

Second Quarter Results 2014

Press conference

Christian Clausen, President & Group CEO



Highlights

Nordea delivers solid results

- ✓ Income holding up despite continued low lending demand, interest rates and volatility
- ✓ Cost programme delivering according to plan
- ✓ Loan losses are down to 16 bps in the quarter
- ✓ Operating profit up 7% YTD*

More customers choose Nordea

- ✓ Continued inflow of relationship customers – 46,300 in first half of 2014
- ✓ Record high inflow of savings, EUR 4.8bn in the quarter

The relationship bank is moving online

- ✓ Customer behaviour drives change

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

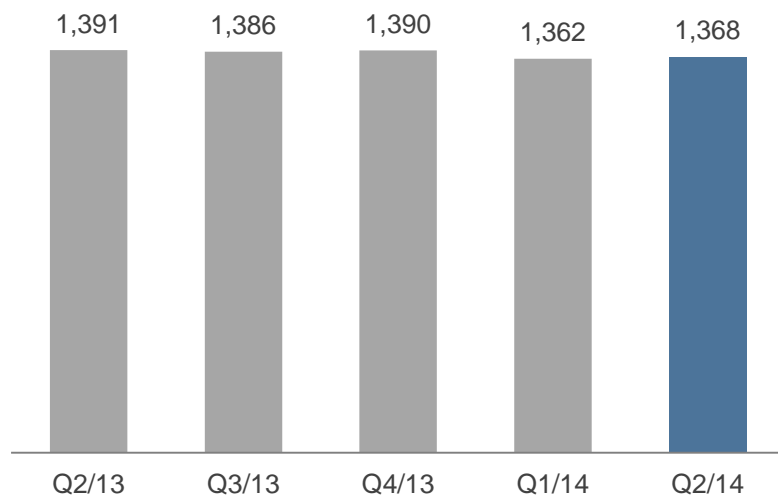
11.7	11.3	+40 bps	-
15.2	14.0	+120 bps	-
49.1	50.5	-140 bps	-

* 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

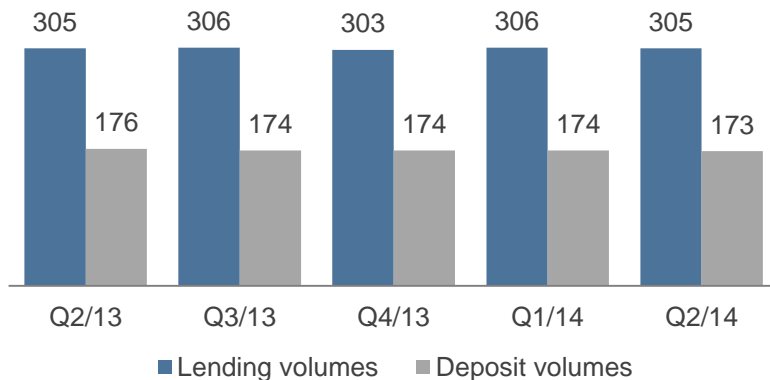
1.07% 1.08% 1.07% 1.08% 1.09%

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



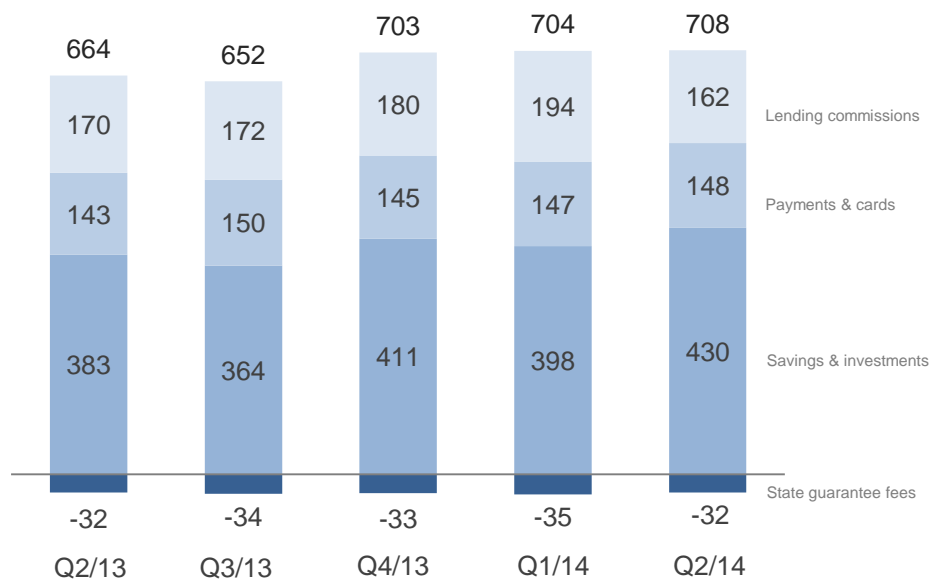
* Average volumes in local currencies

** Excluding repos

Net fee and commission income

NET FEE AND COMMISSION DEVELOPMENT, EURm

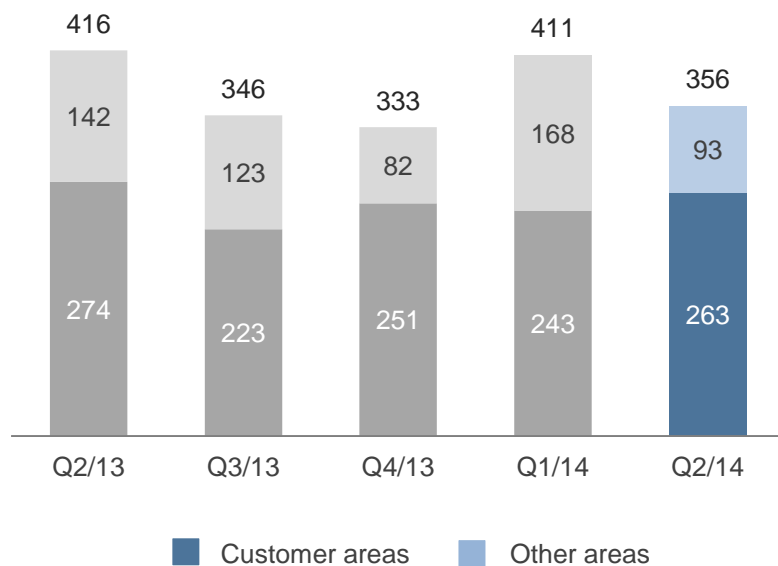
COMMENTS



- 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

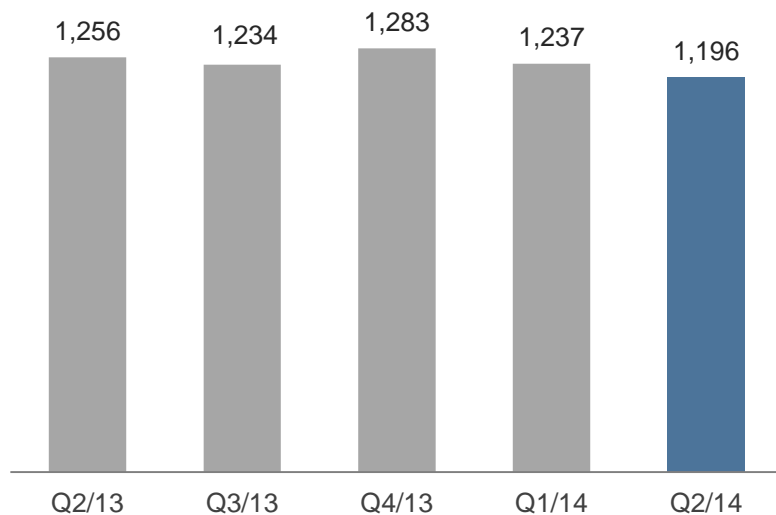


COMMENTS

- 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

Cost efficiency programme on track

Total deliveries amounting to EUR 300m* of which EUR 45m in Q2/14

Customer behaviour driven adaptation

- Distribution optimisation
- Reduced cash handling

Simplification actions

- Streamlining of product offering
- Centralised and improved processes

Increasing efficiency within IT, products and services

- Offshoring and automation

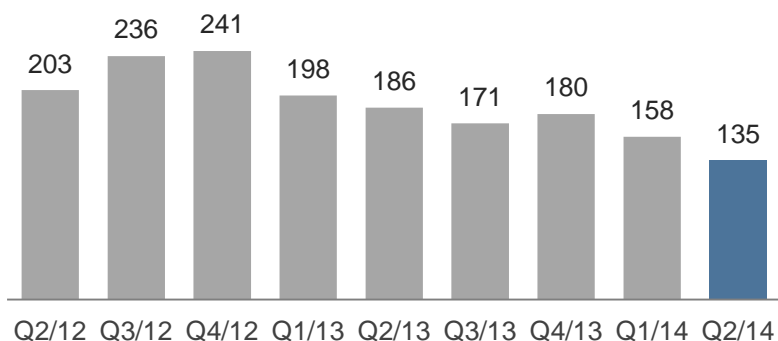
Continued and reinforced tight cost management

Restructuring charge of EUR 190m

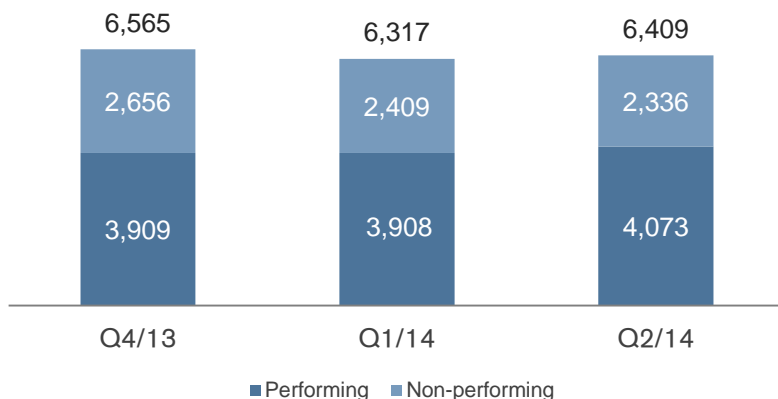
* Since the beginning of 2013

Improved credit quality

TOTAL NET LOAN LOSSES, EURm



IMPAIRED LOANS, EURm

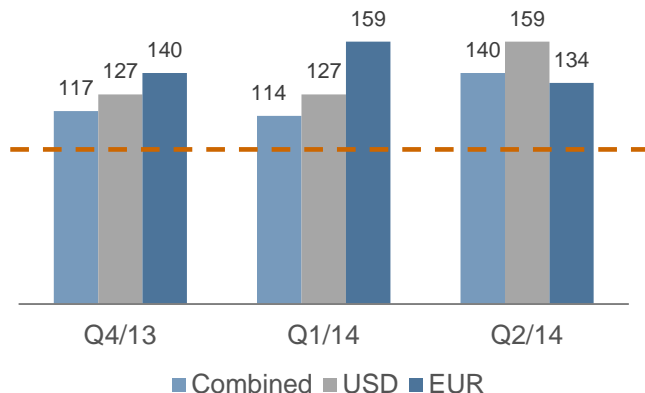


COMMENTS

- 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

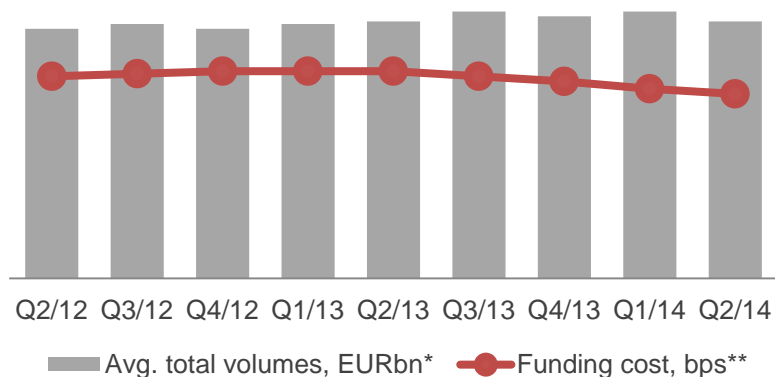
LCR DEVELOPMENTS, %



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

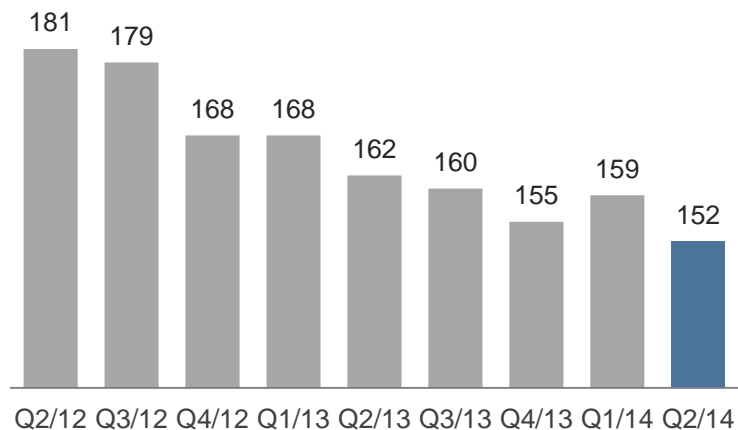
LONG TERM FUNDING VOLUMES AND COST



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

Risk exposure amount

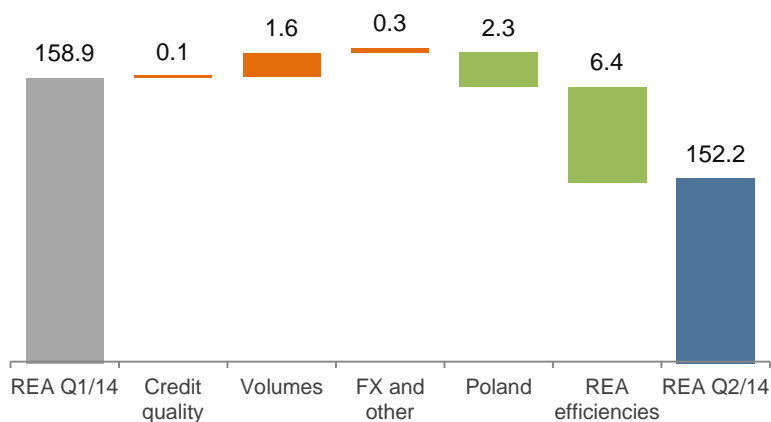
RISK EXPOSURE AMOUNT, EURbn*



COMMENTS

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

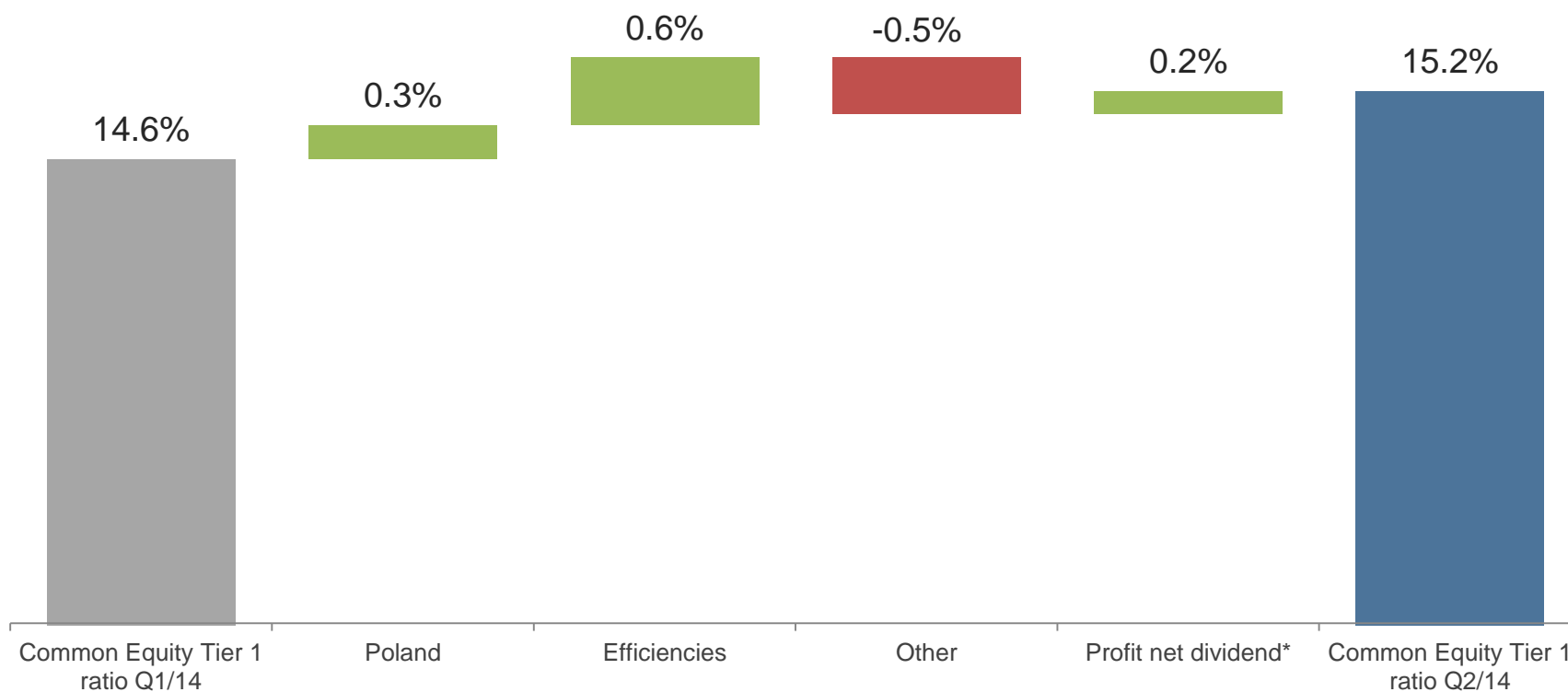
RISK EXPOSURE AMOUNT DEVELOPMENT, EURbn



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

CET 1 ratio up 60 bps

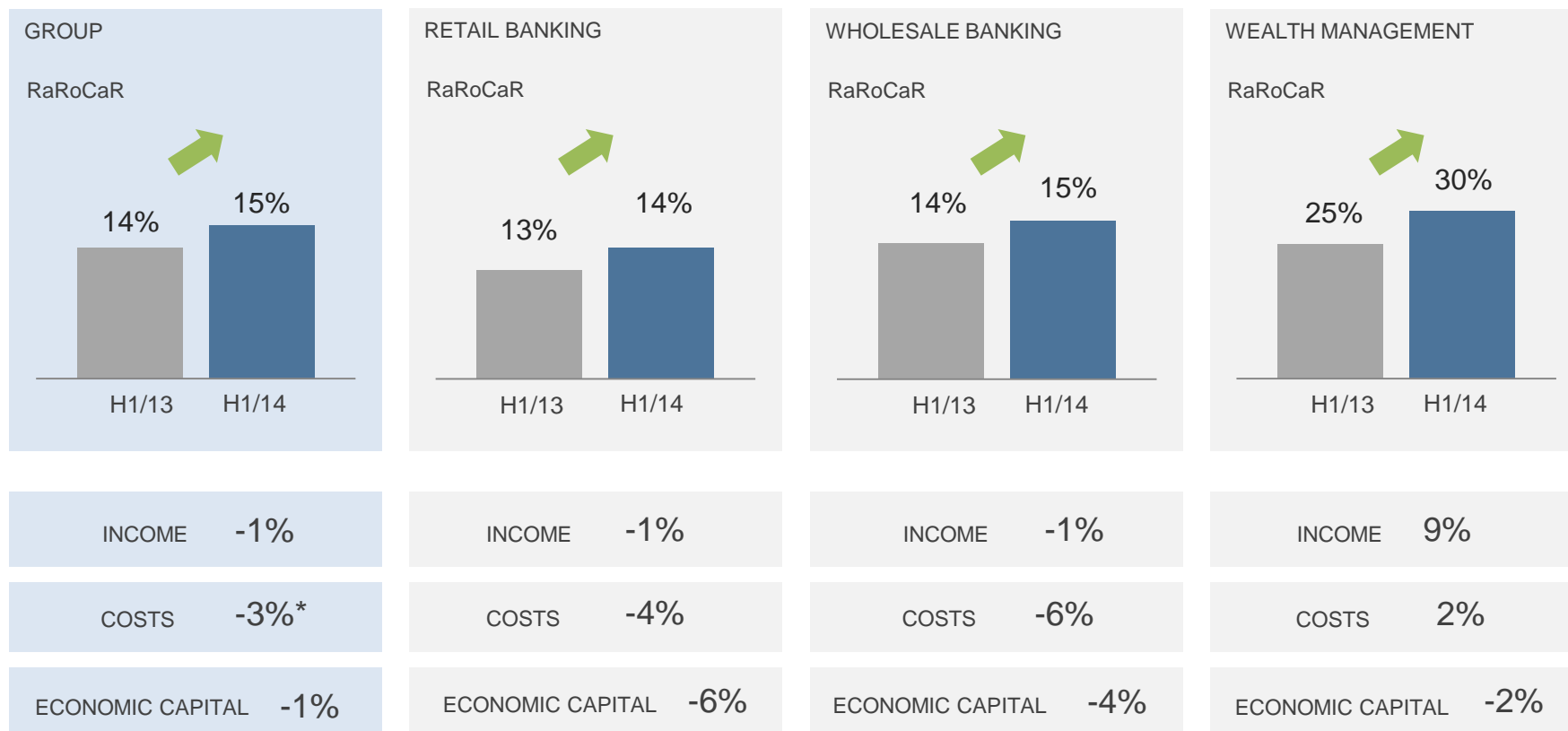
COMMON EQUITY TIER 1 RATIO DEVELOPMENT, %



* Assuming a payout ratio of 56%

Improved return in Business Areas

RETURN DEVELOPMENT YTD, GROUP AND BUSINESS AREAS



* Excluding restructuring charge in Q2/14

Progress on 2015 plan

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

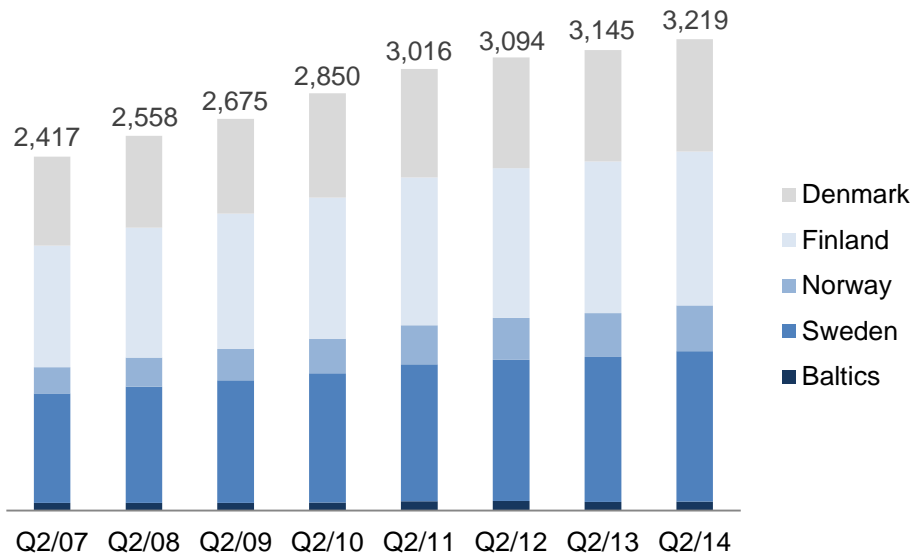
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Customer development



More relationship customers choose Nordea

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

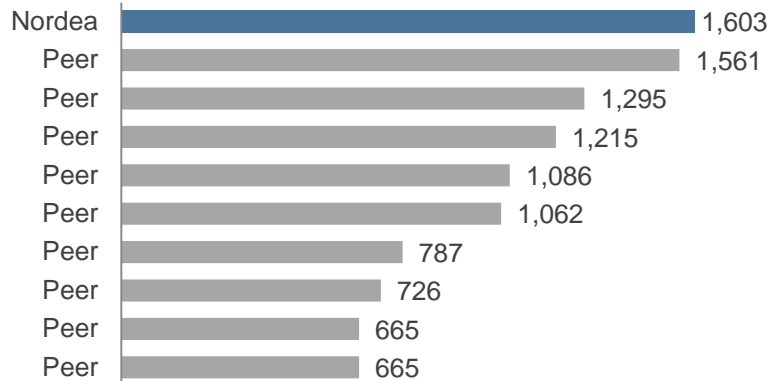


COMMENTS

- 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

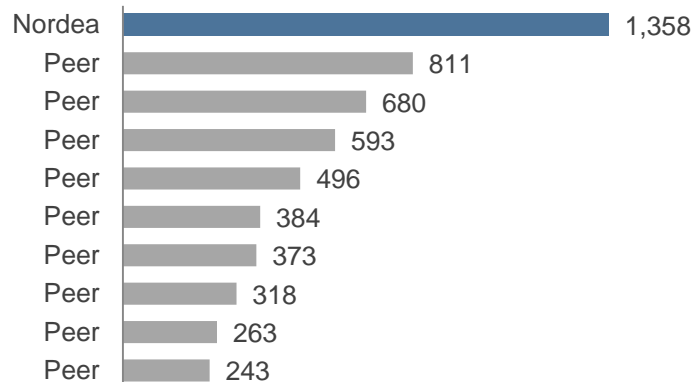
NORDIC ECM Q2/14, EURm



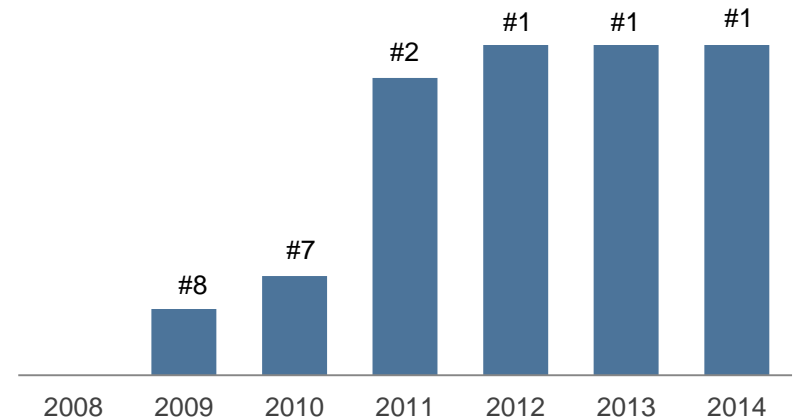
COMMENTS

- 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

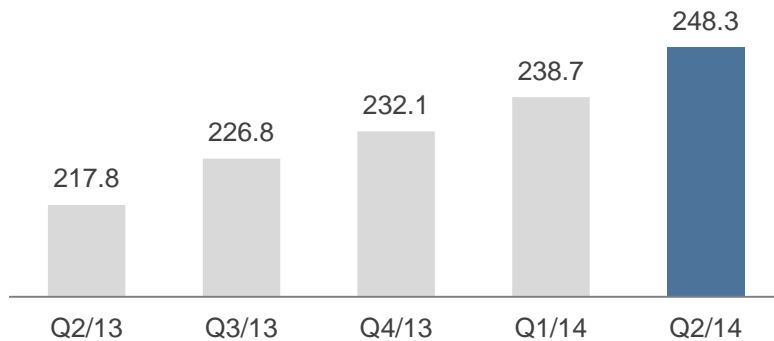


NORDEA EQUITY RESEARCH RANKING
(STARMINE AWARD-WINNING BROKERS COMPETITION)

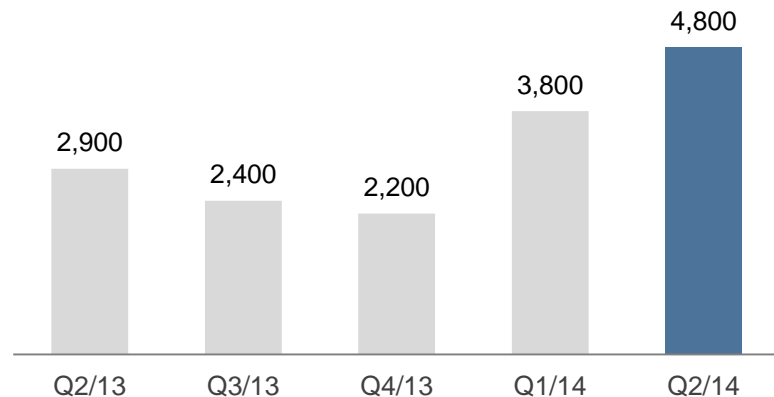


Record high savings inflow

AUM DEVELOPMENT, EURbn



NET INFLOW, EURm

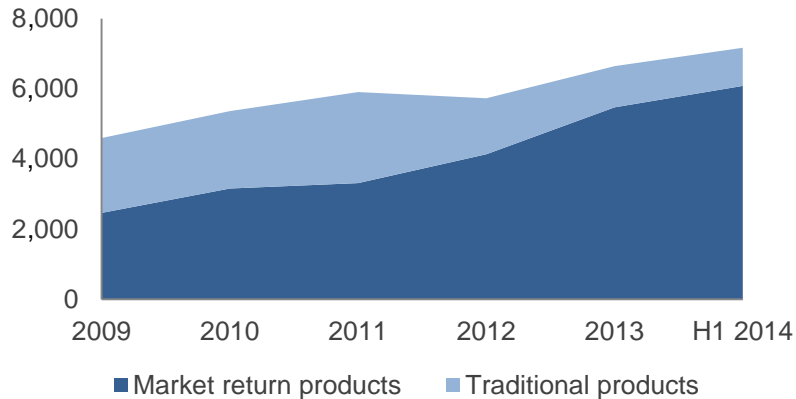


COMMENTS

- 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

Strong momentum in life operations

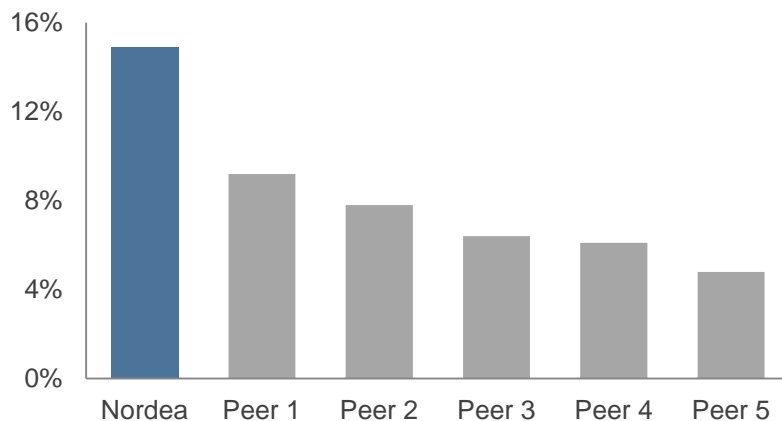
GROSS WRITTEN PREMIUMS DEVELOPMENT, EURm



COMMENTS

- Strong AuM growth at unchanged solvency requirement as customers choose capital-light products
- Further strengthened position as largest Life & Pensions company in Nordics by market share

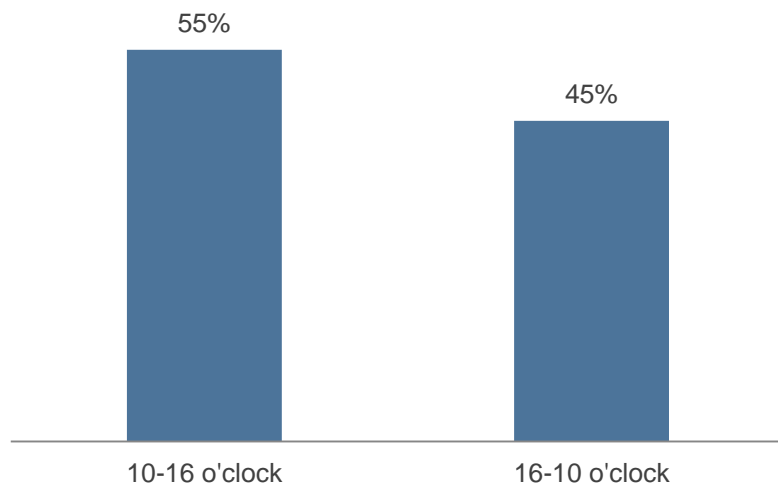
LIFE & PENSIONS NORDIC MARKET SHARES (TOTAL GWP)



The relationship bank is moving online 

Customers welcome online advisory meetings

ONLINE MEETINGS HELD IN AND OUTSIDE OPENING HOURS*



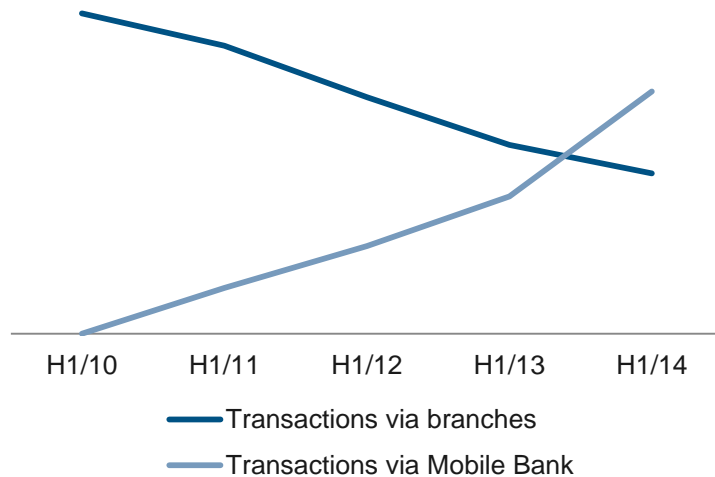
COMMENTS

- Up to half of the customers prefer online advisory meetings
- 45% of meetings are held outside opening hours - customers appreciate convenience*
- High satisfaction - 95% would prefer online meeting again

* In Denmark

Swift digitalisation of daily transactions

TRANSACTIONS VIA BRANCHES VS. MOBILE BANK

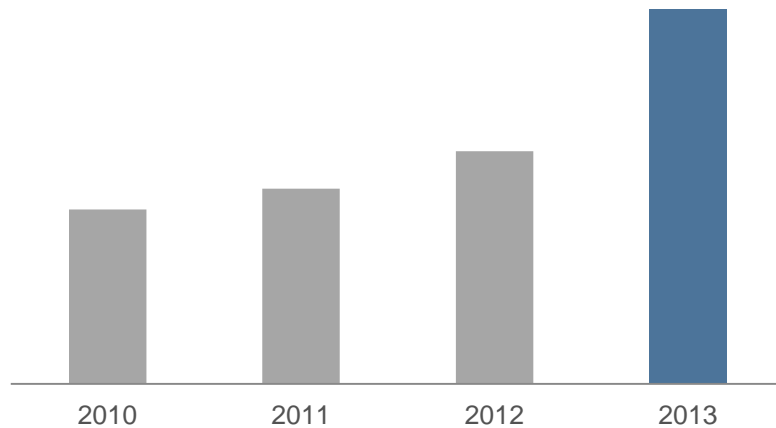


COMMENTS

- Transactions via Mobile Bank increased 77% YoY
- 50% more transactions via Mobile Bank than via branches in H1
- New features in cash machines
 - 500+ Automated Deposit Machines by end 2014
 - Withdrawal of Foreign Exchange in ATMs up 35% YoY

Strong drive towards e-solutions also among corporates

TRANSACTIONS VIA e-MARKETS



COMMENTS

- Corporates and institutions increasingly use e-Markets for electronic trading, market information and tools for risk management and hedging
- Increase in e-Transactions by 61% 2012/2013
- No.1 in Electronic Dealing for FX by Prospera

Summary



Summary

- ✓ Nordea delivers solid results
- ✓ More customers choose Nordea
- ✓ The relationship bank is moving online

Second Quarter Results 2014

Press conference

Christian Clausen, President & Group CEO

