

1 AUGUST 2019

Aktia

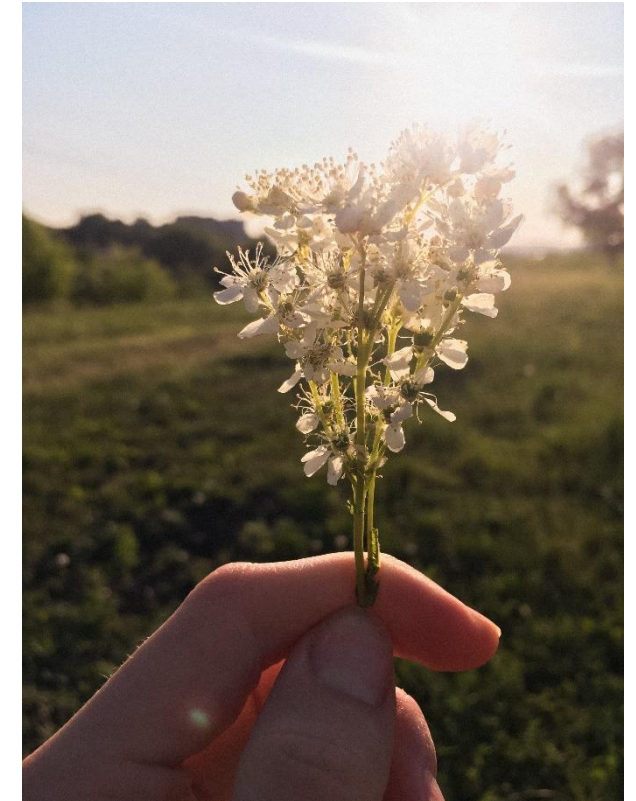
Aktia Q2 2019 Result presentation

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CEO

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CFO

Aktia's Q2 2019 in brief

- Strong lending and a high customer activity during the second quarter, tough competition is still putting pressure on margins.
- Net interest income from borrowing and lending increased by 5% during the period.
- The underlying net commission income increased by 4% while the reported net commission income decreased by 9% mainly for structural reasons.
- The market environment developed favourably and Aktia's total fund book increased at the end of June to an all-time high. Assets under Management (AuM) in internationally sold UI-Aktia funds increased by 38% from the turn of the year and amounted to EUR 1.6 billion.
- Comparable operating expenses were approximately on the same level as last year.
- Resilient and stable credit quality.



Key Figures Q2 2019 (Q2 2018)

Total operating income	+9% EUR 60.6 (55.8) million
Net interest income	-18% EUR 19.2 (23.5) million
Net commission income	-9% EUR 24.0 (26.2) million
Total operating expenses	-9% EUR 35.0 (38.3) million
Comparable operating profit	-23% EUR 14.3 (18.5) million

EPS
EUR 0.30
(0.21)

Comparable C/I ratio
0.69
(0.68)

ROE
13.7%
(10.1)

CET1
16.5%
(16.3)

Strong lending and high customer activity

BANKING BUSINESS

- High demand for housing loans continued but tough competition puts further pressure on margins.
- Interest rate collar and cap products still in high demand among the customers.
- The digitalisation of payment services is progressing: a virtual credit card and a new digital Investor Assistant solution were launched.
- A certain weakening in new construction can be detected in the market, slowing down the establishment of new housing companies.
- The demand for financing of renovations still strong.

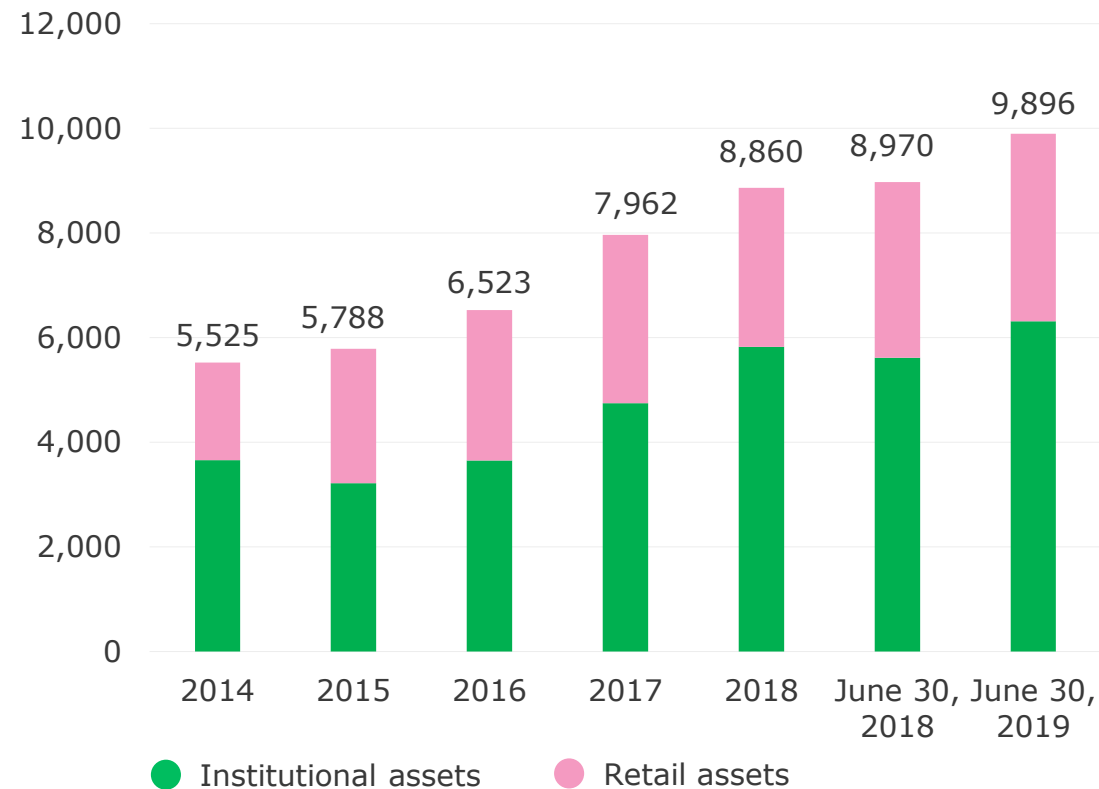


International assets in UI-Aktia funds increased further

ASSET MANAGEMENT

Assets under management excluding custody (AuM)

EUR million

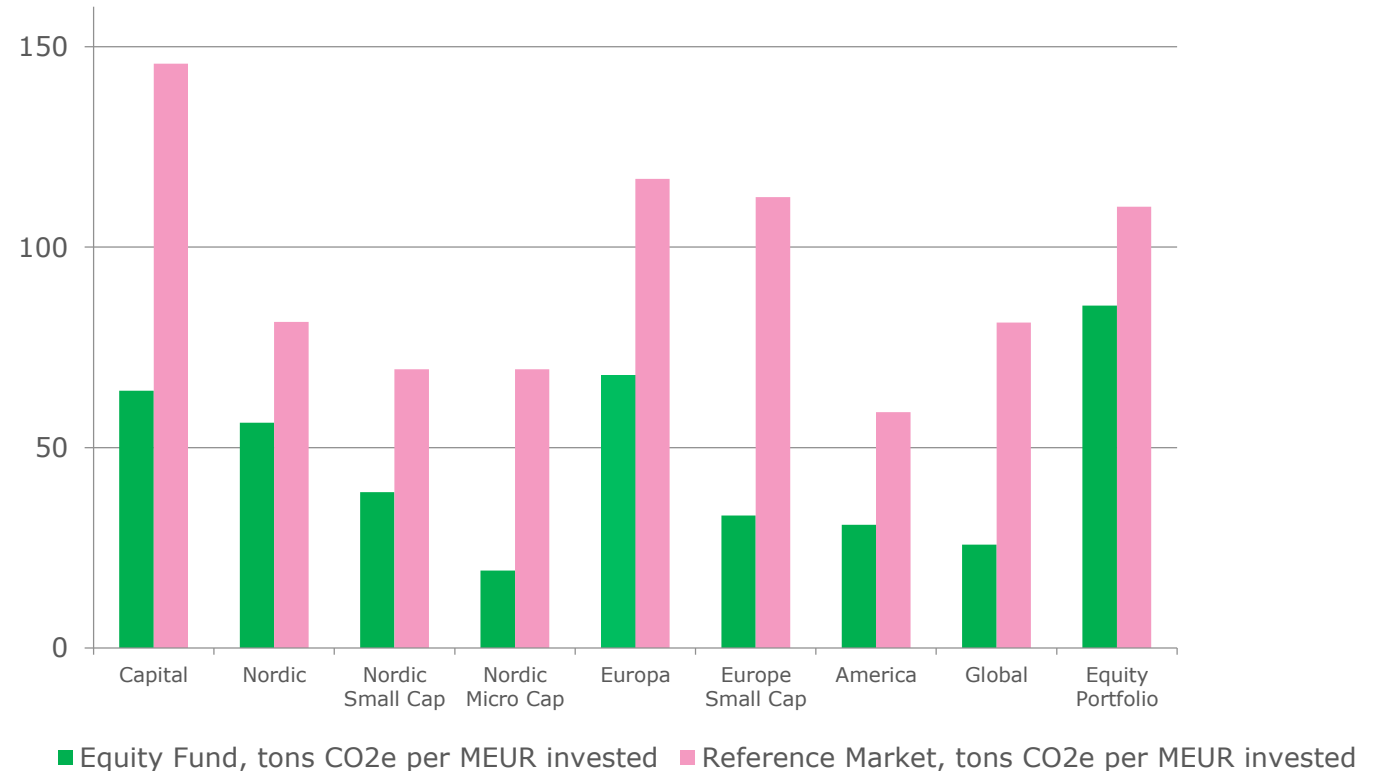


- The UI-Aktia mutual fund capital increased by 38% from the turn of the year and amounted to EUR 1.6 (1.1) billion at the end of June.
- The market environment developed favourably. As a result, as well as due to the positive trend in net subscriptions, the total fund book was at the end of June on its all-time high level.
- Approximately 25% of the capital in funds managed by Aktia was of foreign origin at the end of the second quarter.

Smaller carbon footprint of equity funds than on the reference market

- Aktia will report every six months on the most important indicators of our corporate responsibility programme. The indicators will be complemented in the future.
- The carbon footprint of our equity funds was on average approximately 50% smaller than that of the relevant reference market. (Target < reference market).
- The NPS satisfaction level of Personal and Premium Banking customer meetings was 66 (61). (Target >50).

The Carbon Footprint of Aktia's Equity Funds



Aktia's Sustainability Programme in Q2

Actions during Q2:

- Aktia's Executive Committee approved a new action plan for corporate responsibility for the coming five-year period as well as the UN's selected themes for sustainable development.
- Also a new climate policy for the Group was prepared.
- Implementation of WWF's Green Office system for Aktia's future HQ was started and Aktia became a member of the Green Building Council Finland.
- Aktia was the first bank in Finland to launch a completely digital and plastic-free credit card. The new card improves further the safety of online payments through its unique safety code.
- Aktia participated also in the first digital real estate deal in Finland and launched digital housing transaction services.



Outlook 2019 (unchanged)

- The continued low interest rate environment and decreased income from previously unwound interest rate hedges (2012) will still have a negative impact on the total net interest income 2019.
- The uncertainty regarding the future economic development brings uncertainty to the prognosis, which may have a considerable effect especially on the income from wealth management and investment activities in the net commission income and net income from life insurance.
- Impairment of credits are expected to remain on a low level in 2019.
- Despite the uncertainty of the economic development, the comparable operating profit 2019 is expected to be approximately on the same level as for 2018.



Financial targets 2022

Comparable
operating profit
to approximately
EUR 80 million

1-6/2019:
EUR 31.4 million

Return on
Equity ROE
to 9.7%

1-6/2019:
11.8%

Comparable
cost-to-income
ratio
to 0.61

1-6/2019 (comparable):
0.69

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

1-6/2019:
16.5%

*(minimum requirement
10.3%)

Financial overview

Net interest income

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

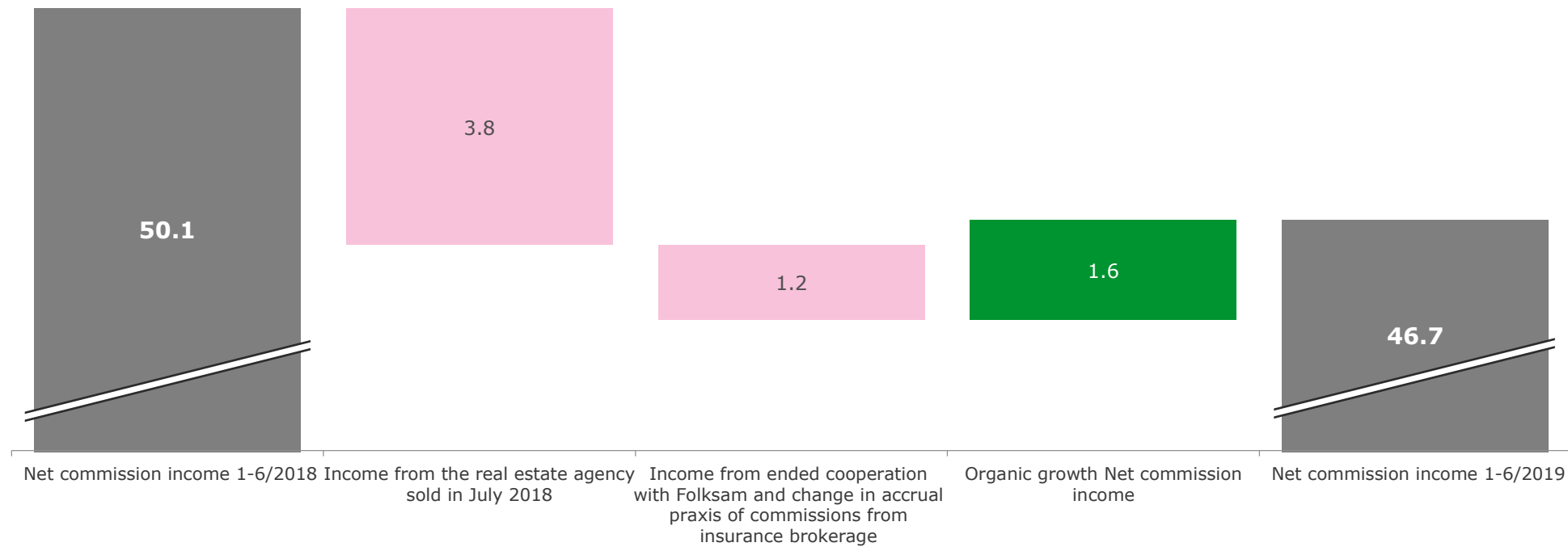
EUR million



Net commission income

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

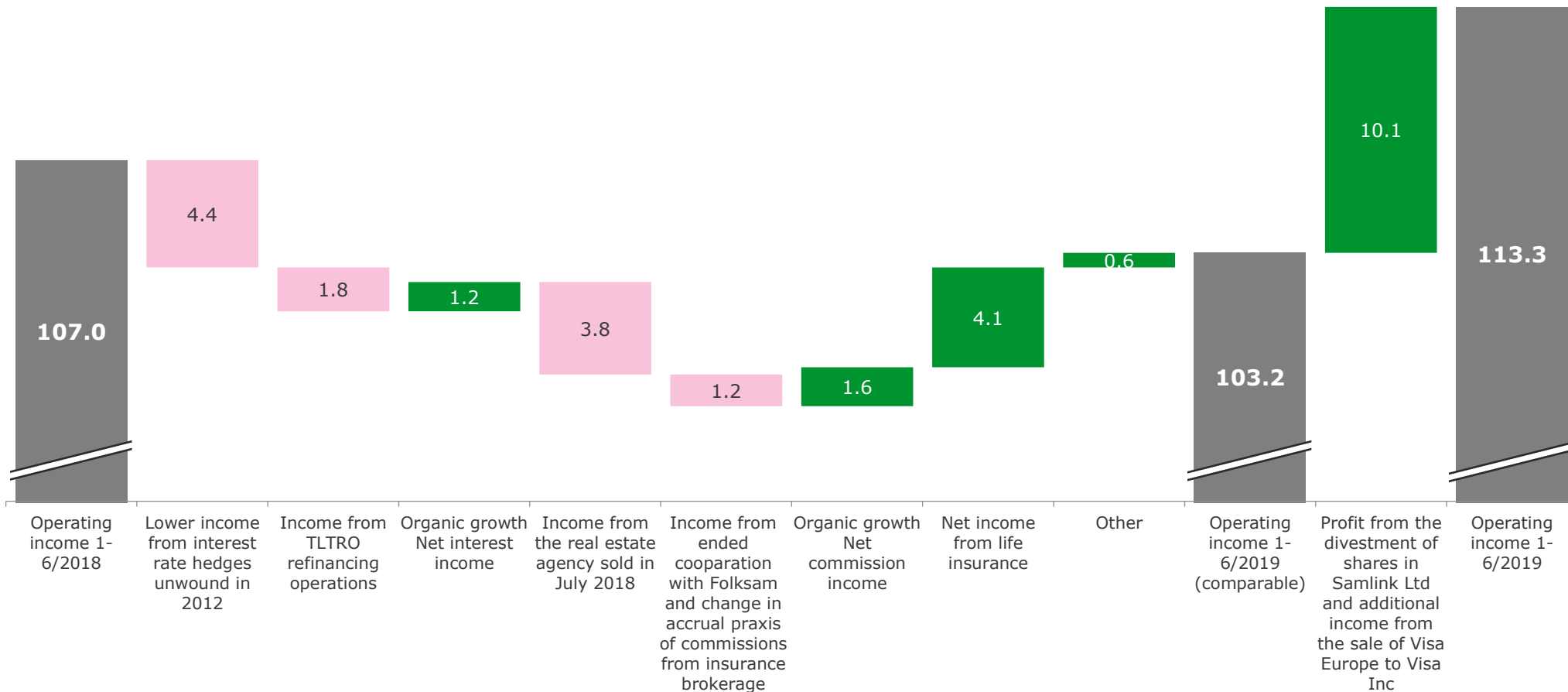
EUR million



Operating income

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

EUR million



Financial summary Q2 and YTD

EUR million	2Q2019	2Q2018	Δ, %	1-6/2019	1-6/2018	Δ, %
Total operating income	60.6	55.8	9%	113.3	107.0	6%
Net interest income	19.2	23.5	-18%	38.7	44.2	-13%
Net commission income	24.0	26.2	-9%	46.7	50.1	-7%
Net income from life insurance	6.6	5.0	33%	14.9	10.8	38%
Other income	10.8	1.1	856%	13.1	2.0	562%
Total operating expenses	-35.0	-38.3	-9%	-71.1	-71.8	-1%
Impairments of credits and other commitments	-1,4	0,7	-	-2.5	0.1	-
Operating profit	24.2	18.2	33%	41.4	35.9	15%
Comparable operating profit*	14.3	18.5	-23%	31.4	36.6	-14%
Earnings Per Share (EPS), EUR	0.30	0.21	43%	0.50	0.43	16%
Return on Equity (ROE), %	13.7	10.1	36%	11.8	10.2	15%
Cost-to-income ratio (comparable)	0.69	0.68	1%	0.69	0.66	5%
Common Equity Tier 1 capital ratio, %	16.5	16.3	1%	16.5	16.3	1%

*) Excl. items affecting comparability

The good underlying development of Aktia's business operations continued

INCOME MIX

EUR million



Net interest income:

Net interest income decreased by 13% to EUR 38.7 million. Net interest income from borrowing and lending increased by 5% to EUR 36.1 million. Income from interest rate hedges unwound in 2012 was EUR 4.4 million lower compared to the reference period.

Net commission income:

The underlying net commission income increased by 4% while the reported net commission income decreased by 7% mainly for structural reasons. Commission income from funds, asset management and securities brokerage increased by 2%, whereas card and other payment service commissions increased by 6%.

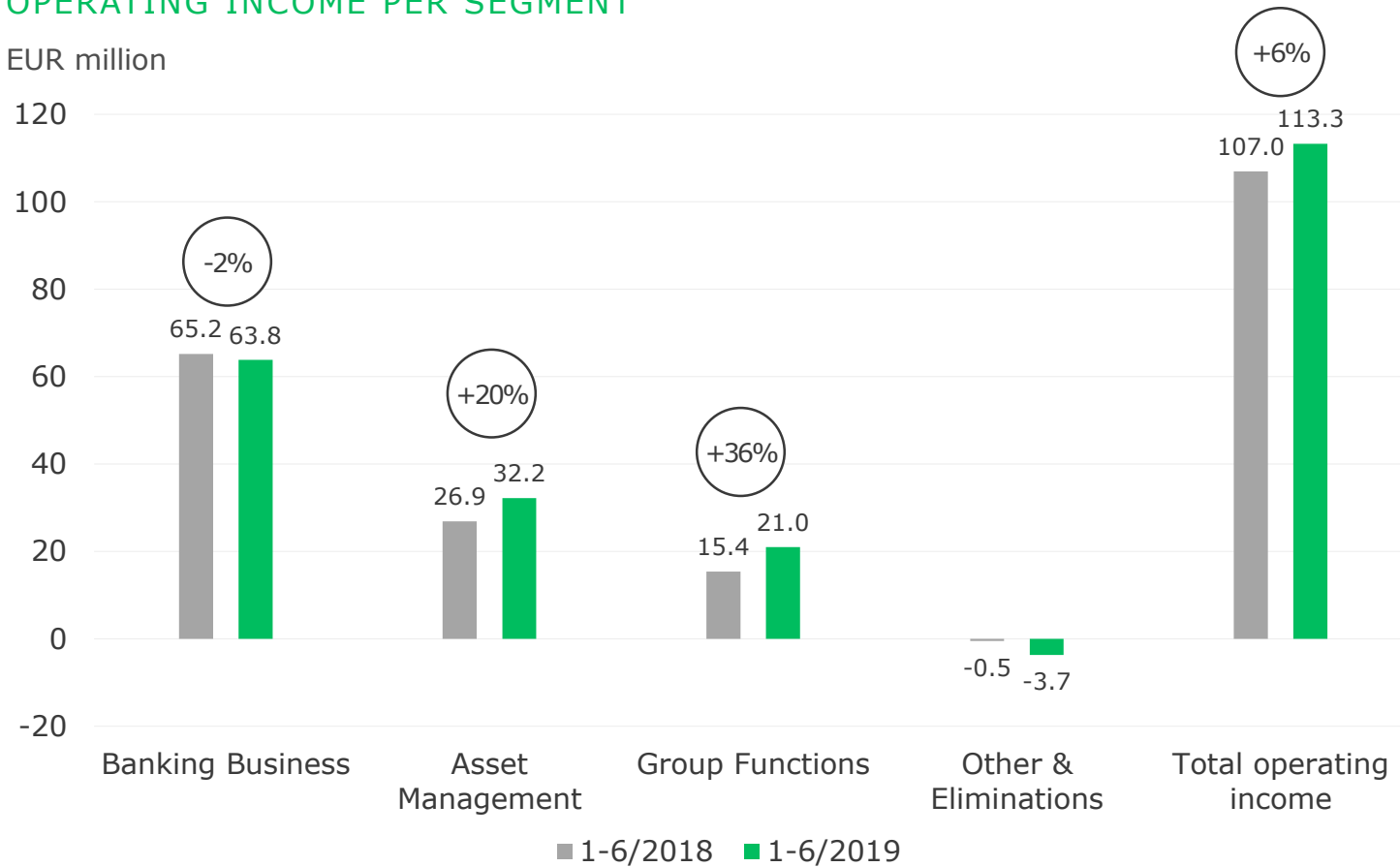
Net income from life insurance:

Net income from life insurance increased by 38% to EUR 14.9 million, which is related to unrealised value changes in the investment portfolio of EUR 2.5 (-2.3) million.

Total operating income increased by 6% – includes EUR 9.6 million gain from sale of Samlink shares

OPERATING INCOME PER SEGMENT

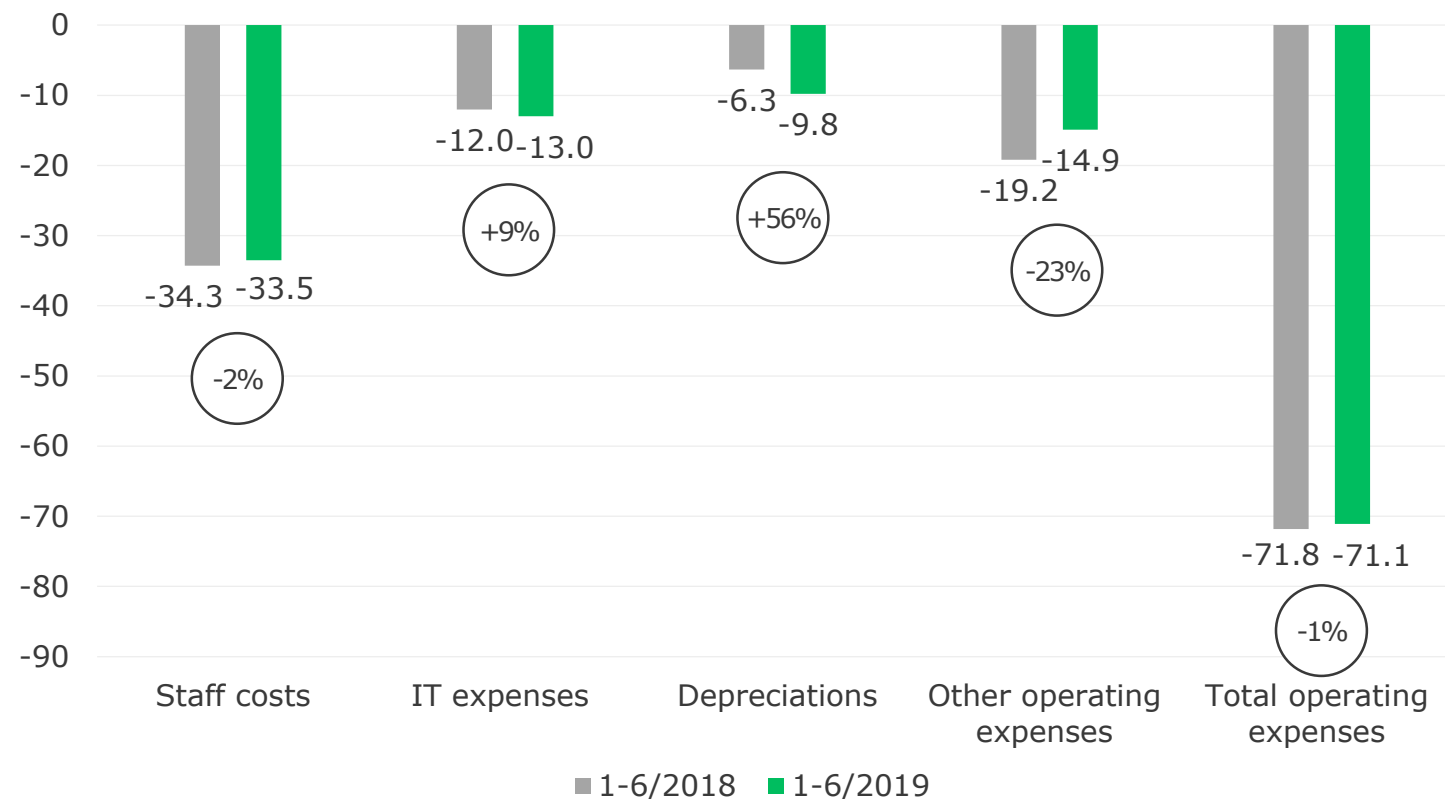
EUR million



Expenses approximately at the same level as last year

OPERATING EXPENSES

EUR million



Staff costs:

The staff costs were approximately at the same level as during the reference period. The number of full-time employees at the end of June amounted to 828 (30 June 2018; 868).

IT expenses:

IT expenses slightly higher as a result of regulation and product development.

Depreciations:

Lease expenses for real estate are reported from 1 January 2019 according to IFRS 16, which means including them in the depreciations (EUR 3.4 million) and interest expenses (EUR 0.5 million) instead of other operating expenses.

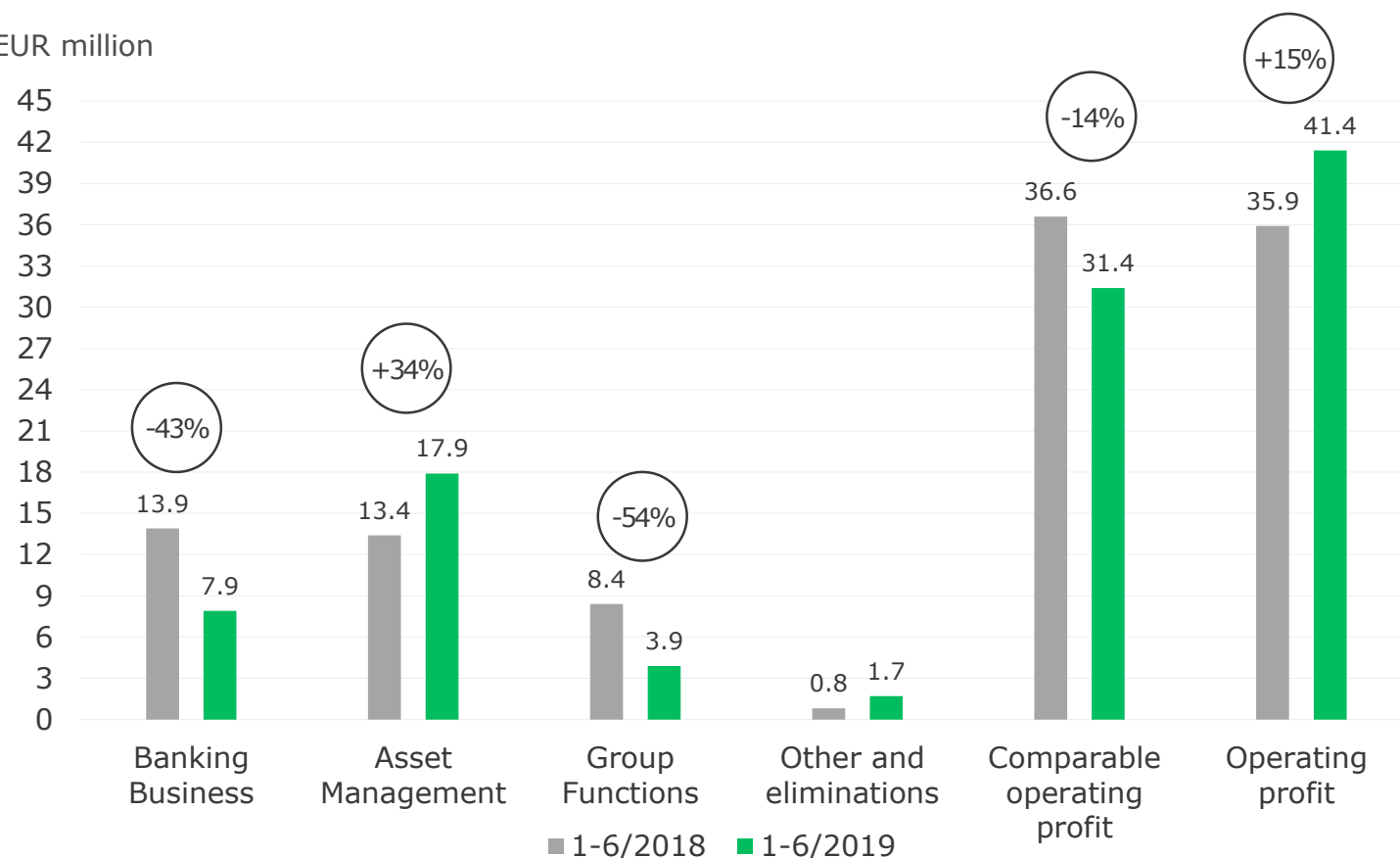
Other operating expenses:

The estimated stability fee of EUR 2.0 million has been booked in its entirety in the first quarter whilst in 2018 the fee was phased over the entire year starting from Q2. IFRS 16: see depreciations.

Comparable operating profit decreased by 14%

COMPARABLE OPERATING PROFIT PER SEGMENT

EUR million



Banking Business:

The period includes a cost of EUR 2.0 (1.1) million for the EU statutory expense to the fund for financial stability.

The interest income from Aktia's TLTRO financing programme amounted to EUR 0.8 (2.6) million.

Impairments on credits and other commitments remained low. The change in the allowance for model-based credit losses (ECL) increased by EUR 1.4 million from last year, which affected the increase of total impairments to EUR -2.5 (0.1) million.

Asset Management:

The comparable operating profit for the period increased by 34%, which is primarily explained by positive value changes in the life insurance business of EUR 2.5 (-2.3) million.

CET1 on a continued good level

CAPITAL ADEQUACY

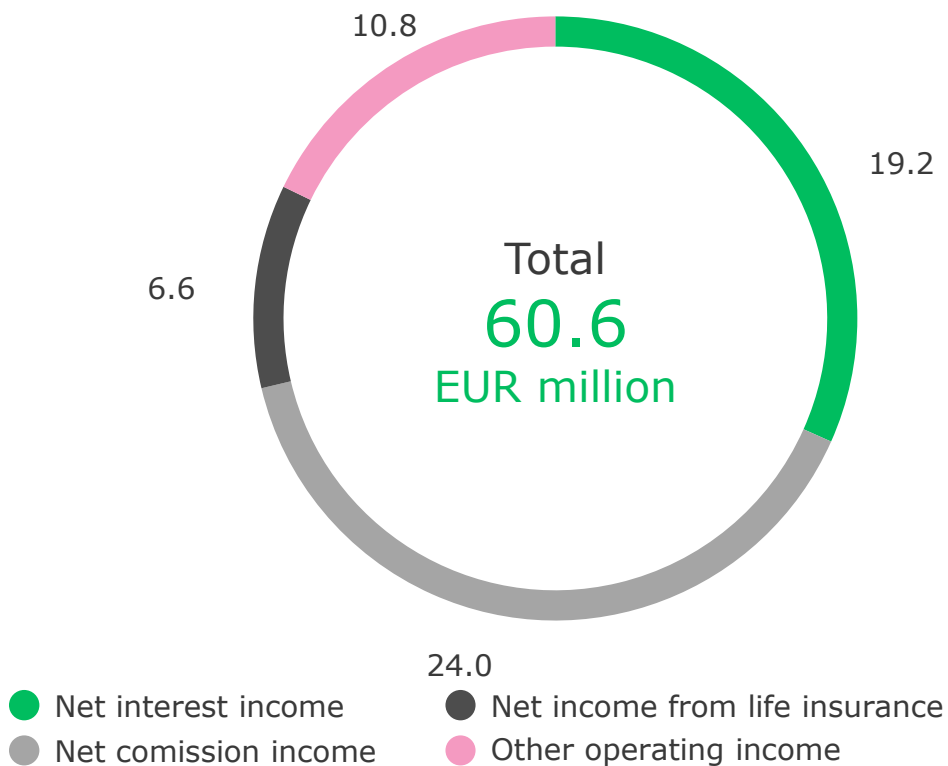
- At the end of the period, the Group's Common Equity Tier 1 (CET1) capital ratio was 16.5% (17.5% per December 31, 2018).
- After deductions, CET1 capital increased by EUR 9.2 million during the period which improved the CET1 capital ratio by 0.4 percentage points.
- Risk-weighted commitments increased 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.
- Impairments of credits and other commitments remained low.



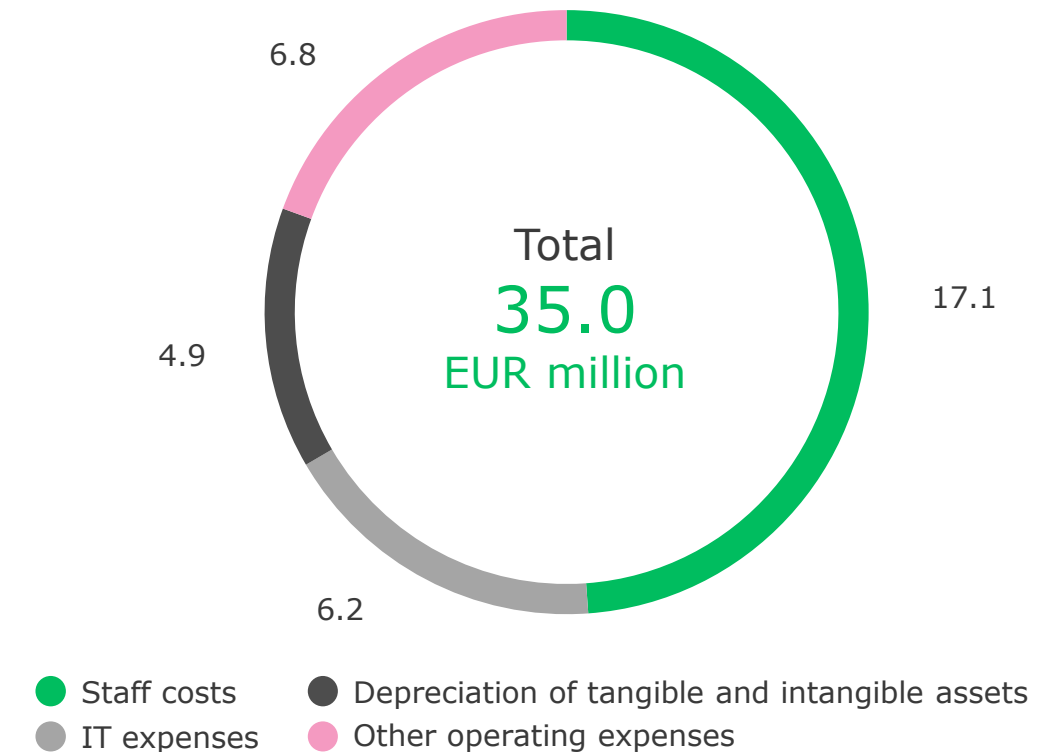
Appendices

Distribution of operating income and expenses

Operating income

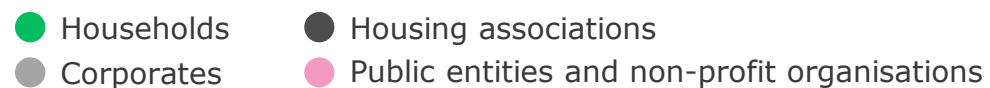
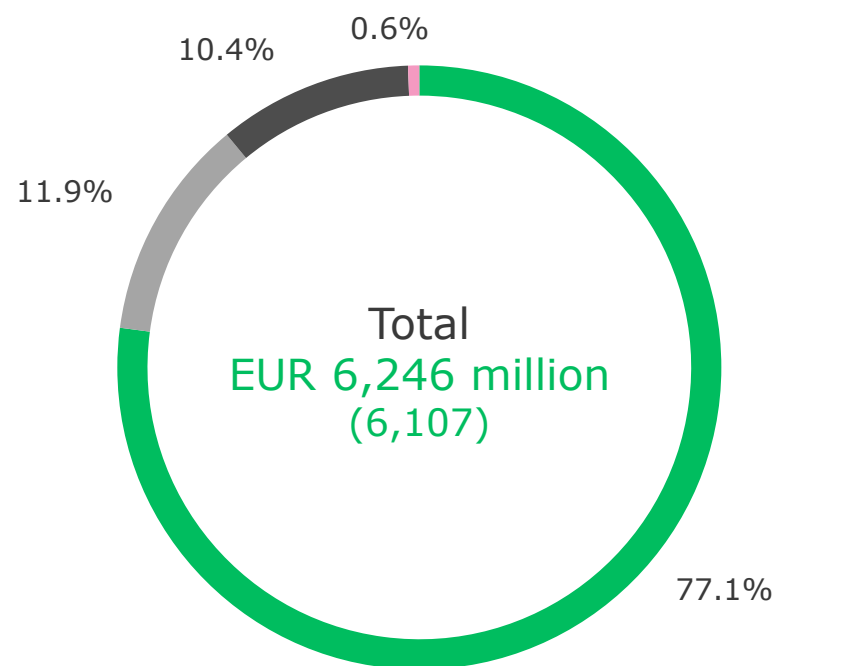


Operating expenses

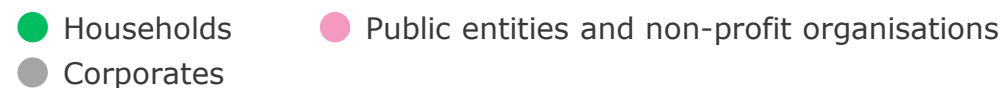
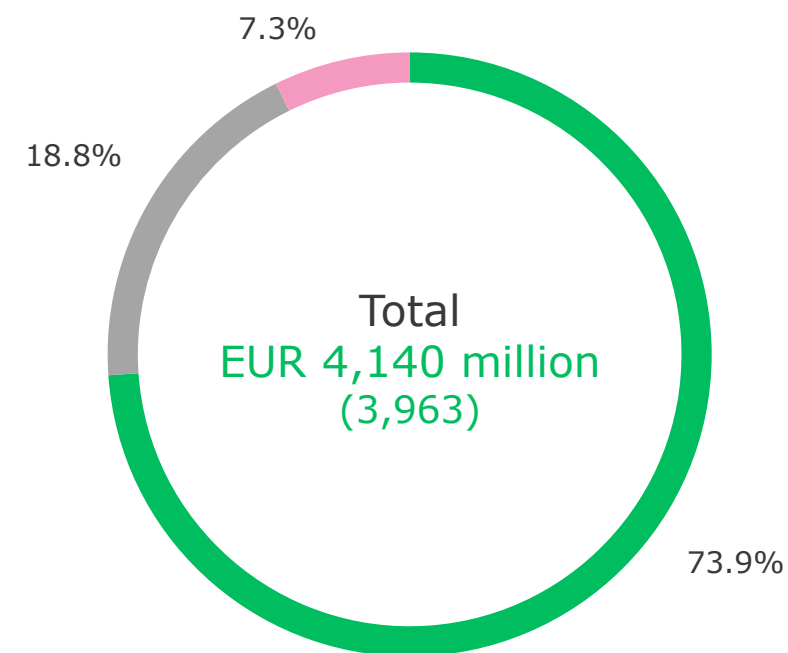


Structure of lending and deposits

Lending

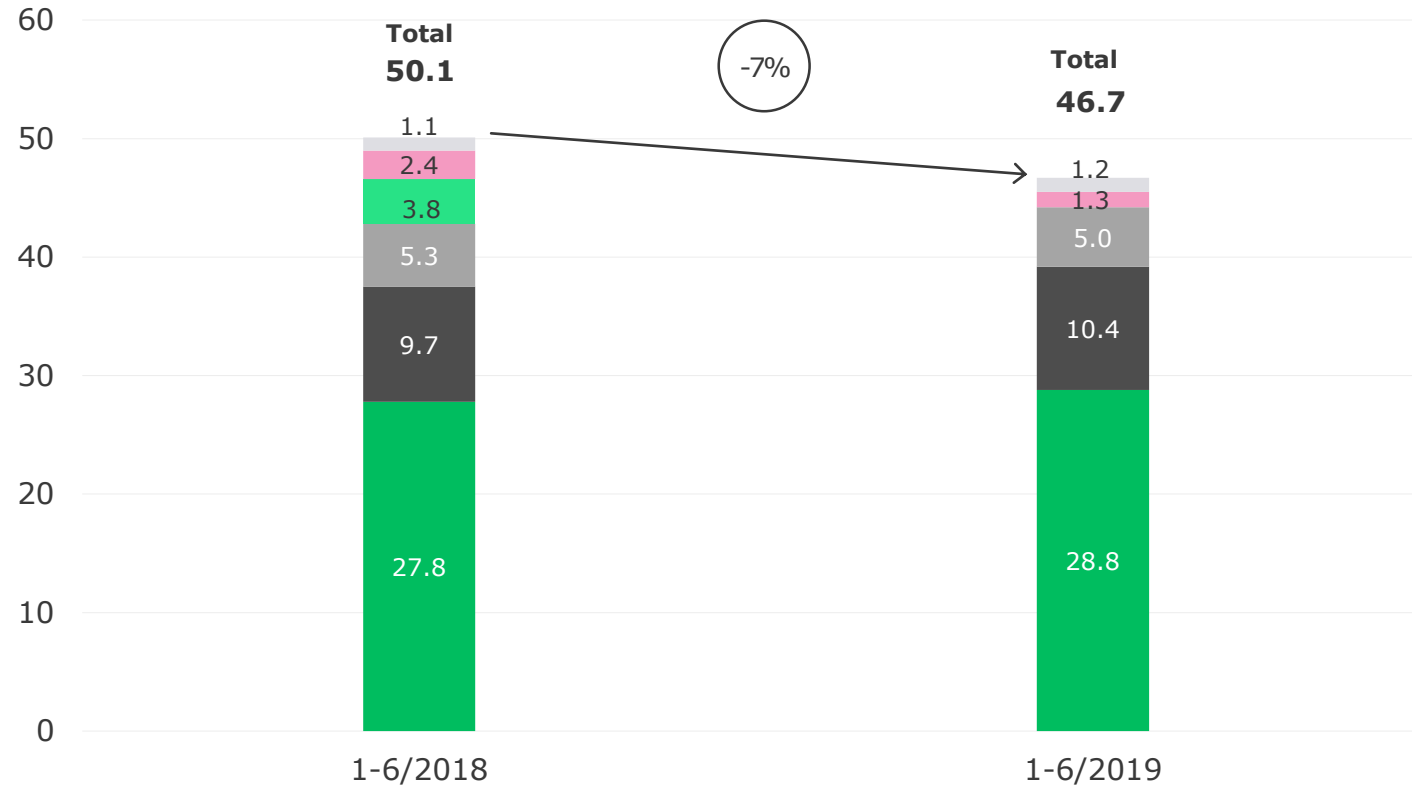


Deposits



Net commission income mix

EUR million



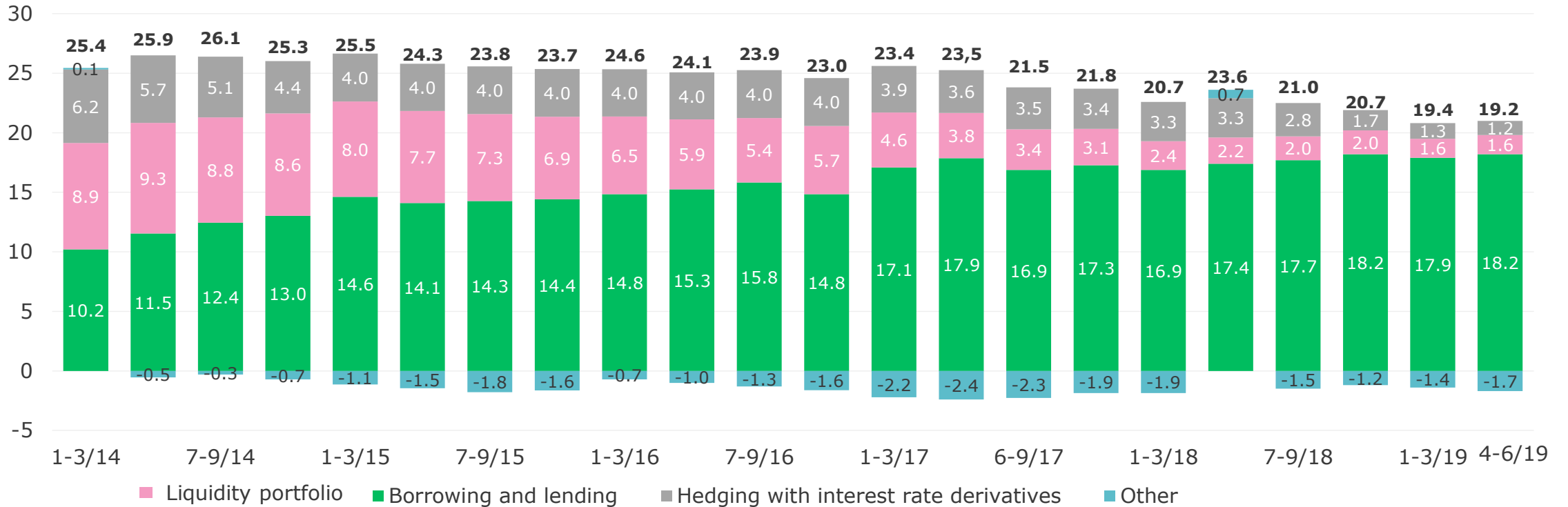
Savings and investment products

includes borrowing, mutual funds, asset management and securities brokerage

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

Net interest income mix

EUR million



Courageously.
Skilfully.
Together.

