

**Sampo Capital Markets Day
London, 07 September 2017**

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Nordea Group CFO**



Nordea in brief

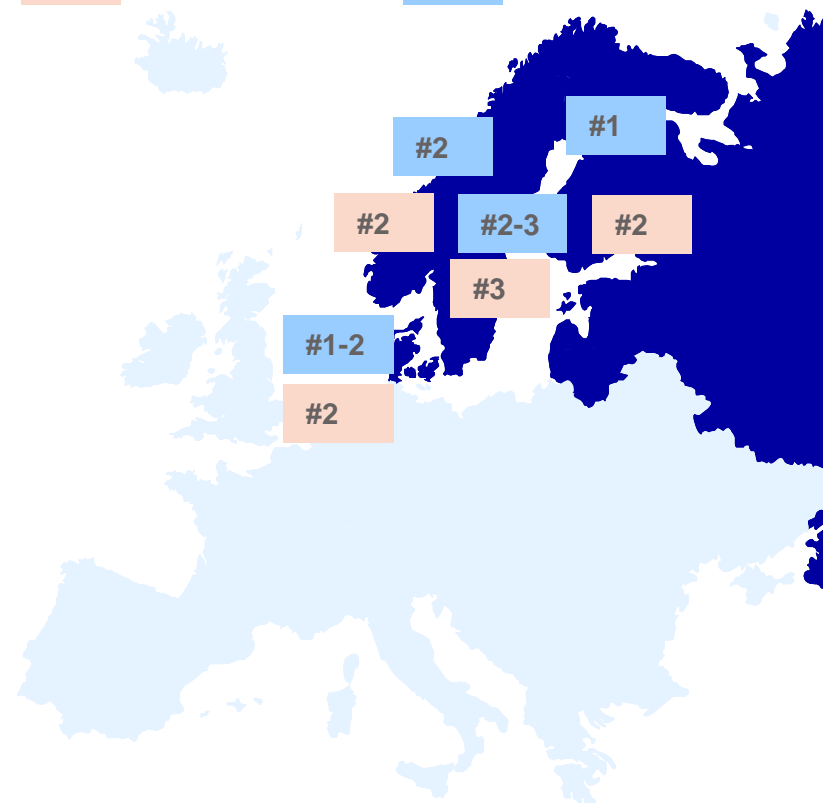
The largest financial services group in the Nordics

Household market position

#1

Corporate & Institutional market position

#1



Business position

- Leading market position in all four Nordic countries
- Universal bank with strong position in household, corporate and wealth management
- Well diversified business mix between net interest income, net commission income and capital markets income

11 million customers and strong distribution power

- Approx. 10 million personal customers
- 700 000 corporate customers, incl. Nordic Top 500
- Approx. 600 branch office locations
- Enhanced digitalisation of the business for customers

Financial strength

- EUR 10bn in full year income (2016)
- EUR 643bn of assets (Q2 2017)
- EUR 31.4bn in equity capital (Q2 2017)
- CET1 ratio 19.2% (Q2 2017)

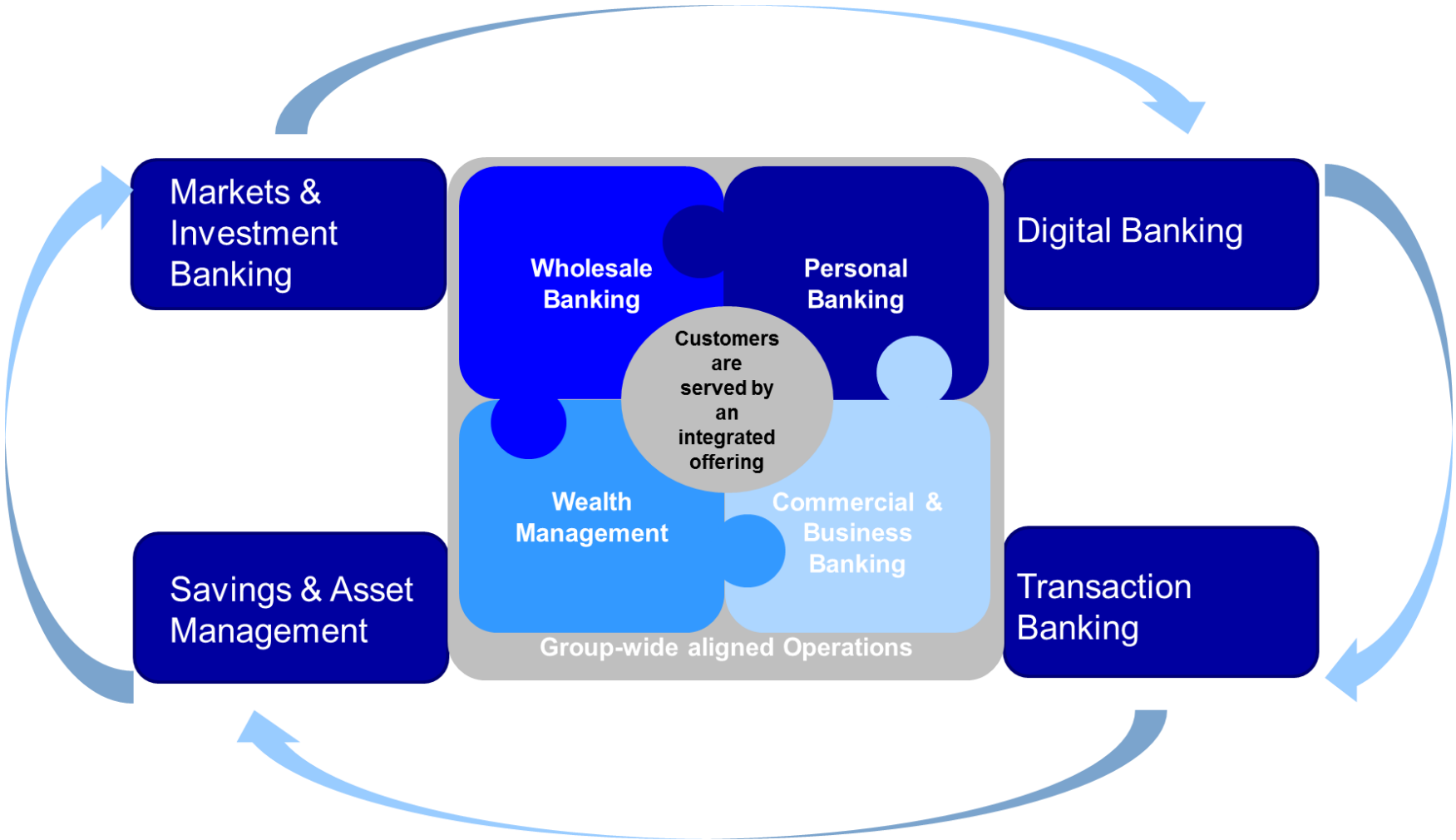
AA level credit ratings

- Moody's Aa3 (stable outlook)
- S&P AA- (stable outlook)
- Fitch AA- (stable outlook)

EUR 45bn in market cap

- One of the largest Nordic corporations
- A top-10 universal bank in Europe

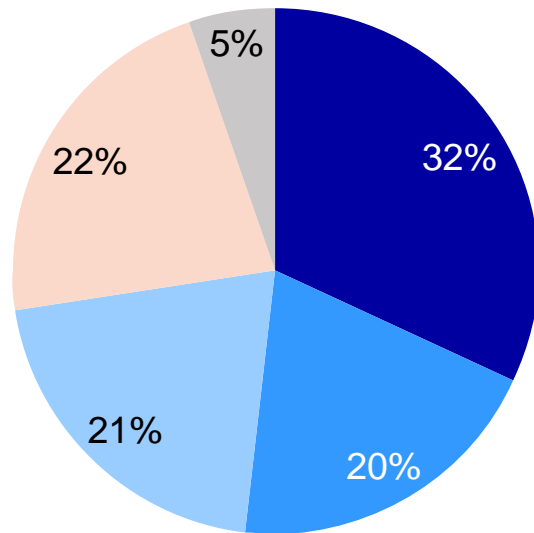
Integrated universal bank leading in each market and business area



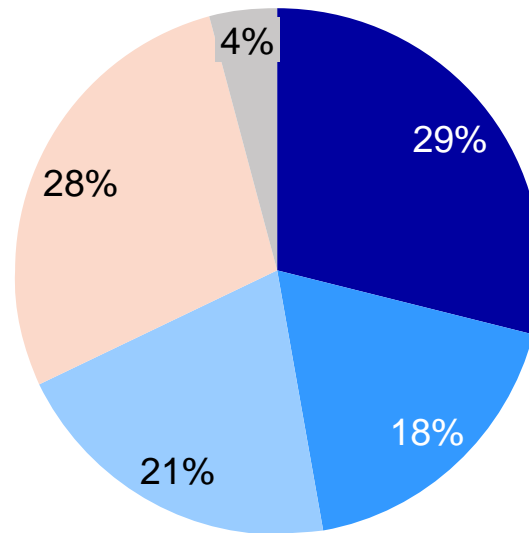
Well mixed profit generation

Business Area contribution in H1 2017

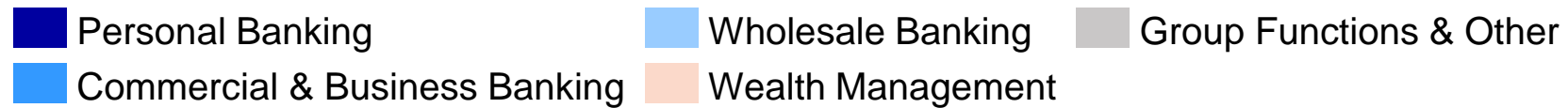
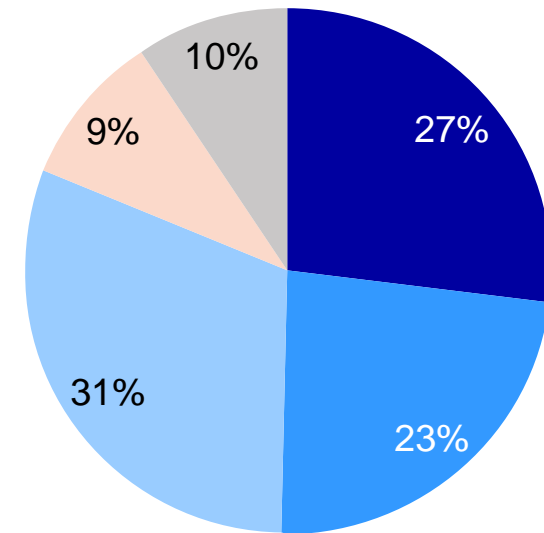
Operating Income



Operating Profit



Economic Capital

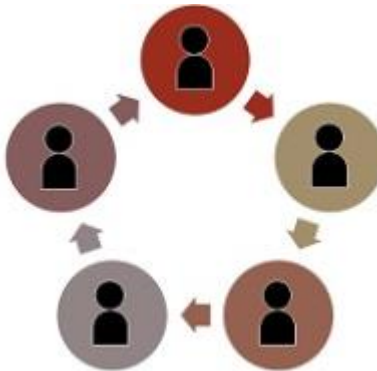


Combining Nordic scale with local presence



Centre of excellences

- Compliance
- Financial crime prevention
- Operations
- Robotics
- Finance



Decentralised

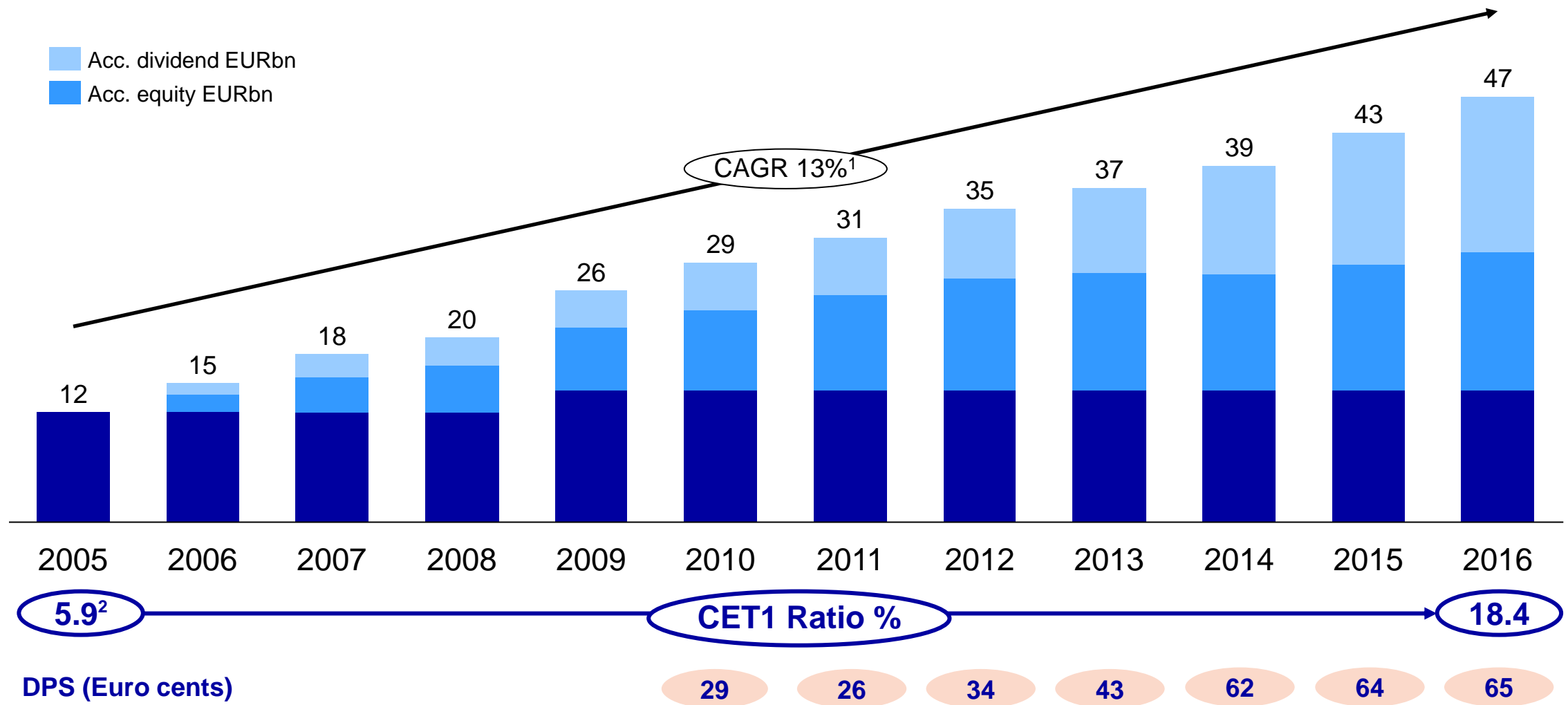
- Customer facing activities
- Product development
- Credit decisions
- Marketing



- Efficient
- Scalable
- Agile
- Personalised

Strong capital generation and stable returns at low risk

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

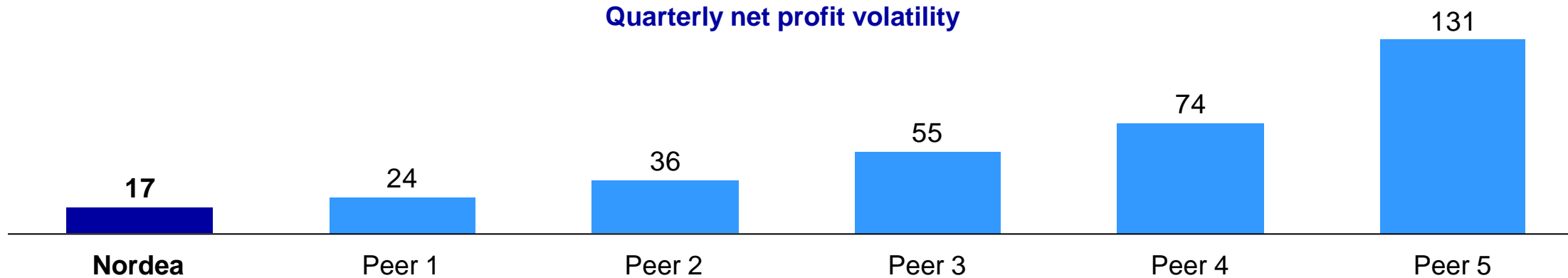


6 1) CAGR 2015 vs. 2005, adjusted for EUR 2.5bn rights issue in 2009. Equity columns represents end-of-period equity less dividends for the year. No assumption on reinvestment rate for paid out dividends
 2) Calculated as Tier 1 capital excl. hybrid loans

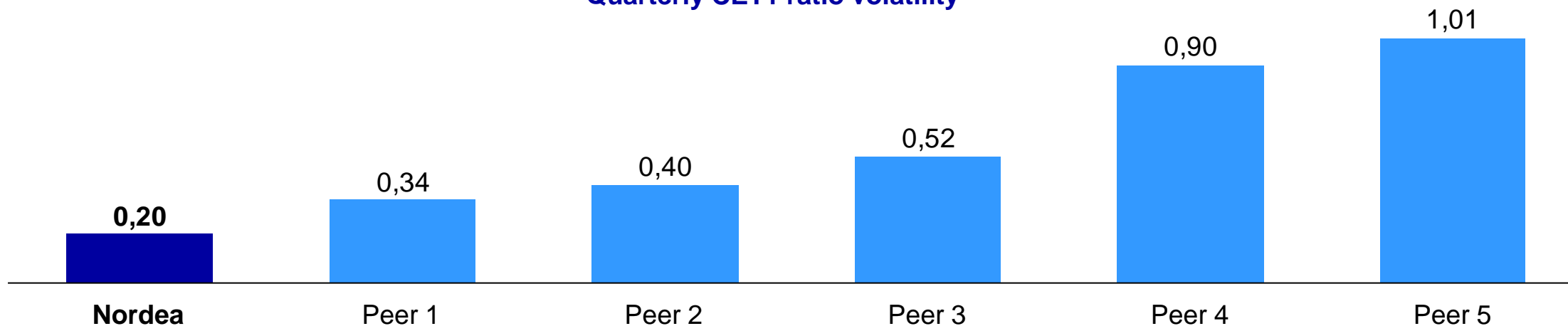
The most stable bank in the Nordics

Nordea and peers 2006 – 2016, %

Quarterly net profit volatility



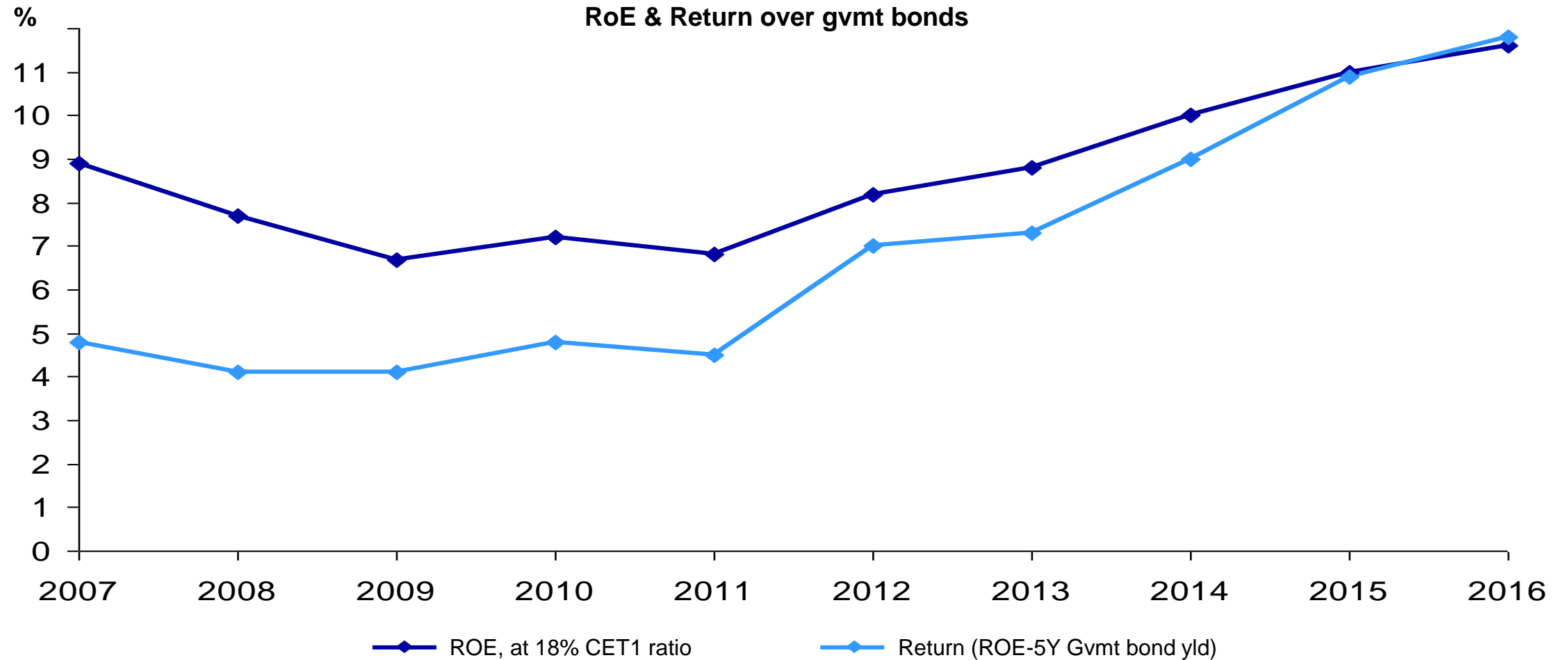
Quarterly CET1 ratio volatility¹



⁷ 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

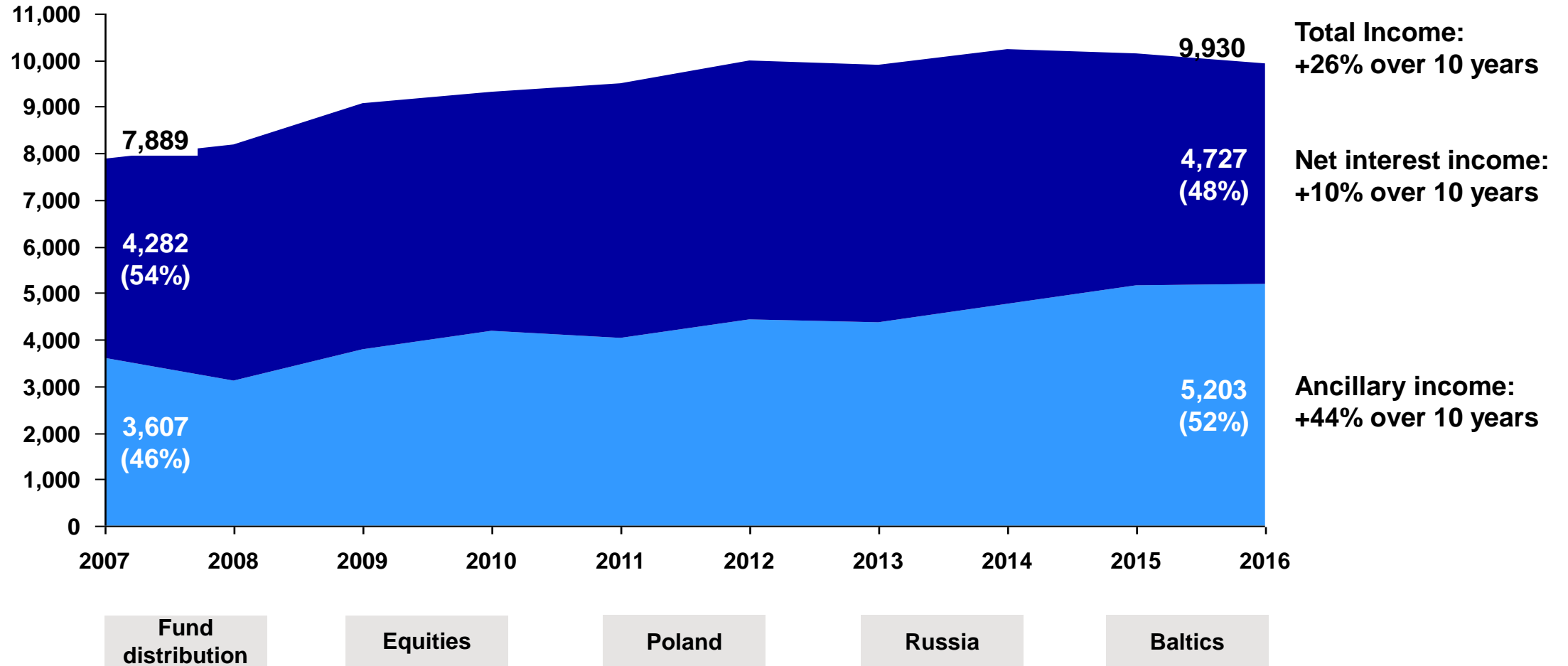
ROE vs. Risk Spread

Calculated at CET1 ratio of 18%, Nordea's RoE and the return over government bonds are at 10-year highs



Nordea's P&L has changed over the last 10 years

Reliance on NII is decreasing, as ancillary income grows

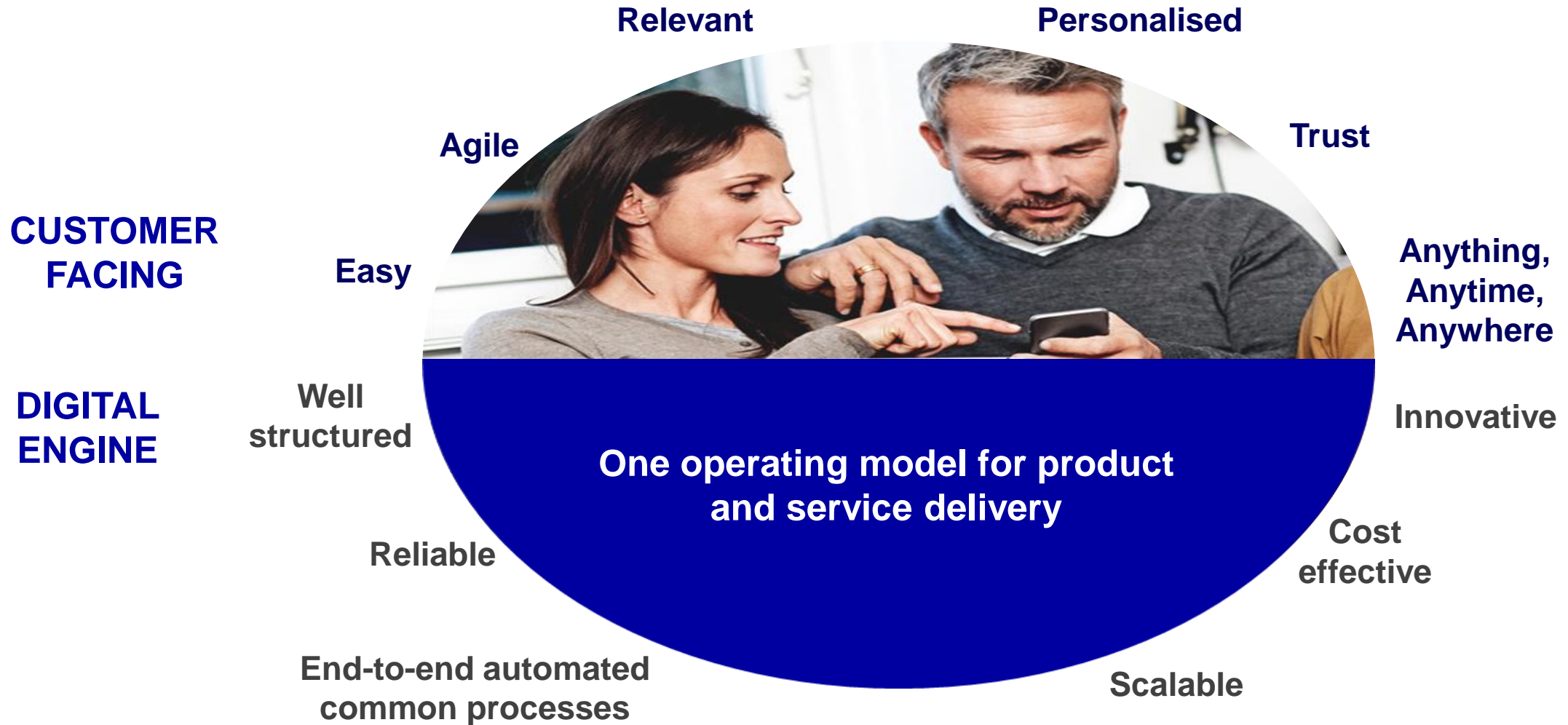


Q2 2017 Group financial highlights

Stable environment and low growth

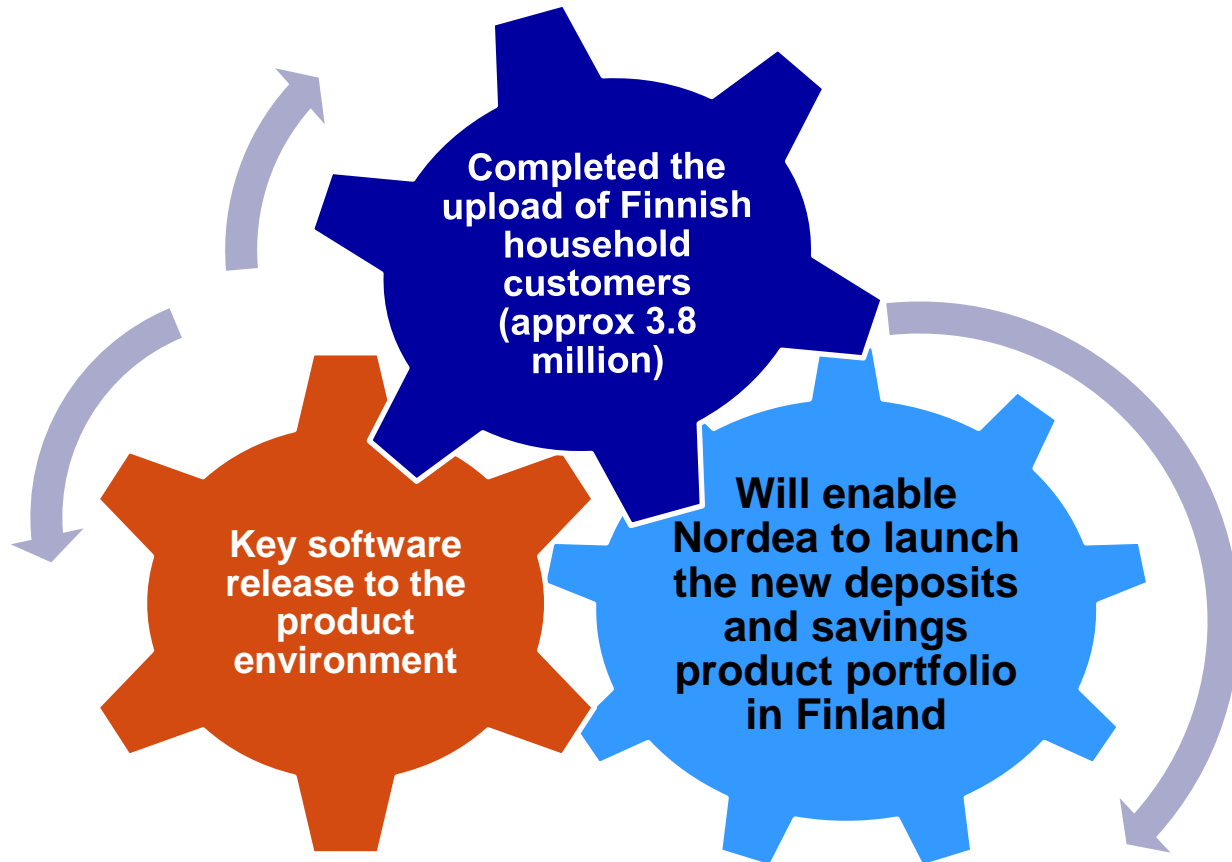
		Q2/17 vs. Q2/16*	Q2/17 vs. Q1/17*
Income	<ul style="list-style-type: none"> Total revenues Net Interest Income Fee and commission income 	<ul style="list-style-type: none"> +1% +1% +7% 	<ul style="list-style-type: none"> -1% Flat -1%
Costs	<ul style="list-style-type: none"> Total costs 2017 vs. 2016 2018 vs. 2016 	<ul style="list-style-type: none"> +8% + 3 to 5% Unchanged 	<ul style="list-style-type: none"> +5%
Credit quality	<ul style="list-style-type: none"> Loan loss level Impaired loans Credit quality outlook 	<ul style="list-style-type: none"> 13 (15) bps 172 bps (+10 bps) < long-term aver. of 16 bps in H2 	<ul style="list-style-type: none"> 13 (14) bps Unchanged
Capital	<ul style="list-style-type: none"> CET 1 ratio 	<ul style="list-style-type: none"> 19.2% (16.8%) 	<ul style="list-style-type: none"> 19.2% (18.8%)

We are transforming the bank to meet future customer expectations

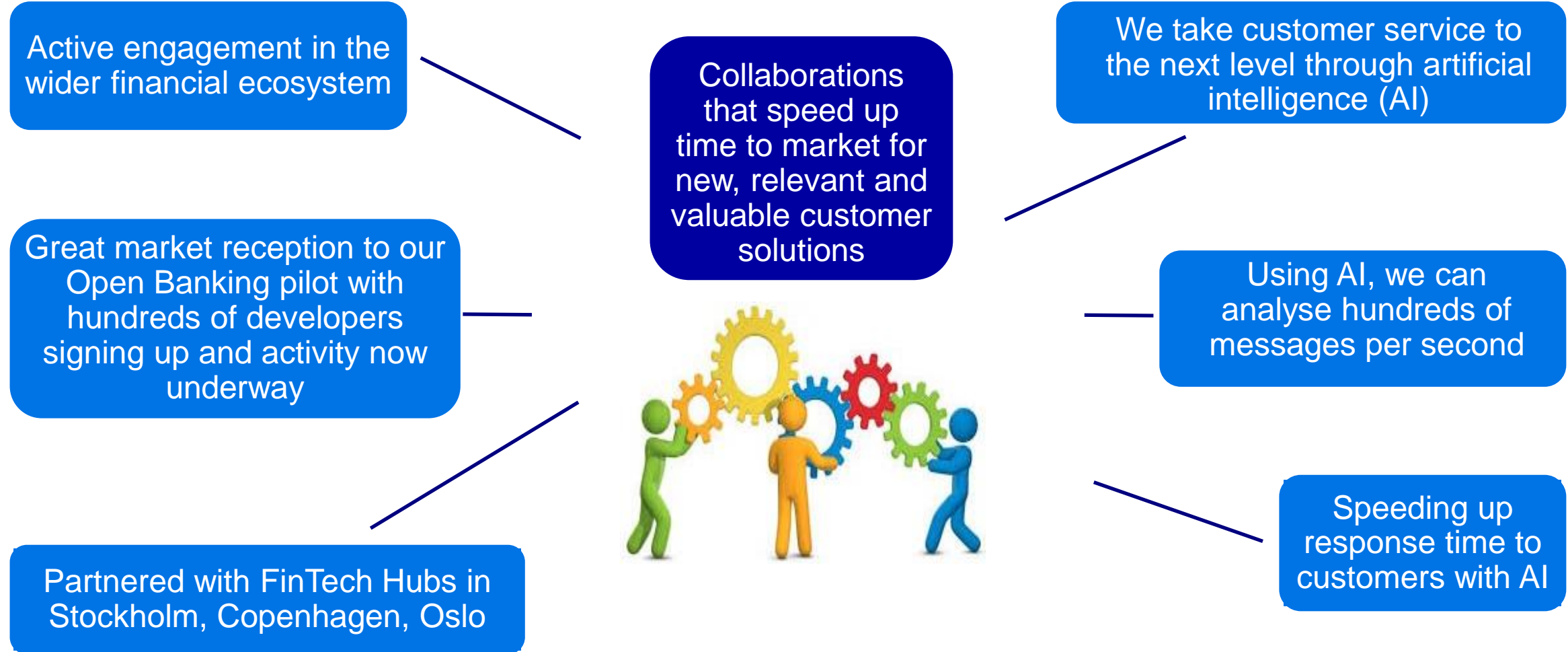


Key Milestone in the Core Banking Programme

A common, Nordic Core Banking Platform supporting the core functions of banking



Strategic partnerships with FinTech incubators



Nordea re-domiciliation

Why is Nordea re-domiciling ?

- Overall goal for Nordea has been to domicile where we grow and develop our business further to offer customer friendly solutions
- A thorough review of implications from an operational, regulatory and supervisory standpoint has been undertaken
- Decision is to initiate a redomiciliation of the parent company to Finland
- Nordea's pan-Nordic structure gives us special needs
- Logical move to be supervised within the banking union given our size and business model
- Nordea's four home markets are all part of the single European market

Banking union

Being domiciled within the banking union is in the best interest of our customers, shareholders and employees

Impact of re-domiciliation

- Nordea's focus is to maintain its AA rating and continue to develop our customer offering
- Nordea will still have four home markets – we will remain strongly committed to all of them
- Nordea intends to maintain its capital and dividend policy
- Nordea will continue to be one of the major tax payers in all four countries
- Nordea will focus on delivering value for all our customers

The Board decided to initiate a process to re-domicile to Finland

Tentatively by 1 October 2018



Decision background:

- Decision is the outcome of six months of **careful study** and **analysis** weighing in all relevant factors
- **Focus** has been on **where to best grow and develop our business further** by offering customer friendly solutions, contribute to the Nordic economies and develop our people
- The domiciliation is an **important strategic step** to ensure **level playing field** with our European competitors.

Finland:

- Is in the **Banking Union**
- Is one of Nordea's **strongest home markets**
- **Provides a regulatory environment on par with our European competitors.**

What happens now

- The re-domiciliation is intended to be carried out by way of a “downstream cross-border” merger through which Nordea Bank AB (publ) will be merged into a newly established Finnish subsidiary
- The merger is planned to be effected during the second half of 2018 and will be subject to e.g. necessary regulatory approvals and the shareholders’ approval at a general meeting requiring a 2/3 majority. Tentatively in the annual General Meeting on 15 March 2018
- We will in cooperation with the relevant authorities agree a detailed timeline
- The re-domiciliation will tentatively be effective as of 1 October 2018
- The Nordea share will remain listed at the stock exchanges of Stockholm, Helsinki and Copenhagen

Q&A

