

Aktia

DEBT INVESTOR
PRESENTATION
31.12.2016



EXECUTIVE SUMMARY – AKTIA BANK PLC

Retail bank with focus on growth areas in Finland

Provides services mainly to private customers, small-sized companies and institutional investors

Business strongly supported by own branch network

Households accounts for 84 % of the loan portfolio and 73 % of the deposit stock

Prudent lending policy and low loan losses

Write-downs EUR 2.2 million (0.04 %) in 1-12/2016, non performing loans 0.79 %

Solid profitability over time

Return on Equity (ROE) 8.0 % in 1-12/2016

Strong Capital Ratio

Tier 1 Capital Ratio 19.5 %

Credit ratings

Moody's: A3 / P-2, positive
S&P: A- / A-2, stable

Covered Bonds: Aaa

PRESENTATION OUTLINE

1	Overview – Aktia Group
2	Financial key figures – Aktia Bank plc
3	Credit ratings
4	The Finnish economy
5	Summary and Contacts

BANKING, ASSET MANAGEMENT AND INSURANCE SERVICES TO 300,000 CUSTOMERS

- Focus on households, small-sized companies and institutional investors
- Solid capital base, liquidity and funding position
- Market cap EUR 700 million, ~40,000 shareholders
- The majority of shares held by committed long-term owners

Aktia Bank Plc (1-12/2016)

Operating income EUR 211.3 million
Operating profit EUR 61.5 million
Assets EUR 9,486 million

Banking

Operating profit EUR 42.2 million
Market share in mortgages 4.1% and in deposits 3.7%

Asset Management & Life Insurance

Operating profit EUR 21.7 million
Market share in mutual funds 3.9%
Market share in life insurances 2.3%

Other services include

Non- life Insurance, Real Estate Services

Sources: Bank of Finland and Federation of Finnish Financial Services

Aktia

GROUP STRUCTURE

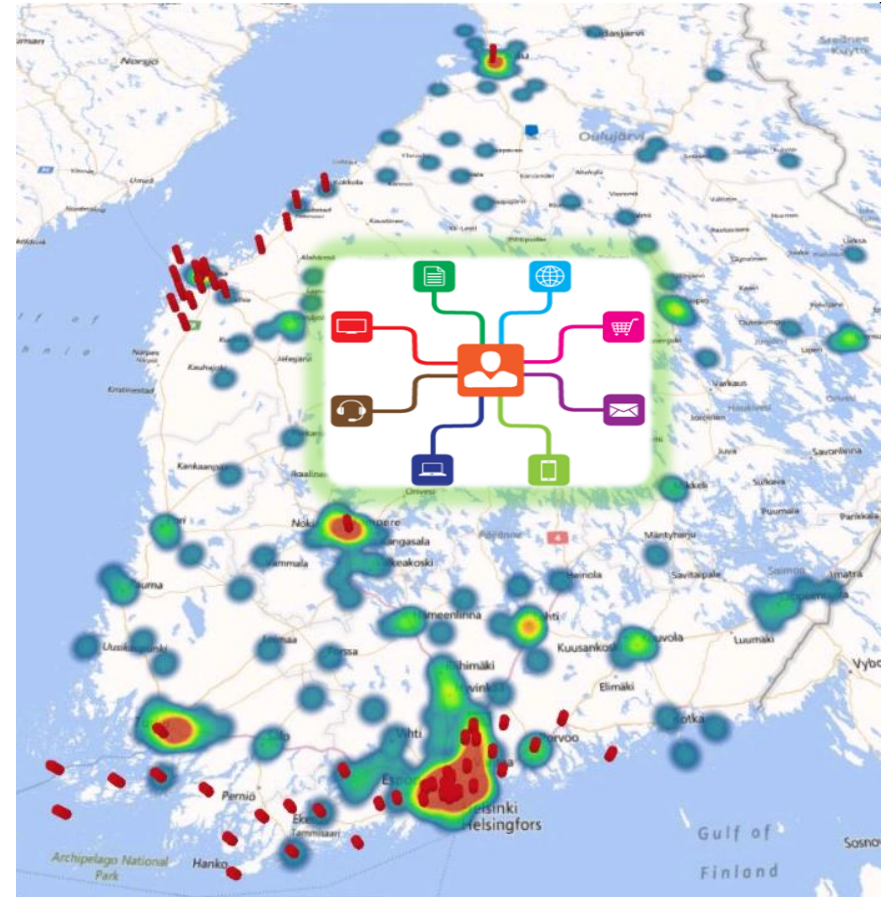


*Minority shares used as incentives for key personnel

AKTIA BANK PLC

FOCUS ON RETAIL BANKING AND INSTITUTIONAL INVESTORS

- Aktia Bank is the 4th largest bank in the Finnish retail market with focus on growth areas in Finland such as the Helsinki Metropolitan Area, the coastal area and selected inland growth centres. The majority of Finland's population lives in this area.
- Business strongly supported by own branch network. Aktia has 50 branch offices supported with comprehensive service concept Omni Channel, including web-based services, mobile services, call centre etc.



ASSET MANAGEMENT WINNING AWARDS



Morningstar Awards

- Best Finnish Fund House, Fixed Income 2016
- Best Fund House, Fixed Income 2013, 2014 and 2015
- Best Balanced Fund (Aktia Secura) 2015
- TOP 3 Fixed Income Fund (Aktia Corporate Bond) 2015, 2016
- TOP 3 Multi Asset Manager 2013



Scandinavian Financial Research Awards

- #1 Asset Manager 2010, 2012, 2013 (Platinum Award)
- #2 Asset Manager 2011, 2015, 2016 (Gold Award)



Nordic Fund Selection Awards (Tell Media Group)

- Finnish Fund Selection Team of the Year 2010, 2011, 2012, 2013, 2014, 2015

AKTIA LIFE INSURANCE PRODUCER OF CUSTOMER FRIENDLY LIFE INSURANCE SERVICES

Key numbers

- Technical provisions EUR 1,162 million (EUR 719 million unit-linked and EUR 443 million interest rate related)
- Solvency ratio 179.4 %

Several co-operation partners in the finance trade

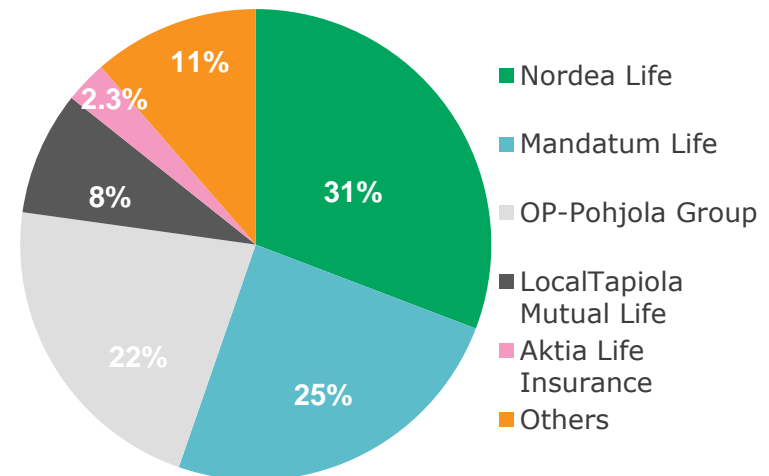
Aktia Bank, Folksam Non-Life Insurance Company, POP Bank Group, Pohjantähti Mutual Insurance Company, Alandia Insurance, Veritas Pension Insurance

Customers

Approximately 106,600 customers
of which 101,000 are private customers
and 5,600 corporate customers

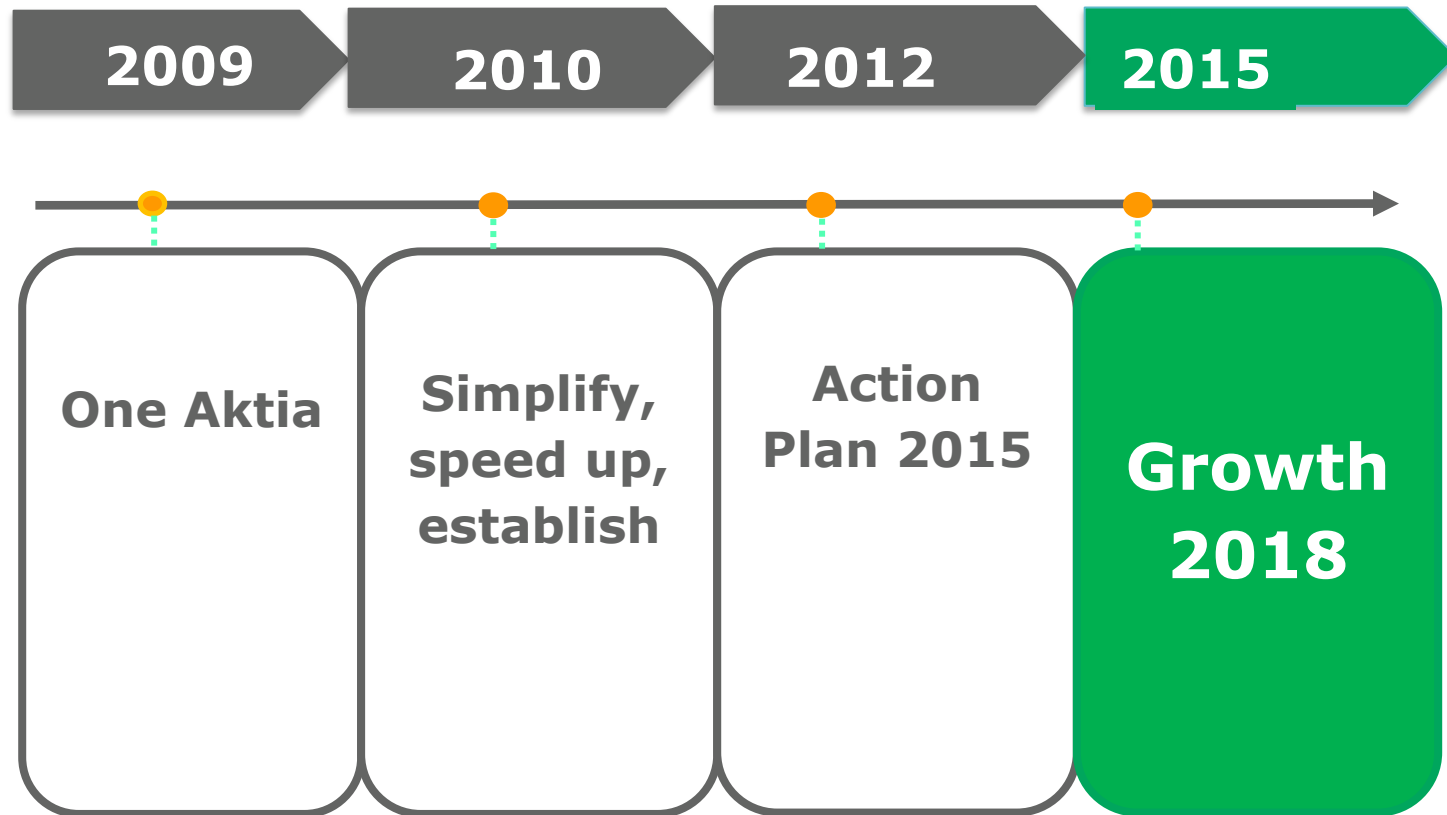
Focusing sales on more profitable, less capital intensive products

Market share

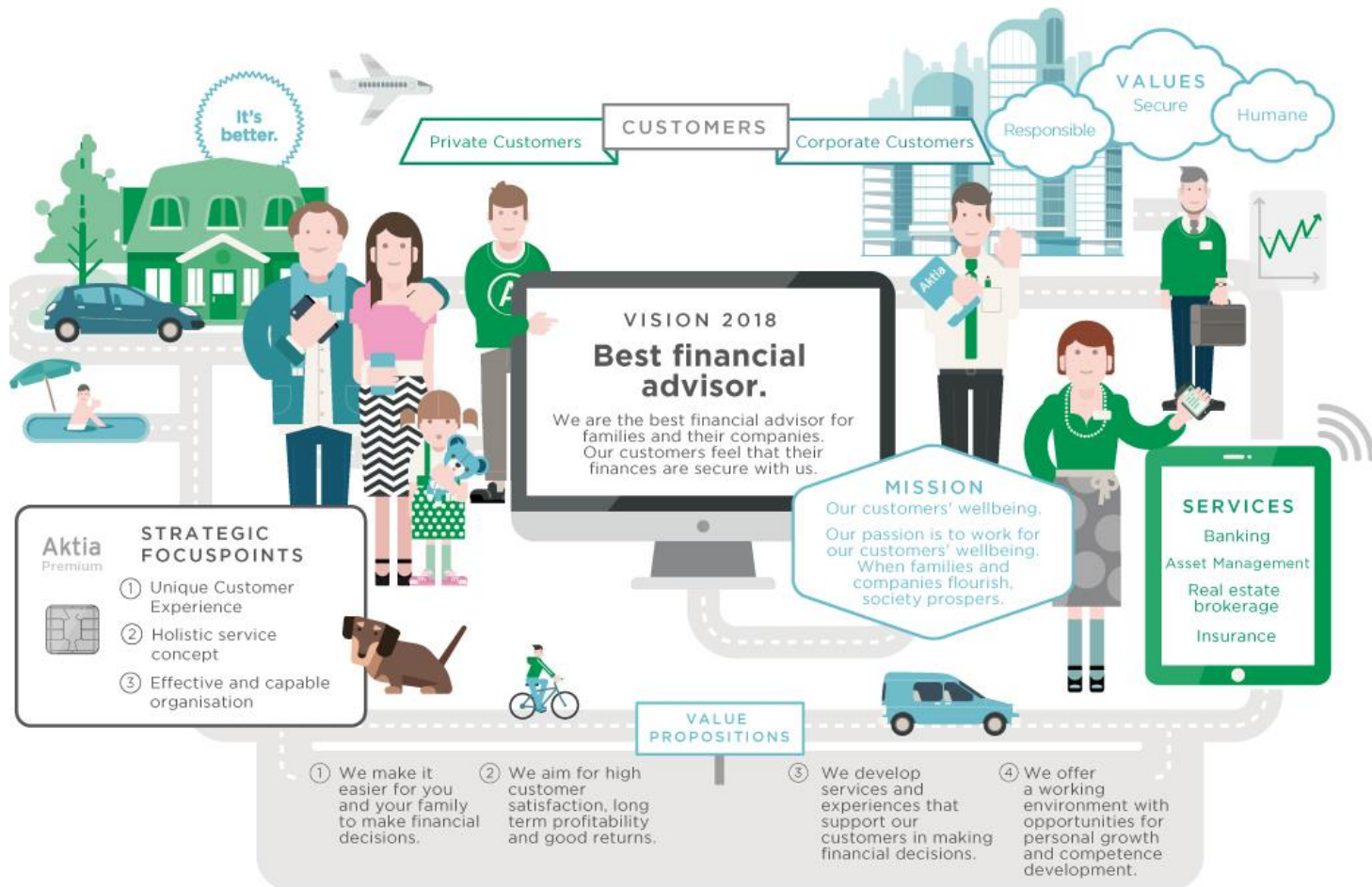


Aktia

DEVELOPMENT OF THE STRATEGY



STRATEGY 2018



FINANCIAL OBJECTIVES 2018

Growth

Double the number of new customers

Profitability

ROE \geq 9%

Cost-to-income ratio down by -10%

Capital adequacy

Common Equity Tier 1 \geq 15%

Dividend pay-outs

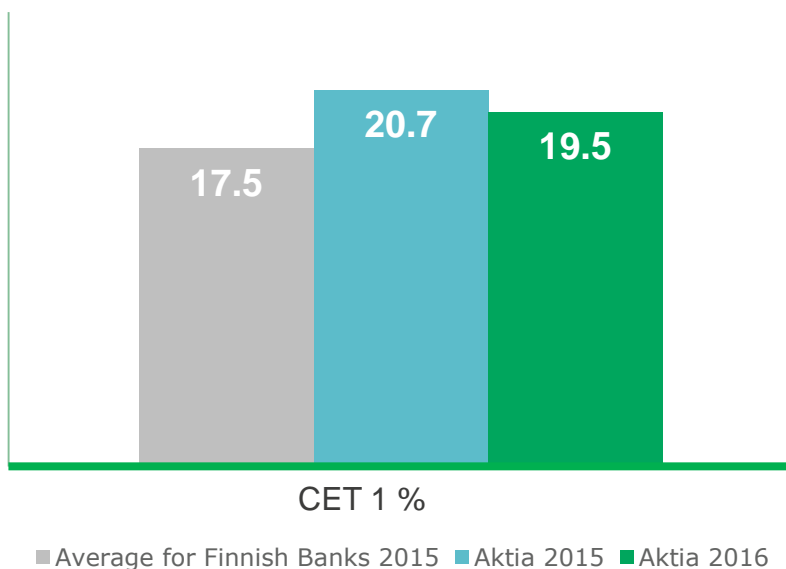
**Dividend pay-out
 \geq 50 % of profits for the year**

PRESENTATION OUTLINE

1	Overview – Aktia Group
2	Financial key figures – Aktia Bank plc
3	Credit ratings
4	The Finnish economy
5	Summary and Contacts

CAPITAL ADEQUACY

- The Financial Supervisory Authority granted Aktia Bank Group permission to apply internal risk classification (IRBA) to the calculation of capital requirement for retail exposures as per 31 March 2015
- A total of 56 % (58 %) of the Bank Group's exposures are calculated according to the IRB approach
- The average risk weight for retail exposures with real-estate collateral is 14 % (STD 35 %)



	31.12.16 IRBA	31.12.15 IRBA	31.12.14 STD
Common Equity Tier 1 %	19.5	20.7	14.6
Tier 1 capital ratio %	19.5	20.7	14.6
Capital Adequacy %	26.3	27.1	19.1

RESULTS 1-12/2016

EUR million	1-12/2016	1-12/2015	change %
Net Interest Income	95.6	97.3	-2%
Net Commission Income	79.7	80.0	0%
Total Operating Income	211.4	208.4	1%
Total Operating Expenses	-148.4	-144.4	3%
Write-Downs	-2.2	-0.3	545%
Operating Profit	61.5	64.2	-4%
Profit for the period	49.3	51.6	-4%

KEY FIGURES

Banking Business, EUR million	2016	2015	2014
Cost-to-Income Ratio	0.7	0.69	0.68
Return on Equity (ROE) %	8.0	7.9	8.3
Borrowing from the public	4,164	3,922	3,979
Lending to the public	5,717	5,856	6,416
Mortgage Loans	4,482	4,736	5,229
Capital Adequacy Ratio %	26.3	27.1	19.1
Tier 1 Capital Ratio %	19.5	20.7	14.6
Risk-Weighted Commitments	1,998	1,999	3,263

ASSETS AND LIABILITIES

Aktia Group

31.12.2016, EUR million

ASSETS

Loans to public	5,717	60%
Mortgage loans granted by Aktia Bank	4,272	
Other loans granted by Aktia Bank	1,226	
AKTIA REMB loans distributed by Aktia Bank	0	
AKTIA REMB loans distributed by Local Banks	219	
Treasury and money markets	559	6%
Current account at Bank of Finland	373	
Other	186	
Liquidity portfolio	1,795	19%
Government bonds / Municipal bonds	296	
Government guaranteed bonds / Supra	323	
Covered Bonds	892	
Senior bonds issued by banks	284	
Other bonds	0	
Investment portfolio in Life Insurance	596	6%
Invest. for unit-linked provisions, Life Insurance	723	8%
Other assets	96	1%
Total assets	9,486	100%

LIABILITIES

Demand deposits	3,765	40%	RETAIL
Time deposits	399	4%	
Long-term issues to retail market	246	3%	
Senior debt	2		
Subordinated debt	244		WHOLESALE MARKET
Long-term funding	2,688	28%	
Covered bonds	1,648		
Senior debt	840		
Subordinated debt	0		
ECB	200		
Short-term funding	269	3%	
Repos + ECB	146		
CDs & wholesale MM deposits	6		
Received cash collateral	117		
Technical prov. for unit-linked insurances	1,162	12%	
Other Liabilities	344	4%	
Equity	613	6%	
Total liabilities and equity	9,486	100%	

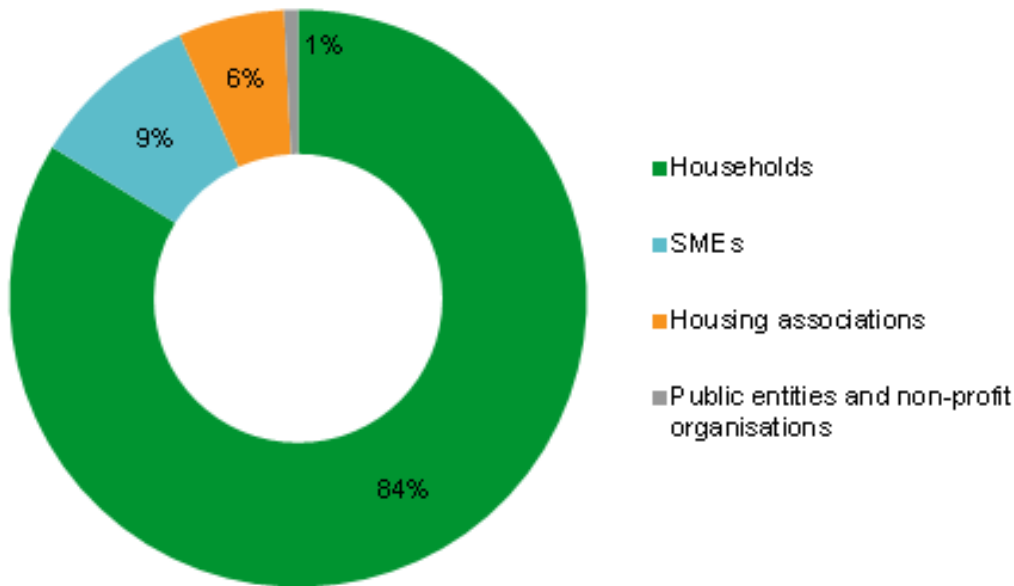
Aktia

STRUCTURE OF LENDING AND DEPOSITS

Business strongly supported by households through own retail network

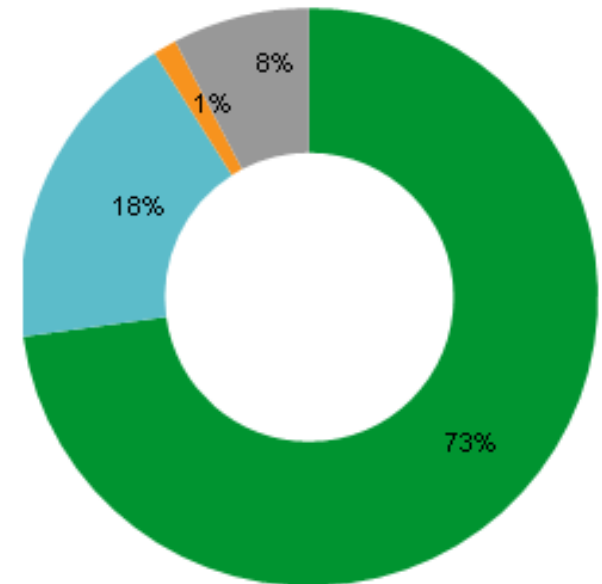
Lending

2016, EUR 5,717 million
(2015, EUR 5,856 million)



Deposits

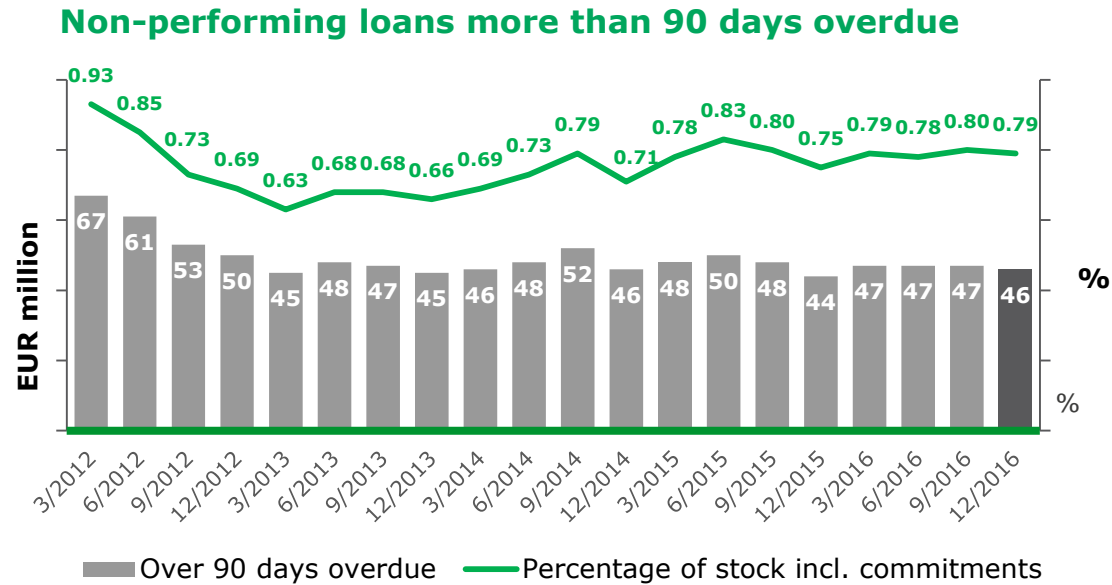
2016, EUR 4,164 million
(2015, EUR 3,922 million)



PRUDENT AND LOW RISK LENDING POLICY

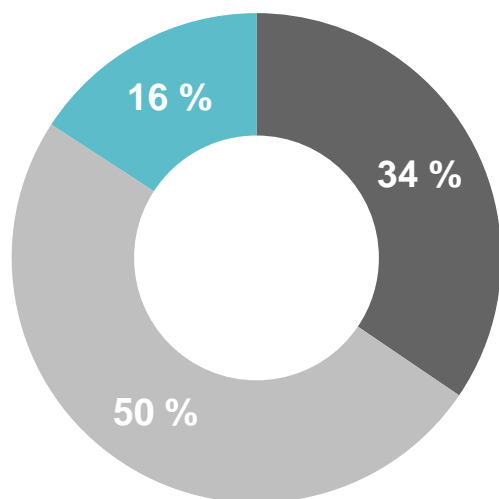
Aktia Bank operates under strict origination criteria:

- Identification of the customer mandatory
- Responsible lending: customer ability to pay stress tested
- Credit personnel internally educated and examined
- Rating based credit risk valuation
- Collateral only in Finland



HIGH QUALITY LIQUIDITY PORTFOLIO

- At the end of December the Bank Group's liquidity buffer was approximately equivalent to the estimated outgoing cash flow of finance from the wholesale market for 40 months
- Aktia meets LCR demands (31.12.2016; 209 %)



- Government and gov guaranteed bonds
- Covered bonds
- Financial sector excl. CB

	31.12.2016	31.12.2015
(EUR million)	1,794	2,295
Aaa	53.3 %	59.9 %
Aa1–Aa3	29.6 %	25.1 %
A1–A3	4.8 %	5.5 %
Baa1–Baa3	3.0 %	2.2 %
Ba1–Ba3	0.0 %	0.0 %
Finnish municip. (no rating)	9.3 %	7.4 %
No rating	0.0 %	0.0 %
Total	100.0 %	100.0 %

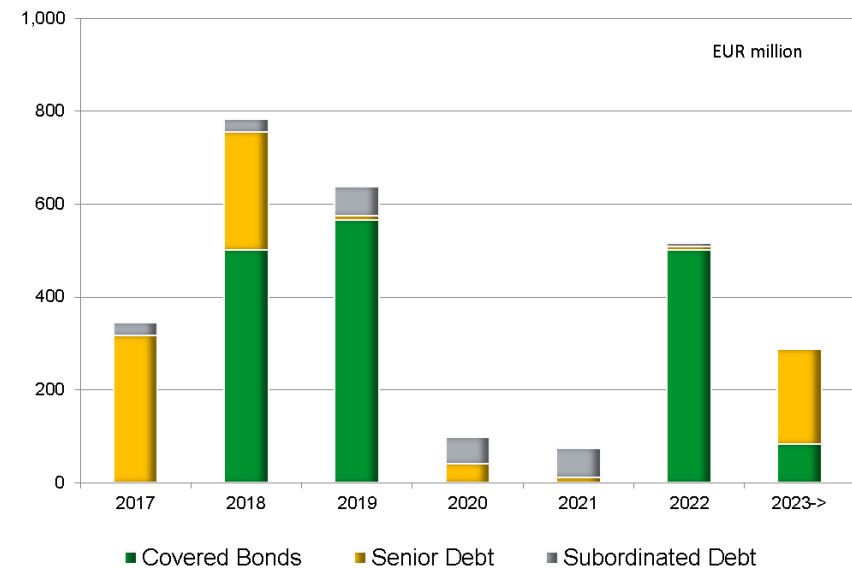
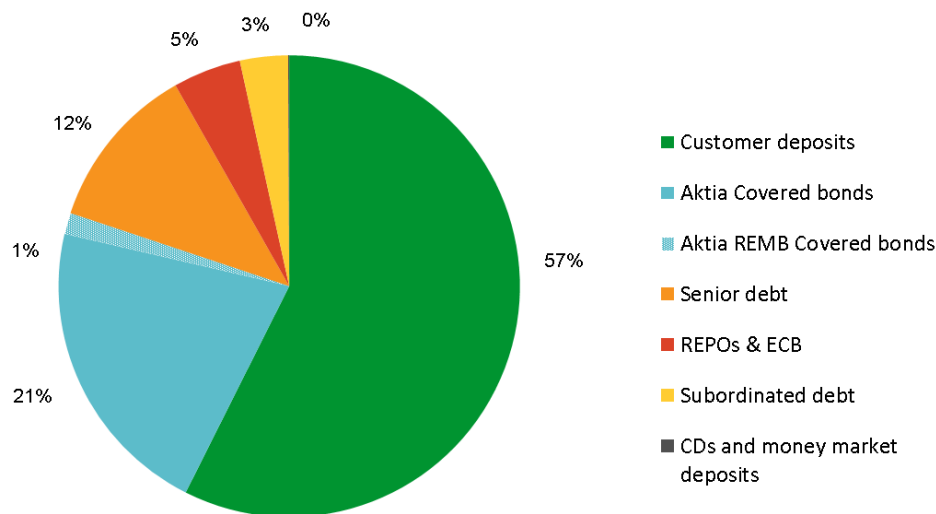
SOUND FUNDING PROFILE

DEPOSITS AND COVERED BONDS DOMINATE

Funding profile 2016

EUR 7,254 million

(2015; EUR 7,652 million)



Wholesale

Funding, EUR million	Nominal Value
Covered bonds	1,565
EMTN Program	565
Domestic Program	246
Schuldschein	204
Other Funding *	358

* RCB, EIB, NIB etc.

Aktia

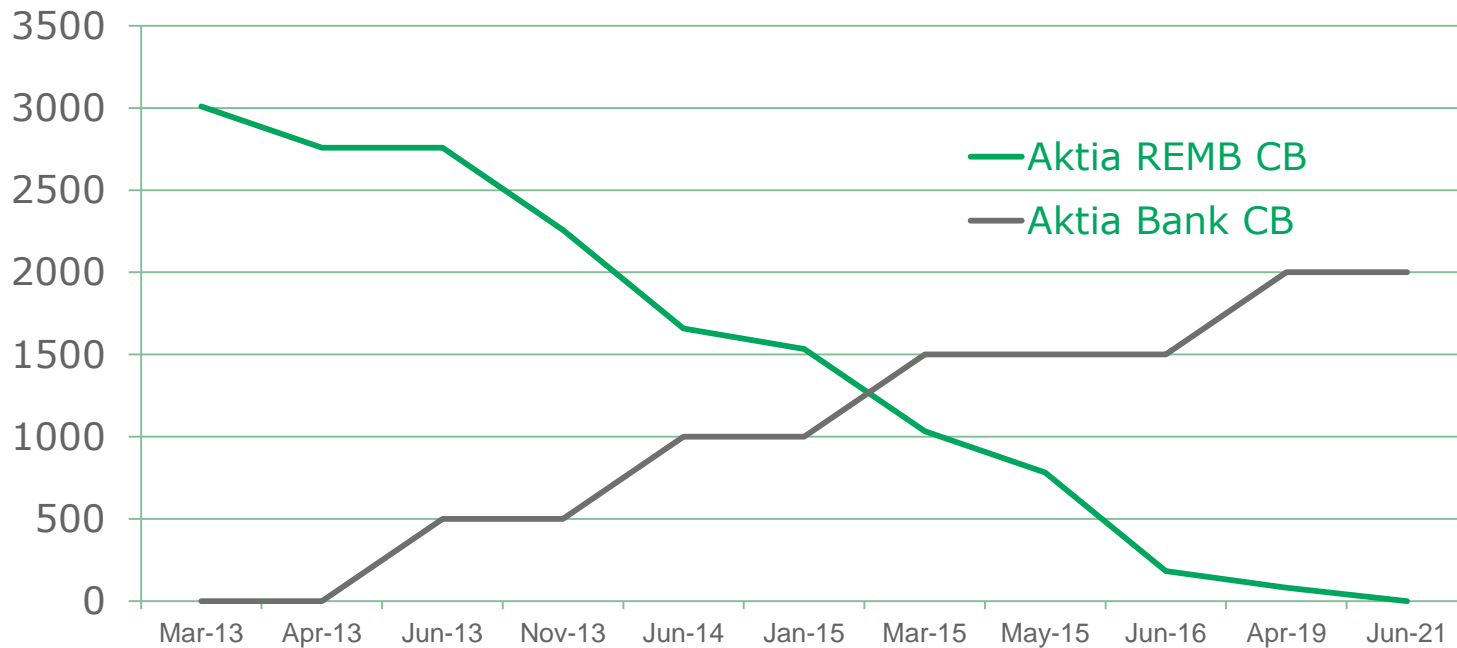
AKTIA BANK PLC, A MORTGAGE BANK

Aktia Bank operates under the current legislation as mortgage bank (Act on Mortgage Credit Bank Operations, MCBA 688/2010) and issues the covered bonds directly from the bank's balance sheet.

- The Bank replaces the old co-owned Aktia Real Estate Mortgage Bank Plc as the active issuer on the EUR covered bond market.
- The Aktia Bank mortgage loan portfolio is very high quality:
 - Only prime residential mortgage loans
 - Collateral located in Finland
 - Low average LTV
- Aktia Bank covered bonds are CRR & UCITS and ECB repo eligible
- Banks aims to comply the ECBC covered bond label transparency initiative

AKTIA BANK

COVERED BOND FUNDING PROFILE



- Stable access to the covered bond market is in high priority
- Aktia Bank will focus at EUR 500m public benchmark Covered Bond issues with selective private placement offerings

AKTIA BANK COVER POOL DECEMBER 2016

Asset Pool Total	EUR 2,103m (no substitute assets)
No of loans / average loan balance	34,392 / EUR 61,200
Types of loans	First ranking residential mortgages and pledges of shares in housing companies
Geography	Finland only, well diversified with concentration on growth areas
Non-performing loans (> 90 days in arrears)	0.0
WA LTV	55.61%
WA indexed LTV	55.43%
Maximum LTV	LTV limit: 70%
Interest base	Floating 94%, fixed 6%
WA seasoning	38.1 months
% of largest 10 borrowers	0.41%
Overcollateralisation (%)	36.57% (Committed OC 10%)
Moody's Collateral Score	5,4%

AKTIA REMB: WINDING DOWN

Aktia REMB is a fully owned subsidiary to Aktia Bank Plc since September 2016.

- Loan sellbacks to distributing banks continue as part of the operational winding down process
- LCR requirement fulfilled with Aktia Bank – concession approved by Finnish FSA.
- Operations will meet all regulative and committed guidelines throughout the process.
- REMB will be merged with Aktia Bank in 1Q 2017.

AKTIA REMB COVER POOL DECEMBER 2016

Asset Pool Total	EUR 213m
No of loans / average loan balance	3,633 / EUR 58,500
Types of loans	First ranking residential mortgages and pledges of shares in housing companies
Geography	Finland only, well diversified with concentration on growth areas
Non-performing loans (> 3 months in arrears)	0.0
WA LTV	46.81%
WA indexed LTV	46.63%
Maximum LTV	Covered Bond refinancing max LTV limit: 70%, Underwriting maximum LTV limits: 70% ¹⁾
WA seasoning	78.6 months
Overcollateralisation (%)	97.26%

* Pool1 managed under the Finnish Act on Mortgage Credit Bank Operations 688/2010

1) Except where the exceeding loan amount is covered by a state guarantee

PRESENTATION OUTLINE

1	Overview – Aktia Group
2	Financial key figures – Aktia Bank plc
3	Credit ratings
4	The Finnish economy
5	Summary and Contacts

AKTIA BANK CREDIT RATINGS



Senior: A3 / P-2, positive outlook
Covered Bonds: Aaa



Senior: A- / A-2, stable outlook

For full rating reports please see
<http://www.aktia.com/en/velkasijoittajat/luottoluokitus>

PRESENTATION OUTLINE

1	Overview – Aktia Group
2	Financial key figures – Aktia Bank plc
3	Credit ratings
4	The Finnish economy
5	Summary and Contacts

MACROECONOMIC ENVIRONMENT

OPEN ECONOMY WITH STABLE INSTITUTIONS

FINLAND



Population: 5.5 million

Area: 338 430 sq. km

GDP per capita EUR 37 819 (2015)

Finland is rated Aa1 (stable) / AA+ (stable) / AA+ (stable)



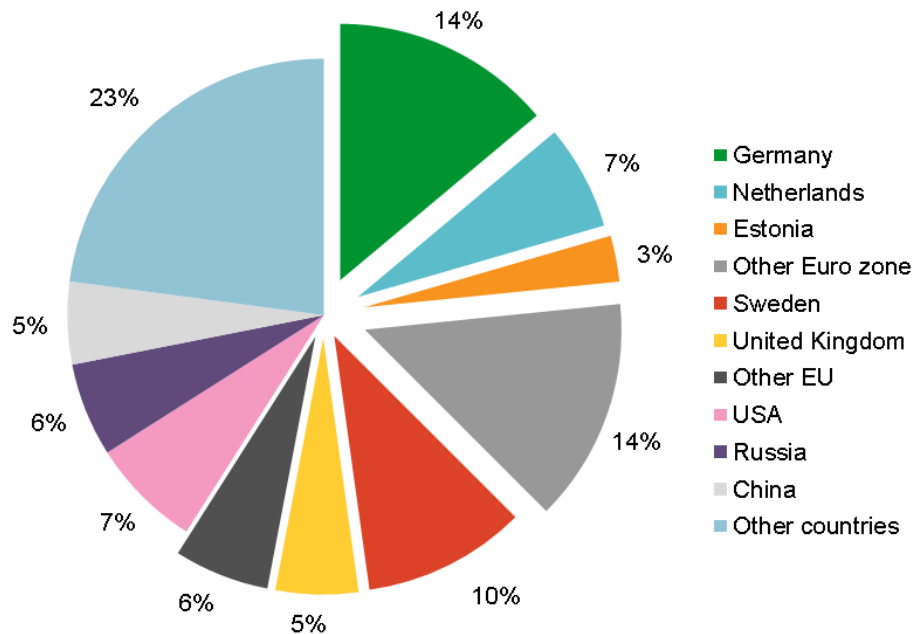
Finland: Supply and demand 2015

	€ billion	% of GDP
GDP	209,1	100,0
Imports	77,5	37,1
Exports	76,6	36,6
Private consumption	115,7	55,3
Public consumption	51,0	24,4
Fixed investment	42,7	20,4

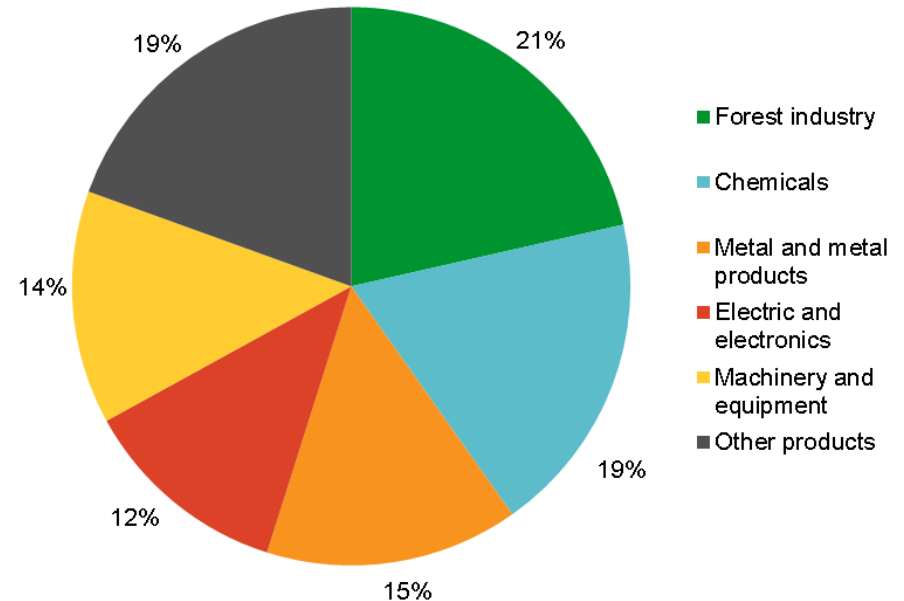
THE FINNISH ECONOMY

SUBSTANTIAL PART OF EXPORTS OUTSIDE THE EU

Exports by country (2015)



Exports by product group (2015)

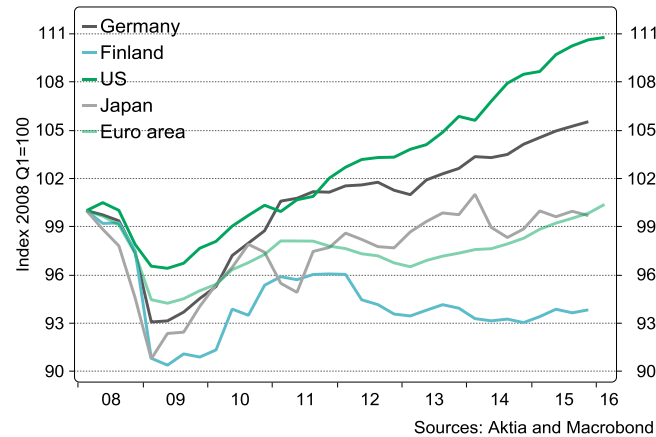


Source: National Board of Customs, Statistics Finland

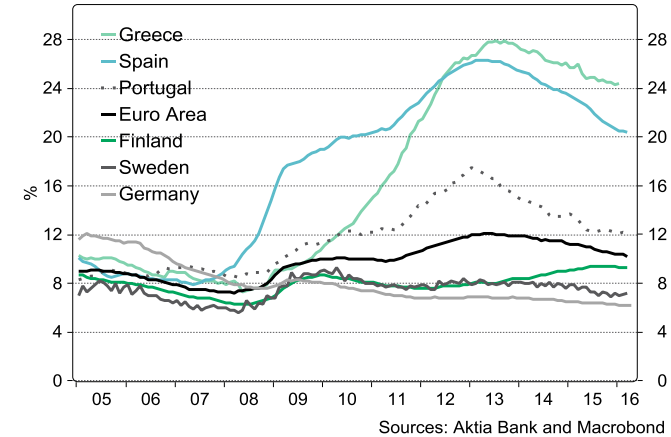
MACROECONOMIC ENVIRONMENT

GDP GROWTH STILL MODEST, TRADE GROWTH PICKING UP

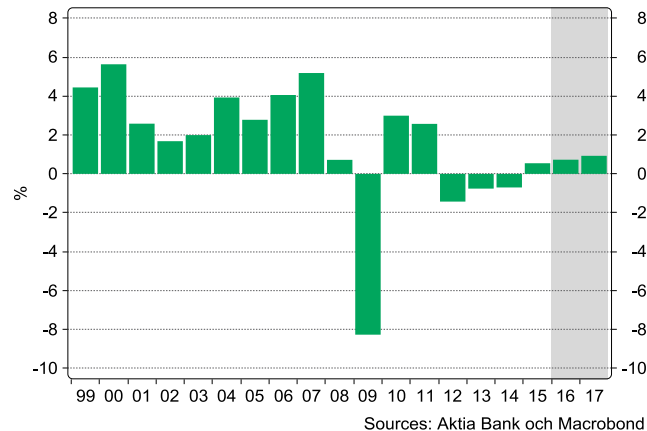
GDP



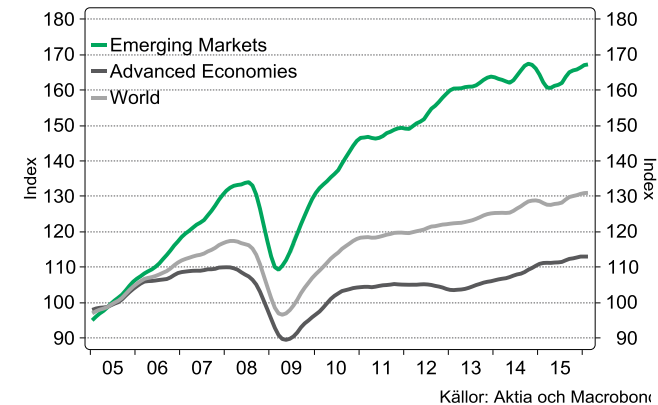
Unemployment rate in various European countries, %



Finland, GDP growth, %

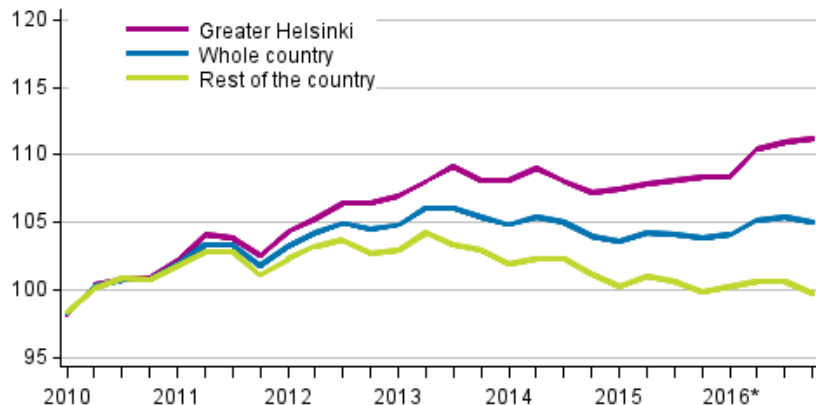


World imports
(6 months ma)



MACROECONOMIC ENVIRONMENT

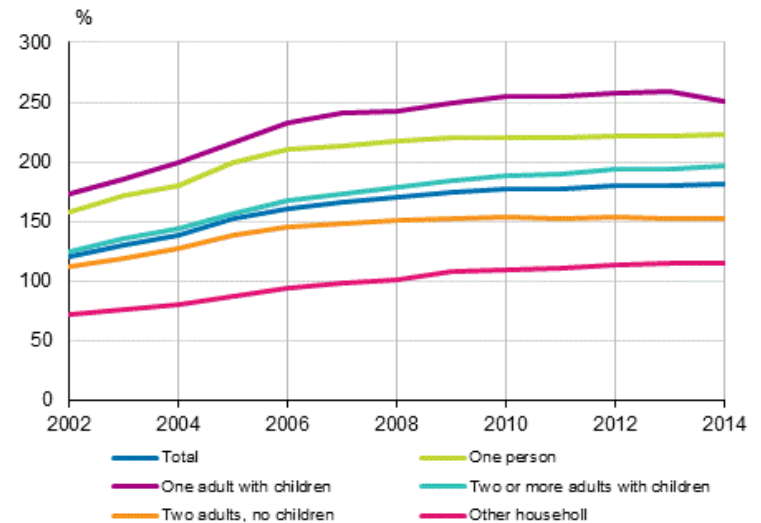
Development of prices of old dwellings in housing companies quarterly, index 2010=100



*Preliminary data for the year 2016

Source: Statistics Finland

Share of housing loans in the income of household-dwelling units with housing loans in 2002 to 2014



PRESENTATION OUTLINE

1	Overview – Aktia Group
2	Financial key figures – Aktia Bank plc
3	Credit ratings
4	The Finnish economy
5	Summary and Contacts

SUMMARY – AKTIA BANK PLC

Retail bank with focus on growth areas in Finland

Provides services mainly to private customers, small-sized companies and institutional investors

Business strongly supported by own branch network

Households accounts for 84 % of the loan portfolio and 73 % of the deposit stock

Prudent lending policy and low loan losses

Write-downs EUR 2.2 million (0.04 %) in 1-12/2016, non performing loans 0.79 %

Solid profitability over time

Return on Equity (ROE) 8.0 % in 1-12/2016

Strong Capital Ratio

Tier 1 Capital Ratio 19.5 %

Credit ratings

Moody's A3 / P-2, positive
S&P: A- / A-2, stable

Covered Bonds: Aaa

Aktia

CONTACTS AND ADDITIONAL INFORMATION



Timo Ruotsalainen
Head of Treasury
Managing Director, Aktia REMB
Tel. +358 10 247 7211
timo.ruotsalainen@aktia.fi



Anna Gabrán
Investor Relations
Tel. +358 10 247 6501
anna.gabran@aktia.fi

Debt investor information:

<http://www.aktia.com/en/velkasijoittajat> (website)

<http://www.aktia.com/en/julkaisut> (interim reports and presentations)

APPENDIX 1, GEOPOLITICAL DISTRIBUTION OF INVESTMENTS DUE TO INSTRUMENT TYPE, AKTIA BANKING OPERATIONS

Aktia Banking operations (EURm)	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institutions exkl.		Corporate bonds		Equity Instruments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Finland</i>	185	182	45	149	85	84	-	-	-	-	316	415
<i>United Kingdom</i>	-	-	173	298	18	19	-	-	-	-	191	317
<i>Norway</i>	-	-	217	283	-	-	-	-	-	-	217	283
<i>Netherlands</i>	25	25	164	189	60	85	-	-	-	-	249	299
<i>France</i>	66	65	108	142	32	47	-	-	-	-	206	255
<i>Sweden</i>	-	-	61	75	88	120	-	-	-	-	149	194
<i>Denmark</i>	-	-	84	84	-	-	-	-	-	-	84	84
<i>Austria</i>	49	26	-	54	-	-	-	-	-	-	49	80
<i>Germany</i>	26	48	-	9	-	-	-	-	-	-	26	58
Supranationals	214	228	-	-	-	-	-	-	-	-	214	228
Others	54	54	40	28	-	-	-	-	-	-	94	82
Total	619	629	892	1311	284	355	-	-	-	-	1794	2295

APPENDIX 2, GEOPOLITICAL DISTRIBUTION OF INVESTMENTS DUE TO INSTRUMENT TYPE, AKTIA LIFE INSURANCE

Aktia Life Insurance (EURm)	Government and Govt.		Covered Bonds (CB)		Financial institutions		Corporate bonds		Real estate		Alternative investments		Equity Instruments		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<i>Finland</i>	31	34	6	6	38	56	65	61	84	82	2	3	-	-	227	242
<i>France</i>	39	38	83	86	1	1	10	10	-	-	-	-	-	-	133	135
<i>Netherlands</i>	10	10	30	31	13	13	2	2	-	-	-	-	-	-	55	56
<i>United Kingdom</i>	-	-	35	36	3	3	1	1	-	-	0	0	-	-	40	40
<i>Austria</i>	23	22	6	6	-	-	-	-	-	-	-	-	-	-	30	29
<i>Denmark</i>	-	-	19	19	1	-	-	2	-	-	-	-	-	-	20	22
<i>Germany</i>	16	17	-	-	-	-	-	4	-	-	-	-	-	-	16	21
<i>Sweden</i>	-	-	-	-	13	9	2	-	-	-	0	0	-	-	15	9
<i>Norway</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i>Supranationals</i>	6	6	-	-	-	-	-	-	-	-	-	-	-	-	6	6
<i>Others</i>	21	21	-	2	5	5	33	21	-	-	-	0	-	-	59	50
Total	148	150	179	186	74	88	113	101	84	82	3	3	-	-	600	609

Aktia

We see a person in every customer.