Transformation will take Nordea to the next level – Personal Banking perspective

Sampo Group Analyst Day

Topi Manner, Head of Personal Banking
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Nordea is a focused Nordic universal bank

- ~35 EURbn Market capitalization
- A top ten universal bank in Europe

- ~30,400 Number of employees (FTEs)
- 41% of women as managers

- 10,700,000 Total number of customers

- 9.5 EURbn Total operating income
- 4.0 EURbn Operating profit

- 581 EURbn Total assets
- 330 EURbn AuM

- Income distribution:
  - Personal Banking: 30%
  - Wealth Management: 22%
  - Business Banking: 20%
  - Treasury: 25%
  - Other: 6%
  - Other Countries: 5%
  - Denmark: 22%
  - Finland: 25%
  - Norway: 17%
  - Sweden: 25%

- Full Year 2017

Employees: 57% female, 43% male.
Q2 2018 Group highlights

Improved customer satisfaction and business momentum

• Stabilising trend in NII
• Positive signs in volume development in most sectors
• Strong trend in corporate advisory service

Delivering on the cost targets

Strong credit quality

Capital ratios at all-time-high

Major improvements in compliance

2018 outlook

• Reported net profit for 2018 to be higher vs 2017
• Unlikely that recurrent revenues in 2018 will reach the 2017 level*
• Confident to reach cost target for 2018 of EUR 4.9bn
• Loan losses in the coming quarters are expected to be lower than the long-term average

Planned acquisition of Gjensidige Bank – strategic partnership with Gjensidige Forsikring

* 2017 revenues adjusted for the deconsolidation of the Baltic operations and Nordea Life and Pension in Denmark
### Q2 2018 Group financial highlights

<table>
<thead>
<tr>
<th></th>
<th>Q218 vs. Q118*</th>
<th>Q218 vs. Q217*</th>
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</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
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<tr>
<td>Net interest income</td>
<td>2</td>
<td>-7</td>
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<tr>
<td>(chg %)</td>
<td></td>
<td></td>
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<tr>
<td>Total operating income</td>
<td>10</td>
<td>8</td>
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<tr>
<td>(chg %)</td>
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<td></td>
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<tr>
<td><strong>Costs</strong></td>
<td></td>
<td></td>
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<tr>
<td>Total operating expenses (chg %)</td>
<td>-3</td>
<td>-8</td>
</tr>
<tr>
<td><strong>Profit</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit (chg %)</td>
<td>24</td>
<td>34</td>
</tr>
<tr>
<td><strong>Credit quality</strong></td>
<td></td>
<td></td>
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<tr>
<td>Loan loss level (bps)</td>
<td>10 (7)</td>
<td>10 (13)</td>
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<tr>
<td><strong>Capital</strong></td>
<td></td>
<td></td>
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<tr>
<td>CET1 ratio (%)</td>
<td>19.9 (19.8)</td>
<td>19.9 (19.2)</td>
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</tbody>
</table>

* In local currencies
Gjensidige Bank brings market share and consumer lending expertise

Customer assets by product

- Secured (mortgage): 78%
- Unsecured: 7%
- Secured (Car finance): 15%

Customer assets

- Customer Assets: 47.3 NOK Billion (Q1'18)
- Customer Deposits: 23.8 NOK Billion (Q1'18)
- Assets Under Management: 45.2 NOK Billion (Q1'18)
- Revenue: 1035 NOK Million (Q1'18)
- Pre-Tax Earnings: 612 NOK Million (Q1'18)
- # of customers: 176 Thousand (Q2'18)

Strategic partnership with Gjensidige Forsikring

- +3% Market Share
- Profitable Growth
- Large synergies
- Consumer lending experience
- CBP integration benefits
- EPS accretive from Day One
Significant transformation continues in Personal Banking

Customers expect to be served anywhere, anytime so we are focusing on mobile
Human advice prioritised for selected segments and most complex cases

1 Excluding corporate customers
The shift towards digital touchpoints is driven by mobile and online services

### Active mobile users
- **# of active mobile users**
- **CAGR +17%**
- **01/17**, **07/17**, **01/18**

### Mobile payments
- **+1 355%**
- **10/17**, **01/18**, **07/18**

### Online Consumer Loan applications
- **+266%**
- **Q1 17**, **Q2 17**, **Q3 17**, **Q4 17**, **Q1 18**, **Q2 18**
- **Mobile**, **Netbank**, **Open pages**

1 Non-collateralised consumer loans
Strong own digital development, supported by best partners and ecosystems

Online and face-to-face meetings

Chat, chatbots, calls – 24/7

Mobile as entry point to all services

Aggregated open banking services

Global wallets

Local providers
User experience driven approach bearing fruit: Mobile Banking App Ratings

<table>
<thead>
<tr>
<th>Country</th>
<th>Ratings for iOS</th>
<th>Ratings for Android</th>
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<tbody>
<tr>
<td>Finland</td>
<td><img src="image" alt="Nordea Mobile" /> 4.4</td>
<td><img src="image" alt="Nordea Mobile" /> 4.2</td>
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<td></td>
<td><img src="image" alt="OP Mobile" /> 3.7</td>
<td><img src="image" alt="OP Mobile" /> 4.1</td>
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<td><img src="image" alt="Danske Bank" /> 2.9</td>
<td><img src="image" alt="Danske Bank" /> 2.8</td>
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<td>Sweden</td>
<td><img src="image" alt="Nordea Mobile" /> 4.5</td>
<td><img src="image" alt="Handelsbanken" /> 4.3</td>
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<td><img src="image" alt="SEB Bank" /> 3.7</td>
<td><img src="image" alt="SEB Bank" /> 4.2</td>
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<td><img src="image" alt="Handelsbanken" /> 3.4</td>
<td><img src="image" alt="Nordea Mobile" /> 3.9</td>
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<td>Denmark</td>
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<td><img src="image" alt="Danske Bank" /> 3.8</td>
<td><img src="image" alt="Danske Bank" /> 2.8</td>
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<td>Norway</td>
<td><img src="image" alt="Spare Bank" /> 4.6</td>
<td><img src="image" alt="Spare Bank" /> 4.1</td>
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<td><img src="image" alt="Nordea Mobile" /> 4.5</td>
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<td><img src="image" alt="DNB Bank" /> 1.9</td>
<td><img src="image" alt="DNB Bank" /> 3.4</td>
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1) Rating values are application life time average ratings taken from Apple App Store for iOS and Google Play Store for Android applications.
Power of the new mobile banking app

- Transaction platform
  - All products and services instantly via digital channels

- Sales platform
  - User data guides relevant advice

- Service platform
  - Premium look & feel

Vision
- • All products and services instantly via digital channels
- • User data guides relevant advice
- • Premium look & feel

New Architecture
- Designed for cross-product and cross-channel use cases, with better analytics tools
Modern Core Banking Platform keeps us ahead

Examples of progress:

- Increasing NPS
- Leading Mobile Experience
- Robotisation of processes
- Migration started: 750,000+ Finnish customers moved to CBP

**Mobile app, netbank, video, call, chat, robo advisors, nordea.xx, branches**
We listen, learn and act

**Examples of fixes in the WECARE and WEFIX initiatives**

1) We care & Wefix are a systematic improvement process between customer-facing and service development units. Deployments of specific fixes may be country-specific.

2) YoY due to improvements driven by WECARE & WEFIX

- **Soft-blocking a card in the mobile bank**
- **Retrieval of card pin code in the mobile bank**
- **Credit card issuing in 60 sec in Nordea Wallet for Apple Pay**

Cards related customer complaints decreased
28% in Sweden and Finland, 48% in Norway

**Call out Tuesdays**

**Courtesy, learning and growing – any role, any rank**

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1) We care & Wefix are a systematic improvement process between customer-facing and service development units. Deployments of specific fixes may be country-specific.

2) YoY due to improvements driven by WECARE & WEFIX
Transforming Personal Banking on track

### Challenges and opportunities

- Margin pressure – mortgage disruption in Sweden
- MiFID II impacts on savings business margins; increased advice time required
- Customer satisfaction
- Consumer Lending market share
- Negative brand impact of redomiciliation in Sweden
- Tough competition on talent

### Achievements

- Turning the tide on customer satisfaction
- Moving to front-runner position in digital and mobile development
- 1\textsuperscript{st} Core Banking Platform Migration
- Implementing agile@scale
- Streamlining our service model, reducing cost, and scale of operations
- Strengthening our position in Norway\textsuperscript{1}

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\textsuperscript{1) Subject to closing the Gjensidige Bank deal}
Thank You
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