

Nordea



Second Quarter Results 2017

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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.

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Executive summary

Stable revenues and high activity in our transformation programme

- Overall economic situation remains solid
 - Although increasingly unstable geopolitical environment
- Stable operating environment in our home markets
 - Margins improved from very low levels in recent quarters
 - Stabilising trend which we expect to continue
- Very high activity level in this quarter in our transformation and simplification projects impacting the cost development
- Strong credit quality at 13bps loan loss level
- Capital position continued to be build up and strengthen with CET1 ratio at 19.2% in Q2
- Nordea strives to secure a fair, stable and predictable regulatory environment
- Banking union is the single most important factor when making a final decision in September on domicile

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%)

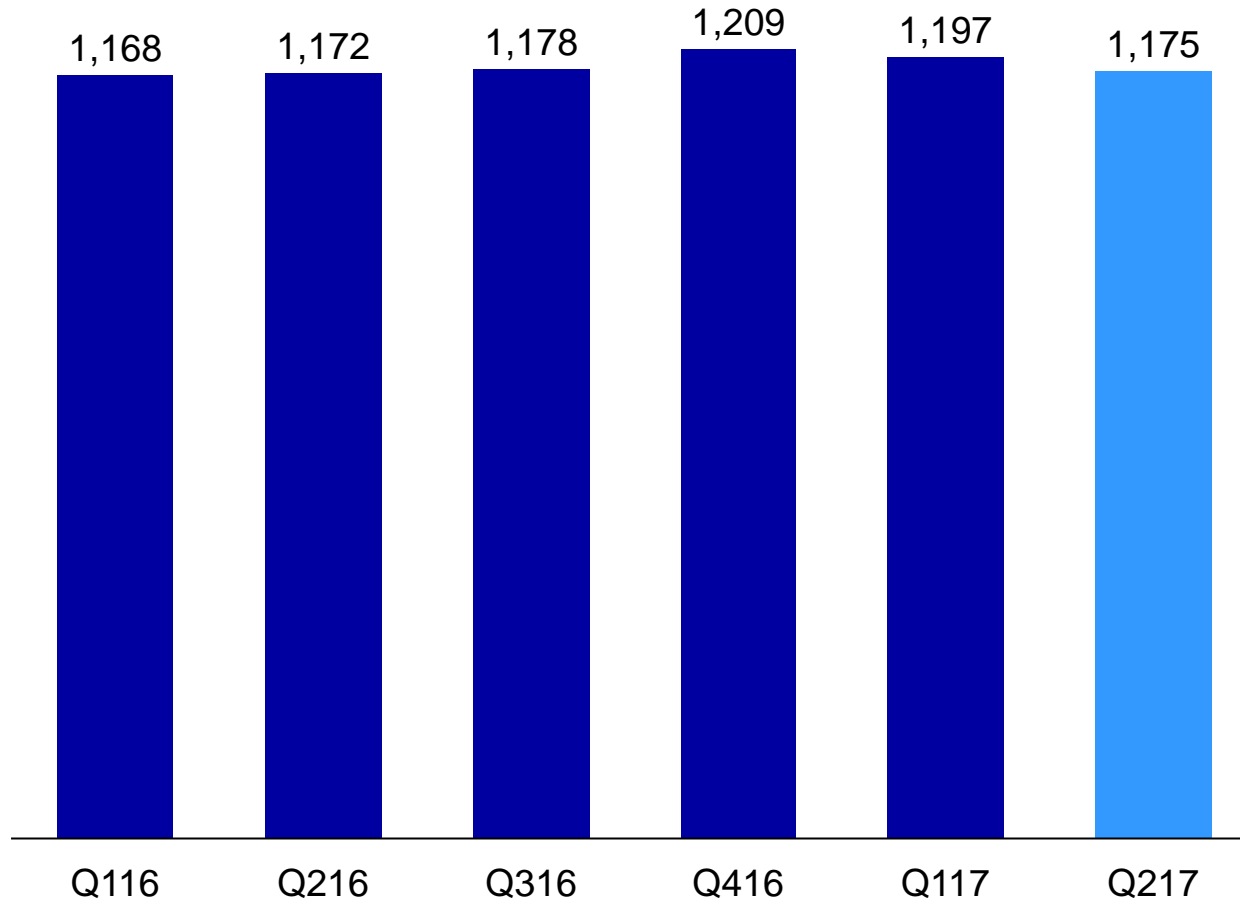
Nordea Group

Financial result

EURm	Q217	Q216	Chg Q217 vs. Q216	Loc. curr. Chg YoY	Q117	Chg Q217 vs. Q117	Loc. curr. Chg QoQ
Net interest income	1,175	1,172	0%	1%	1,197	-2%	0%
Net fee & commission income	850	804	6%	7%	866	-2%	-1%
Net fair value result	361	405	-11%	-10%	375	-4%	-5%
Total income	2,407	2,405	0%	1%	2,461	-2%	-1%
Total expenses	-1,291	-1,206	7%	8%	-1,246	4%	5%
Net loan losses	-106	-127	-17%	-15%	-113	-6%	-4%
Operating profit	1,010	1,072	-6%	-6%	1,102	-8%	-8%
Net profit	743	845	-12%	-12%	844	-12%	-11%
Return on equity (%)	9.5	11.4	-1.9 %-points	n/a	10.3	-0.8 %-points	n/a
CET1 capital ratio (%)	19.2	16.8	+2.4 %-points	-	18.8	+0.4 %-points	-
Cost/income ratio (%)	54	50	+4%-points	n/a	51	+3%-points	n/a

Net Interest Income

6 Quarters Development

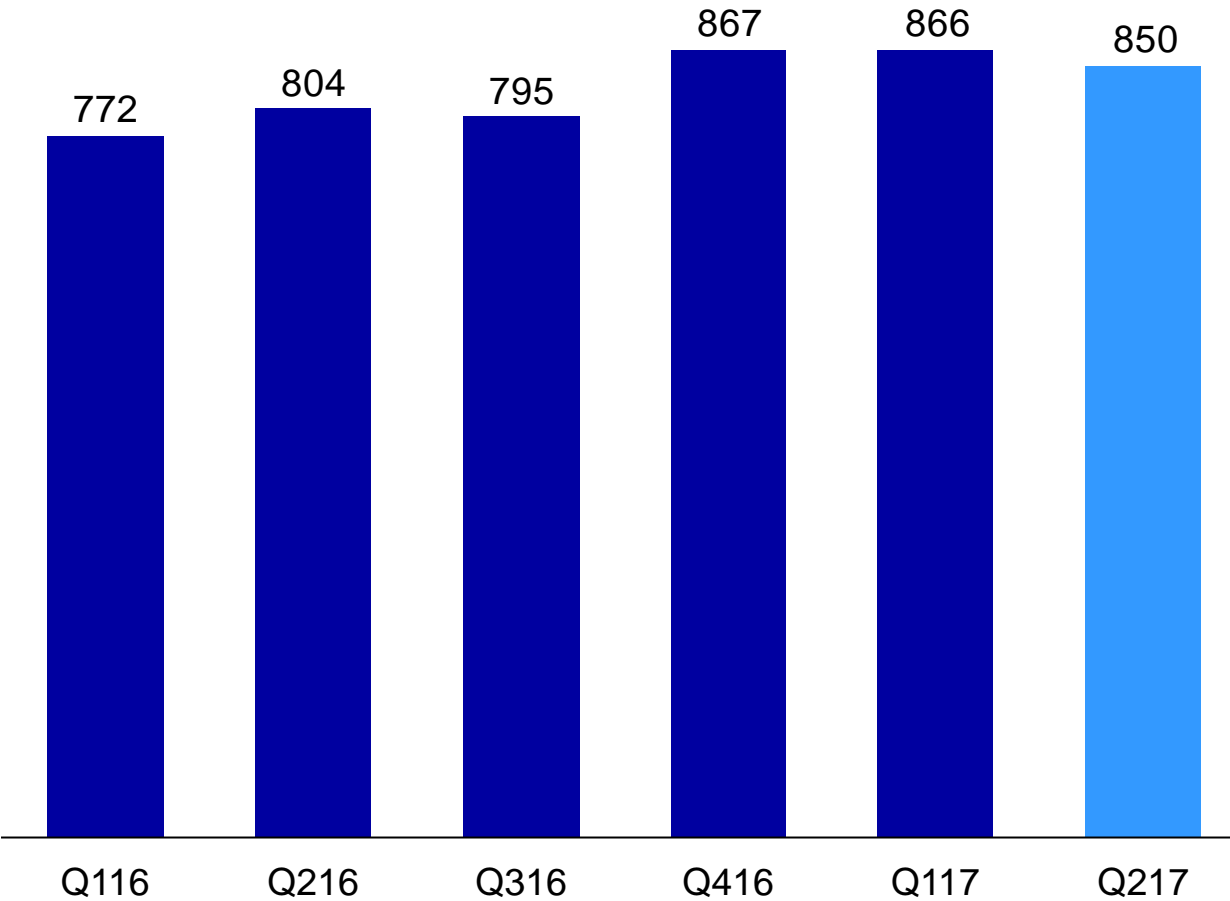


QoQ Trend

- Largely unchanged margins
- Largely unchanged NII in Business Areas
- Low volume growth
- Negative impact of FX (EUR 20m)
- Negative impact in Treasury from basis spread development

Net Fee and Commission Income

6 Quarters Development

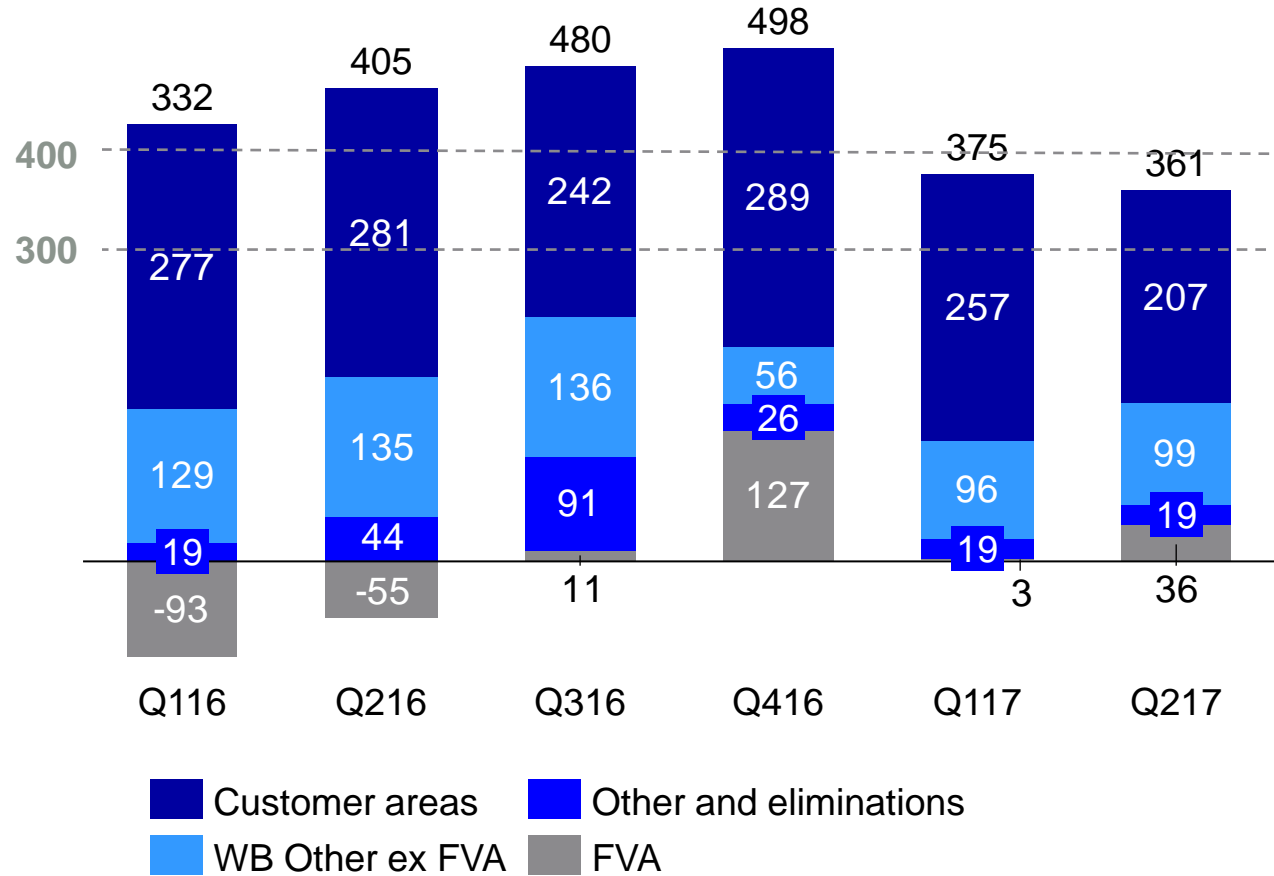


QoQ Trend

- Continued strong trend in Asset Management
- Lower fees from corporate advisory services but still high activity

Net Fair Value

6 Quarters Development

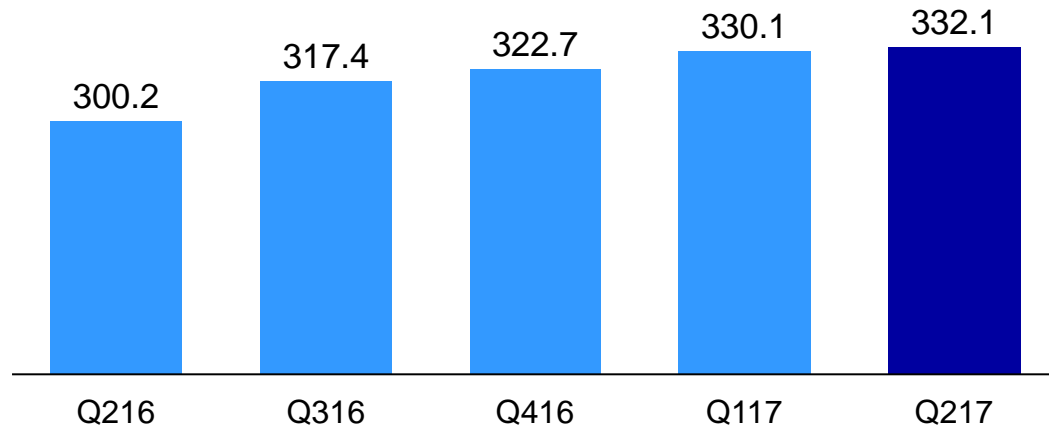


QoQ Trend

- Positive impact of Fair Value adjustment of EUR 36m
- Lower income in customer-driven capital markets activities due to lower volatility
- Lower revenues in Shipping, Oil and Offshore related to debt restructuring

Wealth Management reaches all-time high AuM

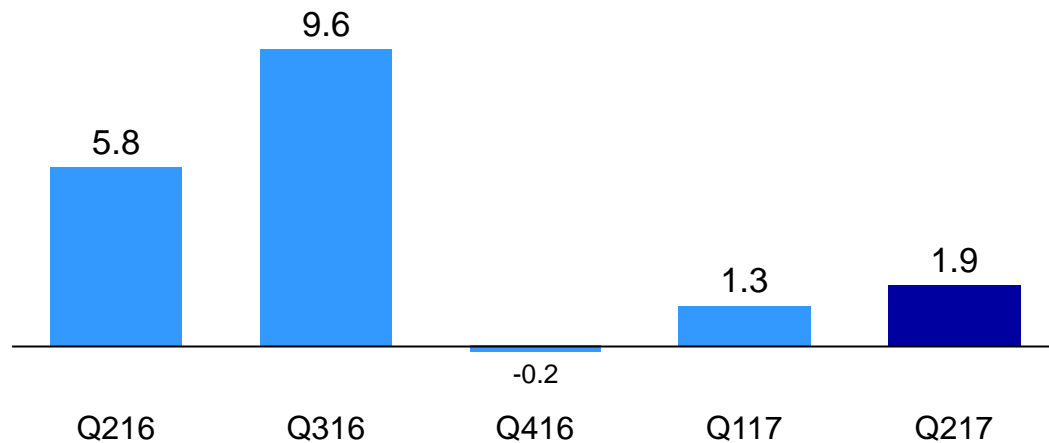
AuM development, EURbn



QoQ Trend

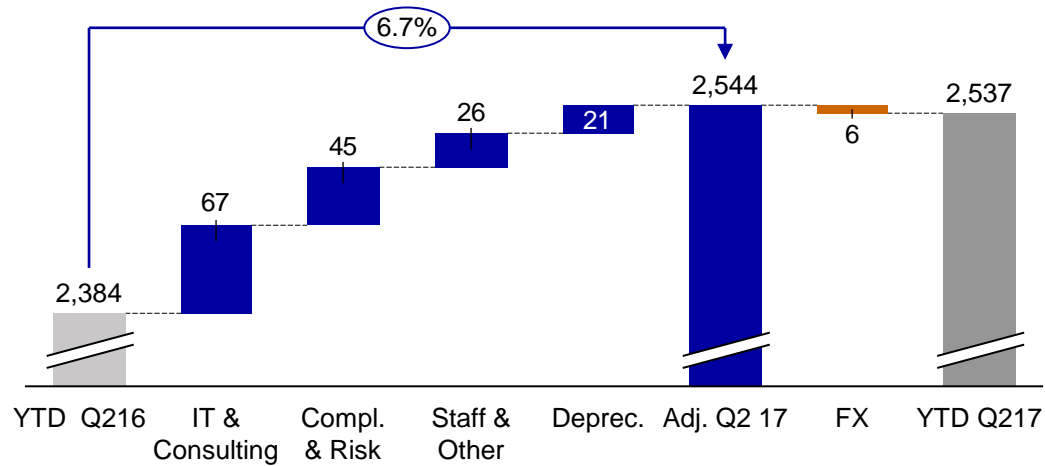
- Increase in AuM (+0.6%) in Q2, reaching a new all-time-high
 - largely due to positive net flow
- Continued strong flows from international institutional clients (+39% vs. Q1)
 - due to a favourable product offering
- Despite soft closure of the Stable Return fund solid flows in Q2 with inflows in most areas
- 88% of composites outperformed benchmark over a 3-year period

Net flow, EURbn



Costs

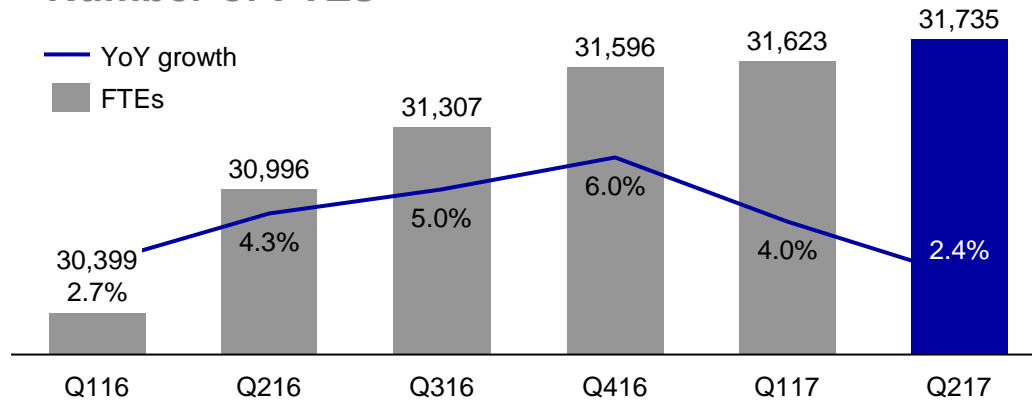
Total expenses, EURm



Comments

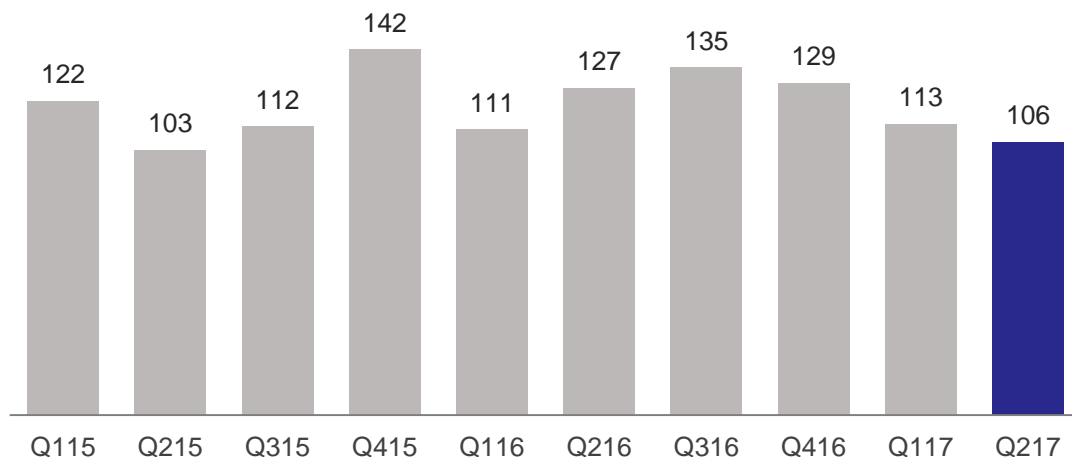
- YtD Q2 +6.7% in local currencies
- High activity in our simplification and transformation projects
- Number of employees up by 2%, mainly driven by IT and compliance
- Cost growth of 3-5% 2017 compared to 2016
- Unchanged costs 2018 compared to 2016

Number of FTEs



Improved asset quality

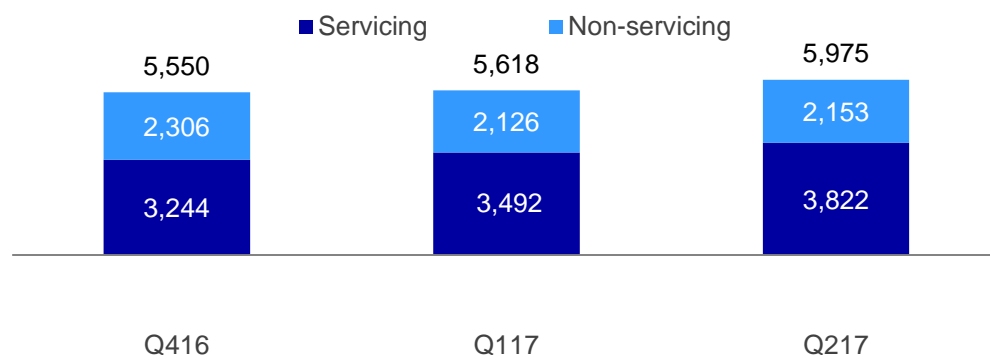
Total net loan losses, EURm



Comments

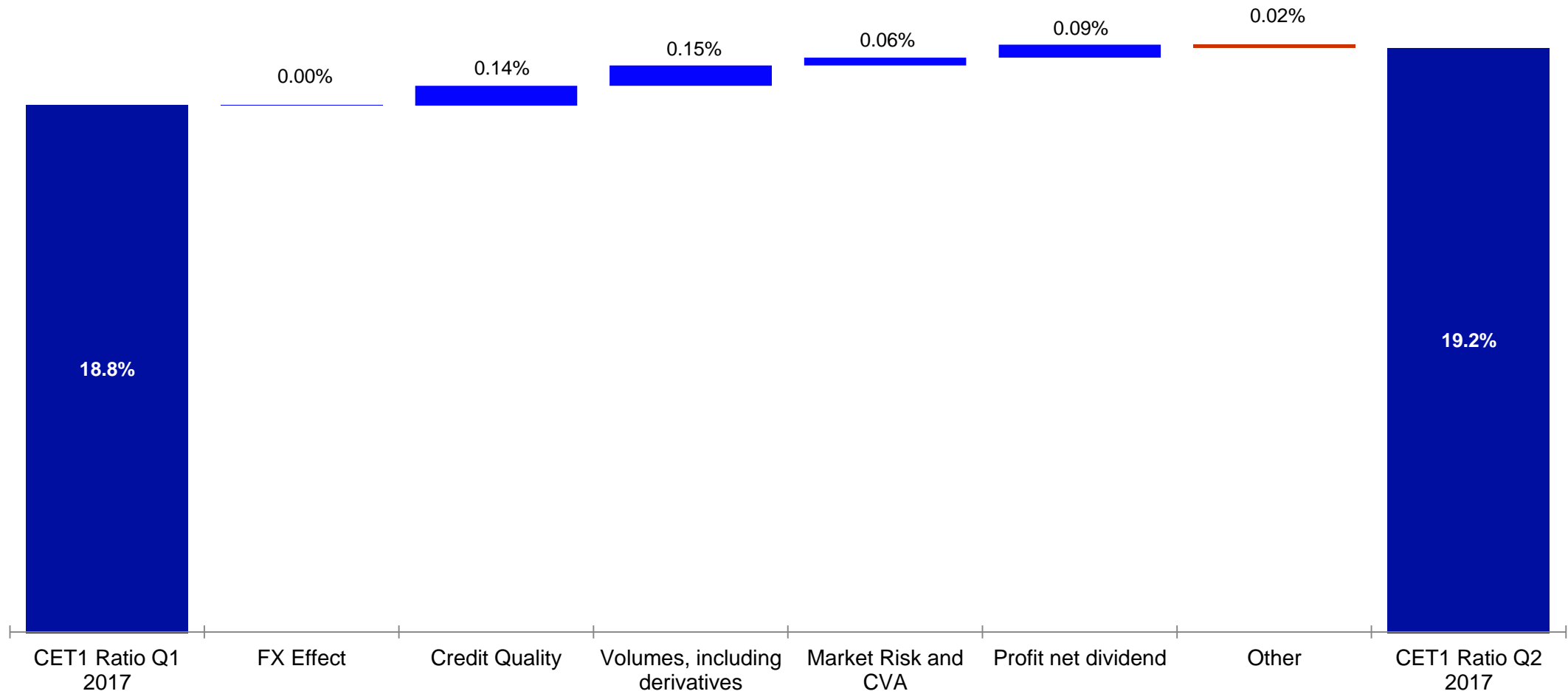
- Loan loss ratio Q2 at 13 bps (Q1 14 bps)
 - Loan losses in Q2 are diversified between business areas
 - Largest individual loan loss related to offshore portfolio
- Loan losses outlook
 - Below long-term average of 16 bps in H2
- Impaired loans gross increased by 6%
 - Related to few new impaired customers in Oil and Offshore and Consumer Durables which are covered with collaterals

Impaired loans, EURm



11 • Total net loan losses: Includes Baltics
 • Impaired Loans: Excludes Baltics. Only on-balance part (including credit institutions)

Common Equity Tier 1 ratio development Q217 vs. Q117



Key Milestone in the Core Banking Programme

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

**Completed the upload of
Finnish household customers
(approx 3.8 million)**

**Key software release to the
product environment**



**Will enable Nordea to launch
the new deposits and savings
product portfolio in Finland**



Ensuring a thorough risk and compliance culture

Ongoing work and investments

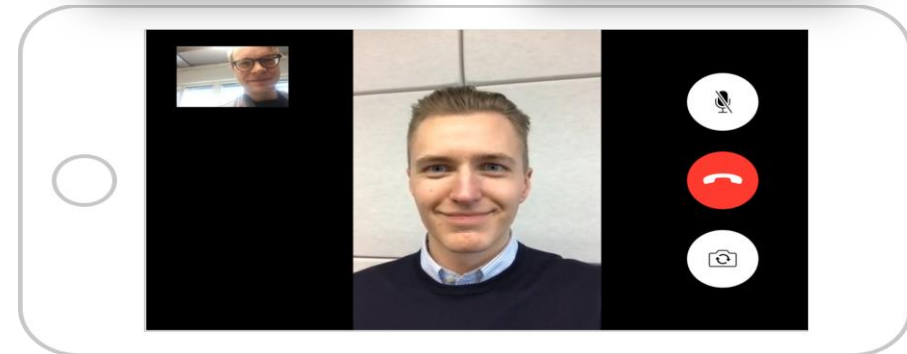
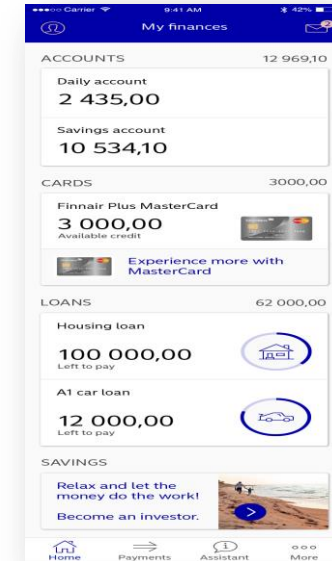
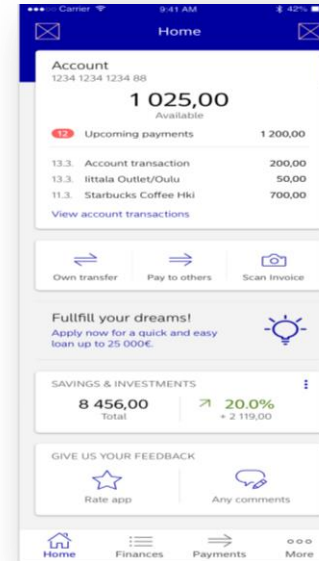
- New Compliance Risk Policy in place
- Competence training for 13,000 customer facing people
- More personal accountability in ensuring compliance
- Continued development in processes and capabilities to prevent financial crime
- Our 2020 target is to fully implement end-to-end solutions for sustainable financial crime fighting



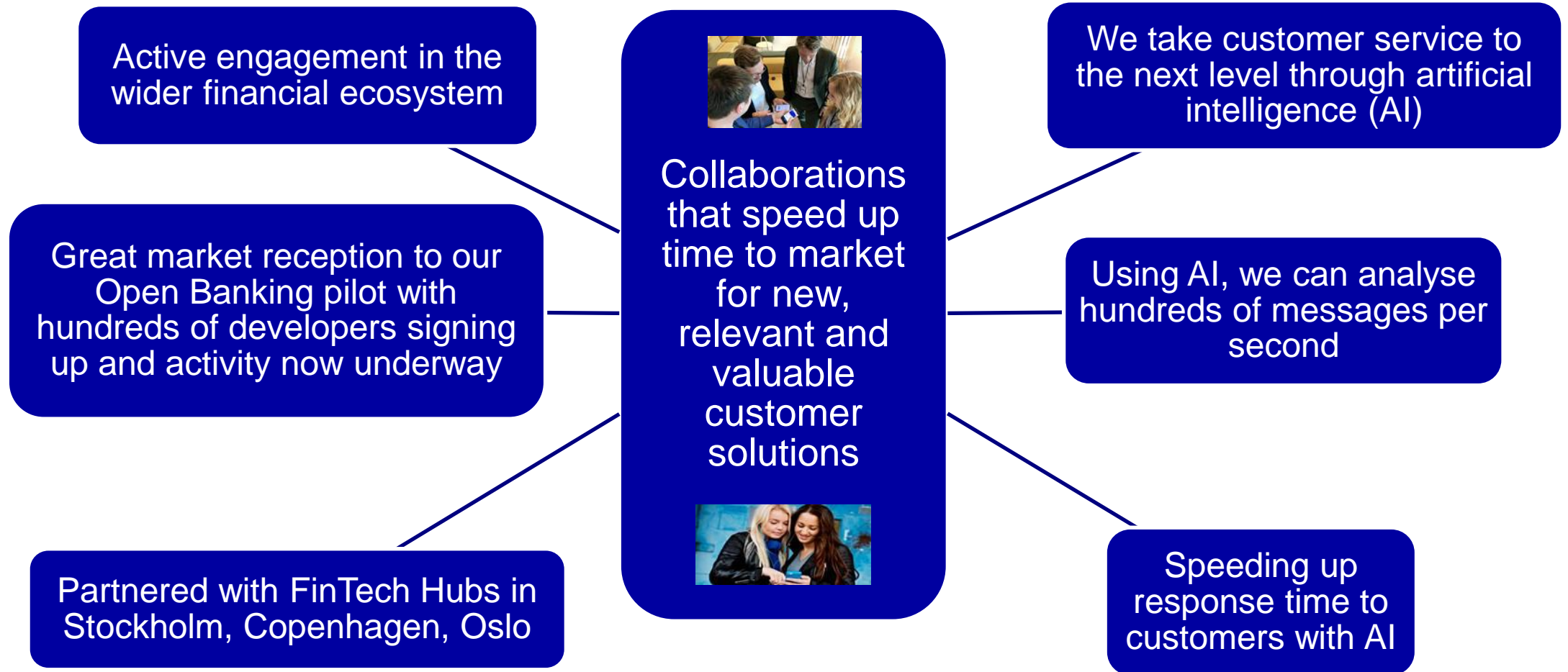
Launch of a new mobile bank

Daily banking – anywhere, anytime

- Making personal relationships easier and more efficient
- Instant advisor meetings
- Direct loan applications
- Finland in 2017, other countries 2018



Strategic partnerships with FinTech incubators



Issuing Nordea's first Green Bond

Manifests Nordea's increased ambition level in the sustainability area

- On the back of solid demand, Nordea issued a EUR 500m 5-year bond at an attractive price
- An important step in Nordea's enhanced sustainability focus based on our purpose to work for a greater good
- Promoting businesses and innovations with sustainable solutions is a priority in our investment and lending
- Enables our customers to demonstrate their sustainability approach also in financing



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Q&A