

A woman and two children are running through a field of fallen autumn leaves. The woman is in the center, wearing a light-colored knit jacket and a white beanie. She is holding the hands of two children, one on either side. The child on the left is wearing a dark jacket and a dark beanie, while the child on the right is wearing a light-colored knit jacket and a dark beanie. They are all smiling and appear to be enjoying the activity. The background shows a line of trees with yellow and orange autumn foliage under a bright sky. The scene is captured in a warm, golden light, suggesting late afternoon or early morning. On the left side of the image, there are several blue vertical bars of varying heights, resembling a bar chart.

Nordea

**Third quarter results 2017**

# Disclaimer

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

# Executive summary

- Solid economic environment
  - Stable lending and deposit margins
  - Seasonally lower transaction levels in Q3
  - Low demand on capital market products coming from low volatility
- Credit quality improves as expected
- CET1 ratio maintained at 19.2%
  - Management buffer at all-time-high at 180bps
- Group Transformation enters the next phase
  - So far focus on investments in technology and build-up of capabilities in compliance and risk management
  - Investments are on track and start to deliver – time to enter the next phase of the transformation
  - Structurally lower costs and increased efficiency
- Cost base of approx. EUR4.9bn in 2018 – to come down to below EUR4.8bn in 2021

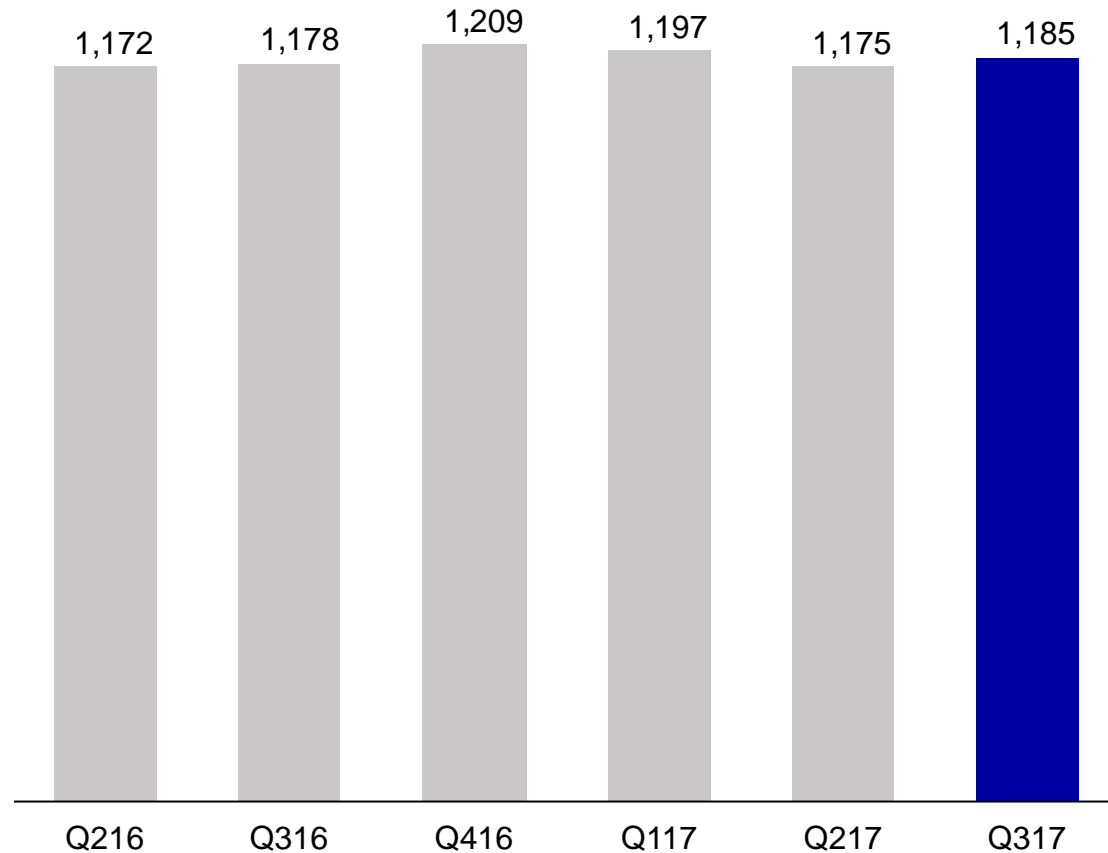


# Q3 2017 Group financial highlights

		Q3/17 vs. Q3/16*	Q3/17 vs. Q2/17*
<b>Income</b>	• Total revenues	• -4%	• -1%
	• Net Interest Income	• +1%	• +1%
	• Fee and Commission Income	• +3%	• -4%
	• Net Fair Value	• -26%	• -1%
<b>Costs</b>	• Total expenses	• +2%	• -7%
	• Staff costs	• +2%	• -5%
<b>Credit quality</b>	• Loan loss level	• 10 (16) bps	• 10 (13) bps
	• Impaired loans	• 174 bps (163 bps)	• 174 bps (172 bps)
<b>Key ratios</b>	• CET1 ratio	• 19.2% (17.9%)	• 19.2% (19.2%)
	• ROE	• 10.5% (11.6%)	• 10.5% (9.5%)
	• C/I	• 51% (48%)	• 51% (54%)

# Net Interest Income

## 6 quarters development

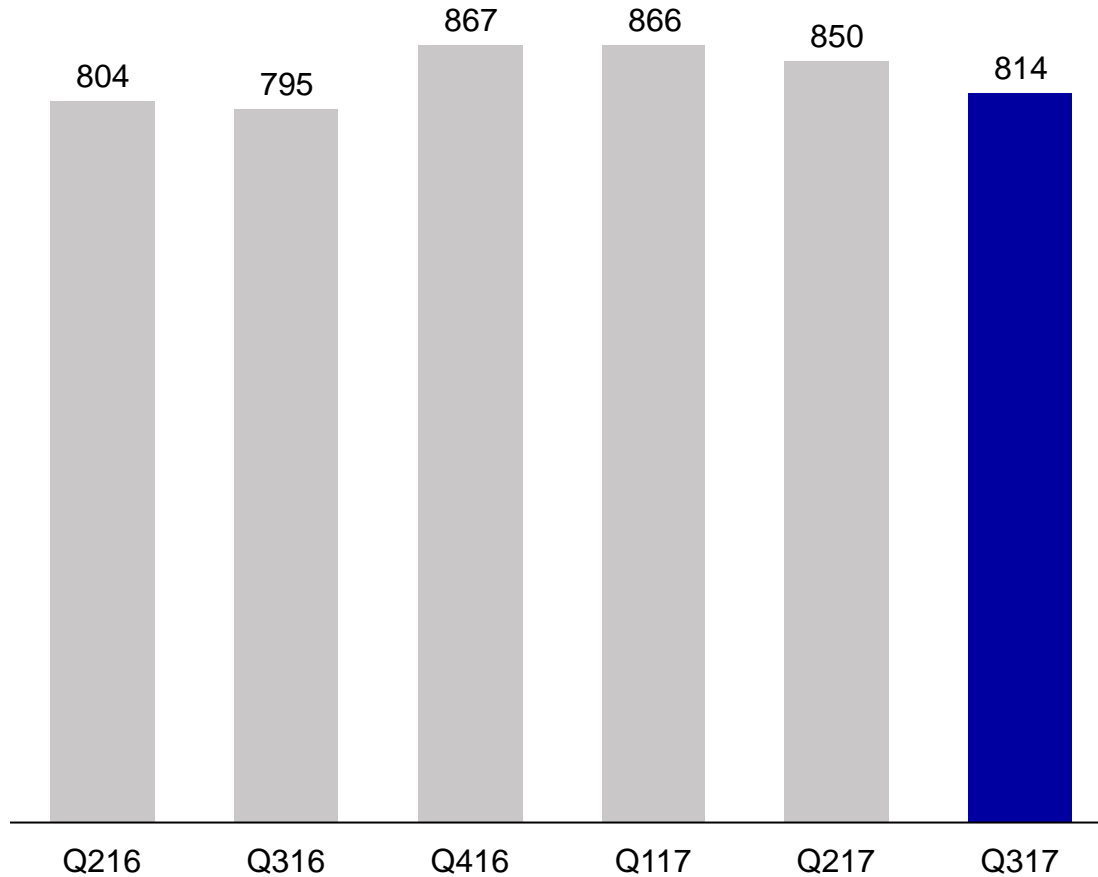


## QoQ trend

- +3% q-o-q in Personal Banking from lower funding costs
- Unchanged in Commercial and Business Banking
- Wholesale Banking down - impacted by FX and lower volumes in Shipping, Oil and Offshore and Russia

# Net Fee and Commission Income

## 6 quarters development

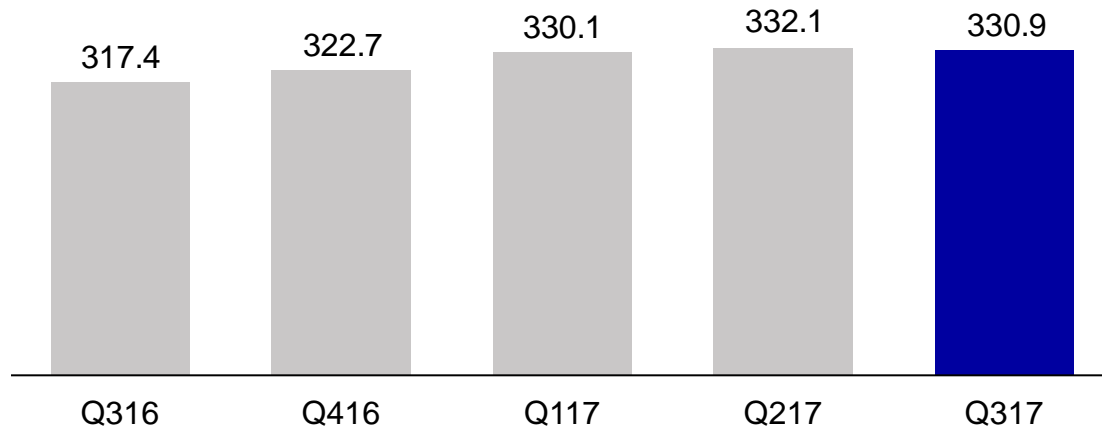


## QoQ trend

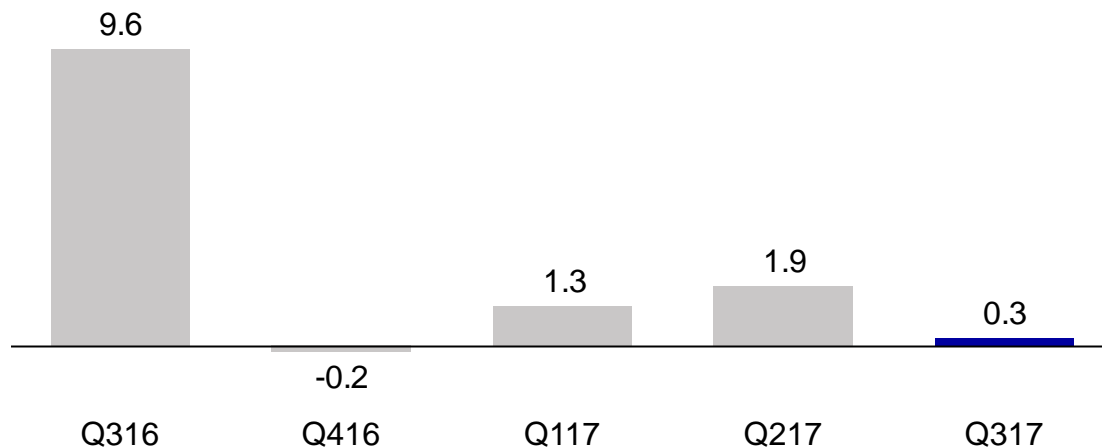
- Underlying AuM grew by 0.3% in Q3
- Seasonally lower transaction levels
- Lower fees from payments and cards

# Wealth Management with stable performance

## AuM development, EURbn



## Net flow, EURbn

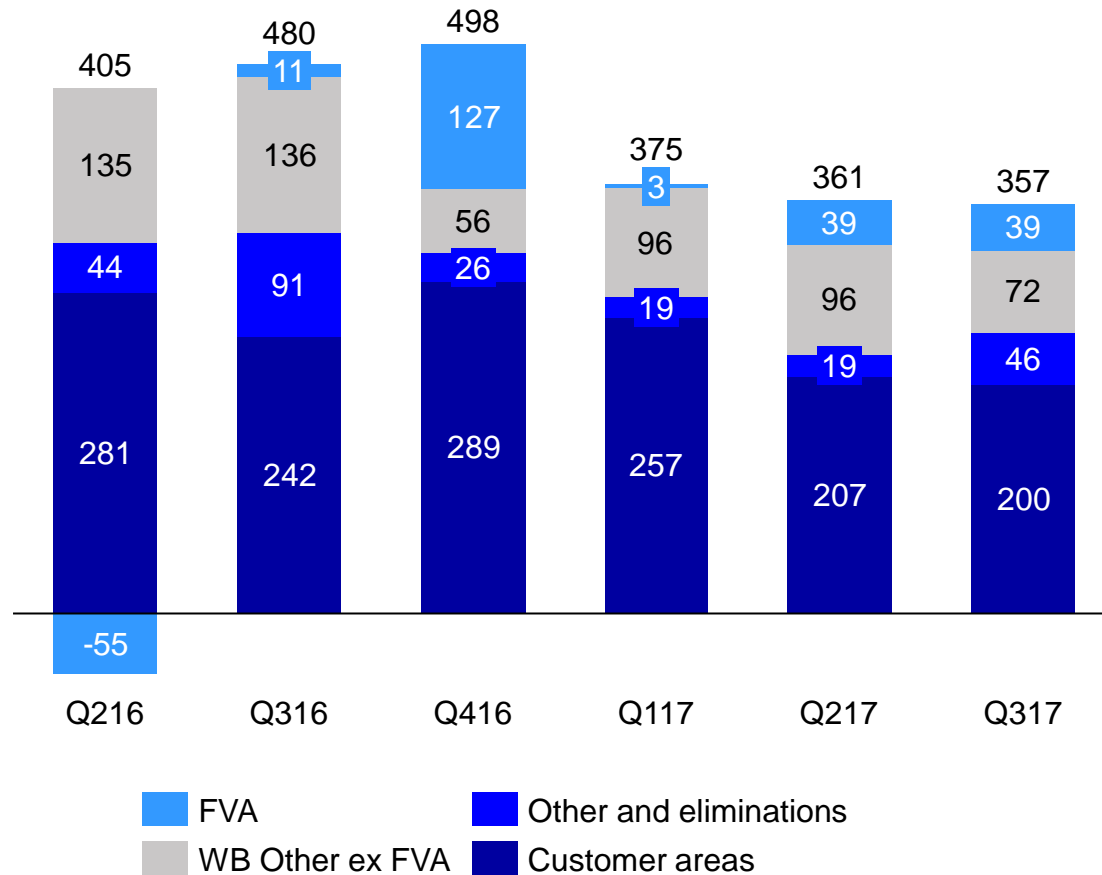


## QoQ trend

- Slight decrease in Q3 AuM (-0.4%) due to structural changes (Luminor in the Baltics, sale of Life in Poland)
- Continued solid flows from international institutional clients (+19% YTD)
- Wholesale distribution outflows following soft closure of Stable Return Fund
- Captive channels affected by compliance and regulatory preparation as well as re-organisation of units across Nordea
- 88% of composites outperformed benchmark over a 3-year period

# Net Fair Value

## 6 quarters development



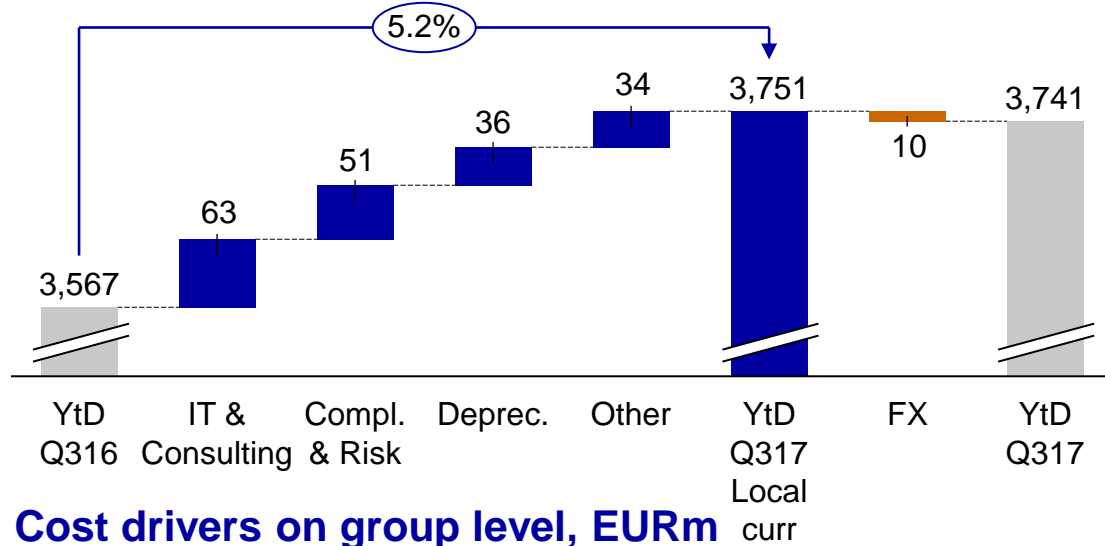
## QoQ trend

- Lower income in customer-driven capital markets activities due to low volatility
- Positive impact of Fair Value adjustment of EUR 39m

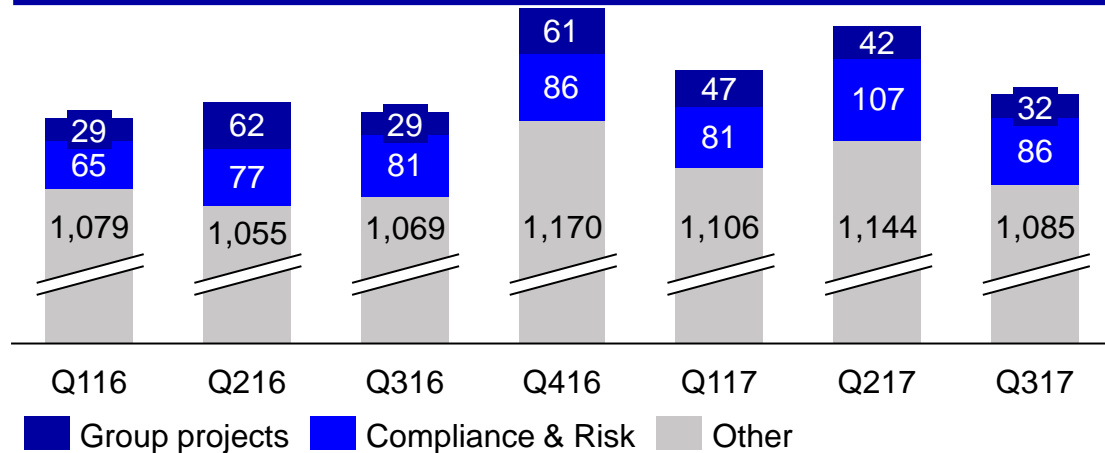


# Costs

## Total expenses, EURm



## Cost drivers on group level, EURm

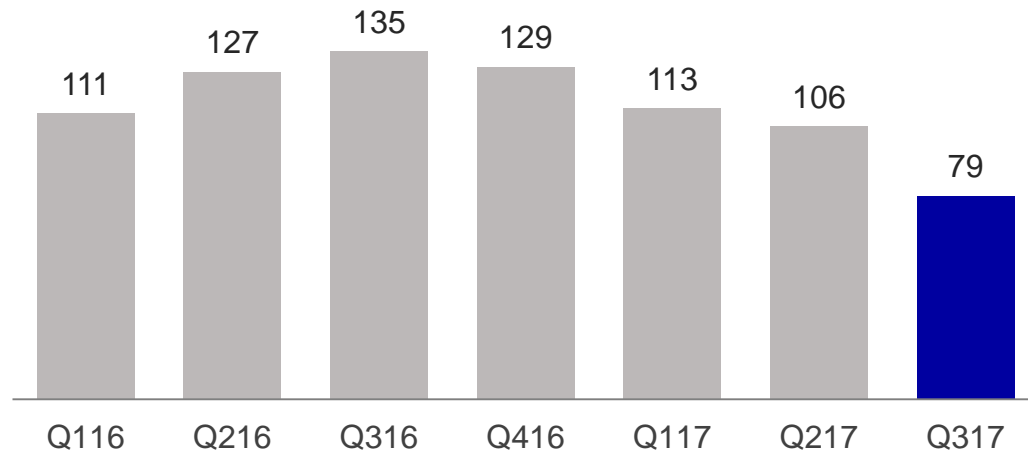


## Comments

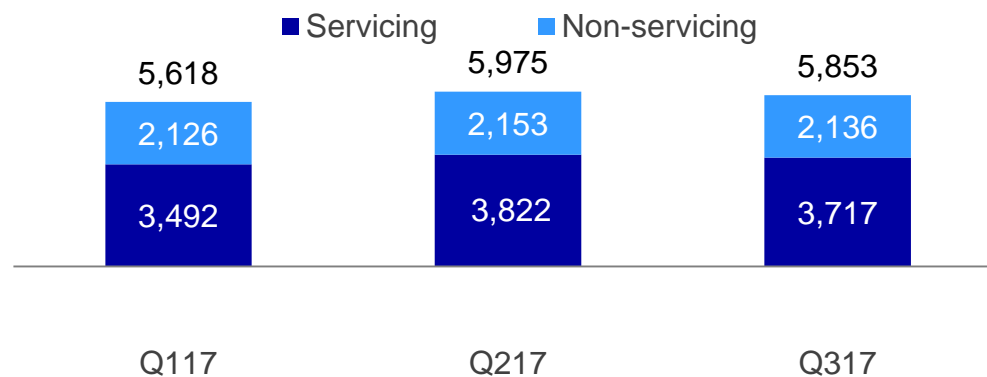
- YtD Q3 +5% in local currencies
- High activity in our simplification and transformation projects
- Number of employees up by 2% y-o-y, mainly driven by IT and compliance

# Improved asset quality

## Total net loan losses, EURm



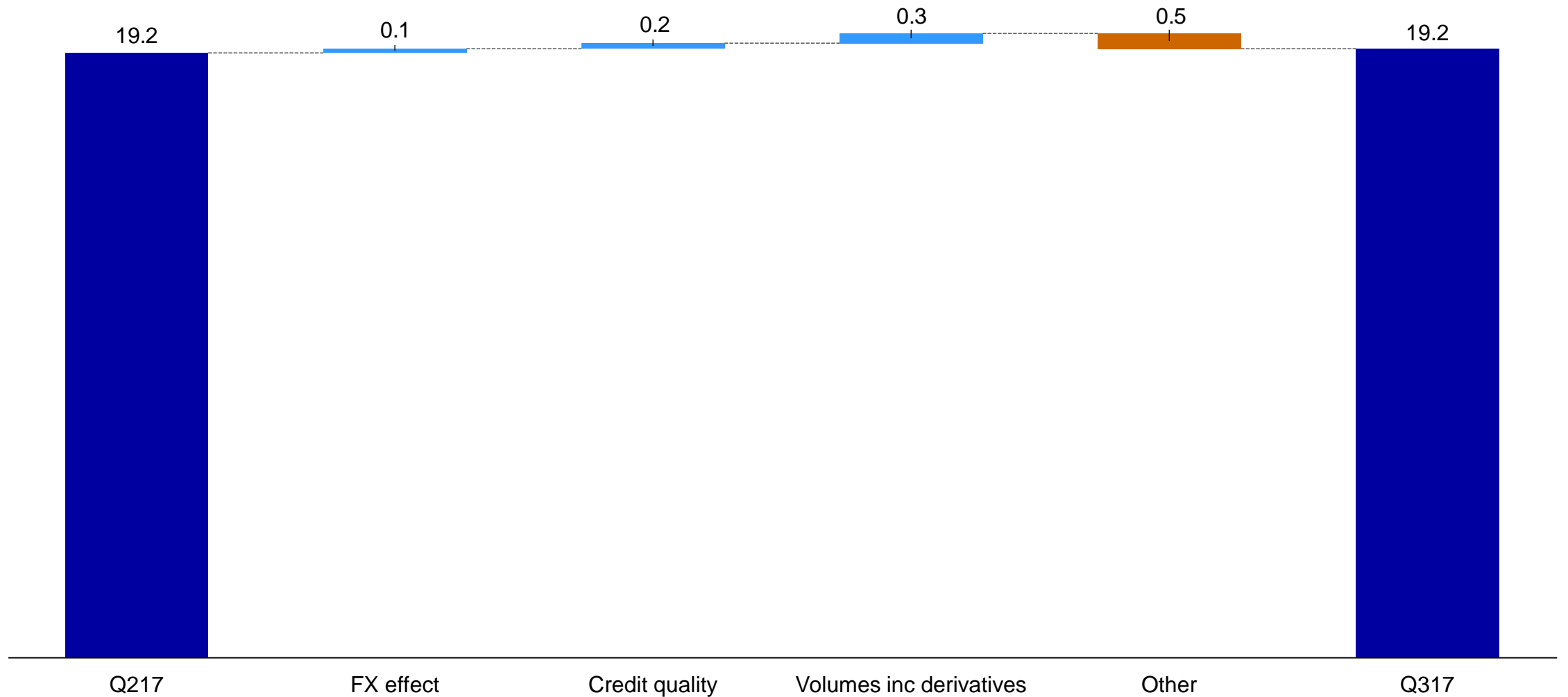
## Impaired loans, EURm



## Comments

- Q3 net loan loss ratio 10 bps (Q2 13 bps)
  - Net loan losses in Q3 mainly related to corporate customers in Denmark, Norway and countries outside the Nordics
  - Largest individual loan loss related to Oil and Offshore and Manufacturing
  - Collective reversals driven by identified individual provisions and positive rating migration in the retail portfolio
- Net loan loss outlook
  - Loan loss expectation for the coming quarters is that it will be below long-term average of 16 bps
- Impaired loans gross decreased by 2%
  - Mainly related to private customers in DK and a few corporate customers in manufacturing industry

# Common Equity Tier 1 ratio development Q317 vs Q217



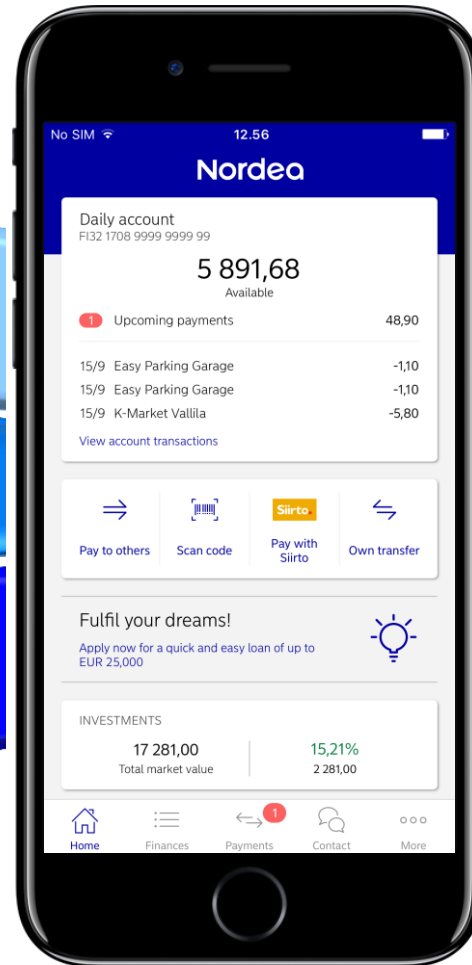
# Delivering customer value

# Adding customer value - anywhere and anytime

Online and face-to-face meetings

Chat, chatbots, calls – 24/7

Mobile as entry point to all services



Aggregated open banking services



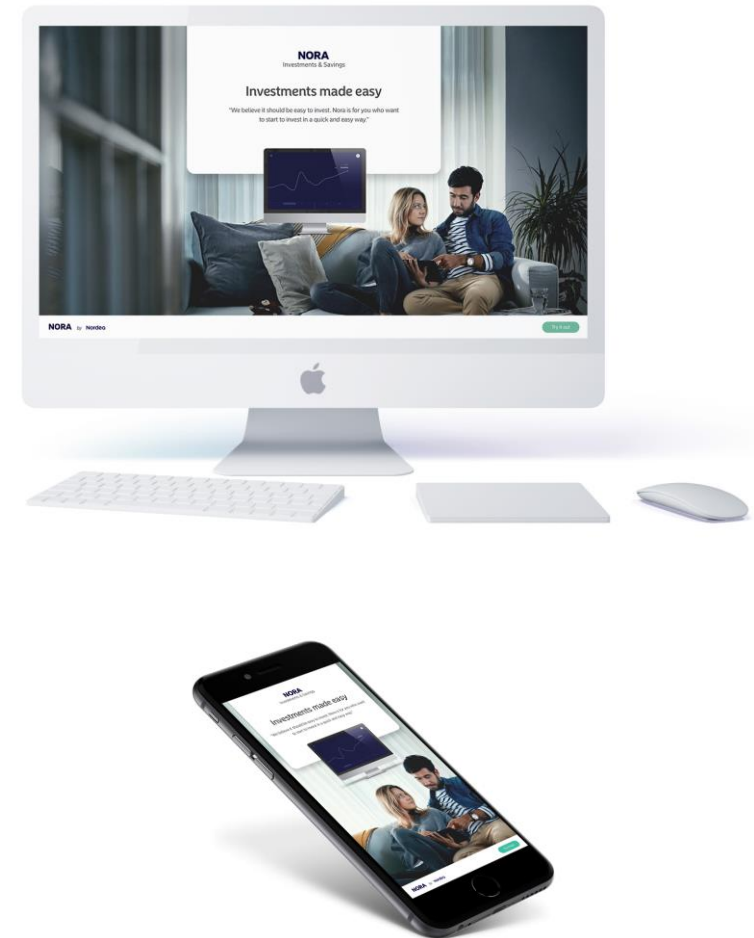
Global wallets



Local providers

# A complete digital experience offering personalised savings advice

- Personalized savings advice made easy and accessible 24/7
- Digital advice to customers who would like to have an easy and delegated savings solution
- Nora combines AI technology and savings coaches
- Cost efficient product offering based on smart beta funds
- Version 1 to be launched in Sweden in Q4 2017, Denmark, Finland & Norway to follow in Q2 2018





# Sustainability is core

- Strong presence in the Green bond structuring market
- Nordic Sustainable Finance Conference – setting the direction for the future of sustainability of finance
- Employee community engagement – creating a positive impact in the societies where we operate

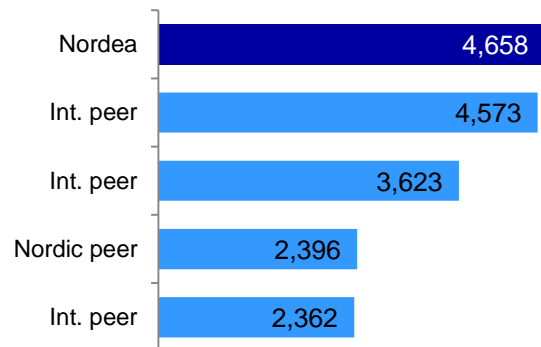
YTD 2017 #1 on Green bonds USDm



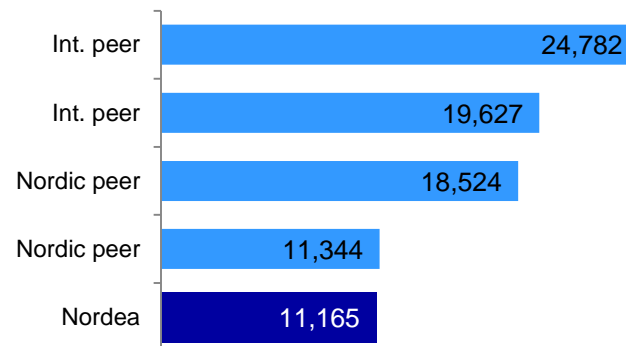
# Nordea is the local champion

## League tables

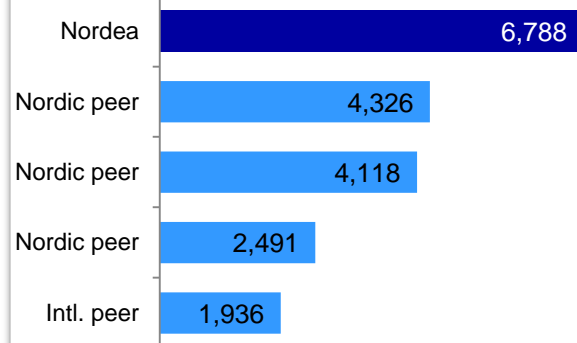
YTD 2017 #1 on ECM EURm



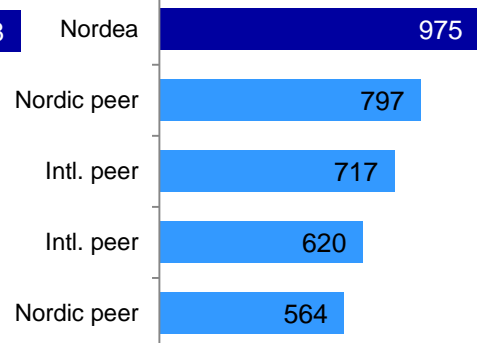
YTD 2017 #5 on M&A EURm



YTD 2017 #1 on Corporate bonds EURm



YTD 2017 #1 on Green bonds USDm



## Selected credentials

August 2017

Acquisition of Hans Andersson Recycling



Deal value

Undisclosed

Financial Adviser to Veolia Nordic

September 2017

Refinancing



Total notes

EUR 310m  
5.000% due Oct '22

Joint Bookrunner

August 2017

Accelerated bookbuilding



Deal value

DKK 2.4bn

Joint Bookrunner

July 2017

Refinancing



Total debt

SEK 5,500m equivalent in EUR 377m and USD 235m

Joint Bookrunner

September 2017

Accelerated bookbuilding



Deal value

SEK 3.4bn

Joint Bookrunner

July 2017

Kingdom of Sweden

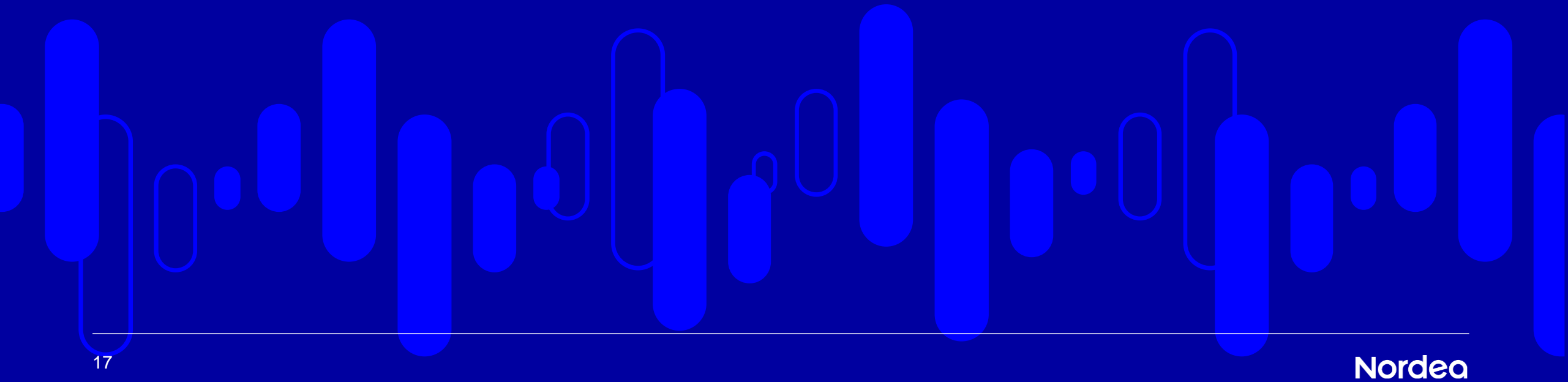


Total notes

USD 2.75bn  
1.500% due Jul '19

Joint Bookrunner

# Group transformation



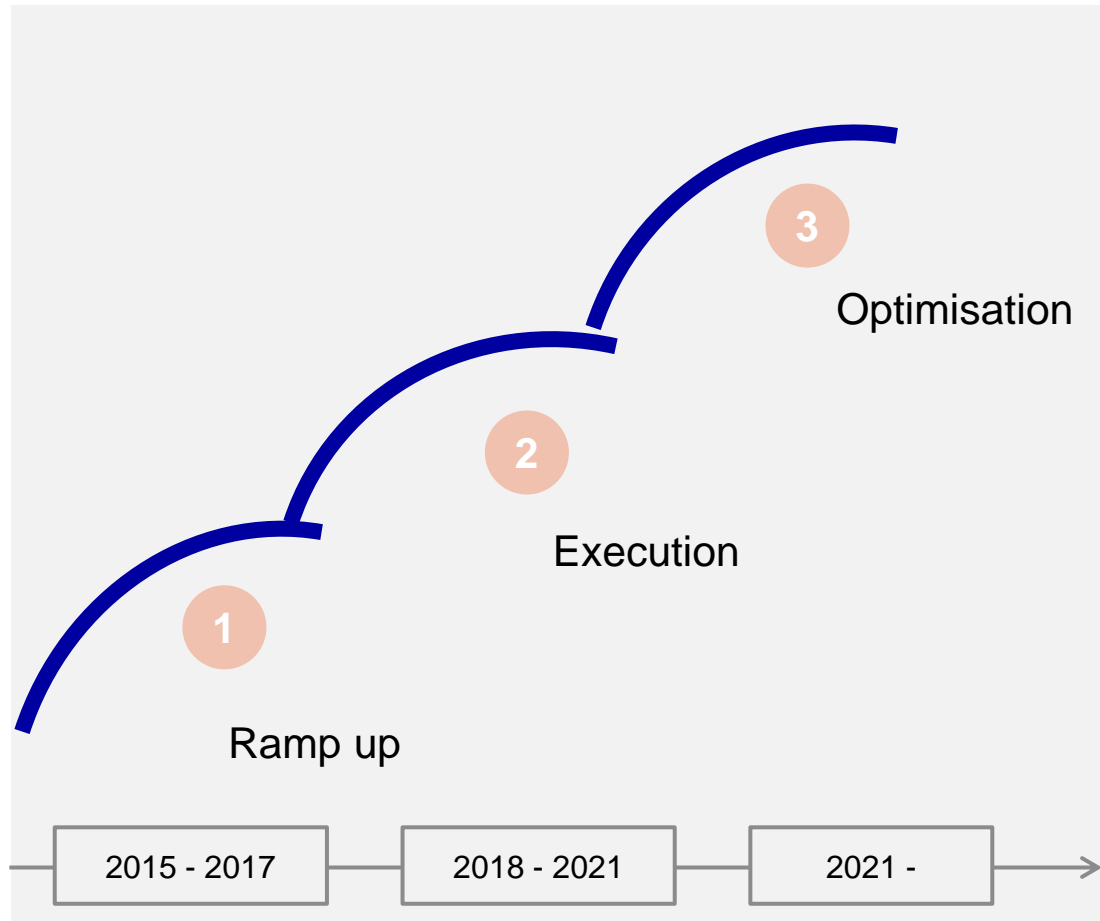
# Facts re-domiciliation



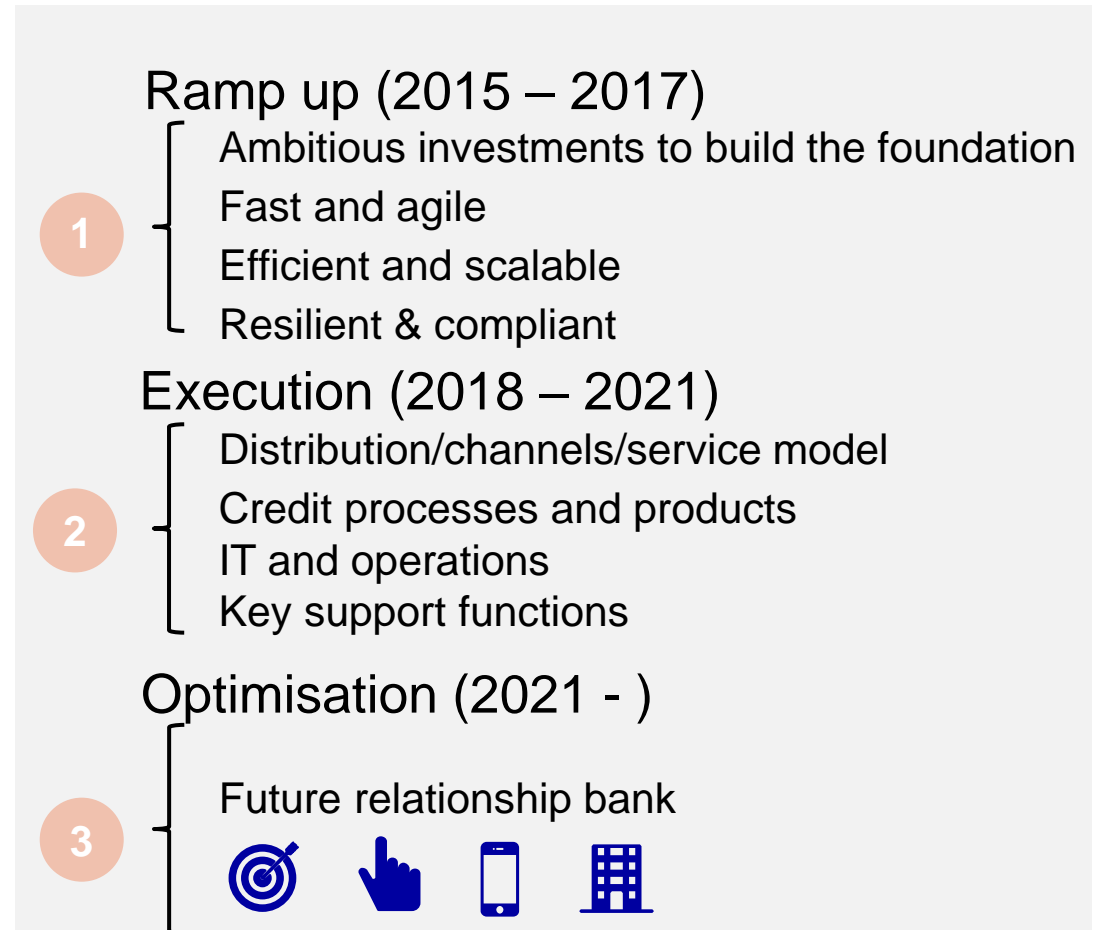
- 6 September 2017 - the Nordea Board initiated a procedure to re-domicile the parent company from Sweden to Finland.
- Merger plans to be presented to shareholders at general meeting for their approval. The approval will require a 2/3 majority. In addition, approvals and a satisfactory outcome of the discussions with regulators and authorities are required.
- Business as usual in all of four Nordic home markets
- Continue to be among the largest tax payers in all of our four Nordic home markets
- Remain listed in Copenhagen, Helsinki and Stockholm

# We are ready to take the next step in our transformational journey

## Illustrative timeline

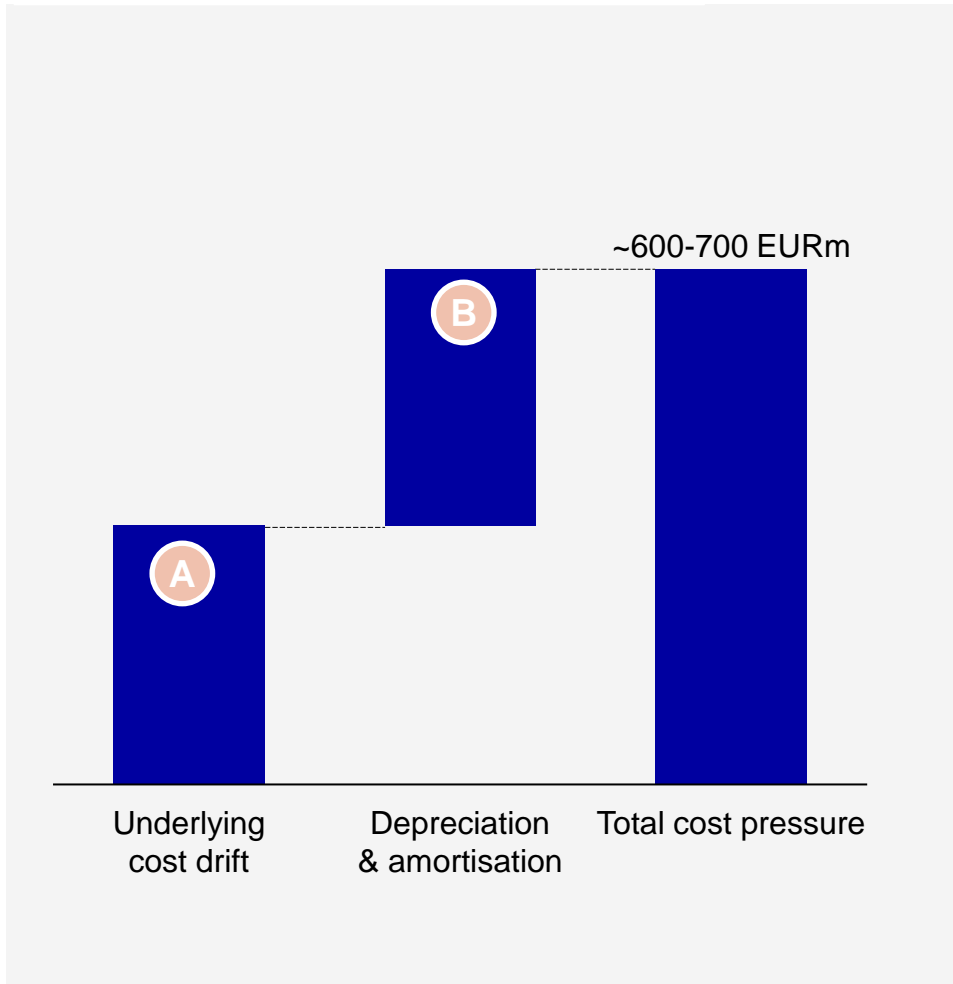


## Success factors



# Recent investments will push up near term costs

## Underlying cost pressure 2018-21



## Underlying cost drift

- A Increasing running expenses for IT systems following the substantial development agenda/digital transformation and compliance
- A Annual underlying salary increases and inflation in non-staff expenses

## Depreciations and amortisation

- B Increasing depreciations & amortisations following substantial investment in IT infrastructure / solution platforms



# Cost savings of around EUR 900m expected through transformation

Estimated gross savings effects\*

<b>Distribution channels/ service model</b>	<ul style="list-style-type: none"> <li>Ramp up speed of migration to digital (mobile), remote meetings, and closing down branches</li> <li>Segmentation and stronger Nordic coordination of client coverage and build-up of global competence centres</li> </ul>	<p>~ 30%</p> <p>(~EUR 250m)</p>
<b>Credit processes &amp; products</b>	<ul style="list-style-type: none"> <li>Implementation of pre-approved credit limits and automated credit decisions</li> <li>Functional centralisation to achieve scale and enhanced capacity</li> <li>Implementation of common standards for risk assessments</li> <li>Strict product prioritisation, production location (in-house, outsourced or white labelled) and centralise workforce/processes to improve efficiency</li> </ul>	<p>~ 15%</p> <p>(~EUR 150m)</p>
<b>Information technology &amp; operations</b>	<ul style="list-style-type: none"> <li>Higher degree of centralisation and nearshoring/outsourcing and shared platforms</li> <li>Automatisation and Robotics</li> <li>Reduce complexity and establish future technological platform</li> </ul>	<p>~ 45%</p> <p>(~EUR 400m)</p>
<b>Key support functions</b>	<ul style="list-style-type: none"> <li>Optimised service model for People (i.e. Learning), Finance (i.e. allocation models, target setting and reporting) and consolidation of support staff</li> <li>Higher degree of nearshoring in relevant areas</li> <li>Streamlining sourcing strategy</li> </ul>	<p>~ 10%</p> <p>(~EUR 100m)</p>

# Financial outlook

<b>Income</b>	Expected to grow with nominal Nordic GDP
<b>Costs</b>	Costs up 3-5% in 2017 vs 2016 excl. transformation costs of EUR 100-150m Cost base of approx. EUR 4.9bn in 2018 Target of total costs incl. transformation costs < EUR 4.8bn in 2021
<b>Capital</b>	Continued significant CET1 accumulation Robust outlook for delivering on our dividend policy
<b>RoE</b>	Continued improvement of RoE Target to be above the Nordic peer average

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Nordea

A decorative graphic on the left side of the slide, consisting of several vertical blue bars of varying heights and widths, resembling a stylized bar chart or a series of vertical lines. The bars are positioned on the left side of the slide, with the tallest bar in the center and shorter bars on either side.

**Third quarter results 2017**