

First Quarter Results 2014

International telephone conference
Christian Clausen, President and Group CEO



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.

Highlights

Nordea delivers stable income and improving cost efficiency

- ✓ Continued stable but low lending demand
- ✓ Pick up in corporate advisory business
- ✓ Continued strong activity in the savings area
- ✓ Loan losses are down 12% q-o-q
- ✓ Operating profit up 6% on Q1/13
- ✓ Cost/income ratio improved to 49% compared to 51% in Q1/13
- ✓ Fully loaded Basel III CET 1 ratio is up by 70 bps to 14.6% (Total capital ratio of 18.4%)
- ✓ RoE up 30 bps y-o-y to 11.4%

Q1 2014 financial results highlights



Financial result

EURm	Q1/14	Q4/13	Chg %	Local currencies Chg %	Q1/13	Chg %	Local currencies Chg %
Net interest income	1 362	1 390	-2	-1	1 358	0	5
Net fee & commission income	704	703	0	0	623	13	16
Net fair value result	411	333	23	24	444	-7	-7
Total income*	2 501	2 469	1	2	2 506	0	3
Staff costs	-756	-739	2	2	-754	0	4
Total expenses	-1 237	-1 283	-4	-3	-1 267	-2	1
Profit before loan losses	1 264	1 186	7	8	1 239	2	5
Net loan losses	-158	-180	-12	-12	-198	-20	-19
Operating profit	1 106	1 006	10	11	1 041	6	10
Net profit from continuing operations	840	760	11	12	783	7	11

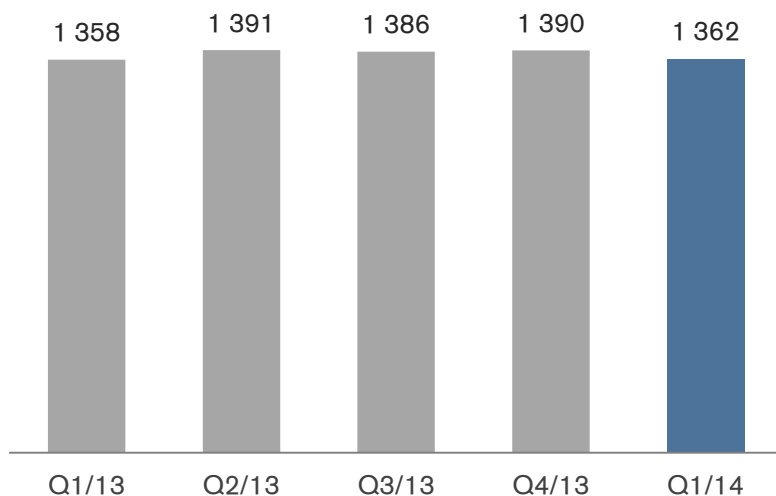
Return on equity (%)	11.4	10.5	+90 bps	-	11.1	+30 bps	-
CET1 capital ratio** (%)	14.6	13.9	+70 bps	-	12.1	+250 bps	-
Cost/income ratio (%)	49	52	-	-	51	-	-

* Includes other income

** Q4/13 and Q1/13 are estimated Basel III numbers

Net interest income

NET INTEREST INCOME DEVELOPMENT, EURm



COMMENTS

- NII unchanged vs Q1/13
 - Subdued loan demand
 - Up 5% in local currencies
 - Up 3% in customer areas in local currencies
- Two interest rate days less than Q4/13

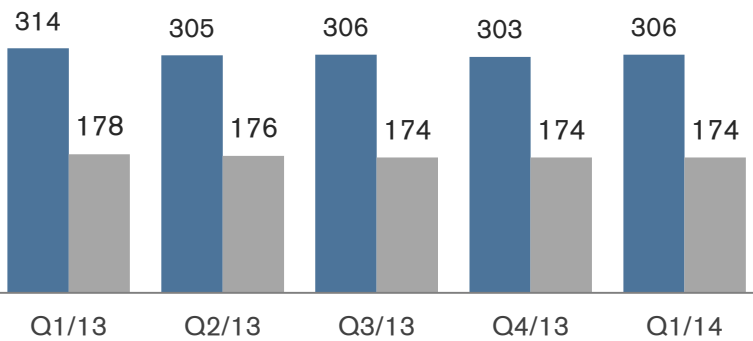
Net interest margin and volumes

BLENDED NET INTEREST MARGIN DEVELOPMENT

1.06% 1.07% 1.08% 1.07% 1.08%

Q1/13 Q2/13 Q3/13 Q4/13 Q1/14

LENDING AND DEPOSIT VOLUMES*, EURbn



■ Lending volumes ■ Deposit volumes

COMMENTS**

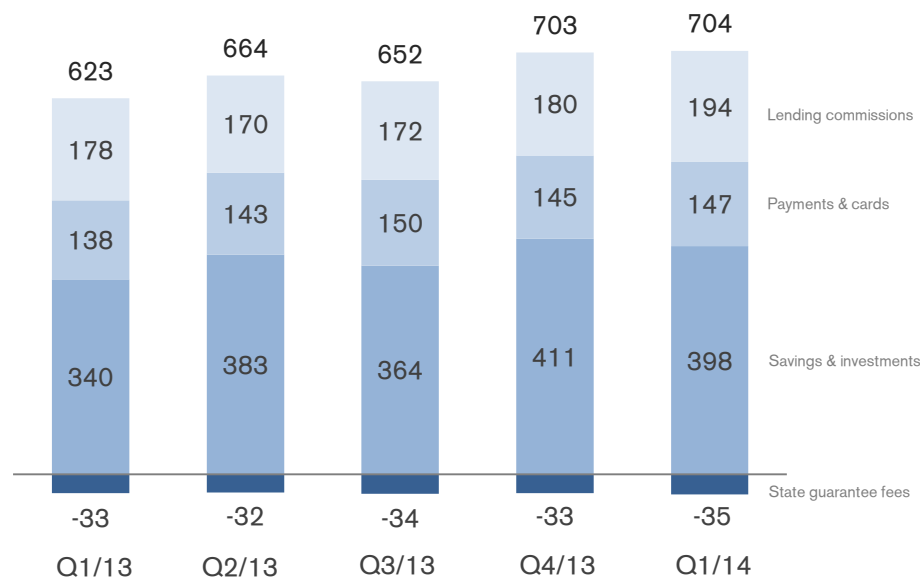
- Blended net interest margin up 1 bps
- Lending margins up
- Deposit margins down
- Both corporate and household lending volumes largely unchanged in local currencies
- Deposit volumes largely unchanged in local currencies

* Reported numbers and continuing operations

** Compared to Q4/13

Net fee and commission income

NET FEE AND COMMISSION DEVELOPMENT, EURm

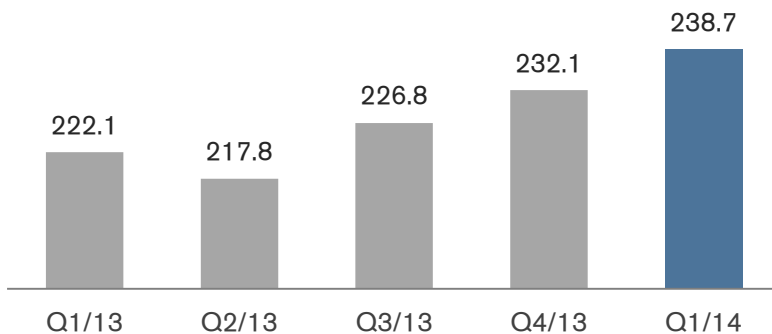


COMMENTS

- Up 13% y-o-y
- Pick up in corporate advisory business
 - Leading bank in Debt Capital Markets and Equity Capital Markets
- Continued strong activity in the savings area

Strong momentum in savings operations

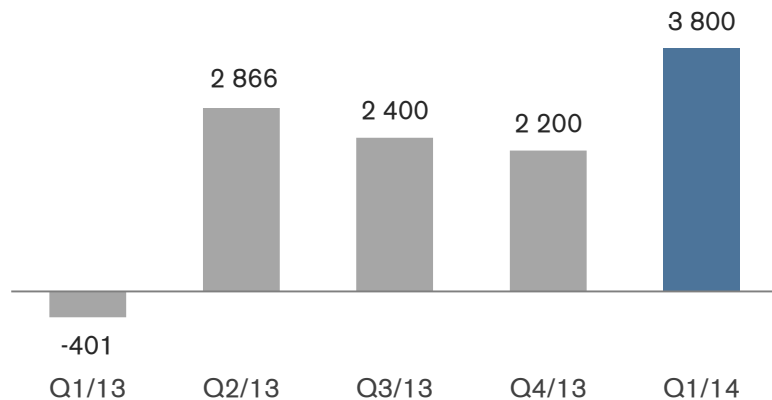
AUM DEVELOPMENT, EURbn



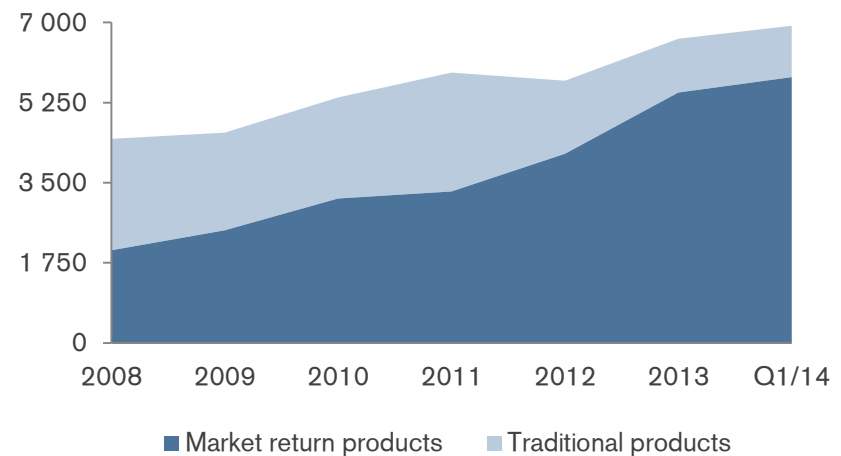
COMMENTS

- All time high AuM at EUR 239bn
- Highest quarterly net inflow in 10 years, with all segments contributing positively
- Record high GWP in Life & Pension up 16% y-o-y
 - Market Return Products share of GWP 87% in Q1/14

NET INFLOW, EURm

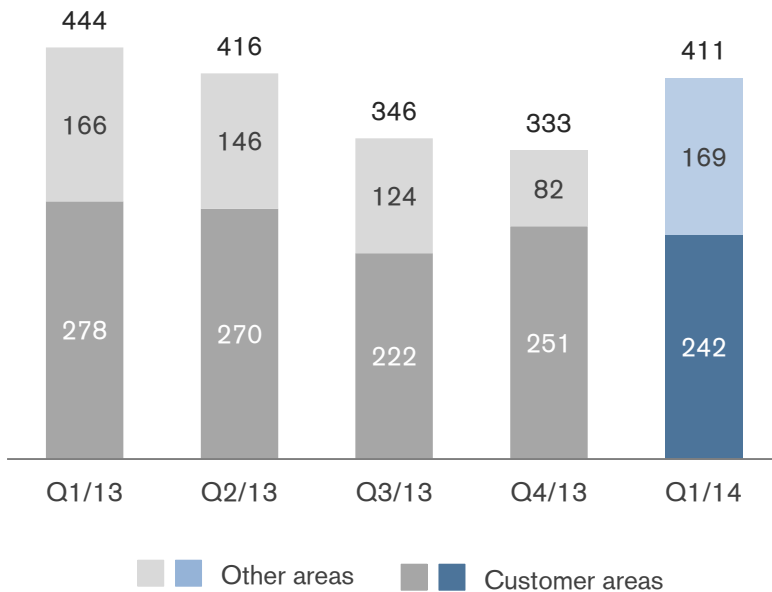


GROSS WRITTEN PREMIUMS DEVELOPMENT, EURm



Net fair value

NET FAIR VALUE DEVELOPMENT, EURm

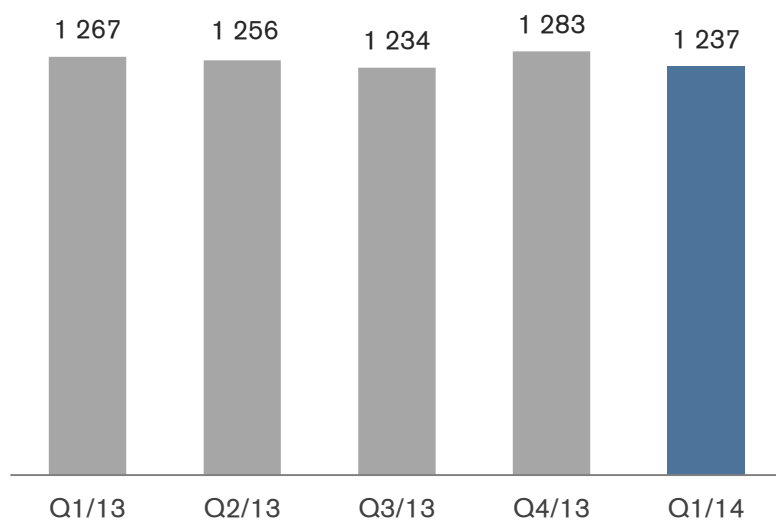


COMMENTS

- Corporate customer activity still subdued
- Largely unchanged in other areas vs. Q1/13

Expenses under solid control

TOTAL EXPENSES, EURm

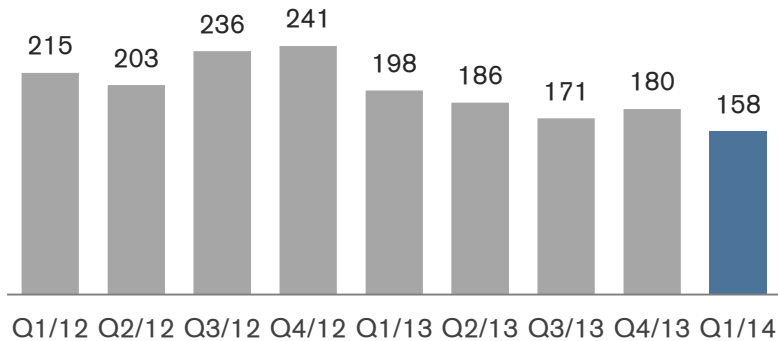


COMMENTS

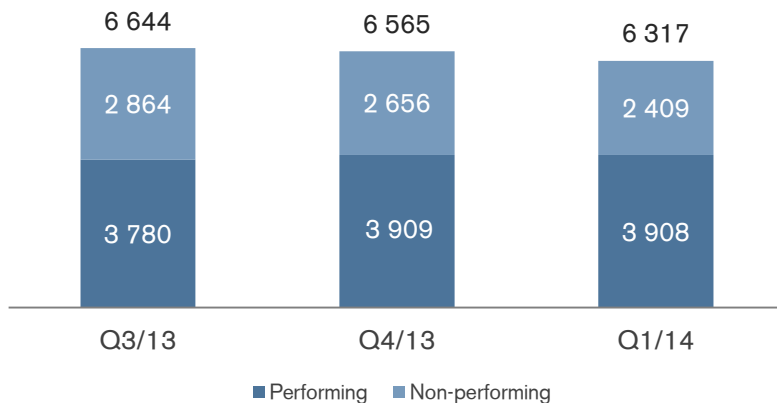
- Improved cost/income ratio to 49% from 51% in Q1/13

Improved credit quality

TOTAL NET LOAN LOSSES*, EURm



IMPAIRED LOANS, EURm



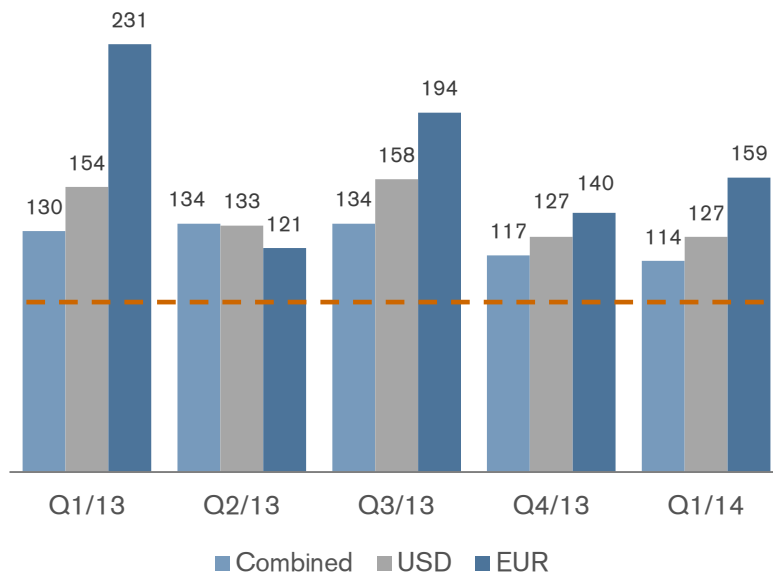
COMMENTS

- Loan losses down 12% q-o-q
- Impaired loans down 4% q-o-q
 - Non-performing loans down 9%
- Provisioning ratio increased from 43% to 45%
- Continued stable improvement in Denmark
- Increased loan losses in the Baltic countries
 - Mainly related to one Latvian real estate company
- Low loan loss levels in other areas

* Poland reported as discontinued operations, loan losses restated from Q2/12

High Liquidity Coverage Ratio

LCR DEVELOPMENTS, %

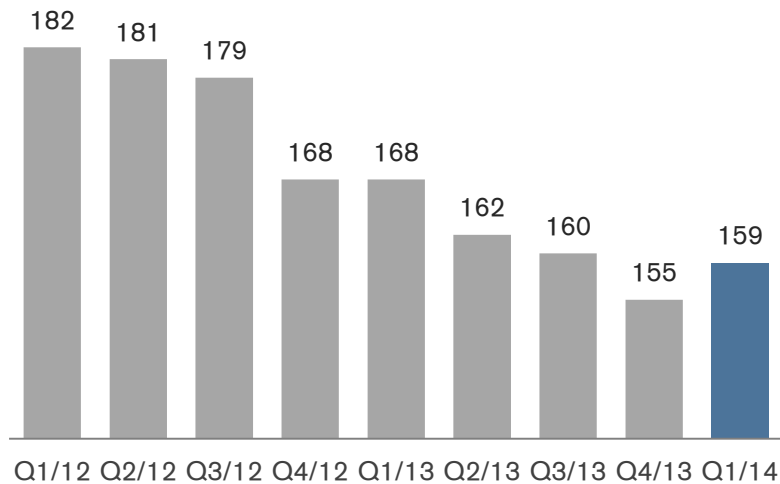


COMMENTS

- Issuance of EUR 9bn during Q1
- Conservative liquidity management
 - LCR compliant
 - Liquidity buffer EUR 61bn
- 76% of the wholesale funding is long-term funded

Risk exposure amount

RISK EXPOSURE AMOUNT, EURbn*



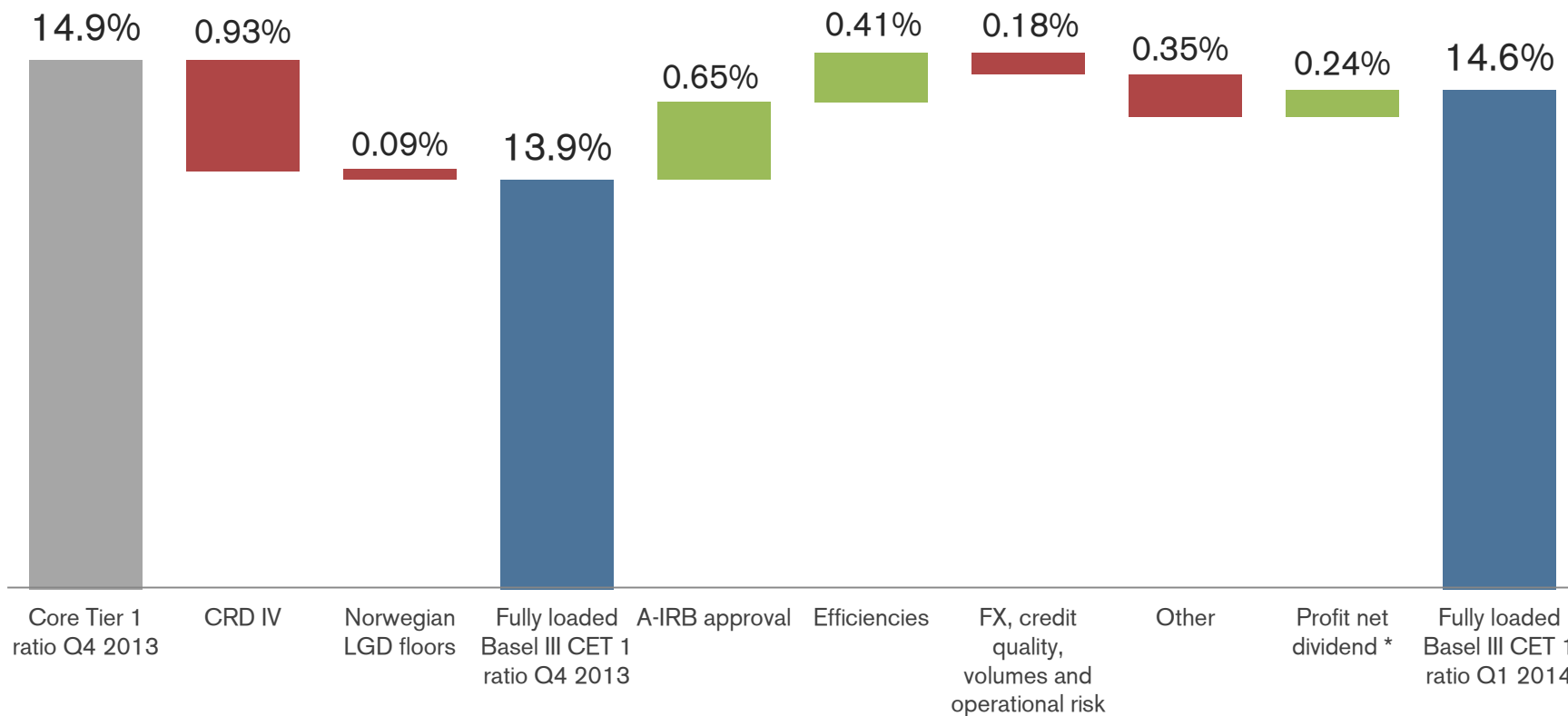
COMMENTS

- CRD IV increases REA by EUR 9bn
- REA efficiencies EUR 10bn in the quarter of which EUR 6bn from A-IRB
- Norwegian LGD-floors impact EUR 1bn
- REA up following market- and operational risk
- No impact from credit quality

* Basel 2.5 excluding transition rules until Q4/13. Basel 3 in Q1/14

Fully loaded Basel III CET 1 ratio up 70 bps

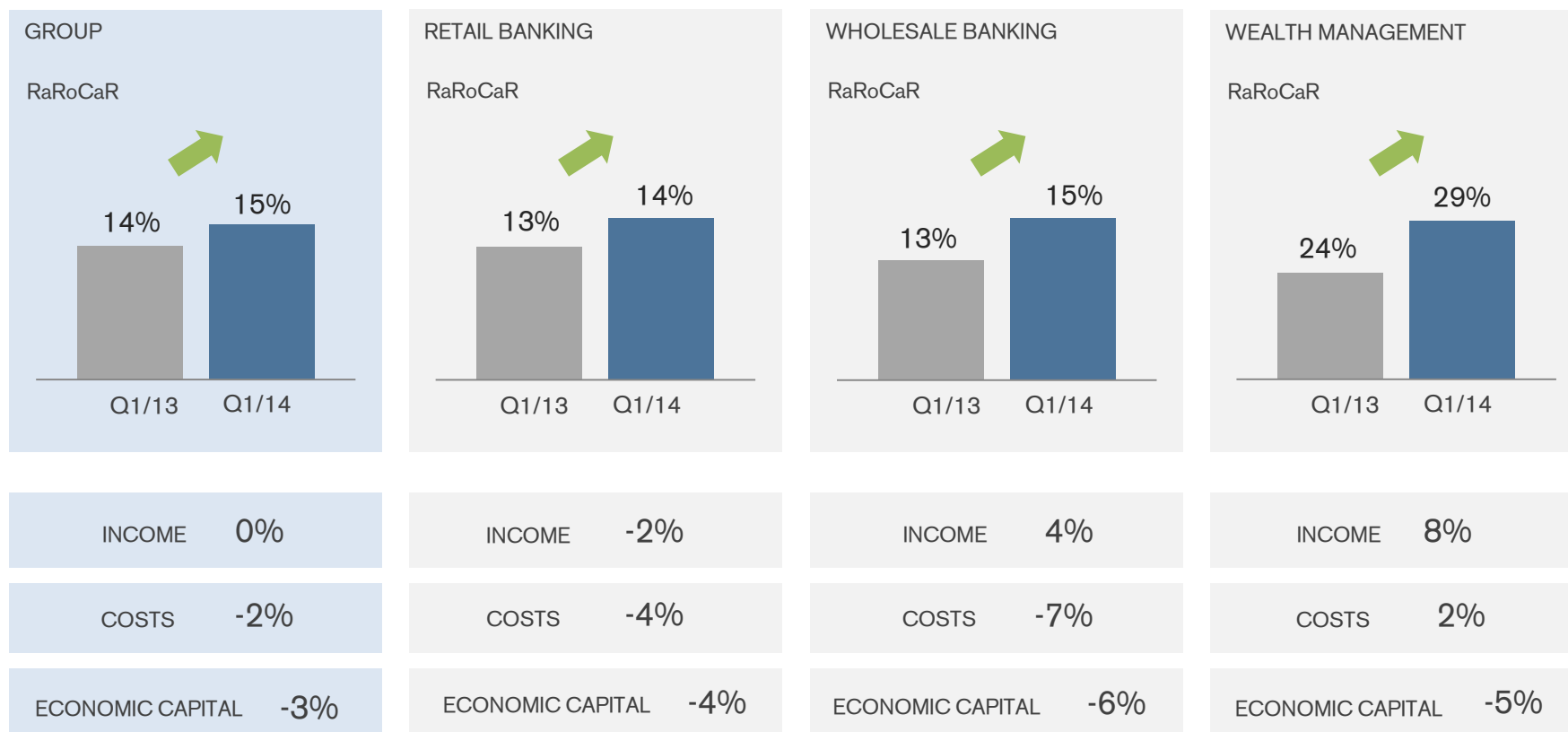
COMMON EQUITY TIER 1 RATIO DEVELOPMENT, %



* Assuming a payout ratio of 56%

Improved return

RETURN DEVELOPMENT, GROUP AND BUSINESS AREAS



2015 plan update



The 2015 plan – an update

Nordea market commitments

Strong capital generation and increased payout ratio in 2014 and 2015

while maintaining a strong capital base

To reach a ROE of 13% at the required CET1 ratio taking prevailing low interest rates into account

Delivering low-volatility results based on a well diversified and resilient business model

Key initiatives and levers

Capital initiative to improve the CET1 ratio

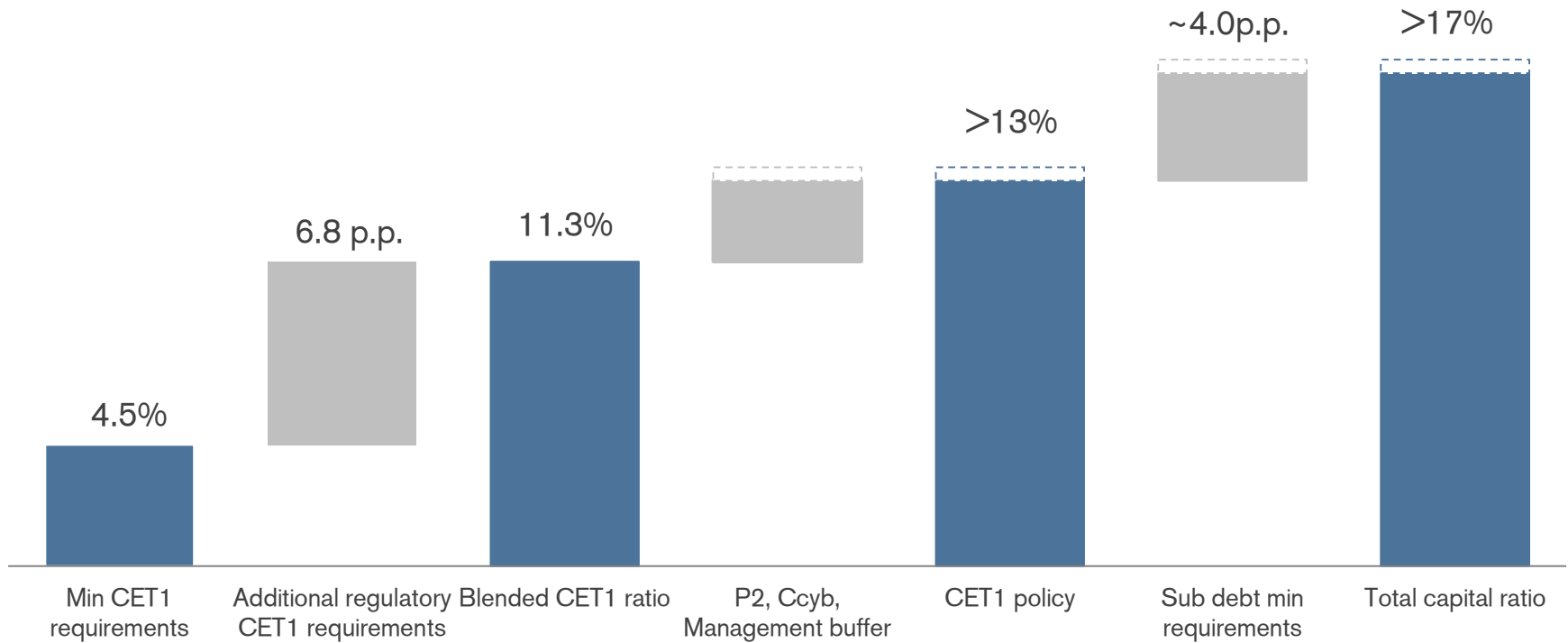
Initiatives for income generation

Efficiency initiatives of ~EUR 900m
5% lower cost base 2015 vs. 2013

Low-risk profile and low volatility

Nordea capital policy

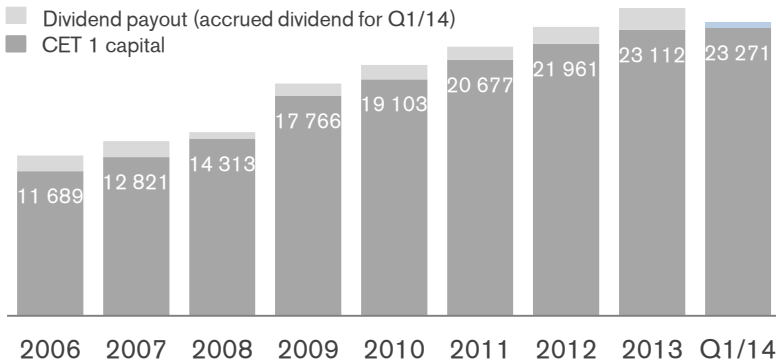
BASEL III CAPITAL RATIO TARGETS*



* Fully phased in

Strong capability to generate capital

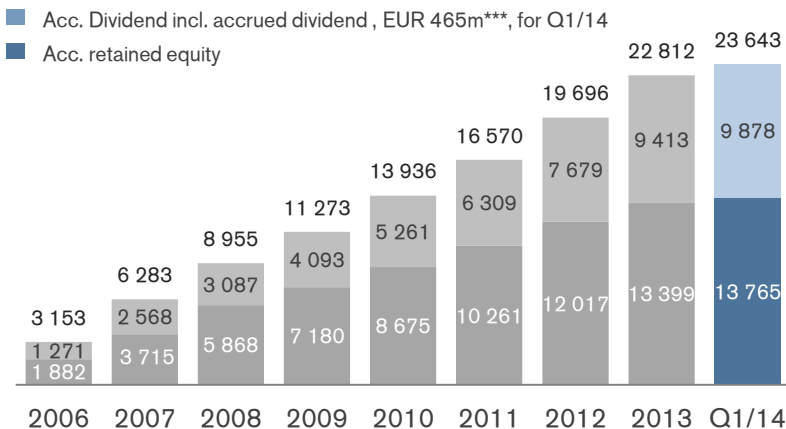
COMMON EQUITY TIER 1 CAPITAL*, EURm



COMMENTS

- Doubled the capital base in 7 years
- Increased CET 1 capital ratio from 6.8% to 14.6%

CAPITAL GENERATION**, EURm



* Basel 2.5 until FY 2013. Q1/14 is Basel 3.

** Dividend included in the year profit was generated. Excluding rights issue (EUR 2,495m in 2009).

*** Assumes a 56% payout ratio

Income holding up

Re-pricing

- Lending margins up 11 bps y-o-y (RB)
- Lending margins up 15 bps y-o-y (WB)

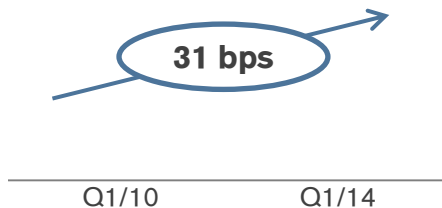
New customers

- Continued strong inflow of household customers ~ 24,000 new (externally recruited) Gold and Premium customers (RB)
- Further strengthened customer service model with enhanced focus on business potential, cross-selling and ancillary income (WB)

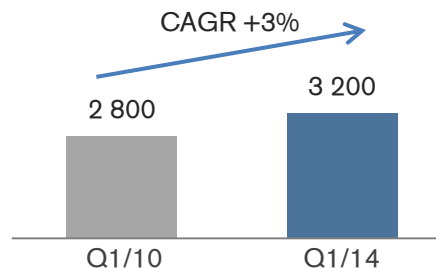
Ancillary income

- Strengthened capital markets position
- High volumes in ECM & DCM
- Participated in two IPOs and a number of capital raisings
- Continued growth in AuM, CAGR 9% from Q1/10

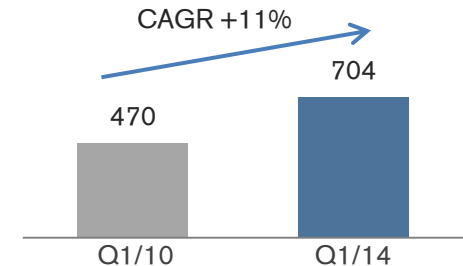
LENDING RE-PRICING DEVELOPMENT



PB AND GOLD CUSTOMERS, thousands



NCI DEVELOPMENT, EURm



The accelerated cost efficiency programme on track

Total deliveries amounting to EUR 255m* of which EUR 45m in Q1/14

Reducing activity-related expenses
(e.g. travelling and consultants)

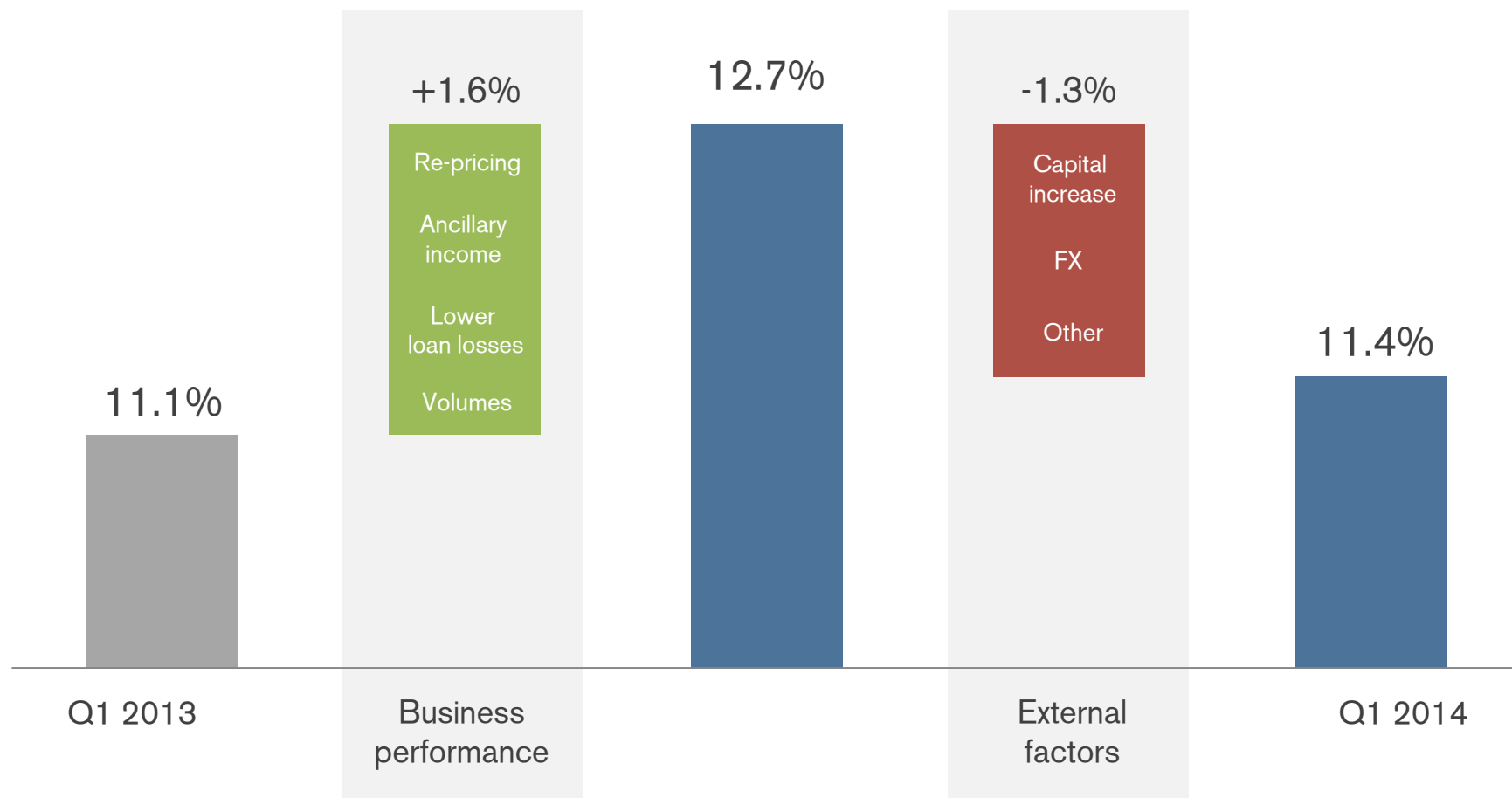
Adjusting the distribution to meet
changed customer behaviour

Increasing efficiency within IT,
products and services

Reducing internal service level
and Group function costs

* Since the beginning of 2013

RoE – strong underlying business performance



Embarking on the process of simplification

- ✓ Banking sector and customer demands are changing
 - ✓ Digitalisation a key driver
- ✓ Nordea to become more agile and responsive to changing customer needs
- ✓ Simplification process is ongoing in all parts of the bank
 - ✓ Reviewing processes, products and IT-systems
 - ✓ Reducing complexity
 - ✓ Innovating our business model to the benefit of our customers
- ✓ A status of the review will be presented in the Q2/14 results

Progress in summary

PROGRESS ON NORDEA FINANCIAL PLAN 2015 IN Q1/14

CET1 capital ratio	<ul style="list-style-type: none">Fully loaded Basel III CET1 capital ratio up 70 bps to 14.6%	✓
Risk Exposure Amount	<ul style="list-style-type: none">Total efficiencies of EUR 18bn of which 10bn in the quarter	✓
Income growth	<ul style="list-style-type: none">Income holding up	(✓)
Costs	<ul style="list-style-type: none">Improved cost efficiency	✓
Loan losses	<ul style="list-style-type: none">Loan losses down 12%	✓
RoE	<ul style="list-style-type: none">RoE 11.4%, up 30 bps y-o-y	(✓)

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Christian Clausen, President and Group CEO

