

A close-up photograph of a person's hand in a dark suit and white shirt, interacting with a black tablet. The hand is positioned over the screen, with the index finger pointing. In the background, another person's hand is visible, holding a smartphone. The scene is set on a light-colored wooden desk.

FIM: 4 September 2018

Aktia Bank Plc – a local Finnish bank in transformation

Juha Hammarén
Acting CEO

Outi Henriksson
Chief Financial Officer
Finance, treasury and IR

Aktia

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.

350,000

private customers

32

branches

30,000

corporate and
institutional customers

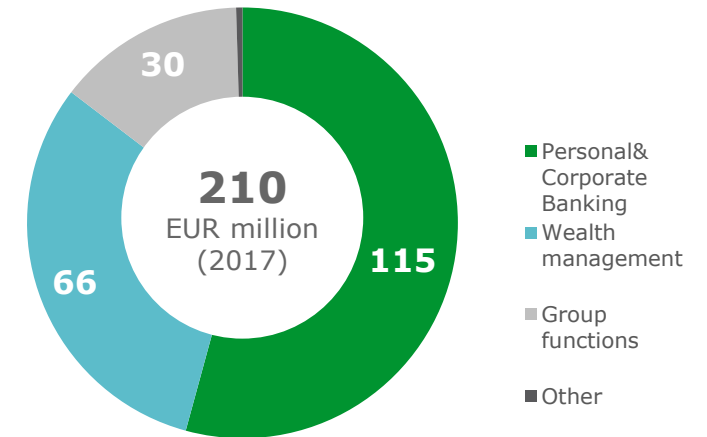
796

full-time employees,
31.3.2018

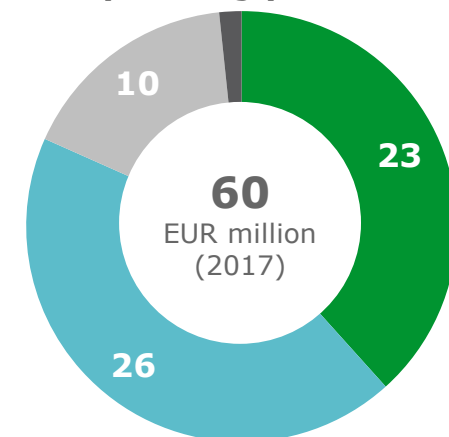
40 %

of Aktia customers have a
personal financial advisor

Operating income



Comparable operating profit*



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

Aktia

A good market position with room to grow

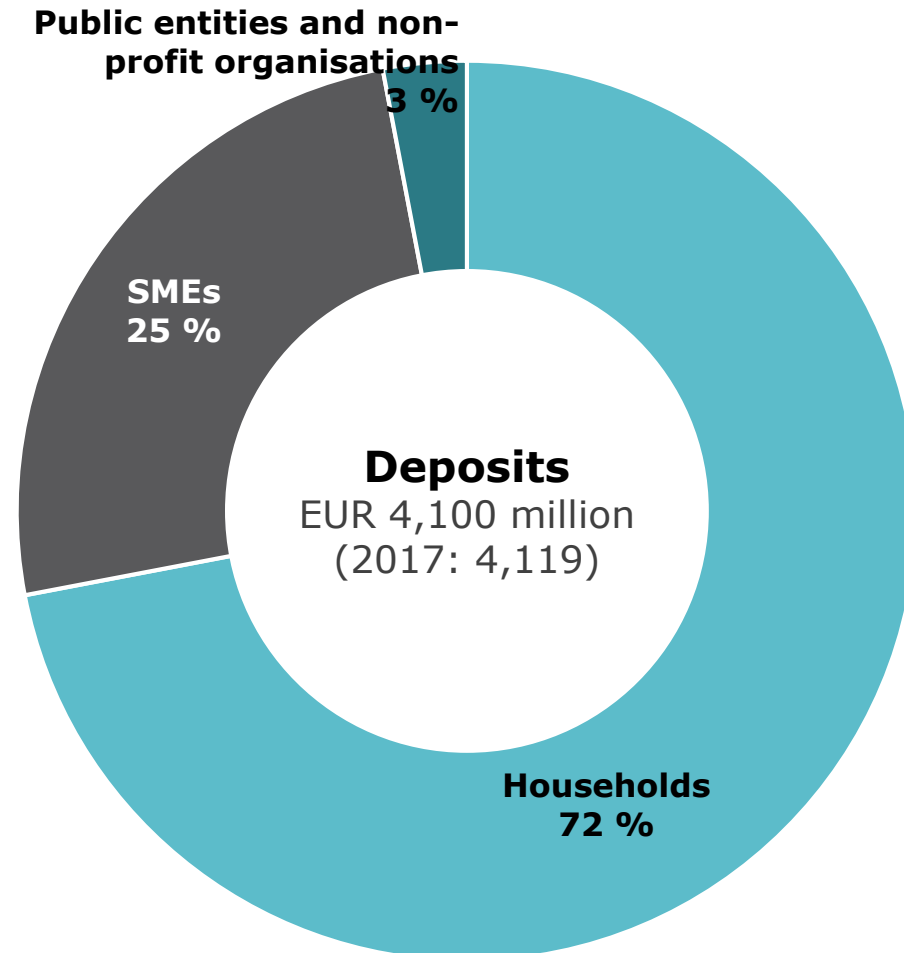
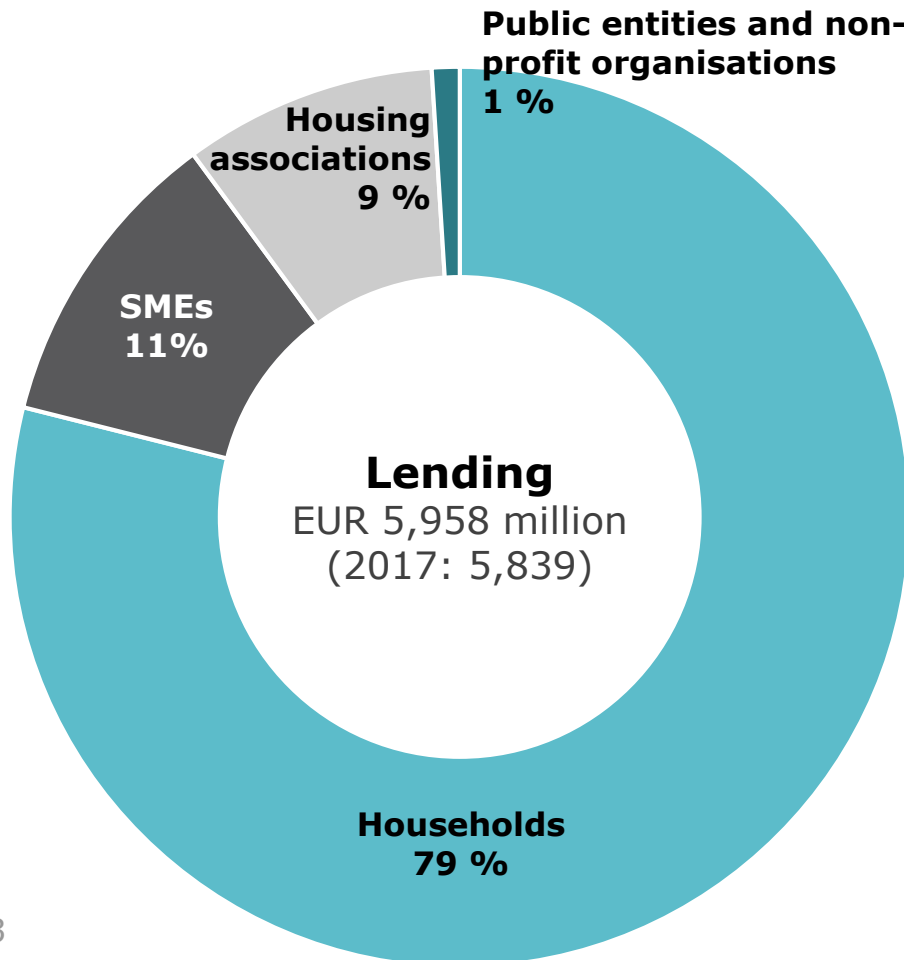
The Finnish market size

Aktia's market position

Loans	215	bn euro	Aktia No. 5
Deposits	145	bn euro	Aktia No. 5
Consumer credit	16	bn euro	Aktia No. 6
Funds	100	bn euro	Aktia No. 6
Life insurance	2	bn euro	Aktia No. 6-7

Structure of lending and deposits 30.6.2018:

Finnish households a key business driver



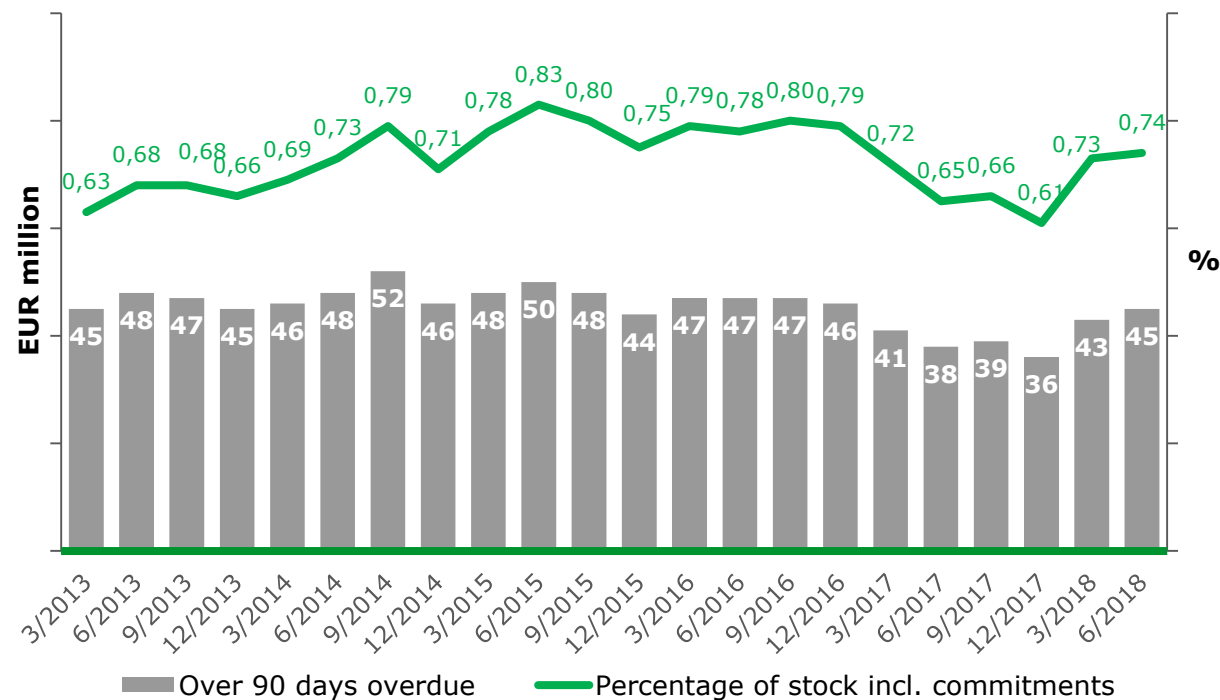
Stable long-term trend in non-performing loans:

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



Key trends:

Banking – an industry in fundamental change

Low interest rate environment

Industry boundaries and constraints are dissolving

Competition is intensifying

Regulation is increasing

The speed is picking up

Aktia's strategy as of October 2017:

Focus on wealth management and financing

Increase and safeguard **our customers' wealth**

We provide tailored investment solutions and financing in a user friendly and sustainable way.

Develop our **service model**

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

Make use of **digitalisation**

We invest in flexible digital concepts and user interfaces.

Aktia's offering by customer groups



PRODUCT
CUSTOMERS



PREFERENCE
CUSTOMERS



PREMIUM
CUSTOMERS



PRIVATE BANK
CUSTOMERS



OWNER MANAGED
ENTERPRISES



INSTITUTIONS

70 %

of Finns would prefer
Financial Advisory

40%

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

Offering:
**Digital Services
and Sales**

Offering:
**Personal Advisory
Digital Services
Call Center personal services**

Aktia

Financial objectives 2018–2022

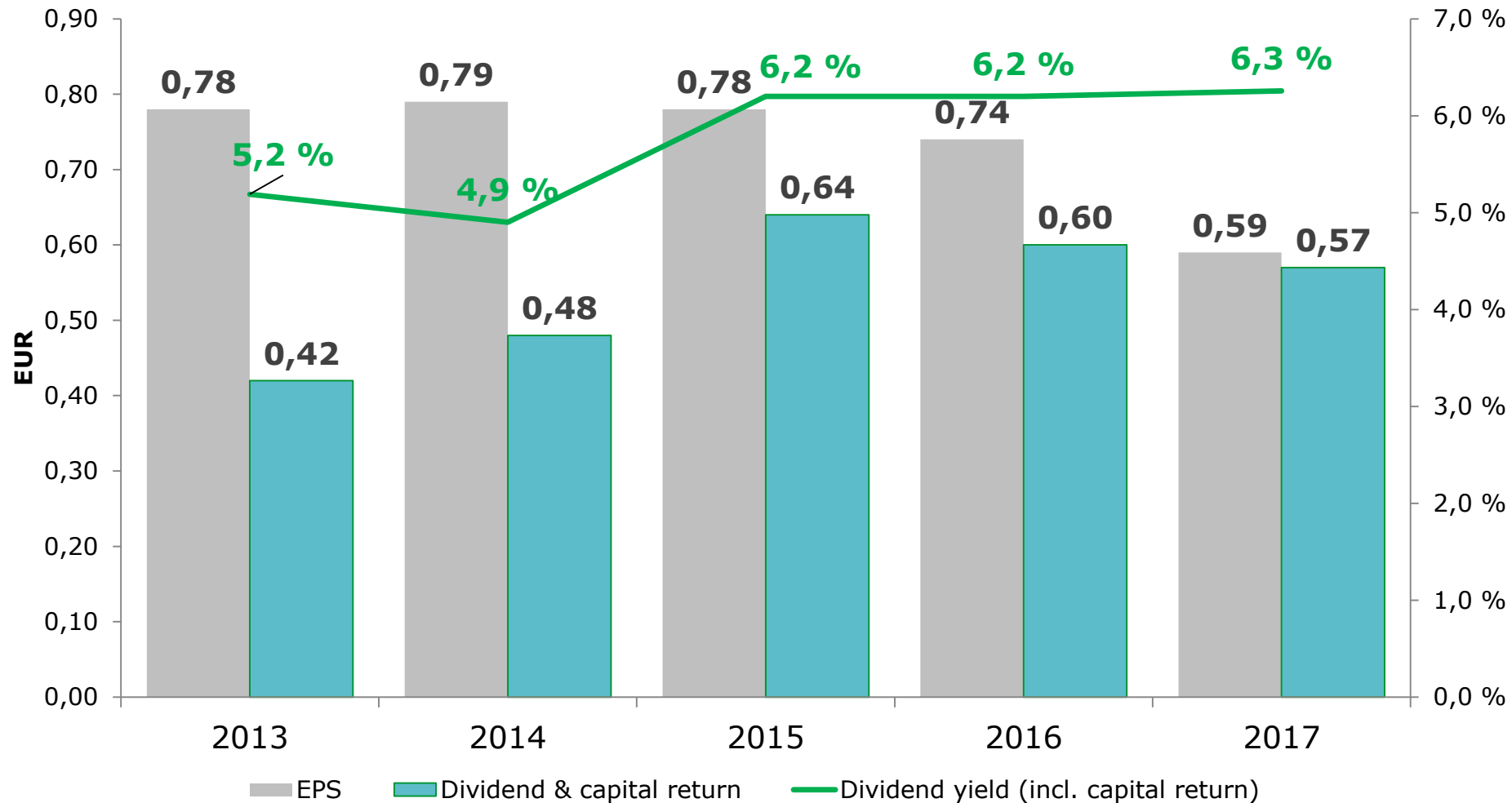
Comparable
operating profit
c. EUR 80 million

Comparable
cost-to-income ratio
0.61

Return on Equity
9.7 %

Common Equity Tier 1 capital ratio,
CET1
**1.5–3 % units over regulatory
requirements**

Dividend and dividend yield history



Dividend policy:
 Dividend pay-out 60–80 % of profit for the period after taxes

January to June 2018:

- Strategy implementation leads to results, comparable operating profit increased.
- The transformation is proceeding well.

January–June 2018:

Higher net commission income and lower costs contributed to improved profitability

EUR million	2Q2018	2Q2017	Δ, %	1–6/ 2018	1–6/ 2017	Δ, %
Total operating income	55.8	54.2	3 %	107.0	107.3	0 %
Net interest income	23.5	22.9	3 %	44.2	46.2	-4 %
Net commission income	26.2	24.6	7 %	50.1	45.7	9 %
Net income from life insurance	5.0	5.8	-14 %	10.8	12.8	-16 %
Other income	1.1	1.0	13 %	2.0	2.6	-23 %
Total operating expenses	-38.3	-39.7	-4 %	-71.8	-77.0	-7 %
Operating profit	18.2	14.4	26 %	35.9	30.8	16 %
Comparable operating profit*	18.5	16.9	10 %	36.6	32.8	11 %
Earnings per share (EPS)	0.21	0.16	32 %	0.43	0.36	21 %
Return on Equity (ROE), %	10.1	7.4	37 %	10.2	8.2	25 %
Cost-to-income ratio (comparable)	0.68	0.69	-1 %	0.66	0.70	-5 %
Common Equity Tier 1 capital ratio	16.3	18.0	-10 %	16.3	18.0	-10 %

January-June 2018:

Transformation proceeding well

New core banking system enables new services and better financial management and reporting. Increased net commission income and cost savings support result performance. New products, customer concepts and digitalisation initiatives are introduced. New CEO appointed 6 August 2018.

- 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*

**After the end of the reporting period.*

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 during autumn 2018:
 - New digital marketing platform, Wealth Path (robotised advisory platform); Aktia's code app; Aktia's mutual funds and consumer credits through new web portals.

January-June 2018:

Transformation proceeding well (cont.)

Personal & Corporate Banking

- New customer concepts and relationship models introduced.
- Continued development of the product offering.
- Successful launch of a new loan corridor product.
- Demand for mortgage loans remain high.

Wealth Management

- Good sales and record high level of mutual fund capital.
- Morningstar: Best fixed income house in Finland.
- The cooperation with Universal Investment in Europe proceeds well.
- KANTAR SIFO Prospera: Aktia's institutional asset management on third place in "External Asset Management Finland 2018"

Capital adequacy:

CET1 on a good level

- Aktia's Common Equity Tier 1 (CET1) Capital is at a good level at 16.3 % (18.0 % on 31 December 2017)
- Aktia's Common Equity Tier 1 Capital decreased due to:
 - The introduction of the risk weight floor of 15% for housing loans increased risk-weighted commitments by EUR 168 million.
 - Corporate lending also increased the risk-weighted commitments.

Change in CET1%

CET1 % 31 December 2017	18.0%
Introduction of the risk weight floor	-1.3 percentage points
Other increase in risk-weighted commitments	-0.5 percentage points
Increase in CET1 capital base	+0.1 percentage points
CET1 % 30 June 2018	16.3%

Outlook for 2018 (unchanged)

- The continued low interest rate environment and decreased income from previously unwound interest-rate hedges (2012) will have a negative impact on the total net interest income for 2018.
- Commission income is expected to increase in 2018. Furthermore, the cost savings measures taken in 2017 are expected to affect profitability in a more favourable way than previously estimated.
- Impairments of credits are expected to remain low in 2018.

The comparable operating profit for 2018 is expected to be somewhat higher than the comparable operating profit for 2017.

Strategic focus on wealth management and financing:

Awarded Wealth Management

Aktia

Award winning wealth management: Growing Asset Management

INSTITUTIONAL
CLIENTS AUM

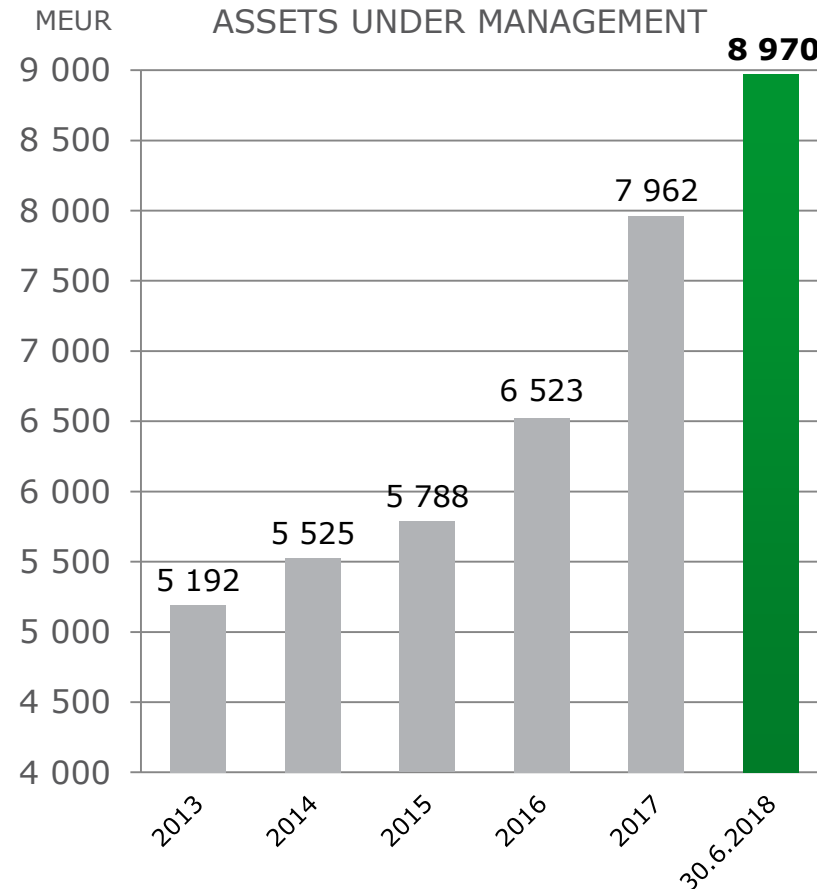
5.6

EUR billion

EMERGING
MARKETS SHARE

2.3

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** expected to launch during H2 2018

All figures per 30.6.2018 unless otherwise stated.

Tailored solutions that meet customer needs:

Asset management offering of Aktia



AKTIA FUNDS

30 active investment funds managed by 19 portfolio managers

Focus: EMD, European corporate bonds, European and Nordic small-cap strategies, alternative investments.



DISCRETIONARY AND ADVISORY PORTFOLIO MANAGEMENT

Tailored solutions that consider the client's investment philosophy and risk appetite



FUND SELECTION

Thousands of funds analysed by Aktia's experienced team of analysts



REPORTING PORTFOLIO ANALYSIS

Extensive reporting services

Internationalisation:

Aktia Asset Management in co-operation with Universal-Investment GmbH

Co-operation with Universal-Investment (UI) started in 2017

- Largest independent investment service provider in German speaking Europe (AUM 340 bn euro)

UI-Aktia EM Frontier Bond+

- Launched 16 November 2017
 - LUX AUM 155 mn euro (30.8.2018)

UI-Aktia EM Local Currency Bond+

- Launched 5 March 2018
 - LUX AUM 523 mn euro (30.8.2018)

678 mn euro

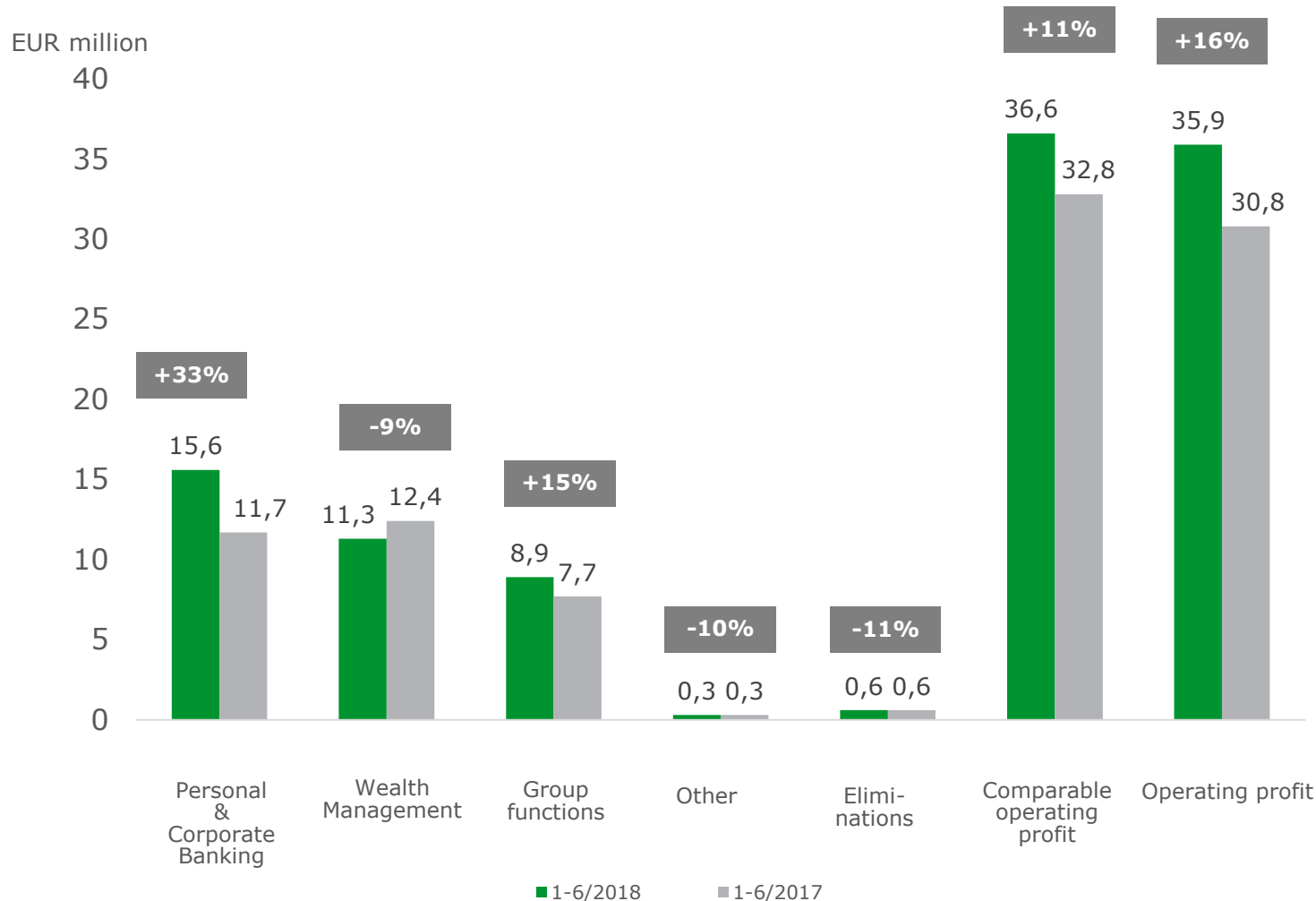
Aktia funds managed by UI:

~30%
of Aktia's total EMD AUM (over 2
bn euro)

Appendix

Comparable operating profit by segment 1-6/2018:

A strong result despite lower net income from life insurance in Wealth Management

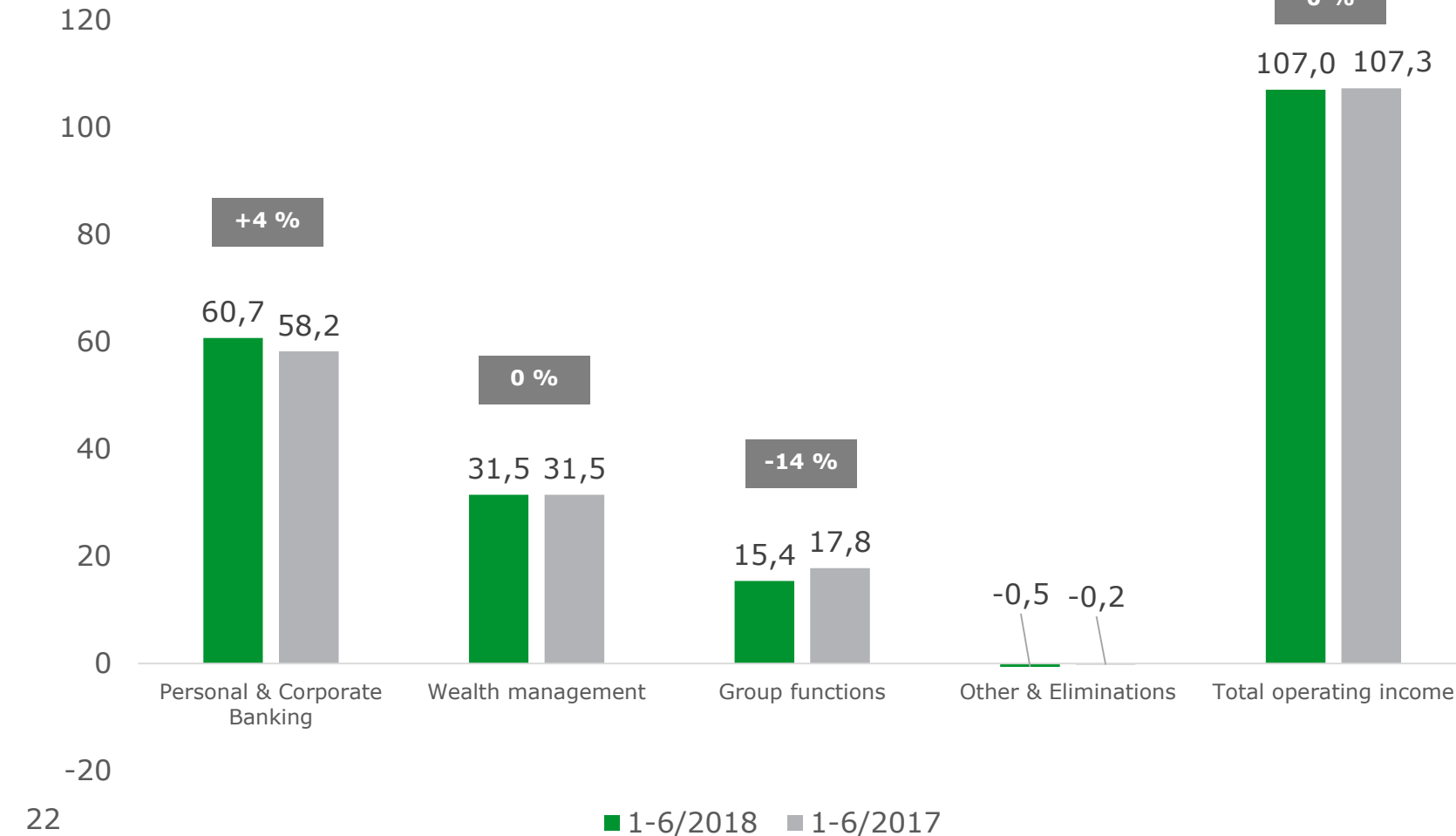


Net income from life insurance in Wealth Management decreased by 20 % to EUR 9 million due to unrealised value changes in the investment portfolio (IFRS 9)

Operating income by segment 1-6/2018:

New customer concepts and product offering supported growth in Personal & Corporate Banking

EUR million

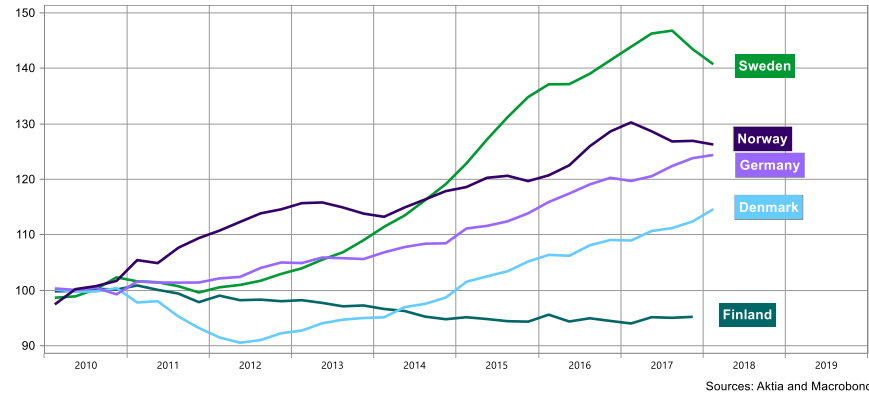


- Net commission income increased in P & C Banking and Wealth Management
- Net interest income decreased in all three segments

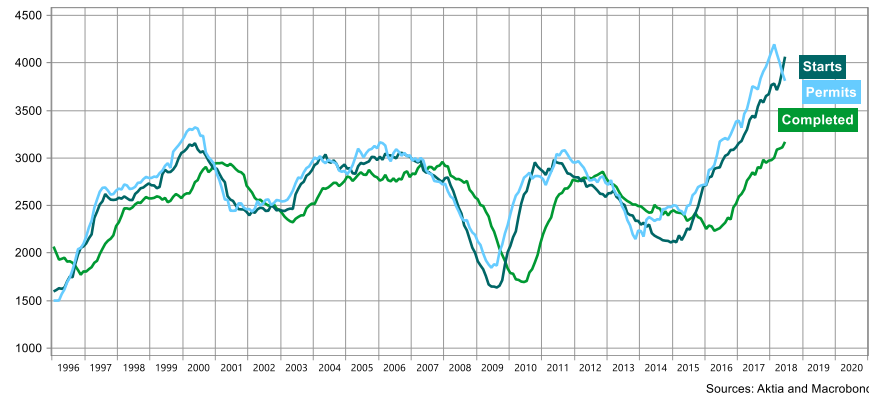
Finnish housing market

Solid and stable market

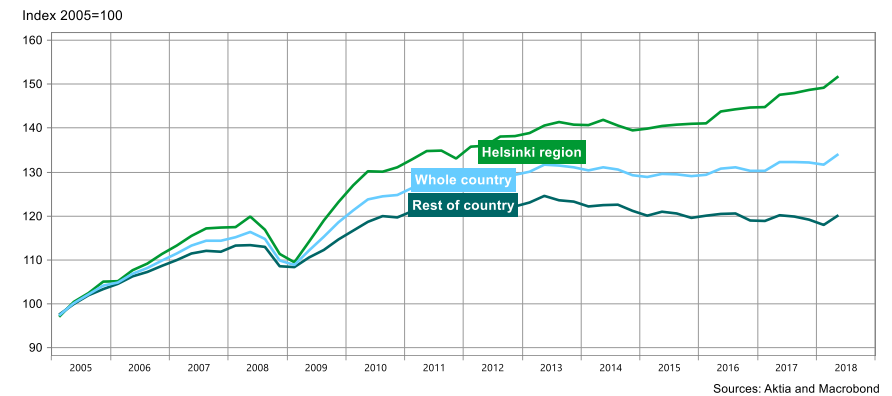
Real House Prices, index 2010=100



Number of new dwellings



Finland: Prices, old apartments



Aktia – a local Finnish bank in transformation



Aktia