

A close-up photograph of a person's hands holding a white coffee cup and a smartphone. The person is wearing a blue jacket and a brown sweater. The background is blurred, showing a dog's face. The text 'CEO OVERVIEW' is overlaid in the bottom left corner.

# CEO OVERVIEW

Martin Backman, Annual General Meeting | 05/04/2017

**Aktia**



**1**

**AKTIA'S YEAR 2016**

**2**

**BUSINESS ENVIRONMENT**

**3**

**BUSINESS DEVELOPMENT**

# AKTIA'S OFFERING



- Service concepts for investments, saving, credits, payments and insurance
- Loan book housing loans EUR 4.5bn, corporate credits EUR 0.5bn
- Private Banking



- Comprehensive asset management services
  - Rewarded EM interest funds
  - Nordic Small Cap, Micro Cap and other mutual funds



- Life insurance and savings insurance
- Loan insurance for housing loans i co-operation with AXA, pension insurance with Veritas and non-life insurance with Folksam



- Real estate agency services in Aktia's area of operation
- More than 85% of the real estate agents are licensed real estate agents

**350,000**  
private customers

**30,000**  
corporate  
customers

**45**  
branches

**925**  
employees

**Aktia**

# OPERATIONS IN 2016

## BANKING BUSINESS

- Aktia's new lending to private households as well as corporate lending increased
- New core banking platform nearly finished
- Successful launch of Aktia Wallet
- Aktia Contact Center – best telephone service in Finland
- Rating institutes Standard & Poor (stable) and Moody's (positive) upgraded Aktia's outlook

## ASSET MANAGEMENT



- Aktia Fund Management Company's investment fund stock increased to more than EUR 4bn
- Significant increase in managed assets
- Asset management rewarded again

## INSURANCE

- Life insurance company's investments on a stable level
- Share of unit-linked stock of technical provisions increased compared to that of interest-linked

# AKTIA'S YEAR 2016

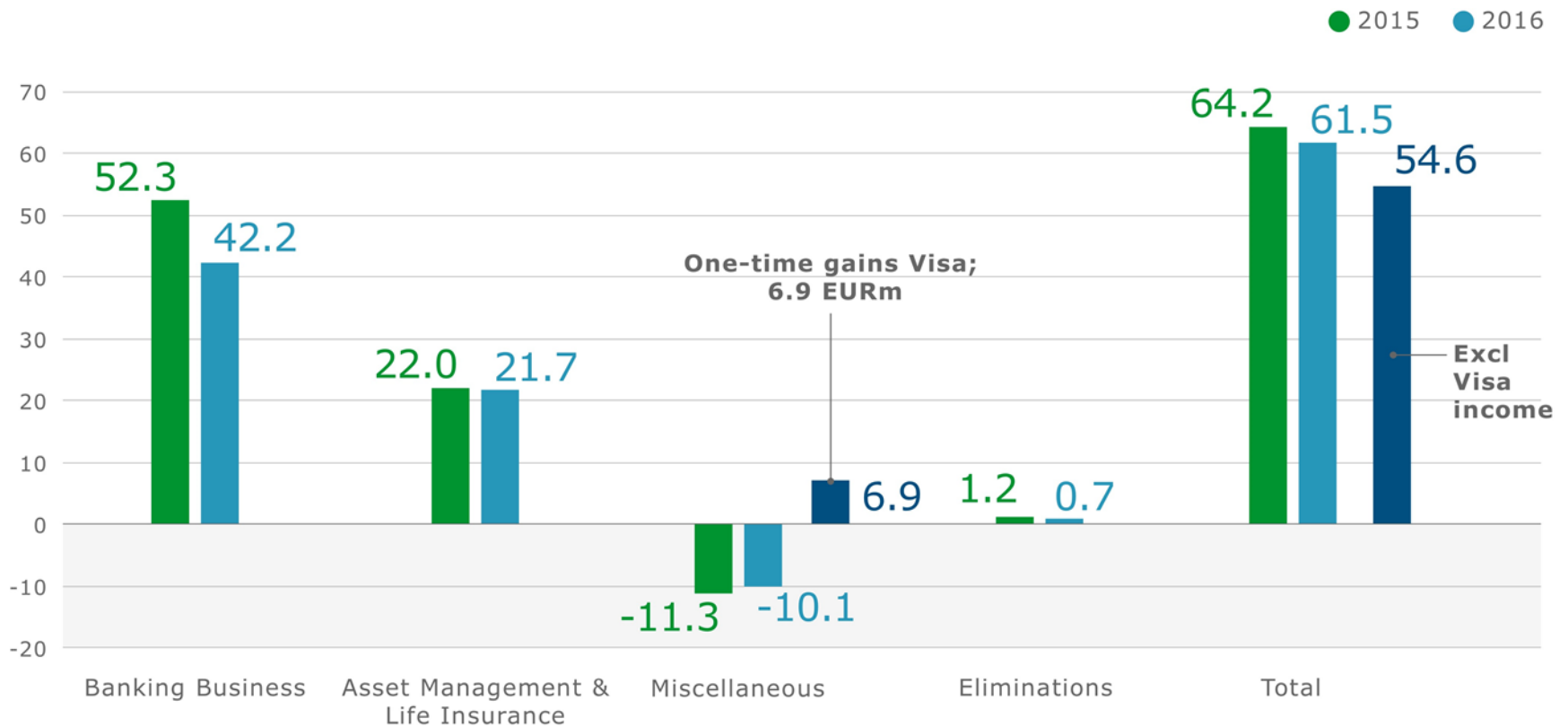
|  | 1-12/2016     | 1-12/2015     | Change, %  |
|--|---------------|---------------|------------|
| <b>Total operating income</b>              | <b>211.3</b>  | <b>208.4</b>  | <b>+1%</b> |
| Net interest income                        | 95.6          | 97.3          | -2%        |
| Net commission income                      | 79.7          | 80.0          | 0%         |
| Net income from life insurance             | 24.7          | 24.9          | -1%        |
| Other income*                              | 11.4          | 6.2           | +85%       |
| <b>Total operating expenses</b>            | <b>-148.4</b> | <b>-144.4</b> | <b>+3%</b> |
| <b>Operating profit</b>                    | <b>61.5</b>   | <b>64.2</b>   | <b>-4%</b> |
| Operating profit excluding one-off items** | 54.6          | 65.7          | -17%       |
| <b>Earnings per share (EPS)</b>            | <b>0.74</b>   | <b>0.78</b>   | <b>-5%</b> |
| <b>Return on equity (ROE)</b>              | <b>8.0%</b>   | <b>7.9%</b>   | <b>+2%</b> |

5 \* Including other income EUR 3.1m and net income from financial transactions EUR 8.3m

\*\* Taking certain one-off items into consideration, such as sale of companies and costs related to the core banking platform

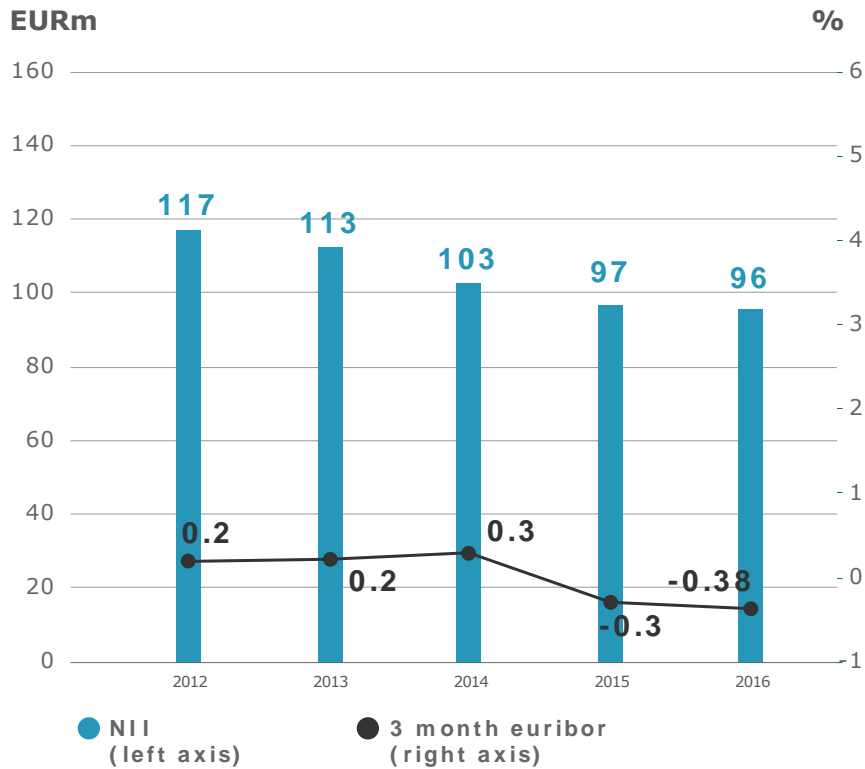
# OPERATING PROFIT 2015–2016

EUR million

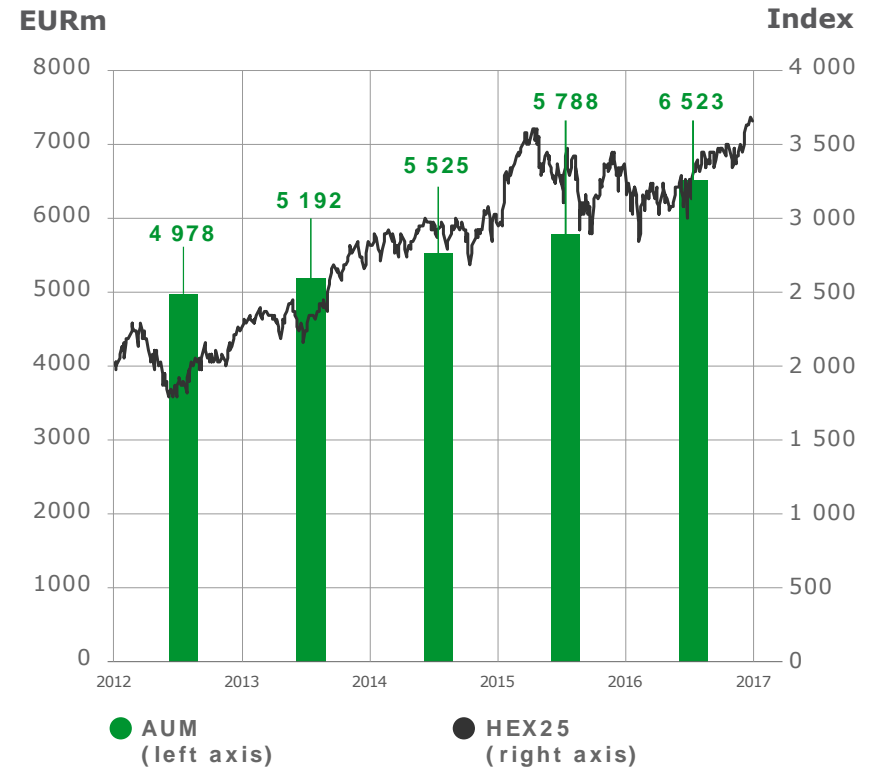


# MARKET DEVELOPMENT AND IMPACT

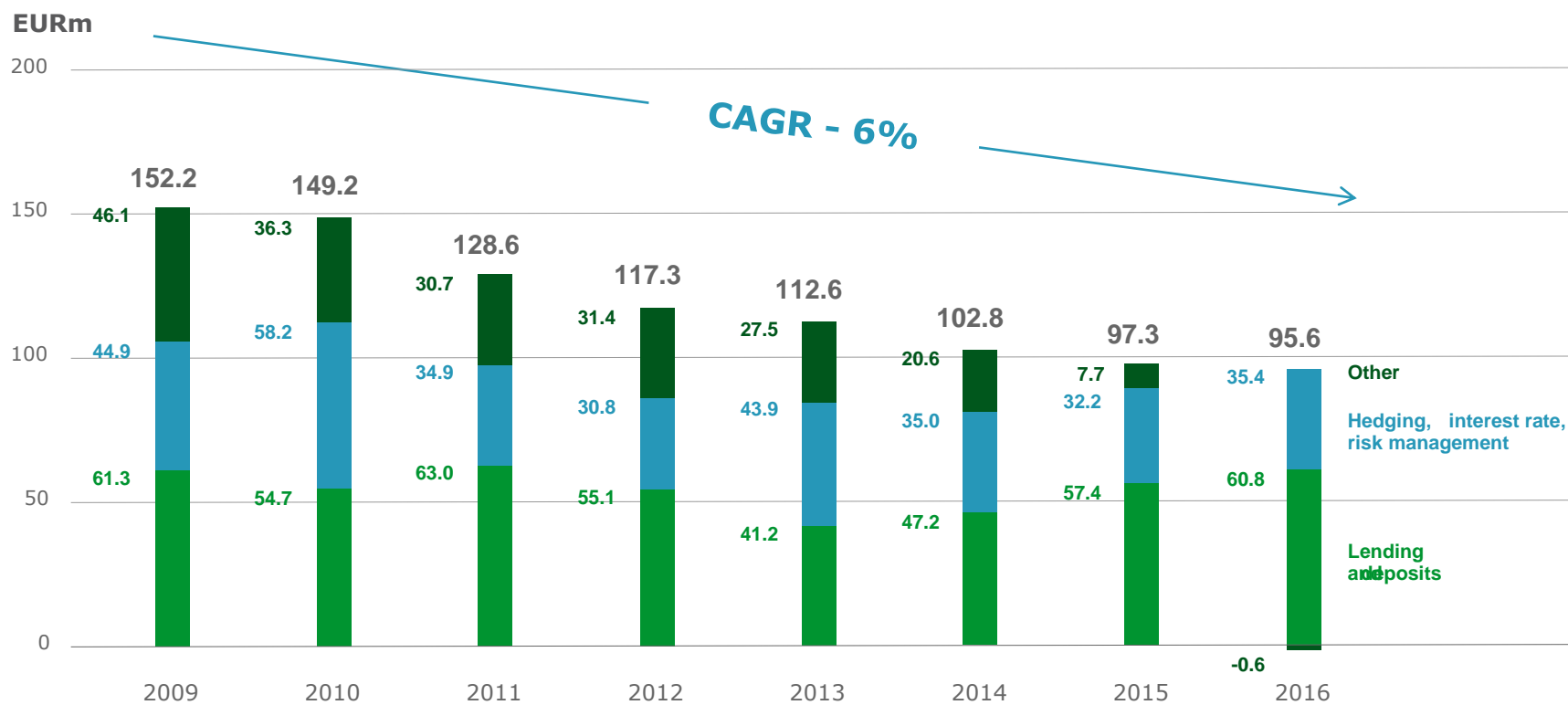
## NII progress



## Assets under management

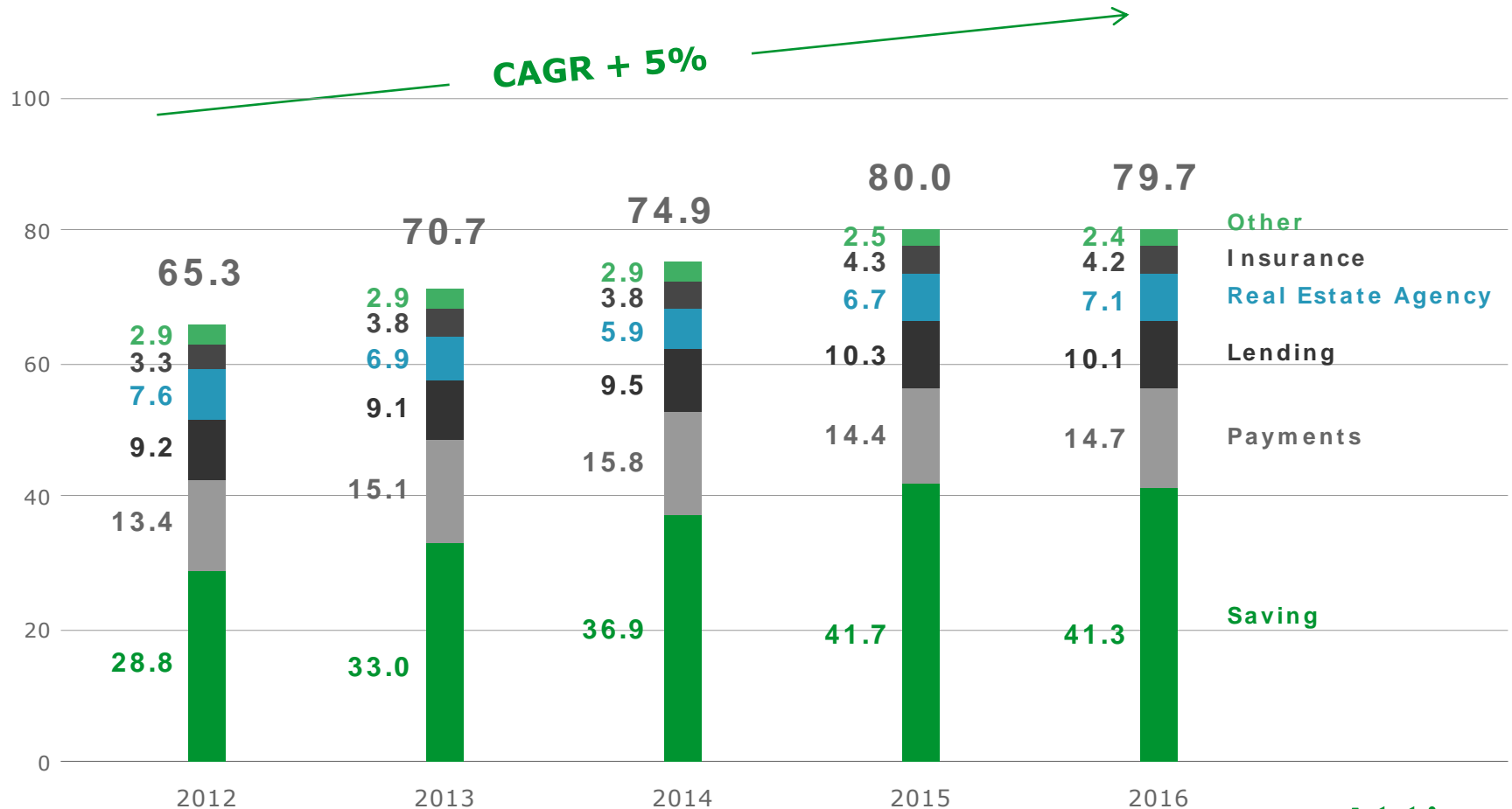


# NII 2009–2016

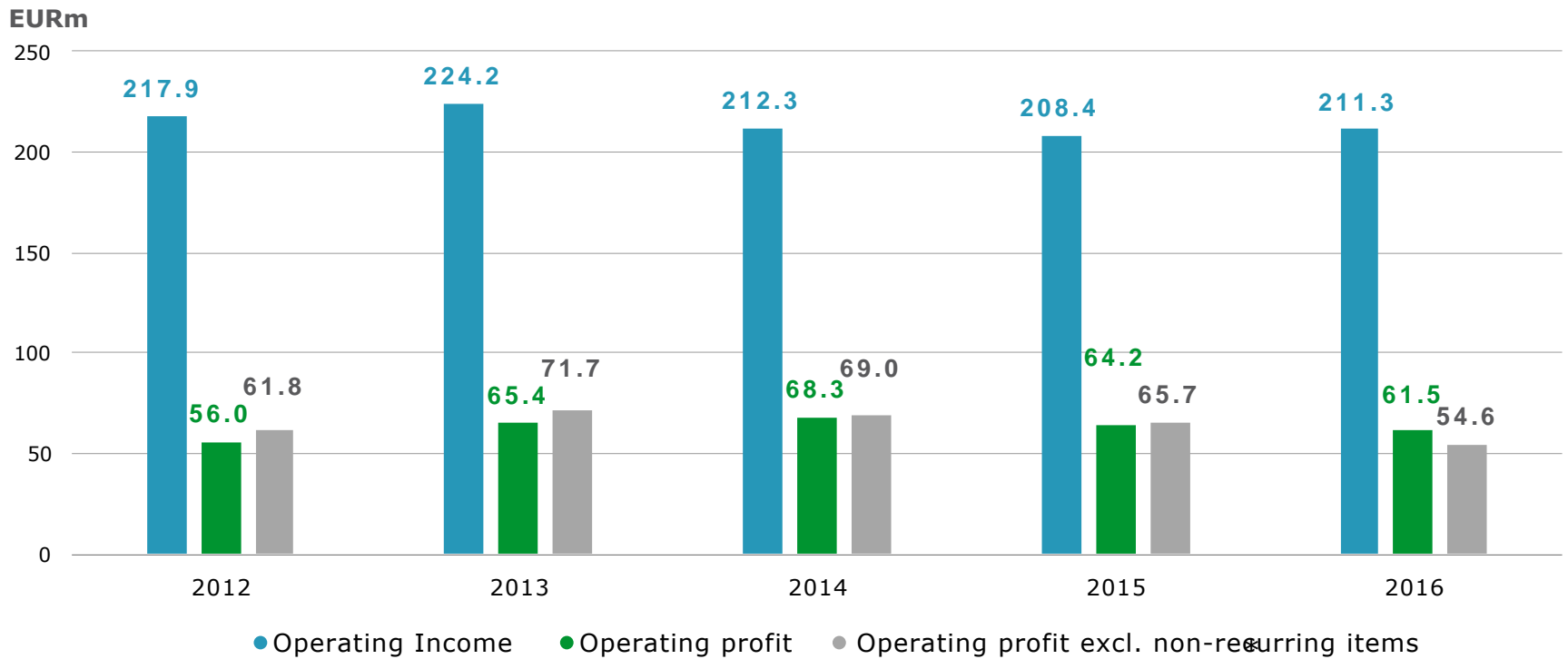


# NET COMMISSION INCOME 2012–2016

EURm

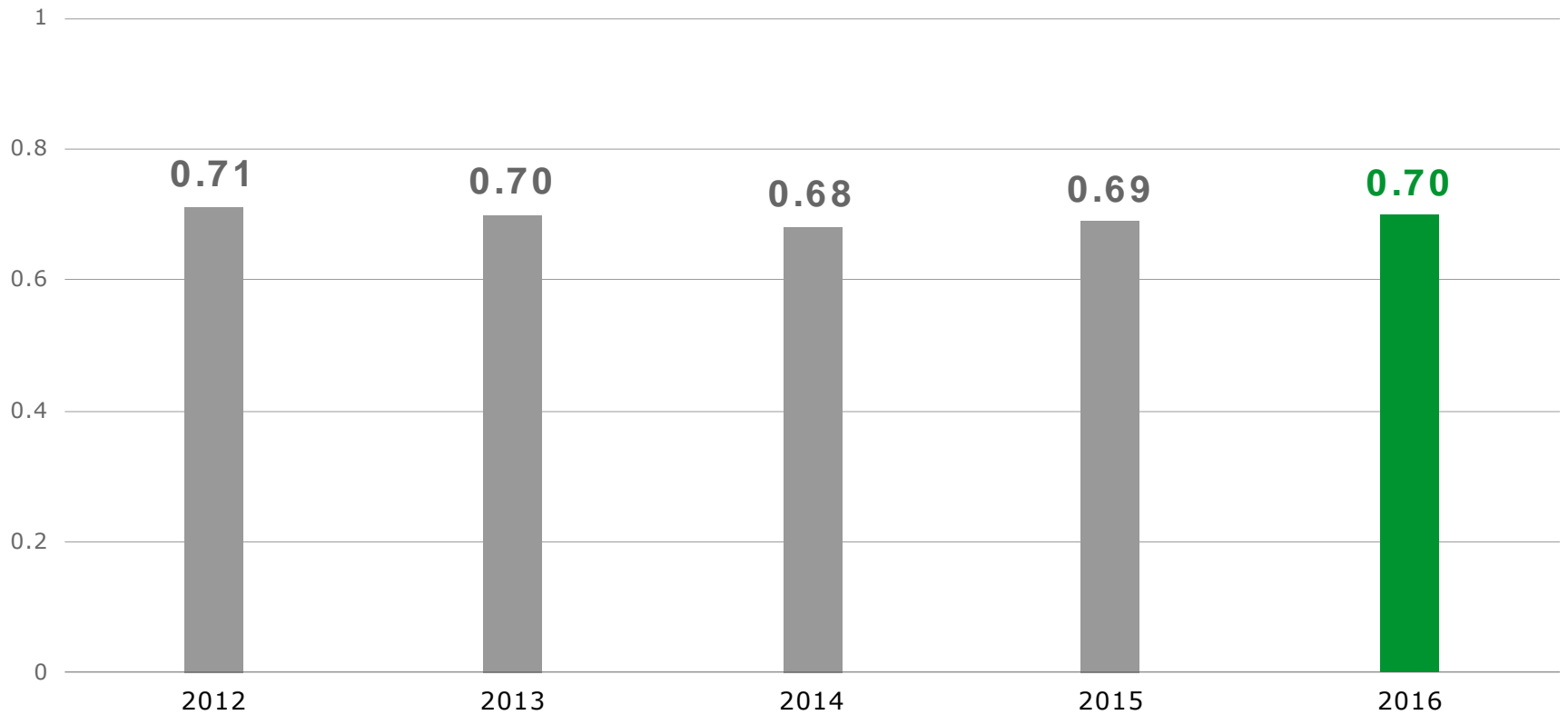


# OPERATING INCOME AND OPERATING PROFIT



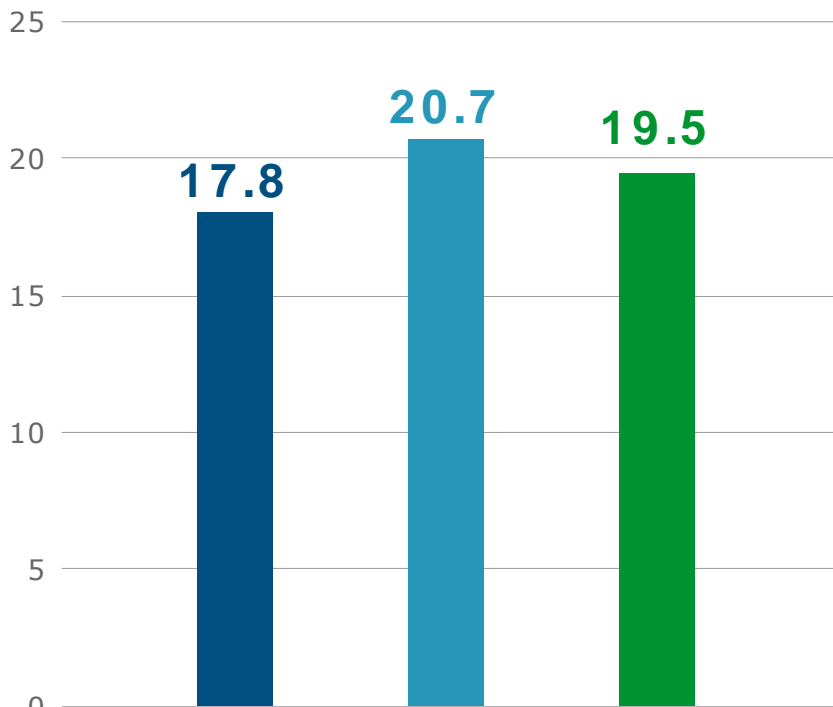
# COST/INCOME RATIO

## COST/INCOME RATIO



# CAPITAL ADEQUACY

Common Equity Tier 1 capital ratio, %



- Banks in Finland on average
- Aktia 2015
- Aktia 2016

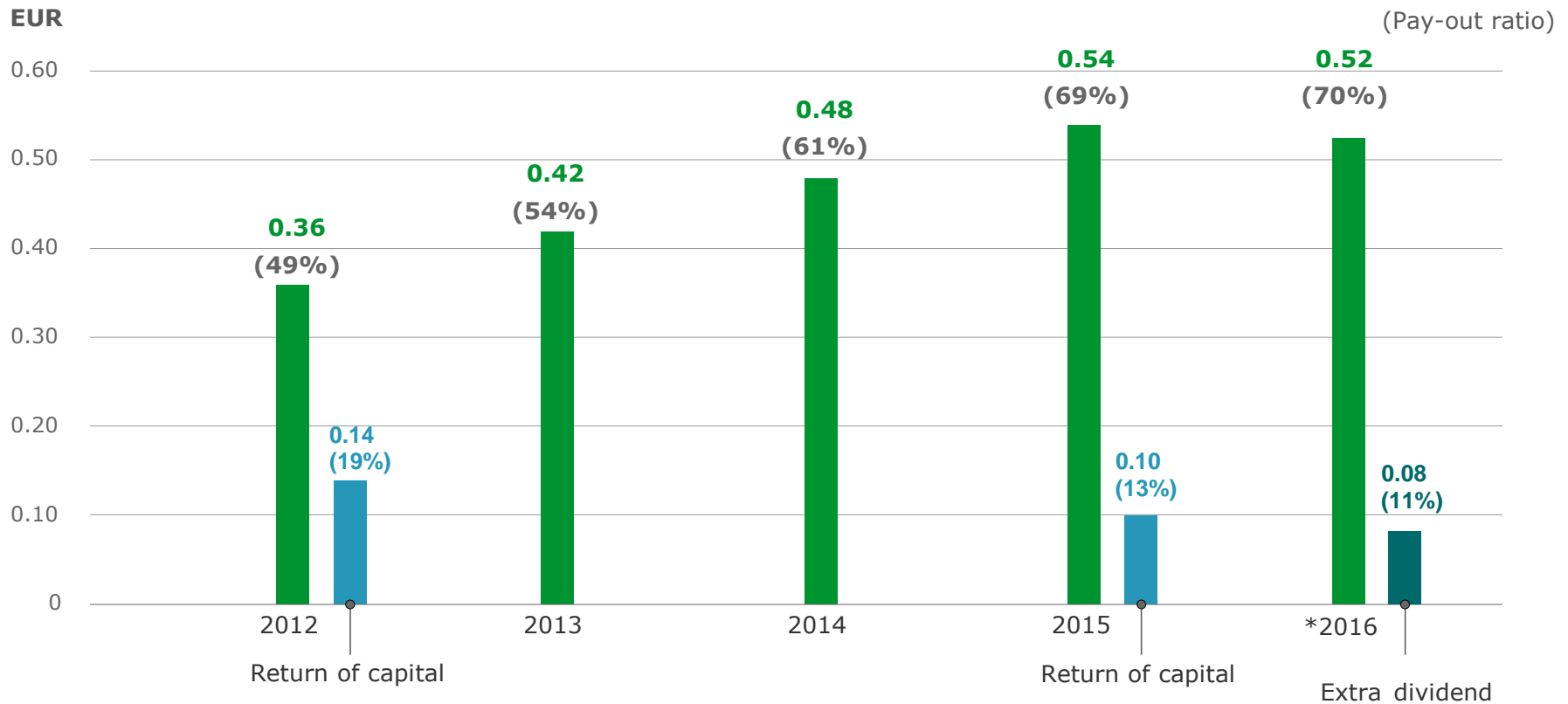
- Aktia's Common Equity Tier 1 Capital (CET1 %) on a good level
- Aktia's Common Equity Tier 1 Capital decreased due to an increase in intangible assets and other deductibles
- Credit rating institutes upgraded Aktia's outlook during 2016

**MOODY'S**  
INVESTORS SERVICE

**STANDARD**  
&**POOR'S**

# PROPOSED DIVIDEND 2016

EUR 0.52 per share + extra dividend EUR 0.08 per share  
= EUR 0.60 per share



**1**

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# CHANGES IN BUSINESS ENVIRONMENT



# AKTIA'S MARKET POSITION

|                  | Market     |       | Aktia's position* |
|------------------|------------|-------|-------------------|
| Lending          | <b>215</b> | EURbn | Aktia no 5        |
| Deposits         | <b>145</b> | EURbn | Aktia no 5        |
| Consumer credits | <b>16</b>  | EURbn | Aktia no 6        |
| Mutual funds     | <b>100</b> | EURbn | Aktia no 6        |
| Life insurance   | <b>2</b>   | EURbn | Aktia no 6-7      |

# REGULATION

## MiFID2

(Directive on Markets in  
Financial Instruments)

## PSD2

(Payment Services  
Directive)

# DIGITALISATION AS NEW OPPORTUNITY

Donate and engage



Housing market



Stock trading



Today's news



[talous.aktia.fi](http://talous.aktia.fi)



Car insurance



Money transfer



Mobile services



**1**

**AKTIA'S YEAR 2016**

Index ▲ 1.56 ▼ 0.78

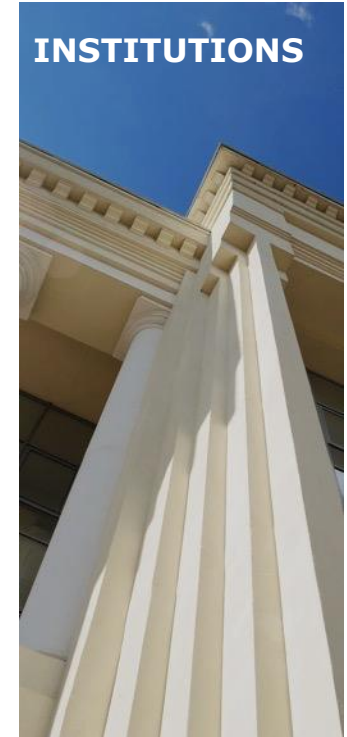
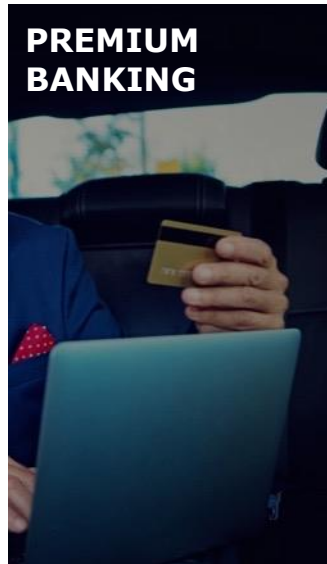
**2**

**BUSINESS ENVIRONMENT**

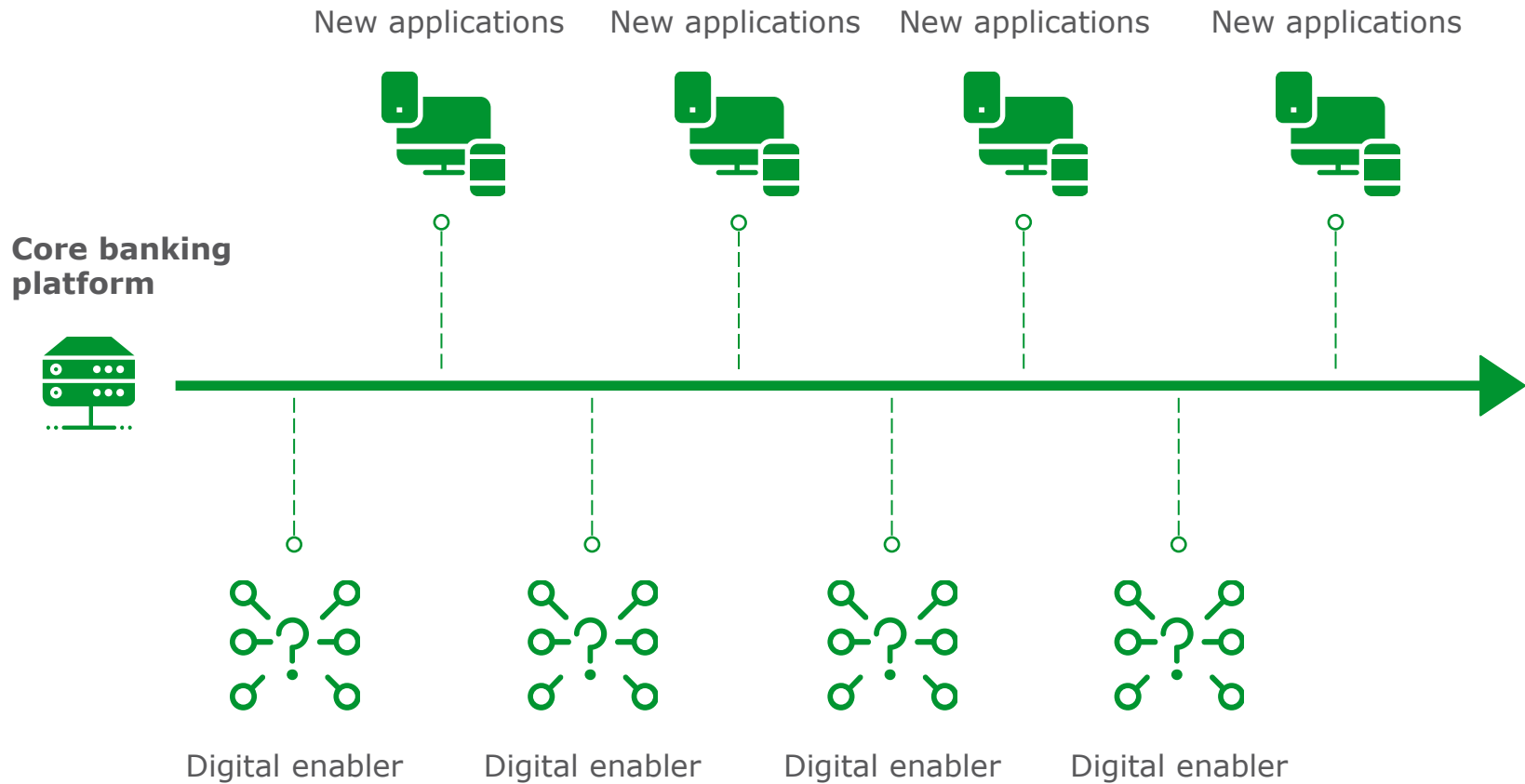
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**BUSINESS DEVELOPMENT**

# CUSTOMER SEGMENTS



# IT AND DIGITAL SERVICES



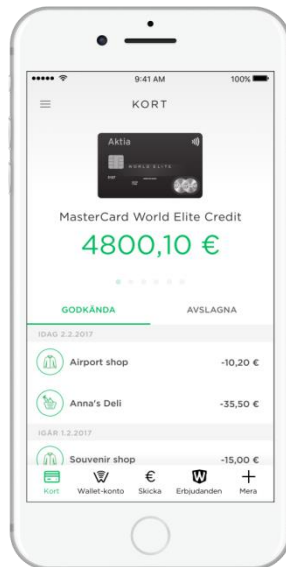
# AKTIA WALLET



Follow-up on transactions



Money transfer



For customers in all banks  
~ 45,000 down-loads in approx. 5 months



NFC payments



Secure web payments



22 Deals and offers



Sales channel



Identification

# INVESTMENTS IN STAFF AND TRAINING

When our staff is inspired  
and enthusiastic about  
Aktia's opportunities...

... our customers are too.



# BUSINESS DEVELOPMENT

- ▶ FOCUS ON CORPORATE CULTURE AND VALUES
- ▶ STRATEGIC FOCUS ON INCREASED PROFITABILITY
- ▶ INSPIRED AND COMPETENT ORGANISATION
- ▶ COST CONSCIOUSNESS AND CAPITAL EFFICIENCY

A person wearing a checkered shirt is seated at a desk, writing on a document with a pen. The background is a blurred office environment with a laptop and other papers. The overall tone is professional and focused.

# Aktia

Aktia sees a person in every customer.