

Second Quarter Results 2014

Investor presentation



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 solid and strong results

- ✓ Income holding up despite continued low lending demand, interest rates and volatility
- ✓ Activity in corporate advisory business and savings area remains strong
- ✓ Cost programme delivering according to plan
- ✓ Loan losses are down to 16 bps
- ✓ Operating profit up 7% YTD*
- ✓ CET 1 ratio improved 60 bps to 15.2%
- ✓ RoE is up 60 bps QoQ to 12.0%*
- ✓ More relationship customers choose Nordea – 46,000 in first half of 2014
- ✓ Record high inflow of savings, EUR 4.8bn in the quarter

* Excluding restructuring charge in Q2/14

Q2 2014 financial results highlights

Financial results

EURm	Q2/14	Q1/14	Chg %
Net interest income	1,368	1,362	0
Net fee & commission income	708	704	1
Net fair value result	356	411	(13)
Total income*	2,456	2,501	(2)
Staff costs	-907	-756	20
Other expenses	-415	-426	(3)
Total expenses	-1,386	-1,237	12
Profit before loan losses	1,070	1,264	(15)
Net loan losses	-135	-158	(15)
Operating profit**	1,125	1,106	2
Operating profit	935	1,106	(15)
Net profit from continuing operations	716	840	(15)

Return on equity** (%)	12.0	11.4	+60 bps
CET1 capital ratio (%)	15.2	14.6	+60 bps
Cost/income ratio** (%)	48.7	49.5	-80 bps

H1/14	H1/13	Chg %	Local currencies Chg %
2,730	2,749	(1)	3
1,412	1,287	10	13
767	860	(11)	(10)
4,957	4,996	(1)	2
-1,663	-1,507	10	14
-841	-914	(8)	(5)
-2,623	-2,523	4	7
2,334	2,473	(6)	(3)
-293	-384	(24)	(22)
2,231	2,089	7	10
2,041	2,089	(2)	1
1,556	1,583	(2)	1

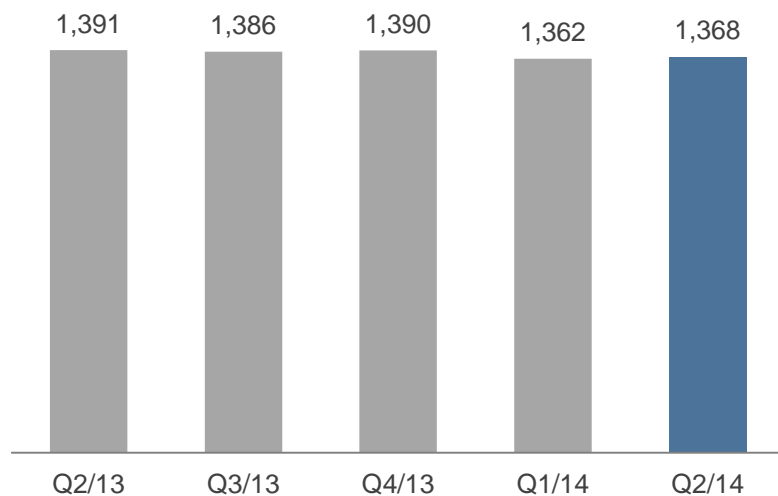
11.7	11.3	+40 bps	-
15.2	14.0	+120 bps	-
49.1	50.5	-140 bps	-

* Includes other income

** Excluding restructuring charge in Q2/14

Net interest income

NET INTEREST INCOME DEVELOPMENT, EURm



COMMENTS

- NII flat on Q1/14
 - Up 2% in customer areas
 - Lower yield on fixed income holdings

Net interest margin and volumes

BLENDNET NET INTEREST MARGIN DEVELOPMENT

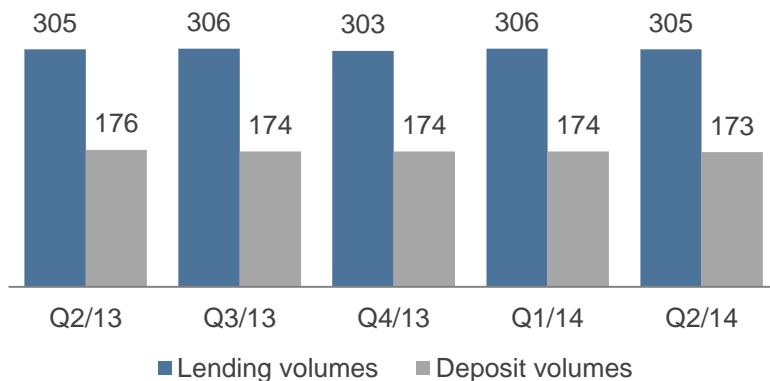
1.07% 1.08% 1.07% 1.08% 1.09%

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

COMMENTS

- Blended net interest margin up 1 bps
- Underlying lending margins under pressure
- Deposit margins largely unchanged
- Household and corporate lending volumes up 1%*

LENDING AND DEPOSIT VOLUMES**, EURbn



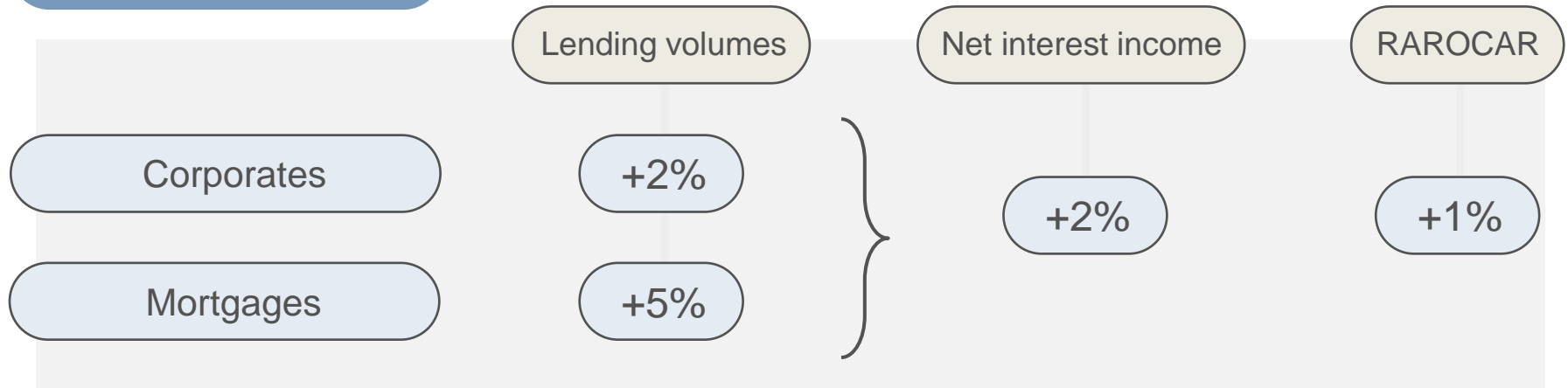
* Average volumes in local currencies

** Excluding repos

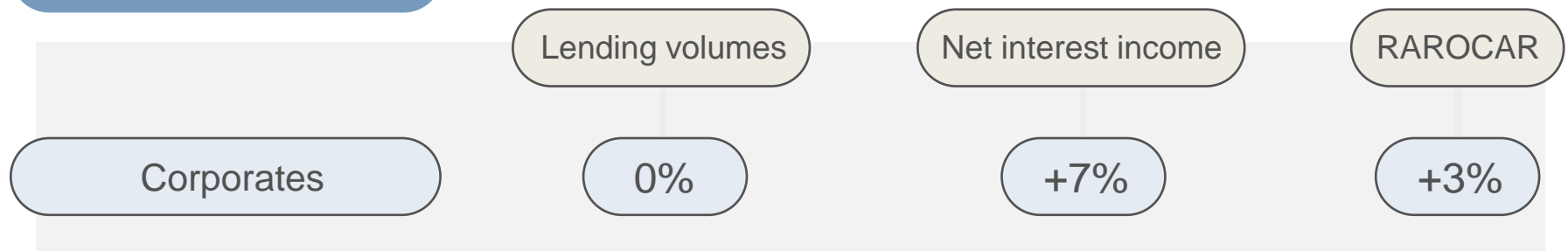
Net interest income and volume trends

Year-on-year in local currencies

Retail Banking



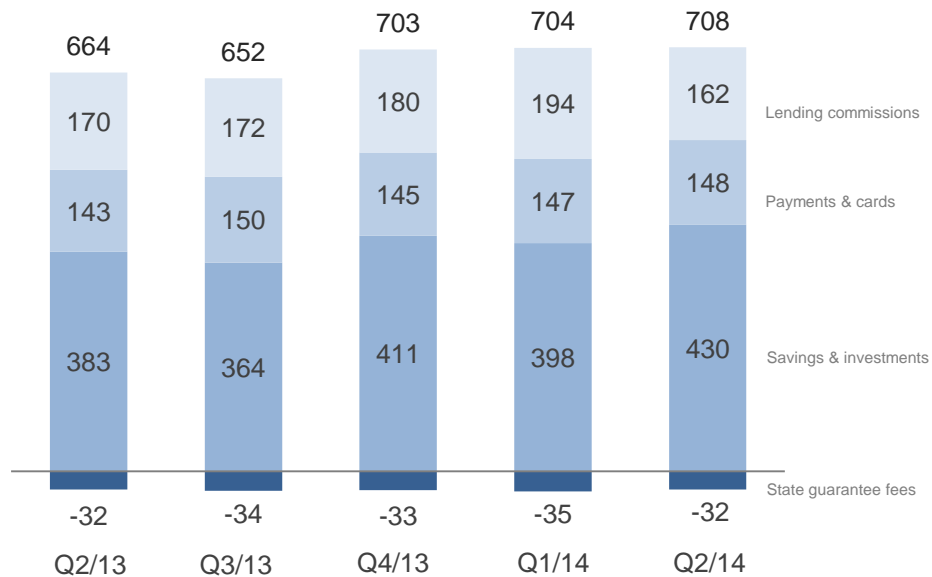
CIB



Net fee and commission income

NET FEE AND COMMISSION DEVELOPMENT, EURm

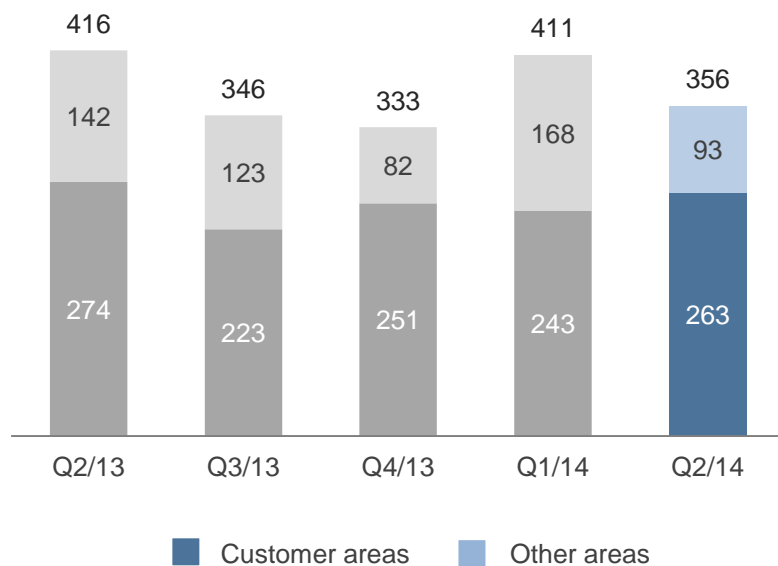
COMMENTS



- Up 10% YTD compared to H1/13
- Continued strong activity in the savings- and corporate advisory business

Net fair value

NET FAIR VALUE DEVELOPMENT, EURm

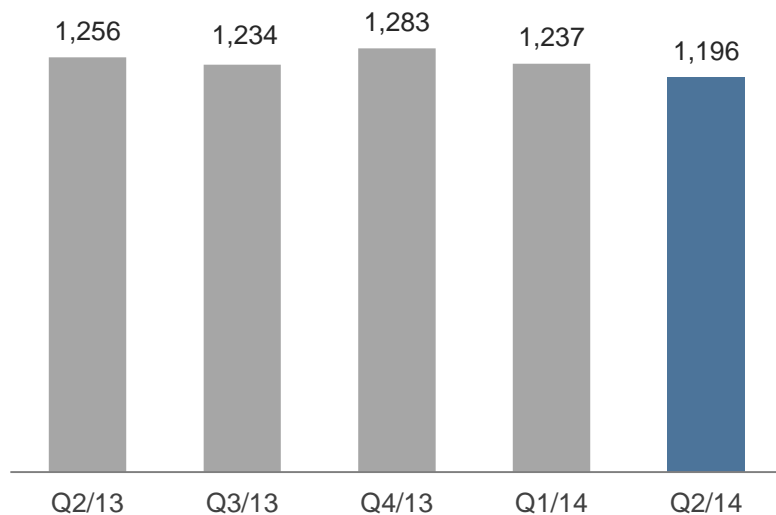


COMMENTS

- Low interest rates
- Low volatility

Expenses under solid control

TOTAL EXPENSES*, EURm



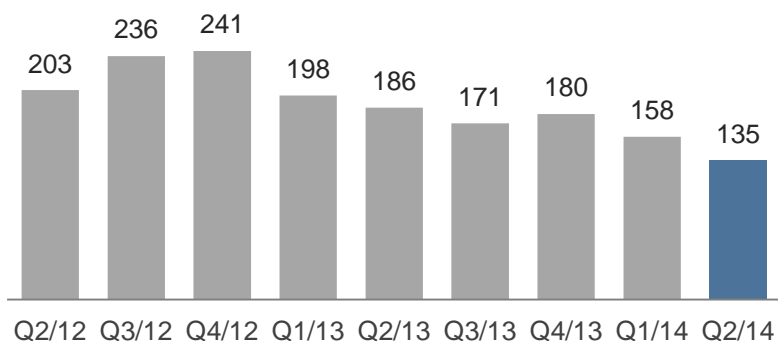
COMMENTS

- Costs are down 3% compared to previous quarter
- Cost/income ratio improved 0.8% to 48.7%

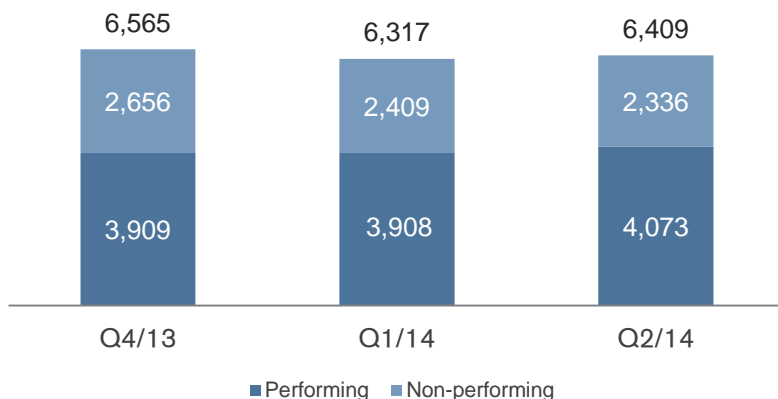
* Excluding restructuring charge in Q2/14

Improved credit quality

TOTAL NET LOAN LOSSES, EURm



IMPAIRED LOANS, EURm

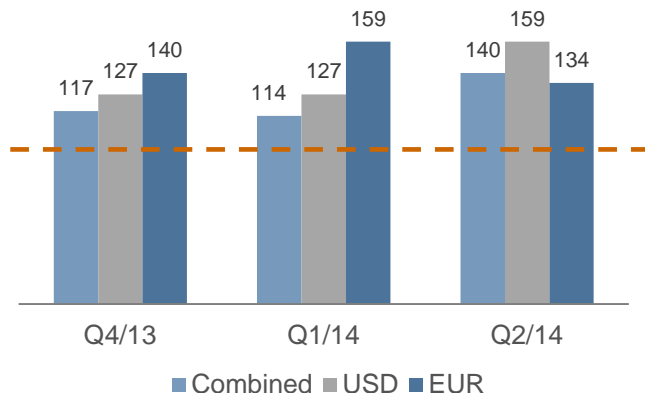


COMMENTS

- Ten year average of 16 bps reached for first time since Q3/11
- Continued improvement in Denmark
- Net reversals in Shipping
- Stable credit quality in other areas
- Impaired loans up 1% QoQ
 - Non-performing loans down 3%

Solid funding operations

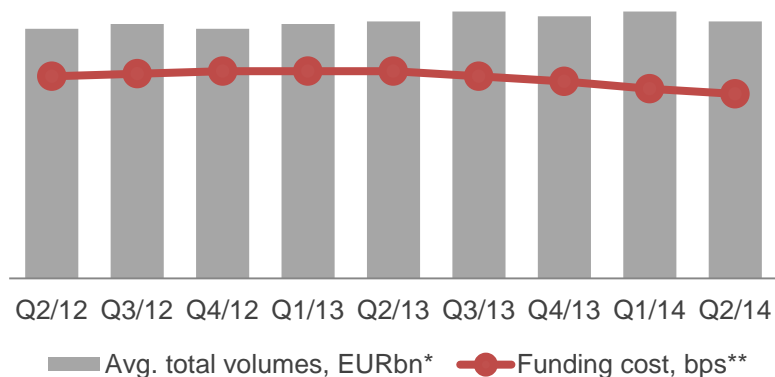
LCR DEVELOPMENTS, %



COMMENTS

- Issuance of EUR 6bn during Q2
- Conservative liquidity management
 - LCR compliant
 - Liquidity buffer EUR 62bn
- 74% of the wholesale funding is long-term funded
- Long-term funding costs have peaked

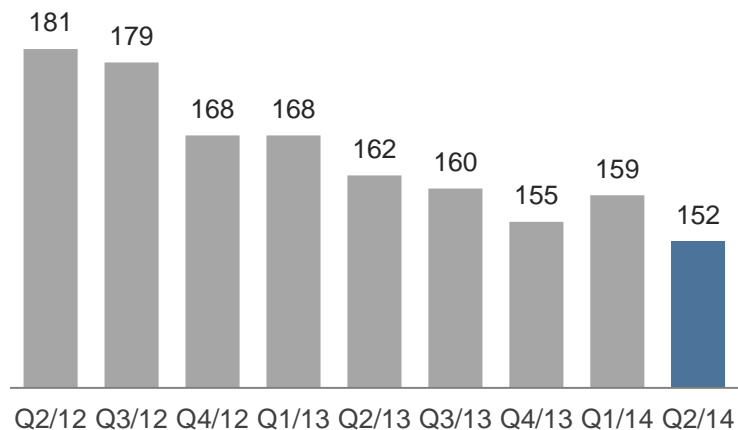
LONG TERM FUNDING VOLUMES AND COST



* Senior unsecured and covered bonds (excluding Nordea Kredit and seasonal effects in volumes due to redemptions)
 ** Spread to Xibor

Risk exposure amount

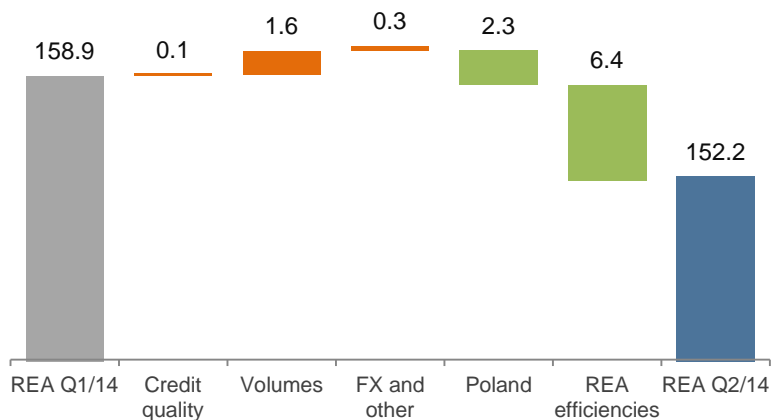
RISK EXPOSURE AMOUNT, EURbn*



COMMENTS

- Efficiencies of EUR 6.4bn in the quarter
- Divestment of Polish operations finalised
 - REA reduced by EUR 2.3bn

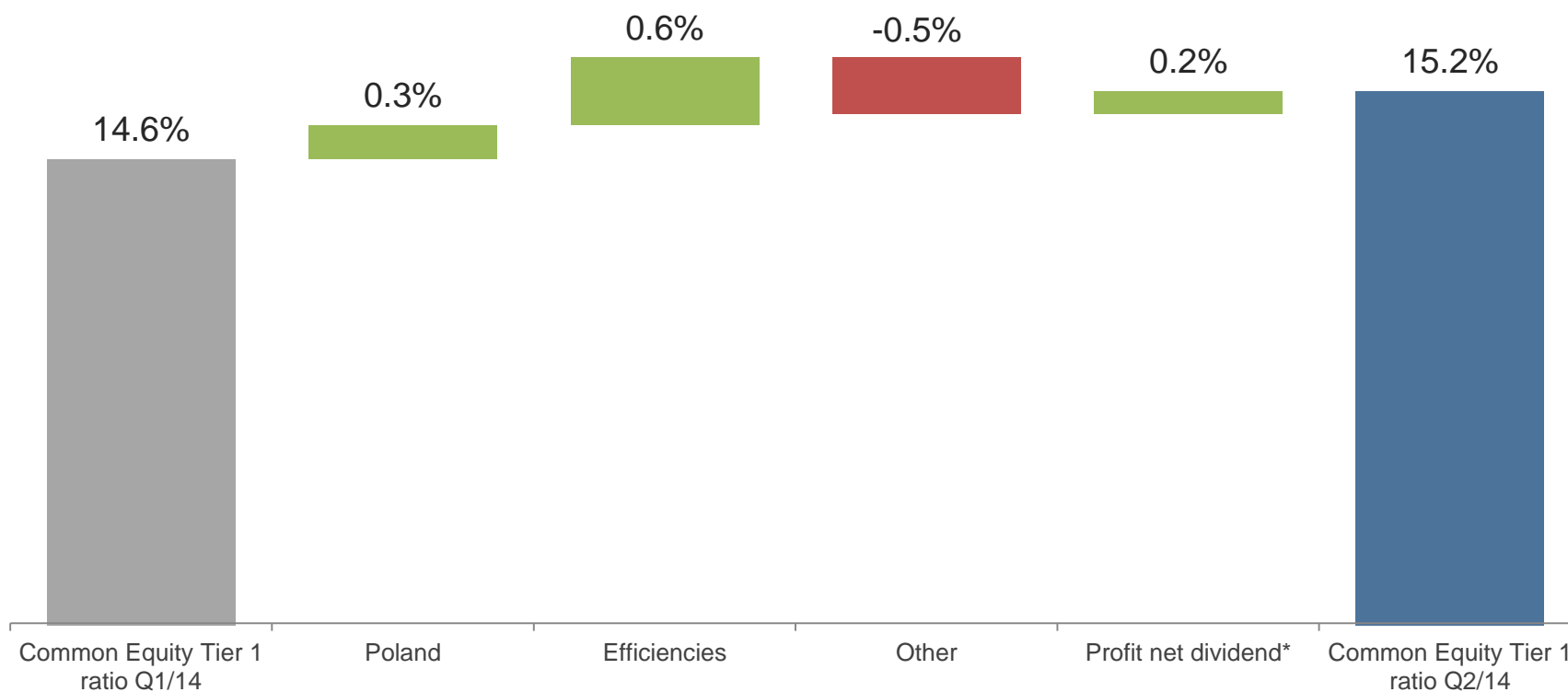
RISK EXPOSURE AMOUNT DEVELOPMENT, EURbn



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

CET 1 ratio up 60 bps

COMMON EQUITY TIER 1 RATIO DEVELOPMENT, %



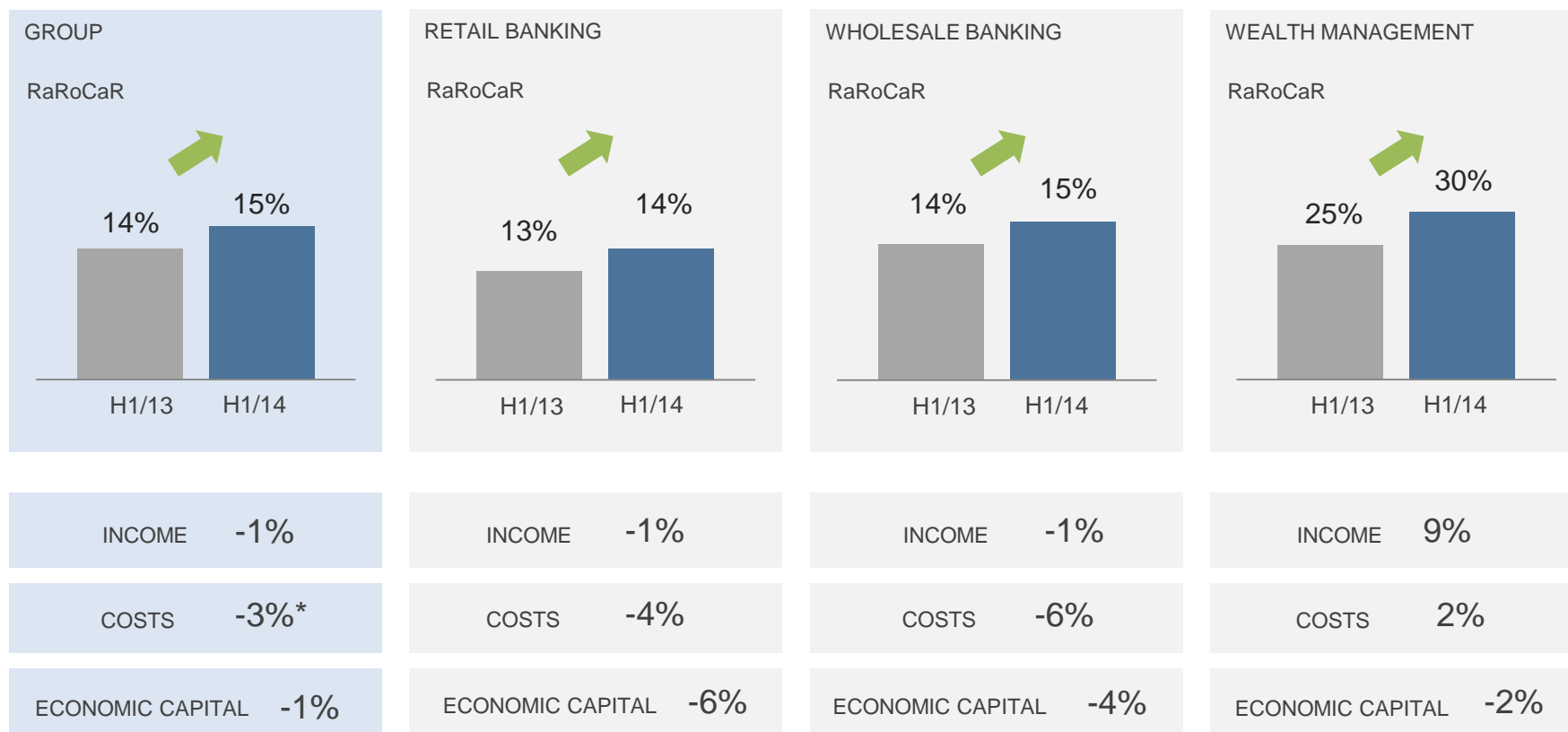
* Assuming a payout ratio of 56%

Business area development



Improved return in Business Areas

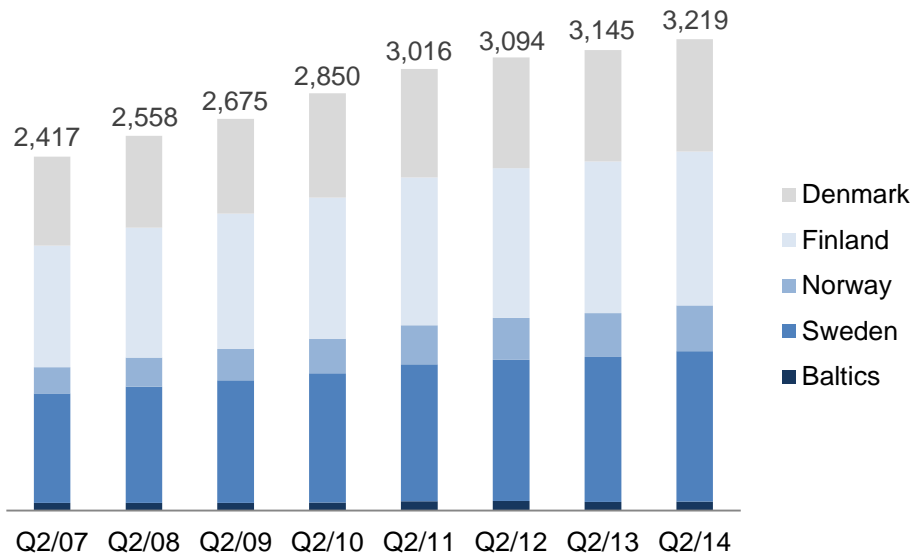
RETURN DEVELOPMENT YTD, GROUP AND BUSINESS AREAS



* Excluding restructuring charge in Q2/14

More relationship customers choose Nordea

RELATIONSHIP CUSTOMERS (GOLD, PREMIUM AND PB), '000s

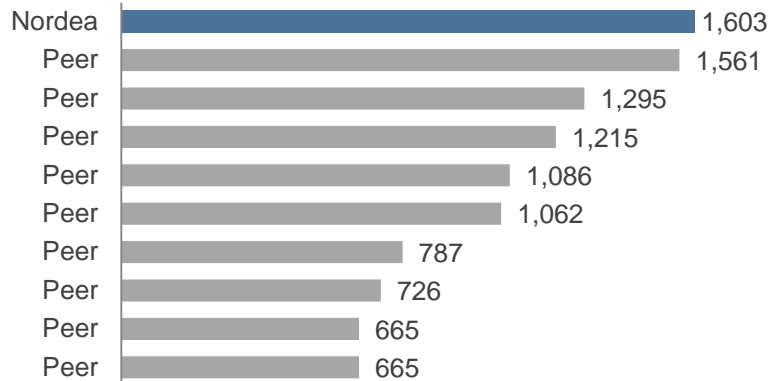


COMMENTS

- 46,300 new relationship customers in H1, 5% more than H1 2013
- 3.22 million relationship customers in total, up 33% since beginning of the financial crisis

Leading provider to large corporates and institutions

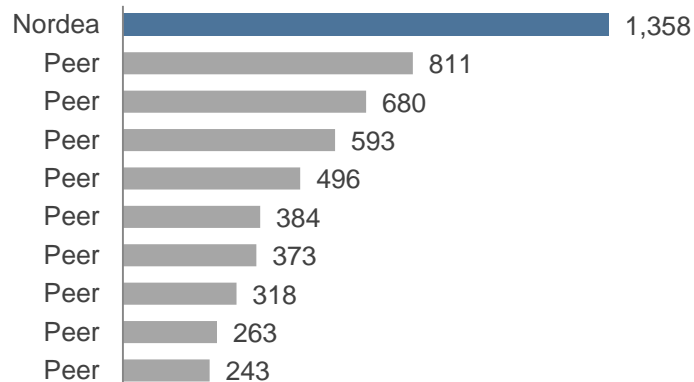
NORDIC ECM Q2/14, EURm



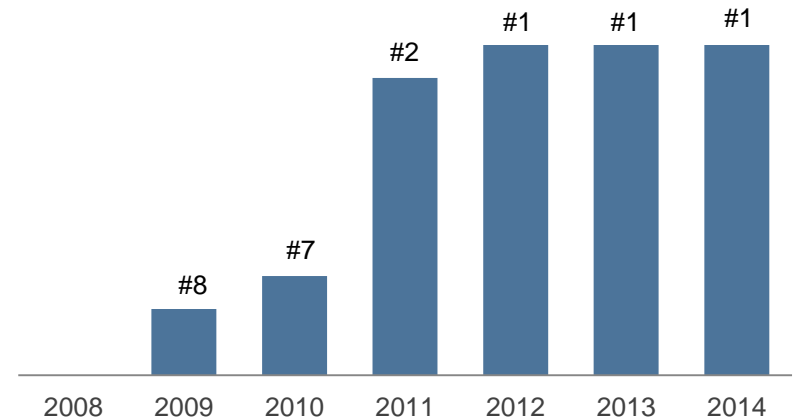
COMMENTS

- Leading provider in capital markets activities
- No.1 arranger of syndicated loans
- Awarded best Equity Research House in the Nordics for the third consecutive year by Starmine

NORDIC CORPORATE BONDS Q2/14, EURm

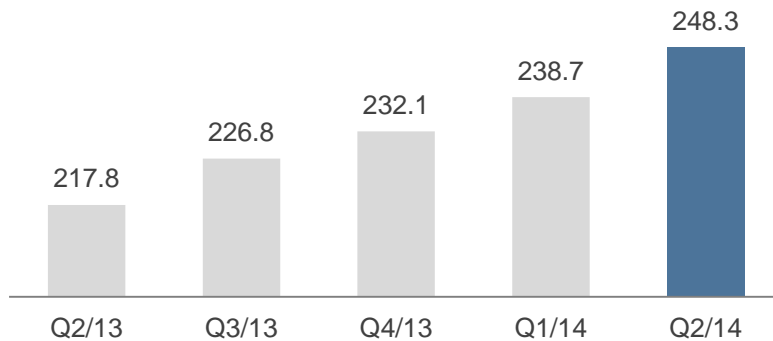


NORDEA EQUITY RESEARCH RANKING
(STARMINE AWARD-WINNING BROKERS COMPETITION)

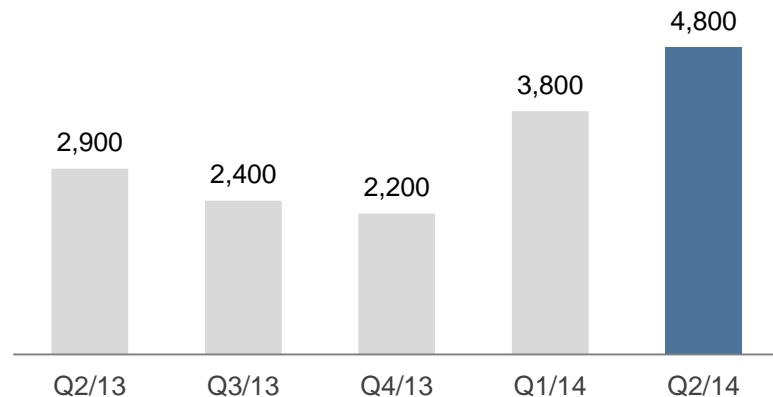


Record high savings inflow

AUM DEVELOPMENT, EURbn



NET INFLOW, EURm



COMMENTS

- Highest quarterly net inflow ever, EUR 4.8bn
- All time high AuM at EUR 248bn
- Strong interest among Nordic and International retail customers
 - Record high net flow in Nordic Retail Funds and Global Fund Distribution

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

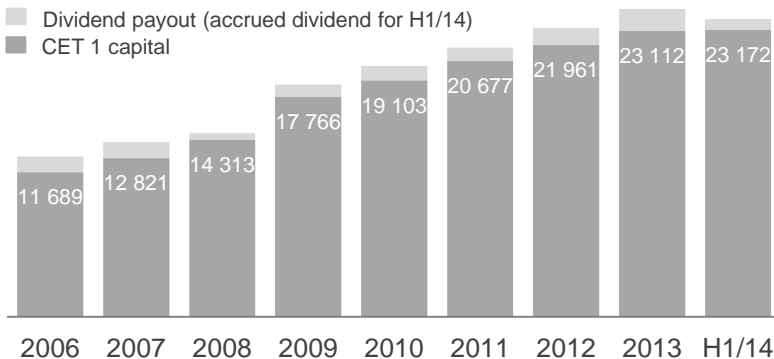
Initiatives for income generation

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

Low-risk profile and low volatility

Strong capability to generate capital

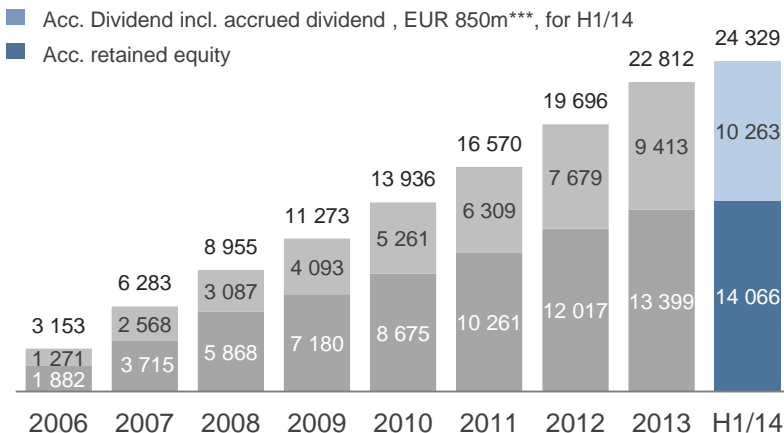
COMMON EQUITY TIER 1 CAPITAL*, EURm



COMMENTS

- Doubled the capital base in 7 years
- Increased CET 1 ratio from 6.8% to 15.2%

CAPITAL GENERATION**, EURm



* Basel 2.5 until FY 2013. Basel 3 from 2014

** 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 7 bps YoY (RB)
- Lending margins up 16 bps YoY (WB)

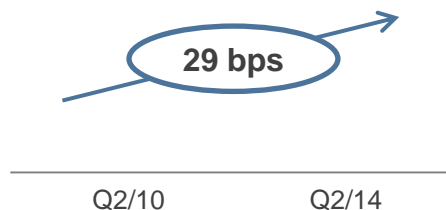
New customers

- Continued strong inflow of household customers
~ 45,600 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)

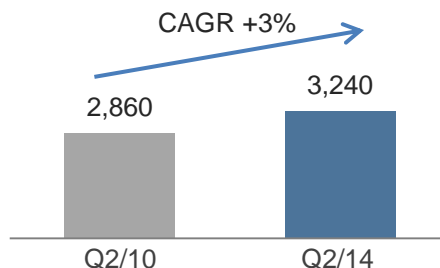
Ancillary income

- Strengthened capital markets position
- Strong performance in Equities, with increasing market shares
- Participated in three IPOs and a number of capital raisings
- Continued growth in AuM, up 14% YoY

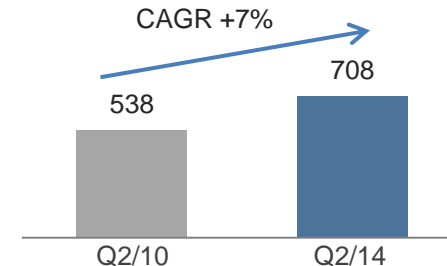
LENDING RE-PRICING DEVELOPMENT



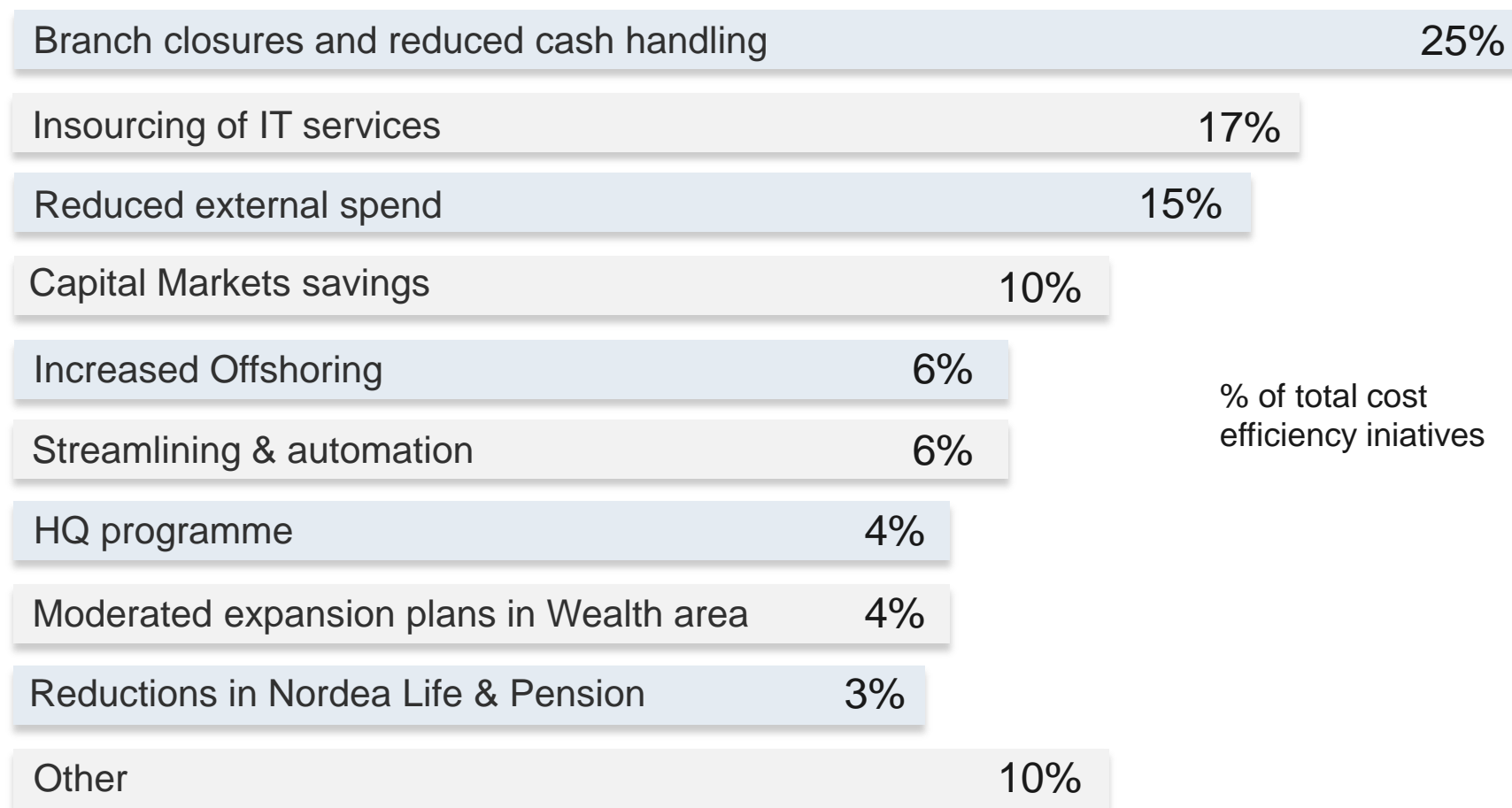
PB AND GOLD CUSTOMERS, thousands



NCI DEVELOPMENT, EURm



Efficiency initiatives are in place to achieve the 5% cost reduction by end-2015



Key initiatives of the cost efficiency programme 1(2)

Actions

Branch closures and reduced cash handling

- Reduction of branches and cash outlets
- Savings 2/3 staff, 1/3 facilities

Insourcing of IT service

- Insourcing of IT-services: Replace higher-cost consultants with employees

Reduced external spend

- Reduced marketing expenses
- Reduced travelling
- Reduced use of business consultants

Capital Market savings

- Close Commodities business
- Optimise processes & reduce overlap with CIB and SOO

Increased offshoring

- Transfer of tasks in Retail Banking, Transaction Banking and Capital Markets

Key initiatives of the cost efficiency programme 2(2)

Actions

Streamlining & automation

- Streamlining of product offering (80-90% per country)
- Automation of processes
- Savings – 2/3 staff, 1/3 IT investments

HQ programme

- Lower facilities costs

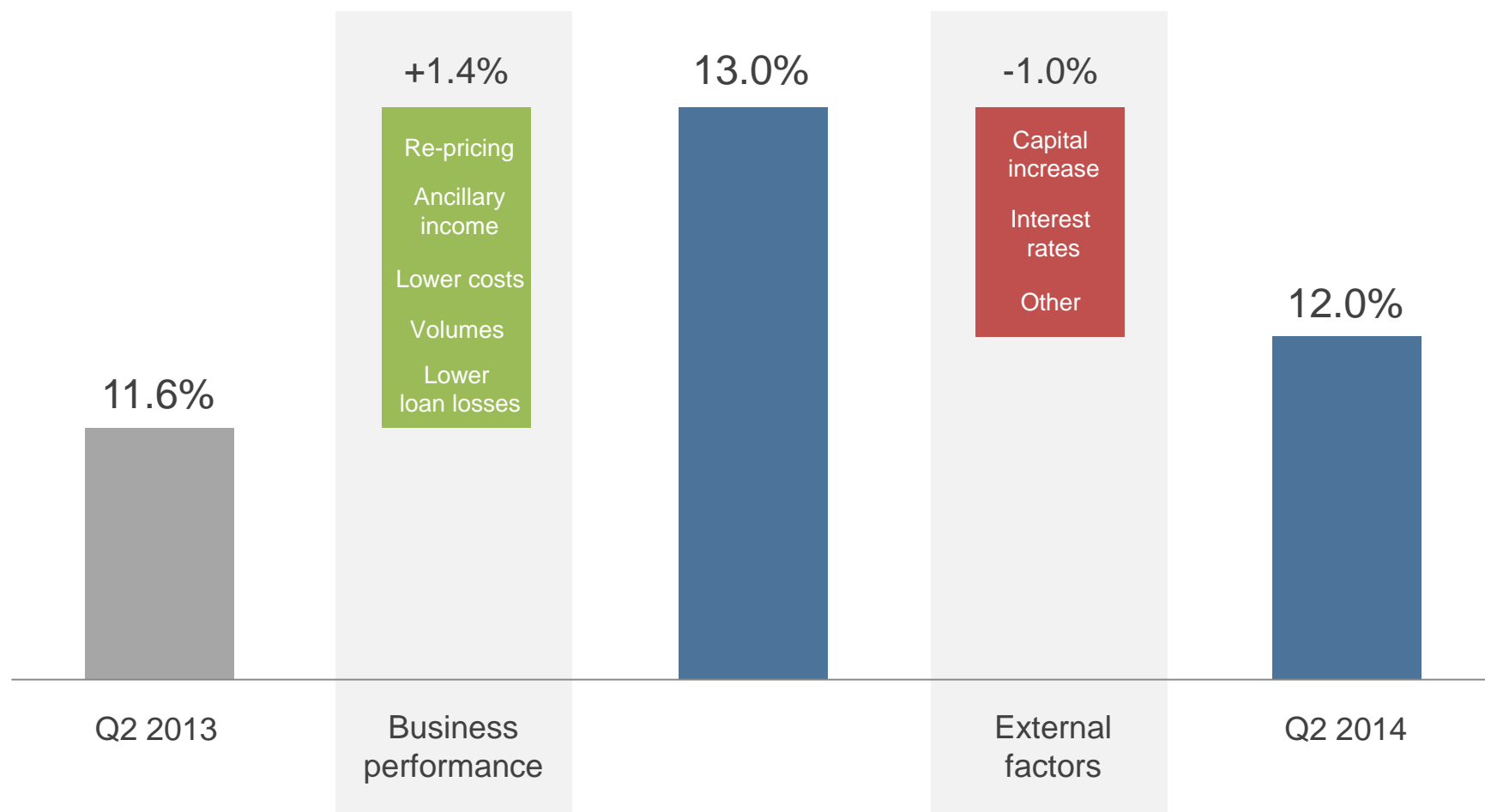
Moderated expansion plans in WM

- Reductions in Private Banking – primarily Norwegian PB & SWO
- Restrictive replacement of vacancies in WM in general

Reductions in Nordea Life & Pension

- Staff reductions in NLP and sale of portfolios outside Nordics/Baltics

RoE – strong underlying business performance



Excluding restructuring charge in Q2/14

Progress in summary

PROGRESS ON NORDEA FINANCIAL PLAN 2015 IN Q2/14

CET1 capital ratio	• CET 1 capital ratio up 60 bps to 15.2%	✓
Risk Exposure Amount	• Total efficiencies of EUR 24bn of which 6bn in the quarter	✓
Income growth	• Income holding up	(✓)
Costs	• Cost programme delivering according to plan	✓
Loan losses	• Loan loss ratio down to 16 bps	✓
RoE	• RoE up 60 bps to 12.0%*	✓

*Excluding restructuring charge in Q2/14

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