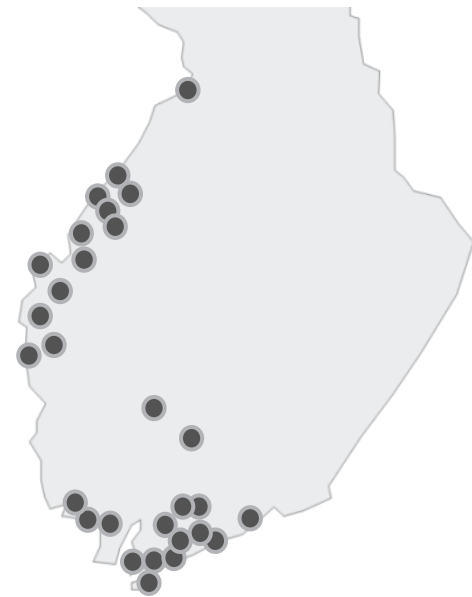


Aktia Bank

**Investor
presentation
1-9/2016**

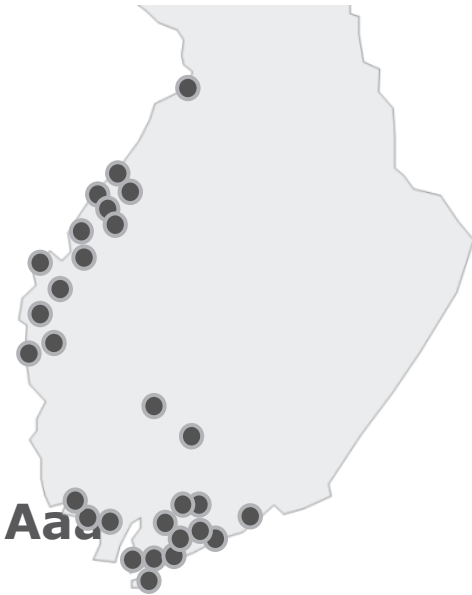




Overview

- **Strongly capitalised (CET1: 19.2%), retail bank with a solid liquidity and funding position**
- **Focus on households, SMEs and institutional investors in growth areas of Finland**
- **Balance sheet EUR 9,5bn of which mortgages EUR 4,9bn**
- **Prudent lending policy and low loan losses**
- **Market cap ~EUR 680m, 42,000 shareholders**
- **Credit ratings**
Moody's: A3 / P-2, pos
S&P: A- / A-2, stable

Covered Bonds: Aaa



Aktia in numbers



**4th biggest
retail Bank in
Finland**



**Insurance and
Asset Mgmt
services**



**900 employees,
50 branches**



**42,000
shareholders**



**300,000
customers**



**20,000
SMEs**

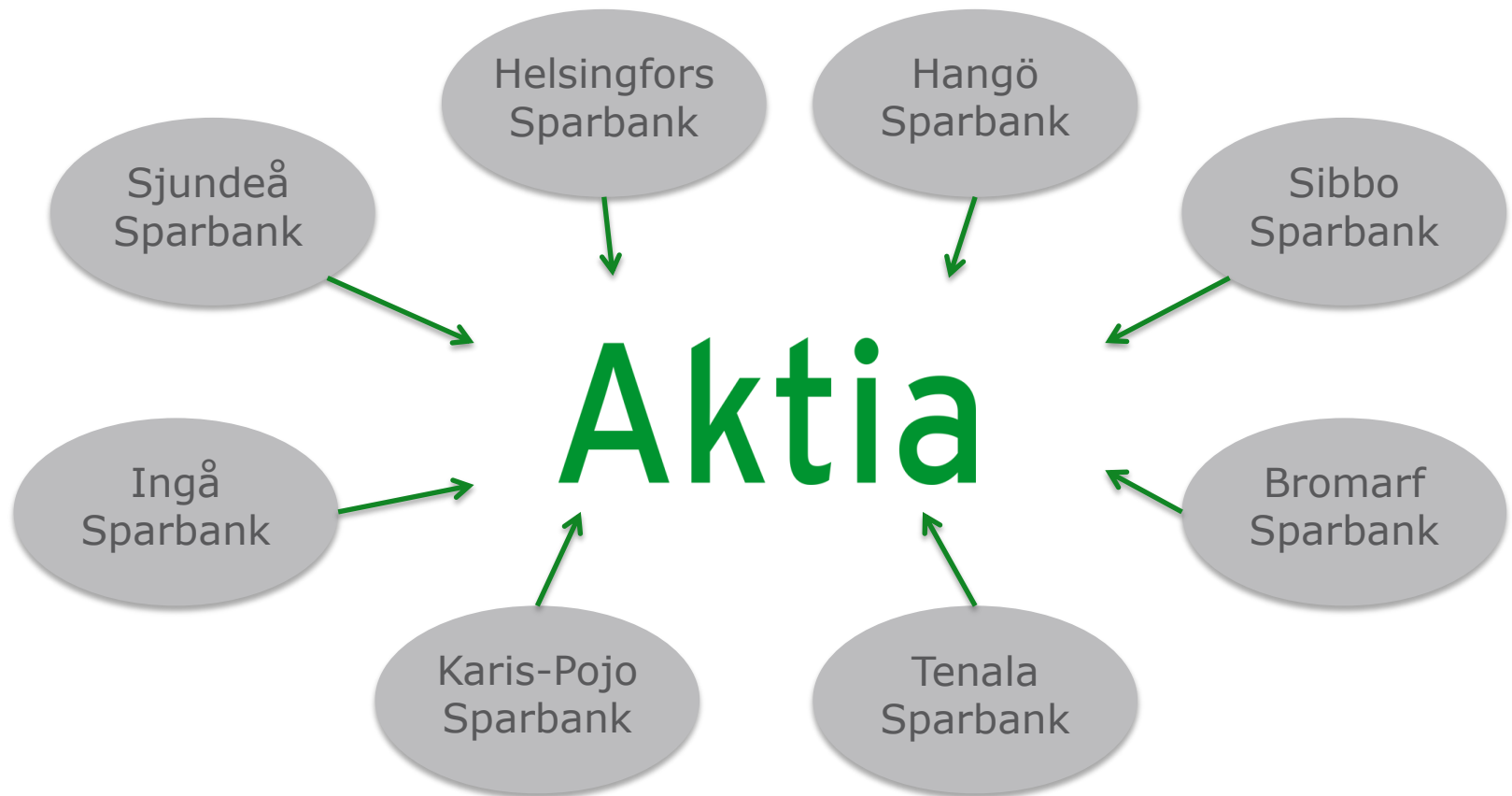


**130,000
Netbank and
Mobile bank
users**

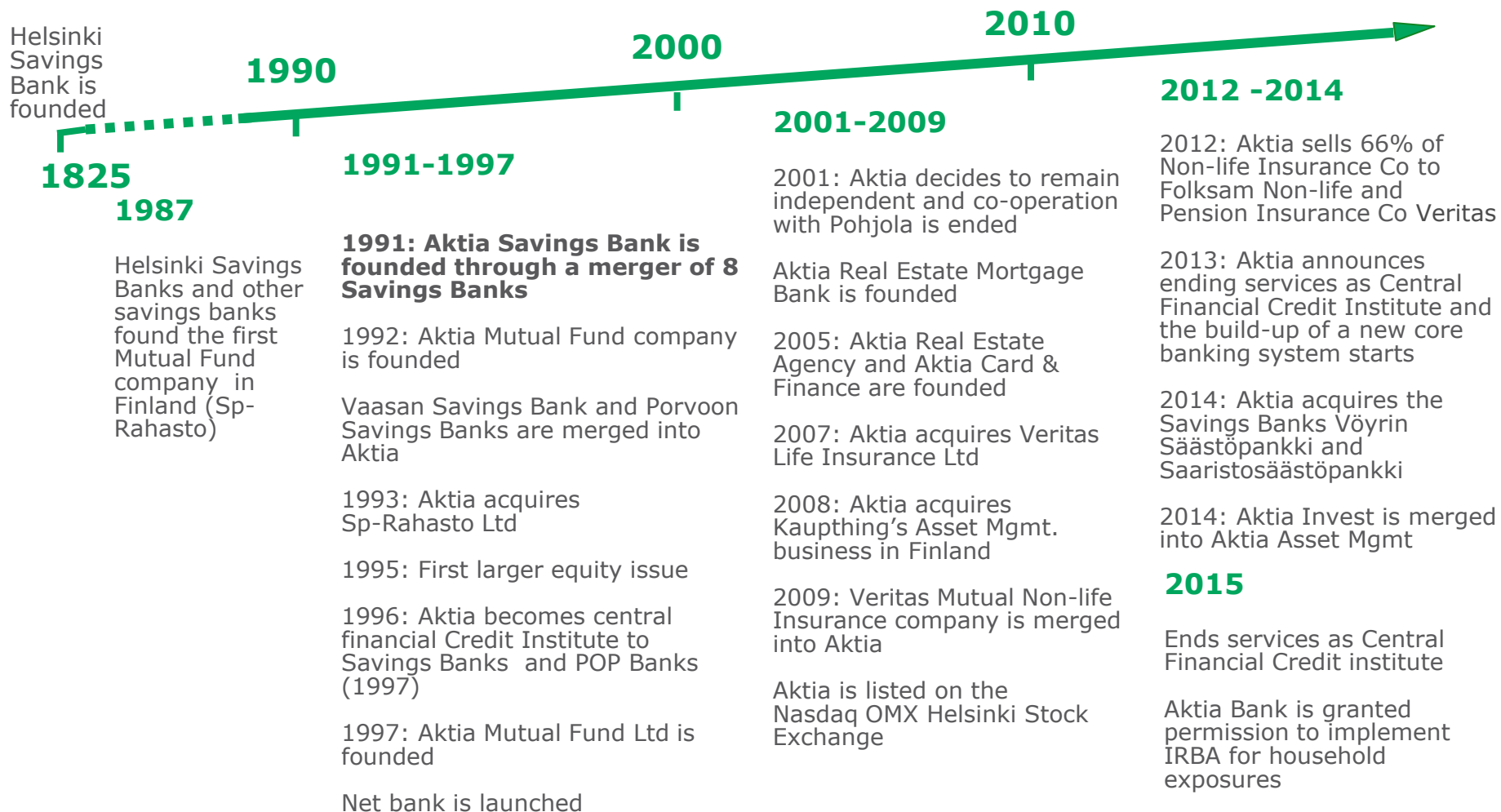


**Aktia credit-
and prepaid
cards**

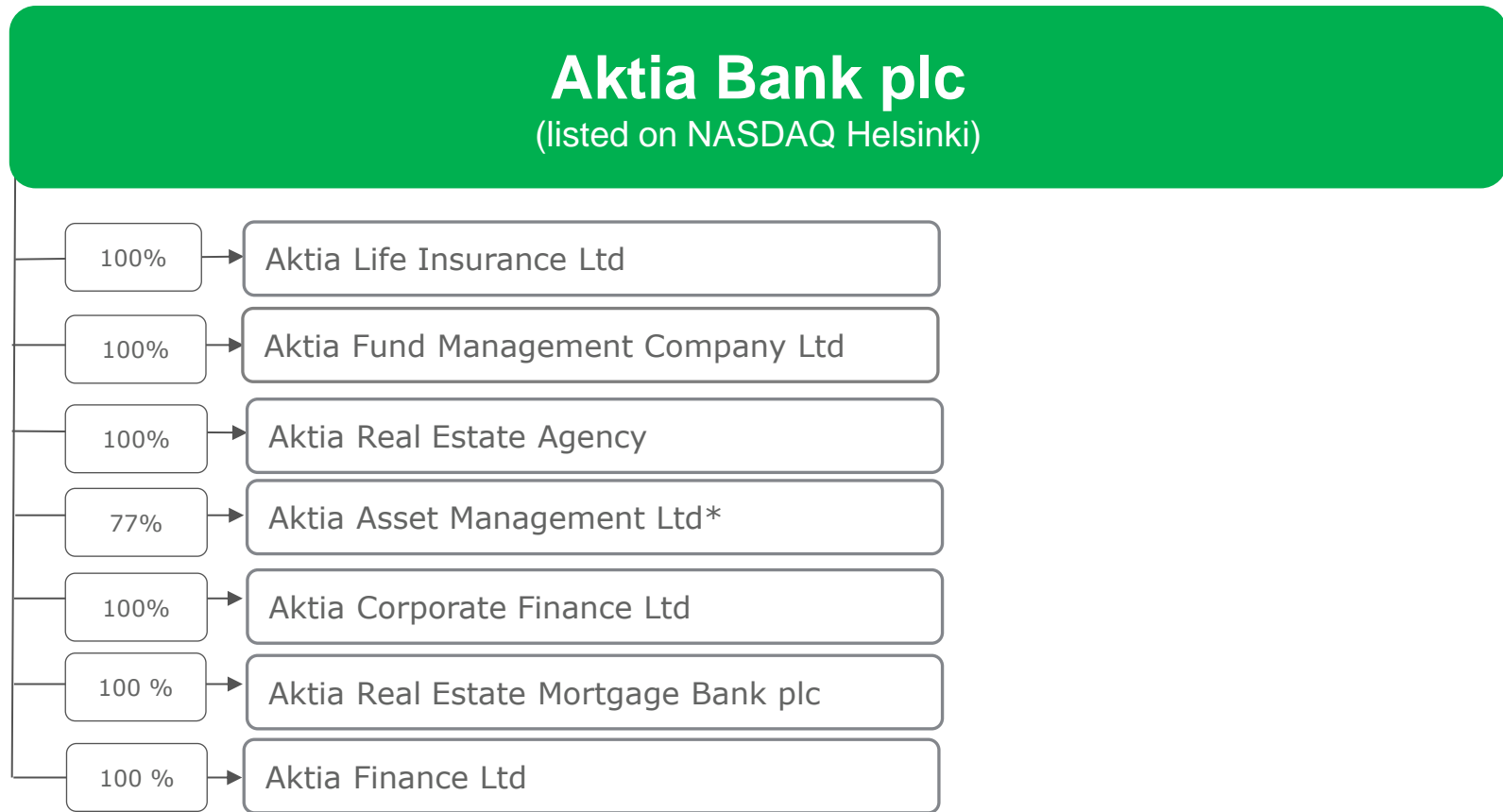
Aktia was formed in 1991



Aktia's history



Group structure



*Minority shares used as incentives for key personnel

Corporate governance



Towards Growth 2018 – Strategic ventures

Growth 2018

Strategic focal points

- Unique customer experience
- Comprehensive service concept (Omni Channel)
- Effective and competent organisation

Priorities 2016

1. CORE
2. Mobile development
3. Development of sales tools

Following strategic ventures

1. Partnership model
2. Mobile payments solutions
3. Implementation of robotics

Growth 2018

Three year plan

- Aktia's objective is to double the annual number of new primary customers before the end of 2018.
 - In 2016, the objective is an increase of 3,000 new customers (2015; 1,300)
 - During 1-9/2016 new private and corporate primary customers; ca 2,300 (net)
- Develop and increase range of services for SMEs
 - Conscious aim to increase credits to corporates and to housing companies
- Improve offer to institutional customers to long-term, comprehensive solutions

Growth 2018 – strategic focus points



1. Unique customer experience

We focus on "Smart savers" as they look after their families and their economies in all different stages of life. We aim to grow in the segments Premium and Private Banking customers, as well as in the segment customers with Premium potential.

We develop our products, services and advice in order to give our customers added value. We are safe and responsible.

We have credibility as partner for owner-operated companies and family businesses, housing companies and institutions.



2. Holistic service concept

We are easy to reach, and handling banking matters with us is flexible, swift and fun.

We are local, personal and friendly. The customer is treated in the same manner, irrespective of by whom or where the customer is served: at a branch, on the phone or via our digital channels.

We will develop our channels to be logical and well-functioning for our customers. Our top-range advice and high-class products shall be available for all customers in all channels.



3. Effective and capable organisation

At the beginning of the strategy period, we focus on completion of the core banking system project and cutting costs in accordance with our Action Plan 2015.

Our aim is continuous improvement of skills in order to meet changes in the environment and on the market.

We invest in training for whole our personnel. In order to ensure top-range advice, it is our aim that the majority of personnel in customer service have an external certificate of their skills.

Strategic KPI's for 2018

KPI	2015	Target 2018
Financial objectives		
Cost-to-income ratio	0.69	0.61
ROE	7.9%	>9%
Common Equity Tier 1 Capital Ratio (CET 1)	20.7%	>15%
Objectives for growth		
Customer revenues – private (EURm)	97.4	119
Customer revenues – corporate (EURm)	36.1	45
Net provision income (EURm)	75	90
Customer growth – private	136,000	145,000
Customer growth – corporate	11,000	12,000
Indicators for risk and balance sheet		
Loan to Deposit	126%	<150%
Expected loss % - private	0.05 %	0.05%
Expected loss % - corporate	0.5 %	0.7% (new lending)
Indicators for customers and personnel		
NPS (EPSI)	EPSI recommendation index (NPS) 5th place	EPSI NPS = "Top 3"
Employer recommendation, %	87%	>82%
Certified sales personnel, %	24%	>90%

Successful institutional asset management

- **Aktia Asset Management is a recognized Fixed Income fund house and a leading provider of Emerging Market Debt solutions for institutional investors**
 - The 5 year track of the fund Aktia Emerging Market Local Currency Bond+ is ranked #1 in comparison to a peer group consisting of 50 funds
 - Following the successful launch of Aktia EM Local Currency Frontier Bond+ in Dec 2016 the total AUM of Aktia's EMD funds add up to more than EUR 1bn
- **Aktia's aim is to strengthen its profile as a noticeable Equity fund manager**
 - Aktia launched a new Equity fund "Aktia Nordic Micro Cap" in 11/2016
 - The new fund will support Aktia's two existing successful small cap strategies

Asset Management winning Awards



Morningstar Awards

- Best Finnish Fund House, Fixed Income 2016
- Best Fund House, Fixed Income 2013, 2014 and 2015
- Best Balanced Fund (Aktia Secura) 2015
- TOP 3 Fixed Income Fund (Aktia Corporate Bond) 2015, 2016
- TOP 3 Multi Asset Manager 2013



Scandinavian Financial Research Awards

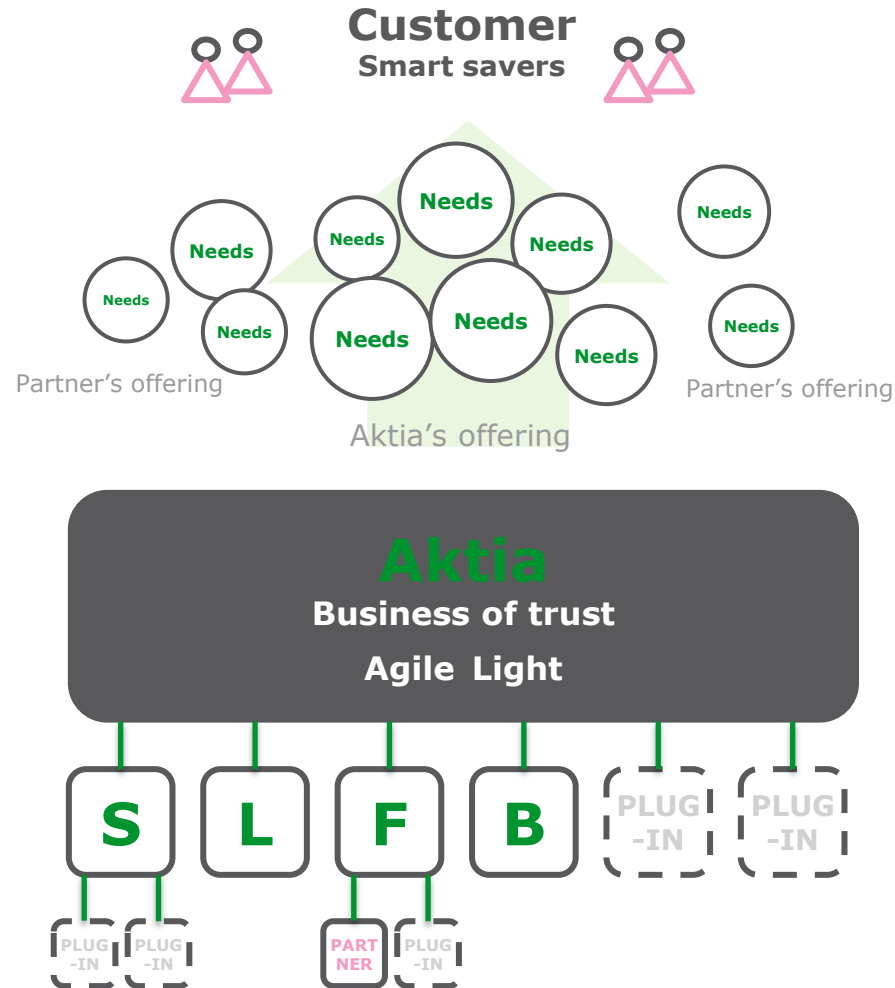
- #1 Asset Manager 2010, 2012, 2013 (Platinum Award)
- #2 Asset Manager 2011, 2015, 2016 (Gold Award)



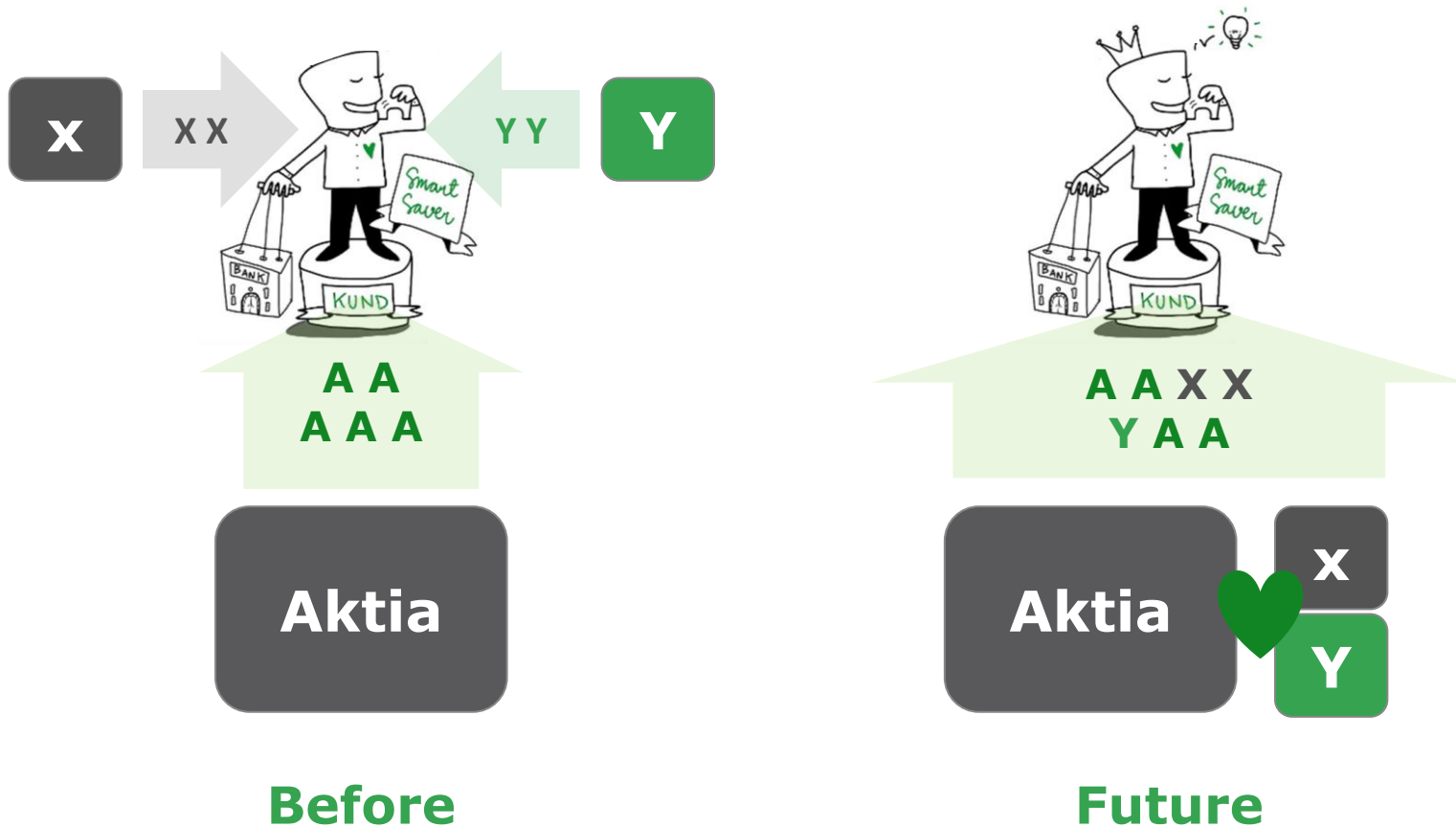
Nordic Fund Selection Awards (Tell Media Group)

- Finnish Fund Selection Team of the Year 2010, 2011, 2012, 2013, 2014, 2015

Future: Aktia + partners



How we see the partnership model in the future



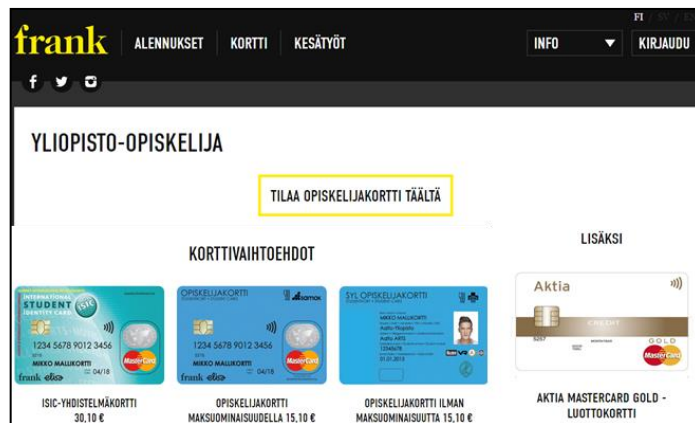
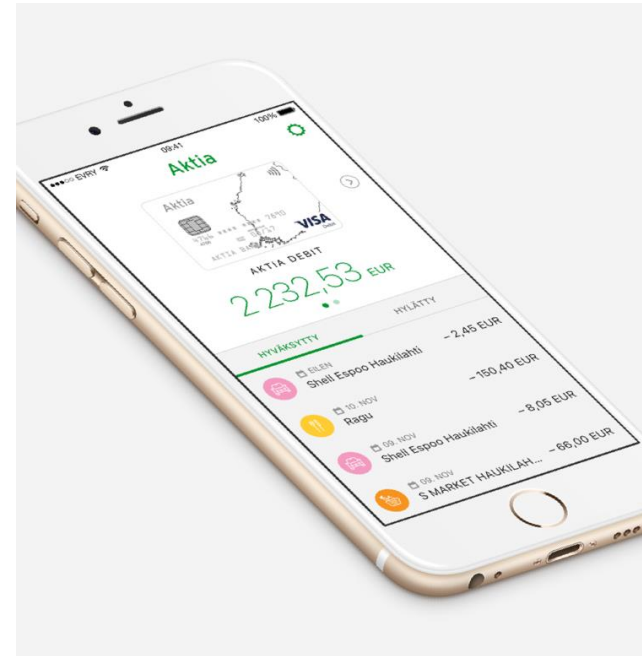
Cooperation between Aktia and R-kioski continues and expands

- The cooperation started in December 2015 with sale of PrePaid cards
- The cooperations was expanded in June, when invoice payment services were transferred to Aktia
 - Since June more than 100,000 payments have been made at R-kioski
- The R-kioski is an alternative distribution channel for Aktia's standardised products and services also in the future



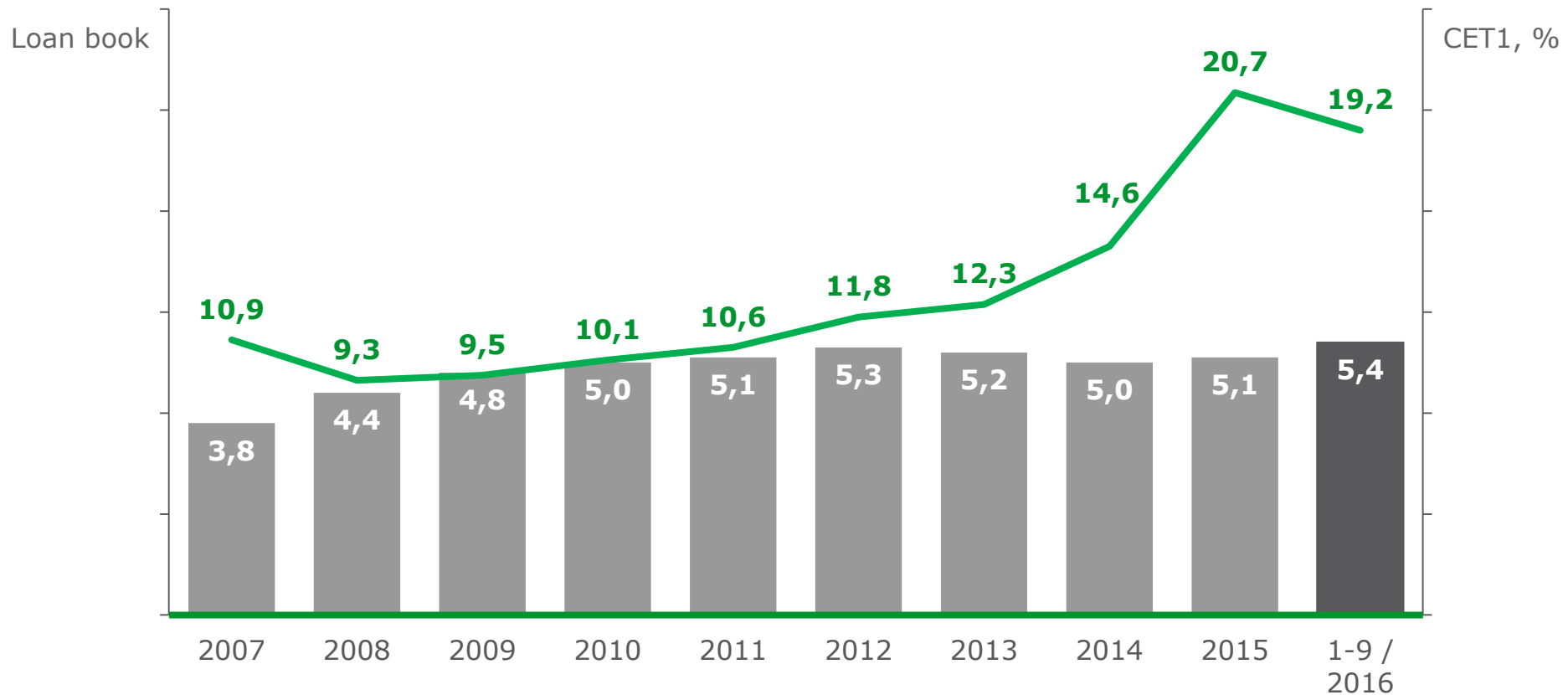
New Aktia Wallet application

- Aktia Finance Ltd was formed 1.7.2016 (former Elisa Rahoitus)
- First mobile application **Aktia Wallet** was launched 27.10.2016



- New product customers
 - Previous Elisa Lompakko users
 - 5,000 new Aktia MasterCard Gold cardholders through student card organisation Frank

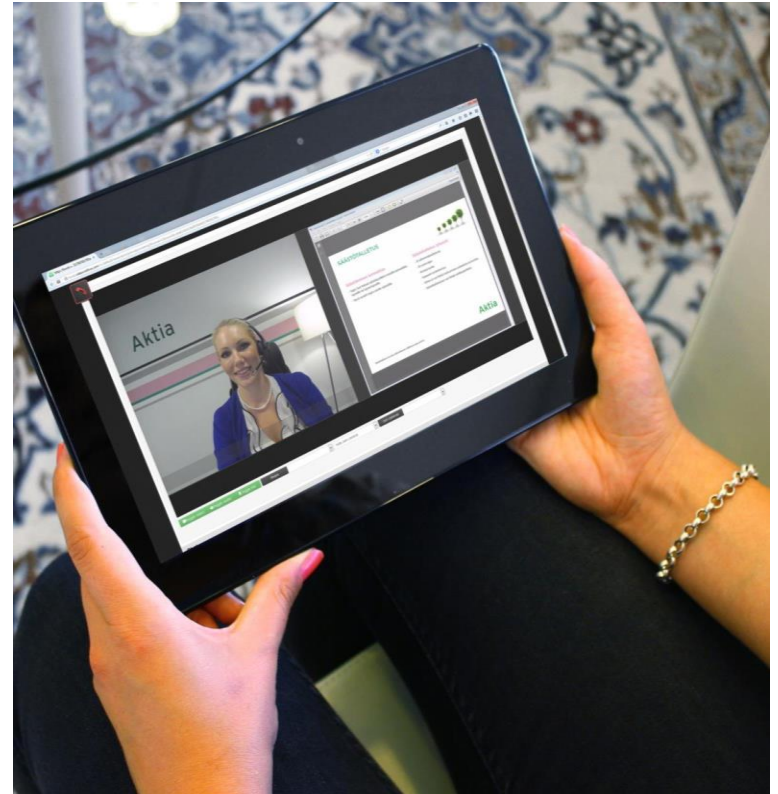
Loan book (1,000 million) vs. CET 1 (%)



Basel II 2006-2012, Basel III 2013, CET1% 2014-

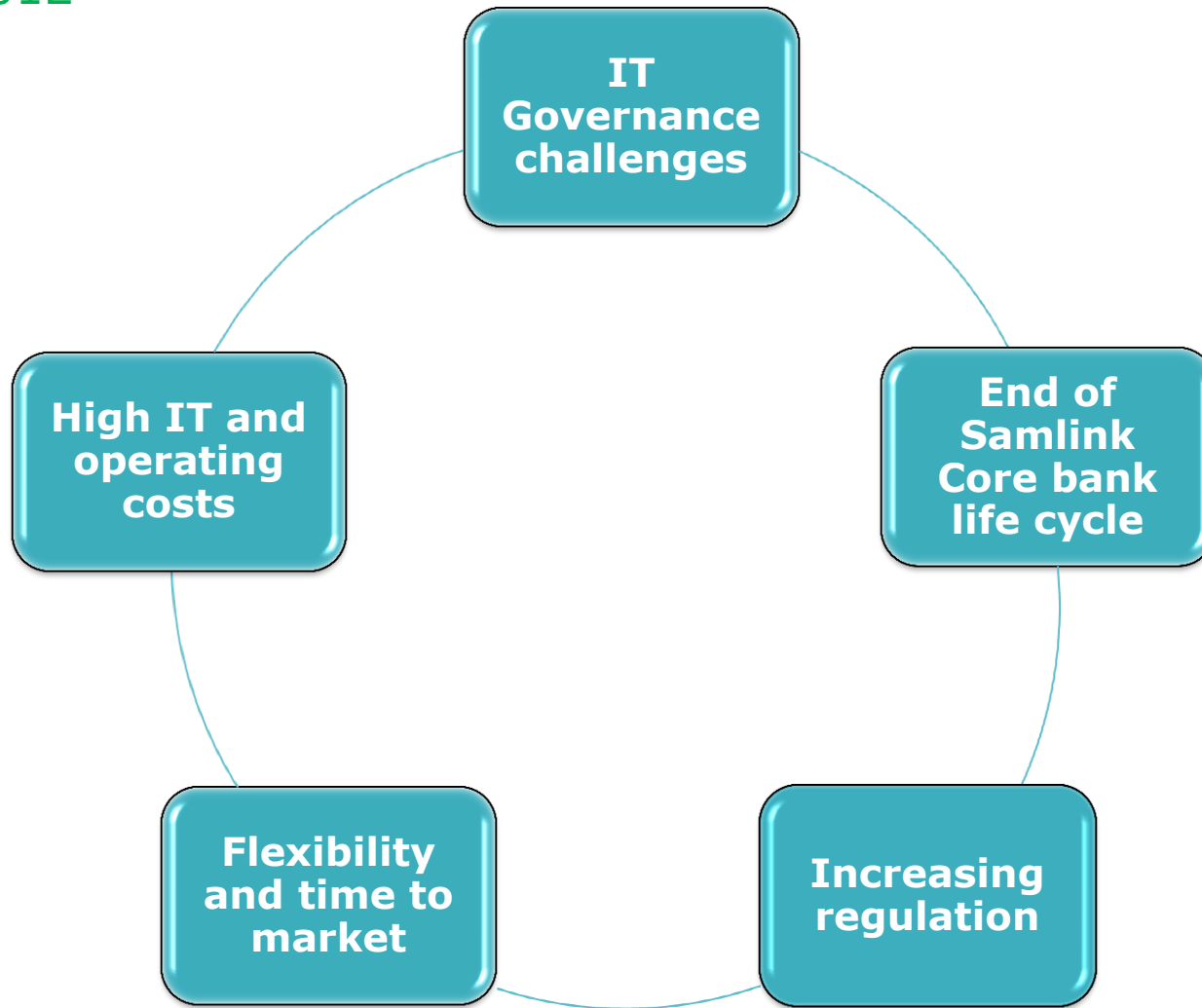
Aktia adapts to the changing environment

- **New flexible ways to offer banking services online and over mobile devices**
 - Meetings over the web
 - Expanded services over telephone
 - Sign-on in the Online bank
 - Chat on Aktia's website
 - Easy log-in to the mobile Online bank
 - Self service on the web (eg dream-catcher)
- **The branch offices' new role and a more flexible service concept**
 - Optimised open hours for cash services
 - More flexible one-on-one meetings and over the phone
 - Focus on financial advisory



What triggered the IT transformation

Year 2012



Aktia IT Transformation



IT strategy &
operating model

Operational processes
Governance processes
Sourcing and alliances



Core Bank
replacement

New Core bank platform
Technical Samlink carve out



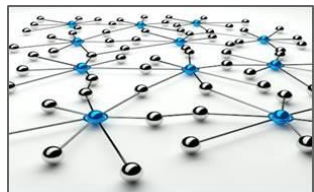
Central Credit
institution

Technical termination of Aktias role
as Central Credit Institution



Cards

Exit from Nets and Samlink
and new sourcing model between
Evry and Aktia



One Net

Consolidation of workstations and
net work services

One of a kind customer experience

Key benefits from new core bank

- Comprehensive and flexible service layer with good documentation (Open Architecture)
 - Core bank offers process, rule and configuration based set-ups enabling end to end digital processes
- Deep internal understanding of business and IT
 - We can support agile development and adjust when needed
- Clear customer focus when deciding “Partner or Compete”
 - We are used to work with partners
- Access to a larger eco system via our partners
 - For example Temenos innovation Incubatio

Economies of scale from new core bank

Key benefits from new core bank

- **Simplified and tuned environment**
 - We have simplified our product portfolio and fine tuned all our processes
- **Focus on new innovations**
 - Regulatory and market standard functionality can be taken off the shelf
- **Time to market**
 - Automated environments and release process
 - Automated testing
- **Reduction of operational risk → less time spent firefighting**
 - Automation
 - Extensive monitoring – react before warning signs become incidents

Interim Report

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7-9/2016: Increased other expenses

- **Operating profit was EUR 15.8 (16.4) million.**
- **Net commission income increased by 2% to EUR 20.0 (19.7) million and NII increased by 1% to EUR 23.9 (23.8) million.**
- **Operating expenses increased by 7% to EUR 34.6 (32.4) million.**
- **Write-downs on credits and other commitments amounted to EUR -0.5 (-0.5) million.**
- **Profit amounted to EUR 12.9 (13.4) million. Earnings per share (EPS) was EUR 0.19 (0.20).**

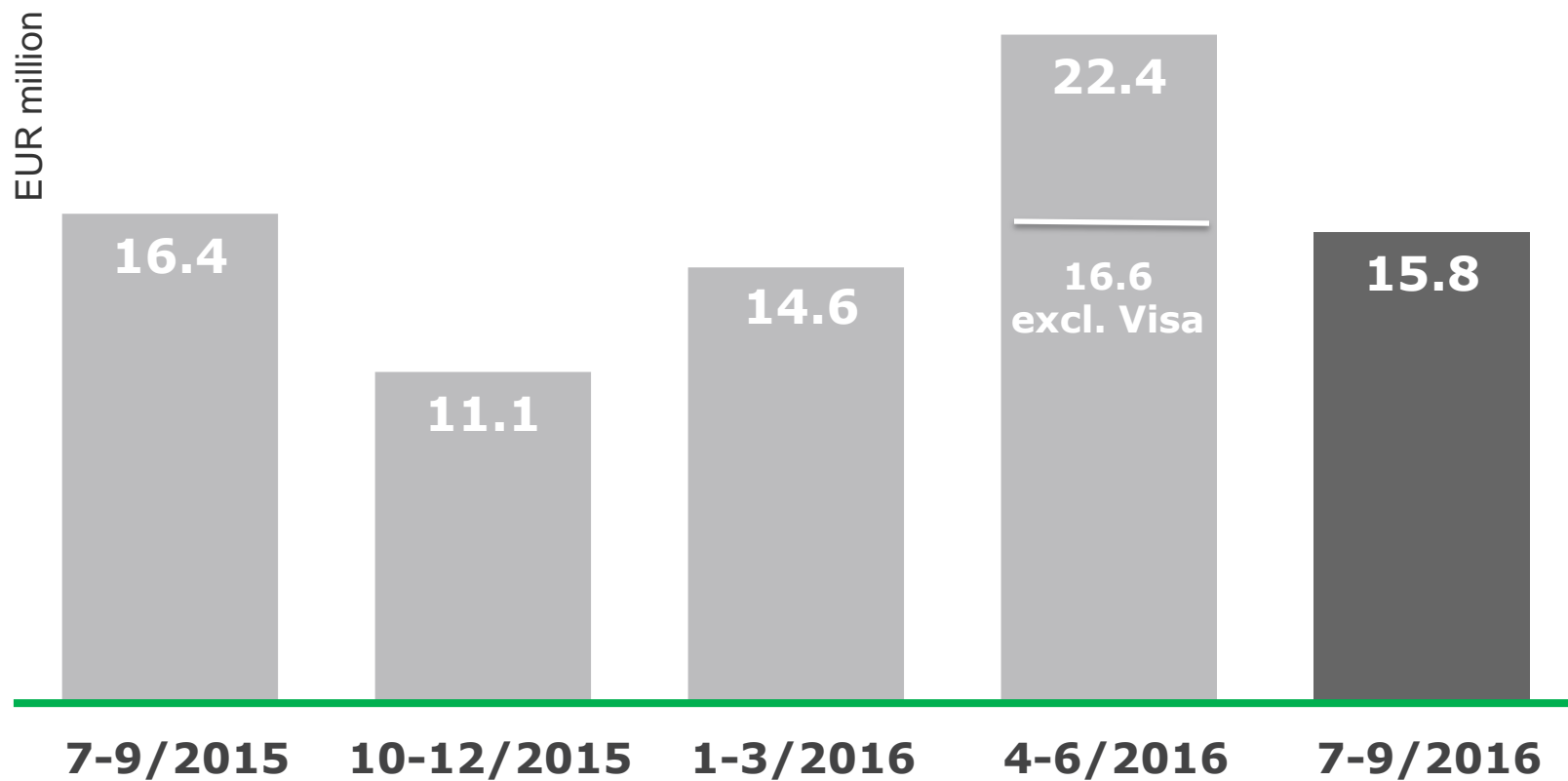
1-9/2016: Already 2,300 new customer

- Operating profit was EUR 52.9 (53.1) million.
- Net commission income decreased by 2% to EUR 59.6 (61.0) million and NII decreased by 1% to EUR 72.6 (73.6) million.
- Operating expenses increased by 4% to EUR 108.0 (103.9) million.
- Write-downs on credits and other commitments amounted to EUR -0.7 (-0.1) million.
- Profit amounted to EUR 42.8 (42.9) million. Earnings per share (EPS) was EUR 0.64 (0.65). Comparable EPS was EUR 0.57.
- CET1 was 19.2 (30 Dec 2015; 20.7)%
- Outlook 2016 (unchanged) : Aktia's operating profit for 2016 is expected to reach an approximately similar level as in 2015

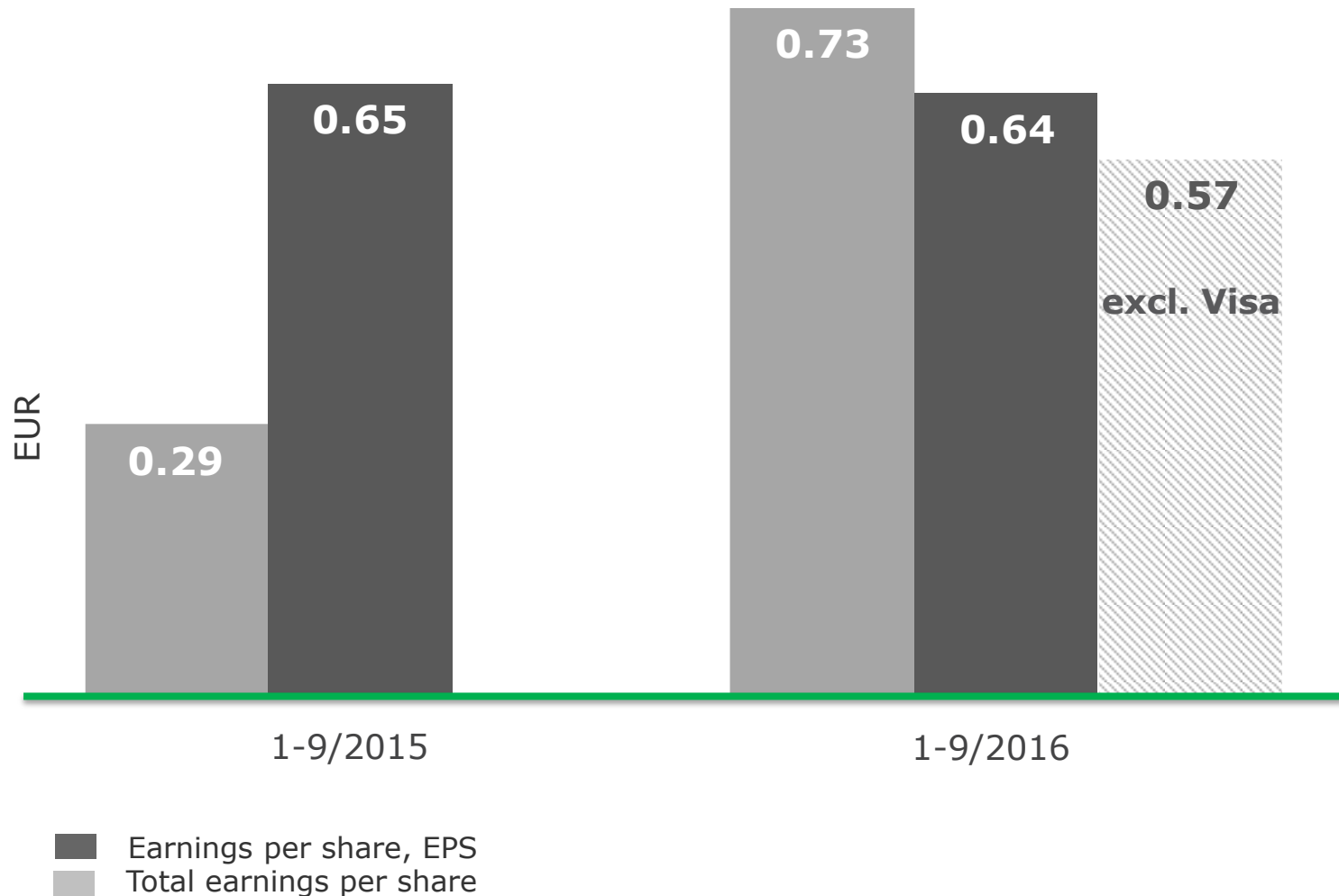
Central events

- **M.Sc. (Tech.), M.Sc. (Econ.) Martin Back was appointed as new CEO of Aktia**
- **Aktia's growth target 2016; 3,000 new customers**
 - 1-9/2016; 2,300 new private and corporate customers
- **Aktia acquired minority shares in Aktia REMB**
 - No significant impact on result
- **Moody's improved Aktia's outlook to positive** (previously stable)
 - Moody's kept the rating unchanged at A3/P-2
- **Aktia Contact Center – the best telephone service in Finland**
- **Aktia Wallet was launched 27 Oct 2016**
 - Makes mobile payments safe and easy

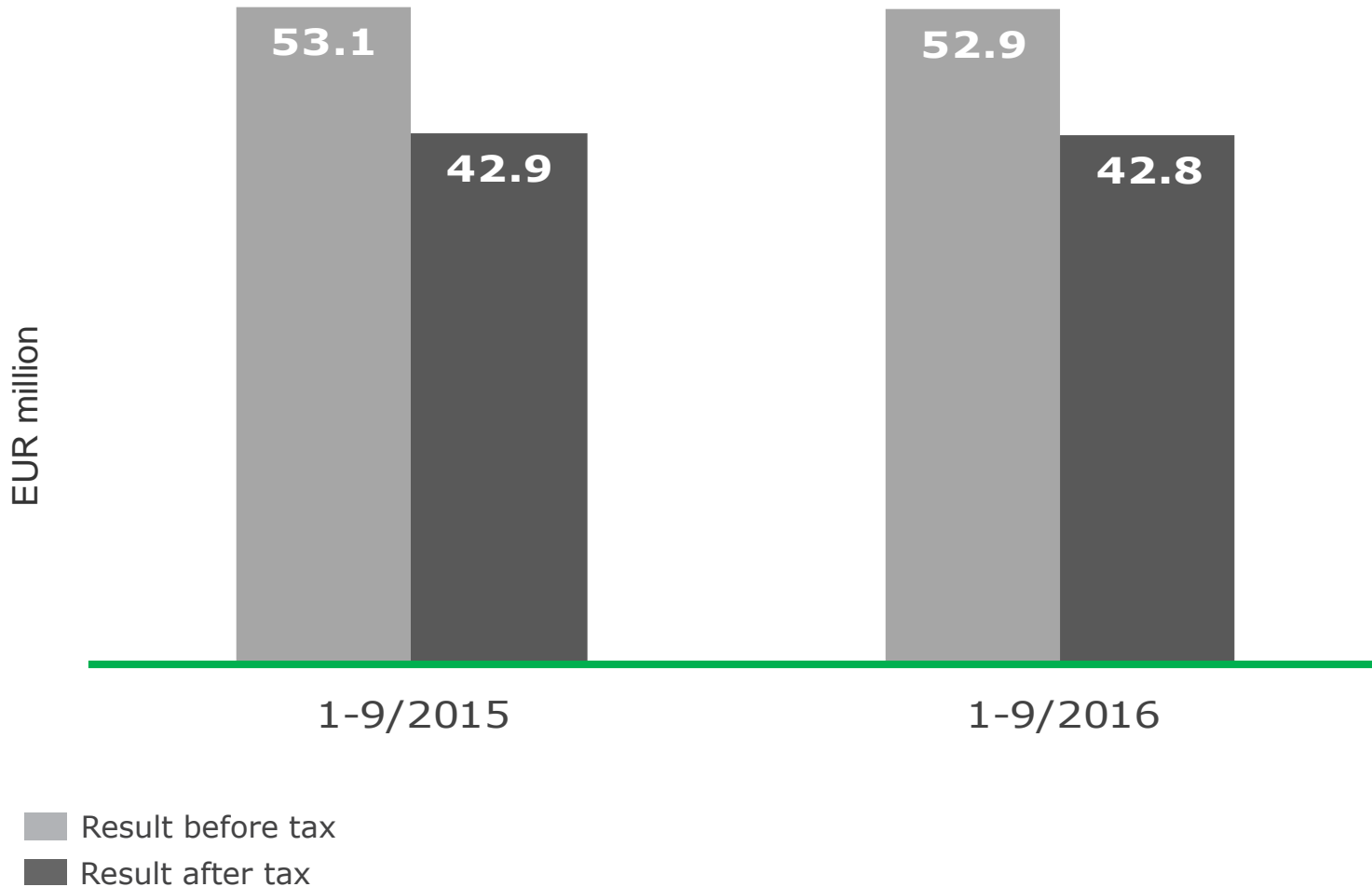
Operating profit for the quarter



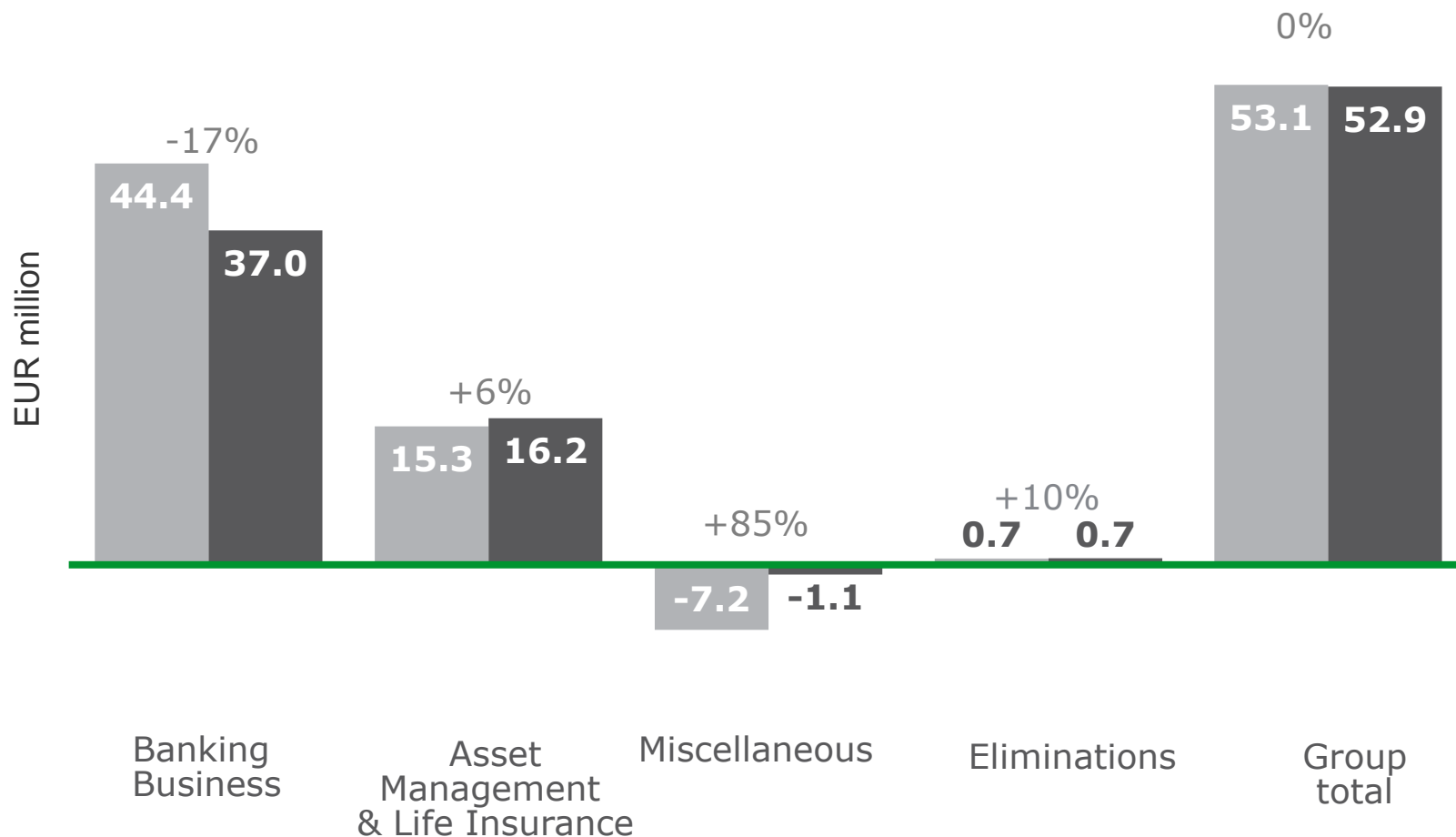
Earnings per share 1-9/2016



Result before and after tax



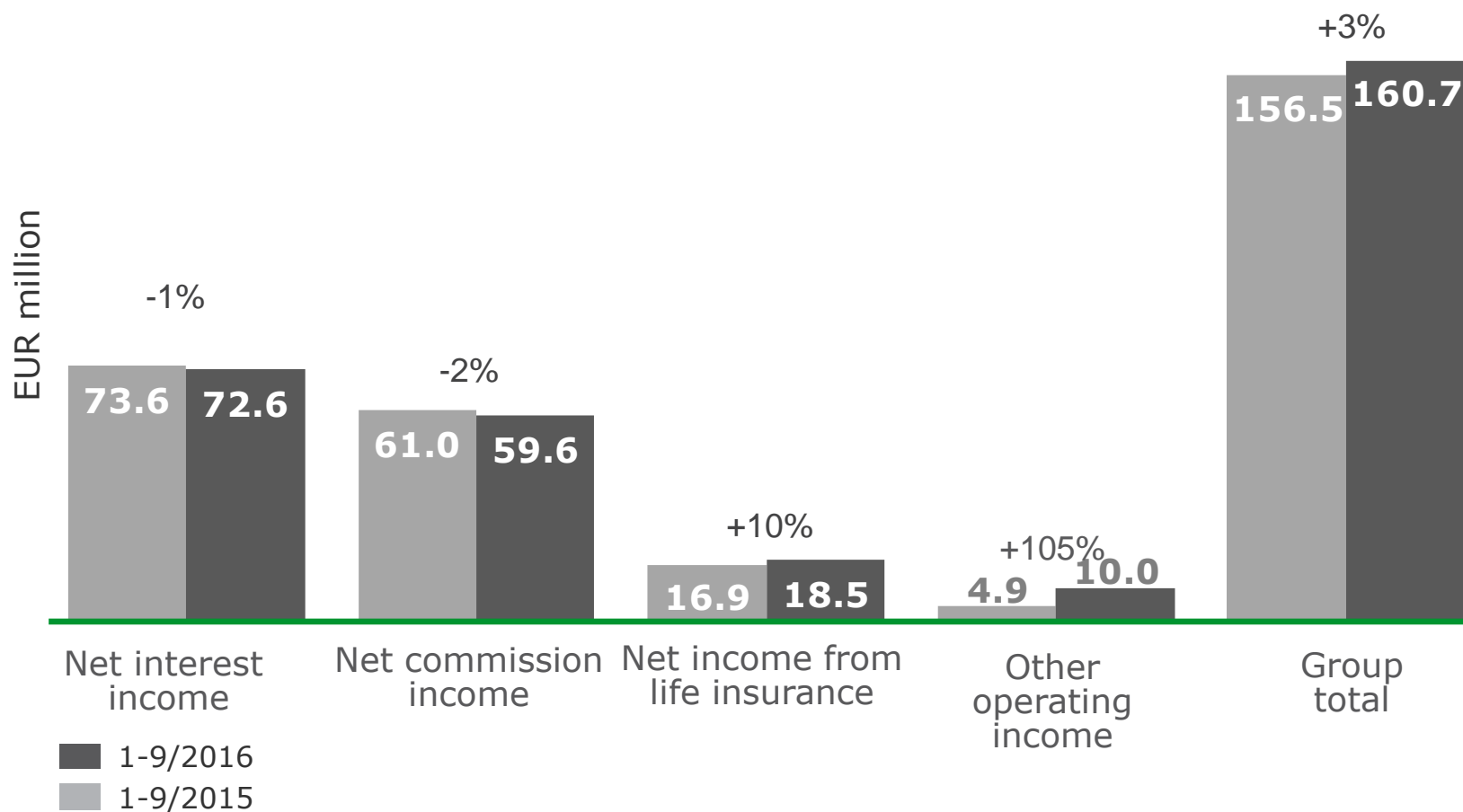
The segments' contribution to the operating profit



■ 1-9/2016
■ 1-9/2015

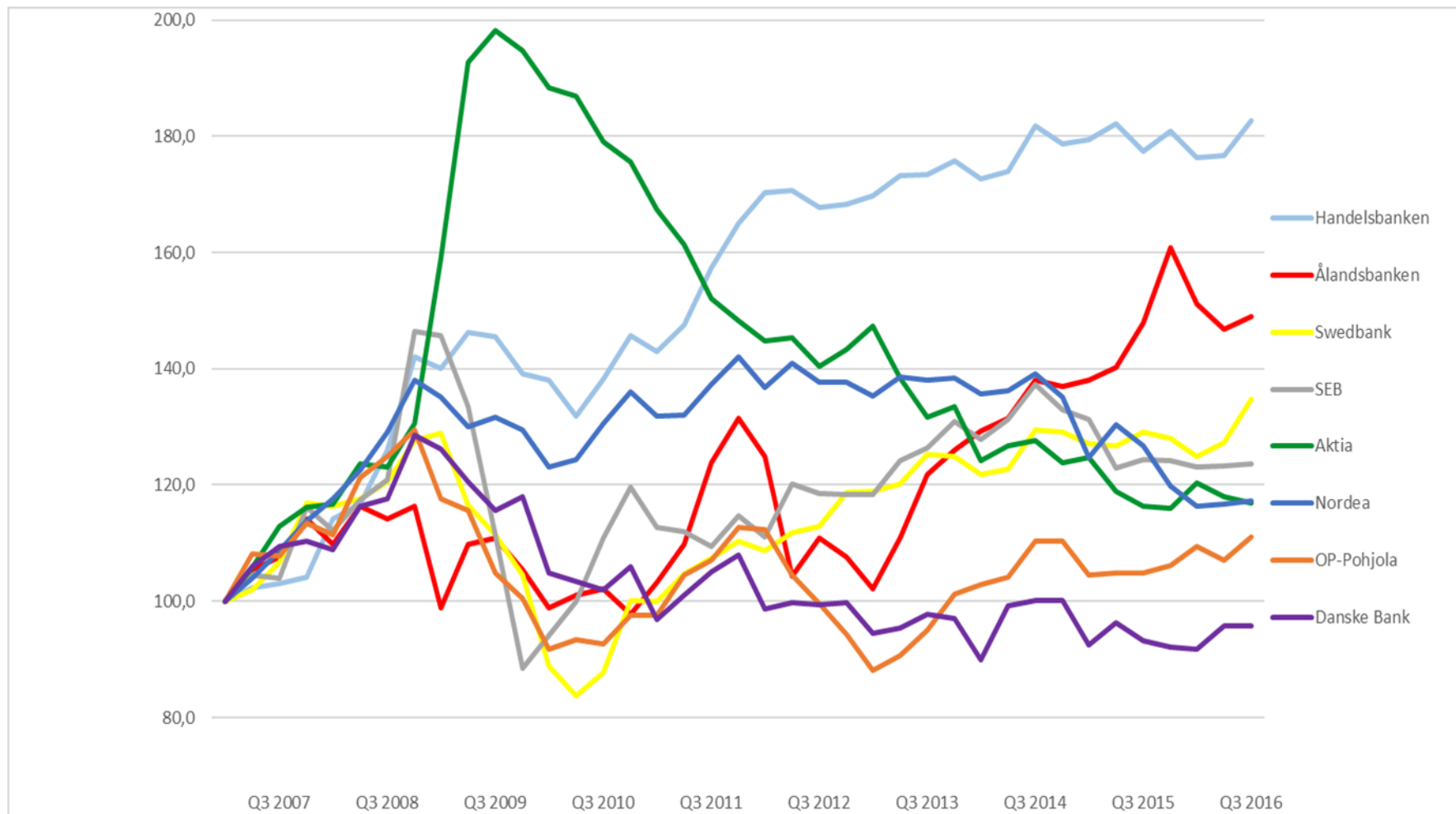
Income

(EUR million)



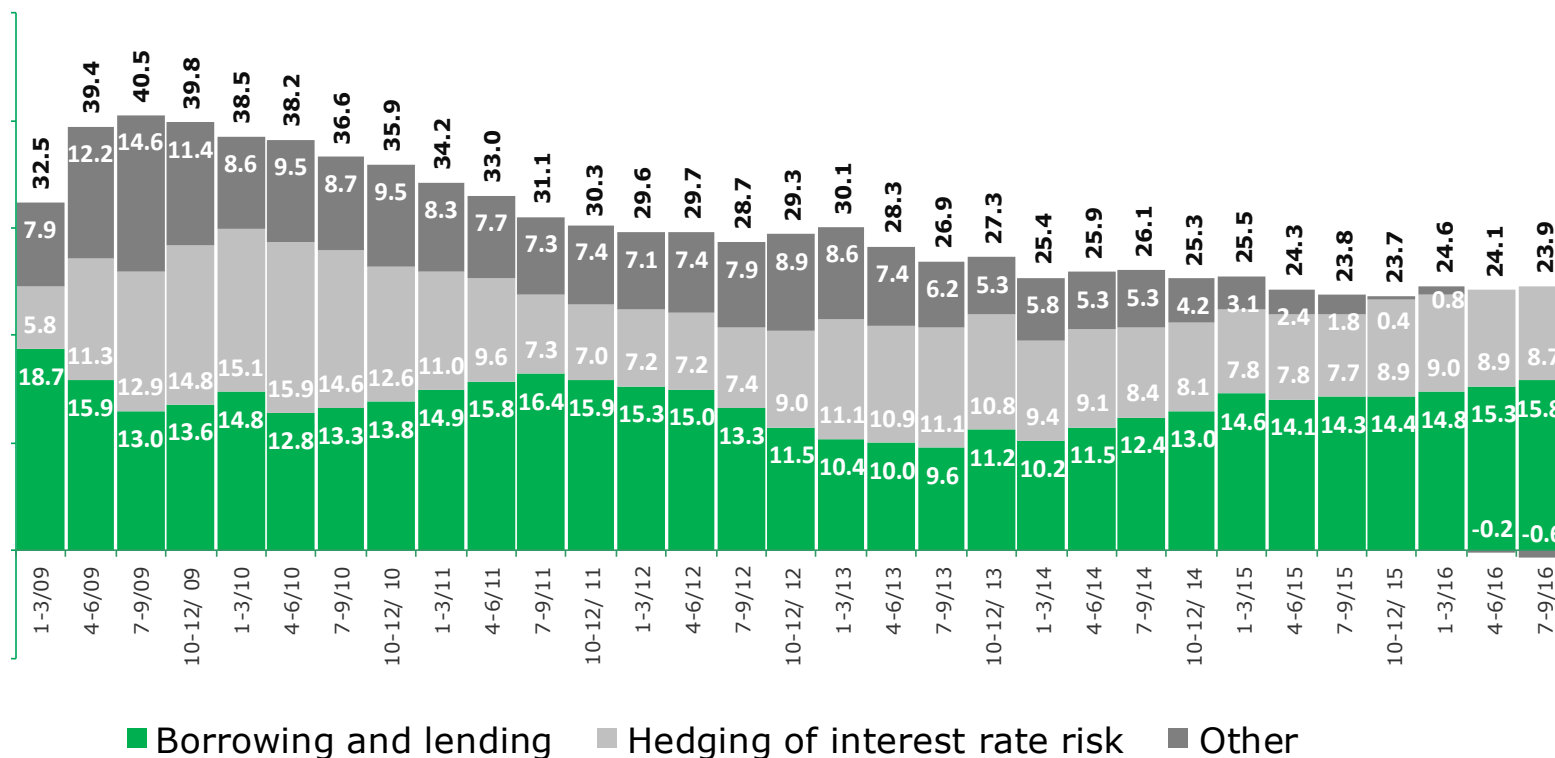
Net interest income (1/2007 = 100)

Nordic banks

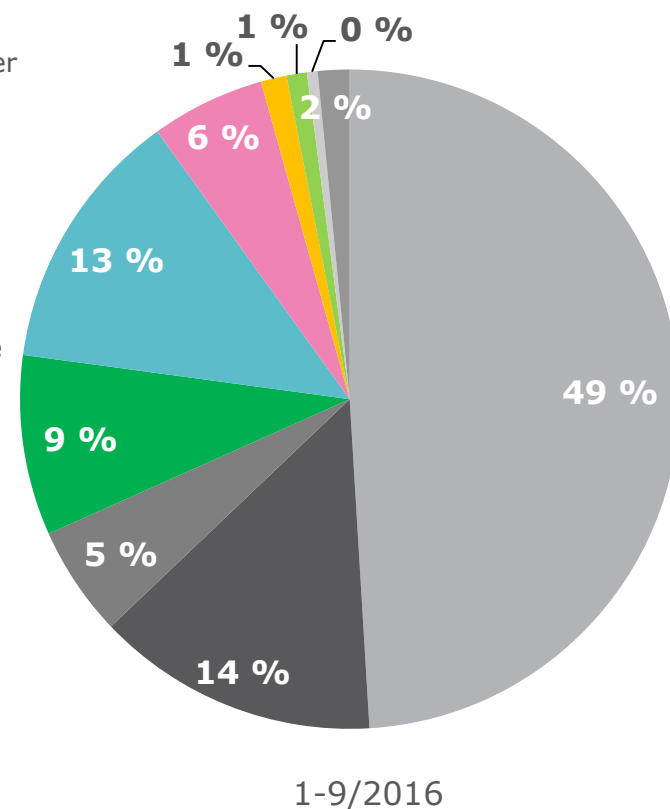
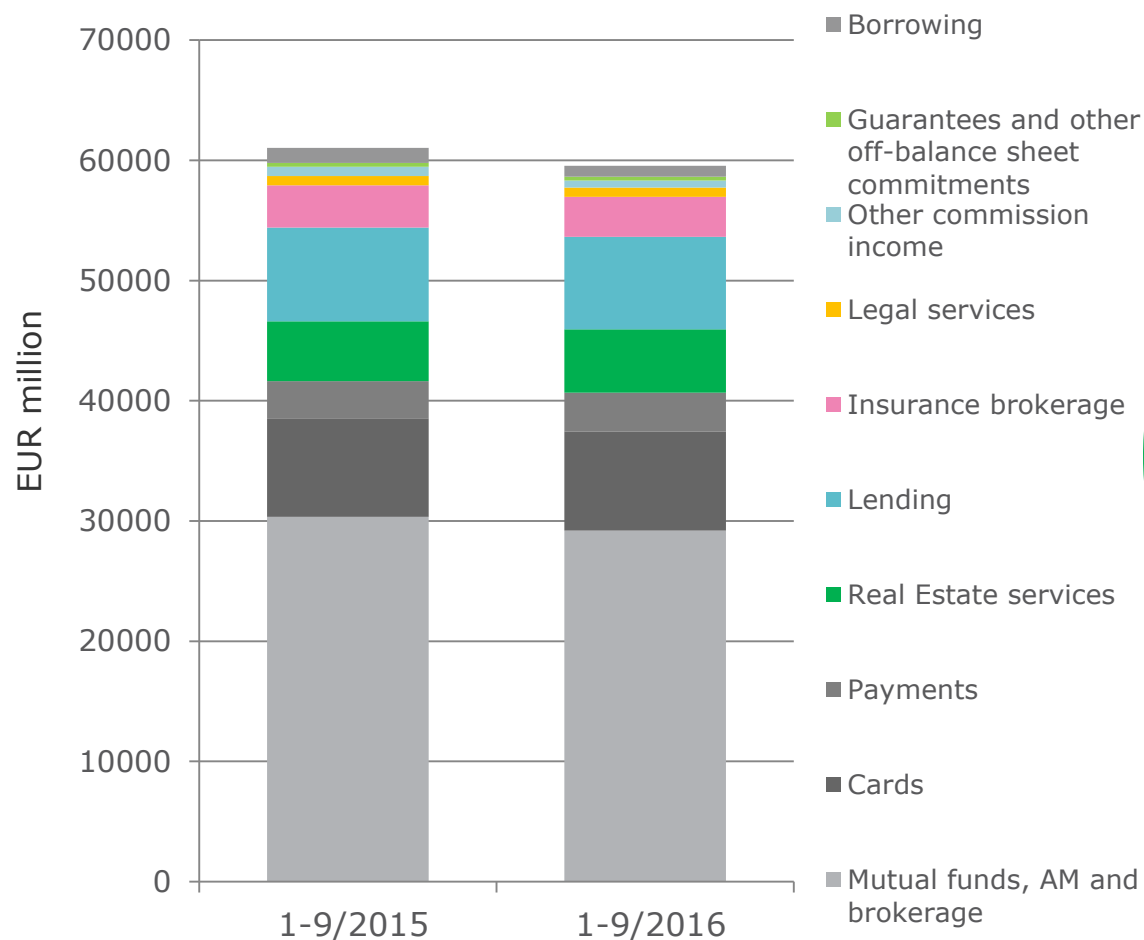


Net interest income (NII)

EUR million



Commission income decreased by 2%



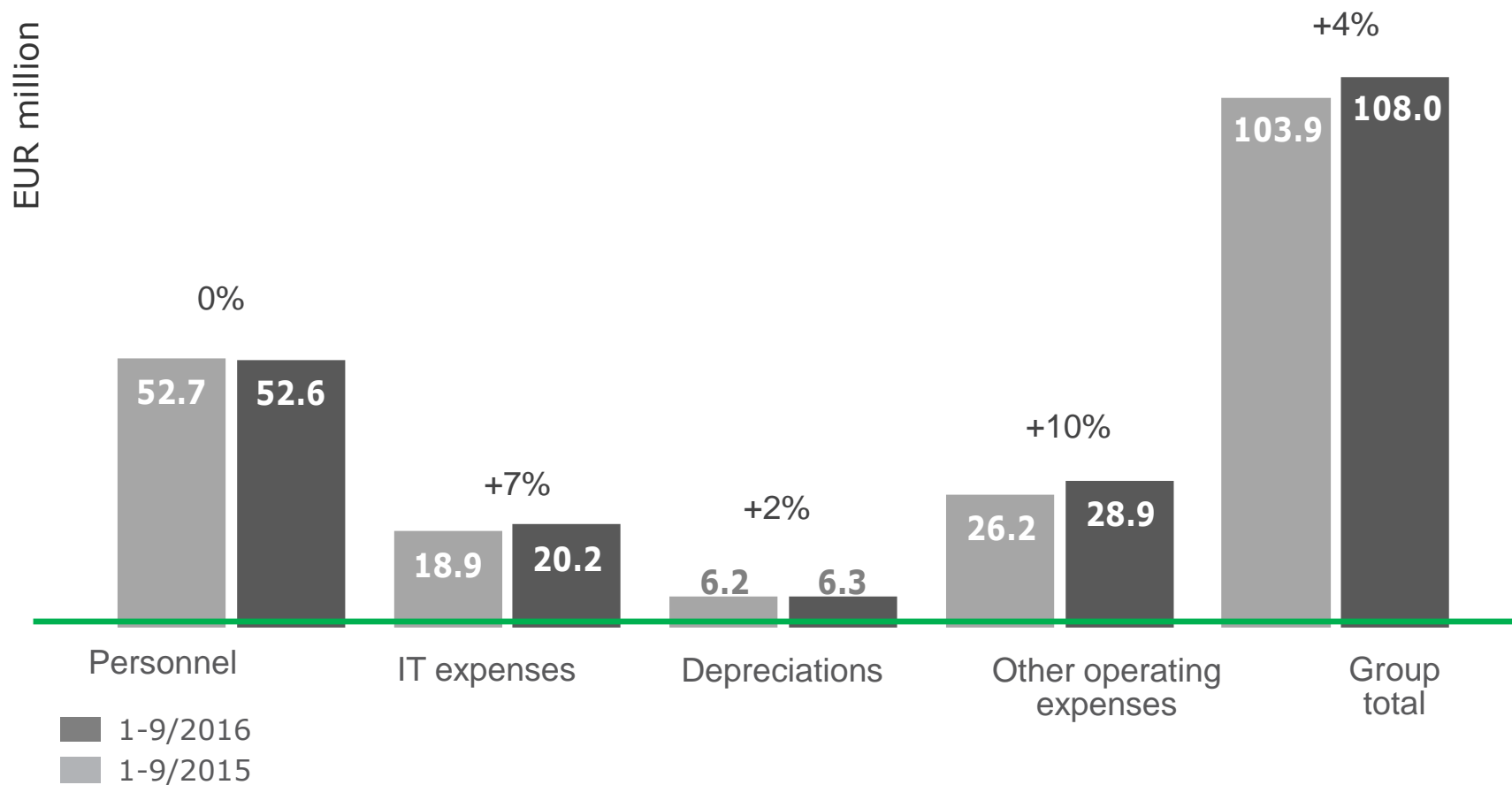
Asset Management & Life Insurance

Assets under Management

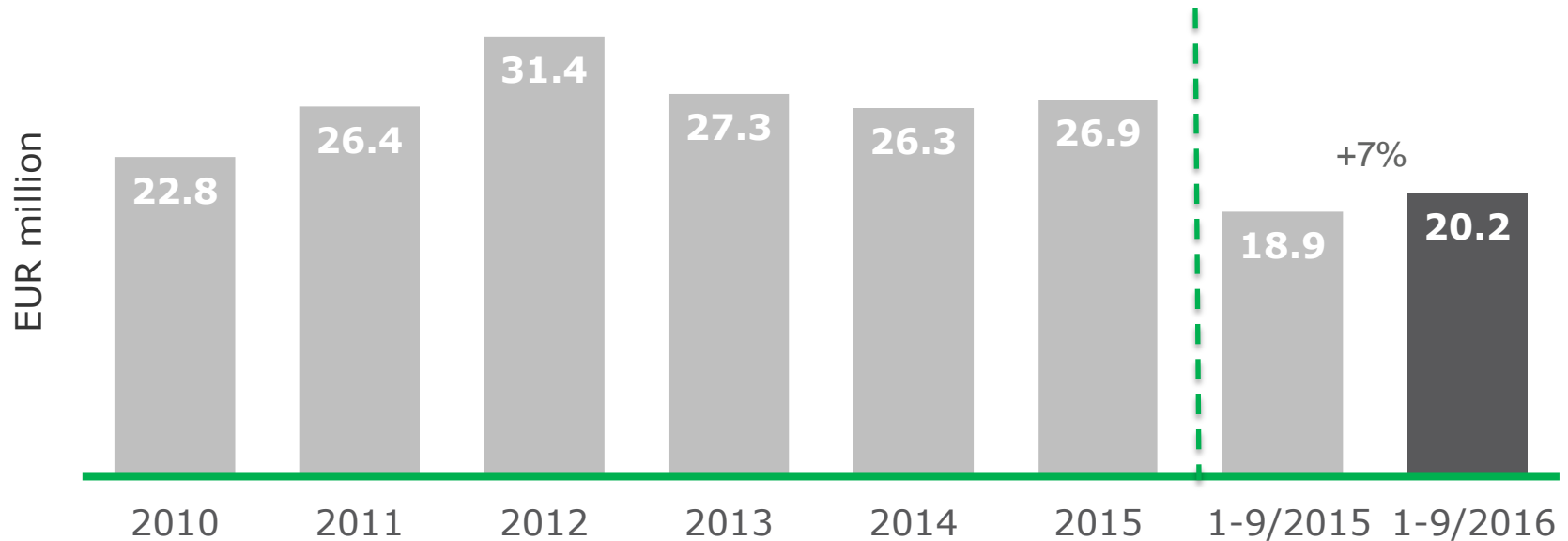
(EUR million)	30.9.2016	31.12.2015	Change %
Aktia Fund Management	4,053	3,764	8%
Aktia Asset Management	6,538	6,011	9%
Aktia Life Insurance	702	667	5%
Eliminations	-5,046	-4,655	8%
Total	6,247	5,788	8%

Expenses

(EUR million)



IT expenses (EUR million)

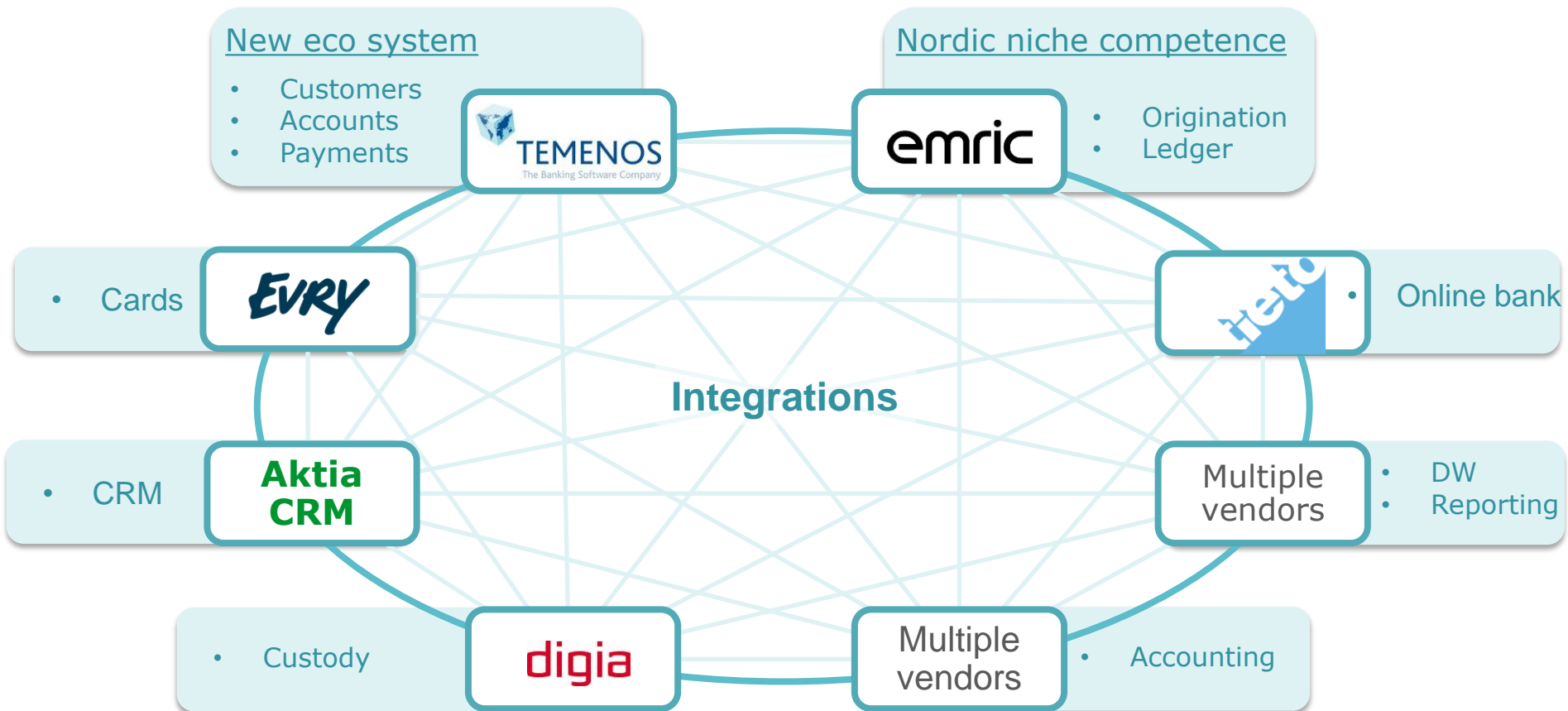


- In 2012 a larger one-off cost/provision for change of IT provider
- Provision 30 September 2016; EUR 1.4 million
- Provisions released during 1-9/2016 EUR +0.9 (+1.6) million

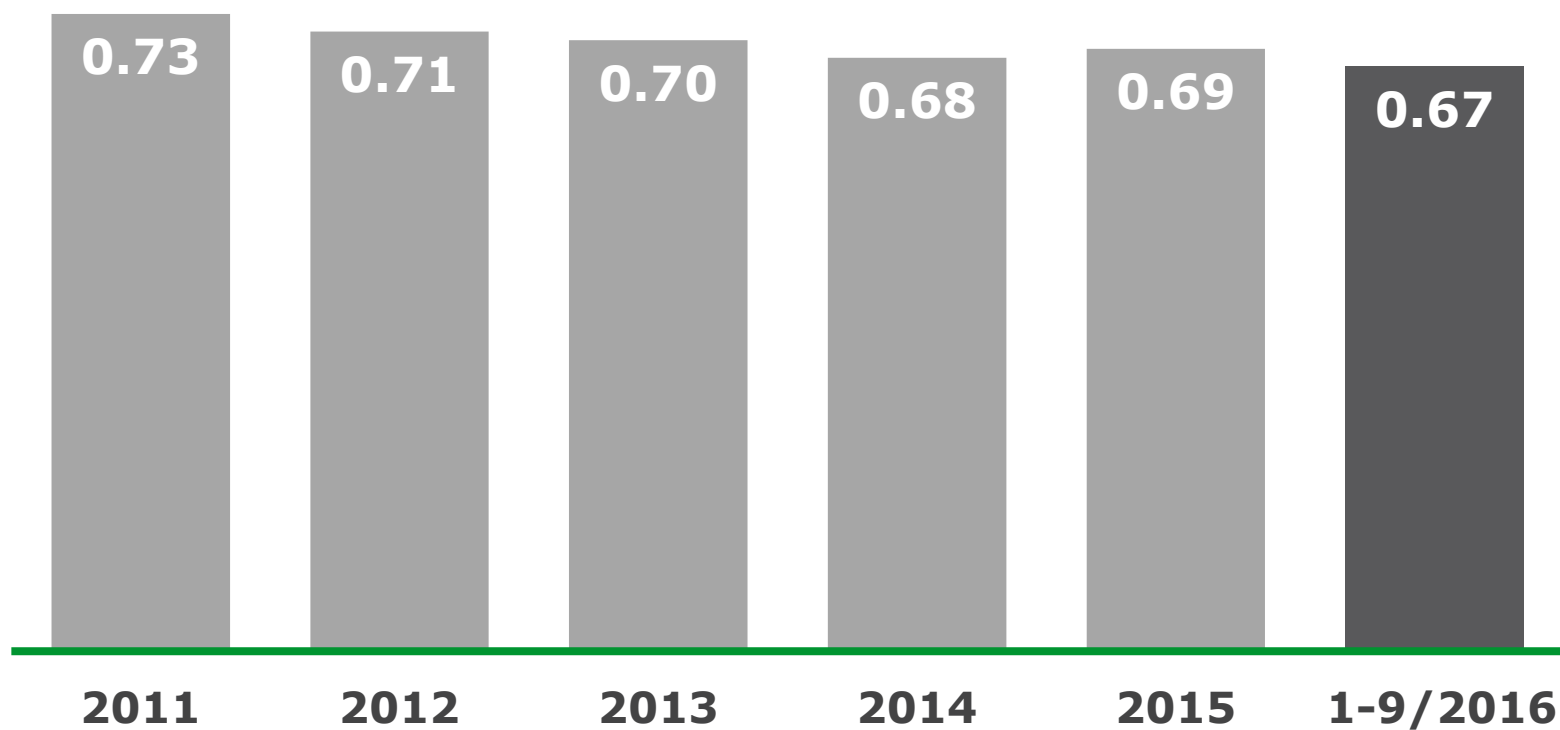
Core banking project:

- Cumulative investment as per 30 September 2016; EUR 51 million
- Impact on result through depreciations from implementation 2017 →

Renewal of the Core Banking system



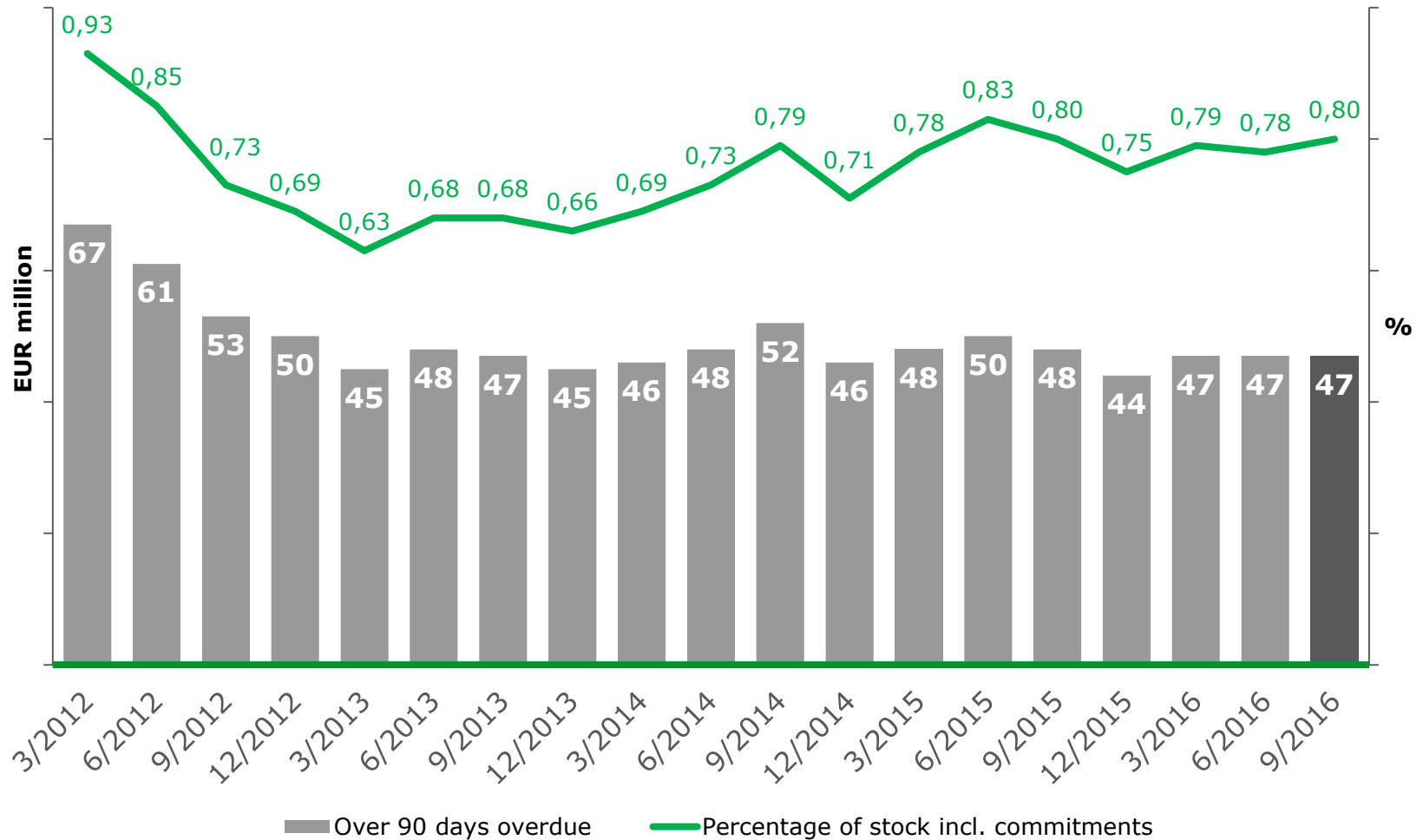
Aktia Group Cost-Income ratio



Write-downs on credits and other commitments

- Total write-downs on credits and other commitments during the period stood at EUR -0.7 (-0.1) million.
- Of these write-downs, EUR -1.0 (-0.6) million were attributable to households and EUR +0.3 (+0.5) to companies.

Non-performing loans more than 90 days overdue

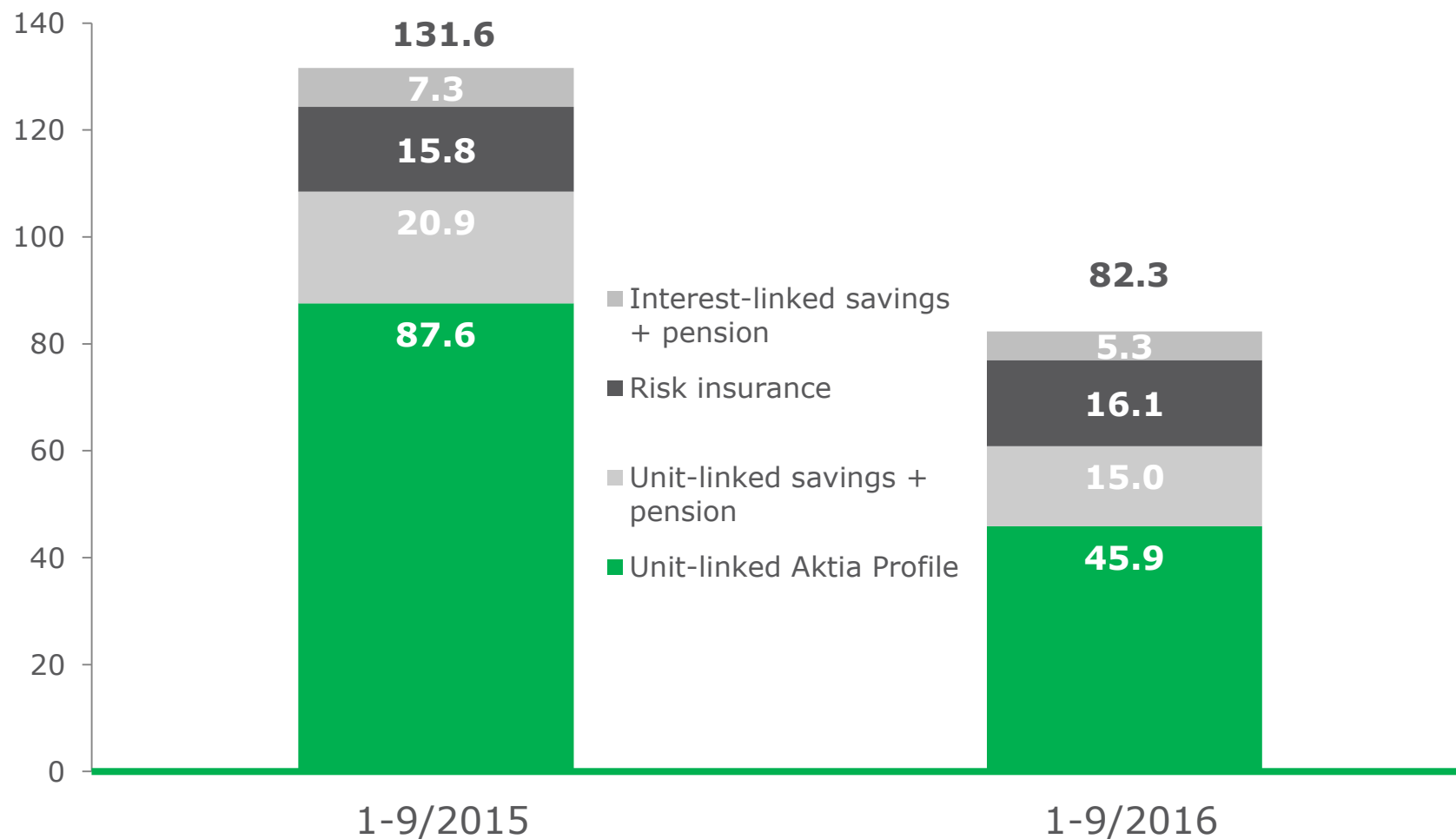


Non-performing loans by days overdue

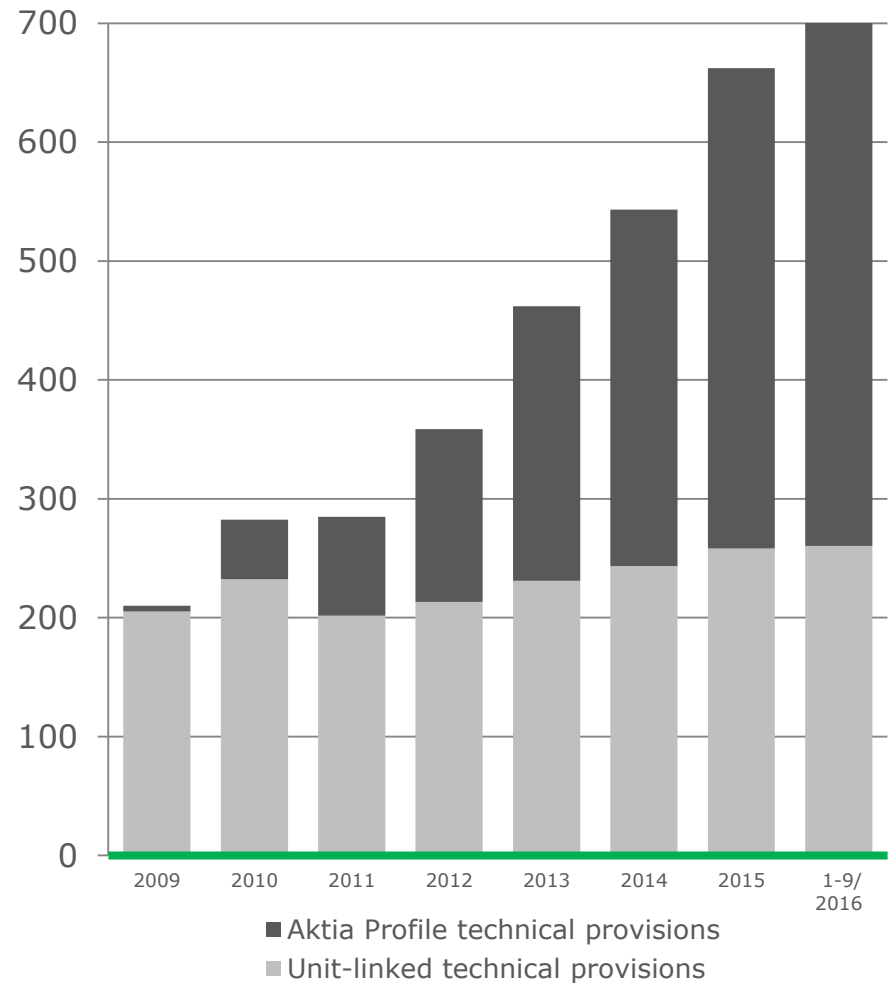
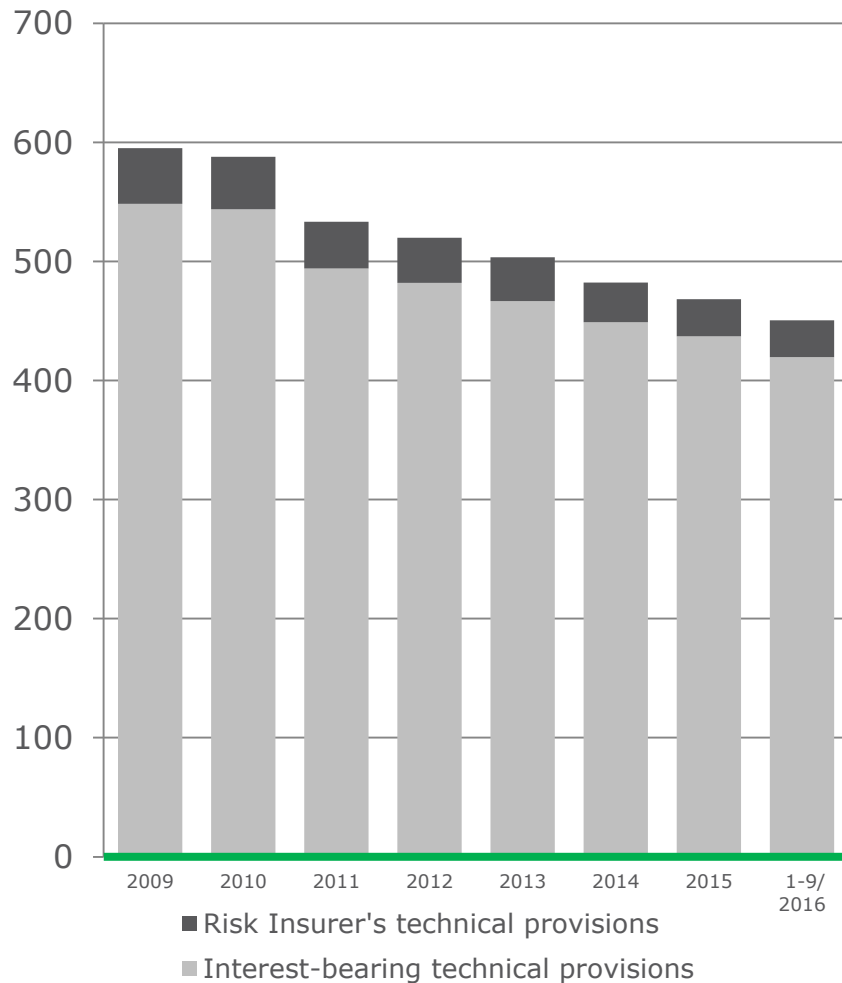
Days	30.9.2016	% of loan book	31.12.2015	% of loan book
3-30	72	1.24	76	1.29
of which households	68	1.17	71	1.20
31-89	27	0.47	28	0.48
of which households	25	0.42	26	0.44
90-	47	0.80	44	0.75
of which households	40	0.69	37	0.63

Life Insurance, premiums written

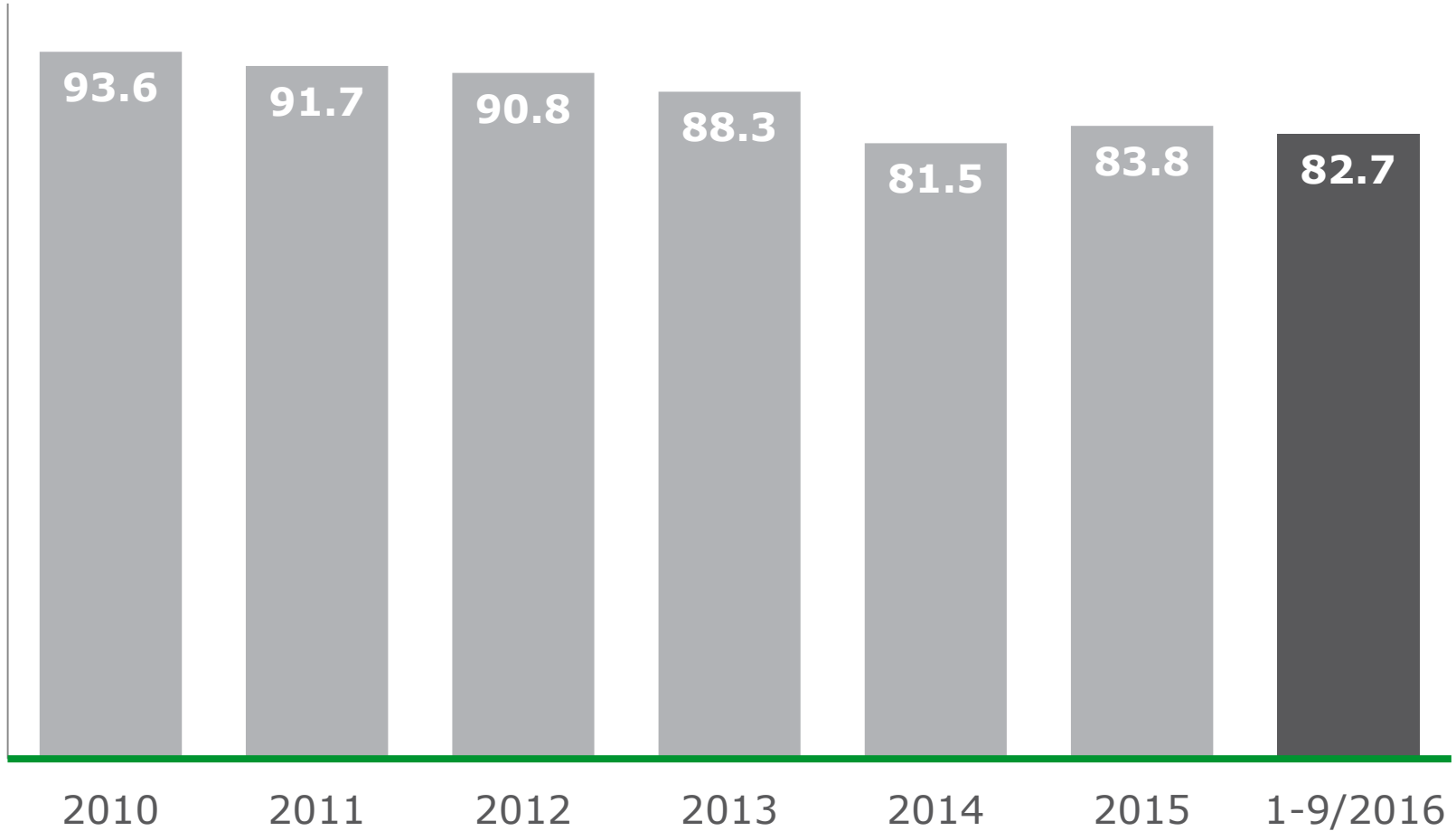
EUR million



Interest-linked insurance decreased, unit-linked increased (EUR million)



Expense ratio for life insurance, %



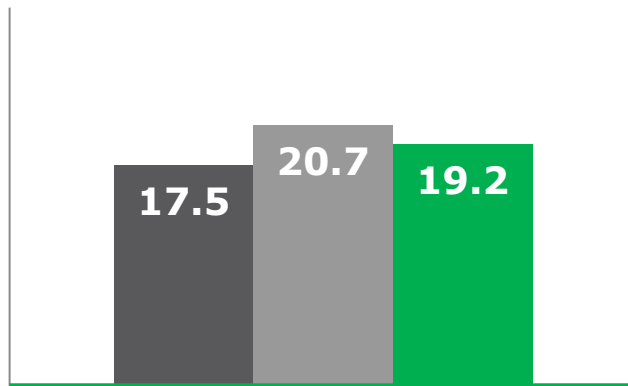
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Capital adequacy

- The Financial Supervisory Authority granted Aktia Bank Group permission to apply internal risk classification (IRBA) to the calculation of capital requirement for retail exposures as per 31 March 2015
- A total of 58 (58)% of the Bank Group's exposures are calculated according to the IRB approach
- The average risk weight for retail exposures with real estate collateral is 15% (STD 35%).

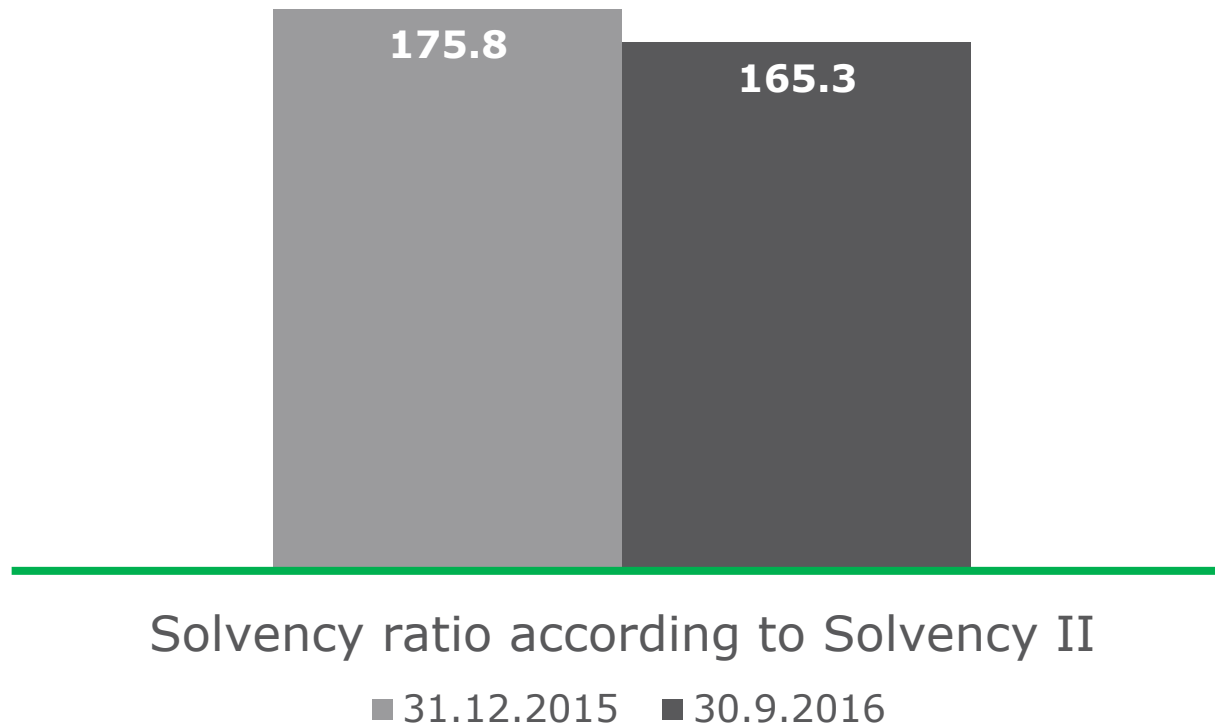


- Average for Finnish Banks 2015
- Aktia 12/2015
- Aktia 1-9/2016

	30.9.16 IRBA	31.12.15 IRBA	31.12.14 STD
Common Equity Tier 1 %	19.2	20.7	14.6
Tier 1 capital ratio %	19.2	20.7	14.6
Capital Adequacy %	25.5	27.1	19.1

Life insurance Solvency ratio

Solvency ratio = Solvency capital/Solvency capital requirement (SCR)



Interim Report

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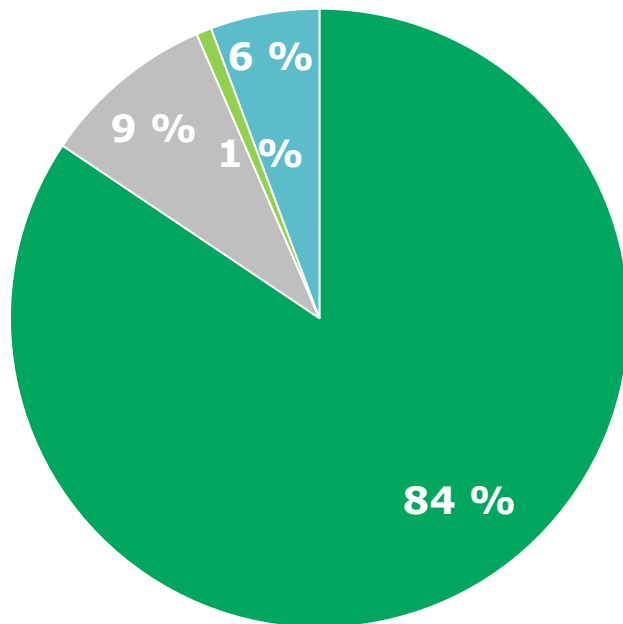
Balance & Equity 30 September 2016

- **Total Assets EUR 9.5bn (-3%)**
 - Decline in assets due to phasing-out of Aktia REMB
- **Lending to public EUR 5.8bn (-1%)**
 - Growth in Aktia's own loan book of EUR +361 million since year-end
 - Loan book stock through REMB decreased EUR -420 million
- **Treasury's Liquidity portfolio EUR 2.0bn**
 - Total portfolio EUR -315 million since year-end
- **Borrowing from public EUR 4,2bn (+8%)**
 - Despite lowered interest rates
 - Increase mainly from corporates and institutions
- **Bond issues EUR 2.5bn (-17%)**
 - No issues planned for 2016
 - Aktia REMB Covered bonds EUR 480 million fell into maturity in June
- **Aktia Life Insurance unit-linked stock EUR 702 million (+6%)**
 - Volatile capital market early in the year– recovery as of Q2
- **Equity EUR 622 million (31 Dec 2015: EUR 615 million)**
 - Fund at fair value; EUR 81 million (EUR 75m)

Credit and deposit stocks 30 September 2016

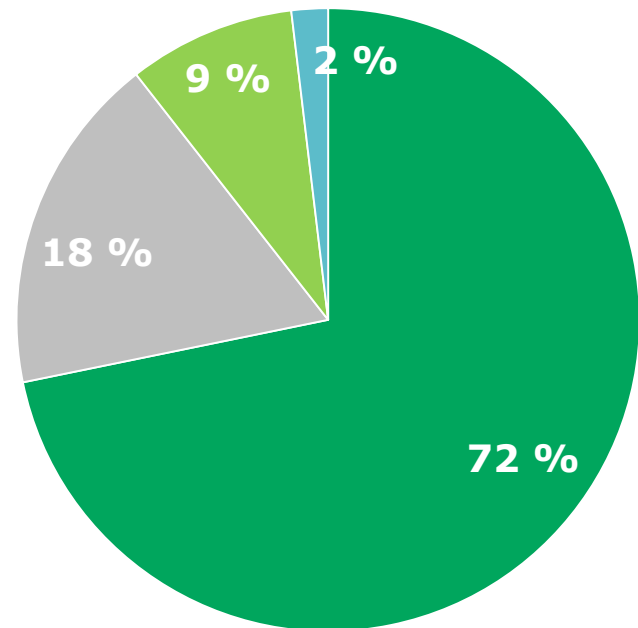
Credits

EUR 5,798 (5,856) million



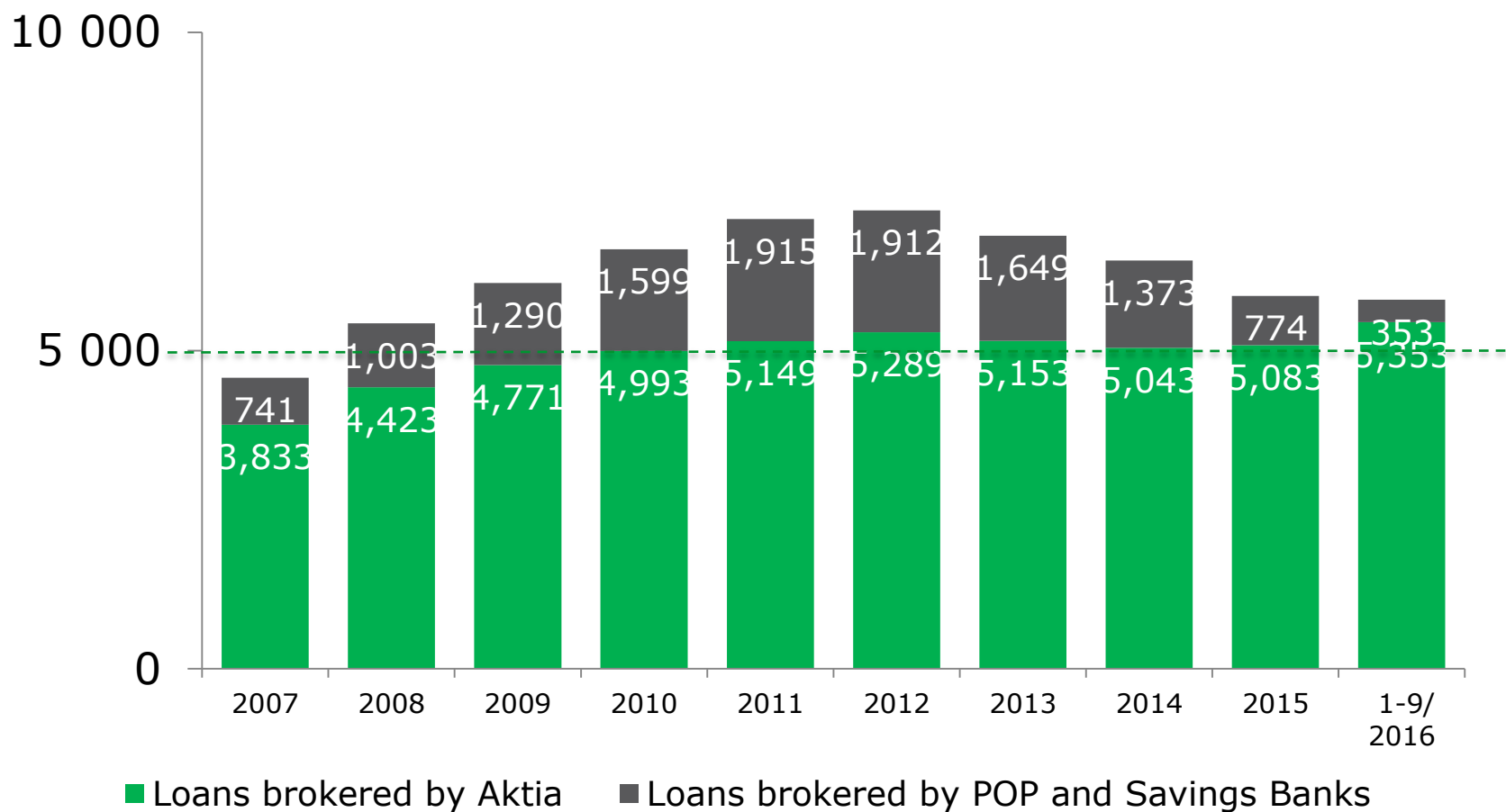
Deposits

EUR 4,254 (3,922) million



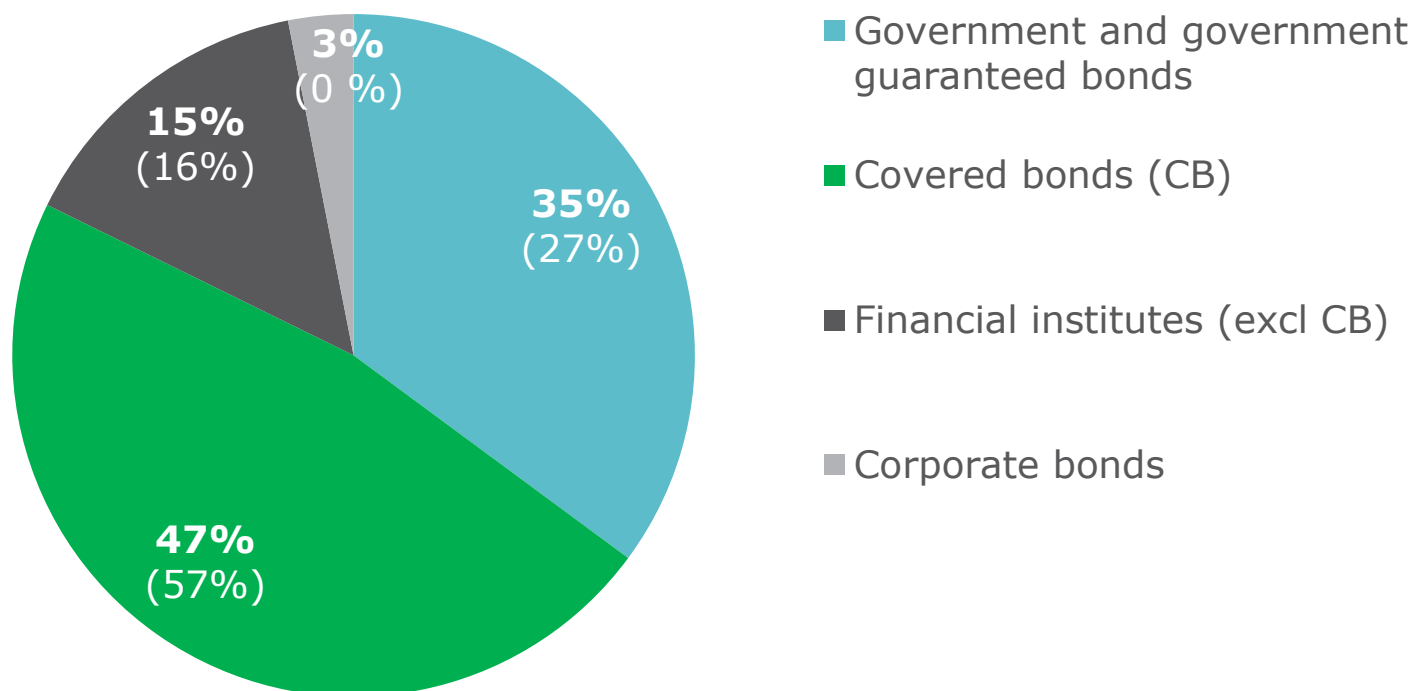
- Households
- SME
- Non-profit and public organisations
- Housing companies

Loan book development 2007-2016



The Bank Group's liquidity portfolio and other interest-bearing investments

EUR 1,980 million
(31 Dec 2015; 2 295 million)



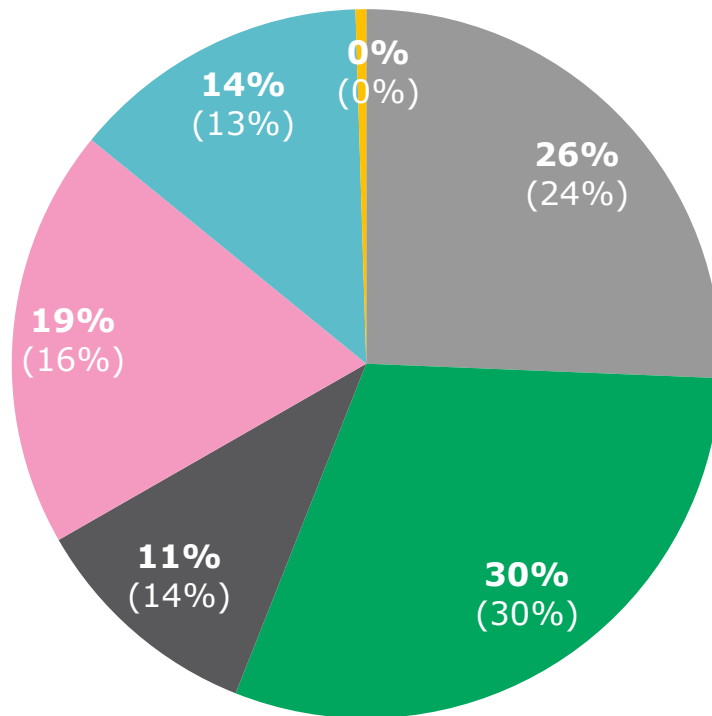
30.9.2016

LCR 30.9.2016; 196%

Life Insurance Company's investment portfolio

EUR 616 million
(31 Dec 2015; EUR 609 million)

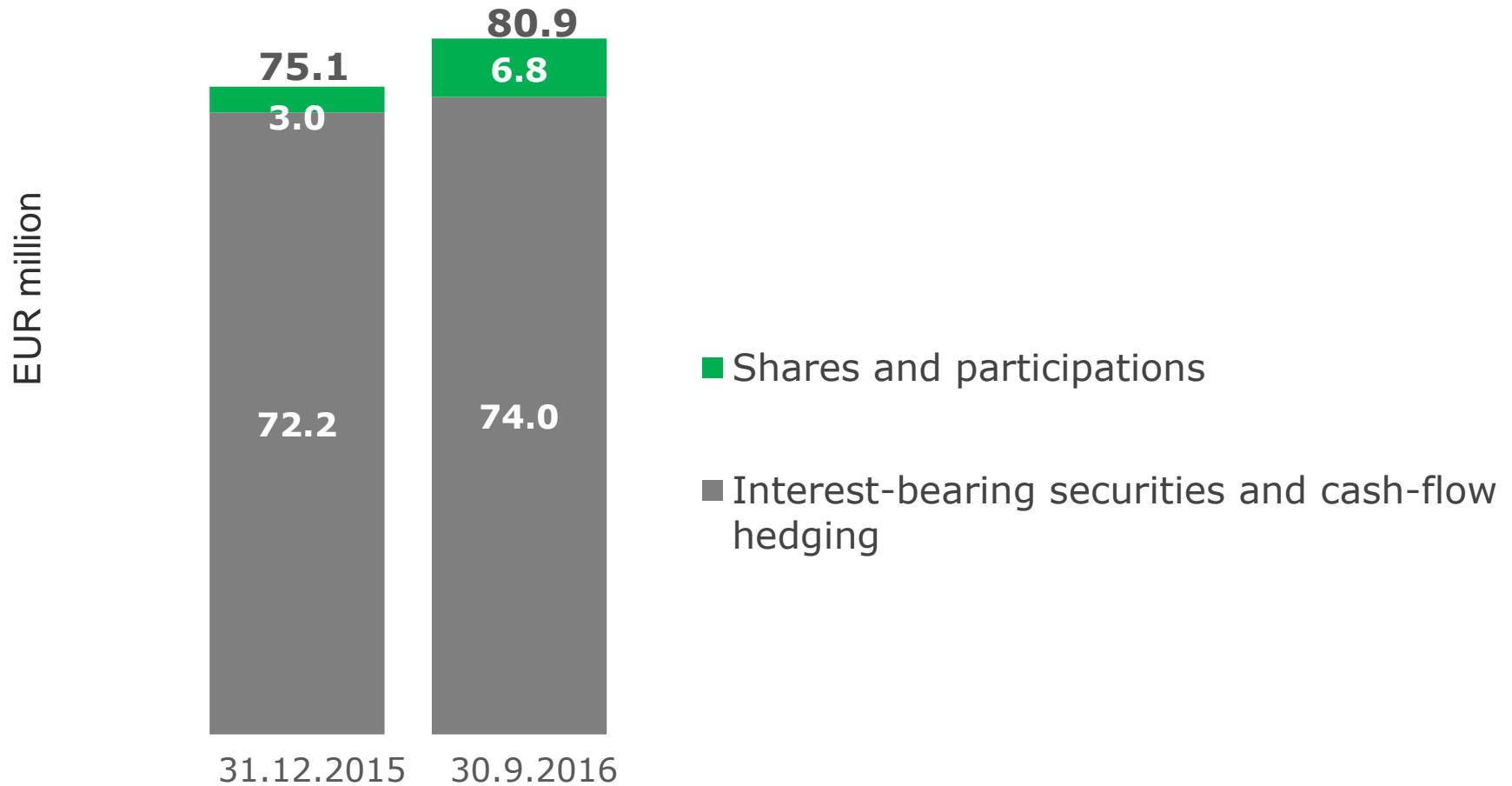
Return on investments 4.7 (0.7)%
Duration 4.4 (4.9) years



- Government and gov guaranteed bonds
- Covered bonds
- Financial sector excl. CB
- Corporate bonds
- Real estate
- Alternative investments

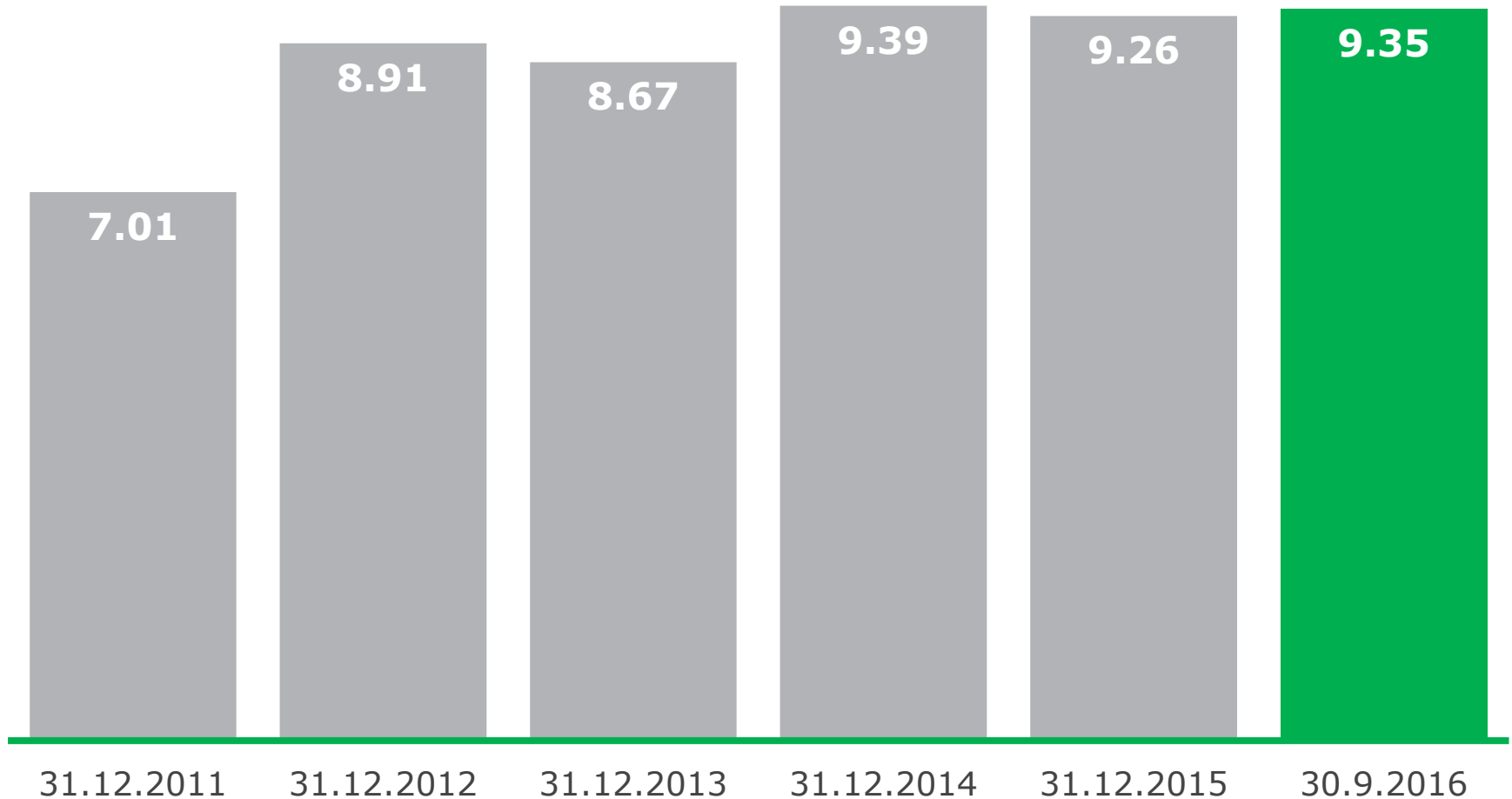
30.9.2016

Increase in Fund at fair value



Equity per share (NAV)

EUR/share



Share capital and ownership 31 Oct 2016

The 20 largest shareholders	Series A shares	Series R shares	Shares total	Shares %	Votes, %
Stiftelsen Tre Smeder	1,291,925	4,606,804	5,898,729	8.86	21.04
Veritas Pension Insurance Company Ltd.	3,627,469	2,154,397	5,781,866	8.68	10.52
Svenska litteratursällskapet i Finland r.f.	4,864,205	789,229	5,653,434	8.49	4.65
Sampo Plc (Mandatum Life, Sampo plc)	3,814,057	-	3,814,057	5.73	0.86
Oy Hammaren & Co AB	1,905,000	945,994	2,850,994	4.28	4.69
Åbo Akademi University Foundation	1,595,640	751,000	2,346,640	3.52	3.74
Aktia foundation in Porvoo	1,312,297	656,348	1,968,645	2.96	3.25
Life Annuity Institution Hereditas	-	1,646,106	1,646,106	2.47	7.41
Aktia foundation in Vaasa	978,525	547,262	1,525,787	2.29	2.68
Aktia foundation Espoo-Kauniainen	-	1,338,708	1,338,708	2.01	6.03
Savings Bank foundation in Kirkkonummi	844,206	458,350	1,302,556	1.96	2.25
Aktia foundation in Vantaa	14,541	1,222,000	1,236,541	1.86	5.51
Savings Bank foundation in Karis-Pojo	787,350	393,675	1,181,025	1.77	1.95
Föreningen Konstsamfundet rf	1,176,173	-	1,176,173	1.77	0.26
Varma Mutual Pension Insurance Company	1,175,000	-	1,175,000	1.76	0.26
Nordea (Nordea Life, Fennia fund, Nordea Bank plc)	825,379	-	825,379	1.24	0.19
Savings Bank foundation in Inkoo	412,669	349,552	762,221	1.14	1.67
Savings Bank foundation in Sipoo	464,254	234,201	698,455	1.05	1.16
Vöyri Savings Banks Aktia foundation	615,460	10,500	625,960	0.94	0.19
Aktia Savings Bank foundation in Maalahti	361,138	177,600	538,738	0.81	0.88
The 20 largest shareholders	26,065,288	16,281,726	42,347,014	63.59	79.19
Other	20,641,435	3,590,362	24,231,797	36.41	20.81
Total	46,706,723	19,872,088	66,578,811	100.0	100.0

Interim Report

1 January – 30 September 2016

1	FINANCIAL PERFORMANCE
2	CAPITAL ADEQUACY
3	BALANCE SHEET AND OWNERS
4	OUTLOOK AND TARGETS

Outlook for 2016 (unchanged)

The continued low interest rates have a negative impact on Aktia's net interest income, and the increased uncertainty on the capital markets makes it challenging to reach the same level of growth in commission income as in 2015.

Write-downs on credits are expected to remain low in 2016.

Aktia's operating profit for 2016 is expected to reach an approximately similar level as in 2015.

Financial objectives 2018

Growth

Double the number of new customers

Profitability

ROE \geq 9%

Cost-to-income ratio down by -10%

Capital adequacy

Common Equity Tier 1 \geq 15%

Dividend pay-outs

Dividend pay-out \geq 50 % of profits for the year

Outcome of financial objectives

	1-9/ 2016	1-9/ 2015	Change %	Objectives for 2018
C/I ratio	0.67	0.66	+2%	-10%
ROE %	9.2	8.4	+10%	≥9 % p.a.
CET1 %	19.2	20.5	-1 percentage points	≥ 15%

Balance sheet, assets

(EUR million)	30 Sep 2016	31 Dec 2015	Δ	30 Sep 2015
Assets				
Cash and balances with central banks	133.4	268.4	-50 %	116.3
Interest-bearing securities	1,920.5	2,103.2	-9 %	2,192.0
Shares and participations	103.7	94.4	10 %	102.0
Financial assets available for sale	2,024.2	2,197.6	-8 %	2,294.0
Financial assets held until maturity	468.9	481.7	-3 %	483.4
Derivative instruments	160.3	172.5	-7 %	175.8
Lending to Bank of Finland and other credit institutions	45.0	43.9	2 %	40.7
Lending to the public and public sector entities	5,797.7	5,856.3	-1 %	5,934.4
Loans and other receivables	5,842.7	5,900.2	-1 %	5,975.1
Investments for unit-linked insurances	702.2	667.7	5 %	616.4
Investments in associated companies	0.0	0.0	-	0.0
Intangible assets	61.2	50.8	21 %	46.9
Investment properties	55.8	53.7	4 %	62.0
Other tangible assets	7.8	8.7	-10 %	8.2
Accrued income and advance payments	57.9	51.6	12 %	57.6
Other assets	24.6	18.2	35 %	87.1
Total other assets	82.4	69.8	18 %	144.7
Income tax receivables	1.0	0.8	20 %	4.8
Deferred tax receivables	8.4	9.7	-14 %	10.5
Tax receivables	9.3	10.5	-11 %	15.3
Assets classified as held for sale	-	-	-	0.0
Total assets	9,548.2	9,881.5	-3 %	9,938.2

Balance sheet, equity & liabilities

(EUR million)	30 Sep 2016	31 Dec 2015	Δ	30 Sep 2015
Liabilities				
Liabilities to Bank of Finland and credit institutions	422.6	474.8	-11 %	560.8
Liabilities to the public and public sector entities	4,254.0	3,922.0	8 %	3,920.0
Deposits	4,676.6	4,396.8	6 %	4,480.8
Derivative instruments	64.1	86.2	-26 %	94.5
Debt securities issued	2,516.3	3,033.4	-17 %	3,007.6
Subordinated liabilities	235.5	235.0	0 %	218.8
Other liabilities to credit institutions	82.9	84.8	-2 %	91.8
Liabilities to the public and public sector entities	11.0	74.0	-85 %	79.1
Other financial liabilities	2,845.6	3,427.2	-17 %	3,397.3
Technical provisions for risk insurances and interest-related insurance	450.4	468.3	-4 %	473.2
Technical provisions for unit-linked insurances	702.2	662.2	6 %	613.8
Technical provisions	1,152.7	1,130.5	2 %	1,086.9
Accrued expenses and income received in advance	59.1	62.7	-6 %	67.6
Other liabilities	62.7	101.9	-38 %	70.8
Total other liabilities	121.8	164.6	-26 %	138.3
Provisions	1.4	2.3	-40 %	2.0
Income tax liabilities	1.3	0.9	34 %	1.5
Deferred tax liabilities	62.8	57.7	9 %	58.9
Tax liabilities	64.1	58.7	9 %	60.4
Total liabilities	8,926.3	9,266.3	-4 %	9,260.2
Equity				
Restricted equity	243.9	238.1	2 %	243.3
Unrestricted equity	378.0	377.1	0 %	368.4
Shareholders' share of equity	621.9	615.2	1 %	611.6
Non-controlling interest	-	-	-	66.4
Equity	621.9	615.2	1 %	678.0
Total liabilities and equity	9,548.2	9,881.5	-3 %	9,938.2

Calendar 2017

Accounts Announcement 1-12/2016	14.2.2017
Annual General Meeting	5.4.2017
Interim report 1-3/2017	11.5.2017
Interim report 1-6/2017	8.8.2017
Interim report 1-9/2017	8.11.2017

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Interim reports and presentations

<http://www.aktia.com/en/julkaisut>

Debt investor information:

<http://www.aktia.com/en/velkasijoittajat>

Aktia

We see a person in every customer.