

Nordea



Fourth Quarter and Full Year Results 2016

Casper von Koskull, President, Group CEO

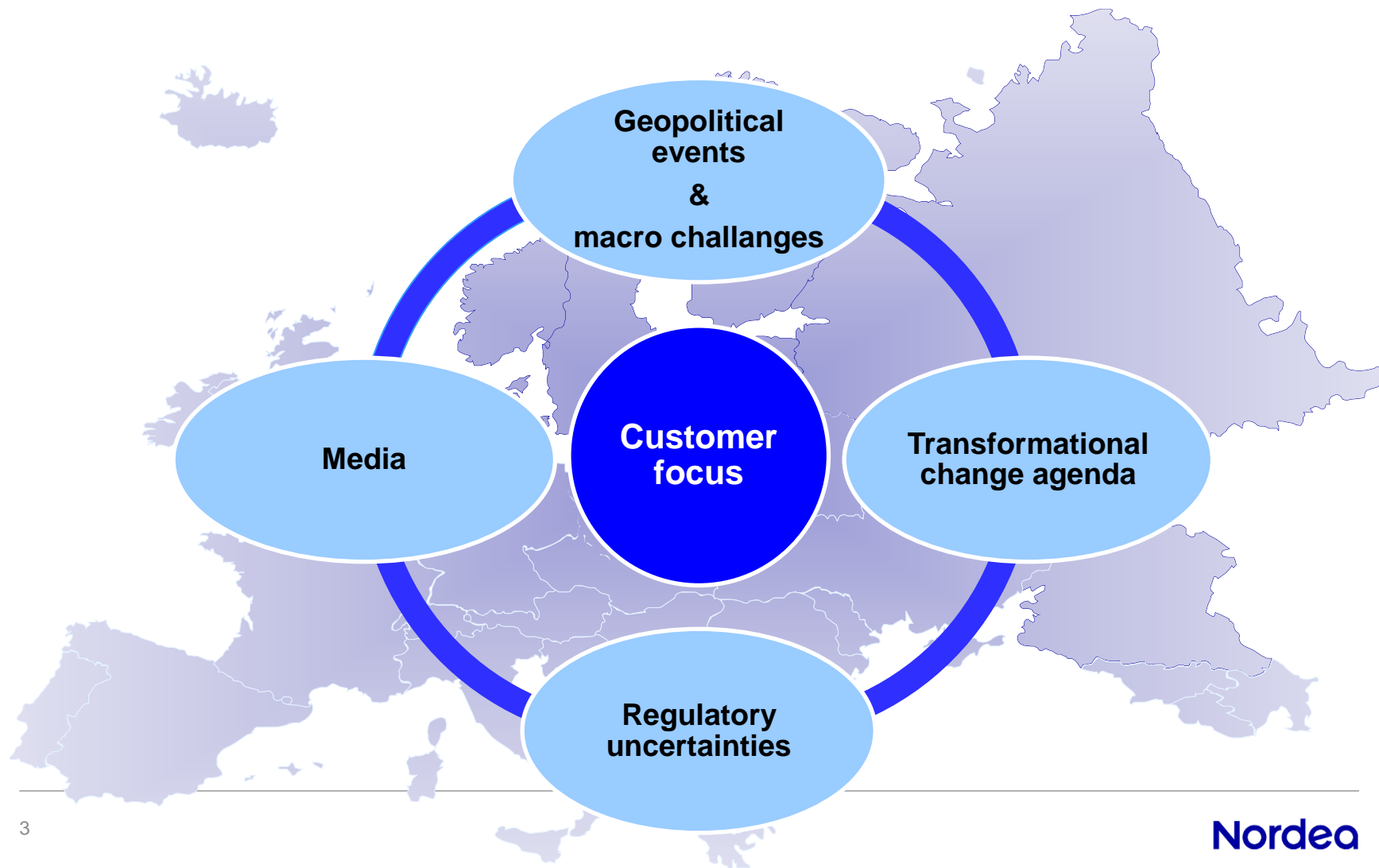
Disclaimer

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.

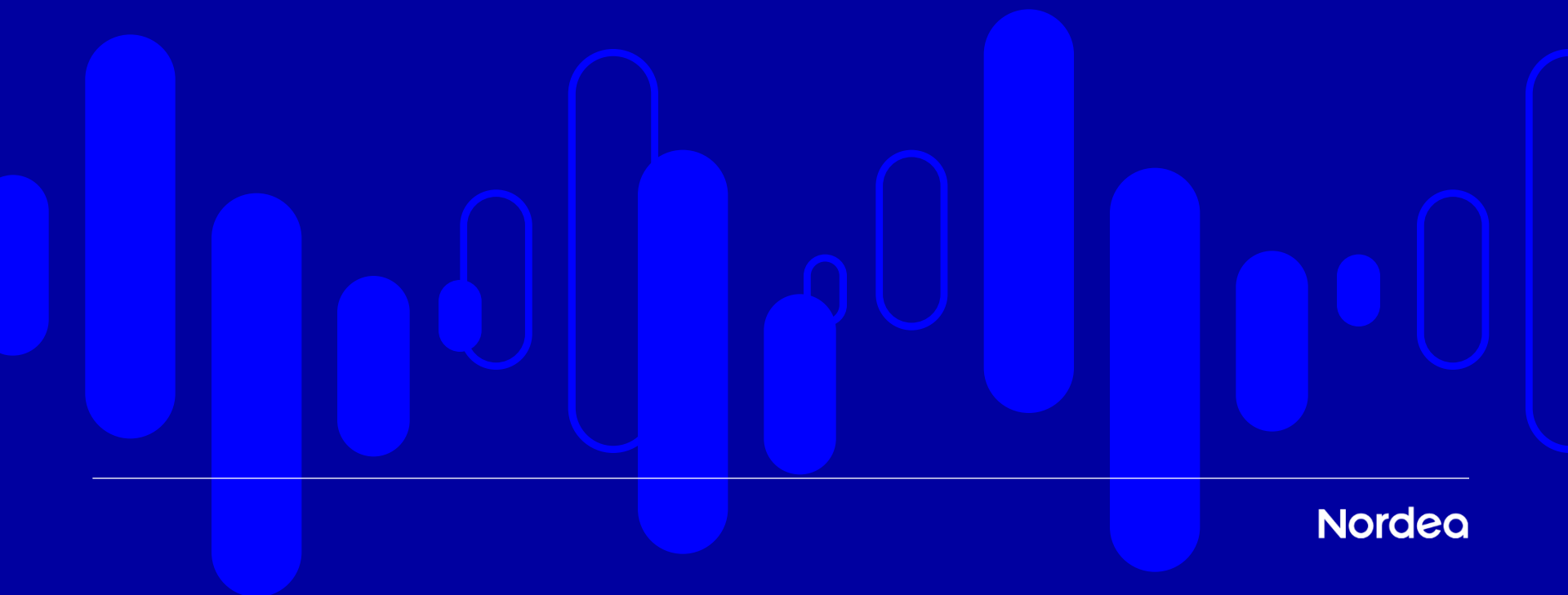
This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

2016 was probably the most eventful year in the history of Nordea



Q4 2016 financial results highlights

Group view



Nordea

Financial Highlights

Stable environment and low growth

FY16 vs. FY15*

Q4/16 vs. Q4/15*

Income	<ul style="list-style-type: none"> ✓ Total revenues ✓ Net Interest Income ✓ Fee and commission income 	<ul style="list-style-type: none"> ✓ - 1% ✓ - 3% ✓ + 1% 	<ul style="list-style-type: none"> ✓ + 5% ✓ Flat ✓ + 6%
Costs	<ul style="list-style-type: none"> ✓ Total costs ✓ Excl. Group Projects ✓ 2018 vs. 2016 	<ul style="list-style-type: none"> ✓ + 5% ✓ +2% ✓ Flat 	<ul style="list-style-type: none"> ✓ + 10% ✓ +7% ✓ Continued high activity level in 2017
Credit quality	<ul style="list-style-type: none"> ✓ Loan loss level ✓ Credit quality 	<ul style="list-style-type: none"> ✓ 15 bps ✓ Largely unchanged in the coming Q 	<ul style="list-style-type: none"> ✓ 16bps: +90% stem from Oil and Offshore ✓ Impaired loans are down 3%
Capital and proposed dividend	<ul style="list-style-type: none"> ✓ CET 1 ratio ✓ Proposed dividend of EUR 0.65 	<ul style="list-style-type: none"> ✓ 18.4% (16.5%) ✓ EUR 0.64 in 2015 	

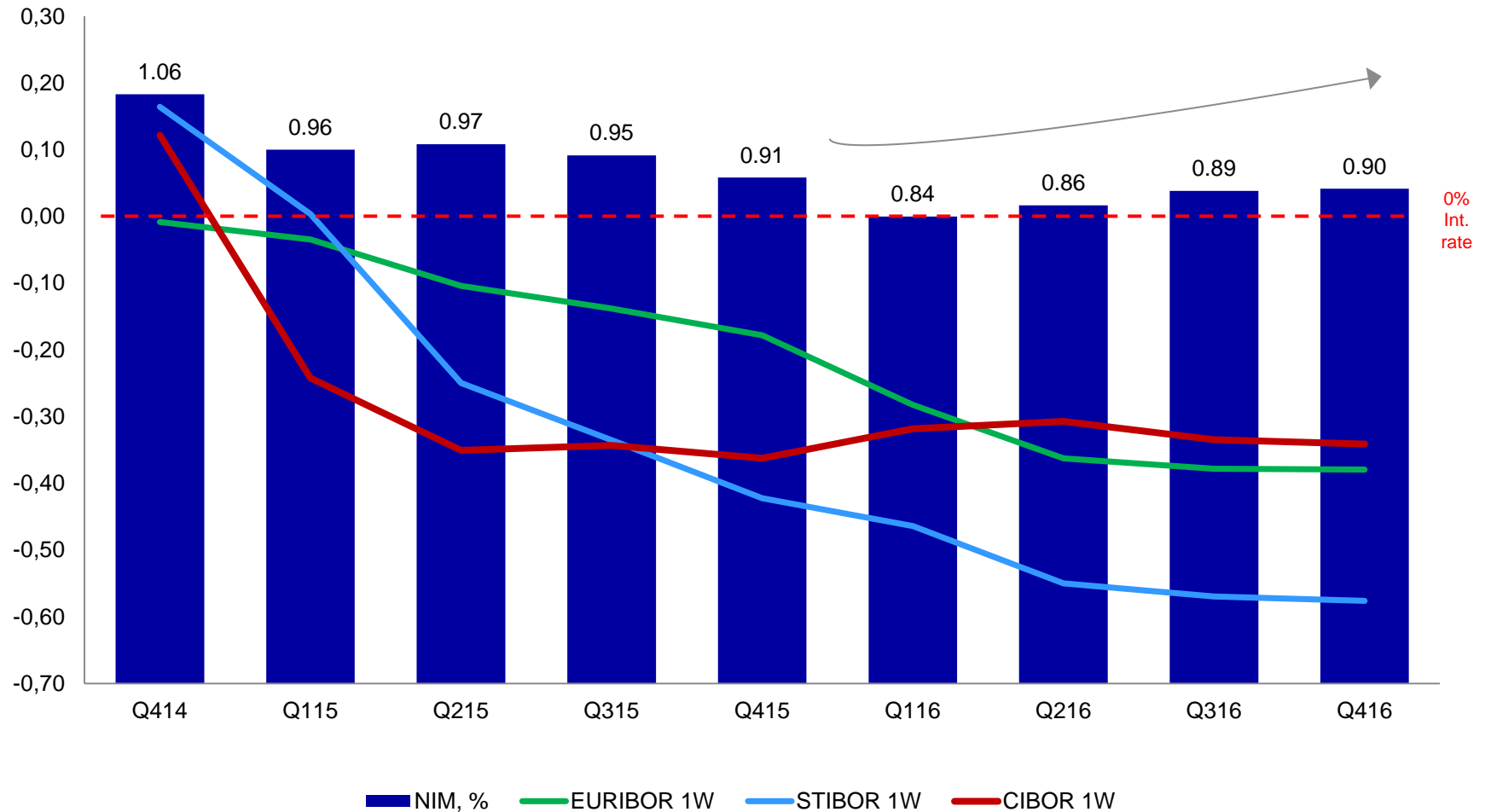
Nordea Group

Financial result

EURm	FY16	FY15	Chg FY16/ FY15	Loc. curr. Chg YoY	Q4 2016	Chg Q416/ Q415	Loc. curr. Chg Q416/Q415
Net interest income	4,727	4,963	-5%	-3%	1,209	0%	0%
Net fee & commission income	3,238	3,230	0%	1%	867	6%	6%
Net fair value result	1,715	1,645	4%	4%	498	18%	20%
Total income	9,927	10,140	-2%	-1%	2,610	-1%	-1%
Total income*	9,754	9,964	-2%	-1%	2,588	5%	5%
Total expenses	-4,800	-4,957	-3%	-2%	-1,233	-16%	-16%
Total expenses*	-4,886	-4,694	4%	5%	-1,319	9%	10%
Net loan losses	-502	-479	5%	9%	-129	-9%	-6%
Operating profit	4,625	4,704	-2%	-1%	1,248	22%	21%
Operating profit*	4,366	4,791	-9%	-8%	1,140	2%	2%
Net profit	3,766	3,662	3%	4%	1,100	30%	29%
Return on equity* (%)	11.5	12.3	-80 bps	n/a	12.9	+140 bps	n/a
CET1 capital ratio (%)	18.4	16.5	+190 bps	-	18.4	+190 bps	-
Cost/income ratio* (%)	50	47	+300 bps	n/a	51	+200 bps	n/a

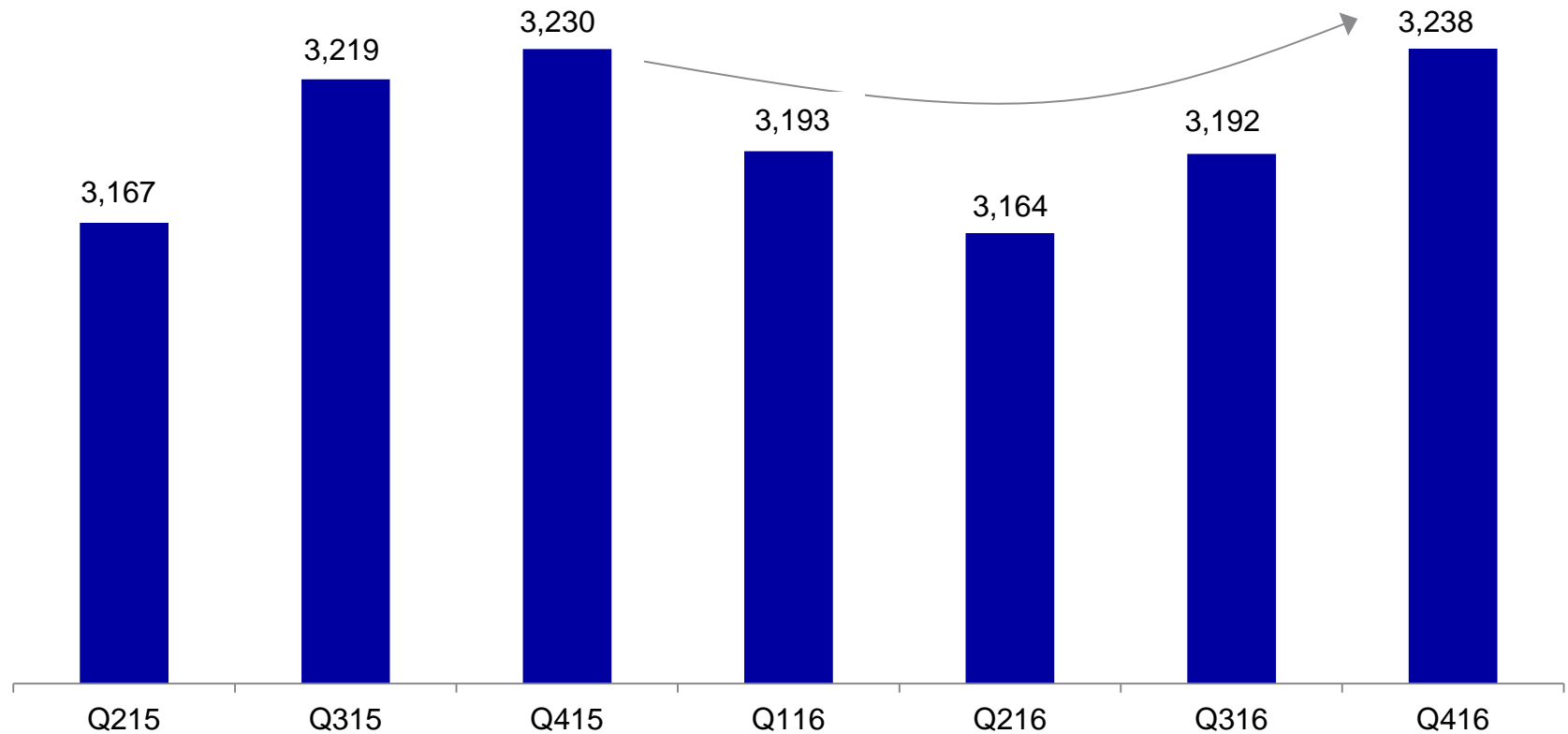
Net Interest Margin

Severe pressure from negatives rates – continues levelling off



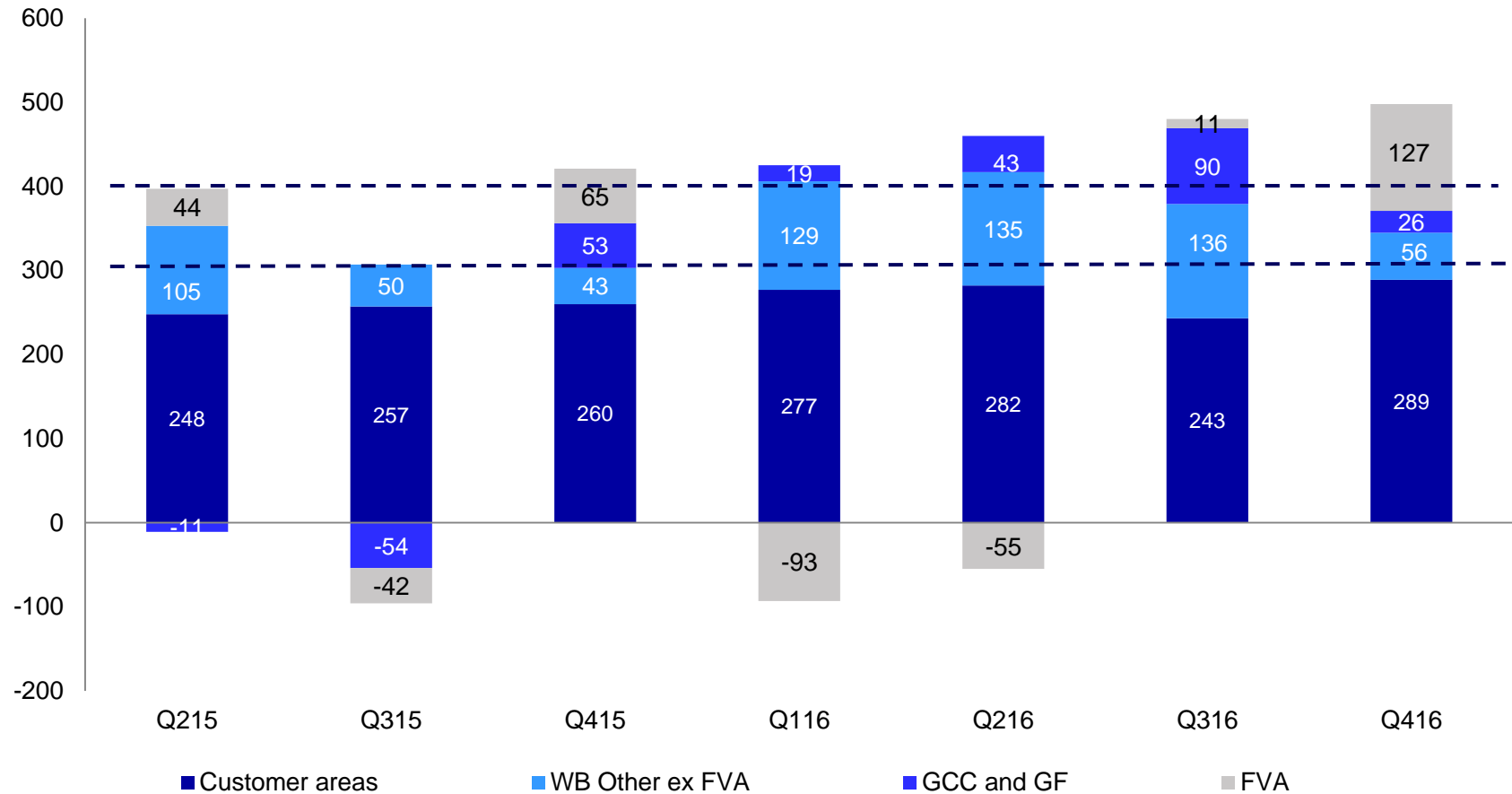
Net Fee and Commission Income, 4Q rolling

Improved trend, driven by savings and investments



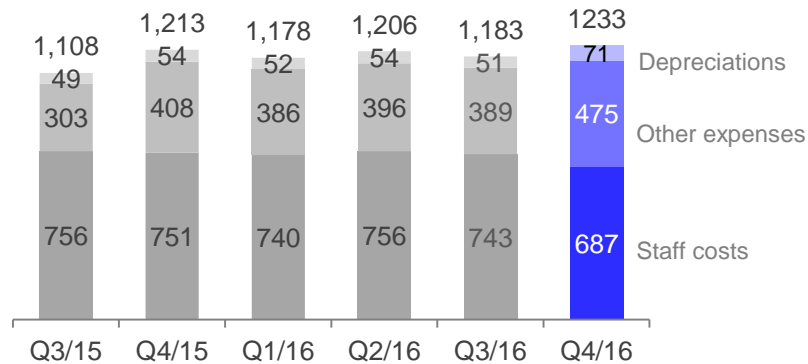
NFV, 7Q overview

Solid underlying trend of EUR 300-400m per quarter



Costs

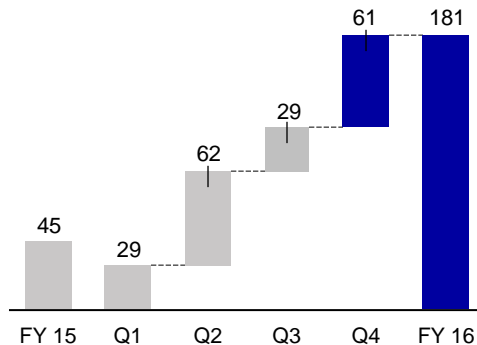
Total expenses*, EURm



Comments

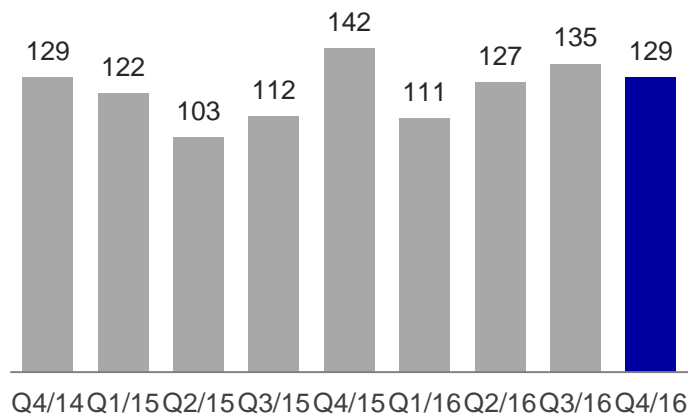
- **Costs in local currencies***
 - +5%, in line with guidance
 - +2% excluding Group Projects
- **Number of staff:**
 - Number of FTEs up 6% y-o-y, mainly related to IT and compliance
- **Largely unchanged cost base 2018 vs. 2016**
- **Continued high activity level in 2017**
 - Cost growth of approx. 2-3% in local currencies for 2017/2016

Group projects**, EURm

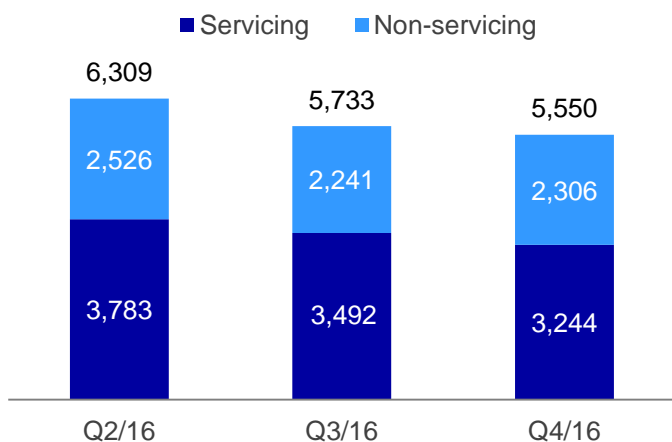


Solid asset quality

Total net loan losses, EURm



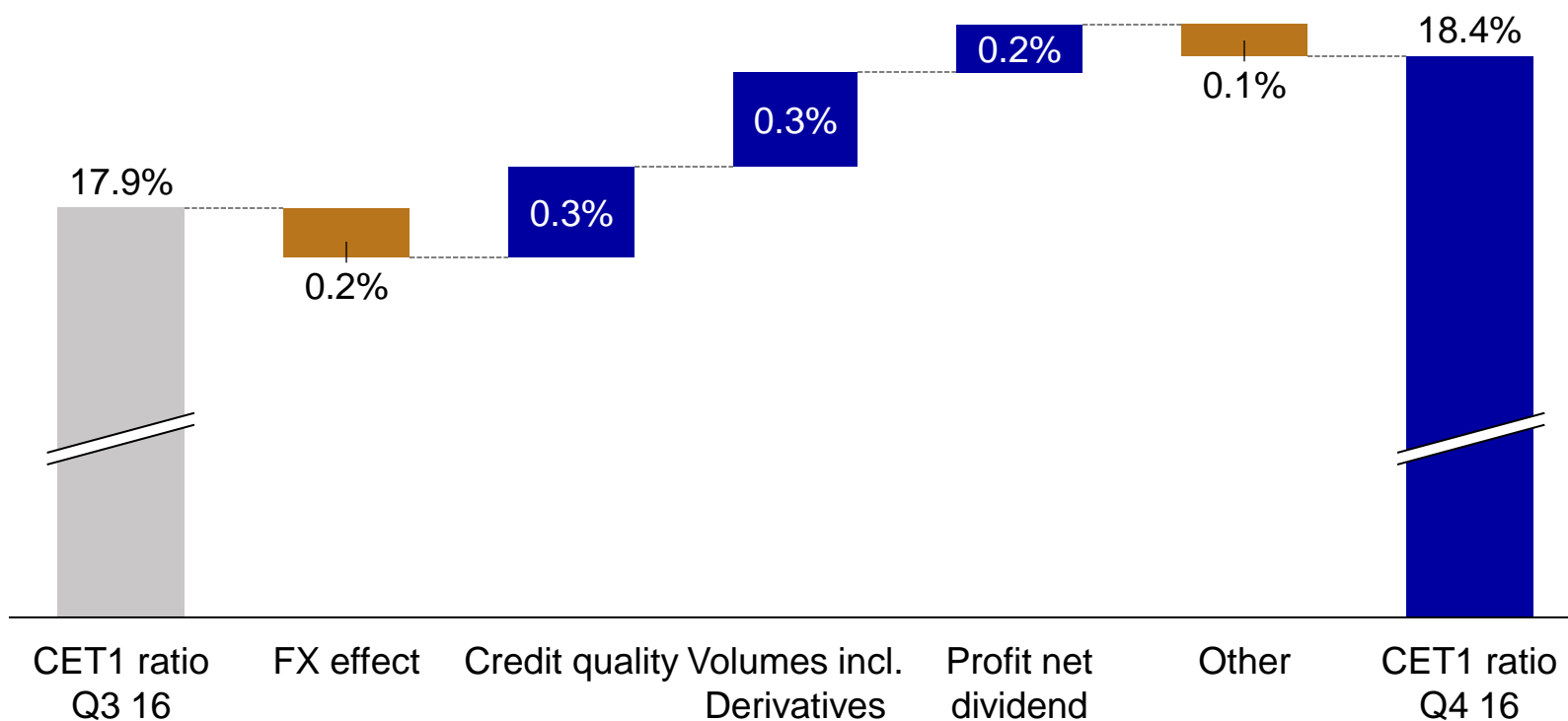
Impaired loans, EURm*



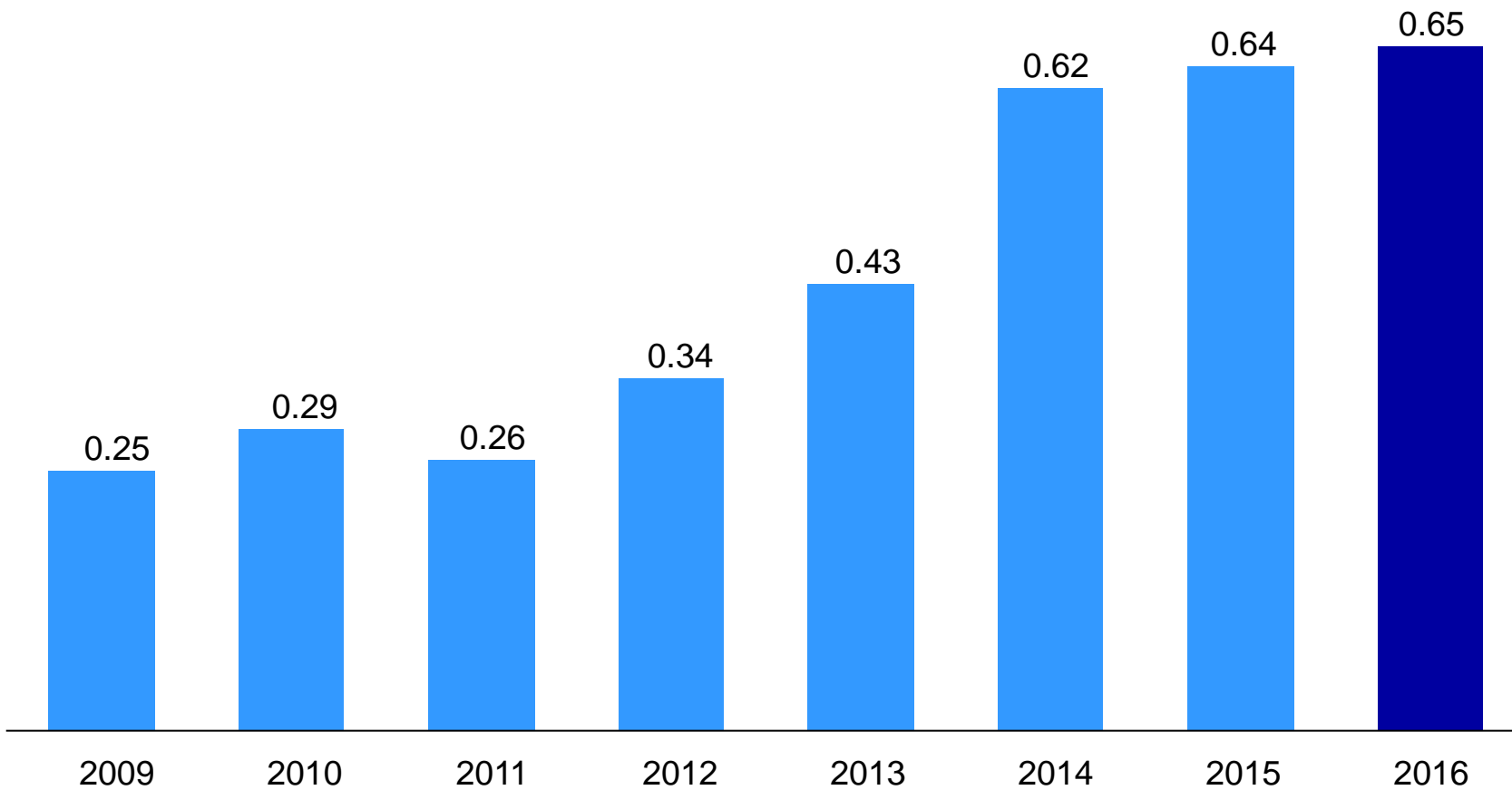
Comments

- Loan losses at 16 bps for Q4 (unchanged vs. Q3)
 - > 90% of loan losses come from our Oil and Offshore exposure
 - Credit quality in these portfolios is still deteriorating
 - Successful 10 restructurings completed in 2016 in the offshore portfolio. Another 10 more expected to be completed
- Impaired loans declined 3%
- The full year loan losses are 15 bps
- Expected unchanged credit quality in coming quarters

Common Equity Tier 1 ratio development Q416 vs. Q316



Proposed dividend per share for 2016



Progress in the Group Simplification Programme

Today

2017

Core
Banking
Platform

- Proof of concept carried out
- Model bank implemented
- First live Pilot of a fixed term deposit in Finland complete

- Implementing Deposits & Savings in Finland and commence work in Denmark
- Commence lending rollout in Finland, starting with a pilot product

New
Payment
Platform

- New payment infrastructure installed

- Implementation of SEPA Credit Transfer solution in Finland

Group
Common
Data

- Data warehouses closed in NO, FI (materially)
- Platform integration started.

- Data warehouses in DK and SE on target to be closed
- Global Sales Performance Management system implemented in the Nordics

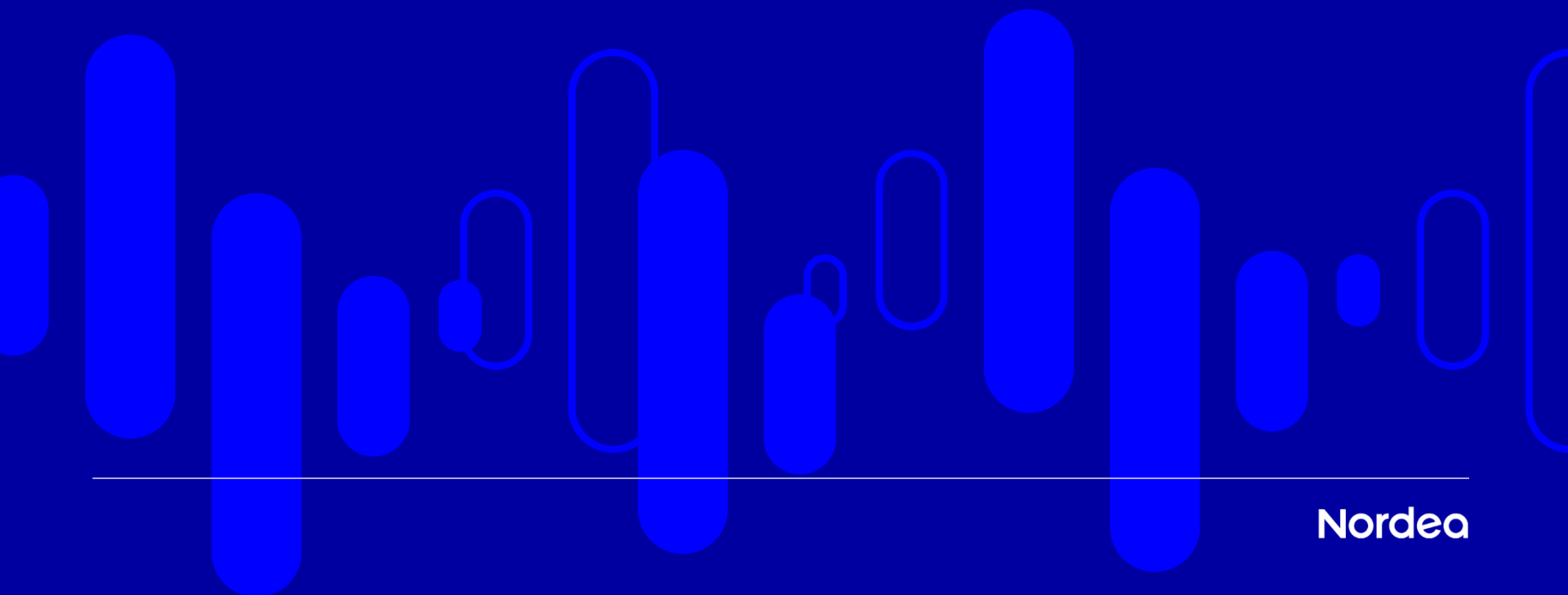
Customer &
Counter-
party Data

- Customer and Counterparty Master platform build-up

- Sourcing in customers and counterparties from the Nordic legacy systems into the common platform

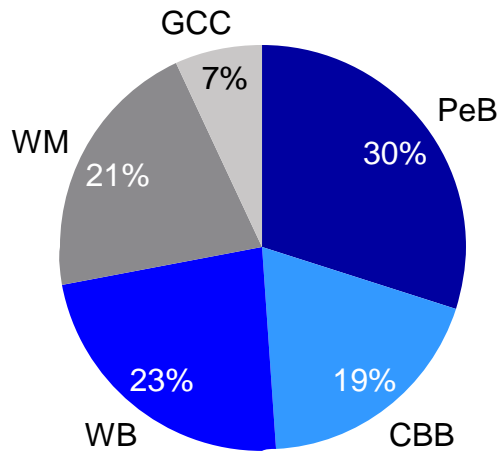
Q4 2016 financial results highlights

Business Areas view

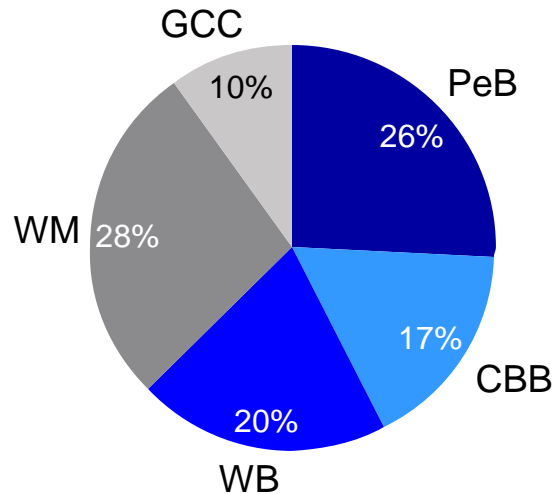


Well mixed revenue generation between different BAs

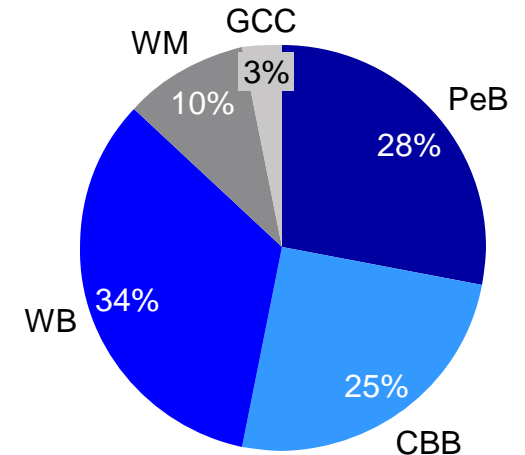
Operating Income



Operating Profit



Economic Capital



- As of Q4 2016, Retail Banking is split into two new Business Areas:
 - Personal Banking
 - Commercial & Business Banking
- The split allows us to have:
 - Clearer customer focus
 - Adjust to rapid changes in customer demands

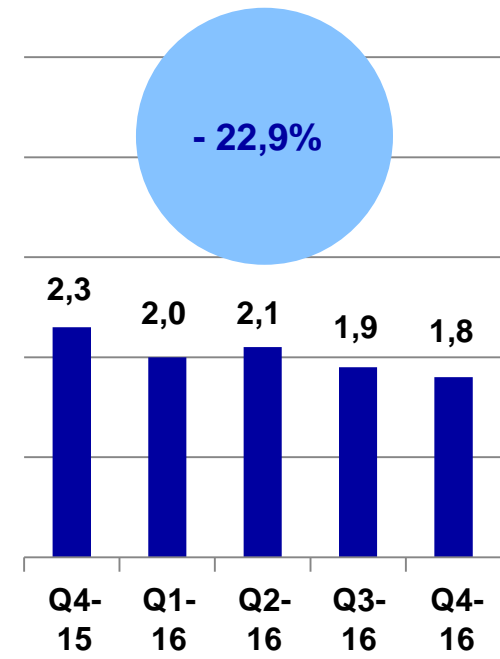
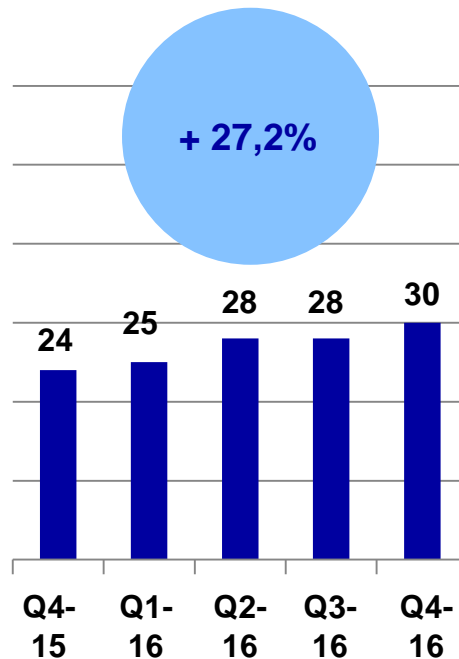
The ambition for Nordea Personal Banking by 2021 remains



Improved digital relations with customers



- In Q4 more than 18 million of the transactions are contactless transactions
- # of online meetings has increased by 26% Q4 2016 compared to Q4 2015
- Never more than one click away from personal service



■ Mobile transactions (mill.)

■ Branch transactions (mill.)

Leading position in corporate banking in the Nordics

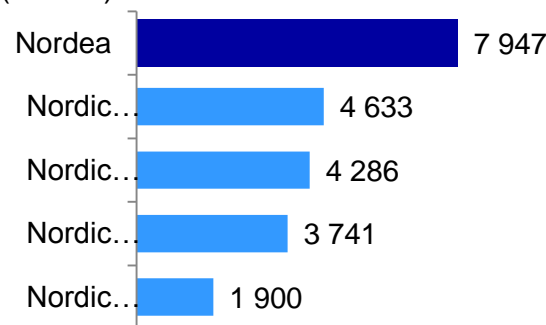
- Commercial & Business Banking consists of:
 - Commercial Banking
 - Business Banking
 - Transaction Banking
- Servicing more than 600,000 corporate customers
- The customers are serviced out of more than 300 physical and online branches across the Nordics
- Transforming the business from being product centric to customer centric

Top ranked in both the Nordics and all of EMEA*

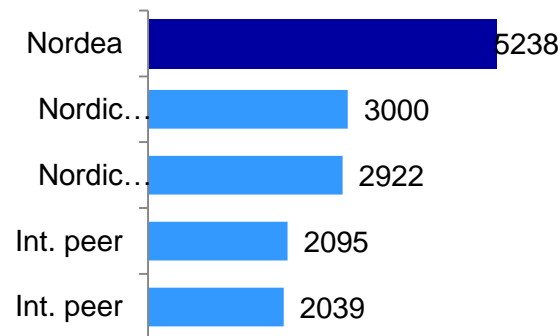
IPOs FY 2016				
Rank	Joint Global Co-ordinator	Deal Value EUR(m)	No. of IPOs	% Share
1	Goldman Sachs	10,563	11	36
2	Deutsche Bank	9,565	8	33
3	Morgan Stanley	7,779	9	27
4	Nordea	6,239	6	21
5	JPMorgan	6,149	10	21
6	Bank of America Merrill Lynch	3,620	5	12
7	Citi	3,001	7	10
8	UBS	2,902	3	10
9	ABN AMRO Bank	1,580	3	5
10	Credit Suisse	1,566	3	5

- Nordea top 4 on EMEA* list of Joint Global Co-ordinators – the only Nordic bank on the top ten list
- Selected #1 league table positions again confirm our market leading position in the Nordics

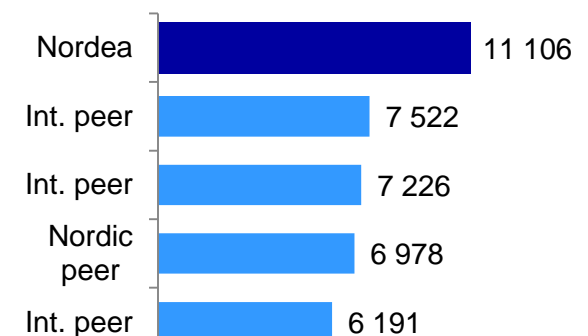
FY 2016 #1 on Syndicated Loans (EURm)



FY 2016 #1 on Corp. Bonds (EURm)

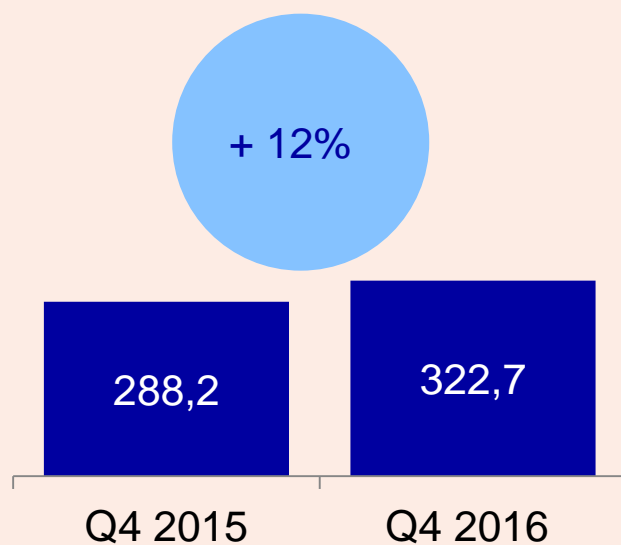


FY 2016 #1 on ECM (EURm)



Record-high savings and investments in 2016

Assets under Management grows to EUR 322.7bn end of Q4 2016 - highest ever in the history of Nordea

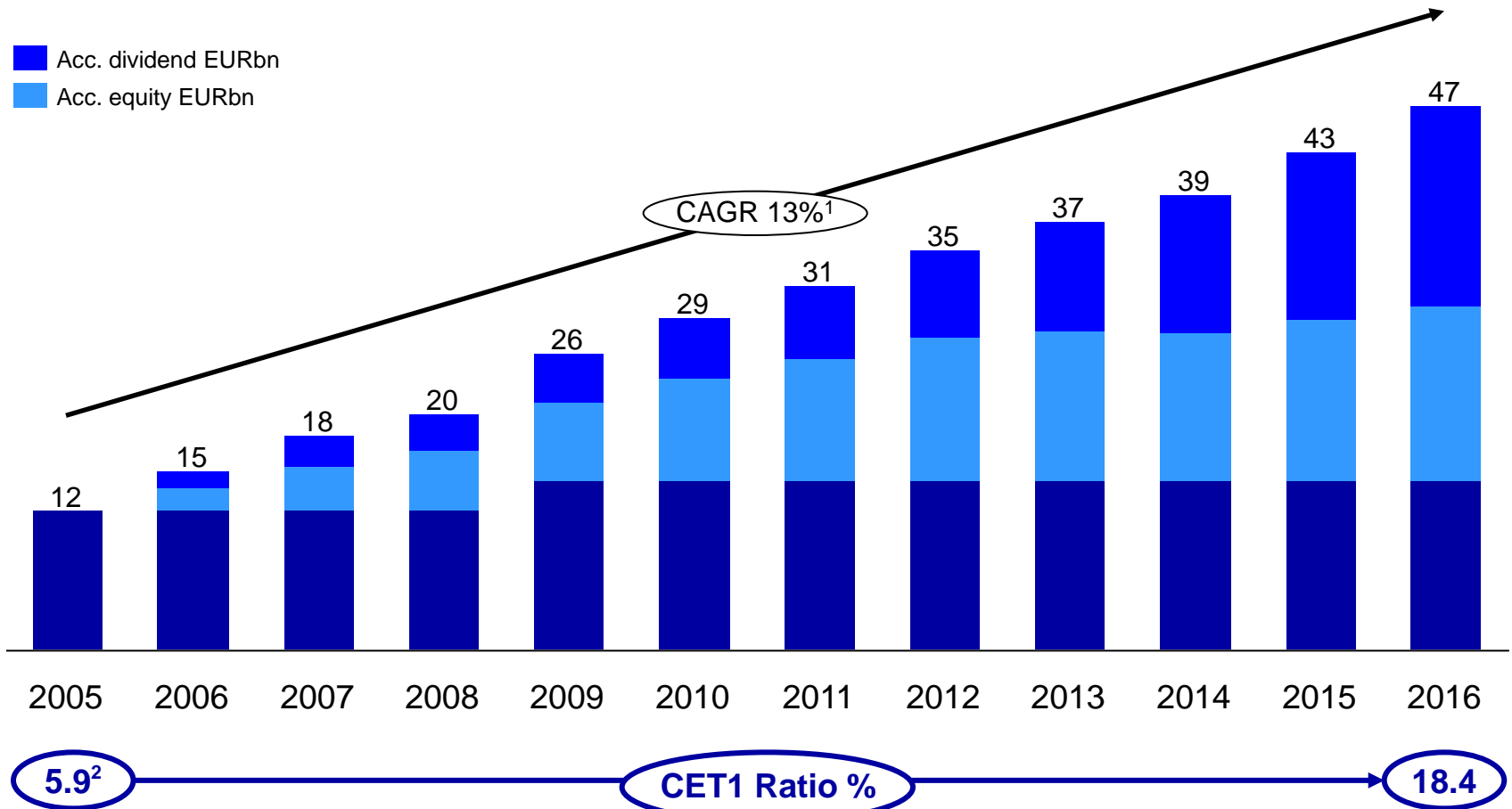


Nordea Asset Management awarded for best ESG (environmental, social and governance) investment process in Europe 2016 for the third year in a row



13% CAGR in capital generation and CET1-ratio up 12.5 pp in 11 years

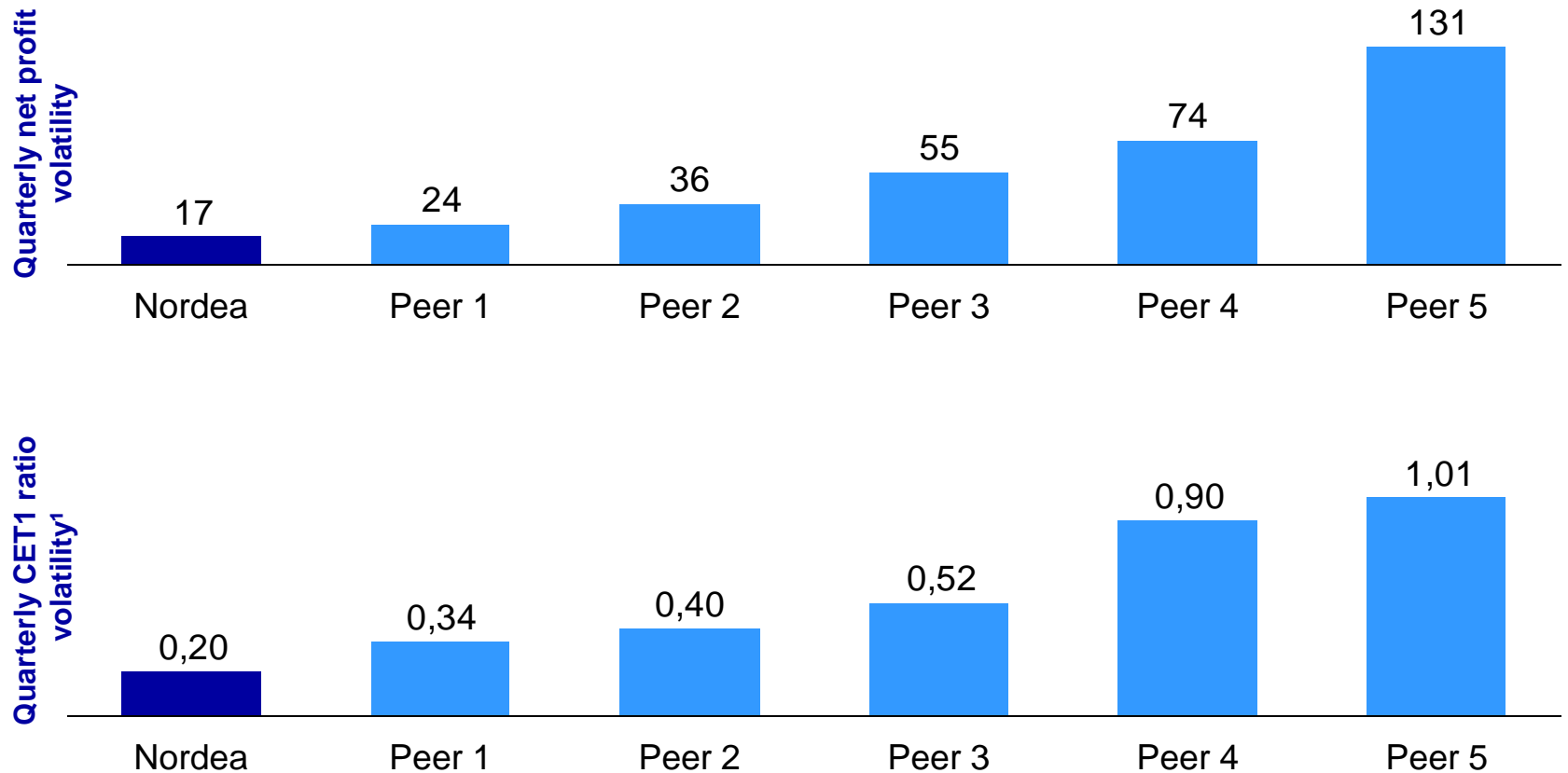
Strong capital generation and stable returns at low risk¹



1) CAGR 2015 vs. 2005, adjusted for EUR 2.5bn rights issue in 2009. Equity column represents end-of-period equity less dividends for the year. No assumption on reinvestment rate for paid out dividends
 2) Calculated as Tier 1 capital excl. hybrid loans

The most stable bank in the Nordics

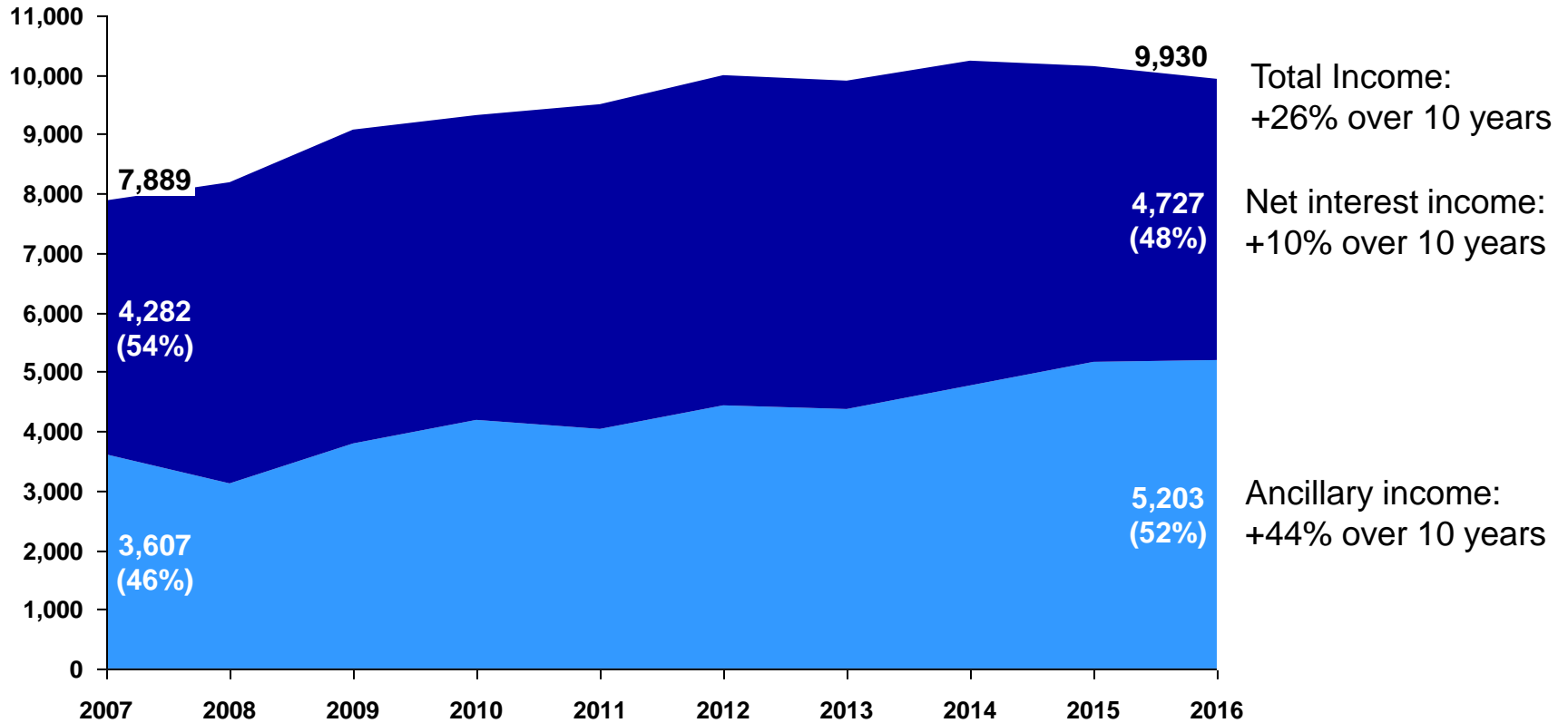
Nordea and peers 2006 – Q3 2016, %



23 1) Calculated as quarter on quarter volatility in CET1 ratio, adjusted so that the volatility effect of those instances where the CET1 ratio increases between quarters are excluded

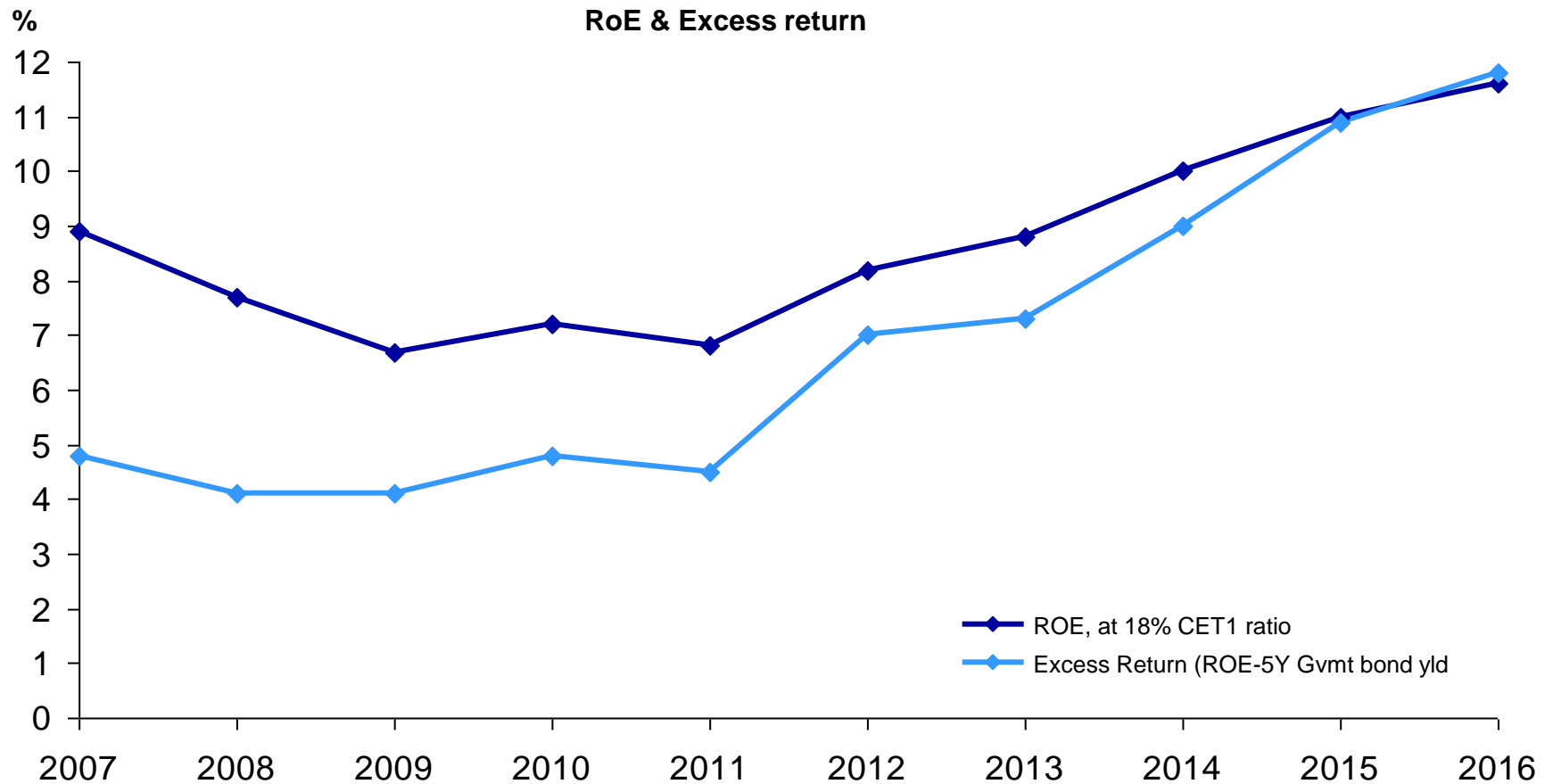
Changed revenue structure

Nordea's focus on ancillary income offset pressure on NII



Nordea's RoE and the excess return over government bonds are at 10-year highs

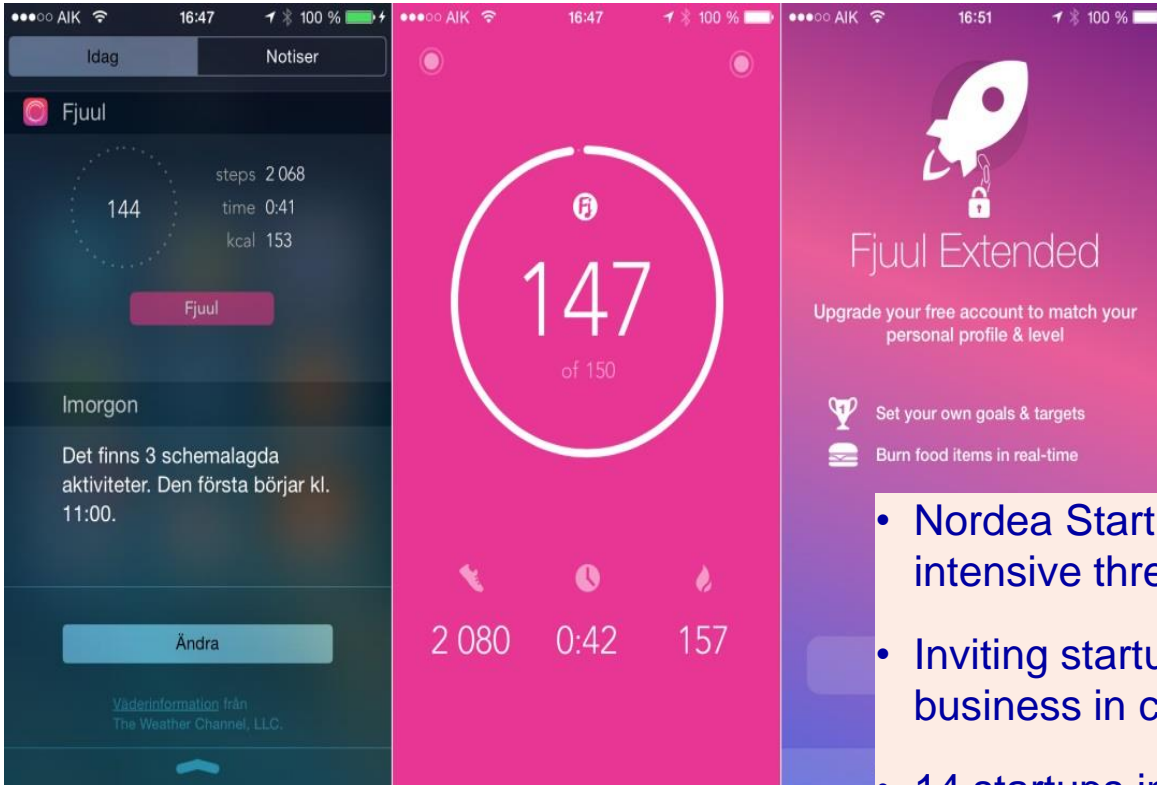
Calculated at today's CET1 ratio of 18%



Executive summary

- Probably the most eventful year in the history of Nordea
- Improving revenue trend in 2H16
- Flat costs 2018 vs. 2016 reiterated
 - 2-3% cost growth in 2017
- Largely unchanged credit quality in the coming quarters
- Well prepared to deal with challenges in 2017
 - Strong balance sheet and robust business model
 - Further invest in our platform and thereby transform the bank

Exploring potential value opportunities



- Nordea Startup Accelerator - an intensive three-month programme
- Inviting startups to grow their idea and business in collaboration with Nordea
- 14 startups in Helsinki and Stockholm
- Each of the startups was anchored to a sponsoring unit inside Nordea



Nordea

Fourth Quarter and Full Year Results 2016

Casper von Koskull, President, Group CEO