

A man with a beard, wearing a green shirt and a dark apron, is carrying a wooden crate filled with coffee beans and a small potted plant. He is standing in front of a cafe. To his right is a chalkboard sign that reads "ESPRESSO", "CAPPUCCINO", and "CAFFE LATTE". The cafe's interior is visible through the glass door and windows, showing a counter, stools, and hanging lights. The word "Nordea" is written in blue at the top of the image.

# Nordea

## Third Quarter Results 2016

Presentation

Casper von Koskull, President, Group CEO

# 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.

# Highlights Q3/16 vs. Q3/15\*

Stable environment and low growth

Income up 10 %

- ✓ NII down 4% YoY but up 1% vs Q2 2016
- ✓ Strong trend in the corporate advisory services – a leading European bank in 2016
- ✓ All-time high inflow to asset management of EUR 9.6bn

Costs are following the plan, up 8%

- ✓ Cost to income ratio improved 1%-points to 48.1%
- ✓ Full-year cost guidance of 3% growth in 2016 vs 2015 reiterated
- ✓ Flat costs 2018 vs. 2016

Loan loss at 16 bps o/w 9 bps are collective

- ✓ Impaired loan loss level down 9%, of which 6% relates to the Baltic

CET 1 ratio up 110 bps QoQ to 17.9%

- ✓ Final SREP requirement is 17.3%
- ✓ CET1 ratio in line with Nordea's capital policy

Business and culture transformation journey

- ✓ Bringing in world-class experts in several key strategic positions

\*In local currencies

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## Q3 2016 financial results highlights



Nordea

# Nordea Group

## FINANCIAL RESULT

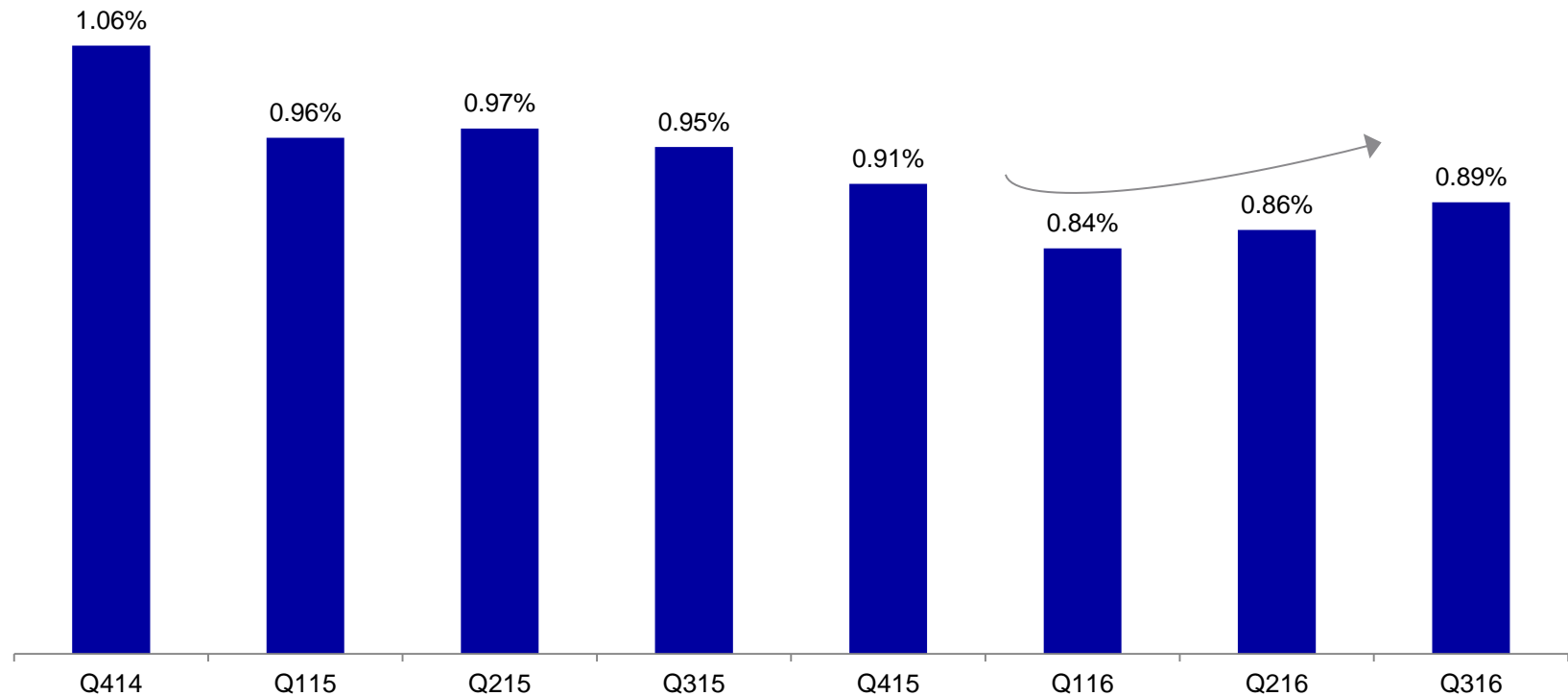
EURm	Q3/16	Q2/16	Chg Q3/Q2 %	Chg Q3/Q3 %	Loc. curr. Chg Q3/Q3 %	Jan-Sep 2016	Loc. curr. Chg YoY %
Net interest income	1,178	1,172	1	-4	-4	3,518	-4
Net fee & commission income	795	804	-1	4	4	2,371	-1
Net fair value result	480	405	19	127	123	1,217	-2
<b>Total income</b>	2,466	2,556	-4	9	10	7,317	-1
<b>Total income*</b>	2,466	2,405	3	9	10	7,166	-3
<b>Total expenses</b>	-1,183	-1,206	-2	7	8	-3,567	4
<b>Total expenses*</b>	-1,183	-1,206	-2	7	8	-3,567	4
Net loan losses	-135	-127	6	21	23	-373	15
<b>Operating profit</b>	1,148	1,223	-6	11	11	3,377	-7
<b>Operating profit*</b>	1,148	1,072	7	11	11	3,226	-11
<b>Net profit</b>	888	996	-11	14	14	2,666	-4
Return on equity* (%)	11.6	11.4	+20 bps	+110 bps	n/a	11.1	+50 bps
CET1 capital ratio (%)	17.9	16.8	+ 110 bps	+150 bps	n/a	17.9	+150 bps
Cost/income ratio* (%)	48	50	-200 bps	-100 bps	n/a	50	-200 bps

\*Excluding non-recurring items

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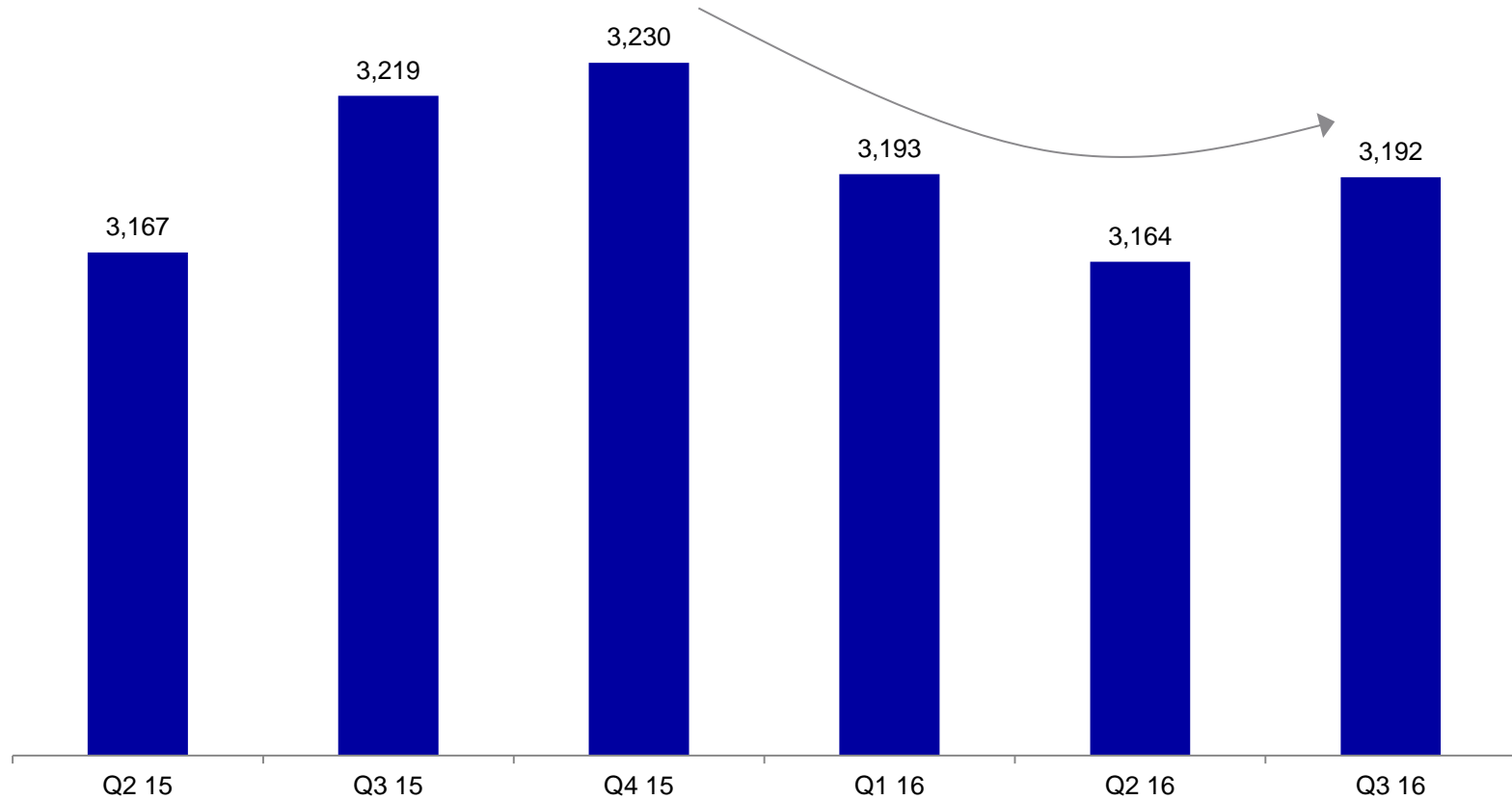
# Net Interest Margin

Severe pressure from negatives rates – finally levelling off



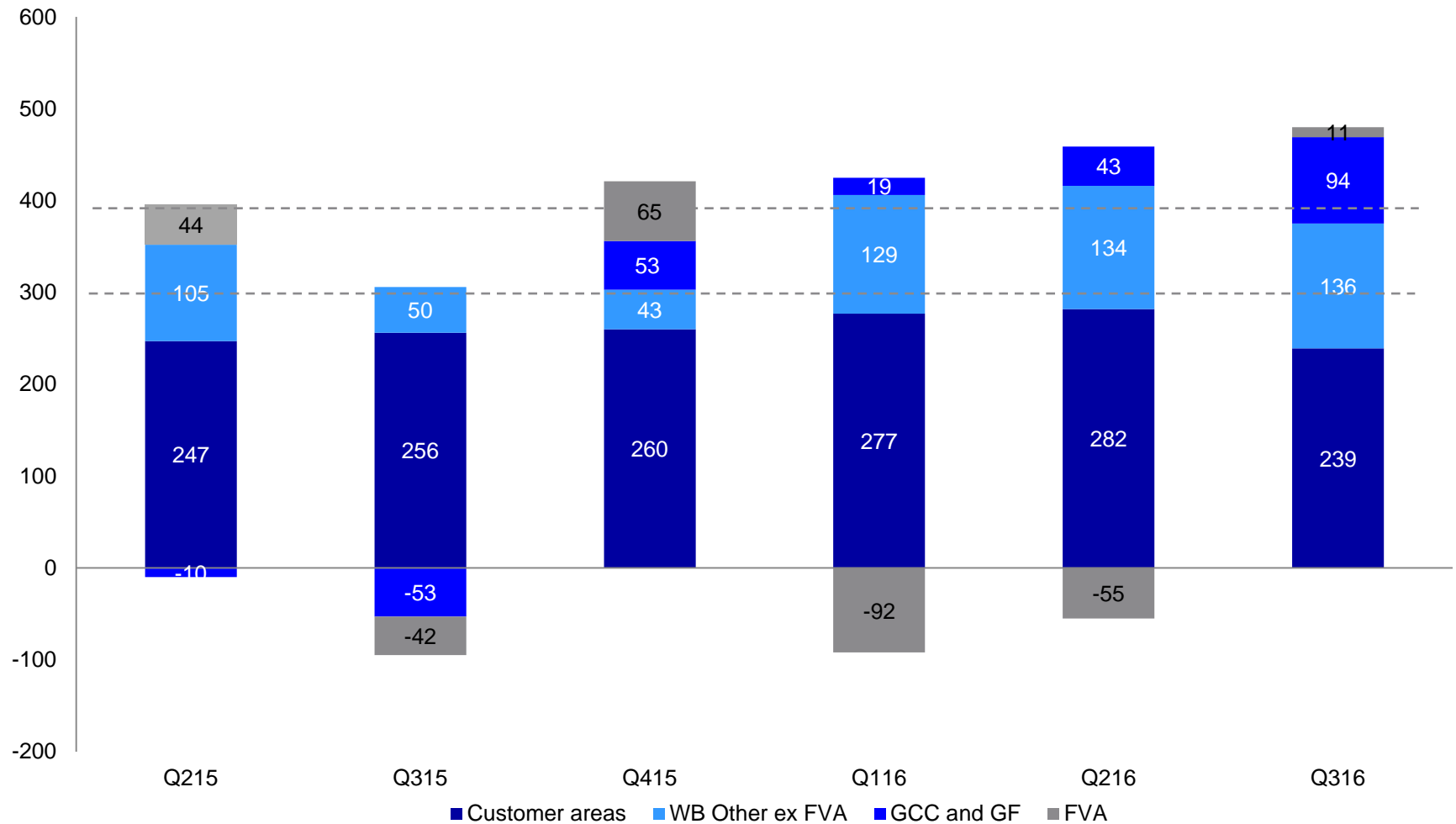
# Net Fee and Commission Income, 6Q rolling

Improved trend, driven by Asset Management



# NFV, 6Q overview

Solid underlying trend of EUR 300-400m per quarter





# Retail Banking

## FINANCIAL RESULT

EURm	Q3/16	Q2/16	Chg Q3/Q2 %	Chg Q3/Q3 %	Loc. curr. Chg Q3/Q3 %
Net interest income	812	800	2	-3	-2
<b>Total income</b>	<b>1,188</b>	<b>1,195</b>	<b>-1</b>	<b>-5</b>	<b>-4</b>
<b>Total expenses</b>	<b>-676</b>	<b>-680</b>	<b>-1</b>	<b>0</b>	<b>0</b>
Net loan losses	-63	-71	-11%	-6%	-4%
<b>Operating profit</b>	<b>449</b>	<b>444</b>	<b>1</b>	<b>-11</b>	<b>-11</b>
ROCAR (%)	10%	10%	-	-	-
Economic Capital	13,329	13,543	-2%	+10%	+10%

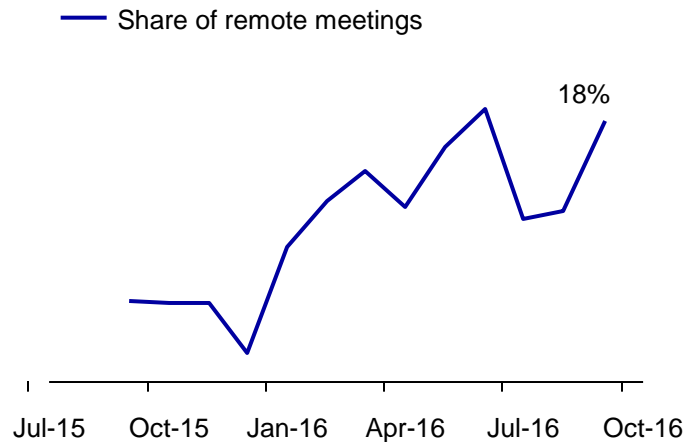
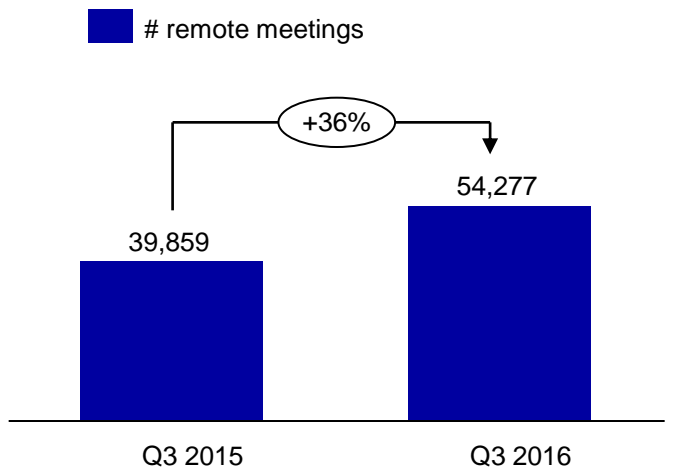
## COMMENTS

- Positive trend in NII
  - Strong performance in Sweden
  - Higher NIBOR pressured Norwegian margins
- Lending:
  - Some growth in corporates and household in Sweden - low elsewhere
- Risk management products
  - Seasonally lower activity levels
- Expenses
  - Down 1%, more than mitigating inflation and compliance investments

# Making the bank more accessible for our customers

## BUSINESS UPDATE

- Every sixth customer meeting is done online, +36 percent YoY
- New partnership on MobilePay in Denmark and Norway
- Winner of The Banker's "Transaction Banking Award for the Nordic region 2016"



# Wholesale Banking

## FINANCIAL RESULT

EURm	Q3/16	Q2/16	Chg Q3/Q2 %	Chg Q3/Q3 %	Loc. curr. Chg Q3/Q3 %
Net interest income	204	209	-2	-21	-19
<b>Total income</b>	<b>576</b>	<b>542</b>	<b>6</b>	<b>17</b>	<b>18</b>
<b>Total expenses</b>	<b>-221</b>	<b>-229</b>	<b>-3</b>	<b>6</b>	<b>7</b>
Net loan losses	-71	-56	27	51	59
<b>Operating profit</b>	<b>284</b>	<b>257</b>	<b>11</b>	<b>19</b>	<b>19</b>
ROCAR (%)	10	9	-	-	-
Economic Capital	8,607	9,109	-6%	+9%	-

## COMMENTS

- Stable business trend in Corporate and Institutional Banking
- Strong trend within corporate advisory services
- Limited impact from Fair Value Adjustments, EUR +11m, vs. EUR -50m in Q2 16
- Volumes in Russia are down 18% QoQ in local lending currencies

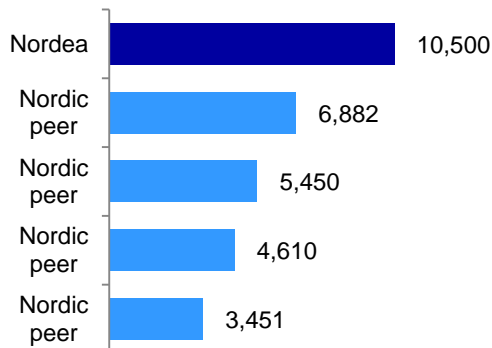
# Top ranked both in Nordics and EMEA\*

Nordea is a local champion

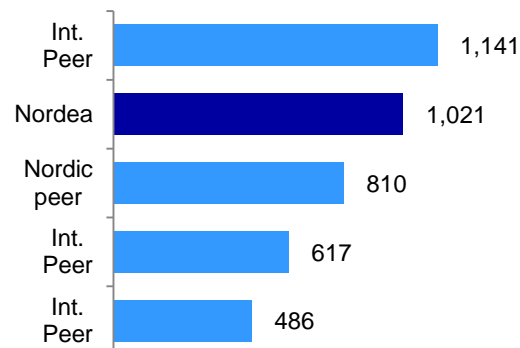
IPOs January - September (Q1-Q3) 2016				
Rank	Global Coordinator	Deal Value, EURm	No. Of IPOs	%share
1	Morgan Stanley	7,315	8	39.60
2	Nordea	5,405	4	29.26
3	JP Morgan	5,132	7	27.78
4	Deutsche Bank	4,924	7	26.55
5	Goldman Sachs	2,690	7	14.56
6	Citi	1,912	4	10.35
7	Bank of America Merrill Lynch	1,789	4	9.68
8	ABN AMRO Bank	1,580	3	8.55
9	Credit Suisse	1,566	3	8.48
10	Mediobanca	1,286	4	6.96

- Nordea among the top on the EMEA\* list of joint global coordinators
- Selective #1 league table positions again confirm our market leading position in the Nordics

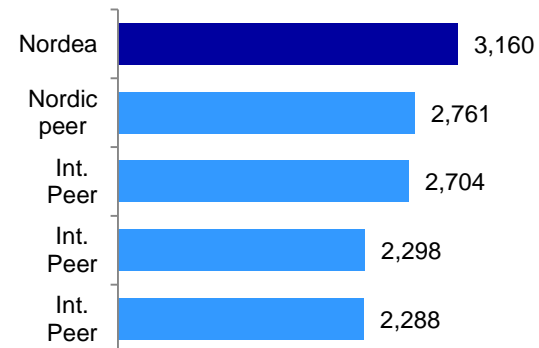
**Q3 Nordic #1 on Syndicated loans (EURm)**



**Q3 Nordic #2 and #1 YTD on Bonds (EURm)**



**Q3 Nordic #1 on ECM (EURm)**



\*Europe, the Middle East and Africa

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# Wealth Management

## FINANCIAL RESULT

EURm	Q3/16	Q2/16	Chg Q3/Q2 %	Chg Q3/Q3 %	Loc. curr. Chg Q3/Q3 %
Net interest income	28	28	0	-15	-18
<b>Total income</b>	<b>489</b>	<b>499</b>	<b>-2</b>	<b>11</b>	<b>10</b>
<b>Total expenses</b>	<b>-201</b>	<b>-202</b>	<b>0</b>	<b>2</b>	<b>4</b>
Net loan losses	0	0	-	-	-
<b>Operating profit</b>	<b>288</b>	<b>297</b>	<b>-3</b>	<b>18</b>	<b>14</b>
ROCAR (%)	35	38	-	-	-
Economic Capital	2,578	2,459	+5%	+9%	+9%

## COMMENTS

- All-time-high inflow to Asset management
  - EUR 9.6bn or 13% of AuM annualised
- Assets under management at all-time high of EUR 317.4bn
- Strong fee and commission trend in Life and Pensions
- Normal seasonality in activity levels in Private Banking

# Top ranked by Morningstar on European fund net flows

Overall rating 2016 (End Q3, EURbn)

Nordea	16.3
Union Investment	10.2
Aviva	8.7
PIMCO	6.3
Eurizon Capital	6.1
Credit Suisse	6.0
Amundi	5.5
Mercer Global Investments	5.3
Vanguard	5.1
UBI	4.8

#1

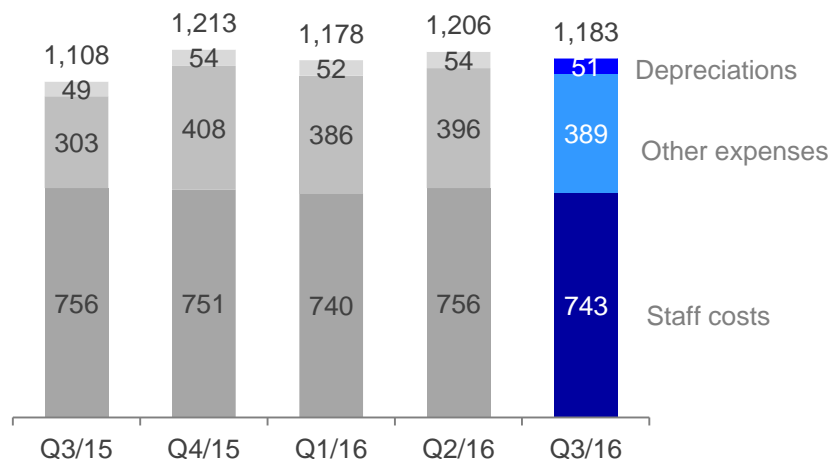
Source: Morningstars' estimated 2016 net flow in OE mutual funds (excl. money market, funds of funds & ETF's) data extracted 26.09.2016.

- Highest net inflow ever; EUR 9.6 bn in Q3 16
- Highest net inflow per end of September
- Awarded "*Multi Asset Manager of the year*" by Financial News



# Costs

TOTAL EXPENSES\*, EURm



COMMENTS

- Cost to income ratio:
  - Improved 100bps YoY and 200bps QoQ
- Costs in local currencies:
  - Down 1% QoQ and up 8% YoY
- Number of staff:
  - Up 1% QoQ and 5% YoY
  - Mainly relates to compliance and insourcing of IT
- Cost growth of approximately 3% in local currencies for 2016 compared to 2015\*\*
- Largely unchanged cost base 2018 vs. 2016
- Continued high activity level in 2017

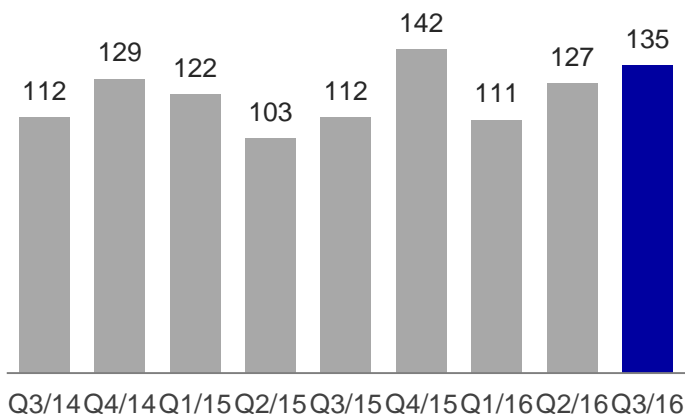
\*Excluding restructuring charge of EUR 263m in Q4/15

\*\* Including a gain of EUR 80-85m from a changed pension agreement in Norway

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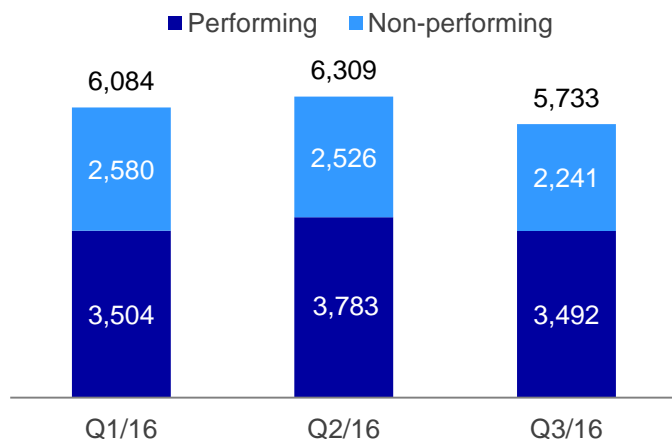
# Solid asset quality

TOTAL NET LOAN LOSSES, EURm



COMMENTS

- Loan losses at 16 bps for Q3 (Q2: 15 bps)
  - 53% from increased collective provisions related to the oil and offshore related portfolios
  - Individual losses were at low level of 7 bps
- Impaired loans ratio down 9 bps to 163 bps and provisioning ratio increased to 44% (Q2:42%)
- The full year loan losses are expected to be at around 16bps

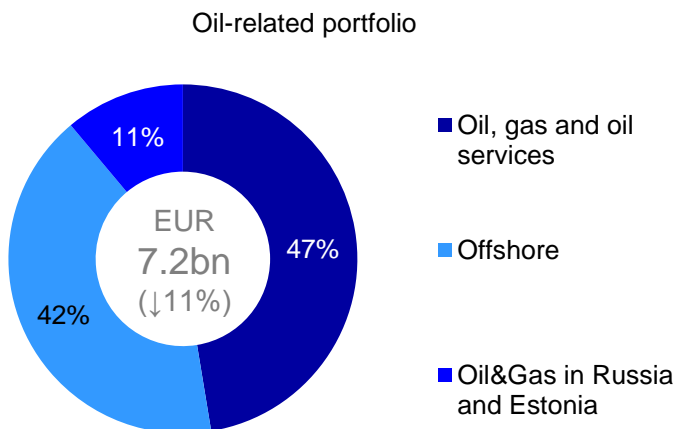
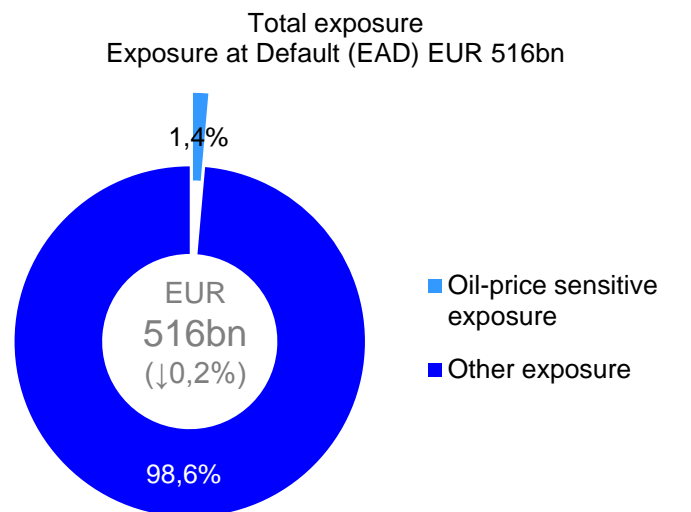


\*EUR 6122m, including operations in Baltics, expected finalised Q2 2017

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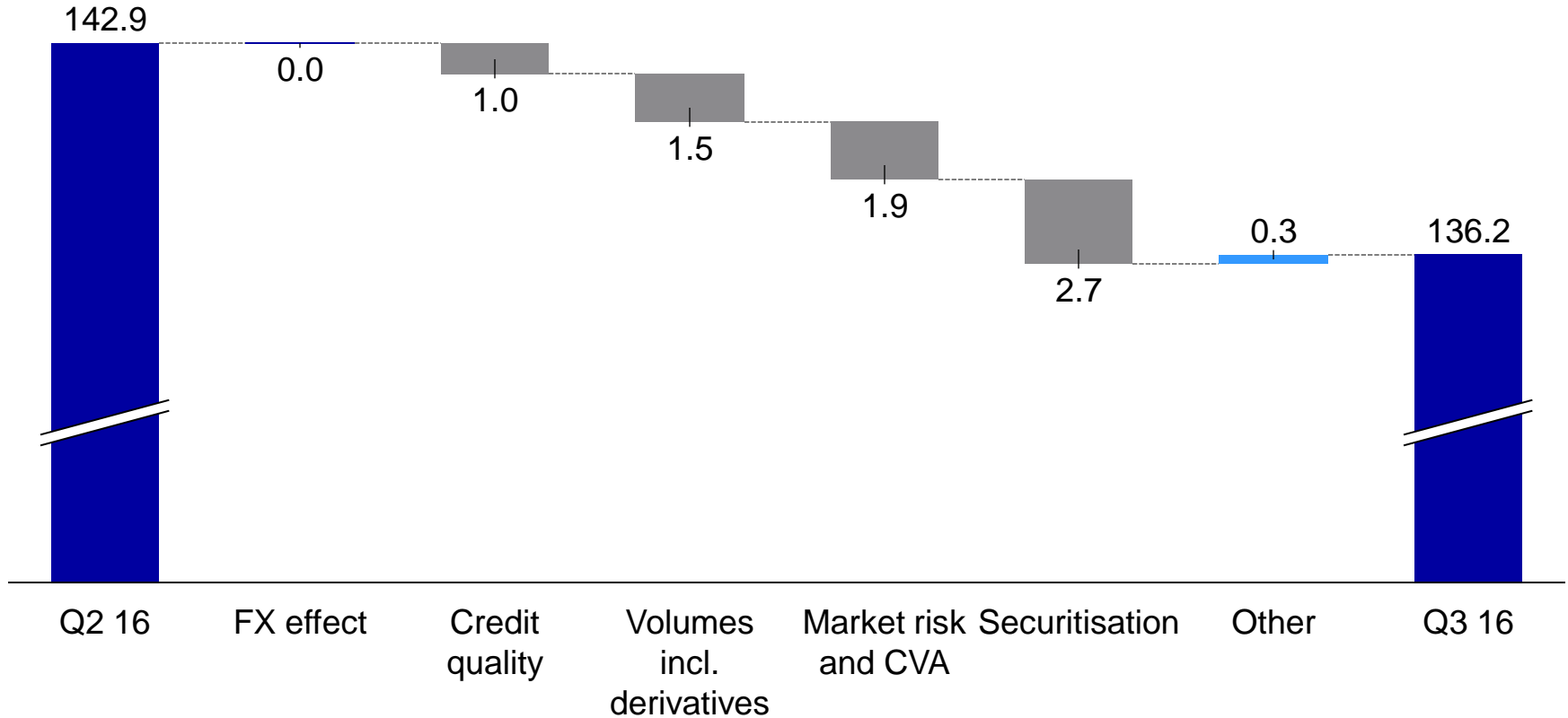


## Oil & gas, oil services and offshore is 1.4% of Nordea's EAD

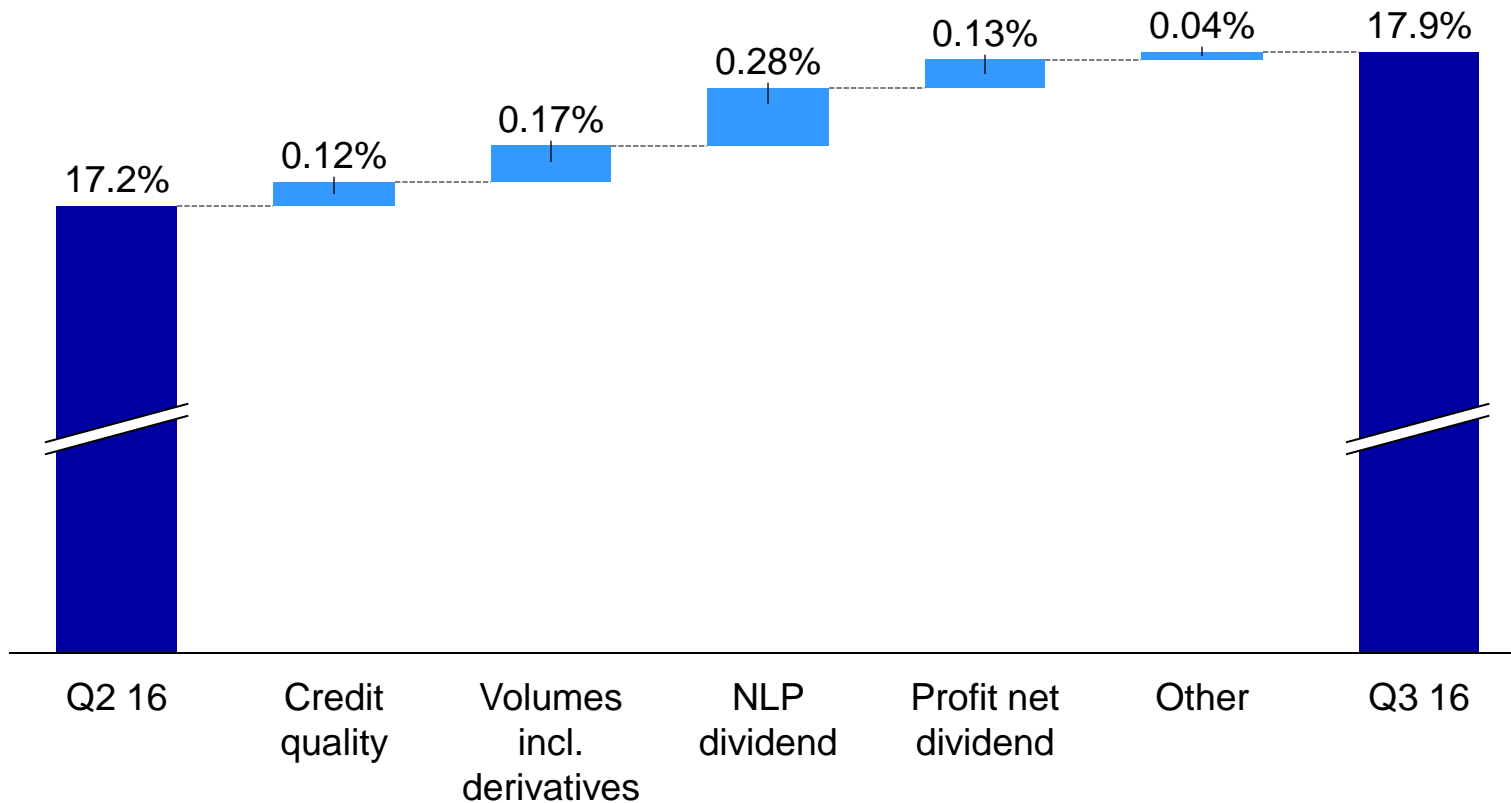


- Credit quality in the oil and offshore related portfolios is still deteriorating
- Exploration & production spending in the oil & gas industry is expected to fall more than 20% in 2016
- Collective provisions related to oil and offshore increased in Q3 with EUR 53m. Total collective provision for oil and offshore is now EUR 157m
- In Q3, EUR 58m of the loan loss provisions related to Offshore
- During Q3 a handful of large restructurings have been successfully completed in the offshore portfolio

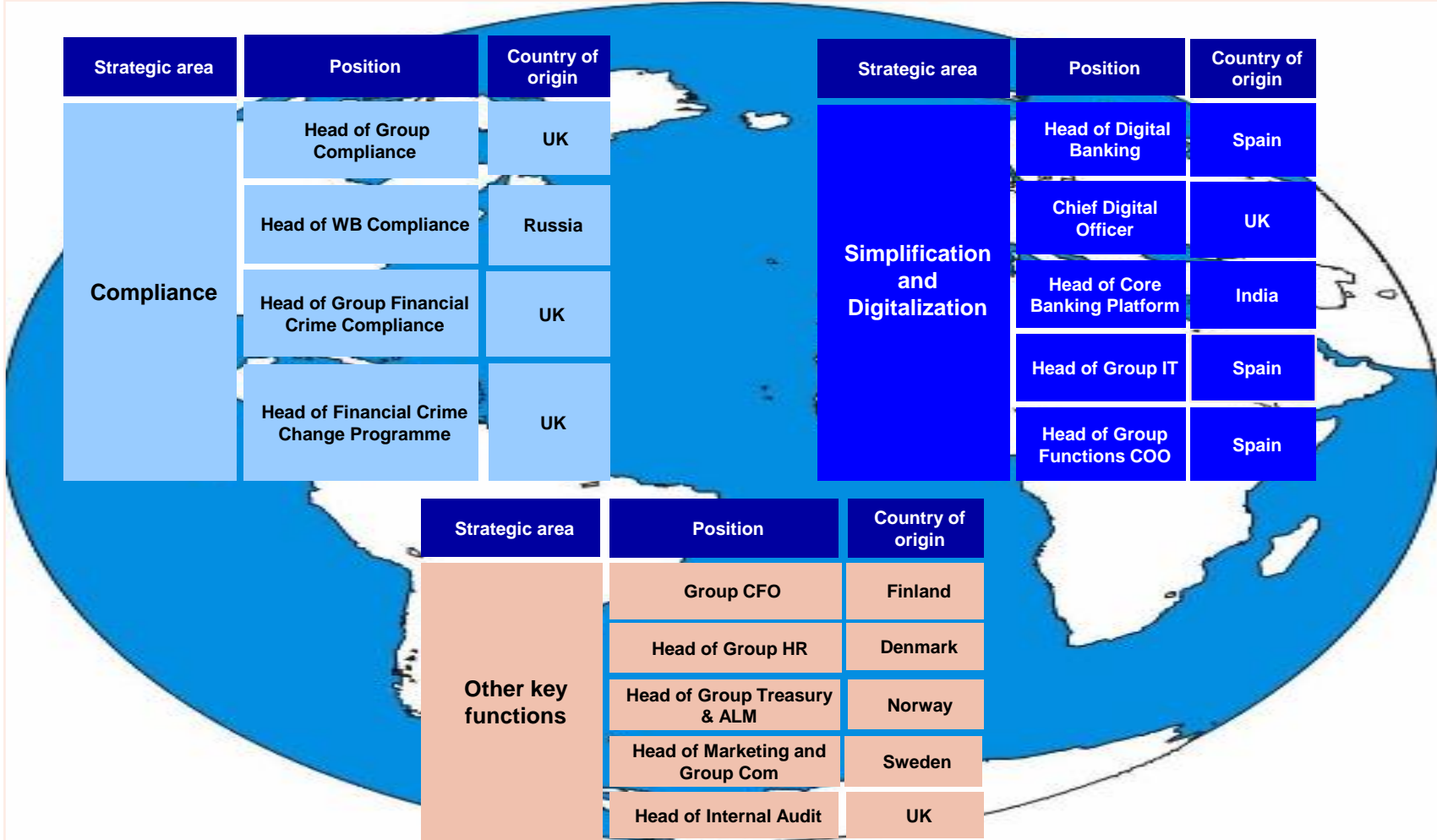
## REA development Q3 16



## Common Equity Tier 1 ratio development Q316 vs. Q2 proforma



# Experienced and international professionals recruited on key strategic senior positions



Strategic area	Position	Country of origin	Strategic area	Position	Country of origin
Compliance	Head of Group Compliance	UK	Simplification and Digitalization	Head of Digital Banking	Spain
	Head of WB Compliance	Russia		Chief Digital Officer	UK
	Head of Group Financial Crime Compliance	UK		Head of Core Banking Platform	India
	Head of Financial Crime Change Programme	UK		Head of Group IT	Spain
				Head of Group Functions COO	Spain
Other key functions					
				Group CFO	Finland
				Head of Group HR	Denmark
				Head of Group Treasury & ALM	Norway
				Head of Marketing and Group Com	Sweden
				Head of Internal Audit	UK

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Presentation

Casper von Koskull, President, Group CEO