

1 AUGUST 2019

Aktia

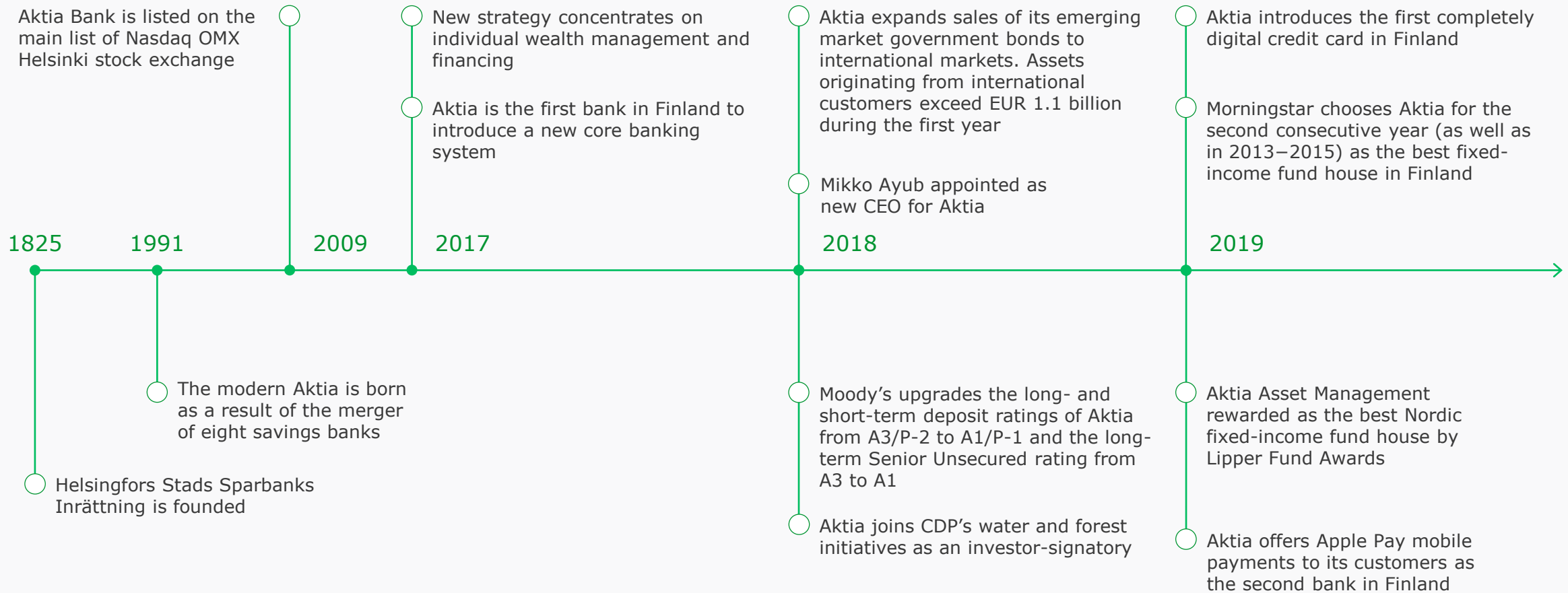
Aktia investor presentation

June 2019

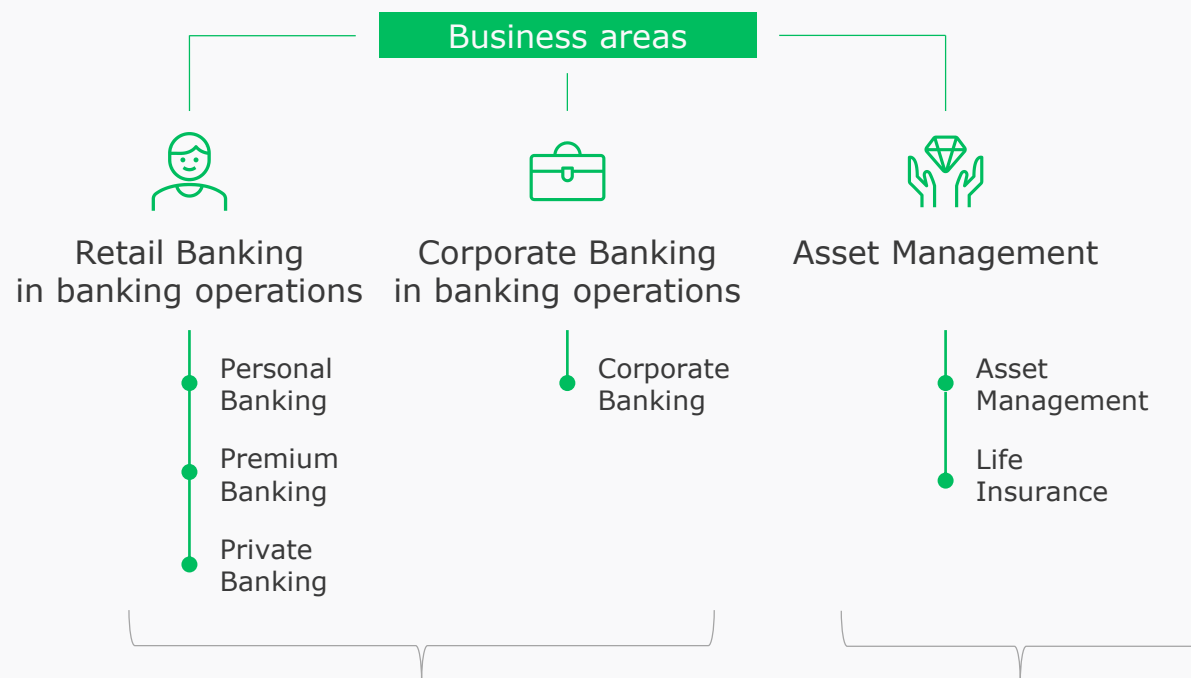
A domestic bank
focusing on growth areas in Finland

Timeline

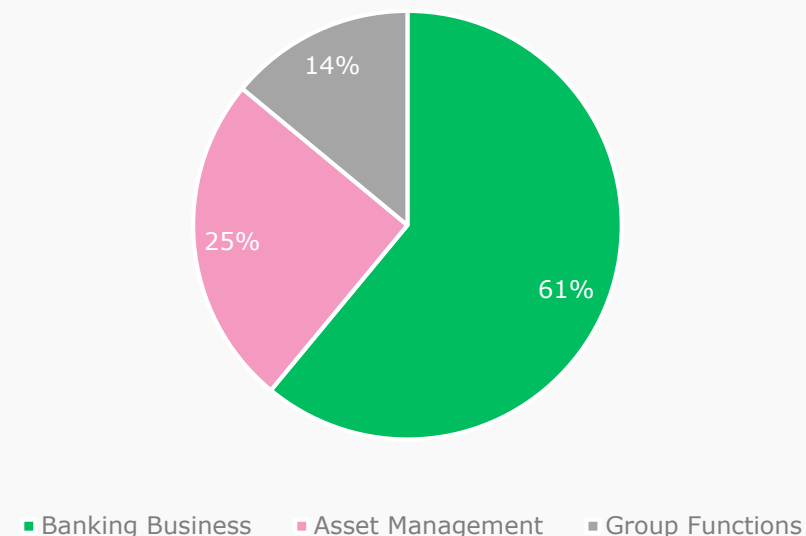
200 YEARS OF BANKING



Our three business areas are organized into three reporting segments



Share of total operating income in 2018



Banking Business

Private, corporate and institutional customers of the banking business

Asset Management

Asset management and life insurance business

Group Functions

Group's support functions incl. financing and liquidity management and HR

Aktia's year 2018

KEY FIGURES 2018

210.1

Total operating income, EUR million

0% (210.3)

143.0

Operating Expenses, EUR million

-11% (160.7)

65.4

Comparable operating profit, EUR million

+9% (59.9)

9.4

Return on equity (ROE), %

+45% (6.5)

17.5

Common Equity Tier 1 capital ratio, %

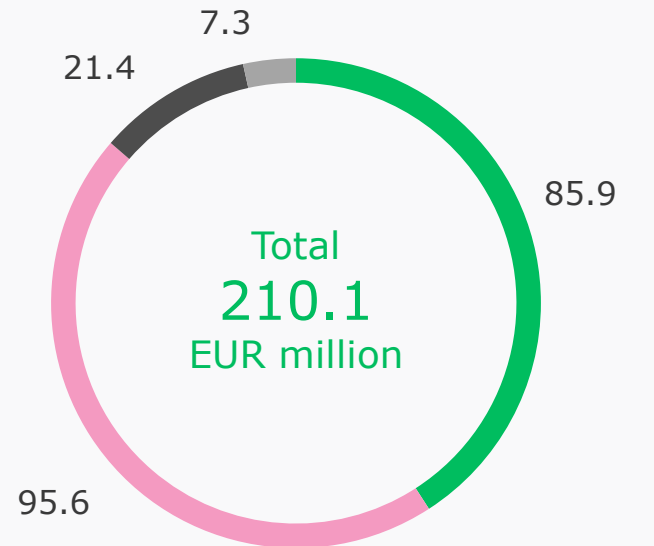
-3% (18.0)

0.69

Comparable cost-to-income ratio

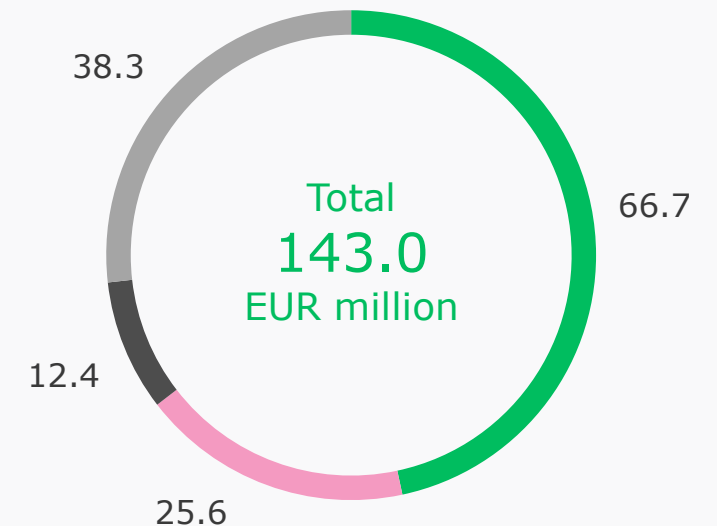
+3% (0.71)

OPERATING INCOME



- Net interest income
- Net commission income
- Net income from life insurance
- Other income

OPERATING EXPENSES

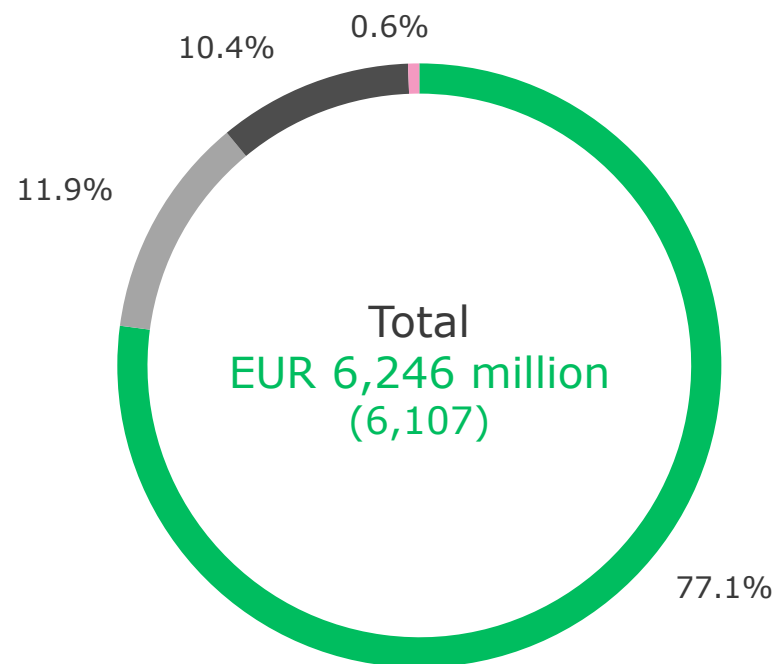


- Staff costs
- IT expenses
- Depreciation of tangible and intangible assets
- Other expenses

Finnish households a key business driver

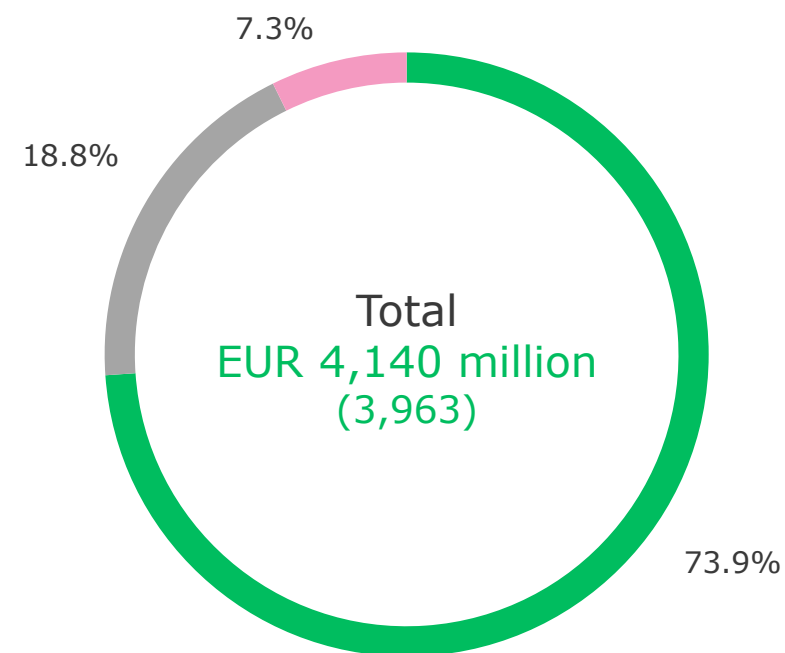
STRUCTURE OF LENDING AND DEPOSITS JUNE 30, 2019

Lending



- Households
- Corporates
- Housing associations
- Public entities and non-profit organisations

Deposits



- Households
- Corporates
- Public entities and non-profit organisations

Strong lending and high customer activity

BANKING BUSINESS

- High demand for housing loans continued but tough competition puts further pressure on margins.
- Interest rate collar and cap products still in high demand among the customers.
- The digitalisation of payment services is progressing: a virtual credit card and a new digital Investor Assistant solution were launched.
- A certain weakening in new construction can be detected in the market, slowing down the establishment of new housing companies.
- The demand for financing of renovations still strong.



New products to improve the customer experience further

BANKING BUSINESS

AKTIA DIGITAL GOLD CREDIT

- First completely digital credit card in Finland
- One of the most secure pay cards for online shopping
- Fast credit decisions – the card in use already one day after application

APPLE PAY

- Aktia the second bank to launch Apple Pay in Finland
- A modern payment solution for Apple devices where security and integrity are the core
- Each transaction is authorised with a dynamic unique number code



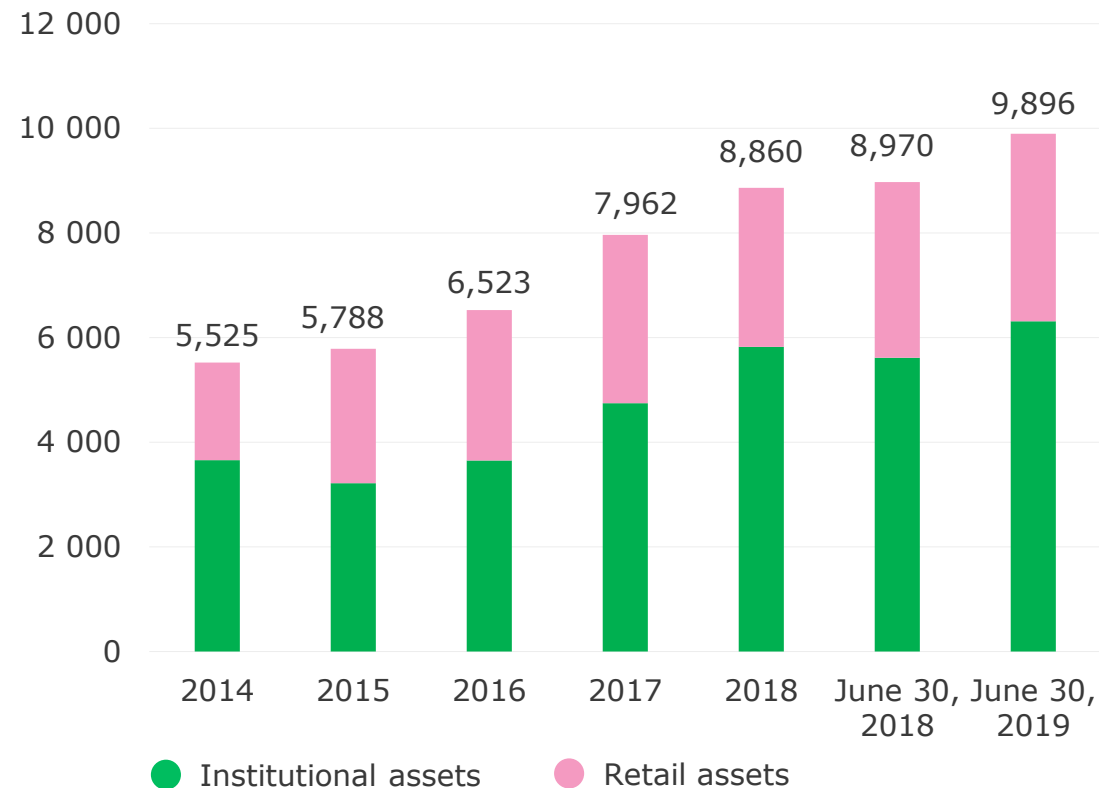
Aktia

International assets in UI-Aktia funds increased further

ASSET MANAGEMENT

Assets under management excluding custody (AuM)

EUR million



- The UI-Aktia mutual fund capital increased by 38% from the turn of the year and amounted to EUR 1.6 (1.1) billion at the end of June.
- The market environment developed favourably. As a result, as well as due to the positive trend in net subscriptions, the total fund book was at the end of June on its all-time high level.
- Approximately 25% of the capital in funds managed by Aktia was of foreign origin at the end of the second quarter.

Responsibility in Aktia

New responsibility programme



- In 2018 Aktia launched a new corporate responsibility programme together with stakeholders. As a part of the programme we created an action plan for the responsibility programme for the coming 5-year period.
- Initiatives in 2019:
 - A regular integration of responsibility to the Executive Committee's and the Board's agenda
 - Implementing WWF's Green Office system at the main office
 - Choosing UN sustainable development themes and goals
 - Drawing up a climate change policy, evaluating climate change risks and opportunities
 - Clarifying the policy for sponsoring and charity



Responsible investments in Aktia

CORNERSTONES IN OUR BUSINESS



Our view

Only by considering all material aspects regarding the **environment, society and governance** can we make better investment decisions and avoid risks that are hard to assess and control



→ Our methods

- Exclusion
- Norm-based screening
- ESG integration
- Engagement
- Voting
- Investor initiatives



→ GHG emissions

We calculate and report the carbon footprint of our equity and credit funds semi-annually.

Our funds have on average **49% lower carbon footprint** than the respective market.



→ Initiatives and memberships

Signatory of:

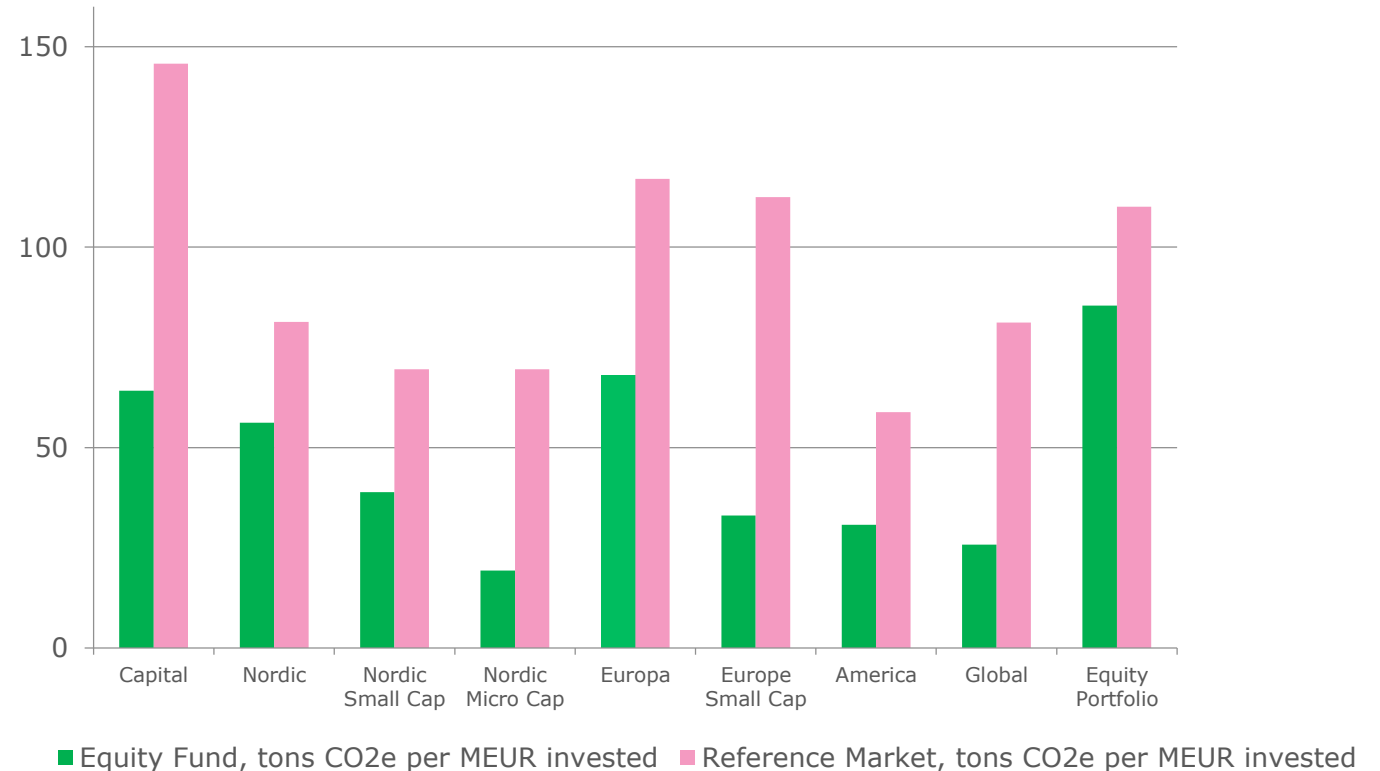


ESG-considerations are integrated into a natural part of the investment process.

Smaller carbon footprint of equity funds than on the reference market

- Aktia will report every six months on the most important indicators of our corporate responsibility programme. The indicators will be complemented in the future.
- The carbon footprint of our equity funds was on average approximately 50% smaller than that of the relevant reference market. (Target < reference market).
- The NPS satisfaction level of Personal and Premium Banking customer meetings was 66 (61). (Target >50).

The Carbon Footprint of Aktia's Equity Funds



Aktia Q2 2019

Financial summary Q2 and YTD

EUR million	2Q2019	2Q2018	Δ, %	1-6/2019	1-6/2018	Δ, %
Total operating income	60.6	55.8	9%	113.3	107.0	6%
Net interest income	19.2	23.5	-18%	38.7	44.2	-13%
Net commission income	24.0	26.2	-9%	46.7	50.1	-7%
Net income from life insurance	6.6	5.0	33%	14.9	10.8	38%
Other income	10.8	1.1	856%	13.1	2.0	562%
Total operating expenses	-35.0	-38.3	-9%	-71.1	-71.8	-1%
Impairments of credits and other commitments	-1.4	0.7	-	-2.5	0.1	-
Operating profit	24.2	18.2	33%	41.4	35.9	15%
Comparable operating profit*	14.3	18.5	-23%	31.4	36.6	-14%
Earnings Per Share (EPS), EUR	0.30	0.21	43%	0.50	0.43	16%
Return on Equity (ROE), %	13.7	10.1	36%	11.8	10.2	15%
Cost-to-income ratio (comparable)	0.69	0.68	1%	0.69	0.66	5%
Common Equity Tier 1 capital ratio, %	16.5	16.3	1%	16.5	16.3	1%

*) Excl. items affecting comparability

The good underlying development of Aktia's business operations continued

INCOME MIX

EUR million



Net interest income:

Net interest income decreased by 13% to EUR 38.7 million. Net interest income from borrowing and lending increased by 5% to EUR 36.1 million. Income from interest rate hedges unwound in 2012 was EUR 4.4 million lower compared to the reference period.

Net commission income:

The underlying net commission income increased by 4% while the reported net commission income decreased by 7% mainly for structural reasons. Commission income from funds, asset management and securities brokerage increased by 2%, whereas card and other payment service commissions increased by 6%.

Net income from life insurance:

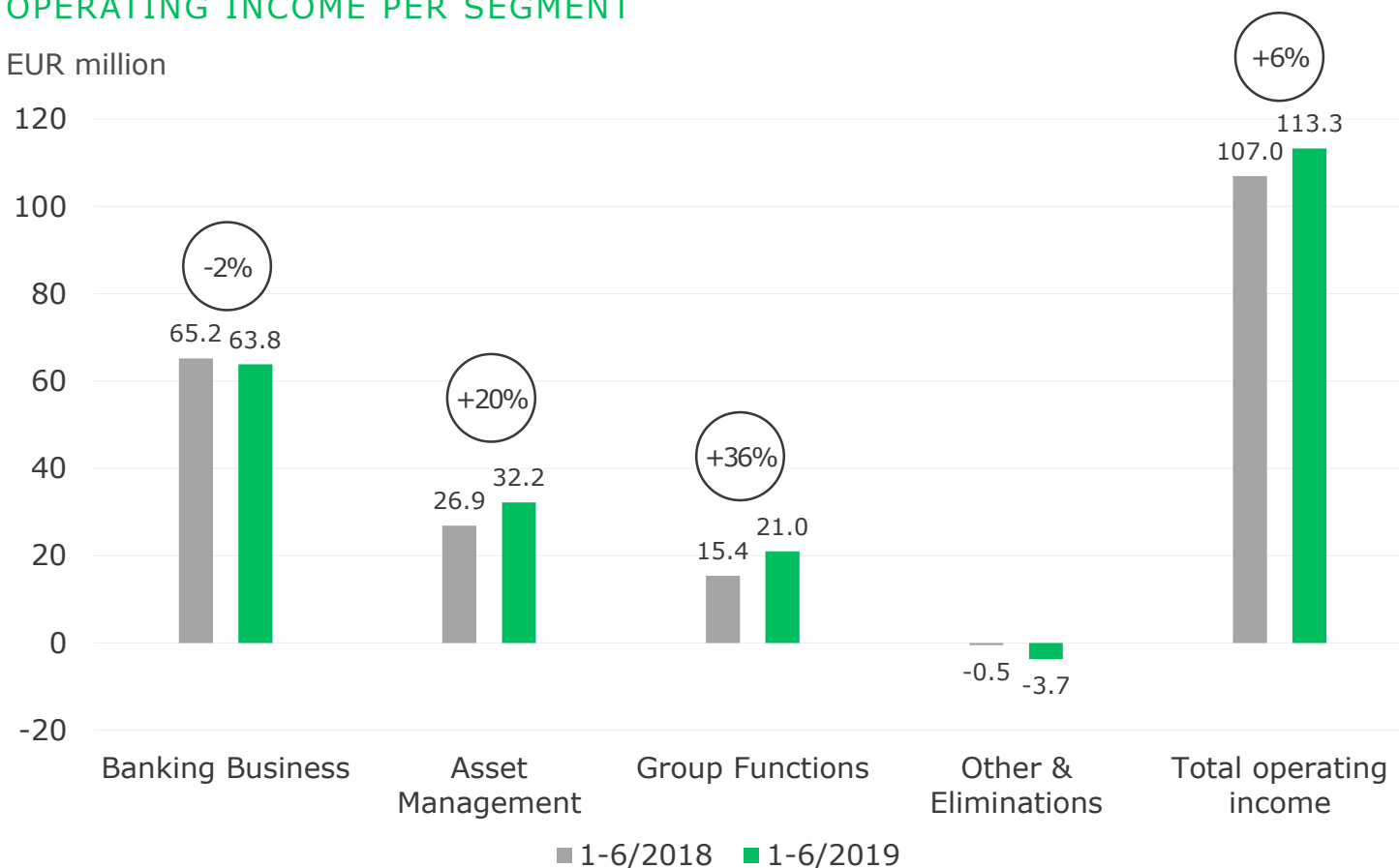
Net income from life insurance increased by 38% to EUR 14.9 million, which is related to unrealised value changes in the investment portfolio of EUR 2.5 (-2.3) million.

Aktia

Total operating income increased by 6% – includes EUR 9.6 million gain from sale of Samlink shares

OPERATING INCOME PER SEGMENT

EUR million

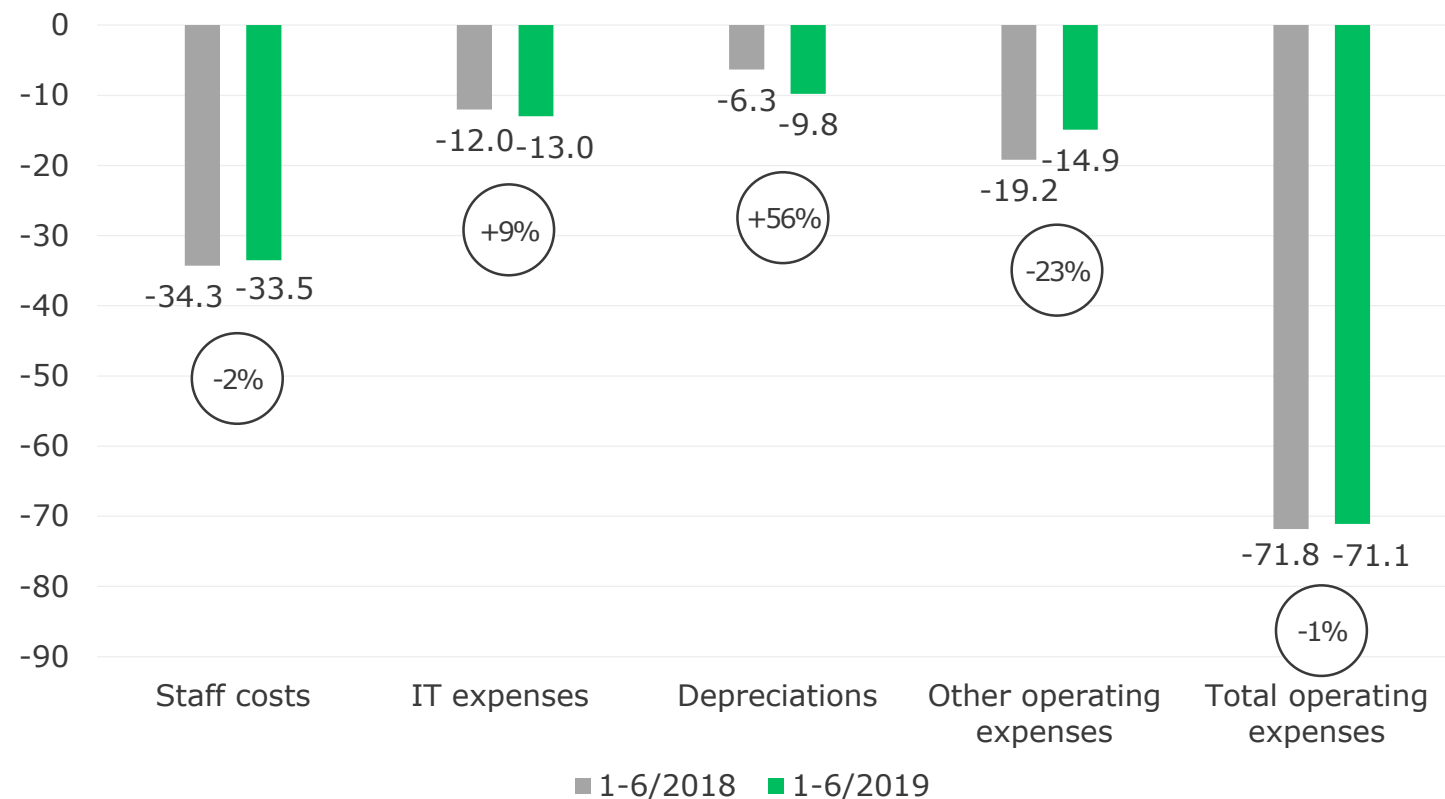


Aktia

Expenses approximately at the same level as last year

OPERATING EXPENSES

EUR million



Staff costs:

The staff costs were approximately at the same level as during the reference period. The number of full-time employees at the end of June amounted to 828 (30 June 2018; 868).

IT expenses:

IT expenses slightly higher as a result of regulation and product development.

Depreciations:

Lease expenses for real estate are reported from 1 January 2019 according to IFRS 16, which means including them in the depreciations (EUR 3.4 million) and interest expenses (EUR 0.5 million) instead of other operating expenses.

Other operating expenses:

The estimated stability fee of EUR 2.0 million has been booked in its entirety in the first quarter whilst in 2018 the fee was phased over the entire year starting from Q2. IFRS 16: see depreciations.

The debt investment case

CET1 on a solid level

CAPITAL ADEQUACY AND CAPITAL REQUIREMENT

- Aktia's Common Equity Tier 1 (CET1) Capital is at a good level at 16.5% (16.4% on March 31, 2018).
- Target over time is to exceed the regulative requirement with 150–300 basis points.
- Aktia Bank Group's leverage ratio was 4.7% (4Q18 4.7%).

Tier 1 capital EUR 393 million

Total exposures EUR 8,302 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 EUR 585 million

Balance Sheet based EUR 660 million

→ Own funds and eligible liabilities totalled EUR 1,271.8 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	0.04%
Systemic Risk (1 st July-19)	1.00%
Total CET1 % req	9.79%
AT1 Capital	1.5%
Tier 2 Capital	2.0%
Total Capital Requirement	13.29%

Prudent and low-risk lending policy

LOW LONG-TERM TREND IN NON-PERFORMING LOANS

Aktia Bank operates under strict origination criteria:

- Identification of the customer mandatory (KYC).
- 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.

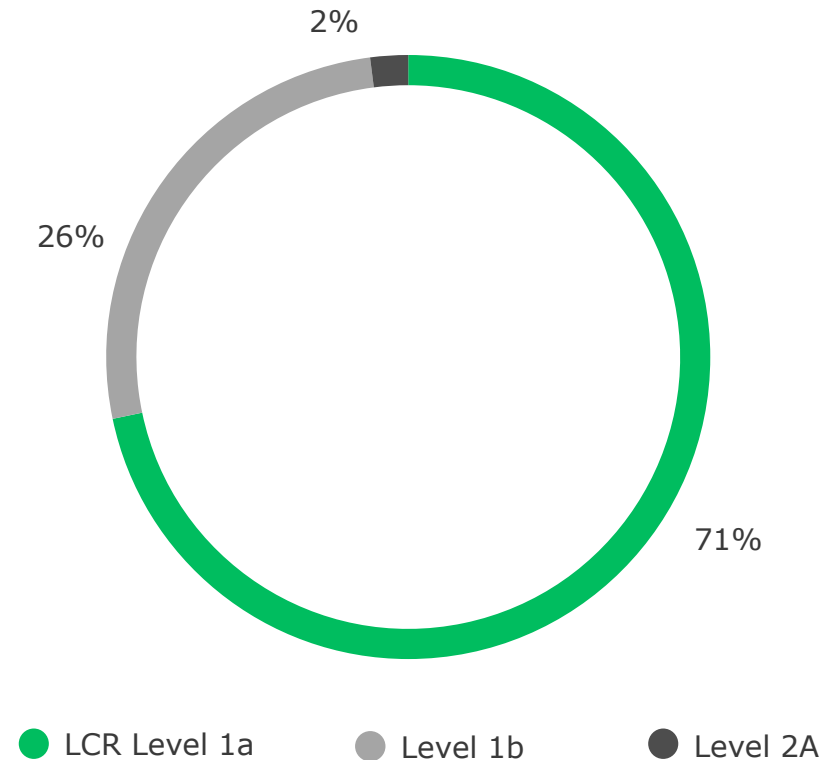
ECL (IFRS 9)

(EUR million)	Stage 1	Stage 2	Stage 3
≤ 30 days	39.3	14.9	0.1
Households	36.5	13.5	0.1
> 30 ≤ 90 days	0.0	33.8	0.5
Households	0.0	28.3	0.2
> 90 days	0.0	0.0	40.4
Households	0.0	0.0	33.3
Total	39.3 (49.7)	48.7 (47.5)	41.0 (41.0)
% of portfolio	0.63	0.78	0.66

High-quality liquidity portfolio

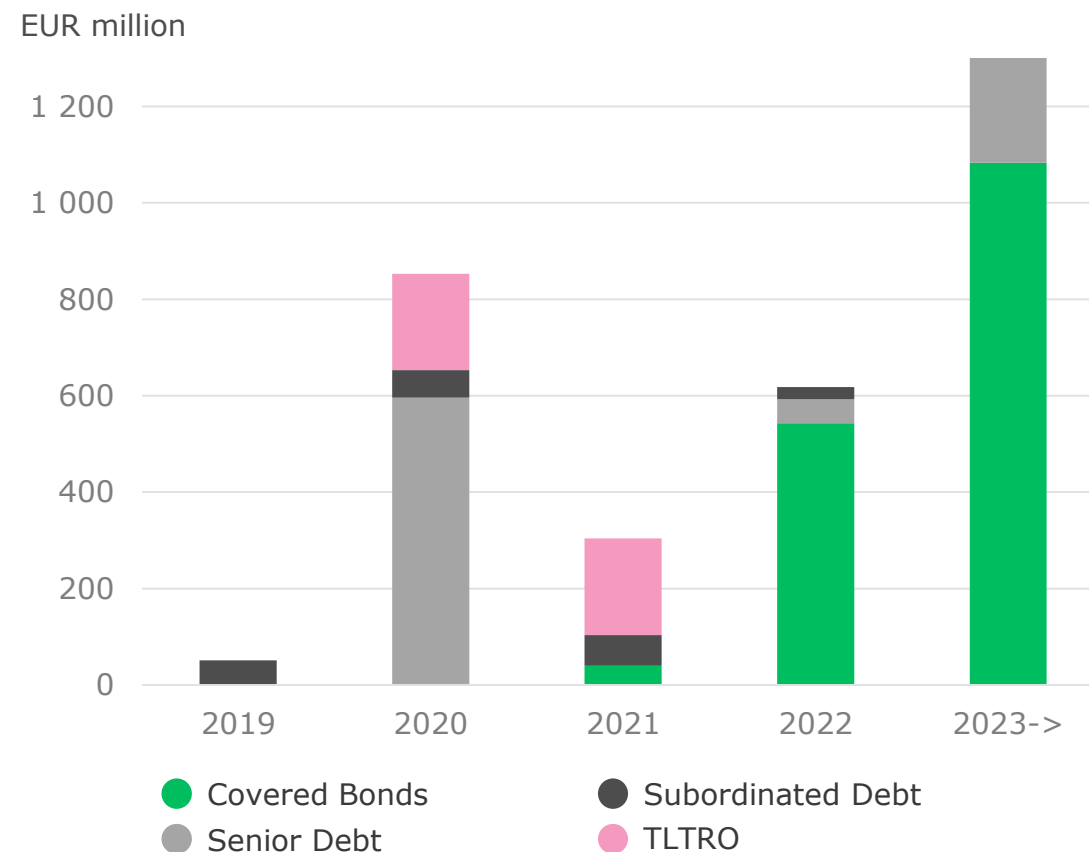
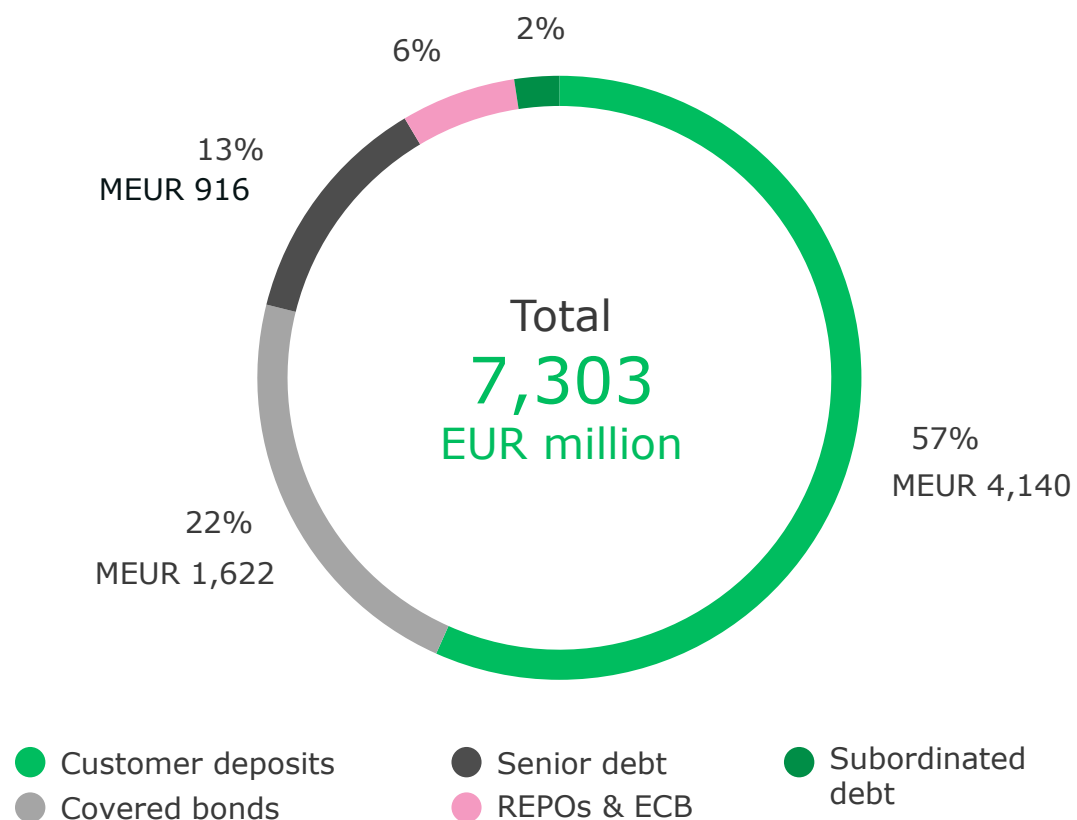
At the end of June 2019 the Bank Group's liquidity buffer was approximately equivalent to the estimated outgoing cash flow of finance from the wholesale market over 33 months. The Liquidity Coverage ratio (LCR) was **121%**.

	June 30, 2019	March 31, 2019
EUR million	1,478	1,527
AAA	49.7%	49.5%
Aa1–Aa3	18.5%	19.2%
A1–A3	2.6%	2.5%
Baa1–Baa3	5,6%	3.9%
Ba1–Ba3	2.7%	2.0%
Finnish municip. (no rating)	15.5%	16.9%
No rating	5.4%	6.0%
Total	100.0%	100.0%



Sound funding profile

Customers deposits and covered bonds dominate



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.

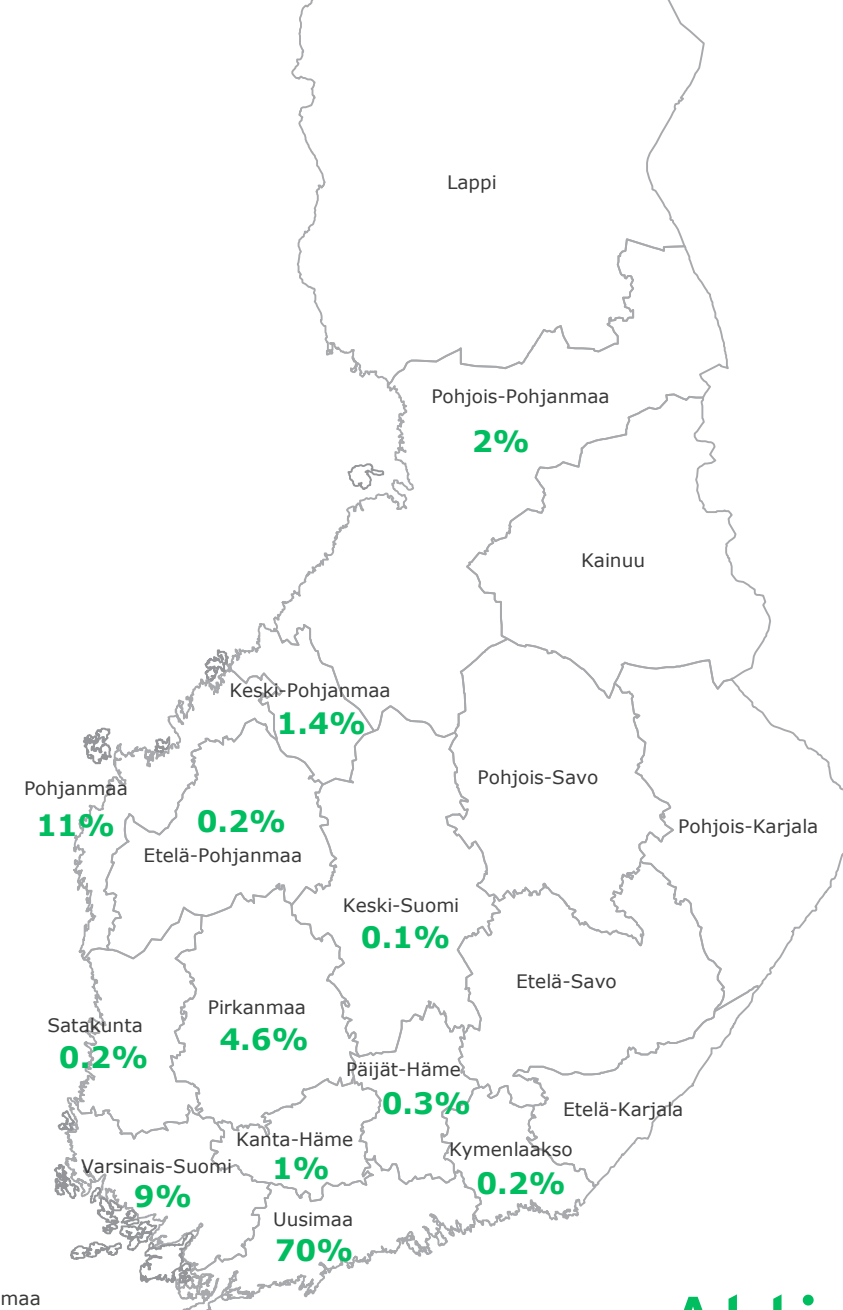
Cover pools

2Q 2019

	COVER POOL 2	COVER POOL 1
Total asset pool (No substitute assets)	EUR 2,136 million	EUR 172 million
No of loans / average loan balance	35,448 / EUR 60,256	2,374 / EUR 72,482
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	47.08%	37.03%
Maximum LTV	LTV limit: 70%	LTV limit: 70%
Interest base	floating 97%, fixed 3%	floating 98%, fixed 2%
WA seasoning	62.1 months	83 months
Overcollateralisation (%)	38.7% (committed 10%)	300.2% (committed 12%)
Moody's Collateral Score	5.00 %	5.00 %



Ahvenanmaa



Aktia

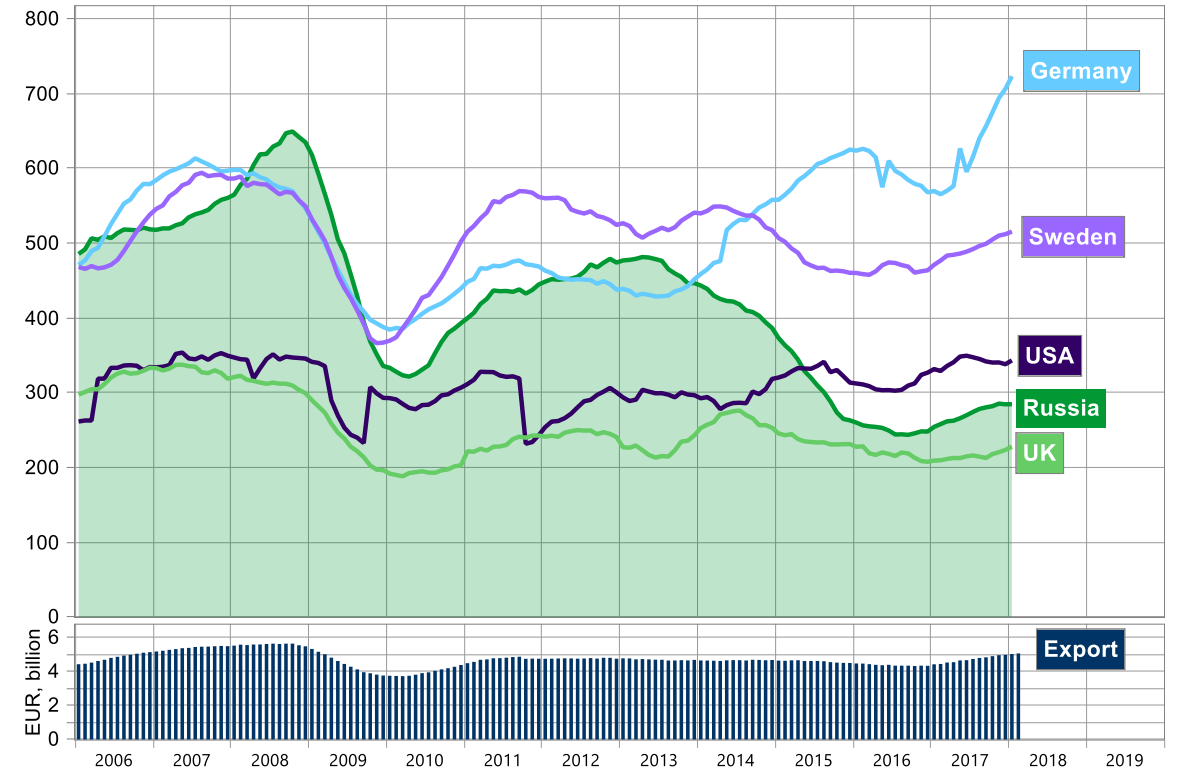
Finland – a strong but very export driven economy

The Finnish Economy

KEY FACTS ABOUT FINLAND

- Member of EU and Euro area
- Population: 5.5 million
- Area: 338,430 sq. Km
- GDP per capita EUR 42,077 (2018)
- Credit ratings:
Aa1 (stable) / AA+ (stable) / AA+ (stable)

Finland: Export value, mil. euro

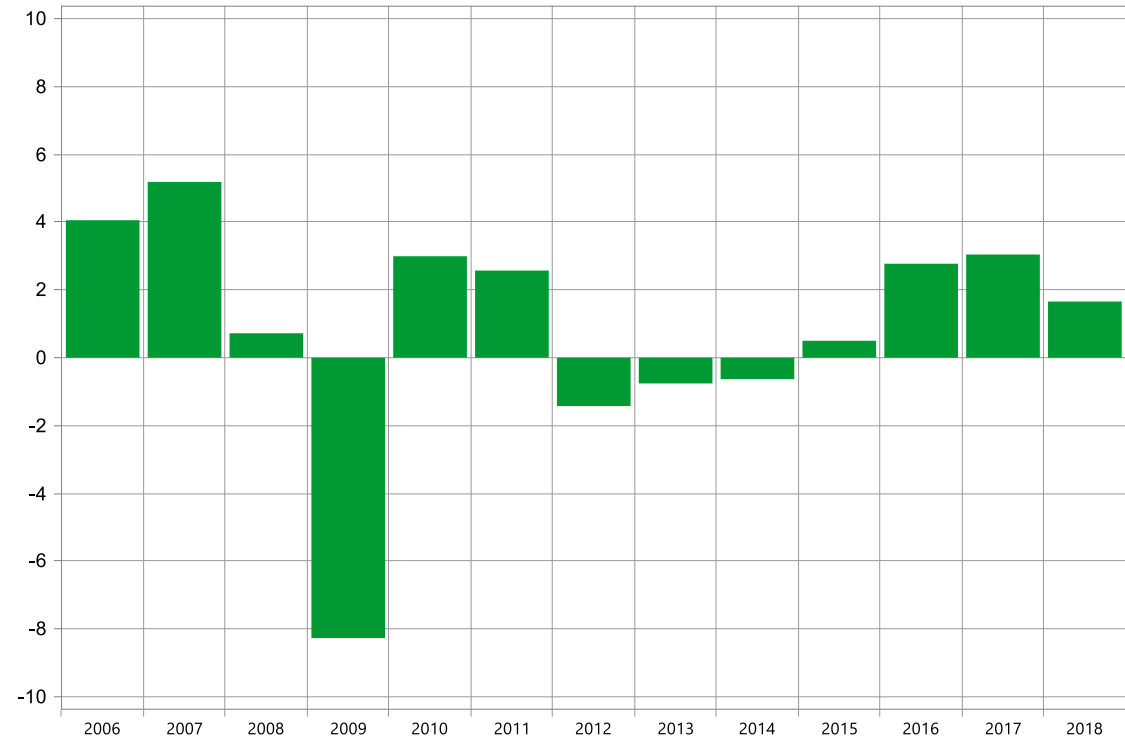


Sources: Aktia and Macrobond

The Finnish Economy

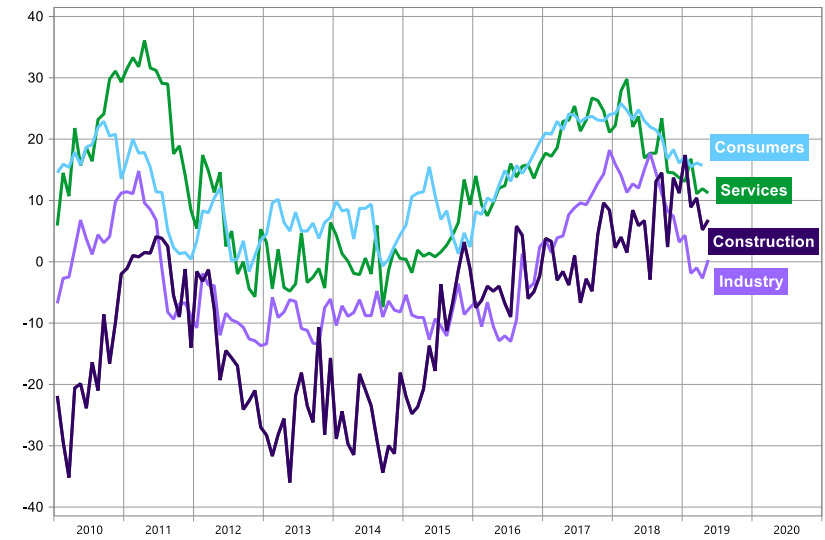
GROWTH CONTINUES, BUT WEAKER

GDP growth, %



Sources: Aktia and Macrobond

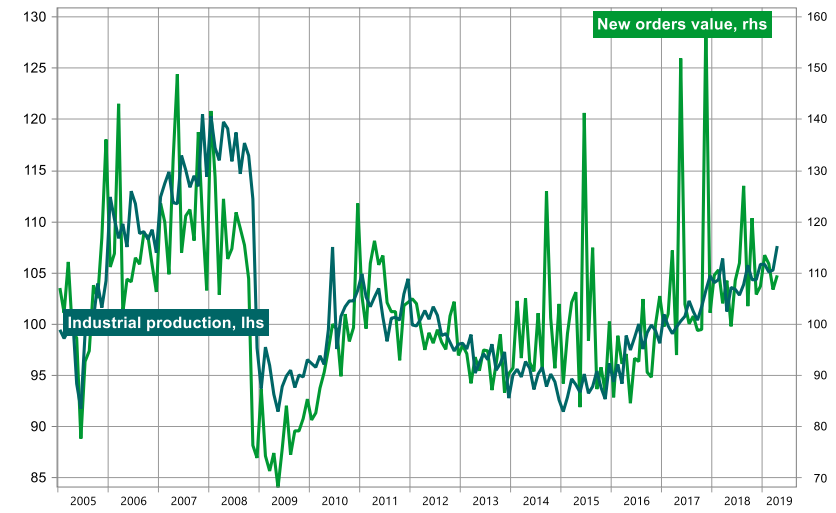
Confidence



Sources: Aktia and Macrobond

Industrial production and new orders

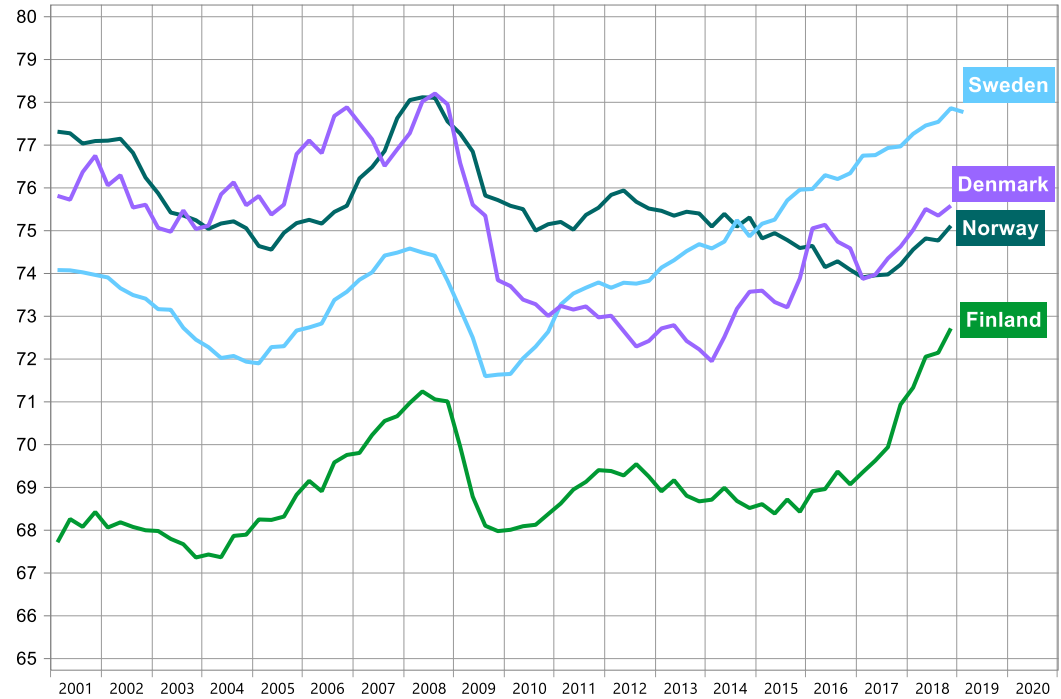
Seasonally adjusted indices, 2010=100



Sources: Aktia och Macrobond

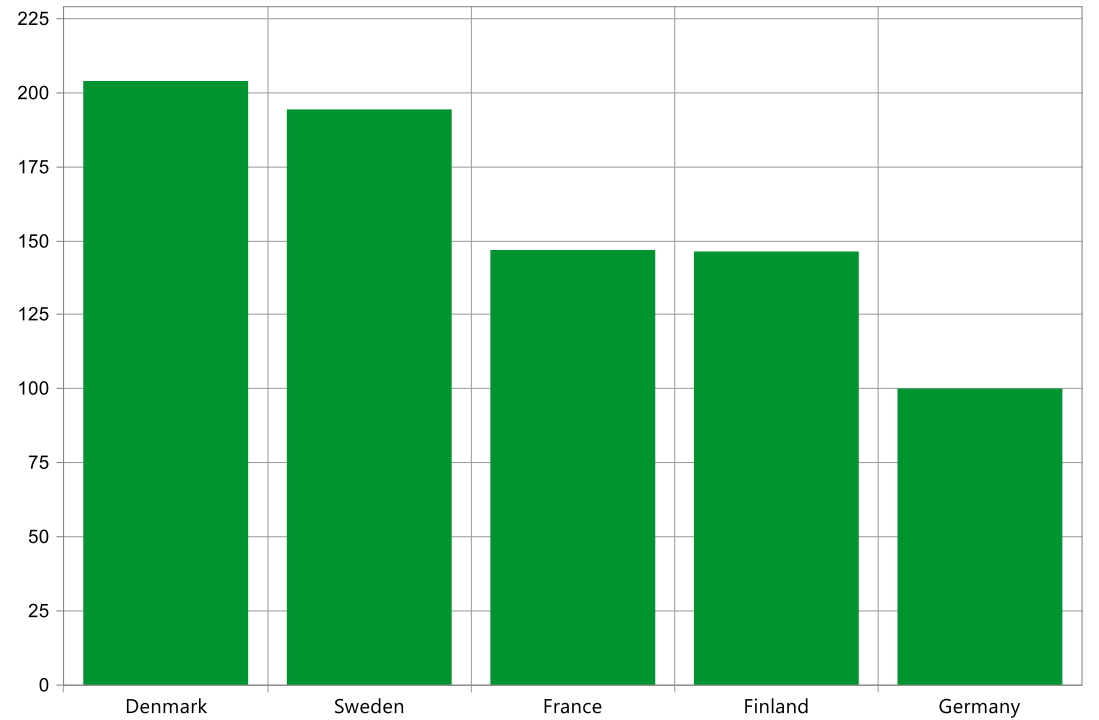
The Finnish Economy

Employment rate, 15-64 year olds



Sources: Aktia and Macrobond

Private debt, % of GDP (2017)



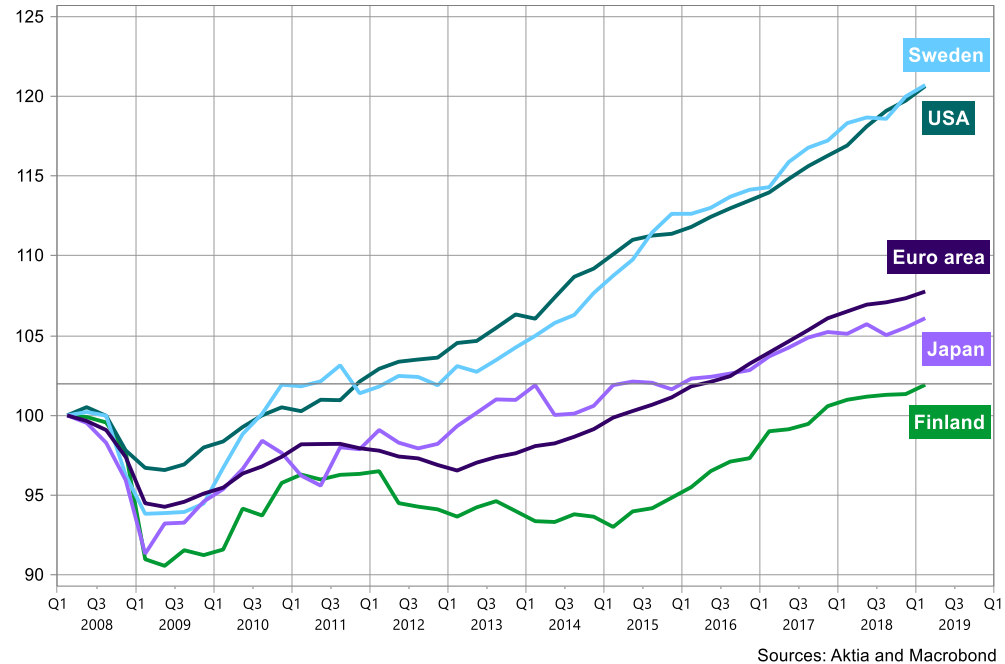
Sources: Aktia and Macrobond

Macroeconomic environment

EXPORTS SLOWING DOWN

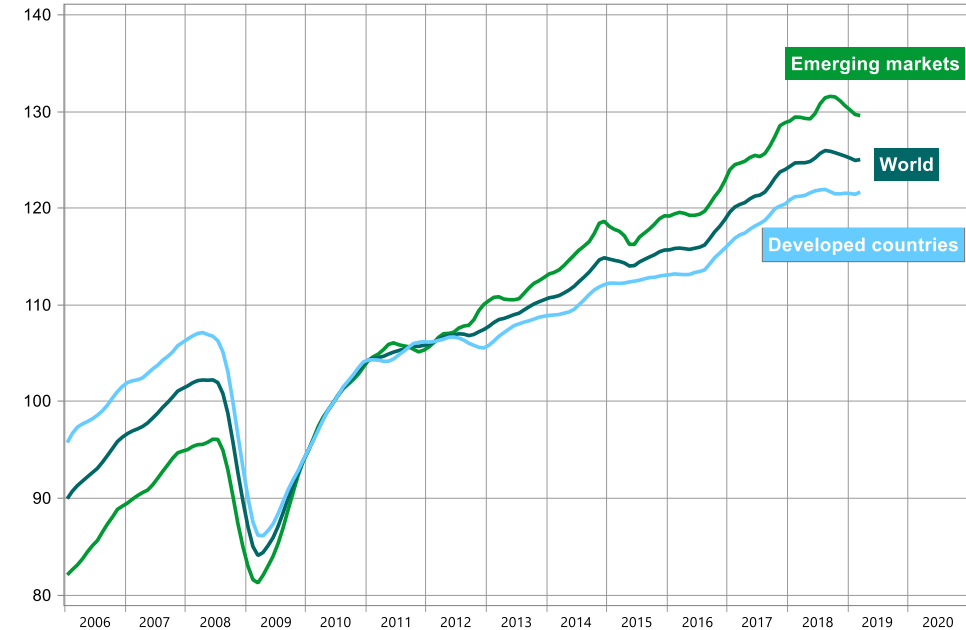
GDP in some countries

Index, Q12008=100



World exports

Volyme. Index 2010=100. 6 mMA. Sources: Aktia and Macrobond

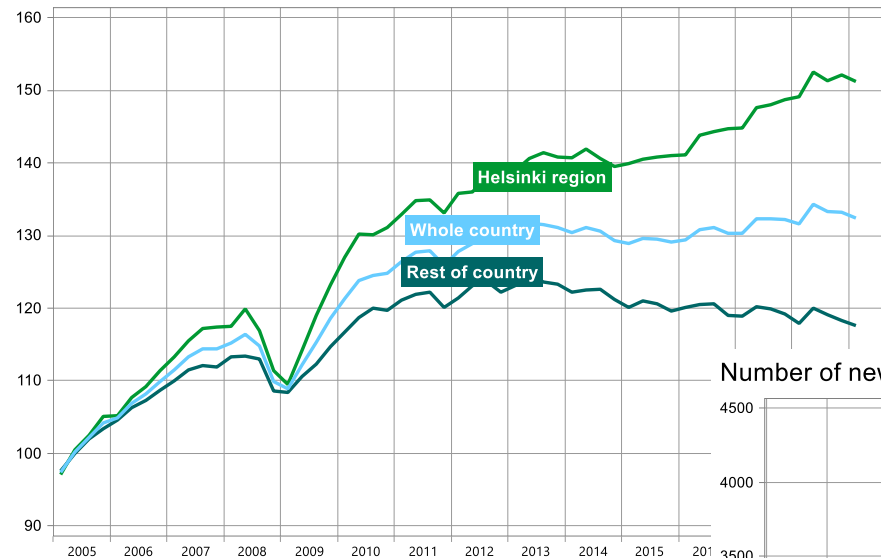


Finnish housing market

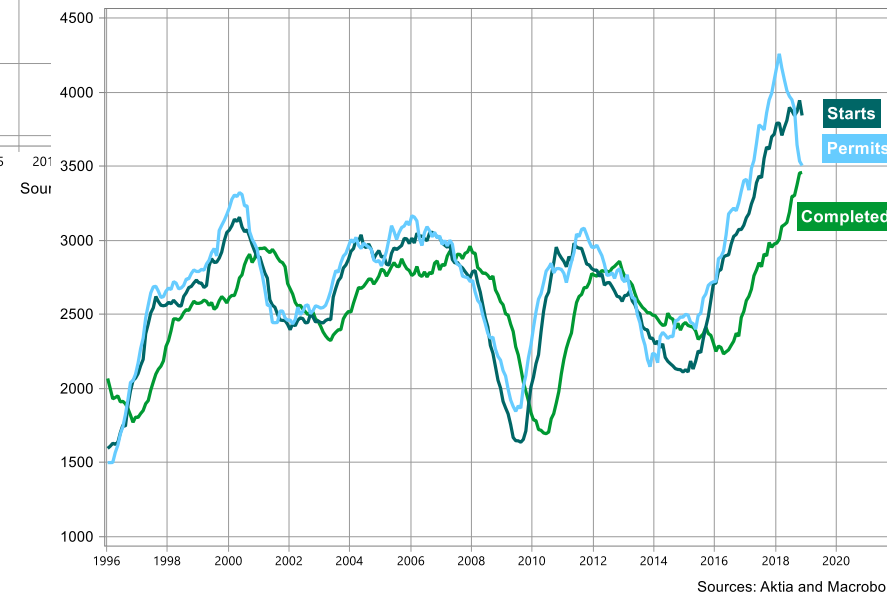
SOLID AND STABLE MARKET, A SLOWDOWN IN GROWTH FORESEEN

Finland: Prices, old apartments

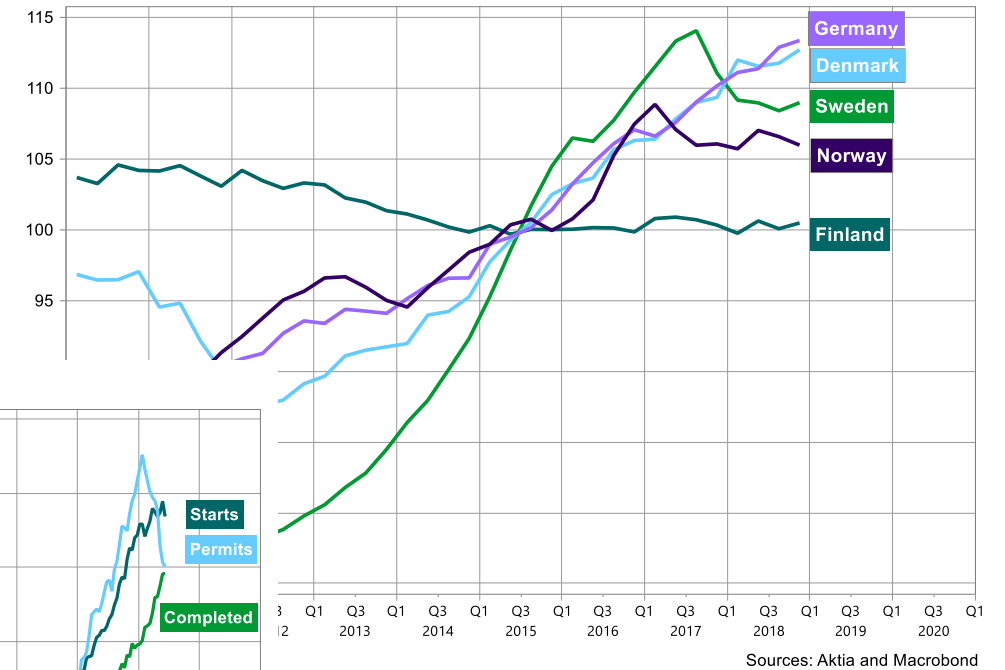
Index 2005=100



Number of new dwellings



Real House Prices, index 2010=100



Sources: Aktia and Macrobond

Going forward

Getting ready for a new era



THE ONGOING TRANSFORMATION

- Operational environment is changing
- Customer behaviour is changing
- New technologies reshape the industry
- Low interest rates and increased regulation
- Turning point of the economy

MEGATRENDS

- Rupture of work and living
- AI and robotisation
- Urbanisation 2.0
- Aging population
- CSR

Strategy



Increase and secure our customers' wealth

We provide tailored solutions for investments and financing in an easy and sustainable way.



Develop our service model

We enhance our specialist organisation and offer our customers advanced services and individual solutions.



Use of digitalisation

We invest in flexible digital concepts and user interfaces through which we offer our services.

Four action programs for strategy implementation



Corporate culture



Operational excellence



Reshaping customer
experience



Sales

Financial targets 2022

Comparable
operating profit
to approximately
EUR 80 million

1-6/2019:
EUR 31.4 million

Return on
Equity ROE
to 9.7%

1-6/2019:
11.8%

Comparable
cost-to-income
ratio
to 0.61

1-6/2019 (comparable):
0.69

Common Equity
Tier 1 capital ratio
CET1 to 1.5–3
percentage points
over regulatory
requirements*

1-6/2019:
16.5%

*(minimum requirement
10.3%)

Appendices

Awarded Asset Management

MORNINGSTAR AWARDS

Best Fund House Fixed Income 2013, 2014, 2015, 2018, 2019
TOP 3 Fund House Fixed Income 2016, 2017
TOP 3 Fund House Overall 2019
Best Balanced Fund (Aktia Secura) 2015
TOP 3 Balanced Fund (Aktia Solida/POP Vakaa) 2019
Best Fixed Income Fund (Aktia Government Bond+) 2019
TOP 3 Fixed Income Fund (Aktia Corporate Bond+)
2015, 2016, 2017, 2018
TOP 3 Fund House, Multi Asset 2013



LIPPER FUND AWARDS

Overall Group Award:
Small Company Fixed Income 2019
Small Company 2017
Mixed Assets 2008
Best Fund, Fixed Income:
Aktia EM Local Currency Frontier Bond+ 2019



SCANDINAVIAN FINANCIAL RESEARCH

Platinum Award 2010, 2012, 2013
Gold Award 2011, 2015, 2016, 2017



NORDIC FUND SELECTION AWARDS

Best Finnish Fund Selector
2010, 2011, 2012, 2013, 2014, 2015



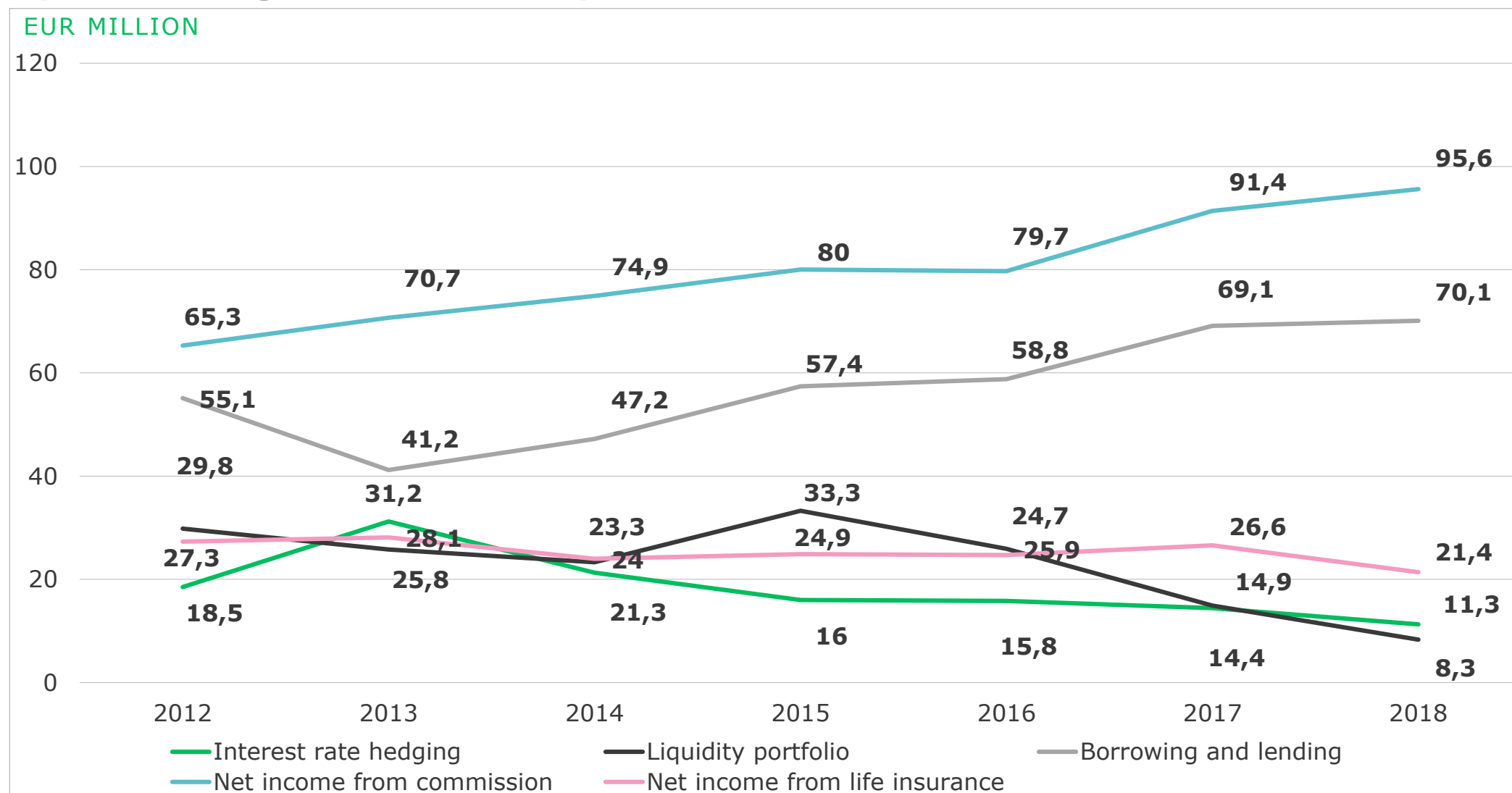
KANTAR SIFO PROSPERA

2013 #4, 2014 #6, 2015 #4,
2016 #5, 2017 #3, 2018 #3



Aktia

Operating income split



Aktia

Think further.