

AKTIA

12/16/2025 2:20 pm EET

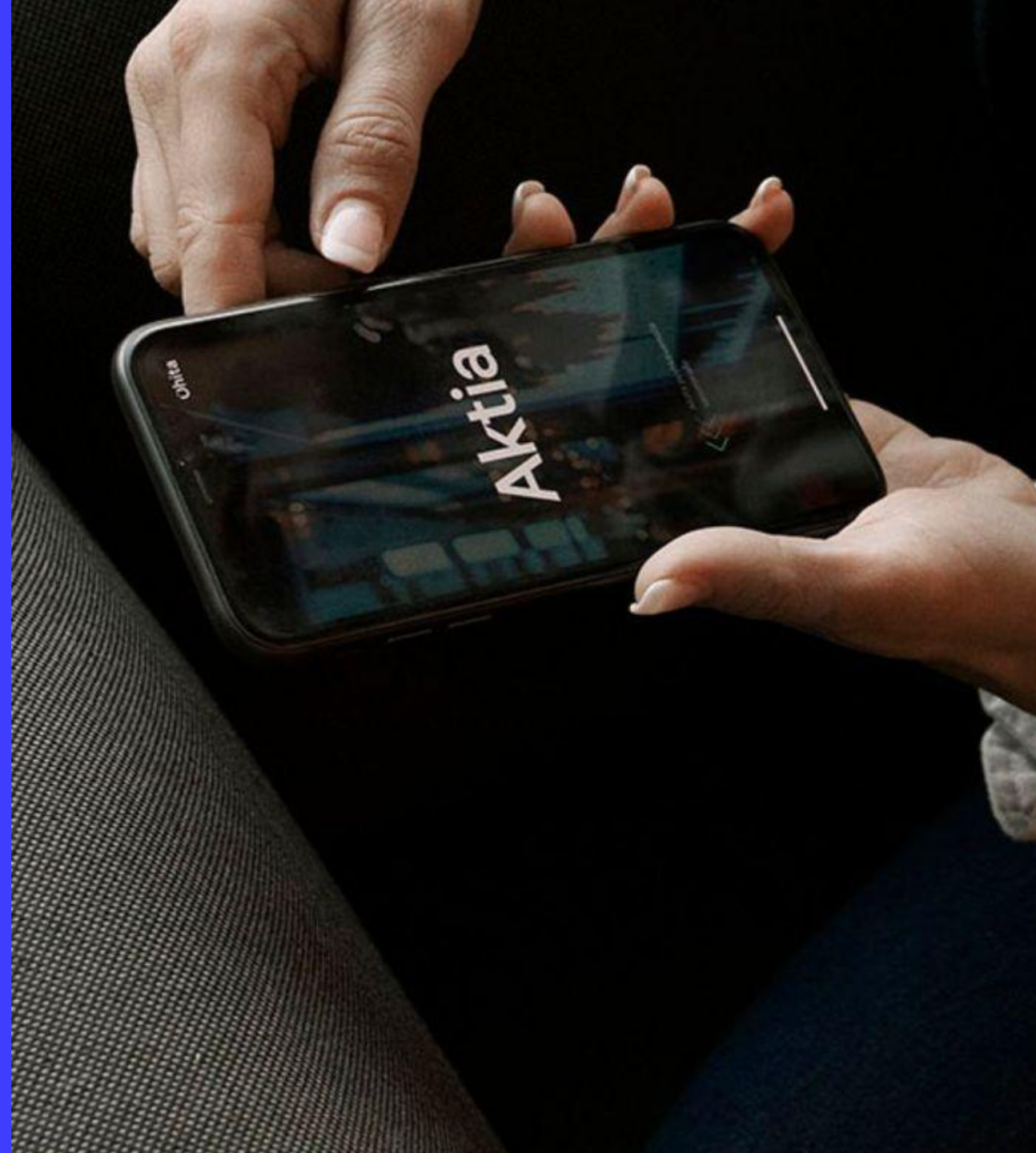
This is a translated version of "Varainhoito määrittää strategiakauden onnistumisen" report, published on 12/15/2025



Kasper Mella
+358 45 6717 150
kasper.mella@inderes.fi

INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT



Asset Management determines success of strategy period

Aktia's earnings have risen significantly with interest rates, and the recovery in loan demand and steady growth in asset management should keep profitability relatively stable in the coming years. We believe the stock is moderately priced given the outlook, making the investor's expected return attractive. We reiterate our Accumulate recommendation and revise our target price to EUR 12 (was EUR 11.0) in line with our estimate changes.

A bank focused on asset management

Aktia is a Finnish bank that offers its customers tailored solutions from its wide range of banking, wealth management, and life insurance services. Aktia differs from its domestic peers particularly due to the high proportion of asset management, and the bank's assets under management are more than double its loan portfolio. A significant factor in the growth of asset management has been the acquisition of Taaleri's wealth management operations in 2021. However, development has been subdued since then, as changes in investment teams have led to significant redemptions from the bank's flagship funds.

The company responded to the sluggish new sales by launching an acceleration program aimed at increasing revenues in 2025. In its updated growth strategy, Aktia seeks growth in asset management particularly from wealthy private individuals, a segment in which its market position in Finland is already quite strong. In the banking sector, SMEs represent a key growth segment.

A return to earnings growth is on the horizon

We have made only minor adjustments to Aktia's forecasts in connection with the update, and overall, our earnings forecasts for the coming years increased by around 1-4%.

In recent years, Aktia's earnings and profitability, as well as those of the rest of the banking sector, have clearly improved due to

rising interest rates. However, the trend has temporarily reversed with interest rate levels, and in 2025, we expect Aktia's comparable EBIT to decrease by 15%, and by another 2% in 2026. After this, we estimate that earnings will return to steady but moderate growth in line with business volumes. We estimate that the recovering loan demand will turn Aktia's loan portfolio to clearer growth starting in 2026. Our growth forecasts for asset management, on the other hand, are quite moderate, reflecting the challenges in institutional sales. Achieving the ambitious growth targets (over 15% return on equity and 5% organic annual growth in commission income), which largely rest on asset management, would require a significantly more favorable development than this. However, Aktia's reported earnings and EPS are expected to continue growing in our forecasts for 2025-2026, as one-off expenses significantly burdened the 2024 and 2025 results.

We expect Aktia's profit distribution to be quite robust going forward, as the bank's solvency is already above the target level. In our estimates, the average payout ratio will be around 80% in the coming years.

Expected return is attractive

We have examined Aktia's valuation through balance sheet multiples, the dividend model, and Nordic banking peers. The methods indicate a share value of EUR 11–14. Our target price is bit closer to the lower end of the fair value range, as we estimate that a significantly higher share price than the current one would require a clear increase in asset management sales, as performance has been subdued in recent years and AUM have stagnated. In any case, the stock is moderately priced relative to our profitability forecasts, and we believe the upside in multiples and a strong dividend yield (~7-8%) offer investors a good annual return of 10-15%.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 12.00

(was EUR 11.00)

Share price:

EUR 11.38

Business risk



Valuation risk



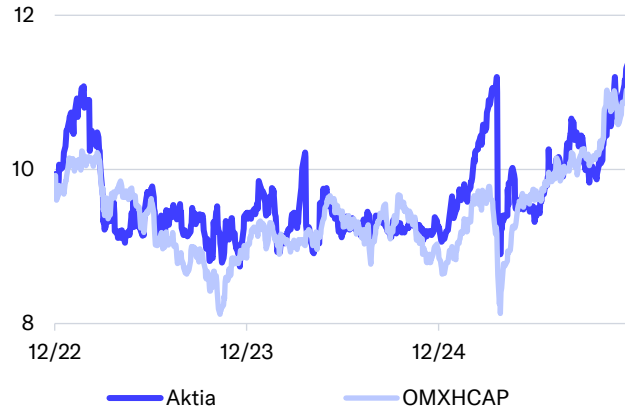
	2024	2025e	2026e	2027e
Operating income	309	294	294	303
growth-%	7%	-5%	0%	3%
EBIT adj.	124.4	106.1	104.7	110.6
Net income	75.9	77.4	82.2	89.5
EPS (adj.)	1.45	1.16	1.14	1.23
Dividend	0.82	0.83	0.94	0.95
Payout ratio	57%	71%	83%	77%
ROE-%	11.4 %	11.1 %	11.4 %	12.1 %
P/E (adj.)	6.4	9.8	10.0	9.3
P/B	1.0	1.2	1.1	1.1
Dividend yield-%	8.9 %	7.3 %	8.3 %	8.3 %

Guidance

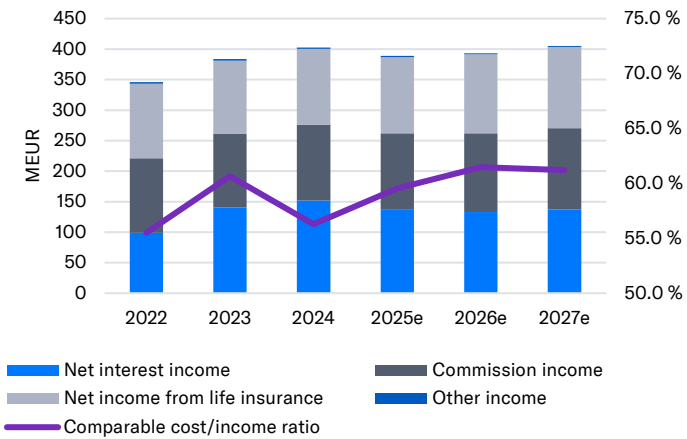
(Unchanged)

Aktia expects comparable operating profit for 2025 to be lower than the comparable operating profit for 2024, which amounted to 124.5 MEUR.

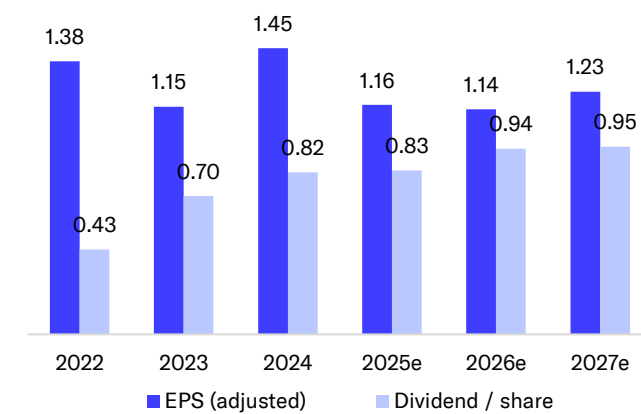
Share price



Operating income and cost/income ratio



EPS and dividend



Source: Inderes

Value drivers

- Rise in interest rates
- Growth in asset management
- Improving cost-efficiency
- Increasing market share in banking
- M&A

Risk factors

- Fall in interest rates
- High leverage as is typical for banks
- Constantly tightening regulation
- Dependence on economic cycles and capital market development
- High dependence on the Finnish real estate market

Valuation	2025e	2026e	2027e
Share price	11.4	11.4	11.4
Market cap	834	837	840
P/E (adj.)	9.8	10.0	9.3
P/E	10.8	10.2	9.4
P/B	1.2	1.1	1.1
Payout ratio (%)	78.6 %	84.1 %	78.4 %
Dividend yield-%	7.3 %	8.3 %	8.3 %

Source: Inderes

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Aktia in brief

Aktia Bank is a Finnish financial group founded in 1825, offering its customers tailored solutions from its wide range of banking, wealth management, and life insurance services. The Group's geographical area of operation is Finland.

7.8 BEUR

Loan portfolio at the end of Q3'25

16.3 BEUR

Gross assets under management at the end of Q3'25

~3%

Market share in the Finnish loan market

298.7 MEUR

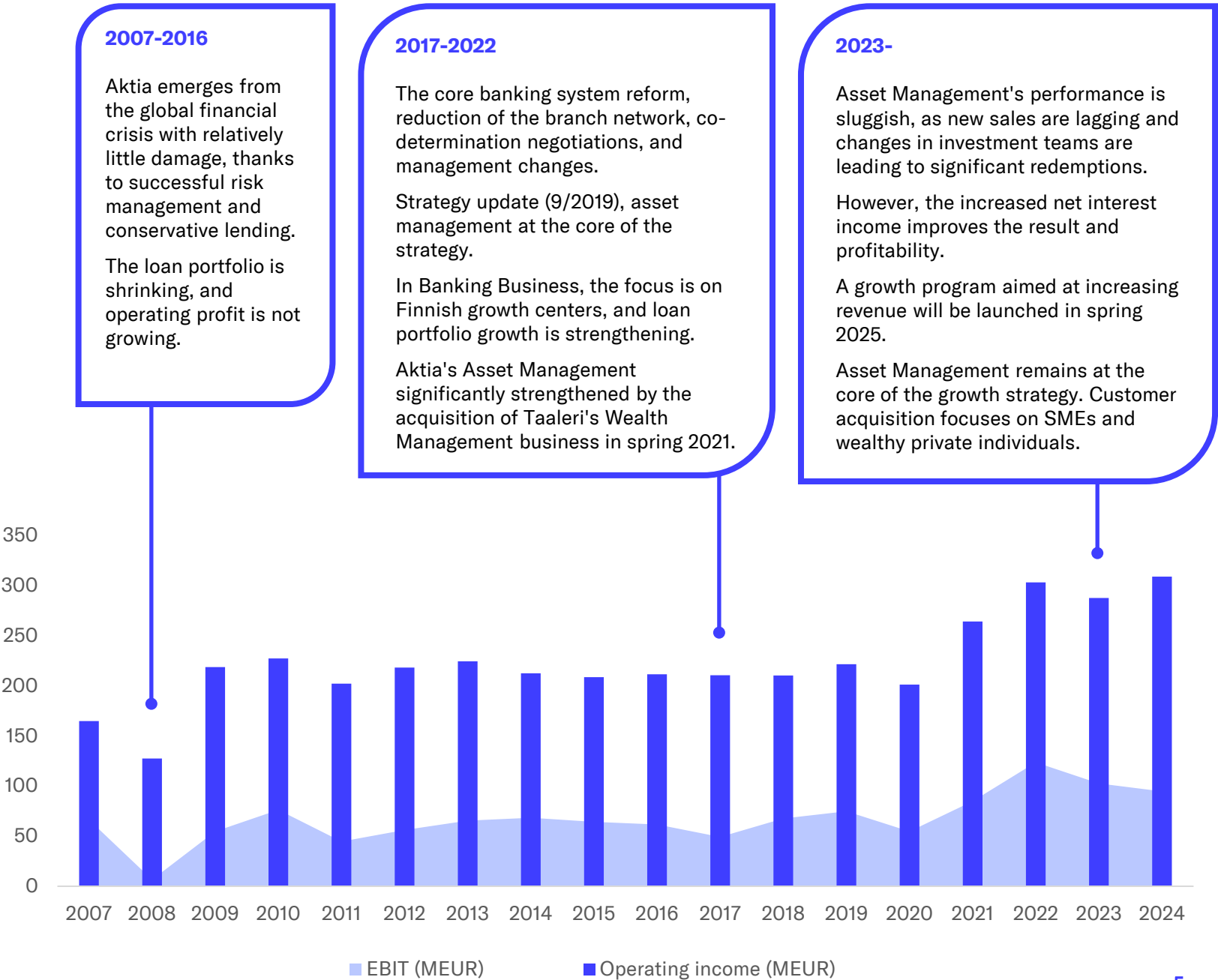
Operating income LTM

110.6 MEUR

Comparable EBIT LTM

12.8%

Comparable return on equity (Q1-Q3/ 2025)



Company description 1/2

Aktia Bank is a Finnish financial group founded in 1825, offering its customers tailored solutions from its wide range of banking, wealth management, and life insurance services. The Group's geographical area of operation includes Finnish growth centers, but its operations are more strongly focused on the west coast. Customers are primarily served online or by phone, but Aktia also has a branch network comprising 13 offices.

Aktia employs ~850 people, and the company has about 290,000 customers (over 260,000 personal customers and 24,000 corporate and institutional customers). Aktia's market share of Finnish mortgages and corporate loans was around 3% at the end of 2024, and 2% for deposits.

Aktia's loan portfolio was around 7.8 BEUR at the end of September 2025, and its gross customer assets under management (AUM) were around 16.3 BEUR. Aktia's business is divided into four reporting business segments: Banking Business, Asset Management, Life Insurance and Group Functions.

Aktia's operating income includes three main items: net interest income, net commission income, and net income from life insurance. The cost structure is quite fixed, as is typical for the industry, and the most significant expense items consist of personnel and IT costs, other expenses, and depreciation.

Banking

This segment includes private and corporate banking customers, excluding Private Banking. Aktia offers its private customers a wide range of financing, insurance, savings, and investment products and services through various channels. Aktia's corporate banking serves businesses and organizations ranging from micro-enterprises and associations to listed companies, as well as institutional

clients in banking matters other than wealth management.

Asset Management and Life Insurance

Asset Management includes Aktia's wealth management operations and Private Banking and offers asset management and a wide range of investment products to institutional clients. The product range includes both Aktia's own products and products from partners. In addition, Aktia's products are distributed by external partners.

The Life Insurance business segment focuses on risk life insurance and manages and offers a wide range of unit-linked insurance products.

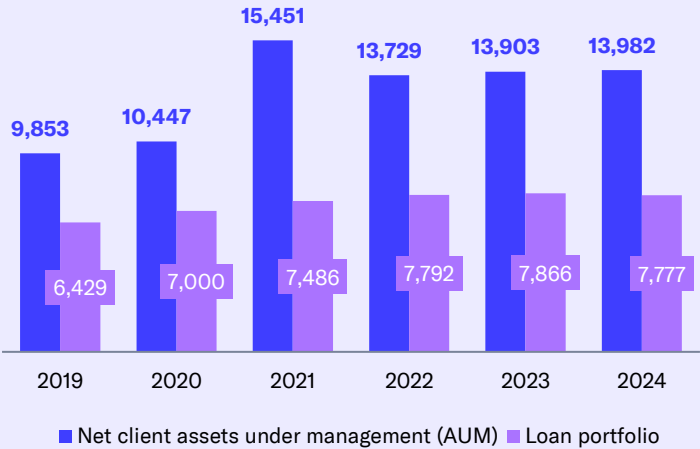
Group functions

Group Functions consist of the Group's centralized functions. The units manage the Group's financing and liquidity, and support other business segments with sales, IT, and product support and development. Group Functions are also responsible for the monitoring and control of risks and financial performance. As Group Functions consist of expense items, the segment's impact on earnings is negative.

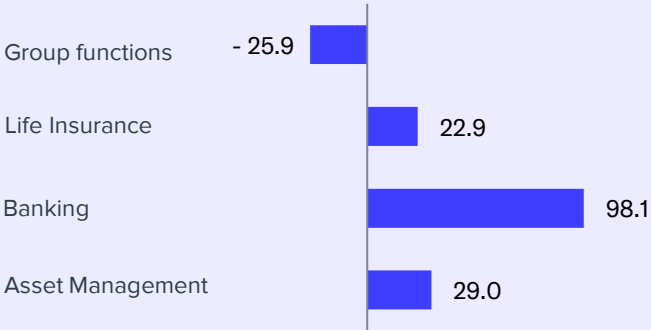
A bank focused on asset management

In connection with the strategy update published in fall 2019, Aktia placed the growth of its Asset Management business at the core of its strategy. The role of asset management has grown significantly in Aktia's business, and in recent years, fees from Asset Management and Life Insurance have accounted for around 36% of the Group's revenue. The proportion would be even higher if the rapid rise in interest rates had not inflated net interest income. Aktia is therefore a bank strongly focused on asset management.

Loan portfolio and AUM (MEUR)



Comparable EBIT distribution, MEUR (2024)



*Gross client assets in Asset Management include assets in funds and other products, as well as in insurance and wealth management agreements. Thus, some capital has been counted twice in the gross assets. Although the figure is not entirely comparable, gross assets can be considered to represent all the capital that generates commission income for Aktia.

Company description 2/2

To grow its Asset Management business, Aktia carried out a significant acquisition in spring 2021, purchasing Taaleri's Wealth Management business for a debt-free price of 120 MEUR. Aktia's AUM grew significantly with the acquisition, and at the end of Q2'21, AUM (15.6 BEUR) were more than double the loan portfolio (7.3 BEUR). Since then, the business has faced certain challenges, and new sales in particular have remained modest. After the acquisition, there were also significant redemptions from funds managed by Aktia. This was influenced not only by the departure of portfolio managers who came from Taaleri but also by the departure of Aktia's fixed-income investment team (Emerging Markets Debt), which occurred shortly before the Taaleri acquisition. Aktia's AUM are still below the level at the time of the Taaleri Wealth Management acquisition. Additionally, other personnel who joined with the acquisition, particularly private bankers, have largely moved outside the Group, so we consider the integration to have been unsuccessful.

To address the sluggish new sales in Asset Management, Aktia updated its strategy in spring 2025. No dramatic changes were made to the bank's future direction, and growth in asset management is also a priority for the new strategy period. However, the company presented a list of measures aimed at returning commission income to growth and increasing the company's cost efficiency. We discuss Aktia's future plans in more detail in the strategy section of this report.

There has been management turnover

Aktia has experienced significant management turnover in recent years, with changes in CEOs, in particular, receiving considerable public attention. We do not expect the recent CEO switches to pose problems for the rather stable banking operations, but the changes may slightly weaken

employee commitment and thus delay the implementation of the strategy change.

In October 2025, Anssi Huhta, who previously headed Aktia's Banking business, started as the bank's CEO. He has worked in various positions at Aktia since 2020. Huhta has solid experience in banking operations, but we believe he needs a skilled asset management leader alongside him, as Aktia seeks growth specifically from commission income. Aktia appointed Pasi Vuorinen as the head of its Asset Management business, who has a strong background, especially in working with institutional clients. We consider him a suitable leader for Aktia's Asset Management given his experience, although the sample size is very short and he has yet to prove himself. Vuorinen joined Aktia from OP Asset Management.

The tenure of other management team members at Aktia is also quite short, but like Huhta and Vuorinen, we assess their backgrounds and qualifications to be well-suited to the demands of their roles.

Largest shareholders (as of 10/2025)	Share of shares
<i>Companies controlled by Erkki Etola</i>	19.96%
<i>Veritas Pension Insurance Company</i>	8.24%
<i>Mutual Pension Insurance Company Varma</i>	4.68%
<i>Stiftelsen för Åbo Akademi</i>	4.09%
<i>Mandatum Life Insurance Company</i>	2.97%
<i>Nordea Life Insurance Finland Oy</i>	2.74%
<i>Stiftelsen Tre Smeder</i>	2.34%
<i>Aktiastiftelsen i Borgå</i>	2.11%
<i>Aktiastiftelsen i Vasa</i>	1.67%
<i>Sparbanksstiftelsen i Karis-Pojo</i>	1.29%
10 largest total	50.09%

Business model 1/3

Banks are financial institutions that play a key role as monetary intermediaries in the economy. The business model of banks is fundamentally simple: they accept deposits, lend money to those who need it, and offer various financial services, such as asset management.

Thanks to its operating model based on recurring income (net interest income and net commission income), a bank's earnings level typically does not fluctuate significantly in the short term. However, changes in market interest rates have a significant impact on earnings development through net interest income, but due to the interest rate hedges used by banks, this impact is delayed. In addition, cycles affect, among other things, credit loss levels, demand for loans, and the sale of asset management services. Banks can thus be considered cyclical companies, as they are closely tied to macroeconomic developments. However, significant fluctuations in profitability generally only occur in crisis situations, so despite the cyclicity, the earnings development of banking operations can be considered quite stable. There is no material seasonality in banking operations.

Deposits are the most important source of funding for a bank

A special characteristic of banks is the central role of financing solutions in their business. For a typical company, financing solutions are separate from operational activities, whereas for a bank, debt financing can be seen as more akin to the raw material required for its business operations.

The primary method of funding for banks is collecting deposits from individuals, businesses, and public entities. Deposits can be, for example, in current accounts, savings accounts, or fixed-term accounts. Banks pay deposit interest to depositors, which is typically low, especially for current accounts. In addition, banks raise funding from the

market mainly through bonds.

The importance of different funding sources varies by bank, and as a rule of thumb, smaller players are more dependent on household and corporate deposits. From a bank's perspective, deposits are also the most affordable funding channel, as a significant portion of deposits are in current accounts with virtually zero interest. An exception to this was the period of zero interest rates, which at times pushed the price of market funding into negative territory. Regarding deposit costs, banks particularly benefit from national deposit guarantee schemes, which, for example, in Finland, protect customer deposits up to 100,000 euros.

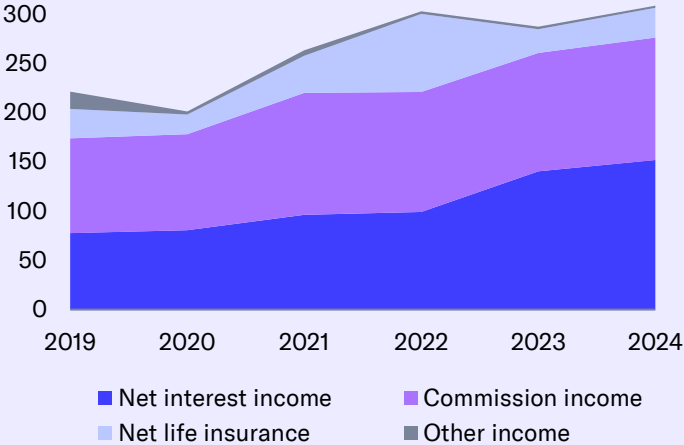
Almost 90% of Aktia's funding comes from deposits and bonds, with their relative proportions being roughly equal.

Net interest income is the most significant income line

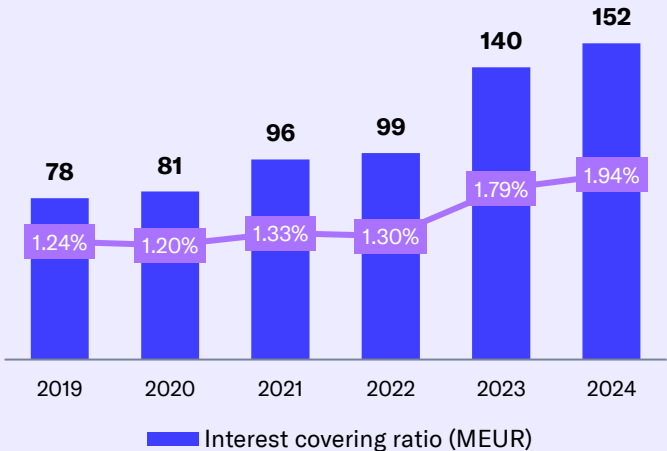
Banks use the funds they collect for lending. They grant mortgages, consumer loans, and corporate loans, among others. Banks earn money from the interest they charge on loans, which is typically higher than the interest paid on deposits and other funding. The bank records this difference, net interest income, as income on its income statement. The most significant items of interest income are housing loans to personal customers and various loans granted to companies. Interest income from higher-risk corporate loans is inherently higher than from moderate-risk housing loans.

In addition, regulation requires banks to maintain liquid assets, for example, for deposit withdrawals. These include cash and central bank deposits, as well as easily convertible assets such as government bonds. Aktia also earns interest income on these items, which increases net interest income. Aktia's net interest income was 152 MEUR last year, which corresponds to roughly half of all income.

Development of Group revenue (MEUR)



Net interest income development



Business model 2/3

Commission income also plays a key role

In addition to lending and deposits, banks receive commissions from many other services. These include:

- Asset Management: Investment advisory and client asset management.
- Payment services: Account transfers, online banking services, and card payments.
- Foreign exchange trading and derivatives for the needs of companies and individuals.
- Insurance services: These include life insurance and pension insurance, among others.

The commission income from these services is an essential part of banks' revenue and balances the interest income-based earnings logic. Asset Management, in particular, is a significant source of income for banks, and its importance is emphasized at Aktia due to its asset management-focused strategy.

Aktia's net commission income in 2024 totaled 124.3 MEUR, representing 40% of the bank's total income. The majority of commission income comes from items related to Asset Management and investments (66% of net commission income). For Aktia, commission income is a clearly more important source of revenue than for its domestic and Nordic banking peers (on average, about a fifth of revenue), which is explained by the large proportion of Asset Management relative to the loan portfolio size. This largely stems from the customer base, as Aktia's strategy is to focus specifically on serving wealthy individuals. We discuss the asset management business in more detail in a separate section of the report. Aktia's other

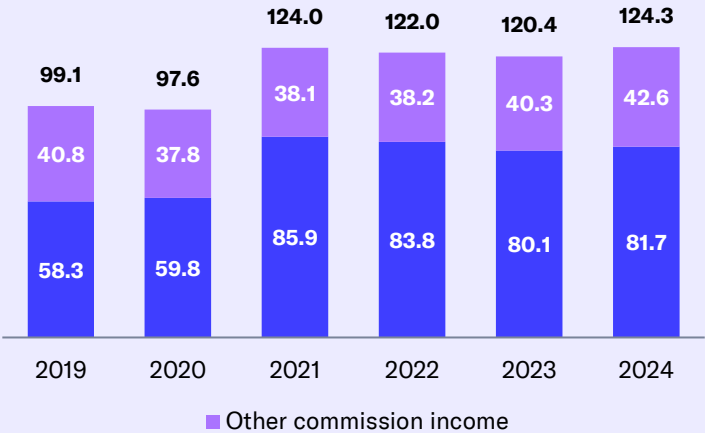
commission income consists of fees from cards and payment transfers (~20% of commission income) and lending-related fees (~8% of commission income), such as arrangement fees for new loans. Commission income typically fluctuates moderately on an annual and quarterly basis, while net interest income can vary significantly with market interest rates.

Life Insurance is less important

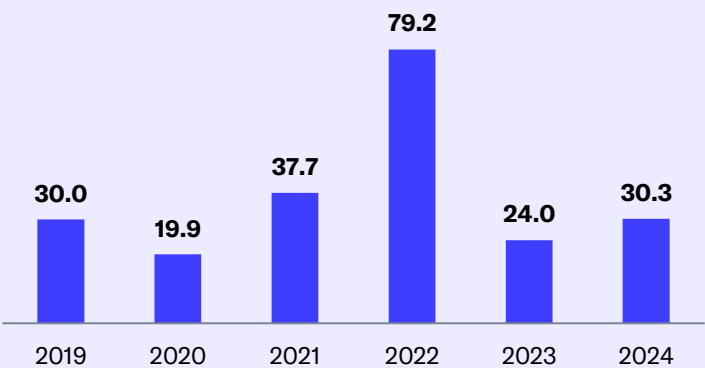
Aktia's third largest source of income is life insurance operations. Aktia Life Insurance offers a comprehensive range of insurance policies for private and corporate customers. These revenues are reported as net income from life insurance, which accounted for ~10% of the Group's revenues in 2024 (30.3 MEUR).

Aktia's other income includes, among other things, changes in the fair value of financial assets, capital gains on asset disposals, and other smaller income lines. However, their significance is minor, as net interest income, net commission income, and net income from life insurance accounted for 99% of the combined operating income in 2024.

Development of commission income (MEUR)



Development of net income from life insurance (MEUR)



Business model 3/3

Personnel and IT are the largest expense items

In our view, it does not make sense to analyze Aktia's cost structure by segment, even though they are reported separately, as the division is quite artificial. However, the main businesses, Asset Management and Banking, are closely linked, as a large portion of banking customers are also asset management clients. Therefore, in our review of the cost structure, we will focus on Group-level figures.

Aktia's cost structure is quite typical for the industry, and personnel costs accounted for around 45% of all expenses last year. Other large expense items include IT costs (29%) and other operating expenses (13%), which comprise purchased services, communication and marketing expenses, rental expenses, and stability fees paid to the Financial Stability Authority. However, no stability fees have been collected since 2023. In addition, depreciation accounted for ~13% of all expenses, but this share is expected to decrease due to the write-down of the core banking system at the end of 2024. Aktia reports credit losses as a separate item, and they are not included in the operating expenses of the business.

However, regarding Aktia's cost development, it should be noted that historically, the bank's reported costs have consistently been higher than comparable operating expenses. This has primarily been due to restructurings, in addition to non-cash flow impacting write-downs made to IT systems, among other things.

Wealthy individuals are the most important customer group

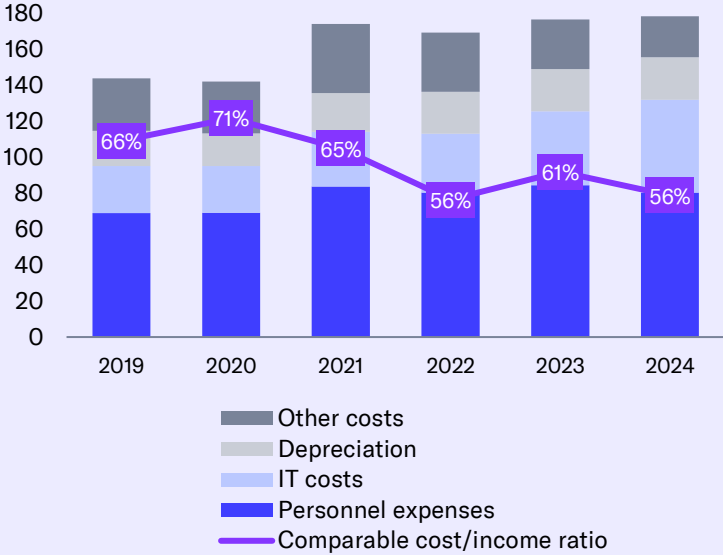
In both banking and asset management, Aktia's most important customer segment consists of Premium and Private Banking customers, i.e., wealthy individuals. Some 65% of Aktia's loan portfolio consists of household loans. The emphasis on wealthier individuals is particularly

evident in the fact that Aktia Asset Management client assets are high for personal customers relative to the size of the segment's loan portfolio. From this, it can be concluded that many of the bank's customers are also significant wealth management clients. In banking, the customer focus is also reflected in market shares, as Aktia estimates that its market share in mortgages for wealthier customers is twice as large (~8%) as the bank's market share in all Finnish mortgages (~4%). The focus on the wealthiest customers primarily aims for growth in Asset Management, as the wealth of the customer base has not translated into higher returns on the loan portfolio compared to competitors. In terms of service, Aktia focuses particularly on personalized service, which we believe is critical to meeting the needs of this customer group.

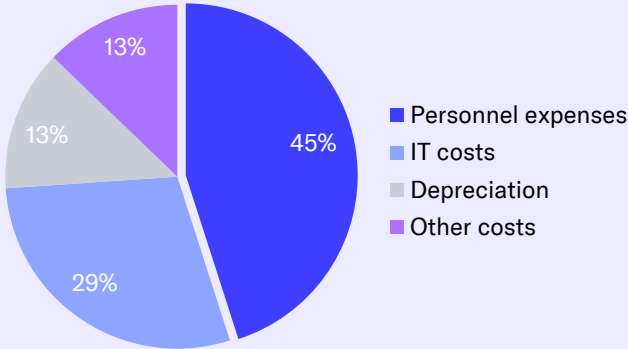
Despite the focus on Premium and Private Banking clients, corporate client business is also very significant for the bank, as roughly half of Aktia's current Asset Management client assets come from institutional clients, and about 35% of Aktia's loan portfolio consists of corporate loans. In corporate lending, the emphasis is on various real estate players (especially housing companies), but with the updated strategy, growth is sought in SMEs through, among other things, leasing, hire purchase, and invoice financing.

Additionally, it is worth noting that while customer relationships often overlap across different business segments (a bank customer often also has insurance products and asset management services), institutional Asset Management clients are an exception, as in many cases they are not banking clients at all. This is especially true for international Asset Management clients, who typically only purchase individual fund products. However, the share of international clients in AUM is, in our estimation, only about 10%, so the majority of Aktia's current clientele is a potential or existing customer base for all of the bank's services.

Operating expenses (MEUR)



Expense distribution, % (2024)



Banking 1/5

In this section, we will go through the key characteristics specific to banking operations. When analyzing a bank, investors should pay special attention to interest rate risk and credit risk.

Fluctuations in market interest rates are mitigated with interest rate hedges

It is typical for Nordic banks that lending is mainly variable-rate. This is also the case for Aktia, as the majority of its lending is tied to 3-12-month Euribor rates. A significant portion of funding, on the other hand, is practically fixed-rate, as, for example, overnight deposits typically do not pay interest, or alternatively, the interest rate is very low and does not strongly follow market rates. In addition, some of the bank's market funding is fixed-rate. This imbalance is managed with interest rate hedges, and interest rate risk management is an essential part of banks' business. The use of interest rate hedges is not mandatory, but practically all banks engage in it to some extent. The benefit of interest rate hedges comes from the fact that changes in interest rate levels do not strongly fluctuate the bank's earnings development in the short term.

On the income statement, this is reflected in interest rate hedges dampening the decline in net interest income when interest rates fall, while the effect is the opposite when interest rates rise. In Aktia's case, however, the impact of these is challenging to assess, as the bank does not publish precise information on its interest rate hedges or their impact on earnings.

Ultimately, however, the hedges are relatively short-term, so the prevailing interest rate level ultimately determines the bank's net interest income level together with loan margins and the bank's own funding costs. Particularly detrimental to banks was the zero-interest-rate environment that prevailed during the last decade, which narrowed the spread between the reference rates charged by the bank and deposit rates,

and weighed net interest income to historically low levels across the banking sector. It is therefore important for investors to understand that the interest rate level has a significant impact on banks' earnings.

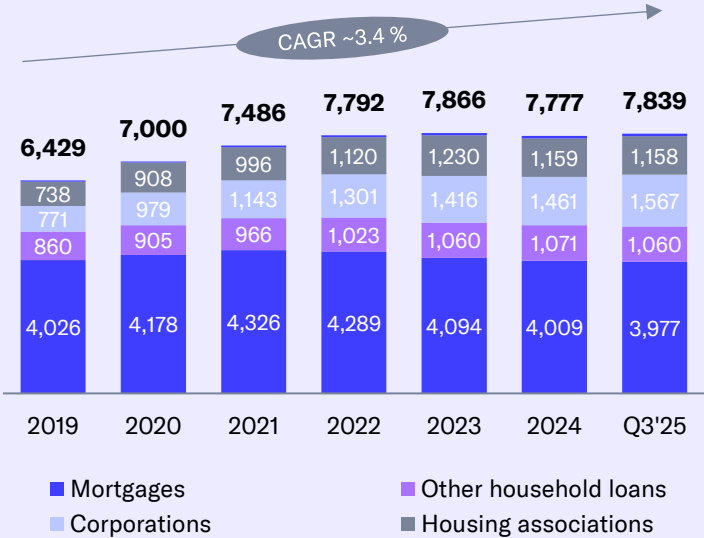
The credit portfolio's risk profile is low

Lending always involves credit risk, i.e., the risk that the borrower will not be able to repay their loan. Banks manage this risk by assessing the repayment capacity and collateral of loan applicants. Risk management is one of the bank's core functions, as high credit losses relative to loan interest received weaken the profitability of banking operations and increase the risk of solvency and liquidity problems. Thus, the quality of risk management directly impacts the required rate of return in addition to profitability.

In our view, Aktia's 7.8 BEUR loan portfolio had a low overall risk profile. Our assessment is based in particular on Aktia's loan portfolio, which is weighted towards real estate-backed loans, and historically low credit loss levels.

Mortgages accounted for ~51% of Aktia's loan portfolio at the end of Q3'25, thus forming the largest item in the loan portfolio. The risk level of these can be assessed not only by realized credit losses but also by the loan-to-value (LTV) ratio, which describes the relationship between the loan amount and the value of the collateral. Of Aktia's total real estate-backed lending, 83% has a LTV ratio of less than 50%, which can be considered very moderate. Correspondingly, the share of loans with an LTV ratio exceeding 70% is only about 4%. We believe there is no reason to assume that the collateral valuation is overly optimistic, so the distribution, in our assessment, provides a good picture of the moderate risk level of real estate-backed lending. It should be noted that the LTV ratios also include corporate loans secured by real estate, but the clear main focus is on mortgages.

Development of Aktia's loan portfolio (MEUR)



Banking 2/5

Corporate loans (excluding housing companies) collectively accounted for 20% of the loan portfolio at the end of Q3'25. Aktia's corporate loans are granted to small and medium-sized companies and entrepreneurs, and we believe the company has not significantly lent to large corporations. At the end of 2024, Aktia's corporate loans were primarily weighted towards the real estate and financial services sectors. Corporate loans, together with consumer loans, represent the riskiest part of the loan portfolio, which is reflected, for example, in slightly higher loan loss provisions for corporate loans compared to household loans. However, corporate loans always have some form of collateral or guarantee (though real estate collateral is less common), which lowers their risk level. The differences in the amount of loan loss provisions are not dramatic.

Loans to condominium associations (housing companies) accounted for roughly 15% of the loan portfolio at the end of Q3'25. We estimate their risk profile to be low because housing company loan losses are very rare in Finnish growth centers, and ultimately, the shareholders who own the apartments are responsible for the housing companies' loans. In addition, the loans are typically secured by a mortgage on, for example, the plot of land or other assets.

The remaining loans (15%) consisted of other loans to households (including consumer credits) and loans to public sector entities and associations, among others. We believe that consumer loans to households account for a small portion of other loans.

Risk management has historically been successful

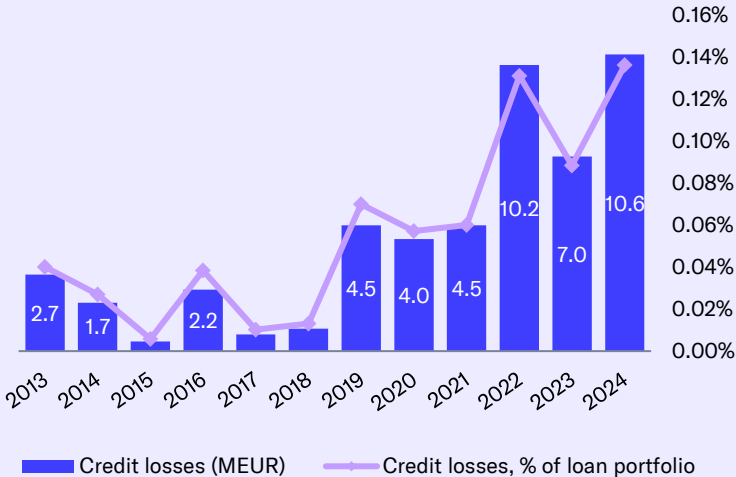
In our opinion, Aktia's risk management has been very successful historically, and the company's credit losses have been relatively small. From an investor's perspective, the strong track record lowers the company's overall risk profile and provides confidence that Aktia would weather a

potential future economic downturn, such as a new recession, with relatively minor damage. This assessment is also supported by the fact that loan losses remained moderate in 2024-2025, even though the number of bankruptcies and unemployment figures have been clearly on the rise in Finland. We consider the credit policy to be more dependent on the bank's processes, so the quality and conclusions of an assessment based on history are not materially weakened by the fact that Aktia's personnel has changed somewhat during the review period.

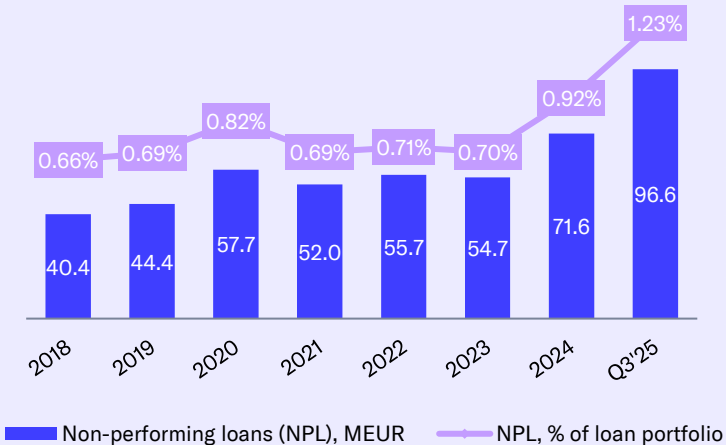
Aktia itself states that it adheres to strict lending criteria and has a cautious, low-risk lending policy. Based on historical developments, we believe this to be true, as the company's non-performing loans (over 90 days overdue) have averaged only about 0.70% of the loan portfolio over the past 8 years, and the figure according to the latest quarterly report was 1.23%. Although the weak economic cycle has raised the figure somewhat, the level is low on both an EU and Finnish scale, which we think reflects the moderate risk level of the company's loan portfolio. According to the European banking supervisor's statistics, the Eurozone average for non-performing loans was 1.8% at the end of Q2'25 (last 8-year average 3.3%), and ~1.7% in Finland at the same time.

The good quality of the loan portfolio has also been reflected in moderate credit loss provisions and entries. They have averaged only about 0.06% of the total loan portfolio annually over the past 12 years. In our assessment, the 2008-2009 financial crisis had a relatively minor impact on Aktia, although the company recorded a significant impairment in 2009 (~0.5% of the loan portfolio). Most of the credit losses have, in our assessment, come from corporate loans and household loans other than mortgages, as credit loss events in the latter have, in our understanding, been very low in Finland across the entire market.

Credit loss development



Development of non-performing loans



Banking 3/5

Loans constitute the largest asset item on the balance sheet

Aktia's business, like that of other banks, is very balance sheet-driven. However, the Asset Management business does not burden the balance sheet much, so when analyzing the balance sheet, attention should be turned to Banking and, to a lesser extent, Life Insurance.

Aktia's balance sheet assets can be divided into four main items that are most important from an investor's perspective. These are loans to the public (i.e. the loan portfolio), the banking business's liquidity portfolio, assets related to unit-linked insurance, and the life insurance company's investment portfolio.

Aktia's balance sheet financial assets mainly consist of the banking group's liquidity portfolio and the life insurance company's investment portfolio. Banks need liquidity, i.e., assets that can be easily converted into cash (such as cash and securities), to handle customer withdrawals, payments, and transfers. The buffer also serves as a safeguard in unexpected situations (e.g. deposit withdrawals exceeding expectations), where obtaining financing quickly from other sources can be difficult or very expensive. Thus, the purpose of the liquidity portfolio is not to maximize returns, but to generate sufficient returns on buffer assets. Aktia's liquidity coverage ratio (LCR), which describes its liquidity risk, was 235% at the end of Q3'25, clearly exceeding the regulatory minimum requirement of 100%. The market value of the liquidity portfolio was 1.6 BEUR at the end of Q3'25, consisting mainly of central bank deposits, cash, and highly-rated fixed-income investments. It should be noted regarding the accounting treatment of these that the majority of the changes in the value of the liquidity portfolio are recognized through consolidated P&L, so these are not reflected in net profit. However, these are taken into

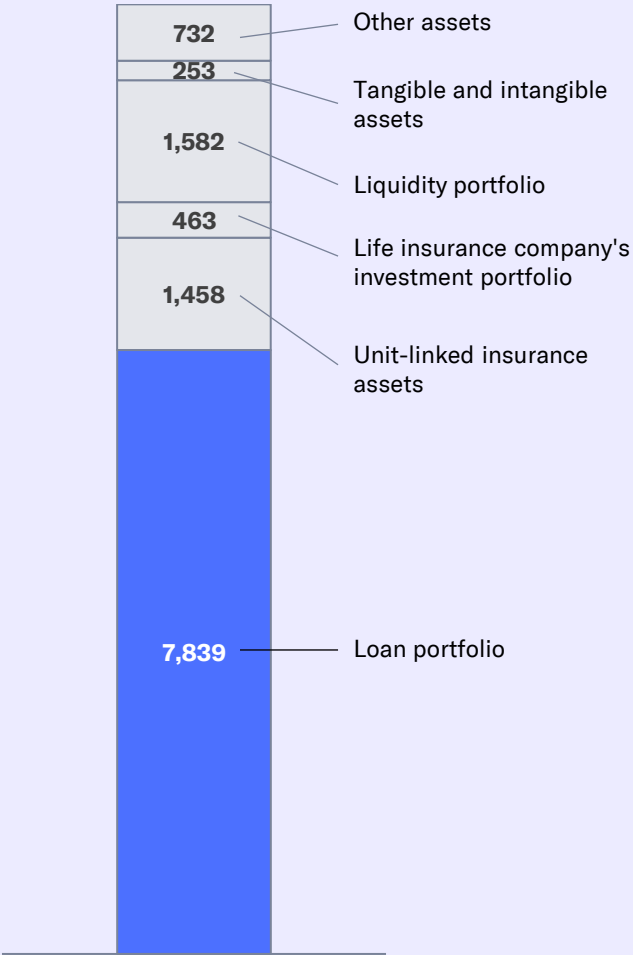
account in the amount of equity, so there are no hidden risks regarding changes in the value of holdings.

Life Insurance's investment portfolio, on the other hand, covers the liabilities of the insurance business (e.g. premiums paid by customers at the beginning of the period and liabilities from technical provisions), and it does not include unit-linked insurance policies comparable to Asset Management. The portfolio's objective is to achieve a return that at least corresponds to the guaranteed interest rates of the insurance savings. The investment portfolio totaled 463 MEUR at the end of Q3'25 and consisted mainly of fixed income investments.

In addition to the own Life Insurance portfolio, the company also has unit-linked insurance policies. The value of these in the balance sheet assets was 1.5 BEUR at the end of Q3'25. In these, the customer bears the investment risk of the assets covering the policies. In practice, Aktia has an investment contract liability of an equal amount in euros on the liabilities side of the balance sheet, and this item is thus mainly accounting-technical.

In addition to items directly related to banking operations, Aktia had 165 MEUR in intangible assets on its balance sheet. Most of the intangible assets are related to the acquisition of Taaleri's asset management business, for which we estimate a low write-down risk. The remainder of the intangible assets consists mainly of capitalized IT system development costs. Aktia has hardly any fixed balance sheet assets. Aktia's balance sheet total was 12.3 BEUR at the end of Q3'25.

Aktia's balance sheet assets (Q3'25)



Banking 4/5

Operations are financed by deposits and market funding

On the liabilities side of Aktia's balance sheet, the key items consist of deposits, other financial liabilities, insurance liabilities, and equity.

Aktia's financial liabilities amounted to 4.8 BEUR at the end of Q3'25, consisting mainly of bonds issued by Aktia. Of the bonds, 2.5 BEUR were covered bonds and the remainder were unsecured senior notes. With these bonds, Aktia finances its lending operations in addition to deposits. The majority of Aktia's market funding matures between 2026 and 2028, which requires continuous refinancing of loans as part of normal business operations. On the other hand, short-term market funding allows for balance sheet flexibility in changing situations.

At the end of Q3'25, deposits amounted to 4.6 BNEUR, meaning Aktia's funding is roughly split equally between deposits and market funding.

The price of market-based financing is affected by the general availability of financing and, above all, by the credit rating, which depends on company-specific factors in addition to the general risk level of the banking sector. Moody's credit rating for Aktia's long-term funding is A2, and S&P Global's is A-, both of which imply a very moderate financing risk. Overall, the margins Aktia pays for its unsecured market funding are low.

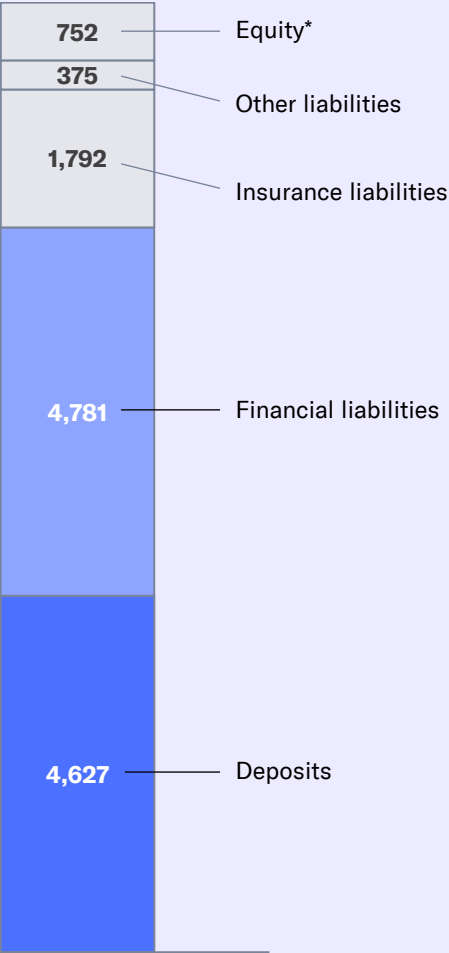
A clear weakening of the Finnish housing market could have a negative impact on the funding costs of Aktia and other banks due to high real estate exposure, although we estimate that the change in market conditions would have to be fairly significant before it would materially affect the development of net interest income. In addition, a weakening of the corporate sector's solvency, in particular,

could increase banks' bond margins.

The insurance liabilities on the balance sheet mainly consist of investment contract liabilities, which include the capital of the previously mentioned unit-linked contracts. Thus, the bank has no investment risk in these, but the item describes the size of the life insurance business comparable to Asset Management. In addition to the AUM in asset management, investors should monitor the development of this item, as it increases the earnings potential of the life insurance business.

Aktia's equity was 752 MEUR at the end of Q3'25. Some 60 MEUR of this consists of Additional Tier 1 capital (AT1 instrument), which, despite its accounting treatment, is debt and therefore does not belong to Aktia's shareholders. Aktia's equity ratio is very low, as is typical for banking operations, at only about 6%. High indebtedness and the concentration of lending in real estate (mortgages and corporate loans to the real estate sector) increase the banking business's risk level and expose banks to various financial risks and crises. Although solvency ratios are very low compared to other industries, problematically high credit loss figures are rare in the industry. This is particularly aided by real estate collateral, which offers protection against customer defaults.

Aktia's balance sheet liabilities (Q3'25)



*Includes a 60 MEUR Tier 2 loan, which is recognized as Group equity in accounting

Banking 5/5

Solvency is at a strong level

Due to high level of leverage, a key task of banking regulation is to guide banks' risk-taking and ensure that the amount of equity (or comparable debt instruments) is sufficient to cover credit losses even in various crisis situations. Regulation and the requirements for solvency and liquidity have clearly tightened since the financial crisis.

Banks must therefore maintain a sufficient capital buffer, which is strictly regulated by, among other things, the Basel capital requirements. In addition to equity, banks' capital adequacy calculations include various hybrid instruments, which are subordinate to all other liabilities in the event of bankruptcy. Aktia's own funds for solvency calculation consist of equity and roughly 100 MEUR in debenture loans (Tier 2 instruments). Other items to consider include intangible assets on the balance sheet and unpaid dividends, which reduce the amount of own funds in the calculation.

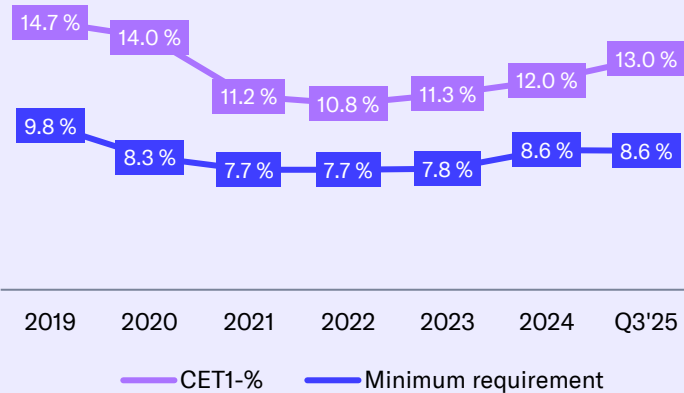
The other side of solvency determination consists of so-called *risk-weighted items*, which describe the amount of risk that a bank must prepare for with its own funds. Of these, credit risk is clearly the most important for Aktia (~87% of total risk). Credit risk is determined by multiplying the loan amount by the risk weights assigned to them. Risk weights vary somewhat depending on the type of loan and collateral. For example, risk weights for housing loans are clearly lower than for SME loans, which is why loan margins are also lower. The bank's capital adequacy (CET1 level) is calculated by dividing the amount of own funds by the total amount of risk-weighted assets. The dominant share of credit risk means that, without new regulatory changes, the development of Aktia's loan portfolio will largely drive future capital requirements.

Aktia Group's CET1 solvency ratio was 13.0% at the end of Q3'25. The minimum regulatory requirement for CET1 capital was 8.6%, and thus the CET1 capital exceeded the minimum requirement by 4.4 percentage points. The bank aims to maintain a level 2-4% above the minimum requirement. However, management has clarified that the bank aims to stay close to the upper limit. We consider the buffer to be quite safe, taking into account the moderate risk level of Aktia's loan portfolio. The buffer also provides flexibility for profit distribution in case of potential tightening of general capital requirements. Aktia's solvency level is also among the lowest of its Finnish bank peers, which we do not see as a problem due to the moderate risk level of its loan portfolio.

Risk-weighted receivables (Q3'25)



Group solvency (CET1)



Asset Management 1/2

Capital requirements, market growth drivers, and business profitability are very different in Asset Management and Banking, so it makes sense to examine these businesses separately. Asset Management also hardly burdens the balance sheet, so the balance sheet review can be limited to Banking. However, some customers are shared, and the Banking business offers an excellent distribution channel for the asset management business. In Asset Management, there are also plenty of clients outside the bank, such as international institutions.

The importance of Asset Management has become more pronounced at Aktia

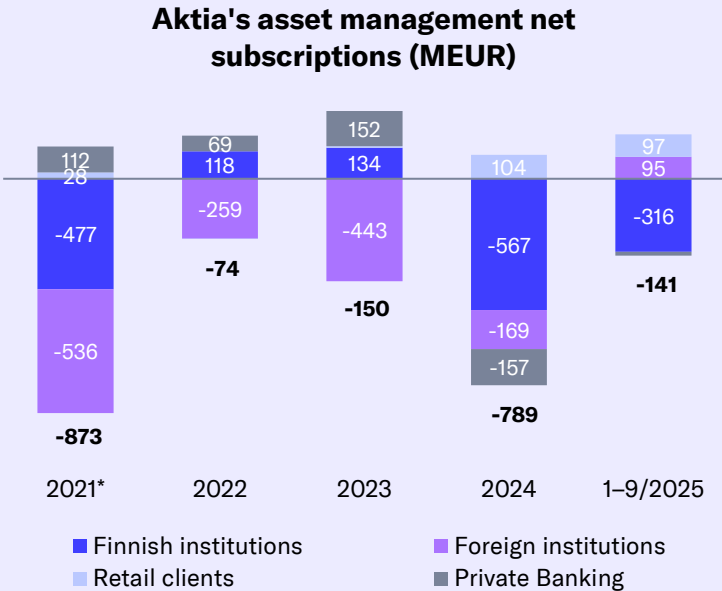
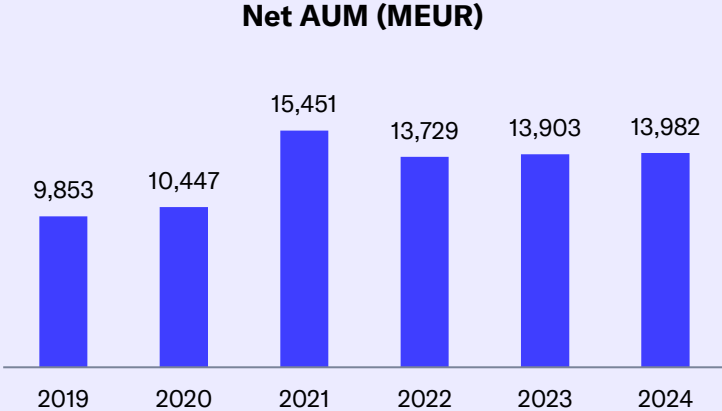
Asset Management is Aktia's most important business and the spearhead of its growth strategy. Aktia Asset Management made a significant strategic growth leap when it acquired Taaleri Wealth Management in 2021. This increased client AUM to roughly 15.5 BEUR. Aktia's historical focus has been particularly on product sales, with its strongest expertise in emerging markets and Nordic fixed-income products. Taaleri was also known as a product house, but differentiation was sought more through alternative products, which are now mainly managed through partners. Aktia's own products continue to focus on traditional asset management (equity, balanced, and fixed income funds). AUM are concentrated in fixed income products, which accounted for 46% at the end of 2024 (equities 34% and private equity funds 12%).

Historically, Aktia's customer focus has been on domestic institutions. However, with the Taaleri acquisition, the focus shifted more strongly towards wealthy private individuals. Of course, Taaleri also brought some additional AUM from Finnish institutions.

Aktia's asset management model relies on service and competitive pricing

Aktia's current asset management model relies more heavily on discretionary asset management, where the bank's own products are supplemented with, for example, index funds. This reduces the client's total costs, improving price competitiveness, and Aktia can offer a very wide range of investment products from outside the bank's own selection. In this asset management model, Aktia focuses on advising the client, preparing an investment plan, and selecting the best products. This marks a clear shift in the direction of Aktia's asset management business, as the focus was previously more on product sales. However, we believe this choice is logical, as the quality of asset management services and, increasingly, price awareness are emphasized in the segment of wealthy private individuals and smaller institutions, which are central to the asset management growth strategy. At the same time, independence from only Aktia's own products improves the quality of the product selection, as it is clear that no single asset management company can be the best in every asset class. The flip side, of course, is a lower commission level than product sales.

Regarding Aktia's asset management model, it should be noted that the open architecture asset management described above is not an exceptional operating model. Almost all asset management companies do something similar to some extent. However, in our assessment, Aktia has a higher-than-average proportion of low-cost index and ETF funds in client portfolios, which partly explains the moderate fee level and good price competitiveness. In addition, alternative products are generally managed primarily from the asset manager's own selection, which is also a clear differentiator for Aktia. In our view, their selection is still quite limited, which on the other hand offers growth potential in the future.



**Aktia does not provide an exact breakdown of net subscriptions between Private Banking and personal customers for 2021 figures*

Asset Management 2/2

Institutional clients are also an important customer group.

Although the strategic focus of Aktia's asset management business, like its banking operations, is on wealthy private individuals, Aktia also seeks growth from institutional clients. However, for these clients, the focus is more strongly on product sales (e.g. fixed-income products investing in emerging markets). Aktia's international distribution, in turn, relies on partners located across Europe and in Latin America. In institutional sales, the performance levels of Aktia's own funds play a crucial role, as they must be competitive to succeed in international markets.

Asset Management income is mainly recurring

Aktia's gross assets under management totaled 16.3 BEUR at the end of Q3'25, and net assets under management totaled 13.5 BEUR.

In addition to funds and other products, gross assets include assets in insurance and wealth management agreements, so some of the capital in gross assets has been accounted for twice (first in an asset management agreement and then in a fund). However, this better reflects the amount of assets that generate fee income for Aktia. When examining the historical development of Aktia's net AUM, it should also be noted that the method of calculating assets has changed slightly over the years. Thus, the figures we use for 2023-2024 include items that Aktia no longer includes in its AUM calculation. However, these figures provide a realistic picture of the AUM development.

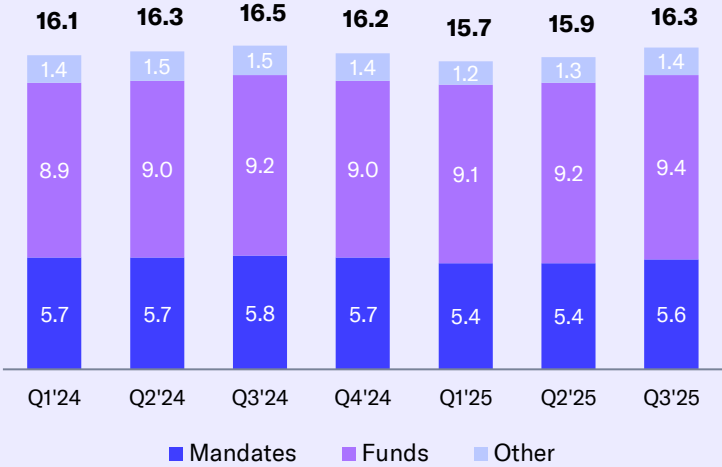
Measured by assets under management, the company is the third largest of the asset managers we cover, after Evli

and Mandatum. Roughly 50% of Aktia's AUM comes from institutions and the remaining 50% from individuals. The majority of institutional client assets come from Finnish players. In terms of revenue, the distribution appears slightly different according to our estimate, and we assume that private individuals account for the majority of net commission income. The difference is explained by institutions' strong pricing power and the resulting lower commission level.

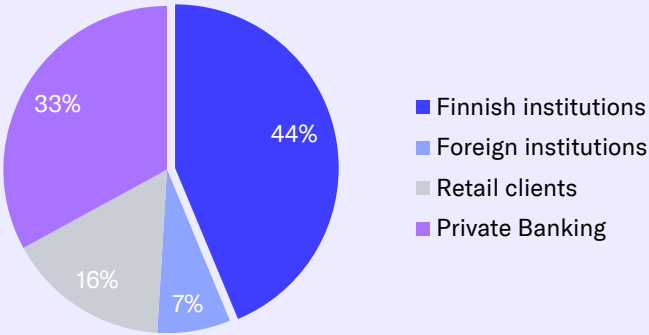
Although Aktia does not publish a more detailed breakdown of its fees, we estimate that these are also largely recurring, as the company has hardly any performance-based components or transaction fees. For Taaleri, on the other hand, one-off revenues played a significant role, but their importance has clearly decreased in recent years. In particular, the significant contraction in the size of the spearhead funds from Taaleri has, in our view, led to a decrease in performance fees.

Of Aktia's Asset Management fees in the last 12 months, ~84% came from funds and 16% from asset management commissions and brokerage fees. In the big picture, Aktia's managed client assets are, in our opinion, of high quality, but the fee level is low (on average ~0.5% of AUM) due to the significant weight of institutions and the high proportion of fixed-income products with a more moderate fee level.

Gross AUM (BEUR)



AUM distribution (2024)



Life Insurance

Life Insurance is strongly related to Asset Management

Net income from life insurance consists of two items: the profitability of the insurance business (underwriting result) and the result from investment operations. The insurance result is affected by both the fees from unit-linked contracts and the result of term life insurance. The net income from life insurance should develop in line with investment-linked client assets and the number of term life insurance policies, although quarterly fluctuations occur due to, for example, the timing and amounts of insurance claims. Due to the significant role of unit-linked products, Life Insurance should, however, be viewed primarily as a complementary function to Asset Management.

Life Insurance also includes investment activities

Aktia's unit-linked insurance products include insurance-based investment solutions such as pension insurance, endowment insurance, and capitalization agreements. Aktia's income consists of fees, such as management fees, received from assets within the contracts. The benefits of the products are strongly based on tax factors. The customer bears the risk of the investments' value development, so these are comparable to asset management. An exception to this is so-called with-profit policies (<20% of insurance savings), where Aktia is committed to paying policyholders a certain guaranteed interest rate on their savings. Thus, the investment risk for these lies with Aktia.

Risk life insurance, in turn, offers policyholders and their loved ones protection against, for example, serious illness, permanent disability, or death. In risk life insurance, Aktia collects annual insurance premiums from its customers to cover insurance claims. In these insurance policies, the risk is also borne by Aktia. Because customers pay their insurance premiums at the beginning of the period in risk life

insurance, this creates an insurance liability on the balance sheet. Aktia invests these assets during the term of the insurance policy. Assets under unit-linked contracts also create insurance liabilities on the balance sheet.

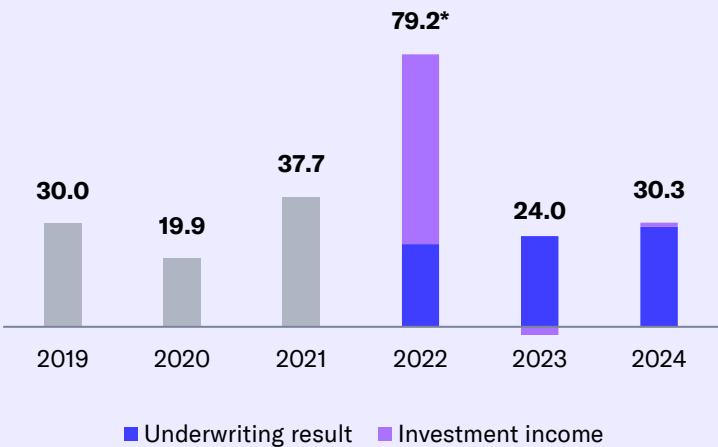
Due to these factors, Aktia has an investment portfolio of ~460 MEUR in its life insurance business, the return of which determines the investment result. Interest rate changes also affect earnings development, as insurance liabilities are valued at fair value on the balance sheet. If interest rates rise, this will generally have a positive impact on earnings. When interest rates fall, the effect is the opposite. However, Aktia has hedged its interest rate risk, so the impact on earnings is moderate. Overall, the main focus of Aktia's net income from life insurance is on the technical insurance result, with investment activities playing a clearly smaller role.

Unit-linked products have growth potential

In Life Insurance, Aktia's market share is quite modest (~3% of insurance savings and 6% of risk life insurance premium income), and the market is dominated by a few large players (the five largest have a market share of >90%). However, the business provides Aktia with a relatively stable income stream. Based on segment reporting and the financial statements of Life Insurance, the business's profitability is also strong.

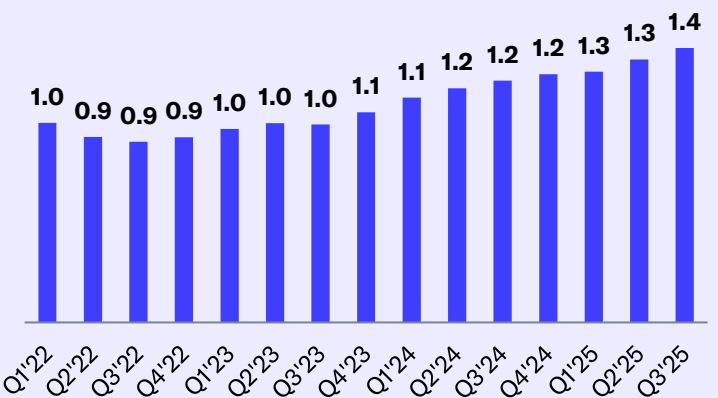
However, the growth outlooks for the product areas differ. In our assessment, the growth potential for Life Insurance is relatively limited, as the market is not growing significantly, and gaining market share is challenging. The outlook for unit-linked insurance products is considerably better, and these should grow in line with the asset management market.

Net income from life insurance (MEUR)



The IFRS 17 transition inflated the 2022 investment income

Unit-linked insurance savings (BEUR)



Source: Aktia

Industry 1/10 – Banking

The Finnish banking sector is concentrated but stable

The Finnish banking sector is one of the most concentrated in Europe: the combined market share of the three largest players in loans is almost 70% and in deposits around 80%. Overall, the Finnish banking sector consists of 12 separate banking groups (as of the end of 2024). The market is also quite stable, and market shares have not fluctuated significantly over the last decade. No new significant players have entered the market; instead, the trend has been primarily in the opposite direction. In addition to its concentration, the Finnish banking sector is strongly linked to other Nordic countries through ownership and investments. For example, Nordea is the largest bank in the Nordic countries, and Danske Bank and Handelsbanken are significant players in Finland. In practice, problems in one bank could spread to others through this connection, meaning the banking sector faces a contagion risk.

Other special characteristics of the industry include a relatively high dependence on market-based funding and a significant share of mortgages in lending. High dependence on market-based funding means that the loan-to-deposit ratio is high (~160% vs. EU average of 105%)². In its assessment of Finland's financial system, the International Monetary Fund (IMF) highlighted Finnish banks' reliance on short-term wholesale funding as a risk factor. On the other hand, Finance Finland points out that this allows banks flexibility in the use of funds, enabling them to quickly adjust their balance sheets to changing circumstances.

The significant weight of real estate is reflected in the fact that loans tied to housing and real estate accounted for approximately 37% of banks' loan portfolios in Finland at the end of 2024, which is higher than the Eurozone average (27%). Finnish banks are therefore dependent on the housing market, and a potential housing market crisis would have a significant impact on the banking sector. The risk is

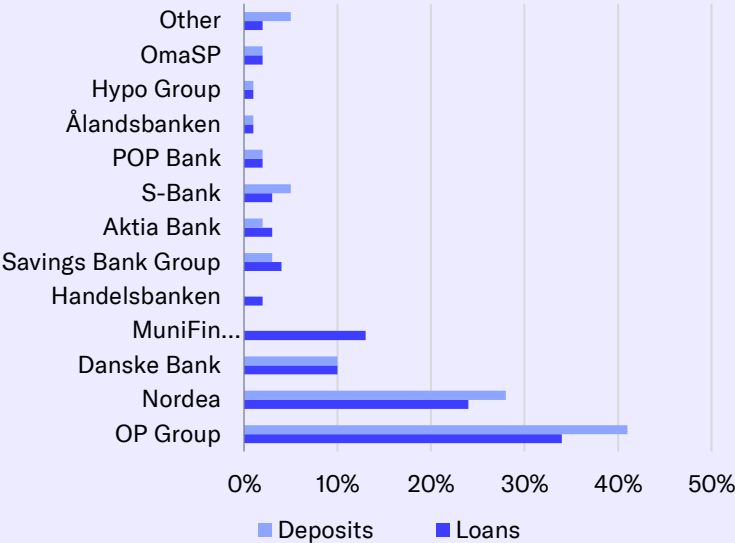
partly increased by the fact that the majority of housing loans in Finland have variable interest rates. Changes in interest rates can therefore have a significant impact on Finnish mortgage holders and, through them, on the banking sector.

The profitability of Finnish banks, in turn, stands up to international comparison: in terms of efficiency and return on equity, the Finnish banking sector has been above the European average over the past ten years. However, during the zero-interest-rate period, the banking sector's return on equity remained more modest than that of many other sectors. Over the past two years, rising interest rates and the resulting expansion of net interest income have clearly improved the situation. However, this is also a key risk factor for the sector. If interest rates were to fall significantly below the prevailing 2%, it would be very challenging to maintain good profitability levels in the current competitive environment.

On the other hand, the structural growth of the asset management market offers clear growth opportunities. Large Nordic banks are already leading asset managers in the region, and success in asset management would also enable a decrease in the relative importance of net interest income. Asset Management is also capital-light compared to lending, so an increase in the share of asset management should also lead to an improved return on equity.

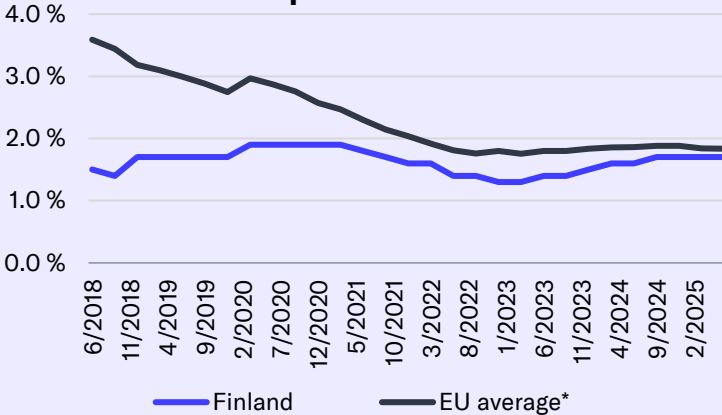
The share of non-performing loans in Finnish banks' total lending has been low, indicating a moderate risk level, also in relation to the European average. Over the past eight years (2018-2025), the share of non-performing loans out of all loans has averaged 1.6%, while the corresponding figure for the entire European banking sector is 2.3%³. However, the gap has narrowed in recent years due to the weakening Finnish economy and rising interest rates.

Market shares of Finnish banks (6/2025)



Source: Bank of Finland

Non-performing loans from the loan portfolio



*The EU figure includes only large banks under the direct supervision of the ECB, while the Finnish figure includes all operators.

Sources: FIN-FSA, EBA

¹Source: Bank of Finland, ²Source: EBA, ³Sources: FIN-FSA, EBA

Industry 2/10 – Banking

Bankruptcies are rare, and the last time credit institutions of significant size ran into problems in Finland was during the banking crisis of the 1990s. At that time, several mergers occurred, which explain the highly concentrated banking market today. In the financial crisis, on the other hand, not a single Finnish bank needed external assistance. However, since the financial crisis, capital requirements have globally increased in terms of solvency and liquidity, which has supported the sector's resilience. At the same time, it is good to remember that banks' equity ratios are very low (typically 4-6%) and their dependence on market funding is high, so banks will continue to be susceptible to various market disruptions and economic cycles. Therefore, we do not consider the business to be particularly low-risk.

Competitive dynamics of the industry






Threat of new entrants: low. Banking is tightly regulated and requires significant capital in addition to extensive risk management expertise, which creates a large barrier to entry. For this reason, the majority of operators have a long history. The business also benefits from scale, which makes it difficult to establish new companies and limits the competitive opportunities for small players. Thus, we do not see the threat of new entrants as significant, so the competitive situation among existing players more strongly determines the average profitability of domestic banks.

Threat of substitute products: low/moderate. Net commission income from banking operations faces the clearest threat of disruption in the future, as new payment solutions, for example, are constantly being developed. In addition, competition from outside the banking sector requires banks to improve their customer experience. Fintech companies can therefore also act as partners for banks and improve, for example, the online banking user experience with their well-functioning solutions. In any

case, we believe that responding to the threat of disruption either through partnerships or with an equivalent proprietary service is important, as it allows banks to maintain direct customer contact and the data generated from it. Otherwise, there is a risk of weakening customer loyalty (and cross-selling potential). Direct revenue losses are not dramatic, as the amount of performance fees tied to banking operations is moderate.

In lending, banks have a strong position, and it is very difficult for non-licensed entities to compete in the loan market due to the low funding costs enabled by their deposit base (and national deposit guarantee). Of course, private equity funds that invest in unlisted debt securities, among others, already provide a significant amount of corporate financing, but the risk profile of these clients is mostly unsuitable for banks.

Customer bargaining power: moderate. The bank's customer base is typically very dispersed, which reduces the bargaining power of individual customers. On the other hand, banking services are mostly commodity-like, and differentiating from competitors in the eyes of new customers based solely on products is very challenging. Typically, people only compare banks at major life events (e.g. buying a home, starting a business, divorce, etc.), so retention of existing customers is good. This is supported by the relatively high switching costs, which arise from comparing alternatives and the actual work involved in changing banks. This is why banking relationships are typically long-lasting. In the future, it is possible that as digital services develop, it will become significantly easier to compare and switch banking services and loans. Therefore, the risk of price competition is not decreasing in the future.

Competitive strength	Impact on profitability
Threat of new entrants	
Threat of substitute products	
Customer bargaining power	
Supplier bargaining power	
Current competitive situation	



In our view, the industry's profitability outlook is quite decent (ROE-% averaging ~10–11%), as competitive forces are largely balanced. A potential decrease in interest rates poses a key profitability risk.

Industry 3/10 – Banking

Supplier bargaining power: low. Regarding personnel, we do not foresee significant wage pressures, and the importance of technology will be emphasized in the future. However, it is important for the bank to manage its supplier risk so that, for example, a single IT service provider does not gain significant bargaining power. However, in our assessment, the risk is highly manageable. Tighter financial conditions, on the other hand, could improve the position of lenders (e.g., higher interest expenses on deposits), but this would also require strong loan demand and rising loan margins simultaneously.

Current competitive situation: moderate/high. Banking is not a significant growth sector, so competition for customers is moderately fierce. Mortgage credit margins in Finland are historically low. On the other hand, the industry is quite concentrated, and data is readily available, enabling effective monitoring of competitors' pricing actions. Thus, individual players have no incentive to intensify price competition. Typically, the initiative for this comes from outside the industry, but the low threat of new entrants in banking keeps the probability small. Tightening price competition within the industry should originate from large players, as rapid growth is not even possible for smaller banks due to solvency requirements. Thus, they cannot quickly achieve a significantly larger scale by pushing down prices. This essentially nullifies the logic of the entire measure, as banks' price competition efforts ultimately only reduce their own profitability. And because large banks are mostly publicly listed, we believe the probability of irrational behavior (which price competition clearly is) is limited.

In our assessment, banks should be able to achieve quite satisfactory profitability (averaging >10%), as the competitive forces are not, in our opinion, in a particularly unfavorable position overall. On the other hand, the modest

profitability during the zero-interest rate period and declining mortgage margins partly reflect the intensity of competition. Thus, market interest rates should not fall substantially from the current level (~2%) in order to maintain adequate profitability across the industry. However, significant bank-specific differences are likely to persist.

We note that the industry analysis above applies to Banking. In Asset Management, the profitability outlook is clearly better due to the industry's strong fundamentals.

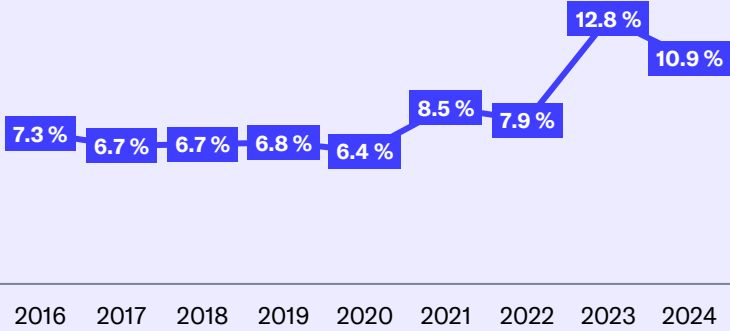
Digitalization is still shaping the industry

In our view, the two clearly transformative forces shaping the banking industry are digitalization and tightening regulation.

Digitalization has long shaped the banking sector, as services have increasingly moved online and banks have streamlined their internal processes. This has kept the number of branches in sharp decline. The number of employees in the industry also decreased steadily until the COVID-19 crisis. Since then, the number of employees has seen a slight increase, which we estimate is due to increased regulation and banks' growing investments in improving their digital capabilities (internal efficiency, digital service channels).

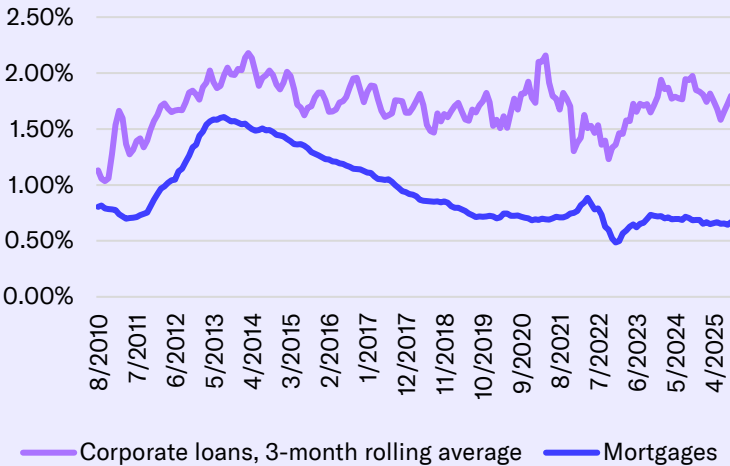
In particular, AI is becoming a fundamental part of banking operations, covering, among other things, lending automation, fraud prevention, customer service, and risk management. However, we do not expect this to materially affect the industry's core profitability due to the fairly tight competitive situation, as we estimate that a large part of the productivity leap will lead to lower service fees for customers (as studies show has happened historically).

Finnish banking sector return on equity %



Source: Financial Supervisory Authority

Estimated margins on new loans



Source: Bank of Finland

Industry 4/10 – Banking

However, this will likely increase company-specific differences, so developing digital capabilities is important for individual banks to maintain sufficient cost efficiency. In this regard, large banks are in a better position than smaller ones, as improving productivity requires significant investments (the current digital infrastructure is highly fragmented, and regulation adds to the complexity).

Regulatory requirements (including official reporting, risk management, and ESG) have continuously tightened, and we expect this trend to continue in the future. In addition, banks must integrate sustainability factors into their business strategies and risk management frameworks. These increase the fixed costs of banking operations. Thus, large size is generally the best way to prepare for the challenges brought by regulation.

Nor can IT investments be assumed to be a thing of the past, as the Financial Stability Authority, for example, has stated that the IT systems of all banks under its supervision do not fully comply with requirements. In our assessment, there are still significant differences in the quality of digital service channels (online banking, mobile application). Growing cybersecurity threats also require continuous information security investments.

Smaller M&A transactions are likely to occur

As banking benefits from scale, M&A and bank mergers are sure to continue in the future. On the other hand, the Finnish market is already so concentrated that for the three largest players, M&A plays would likely be blocked by the competition authority at the latest. However, we expect smaller arrangements to continue. For example, 2023 was a fairly active year for M&A, with Nordea acquiring Danske Bank's Norwegian retail banking operations, OmaSp acquiring Handelsbanken's SME operations, and S-Pankki

acquiring Handelsbanken's retail banking operations. In Asset Management, M&A transactions have been more frequent, and we expect them to continue in the future as companies in the sector benefit from the efficiency enabled by scale, similar to banking.

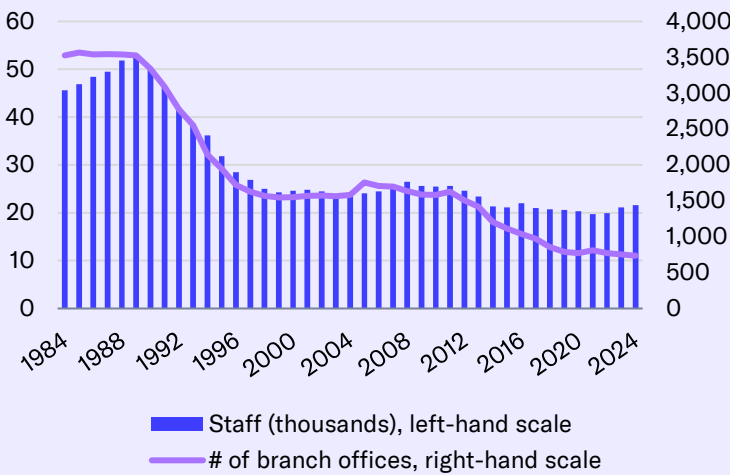
The challenges of recent years have not shaken the Finnish banking sector

Loan demand in Finland has undergone a significant change over the past five years. After relatively strong loan demand in early 2020, the rapid rise in interest rates in 2022–2024 significantly curbed borrowing by both households and businesses. In 2025, the market has shown the first signs of recovery as interest rates have fallen, but overall demand remains cautious. Sluggish economic development and high unemployment have limited the demand for corporate investments and larger household purchases.

The effects of the COVID-19 pandemic and the war in Ukraine on the banking sector were moderate, mainly manifesting through a slowdown in credit demand following rising interest rates. The weakened economic situation also increased the number of loan loss events and provisions, especially during the COVID crisis, but overall, these did not significantly burden the earnings development of Finnish banks. The Finnish banking sector as a whole is strongly capitalized (CET1 solvency in Finland 18.2% vs. 16.6% in the rest of Europe), so the industry's resilience is good. In addition to strong solvency, this is supported by a moderate amount of non-performing loans.

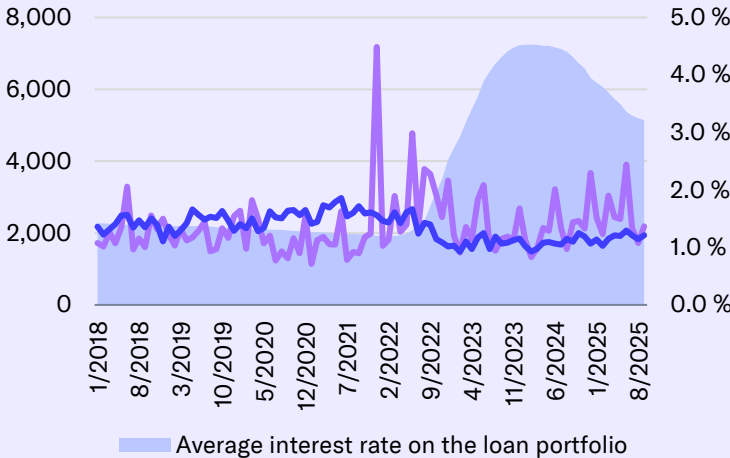
The challenges of recent years have not had a lasting impact on the asset management market, and demand for investment products has remained strong.

Personnel and branch development



Source: Finance Finland

New loans drawn (MEUR) and average interest rate on the loan portfolio



Source: Bank of Finland

Industry 5/10 – Banking

Growth in the banking sector follows general economic development

Banking is a very mature industry, which we estimate will grow roughly at the pace of the gross domestic product in the long term. Faster growth would require a clear increase in corporate and household debt ratios. Asset management, on the other hand, is a younger industry with structural growth drivers. We will discuss the growth outlook for the asset management market in more detail in the next section.

The primary growth driver for the banking market is the loan portfolio, from which banks derive the majority of their income as loan interest. Over the past 15 years, banks' combined loan portfolio has been ~91% of the annual GDP. The ratio grew steadily until the COVID crisis (~100% in 2020), but since then, the increase in household savings has brought the ratio back to slightly below the 2010-2024 average. We believe the level is reasonable overall, and we do not assume any significant trend-like development in either direction in our market growth forecast.

On the other hand, in recent years, loan demand has been subdued due to the weak housing market and economic conditions, leading to a contraction in loan portfolios. Therefore, we believe a faster-than-average loan portfolio growth forecast is justified for at least the next few years. This is based on the assumption of a slight increase in household debt-to-income ratios to the historical average. For example, in 2010-2020, the banking sector's average loan growth (3.6%) exceeded Finland's nominal GDP growth rate (2.0%) precisely due to the increase in the debt-to-income ratio. In 2020-2024, the situation was reversed, as the average annual growth of the loan portfolio remained at 1.5% (nominal GDP annual growth +3.9%).

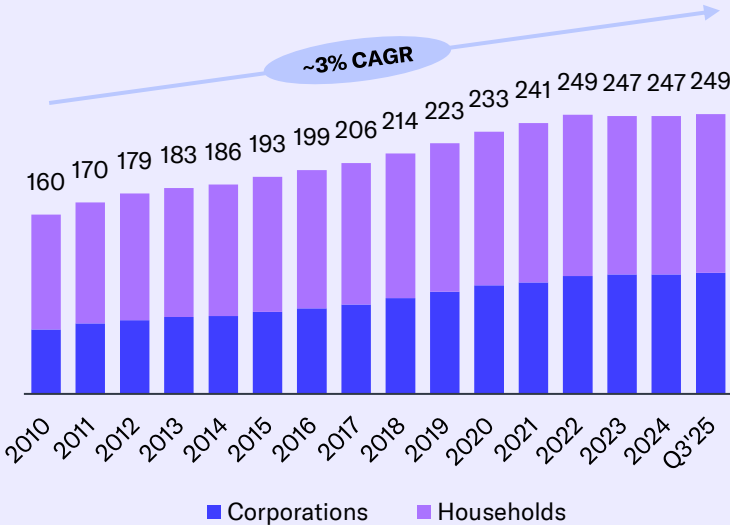
The other component of net interest income, the net interest margin (net interest income/loan portfolio), on the other hand, is very likely to remain highly dynamic in the future. Because forecasting this is very difficult based on historical accuracy, we assume the margin will remain stable in the long term.

However, Banking commission income can be assumed to correlate more with the number of customers, as these commission incomes are typically fixed in amount and are not usually tied to, for example, the size of the loan. For these, we consider inflation a good growth assumption, as we estimate that banks can pass on general cost increases to their customer prices. We do not expect significant growth in the number of banking customers, because although Finland's population is still growing moderately, the working-age population has already started to decline.

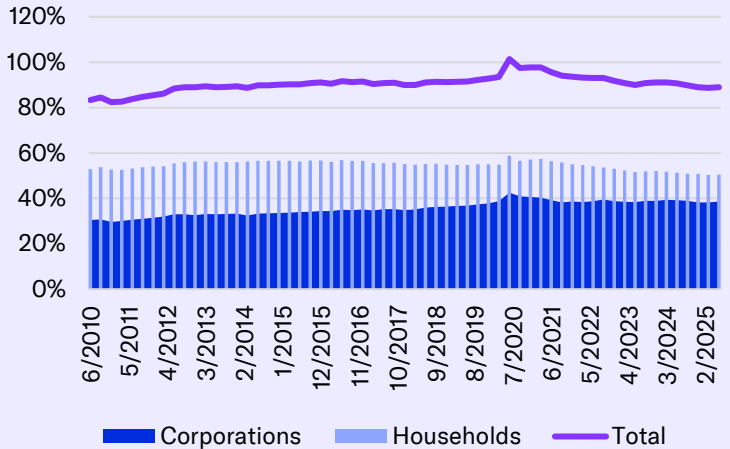
On the other hand, the threat of disruption in payment services, among other things, creates pressure on these revenue streams. It follows that if the economy grows in real terms, the growth of the loan portfolio and net interest income will exceed the growth of banking commission income in the long term.

Due to the decisive role of net interest income, the growth of the entire banking market should largely follow the development of gross domestic product and the loan portfolio. Due to the interest rate sensitivity of earnings, the growth rate can, of course, vary significantly in the short term. Significantly faster GDP growth, on the other hand, would only be possible if households and businesses continuously took on more debt relative to their income levels, or if interest rates rose permanently without intensifying competition for deposit customers. However, banks' asset management operations can drive banks' total revenues to grow faster than GDP growth even in the slightly longer term.

Loan portfolio development (BEUR)



Loan portfolio / GDP ratio



Sources: Bank of Finland, Statistics Finland

Industry 6/10 – Asset Management

Asset management market is growing despite weak economic development

The asset management market in Finland is relatively young and, for example, the first mutual funds were only established at the end of the 1980s. Over the last three decades, the asset management business has grown rapidly with the growth of the national economy and the prosperity of citizens. Historically, a majority of the wealth of Finnish households has been tied to housing and it remains by far the largest asset item of households, although other forms of investment have become more common. The young age of capital markets in Finland is also seen in the fact that a significant proportion of the non-housing investment assets of households are still on banks' current accounts.

At the end of 2024, the size of the Finnish asset management market, measured by AUM, was around EUR 250 BEUR. Of this 250 billion, about half are invested in domestic investment funds and the rest are covered by consultative or power of attorney portfolio management. In addition, Finnish alternative funds held a total of approximately 45 BEUR in capital at the end of 2024. Overall, we estimate the revenue of the Finnish asset management market to be around 2 BEUR. Our estimate includes assumptions about the average fee levels for various products and services, in addition to asset management and fund capital.

Since 2005, the market has grown clearly faster than the general economy, by an average of about 5% per year. Over the last decade, growth has accelerated, and we estimate the average annual revenue growth rate between 2014 and 2024 to have been around 10%. This growth has been partly explained by the increase in asset values and partly by the flow of new capital into asset management.

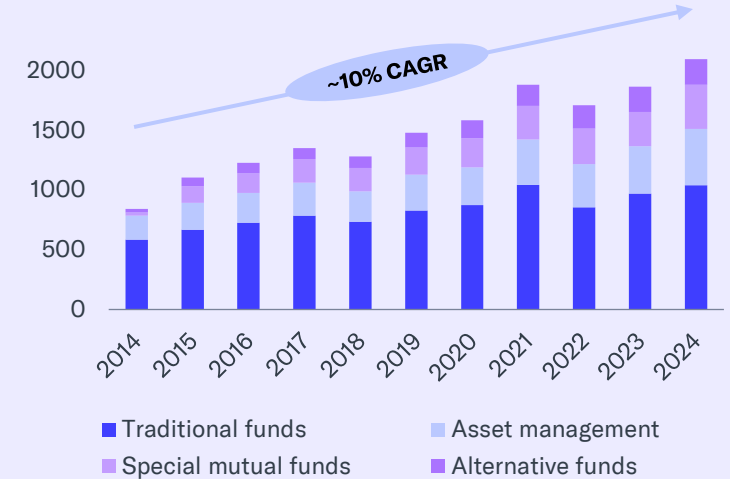
Among asset classes, alternative products (alternative funds and special investment funds below) have been a clear winner, and their share has grown significantly. Due to high fee structures, their impact on industry companies has grown significantly and supported growth over the last decade. Although the rise in interest rates, combined with rapidly growing allocations, has curbed the popularity of alternative products, these have become a permanent part of investors' allocations. Also, a growing number of investors have access to these products, as investing in unlisted assets has previously been mainly the privilege of large investors.

Long-term growth outlook is good

In the long term, we estimate that the Finnish asset management market will receive significant support from structural changes, as the wealth collected by the baby boom generation begins to pass to the next generation through inheritance. According to our estimates, this sudden increase in wealth will inevitably lead to an increase in the asset management market, as more and more people are interested in investing and also become attractive customers for investment service companies. Concerns about the sustainability of the pension system will also generate structural interest in long-term investing and asset accumulation. Confidence in the pension system has weakened, especially among young people (EVA), and in our view, this is one of the key drivers behind the growing popularity of investing and saving in Finland over the past 15 years.

We note that these are very long-term trends and their effects will become visible gradually. We believe there is plenty of evidence of this ongoing structural change, and, e.g., the number of fund owners, the number of book-entry accounts and fund capital are all at an all-time high.

Revenue development of the Finnish asset management market (MEUR)



Source: Inderes' estimate

Examples of Finnish asset managers

Aktia ALEXANDRIA

MANDATUM CapMan

dp eQ Nordea

TITANIUM UB
UNITED BANKERS

EVLI TAALERI

Industry 7/10 – Asset Management

There are strong growth drivers in the asset management market

Unlike banking, we believe asset management can be expected to grow faster than the general gross domestic product. In our view, there are four key forces driving the growth of the asset management market:

- 1) Existing wealth, which we estimate to grow by approximately 4-5% per year on average.
- 2) New savings, which at the current savings rate are 3% of GDP. We assume that roughly one-third of new household savings will end up in asset management. In addition, savings from companies and other entities end up with asset managers. Overall, new savings support an annual AUM growth of 1-2% in our calculations.
- 3) The share of current savings that shifts from other asset classes (such as housing or bank accounts) to asset management, as large and wealthier age groups transfer their assets to their more investment-prone heirs. Assessing this item is very difficult, but we believe this will also be a supportive development for the asset management sector. In our calculations, we have assumed this to have a positive annual impact of approximately 1% of assets under management.
- 4) Changes in AUM fee levels. In our view, there is still downward pressure on the fee levels of traditional investment funds in particular, as they remain relatively high in Finland compared to international benchmarks, despite a trending decline. In addition, the growing popularity of passive products mainly comes at the expense of Finnish asset managers, as these are primarily offered cheaply by large international fund houses. A significant portion of new wealth invested in

passive products does come through asset managers (wealth management), but the fee level for these is very modest. The outlook for alternative products, on the other hand, is better, as these require the fund company to actively manage holdings. Overall, we estimate that price pressure and the growth of passive products will negatively impact the industry's AUM by around 1% per year.

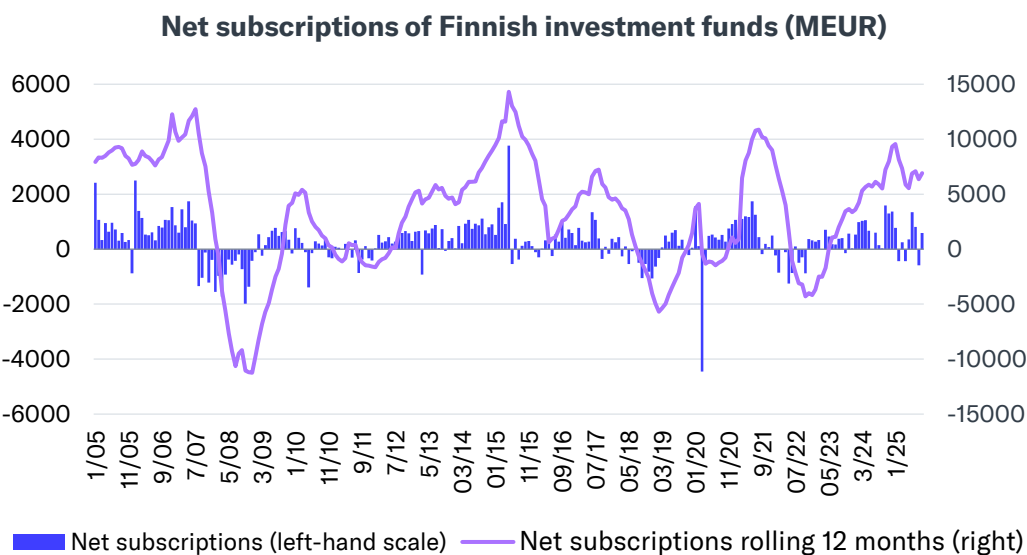
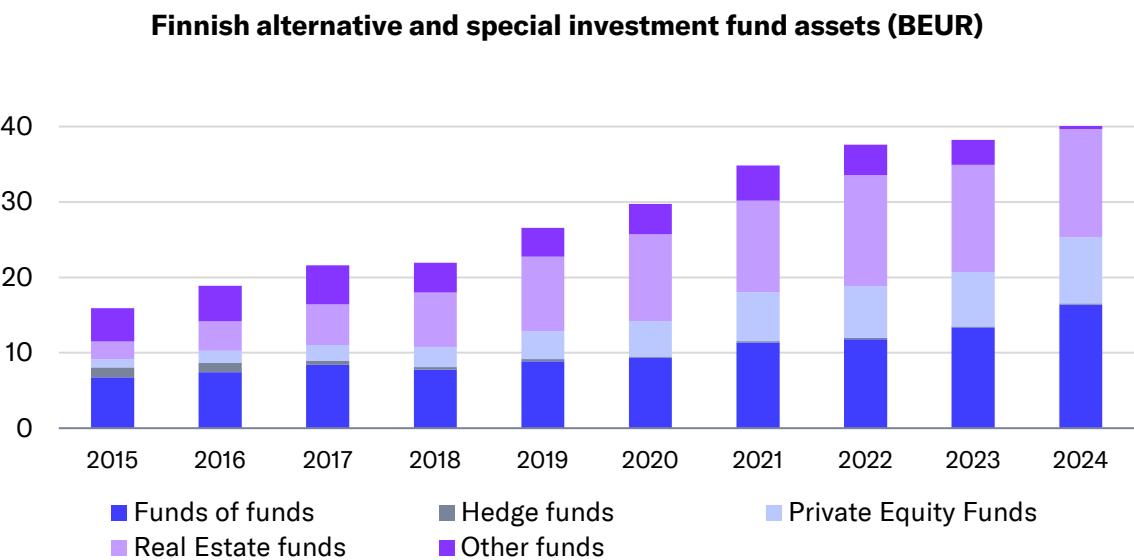
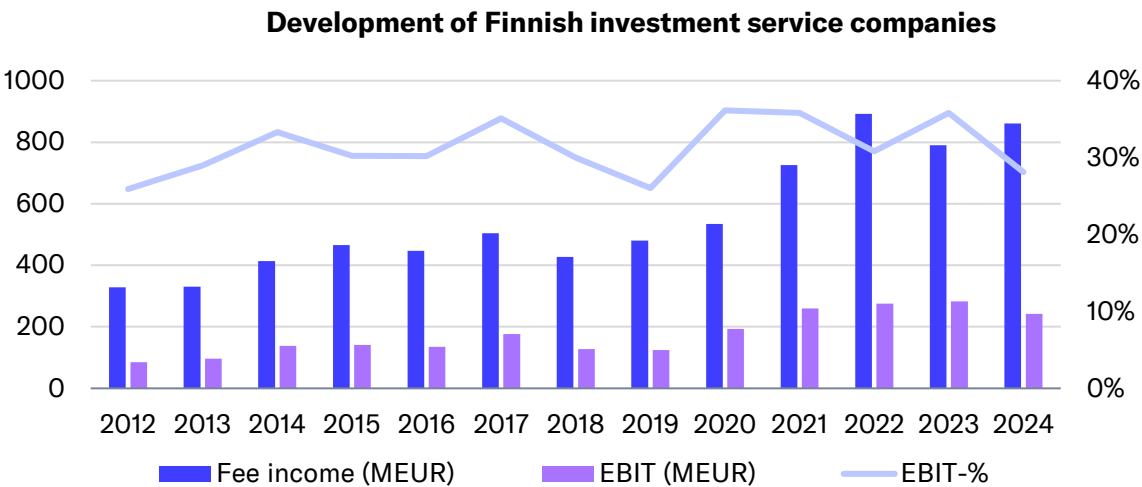
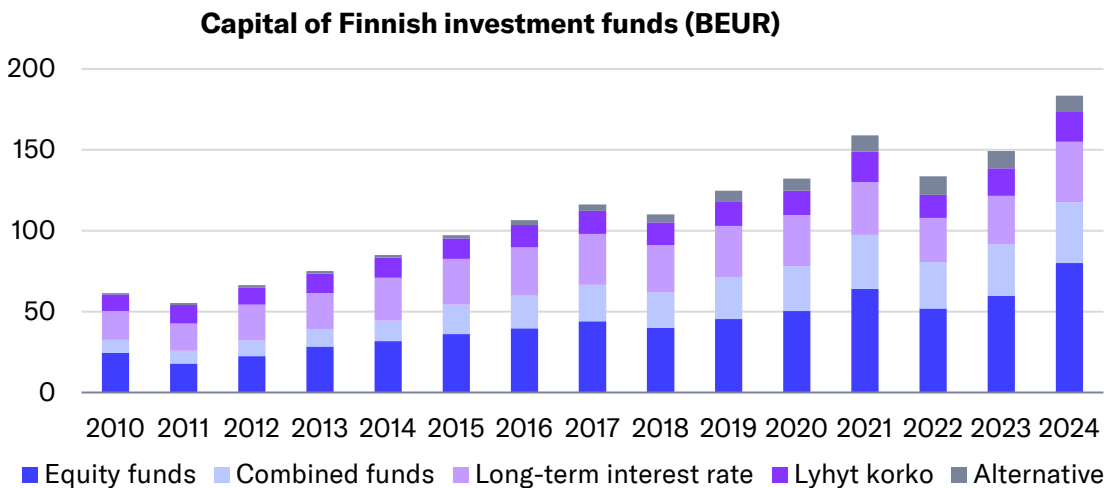
Based on these, we have outlined that the asset management market's AUM will grow by 6-8% per year and fee income by some 5-7% per year. In addition, international sales offer competitive product houses (e.g. Mandatum, Evli, Aktia, eQ, CapMan, Taaleri) the potential to grow faster than the Finnish market. In the long term, we believe that the asset management market in Finland is well positioned to continue its annual growth of about 5%, so it still remains a clear growth sector. In addition, we estimate that the growth potential is higher for asset managers who succeed in bringing high-quality alternative products to their product selection, as the share of these in investors' portfolios is still growing based on surveys.

Our market growth estimate only considers management fees, which account for the majority of the industry's earnings. In reality, other commission income is added to this, of which performance fees are a significant source of income, especially for alternative fund managers. When outlining the growth rate, it should also be noted that if the savings rate remains unchanged, net subscriptions will gradually decrease relative to existing assets without clear economic growth. Asset values can be expected to grow continuously at fairly stable growth rates, while new investments in euro terms will remain roughly unchanged without economic growth. Thus, we believe that in the longer term, the focus of market growth will shift more strongly towards asset appreciation.

Asset management market drivers



Industry 8/10 – Asset Management



Sources: Inderes / Statistics Finland / FIN-FSA / Investment Research Finland

Industry 9/10 – Asset Management

Structure of the Finnish asset management market by customer size and product positioning



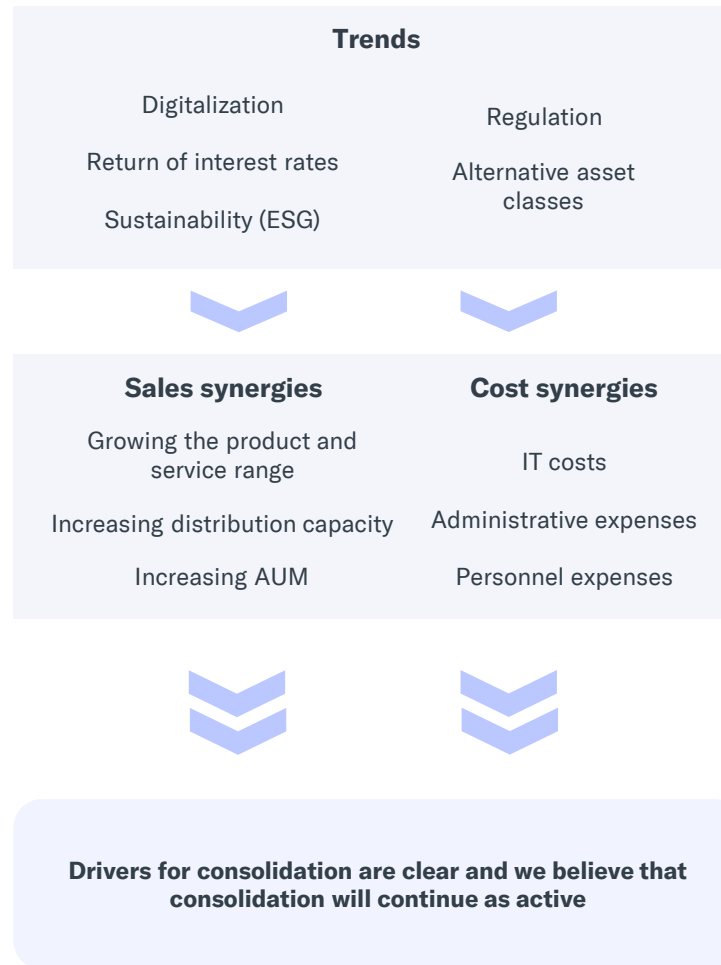
Source: Inderes

Industry 10/10 – Asset Management

Asset management competition



Consolidation drivers



Finalized M&A transactions



Past development 1/3

Corporate lending has seen strong growth

Net interest income is Aktia's most important revenue line, and its development has historically driven the bank's total operating income. Aktia's net interest income has experienced significant fluctuations in recent years, which particularly reflects changes in market interest rates.

Between 2019 and 2021, Aktia's net interest income grew steadily, primarily driven by loan portfolio growth, as interest rates remained relatively stable. Growth was particularly strong in corporate loans, where the bank's market share grew from 0.8% to 1.3%. In our view, the strong growth in the corporate loan portfolio has been driven particularly by demand for installment and leasing financing. These always have collateral, so in our view, the strong growth has not materially increased Aktia's risk level. In addition, loans granted to housing companies have grown rapidly.

In 2022-2024, Aktia's net interest income saw strong growth, mainly due to a significant increase in interest rates. The zero-interest rate period was generally challenging for banks, as the difference between deposit and lending rates was at a historically low level. Loan growth, on the other hand, was significantly more modest, largely due to weakened mortgage demand. Aktia's market share in corporate loans continued to grow, and the corporate loan portfolio increased strongly, similar to previous years. In mortgage lending, Aktia has, on the other hand, lost some market share to other players. This is partly explained by the strategic choice to focus on wealthier individuals. In 2025, however, the decline in market interest rates caused net interest income to fall from its 2024 peak.

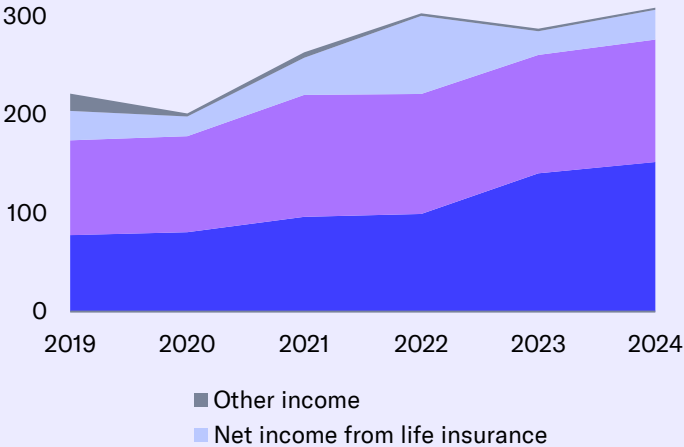
Aktia's Banking commission income, on the other hand, grew steadily between 2019 and 2024, in line with lending volumes and customer numbers. The most significant items of Banking's net commission income are fees related to payment traffic and lending. Lending fees develop in line with lending volumes, but we believe the credit card partnership with Finnair has positively impacted payment transaction fee income. Net income from life insurance, on the other hand, has mainly varied between 20 and 37 MEUR. An exception to this was 2022, when net income from life insurance rose to almost 80 MEUR due to the one-off accounting impact of the IFRS 17 transition.

Aktia's Asset Management has developed sluggishly

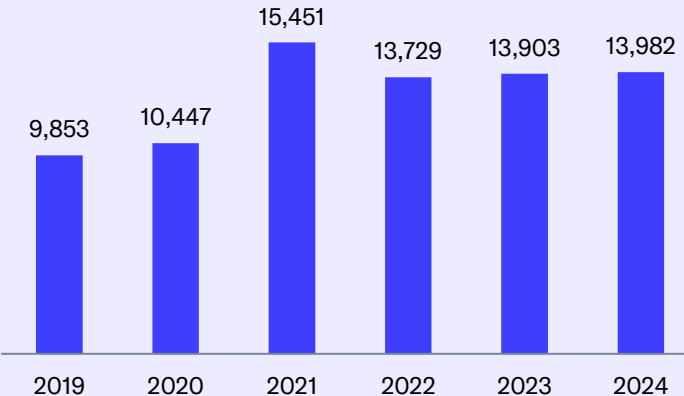
The acquisition of Taaleri's Wealth Management business in 2021 increased Aktia's AUM from just over 10 BEUR to almost 16 BEUR. However, in our view, the strategic compatibility between Aktia and Taaleri was not particularly good, which is why most of the personnel (bankers and portfolio managers) transferred with the transaction have moved outside Aktia.

In the year following the transaction, Aktia's AUM also decreased due to significant net redemptions. At the same time, the departure of the renowned emerging markets fixed income team led to redemptions, in our view, particularly from institutional clients who typically invest in the investment team rather than the asset manager's name. In addition, several well-known portfolio managers left Aktia. The departure of sales personnel and bankers due to the unsuccessful integration had a more moderate impact than that of the portfolio managers, in our view, as sales to Private Banking clients have continued at a reasonable pace since the acquisition.

Development of Group revenue (MEUR)



Net AUM (MEUR)



Past development 2/3

Aktia's AUM bottomed out at the end of 2022, and growth has been moderate since then. Although asset values have generally performed well, net subscriptions were negative in 2022–2024. This was due to redemptions made by both Finnish and international institutional clients. Net sales to private individuals also remained modest, although they were positive. Due to sluggish sales, AUM are still (Q3'25 situation) lower than at the time of the transaction.

At the same time, the company's fee level (commission income / AUM) has steadily decreased. In our assessment, this is explained by the decrease in one-off income (performance fees, brokerage fees, subscription and redemption fees) in addition to the increasing share of lower-yielding asset management mandates. We note that the decline in commission levels has also affected the rest of the industry. However, the number of unit-linked insurance policies (comparable to asset management) under Aktia's life insurance has grown quite rapidly in recent years.

Despite the sluggish development of Asset Management's commission income, Aktia's operating income in 2024 was significantly higher than before the COVID-19 pandemic, thanks to a clear increase in net interest income.

Cost development has been mixed

Aktia has aimed to improve cost efficiency by, among other things, renewing its core banking system (completed in 2017), investing in digital service channels, and reducing its branch network and staff. Thanks to these efforts, overall cost growth has been quite moderate, although the acquisition of Taaleri's Wealth Management naturally increased the total operating expenses significantly.

Between 2022 and 2024, elevated inflation and increased IT investments have once again led to a rise in operating

costs. On the other hand, the growth in headcount and personnel expenses has been moderate, which is partly explained by the change negotiations carried out in 2023.

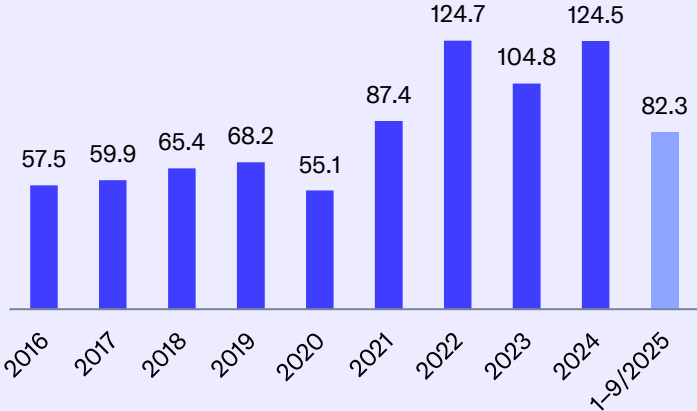
The rise in interest rates has clearly supported the result

With revenue growing in line with net interest income, Aktia's comparable EBIT has risen significantly after remaining practically flat between 2015 and 2019. This has also been reflected in the return on equity, which has improved from the anemic sub-10% level of the zero-interest rate era. In 2024, return on equity was 11.4%. However, the reported result was burdened by significant one-off costs, which were caused by the write-down of the core banking system in addition to its change program. Adjusted for these, Aktia's return on equity was already an excellent 15%. However, investors should note that the company has recorded non-recurring expense items annually since 2017, so in our opinion, these cannot be completely ignored in profitability analysis.

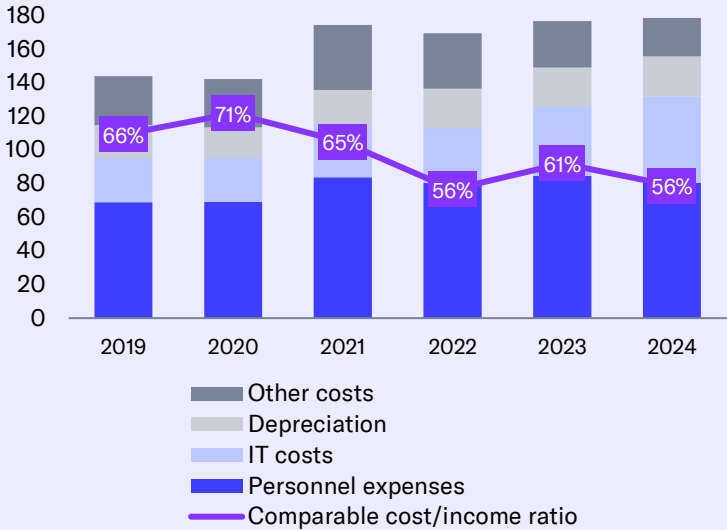
In 2025, profitability has decreased along with net interest income. Overall, the rise in interest rates has clearly increased Aktia's return on equity to well above the bank's cost of capital. Going forward, a key question for earnings development, in addition to interest rate levels, relates to volumes, which Aktia aims to increase, especially in Asset Management.

Aktia's solvency has also undergone significant changes. The strong growth in the corporate loan portfolio increased risk-weighted assets significantly faster than the bank's own capital. As a result, Aktia's capital adequacy declined until 2022 (CET1 ratio 20.7% in 2015 vs. 10.8% in 2022). After this, modest loan growth and moderate dividend distribution have significantly strengthened the balance sheet (Q3'25 13.0%), and we believe the current buffer is quite safe, more than 4% above the regulatory requirement.

Comparable EBIT (MEUR)



Operating expenses (MEUR)



Past development 3/3

Employee satisfaction has improved

Aktia's personnel changes have received significant media attention, with turnover particularly noticeable after the acquisition of Taaleri's Wealth Management. However, since then, staff turnover has not been high compared to the average level in the financial sector. Employee satisfaction also took a clear hit during the change negotiations, and in 2022, the employee Net Promoter Score (eNPS) dropped to -13. Since then, satisfaction has returned to a rather acceptable level (eNPS 19 in 2024), which we consider a positive sign. A score above 20 is generally considered good, and for example, in EasyFlow's benchmark data, the average for Finnish companies was 23 in 2023. Thus, we do not believe the reported figures indicate that the company currently has significant challenges regarding employee satisfaction, even though the figure is higher for key asset manager peers (Evli, eQ, Mandatum). According to Aktia, attention has been paid to, among other things, target setting, management models, and remuneration.

Aktia performs well in the industry's profitability comparison

In the DuPont analysis, companies' return on equity is divided into two parts: profitability and financial leverage. Profitability is calculated by proportioning the company's net profit to the balance sheet total. This indicates how much profit the bank can generate with its current balance sheet. Leverage, on the other hand, relates the balance sheet total to the amount of equity. The higher the leverage, the greater the impact of net profit on return on equity. We use 2024 figures in our comparison, as not all peers publish quarterly figures for 2025. Overall, profitability in the industry has decreased as the decline in interest rates has weighed on net interest income. The DuPont comparison can be found in the table on the next page.

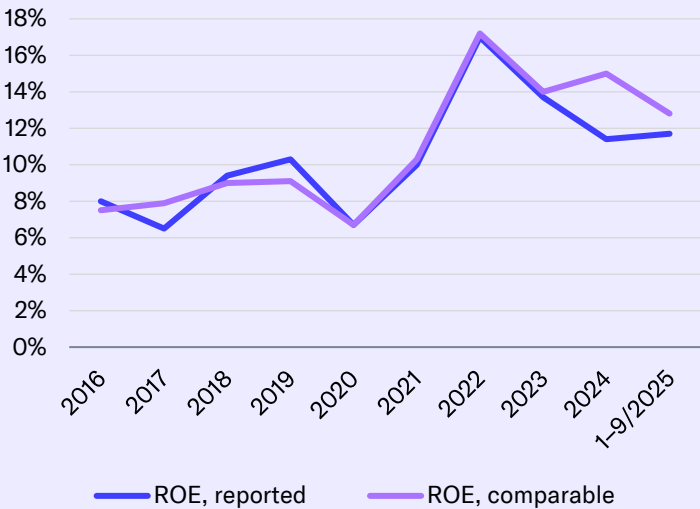
Aktia's interest income reflects a moderate risk level in

lending, as Aktia's interest income relative to its loan portfolio is the lowest in the peer group. On the other hand, this has kept credit losses in check. In terms of revenue, Aktia is catching up somewhat with its net commission income, which is high compared to its competitors due to its strong market position in retail asset management. This offsets the low net interest income. Aktia's cost-efficiency, on the other hand, is slightly above the average for the Finnish banking sector. Overall, Aktia generates less net profit on its balance sheet assets than its peers. Aktia has compensated for this with financial leverage, which is only higher at Nordea.

Going forward, Aktia should be able to raise the interest rate on its lending with a reasonable level of risk. In our assessment, the risk level of Aktia's mortgage lending is very moderate, so we would not consider increasing market share a negative development. However, the difference in credit losses has not been so significant that cautious risk-taking in lending would be fully justified in light of historical figures. We are also fundamentally positive about growth ambitions in secured financing for SMEs (invoice financing, installment financing, and leasing). This is, of course, a double-edged sword, as the risk weights for corporate loans are significantly higher than for housing loans. Thus, the growth of SME loans may require slightly lower debt leverage than at present.

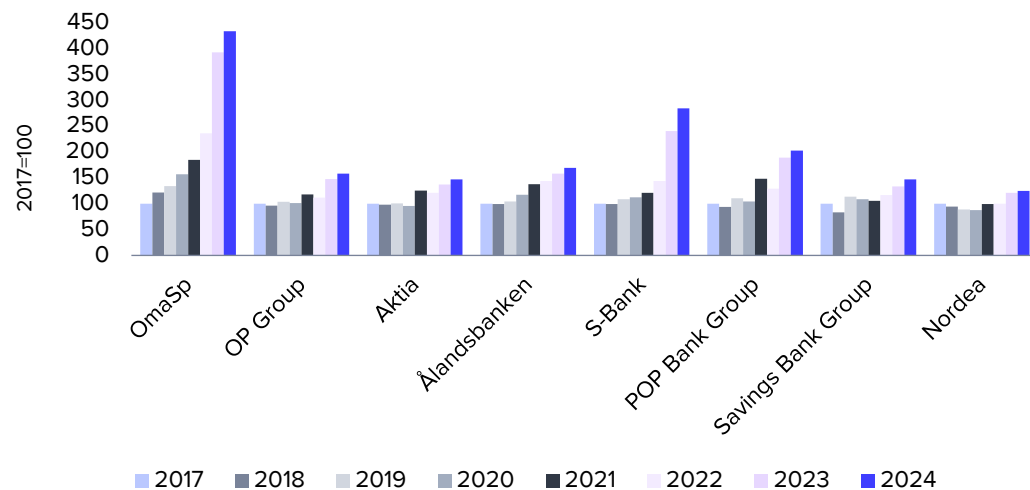
It should also be noted that non-recurring costs burdened Aktia's 2024 result. Overall, Aktia performs well in profitability comparisons with its Finnish banking peers, even though we believe the company does not have clear competitive advantages (e.g. scale). In the coming years, the biggest risks to profitability development are a decrease in interest rates, which would reduce the profitability of the entire industry, and increased competition, as Aktia is a price taker in lending, with larger players largely determining the price level. However, we estimate the probability of a significant tightening of competition to be moderate (more on this in the industry analysis).

Aktia's return on equity -%(ROE)

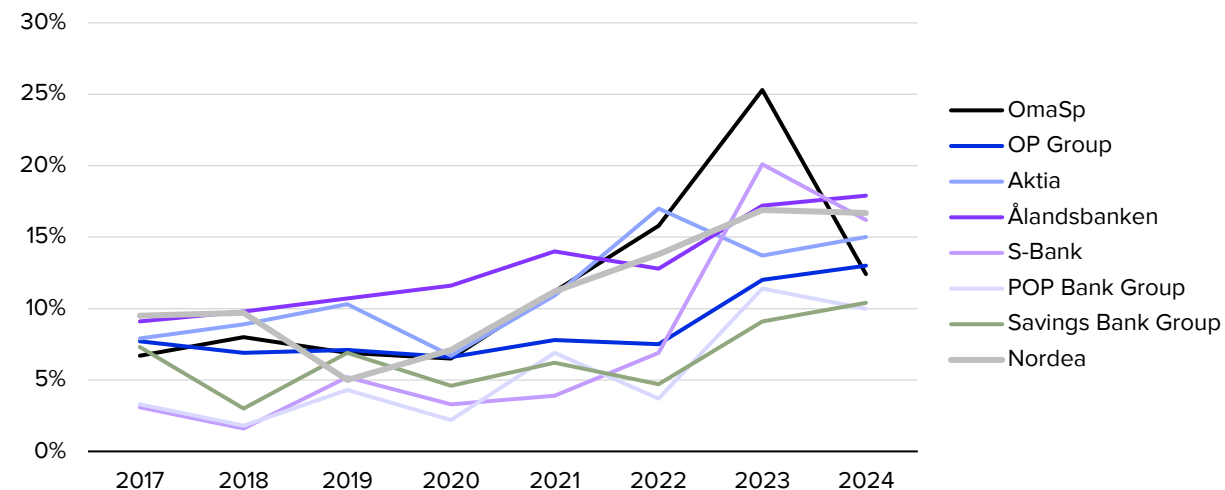


Profitability comparison with peers

Indexed development of operating income



Return on equity (comparable)



Profitability drivers 2024 (DuPont)	Aktia	Ålandsbanken	OmaSp	OP Group	POP Bank	S-Bank	Savings Bank	Nordea
Total income	2.58%	4.22%	3.52%	2.69%	3.91%	3.77%	3.06%	2.00%
Net interest income	1.27%	2.03%	2.78%	1.74%	3.05%	2.63%	2.03%	1.26%
Net commission income	1.04%	1.49%	0.66%	0.51%	0.72%	0.80%	0.85%	0.52%
Other income	0.27%	0.70%	0.08%	0.44%	0.14%	0.34%	0.19%	0.22%
Total expenses	-1.49%	-2.87%	-1.45%	-1.08%	-2.13%	-1.98%	-1.75%	-0.88%
Income/costs	1.09%	1.35%	2.07%	1.61%	1.78%	1.78%	1.31%	1.12%
Credit losses	-0.09%	-0.08%	-1.09%	-0.06%	-0.36%	-0.37%	-0.19%	-0.03%
Net profit/balance sheet	0.63%	1.02%	0.78%	1.24%	1.18%	1.13%	0.93%	0.84%
Leverage	18.0x	16.7x	13.7x	9.4x	8.5x	14.3x	11.2x	19.0x
CET1-%	12.0%	14.5%	14.4%	21.5%	22.0%	19.4%	20.9%	15.8%
Return on equity*	11.4%	17.1%	10.7%	11.7%	10.0%	16.2%	10.4%	15.9%
Non-operating items	-0.21%	0.00%	-0.02%	0.00%	0.04%	0.00%	0.00%	0.00%
Return on equity, adjusted*	15.0%	17.1%	10.9%	11.6%	9.7%	16.3%	10.4%	15.9%
Difference to average (13.4%)	1.8%	3.7%	-2.5%	-1.7%	-3.7%	2.9%	-3.0%	2.5%

*ROE calculated with the DuPont model may differ from the figures reported by banks, as the calculation only considers one-off items below EBIT. In addition, the amount of equity is calculated as the average of the year-end figures.

Strategy and financial targets 1/3

Acceleration program to boost growth

Aktia's Asset Management has not met the growth expectations following the Taaleri acquisition, and AUM have decreased in recent years. Turning this trend around is a key theme in the current strategy period, and the company responded by publishing a acceleration program aimed at revenue growth in 2025. In our view, Aktia's performance in the banking sector has been quite satisfactory, and the loan portfolio has grown, especially among corporate clients.

The actual strategic content of the acceleration program focused on concentrating on selected customer segments (Premium and Private Banking), developing service and sales models, and enhancing operations by, among other things, improving IT systems. While the measures and targets appear sensible in themselves, the success of their implementation will ultimately determine their impact. With the program, Aktia seeks an annual earnings improvement of 20 MEUR, mainly through revenue growth.

We believe a model based on personal service is sensible for a bank focusing on wealthy individuals. This is also concretely reflected in Aktia, as customers in an EPSI Rating survey perceived the bank's communication and contact person as active and high-quality. On the other hand, Aktia has not performed well in Kantar Prospera's Private Banking studies, but due to the very small sample size, we believe the informational value of this is limited. Even based on Aktia's own published figures, customer satisfaction is at a good level (Private Banking's NPS of 60 for customer service). Institutional clients, in our view, typically purchase fixed-income products, so the need for service is lower.

We believe Aktia also gains a certain competitive edge from its well-known brand, even though recent negative news surrounding the bank may have slightly impacted its standing. In addition, the company has lost well-known portfolio managers. However, we do not expect this to have a significant negative impact on the company's core target groups, i.e., wealthy private individuals and SMEs.

Overall, we believe the strategy is sound in its broad outlines, and the strategic choices provide Aktia with the prerequisites to strengthen its position in Finnish private asset management.

In corporate lending, Aktia focuses on SMEs

In corporate lending and banking services, Aktia is seeking future growth particularly from SMEs, for whom the company sees installment, leasing, and invoice financing as the most promising products. These are always backed by collateral, and the company estimates that they offer a reasonable risk/reward ratio. Correspondingly, Aktia has communicated its desire to reduce the number and weight of its larger corporate clients. We believe this is justified, as these can form clear risk concentrations. For example, 40% of the 2025 loan losses (Q1-Q3) came from a single real estate operator.

In private customers, the focus is on wealthy individuals

In retail banking, Aktia is seeking growth particularly from wealthy private individuals, who already form a strong backbone for Aktia's operations. This should also support Asset Management, as Aktia has historically been strong in providing comprehensive services to this segment. In our view, this is evidenced by the high amount of assets under management by Private Banking clients relative to their loan portfolio.

Priorities of Aktia's growth strategy

Growth from the Private Banking and Premium segments
<ul style="list-style-type: none">• Growth in customer numbers• Wealth management mandates• Value-added services
Efficient service model for private customers
<ul style="list-style-type: none">• Investing in digital service channels
Focus on SMEs
<ul style="list-style-type: none">• High quality personal service• Comprehensive service offering
Enhancing insurance sales
<ul style="list-style-type: none">• Cross-selling to existing customers• New distribution channels
Strengthening Asset Management
<ul style="list-style-type: none">• Growth in institutional clients

Source: Aktia

Strategy and financial targets 2/3

In our view, the segment is also structurally growing, as a significant amount of wealth will be transferred to future generations in the coming decades. In addition, the cooperation with Finnair has brought Aktia 30,000 new card customers. These offer potential for, among other things, the sale of asset management services (wealthier individuals fly more often) and the growth of the deposit base and net commission income from banking services.

The asset management model relies on cost-efficient solutions

In Asset Management, Aktia emphasizes a comprehensive wealth management model, where the company focuses on, among other things, preparing the client's investment plan and selecting funds suitable for their return targets. This also enables other sources of revenue in addition to asset management and fund fees (legal assistance, wealth planning, generational transfers, etc.).

In addition to its own products, Aktia also offers high-quality products from external fund companies. This enables a wider selection of investment products for customers, as banks have traditionally favored their own products in asset management. In addition, Aktia utilizes low-cost index funds in its asset management model. While the operating model is not unique in the industry, Aktia, in our view, emphasizes fund selection more than its peers.

At the same time, this lowers the potential for commission income, and the company itself has estimated that there will be downward pressure on its fee level in the coming years. However, this can have a positive impact on customer satisfaction and returns, as it is clear that no single asset manager can offer products superior to its competitors in every asset class. In our view, the model is sensible overall and effectively addresses the needs of key client segments, as traditional equity and fixed income funds can be supplemented with alternative products, among others,

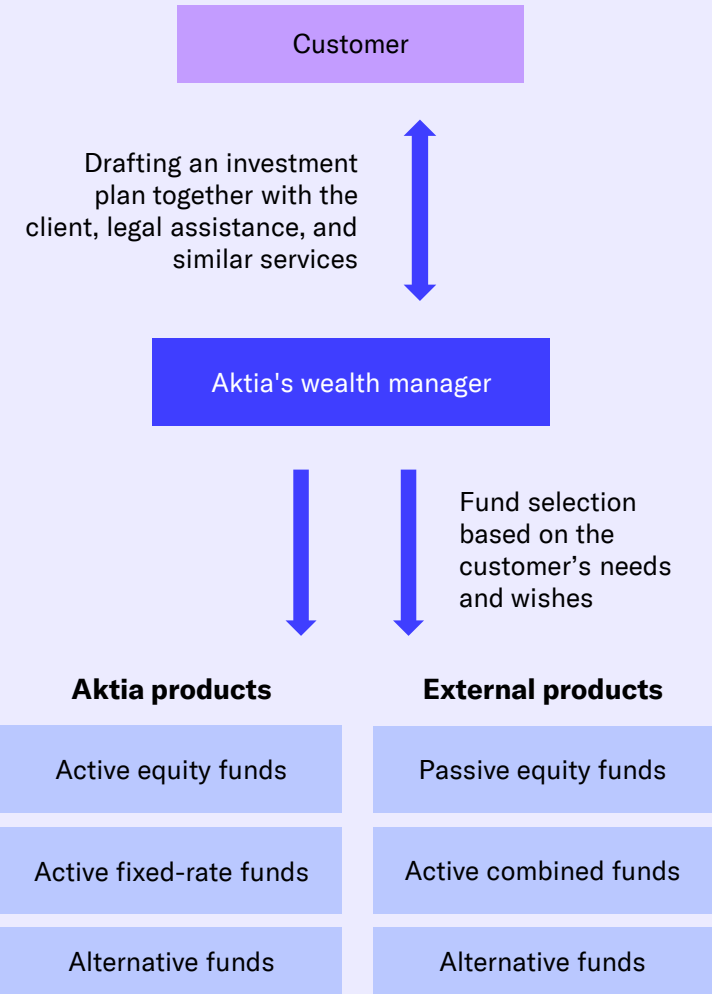
based on the client's preferences and risk appetite. Regarding its own products, we estimate Aktia will expand its selection specifically in alternative products, as their price points are inherently the most attractive.

The flip side of the personalized service model is a naturally higher cost structure. Thus, Aktia must develop more scalable operating models for its Asset Management clients. The company aims to achieve this through centralized mandates, where the core of the asset management service is built from the same combination products. For these products, Aktia selects the best options from its range of equity and fixed income funds, for example, which reduces the need and cost of customizing individual portfolios.

Growth is more challenging on the institutional side

Aktia's growth ambitions in Asset Management are not limited to Finnish private individuals; the company also seeks growth among institutional clients. These naturally also offer the greatest scalability potential. However, the new Head of Asset Management estimates that growth in the institutional segment in Finland is challenging, so the bank has focused more on international institutional sales. However, growth relying on external distributors primarily requires products that differentiate themselves from competitors to succeed. In our opinion, the clearest potential lies in Aktia's emerging market bond funds, as competition in this asset class is still relatively limited, and there are few sensible index alternatives available. However, Aktia's top funds have underperformed their benchmark index in recent years, so we do not believe the returns have been at a level that would justify strong growth expectations, given the generally intense competition for international clients. New products can certainly be one solution to this, but ramping them up without acquisitions is inevitably slow. Therefore, we estimate Aktia's Asset Management growth potential in the coming years to be best among domestic private customers.

Aktia's wealth management model



Strategy and financial targets 3/3

Growth targets for Asset Management are ambitious

Aktia aims for over 25 BEUR in gross assets under management during its strategy period extending to the end of 2029. This is the bank's most important growth target, as growth in capital-light Asset Management almost without exception creates value. This also implies Aktia's average organic net commission income growth target of over 5%. The AUM growth target is supported by a 2% growth target in the number of Premium and Private Banking customers. However, Aktia does not report on the development of customer numbers, so tracking the progress of this target is very challenging. We estimate that the remainder of the targeted AUM growth is intended to be achieved from existing customers and new institutional clients.

The annual growth target of over 5% for net commission income will be achieved if assets under management grow as the company hopes. This is despite the fact that the commission margin in Asset Management can be expected to decrease. However, increasing AUM to over 25 BEUR requires annual growth of more than 10%. Aktia itself has estimated that asset returns will increase assets by around 4% per year, so the bank would need to achieve annual new sales averaging over 6% relative to the capital at the end of the previous year. This is a very ambitious target and would require significantly better performance than our estimated market growth. The sales pace in euros would also be rapid, some 1.4 BEUR per year. In our view, only the industry's top companies, such as Evli and Mandatum, would be capable of this. In addition, achieving a clear turnaround in sales can easily take several years, which is another reason why we consider Aktia's organic growth targets for the strategy period to be overly ambitious.

The profitability target of over 15% return on equity is subordinate to top-line growth, as we estimate there is no significant room for efficiency improvements in the cost structure. This is also supported by the acceleration program, which did not include cost cuts. While rising market interest rates could clearly support profitability and boost return on equity above 15% without significant assistance from asset management, we do not consider relying on this to be prudent.

Solvency targets pave the way for increasing profit distribution

Aktia aims to maintain a CET1 capital ratio that exceeds the regulatory requirement by 2-4%. At the time of the latest interim report (Q3'25), Aktia's CET1 ratio exceeded the requirement by 4.4%. Since then, the company has announced a small increase in capital requirements (less than 0.2%), so this did not materially change the solvency situation.

In turn, the payout ratio is closely tied to the solvency ratio. Aktia's official dividend policy is to distribute around 60% of the financial year's profit as dividends, which can be supplemented by share buybacks or additional dividends. However, the solvency requirement dictates that without acquisitions or regulatory changes, the profit distribution in the coming years must be significantly higher, as otherwise the bank's solvency would rise clearly above the target level. The company itself has commented that it aims to keep its solvency at the upper end of the target range (~4%). In our opinion, investors should expect a clearly increasing profit distribution in the coming years.

Aktia's financial targets

Assets under management	> 25 BEUR by the end of 2029	●
Growth in net commission income	> 5% annually	●
Return on equity	> 15% by 2029	●
Solvency	CET1 level 2-4% above the regulatory requirement	●
Payout ratio	~60% of the profit for the financial year	●

Inderes' estimate of the target's challenge level:

- Challenging
- Medium
- Easy

Investment profile

1

Asset Management performance has been subdued, but there is still growth potential, especially among wealthy private individuals.

2

In Banking, the growth outlook is stable. There is potential especially in the corporate sector, where Aktia has grown strongly in recent years.

3

The industry's fundamentals are moderately good, although competition for lending customers in Finland is tight.

4

The balance sheet is solid, which enables a growing dividend distribution.

5

Earnings development depends on interest rate levels and economic development, which increases forecast risks.

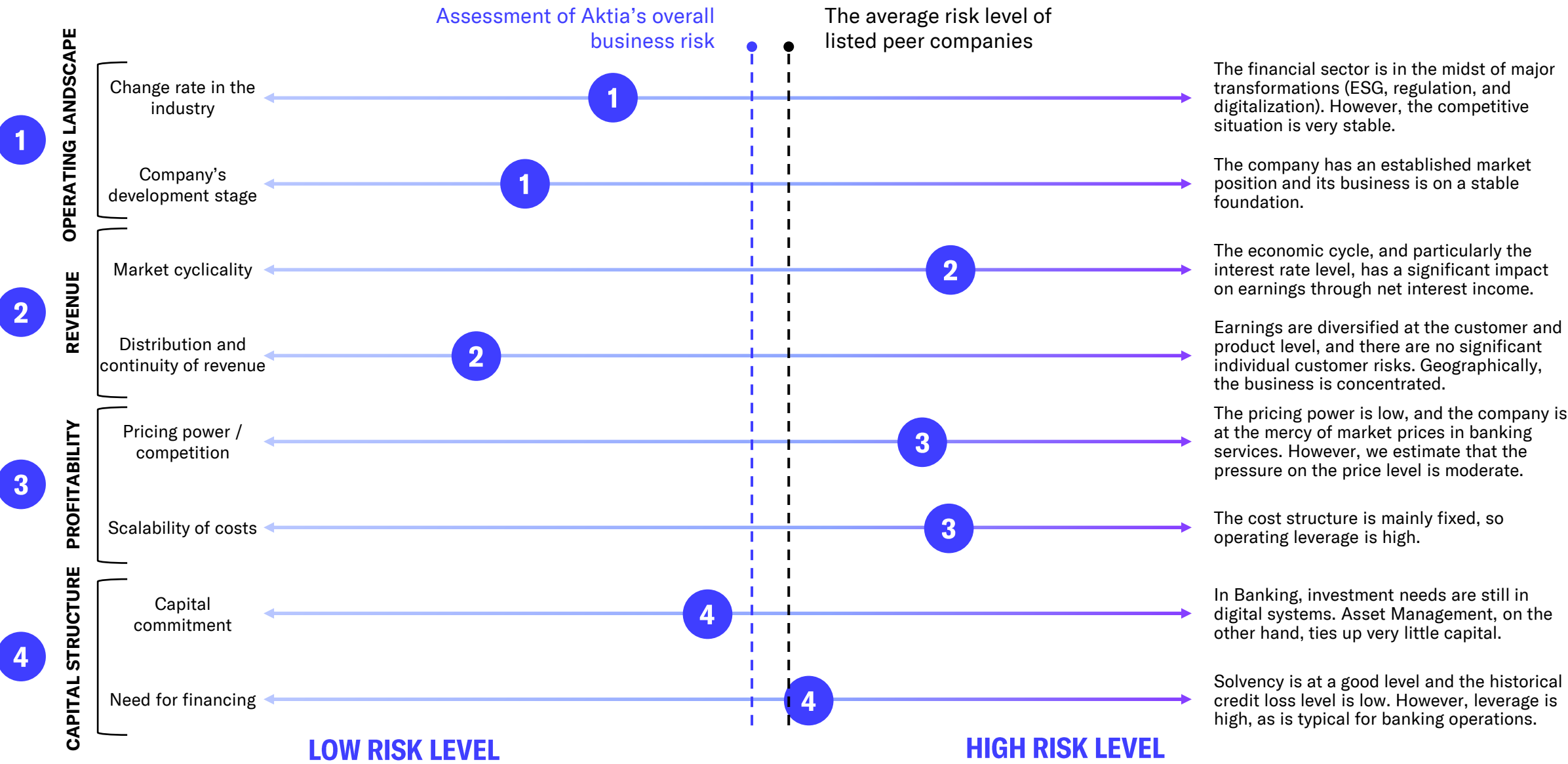
Potential

- Increases in interest rates
- Growth in asset management
- Improved cost-efficiency
- Increasing market share in banking
- M&A transactions

Risks

- Decrease in interest rates
- High leverage typical for banking operations
- Continuously tightening regulations
- Dependence on economic cycles and capital market development
- High dependence on the Finnish real estate market

Risk profile of the business



Estimates 1/3

The bottom of net interest income is at hand

Net interest income, net commission income, and net income from life insurance are Aktia's most significant income items. Of these, net interest income in particular is dependent on macroeconomic factors such as interest rates. We model net interest income as an equation of loan portfolio growth and net interest margin. The net interest margin considers financial income (interest on loans and return on the liquidity portfolio) as well as financial expenses (deposit interest and money market interest rates). We expect the net interest income margin to bottom out in 2026, after which we assume a stable margin for subsequent years. Therefore, we do not take a strong view on future interest rate developments, but assume that interest income and interest expenses will develop in roughly the same direction. Current interest rate forecasts expect key reference rates (3-month and 12-month Euribor) to be slightly above 2% in the coming years.

Loan demand, in turn, is largely dependent on general economic development, so the market's loan portfolio development should roughly follow Finland's GDP growth. Forecasts based on the baseline scenarios of banks and research institutions expect an average nominal growth rate of ~3% for the coming years. In the coming years, mortgage growth in particular may be faster than this, as the household savings rate has been higher than usual in recent years. However, in Aktia's case, we estimate that loan growth will be stronger in corporate loans, as the bank has lost market share in mortgages over the past decade. Overall, we expect Aktia's loan portfolio to grow by approximately 2.7% in 2026–2027 and by about 2% annually thereafter, which should also drive Aktia's business revenues to grow from 2026 onwards.

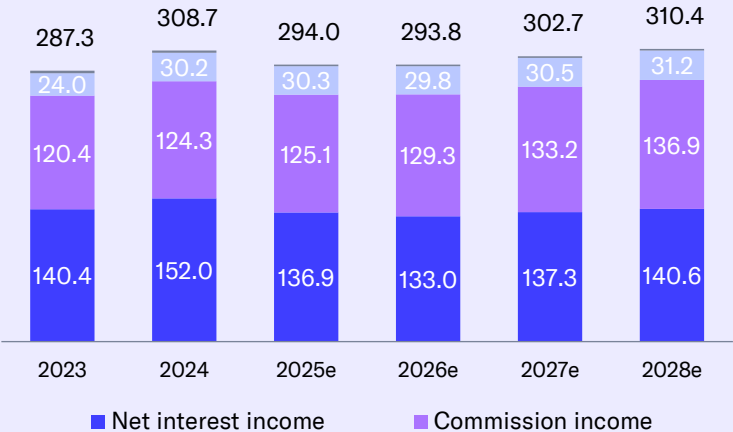
For the long-term market growth forecast of the loan

portfolio, we use the Bank of Finland's baseline scenario of around 2% nominal GDP growth. We expect the growth of net commission income in Banking to roughly correspond to the growth rate of the loan portfolio, as we estimate Aktia's customer base to grow, especially due to new corporate customers.

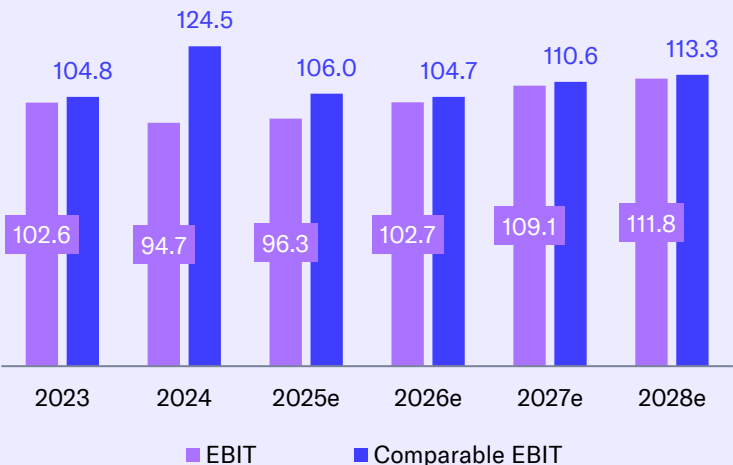
We expect Aktia's net interest income to have peaked in the near future in fiscal year 2024, and in 2025 (Q1-Q3), net interest income has decreased by around 9% due to a decline in interest rates. However, we estimate that the decline in net interest income should stop during H1 2026, and from then on, the growth in net interest income we forecast will be largely driven by loan volumes. The impact of interest rate changes on the bank's net interest income margin occurs with a delay due to interest rate hedges and gradually updating loan reference rates (especially the 12-month Euribor commonly used for mortgages).

The key forecast parameters for Asset Management's fee income are AUM and the average fee level received for them. The asset management market in Finland is a clear growth sector, but the increasing popularity of passive investment products, in particular, is expected to lead to a moderately declining fee level. We expect Aktia's net commission income to grow steadily due to the growth in asset management's assets under management and gradually recovering loan demand. We expect client AUM to grow at an annual rate of roughly 4.5%. Our estimate for the positive change in the value of AUM is about 4%, so our new sales forecasts are quite modest.

Income estimates (MEUR)



EBIT estimates (MEUR)



Estimates 2/3

Our cautious new sales forecasts are particularly driven by institutional asset management, which has seen significant redemptions in recent years. In our assessment, the trend is not immediately reversing, while we expect steady but moderate growth in net subscriptions from private individuals. Overall, we expect Aktia's net commission income to grow by around 3% per year (asset management net commission income +4% and other net commission income +2%).

We estimate Aktia's net income from life insurance to grow gradually in line with the AUM of unit-linked policies. We estimate the growth of term life insurance to be modest, as the development of premium income has been very subdued in recent years. Overall, we expect Aktia's operating income to grow by around 2% per year in 2026–2028.

The removal of one-off costs will lower the cost level

We expect reported costs to decrease next year as significant non-recurring costs are removed from the equation. Aktia has recorded non-recurring costs from its ongoing acceleration program (~6 MEUR in 2025), personnel changes (~2 MEUR in 2024 and 2025), and IT system write-downs (~26 MEUR in 2024). It should be noted, however, that Aktia has recorded non-recurring expense items every year for the past nine financial periods. Therefore, we believe these already form a trend, which is why we have included 1.5 MEUR in annual restructuring costs in our forecasts as a precautionary measure.

In contrast, we estimate comparable costs to grow steadily with the scale of the business. The strongest cost growth in our forecasts is in 2026, when new IT investments capitalized on the balance sheet will increase the depreciation level compared to 2025. We expect comparable personnel costs to grow by around 3%

annually. Of this, 2% comes from wage inflation and 1% from an increase in headcount. However, the strongest growth in operating expenses is in IT-related costs (direct IT costs and depreciation), as we estimate that Aktia, like the rest of the industry, still has investment needs in its digital channels.

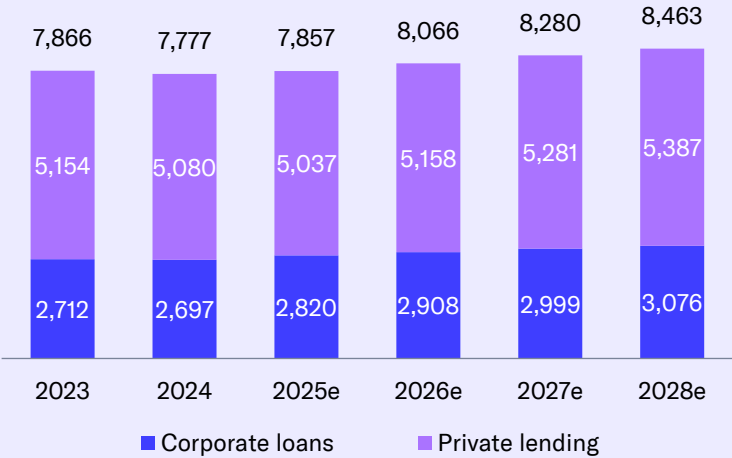
We estimate that loan losses will still be slightly elevated next year and will then decrease to our estimated normal level (0.10% of the loan portfolio). This is slightly above the average level of the last 10 years (0.08% of the loan portfolio), as we estimate that the increase in the share of the corporate loan portfolio will slightly raise the average loan loss level. It should be noted that Aktia's emphasized factoring finance, leasing finance, and installment finance are secured, which limits the risk level. Overall, our forecasts show loan losses remaining low, reflecting the bank's conservative risk management and the moderate risk level of its loan portfolio.

A return to earnings growth is on the horizon

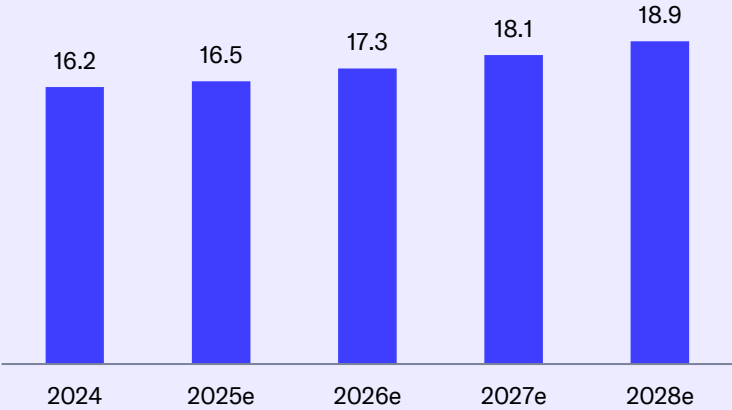
Due to declining revenues and moderately increasing costs, we expect Aktia's comparable EBIT to decrease by 15% in 2025 and 2% in 2026, after which it will return to growth in line with business volumes (loan portfolio + AUM). However, the reported result and EPS are expected to continue growing in our forecasts for 2025-2026, after one-off expenses (write-downs of IT systems and costs of the change program) significantly burdened the 2024 and 2025 results. At the same time, the reduction in Finland's corporate tax rate supports net income development from 2027 onwards. Overall, our growth and profitability forecasts are below the strategic targets, which we consider ambitious for Aktia.

Return on equity is expected to remain around 12% in our forecasts, which we estimate to be a sustainable level for Aktia in the current interest rate environment.

Loan portfolio forecasts (MEUR)



AUM forecasts, gross (BEUR)



Estimates 3/3

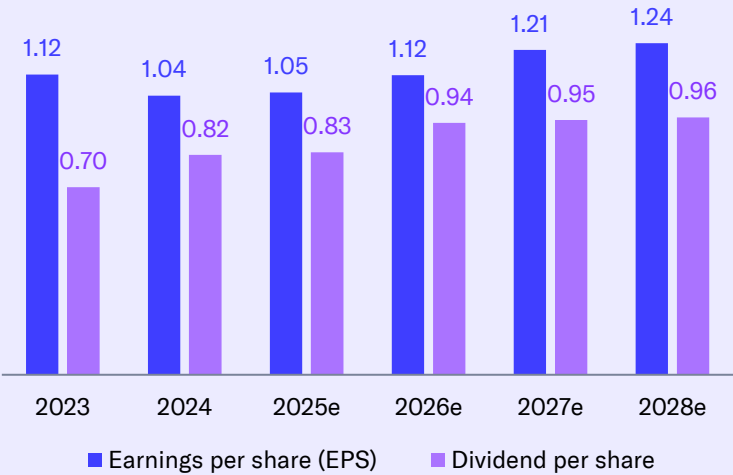
We expect a growing dividend

Aktia's official dividend policy is to distribute around 60% of the financial year's profit as dividends, which can be supplemented by share buybacks or additional dividends. We note that the distinction between ordinary and extra dividends is artificial, so we recommend investors focus on the development and outlook of the total distribution.

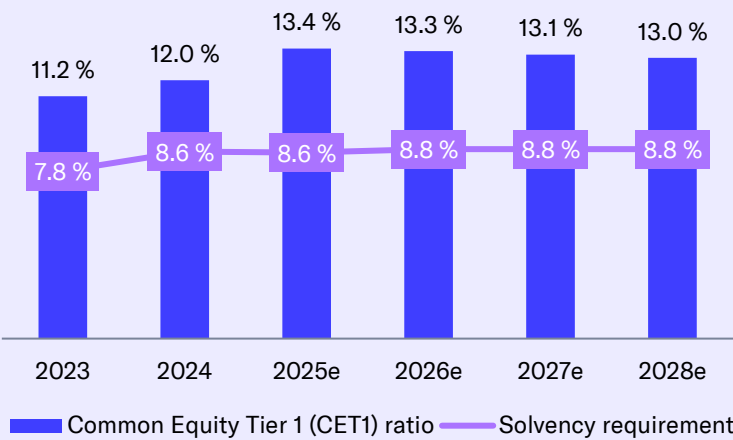
For 2025, we expect a dividend of EUR 0.83 per share, which would represent a one-cent increase from the previous year. Even after this, we expect the profit distribution to increase annually, as otherwise Aktia's solvency would rise significantly above the target level with our earnings forecasts. We have discussed Aktia's dividend policy and capital adequacy targets in more detail in the financial targets section of the report. Overall, our dividend forecasts anticipate a payout ratio of ~80% for the coming years, which would represent a clear increase compared to 2021-2024, when Aktia focused on strengthening its balance sheet. We expect the distribution to consist purely of dividends, even though the company has kept the door open for share repurchases. However, these have not been used as a means of profit distribution in the past.

We expect Aktia's CET1 ratio to remain around 13%, which corresponds to the company's target of approximately a 4% buffer above the regulatory minimum.

EPS and dividend



Solvency forecasts



Estimate revisions

We have made only minor changes to our estimates since our previous update:

- We raised our growth forecasts for net commission income and net income from life insurance, but part of this impact was offset by a small increase in our cost forecasts for the coming years.
- Overall, our comparable EBIT forecasts increased by 1-4% and our net profit forecasts by 1-2%.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR/EUR	Old	New	%	Old	New	%	Old	New	%
Net interest income	137	137	0%	133	133	0%	136	137	1%
Net commission income	125	125	0%	128	129	1%	131	133	2%
Net life insurance	30	30	0%	29	30	2%	30	31	2%
Operating income	294	294	0%	292	294	0%	299	303	1%
Operating expenses	-185	-185	0%	-181	-183	1%	-184	-187	1%
Credit losses	-13	-13	0%	-11	-10	-7%	-8	-8	1%
EBIT	96	96	0%	102	103	1%	107	109	2%
Comparable EBIT	106	106	0%	104	105	1%	107	111	4%
EPS	1.06	1.05	0%	1.11	1.12	1%	1.18	1.21	2%
EPS (adjusted)	1.19	1.19	0%	1.13	1.14	1%	1.18	1.23	4%
Dividend per share	0.83	0.83	0%	0.94	0.94	0%	0.95	0.95	0%

Source: Inderes

Income statement

Income statement	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Net interest income	140.4	39.1	38.8	36.1	38.1	152.0	35.2	34.7	34.0	33.0	136.9	133.0	137.3	140.6
Net commission income	120.4	30.1	30.8	30.9	32.5	124.3	30.8	30.3	31.2	32.7	125.1	129.3	133.2	136.9
Net life insurance	24.0	7.7	7.4	8.9	6.3	30.2	6.5	8.0	8.2	7.6	30.3	29.8	30.5	31.2
Other income	2.5	0.4	-0.3	0.2	1.9	2.2	0.9	0.3	0.0	0.5	1.7	1.7	1.7	1.7
Total income	287.4	77.3	76.7	76.1	78.7	308.8	73.5	73.3	73.5	73.8	294.0	293.8	302.7	310.4
Non-recurring income	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.2	0.0	0.0	0.0
Comparable operating income	287.1	77.3	76.7	76.1	78.7	308.8	73.5	73.2	73.5	73.8	293.8	293.8	302.7	310.4
Personnel expenses	-84.5	-19.3	-20.1	-19.4	-21.6	-80.5	-20.6	-21.1	-20.3	-22.1	-84.1	-84.1	-86.5	-89.1
IT costs	-41.1	-11.0	-12.7	-12.0	-15.8	-51.5	-12.8	-13.2	-13.4	-14.8	-54.2	-55.8	-57.4	-59.2
Depreciation on tangible and intangible assets	-23.5	-6.0	-6.1	-6.1	-5.5	-23.7	-4.0	-4.1	-4.6	-4.7	-17.4	-18.6	-18.7	-18.8
Other operating expenses	-27.5	-5.1	-5.9	-5.5	-6.3	-22.8	-6.7	-8.5	-6.2	-7.8	-29.2	-24.2	-24.1	-24.6
Total operating expenses	-176.6	-41.4	-44.8	-43.1	-49.3	178.6	-44.0	-46.9	-44.4	-49.4	-184.7	-182.6	-186.8	-191.7
Non-recurring expenses	-2.5	-0.6	-0.7	-0.3	-3.2	-4.8	-2.1	-3.2	-2.1	-2.5	-10.0	-2.0	-1.5	-1.5
Comparable operating expenses	-174.2	-40.8	-44.1	-42.8	-46.1	-173.8	-42.0	-43.7	-42.3	-46.9	-174.9	-180.6	-185.3	-190.2
Impairment	-8.3	-2.7	-1.8	-1.8	-29.3	-35.6	-2.9	-3.2	-3.8	-3.1	-12.9	-10.5	-8.3	-8.5
Share of associated companies' profit or loss	0.1	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0	0.0	0.0
EBIT	102.6	33.3	30.1	31.2	0.1	94.6	26.6	23.3	25.3	21.2	96.4	102.7	109.1	111.8
Comparable EBIT	104.8	33.9	30.8	31.5	28.3	124.5	28.7	26.2	27.4	23.7	106.0	104.7	110.6	113.3
Taxes	-21.3	-6.0	-6.0	-6.4	-0.3	-18.8	-4.9	-4.8	-5.2	-4.2	-19.1	-20.5	-19.6	-20.1
Net profit	81.3	27.3	24.1	24.8	-0.2	76.0	21.8	18.5	20.1	17.0	77.4	82.2	89.5	91.7
EPS (adjusted)	1.15	0.38	0.34	0.34	0.38	1.45	0.33	0.30	0.30	0.27	1.19	1.14	1.23	1.26
EPS (reported)	1.12	0.38	0.33	0.34	0.00	1.04	0.30	0.25	0.27	0.23	1.06	1.12	1.21	1.24
Dividend per share	0.70	-	-	-	-	0.82	-	-	-	-	0.83	0.94	0.95	0.96

Key indicators	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Increase in comparable income	-5.2%	11.5%	11.2%	2.4%	5.7%	7.5%	-5.0%	-4.7%	-3.4%	-6.3%	-4.8%	0.0%	3.1%	2.5%
Comparable cost/income ratio	60.7%	52.8%	57.5%	56.2%	58.5%	56.3%	57.2%	59.8%	57.6%	63.6%	59.5%	61.5%	61.2%	61.3%
AUM, gross (BEUR)	-	16.1	16.2	16.5	16.2	16.2	15.7	15.9	16.3	16.5	16.5	17.3	18.1	18.9
Asset Management fees/AUM %	-	0.50%	0.50%	0.48%	0.53%	0.51%	0.50%	0.49%	0.50%	0.52%	0.49%	0.50%	0.49%	0.48%
Net interest income/loan portfolio-%	1.79%	1.99%	1.98%	1.85%	1.96%	1.94%	1.82%	1.78%	1.73%	1.68%	1.75%	1.67%	1.68%	1.68%
Average headcount	857	820	828	877	846	843	851	856	860	865	858	866	874	882
Average personnel cost (TEUR)	-99	-94	-97	-88	-102	-95	-97	-99	-94	-102	-98	-97	-99	-101
ROE %	13.3%	16.5%	14.5%	14.9%	-0.1%	11.4%	12.5%	10.8%	11.8%	9.7%	11.1%	11.4%	12.1%	12.2%
Return on equity-% (adjusted)	13.6%	16.8%	14.9%	15.0%	13.1%	15.0%	13.5%	12.1%	12.8%	10.8%	12.2%	11.6%	12.3%	12.3%
Common Equity Tier 1 (CET1) ratio	11.2%	11.4%	11.5%	11.9%	12.0%	12.0%	13.0%	12.8%	13.1%	13.4%	13.4%	13.3%	13.1%	13.0%

Source: Inderes

Balance sheet

Assets	2023	2024	2025e	2026e	2027e	2028e
Receivables from the Bank of Finland and credit institutions	698	581	905	929	954	975
Claims on the public and public sector entities	7866	7777	7857	8066	8280	8463
Cash	92	65	76	78	80	82
Investments related to unit-linked insurance	1134	1326	1461	1500	1540	1574
Intangible assets	168	155	166	171	176	176
Other assets	2080	478	469	481	494	505
Total assets	12038	11904	12356	12685	13022	13306

Source: Inderes

Liabilities	2023	2024	2025e	2026e	2027e	2028e
Total liabilities	11333	11162	11587	11896	12215	12487
Liabilities to the public and public entities	4564	4084	4131	4241	4354	4450
Liabilities to central banks and credit institutions	308	330	320	330	342	352
Other financial liabilities	4480	4668	4963	5095	5230	5346
Insurance debt	1529	1691	1796	1844	1893	1935
Other liabilities	452	389	376	386	396	405
Restricted equity	131	141	150	150	150	142
Unrestricted equity	515	542	559	579	597	617
Non-controlling	60	60	60	60	60	60
Total equity	705	742	769	789	807	819
Liabilities and equity in total	12038	11904	12356	12685	13022	13306

Valuation 1/4

Expected return is attractive

We have examined Aktia's valuation through balance sheet multiples, the dividend model, and Nordic banking peers. The methods indicate that the fair value of Aktia's share is EUR 11-14, with a midpoint of roughly EUR 12.5. Our fair value range includes an assumption of a 10-15% margin of error, depending on the valuation method. A summary of the valuation methods can be found on [page 46](#).

As a whole, we still consider Aktia's valuation attractive and feel the upside in the multiples and high dividend yield (~7-8%) offer a good expected return to investors. The emphasis of the expected return on dividend yield simultaneously limits the valuation-related risk level.

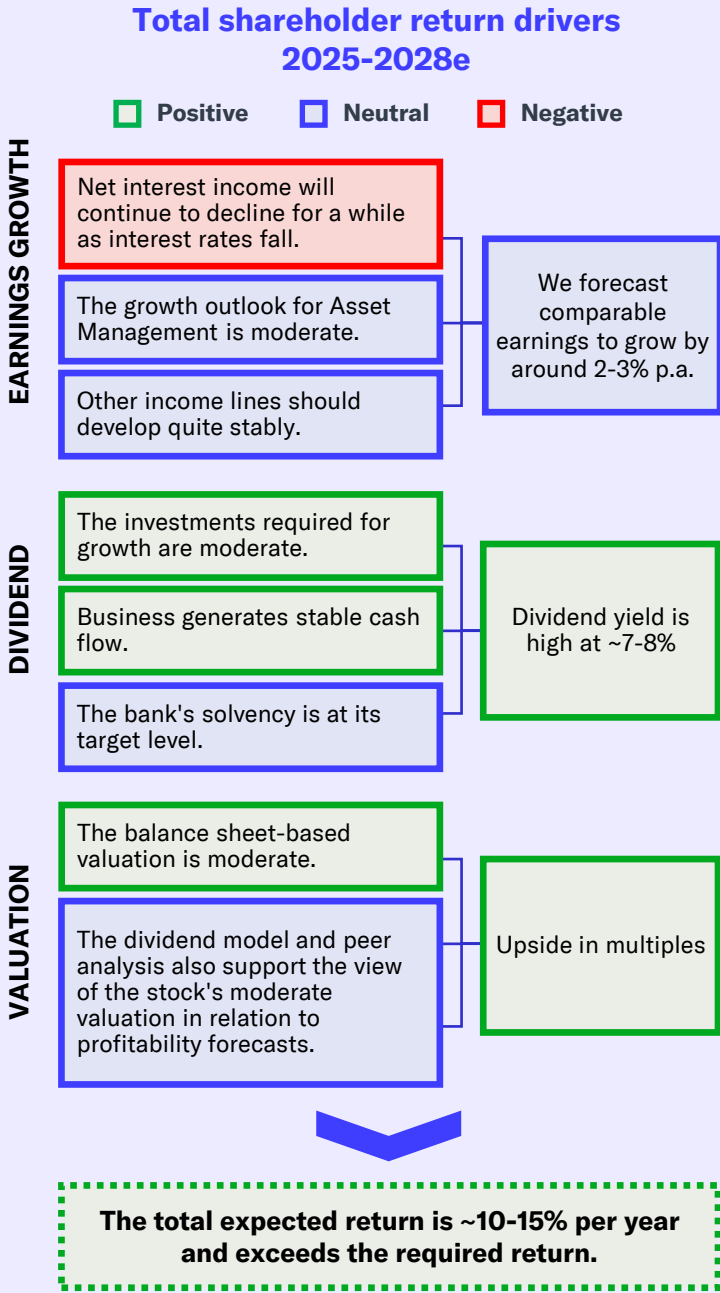
However, the subdued development in asset management and discontinuities due to personnel changes may delay the progress of the growth turnaround in asset management, which, in our estimation, will dull the sharpest edge of the earnings outlook. Therefore, our target price (EUR 12.0) is slightly closer to the lower end of our defined fair value range. Despite this, our estimated annual expected return for the coming years is around 10-15%, which exceeds the 9.5% required return we apply to Aktia.

Realizing Aktia's full potential would require convincing the market that the company can 1) maintain its market share in lending and 2) return net subscriptions in Asset Management to clear growth. In our view, these will also be the key drivers of the share and the company's value in the future.

There are a few special characteristics in the valuation of banks

When valuing a bank, a few factors should be considered due to their rather exceptional business model. First, banks are highly leveraged, and for example, Aktia's solvency ratio was only about 6% at the end of 2024. This naturally raises the risk profile. On the other hand, in Aktia's case, the moderate risk level of the loan portfolio slightly lowers the required rate of return. In recent years, the average required return in the banking sector has, in our estimation, been around 10%, so the 9.5% cost of equity we apply to Aktia is slightly below this.

Second, the entire business is based on various financing solutions, meaning that the liabilities on banks' balance sheets are closer to raw material than actual interest-bearing debt. In addition, solutions related to banks' capital structure are heavily regulated, so any excess assets on the balance sheet and potential profit distribution are determined by solvency constraints. Therefore, an enterprise value (EV) based valuation does not work for banks, as banks do not have actual interest-bearing debt, and excess cash cannot be distributed to bank owners due to solvency and liquidity constraints. The valuation of banks should be examined from the perspective of cash flows attributable to shareholders (net profit or dividends), capital tied up in the balance sheet, and return on equity. In terms of key figures, the most useful are the P/E ratio and the P/B ratio. We apply the latter in our multiple-based valuation due to the balance sheet-driven nature of the business.



Valuation 2/4

P/B valuation is not challenging

Due to the capital-intensive nature of banking operations, multiple-based valuation is typically examined using the balance sheet-based P/B ratio, where the bank's market value is compared to its balance sheet equity.

Aktia's acceptable fundamentals-based P/B valuation can be assessed by making assumptions about a sustainable long-term return on equity (ROE), the cost of equity requirement (CoE) and a sustainable growth factor (g). If we assume that Aktia will sustainably reach a long-term ROE level of about 12% over the business cycle, in line with our forecasts (cf. current financial target +15%, 10-year average ~11%), and we apply a cost of equity of 9.0-10.0% and a growth factor of 2.0% for the company, the acceptable P/B ratio would be around 1.3x-1.4x. Based on the amount of equity in the last earnings report, these multiples would put the share value between EUR 11.8 and EUR 13.5. Thus, the current pricing cannot be considered demanding, as the share price is below the lower end of the range.

Aktia's valuation can also be examined by comparing the current valuation to the company's historical multiples. Over the past 5 years, Aktia has been priced on a balance sheet basis at an average P/B ratio of 1.0x, which is below the current valuation level. We consider this justified, as the profitability outlook is clearly better than before due to the rise in interest rates.

Scenario analysis to support valuation

To support our multiple-based valuation, we have outlined three different future scenarios. The key variables in our forecasts relate to the growth of assets under management and the loan portfolio, as well as interest rate developments. The forecasting risk for net interest income is primarily elevated by the historically low predictability of interest rate movements. Investors do not need to worry as

much about the development of other income lines, as the banking business's commission income should not deviate significantly from the loan portfolio's development, and net income from life insurance should also develop quite steadily. The significance of these external revenue lines is negligible for the overall picture. Stronger-than-expected growth in asset management, in particular, would support Aktia's profitability and share value. The different scenarios and corresponding annual expected returns are presented in the table in the sidebar.

In a poor scenario, Aktia's profitability would fall to the level of the zero-interest rate period due to a decrease in interest rates or continued significant redemptions by institutional clients. At the same time, the weakened growth outlook for the banking sector would slightly increase the required returns for the entire sector.

In the base scenario, Aktia achieves a 12% return on equity in line with our forecasts and grows in the long term at roughly the projected growth rate of Finland's GDP, which corresponds to our estimate for the entire industry's growth rate. In the base scenario, asset management development is moderately subdued, in line with our current forecasts.

In a good scenario, rising interest rates or a clear acceleration in asset management growth in line with the company's own targets would boost both profitability and growth assumptions. Due to the favorable business outlook, the required return would also have room to decrease by one notch.

We believe that a reasonable valuation level for Aktia is currently around the base case scenario. However, our target price is slightly below this, as the development of asset management has been subdued in recent years. Thus, in our calculations, the probability of a poor scenario is slightly higher than that of a good scenario, which relies on a clearly improving profitability outlook.

Required return	Return on equity						
	9%	10%	11%	12%	13%	14%	
	7%	1.4x	1.6x	1.8x	2.0x	2.2x	2.4x
	8%	1.2x	1.3x	1.5x	1.7x	1.8x	2.0x
	9%	1.0x	1.1x	1.3x	1.4x	1.6x	1.7x
	10%	0.9x	1.0x	1.1x	1.3x	1.4x	1.5x
	11%	0.8x	0.9x	1.0x	1.1x	1.2x	1.3x
	12%	0.7x	0.8x	0.9x	1.0x	1.1x	1.2x

Valuation scenarios 2025-2028

Variable	Poor	Base	Good
ROE-%	9%	12%	14%
Growth-%	1.5%	2.0%	2.5%
Required return	10.0%	9.5%	9.0%
Acceptable P/B	0.9x	1.3x	1.8x
Change in P/B	-9%	4%	16%
Growth, own funds	1.5%	2.0%	2.5%
Dividend yield-%	~7%	~7%	~7%
Expected return p.a.	~0%	~13%	~26%

Valuation 3/4

Dividend model (DDM)

We have also approached Aktia’s value through the discounted dividend model (DDM). The DDM model indicates that the value of the share is around EUR 12.8 (previously EUR 12.7), which supports our view of the stock being affordably priced. The expectations attached to Aktia's current share price are therefore moderate, and the risk level associated with the valuation is limited. We have applied a 9.5% ROE requirement for Aktia and 2.0% terminal growth assumption for the dividend in our dividend model. The dividend model and its assumptions can be found on page [50](#).

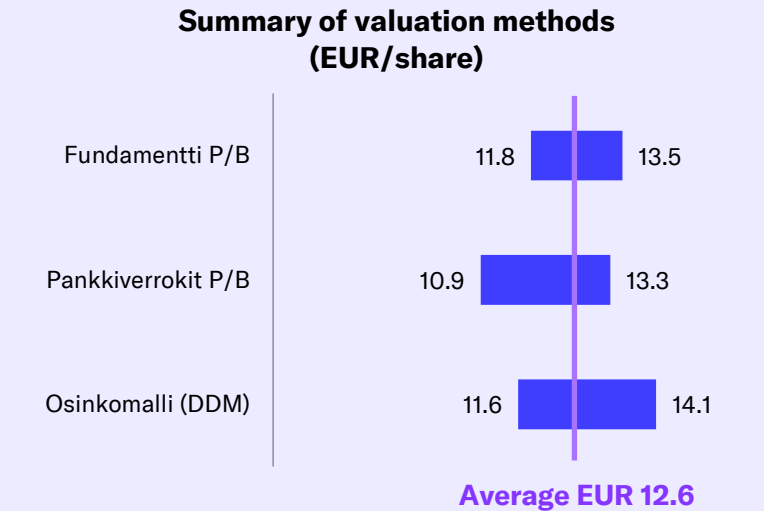
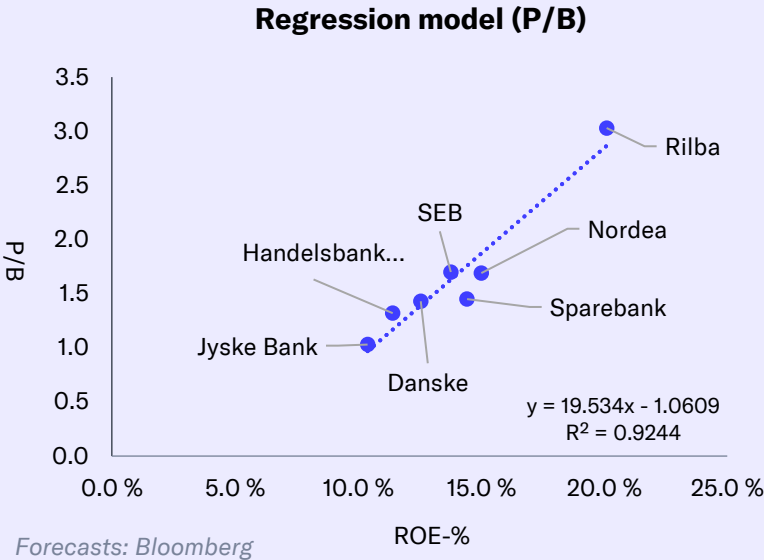
The peer analysis is in line with other methods

Aktia is priced on a P/B basis with lower multiples than the peer group. This is justified, as the peer group's average profitability is higher than Aktia's. A better picture of the valuation can be obtained by considering the differences in banks' forecasted profitability levels. In the regression model, we have correlated the current P/B ratios of peer companies (dependent variable) with the return on equity according to consensus estimates (independent variable). There is a linear relationship between return on equity and a bank's accepted P/B ratio. In addition, due to the mature stage of the industry and the fairly tight competitive situation, we do not believe there are significant differences in growth prospects between banks. Thus, we believe the regression model provides a highly relevant reference point to support the valuation.

The peer group consists of large and medium-sized Nordic banks, as there are no relevant listed peers available from the domestic banking sector. Overall, we believe comparability is good, even though there are clear differences in geographical emphasis, as Aktia operates

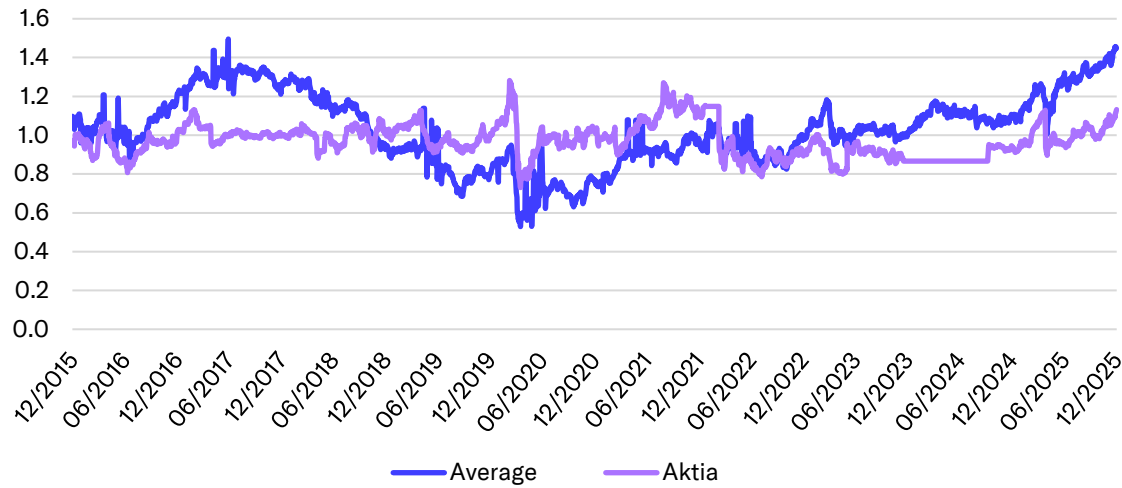
within Finland (excluding international asset management clients).

A regression model that accounts for company-specific profitability differences tells a consistent story with our other methods about the moderate pricing of Aktia's stock. Based on this market-based model (see chart on the right), a P/B ratio of 1.1-1.4x could be justified for Aktia, which would correspond to a price level of around EUR 11.4-13.9.

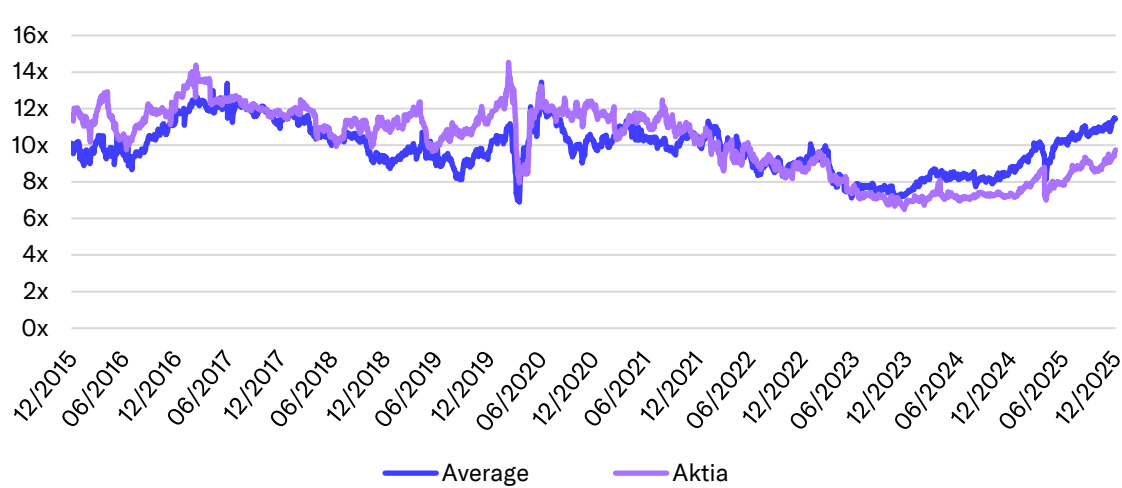


Valuation 4/4

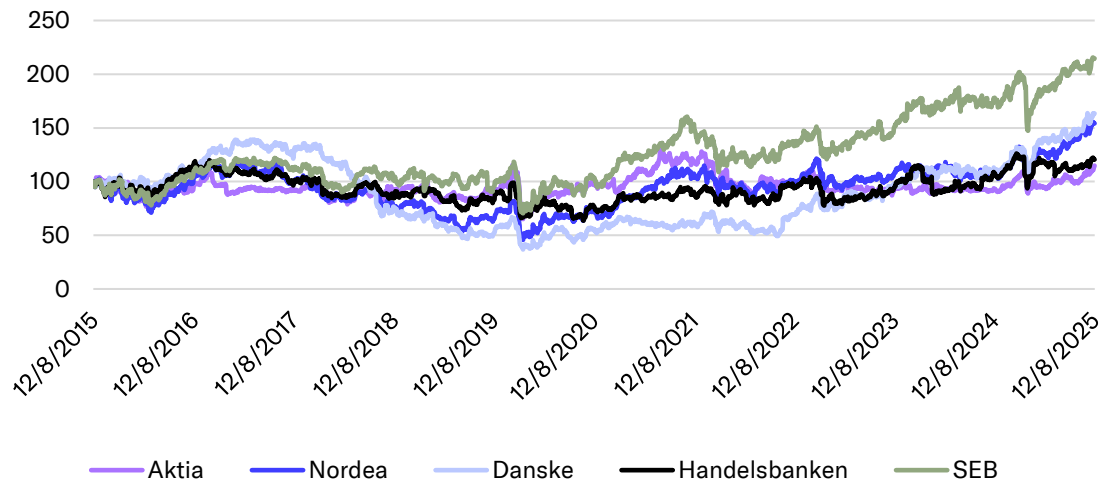
Bank sector P/B



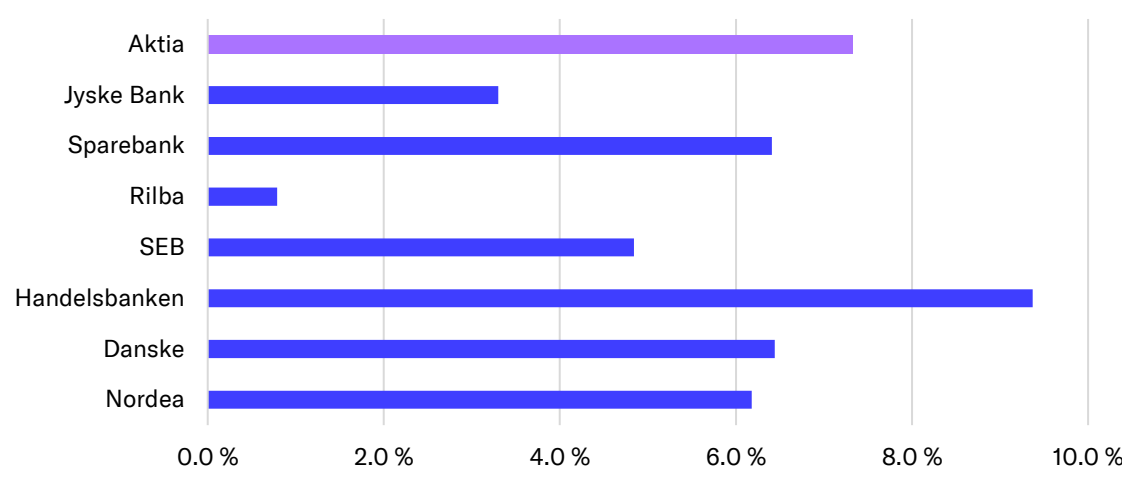
Bank sector P/E (12-month fwd)



Peer share price development indexed (2015=100)



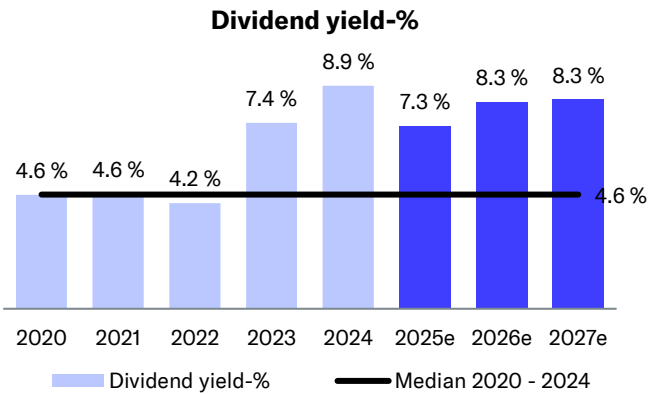
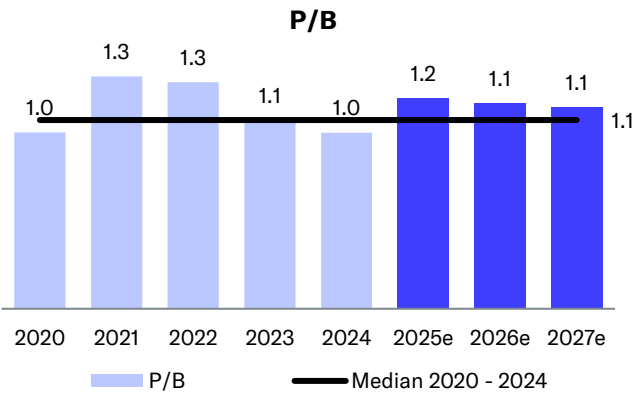
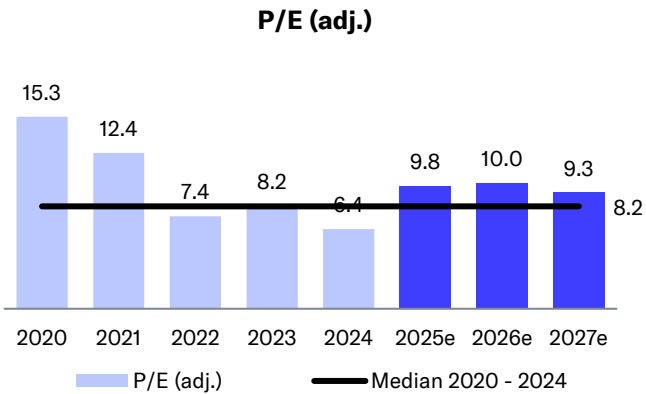
Peer estimated dividend yields 2025e



Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	9.45	12.3	10.2	9.42	9.21	11.4	11.4	11.4	11.4
Market cap	657	882	736	684	672	834	837	840	844
P/E (adj.)	15.3	12.4	7.4	8.2	6.4	9.8	10.0	9.3	9.1
P/E	15.4	13.0	7.5	8.4	8.9	10.8	10.2	9.4	9.2
P/B	1.0	1.3	1.3	1.1	1.0	1.2	1.1	1.1	1.1
Payout ratio (%)	70.2 %	60.2 %	31.5 %	62.5 %	78.9 %	78.6 %	84.1 %	78.4 %	77.6 %
Dividend yield-%	4.6 %	4.6 %	4.2 %	7.4 %	8.9 %	7.3 %	8.3 %	8.3 %	8.4 %

Source: Inderes



The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation Company	Market cap MEUR	P/E		Dividend yield-%		P/B
		2025e	2026e	2025e	2026e	2025e
Nordea	53077	11.0	10.9	6.3	6.3	1.7
Danske	34150	11.2	10.8	6.6	6.9	1.4
Handelsbanken	23917	11.1	11.7	9.6	7.7	1.3
SEB	35518	12.1	11.5	4.9	5.0	1.7
Rilba	4895	15.3	15.1	0.8	0.8	3.0
Sparebank	2354	10.6	10.7	6.5	6.4	1.5
Jyske Bank	6773	10.1	10.5	3.3	3.2	1.0
Aktia (Inderes)	834	9.8	10.0	7.3	8.3	1.2
Average		11.6	11.6	5.4	5.2	1.6
Median		11.1	10.9	6.3	6.3	1.5
Diff-% to median		-11%	-8%	16%	31%	-19%

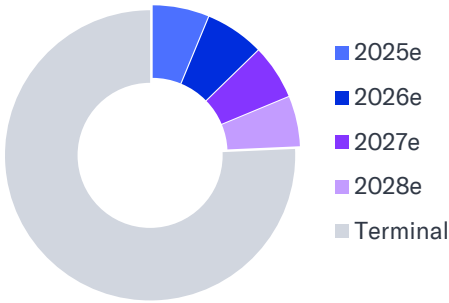
Source: Refinitiv / Inderes

Dividend model (DDM)

DDM valuation (MEUR)	2024	2025e	2026e	2027e	2028e	Terminal
Net profit	75.9	77.4	82.2	89.5	91.7	
Growth in net income-%	-6.7%	2.0%	6.2%	8.9%	2.4%	2.0%
ROE-%	11.4%	11.1%	11.4%	12.1%	12.2%	
Dividend	59.8	60.8	69.1	70.2	71.2	968
Payout ratio	79%	79%	84%	78%	78%	
CET1-%	12.0%	13.3%	13.2%	13.1%	13.0%	
Discounted dividend		58.7	61.0	56.5	52.4	712
Discounted cumulative dividend		941	882	821	765	712
Equity value, DDM		941				
Per share		12.9				

Cost of capital	
Risk-free interest	1.5%
Market risk premium	4.8%
Beta	1.0
Liquidity premium	3.2%
Cost of capital	9.5%

Cash flow breakdown



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Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
2/19/2021	Reduce	10.00 €	9.69 €
3/11/2021	Buy	11.00 €	9.36 €
5/6/2021	Buy	13.00 €	10.36 €
8/6/2021	Buy	14.00 €	12.80 €
9/9/2021	Buy	14.00 €	12.34 €
9/27/2021	Buy	14.00 €	11.90 €
11/5/2021	Buy	14.00 €	12.54 €
2/17/2022	Accumulate	12.00 €	11.16 €
5/9/2022	Accumulate	10.50 €	9.46 €
5/12/2022	Buy	10.50 €	9.03 €
5/30/2022	Accumulate	10.50 €	9.85 €
7/18/2022	Accumulate	9.50 €	8.73 €
8/8/2022	Buy	11.00 €	9.90 €
10/28/2022	Buy	11.00 €	10.14 €
11/7/2022	Accumulate	11.00 €	9.89 €
2/20/2023	Accumulate	11.00 €	10.24 €
5/12/2023	Accumulate	10.50 €	9.62 €
8/10/2023	Accumulate	10.50 €	9.40 €
11/10/2023	Accumulate	10.50 €	9.09 €
2/9/2024	Accumulate	10.50 €	9.08 €
5/2/2024	Accumulate	10.50 €	9.56 €
2/5/2024	Accumulate	10.50 €	9.41 €
11/7/2024	Accumulate	10.50 €	9.23 €
2/13/2025	Accumulate	10.50 €	9.84 €
5/8/2025	Accumulate	10.50 €	9.57 €
8/6/2025	Accumulate	10.50 €	9.97 €
11/7/2025	Accumulate	11.00 €	10.60 €
12/15/2025	Accumulate	12.00 €	11.38 €



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Inderes Ab

Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

inderes.se

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi

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