



AKTIA BANK DEBT INVESTOR PRESENTATION 1-6/2017

Aktia

EXECUTIVE SUMMARY – AKTIA BANK PLC

Retail bank with focus on growth areas in Finland

Provides services mainly to private customers, companies and institutional investors

Business strongly supported by own branch network

Households accounts for 81 % of the loan portfolio and 72 % of the deposit stock

Prudent lending policy and low loan losses

Write-downs EUR 0.1 million (0.00 %) in 4-6/2017, non performing loans 0.65 %

Solid profitability over time

Return on Equity (ROE) 7.4 % in 4-6/2017

Strong Capital Ratio

Tier 1 Capital Ratio 18.0 %

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

AKTIA BANK PLC 1H 2017

Aktia Bank Plc

Operating income EUR 107.3 million
Operating profit EUR 30.8 million
Assets EUR 9,516 million

Banking Operating profit EUR 21.0 million
Market share in mortgages (households) 4.2 % and in
deposits 3.6 %

Asset Management & Life Insurance

Operating profit EUR 12.8 million
Market share in mutual funds 4.1 %
Market share in life insurances 2.3 %

Other services include

Non- life Insurance, Real Estate Services

Share Market cap EUR 700 million, ~40,000 shareholders
The majority of shares held by committed long-term owners

Sources: Bank of Finland and Federation of Finnish Financial Services

AKTIA'S OFFERING



- Service concepts for investments, saving, credits, payments and insurance
- Loan book housing loans EUR 4.4bn, corporate credits EUR 0.6bn
- Private Banking



- Comprehensive asset management services
 - Rewarded EM interest funds
 - Nordic Small Cap, Micro Cap and other mutual funds



- Life insurance and savings insurance
- Loan insurance for housing loans in co-operation with AXA, pension insurance with Veritas and non-life insurance with Folksam



- Real estate agency services in Aktia's area of operation
- More than 85% of the real estate agents are licensed real estate agents

350,000 private customers

30,000 corporate customers

42 branches

948 employees

TRANSFORMATION 2017

Q2

Q3

Q4

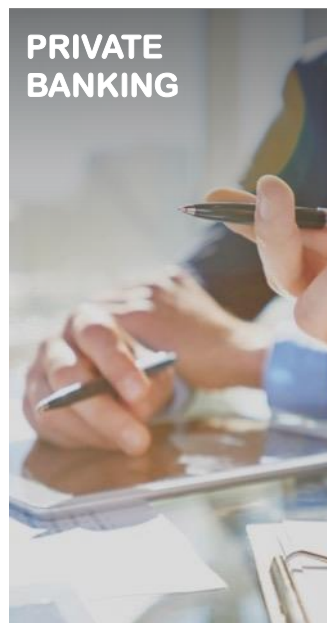
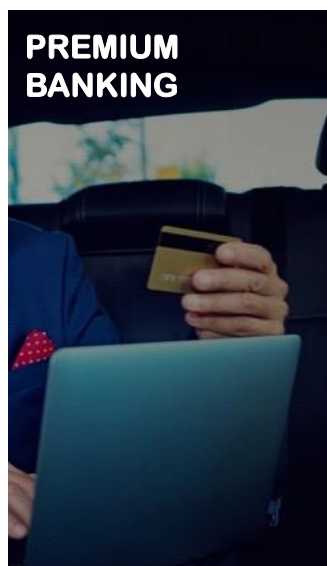
2018

STRATEGY 2018-2022

**RENEWAL OF
ORGANISATION**

MODERNISATION OF OPERATIONS

CUSTOMER SEGMENTS



AKTIA IS CHANGING

CUSTOMER FOCUS

**Corporate
culture and
values**

Strategic focus

**Inspired and
competent
organisation**

**New core
banking
system**

**Deepening of
analytics**

**Digital
services**

**Optimisation
of products
and services**

**Profitable
growth**

**Response
speed**

Cost efficiency

**Optimisation
of resources
and offices**

Use of Capital

PRESENTATION OUTLINE

1

Overview – Aktia Group

2

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3

Credit ratings

4

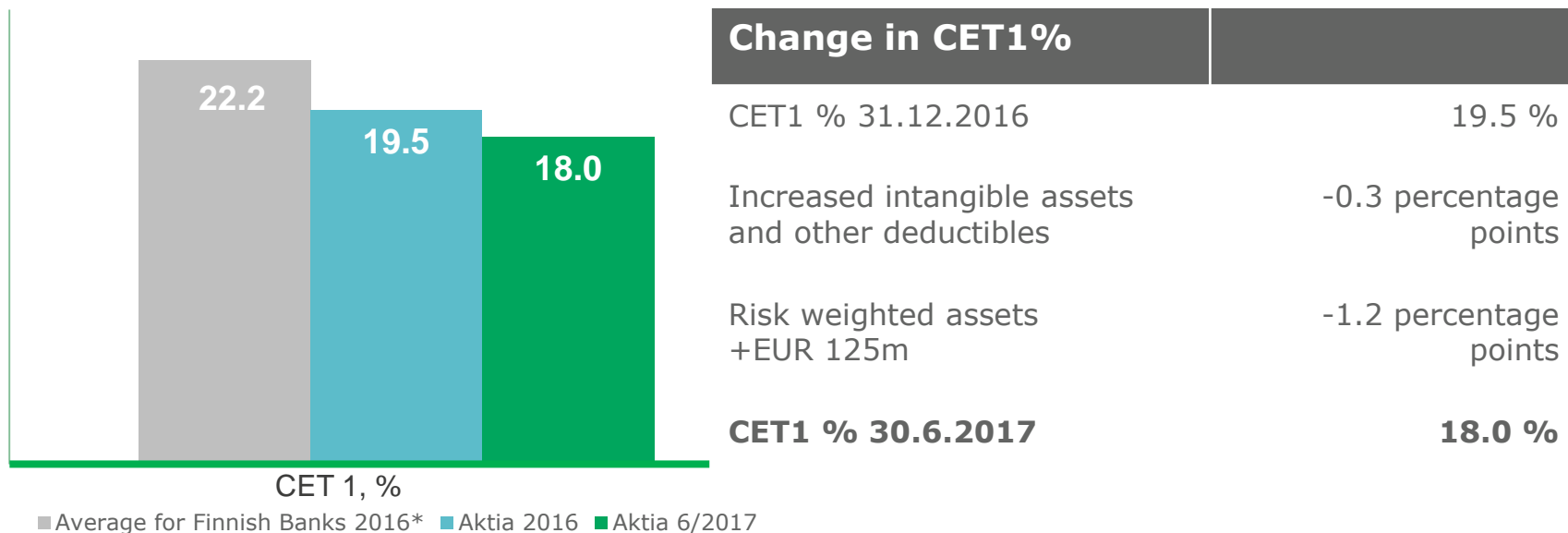
The Finnish economy

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 55 % (56 %) 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 13.1 % (STD 35 %)

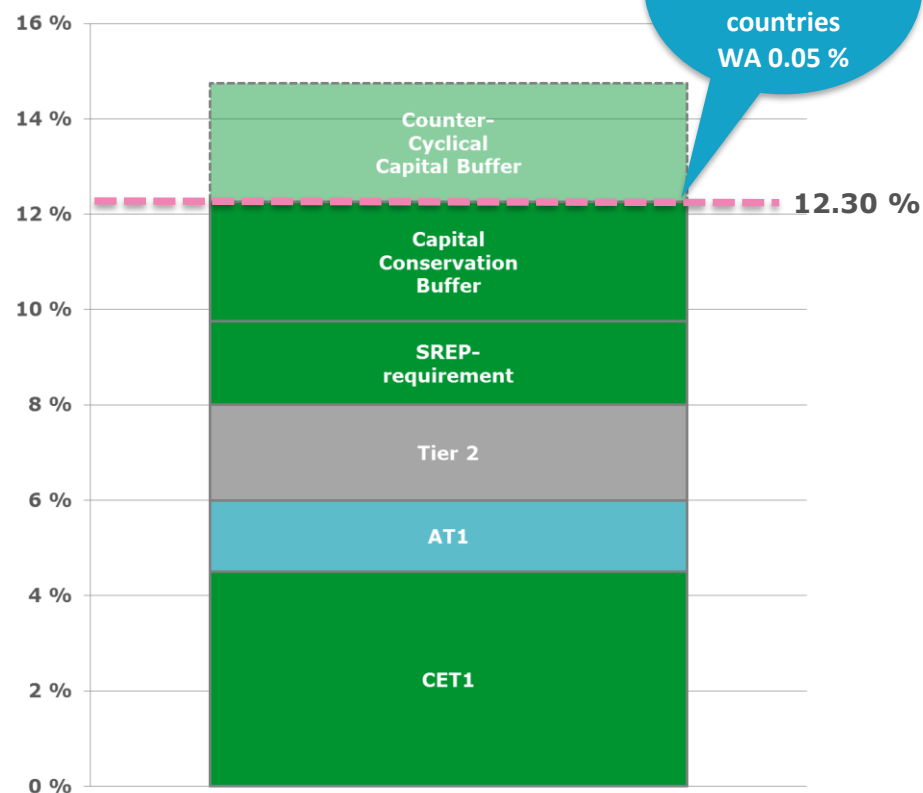


* Source: FSA 8.6.2017

Regulatory Capital

Aktia Bank Group (EUR million) 30.6.2017 31.12.2016 31.12.2015			
	IRB	IRB	IRB
CET1 - shareholders	473.7	480.0	486.3
CET1 - minority interests	0.0	0.0	0.0
CET1 before regulatory adjustments	473.7	480.0	486.3
Regulatory adjustments			
Intangible assets	-69.6	-60.6	-47.8
Investments in insurance entities	-7.2	-6.6	-4.4
Expected losses	-15.4	-20.3	-19.2
Other regulatory adjustments	0.9	-2.9	-1.6
Common Equity Tier 1	382.3	389.7	413.4
Additional Tier 1 capital	0.0	0.0	0.0
Tier 1 capital	382.3	389.7	413.4
Subordinated debt, sinker issued before 31.12.2011	0.0	0.0	5.8
Subordinated debt, bullet	133.6	136.1	122.6
Tier 2 capital	133.6	136.1	128.4
Total regulatory capital	515.8	525.8	541.7
RWA, credit risk	1,774.2	1,648.9	1,642.6
RWA, operational risk	348.7	348.7	356.1
Risk weighted assets total	2,122.9	1,997.7	1,998.8
CET1 ratio	18.0 %	19.5 %	20.7 %
Tier 1 ratio	18.0 %	19.5 %	20.7 %
Total capital ratio	24.3 %	26.3 %	27.1 %
Leverage Ratio	4.6 %	4.9 %	4.7 %

Minimum requirements



RESULTS 1-6/2017

EUR million	1-6/2017	1-6/2016	change %	total 2016
Net Interest Income	46.2	48.7	-5%	95.6
Net Commission Income	45.7	39.6	16%	79.7
Total Operating Income	107.3	109.8	-2%	211.4
Total Operating Expenses	-77.0	-73.3	5%	-148.4
Write-Downs	-0.1	-0.2	-45%	-2.2
Operating Profit	30.8	37.0	-17%	61.5
Profit for the period	24.7	29.9	-18%	49.3

KEY FIGURES

Banking Business, EUR million	1-6/2017	1-6/2016	2016	2015
Cost-to-Income Ratio	0.72	0.67	0.70	0.69
Return on Equity (ROE) %	8.2	9.8	8.0	7.9
Borrowing from the public	4,186	4,235	4,164	3,922
Lending to the public	5,746	5,987	5,717	5,856
Mortgage Loans	4,424	4,749	4,482	4,736
Capital Adequacy Ratio %	24.3	26.2	26.3	27.1
Tier 1 Capital Ratio %	18.0	19.7	19.5	20.7
Risk-Weighted Commitments	2,123	2,073	1,998	1,999

ASSETS AND LIABILITIES

Aktia Group

30.6.2017, EUR million

ASSETS

Loans to public	5,746	60%
Mortgage loans (households)	3,953	
Corporate loans	590	
Loans to Housing Companies	433	
Consumer loans (households)	382	
Other loans	387	
Treasury and money markets	338	4%
Current account at Bank of Finland	189	
Other	149	
Liquidity portfolio	1,964	21%
Level 1-eligible	648	
Covered Bonds	990	
Others	326	
Investment portfolio in Life Insurance	580	6%
Invest. for unit-linked provisions, Life Insuran	765	8%
Other assets	123	1%
Total assets	9,516	100%

LIABILITIES

Demand deposits	3,883	41%	RETAIL
Time deposits	303	3%	
Long-term issues to retail market	241	3%	
Senior debt	0		WHOLESALE MARKET
Subordinated debt	241		
Long-term funding	2,883	30%	
Covered bonds	1,648		
Senior debt	835		
Subordinated debt	0		
ECB	400		
Short-term funding	126	1%	
Repos + ECB	32		
CDs & wholesale MM deposits	0		
Received cash collateral	94		
Technical prov. for unit-linked insuranc	1,193	13%	
Other Liabilities	299	3%	
Equity	588	6%	
Total liabilities and equity	9,516	100%	

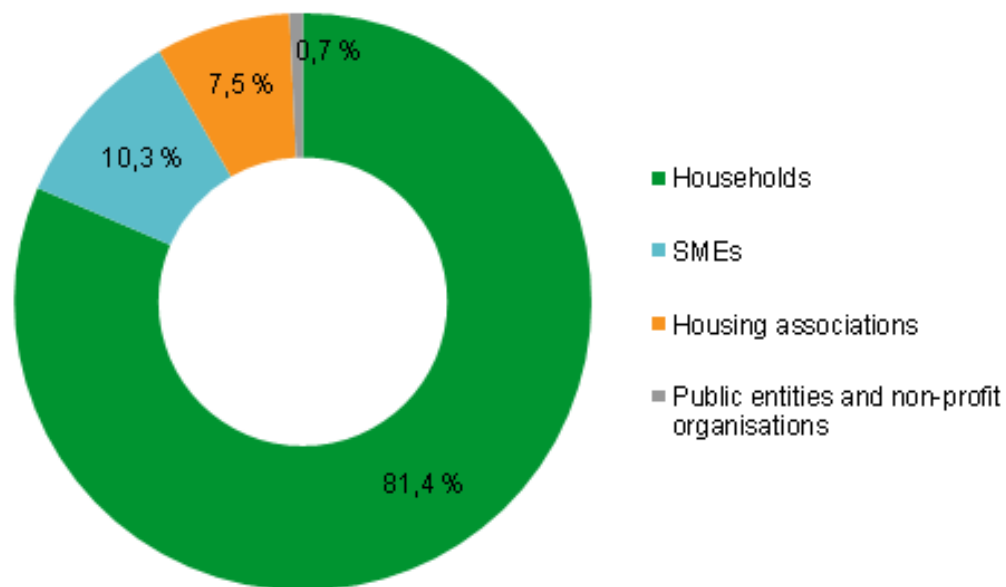
Aktia

STRUCTURE OF LENDING AND DEPOSITS

BUSINESS STRONGLY SUPPORTED BY HOUSEHOLDS THROUGH OWN RETAIL NETWORK

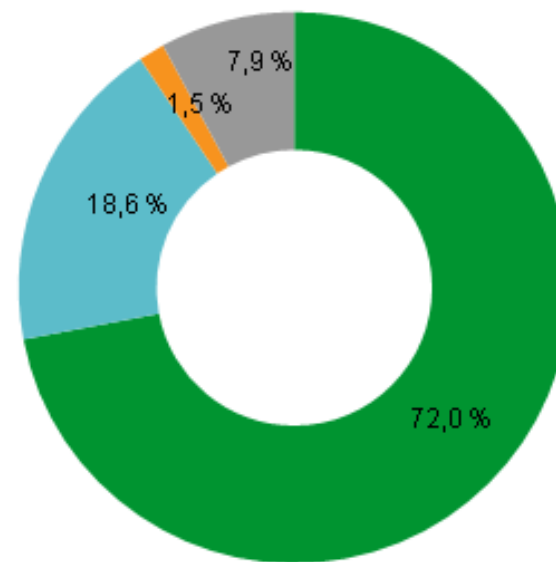
Lending

2Q 2017, EUR 5,746 million
(2016, EUR 5,717 million)



Deposits

2Q 2017, EUR 4,186 million
(2016, EUR 4,164 million)

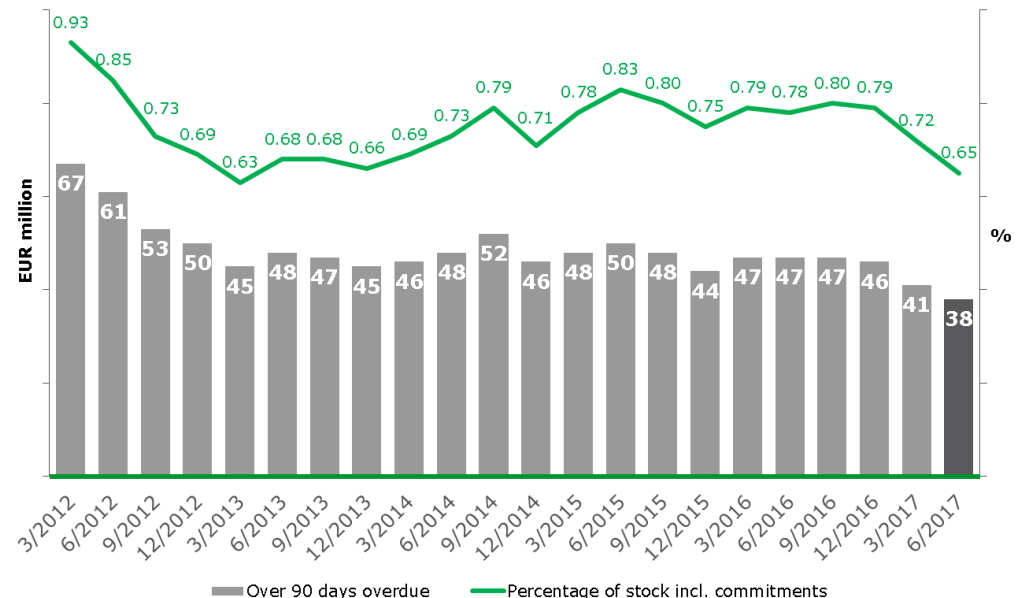


PRUDENT AND LOW RISK LENDING POLICY

Aktia Bank operates under strict origination criteria:

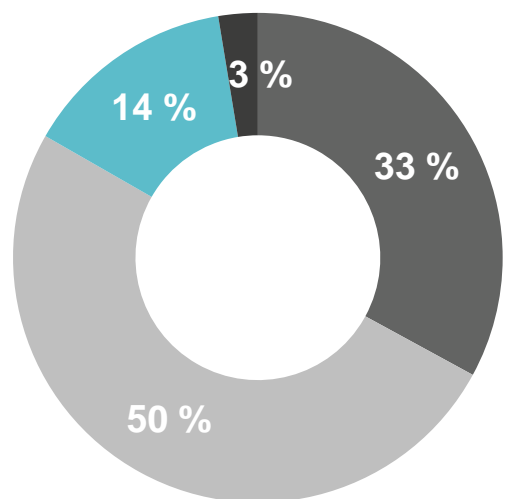
- Identification of the customer mandatory
- Responsible lending: customer ability to pay stress tested
- Credit personnel internally educated and examined
- Rating based credit risk valuation
- Collateral only in Finland

Non-performing loans more than 90 days overdue



HIGH QUALITY LIQUIDITY PORTFOLIO

- At the end of June the Bank Group's liquidity buffer was approximately equivalent to the estimated outgoing cash flow of finance from the wholesale market for 36 months
- Aktia meets LCR demands (30.6.2017; 168 %)



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

	30.6.2017	31.12.2016
(EUR million)	1,967	1,794
Aaa	52.9 %	53.3 %
Aa1–Aa3	24.6 %	29.6 %
A1–A3	4.0 %	4.8 %
Baa1–Baa3	2.7 %	3.0 %
Finnish municip. (no rating)	13.5 %	9.3 %
No rating	2.3 %	0.0 %
Total	100.0 %	100.0 %

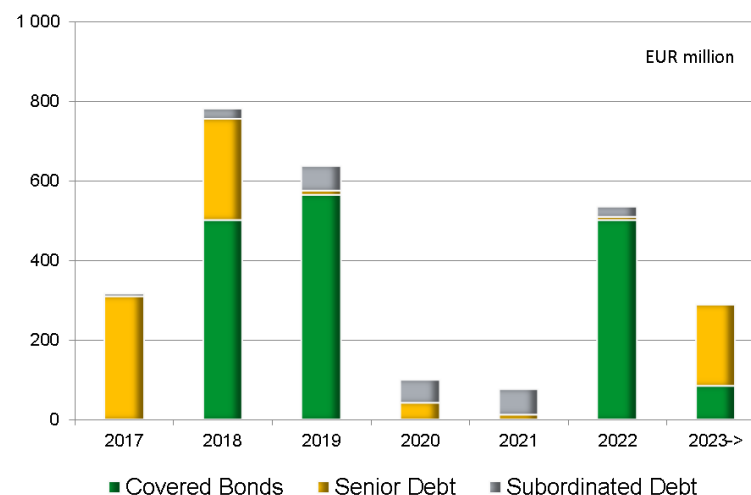
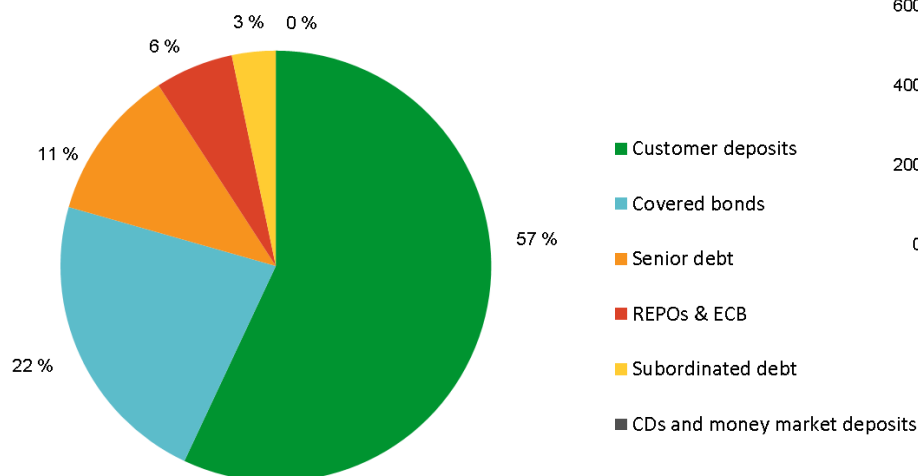
SOUND FUNDING PROFILE

DEPOSITS AND COVERED BONDS DOMINATE

Funding profile 2Q/2017

EUR 7,346 million

(2016; EUR 7,254 million)



Wholesale Funding, EUR million	Nominal Value
Covered bonds	1 565
EMTN Program	565
Domestic Program	241
Schuldschein	204
Other Funding *	553

* 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 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
- 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

COVER POOL 1 2Q 2017

Actively managed pool but in winding down mode

Asset Pool Total	EUR 0,248m (no substitute assets)
No of loans / average loan balance	2,937 / EUR 84,600
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	47.13%
WA indexed LTV	46.85%
Maximum LTV	LTV limit: 70%
Interest base	Floating 98%, fixed 2%
WA seasoning	53.2 months
% of largest 10 borrowers	2.87%
Overcollateralisation (%)	130.47% (Committed OC 12%)

COVER POOL 2 2Q 2017

Asset Pool Total	EUR 1,905m (no substitute assets)
No of loans / average loan balance	31,122 / 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	54.92%
WA indexed LTV	54.77%
Maximum LTV	LTV limit: 70%
Interest base	Floating 95%, fixed 5%
WA seasoning	44.0 months
% of largest 10 borrowers	0.40%
Overcollateralisation (%)	23.73% (Committed OC 10%)
Moody's Collateral Score	5,1%

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AKTIA BANK CREDIT RATINGS



Senior: A3 / P-2, positive outlook
Covered Bonds: Aaa
Confirmed: 9 Jan 2017



Senior: A- / A-2, stable outlook
Confirmed: 13 June 2017

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

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MACROECONOMIC ENVIRONMENT

OPEN ECONOMY WITH STABLE INSTITUTIONS

FINLAND



Population: 5.5 million

Area: 338 430 sq. km

GDP per capita EUR 38 959 (2016)

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



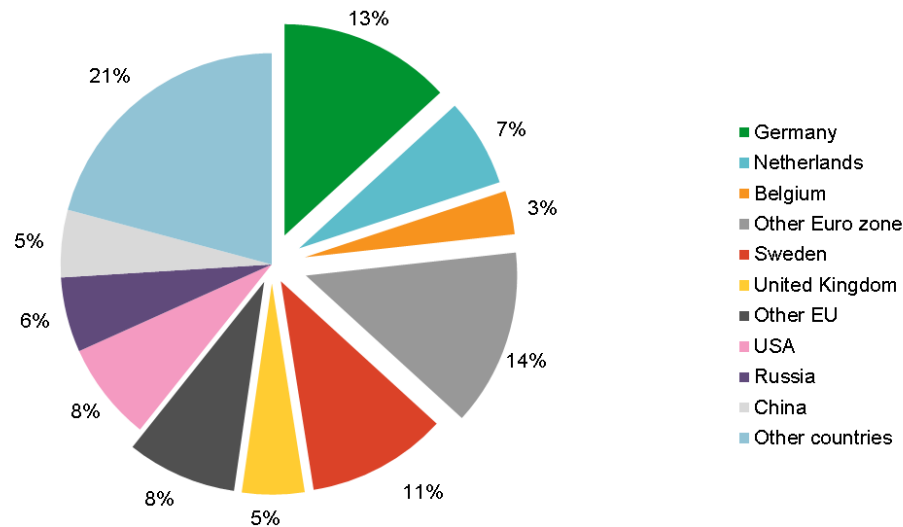
Finland: Supply and demand 2016

	€ billion	% of GDP
GDP	214.1	100.0
Imports	78.3	36.6
Exports	75.7	35.4
Private consumption	118.8	55.5
Public consumption	51.9	24.2
Fixed investment	42.8	20.0

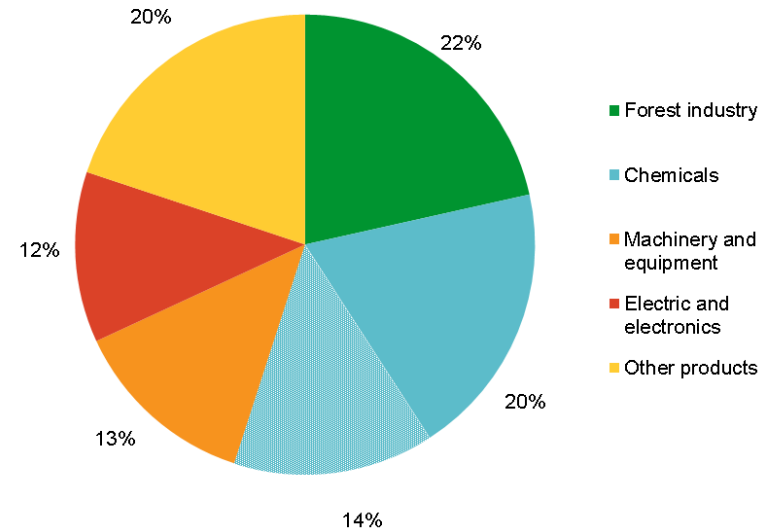
THE FINNISH ECONOMY

SUBSTANTIAL PART OF EXPORTS OUTSIDE THE EU

Exports by country (2016)



Exports by product group (2016)

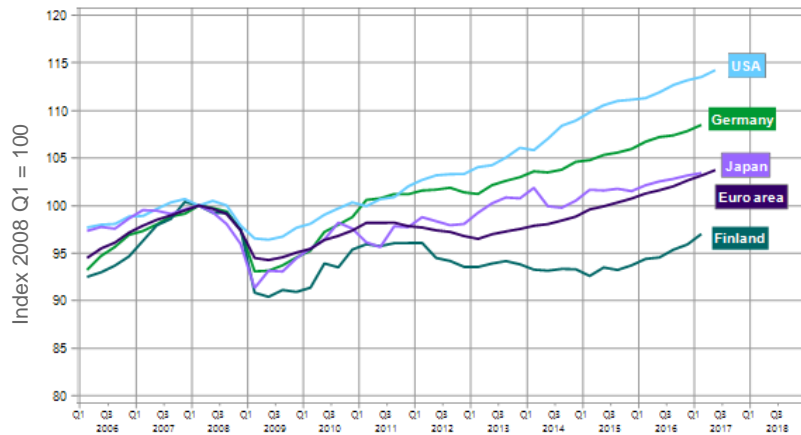


Source: National Board of Customs, Statistics Finland

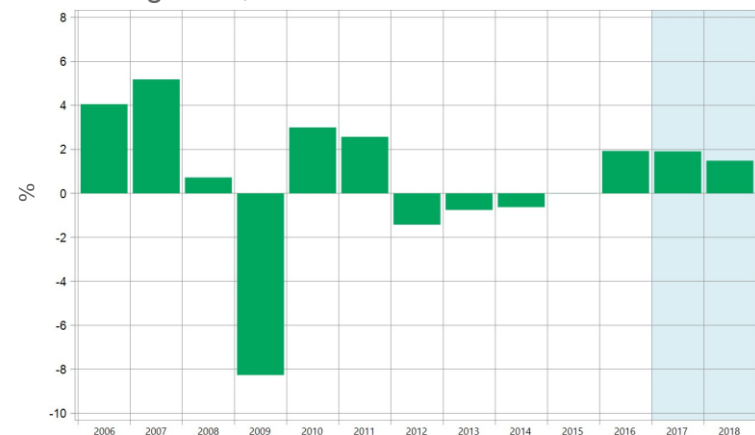
MACROECONOMIC ENVIRONMENT

GDP GROWTH STILL MODEST, TRADE GROWTH PICKING UP

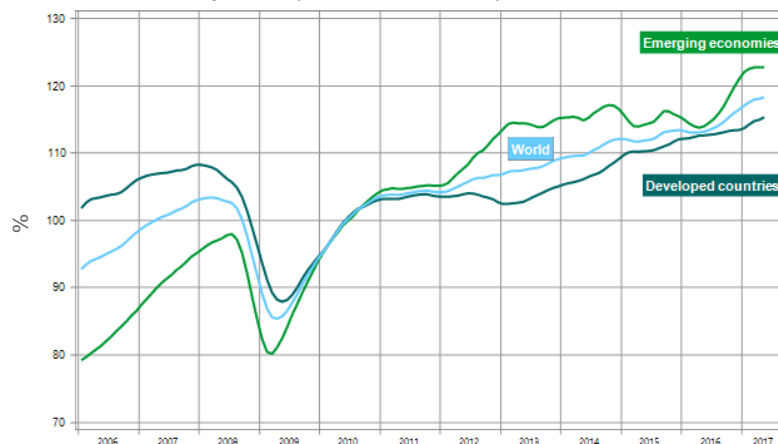
GDP, world



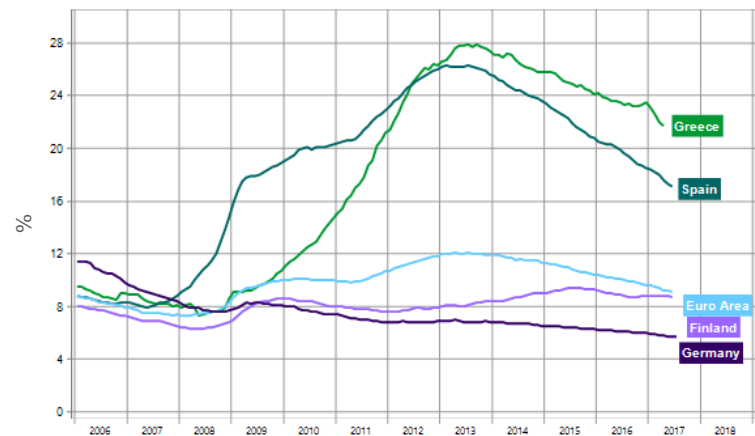
GDP growth, Finland



World imports (6 months, ma)



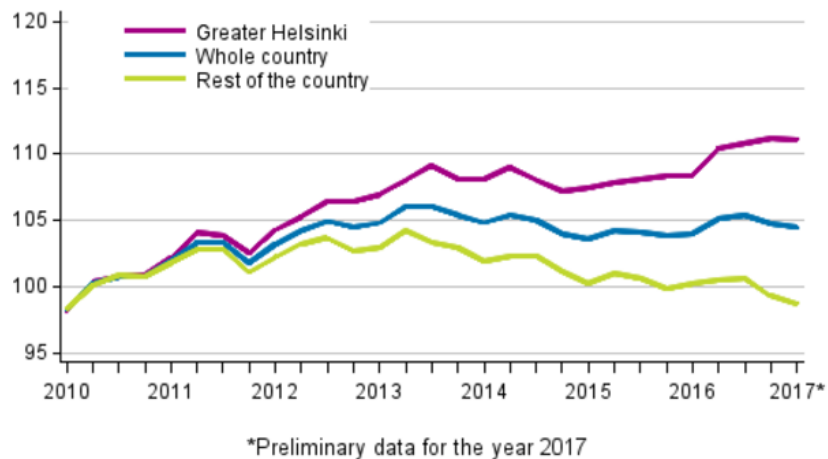
Unemployment rates, Europe



Aktia

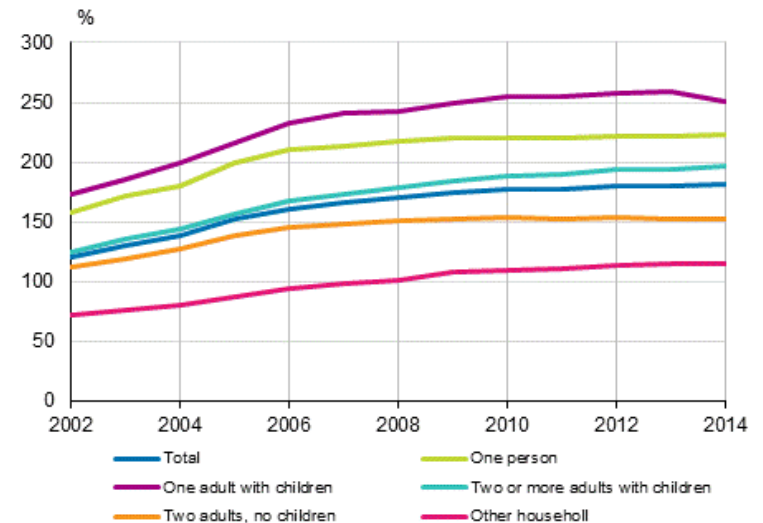
MACROECONOMIC ENVIRONMENT

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



Source: Statistics Finland

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



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5	Details of the transaction and Contacts

Details of Contemplated Senior Transaction

- Aktia is contemplating issuance of a short-dated senior unsecured floating rate note to refinance the maturing EUR 300 million bond in October
- The company is conducting investor meetings to present and discuss the potential transaction with fixed income investors
- The timing of the potential transaction will be thereafter, subject to market conditions
- **Crédit Agricole CIB, LBBW and Nordea Markets have been mandated as lead managers**

Issuer	Aktia Bank Plc
Type	Senior Unsecured, unsubordinated
Expected Issue ratings	A3 positive (Moody's) / A- stable (S&P)
Maturity	TBC
Size	EUR 300 million
Coupon	Floating
Documentation	The Issuer's EMTN and Covered Bond Programme dated 8 June 2017
Law	English Law
Listing	Luxembourg Stock Exchange
Denominations	EUR 100,000 + 1,000
Redemption	Bullet
Lead Managers	Crédit Agricole CIB, LBBW, Nordea

CONTACTS AND ADDITIONAL INFORMATION



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Debt investor information:

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

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

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

Aktia Banking operations (Eur million)	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institutions excl. CB		Corporate bonds		Equity Instruments		Total	
	6/2017	2016	6/2017	2016	6/2017	2016	6/2017	2016	6/2017	2016	6/2017	2016
<i>Finland</i>	273	185	34	45	101	85	52	0	0	0	459	316
<i>Norway</i>	0	0	252	217	0	0	0	0	0	0	252	217
<i>Sweden</i>	0	0	155	61	97	88	0	0	0	0	252	149
<i>France</i>	65	66	106	108	32	32	0	0	0	0	202	206
<i>United Kingdom</i>	0	0	117	173	0	18	0	0	0	0	117	191
<i>Netherlands</i>	0	25	68	164	49	60	0	0	0	0	117	249
<i>Canada</i>	0	0	88	24	0	0	0	0	0	0	88	24
<i>Denmark</i>	0	0	83	84	0	0	0	0	0	0	83	84
<i>Germany</i>	48	49	0	0	0	0	0	0	0	0	48	49
<i>Austria</i>	25	26	12	0	0	0	0	0	0	0	37	26
Supranationals	182	214	0	0	0	0	0	0	0	0	182	214
Others	54	54	75	16	0	0	0	0	0	0	129	71
Total	648	619	990	892	278	284	52	0	0	0	1,967	1,794

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

Aktia Life Insurance (Eur million)	Government and Govt. guaranteed		Covered Bonds (CB)		Financial institutions exkl. CB		Corporate bonds		Real estate		Alternative investments		Equity Instruments		Total	
	6/2017	2016	6/2017	2016	6/2017	2016	6/2017	2016	6/2017	2016	6/2017	2016	6/2017	2016	6/2017	2016
<i>Finland</i>	31	31	-	6	39	38	77	65	74	84	2	2	-	-	223	227
<i>France</i>	38	39	81	83	1	1	8	10	-	-	-	-	-	-	128	133
<i>Netherlands</i>	10	10	30	30	12	13	3	2	-	-	-	-	-	-	55	55
<i>United Kingdom</i>	-	-	34	35	-	3	1	1	-	-	0	0	-	-	36	40
<i>Austria</i>	23	23	6	6	-	-	0	-	-	-	-	-	-	-	28	30
<i>Denmark</i>	-	-	19	19	1	1	-	-	-	-	-	-	-	-	20	20
<i>Sweden</i>	-	-	6	-	7	13	2	2	-	-	0	0	-	-	15	15
<i>Germany</i>	10	16	-	-	-	-	-	-	-	-	-	-	-	-	10	16
Supranationals	6	6	-	-	-	-	-	-	-	-	-	-	-	-	6	6
Others	24	21	-	-	6	5	32	33	-	-	-	-	-	-	62	59
Total	143	148	175	179	67	74	122	113	74	84	2	3	-	-	584	600

Aktia

We see a person in every customer.