

30 OCTOBER 2019

Aktia Q3 2019 Result presentation

Aktia

Strong growth in asset management during the third quarter

- Assets under Management (AuM) increased by 5% to EUR 9.8 billion.
- Net subscriptions of UI-Aktia funds offered internationally amounted to EUR 319 million.
- Net commission income increased by 7% to EUR 24.6 million compared to last year.
- Net interest income from borrowing and lending increased by 5% compared to last year.
- Comparable operating expenses increased by 7% mainly due to accruals within staff costs – the total cost level is unchanged.



Key Figures Q3 2019

(Q3 2018)

Net interest income	-7%	EUR 19.6 (21.0) million
Net commission income	+7%	EUR 24.6 (22.9) million
Total operating income	-4%	EUR 52.9 (55.4) million
Comparable operating income	+5%	EUR 52.9 (50.3) million
Total operating expenses	+18%	EUR 37.5 (31.8) million
Comparable operating expenses	+7%	EUR 34.2 (31.8) million
Comparable operating profit	-6%	EUR 17.6 (18.6) million

EPS
EUR 0.16
(EUR 0.29)

Comparable C/I ratio
0.65
(0.63)

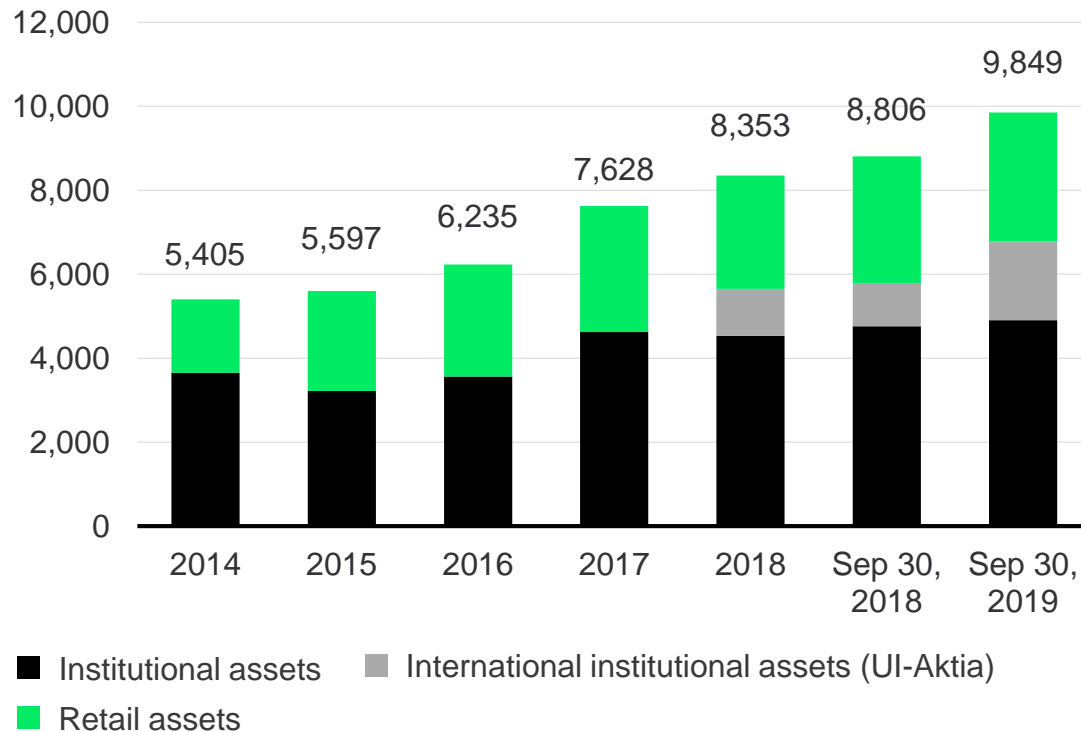
ROE
7.4%
(13.7%)

CET1
15.6%
(31.12.2018; 17.5%)

Assets under management on highest level ever

Asset Management

Assets under management excluding custody (AuM)
EUR million



- Assets under management (AuM) reached its highest level ever and amounted to EUR 9,849 (8,353) million.
- The increase is related to both strong sales and favourable market development.
- The UI-Aktia fund capital has increased by 67% during the year and amounted at the end of September to EUR 1,873 (1,121) million.
- Aktia Emerging Market Local Currency Frontier Bond+ was the first of Aktia's own funds to exceed one billion euro.
- Morningstar rates 85% of Aktia's all funds as 4 or 5 star funds.

Strong lending and high customer activity

Banking Business

- The growth in lending was still stable and acquisition of new customers was strong.
- The demand on housing loans is still increasing but it seems to be stabilising slowly.
- The intensive price competition in housing loans continued, especially in the Helsinki region, i.e. the pressure on margins continues.
- Aktia improved its private customer satisfaction the most in the September EPSI rating that measures banking customers' satisfaction.
- The use of online and mobile bank among private customers increased by 19% compared to the year before.



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.**



Long-term financial targets 2023

**Comparable
operating profit
EUR 100 million**

1–9/2019:
EUR 49.0 million

**Return on
Equity (ROE)
above 11%**

1–9/2019:
10.2%

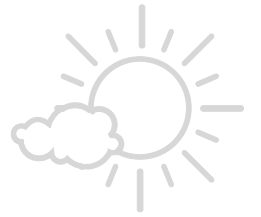
**Comparable
cost-to-income
ratio under 0.60**

1–9/2019:
0.67

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

1–9/2019:
15.6%

Our three strategic priorities



2023

① Win in **asset management**

② Acquire **new customers** in growing **cities**

③ Drive **operational efficiency**
to capitalise on our challenger position

Banking & Insurance

Aktia

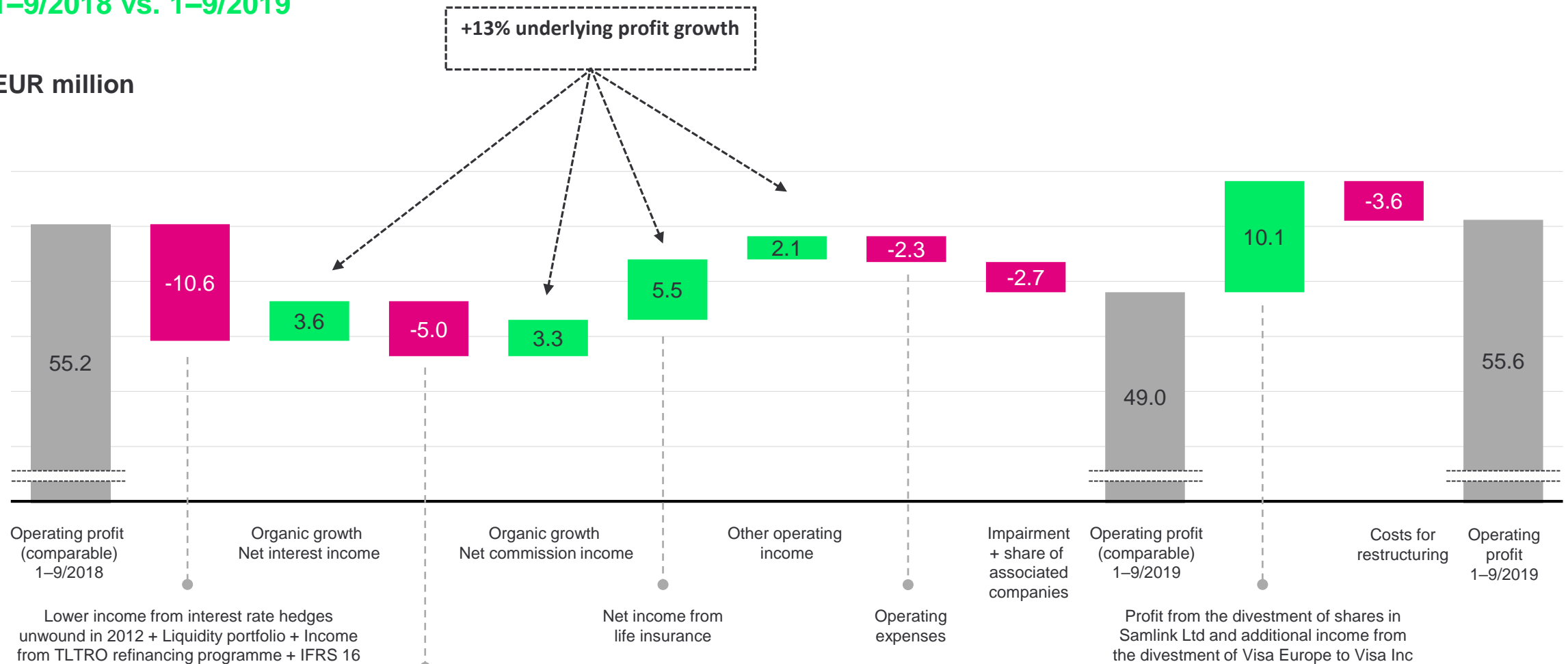
Financial overview

Aktia

Operating profit

1-9/2018 vs. 1-9/2019

EUR million



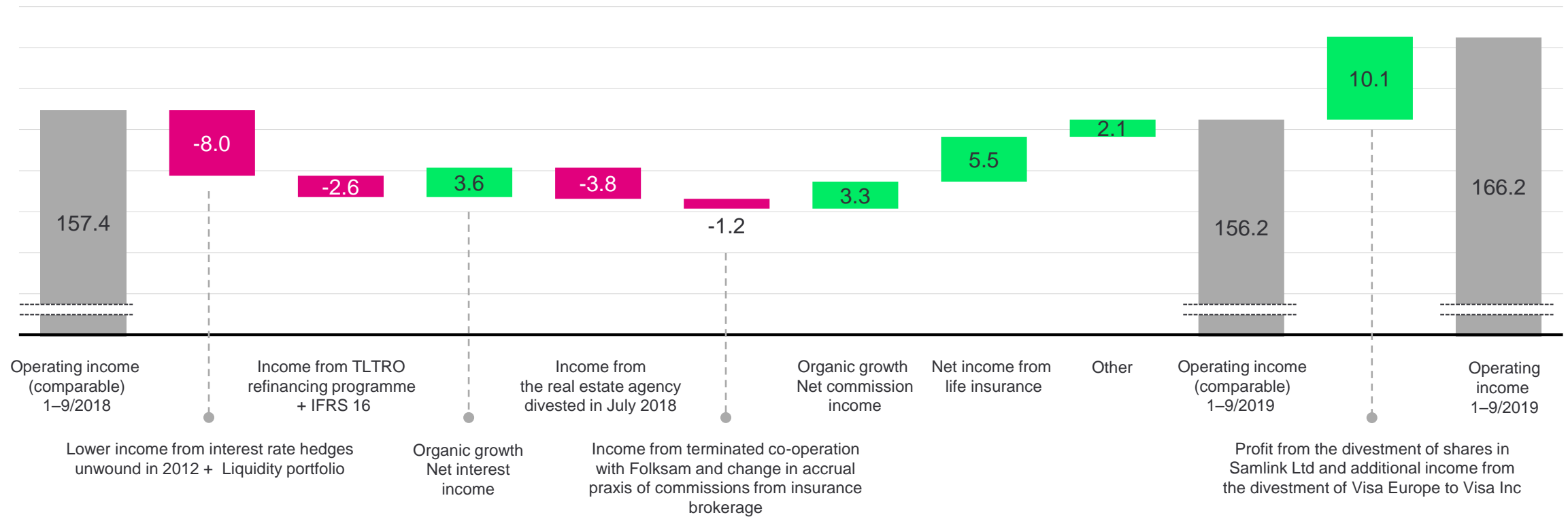
Aktia

Income from the real estate agency divested in July 2018 + Income from terminated co-operation with Folksam and change in accrual praxis of commissions from insurance brokerage

Operating income

1–9/2018 vs. 1–9/2019

EUR million



Financial summary Q3 and YTD

EUR million	3Q2019	3Q2018	Δ, %	1-9/2019	1-9/2018	Δ, %
Total operating income	52.9	55.4	-4%	166.2	162.4	2%
Net interest income	19.6	21.0	-7%	58.2	65.2	-11%
Net commission income	24.6	22.9	7%	71.3	73.0	-2%
Net income from life insurance	6.8	5.5	25%	21.7	16.3	34%
Other income	1.9	6.0	-68%	15.0	7.9	89%
Total operating expenses	-37.5	-31.8	18%	-108.6	-103.6	5%
Impairments of credits and other commitments	-1.2	-0.8	52%	-3.7	-0.7	424%
Operating profit	14.3	23.7	-40%	55.6	59.5	-7%
Comparable operating profit*	17.6	18.6	-6%	49.0	55.2	-11%
Earnings Per Share (EPS), EUR	0.16	0.29	-44%	0.67	0.72	-8%
Return on Equity (ROE), %	7.4	13.7	-46%	10.2	11.2	-8%
Cost-to-income ratio (comparable)	0.65	0.63	2%	0.67	0.65	3%
Common Equity Tier 1 capital ratio, %	15.6%	16.6%	-6%	15.6	16.6	-6%

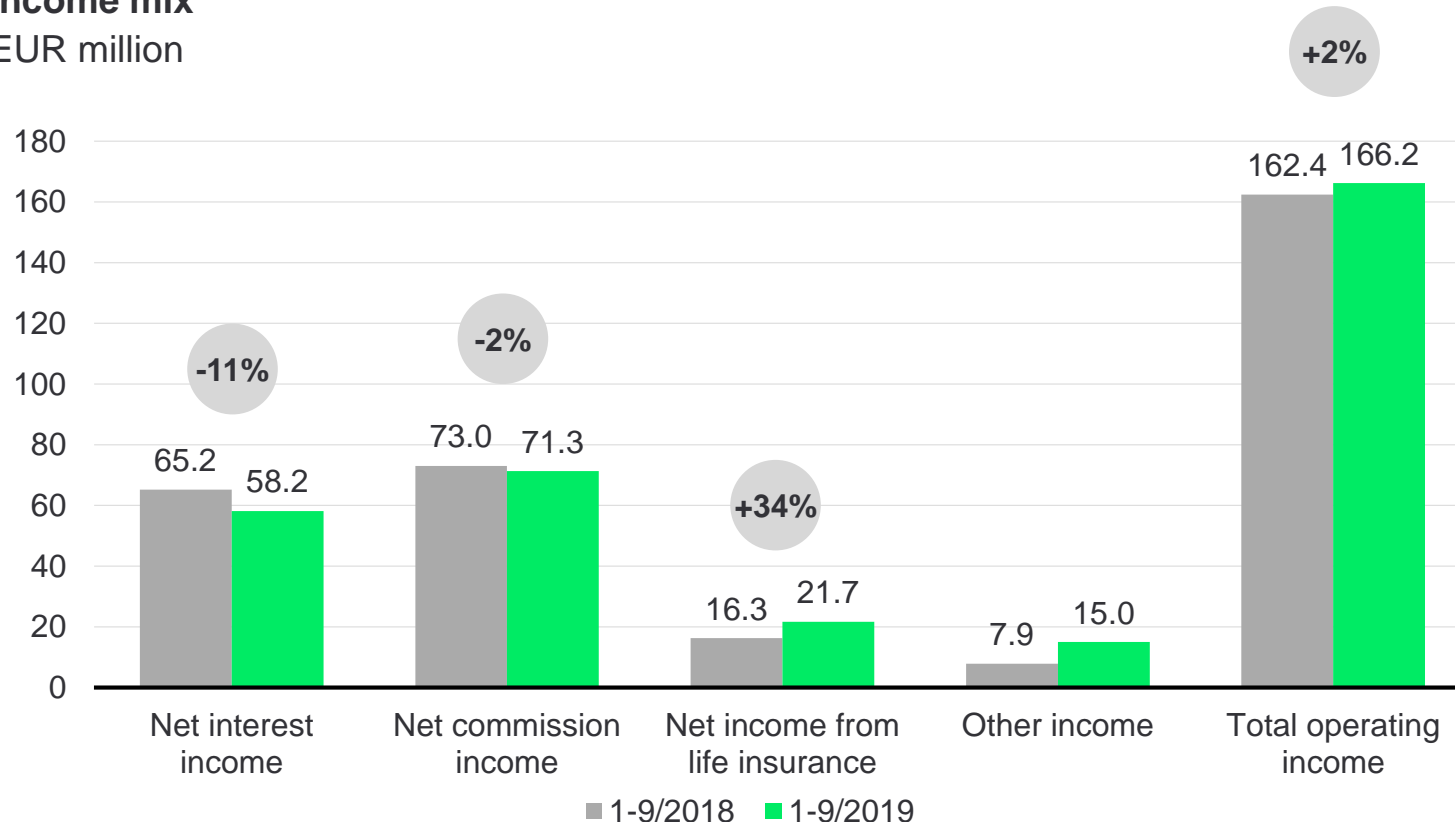
*) Excl. items affecting comparability

Aktia

The good underlying development of Aktia's business operations continued

Income mix

EUR million



Net interest income:

Net interest income decreased by 11% to EUR 58.2 million. Net interest income from borrowing and lending increased by 5% to EUR 54.8 million.

Net commission income:

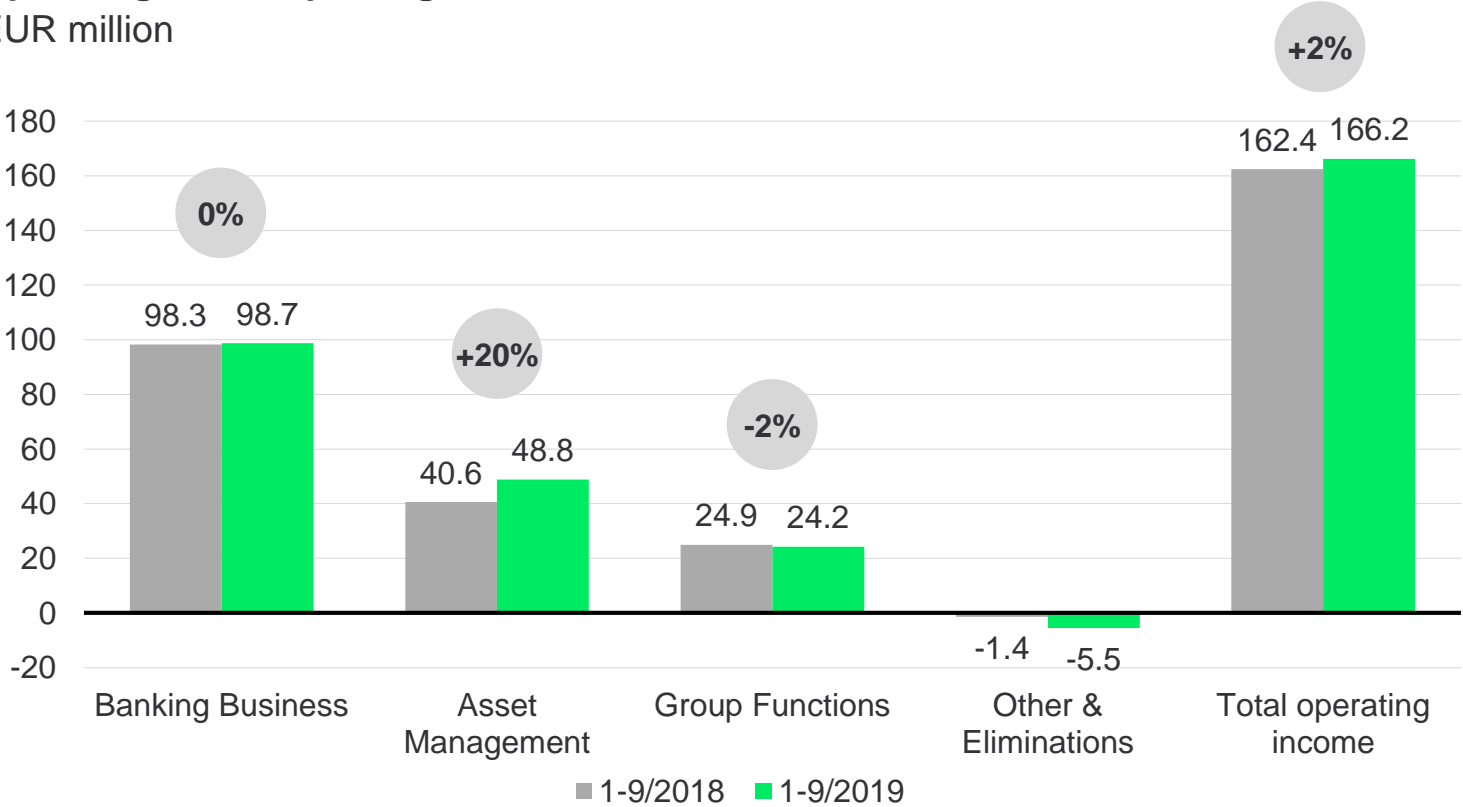
Net commission income decreased by 2% to EUR 71.3 million. Taking into account the reference period's income from the divested real estate agency, the terminated co-operation with Folksam and the changes in accounting principles for recognition of insurance brokerage commissions, net commission income increased by 5%.

Net income from life insurance:

Net income from life insurance increased by 34% to EUR 21.7 million, which is mainly related to unrealised value changes in the investment portfolio of EUR 3.5 million.

Operating income for Asset Management increased by 20%

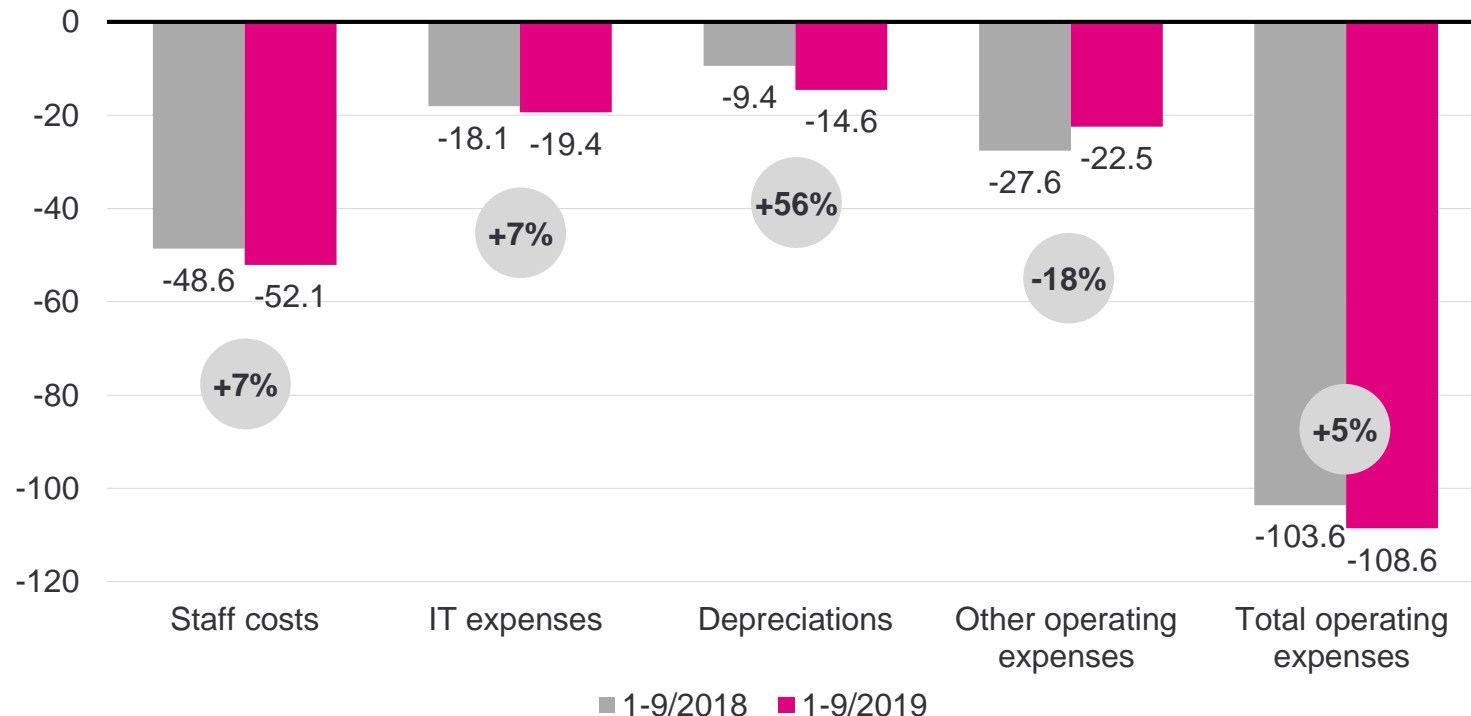
Operating income per segment
EUR million



Total cost level is unchanged

Operating expenses

EUR million



Staff costs:

The increase in staff costs was mainly related to somewhat higher costs for the AktiaUna programme and phasing of holiday pay reserve. The ongoing staff costs were approximately on the same level as last year.

IT expenses:

The increase in IT expenses was mainly related to higher IT investments in the beginning of 2019 compared to 2018.

Depreciations:

Office and other lease expenses are reported from 1 January 2019 according to IFRS 16, which means including them in the depreciations (EUR 5.1 million) and interest expenses (EUR 0.8 million) instead of other operating expenses.

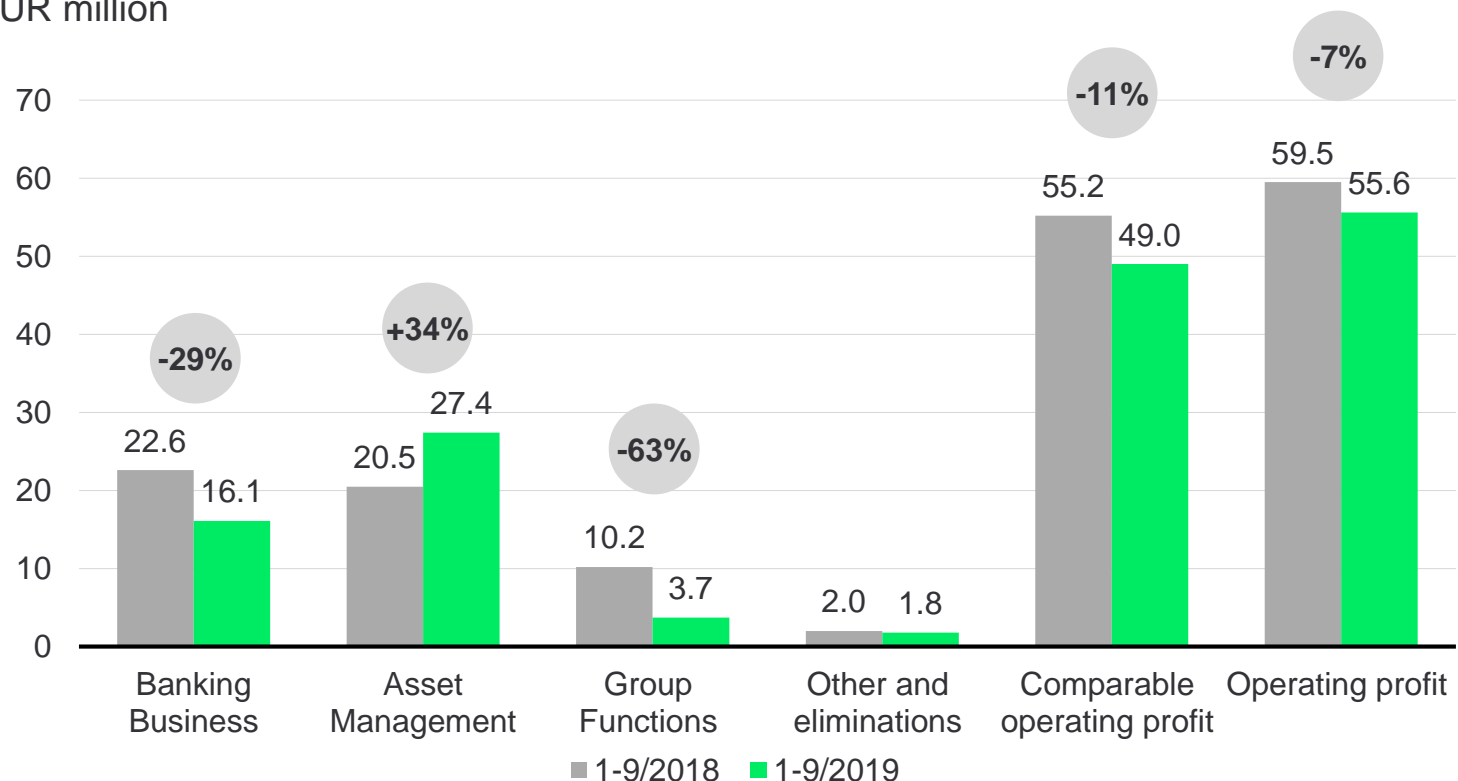
Other operating expenses:

IFRS 16: see depreciations.

Comparable operating profit decreased by 11%

Comparable operating profit per segment

EUR million



Banking Business:

Solid development in lending. The interest income from Aktia's TLTRO financing programme amounted to EUR 1.2 (3.1) million.

Impairments on credits and other commitments remained low. The change in the allowance for model-based credit losses (ECL) increased by EUR 2.1 million from the corresponding period last year, which affected the increase of total impairments to EUR -3.7 (-0.7) million.

Asset Management:

The comparable operating profit for the period increased by 34%, which is explained by strong sales, a good market development and positive value changes in the investment portfolio of Aktia Life Insurance of EUR 3.5 (-3.3) million.

CET1 on a solid level

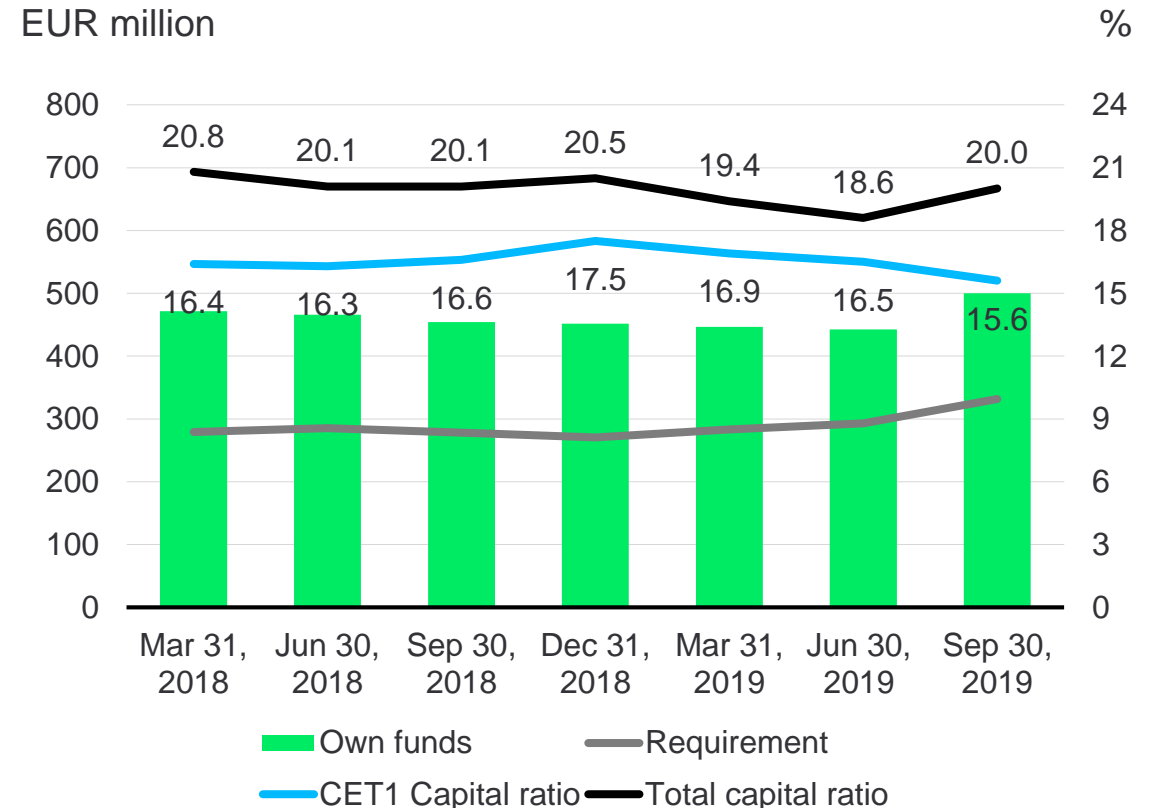
Capital Adequacy

- At the end of the period, the Group's Common Equity Tier 1 (CET1) capital ratio was 15.6%.
- After deductions, CET1 capital increased by EUR 5.8 million during the period which improved the CET1 capital ratio by 0.2 percentage points.
- Risk-weighted commitments increased by EUR 296.2 million which reduced the CET1 capital ratio by 2.1 percentage points.
- The change is mainly attributable to the implementation of the IRB approach to certain corporate exposures.
- The system risk buffer of 1% (to be met with CET1 capital) entered into force on 1 July 2019.

Aktia

CET1

EUR million

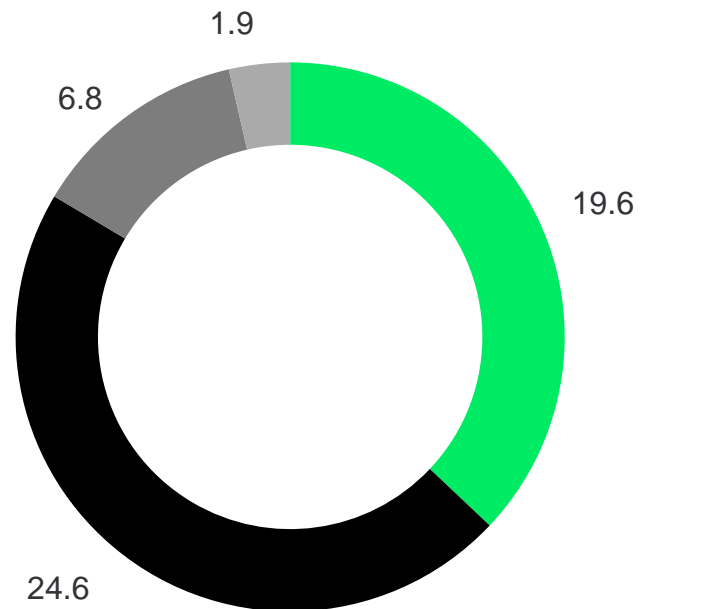


Appendices

Distribution of operating income and expenses

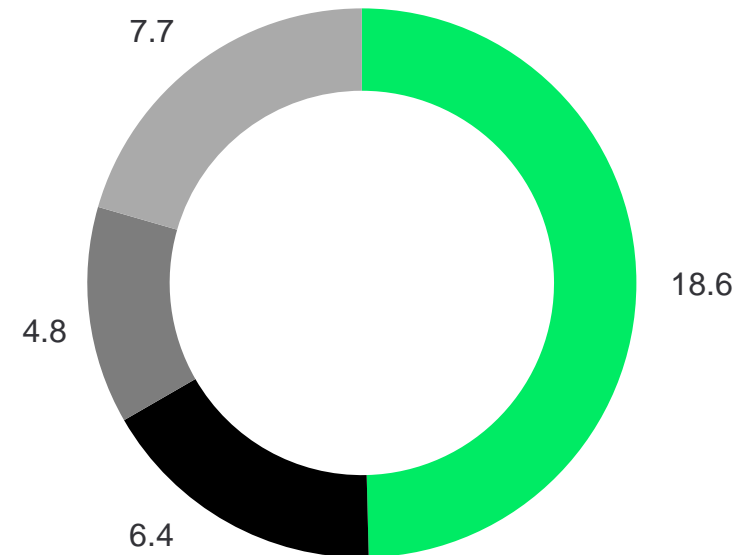
Q3 2019

Operating income
Total EUR 52.9 million



■ Net interest income
■ Net income from life insurance
■ Net comission income
■ Other operating income

Operating expenses
Total EUR 37.5 million

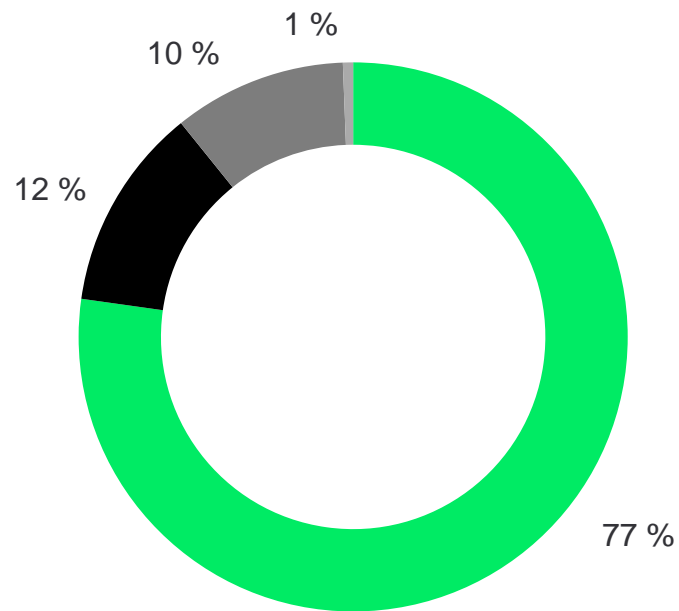


■ Staff costs
■ IT expenses
■ Depreciation of tangible and intangible assets
■ Other operating expenses

Structure of lending and deposits

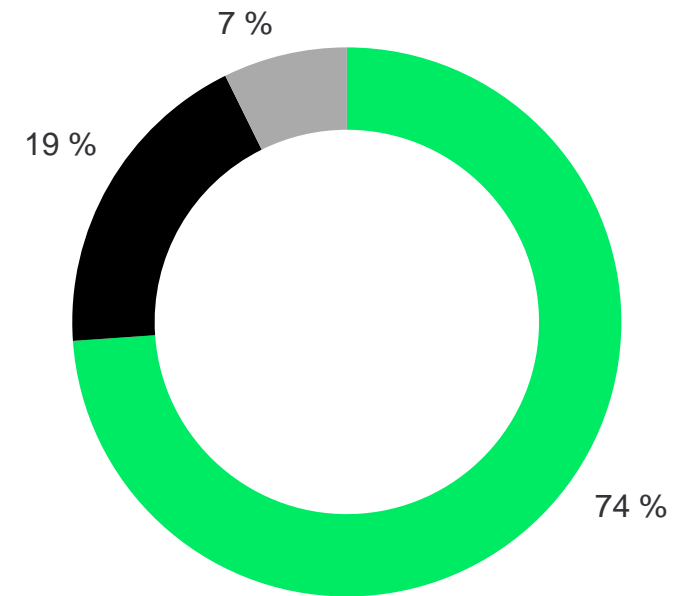
September 30, 2019

Lending
Total EUR 6,273 million



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

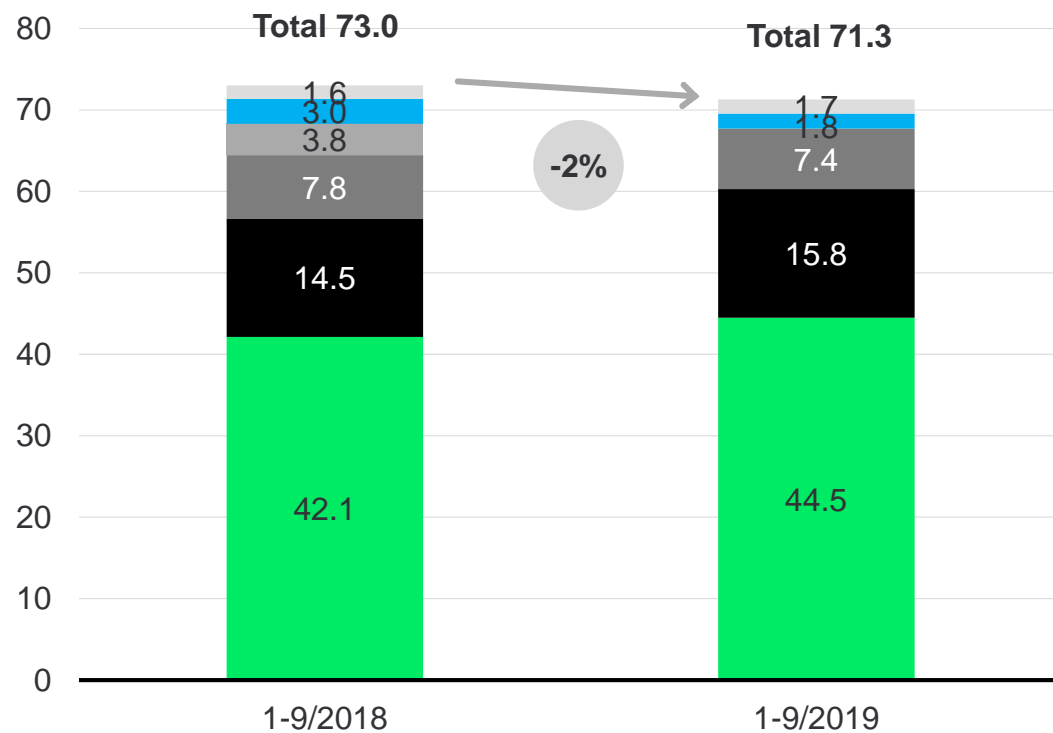
Deposits
Total EUR 4,116 million



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

Net commission income mix

EUR million



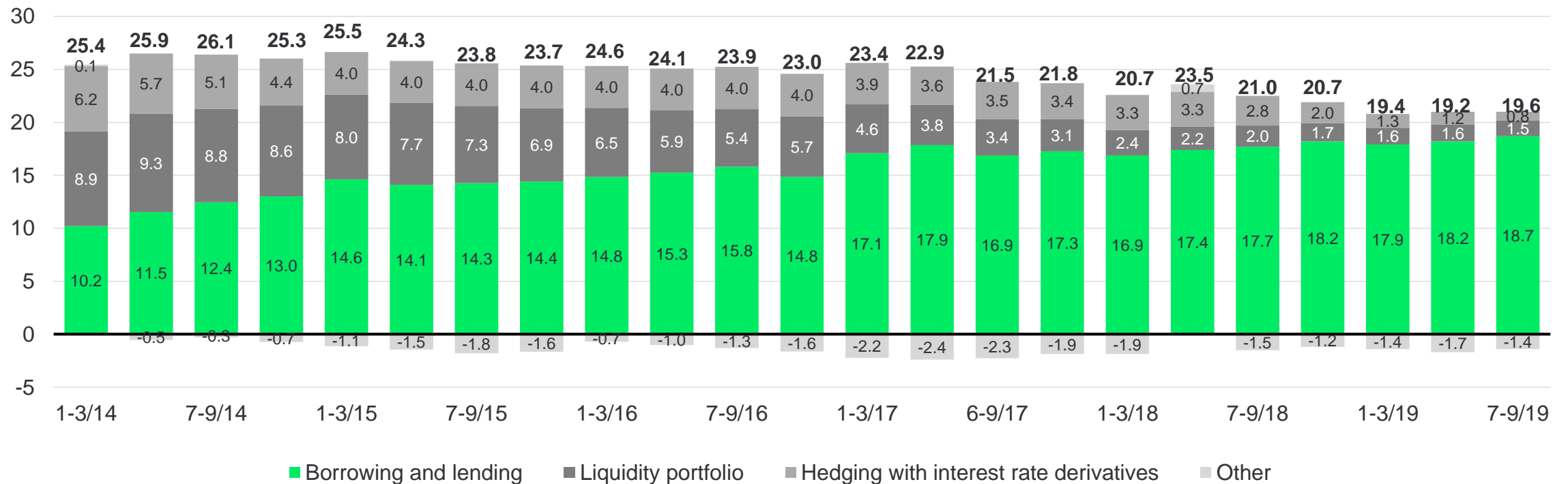
Savings and investment products

includes borrowing, mutual funds, asset management and securities brokerage

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

Net interest income mix

EUR million





The good bank. And a great asset manager.

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