



Nordea

**Fourth quarter and
full year 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

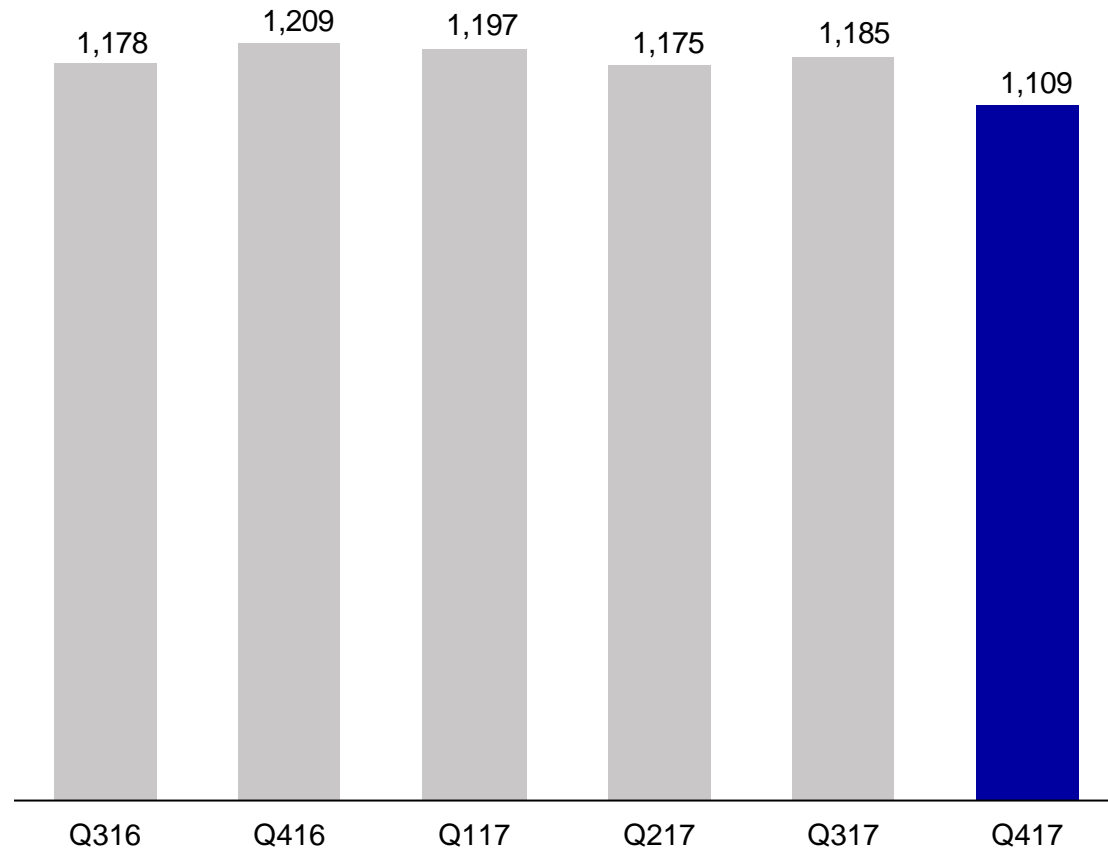
- Stable economic environment with synchronised growth across the Nordics
 - Stable underlying margins and volumes
 - De-risking of the bank largely finalised in the quarter
 - Negative impact on revenues, but positive impact on credit quality
 - Ultra low volatility lowered revenues, especially in later part of 2017
- Firm start of execution phase in our transformation journey
 - Substantial decrease of costs Q417/Q416
- Cost targets reiterated, EUR 4.9bn cost base in 2018 gradually declining to below 4.8bn in 2021
 - Efficiency initiatives will substantially improve capital generation in coming years
- Credit quality continues to improve
- Strong capital generation with CET1 ratio at 19.5%
 - Management buffer at all-time-high at 189 bps
- The Board proposes a dividend of EUR 0.68 (EUR 0.65 in 2016) – in line with Nordea’s dividend policy
- Unsatisfactory profit development H2 2017, however confident that profit starts growing in 2018

Q4 2017 Group financial highlights

		Q4/17 vs. Q4/16*	2017 vs. 2016*
Income	• Total revenues	• -13%	• -3%
	• Net Interest Income	• -6%	• -1%
	• Fee and Commission Income	• -2%	• +5%
	• Net Fair Value	• -54%	• -22%
Costs	• Total expenses	• -7%	• +4.2%
Credit quality	• Loan loss level	• 9 (16) bps	• 12 (15) bps
	• Impaired loans		• 186 (163) bps
Capital & dividend	• CET1 ratio		• 19.5 (18.4) %
	• Management buffer		• 189 (101) bps
	• Dividend		• EUR 0.68

Net Interest Income

6 quarters development

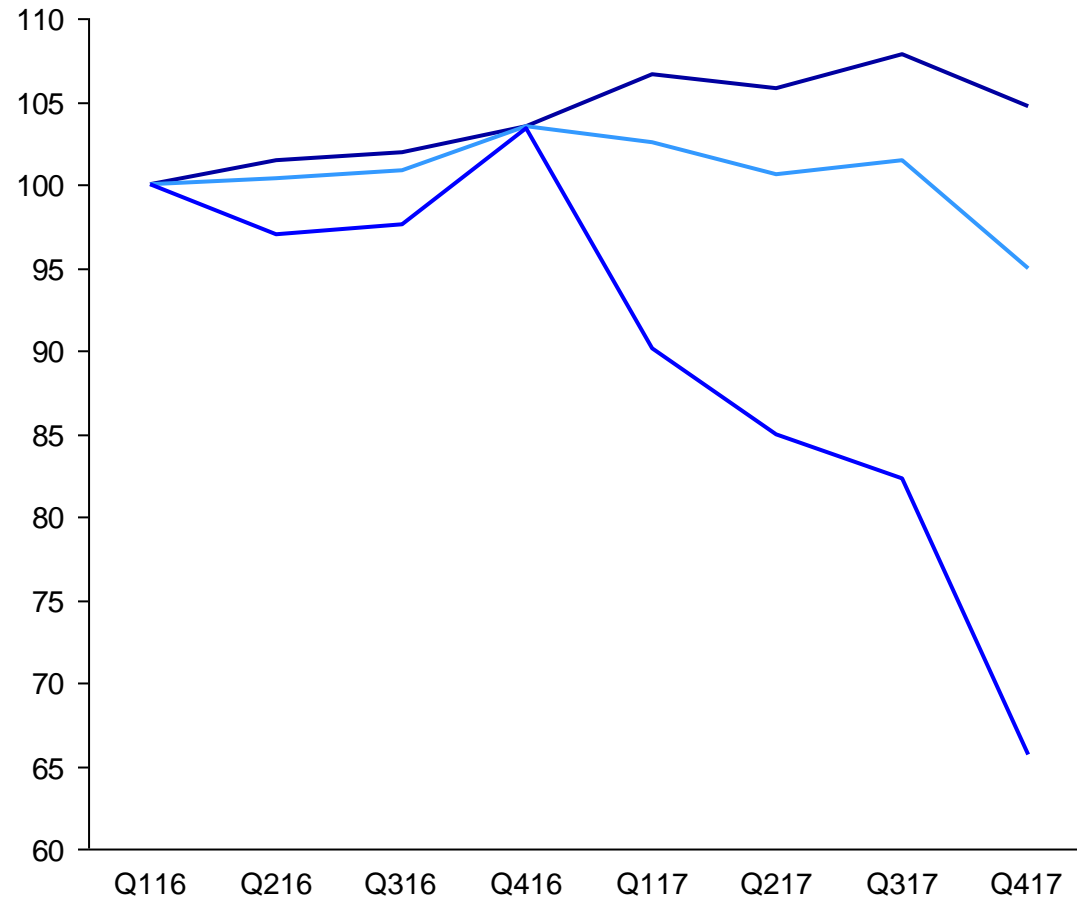


QoQ trend

- Lower Net Interest Income mainly driven by de-consolidation of the Baltic, de-risking in Russia and Shipping, Oil and Offshore as well as FX
- Margins and volumes largely unchanged
- Group Functions somewhat weaker than previous quarter

Net Interest Income

8 quarters development



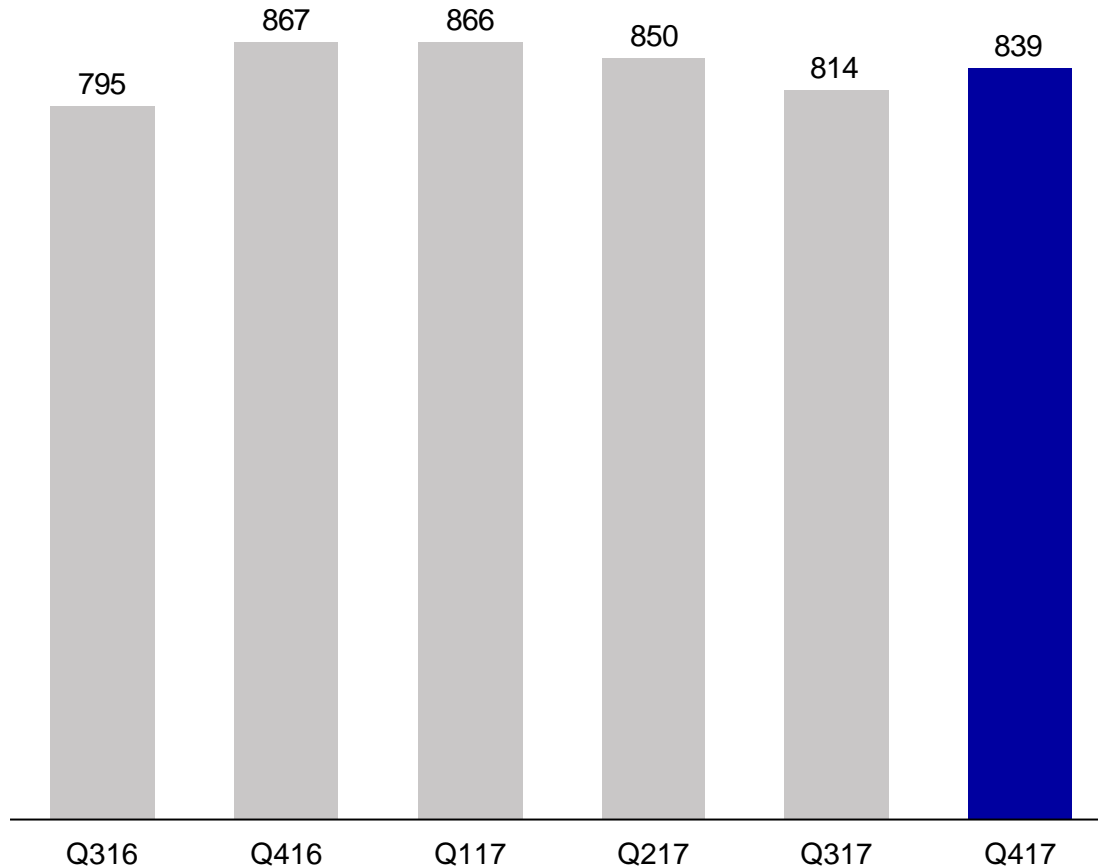
QoQ trend

- NII negatively impacted by de-risking, Baltic de-consolidation and Group Functions
- Nordic customer franchise has grown 5% Q417/Q116

— Core Nordic franchise (excl. SOO)
— Reported
— Other*

Net Fee and Commission Income

6 quarters development

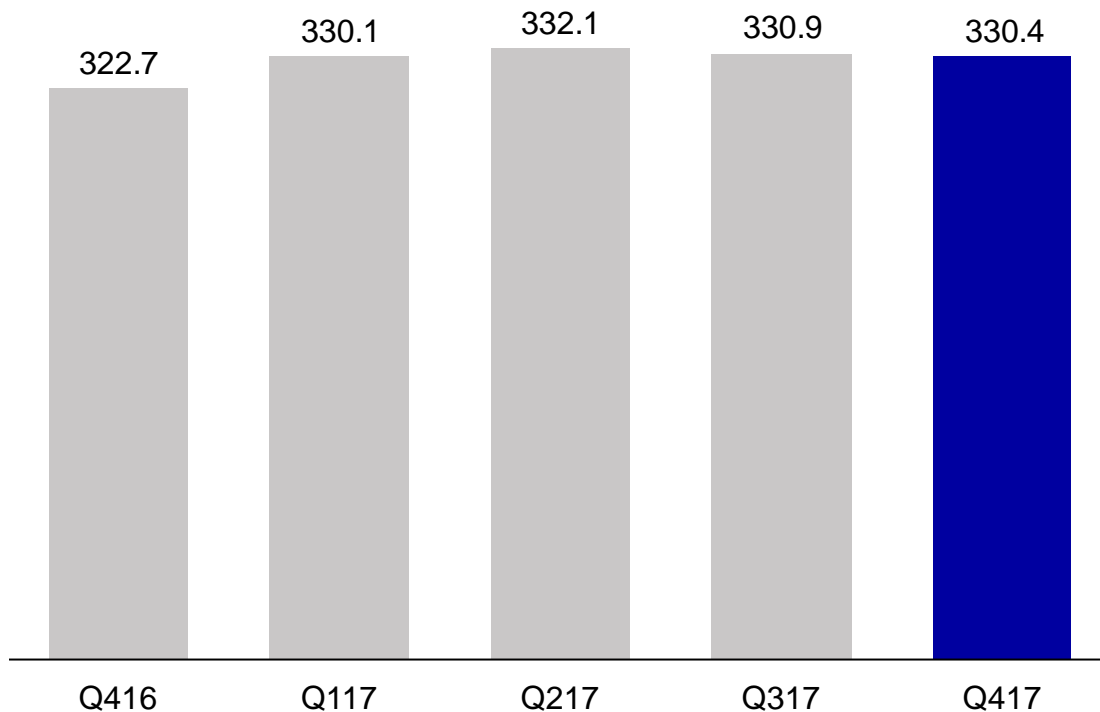


QoQ trend

- Increase in the quarter, mainly driven by asset management
- Lower in payments and cards, driven by higher year-end expenses
- High activity level in DCM and corporate finance

Wealth Management

AuM development, EURbn

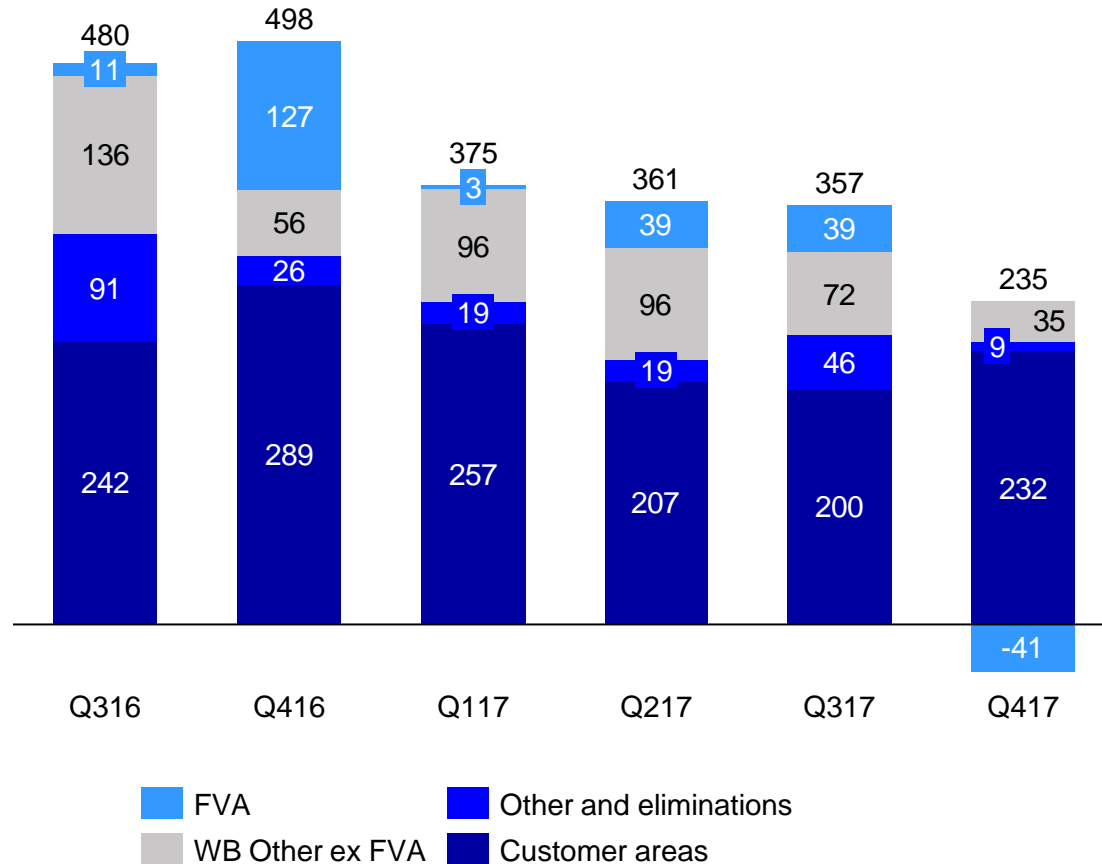


QoQ trend

- Largely unchanged AuM
- Flow is negatively impacted by structural changes (re-segmentation of customers and closure of Zurich branch)
- Continued solid flows from international institutional clients (+24% FY17)
- 92% of composites outperformed benchmark over a 3-year period

Net Fair Value

6 quarters development

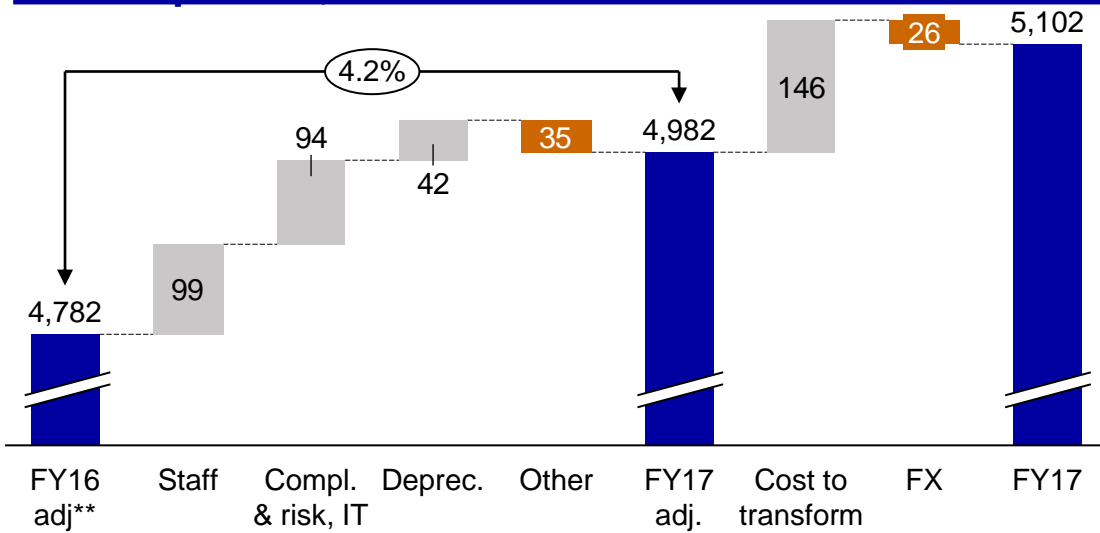


QoQ trend

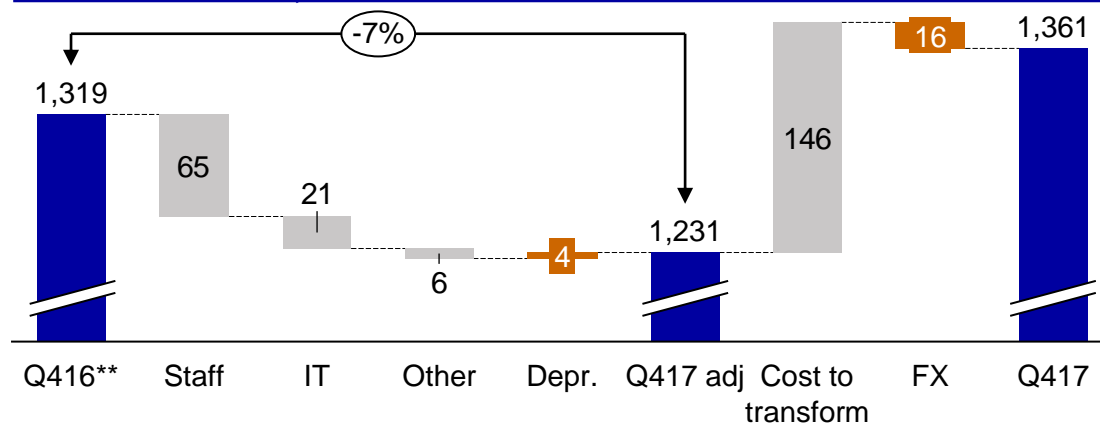
- Higher income in customer-driven capital markets activities
 - Markets negatively impacted by ultra-low volatility
- Negative impact of Fair Value Adjustment of EUR 80m q-o-q (impact from model adjustment EUR -48m)

Costs

Total expenses, EURm



Q417 vs Q416, EURm

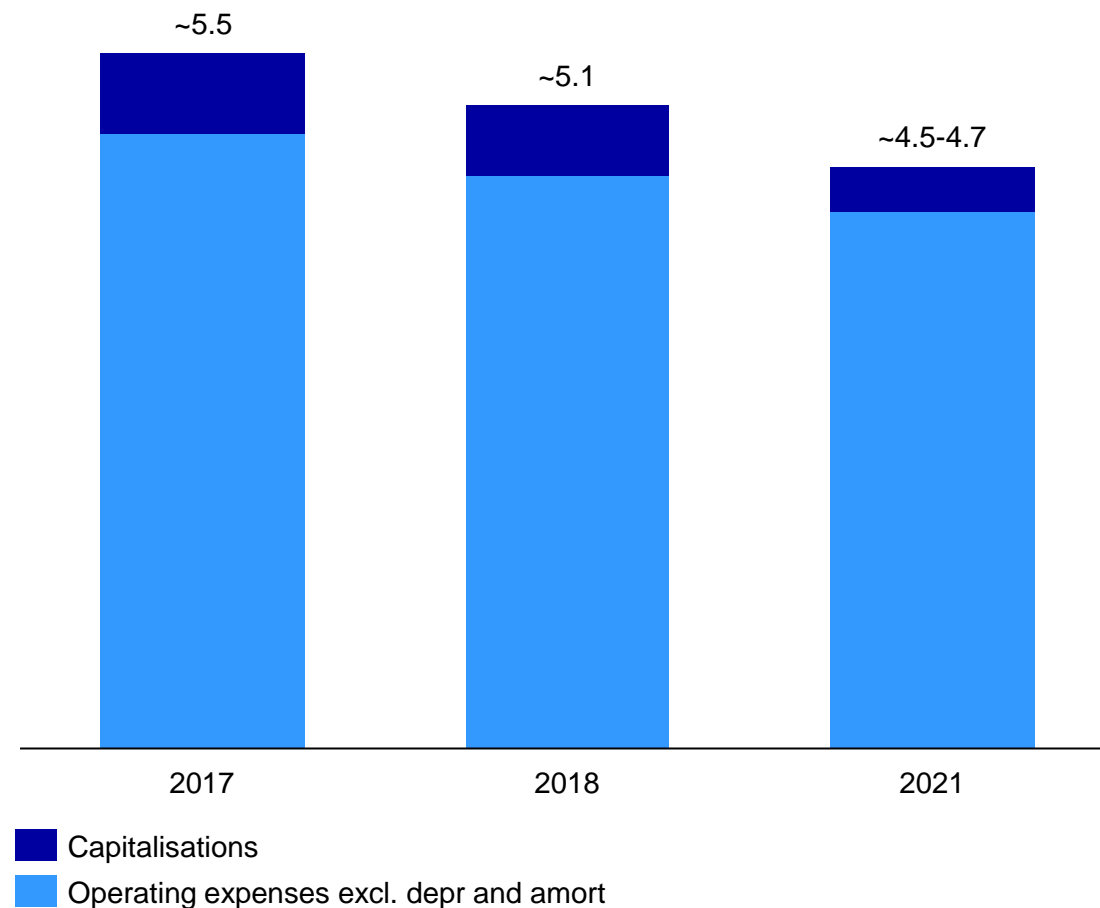


Comments

- Cost performance 2017 vs 2016 in line with target, +4.2%*
- Costs decline by 7%* in Q417 vs Q416
- Transformation costs of EUR 146m in Q4

Significant reduction in cash spending 2017-21

Trend up to 2021 (EURbn)

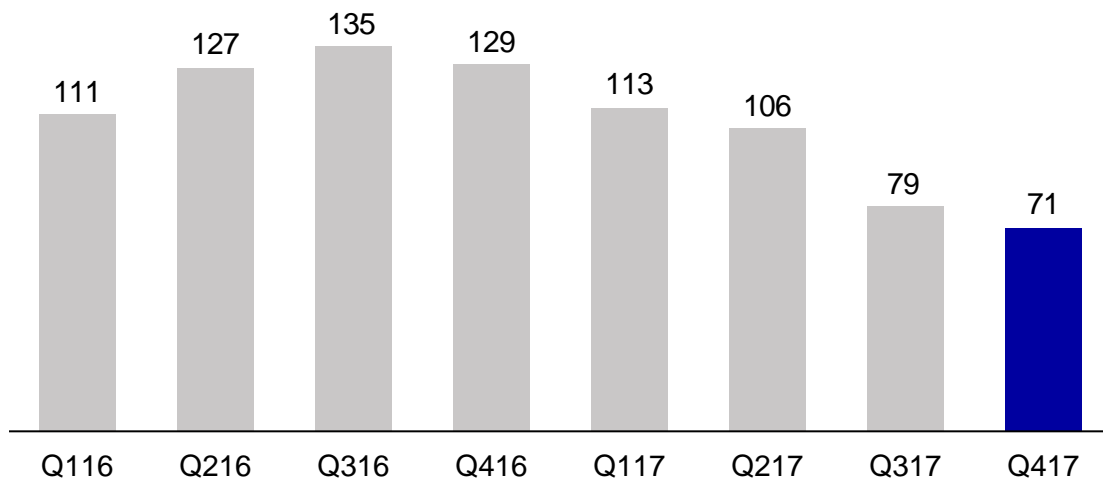


Comments

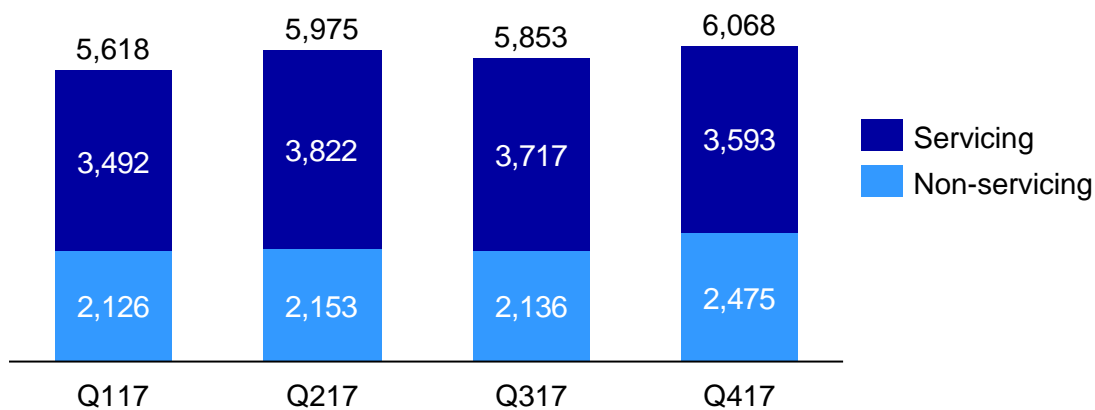
- Efficiency initiatives are expected to lower P&L costs by approx. EUR 300m 2017-21
- P&L costs excluding depreciations and amortisations are expected to decrease by approx. EUR 600m 2017-21
- In addition, cash spending activated in the balance sheet will decrease 2017-21
- Total cash spending is expected to decrease by close to EUR 1bn in 2017-21
- Thus, annual capital generation is expected to improve by 75-80 bps in 2017-21

Improved asset quality

Total net loan losses, EURm



Impaired loans**, EURm

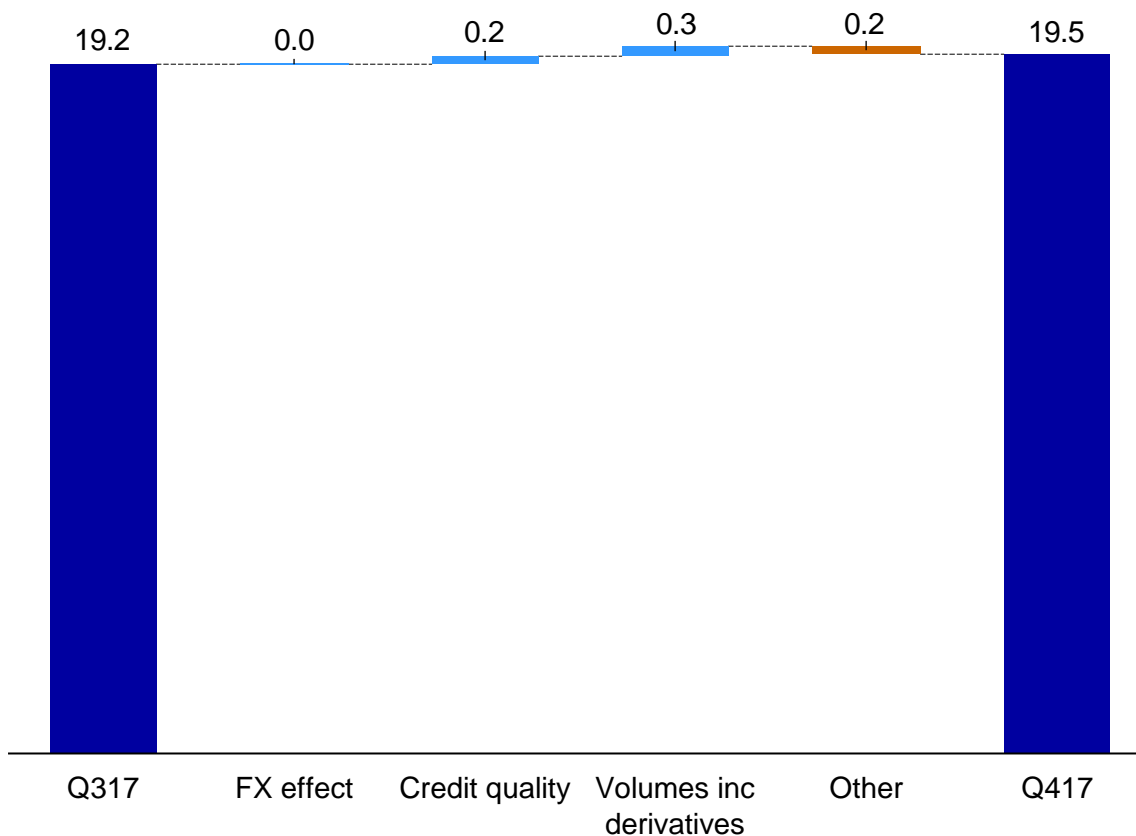


Comments

- Net loan loss ratio* for Q4 at 9 bps (Q3 10)
 - Mainly related to corporate customers spread out between Nordics and International units
 - Largest individual loan loss related to Oil and Offshore and Manufacturing
 - Collective reversals driven by previous general uncertainty now being individually identified and clarified
- Impaired loans
 - Gross increase 4%
 - Mainly related to few new impaired customers in Oil and Offshore and Manufacturing
- Net loan loss outlook
 - Loan losses are expected to be below long term average of 16 bps

Common Equity Tier 1 ratio development Q417 vs Q317

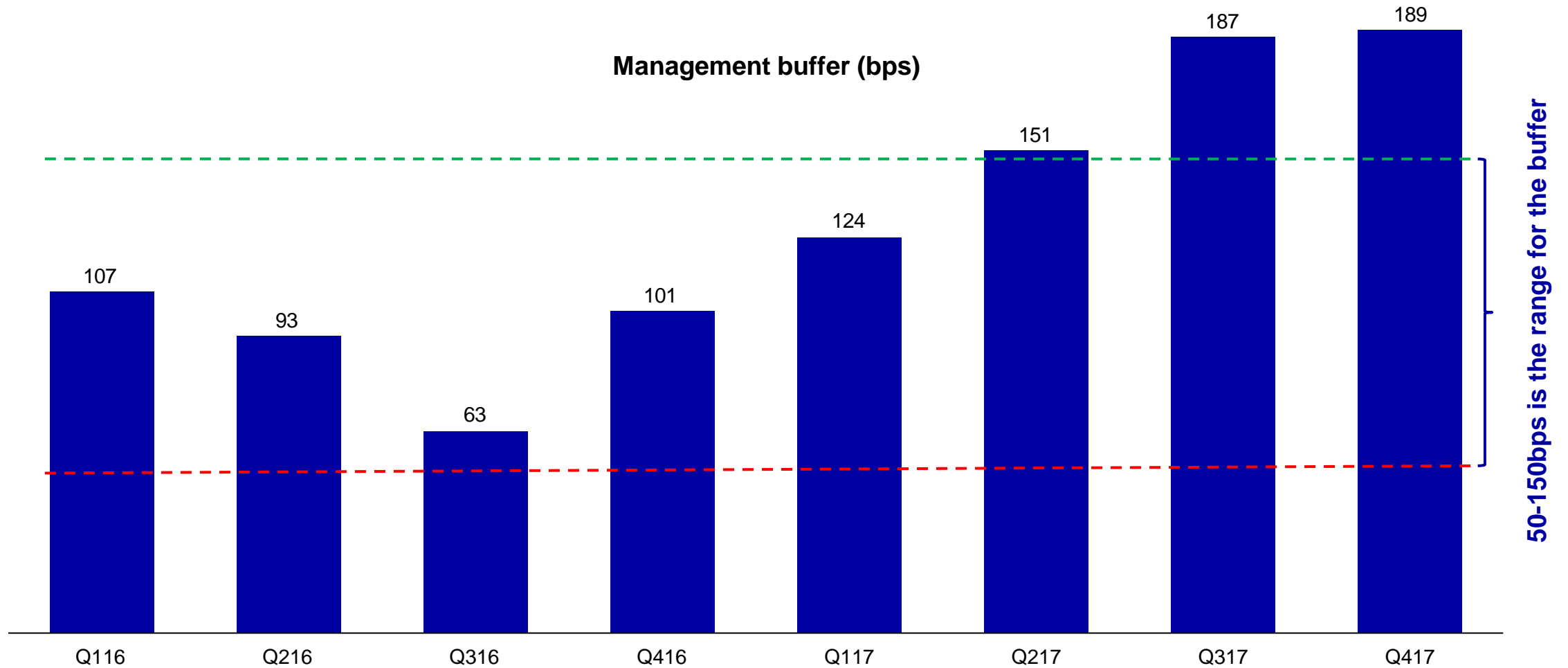
Quarterly development



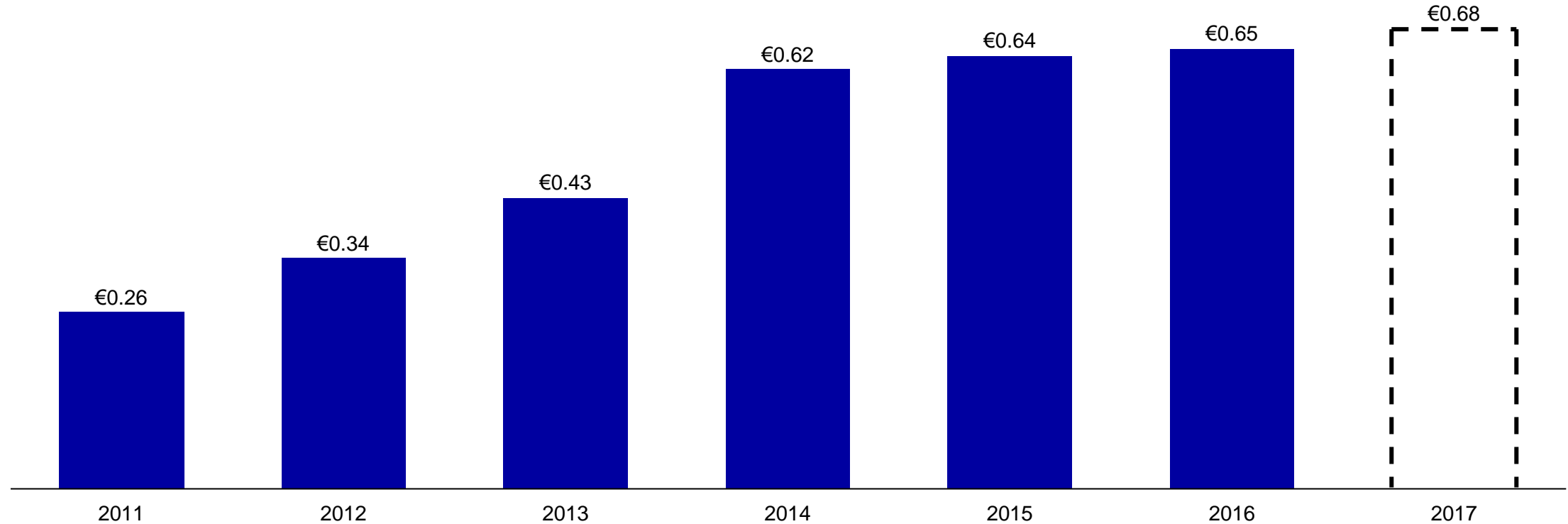
Comments

- CET1 ratio continued to strengthen to 19.5% in Q4
- REA inflation of EUR 1.5bn mainly due to Finnish mortgage floors (Article III buffer)
- Tier 1 ratio increased to 22.3% (21.4% in Q3)
- Nordea issued a EUR 750m Additional Tier 1 instrument at 3.5%, the lowest coupon ever
- Global Capital awarded Nordea “Additional Tier One Capital Deal of the Year”

Strong improvement of management buffer



Nordea Bank Board proposes a dividend per share of EUR 0.68



“Nordea’s dividend policy is to maintain a strong capital position and the ambition is to achieve a yearly increase in the dividend per share”

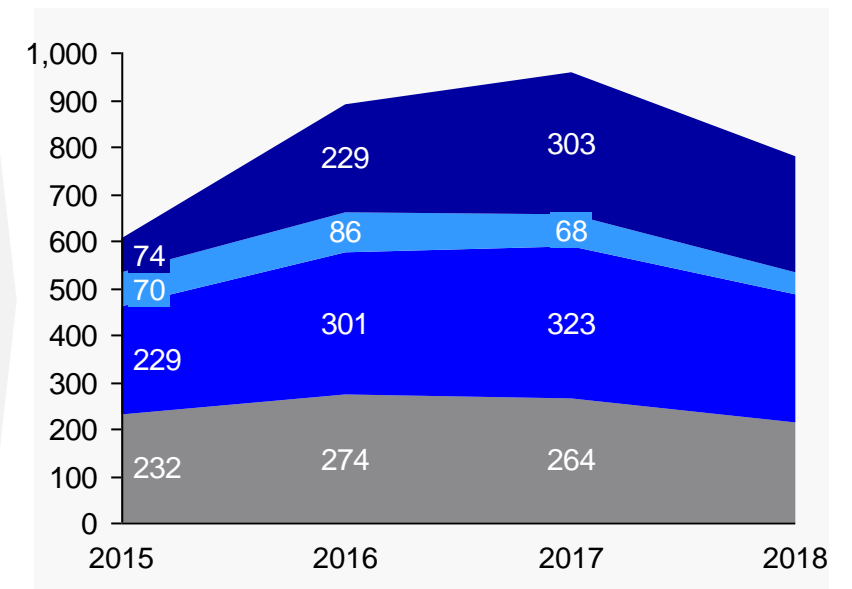
Group transformation



Ambitious ramp-up with large investments in Compliance and Resilience

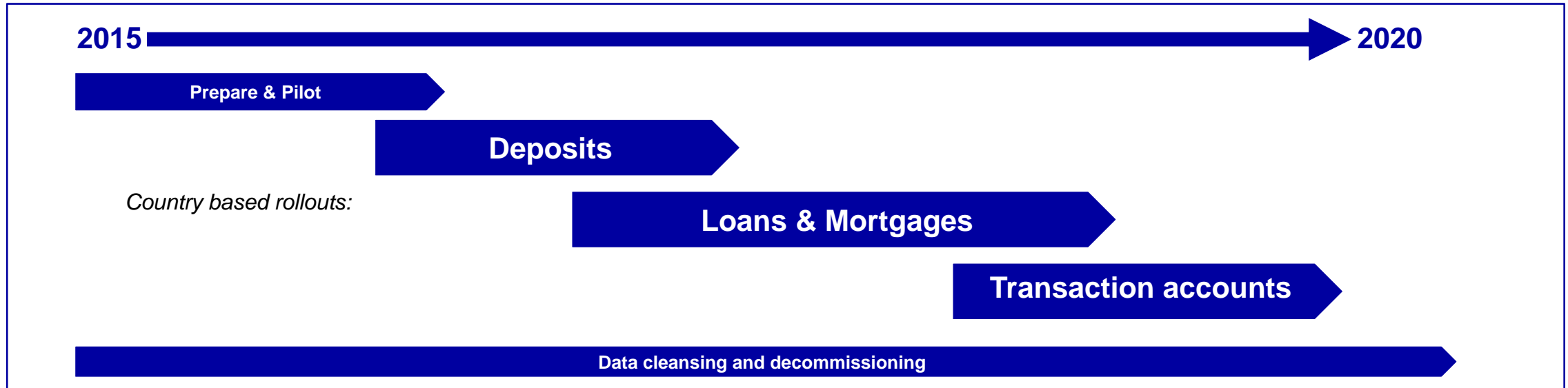
Compliance & Operational risk	<ul style="list-style-type: none"> Capacity upgrade in 1st, 2nd and 3rd line Enforcing the crisis management governance and capabilities Comprehensive training and certifications of key staff
Financial Crime	<ul style="list-style-type: none"> Significant build up of group wide financial crime organization Global KYC and sanctions standards implemented Enterprise risk assessment framework delivered, full implementation 2018
Technology & Infrastructure	<ul style="list-style-type: none"> Enhanced information and cyber security strategy and response capabilities Full data-centre fail-over test Integrated end-2-end technology operations and support organisation
IT remediation	<ul style="list-style-type: none"> One pre-production site in Finland established Global enterprise identity & access rights management control system Roll-out of malware detection & global fraud monitoring across Nordic

Development spend (gross*)



- Compliance & Resilience
- Digital Banking
- Simplification
- Other (running developments)

Core Banking Platform enables simplification and new digital services

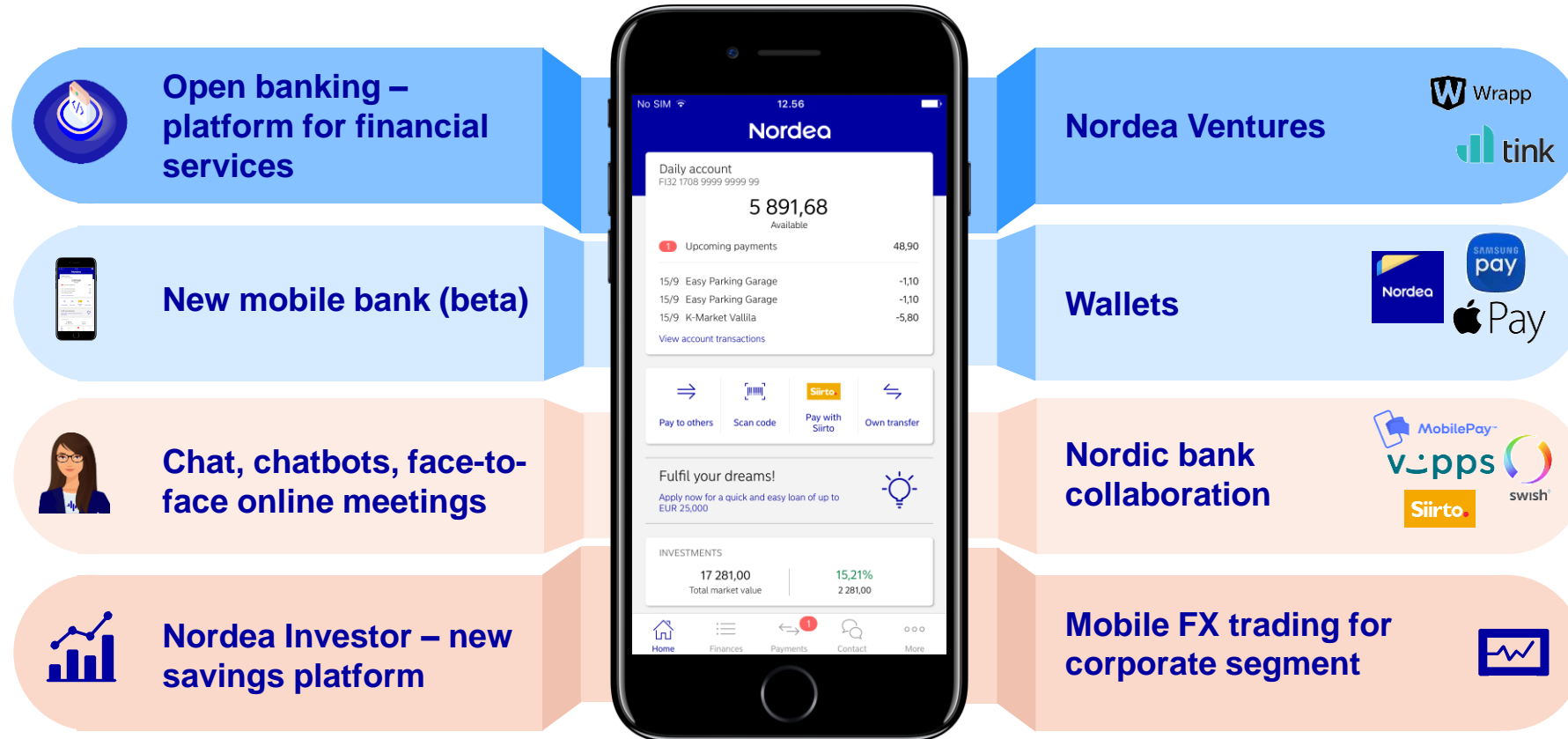


- ✓ Progressing according to plan and on the brink of first major customer release
- ✓ T24 Model Bank configured for Nordea and installed on infrastructure
- ✓ Finnish staff pilot for a fixed term deposit product launched



- Higher cost efficiency
- Improved customer satisfaction from better products and services
- Reduced operational risk

Increased roll-out frequency and improved products to our customers



One Nordea - next step in simplified legal structure



ONE SIMPLIFIED LEGAL STRUCTURE

- First step taken on January 1st 2017 to simplify the legal structure towards operating as One Nordea
- Strengthened governance and simplifying common processes
- Enable us to fully benefit from investments in Core Banking Systems
- The change has created One Nordea and contributes to making us more competitive to the benefit of our customers

RE-DOMICILIATION TO THE BANKING UNION

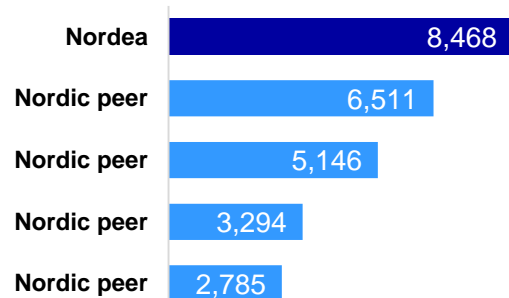
- Logical move to be supervised within the banking union given our size, geographic reach and business model
- Important strategic step in positioning Nordea at par with its European competitors
- Benefit from a stable and predictable regulatory environment offered by the Banking Union

Delivering customer value

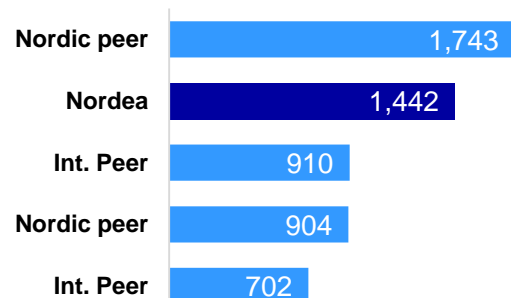
Nordea is the local champion

League tables

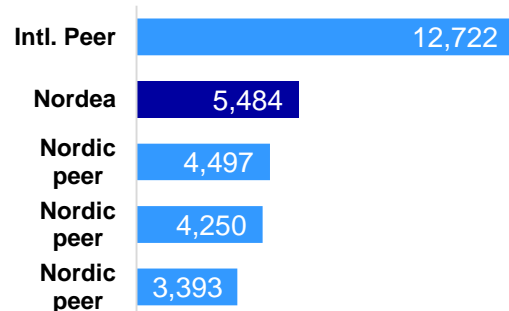
FY 2017 #1 on Corp. Bonds EURm*



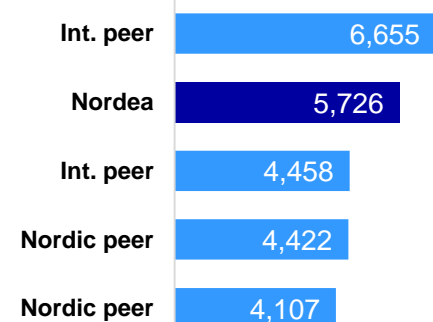
FY 2017 #2 on Green Bonds USDm



FY 2017 #2 on Synd. Loans EURm**



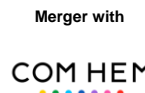
FY 2017 #2 on ECM EURm***



Selected credentials

January 2018

Merger of Tele2 and Com Hem



Deal value

SEK 98bn

Financial Adviser to Tele2

November 2017

Accelerated bookbuild



Deal value

SEK 1.27bn

Joint global coordinator and joint bookrunner

December 2017

Accelerated bookbuild



Deal value

DKK 4.0bn

Sole bookrunner

October 2017

Refinancing & GCP



Total notes

SEK 3.0bn & NOK 3.0bn
2Y 0.125%, 3Y S+75, 5Y 1.000%, 5Y N+75 & 7Y 2.500%

Senior unsecured
Joint bookrunner

November 2017

General Corporate Purpose Green bond



Total notes

EUR 500m 2.250% NC7 Hybrid securities

Joint bookrunner

November 2017

Refinancing & GCP



Total senior facilities

EUR 550m

Joint bookrunner

Customer deliveries at a higher pace

Nordic awards and top rankings

- Best private bank
- IT innovation of the year
- Best in real estate finance
- Best transaction banking
- Number one ranking for our large corporates operation
- Price cutter of the year
- Fund company of the year



Opportunities and collaboration

Tech investments

- Nordea Ventures will invest in start-ups and growth companies
- Fin-tech hubs dedicated to the fin-tech community, connects start-ups, financial institutions and regulators.
- Our Open Banking pilot has registered hundreds of companies, interested in working with us
- Slush Helsinki, Europe´s leading startup and technology event
- Digital Workplace to rapidly deliver frictionless services to customers

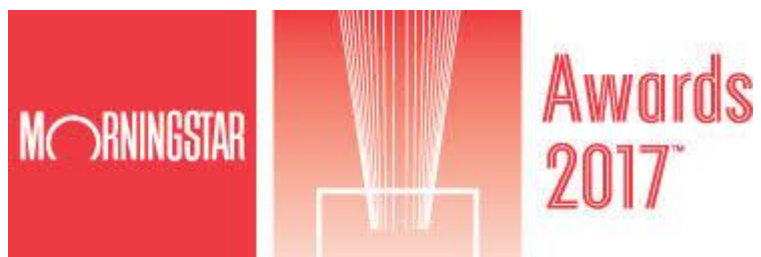
Strategic partnerships

- Apple Pay
- Samsung Pay
- Tink
- Wrapp
- Vipps
- Betalo
- Swish
- Slush Helsinki



Strong return on Nordea funds

- Nordea Swedish Stars funds were in top among Swedish funds – first time an ESG fund is a top performer
- Nordea best performer among Norwegian funds
- Nordea Denmark rated best on performance among the largest Danish fund companies





Nordea

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full year results 2017**