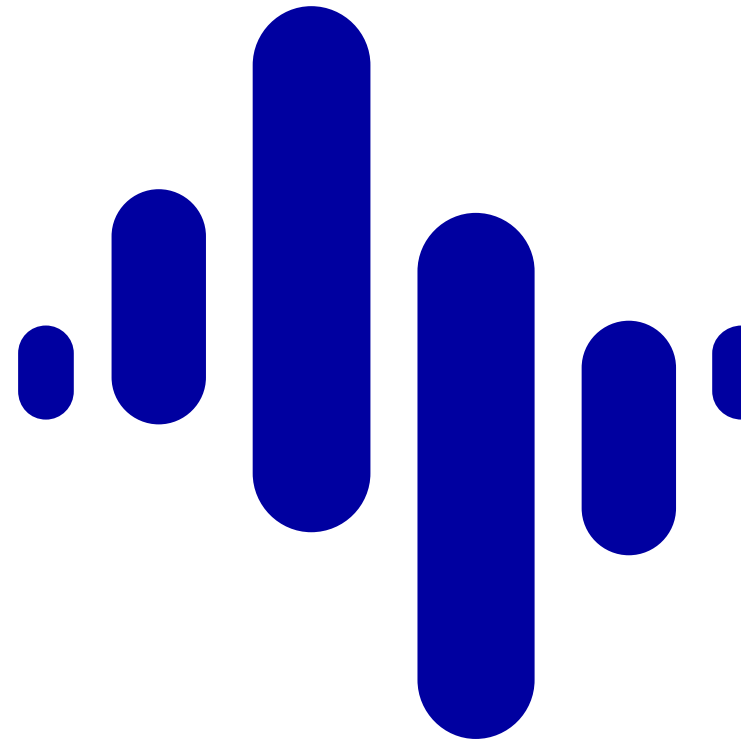


Nordea

Hvitvaskingskonferansen 2016: Hvitvaskingsarbeidet i Nordea

Snorre Storset
10. november 2016



A few facts about Nordea



Largest financial services group in the Nordics:

Customers

- Approx. 11 mill., of which;
- Approx. 10 million personal customers
- 590 000 corporate customers, including Nordic Top 500

Employees

- Approx. 30 000 FTEs

Geographical presence

- Currently 16 countries
- Subsidiaries; full service branches; rep.offices

EUR ~30.5bn in market cap

- One of the largest Nordic corporations
- A top-10 European retail bank

Systemic important

- Global Systemic Important Financial Institution (SIFI)
- Local SIFI in Norway, Finland and Denmark

Why is risk and compliance important for Nordea?

“Risk and compliance is an essential part of living our values, and being a responsible member of society. It is something we address in all aspects of our daily business. The Risk and compliance culture principles should guide our behaviour, ensure continuous improvement and reinforce our risk and compliance management.”

Casper von Koskull

Initiatives aimed at strengthening overall compliance

Ongoing transformation initiatives – all interlinked

Business Ethics & Values Committee

Values & Ethical principles

Policies & related processes

Awareness & training

Products & customer treatment

Incentives & HR processes

Group initiatives

Financial Crime Change Programme

Simplification programme

One Nordea brand project

Group Compliance / Group Risk Management initiatives

Risk and Compliance Culture Programme

Risk and Compliance Training Academy

Compliance Roadmap

Business Area initiatives

Winning Culture (RB)

Performance Culture (WM)

Our ambition

1 Re-establish credibility with key regulators

2 A long-term plan for the Financial Crime Change Programme that will deliver a sustainable level of compliance

3 Financial Crime target state that is comparable with other G-SIFIs best practices

4 Global Financial Crime Standards

5 Unified approach towards common risks and our customers

Compliance positioning of G-SIFI banks

	Strategy and governance	Organisation	Process	People	Technology
Level of sophistication ↓	Reliant on legacy compliance structure	Overlap between 1 st and 2 nd line of defence roles	Minimal documented compliance processes	No training plan and reliance on as is skills and expertise	Low focus with reliance on manual process
	Compliance structure delineated from other functions	Defined 1 st and 2 nd line roles of defence	Documented compliance processes	Documented training plan	Automation of basic tasks
	Aligned global compliance structure with CCO on Board	Detailed and segregated 1 st and 2 nd lines of defence	Documented processes which interlink to other functions	Documented training plan with annual review	Move to automate all non-complex tasks
	Aligned compliance structure, developing KRIs	Clearly detailed and segregated 1 st and 2 nd lines of defence	Detailed documented compliance processes	Detailed training with regular reviewed training plan	Efficiency initiatives through automation
	Sophisticated operating model with KRIs and KPIs developed	F2B responsibilities defined across all lines of defence	Detailed documented processes, linked to KPIs	Detailed training plans, involving internal and external SMEs	Significant investment in automation and integration

G-SIFI

G-SIFI

G-SIFI

G-SIFI

G-SIFI

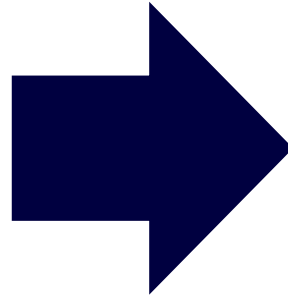
Objectives of the Financial Crime Change Programme

1. Create one common global standard
2. Manage Financial Crime risk
3. Focus on customer relationship
4. Embed an anti-financial crime culture
5. Achieve sustainability
6. Drive efficiency



Coming from...

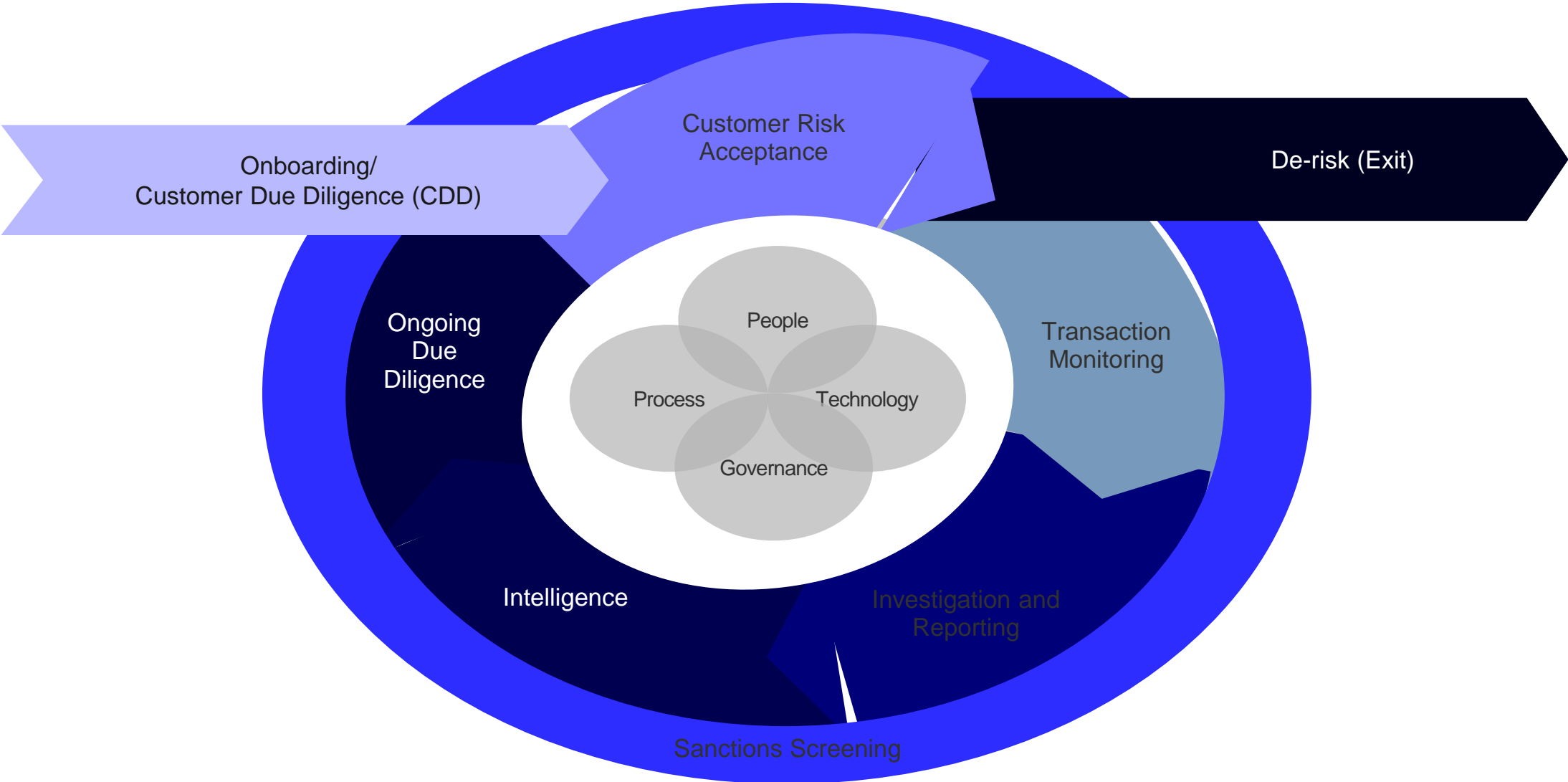
- **Little standardisation** across Nordea
- **Fragmented structure** with limited consolidation across business areas
- **No one vision** or pathway towards an improved financial crime set up
- **Lack of awareness** and education around financial crime
- **Under increased regulatory scrutiny** and challenge



Moving to...

- **One global standardised framework**
- **Regulatory compliance**
- **Common model** using core infrastructure
- **Sustainable** Financial Crime capabilities
- The ability to manage, mitigate and control **Financial Crime risk**
- Greater **efficiency** managing cost of compliance
- An embedded **anti Financial Crime culture**
- A unified approach to **customer relationships**

The Customer AML and Sanctions Lifecycle



Changing our way of working

Focus on strategic, preventive solutions

Taking a unified approach

Applying a risk-based approach

Technical knowledge

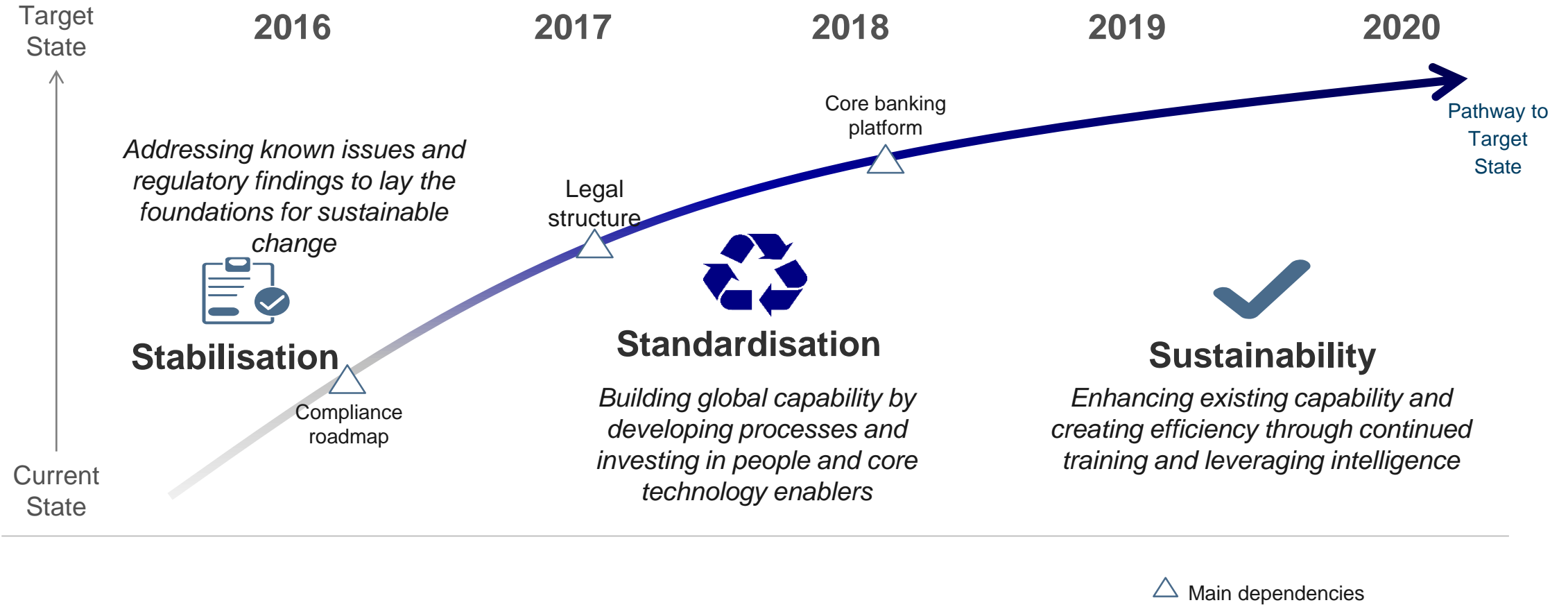
Programme management discipline

Stakeholder management

A fundamental shift in thinking to address the systemic issues faced historically

Pathway to Target State

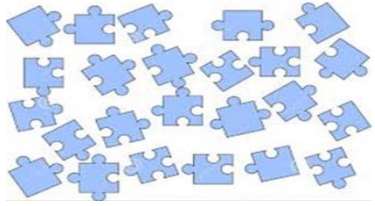
Creating a sustainable operating model for preventing financial crime



FCCP: Strategy, Structure, People Status on Journey

Strategy

June 2015



November 2015

**One
Nordea team**

**Plan to the
Nordea Bank Board**

June 2016



**Essentials to
Keep FSA
promises**

EoY 2016



**Deliver on
FSA promises**

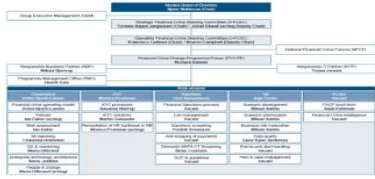
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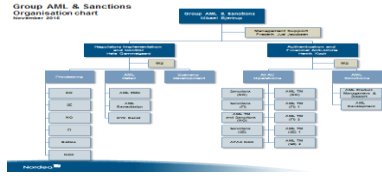
**From FSA to
Customer focus**

Structure

FCCP governance and organisation



FCCP formation



**Group AML &
Sanctions formation**



**Sustainable
Structure**



**Continous
Improvements**



**Towards Global
Operating Model**

People

~300

435

~800

+1000

**Learn &
Motivate**

Other central units engaged in AML-related tasks: People

Business Risk Implementation and Support (BRIS)

- Created autumn 2015
- One BRIS unit for each business area, and one for Group Functions
- Approximate total number of employees October 2016: 185
- And increasing.....
- E.g. BRIS Personal Banking/Business & Commercial Banking:
Approx. 60 % of employees working with AML/CTF

Compliance

- Development in total number of FTEs:

End 2014	End 2015	End 2016 (estimate)
130	186	300

Operational Risk Management

- Assessment of the operational risks connected with combatting money-laundering and terrorist financing, as well as with sanctions management is supported by Nordea's network of Operational Risk Officers (OROs)
- From end 2015 to end 2016, Nordea will have increased the number of OROs by approximately 40%



Being proud of all the things we do...

Anti Money-Laundering/Counter Terrorist Financing

Reporting suspicious behaviour



Giving the criminals a hard time



Stopping transactions

