and any other non-cash benefits;	https://www.aktia.com/en/ → Investors → Corporate governance → Remuneration → Remuneration and variable compensation (EU REMA)
(g)	aggregate quantitative information on remuneration, broken down by business area;	Table 8.1.5 Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM5)
(h)	aggregate quantitative information on remuneration, broken down by senior management and members of staff whose professional activities have a material impact on the risk profile of the institutions, indicating the following:	Table 8.1.2 Remuneration awarded for the financial year (EU REM1)
(i)	the amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries;	Table 8.1.2 Remuneration awarded for the financial year (EU REM1)
(ii)	the amounts and forms of awarded variable remuneration, split into cash, shares, share-linked instruments and other types separately for the part paid upfront and the deferred part;	Table 8.1.2 Remuneration awarded for the financial year (EU REM1)
(iii)	the amounts of deferred remuneration awarded for previous performance periods, split into the amount due to vest in the financial year and the amount due to vest in subsequent years;	Table 8.1.2 Remuneration awarded for the financial year (EU REM1) Table 8.1.4 Deferred remuneration (EU REM3)*
(iv)	the amount of deferred remuneration due to vest in the financial year that is paid out during the financial year, and that is reduced through performance adjustments;	Table 8.1.2 Remuneration awarded for the financial year (EU REM1) Table 8.1.4 Deferred remuneration (EU REM3)*
(v)	the guaranteed variable remuneration awards during the financial year, and the number of beneficiaries of those awards;	Table 8.1.3 Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM2)

CRR Article	Reference
(vi) the severance payments awarded in previous periods, that have been paid out during the financial year;	Table 8.1.3 Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM2)
(vii) the amounts of severance payments awarded during the financial year, split into paid upfront and deferred, the number of beneficiaries of those payments and highest payment that has been awarded to a single person;	Table 8.1.3 Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff) (EU REM2)
(i) the number of individuals that have been remunerated EUR1 million or more per financial year, with the remuneration between EUR1 million and EUR 5 million broken down into pay bands of EUR500 000 and with the remuneration of EUR 5 million and above broken down into pay bands of EUR1 million;	N/A
(j) upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management;	N/A
(k) information on whether the institution benefits from a derogation laid down in Article 94(3) of Directive 2013/36/EU.	https://www.aktia.com/en/ → Investors → Corporate governance → Remuneration → Remuneration and variable compensation (EU REMA)
2. For large institutions, the quantitative information on the remuneration of institutions' collective management body referred to in this Article shall also be made available to the public, differentiating between executive and non-executive members.	N/A
Institutions shall comply with the requirements set out in this Article in a manner that is appropriate to their size, internal organisation and the nature, scope and complexity of their activities and without prejudice to Regulation (EU) 2016/679 of the European Parliament and of the Council (*15).	Principle of proportionality Aktia has applied this in reporting these issues.
Article 451	
Disclosure of the leverage ratio	
1. Institutions that are subject to Part Seven shall disclose the following information regarding their leverage ratio as calculated in accordance with Article 429 and their management of the risk of excessive leverage:	
(a) the leverage ratio and how the institutions apply Article 499(2);	Table 2.6.2 LRCom: Leverage ratio common disclosure (EU LR2)
(b) a breakdown of the total exposure measure referred to in Article 429(4), as well as a reconciliation of the total exposure measure with the relevant information disclosed in published financial statements;	Table 2.6.1 LRSum: Summary reconciliation of accounting assets and leverage ratio exposures (EU LR1) Table 2.6.3 LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (EU LR3)"
(c) where applicable, the amount of exposures calculated in accordance with Articles 429(8) and 429a(1) and the adjusted leverage ratio calculated in accordance with Article 429a(7);	N/A
(d) a description of the processes used to manage the risk of excessive leverage;	Chapter 1.1.2 Disclosure on LR qualitative information (EU LRA)
(e) a description of the factors that had an impact on the leverage ratio during the period to which the disclosed leverage ratio refers.	Chapter 1.1.2 Disclosure on LR qualitative information (EU LRA)
2. Public development credit institutions as defined in Article 429a(2) shall disclose the leverage ratio without the adjustment to the total exposure measure determined in accordance with point (d) of the first subparagraph of Article 429a(1).	N/a public development credit institutions
3. In addition to points (a) and (b) of paragraph 1 of this Article, large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure referred to in Article 429(4) based on averages calculated in accordance with the implementing act referred to in Article 430(7).	N/A large institutions
Article 451a	
Disclosure of liquidity requirements	
1. Institutions that are subject to Part Six shall disclose information on their liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article.	
2. Institutions shall disclose the following information in relation to their liquidity coverage ratio as calculated in accordance with the delegated act referred to in Article 460(1):	Table 7.1.2 Quantitative information of LCR (EU LIQ1) Chapter 6.1.2 Qualitative information on LCR, which complements template EU LIQ1 (EU LIQB)"
(a) the average or averages, as applicable, of their liquidity coverage ratio based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period;	Table 7.1.2 Quantitative information of LCR (EU LIQ1) Chapter 6.1.2 Qualitative information on LCR, which complements template EU LIQ1 (EU LIQB)"

CRR Article	Reference
(b) the average or averages, as applicable, of total liquid assets, after applying the relevant haircuts, included in the liquidity buffer pursuant to the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period, and a description of the composition of that liquidity buffer;	Table 7.1.2 Quantitative information of LCR (EU LIQ1) Chapter 6.1.2 Qualitative information on LCR, which complements template EU LIQ1 (EU LIQB)*
(c) the averages of their liquidity outflows, inflows and net liquidity outflows as calculated in accordance with the delegated act referred to in Article 460(1), based on end-of-the-month observations over the preceding 12 months for each quarter of the relevant disclosure period and the description of their composition.	Table 7.1.2 Quantitative information of LCR (EU LIQ1) Chapter 6.1.2 Qualitative information on LCR, which complements template EU LIQ1 (EU LIQB)*
3. Institutions shall disclose the following information in relation to their net stable funding ratio as calculated in accordance with Title IV of Part Six:	Table 7.1.4 Net Stable Funding Ratio (EU LIQ2)
(a) quarter-end figures of their net stable funding ratio calculated in accordance with Chapter 2 of Title IV of Part Six for each quarter of the relevant disclosure period;	Table 7.1.4 Net Stable Funding Ratio (EU LIQ2)
(b) an overview of the amount of available stable funding calculated in accordance with Chapter 3 of Title IV of Part Six;	Table 7.1.4 Net Stable Funding Ratio (EU LIQ2)
(c) an overview of the amount of required stable funding calculated in accordance with Chapter 4 of Title IV of Part Six.	Table 7.1.4 Net Stable Funding Ratio (EU LIQ2)
4. Institutions shall disclose the arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk in accordance with Article 86 of Directive 2013/36/EU.	Table 7.1.4 Net Stable Funding Ratio (EU LIQ2)
TITLE III	
QUALIFYING REQUIREMENTS FOR THE USE OF PARTICULAR INSTRUMENTS OR METHODOLOGIES	
Article 452	
Disclosure of the use of the IRB Approach to credit risk	
Institutions calculating the risk-weighted exposure amounts under the IRB Approach to credit risk shall disclose the following information:	
(a) the competent authority's permission of the approach or approved transition;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(b) for each exposure class referred to in Article 147, the percentage of the total exposure value of each exposure class subject to the Standardised Approach laid down in Chapter 2 of Title II of Part Three or to the IRB Approach laid down in Chapter 3 of Title II of Part Three, as well as the part of each exposure class subject to a roll-out plan; where institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, they shall disclose separately the percentage of the total exposure value of each exposure class subject to that permission;	Table 3.5.1 Scope of the use of IRB and SA approaches (EU CR6-A) Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(c) the control mechanisms for rating systems at the different stages of model development, controls and changes, which shall include information on:	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(i) the relationship between the risk management function and the internal audit function;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(ii) the rating system review;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(iii) the procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(iv) the procedure to ensure the accountability of the functions in charge of developing and reviewing the models;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(d) the role of the functions involved in the development, approval and subsequent changes of the credit risk models;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(e) the scope and main content of the reporting related to credit risk models;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(f) a description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering:	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(i) the definitions, methods and data for estimation and validation of PD, which shall include information on how PDs are estimated for low default portfolios, whether there are regulatory floors and the drivers for differences observed between PD and actual default rates at least for the last three periods;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(ii) where applicable, the definitions, methods and data for estimation and validation of LGD, such as methods to calculate downturn LGD, how LGDs are estimated for low default portfolio and the time lapse between the default event and the closure of the exposure;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)

CRR Article		Reference
(iii)	where applicable, the definitions, methods and data for estimation and validation of conversion factors, including assumptions employed in the derivation of those variables;	Chapter 2.2.3 Qualitative disclosure requirements related to IRB approach (EU CRE)
(g)	as applicable, the following information in relation to each exposure class referred to in Article 147:	Table 3.5.6 IRB approach – Credit risk exposures by exposure class and PD range (EU CR6) Table 3.5.3 IRB approach – CCR exposures by exposure class and PD scale (EU CCR4)
(i)	their gross on-balance-sheet exposure;	Table 3.5.6 IRB approach – Credit risk exposures by exposure class and PD range (EU CR6)
(ii)	their off-balance-sheet exposure values prior to the relevant conversion factor;	Table 3.5.6 IRB approach – Credit risk exposures by exposure class and PD range (EU CR6)
(iii)	their exposure after applying the relevant conversion factor and credit risk mitigation;	Table 3.5.6 IRB approach – Credit risk exposures by exposure class and PD range (EU CR6)
(iv)	any model, parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts disclosed across a sufficient number of obligor grades (including default) to allow for a meaningful differentiation of credit risk;	Table 3.5.6 IRB approach – Credit risk exposures by exposure class and PD range (EU CR6)
(v)	separately for those exposure classes in relation to which institutions have received permission to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts, and for exposures for which the institutions do not use such estimates, the values referred to in points (i) to (iv) subject to that permission;	Table 3.5.6 IRB approach – Credit risk exposures by exposure class and PD range (EU CR6)
(h)	institutions' estimates of PDs against the actual default rate for each exposure class over a longer period, with separate disclosure of the PD range, the external rating equivalent, the weighted average and arithmetic average PD, the number of obligors at the end of the previous year and of the year under review, the number of defaulted obligors, including the new defaulted obligors, and the annual average historical default rate.	Table 3.5.10 IRB approach – Back-testing of PD per exposure class (fixed PD scale) (EU CR9)
Article 453		
Use of credit risk mitigation techniques		
The institutions applying credit risk mitigation techniques shall disclose the following information:		
(a)	the policies and processes for, and an indication of the extent to which the entity makes use of, on- and off-balance sheet netting;	Chapter 2.2.1 Qualitative disclosure requirements related to CRM techniques (EU CRC)
(b)	the policies and processes for collateral valuation and management;	Chapter 2.2.1 Qualitative disclosure requirements related to CRM techniques (EU CRC)
(c)	a description of the main types of collateral taken by the institution;	Chapter 2.2.1 Qualitative disclosure requirements related to CRM techniques (EU CRC)
(d)	the main types of guarantor and credit derivative counterparty and their creditworthiness;	N/A
(e)	information about market or credit risk concentrations within the credit mitigation taken;	Chapter 2.2.1 Qualitative disclosure requirements related to CRM techniques (EU CRC)
(f)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, but not providing own estimates of LGDs or conversion factors in respect of the exposure class, separately for each exposure class, the total exposure value (after, where applicable, on- or off-balance sheet netting) that is covered — after the application of volatility adjustments — by eligible financial collateral, and other eligible collateral;	Table 3.4.2 CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (EU CR3)
(g)	for institutions calculating risk-weighted exposure amounts under the Standardised Approach or the IRB Approach, separately for each exposure class, the total exposure (after, where applicable, on- or off-balance sheet netting) that is covered by guarantees or credit derivatives. For the equity exposure class, this requirement applies to each of the approaches provided in Article 155.	Table 3.5.3 Standardised approach – Credit risk exposure and CRM effects (EU CR4)
Article 454		
Use of the Advanced Measurement Approaches to operational risk		N/A
Article 455		
Use of Internal Market Risk Models		N/A Internal Market Risk Models

8.1.2 Immaterial items not disclosed

Table	Article reference	
Table EU PV1: Prudent valuation adjustments (PVA)	Article 436 point (e)	Not applicable for Aktia
Table EU iLAC - Internal loss absorbing capacity: internal MREL and, where applicable, requirement for own funds and eligible liabilities for non-EU G-SIIs	Article 437a	Article not applicable to Aktia: G-SII Institutions TLAC Debt Disclosure Requirements
Table EU TLAC2: Creditor ranking - Entity that is not a resolution entity		
Table EU TLAC3: creditor ranking - resolution entity		
Table EU CR10 – Specialised lending and equity exposures under the simple risk weighted approach	Article 438 point (e)	This article is not applicable for Aktia. No specialized lending has been identified in Aktia
Table EU CCR7 – RWEA flow statements of CCR exposures under the IMM	Article 438 point (h)	Not applicable for Aktia: No exposures under IMM
Table EU CCR6 – Credit derivatives exposures	Article 439 point (j)	Not applicable for Aktia: No credit derivatives
Table EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries	Article 442 point (c) and (f)	EBA/ITS/2020/04 templates EU CR2a, EU CQ2, EU CQ6 and EU CQ8 are applied only to significant credit institutions with a gross NPL ratio of 5% or above. As Aktia is not a significant credit institution and the NPL ratio does not exceed 5%, Aktia has not disclosed these templates.
Table EU CQ2: Quality of forbearance		
Table EU CQ6: Collateral valuation - loans and advances		
Table EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown		
Table EU CR2: Changes in the stock of non-performing loans and advances	Article 442 point (f)	
Table EU-SECA - Qualitative disclosure requirements related to securitisation exposures	Article 449	Not applicable for Aktia: no exposures to securitisation positions
Table EU-SEC1 - Securitisation exposures in the non-trading book		
Table EU-SEC2 - Securitisation exposures in the trading book		
Table EU-SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor		
Table EU-SEC4 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor		
Table EU-SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments		
Table EU REM4 - Remuneration of 1 million EUR or more per year	Article 450 points 1. (j) (i)	No identified staff that are high earners as set out in Article 450(i) CRR (Eur 1 million or more)
Table EU CR9.1 –IRB approach – Back-testing of PD per exposure class (only for PD estimates according to point (f) of Article 180(1) CRR)	Article 452 (h)	Not applicable to Aktia as it does not rate / compare with the ECAI rating
Table EU MRB: Qualitative disclosure requirements for institutions using the internal Market Risk Models	Article 445	Not applicable; Internal Market Risk Models not in use
Table EU MR1 - Market risk under the standardised approach	Article 445	Not applicable: No capital requirement because fx net position less than 2% of own funds.
Table EU MR2-A - Market risk under the internal Model Approach (IMA)	Article 455 e)	Not applicable; No trading book
Table EU MR2-B - RWA flow statements of market risk exposures under the IMA	Article 438 (h)	Not applicable; No trading book
Table EU MR3 - IMA values for trading portfolios	Article 455 (d)	Not applicable; No trading book
Table EU MR4 - Comparison of VaR estimates with gains/losses	Article 455 (g)	Not applicable; No trading book

Zero rows or columns are not presented.

8.1.2.1 Information not disclosed due to non-materiality or not applicable to the Aktia Bank Group

Aktia does not publish the tables listed below because Aktia has no reporting obligation to supplement its operations, or the reporting obligation does not apply to Aktia.

8.1.2.2 Contact information

Contact information

Aktia Bank Plc

PO Box 207

Arkadiankatu 4–6, 00101 Helsinki

Tel. +358 10 247 5000

Fax +358 10 247 6356

Group and Investor information: www.aktia.com

Contact: ir@aktia.fi

E-mail: firstname.lastname@aktia.fi

Business ID: 2181702-8

8.1.2.3 BIC/S.W.I.F.T: HELSFIHH