S&P Global
Ratings

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Aktia Bank PLC

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Aktia Bank PLC

SACP	bbb+	
Anchor	a-	
Business Position	Moderate	-1
Capital and Earnings	Strong	+1
Risk Position	Moderate	-1
Funding	Average	0
Liquidity	Adequate	

+

Support	+1
ALAC Support	+1
GRE Support	0
Group Support	0
Sovereign Support	0

+

Additional Factors	0

Issuer Credit Rating
A-/Stable/A-2

Resolution Counterparty Rating
A/--/A-1

Major Rating Factors

Strengths:	Weaknesses:
• Well-established local retail franchise in Finland. • Strong projected risk-adjusted capitalization underpinned by sound earnings capacity. • Focus on low-risk collateralized lending to retail clients and small and midsize enterprises (SMEs).	• Concentration risk in loan book, due to focus mainly on residential mortgage lending in Finland. • Limited geographic, business, and earnings diversification. • Reliance on wholesale funding market as covered bond issuer.

Outlook: Stable

S&P Global Ratings' stable outlook on Aktia Bank reflects our view that the bank will maintain its market position as a well-established local retail franchise in Finland with growing wealth management operations. We expect Aktia Bank's retail and asset management operations will strengthen the bank's earnings generation and cost-efficiency, despite capital build-up below risk-weighted asset (RWA) growth, therefore sustaining the bank's risk-adjusted capital (RAC) firmly between 14.5% and 15.0% over the next 12-24 months.

Clarity about Aktia Bank's potential subordination requirement on minimum requirements for own funds and eligible liability (MREL), and the bank's senior non-preferred issuance plan could further strengthen its additional loss absorbing capacity (ALAC) buffer over the next two years.

Downside scenario

We could take a negative rating action if we see a lower likelihood of sustainable ALAC buffer as subordinated instruments mature. We could also take a negative rating action if Aktia Bank's business position weakens unexpectedly, such that the market shares in banking and its profitability decline or if we see the bank's asset quality deteriorate as it expands outside its traditional home regions.

Upside scenario

We could take a positive rating action if Aktia Bank replaced a substantial amount of maturing debt by issuing senior non-preferred instruments and therefore built up an ALAC buffer well above our 10% adjusted threshold, qualifying for two notches of ALAC support. An upgrade would also be conditional on Aktia Bank's overall creditworthiness being in line with that of its higher-rated European peers.

Rationale

Our ratings on Aktia Bank reflect our 'a-' anchor for Finnish banks and the bank's moderate business position as a regional bank with focus primarily on retail mortgage lending and SMEs in selected areas in Finland. Aktia Bank's growing wealth and asset management operations to both retail and institutional clients provide positive diversification to its revenues and net income. Our ratings also encompass the bank's strong risk-adjusted capitalization and stable earnings, underpinned by our expectation the RAC ratio will hover in the range of 14.5%-15% in the next 24 months. We believe that the effects of the Covid-19 pandemic will test Aktia Bank's asset quality and revenues in 2020--the bank suspended its 2020 outlook and expects lower profits. Our ratings equally reflect the concentration risks in Aktia Bank's loan portfolio, partly mitigated by current sound asset quality, a high level of collateralization, and a good track record of low credit losses. That said, we believe that Aktia Bank's sound underwriting standard and the Finnish government's policy measures may counter the impacts of Covid-19 on the bank. Aktia Bank's funding profile is in line with domestic peers, while the bank has adequate liquidity, owing to a sound level of customer deposits and demonstrated access to capital markets as a covered bond issuer with ample buffer of liquidity to meet the maturing wholesale debt. The stand-alone credit profile (SACP) is 'bbb+'.

We believe that Aktia Bank would be subject to bail-in driven resolution strategy, and consider that the bank already holds significant subordinated loss-absorbing capacity, leading us to incorporate a one-notch uplift for ALAC into its

'A-' ratings.

Anchor:'a-' for banks operating solely in Finland

We use our Banking Industry Country Risk Assessment's economic risk and industry risk scores to determine a bank's anchor, the starting point in assigning an issuer credit rating. Our anchor for a commercial bank operating only in Finland is 'a-', based on an economic risk score of '2' and an industry risk score of '3' (on a scale from '1', the strongest score, to '10', the weakest). We view the economic and industry risk trend in the Finnish banking industry as stable.

We view Finland as an innovative, wealthy, and open economy, with mature political and institutional structures. After a cyclical peak in 2018, the economic growth momentum has slowed meaningfully and we believe growth has moderated in 2019 on the back of slowing external demand, still-muted private consumption, and contraction in fixed investment amid lower business confidence. The Covid-19 brings additional uncertainty to Finnish economy, which is likely to face recession in 2020 (see: "COVID-19: The Steepening Cost To The Eurozone And U.K. Economies", March 26, 2020). The overall house price development remains stable while there is a dual trajectory between major cities with moderate price increases and decreasing prices in the rest of the country. Over the next two years, only expect moderate credit demand from households; however, the increase in housing company loans and households' demand for unsecured lending will contribute to a gradual increase in the national household debt. Still, we expect Finnish banks' asset quality to remain strong in the next two years, based on the sound financial position of the household and corporate sectors, the banking sector's moderately conservative underwriting standards, and the persisting low interest rate environment.

As a key industry risk, we see that Finnish banks depend more on international market funding than many other banking systems in Europe and this makes them vulnerable to confidence sensitivity. Nevertheless, Finnish banks continue to have good access to the euro-denominated unsecured and secured market. The Finnish banking market remains concentrated, with the three largest financial institutions commanding over 70% of the market. In our view, the presence of the domestic cooperative and mutual banking group servicing primarily their member customers, with less focus on short-term returns, provides the sector with stability. We expect the banking sector to demonstrate sound profitability and cost-efficiency, strong capitalization, and a moderate risk appetite in the next two years. In our view, the leading Finnish banks are well advanced in preparation for a more pronounced tech disruption in the retail banking sector, owing to substantial investments in innovation over the past years, while we expect further collaboration of smaller players on IT and bank infrastructure projects to lift efficiency.

Table 1

Aktia Bank PLC--Key Figures

	2019	2018	2017	2016	2015
Mil. €					
Adjusted assets	8,278	8,008	8,191	8,699	9,163
Customer loans (gross)	6,458	6,145	5,885	5,765	5,911
Adjusted common equity	409	352	391	396	447
Operating revenues	213	210	211	205	209
Noninterest expenses	144	133	161	148	144
Core earnings	53	65	39	44	52

Note: Reporting period as of December 31.

Table 2

Business Position					
	2019	2018	2017	2016	2015
Mil. €					
Loan market share in country of domicile	4.0	4.1	4.2	4.1	4.1
Deposit market share in country of domicile	2.6	3.3	3.5	3.7	3.8
Total revenues from business line (currency in millions)	222.7	211.5	210.9	212.1	209.0
Commercial & retail banking/total revenues from business line	58.9	56.8	76.9	77.2	79.1
Insurance activities/total revenues from business line	N/A	N/A	25.5	21.7	22.2
Asset management/total revenues from business line	30.3	29.9	N/A	N/A	N/A
Other revenues/total revenues from business line	10.8	13.3	(2.4)	1.1	(1.3)
Return on average common equity	10.3	9.4	6.5	8.0	N/A

Note: Reporting period as of December 31. N/A--Not applcable. N.M.--Not meaningful.

Business position: Moderate, due to Aktia Bank's solid local retail and SME franchise

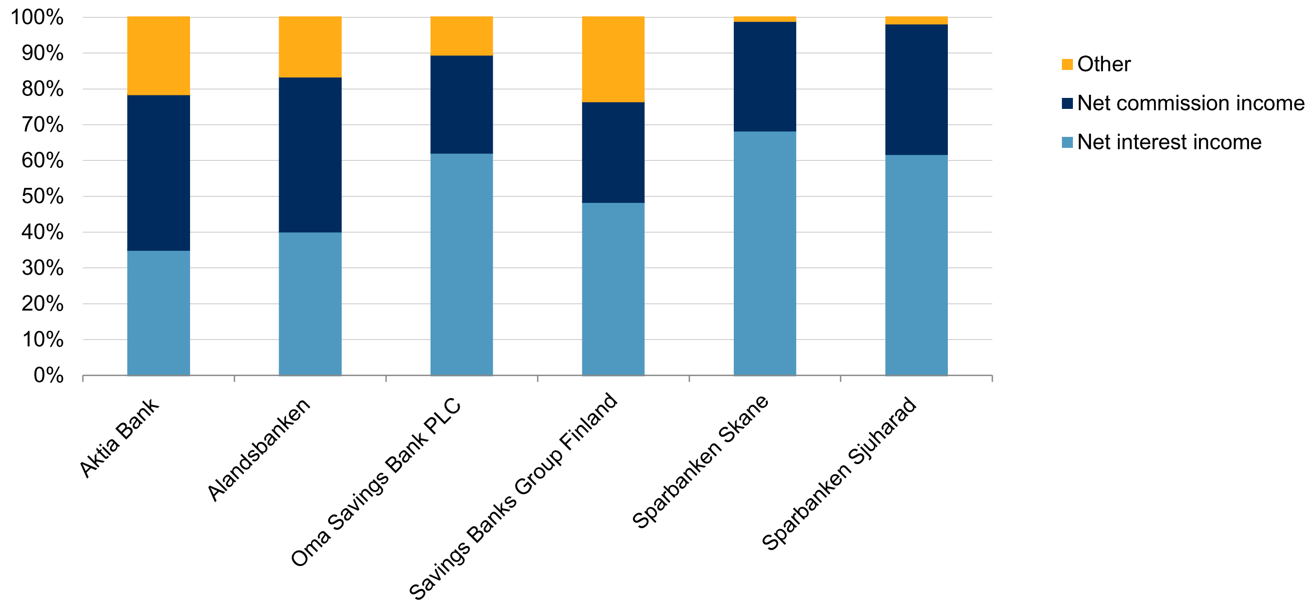
Our assessment of Aktia Bank's business position reflects its concentrated business model as a regional retail bank focused primarily on low-risk collateralized lending to retail clients and SMEs. The bank is increasingly focusing on asset management with both retail and institutional clients, which in our view will be a key earnings driver in the next two years and positive for business diversification, if successful.

Aktia Bank is a midsize commercial bank with total assets of €9.7 billion as of Dec. 31, 2019. The bank has a well-established, local retail franchise in growth regions in Finland's coastal areas and larger cities, with about 310,000 customers catered through 30 branches. In 2019, Aktia Bank enjoyed a stable market share of 4% in residential mortgage lending and 2.6% in customer deposits. Aktia Bank has gradually increased its wealth management business and, in our view, improved its cross selling via asset management and life insurance products which could have a positive impact on the bank's market position in future periods. In terms of geography, we expect Aktia Bank's focus to remain contained to the bank's core regions in Finland, mainly the Helsinki metropolitan area and west coast of Finland.

We view Aktia Bank's regional concentration and narrow product focus on residential mortgage lending in a highly competitive environment as the main weaknesses of its business model. Aktia Bank's strategy foresees a more targeted lending growth among preferred customers in mainly urban areas and growing cities such as Helsinki, Tampere, Turku, Vaasa, and Oulu. The bank's selective focus may protect it against potential volatility in the real estate market in Finland, or to a downturn in the Finnish economy. We understand that Aktia Bank maintains a selective lending growth strategy to entrepreneurs and SMEs, which should enable further cross-selling potential.

Chart 1

Aktia And Selected Peers Revenue Breakdown



Note: Data as of Dec. 31, 2019. Source: S&P Global Ratings and company accounts.

Aktia Bank's wealth management activities complement its core product offering and, in our opinion, the segment brings moderate diversification benefits to the group's revenue base (see chart 1). Together, these activities make up about one-third of Aktia Bank's operating revenues and operating profit. The bank's asset management activities, with customer assets under management of €9.9 billion as of Dec. 31, 2019, are steadily growing (+18% in 2019) and Aktia Bank has started cooperation abroad namely with Universal Investment. Aktia Life remains relatively small in the Finnish life insurance market but it complements the product offering.

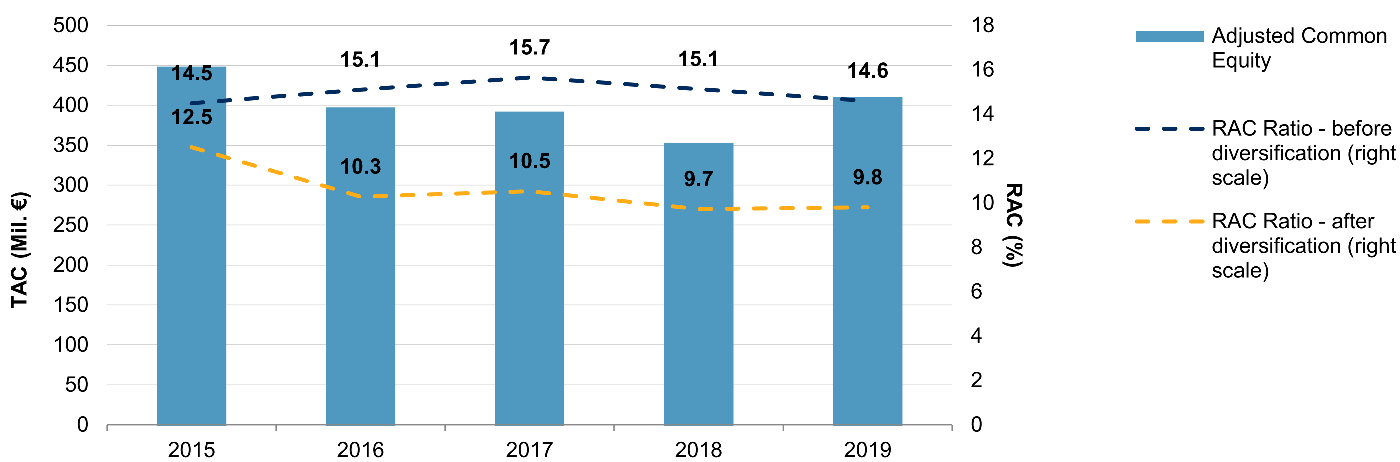
We expect Aktia Bank's management under the CEO Mr. Mikko Ayub to further develop the asset management business, one of the bank's key strategic priorities. Moreover, Aktia Bank renewed its core banking system--launched in 2017--which should allow for continued digital development and improve cost efficiency going forward. Owing to its up-to-speed platform, we believe that Aktia Bank will be in a good position to adjust is offering to changing customer preferences and compete with tech disruption, as demonstrated by customer satisfaction surveys. Aktia Bank's mobile banking is up and running, and the bank has launched a totally digital credit card, Apple Pay, fully digital advisory in investments, and is part of the Finnish digital real estate trade platform DIAS. The addition of a digital channel will allow the bank to optimize and reshape its branch and sales network over the next two years. The lower costs related to both IT and personnel will help Aktia Bank to reach its cost income target of 60% over the strategy period by 2023.

Capital and earnings: Strong capitalization underpinned by sound earnings capacity and asset reduction

We now consider Aktia Bank's capital and earnings to be strong. This is mainly due to our expectation that our RAC ratio for the bank will hover in the range of 14.5%-15% over the next 24 months. Aktia Bank's RAC ratio decreased to 14.6% as of mid-2019, from 15.1% at year-end 2018, owing to continuous loan growth. This is supported by a positive earnings buffer in addition to very high quality of capital, consisting mainly of paid-in capital and a granular shareholder base.

Chart 2

Aktia Bank's Risk-Adjusted Capital Developments 2015-2019



RAC--Risk-adjusted capital. TAC--Total adjusted capital. RAC--Risk-adjusted capital.

Aktia Bank targets further loan growth among its preferred retail customers in the urban areas and expanding cities in Finland, and foresees additional growth potential with small and midsize corporate customers, which currently represent 12% of its loan portfolio. The total lending volume is targeted to reach €7.0 billion through 2023, compared with €6.4 billion at year-end 2019. Given the increased SME focus, this leads to our expectation of risk-weighted asset growth of about 4% per year. Generally, we expect margins on new loans to remain low given the strong competition in the Finnish market. We forecast that Aktia Bank's average net interest margin will likely remain stable at 1%. We expect that Aktia Bank's retail and asset management operations will propel earnings improvements over the next two years, but the capital and dividend policy--60%-80% of profit--is likely to result in capital build-up below RWA growth.

The Covid-19 pandemic will be testing banks' revenues in 2020, and the damage will depend on the length and starting point of the U-shape recovery we assume. We note that Aktia Bank has recently suspended its outlook for 2020, following the pandemic and the uncertainty surrounding the economic outlook. We however consider that Aktia Bank holds strong capital buffers to withstand the stress reflected in our capital and earnings assessment.

Table 3

Capital And Earnings

	2019	2018	2017	2016	2015
Mil. €					
Tier 1 capital ratio	14.7	17.5	18.0	19.5	20.7
S&P Global Ratings' RAC ratio before diversification	N/A	15.1	15.6	15.1	14.5
S&P Global Ratings' RAC ratio after diversification	N/A	9.7	10.5	10.3	12.5
Adjusted common equity/total adjusted capital	100.0	100.0	100.0	100.0	100.0
Net interest income/operating revenues	36.5	40.8	42.5	46.6	46.6
Fee income/operating revenues	45.3	45.4	43.4	38.8	38.3
Market-sensitive income/operating revenues	2.6	2.3	0.3	0.7	1.6
Noninterest expenses/operating revenues	67.7	63.1	76.3	72.3	69.1
Preprovision operating income/average assets	0.7	0.8	0.5	0.6	N/A
Core earnings/average managed assets	0.6	0.7	0.4	0.5	N/A

Note: Reporting period as of December 31. N/A--Not applcable. RAC--Risk-adjusted capital.

Table 4

Aktia Bank PLC Risk-Adjusted Capital Framework Data

	Exposure*	Basel III RWA	Average Basel III RW(%)	S&P Global RWA	Average S&P Global RW (%)
Credit risk					
Government & central banks	716,301,042	1,456,158	0	33,054,412	5
Of which regional governments and local authorities	264,783,374	636,030	0	9,532,201	4
Institutions and CCPs	1,034,955,768	123,914,627	12	131,241,357	13
Corporate	776,238,413	456,797,370	59	473,167,250	61
Retail	5,810,379,732	1,186,732,093	20	1,466,689,981	25
Of which mortgage	5,494,433,157	1,027,386,735	19	1,263,046,559	23
Securitization§	0	0	0	0	0
Other assets†	136,422,934	125,926,699	92	57,123,326	42
Total credit risk	8,474,297,890	1,894,826,947	22	2,161,276,325	26
Credit valuation adjustment					
Total credit valuation adjustment	--	18,870,188	--	0	--
Market Risk					
Equity in the banking book	4,401,850	55,023,129	1,250	35,735,866	812
Trading book market risk	--	0	--	0	--
Total market risk	--	55,023,129	--	35,735,866	--
Operational risk					
Total operational risk	--	353,621,992	--	299,137,544	--
	Exposure	**Basel III RWA**	**Average Basel II RW (%)**	**S&P Global RWA**	**% of S&P Global RWA**
Diversification adjustments					
RWA before diversification	--	2,383,445,940	--	2,496,149,736	100

Table 4

Aktia Bank PLC Risk-Adjusted Capital Framework Data (cont.)					
Total Diversification/ Concentration Adjustments	--	--	--	1,214,254,219	49
RWA after diversification	--	2,383,445,940	--	3,710,403,955	149
		Tier 1 capital	Tier 1 ratio (%)	Total adjusted capital	S&P Global RAC ratio (%)
Capital ratio					
Capital ratio before adjustments		393,370,803	16.5	363,900,000	14.6
Capital ratio after adjustments‡		393,370,803	16.5	363,900,000	9.8

*Exposure at default. §Securitization Exposure includes the securitization tranches deducted from capital in the regulatory framework. †Exposure and S&P Global Ratings' risk-weighted assets for equity in the banking book include minority equity holdings in financial institutions. ‡Adjustments to Tier 1 ratio are additional regulatory requirements (e.g. transitional floor or Pillar 2 add-ons). RWA--Risk-weighted assets. RW--Risk weight. RAC--Risk-adjusted capital. Sources: Company data as of 'June. 30 2019', S&P Global Ratings.

Risk position: Lending dominated by retail mortgage lending but underpinned by a good loan loss track record

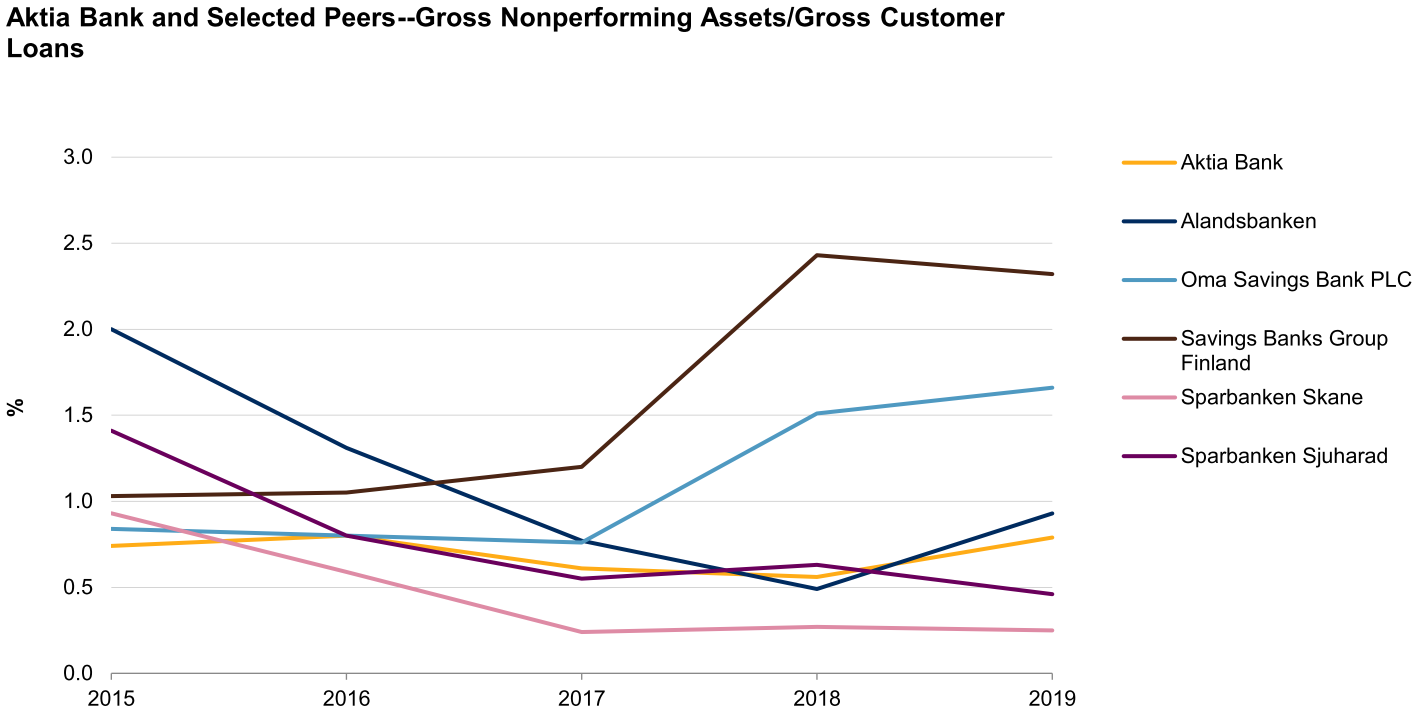
Our view of Aktia Bank's risk position reflects the bank's loan book, which is dominated by mortgage loans. Aktia Bank's concentrated lending book exposes the bank to Finnish economic trends and potential volatility in the domestic real estate market. This risk is partially offset by the high level of loan granularity, strong underwriting standards, and sound collateralization levels.

More specifically, we take a positive view of Aktia Bank's focus on low-risk lending, mortgage loans, and collateralized loans to SMEs. However, we still consider that the regionally-focused retail loan book, which comprised 76% of the total loan book as of year-end 2019, exposes the bank to concentration risk and makes it vulnerable to real estate price developments in specific Finnish regions. Aktia Bank has granted mortgage loans principally in Finland's larger cities and economically stronger regions where we assume housing prices remain more stable. The weighted average loan-to-value (LTV) ratio in the mortgage book amounted to 45% at year-end 2019.

We consider Aktia Bank's well-collateralized SME portfolio to demonstrate sound asset quality. As of Dec. 3, 2019, Aktia Bank's SME loan book was €771 million, or 12% of the total loan book, and did not show any significant single-name or sector concentration. Lending to housing corporations represented about 11.5% of the loan book as of year-end 2019, but we do not believe Aktia Bank will target further growth in this highly competitive segment.

We consider Aktia Bank's risk culture to be sound, and we do not expect the bank to depart from its underwriting standards. The ratio of nonperforming loans to total loans--defined as stage 3 loans to total loans--equalled 0.8% as of year-end 2019, and consists mainly of household mortgages. The bank's SME portfolio shows somewhat weaker credit quality, but it is well collateralized. Furthermore, our view of low risk of economic imbalances underpins our anticipation that Aktia Bank will maintain a rather low level of credit losses in the next two years at around 6 basis points, following credit losses of 7 bps in 2019. However, the Covid-19 pandemic could lead to increased unemployment in Finland and stretch the repayment capacity of the household. This could be mirrored in increased provisions in 2020. The increase to 8bps throughout the first nine months 2019 was primarily triggered by model-based credit loss adjustments, which stood for €2.1 million of total provisions of €3.7 million. Aktia Bank's market risk is minor, since it has no trading book.

Chart 3



Note: Data as of year-end 2019 or 2019 latest available. NPAs: Impaired loans plus 90 days past due loans and renegotiated loans. Source: S&P Global Ratings database; company report.

Table 5

Risk Position

	2019	2018	2017	2016	2015
Mil. €					
Growth in customer loans	5.1	4.4	2.1	(2.5)	N.M.
Total diversification adjustment/S&P Global Ratings' RWA before diversification	N/A	55.7	48.6	46.8	15.8
Total managed assets/adjusted common equity (x)	23.7	26.3	24.4	24.0	22.1
New loan loss provisions/average customer loans	0.07	0.01	0.02	0.04	N/A
Net charge-offs/average customer loans	0.23	0.14	0.02	0.14	N/A
Gross nonperforming assets/customer loans + other real estate owned	0.79	0.56	0.61	0.80	0.74
Loan loss reserves/gross nonperforming assets	57.1	115.1	127.8	104.3	125.0

Note: Reporting period as of December 31. N.M--Not meaningful. RWA--Risk-weighted assets.

Funding and liquidity: Sound funding profile, benefitting from its regional deposit franchise and covered bonds issuances

Our view of Aktia Bank's funding as average is based on its sound regional retail franchise and proximity to customers that should continue to provide the bank with a relatively stable and granular inflow of deposits.

Customer deposits made up 55% of the bank's funding base as of Dec. 31, 2019, with a major part coming from households, followed by SME clients. About three-quarters of all deposits are covered by the Finnish deposits insurance scheme. At year-end 2019, Aktia Bank's loan-to-core customer deposits ratio was about 153%, slightly above that of domestic peers operating solely in retail banking.

As a mitigant to the structural funding gap, Aktia Bank has demonstrated proven access to capital markets through the issuance of covered bonds, which recently demonstrated again stability in more challenging market environment. Aktia Bank was granted a covered bond license in March 2013, and had issued covered bonds totalling €1.61 billion--or 22% of its funding base--by year-end 2019. We believe that there is sound demand from investors for further issuances.

In our view, Aktia Bank's funding mix will continue to represent a relatively balanced asset-liability structure with a long-term funding ratio of 89.3% as of Dec. 31, 2019, which is in line with the structure of its domestic peers. Aktia Bank's stable funding ratio stood at 103.5% at year-end 2019, with a five-year average of 112%. We believe the bank will continue to refinance the redemption ahead of the maturities, which might lead to temporary volatility in funding and liquidity metrics.

Our assessment of Aktia Bank's liquidity as adequate mirrors our estimate of the bank's one-year liquidity ratio, broad liquid assets to short-term wholesale funding, of 1.3 as of Dec. 31, 2019. As of year-end 2019, Aktia Bank has an ample liquidity position of about €1.1 billion, consisting of cash and securities, mainly covered bonds, which, to a large extent, are eligible for repurchase agreement (repo) transactions at the Finnish Central Bank. This level of liquidity is the result of sound liquidity management in order to smoothly handle any upcoming maturities that can at times be sizable relative to the bank's balance sheet. Consequently, we believe that under stressful conditions involving the closure of access to capital market funding and a significant deposit outflow, Aktia Bank could survive for more than six months, but this depends on the central bank, as the repo activity could become significant thereafter.

Table 6

Funding And Liquidity

	2019	2018	2017	2016	2015
Mil. €					
Core deposits/funding base	54.8	55.1	54.5	55.7	50.1
Customer loans (net)/customer deposits	152.7	150.3	141.8	137.3	149.3
Long-term funding ratio	89.3	89.3	86.7	89.9	87.8
Stable funding ratio	N/A	112.4	115.4	114.0	114.2
Short-term wholesale funding/funding base	11.4	11.4	14.2	10.8	13.1
Broad liquid assets/short-term wholesale funding (x)	N/A	2.0	1.9	2.8	2.5
Net broad liquid assets/short-term customer deposits	N/A	20.1	22.4	33.0	41.1
Short-term wholesale funding/total wholesale funding	25.3	25.4	31.3	24.4	26.3
Narrow liquid assets/3-month wholesale funding (x)	N/A	6.9	6.8	46.2	47.2

Note: Reporting period as of December 31. N/A--Not applicable.

External Support: One notch of ALAC uplift

Our assessment of Aktia Bank's ALAC leads us to add one notch of uplift above the SACP. Given Aktia Bank's status as a second-tier retail bank in terms of retail mortgages and customer deposits, we consider the bank of moderate systemic importance to Finland's banking sector.

Furthermore, the Finnish resolution authority's MREL are twice Aktia Bank's minimum regulatory capital requirement at 23.37% of RWA, or 6% of total liabilities (effective as of Dec. 31, 2019), fortifying our view that the bank conducts critical functions in Finland. We view the Finnish resolution regime as effective under our ALAC criteria. This is because, among other factors, we believe it contains a well-defined bail-in process under which authorities would permit nonviable systemically important banks to continue critical functions as going concerns following a bail-in of eligible liabilities.

We estimate the bank's ALAC at about 8.8% of S&P Global Ratings' RWAs at year end-2019. This comprises around 4.5% of excess total adjusted capital, the remainder consisting of tier 2 instruments. We expect Aktia Bank to replace any maturing tier 2 instruments over 2020-2021, and therefore project the cushion will continue to exceed our 6% adjusted threshold of RWA for a one-notch uplift. The 6% threshold is somewhat typical among smaller European banks and reflects our view that Aktia Bank will maintain relatively concentrated maturities of ALAC instruments.

Additional rating factors:None

Resolution counterparty rating

Our 'A/A-1' resolution counterparty ratings on Aktia Bank reflects our jurisdiction assessment for Finland, our analysis of its liability profile, and our expectation of the regulator's resolution plan. An RCR is a forward-looking opinion of the relative default risk of certain senior liabilities that may be protected from default with an effective bail-in resolution process for the issuing financial institution. RCRs apply to issuers in jurisdictions where we assess the resolution regime to be effective, and the issuer is likely to be subject to a resolution that entails a bail-in if it reaches nonviability. We typically position the long-term RCR up to one notch above the long-term issuer credit rating (ICR) when the ICR ranges from 'BBB-' to 'A+'.

Related Criteria

General Criteria: Hybrid Capital: Methodology And Assumptions, July 1, 2019

General Criteria: Group Rating Methodology, July 1, 2019

Criteria | Financial Institutions | General: Methodology For Assigning Financial Institution Resolution Counterparty Ratings, April 19, 2018

Criteria | Financial Institutions | General: Risk-Adjusted Capital Framework Methodology, July 20, 2017

General Criteria: Methodology For Linking Long-Term And Short-Term Ratings, April 7, 2017

Criteria | Financial Institutions | Banks: Bank Rating Methodology And Assumptions: Additional Loss-Absorbing Capacity, April 27, 2015

Criteria | Financial Institutions | Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013

Criteria | Financial Institutions | Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011

Criteria | Financial Institutions | Banks: Banks: Rating Methodology And Assumptions, Nov. 9, 2011

General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- COVID-19 Countermeasures May Contain Damage To Europe's Financial Institutions For Now, March 13, 2020
- Various Rating Actions On Finnish Midsize Banks As Resolution Strategies Crystalize, Feb 19, 2020
- Tech Disruption In Retail Banking: Nordic Techies Make Mobile Banking Easy, Feb. 4, 2020
- Nordic Banks' Capital And Earnings Can Weather The Weakening Credit Cycle, Nov. 14, 2019
- Banking Industry Country Risk Assessment: Finland, Oct. 9, 2019
- Resolution Counterparty Ratings Jurisdiction Assessment For Finland Completed, June 29, 2018

Anchor Matrix

Industry Risk	Economic Risk									
	1	**2**	3	4	5	6	7	8	9	10
1	a	a	a-	bbb+	bbb+	bbb	-	-	-	-
2	a	a-	a-	bbb+	bbb	bbb	bbb-	-	-	-
3	a-	**a-**	bbb+	bbb+	bbb	bbb-	bbb-	bb+	-	-
4	bbb+	bbb+	bbb+	bbb	bbb	bbb-	bb+	bb	bb	-
5	bbb+	bbb	bbb	bbb	bbb-	bbb-	bb+	bb	bb-	b+
6	bbb	bbb	bbb-	bbb-	bbb-	bb+	bb	bb	bb-	b+
7	-	bbb-	bbb-	bb+	bb+	bb	bb	bb-	b+	b+
8	-	-	bb+	bb	bb	bb	bb-	bb-	b+	b
9	-	-	-	bb	bb-	bb-	b+	b+	b+	b
10	-	-	-	-	b+	b+	b+	b	b	b-

Ratings Detail (As Of March 31, 2020)*

Aktia Bank PLC	
Issuer Credit Rating	A-/Stable/A-2
Resolution Counterparty Rating	A/--/A-1
Senior Unsecured	A-
Issuer Credit Ratings History	
17-Nov-2016	A-/Stable/A-2

Ratings Detail (As Of March 31, 2020)*(cont.)	
12-Dec-2012	A-/Negative/A-2
Sovereign Rating	
Finland	AA+/Stable/A-1+

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings' credit ratings on the global scale are comparable across countries. S&P Global Ratings' credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.