

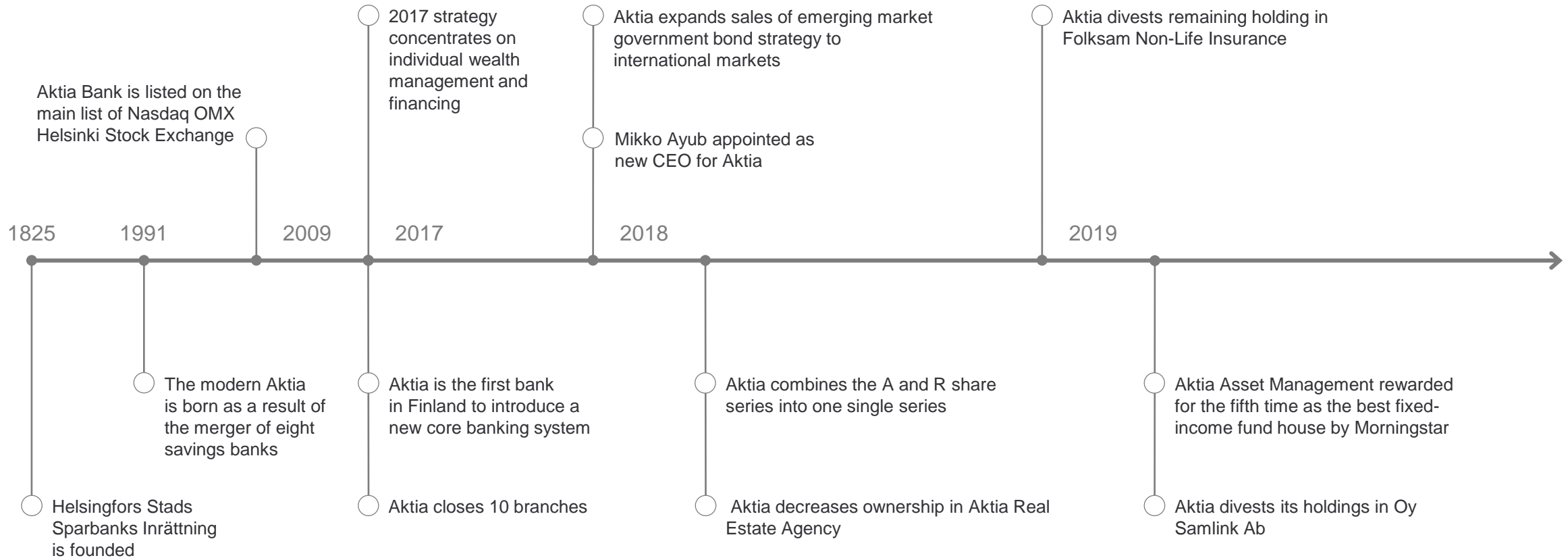


Aktia Capital Markets Day

10 September 2019

Aktia

200 years of banking



Aktia in brief

2019

280,000

Private customers

151,756

Aktia Wallet
application downloads

37,000

Shareholders

Appr.
EUR 600 million

Market cap

30,000

Corporate and institutional
customers

10.2 M

Online banking logins

45% 55%

Senior management gender distribution

103,000

Insurance policies

790 

Personnel

Rating

	Long-term borrowing	Short-term borrowing	Outlook	Covered bonds
Moody's Investors Service	A1	P-1	Stable	Aaa
Standard & Poor's	A-	A-2	Stable	-

Key figures

1–6 2019

113.3

Total operating income,
EUR million

+6% (107.0)

71.1

Operating Expenses,
EUR million

-1% (71.8)

0.69

Comparable
cost-to-income ratio

+5% (0.66)

Outlook:

Despite the uncertainty of the economic development, the comparable operating profit 2019 is expected to be approximately on the same level as for 2018.

31.4

Comparable operating profit,
EUR million

-14% (36.6)

11.8

Return on equity (ROE),
%

+15% (10.2)

16.5

Common Equity Tier 1 capital
ratio (CET1), %

+1% (16.3)

3 business areas organised into 2+1 reporting segments

Business areas



Retail Banking in banking operations

Personal Banking
Premium Banking
Private Banking



Corporate Banking in banking operations

Corporate Banking



Asset Management

Asset Management
Life Insurance

Reporting segments

Banking Business

Private, corporate and institutional
customers of the banking business

Asset Management

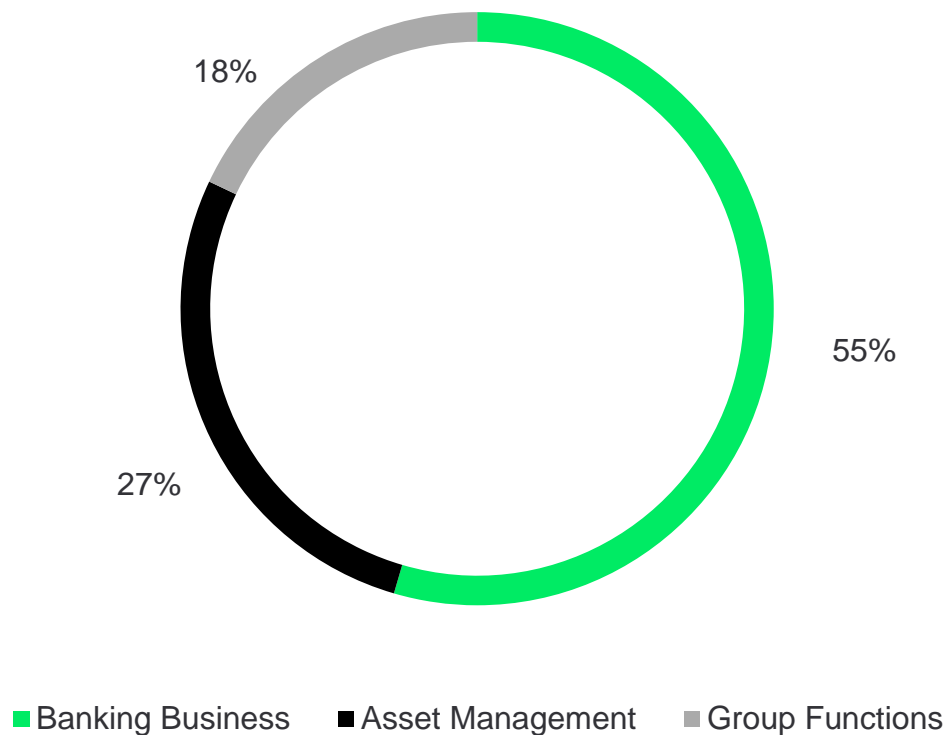
Asset management and
life insurance business

Group Functions

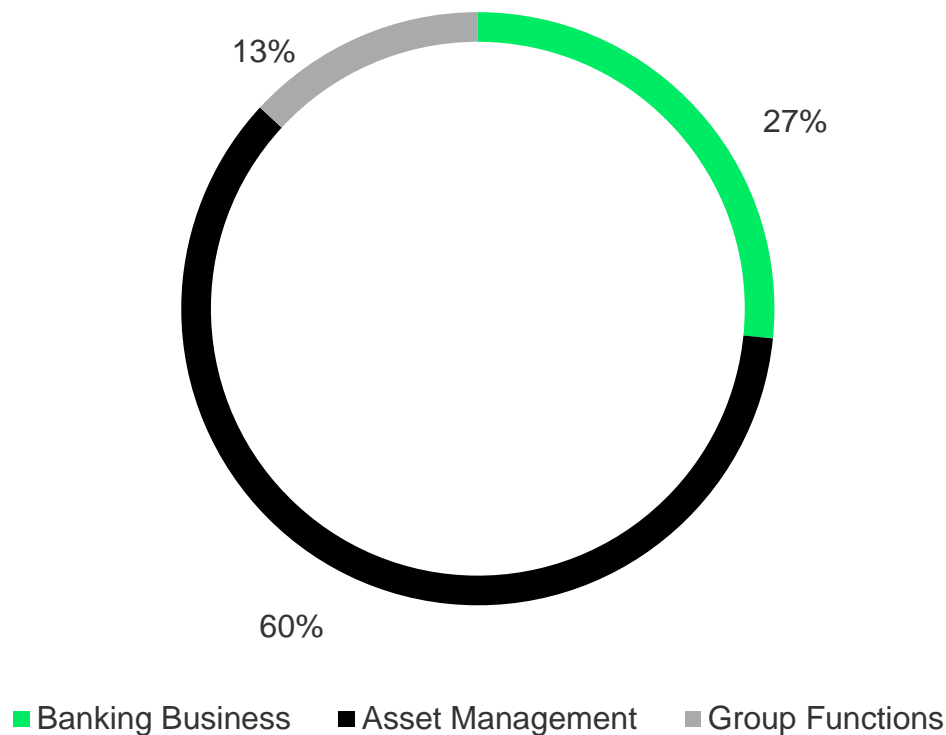
Group's support functions
incl. financing and liquidity
management and HR

Asset Management as a key business driver

Share of total operating income 1–6 2019
Total EUR 113.3 million



Share of comparable operating profit 1–6 2019
Total EUR 31.4 million



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.

Aktia reports every six months on the most important indicators of our corporate responsibility programme (carbon footprint of our funds and customer satisfaction (NPS); to be complemented).

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

Aktia's corporate responsibility programme



Solid and reliable



Partner for economic well-being



Most desired employer in the sector



Our Strategy

Aktia Capital Markets Day

Aktia

Our three strategic priorities

① Win in **asset management**

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

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

2023

Banking & Insurance

1. Win in asset management

① ② ③

PENETRATE THE RETAIL SEGMENT AND FURTHER EXPAND INTERNATIONAL SALES

Broaden our asset management offering

- Build on quality and competitiveness, and extend the mix in alpha-offering via own production or targeted acquisitions
- Expand beta-offering and introduce structured products, either building in-house or through partnerships
- Invest in user friendly interfaces and reporting

Grow in retail asset management

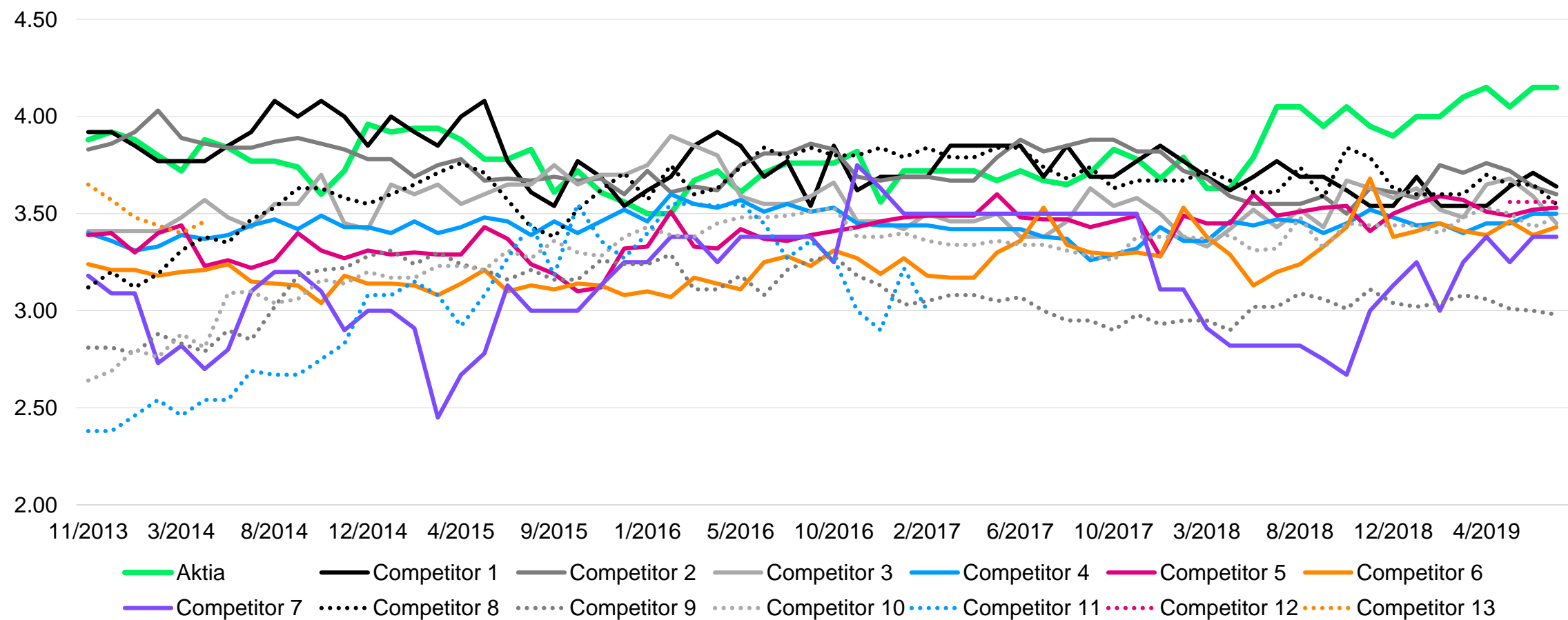
- Increase collaboration between institutional and retail asset management to capitalise on products, know-how and processes – focus to add sales capabilities in daily customer service
- Differentiate from other asset managers by offering full-scale banking services and thus increasing relevance as a broad partner for our customers
- Extend customer coverage by using 3rd party distributors

Increase institutional customer base

- Invest in institutional sales capacity
- Expand internationally through new global partners
- Lean processes to secure smooth operational customer experience

Aktia's fund ratings clearly above average

MORNINGSTAR AVERAGE FUND RATING 2013–2019



2. Acquire new customers in growing cities

① ② ③

SHIFT GROWTH FOCUS TO GROWING CITIES AND RETHINK OWN PRESENCE IN RURAL AREAS

We will go for growth in growing cities

- Planning a new customer service model
 - Aktia Agent
- Planning a new meeting concept
 - Aktia@home, Meeting Points, Aktia Hub, Aktia Flagship
- We define growing cities to be:
 - Capital region
 - Oulu
 - Tampere
 - Turku
 - Vaasa
- Co-operation negotiations launched
 - We are rethinking the need for own presence in rural areas

Improve sales capabilities and build offering around customer lifecycle

- Differentiation through conceptualising offering around customer lifecycle
- Develop asset management offering
- Data-analytics to increase relevance
- Physical + digital: Personalised service and efficient self-service
- Renewed brand to support transformation

Lataa
Aktia Wallet
puhelimellesi.



Ladda ner
Aktia Wallet
på din telefon.

Ota korttisi
käyttöön
Aktia Walletissa.



Ta

ko

Aktia

Digital Gold Credit



aktia.fi/digikort

Aktia | Apple Pay

Korttimaksu
helposti ja turvalli
Kortbetalningar
enkelt och tryggt



aktia.fi | Apple Pay

Aktia Pop-Up

Otaniemi

Aktia

3. Drive operational efficiency to capitalize on our challenger position

Improve cost efficiency

- Rethink our own presence in rural areas – planning on reducing branch network and employing more efficient distribution models
- Assessing to relocate non-customer facing activities outside the capital area
 - Vaasa
- Prioritize investments in core focus areas
 - Sales network
 - Mobile services

Increase process automation

- Improve efficiency and customer experience through continuously standardising and automating processes further
- Build end-to-end processes around customer journey
- Further capitalise on the renewed core banking system
- Adopt Aktia LEAN principles and design processes accordingly
 - Very encouraging results

Capitalise on our challenger position

- Create a business-minded and challenger-driven culture with ownership-rooted work style
- Form strategic partnerships to speed up time-to-market
 - High degree of agility is a competitive edge for Aktia

Updated long-term financial targets 2023

**Comparable
operating profit
EUR 100 million**

(earlier 80 million)

2018:
EUR 65.4 million

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

(earlier 9.7%)

2018:
9.4%

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

(earlier 0.61)

2018:
0.69

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

(unchanged)

2018:
17.5%



Our Vision

**The good bank.
And a great asset manager.**

Our Mission

Building wealth together.

Our Values

Courageously, Skillfully, Together.

Banking Business

Carola Nilsson
EVP, Private Customers

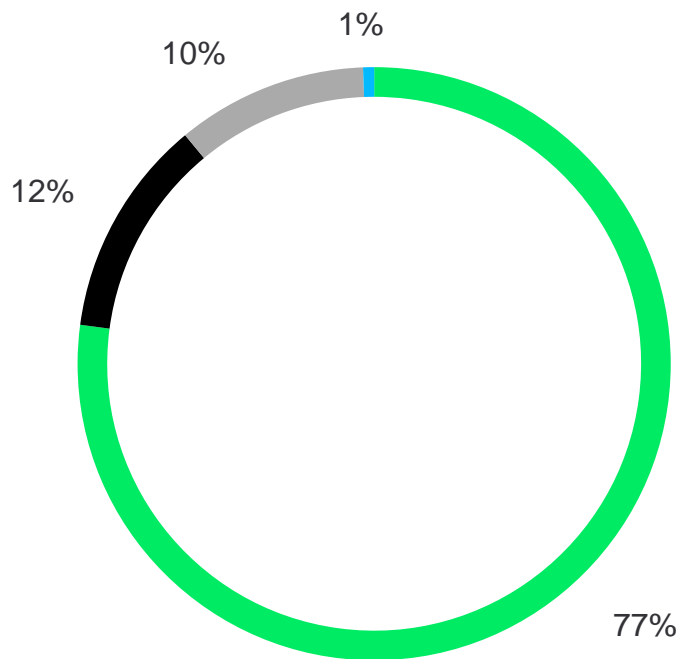
Aktia

Structure of lending and deposits

JUNE 30, 2019

Lending

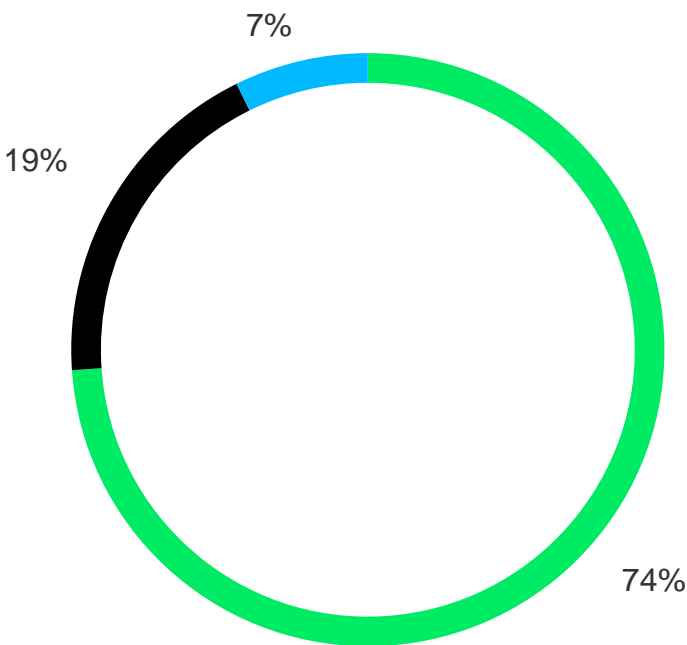
Total EUR 6,246 million



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

Deposits

Total EUR 4,140 million



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

Acquire new customers in growing cities

① Oulu

Population (2017), million **0.25**
Expected population growth-%
(2017–2040) **18%**

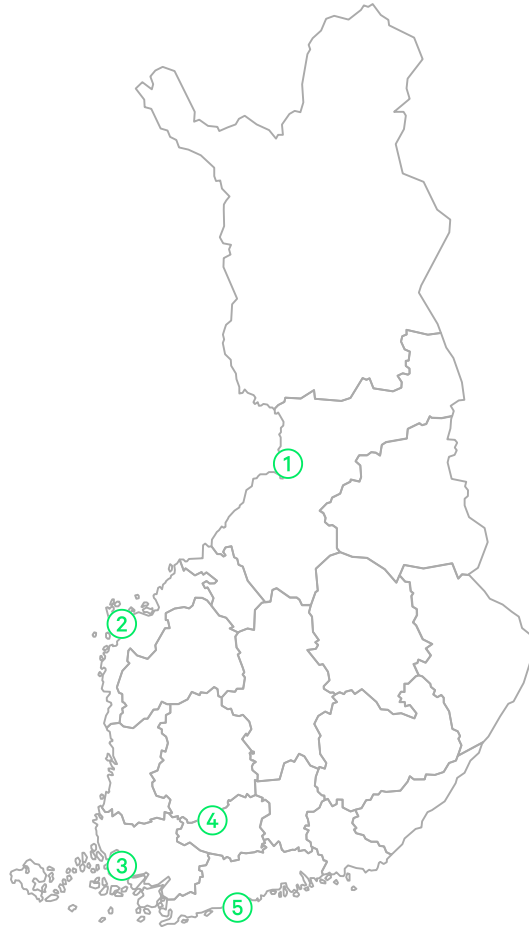
② Vaasa

Population (2017), million **0.1**
Expected population growth-%
(2017–2040) **13%**

③ Turku

Population (2017), million **0.33**
Expected population growth-%
(2017–2040) **8%**

Note: Definitions: Growing regions: Hki, Tku, Tre, Oulu, Vaasa regions; Region = Sub-region (Seutukunta – Includes close neighboring municipalities); Rural areas: Other than growing regions; Indicative coverage: Based on population, not value; Population growth to be updated with new figures from Tilastokeskus in 11/2019
Source: Tilastokeskus (2017)



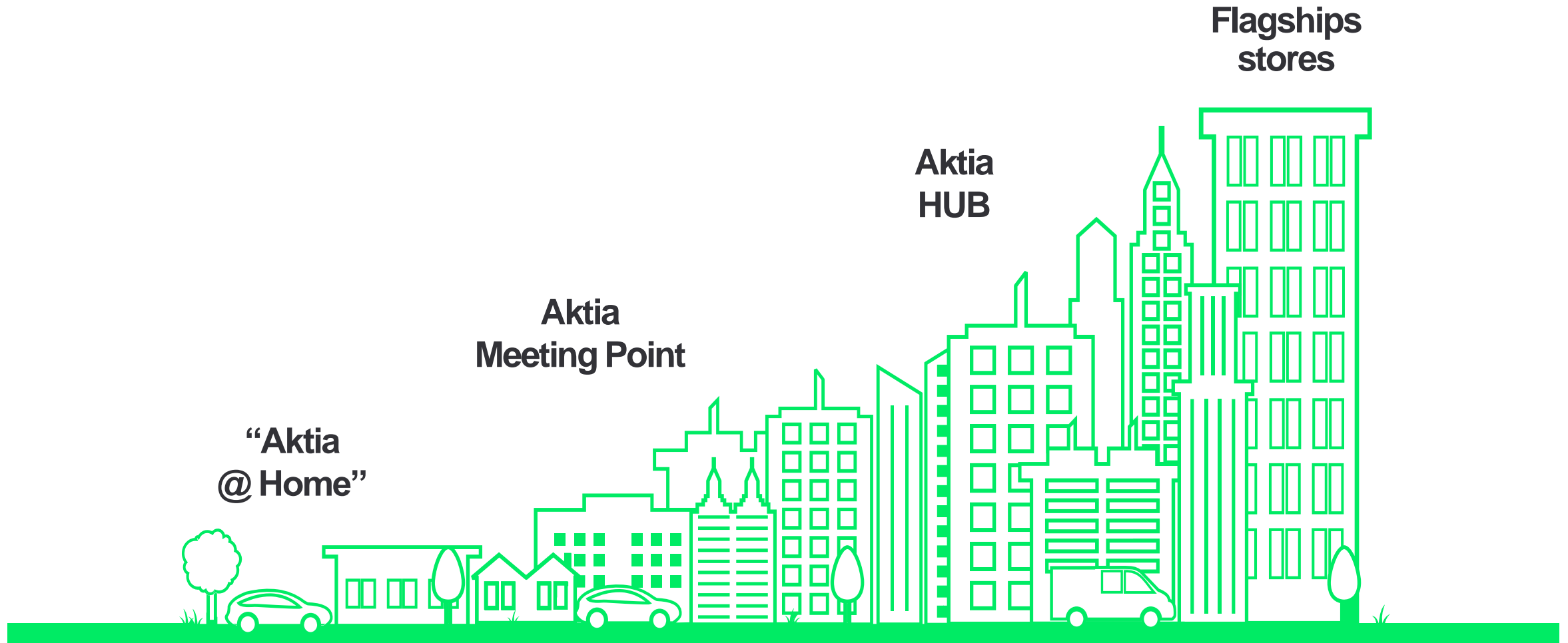
④ Tampere

Population (2017), million **0.39**
Expected population growth-%
(2017–2040) **14%**

⑤ Capital region (Helsinki)

Population (2017), million **1.4**
Expected population growth-%
(2017–2040) **17%**

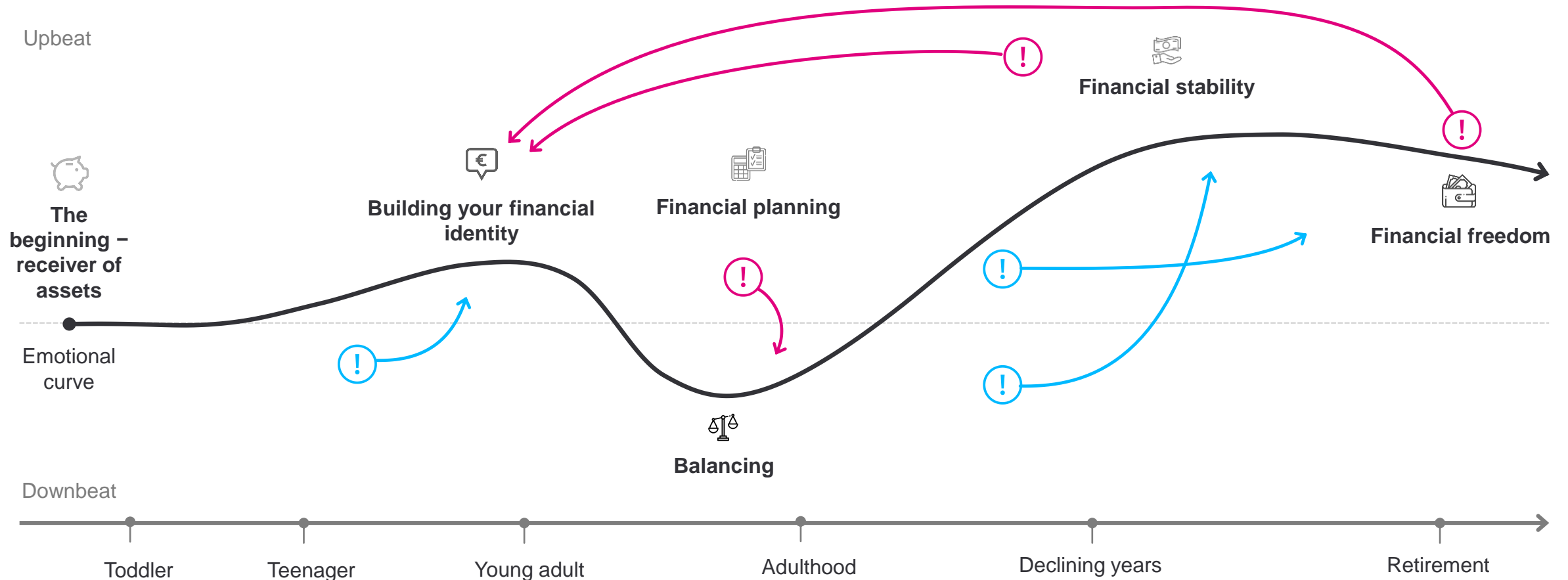
New meeting concept



Customer-centric financial journey

ⓘ = Accelerating event (increasing financial wealth, i.e. inheritance, significant changes in earnings)

❗ = Decelerating event (ie. bankruptcy, divorce, illness)



Retail asset management



- Expanding our award-winning asset management offering and know-how to our large personal customer base
- Increase collaboration throughout organisation & improve sales capabilities
- Offering
 - Extend alpha-offering
 - Expand beta-offering; in-house or through partnerships
- Discretionary Asset Management and full-scale banking services as a differentiator

Continued focus on digitalisation

Mobile banking is growing fast throughout our client base – 55% increase in use of mobile services during last 12 months

- Increased control with real-time push notifications for card payments through Aktia Wallet
- Possibility for biometric identification instead of PIN-code creating an easier alternative to access mobile banking services
- Notifications can also be used for advising, up-selling and marketing purposes

Payments

- Increased safety in card payments by utilising encrypted card number with one time codes to prevent card frauds
- Aiming for the most diverse selection of Mobile and Smart devices* payment solutions for everyday consumption with ease

Service models: more effective – wider, faster & cheaper

- Self service platform
- Movement of people

* e.g. Apple and Android mobile devices and various smart watches



Rapidly changing customer behaviour and adaptation of technologies create new business opportunities and boost efficiency

Brand New Aktia

Aktia's brand renewal is based on Aktia's 2023 strategy update with a clear intention to accelerate our growth.

The renewal is targeted mainly to modern, youthful Finns that live in the fastest growing cities and want to increase their wealth with the help of Aktia's financial consultants.

The renewal is in its planning phase, today you will see the first impressions of where we are headed.

Aktia



Strategy
2019–2023

Aktia

Aktiv.
Smart.
Varm.
Bold.



Asset Management

A man with a beard and glasses, wearing a dark suit and a headset, is holding a smartphone to his ear. He is looking down at the phone. In the background, another person is visible but out of focus. The scene appears to be in a professional setting, possibly a call center or office.

Jetro Siekkinen

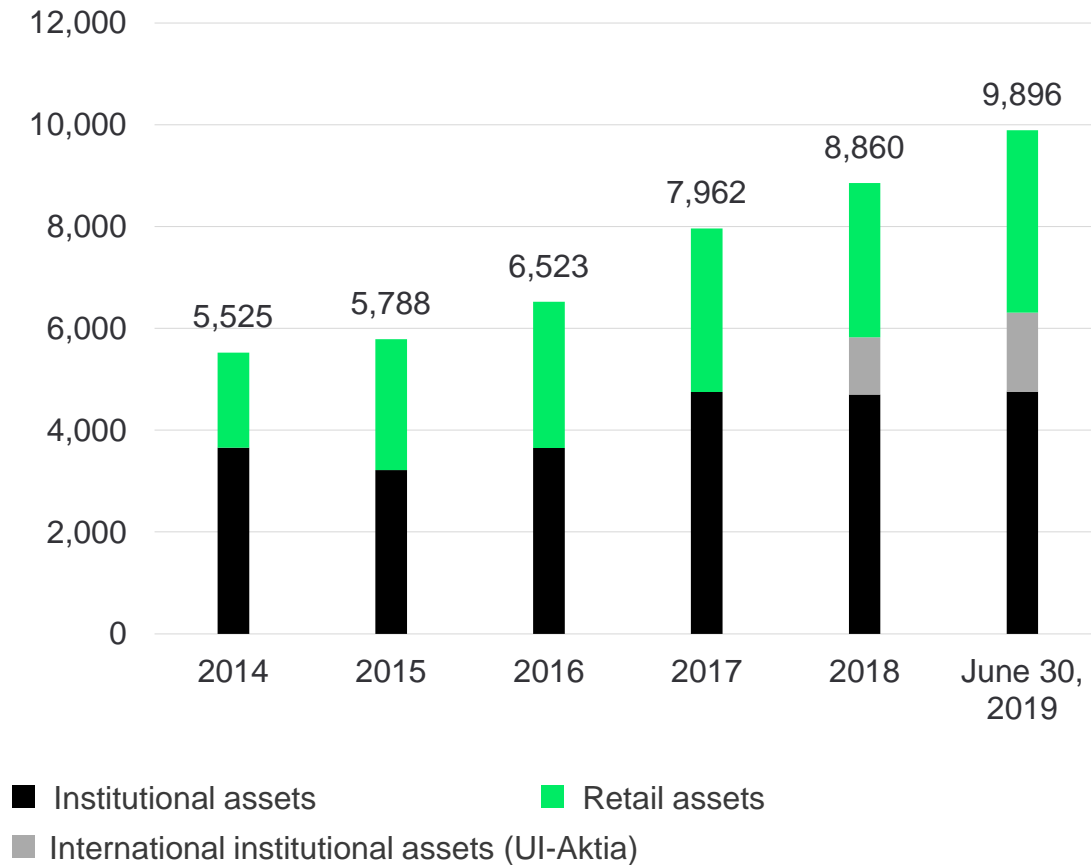
Deputy Managing Director,
Head of Portfolio Management,
Aktia Asset Management Ltd.

Aktia

Business becoming international

Assets under management excluding custody (AuM)

EUR million



- Total mutual fund assets on all-time high level at the end of June 2019.
- International assets increased by 38% from the end of 2018 and amounted to EUR 1.6 (1.1) billion at the end of June 2019.
- The success is a result of over 10 years of determined long-term work that has helped us develop a solid special expertise in fixed income asset management that we now export to international markets.

Award-winning 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



Global expertise in portfolio management

CORNERSTONES IN OUR BUSINESS

Emerging Market Debt (sovereign)

- Local Currency instruments
- Frontier countries
- Impact investing
- Unique product solutions

Corporate Credit

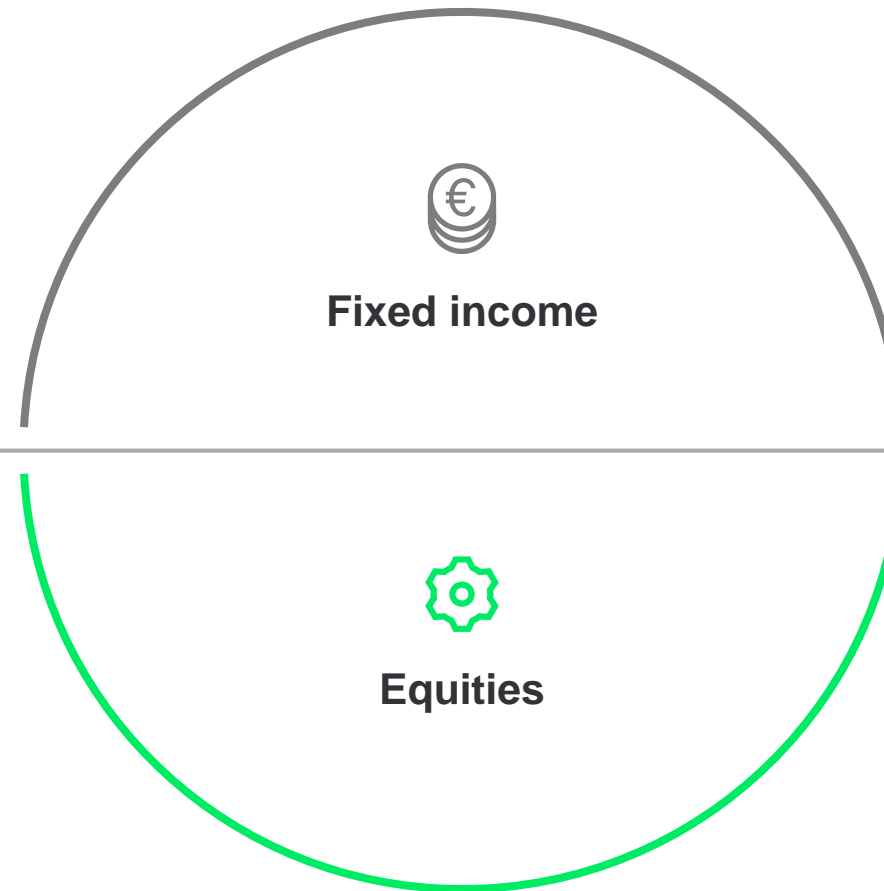
- Investment Grade credit
- Financials sector
- Capital structure
- High Yield

European Equities

- Small & micro cap focus
- Growth & quality
- Engagement

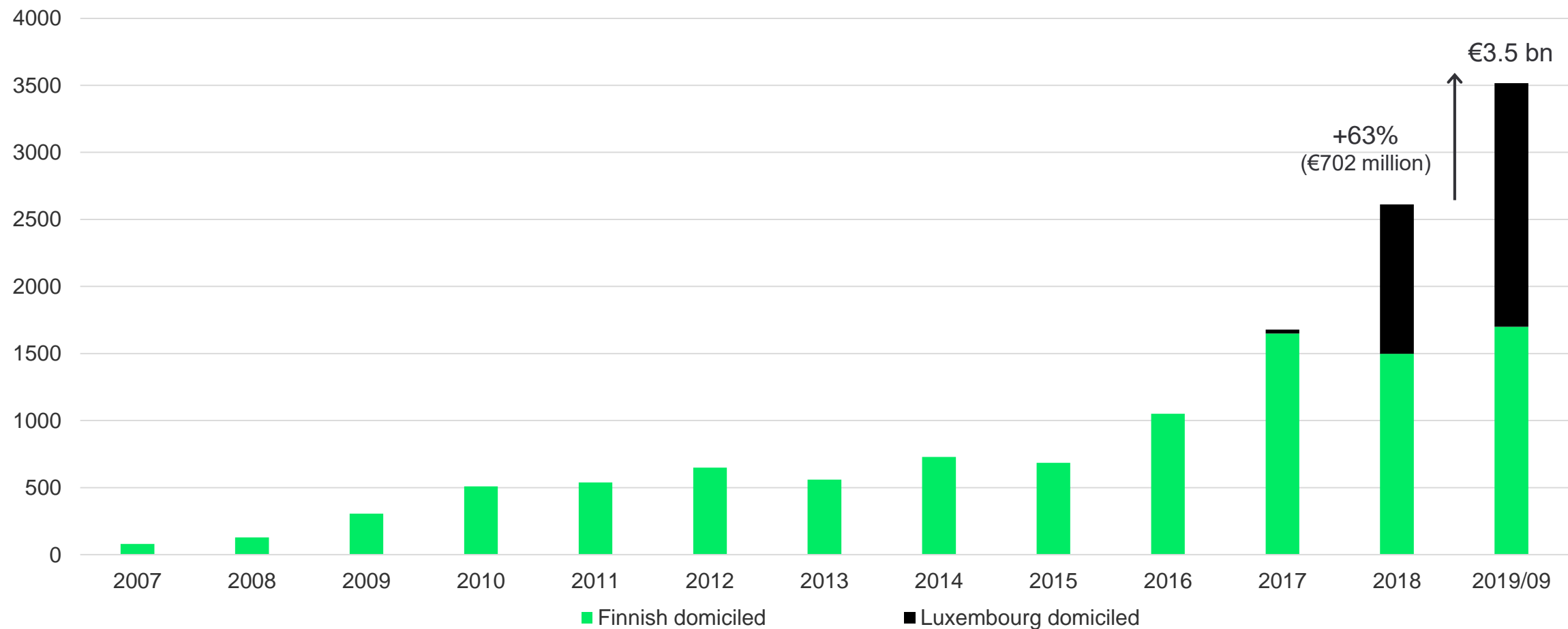
Manager Selection

- Global Emerging Markets
- Asia focus
- Alpha generating portfolio managers



Strong growth in emerging market debt assets

EMD AUM DEVELOPMENT IN MUTUAL FUNDS (MILLION EUR)



Success factors in emerging market portfolio management

①

Transparent and disciplined country selection process



ESG approach and impact investing as a competitive edge

②

Strong long term performance in different market conditions



Absolute return orientated investment approach, non-benchmark driven

③

Stable, experienced and specialised EM debt team



Deep understanding of emerging market frontier economies

④

Wide investment universe and opportunity set



Unique product solutions based on clients needs

⑤

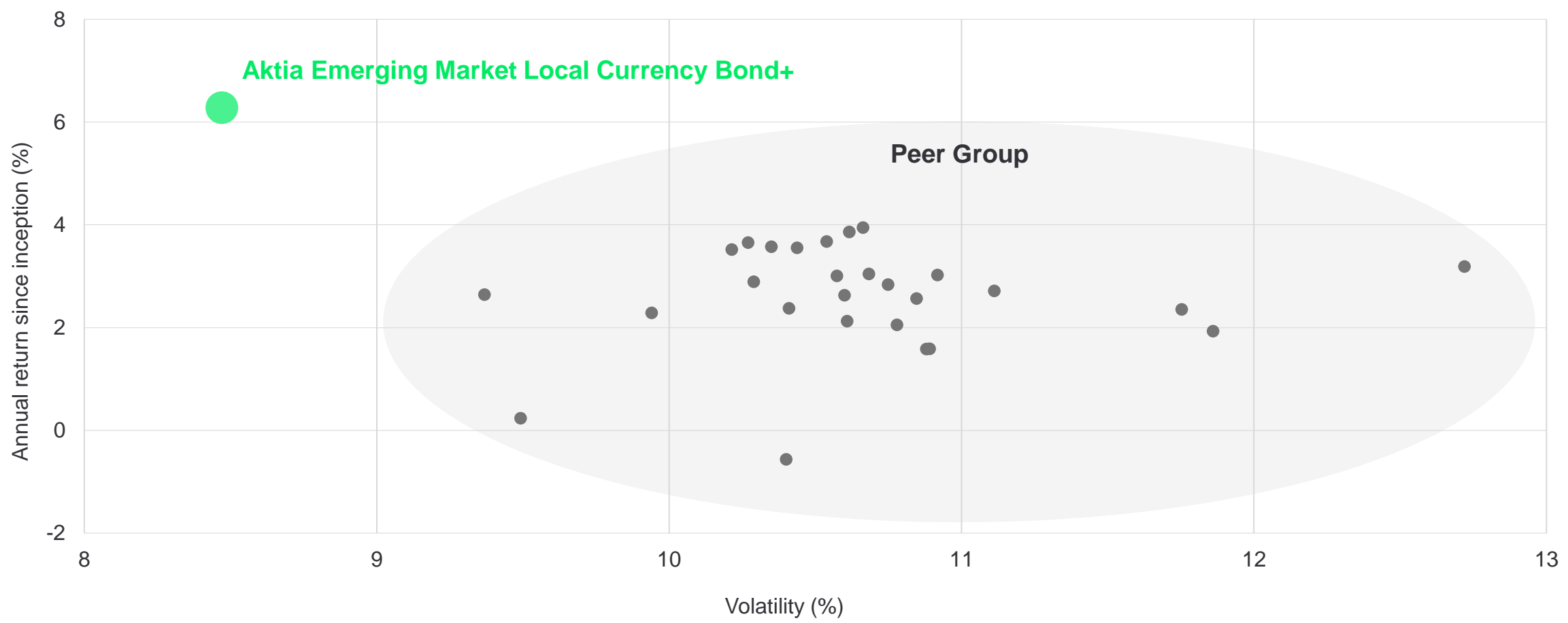
Focus in long-term relationship with clients



Mutual target for wealth creation

Proven long term track record

AND FAVOURABLE RISK CHARACTERISTICS



Sources: Aktia, Bloomberg, J.P. Morgan and Morningstar; inception date 10/2008



Impact investing in less developed countries

DIRECT CO-OPERATION WITH MULTINATIONALS

18

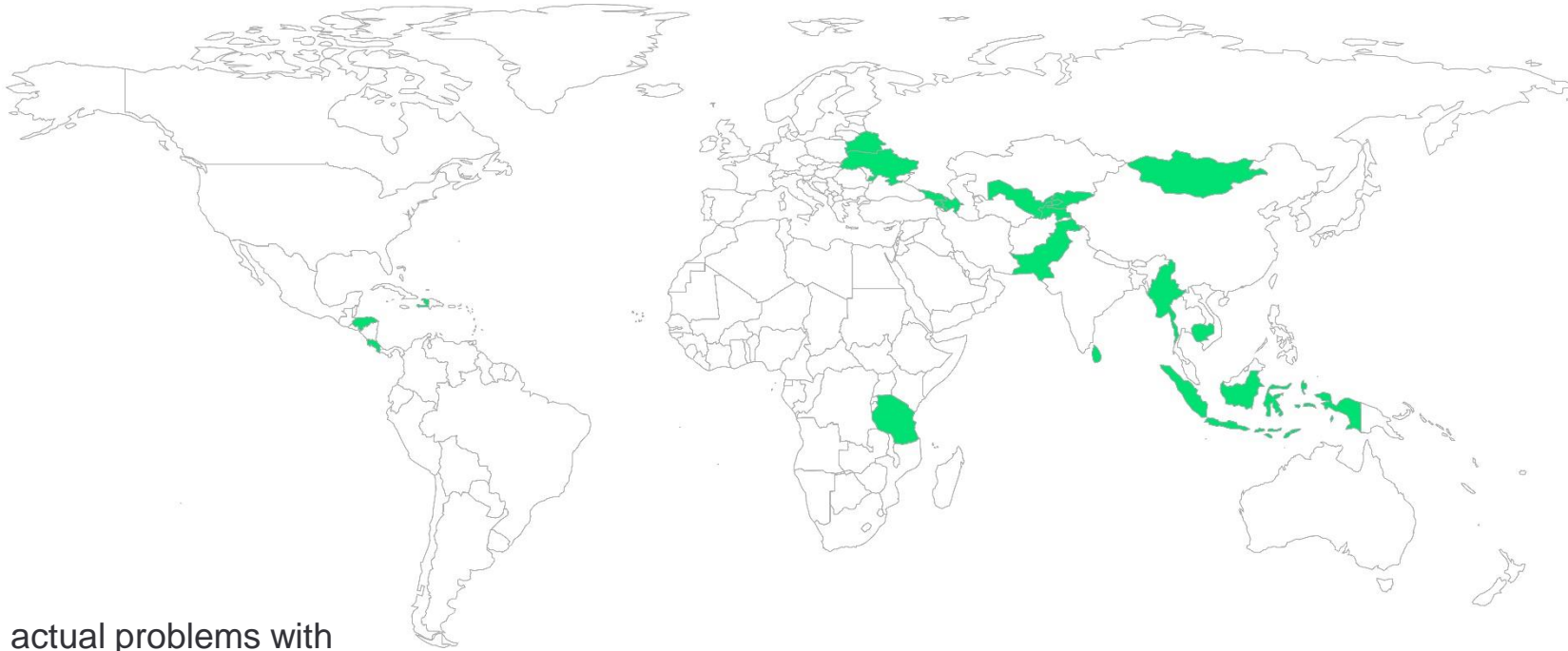
Countries

88

Investments

460

EUR million



Focus on resolving actual problems with a sustainable angle in a way that the funds in fact are used for the intended projects such as infrastructure, agricultural and food production, energy, water and micro finance.



Aktia

Risk+ Compliance

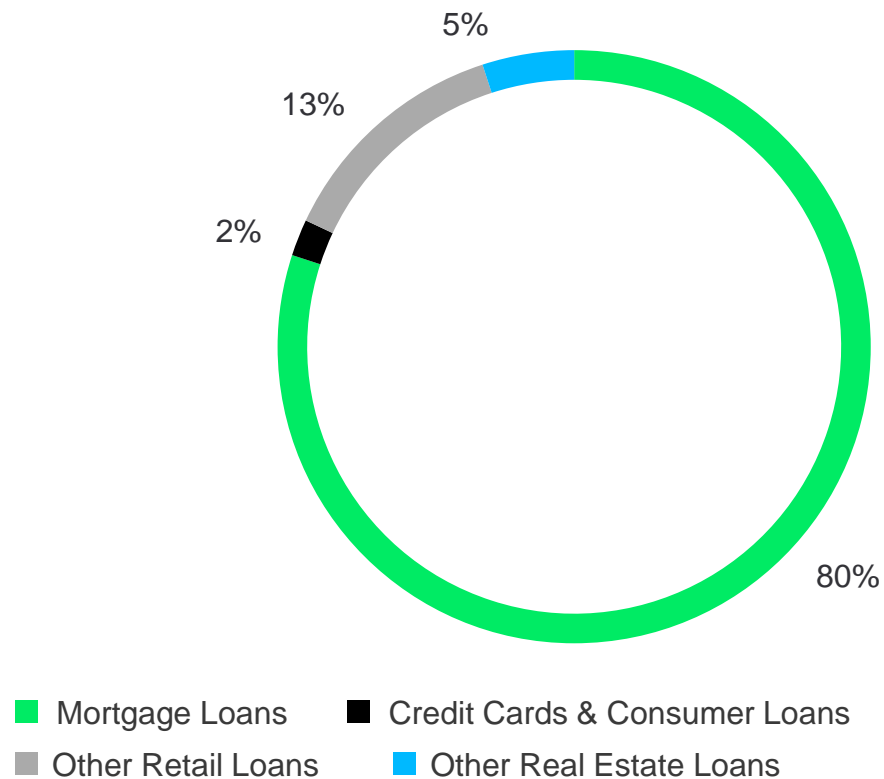
Tina Schumacher
Head of Risk and Compliance

Aktia

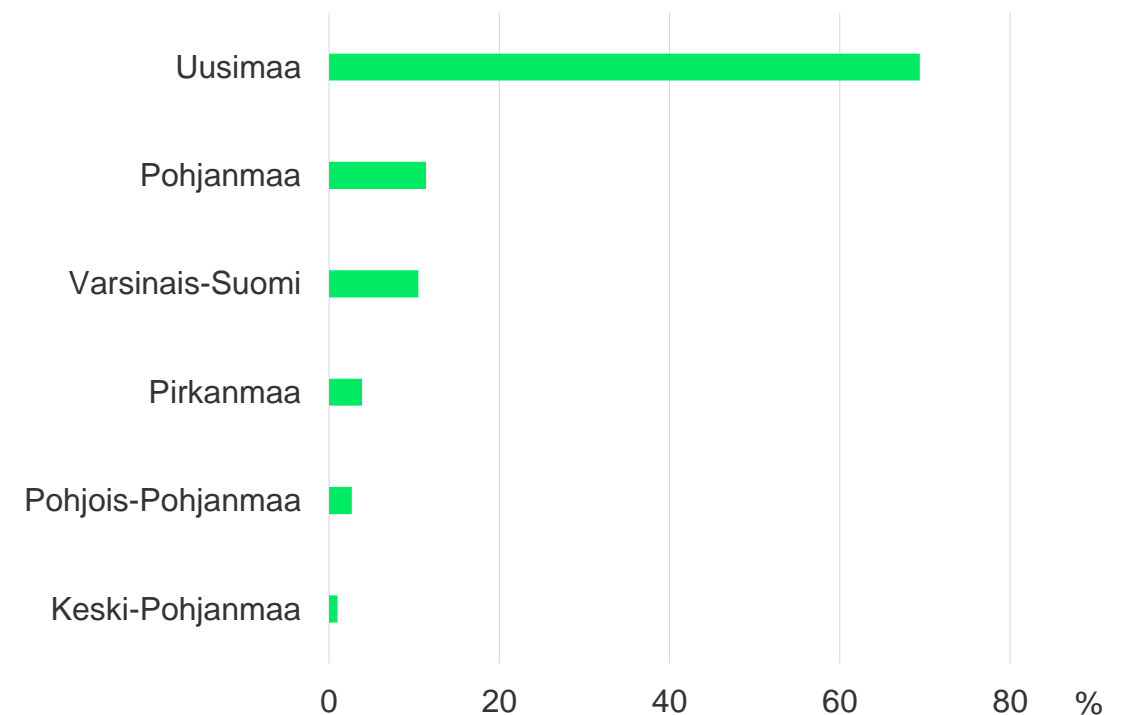
Stable and resilient credit quality – retail banking

RETAIL CREDIT PORTFOLIO, 77% OF TOTAL PORTFOLIO

Retail portfolio breakdown



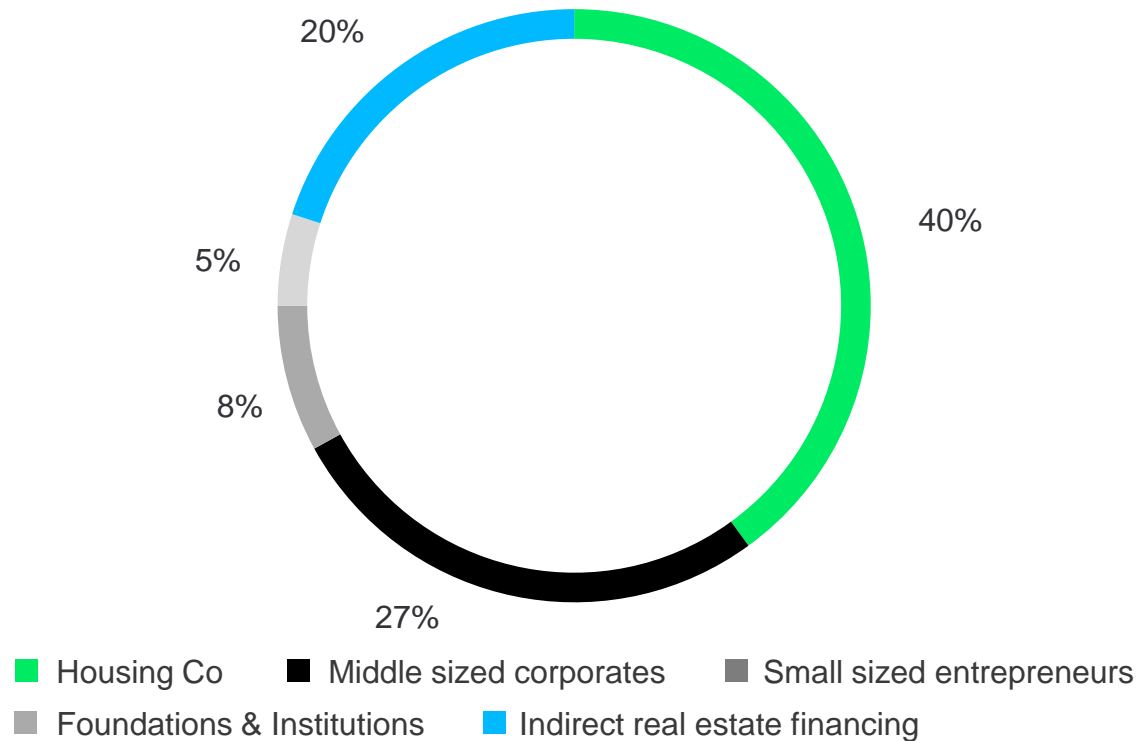
Geographical breakdown - real estate security



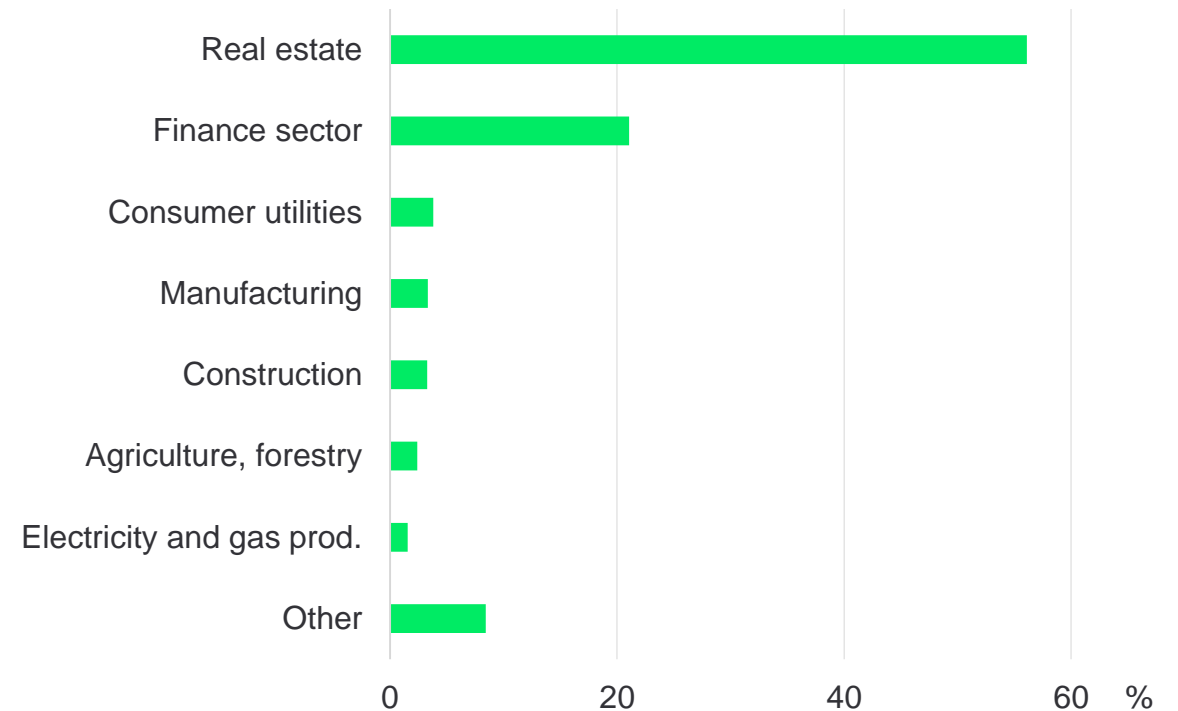
Stable and resilient credit quality – corporate banking

CORPORATE CREDIT PORTFOLIO, 23% OF TOTAL PORTFOLIO

Corporate portfolio breakdown

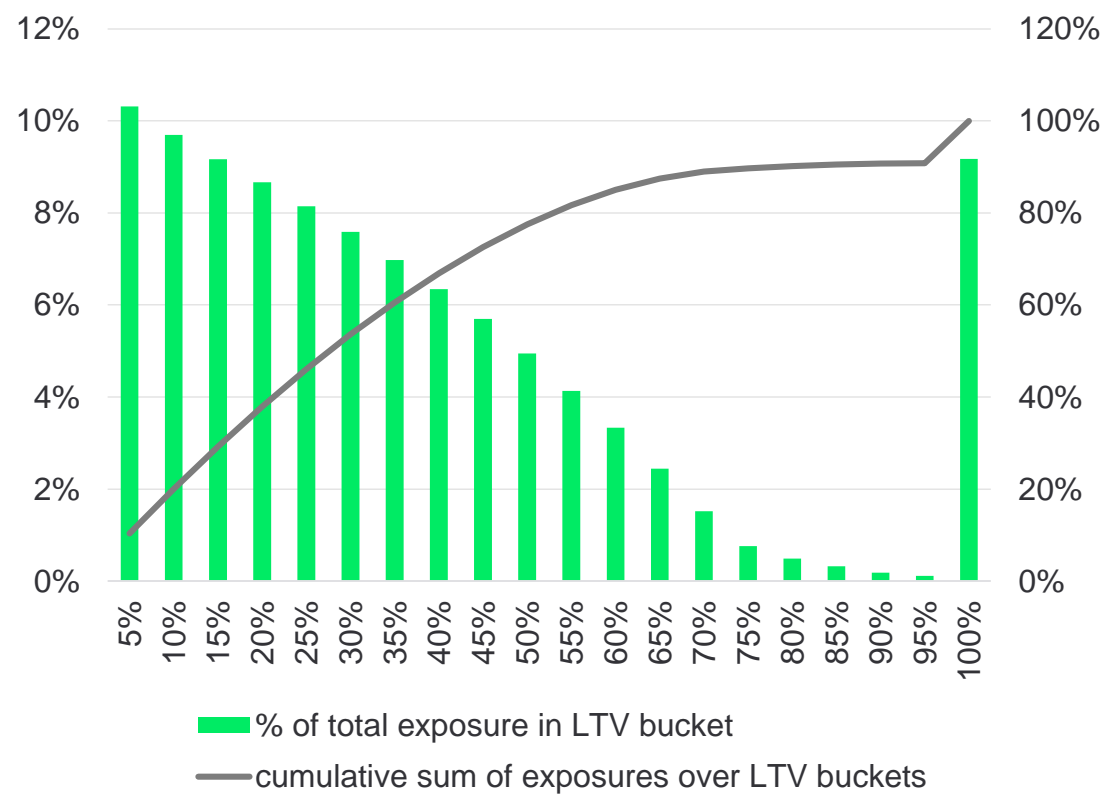


Sector breakdown



Retail portfolio – risk profile

Retail LTV (WA 45,9%)



Scoring distribution

Excellent - Good
0% < PD <= 0,2%

Scoring % of total exposure

A1 29,7%

A2 26,4%

A3 6,2%

A4 4,6%

Satisfactory
0,2% < PD <= 1,1%

B1 8,0%

B2 3,3%

B3 2,5%

B4 1,8%

Acceptable - Weak
1,1% < PD < 100%

C1 8,7%

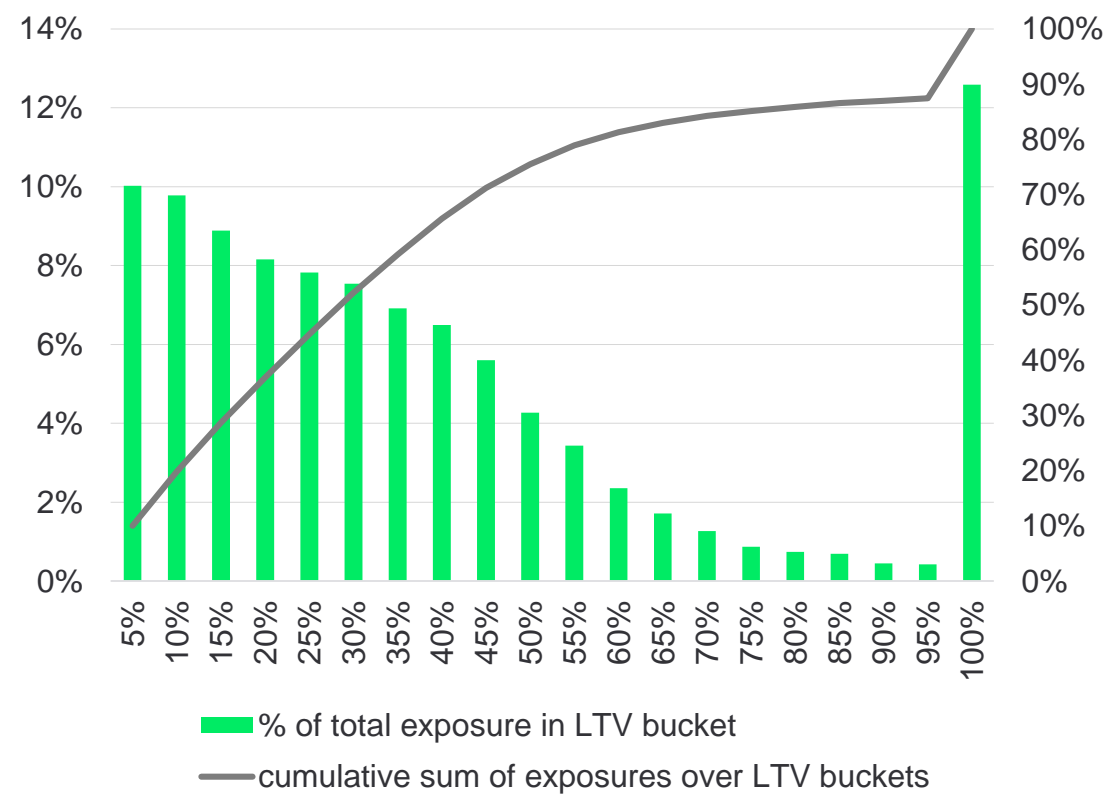
C2 3,2%

C3 1,9%

C4 2,6 %

Corporate portfolio – risk profile

Corporate LTV (WA 42,8 %)



Scoring distribution

Excellent - Good

0% < PD <= 0,1%

Satisfactory

0,1% < PD <= 2,0%

Acceptable - Weak

2,0% < PD < 100%

Scoring % of total exposure

AAA 3,4%

AAA- 9,0%

AA+ 37,2%

AA 18,6%

AA- 9,5%

A+ 9,5%

A 5,1%

A- 2,9%

B 1,7%

C 0,5%

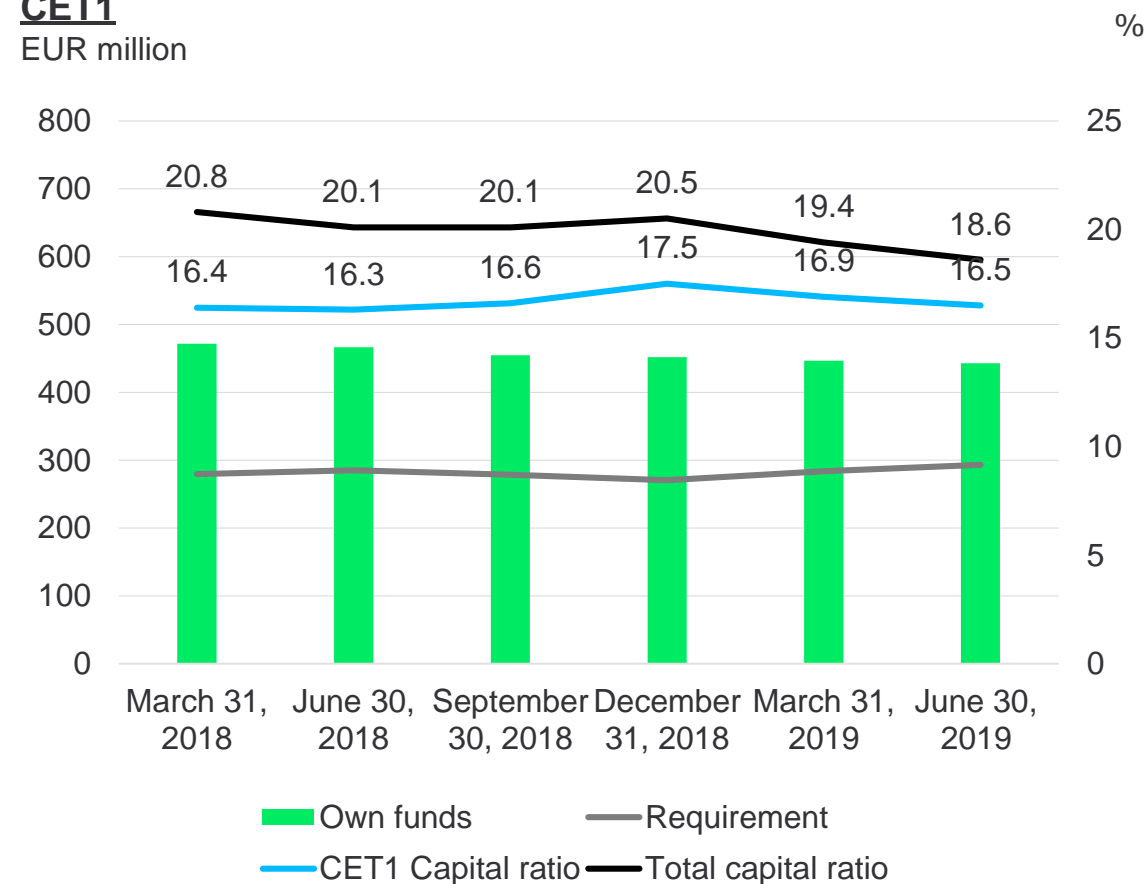
CET1 on a solid level

CAPITAL ADEQUACY AND CAPITAL REQUIREMENT

- At the end of June 2019, the Group's Common Equity Tier 1 (CET1) capital ratio was 16.5%.
- After deductions, CET1 capital increased by EUR 9.2 million during Q2 the period which improved the CET1 capital ratio by 0.4 percentage points.
- Risk-weighted commitments increased by EUR 184.2 million which reduced the CET1 capital ratio by 1.4 percentage points.
- The system risk buffer of 1% (to be met with CET1 capital) entered into force on 1 July 2019.

CET1

EUR million



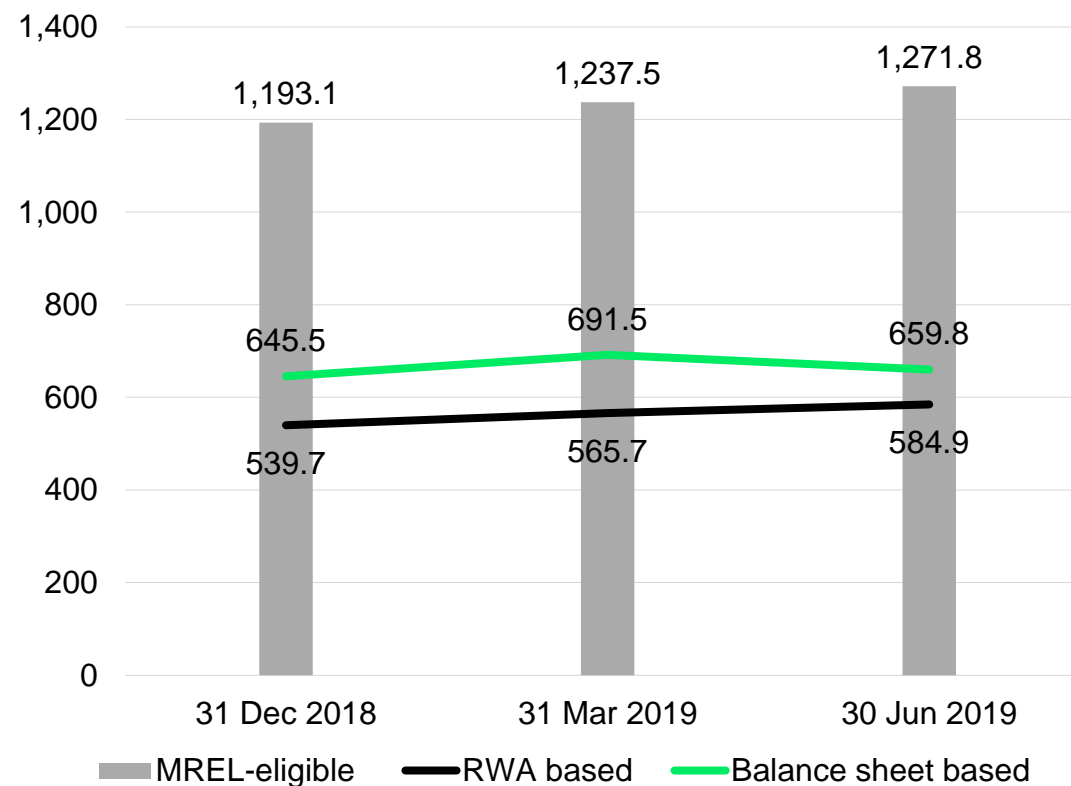
Resolution requirement

CONSOLIDATED MREL-REQUIREMENT

- The Financial Stability Board has updated the minimum MREL-requirement for Aktia Bank.
- The requirement is 23,37% of RWA, however, at least 8% of the balance sheet total.
- The requirement enters into force immediately.

Own funds and eligible liabilities	31 Dec 2018	31 Mar 2019	30 Jun 2019
CET1	384,2	388,6	393,4
AT1 instruments	0,0	0,0	0,0
Tier 2 instruments	148,3	128,3	119,8
Other liabilities	660,6	720,5	758,6
Total	1 193,1	1 237,5	1 271,8

MREL



Regulative environment & compliance

Continued emphasis on anti-money laundering/counter terrorism financing

- Process automation & data analytics
- Competent personnel

Sustainability efforts growing

- Environmental, Social & Governance (ESG) transparency and disclosure requirements increasing
- CDP Performance Score

Implementation of finalised Basel III



Financial Prospects

Outi Henriksson
CFO

Aktia

Financial summary Q2 and YTD

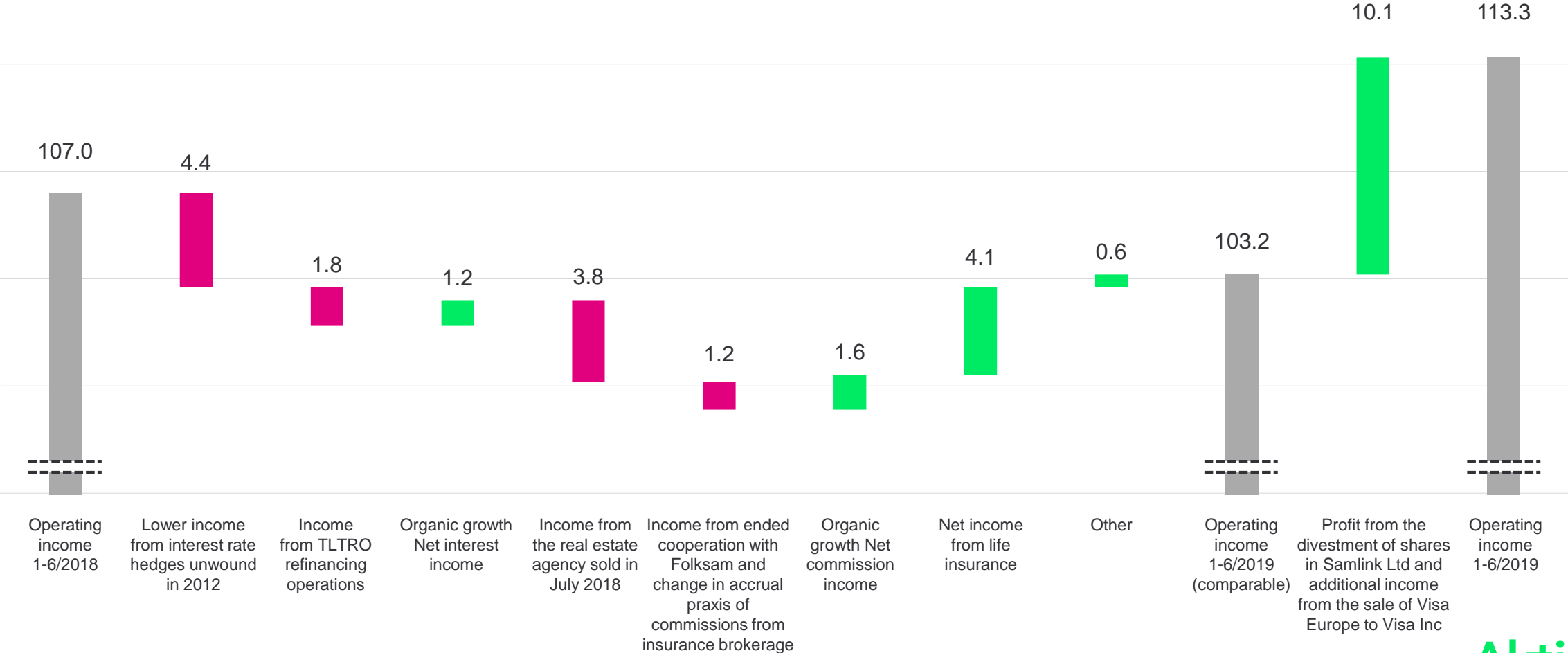
EUR million	1-6/2019	1-6/2018	Δ, %
Total operating income	113.3	107.0	6%
Net interest income	38.7	44.2	-13%
Net commission income	46.7	50.1	-7%
Net income from life insurance	14.9	10.8	38%
Other income	13.1	2.0	562%
Total operating expenses	-71.1	-71.8	-1%
Impairments of credits and other commitments	-2.5	0.1	-
Operating profit	41.4	35.9	15%
Comparable operating profit*	31.4	36.6	-14%
Earnings Per Share (EPS), EUR	0.50	0.43	16%
Return on Equity (ROE), %	11.8	10.2	15%
Cost-to-income ratio (comparable)	0.69	0.66	5%
Common Equity Tier 1 capital ratio, %	16.5	16.3	1%

*) Excl. items affecting comparability

Operating income

1-6/2018 VS. 1-6/2019

EUR million



Updated long-term financial targets 2023

**Comparable
operating profit
EUR 100 million**

(earlier 80 million)

2018:
EUR 65.4 million

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

(earlier 9.7%)

2018:
9.4%

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

(earlier 0.61)

2018:
0.69

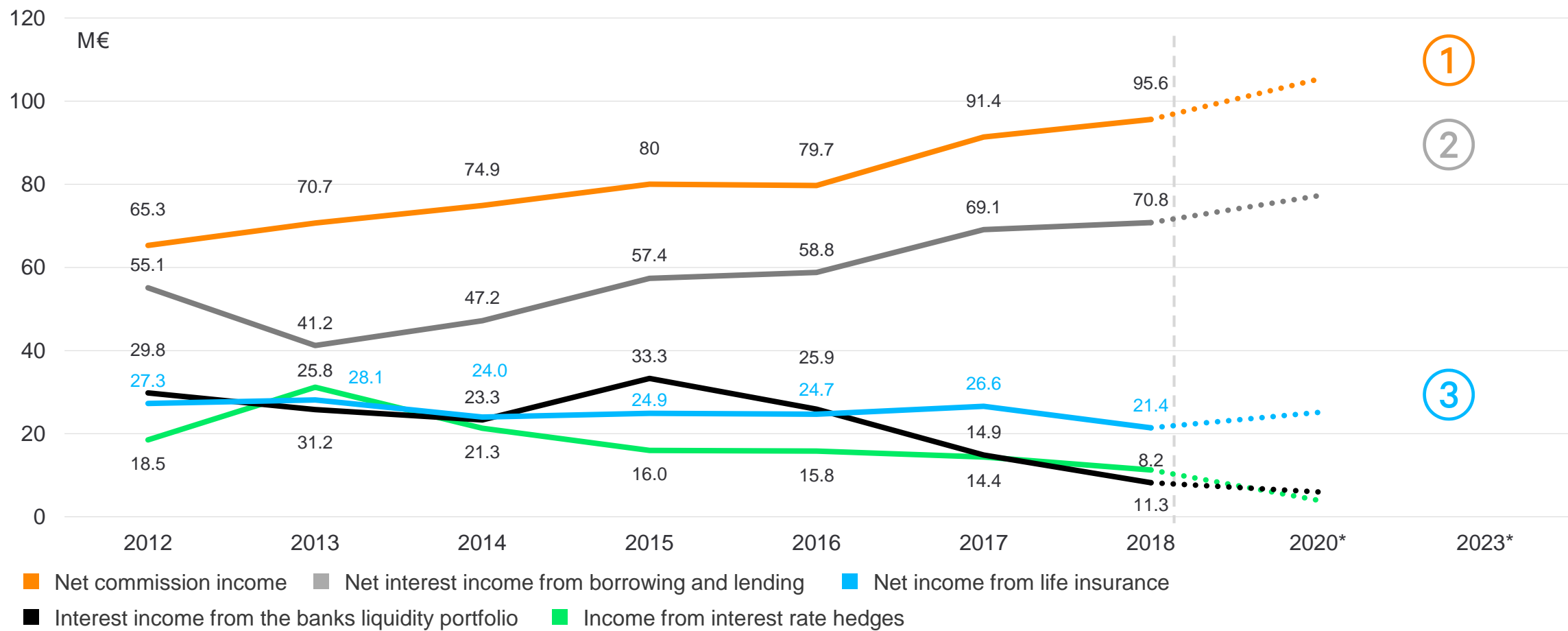
**Common Equity
Tier 1 capital ratio
CET1 1.5–3
percentage points
over regulatory
requirements**

(unchanged)

2018:
17.5%

Operating income

OVERVIEW



Increase operating income through organic growth

①

Increase net commission income through growth in asset management

Increase international institutional customer base

Growth in retail asset management

NCI CAGR ~5%

Total AuM > EUR 15 billion

②

Increased interest income from growth in lending activities to retail and corporate customers

Growth among preferred customers in urban areas

Growth among SME customers

NII CAGR ~5%

Total lending volumes > EUR 7 billion

③

Increase revenues from life insurance operations

Evaluating targeted non-organic opportunities

Increase sales through both own and external channels

New products to be launched in all sales channels

CAGR ~3%

Increased cost efficiency

CONTINUE TO CUT RUNNING COSTS AND SHIFT COST MIX TO ENABLE STRATEGIC INVESTMENTS



Reduce running costs

- Focus on compensation levels to stay competitive, but be conscious about cost increases
- Reduce or maintain running costs through assessment of procurement and optimisation of branch network and other premises



Cost efficiency

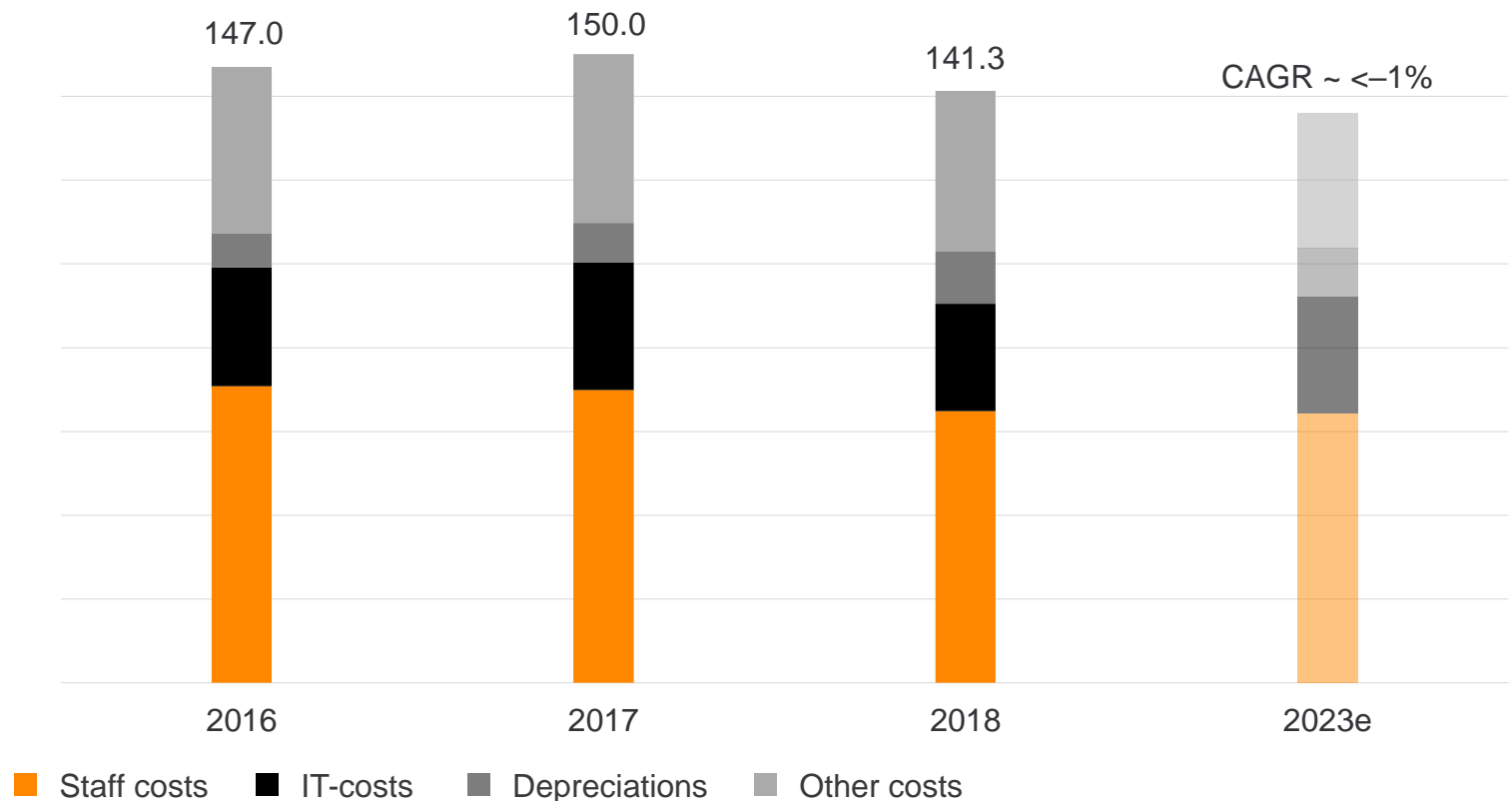
- Improve efficiency through further standardising and automating processes
- Adopt Aktia LEAN principles and design processes accordingly
- IT and consultancy insourcing



Investments in selected areas

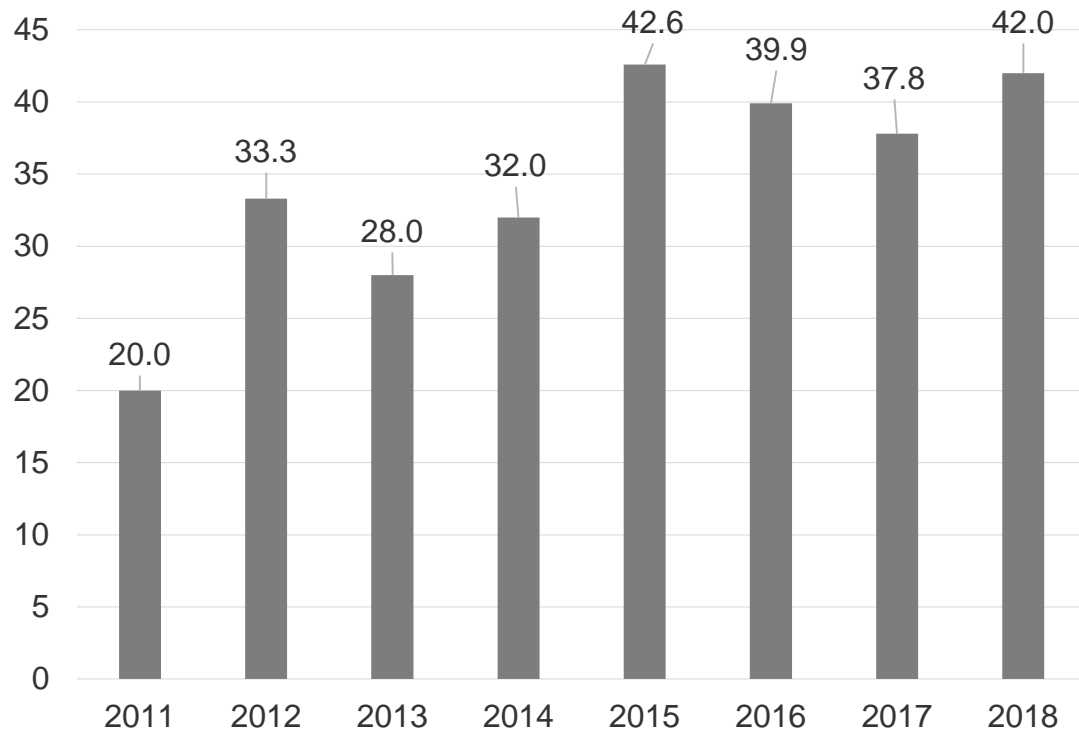
- New front end solutions to drive sales and enable growth
- Investments for compliance and automatisisation of back end processes

Comparable operating costs , M€



A good and stable dividend payer – compelling return considering the low risk level

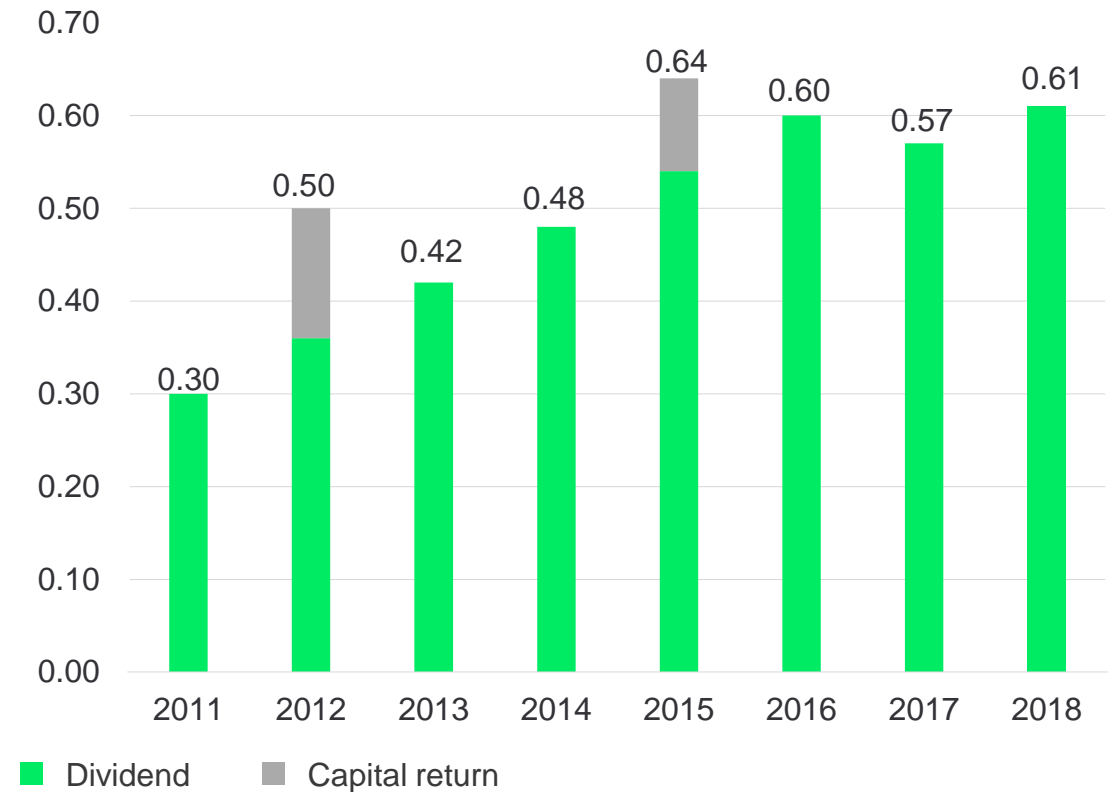
Aktia's dividend pay out in total 2011–2018
EUR MILLION



Aktia's dividend policy (unchanged):

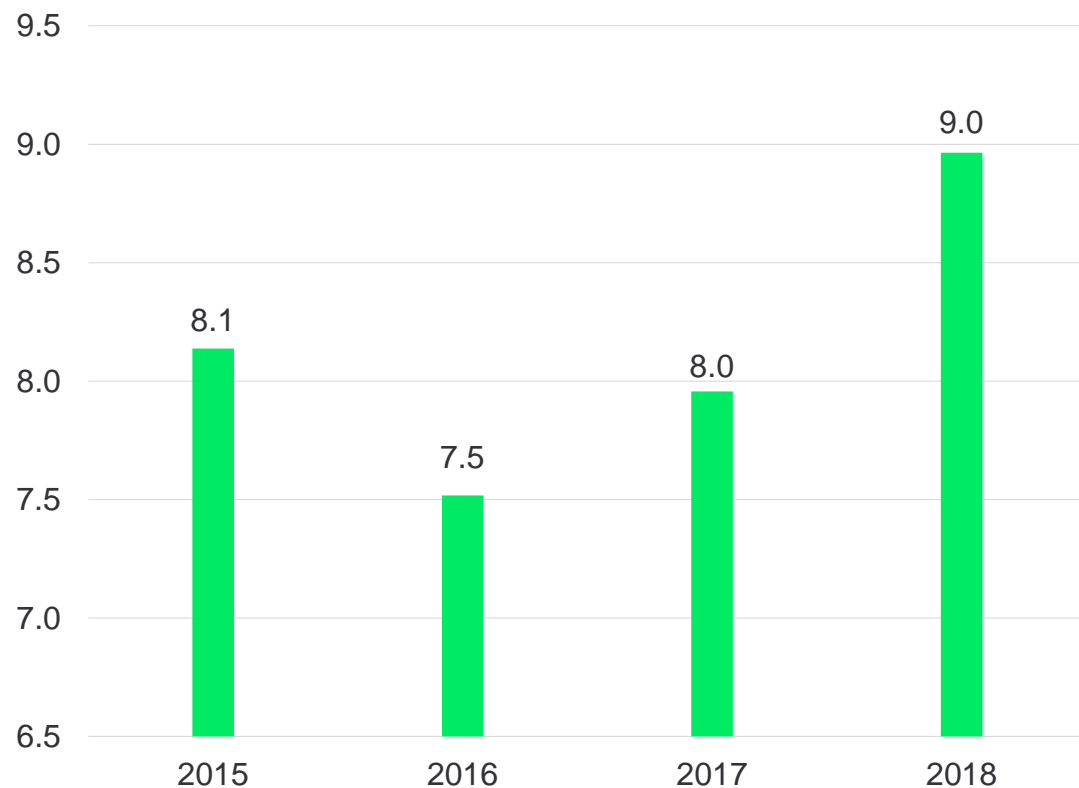
Aktia strives to a dividend pay-out of 60-80% of annual profit

Aktia's dividend per share 2011–2018
EUR



Development of Aktia's comparable return on equity

**Aktia's comparable return on equity (ROE) 9.0%
(2018)**

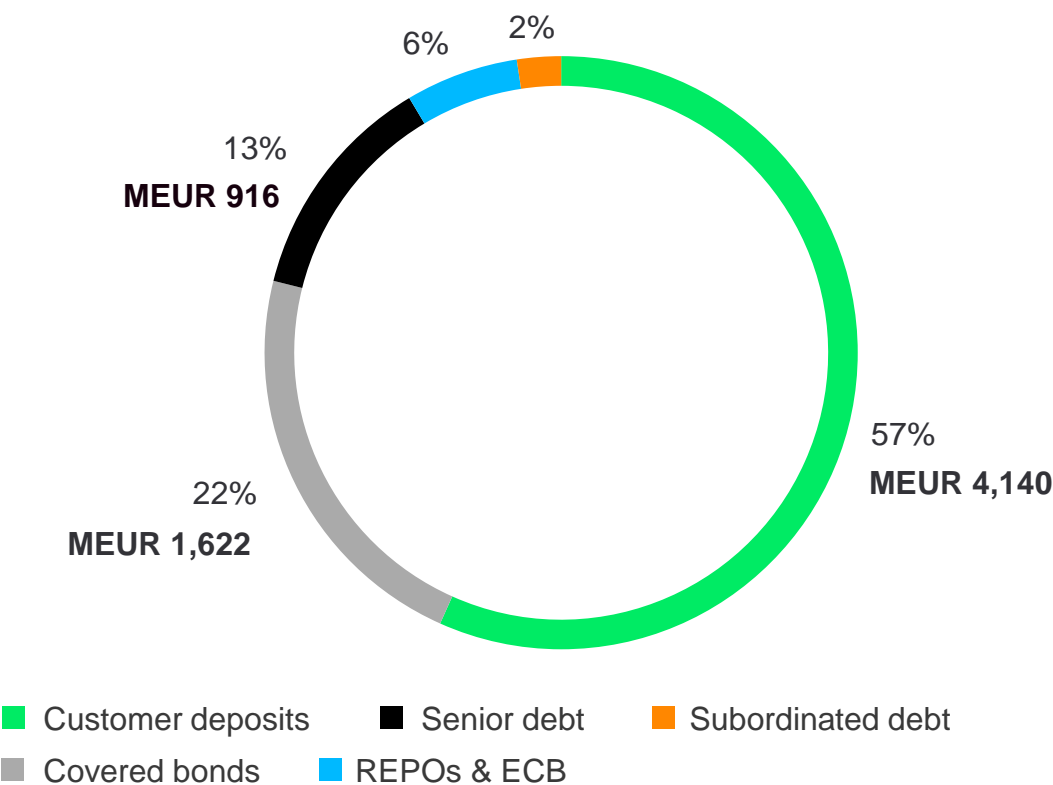


Aktia's comparable return on equity (ROE)
2015–2018, %

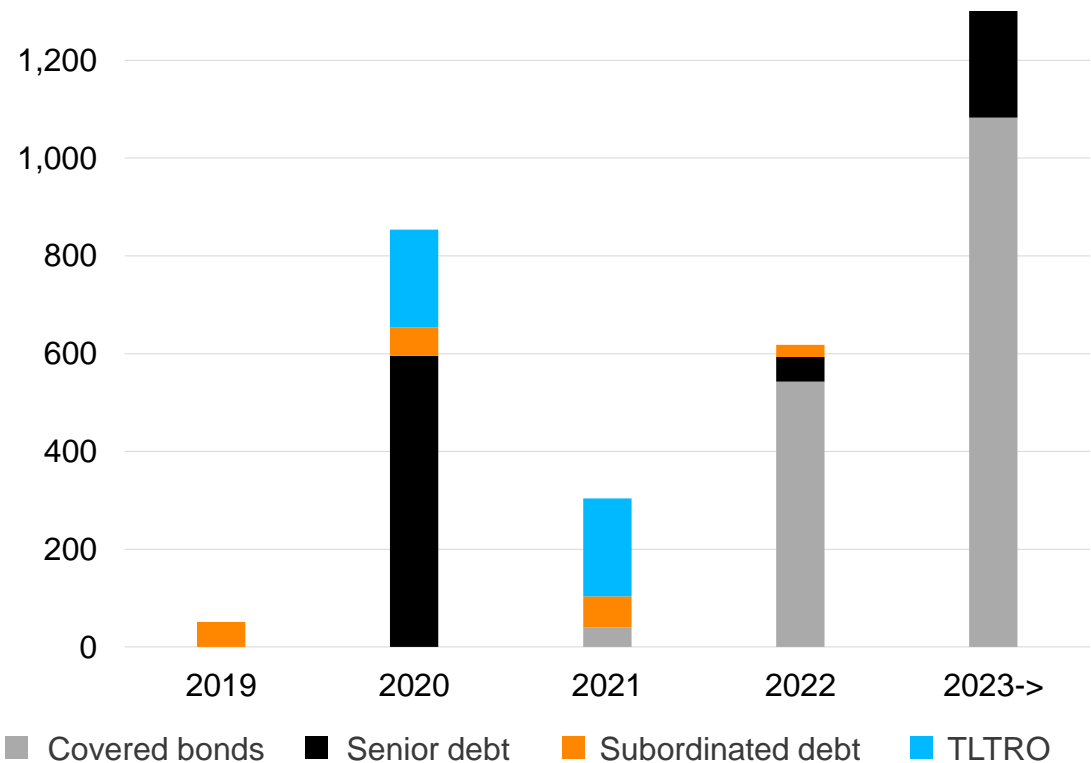
Sound funding profile

STABLE CREDIT RATINGS: MOODY'S: A1 / P-1 CB: AAA, S&P: A- / A-2

Total 7,303 EUR million

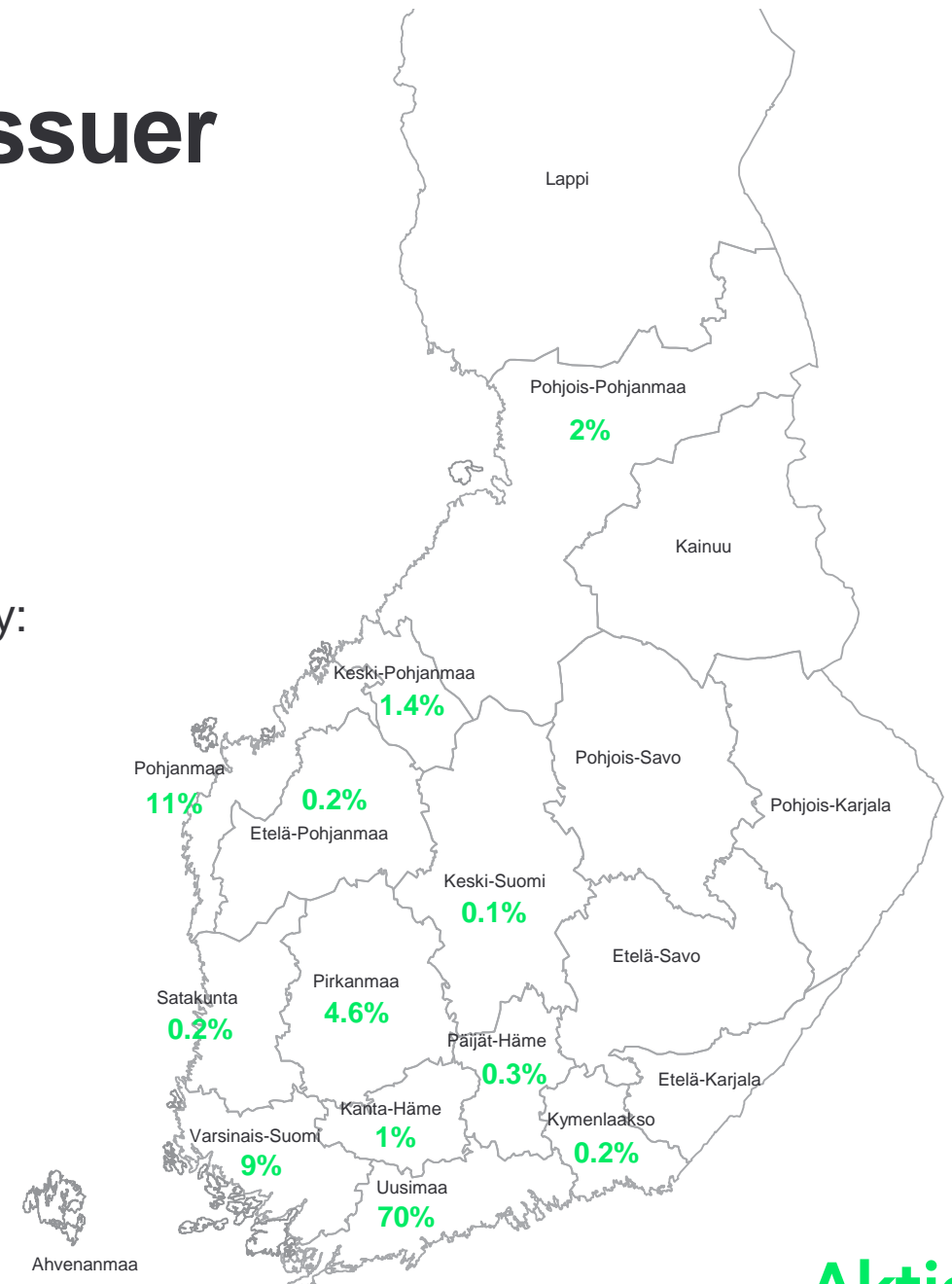


Potential interest in Senior and T2 issuance
EUR million



Aktia Bank as covered bond issuer

- Stable access to the covered bond market is in high priority.
- Aktia Bank will focus on EUR 500 million public benchmark Covered Bond issues with selective private placement offerings.
- The Aktia Bank mortgage loan portfolio is of very high quality:
 - Only prime residential mortgage loans: EUR 2,136 million
 - Collateral located in Finland
 - Low average LTV: 47.08%
- Aktia Bank covered bonds are CRR & UCITS, ECB repo and CBPP eligible.
- Bank aims to comply with the ECBC covered bond label transparency initiative.



Why invest in Aktia?

- ① Profitable growth from asset management
- ② A stable and transparent domestic bank with responsible lending and investing
- ③ A good and stable dividend payer – compelling return considering the risk level
- ④ Solid profitability and capital position
- ⑤ Targeting growth through clear strategic focus



**The good bank.
And a great
asset manager.**
