

3 MAY 2019

Aktia

Aktia Q1 2019

Result presentation

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Aktia's Q1 2019 in brief

Good underlying performance – total operating income +3%, comparable operating profit -5%

- Income from interest rate hedges unwound in 2012 EUR 2.2 million lower compared to the reference period
- EUR 2 million stability fee booked in its entirety to the first quarter

High activity level among both private and corporate customers

Several new product launches

- First completely digital credit card in Finland
- Apple Pay mobile payments

Aktia Asset Management awarded again

- Best fixed-income house in Finland by Morningstar
- Best Nordic fixed-income house by Lipper Fund Awards

Key Figures Q1 2019 (Q1 2018)

Total operating income	+3% EUR 52.7 (51.2) million
Net interest income	-6% EUR 19.4 (20.7) million
Net commission income	-5% EUR 22.7 (23.8) million
Total operating expenses	+8% EUR 36.1 (33.5) million
Comparable operating profit	-5% EUR 17.2 (18.0) million

EPS
EUR 0.21
(0.22)

Comparable C/I ratio
0.69
(0.65)

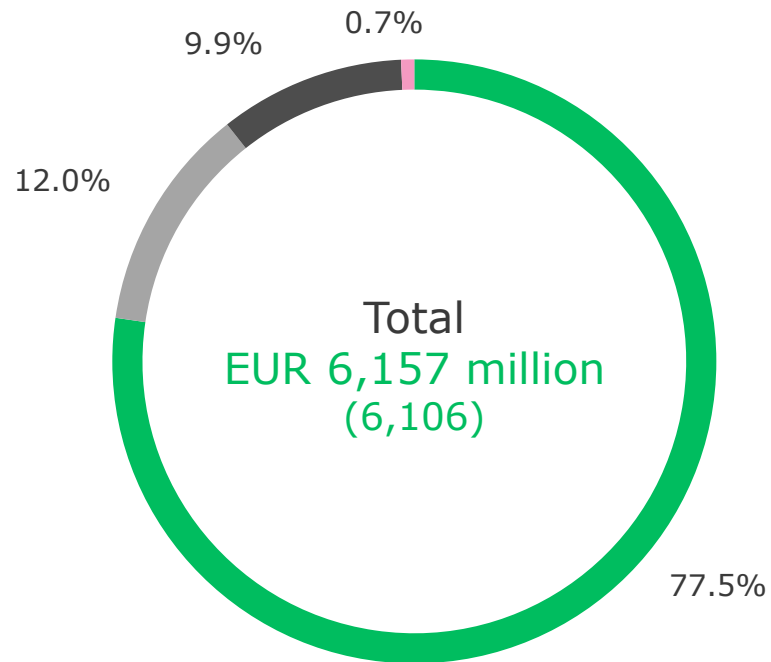
ROE
9.4%
(10.2)

CET1
16.9%
(16.4)

Finnish households a key business driver

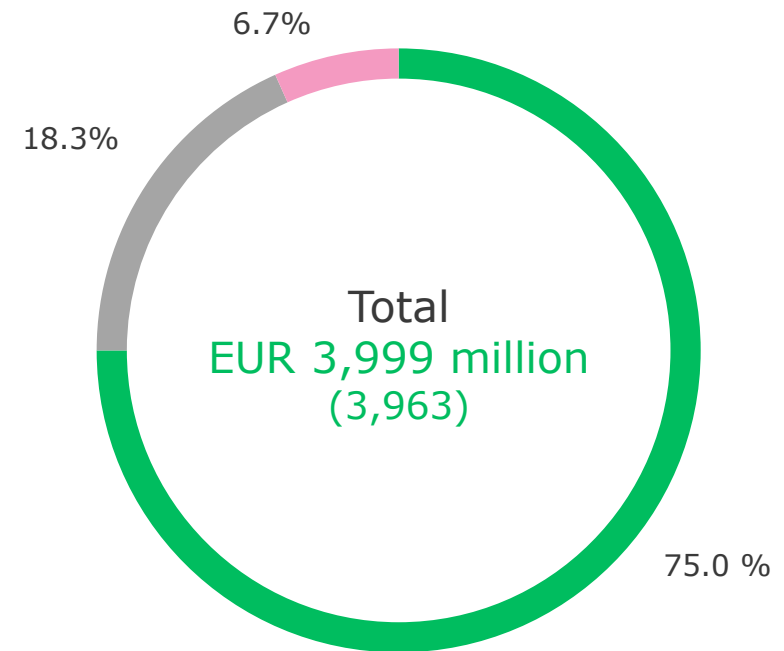
STRUCTURE OF LENDING AND DEPOSITS

Lending



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

Deposits



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

High demand for housing loans continues

BANKING BUSINESS

- High demand for housing loans continues but tough competition puts further pressure on margins.
- Interest rate collar and cap products in high demand among the customers.
- The 4% increase in the corporate loan book reflects our focus on SME corporates as well as the high demand on the market for both corporate investments and property financing.
- The increase in operating expenses for the period is mainly due to the stability fee of EUR 2.0 million that has been booked in the first quarter.



New products to improve the customer experience further

AKTIA DIGITAL GOLD CREDIT & APPLE PAY

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

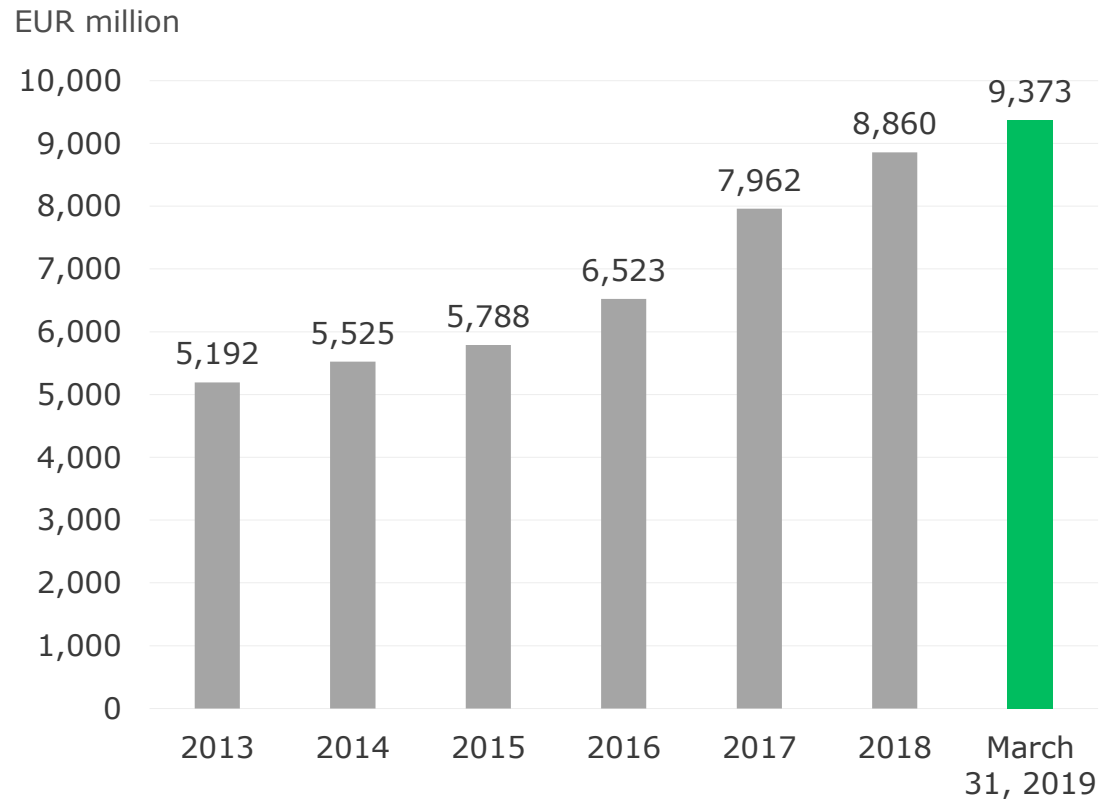
- Aktia the second bank to launch Apple Pay in Finland
- A modern payment solution for Apple devices where security and integrity are the core
- Each transaction is authorised with a dynamic unique number code



Continued growth in Assets under Management

ASSET MANAGEMENT

Assets under management excluding custody (AuM)



- Higher income mainly explained by positive value changes of EUR 1.7 (-0.9) million in the life insurance business. Net commission income within the segment increased by 5%.
- Both foreign and domestic institutional sales developed well during the quarter as did sales of funds through Aktia's own branch network.
- The UI-Aktia range will be extended geographically during 2019.

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



Financial targets 2022

Comparable
operating profit
to approximately
EUR 80 million

1-3/2019:
EUR 17.2 million

Return on
Equity ROE
to 9.7%

1-3/2019:
9.4%

Comparable
cost-to-income
ratio
to 0.61

1-3/2019 (comparable):
0.69

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

1-3/2019:
16,9%

Outlook 2019 (unchanged)

- The continued low interest rate environment and decreased income from previously unwound interest-rate hedges (2012) will still have a negative impact on the total net interest income 2019.
- The uncertainty regarding the future economic development brings uncertainty to the prognosis, which may have a considerable effect especially on the income from wealth management and investment activities in the net commission income and net income from life-insurance.
- Impairment of credits are expected to remain on a low level in 2019.
- Despite the uncertainty of the economic development, the comparable operating profit 2019 is expected to be approximately on the same level as for 2018.



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

Four action programs for strategy implementation



Corporate culture



Operational excellence



Reshaping customer experience



Sales

Financial overview

Operating income increased by 3% during the first quarter

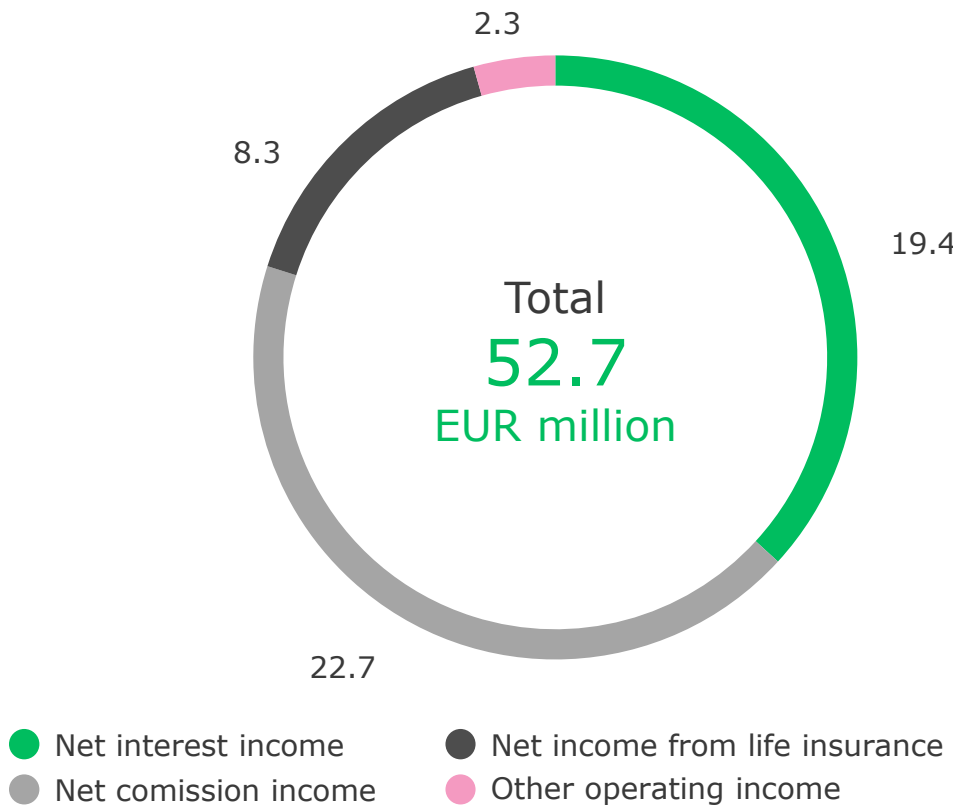
EUR million	1Q2019	1Q2018	Δ, %
Total operating income	52.7	51.2	+3%
Net interest income	19.4	20.7	-6%
Net commission income	22.7	23.8	-5%
Net income from life insurance	8.3	5.8	+43%
Other income	2.3	0.8	+169%
Total operating expenses	-36.1	-33.5	+8%
Operating profit	17.2	17.7	-3%
Comparable operating profit*	17.2	18.0	-5%
Earnings Per Share (EPS), EUR	0.21	0.22	-7%
Return on Equity (ROE) %	9.4	10.2	-7%
Cost-to-income ratio (comparable)	0.69	0.65	6%
Common Equity Tier 1 capital ratio	16.9	16.4	+3%

*) Excl. items affecting comparability, mainly costs for restructuring

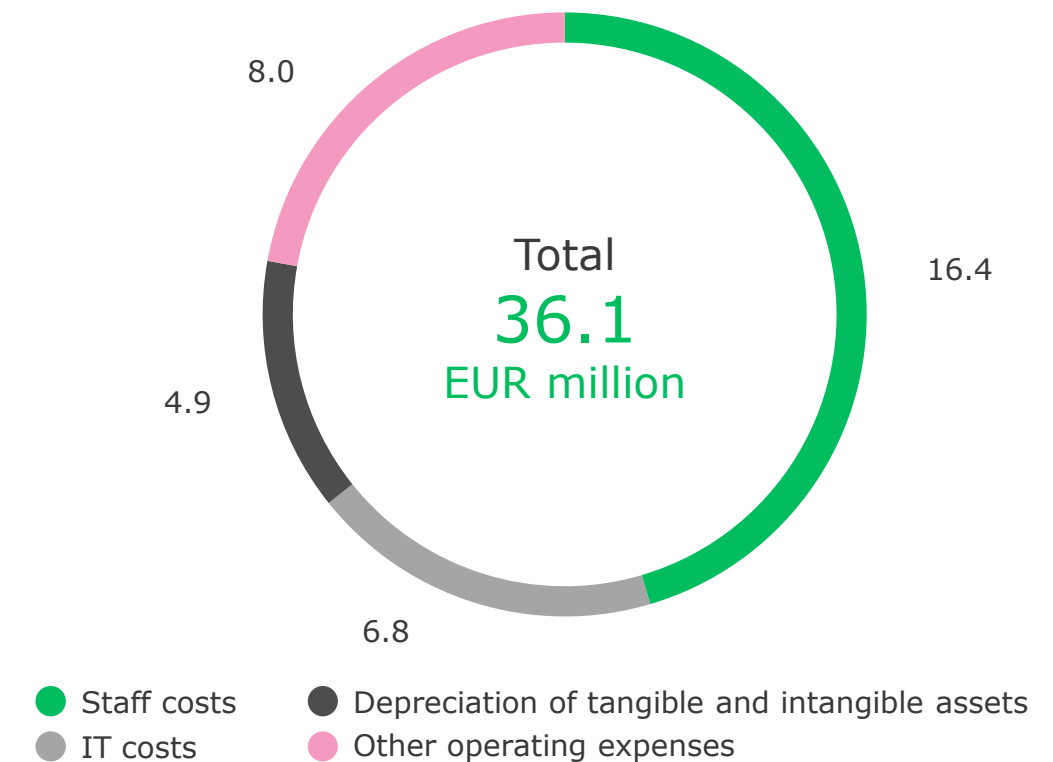


Distribution of operating income and expenses

Operating income



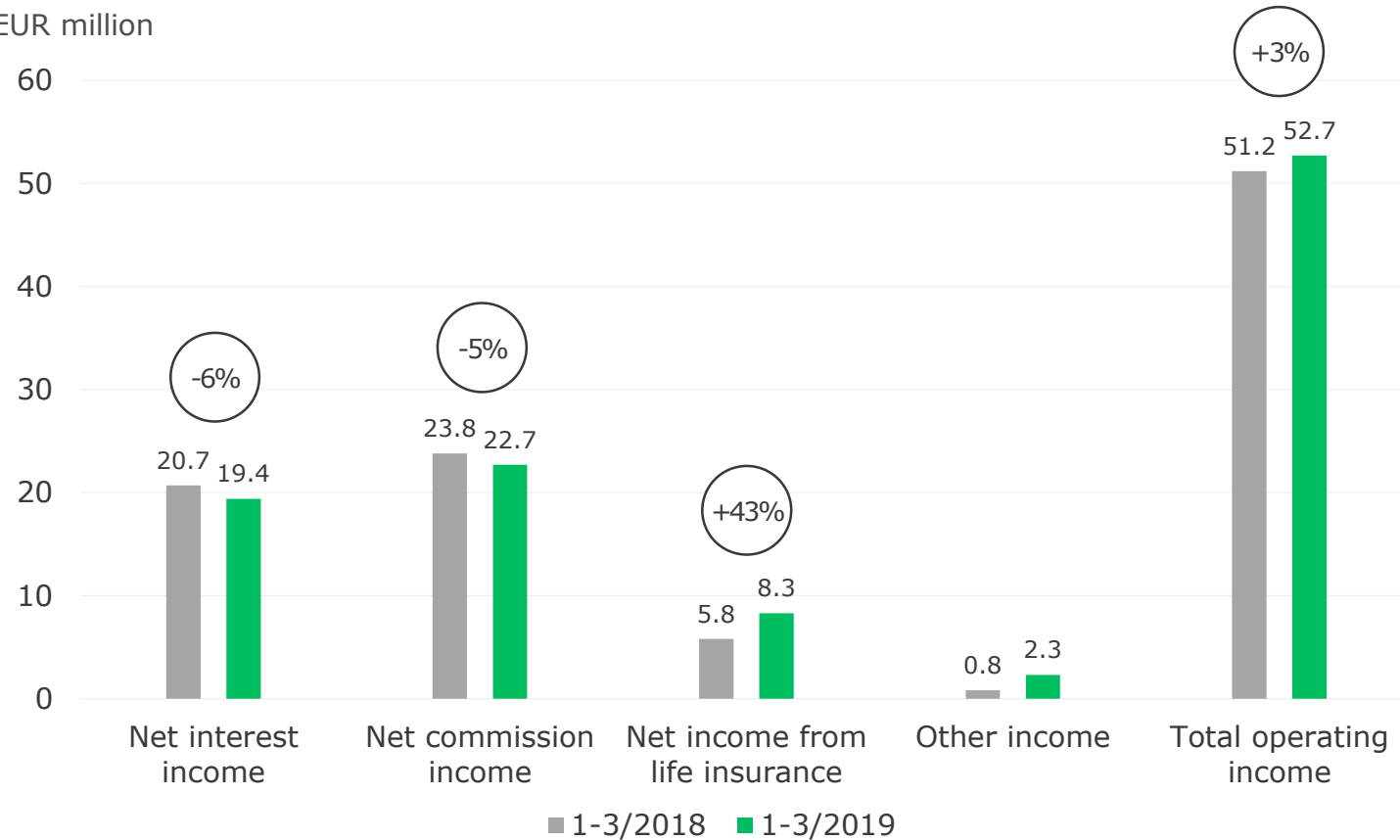
Operating expenses



Stable underlying development in net income

INCOME MIX

EUR million



Net interest income:

Despite margin pressure the average margin for the total loan book remained on a stable level. Income from interest rate hedges unwound in 2012 was EUR 2.2 million lower compared to the reference period.

Net commission income:

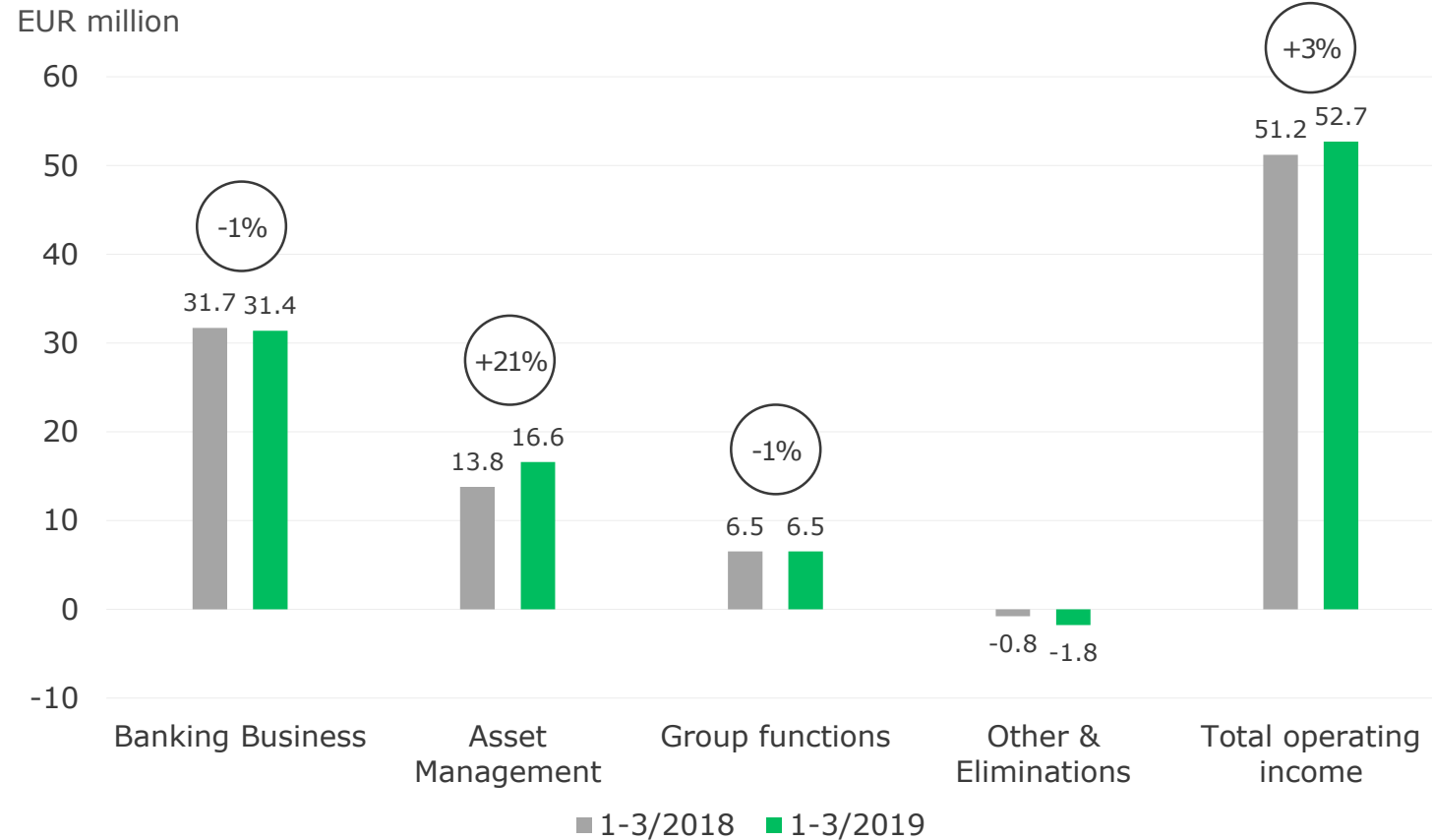
Net commission income, excluding the income from the real estate agency sold in July 2018, increased by 1%. Commission income from funds, asset management and securities brokerage was on the same level as last year, whereas card and other payment service commissions increased by 6%.

Net income from life insurance:

The net income from investments includes value changes of EUR 1.7 (-0.9) million. The actuarially calculated result was on the same level as last year.

Higher operating income in Asset Management owing to positive value changes in the life insurance business

OPERATING INCOME PER SEGMENT



Banking Business:

Solid development in lending and borrowing.

Asset Management:

The income from the period was clearly higher than for the reference period, which is mainly explained by positive value changes of EUR 1.7 (-0.9) million in the life insurance business. Net commission income increased by 5% during the period.

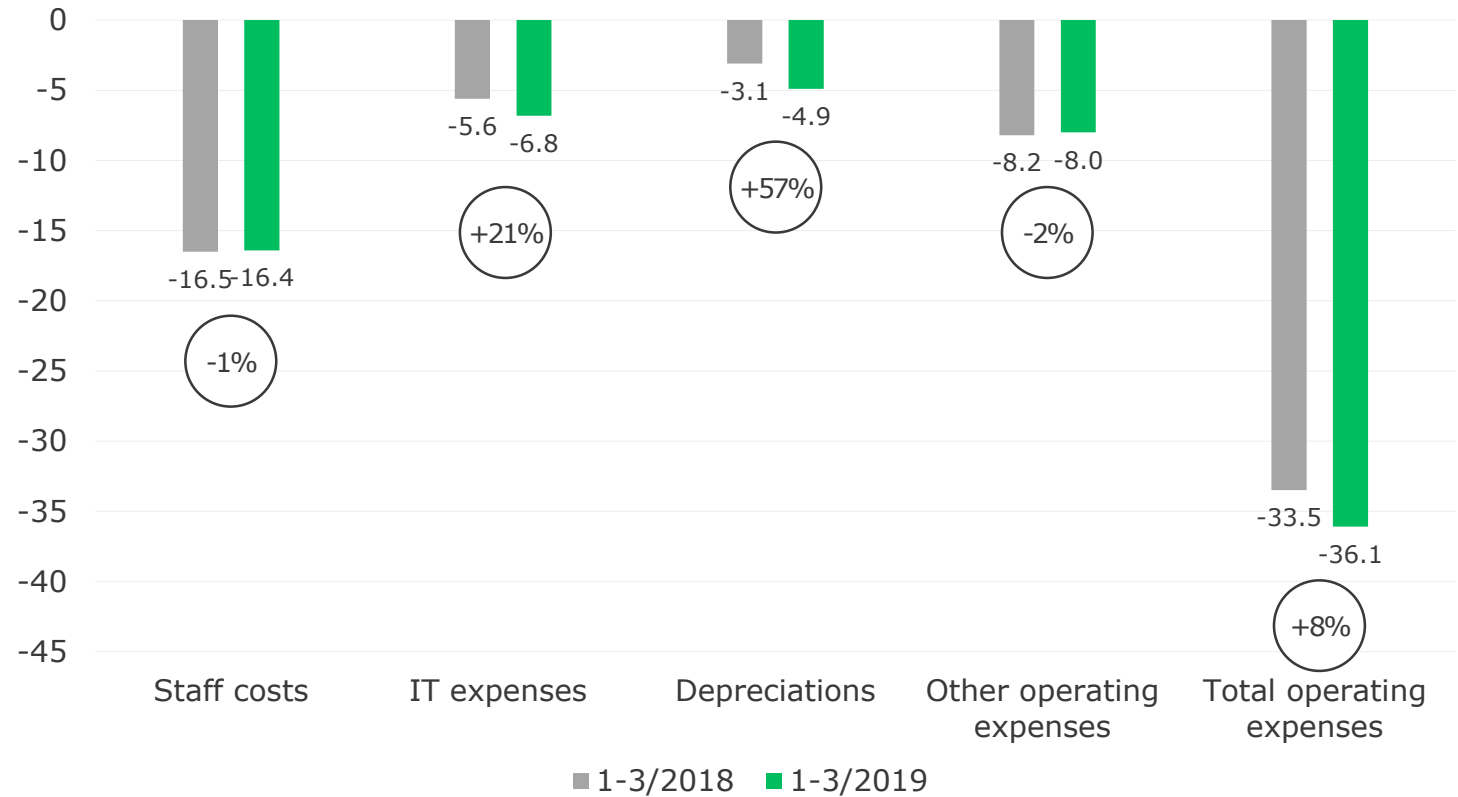
Group functions:

Lower interest income of the bank's liquidity portfolio and from the 2012 unwound interest rate hedges were compensated by lower financing expenses mainly from senior financing.

Increased expenses due to larger IT costs

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 March amounted to 774 (31 March 2018; 796).

IT expenses:

IT expenses increased due to partly regulation related investments at the beginning of the year.

Depreciations:

Lease expenses for real estate are reported from 1 January 2019 according to IFRS 16, which means including them in the depreciations (EUR 1.7 million) and interest expenses (EUR 0.3 million).

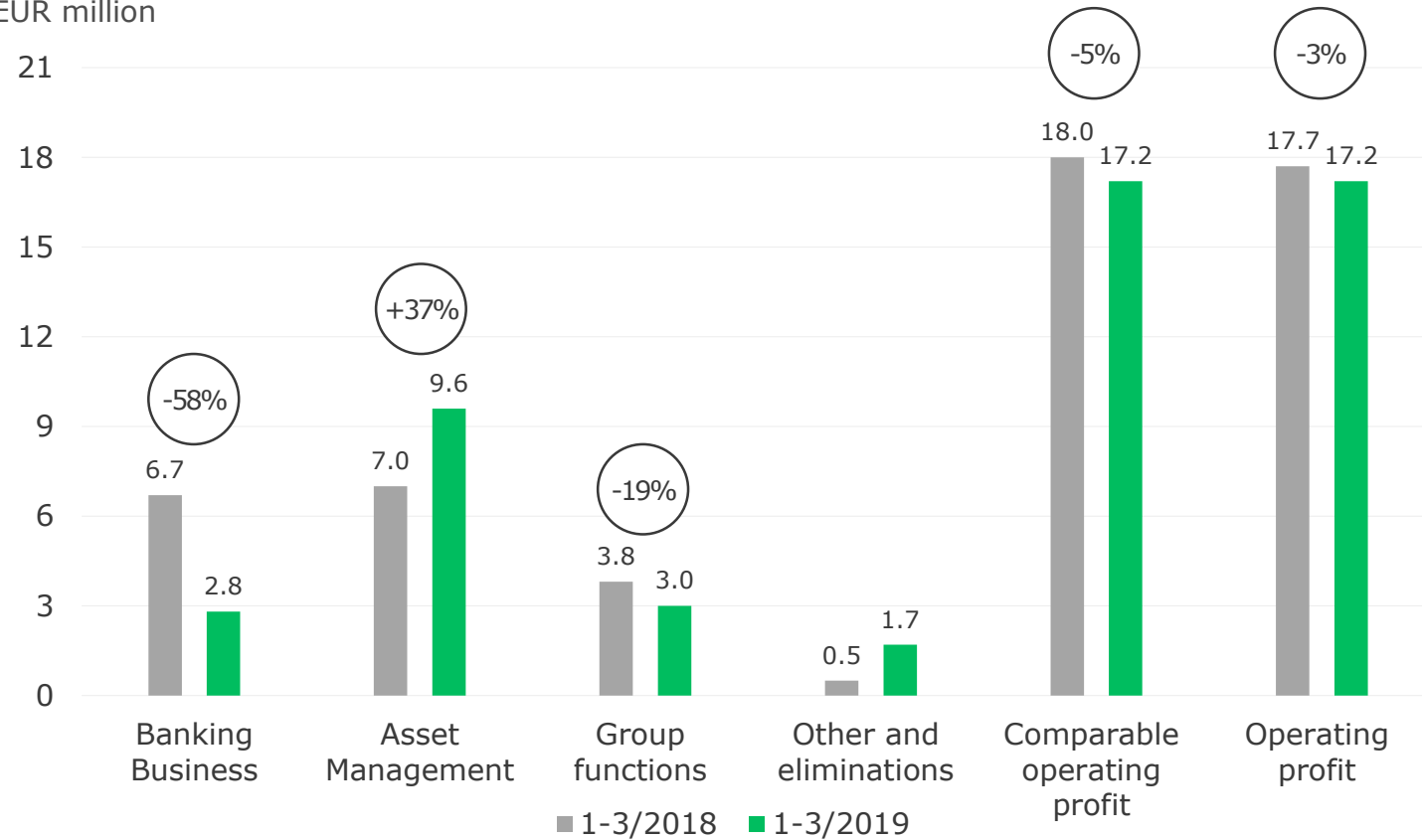
Other:

The estimated stability fee of EUR 2.0 million has been booked in its entirety in the first quarter.

Comparable operating profit decreased by 5%

COMPARABLE OPERATING PROFIT PER SEGMENT

EUR million



CET1 on a continued good level

CAPITAL ADEQUACY

- At the end of the period, the Group's Common Equity Tier 1 (CET1) capital ratio was 16.9% (16.4% per March 31, 2018).
- After deductions, CET1 capital increased by EUR 4.4 million during the period which improved the CET1 capital ratio by 0.2 percentage points.
- Risk-weighted commitments increased by EUR 106.0 million which reduced the CET1 capital ratio by 0.8 percentage points. The change is mainly attributable to increase in the corporate exposures.
- Impairments of credits and other commitments remained low.

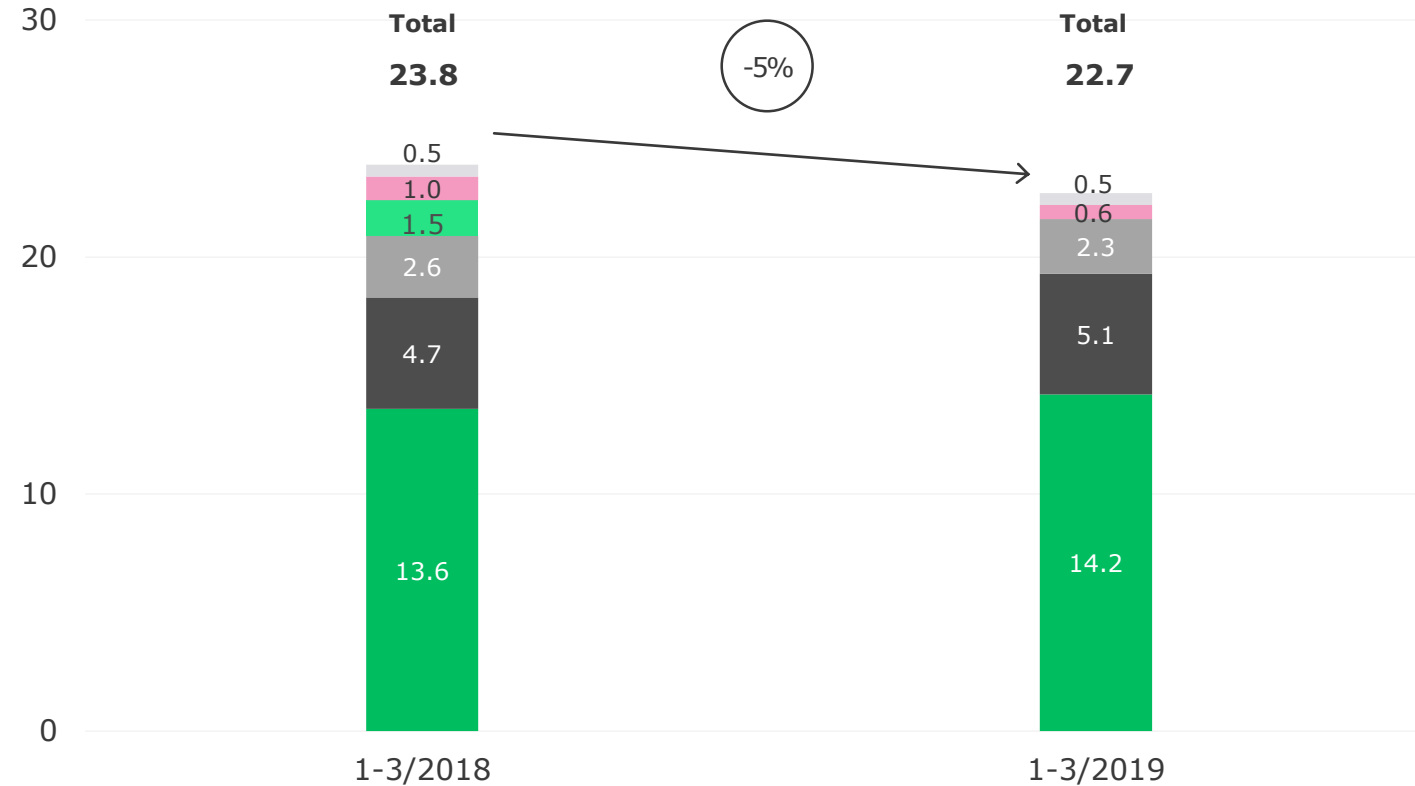


Appendices

Growth in savings and investment products as well as in card and payment services

NET COMMISSION INCOME MIX

EUR million



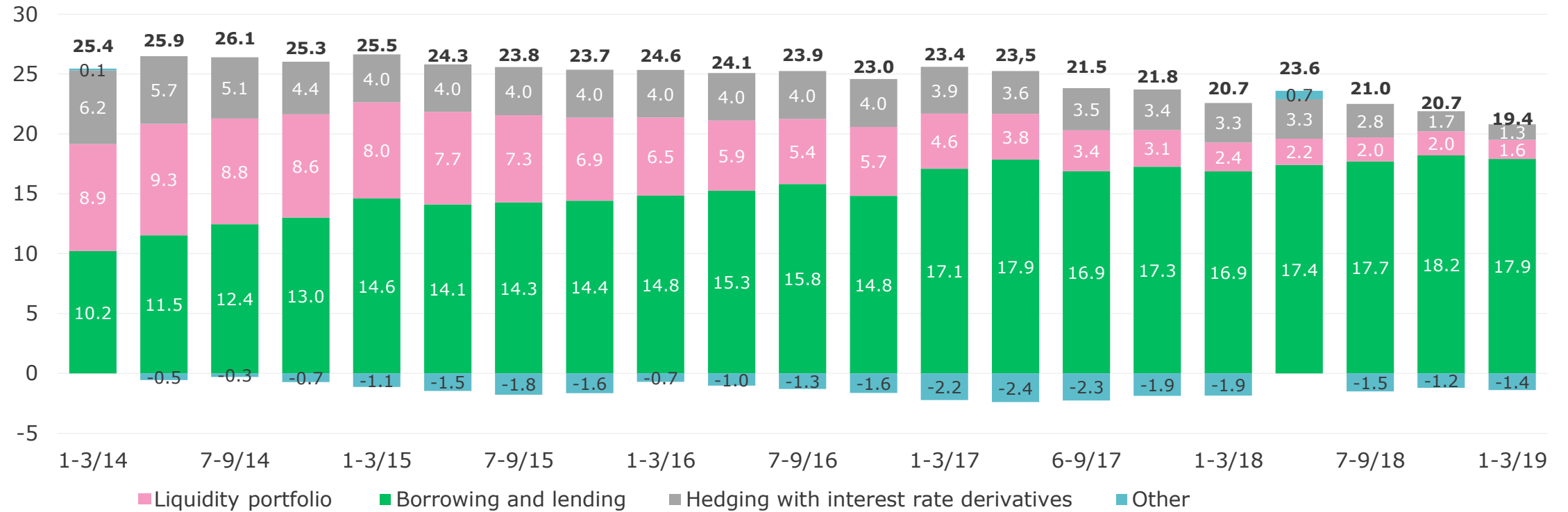
Savings and investment products

includes borrowing, mutual funds, asset management and securities brokerage

- Other
- Insurances
- Real estate agency
- Lending
- Card and Payment services
- Savings and investment products

Net interest income mix

EUR million



Courageously.
Skilfully.
Together.

