



## Financial plan and targets

### Capital Markets Day

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- 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.
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# We have a strong financial foundation to build on



**Solid capital position**  
(CET1 Ratio 15.4% Q319  
and RAC<sup>1</sup> ratio 11.6% Q219)

**AA**

**AA rating**  
(AA- by all 3 rating agencies)



**Solid credit quality**



**Strong liquidity position**  
(NSFR 110%<sup>2</sup> and LCR 188% Q319)



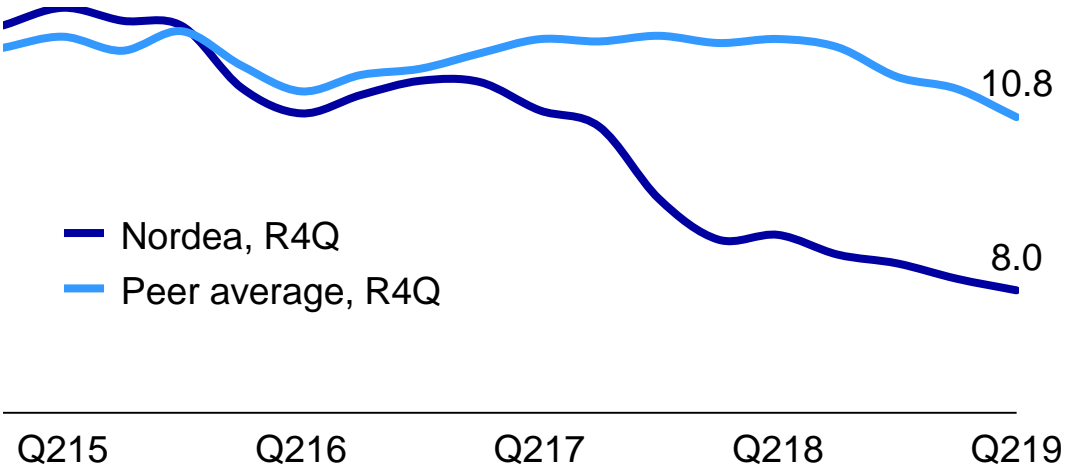
**Proven capital  
generation capacity**



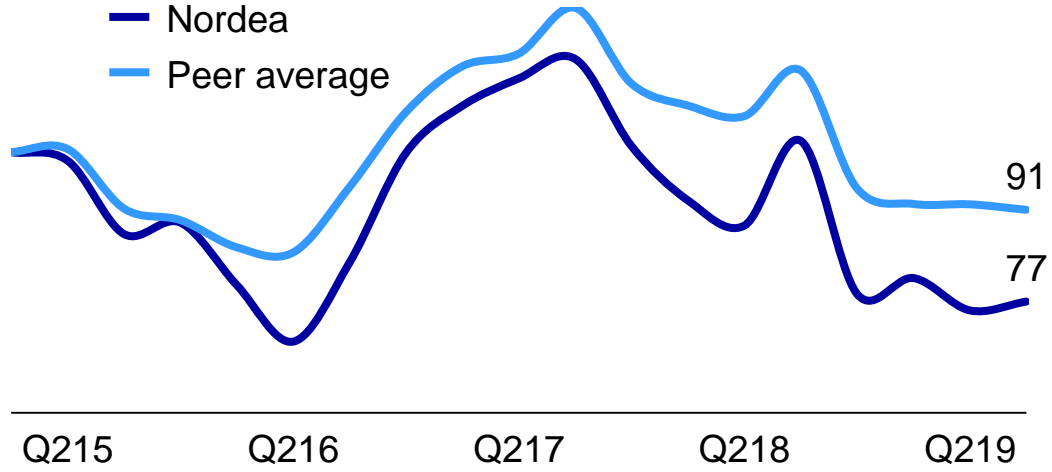
**Diversified business and  
funding base**

# Weak financial performance in recent years calls for an accelerated financial plan

**Return on equity vs peers**



**Indexed total shareholder return**



Relative RoE Peers (weighting): DB (30%), DNB (20%), OP (10%), SEB (15%), SHB (15%), SWB (10%)  
 TSR Peers: Equal weighting DB, DNB, SEB, SHB, SWB, Total shareholder return in euros

## Financial targets

**Cost/income ratio in FY22**

**50%**

**Return on equity in FY22**

**>10%**

**Capital policy from 2020**

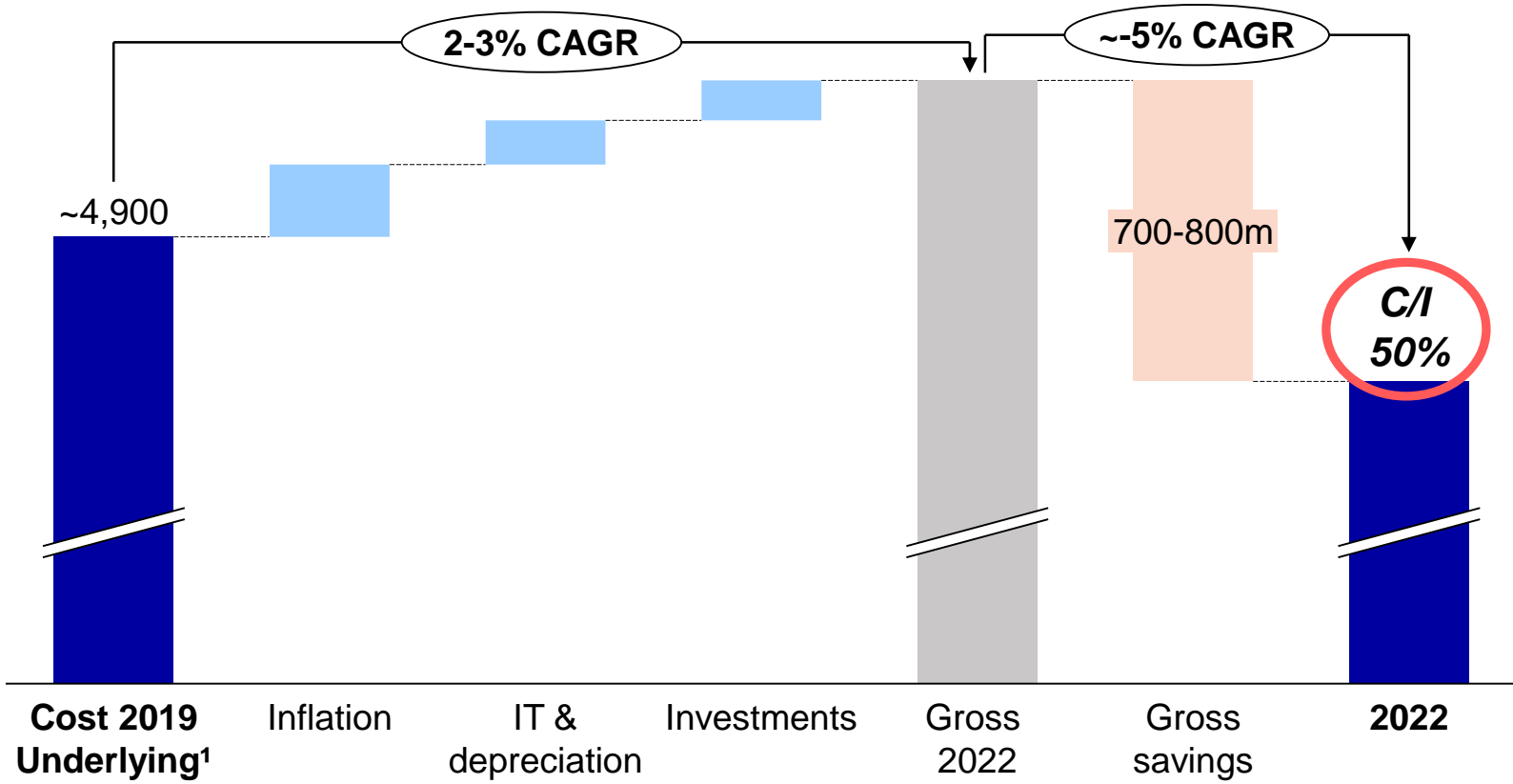
**150-200 bps  
management buffer**  
above the regulatory CET1 requirement

**Dividend policy from 2020**

**60-70% pay-out of distributable  
profits to shareholders.<sup>1</sup>**  
Excess capital intended to be distributed  
to shareholders through buybacks

# Gross cost reductions exceed investments and inflation

## Cost changes by end 2022



For 2020, we expect to reach a cost base below EUR 4.7bn

We plan to continue delivering annual net cost reductions beyond 2020

6 1. Adjusted for impact of structural transactions, AML provision, intangibles write-down and restructuring

# Delivery of 700-800m gross cost reduction



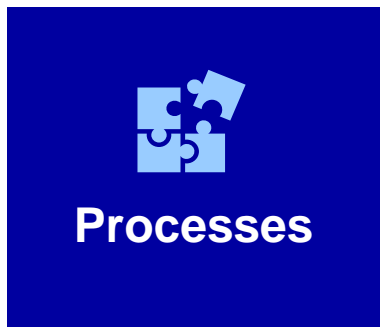
## Fewer people until 2022

- Majority of the planned reductions in head office and central functions
- Reduction in number of external consultants
- Nearshoring



## Reduced IT spend

- Outsourcing
- Continued decommissioning, automation and cloud solutions
- Pan-Nordic platforms



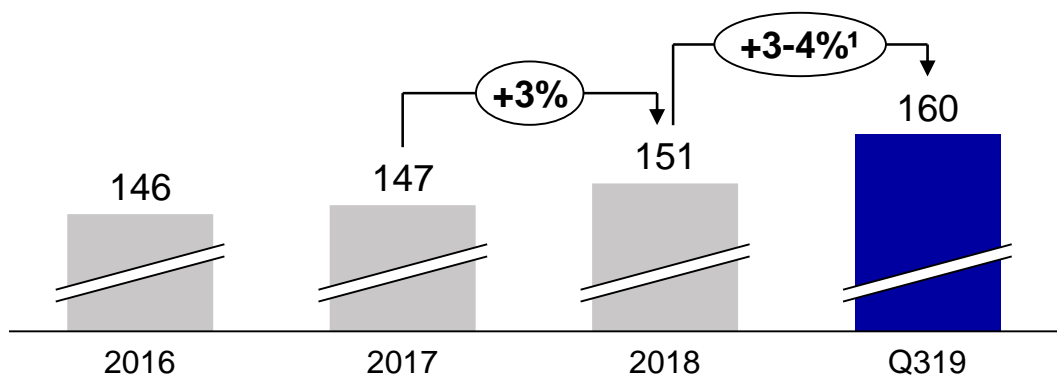
## Streamlining of processes

- 40% fewer products
- From 48 to 5 payment platforms
- Automated and robotised processes freeing up time (FTEs)

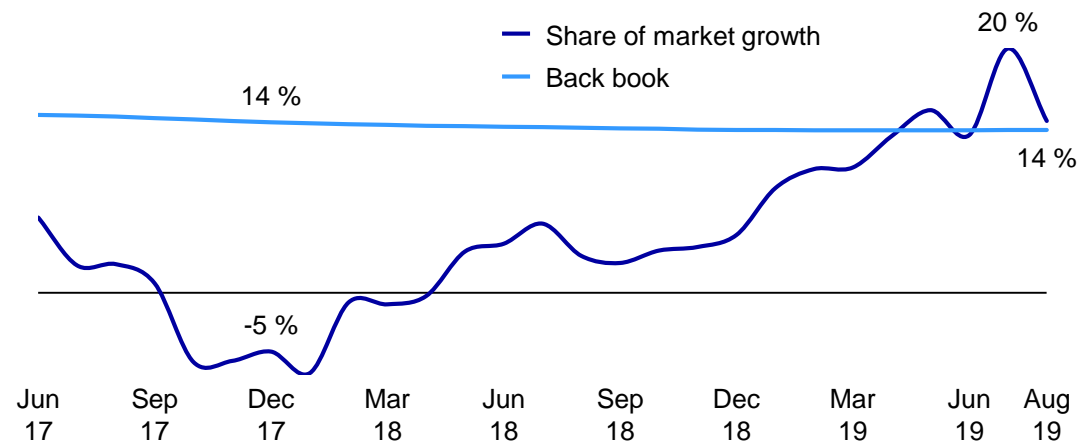


# Intensified business activity and customer focus start to show results

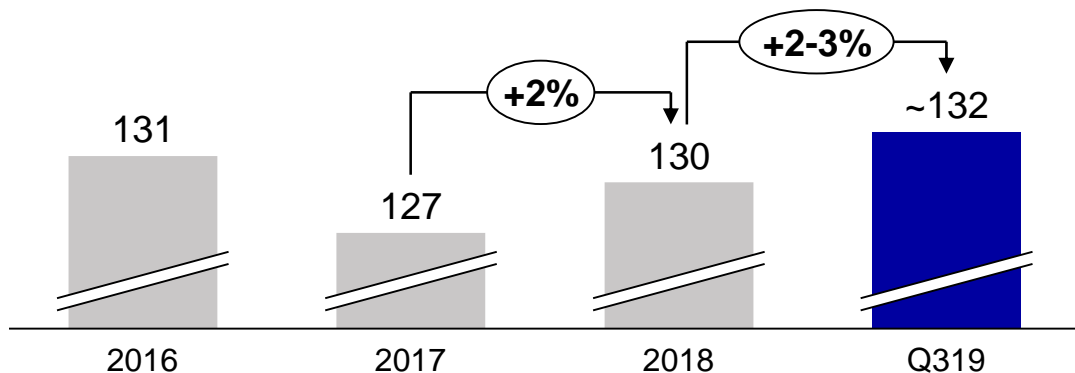
## Household lending (EURbn)



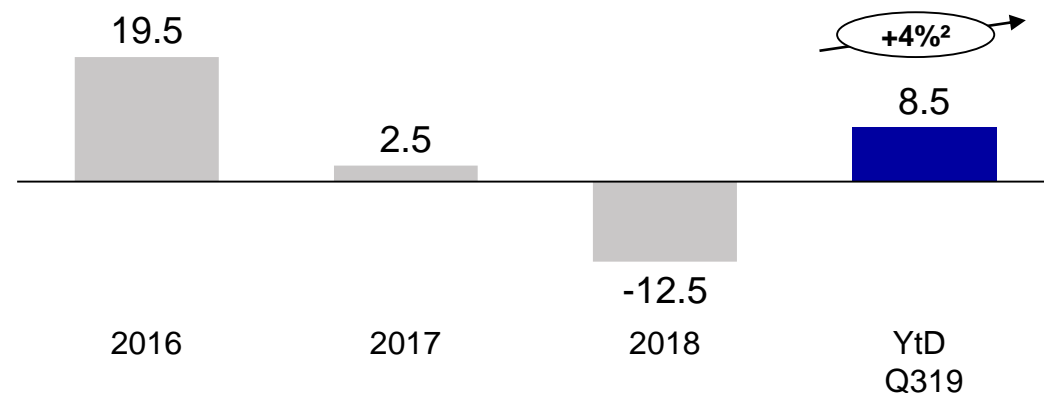
## Market share Swedish mortgages



## Corporate lending (EURbn)



## AuM net flow (EURbn)



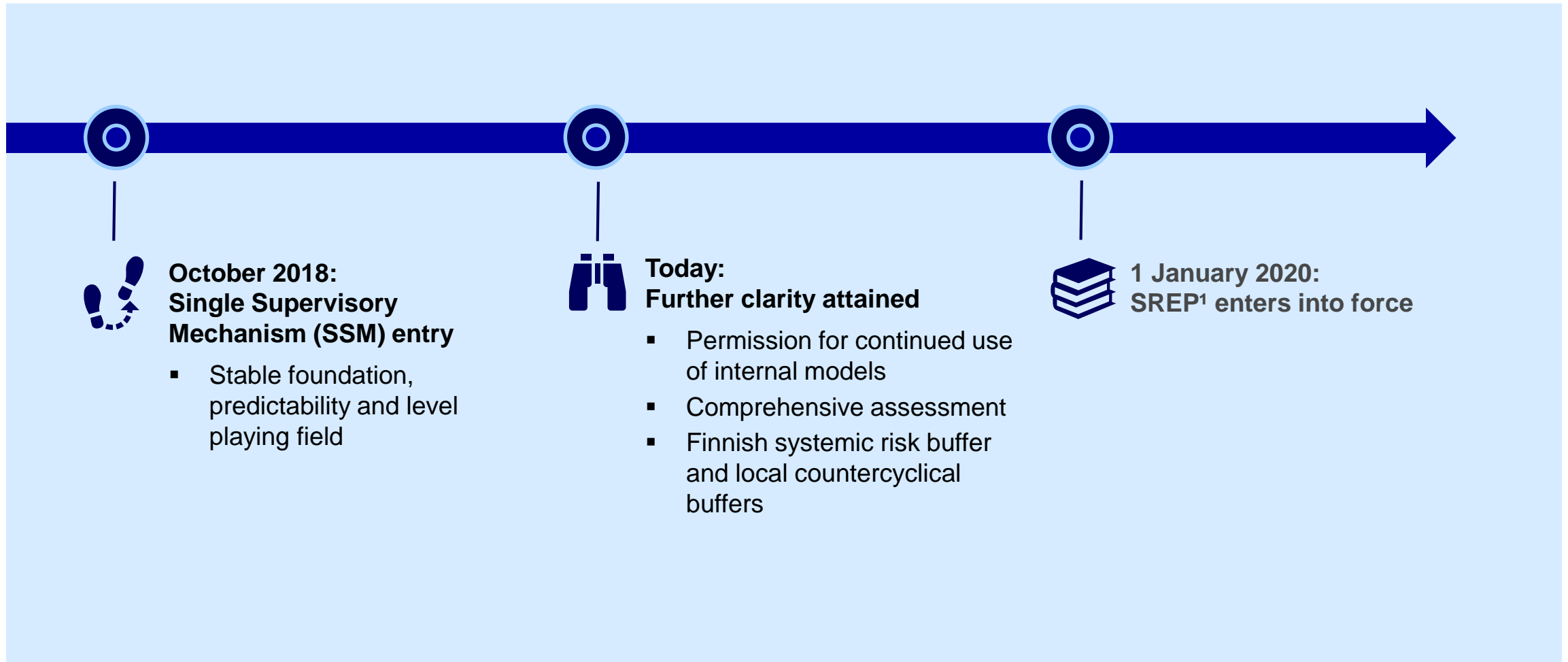
8 1. Growth excl Gjensidige Bank

2. Annualised net flow

Note: Historical periods adjusted for divestments and items affecting comparability

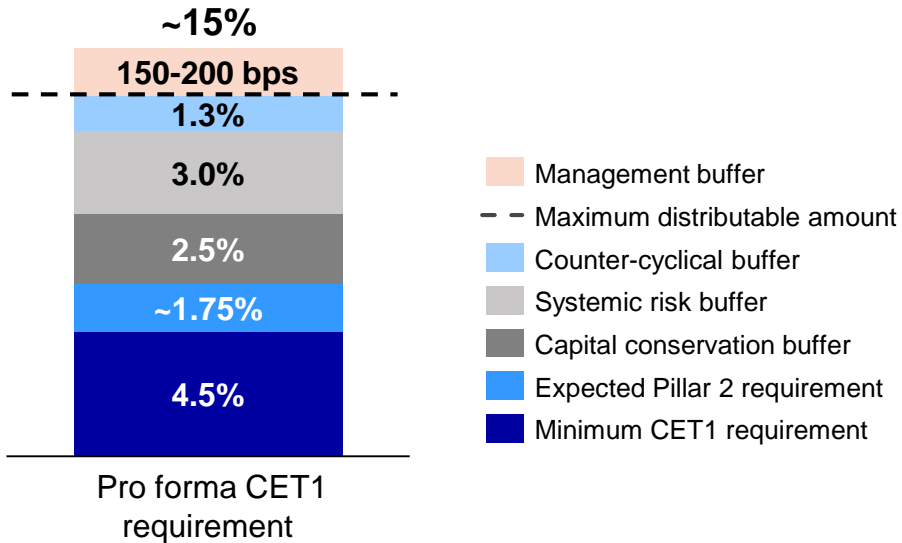


## Increased clarity under the SSM



# New capital policy and uses of capital

**Capital policy from 2020**  
150-200 bps management buffer  
above the regulatory CET1 requirement



## Uses of capital

Organic growth

**60-70% dividend pay-out ratio**

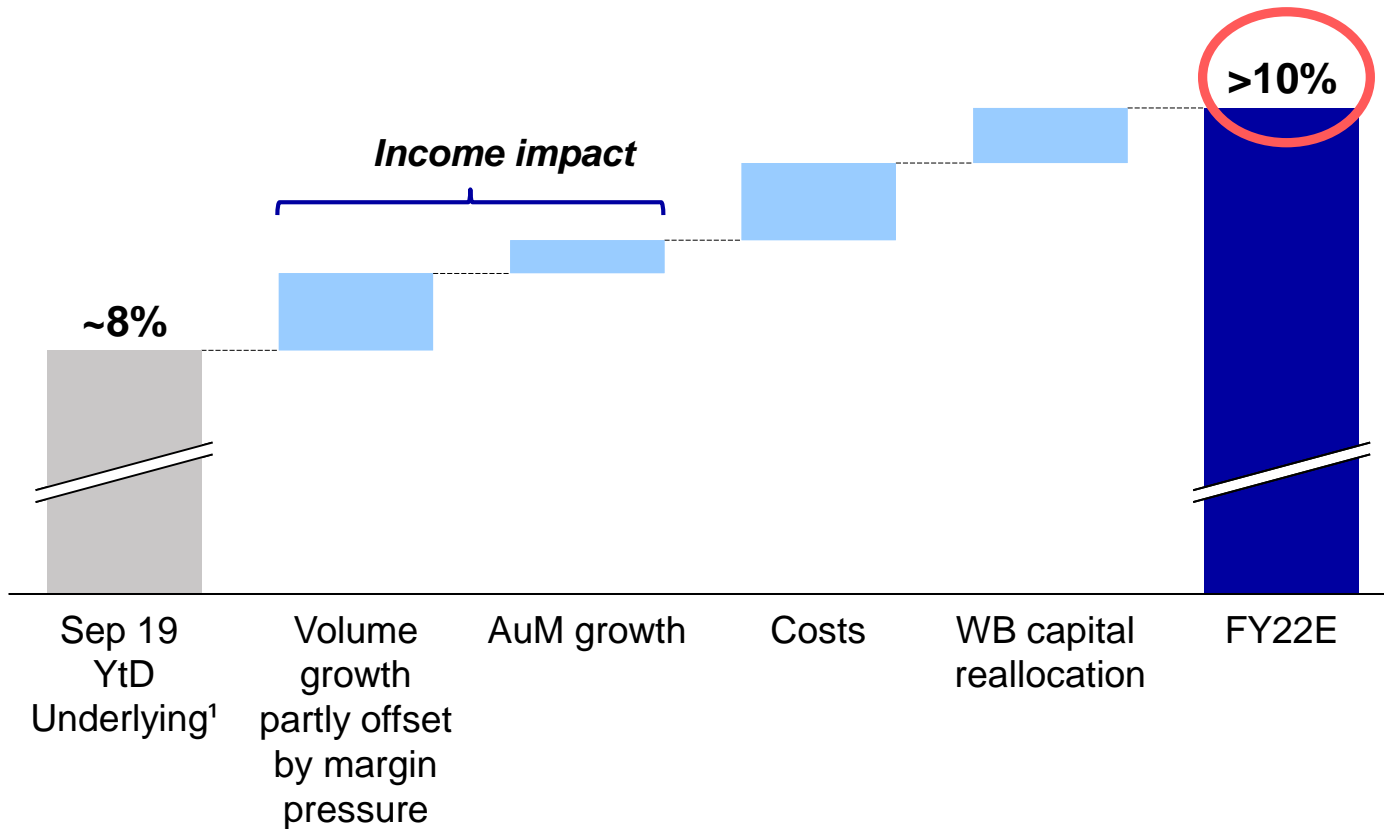
For 2019 Nordea targets a dividend of EUR 0.40 per share

M&A bolt-ons

Share buybacks

# The path to exceed 10% return on equity in 2022

## Expected return on equity development 2019 to 2022



## Drivers of profitability

- Positive momentum on lending volumes
- Net flow in AuM
- Net cost reduction
- WB repositioning helping on both profit and capital
- ➡ Stable credit quality
- ⬇️ Pressure on margins

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