



Debt Investor Presentation

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Interim Report 3Q 2018

Aktia

Aktia Bank Plc

Executive Summary

Retail bank with focus on growth areas in Finland

Provides banking services to private customers, small and middle sized companies and institutional investors.

Business supported by own branch network and digital services

Households accounts for 79 % of the loan portfolio and 72 % of the deposit stock.

Prudent lending policy and low loan losses

Impairments EUR 0.8 (0.0) million in Q3 2018, non performing loans 0.67 % of the loan stock.

Solid profitability over time and strong Capital Ratio

Return on Equity (ROE) 11.2 % and Tier 1 Capital Ratio 16.6 % in 2018.

Credit ratings

Moody's:	A1 / P-1, stable	Covered Bonds: Aaa
S&P:	A- / A-2, stable	

Planned transactions

EUR Senior Preferred Private Placements with short and intermediate tenor

Aktia overview and recent result

- Implementation of the 2022 strategy continues.
- Asset Management: Expanding to the international market
- Very good financial performance in June – September 2018.

Background and strategy

Aktia is the oldest deposit bank in Finland.



1826 Helsinki Savings Bank started its business operations.

1991 Today's Aktia was born when Helsinki Savings Bank merged with seven other savings banks. More mergers followed until the new millennium.

2009 Aktia's shares were listed on Nasdaq OMX Helsinki.

October 2017 Aktia's introduced a new strategy:

- **Increase and safeguard the customers' wealth** in a sustainable and easy way.
- Give our customers the best possible customer experience in **asset management and financing** through **individual service and user-friendly digital platforms**.
- New customer segments: Personal & Corporate Banking and Wealth management.

Aktia in numbers

Aktia is a local Finnish bank serving private customers, small and middle sized corporates and institutional investors. Aktia's share (AKTIA) is listed on the list of Nasdaq Helsinki Ltd.

Aktia Bank, Jan-Sep 2018:

Operating income: EUR 162,4 million

Operating profit*: EUR 55,2 million

C/I: 0,64

ROE: 11,2%

CET1: 16,6%

AUM: EUR 10,881 million

Segment reporting Jan-Sep 2018

Personal and Corporate Banking

Private customers
Premium customers
Corporate customers

Operating income:

EUR 90,2 (85,9) million

Operating profit*:

EUR 23,3 (10,0) million

Market shares:

- Mortgages (households): 4.2%
- Deposits: 3.5%

Wealth Management

Private Banking customers
Asset Management customers
Life Insurance customers

Operating income:

EUR 47,6 (48,1) million

Operating profit*:

EUR 17,3 (17,2) million

Assets under management:

EUR 10,811 (9,680) million

Market share:

- Mutual funds: 4.2%

Group functions

Support and staff
functions incl. Treasury
and risk- and financial
control.

Operating income:

EUR 26,0 (24,1) million

Operating profit*:

EUR 12,0 (9,9) million

Financial targets for 2018-2022:

Comparable
operating profit
to **EUR 80 million**

Return on equity
to **9.7%**

Comparable
cost-to-income
ratio to **0.61**

Common Equity Tier 1
capital ratio, CET1
to **1.5-3 over regulatory
requirements**

350,000

private customers

30,000

corporate and
institutional customers

32

branches

40%

of Aktia customers have a
personal financial advisor

770

full-time employees
on 30.9.2018

*Comparable operating profit.

Aktia

January-September 2018:

Transformation proceeding well

New services and better economic governance and reporting with the new core banking system. New products, customer concepts and digitalisation initiatives are introduced.

- Combination of R and A shares.
- New segment reporting
- Share savings plan for employees
- Issue of 5 year EUR 500 million covered bond at good terms.
- Upgraded credit rating by Moody's.
- Decreased holdings in Aktias' Real Estate Agent business
- Insurance agency for Folksam Non-Life Insurance ended

Make use of digitalisation

- Automated balance certificates and robotised customer enquiries.
- Electronic signatures.
- Loan application through new channels.
- Automated authority queries and credit decisions.
- A new CRM implemented.
- Launches in the pipeline:
 - New digital marketing platform, Wealth Path (robotised advisory platform); Aktia's code app; Aktia's mutual funds and consumer credits through new web portals.

Core banking system in place and in use

Digital banking

- The new core banking system introduced in summer 2017
- The core banking system enables combined automated processes and robotics in our service solution eg. automated loan decisions.
- Versatile Mobile Bank allows eg. fund subscription.



emric
Part of Tieto Group



New Core Bank



Cloud as a platform



Data and analytics



Automation everywhere

Aktia

Aktia's customer groups according to new strategy



PRODUCT
CUSTOMERS



PREFERENCE
CUSTOMERS



PREMIUM
CUSTOMERS



PRIVATE BANK
CUSTOMERS



OWNER MANAGED
ENTERPRISES



INSTITUTIONS

70 %

of Finnish citizens
would prefer Financial
Advisory

40%

of Aktia's customers
have a personal
financial advisor – the
highest proportion in
Finland

Service offering:
**Digital Services
and Sales**

Service offering:
**Personal Advisory
Digital Services
Call Center personal services**

Aktia

Award winning wealth management: Growing Asset Management

INSTITUTIONAL
CLIENTS AUM

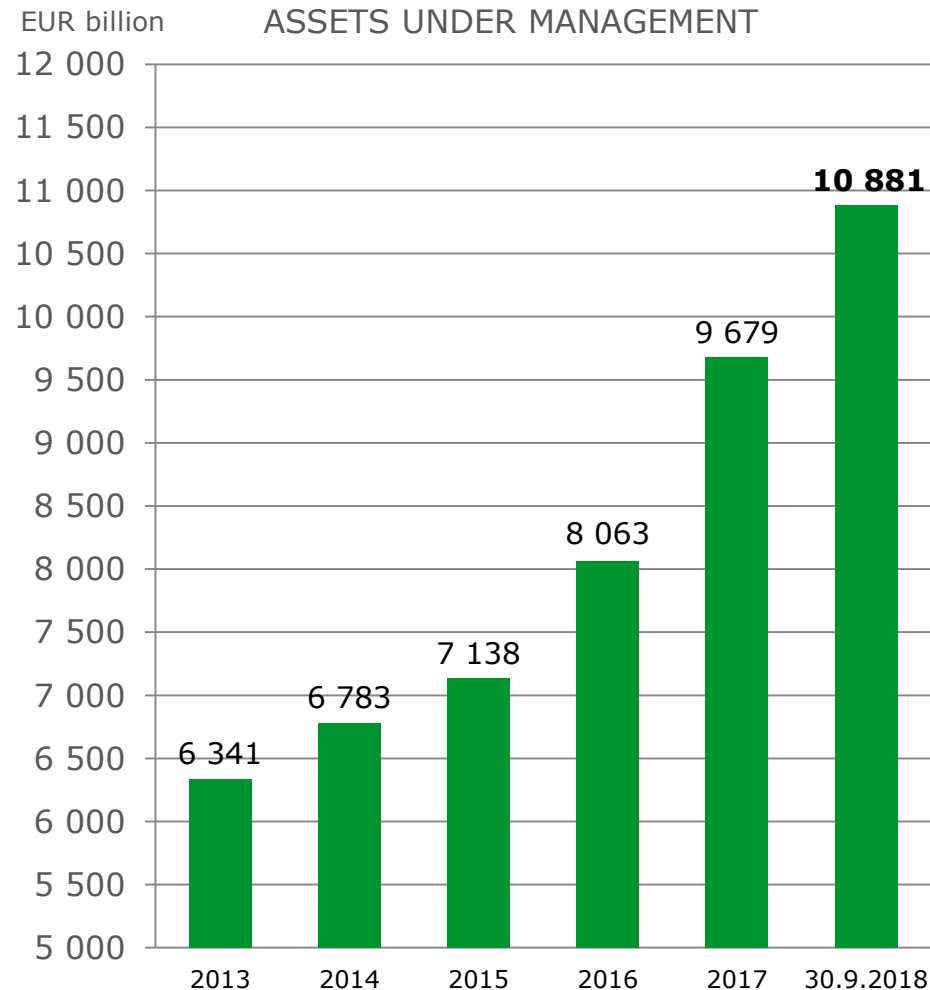
5.9

EUR billion

EMERGING
MARKETS SHARE

2.6

EUR billion



- **EMD funds:** The institutional customer base becoming increasingly international.
- **Equity funds:** New products and broader institutional customer base
- New **alternative investment** products
- **First real estate fund** launched

All figures per 30.9.2018 unless otherwise indicated.

Aktia

Aktia – the debt investment case

Moody's

Senior loan: A1 / P-1, stable outlook

Covered bonds: Aaa

Standard & Poor's

Senior loan: A- / A-2, stable outlook

Complete rating reports on www.aktia.com/en/velkasijoittajat/luottoluokitus

Aktia

Capital adequacy and Capital requirements:

CET1 on a solid level

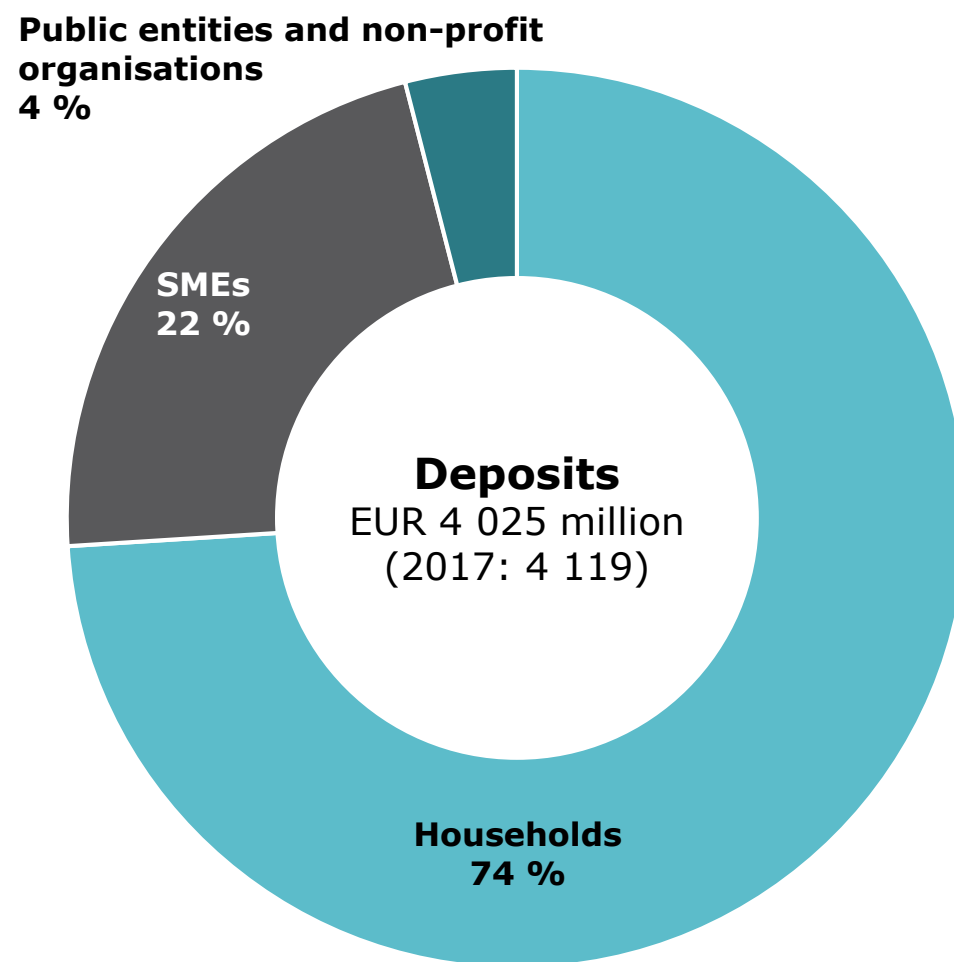
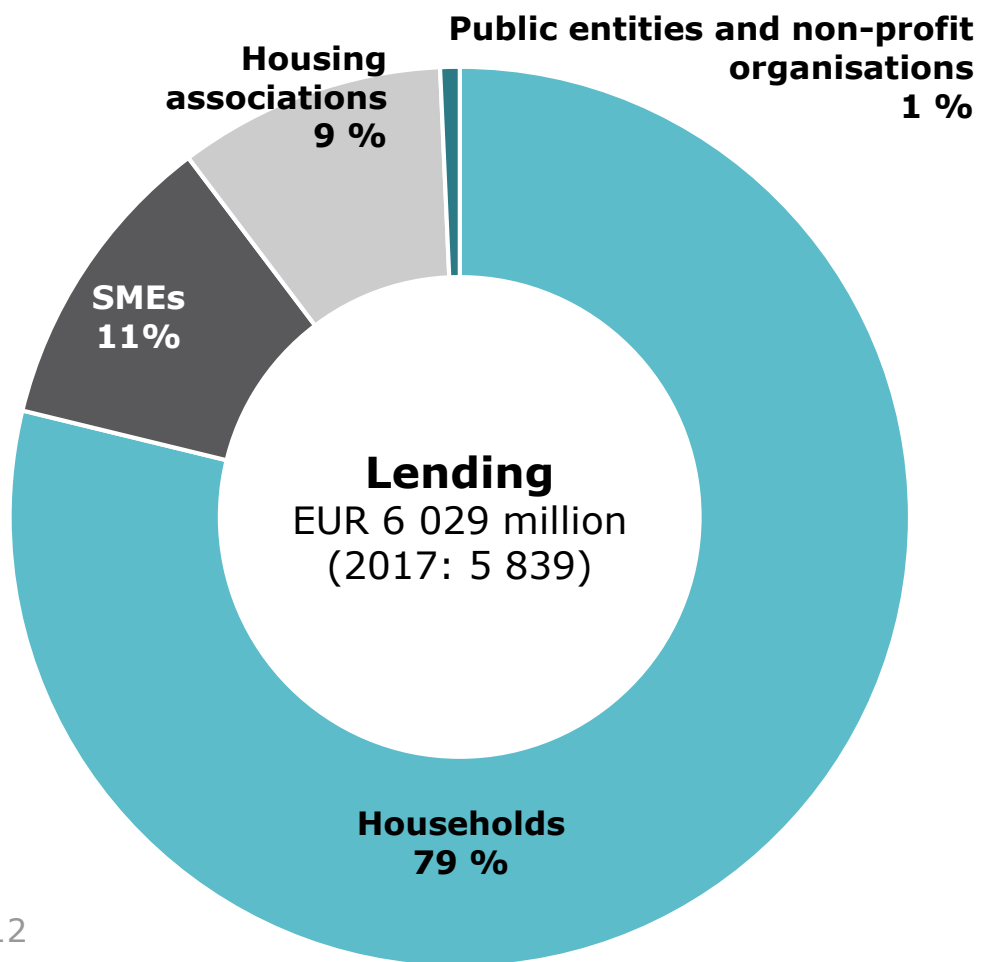
- Aktia's Common Equity Tier 1 (CET1) Capital is at a good level at **16.6 %** (18.0 % on 31 December 2017)
- Target over time is to exceed the regulative requirement with 150-300 basis points
- Aktia Bank Group's leverage ratio was 4.6 (4.5)%
 - Tier 1 capital 376 million
 - Total exposures 8132 million
- The Finnish Financial Stability Authority has set the MREL requirement for Aktia Bank at twice the minimum capital requirement, at least 8% of the balance sheet total.
 - RWA based 556,5 million
 - Balance Sheet based 646,7 million
 - Own funds and eligible liabilities totalled 1 149.3 million

Capital Requirement

CET1 %	8.0%
Pillar 1 min req	4.5%
Pillar 2 req	1.75%
Capital Conservation buffer	2.5%
Counter Cyclical buffer	0.05%
Total CET1 % req	8.8%
AT1 Capital	1.5%
Tier 2 Capital	2.0%
Total Capital Requirement	12.30%

Structure of lending and deposits:

Finnish households a key business driver



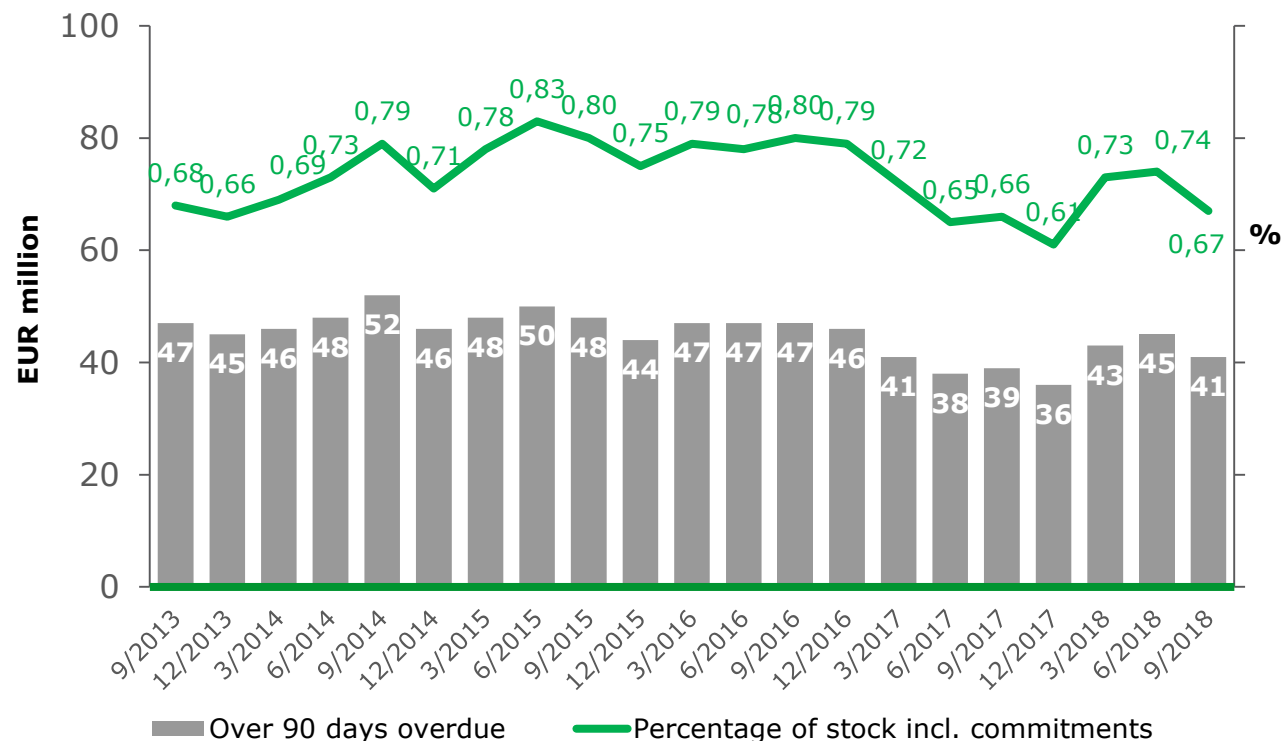
Stable long-term trend in non-performing loans:

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 and behavior based credit risk valuation
- Collateral only in Finland

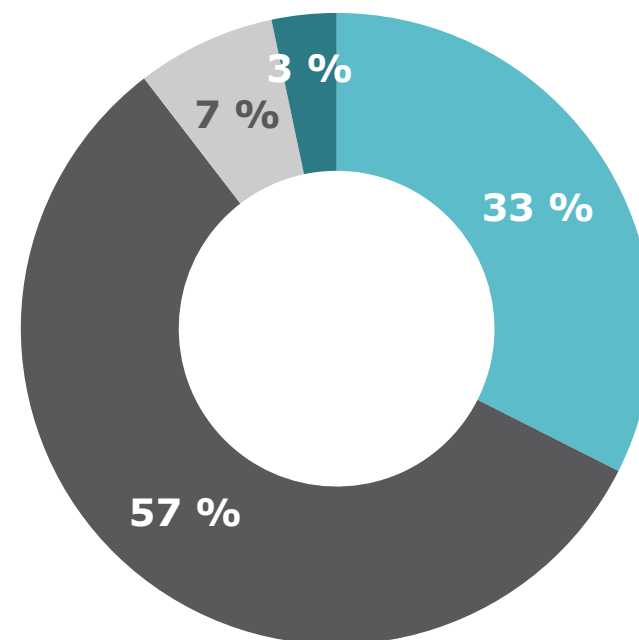
Non-performing loans more than 90 days overdue



High-quality liquidity portfolio

At the end of September 2018 the Bank Group's liquidity buffer was approximately equivalent to the estimated outgoing cash flow of finance from the wholesale market for 25 months. The Liquidity Coverage ratio (LCR) was 118%.

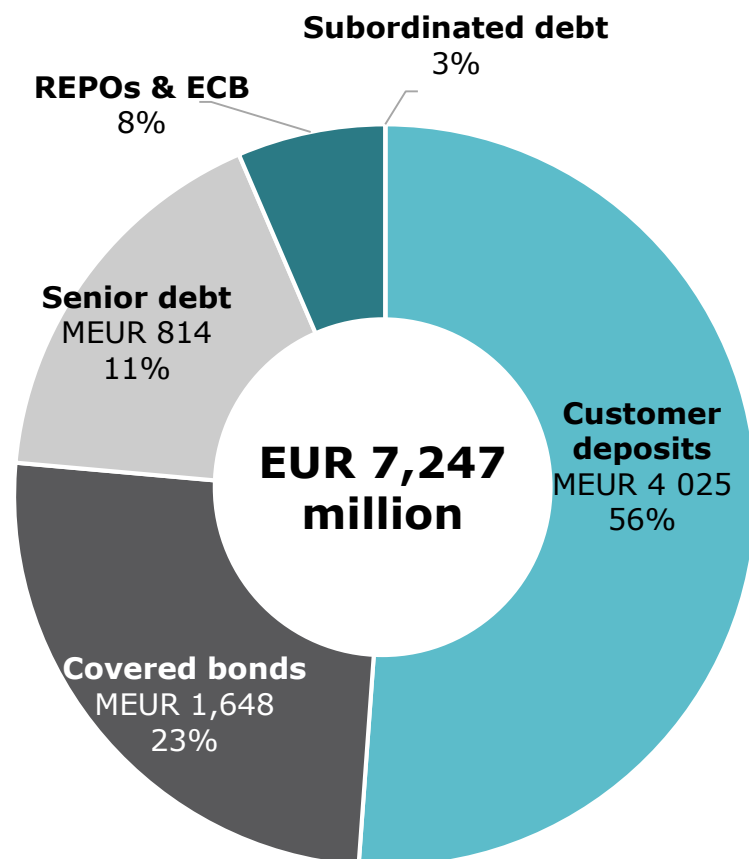
	30.9.2018	31.3.2017
EUR million	1 561	1 816
AAA	55.2 %	53.1 %
Aa1–Aa3	24.3 %	27.4 %
A1–A3	3.2 %	5.0 %
Baa1–Baa3	2.2 %	2.3 %
Ba1–Ba3	0.3 %	0.0 %
Finnish municip. (no rating)	12.6 %	11.6 %
No rating	2.2 %	0.6 %
Total	100.0 %	100.0 %



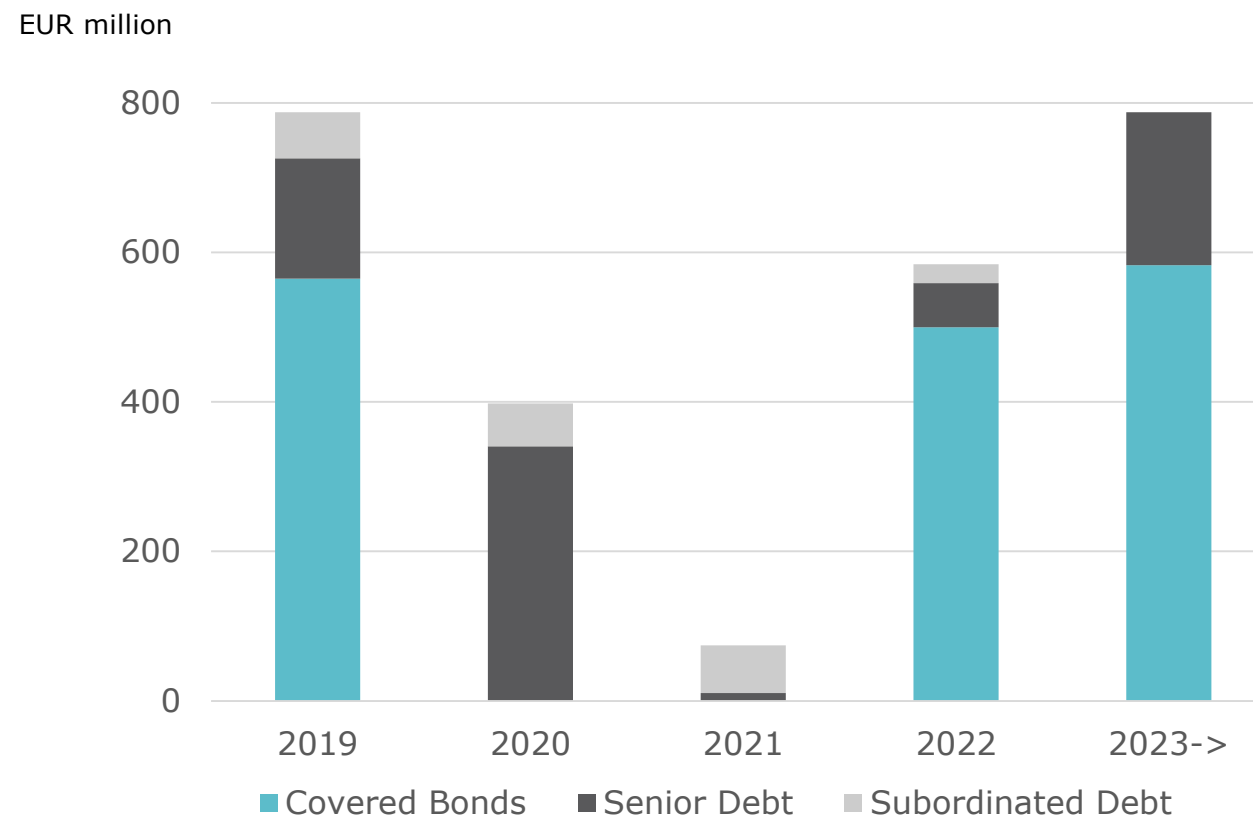
- Government and gov guaranteed bonds
- Covered bonds
- Financial sector excl. CB
- Corporate bonds and CP

Sound funding profile

Customers deposits and covered bonds dominate



Debt maturity profile



Aktia Bank as covered bond issuer

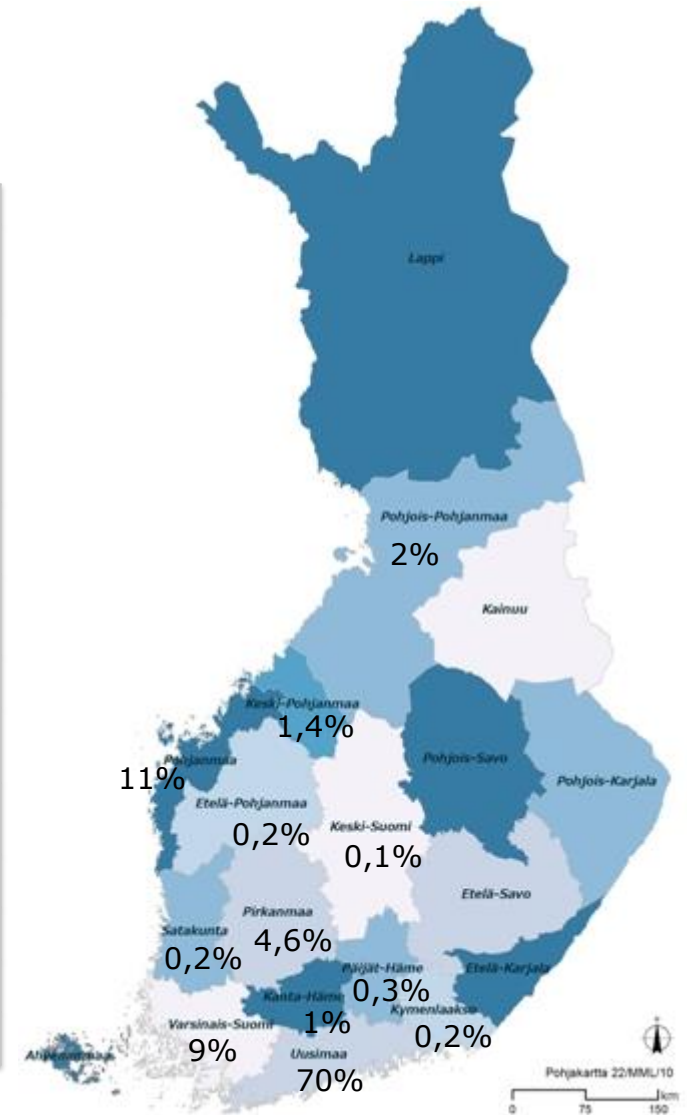
- The Aktia Bank mortgage loan portfolio is of very high quality:
 - ✓ Only prime residential mortgage loans
 - ✓ Collateral located in Finland
 - ✓ Low average LTV
- Aktia Bank covered bonds are CRR & UCITS, ECB repo and CBPP eligible
- Bank aims to comply with the ECBC covered bond label transparency initiative
- Stable access to the covered bond market is in high priority
- Aktia Bank will focus on EUR 500m public benchmark Covered Bond issues with selective private placement offerings

Aktia Bank operates under the 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.

Cover pools

September 2018

	Cover Pool 2	Cover Pool 1
Total asset pool	EUR 2,183 million	EUR 202 million
No substitute assets		
No of loans / average loan balance	36,429 / EUR 59,925	2,630 / EUR 76,737
Types of loans	First ranking residential mortgages and pledges of shares in housing companies	First ranking residential mortgages and pledges of shares in housing companies
Geography	Finland, well diversified with concentration on growth areas	Finland, well diversified with concentration on growth areas
Non-performing loans > 90 days in arrears	0,0	0,0
WA indexed LTV	47,41 %	38,17 %
Maximum LTV	LTV limit: 70%	LTV limit: 70%
Interest base	floating 97 %, fixed 3 %	floating 98 %, fixed 2 %
WA seasoning	60.6 months	75 months
% of top-10 borrowers	0,31 %	3,23 %
Overcollateralisation (%)	41,75% (committed 10%)	87,30% (committed 12%)
Moody's Collateral Score	5,00 %	5,00 %



The Finnish Economy

Strong but very export driven Economy

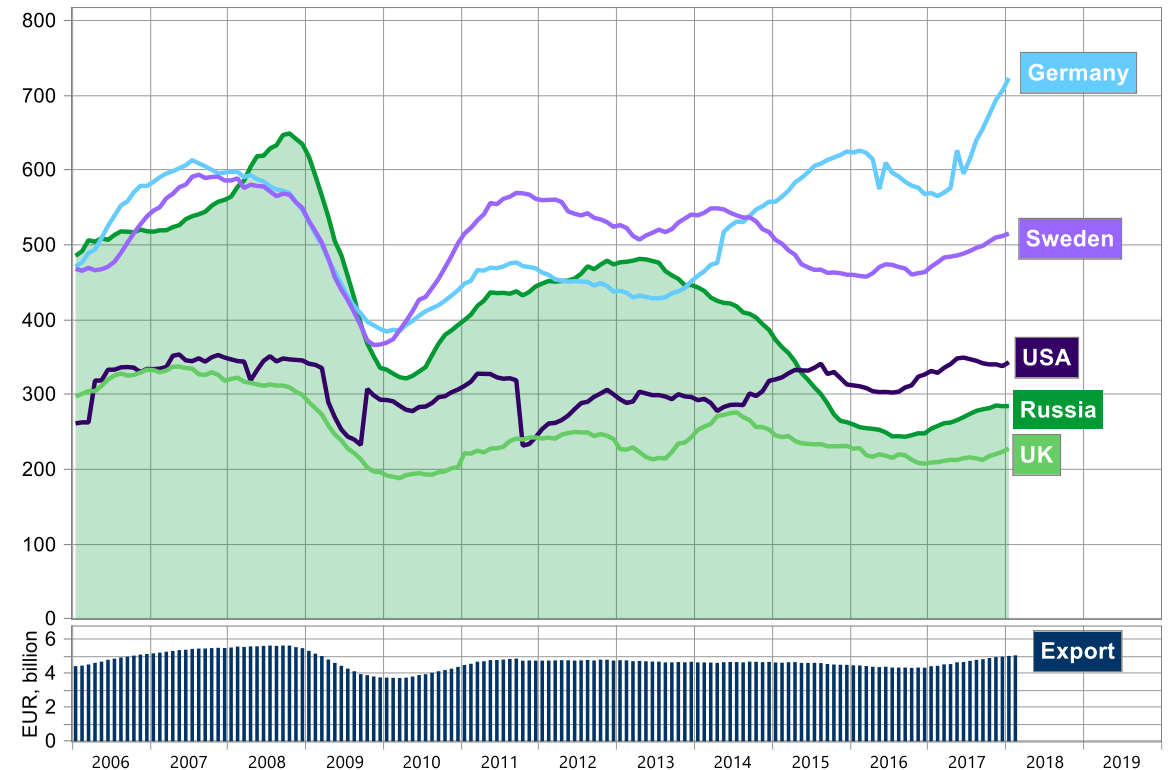
The Finnish Economy

Export driven growth

Key facts about Finland

- Member of EU and Euro area
- Population: 5.5 million
- Area: 338 430 sq. km
- GDP per capita EUR 38 959 (2016)
- Credit ratings:
Aa1 (stable) / AA+ (stable) / AA+ (stable)

Finland: Export value, mil. euro

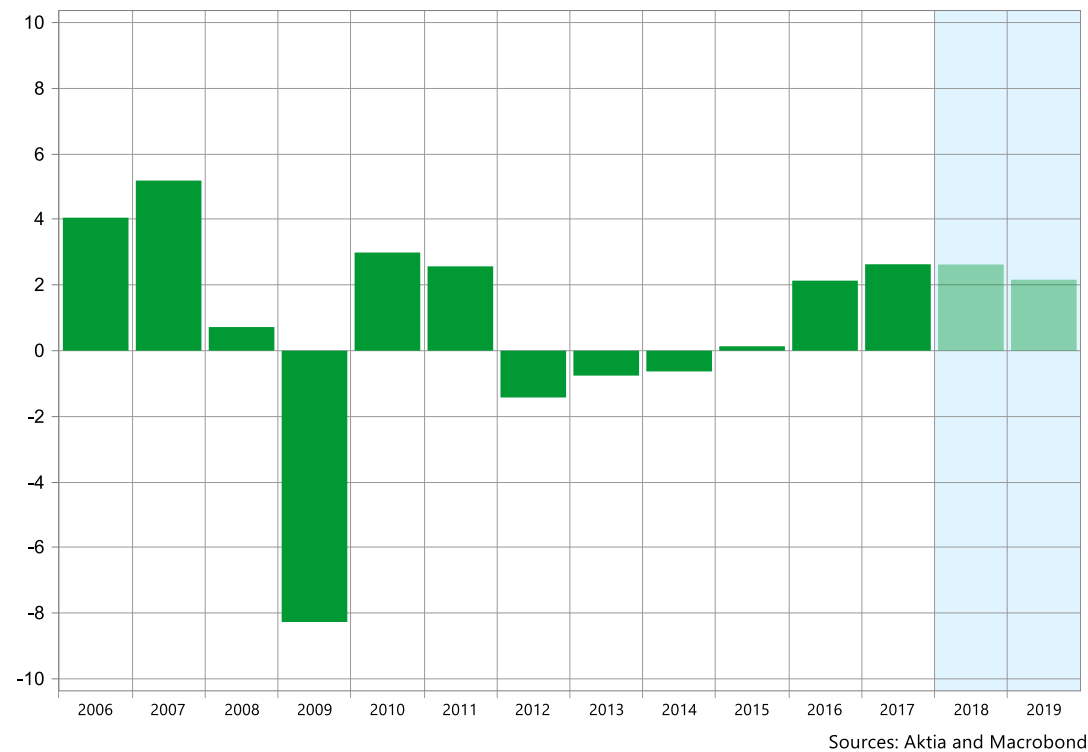


Sources: Aktia and Macrobond

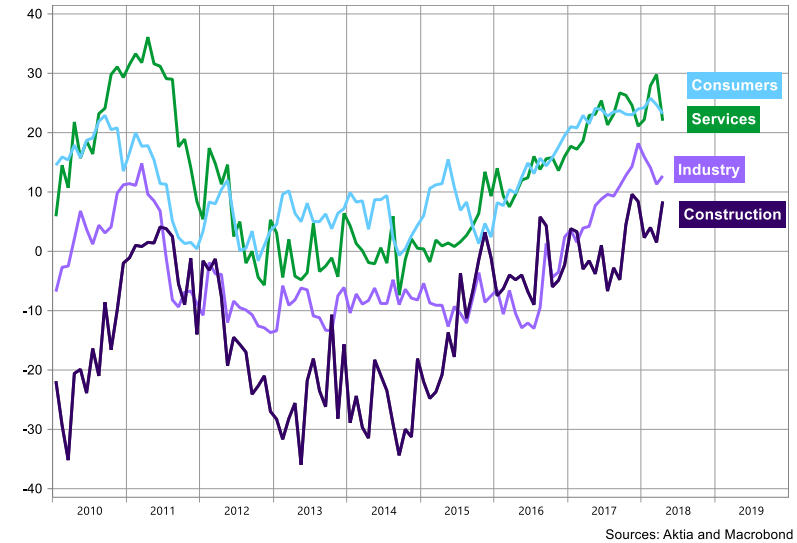
The Finnish Economy

Growth continues

GDP growth, %

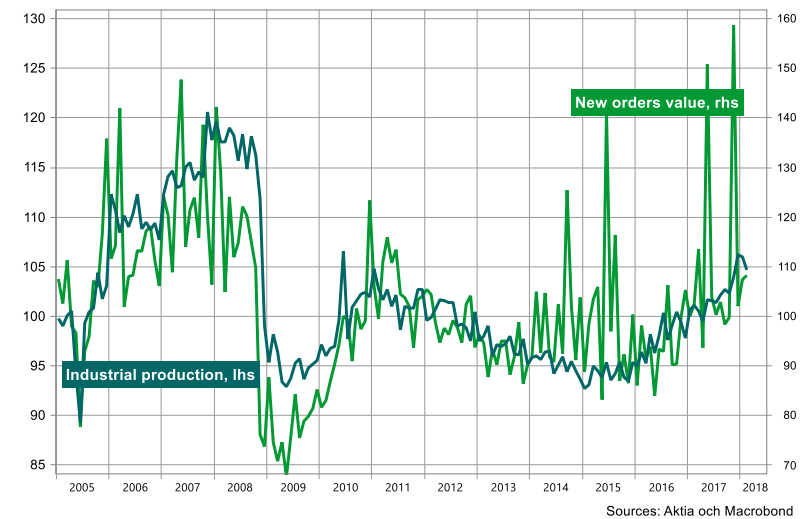


Confidence



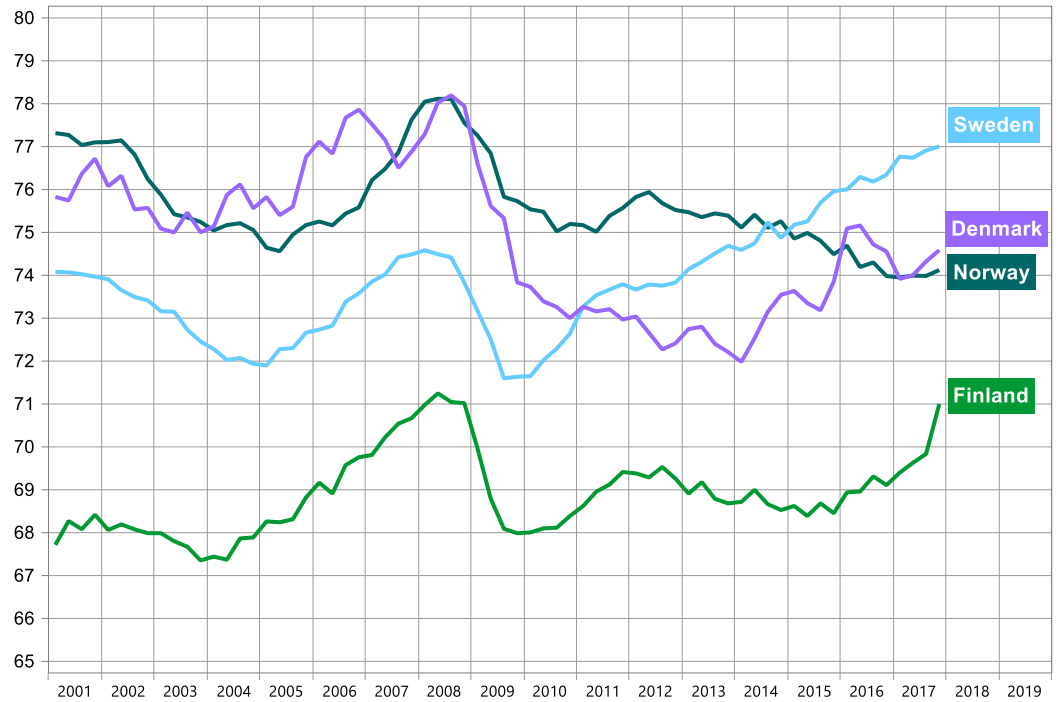
Industrial production and new orders

Seasonally adjusted indices, 2010=100



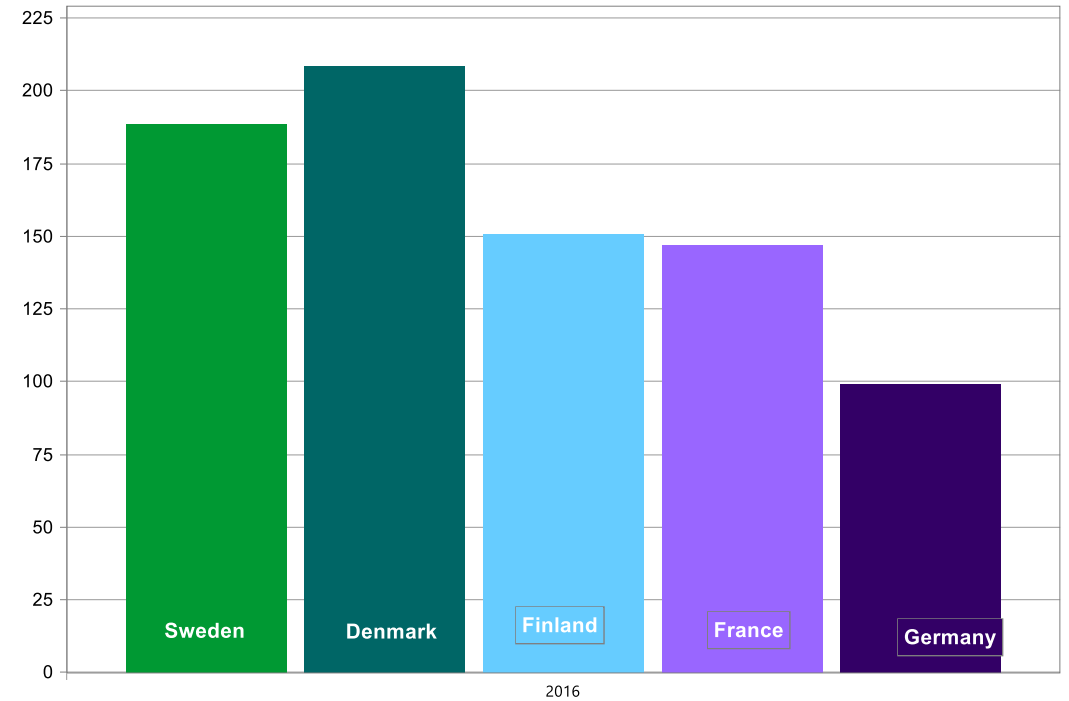
The Finnish Economy

Employment rate, 15-64 year olds



Sources: Aktia and Macrobond

Private debt, % of GDP



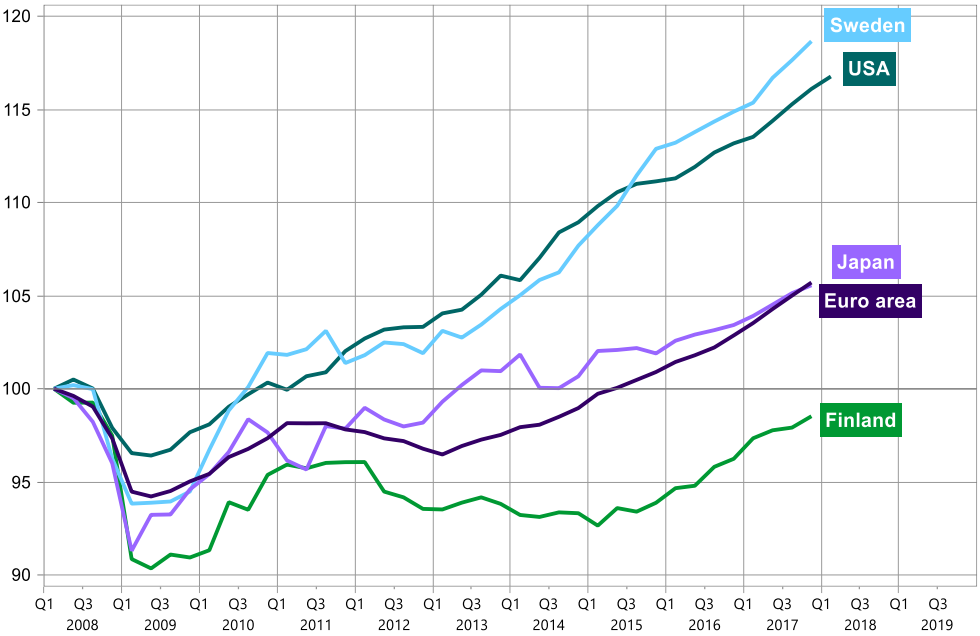
Sources: Aktia and Macrobond

Macroeconomic environment

All is well, for now.

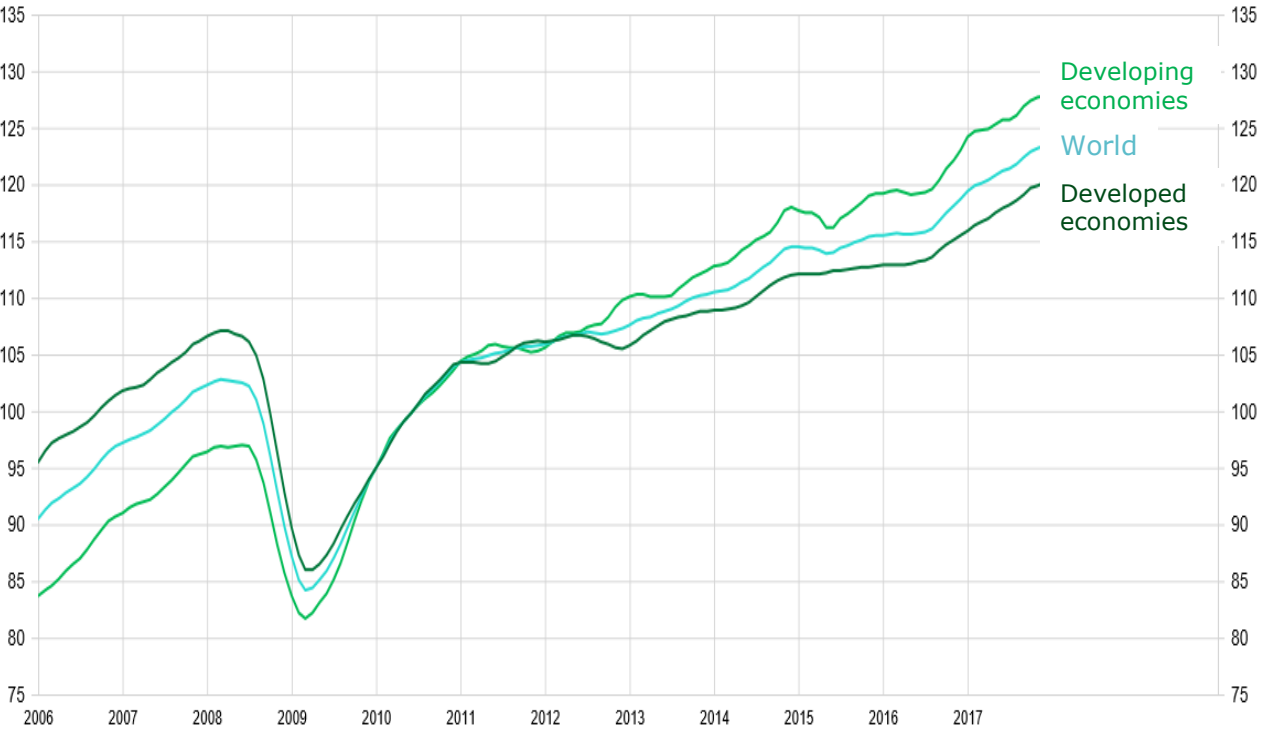
GDP in some countries

Index, Q12008=100



Sources: Aktia and Macrobond

World exports



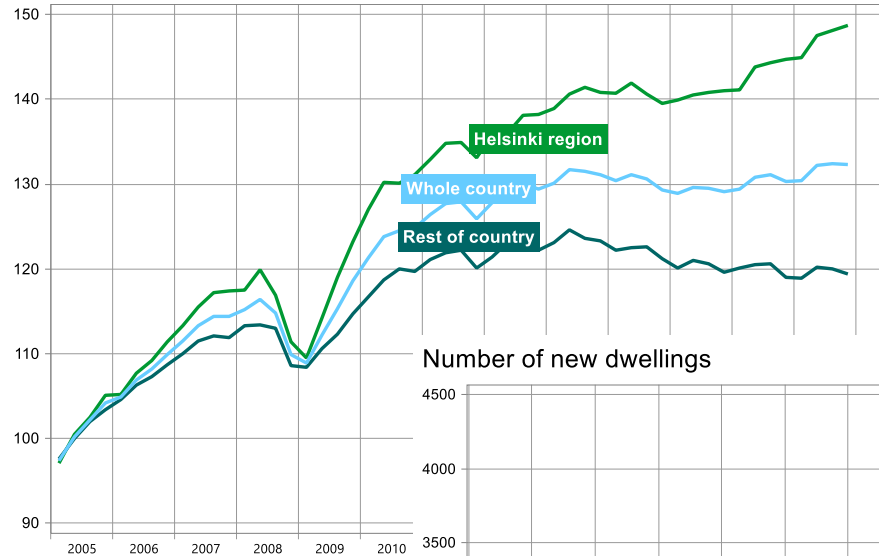
Sources: Aktia and Macrobond

Finnish housing market

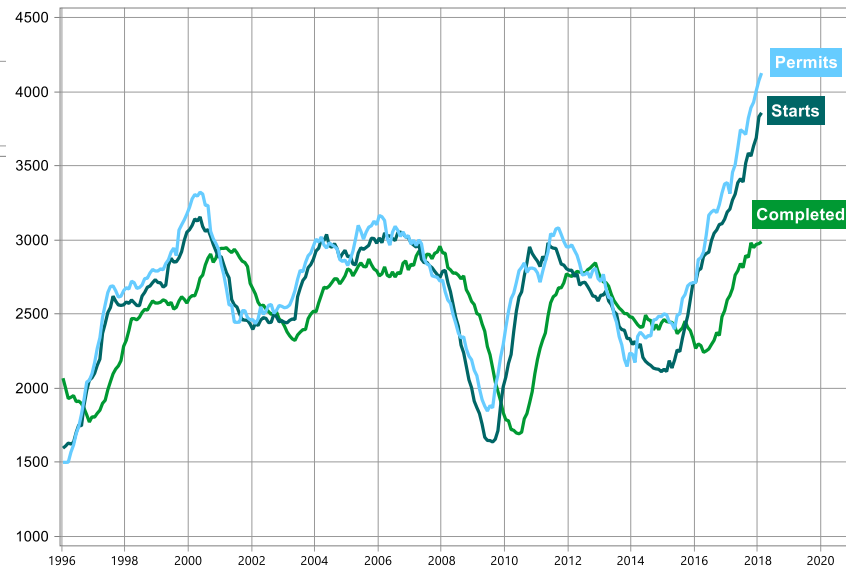
Solid and stable market

Finland: Prices, old apartments

Index 2005=100

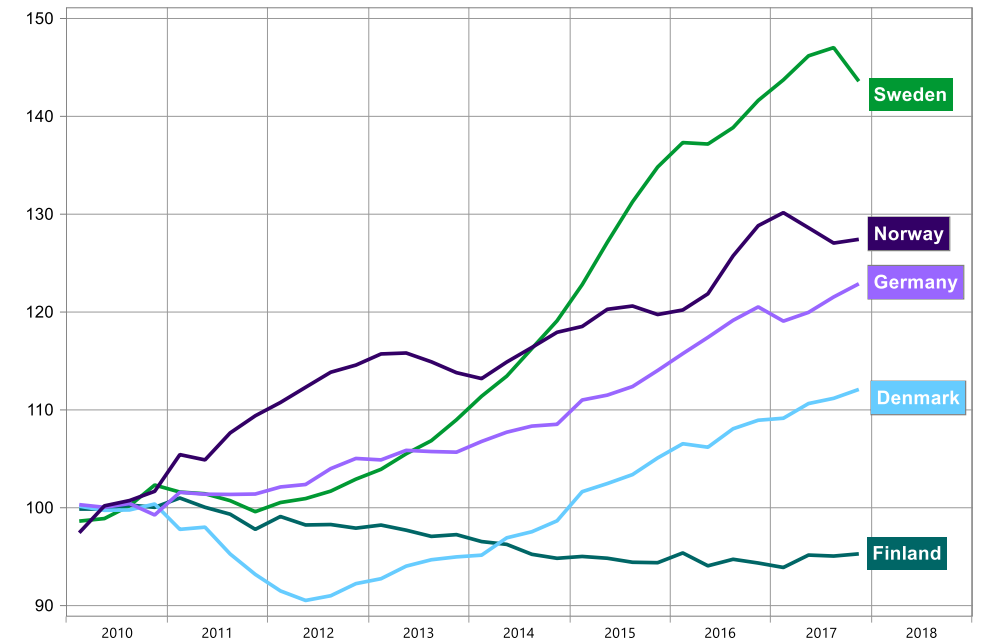


Number of new dwellings



Sources: Aktia and Macrobond

Real House Prices, index 2010=100



Sources: Aktia and Macrobond

**Courageously.
Skilfully.
Together.**



Aktia

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Debt investor information:

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

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