



AKTIA BANK
ACCOUNTS ANNOUNCEMENT 2016

10-12/2016:

NET COMMISSION INCOME UP BY 6%

- **Operating profit was EUR 8.6 (11.1) million.**
- **Net commission income increased by 6% to EUR 20.1 (18.9) million and NII decreased by 3% to EUR 23.0 (23.7) million.**
- **Operating expenses were unchanged at EUR 40.5 (40.5) million.**
- **Write-downs on credits and other commitments amounted to EUR -1.5 (-0.3) million.**
- **Profit amounted to EUR 6.5 (8.7) million. Earnings per share (EPS) was EUR 0.10 (0.13).**

1-12/2016: SATISFACTORY RESULT

- **Operating profit was EUR 61.5 (64.2) million.**
- **Net commission income was EUR 79.7 (80.0) million and NII decreased by 2% to EUR 95.6 (97.3) million.**
- **Operating expenses increased by 3% to EUR 148.4 (144.4) million.**
- **Write-downs on credits and other commitments amounted to EUR -2.2 (-0.3) million.**
- **Profit amounted to EUR 49.3 (51.6) million. Earnings per share (EPS) was EUR 0.74 (0.78). Comparable EPS was EUR 0.66.**
- **CET1 was 19.5 (31 Dec 2015; 20.7)%**
- **Outlook 2017 (NEW) : The operating profit for 2017 is estimated to be lower than in 2016, as no larger one-time gains are expected.**

DIVIDEND PAY-OUT

- **Proposed dividend : EUR 0.60 (0.64) per share of which EUR 0.08 per share derives from one-off gains**
- **Pay-out ratio 81 (82) % of profits**
- **The proposed record date for the dividend is 14 April 2016 and the proposed day for paying out the dividend is 26 April 2016.**

CENTRAL EVENTS 2016

- **M.Sc. (Tech.), M.Sc. (Econ.) Martin Backman was appointed as new CEO of Aktia**
- **Aktia's growth target 2016; 2,000 (1,300) new customers**
- **Aktia acquired minority shares in Aktia REMB**
- **Rating agencies improved Aktia's outlook**
 - S&P improved Aktia's outlook to stable (previously negative)
 - Moody's improved Aktia's outlook to positive (previously stable)
- **Aktia Contact Center the best telephone service in Finland**
- **Asset Management received several awards**
- **Aktia took over the R-kioski chains payment services**
- **Aktia Wallet was launched 27 Oct 2016**

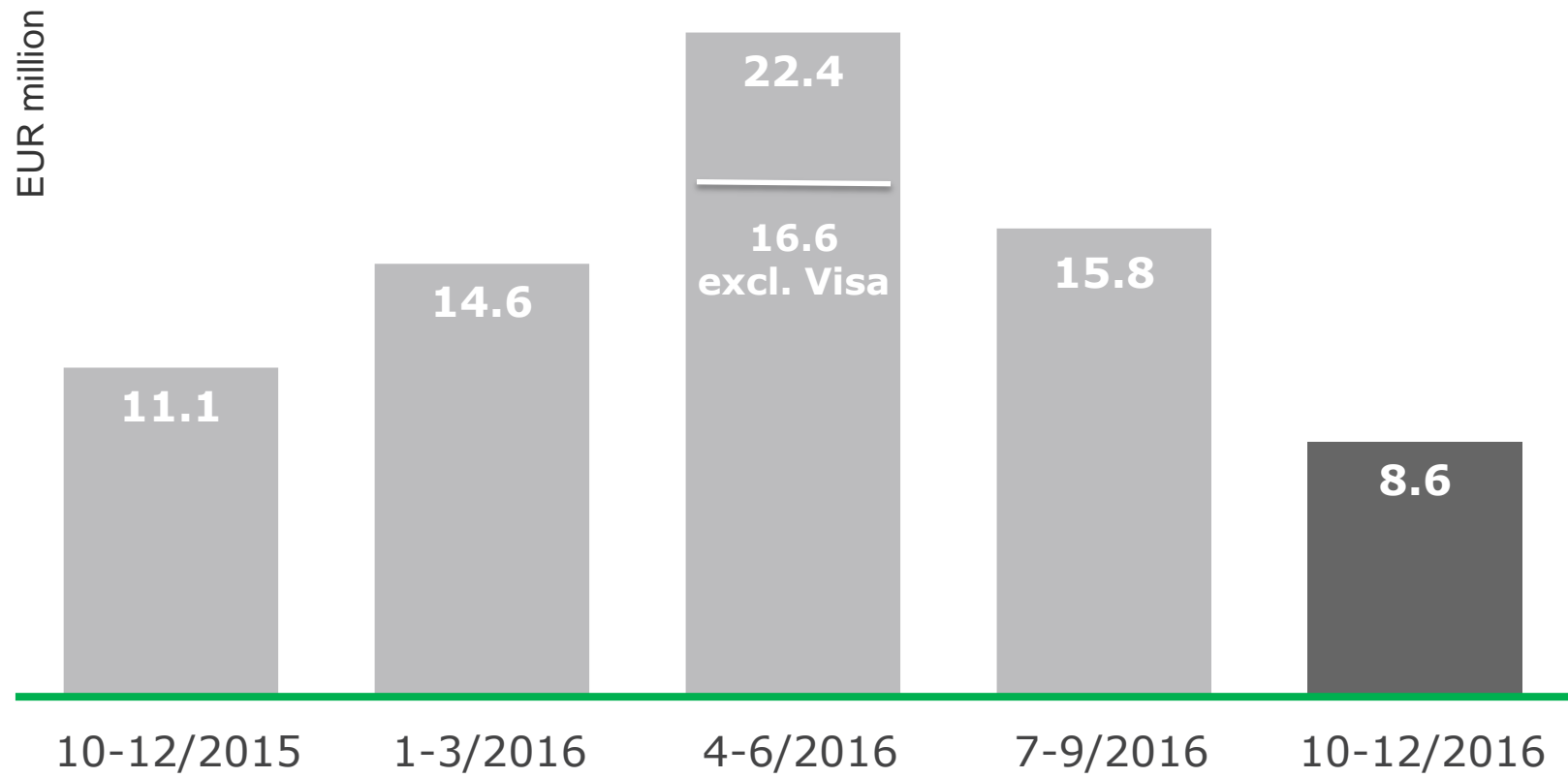
AKTIA BANK RECONSIDERS THE CURRENT ADMINISTRATION MODEL

- Aktia Bank will reconsider the current administration model in which a Board of Supervisors is included
- Replace the Board of Supervisors with a Representative Assembly without formal legal status according to company laws and without decision-making right
- Extraordinary Annual General Meeting in September 2017 to decide on changes in the articles of association

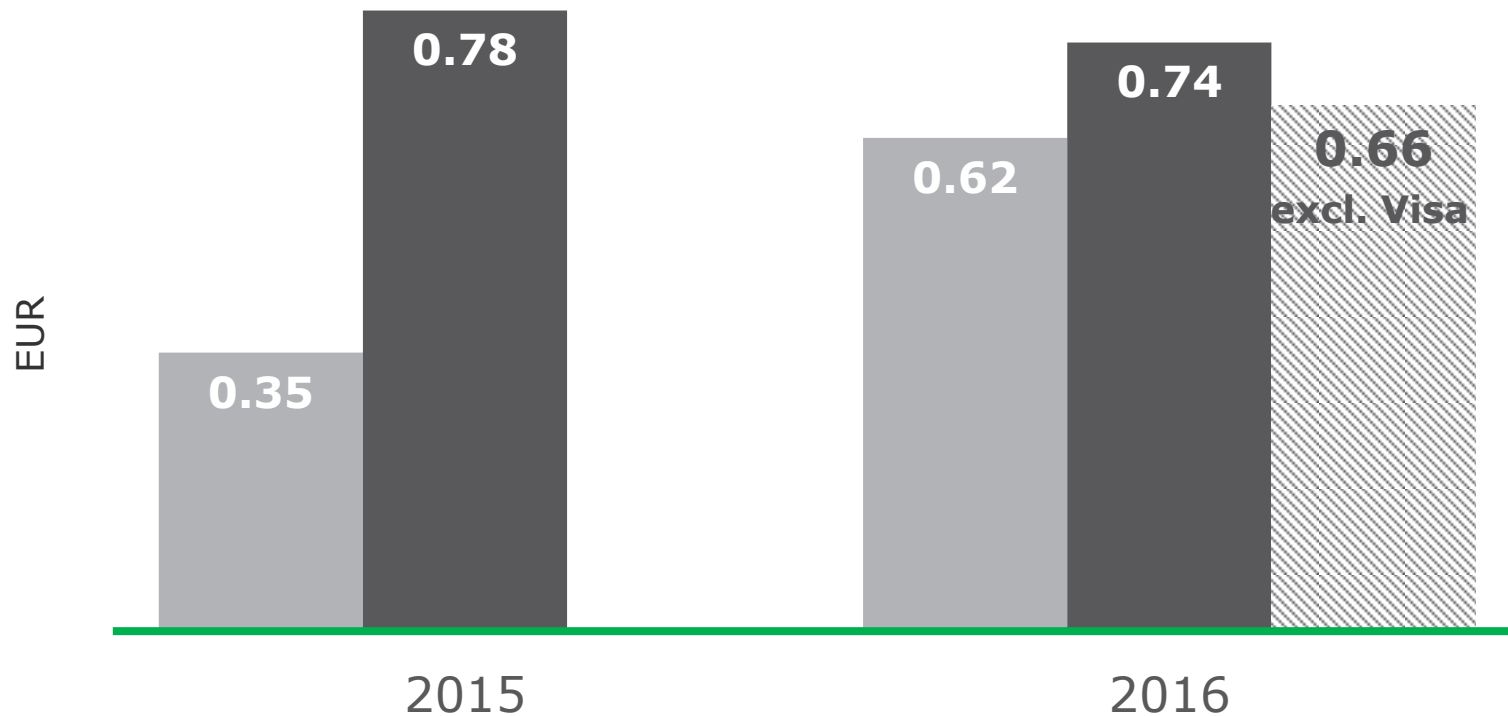
ACCOUNTS ANNOUNCEMENT 2016

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| 2 | CAPITAL ADEQUACY |
| 3 | BALANCE SHEET AND OWNERS |
| 4 | OUTLOOK AND TARGETS |

OPERATING PROFIT FOR THE QUARTER

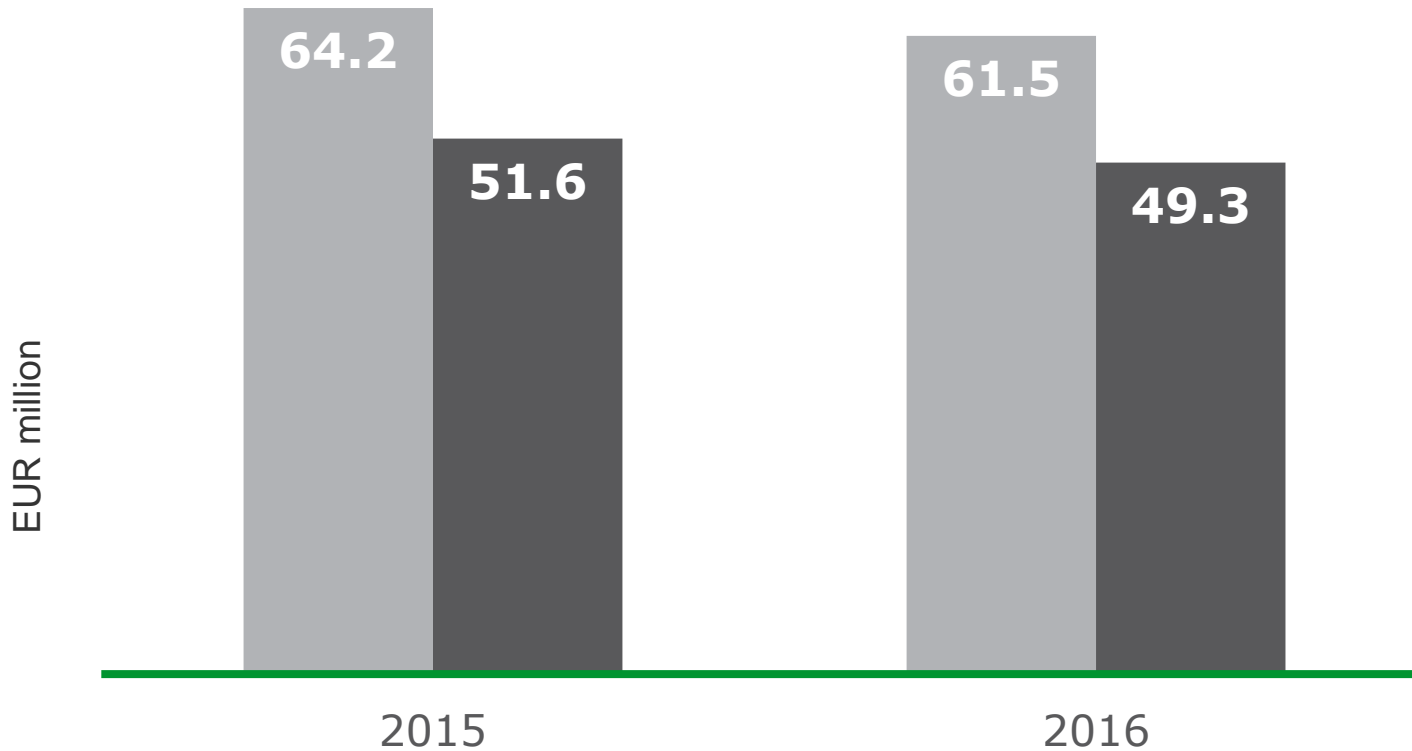


EARNINGS PER SHARE 2016



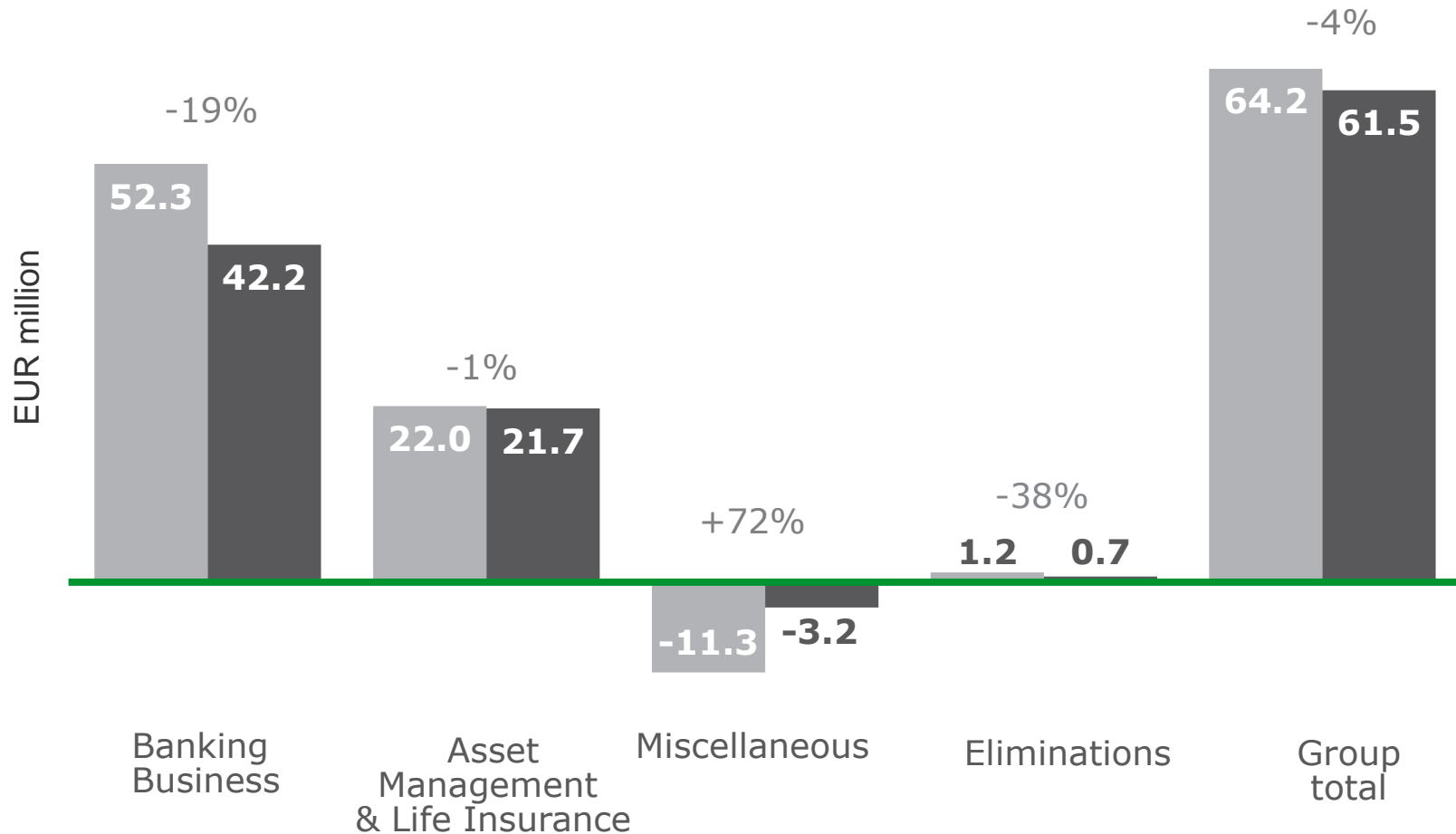
- Earnings per share, EPS
- Total earnings per share

RESULT BEFORE AND AFTER TAX



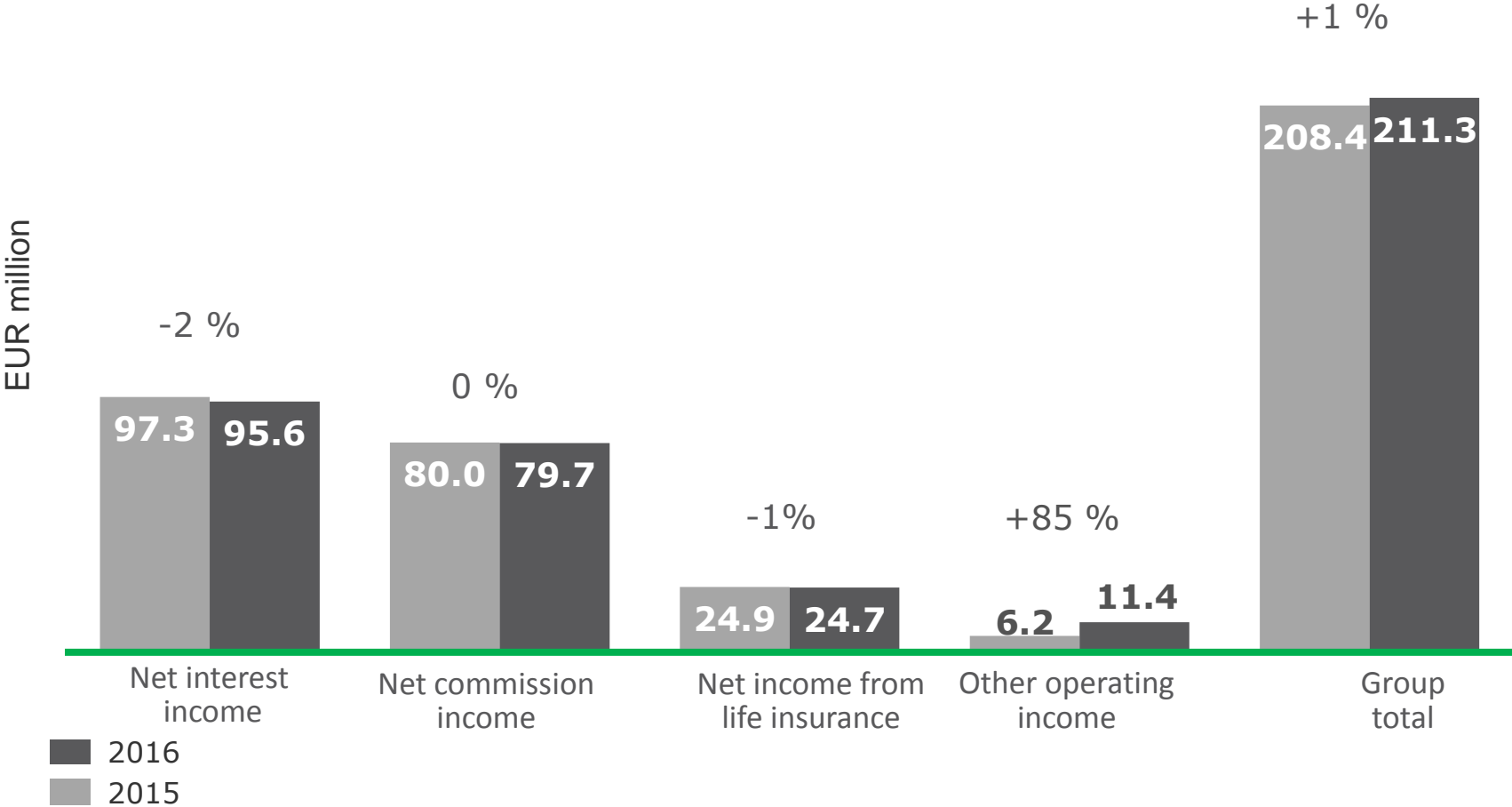
■ Pre-tax result
■ Result after tax

THE SEGMENTS' CONTRIBUTION TO THE OPERATING PROFIT



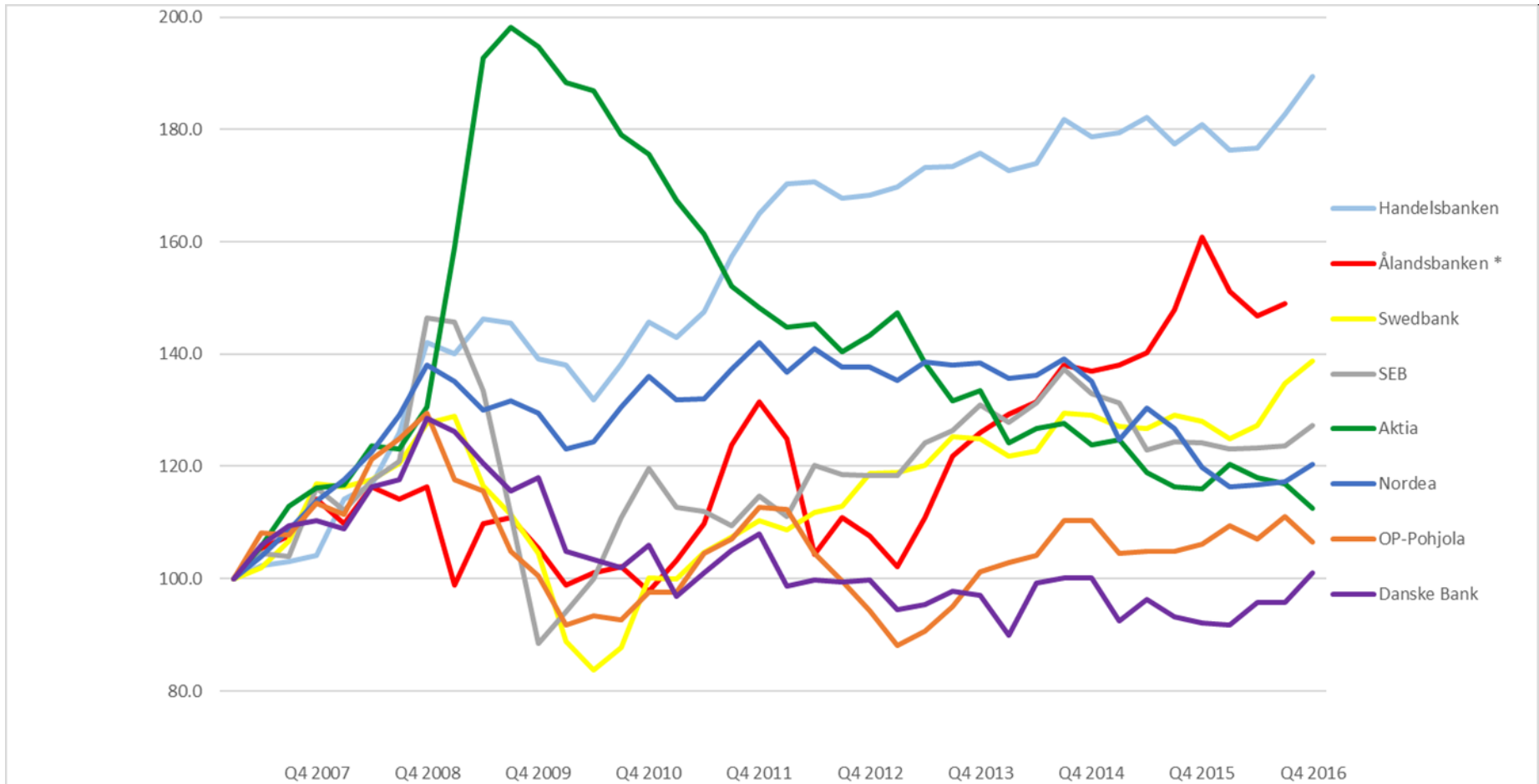
2016
 2015

INCOME



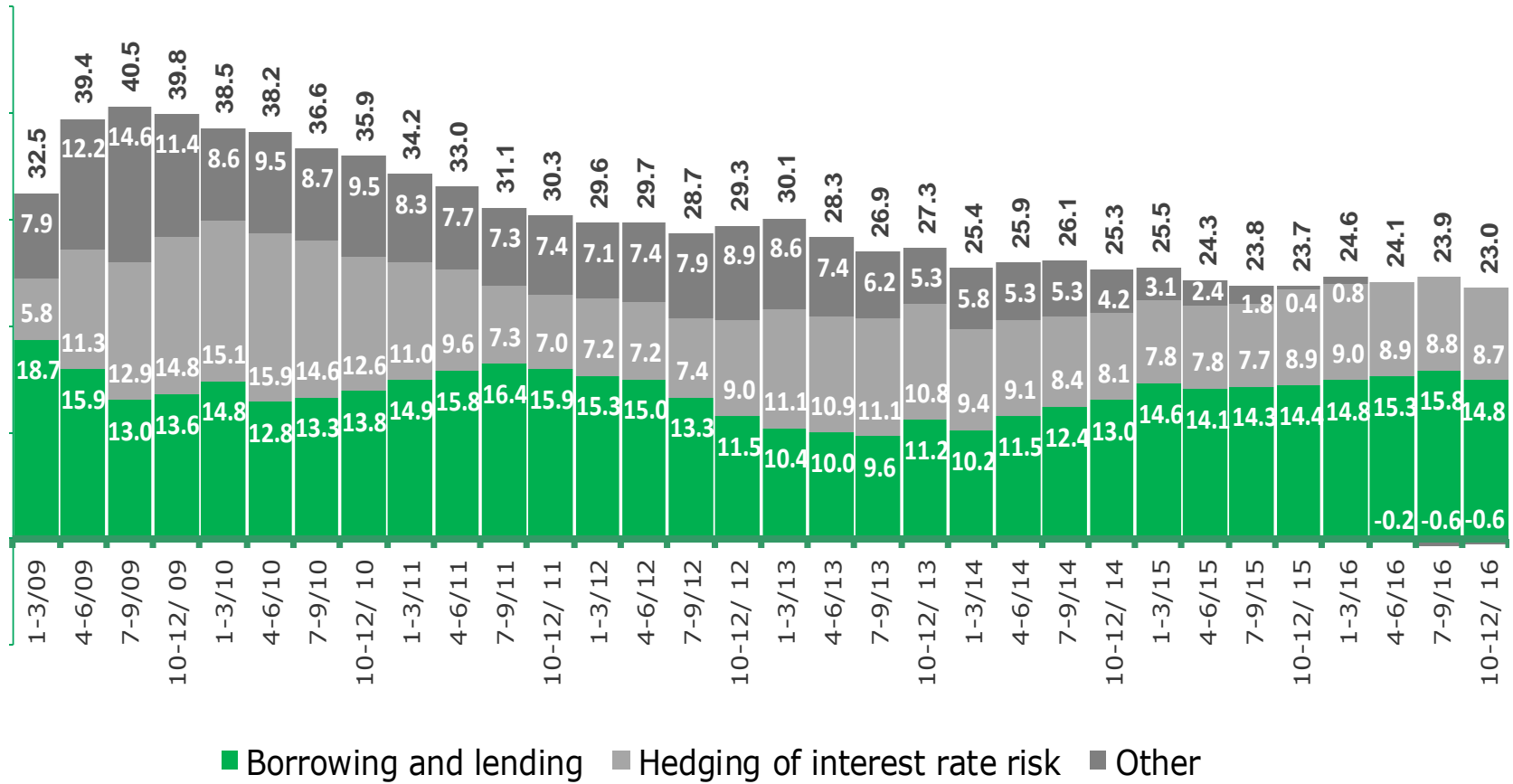
NET INTEREST INCOME (1/2007 = 100)

NORDIC BANKS

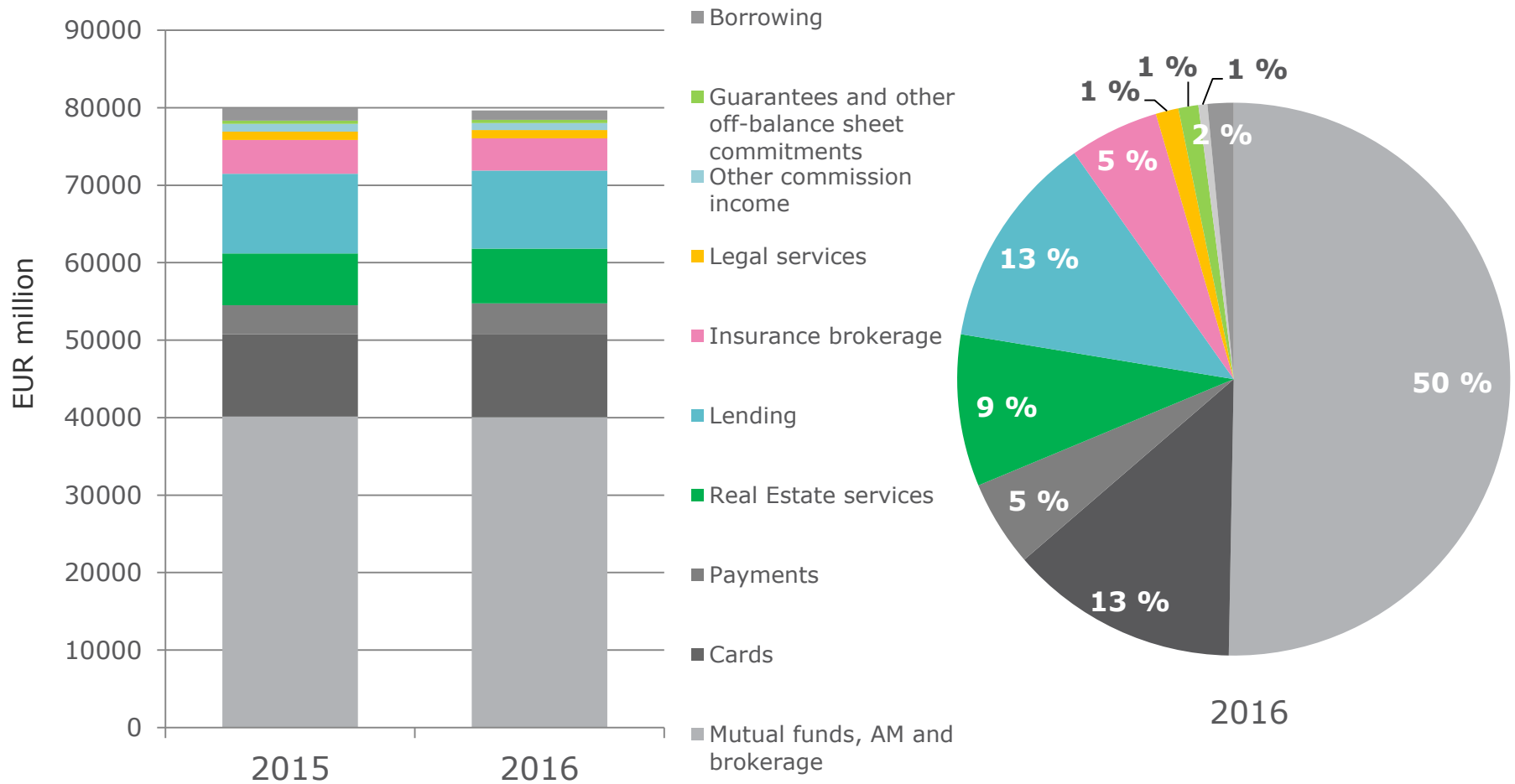


NET INTEREST INCOME (NII)

EUR million



NET COMMISSION INCOME DISTRIBUTION



SUCCESSFUL INSTITUTIONAL ASSET MANAGEMENT

- **An accredited Fixed Income fund house**

- The 5 year track of the fund *Aktia Emerging Market Local Currency Bond+* is ranked #1
- Incl. new *Aktia EM Local Currency Frontier Bond+* the total AUM of Aktia's EMD funds add up > EUR 1,1bn

- **Aktia strengthens its profile in equity fund management**

- New fund "*Aktia Nordic Micro Cap*" now manages nearly EUR 50 million

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 2015

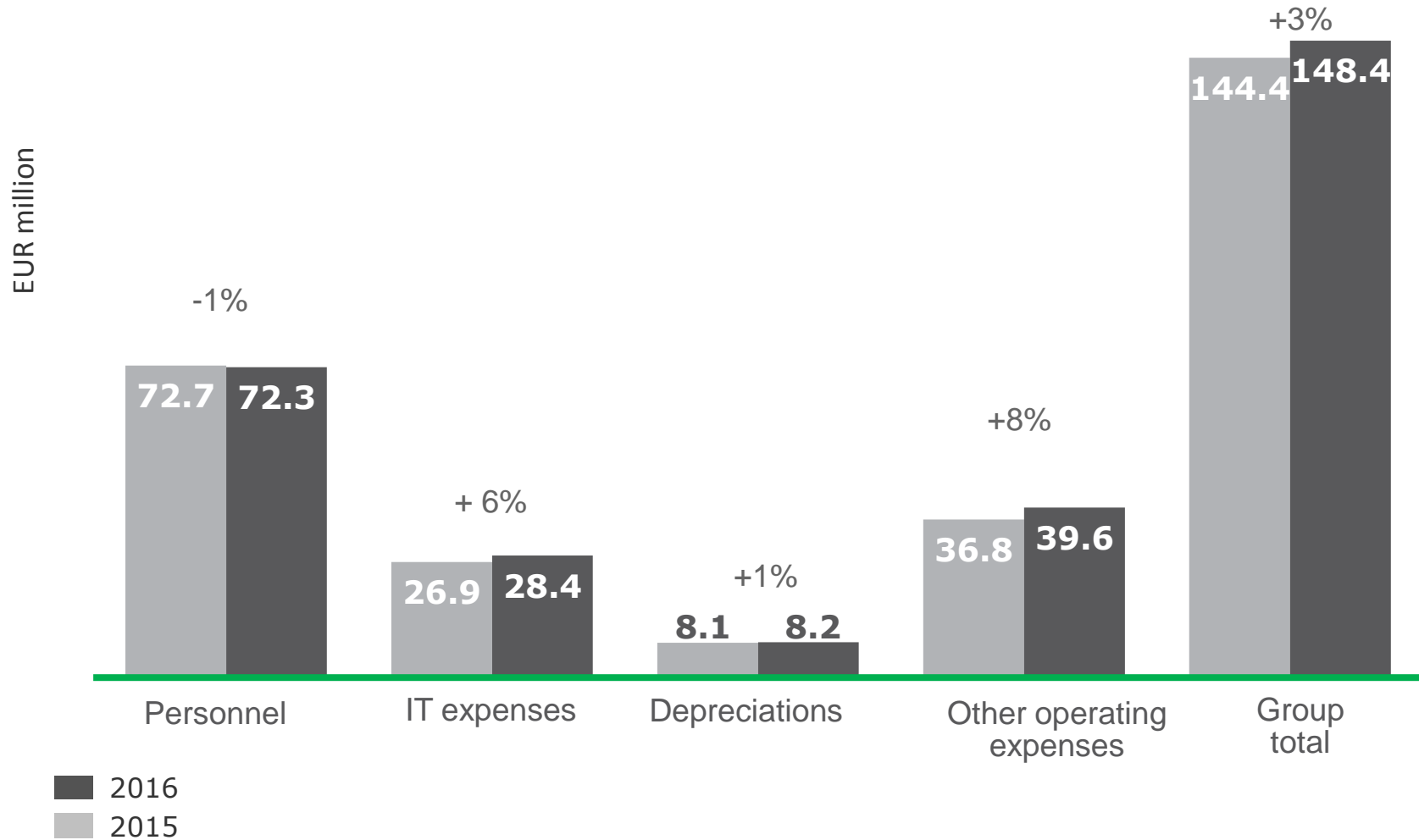
Nordic Fund Selection Awards (Tell Media Group)

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

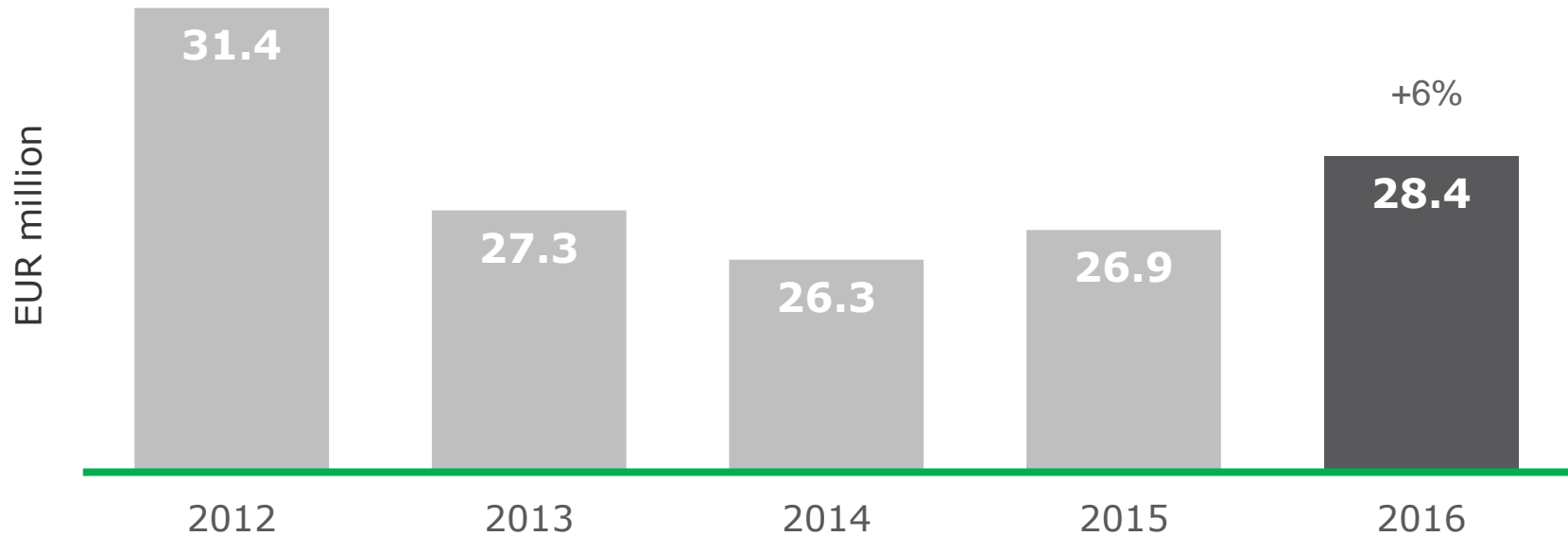
ASSET MANAGEMENT & LIFE INSURANCE ASSETS UNDER MANAGEMENT

| (EUR million) | 31.12.2016 | 31.12.2015 | Change % |
|------------------------|-------------------|-------------------|-----------------|
| Aktia Fund Management | 4,238 | 3,764 | 13% |
| Aktia Asset Management | 6,796 | 6,011 | 13% |
| Aktia Life Insurance | 723 | 667 | 8% |
| Eliminations | -5,233 | -4,655 | 12% |
| Total | 6,523 | 5,788 | 13% |

EXPENSES



IT EXPENSES

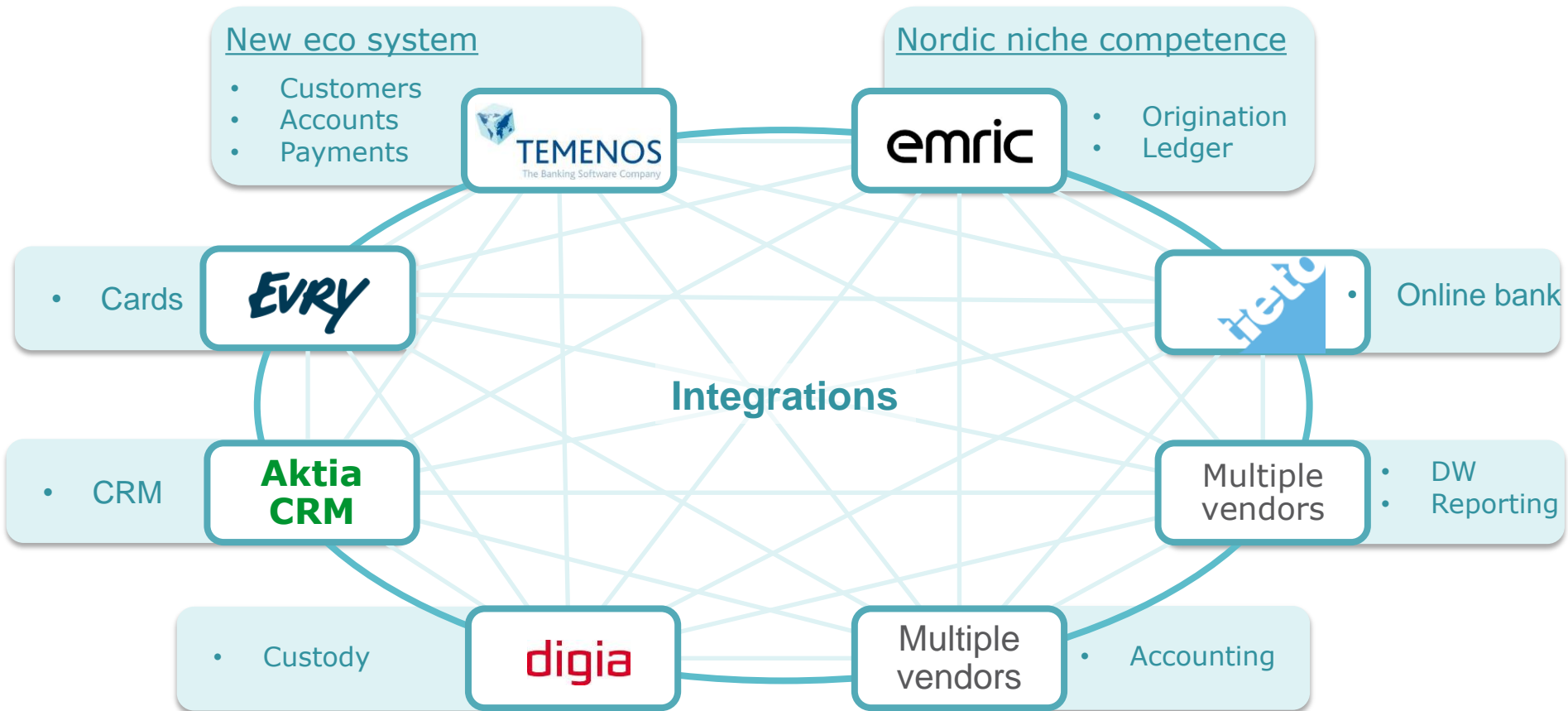


- In 2012 a larger one-off cost/provision for change of IT provider
- Provision 31 Dec 2016; EUR 1.4 million
- Provisions released during 2016 EUR +0.9 (+1.2) million

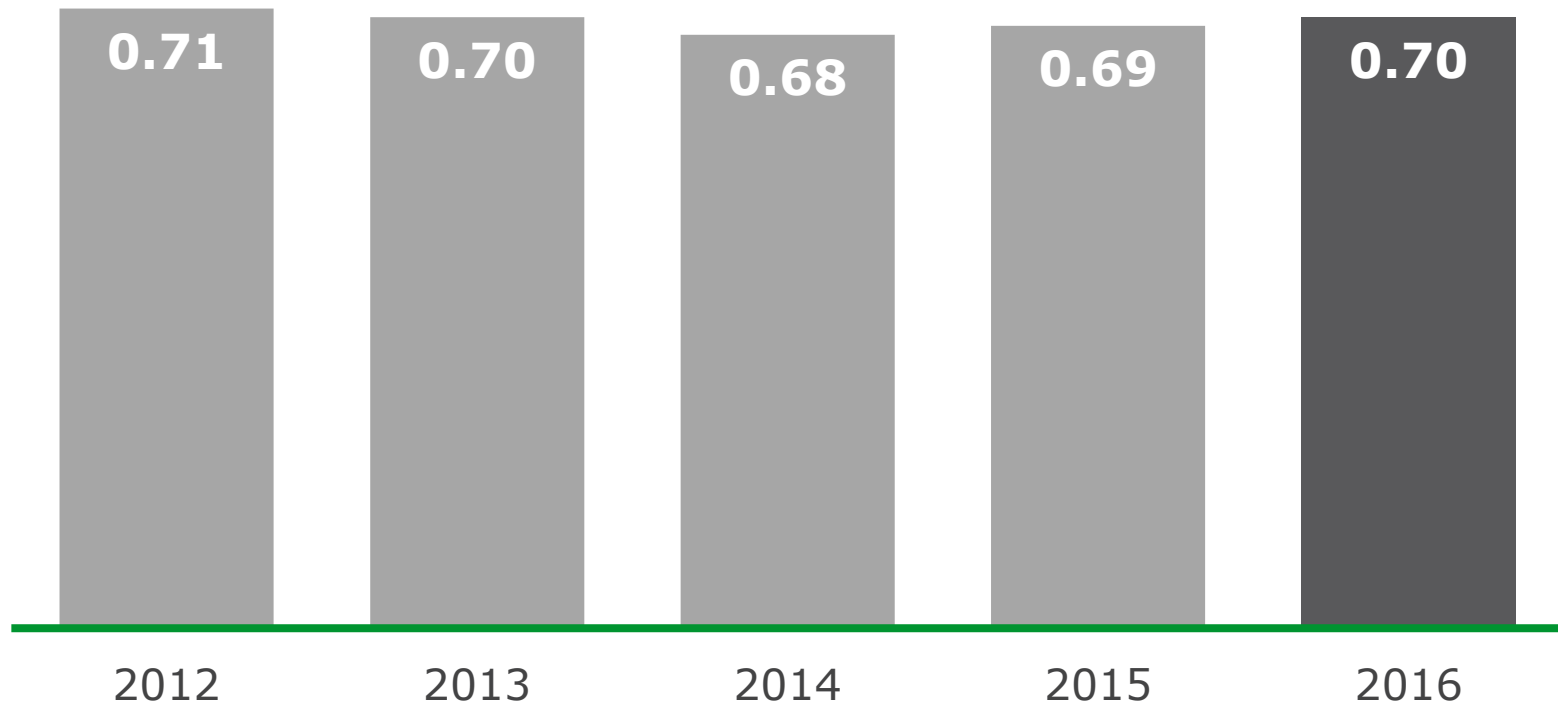
Core banking project:

- Cumulative investment as per 31 Dec 2016; EUR 54 million
- Impact on result through depreciations from implementation 2017 →

THE NEW CORE BANKING SYSTEM WILL BE GRADUALLY IMPLEMENTED AS OF Q1 2017



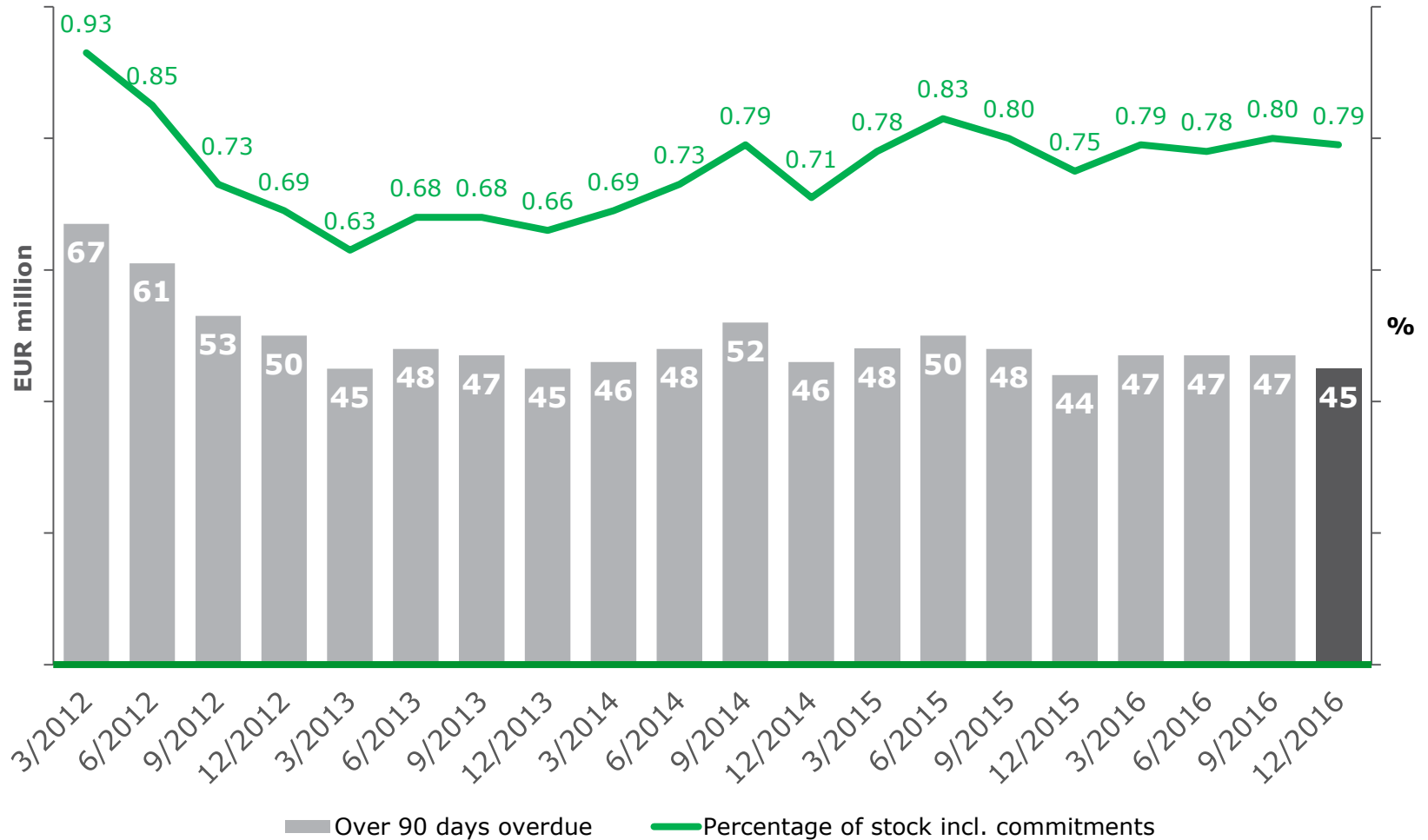
AKTIA GROUP COST-INCOME RATIO



WRITE-DOWNS ON CREDITS AND OTHER COMMITMENTS

- Total write-downs on credits and other commitments during the period stood at EUR -2.2 (-0.3) million.
- Of these write-downs, EUR -1.2 (-0.8) million were attributable to households and EUR -1.0 (+0.5) to companies.

NON-PERFORMING LOANS MORE THAN 90 DAYS OVERDUE

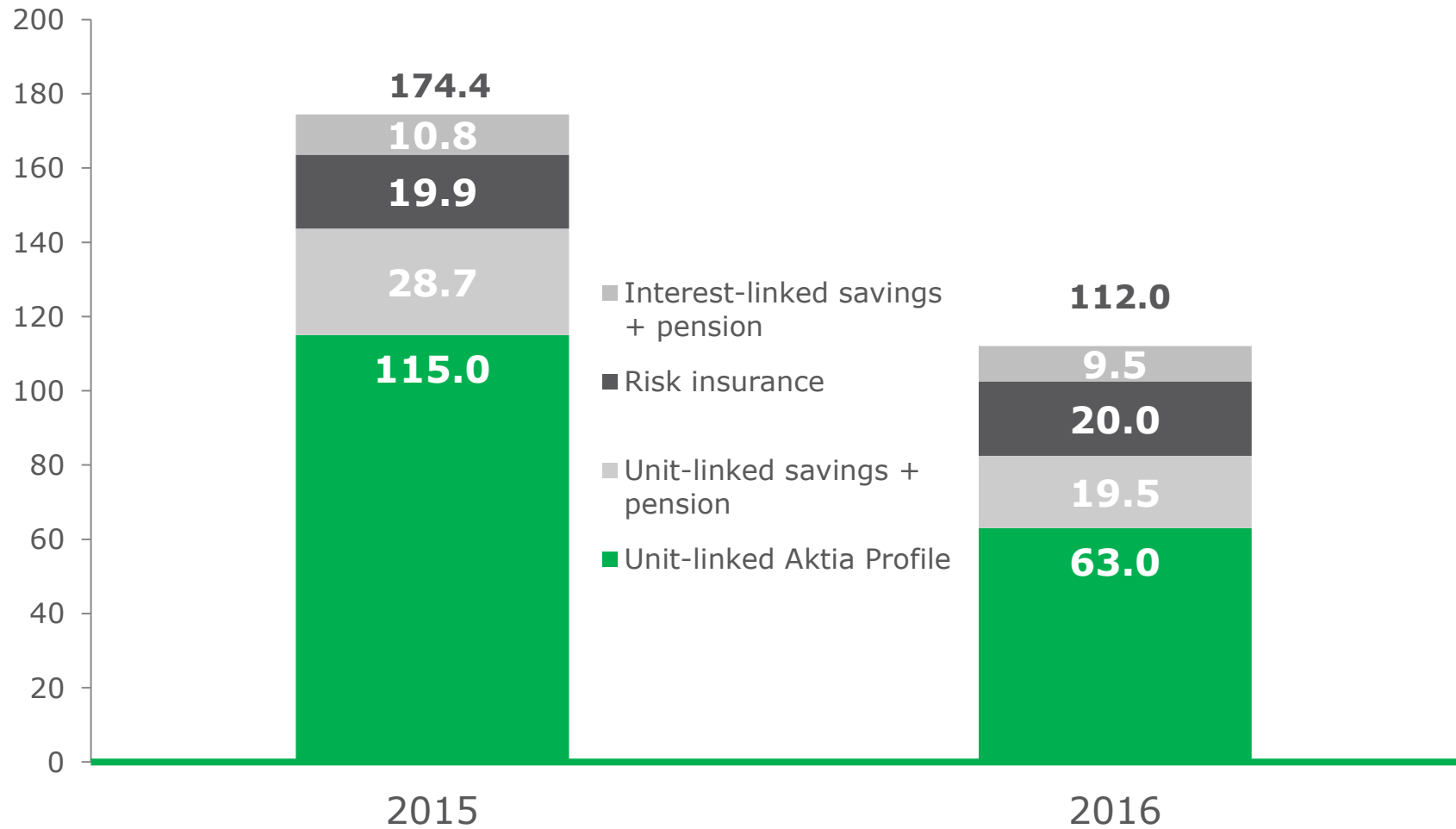


NON-PERFORMING LOANS BY DAYS OVERDUE

| Days | 31.12.2016 | % of loan book | 31.12.2015 | % of loan book |
|---------------------|-------------------|-----------------------|-------------------|-----------------------|
| 3-30 | 57 | 1.00 | 76 | 1.29 |
| of which households | 52 | 0.91 | 71 | 1.20 |
| 31-89 | 28 | 0.49 | 28 | 0.48 |
| of which households | 23 | 0.41 | 26 | 0.44 |
| 90- | 46 | 0.79 | 44 | 0.75 |
| of which households | 38 | 0.67 | 37 | 0.63 |

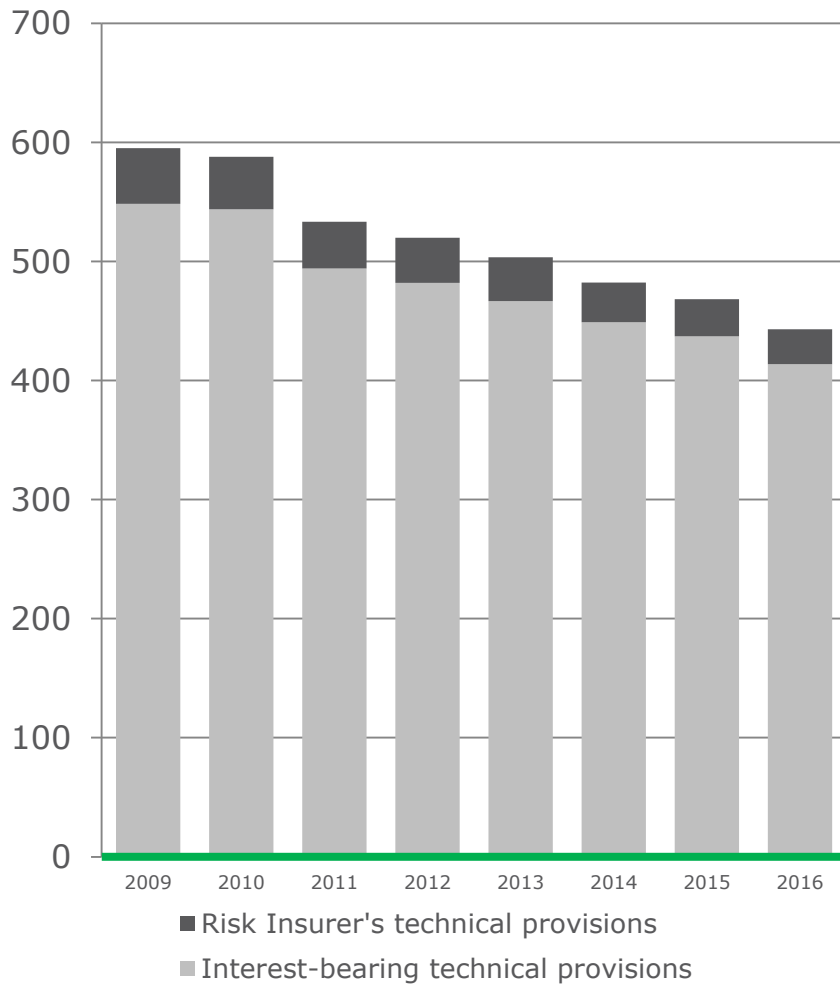
LIFE INSURANCE, PREMIUMS WRITTEN

EUR million

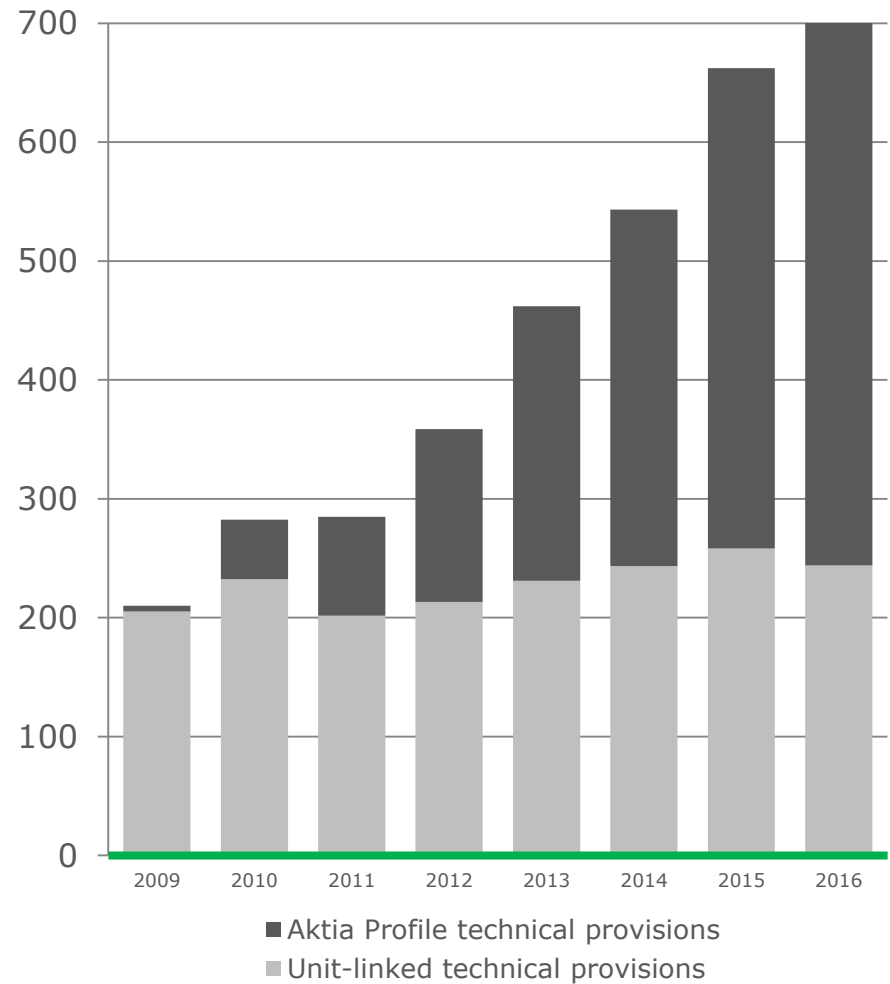


INTEREST-LINKED INSURANCE DECREASED, UNIT-LINKED INCREASED

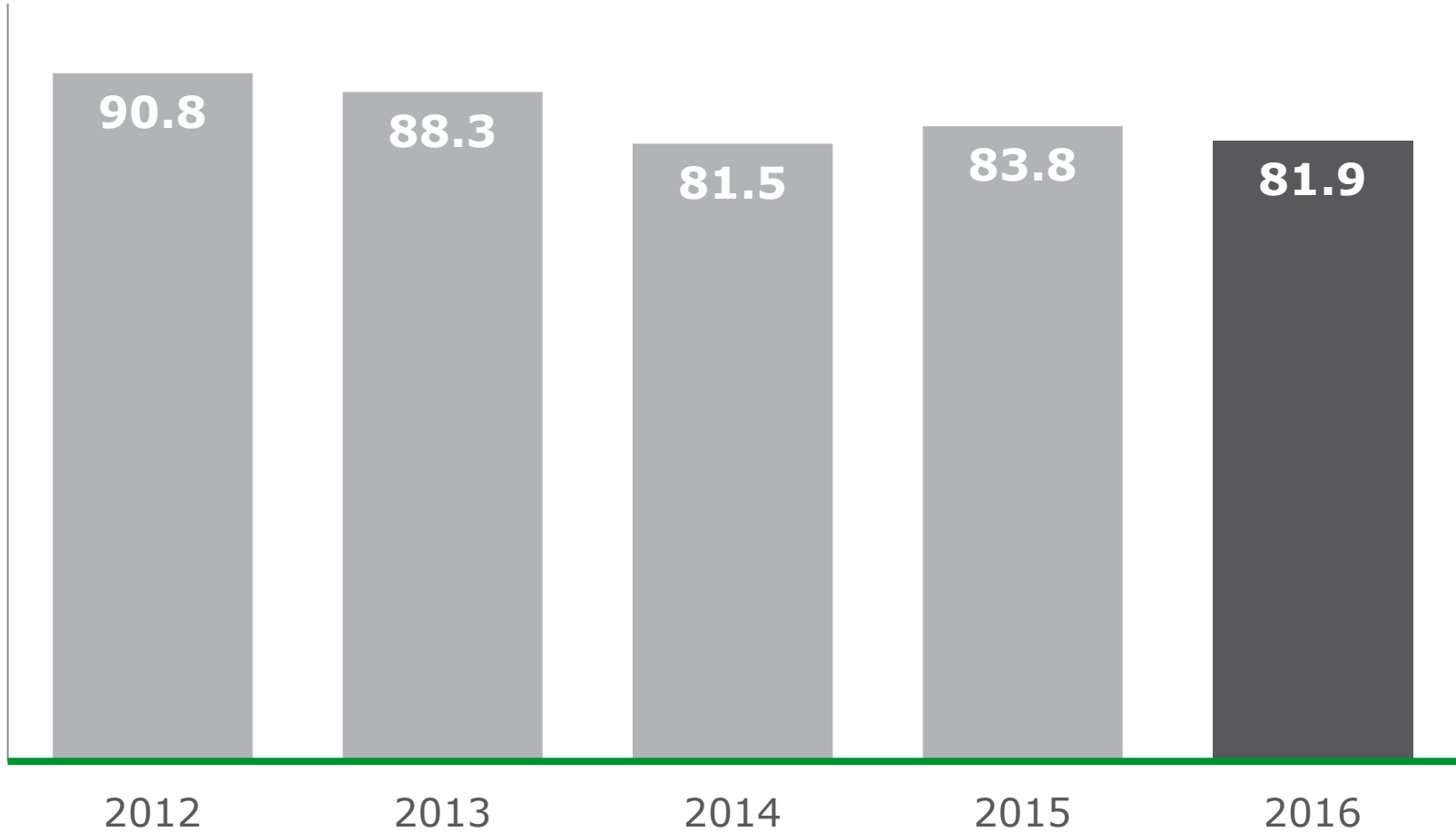
EUR million



EUR million



EXPENSE RATIO FOR LIFE INSURANCE, %

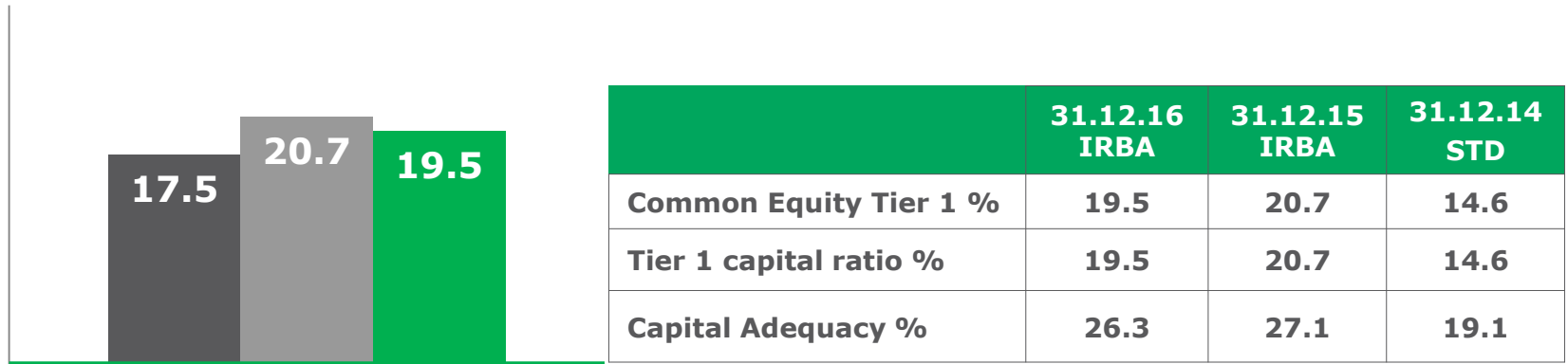


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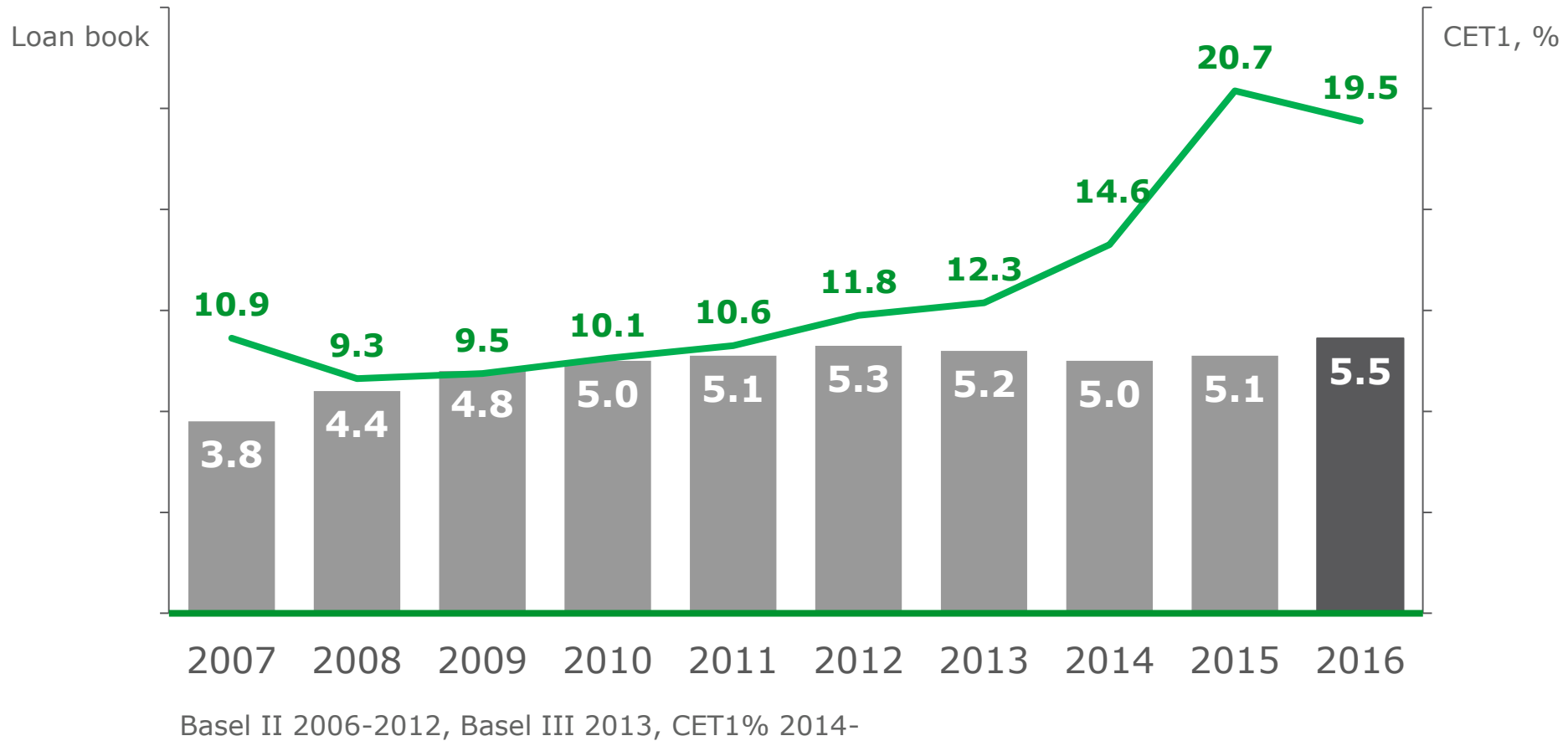
CAPITAL ADEQUACY

- 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 56 (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 14% (STD 35%).



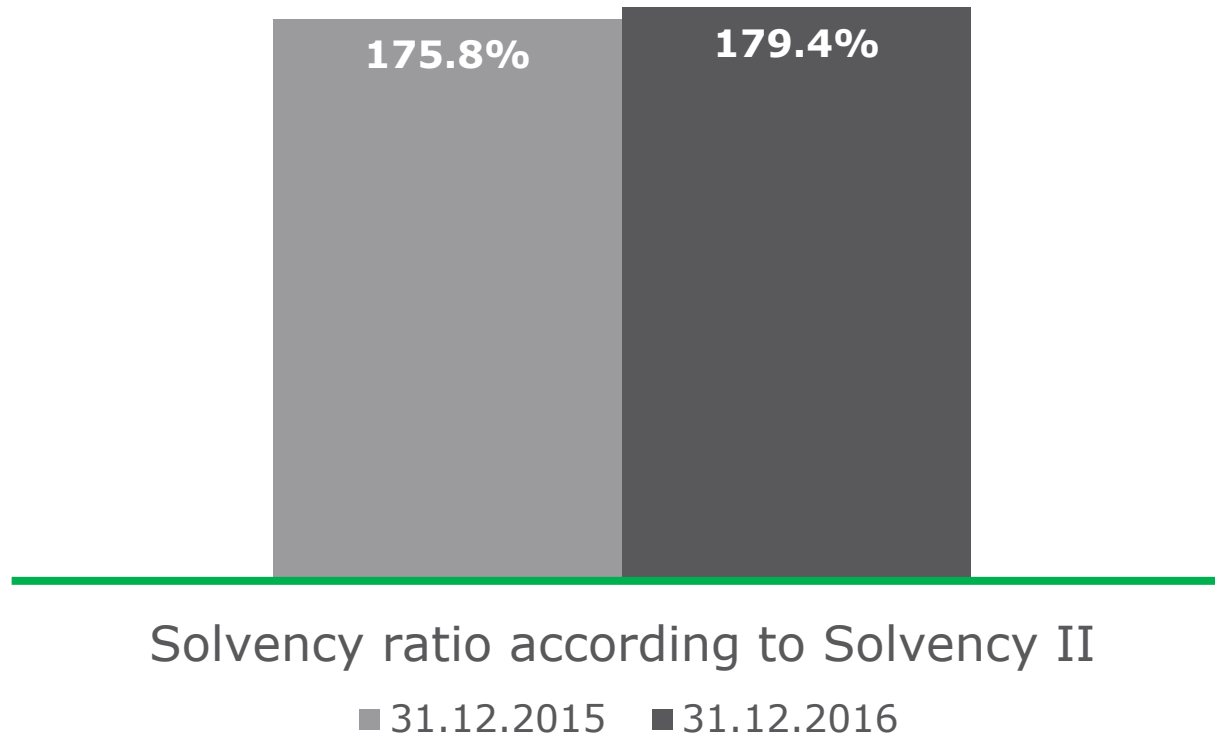
- Average for Finnish Banks 2015
- Aktia 2015
- Aktia 2016

LOAN BOOK (1,000 MILLION) VS. CET 1 (%)



LIFE INSURANCE SOLVENCY RATIO

Solvency ratio = Solvency capital/Solvency capital requirement (SCR) x 100



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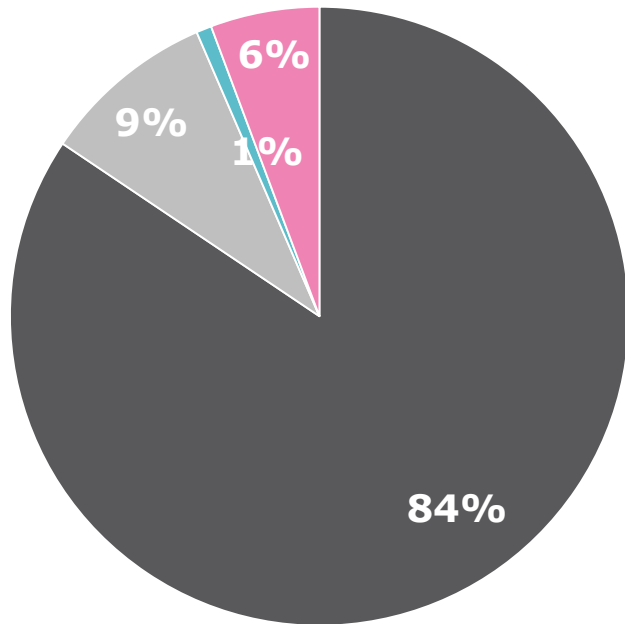
BALANCE & EQUITY 31 DECEMBER 2016

- **Total Assets EUR 9.5bn (-4%)**
 - Decline in assets due to phasing-out of Aktia REMB
- **Lending to public EUR 5.7bn**
 - Growth in Aktia's own loan book of EUR +416 million since year-end
 - Loan book stock through REMB decreased EUR -555 million
- **Treasury's Liquidity portfolio EUR 1.8bn**
 - Total portfolio EUR -501 million since year-end
- **Borrowing from public EUR 4,2bn (+6%)**
 - Despite lowered interest rates
 - Increase mainly from corporates and institutions
- **Bond issues EUR 2.5bn (-18%)**
 - Aktia REMB Covered bonds EUR 480 million fell into maturity in June
- **Aktia Life Insurance unit-linked stock EUR 719 million (+9%)**
 - Volatile capital market early in the year-recovery as of Q2
- **Equity EUR 613 million (31 Dec 2015: EUR 615 million)**
 - Fund at fair value; EUR 67 million (EUR 75m)

CREDIT AND DEPOSIT STOCKS 31 DECEMBER 2016

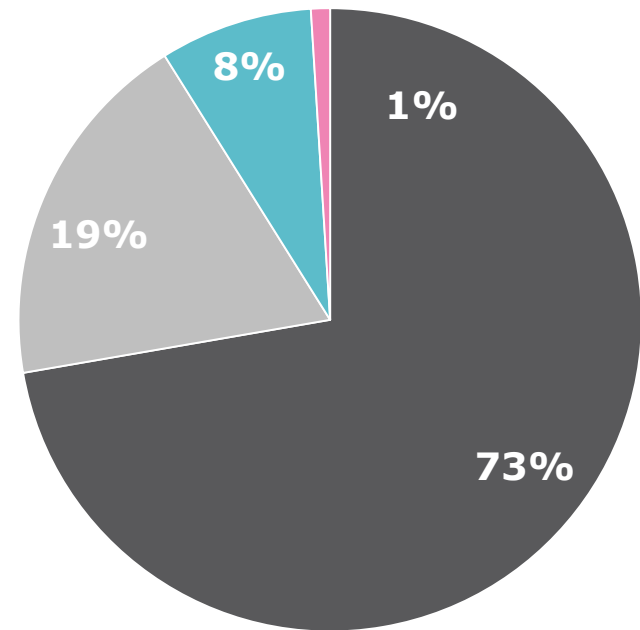
Credits

EUR 5,717 (5,856) million



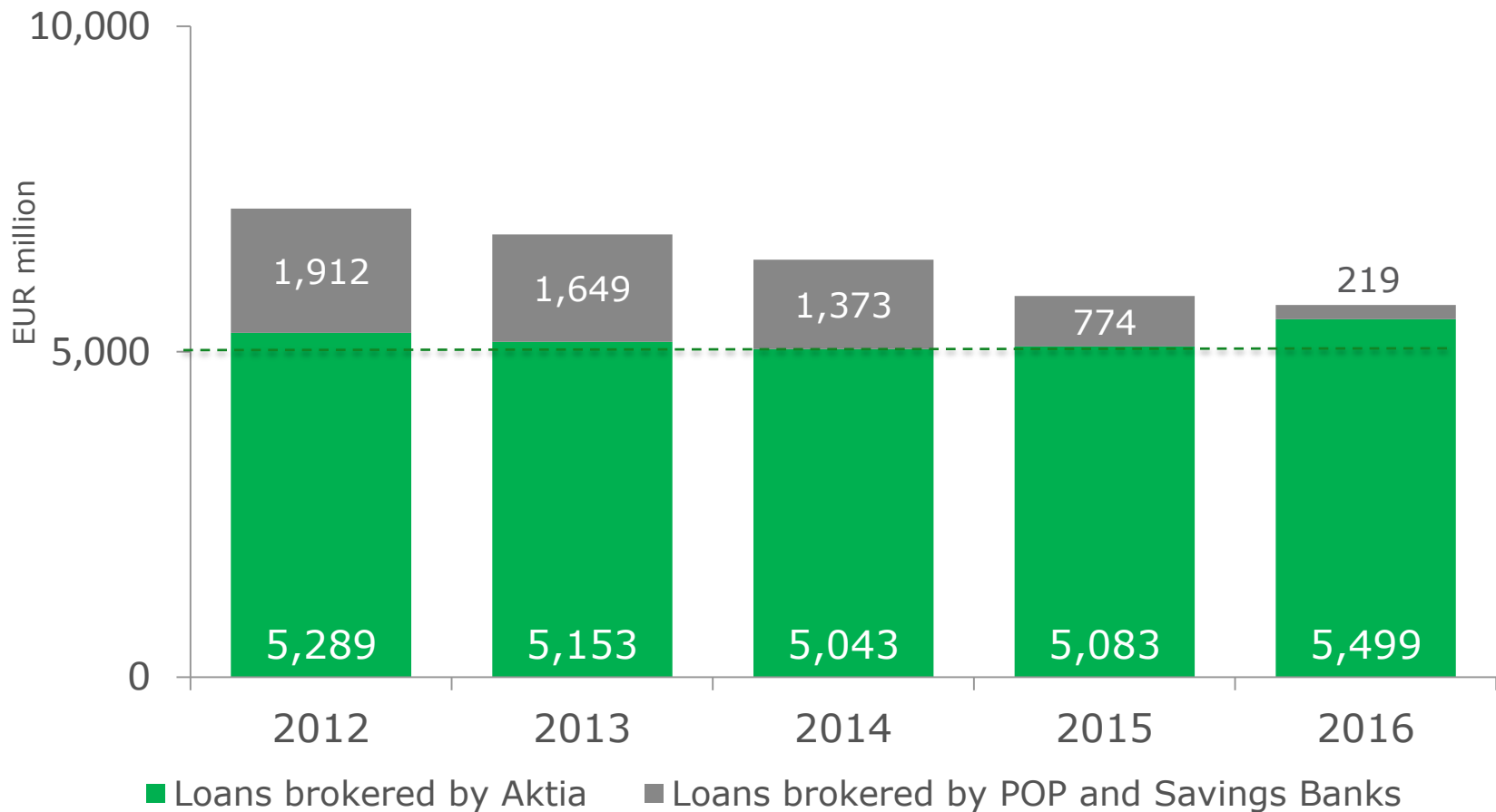
Deposits

EUR 4,164 (3,922) million



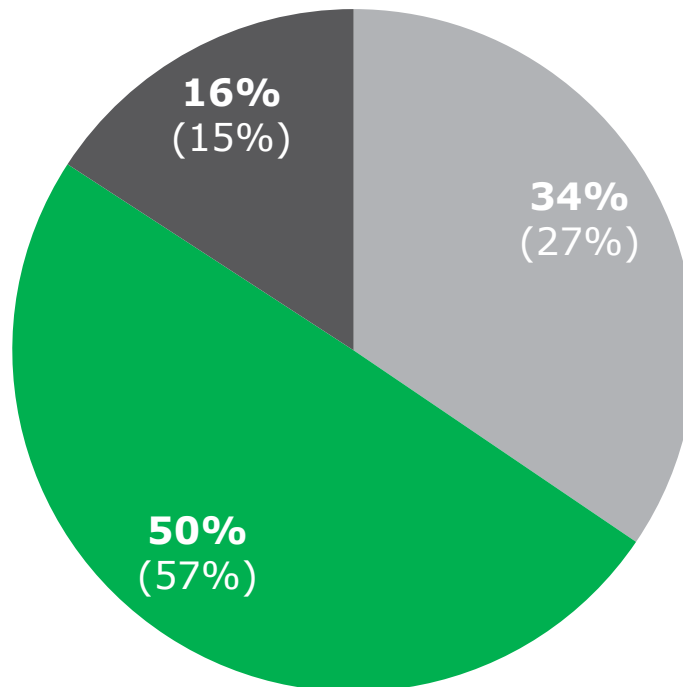
- Households
- SME
- Non-profit and public organisations
- Housing companies

LOAN BOOK DEVELOPMENT 2012-2016



THE BANK GROUP'S LIQUIDITY PORTFOLIO AND OTHER INTEREST-BEARING INVESTMENTS

EUR 1,794 million
(31 Dec 2015; 2 295 million)



- Government and government guaranteed bonds
- Covered bonds (CB)
- Financial institutes (excl CB)
- Corporate bonds

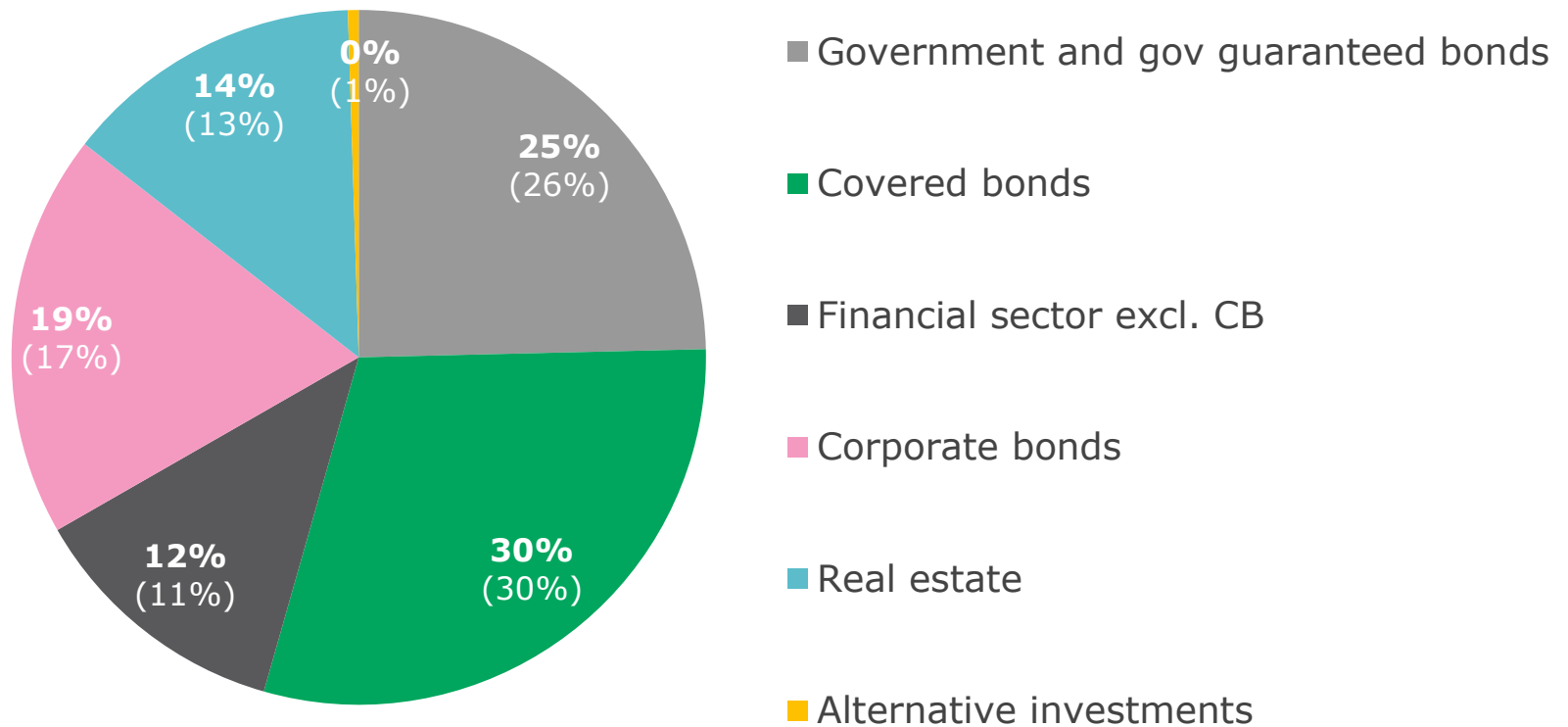
31.12.2016

LCR 31.12.2016; 209%

LIFE INSURANCE COMPANY'S INVESTMENT PORTFOLIO

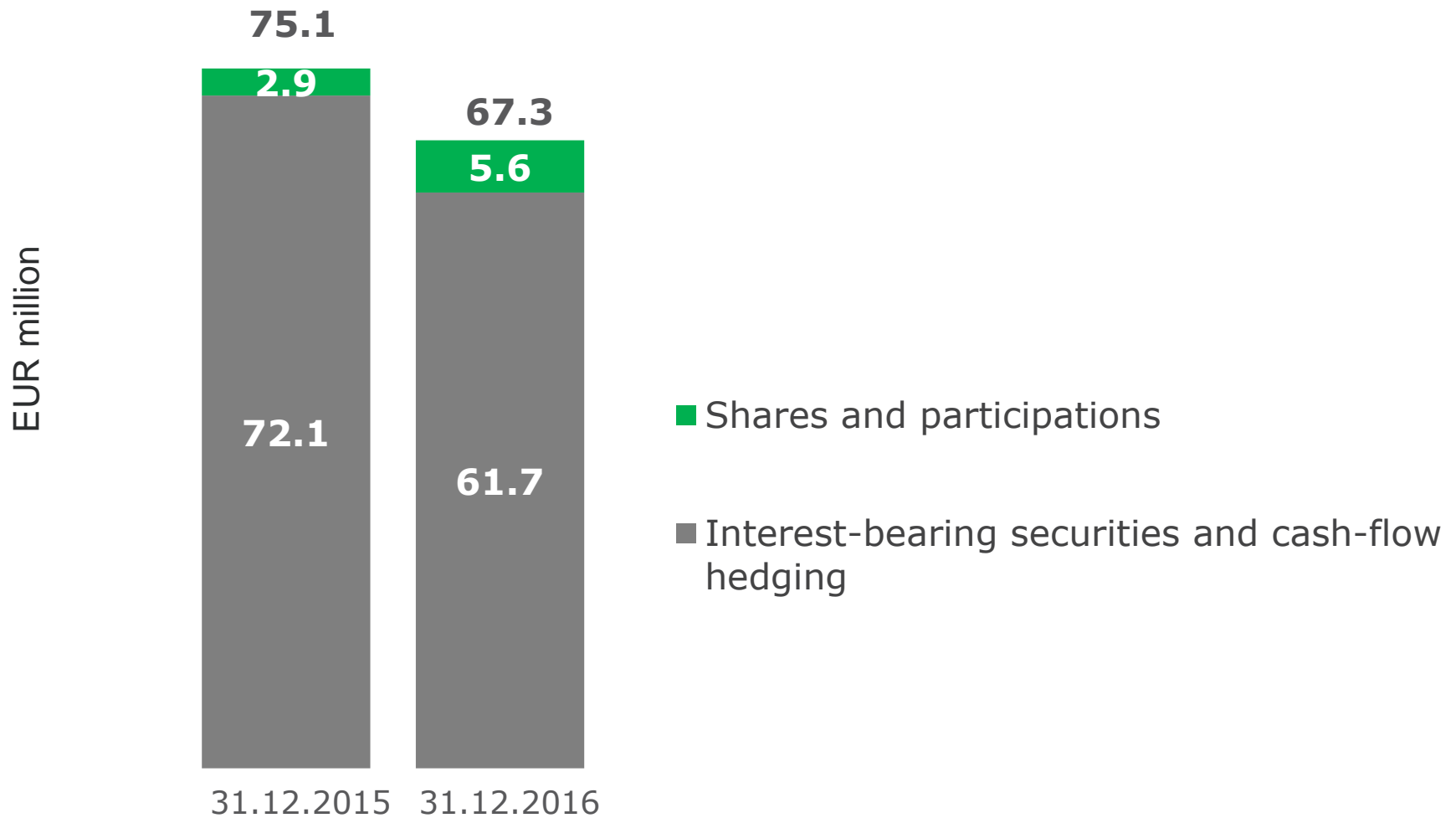
Return on investments 3.6 (1.6)%
Duration 4.2 (4.6) years

EUR 600 million
 (31 Dec 2015; EUR 609 million)



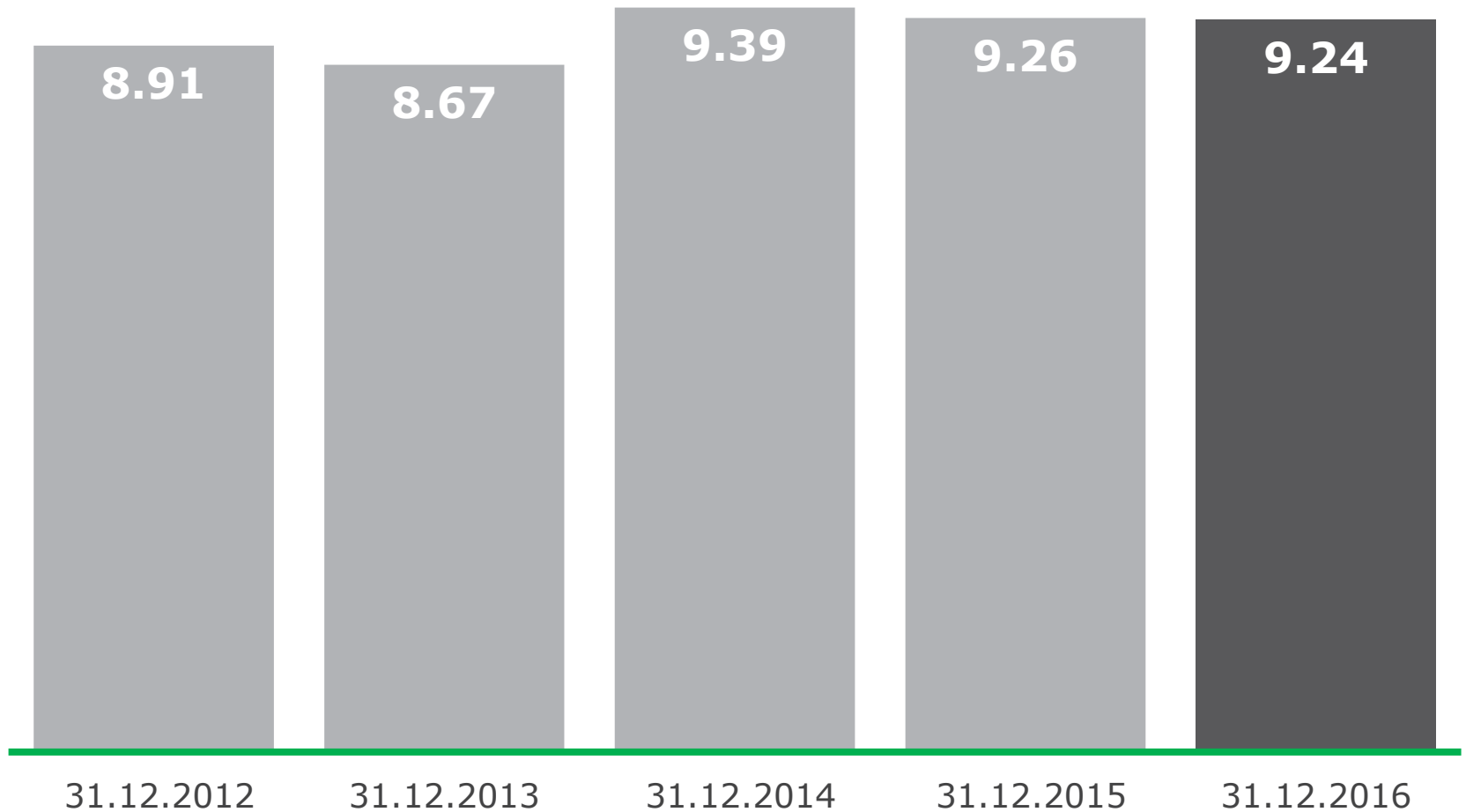
31.12.2016

DECREASE IN FUND AT FAIR VALUE



EQUITY PER SHARE (NAV)

EUR/share



SHARE CAPITAL AND OWNERSHIP 31 DEC 2016

| The 20 largest shareholders | Series A shares | Series R shares | Shares total | Shares % | Votes, % |
|--|------------------------|------------------------|---------------------|-----------------|-----------------|
| Stiftelsen Tre Smeder | 1,212,079 | 4,706,804 | 5,918,883 | 8.89 | 21.47 |
| 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) | 4,070,687 | - | 4,070,687 | 6.12 | 0.92 |
| 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 | 844,206 | 458,350 | 1,302,556 | 1.96 | 2.25 |
| Savings Bank foundation in Kirkkonummi | - | 1,238,708 | 1,238,708 | 1.86 | 5.58 |
| Aktia foundation in Vantaa | - | 1,222,000 | 1,222,000 | 1.84 | 5.50 |
| 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 |
| 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 |
| Nordea (Nordea Life, Fennia fund, Nordea Bank plc) | 628,537 | - | 628,537 | 0.94 | 0.14 |
| 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 | 26,030,689 | 16,281,726 | 42,312,415 | 63.55 | 79.17 |
| Other | 20,676,034 | 3,590,362 | 24,266,396 | 36.45 | 20.83 |
| Total | 46,706,723 | 19,872,088 | 66,578,811 | 100.00 | 100.00 |

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OUTLOOK FOR 2017

The continued low interest rates have a negative impact on the yield from Aktia's liquidity portfolio, resulting in lower net interest income than in 2016.

Write-downs on credits are expected to remain low in 2017.

The operating profit for 2017 is estimated to be lower than in 2016, as no larger one-time gains are expected.

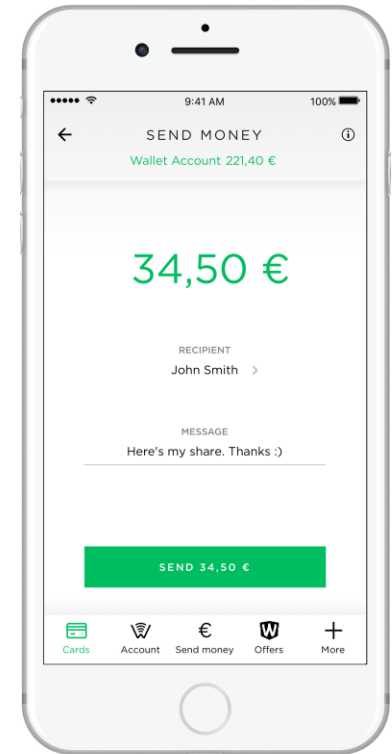
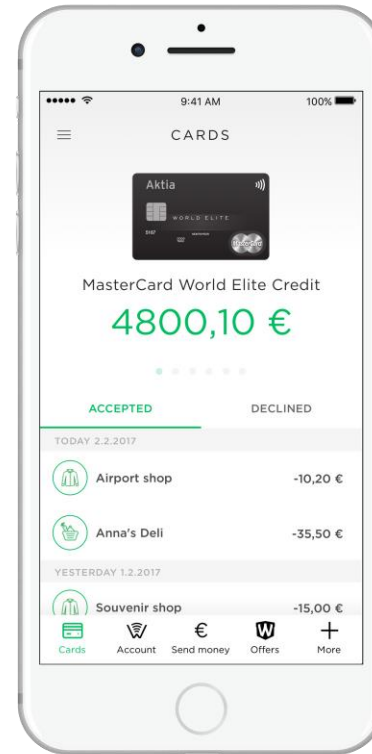
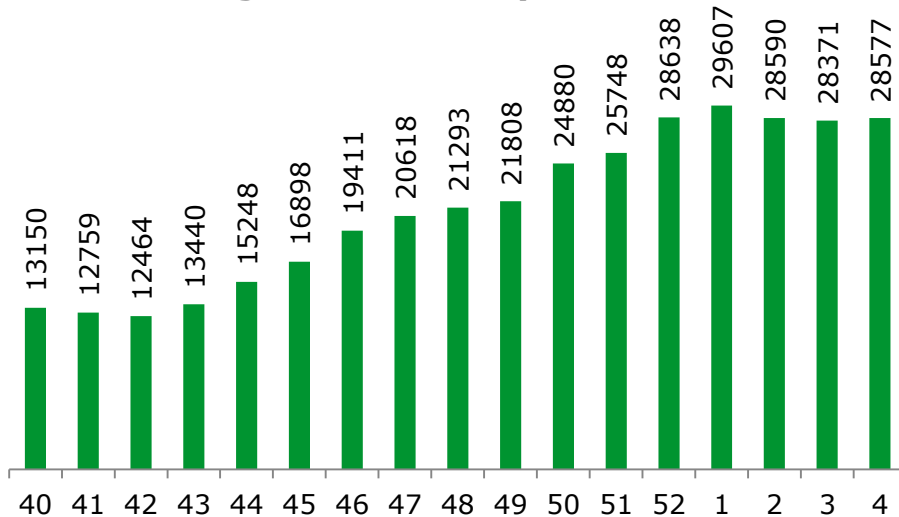
GROWTH 2018

- Aktia's objective is to double the annual number of new primary customers before the end of 2018.
 - During 2016 new private and corporate primary customers; ca 2,000 (1,300)
 - Aim 2017: 3,000 new private and corporate primary customers
- 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

NEW AKTIA WALLET APPLICATION

- More than 30,000 downloads since the launch

Single *Aktia* Wallet-users during the last 30 days



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

| | 2016 | 2015 | Change % | Objectives for 2018 |
|------------------|-------------|-------------|---------------------------------------|---------------------|
| C/I ratio | 0.70 | 0.69 | +1% | -10% |
| ROE % | 8.0 | 7.9 | +2% | ≥9 % p.a. |
| CET1 % | 19.5 | 20.7 | -1.2 percentage points | ≥ 15% |

BALANCE SHEET, ASSETS

| (EUR million) | 31 Dec 2016 | 31 Dec 2015 | Δ |
|--|----------------|----------------|-------------|
| Assets | | | |
| Cash and balances with central banks | 380.1 | 268.4 | 42 % |
| Interest-bearing securities | 1,739.3 | 2,103.2 | -17 % |
| Shares and participations | 101.3 | 94.4 | 7 % |
| Financial assets available for sale | 1,840.5 | 2,197.6 | -16 % |
| Financial assets held until maturity | 445.3 | 481.7 | -8 % |
| Derivative instruments | 132.2 | 172.5 | -23 % |
| Lending to Bank of Finland and other credit institutions | 43.1 | 43.9 | -2 % |
| Lending to the public and public sector entities | 5,717.4 | 5,856.3 | -2 % |
| Loans and other receivables | 5,760.5 | 5,900.2 | -2 % |
| Investments for unit-linked insurances | 723.1 | 667.7 | 8 % |
| Investments in associated companies | 0.0 | 0.0 | - |
| Intangible assets | 63.7 | 50.8 | 26 % |
| Investment properties | 58.1 | 53.7 | 8 % |
| Other tangible assets | 7.7 | 8.7 | -12 % |
| Accrued income and advance payments | 46.6 | 51.6 | -10 % |
| Other assets | 20.2 | 18.2 | 11 % |
| Total other assets | 66.8 | 69.8 | -4 % |
| Income tax receivables | 0.2 | 0.8 | -74 % |
| Deferred tax receivables | 7.8 | 9.7 | -20 % |
| Tax receivables | 8.0 | 10.5 | -24 % |
| Total assets | 9,486.0 | 9,881.5 | -4 % |

BALANCE SHEET, EQUITY & LIABILITIES

| (EUR million) | 31 Dec 2016 | 31 Dec 2015 | Δ |
|---|----------------|----------------|-------------|
| Liabilities | | | |
| Liabilities to Bank of Finland and credit institutions | 508.9 | 474.8 | 7 % |
| Liabilities to the public and public sector entities | 4,164.3 | 3,922.0 | 6 % |
| Deposits | 4,673.1 | 4,396.8 | 6 % |
| Derivative instruments | 54.3 | 86.2 | -37 % |
| Debt securities issued | 2,476.7 | 3,033.4 | -18 % |
| Subordinated liabilities | 243.6 | 235.0 | 4 % |
| Other liabilities to credit institutions | 74.5 | 84.8 | -12 % |
| Liabilities to the public and public sector entities | 5.5 | 74.0 | -93 % |
| Other financial liabilities | 2,800.3 | 3,427.2 | -18 % |
| Technical provisions for risk insurances and interest-related insurance | 443.0 | 468.3 | -5 % |
| Technical provisions for unit-linked insurances | 719.4 | 662.2 | 9 % |
| Technical provisions | 1,162.4 | 1,130.5 | 3 % |
| Accrued expenses and income received in advance | 53.3 | 62.7 | -15 % |
| Other liabilities | 67.0 | 101.9 | -34 % |
| Total other liabilities | 120.4 | 164.6 | -27 % |
| Provisions | 1.4 | 2.3 | -40 % |
| Income tax liabilities | 1.0 | 0.9 | 2 % |
| Deferred tax liabilities | 60.0 | 57.7 | 4 % |
| Tax liabilities | 60.9 | 58.7 | 4 % |
| Total liabilities | 8,872.9 | 9,266.3 | -4 % |
| Equity | | | |
| Restricted equity | 230.3 | 238.1 | -3 % |
| Unrestricted equity | 382.8 | 377.1 | 2 % |
| Shareholders' share of equity | 613.1 | 615.2 | 0 % |
| Total liabilities and equity | 9,486.0 | 9,881.5 | -4 % |

CALENDAR 2017

| | |
|---------------------------------------|-----------|
| Annual General Meeting | 5.4.2017 |
| Proposed record date for the dividend | 7.4.2017 |
| Proposed dividend pay-out date | 21.4.2017 |
| Interim report 1-3/2017 | 11.5.2017 |
| Interim report 1-6/2017 | 8.8.2017 |
| Interim report 1-9/2017 | 8.11.2017 |

CONTACTS AND ADDITIONAL INFORMATION



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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.