

Nordea



First quarter results 2018

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.

Nordea

Profitability has improved from previous quarter

- Operating income +4% compared to previous quarter

We are delivering on the cost reductions

- Confident to deliver on 2018 cost target

Credit quality strongest since 2007

Capital ratios at all-time-high

- Highest capital ratio in Europe post methodology change from SFSA

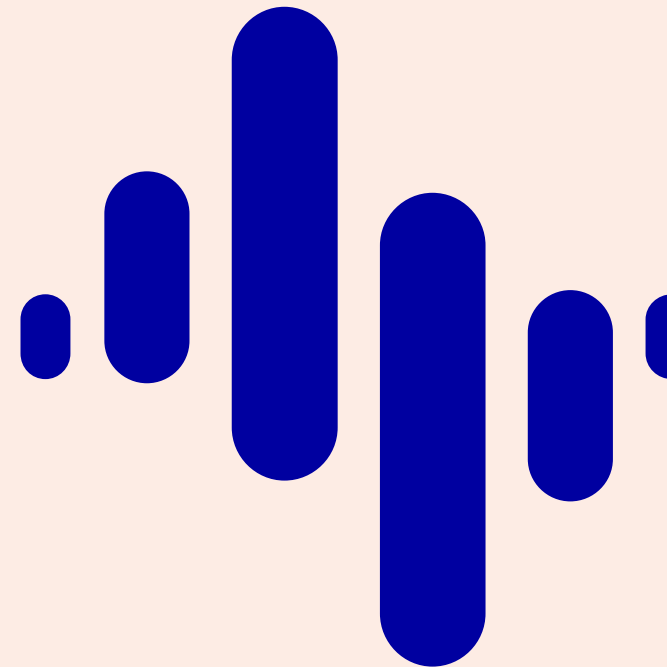
Significant improvements in compliance

Underlying revenues softer than expected

- Increased focus to improve business momentum
- More challenging to reach FY revenue guidance

Confident net profit will grow in 2018 vs 2017

- Cost target for 2018 of EUR 4.9bn reiterated

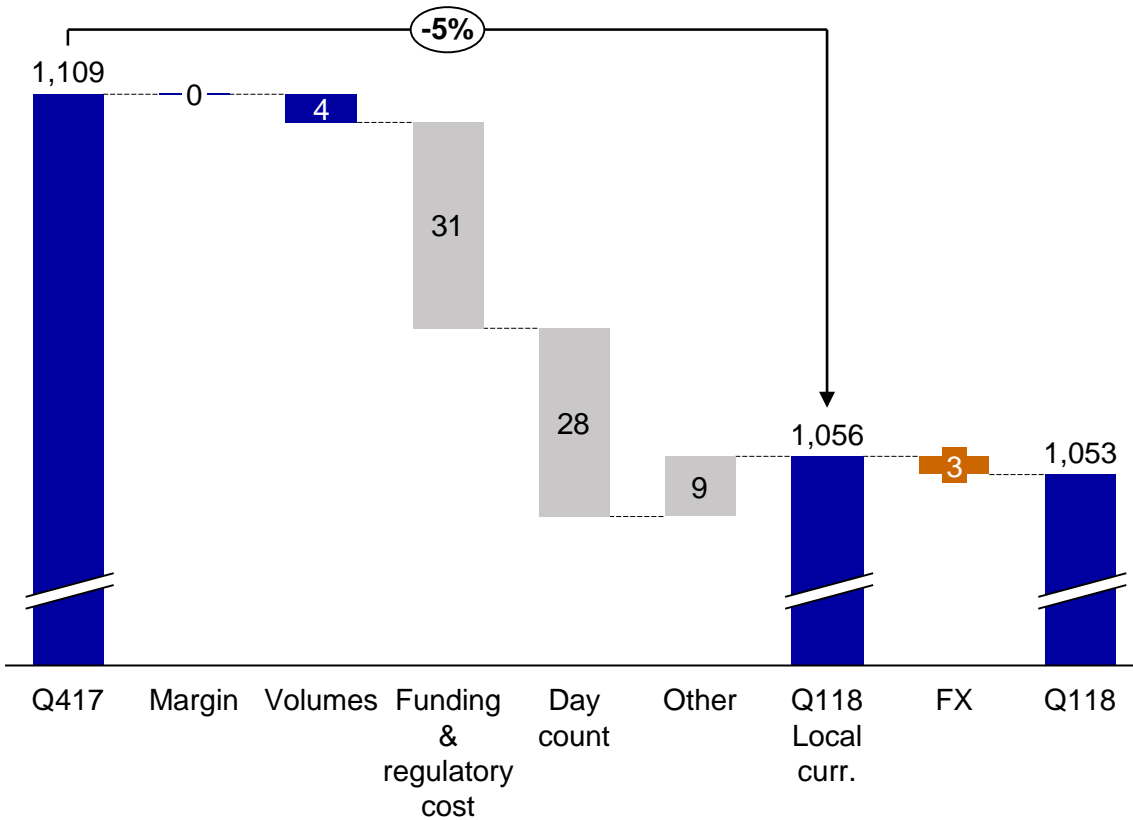


Q1 2018 Group financial highlights

	Q118 vs. Q417*	Q118 vs. Q117*
Income	<ul style="list-style-type: none"> • Operating income 4% • Net Interest Income -5% 	<ul style="list-style-type: none"> -4% -9%
Costs	<ul style="list-style-type: none"> • Total expenses -11% 	-1%
Profit	<ul style="list-style-type: none"> • Operating profit 35% 	-1%
Credit quality	<ul style="list-style-type: none"> • Loan loss level 7 (9) bps 	7 (14) bps
Capital	<ul style="list-style-type: none"> • CET1 ratio 19.8% (19.5) • Management buffer 230 (190) bps 	<ul style="list-style-type: none"> 19.8% (18.8) 230 (120) bps

Net Interest Income

Q118 vs Q417, EURm

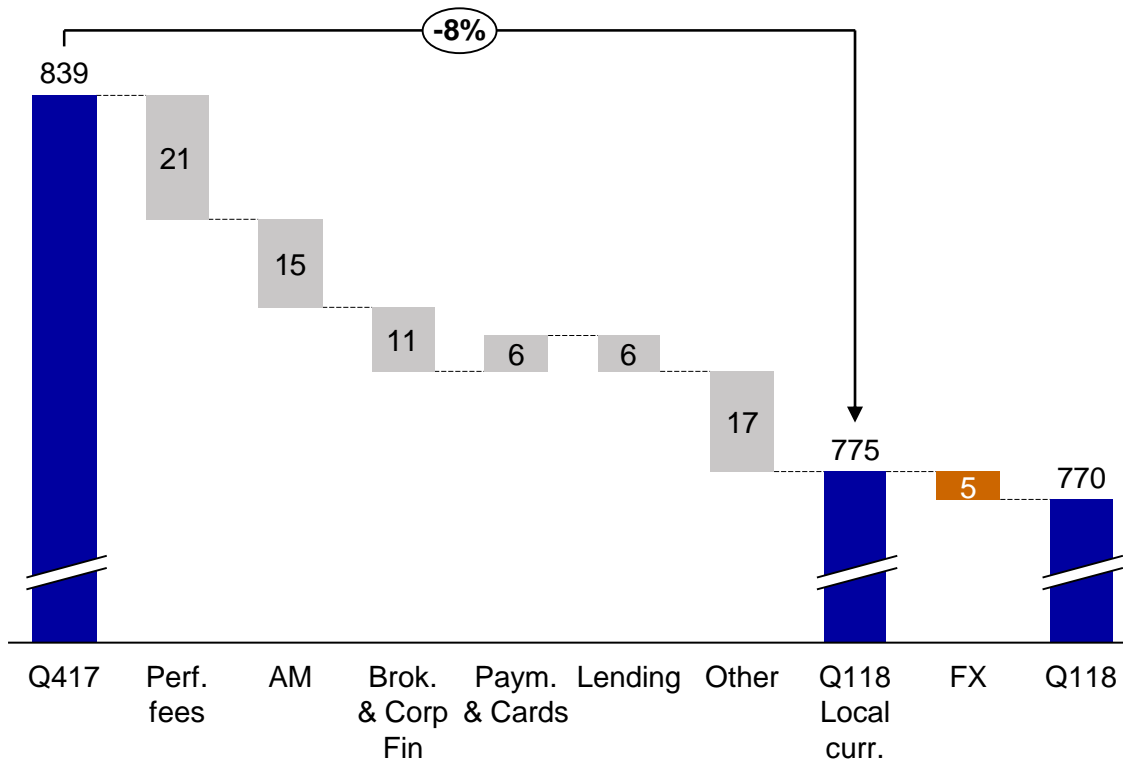


QoQ trend

- Minor impact from volumes and margins
 - Lower lending margins and increased deposit margins
- Higher regulatory and funding costs
- Two fewer interest days
- Minor negative FX effects

Net Fee and Commission Income

Q118 vs Q417, EURm

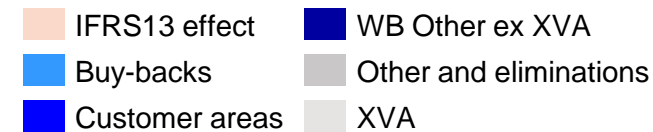
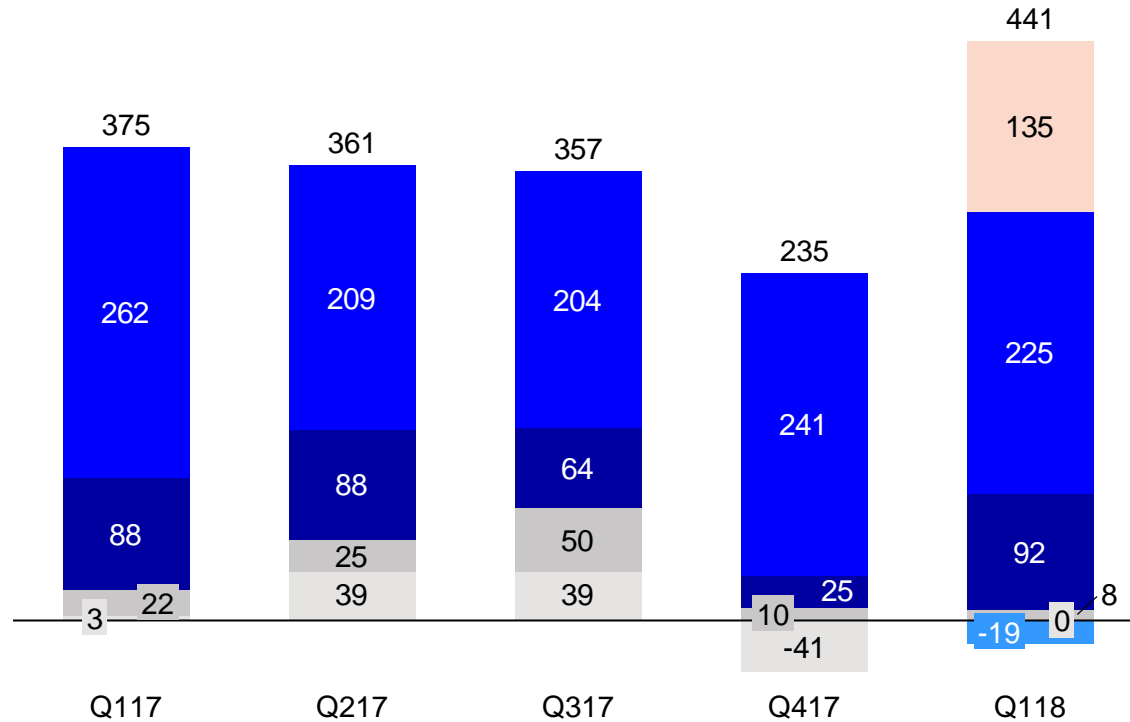


QoQ trend

- Decrease in the quarter, mainly driven by Asset Management
- Asset Management down due to seasonality and lower volumes
- Declining stock markets impacted performance negatively
- Somewhat soft in lending fees
- Lower activity in ECM and Advisory

Net Fair Value

5 quarters development, EURm

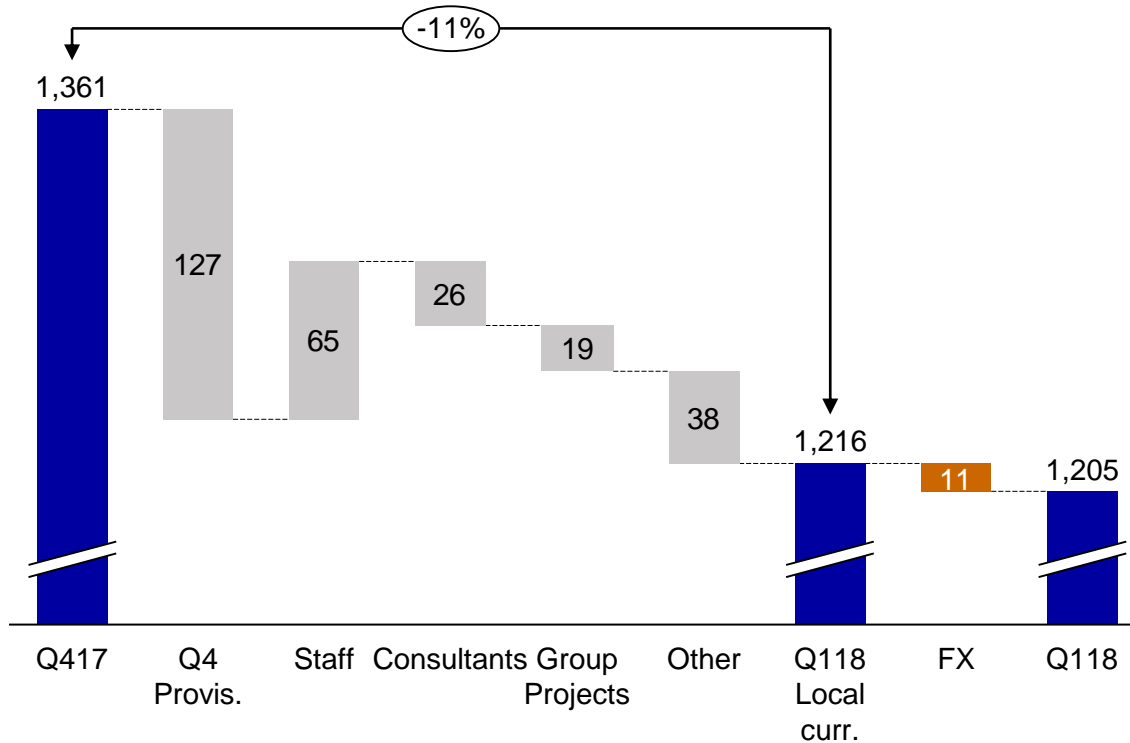


QoQ trend

- Underlying level higher than Q4 mainly driven by higher trading income
- Customer demand still subdued
- Reported NFV lifted by EUR 135m positive impact from new valuation model (IFRS 13)
- No impact from XVA's in the quarter

Costs

Q118 vs Q417, EURm

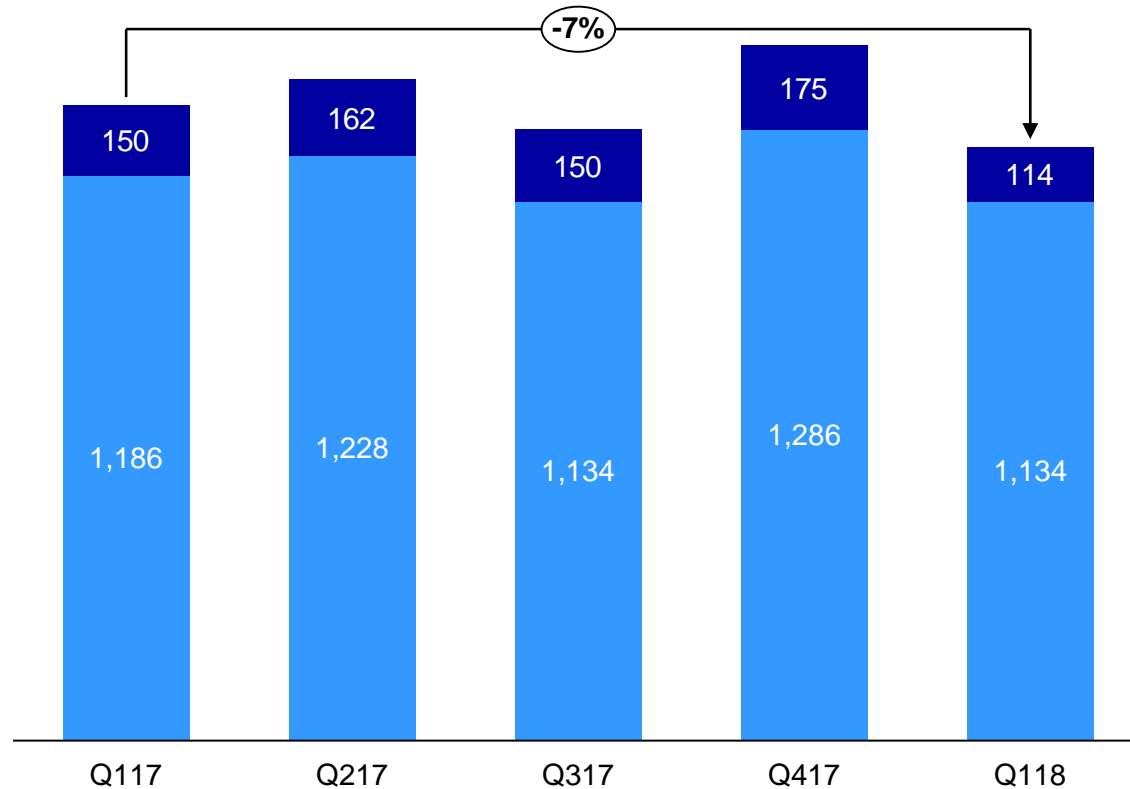


Comments

- On track to deliver on 2018 target of EUR 4.9bn
- Increase in staff costs mainly due to periodisation
- Number of staff down by 317
- Lower costs for group projects and consultants
- Other costs down due to cost initiatives

Significant reduction in cash spending

Q118 vs Q117, EURm



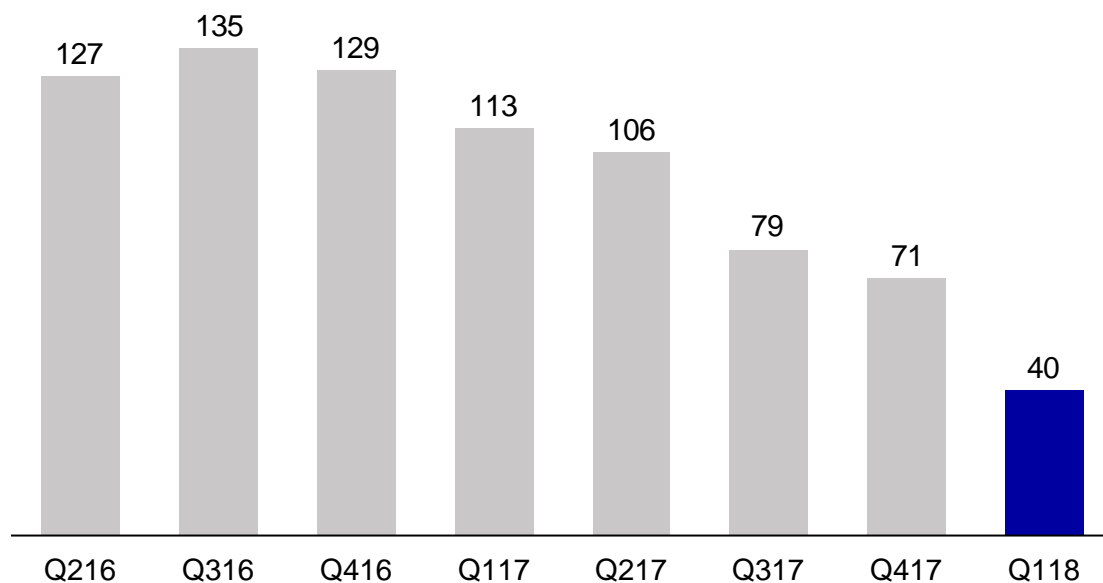
Comments

- Total cash spending in the P&L and balance sheet is down 7% YoY
- Well on track to meet 2018 cash spending target of EUR 5.1bn (down from EUR 5.5bn in 2017)
- Cash spending target of EUR 4.5-4.7bn in 2021 reiterated
- Lower cash spending will significantly improve capital generation

■ Capitalisations in the balance sheet
■ Operating expenses excl. depreciations and amortisations

Improved asset quality

Total net loan losses*, EURm

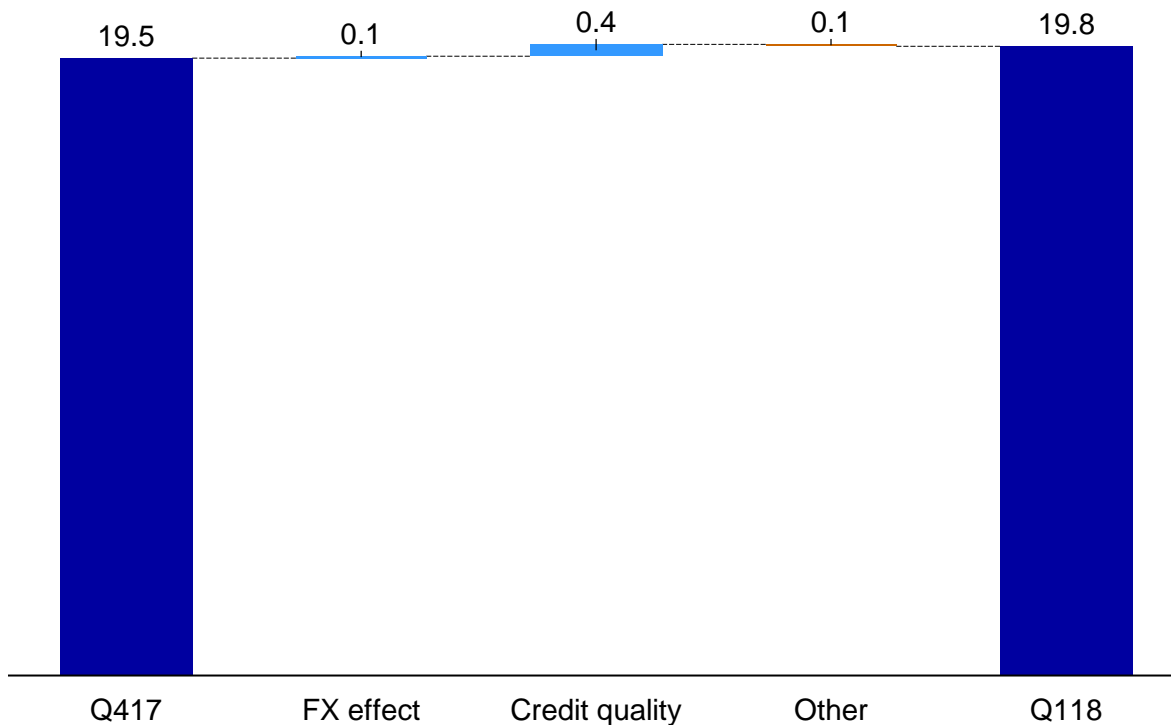


Comments

- Net loan loss ratio for Q1 7 bps (Q4 9 bps)
 - Net loan losses in Q1 mainly related to one large new impaired customer in Wholesale Banking Denmark as well as Oil & Offshore
- Net loan loss outlook
 - Loan losses expected to be below long term average in coming quarters
- Impaired loans (Stage 3) EUR 5.2bn
 - Evenly split between servicing and non-servicing
 - 215 bps of total lending is impaired (Stage 3)
 - Reserved allowances to cover 36% of the impaired loans

Common Equity Tier 1 ratio development Q118 vs Q417

Quarterly development

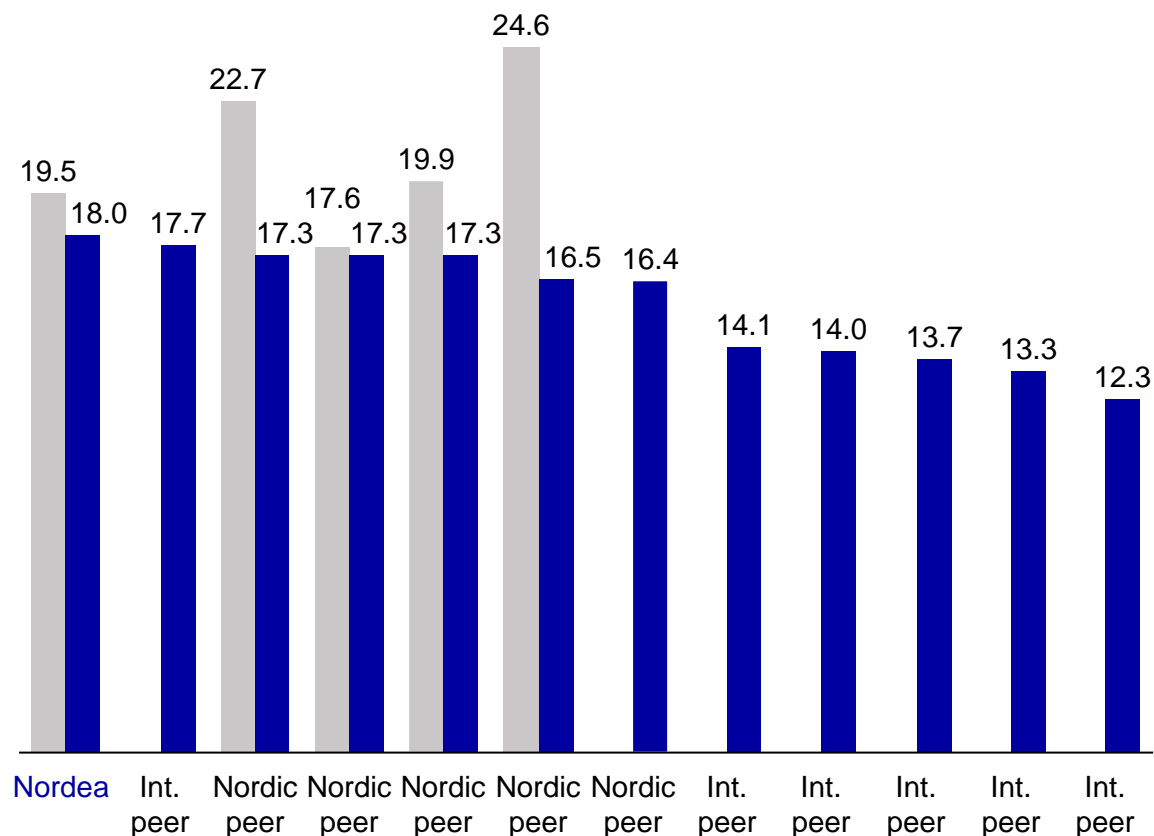


Comments

- CET1 ratio continued to strengthen to 19.8% in Q1
- Management buffer all-time-high at 230 bps compared to target range of 50-150 bps
- Improved credit quality the key driver of improvement

SFSA proposal on mortgage risk floors

Expected impact*



Comments

- With the proposed move of the Swedish mortgage risk floors from Pillar 2 to Pillar 1, Nordea will have the highest CET1 ratio in Europe
- Capital in nominal terms unchanged
- Management buffer largely unchanged

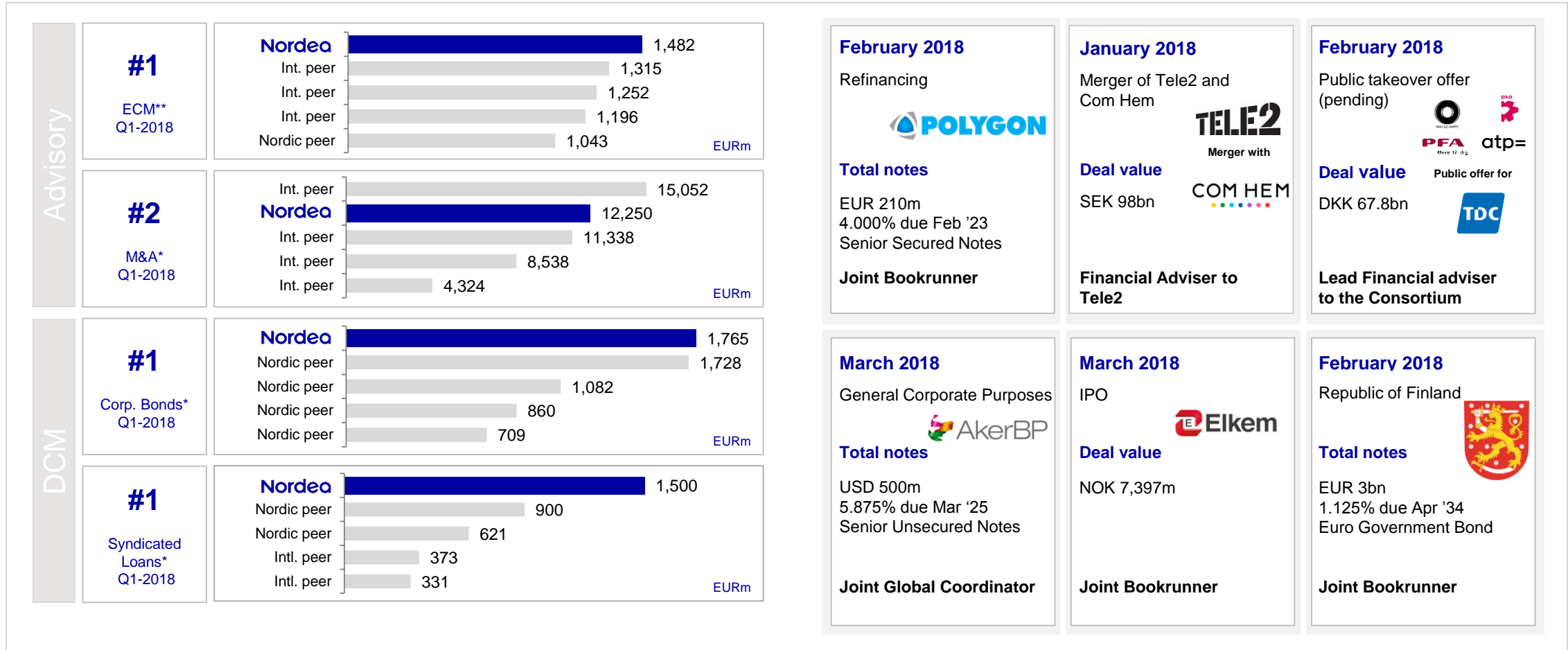
Status on our transformation

Re-domiciliation	<ul style="list-style-type: none">• 96% of shareholders approved the re-domiciliation to Banking Union (Finland)• The merger is tentatively to be effected October 1, 2018
Simplification	<ul style="list-style-type: none">• Migrated 250,000 household customer accounts in Finland onto the new core banking platform• New savings and deposit accounts being opened on the new core banking platform• All SEPA Credit Transfer Interbank payments now running on the new Global Payment Engine• Reduced IT complexity; 190 data warehouse applications closed down
De-risking	<ul style="list-style-type: none">• De-risking in Russia, Shipping, Oil & Offshore coming to an end• International Private Banking divested• Increased financial crime preventions
Digital	<ul style="list-style-type: none">• Fin-tech collaborations (Ex.Tink, Betalo, Wrapp, Fitbit and Garmin)• Joined the first blockchain-based trade finance platform as founding partner (we.trade)• Creating next-gen intelligent banking experiences and growing our robotics family

#1 Corporate & Investment Bank in the Nordics

League tables

Selected credentials



Recognition of our strong investment performance



2018
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NORDICS

Nordea

BEST GROUP OVER 3 YEARS
OVERALL LARGE COMPANY



Nordea
FUNDS

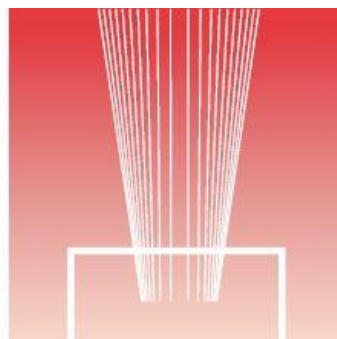
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Awards
2018™



Increasing customer satisfaction is our top priority

New proactive initiatives

Focus on insights from our customers

Increase the quality at all customer touchpoints

Gain loyalty



Nordea



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