

Third Quarter Results 2014

Press conference

Christian Clausen, President & 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.

Taking the next steps towards the future relationship bank

Third quarter 2014

- ✓ Income holding up despite continued macro headwind, low interest rates and volatility
- ✓ Welcomed 67,000 new relationship customers YTD
- ✓ Capital gain of EUR 378m related to sales of Nets
- ✓ Cost programme delivering according to plan
- ✓ Loan losses are down to 12 bps, below 10 year average
- ✓ Operating profit up 7% YTD*
- ✓ RoE is up 30 bps YTD to 11.5%*

Next steps towards the future relationship bank

- ✓ Changing customer behavior and new regulation is transforming our sector
- ✓ Increase agility, scale benefits and resilience - even better solutions to customers
- ✓ Simplifying processes and building new core banking and payment platforms
- ✓ Average annual increase in IT investments of approx. 30-35% over the coming 4-5 years and IT impairment of EUR 344m

* Excluding non-recurring items in Q2/14 and Q3/14 3 •

Q3 2014 financial results highlights

Financial results

EURm	Q3/14	Q2/14	Chg %	Q3/14 YTD	Q3/13 YTD	Chg %	Local currencies Chg %
Net interest income	1,396	1,368	2	4,126	4,135	0	3
Net fee & commission income	667	708	-6	2,079	1,939	7	10
Net fair value result	291	356	-18	1,058	1,206	-12	-11
Total income*	2,754	2,456	12	7,711	7,422	4	7
Total income**	2,376	2,456	-3	7,333	7,422	-1	2
Staff costs	-728	-907	-20	-2,391	-2,239	7	10
Other expenses	-788	-479	65	-1,748	-1,518	15	18
Total expenses	-1,516	-1,386	9	-4,139	-3,757	10	13
Total expenses**	-1,172	-1,196	-2	-3,605	-3,757	-4	-1
Profit before loan losses**	1,204	1,260	-4	3,728	3,665	2	4
Net loan losses	-112	-135	-17	-405	-555	-27	-25
Operating profit	1,126	935	20	3,167	3,110	2	4
Operating profit**	1,093	1,125	-3	3,324	3,110	7	9
Net profit cont. operations	938	716	31	2,494	2,347	6	3

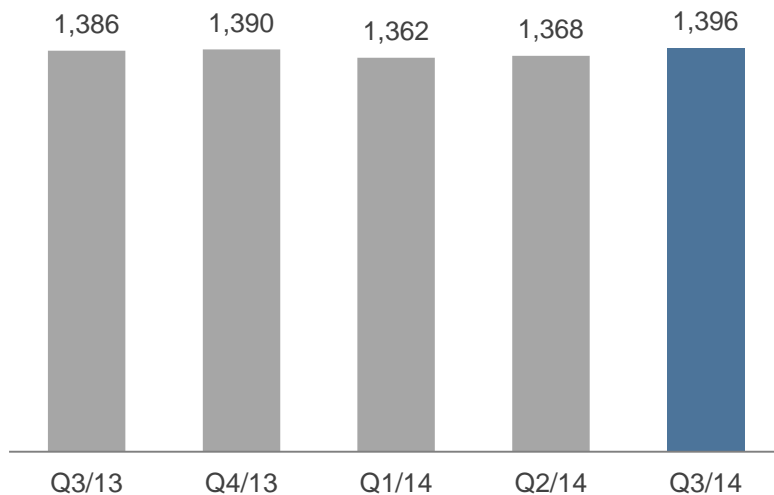
Return on equity (%)	11.2	12.0	-80bps	11.5	11.2	+30bps	-
CET1 capital ratio (%)	15.6	15.2	+40bps	15.6	14.4	+120bps	-
Cost/income ratio (%)	49	49	unchanged	49	51	-200bps	-

* Includes other income

** Excluding non-recurring items (Re-structuring charge in Q2, Nets and IT impairment in Q3)

Net interest income

NET INTEREST INCOME DEVELOPMENT, EURm



COMMENTS

- Lending volumes up 1% in local currencies
- Unchanged deposit volumes
- Unchanged blended margin
- One additional interest day
- Lower funding costs

Net interest margin and volumes

BLENDED NET INTEREST MARGIN DEVELOPMENT

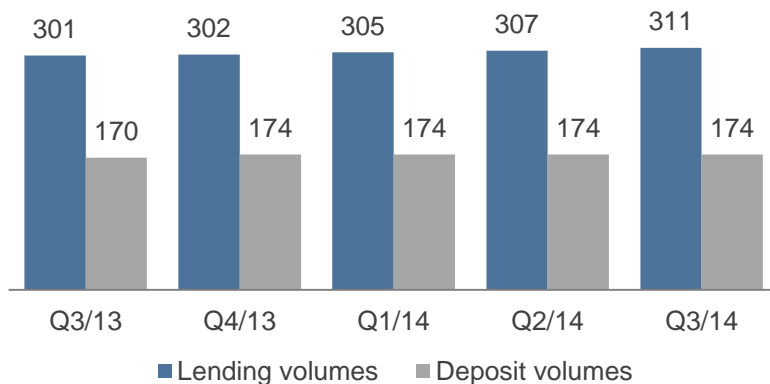
1.08% 1.07% 1.08% 1.09% 1.09%

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

COMMENTS

- Blended net interest margin unchanged
- Lending margins up
- Deposits margins down
- Lending volumes in local currencies up 1%

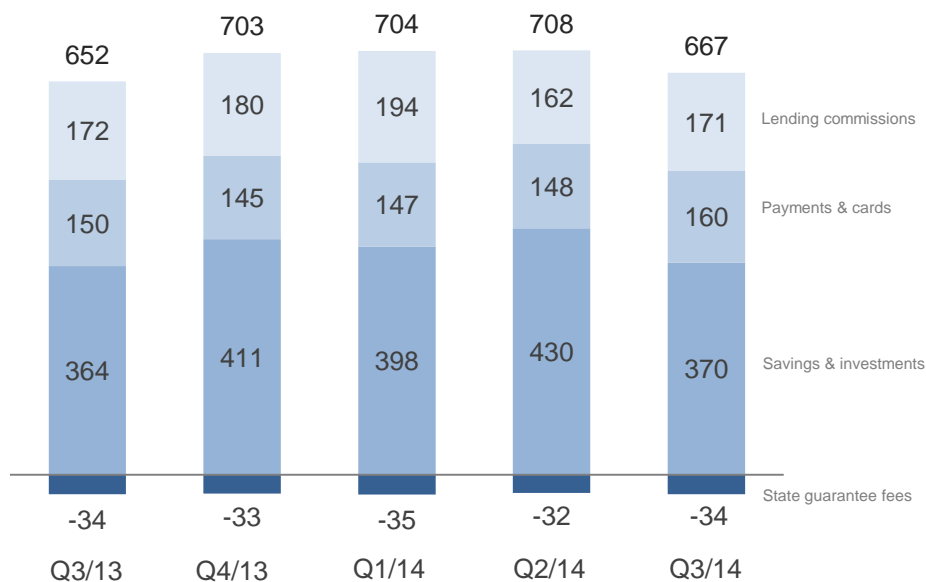
LENDING AND DEPOSIT VOLUMES*, EURbn



* Excluding repos and FX

Net fee and commission income

NET FEE AND COMMISSION DEVELOPMENT, EURm

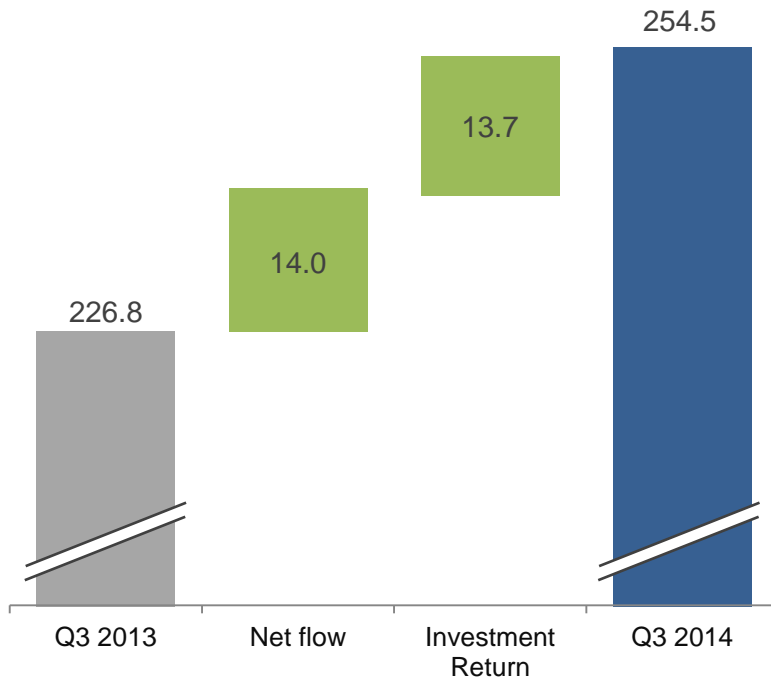


COMMENTS

- Continued strong trend in savings
- Lower seasonal activities in corporate advisory business
- Write-down of deferred acquisition costs in Polish life operations, EUR 27m

Continued strong momentum in savings

AUM DEVELOPMENT, EURbn

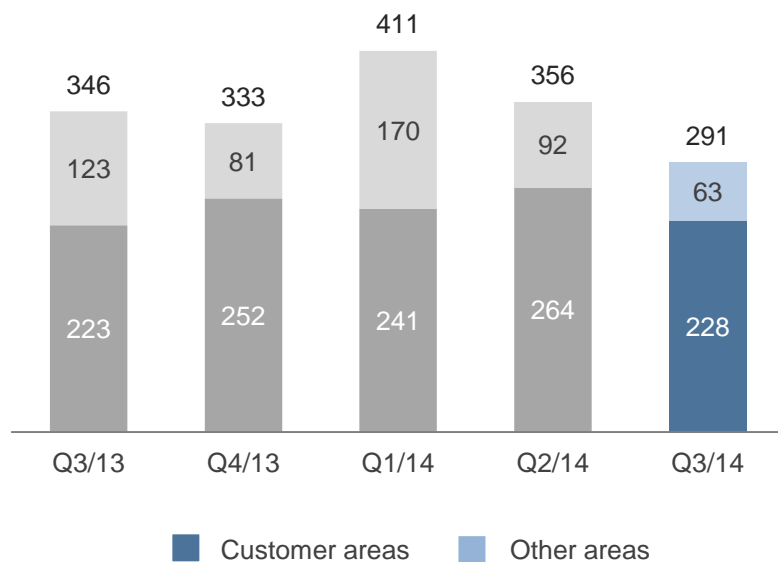


COMMENTS

- Assets under Management above EUR 250bn for the first time
 - Doubled the base since 2008
- All businesses contributed with positive net inflow
 - Strong interest among Nordic and International customers
 - Net flow represents more than half of asset growth
- Annualised inflow YTD represents 7% of AuM

Net fair value

NET FAIR VALUE DEVELOPMENT, EURm

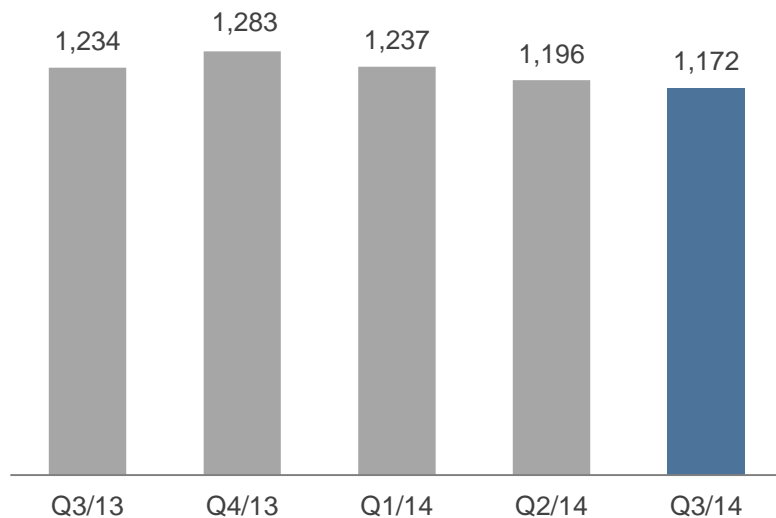


COMMENTS

- Low volatility
- Challenging market conditions
- Underlying FICC franchise sound

Expenses under solid control

TOTAL EXPENSES*, EURm



COMMENTS

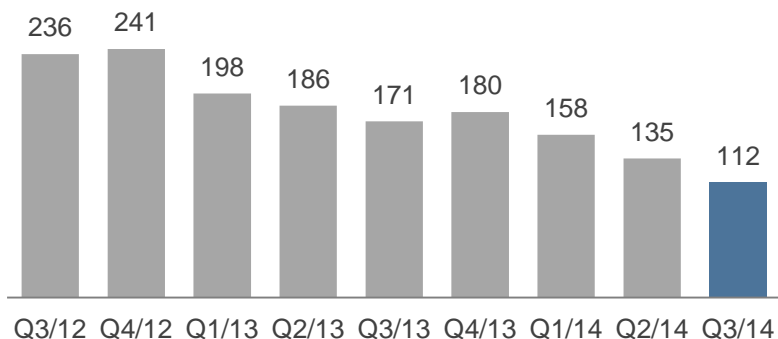
- Costs are down 2% in local currencies y-o-y
 - Down 5% in EUR
- Cost programme delivering according to plan
 - 5% decrease in 2015 vs. 2013 in local currencies on-track

* Excluding restructuring charge in Q2/14 and IT impairment charge in Q3/14

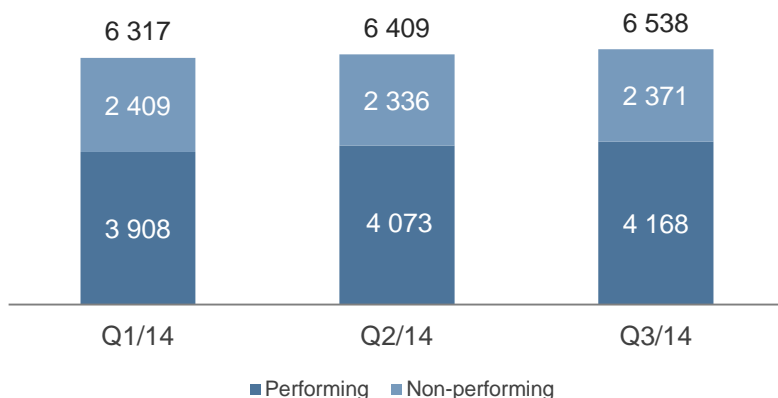
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Improved credit quality

TOTAL NET LOAN LOSSES, EURm



IMPAIRED LOANS, EURm

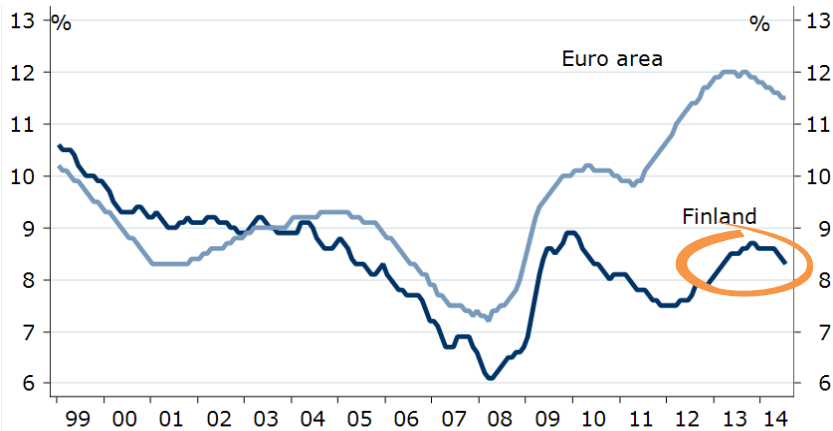


COMMENTS

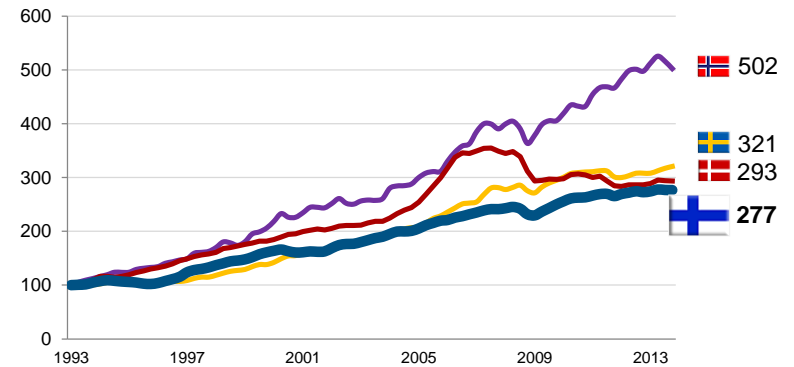
- Losses continued down to 12 bps
 - Below 10 year average
- Continued improvement in Denmark
- Improved trend in CIB
- No new trends in other areas
 - EUR 24m collective provision in Finland
- Impaired loans ratio unchanged at 170 bps

Underlying fundamentals are stable in Finland

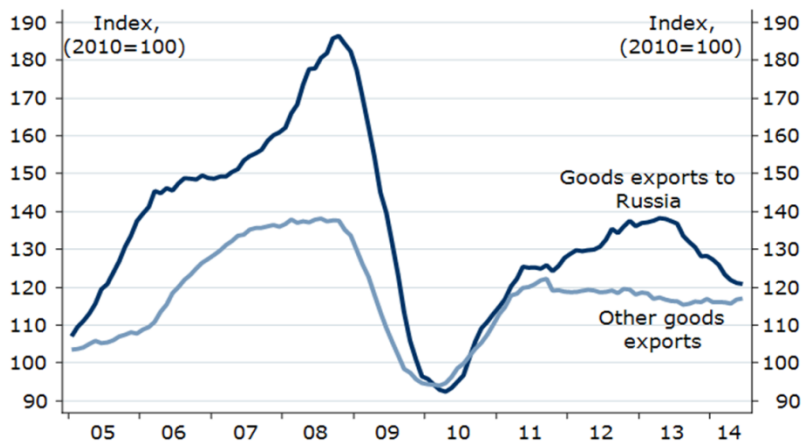
UNEMPLOYMENT SHOWS A DECLINE



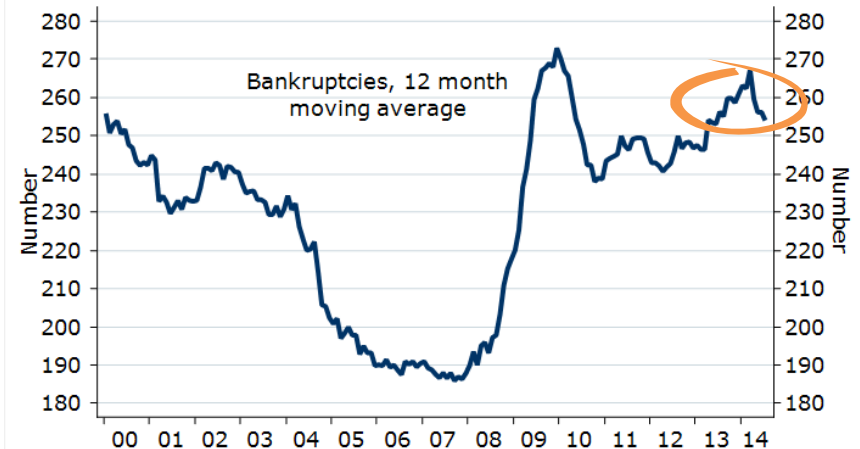
STABLE HOUSEPRICE DEVELOPMENT, indexed



EXPORTS EXCL. RUSSIA ARE ROUGHLY UNCHANGED

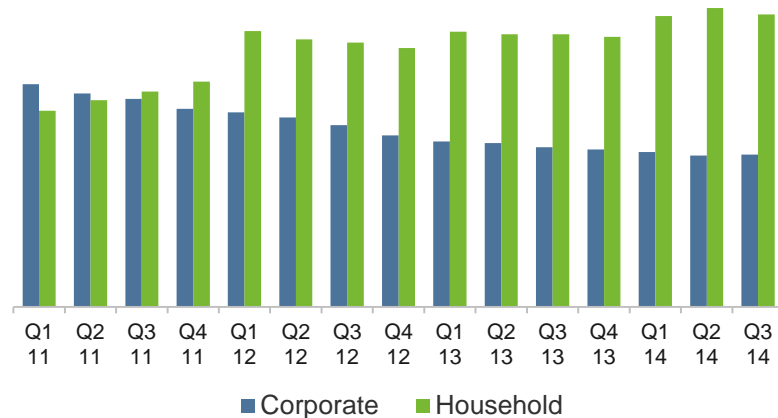


BANKRUPTCIES SHOW A DECLINE

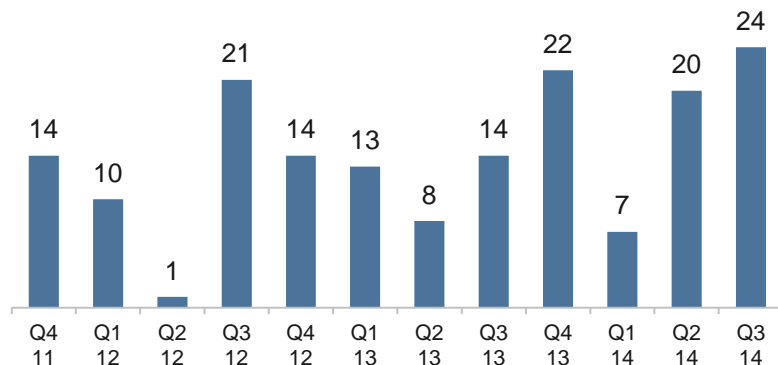


Finnish credit portfolio remains stable

PD DEVELOPMENT, BANKING FINLAND



LOAN LOSSES, BANKING FINLAND, EURm



COMMENTS

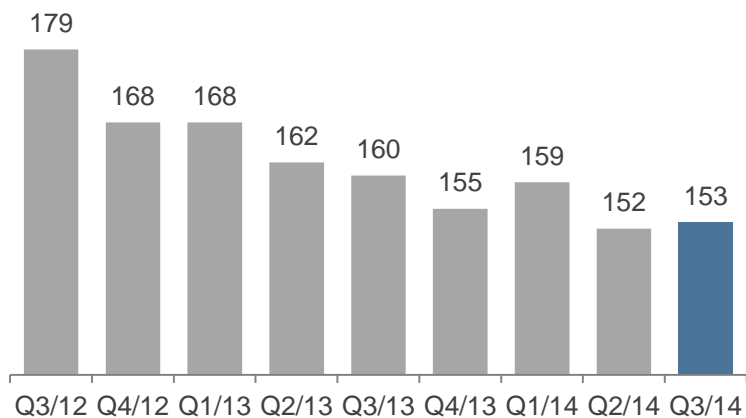
- 20% of Nordea's total loan portfolio
- Average Corporate PD has gone down as new lending is increasingly to better rating classes
- Household average PD has increased slightly over the last two years but has stabilised lately
- All in all, loan losses are at moderate levels
- Loan loss ratio of 20 bps in Retail Banking Finland
 - Losses mainly relate to corporate segment
 - EUR 10m collective provision

Update on Russia

- Solid profitability and strong credit quality
- Task force in place since March 2014
 - We monitor the development closely
- As of mid July, sanctions were extended from individuals and entities to specific sectors – adding complexity
- Nordea follows OFAC (US), EU sanctions and Sectoral sanctions in all entities
 - No business impact from sanctions
- No intention to increase business or market share
- Nordea is fully compliant with all regulatory requirements that apply to our operations

Risk exposure amount

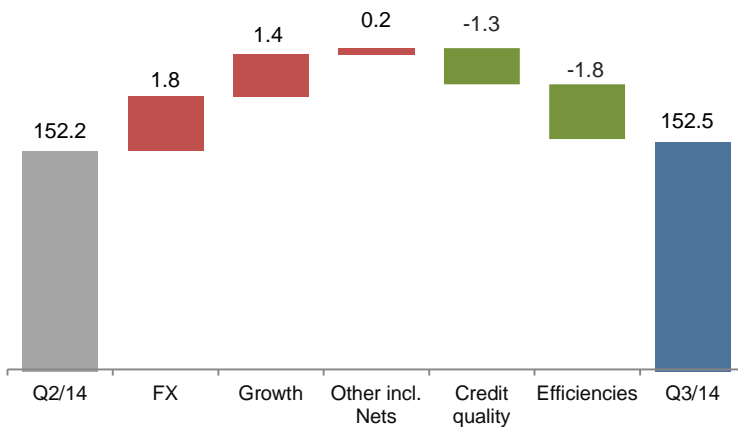
RISK EXPOSURE AMOUNT, EURbn*



COMMENTS

- REA unchanged on previous quarter
 - Efficiencies of EUR 1.8bn in the quarter
 - Improving credit quality
- Growth mainly related to derivatives
- FX effect mainly related to USD

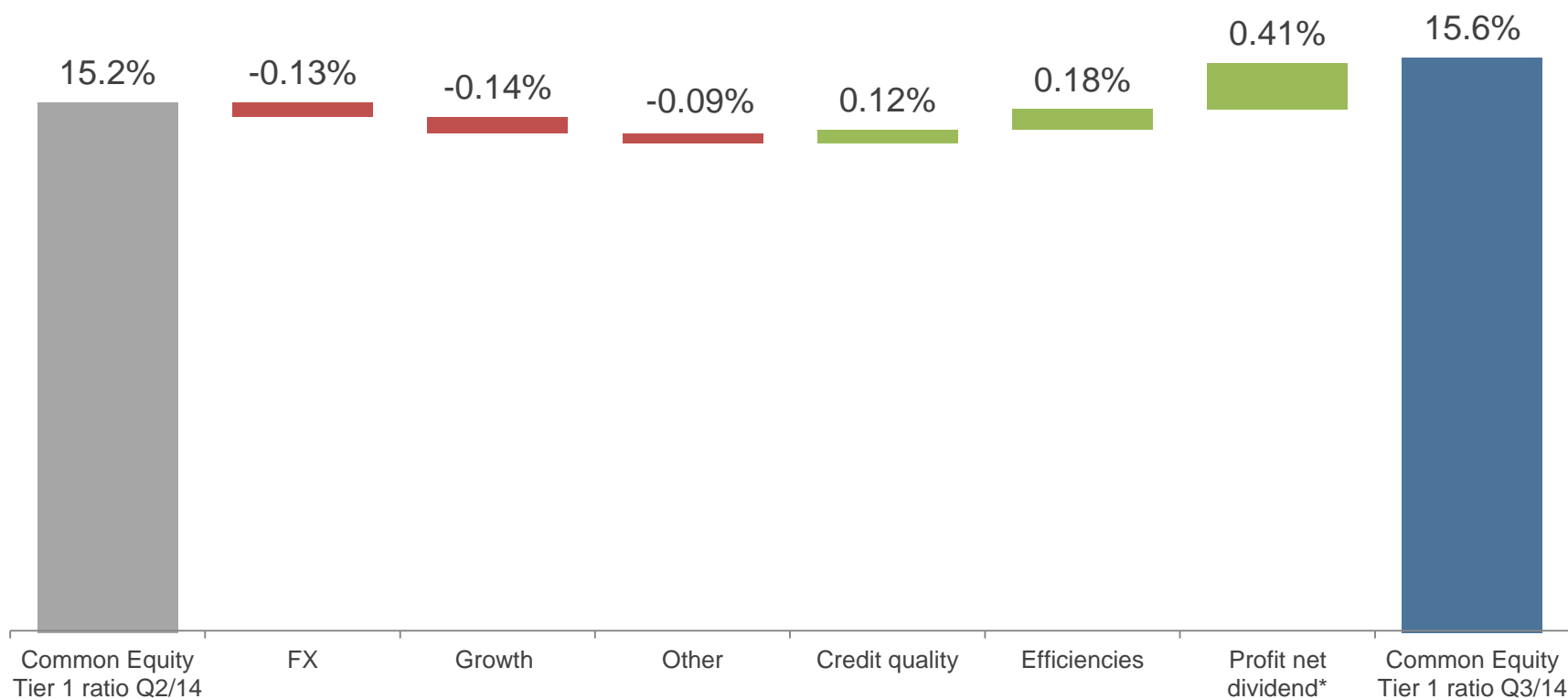
RISK EXPOSURE AMOUNT DEVELOPMENT, EURbn



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

CET 1 ratio up 40 bps

COMMON EQUITY TIER 1 RATIO DEVELOPMENT, %



*Net profit basis for dividend distribution, assuming a payout ratio of 56%

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

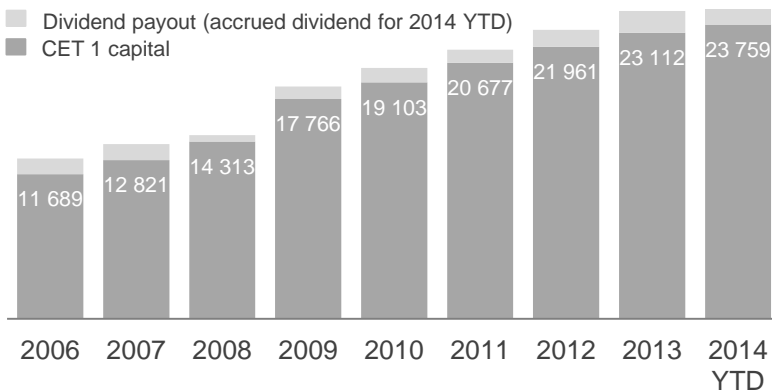
Initiatives for income generation

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

Low-risk profile and low volatility

Strong capability to generate capital

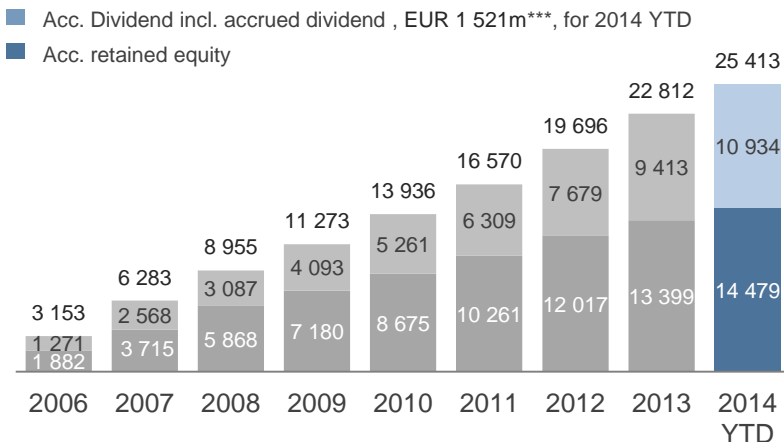
COMMON EQUITY TIER 1 CAPITAL*, EURm



COMMENTS

- Doubled the capital base in 7 years
- CET 1 ratio improved from 6.8% to 15.6%

CAPITAL GENERATION**, EURm



* Basel 2.5 until FY 2013. Basel 3 from 2014

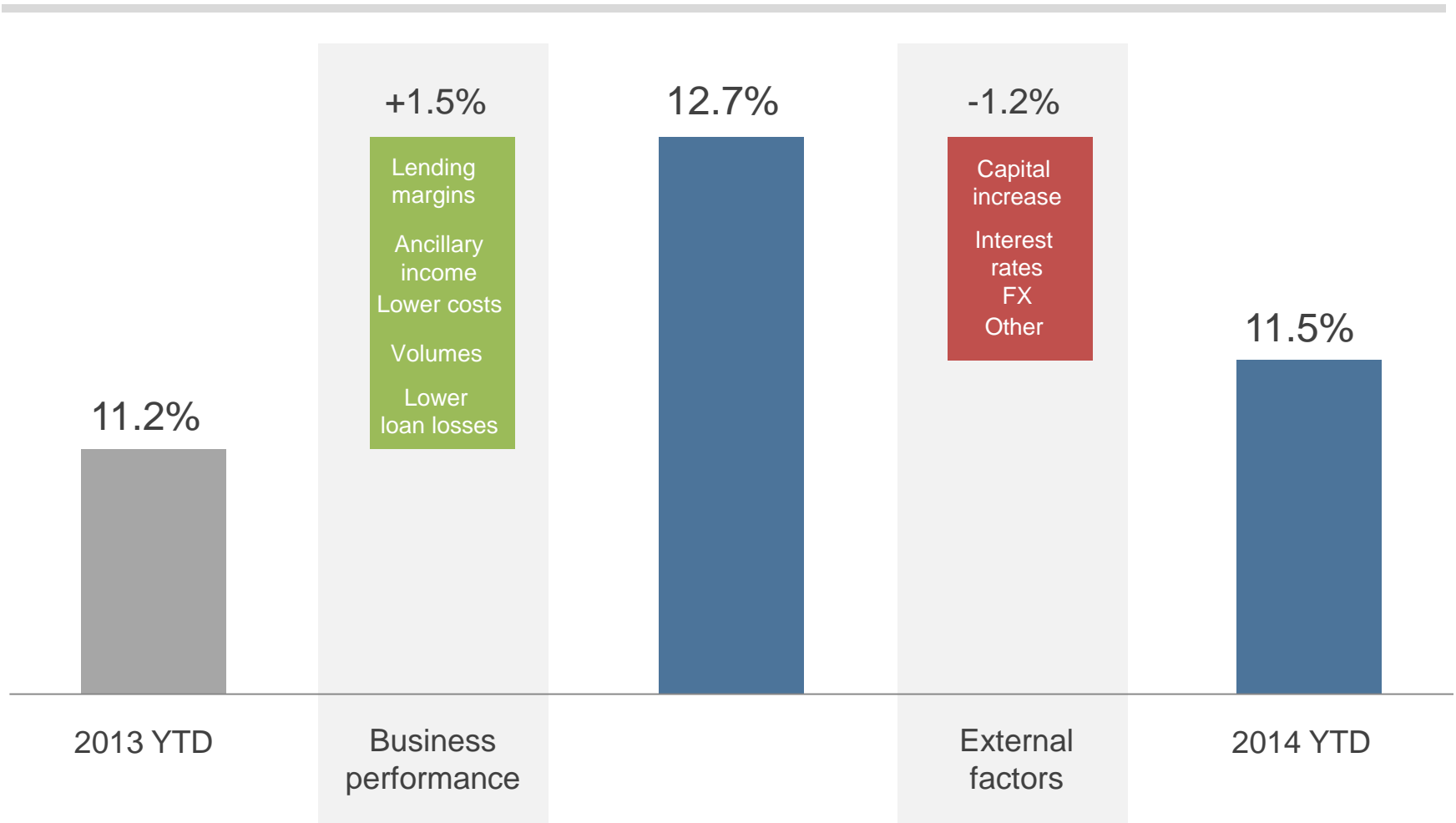
** Dividend included in the year profit was generated. Excluding rights issue (EUR 2,495m in 2009).

*** Assumes a 56% payout ratio

Nordea confirmed as one of the safest banks globally

- ✓ First Swedish domiciled bank to issue AT1 instrument
- ✓ Record low coupons (interest expense)
- ✓ Second ever investment grade AT1 issuance

RoE – strong underlying business performance



Excluding restructuring charge in Q2/14 and IT impairment in Q3/14 and gain from divestment of Nets in Q3/14

Progress in summary

PROGRESS ON NORDEA FINANCIAL PLAN 2015 IN Q3/14

CET1 capital ratio	• CET 1 capital ratio up 40 bps to 15.6%	✓
Risk Exposure Amount	• Total efficiencies of EUR 26bn of which 2bn in the quarter	✓
Income growth	• Income holding up	(✓)
Costs	• Cost programme delivering according to plan	✓
Loan losses	• Loan loss ratio down to 12 bps	✓
RoE	• RoE up 30 bps to 11.5%* YTD	✓

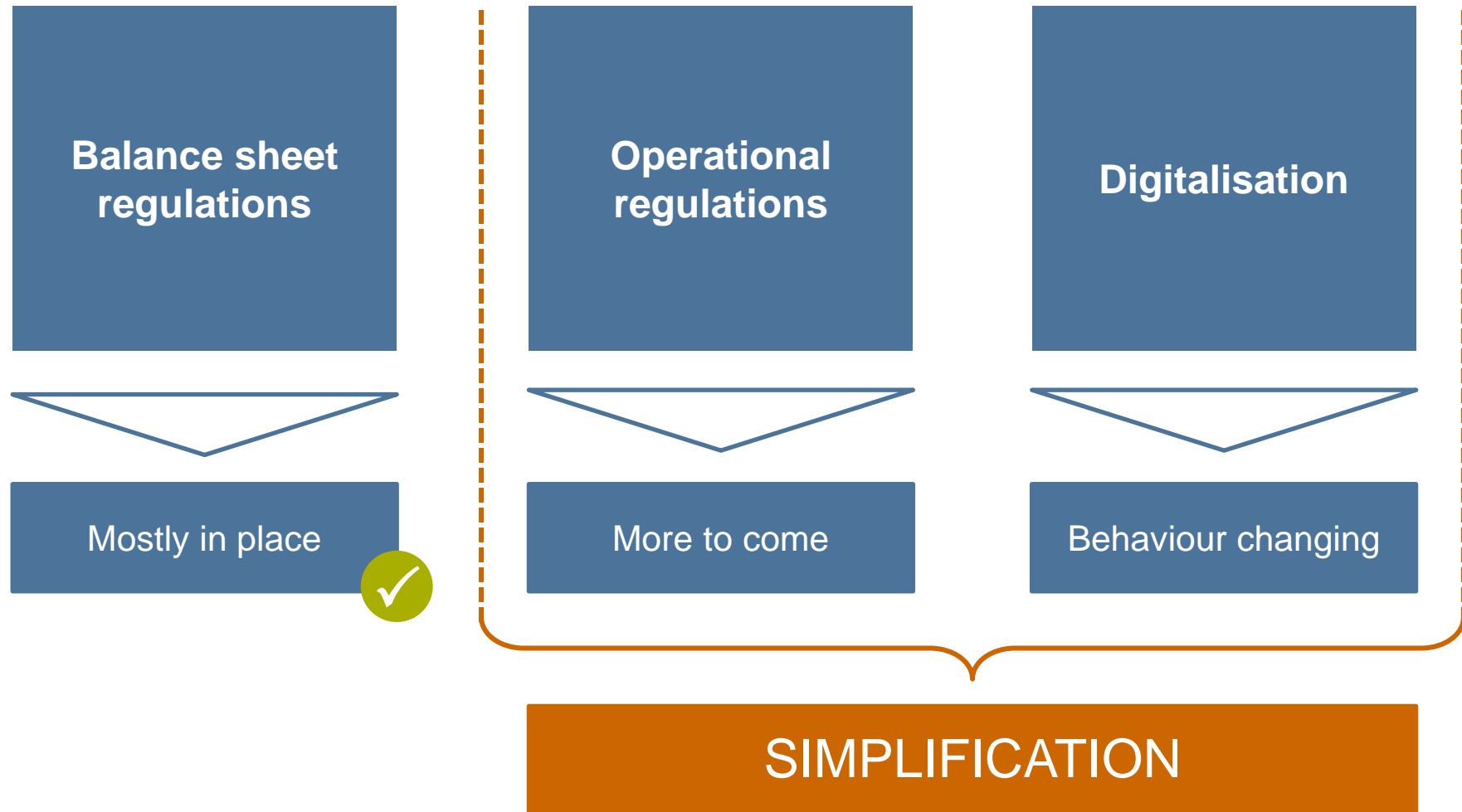
*Excluding non-recurring items in Q2/14 and Q3/14

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Building the
future relationship bank



Three transforming drivers for the banking industry



Increasing operational regulations require efficient processes

MAD **AML** **KYC**
FATCA *MAR* **MiFIR**
FTT **MiFID II**
PRIPs
**Counter Terrorist
Financing**

COMMENTS

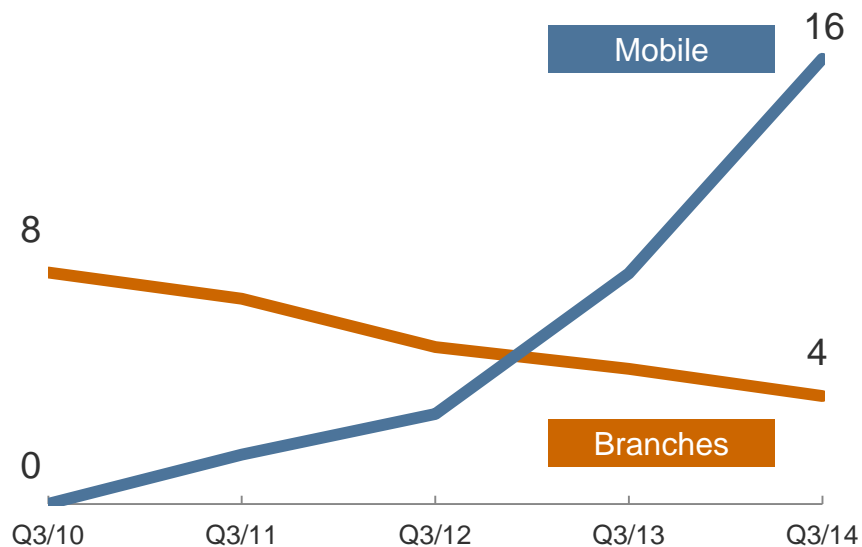
- Granular data on customers and transactions
- Higher requirements on storing, monitoring and reporting
- High complexity and costs

Customer behaviour changes rapidly driven by digitalisation



Mobile trend on daily transactions accelerates further

TRANSACTIONS, BRANCHES VS MOBILE, MILLIONS/QUARTER



COMMENTS

- 1,000 new customers started using our mobile bank every day in Q3 2014
- Transactions in Mobile Bank increased 90% YoY
- Steady decrease of manual transactions, down 20% YoY

Group Simplification Programme

Initial simplification

- Simplification of processes

New Core Banking Platform

- Customers, deposits and loan products in all business areas

New Payment Platform

- Domestic, international and SEPA payments

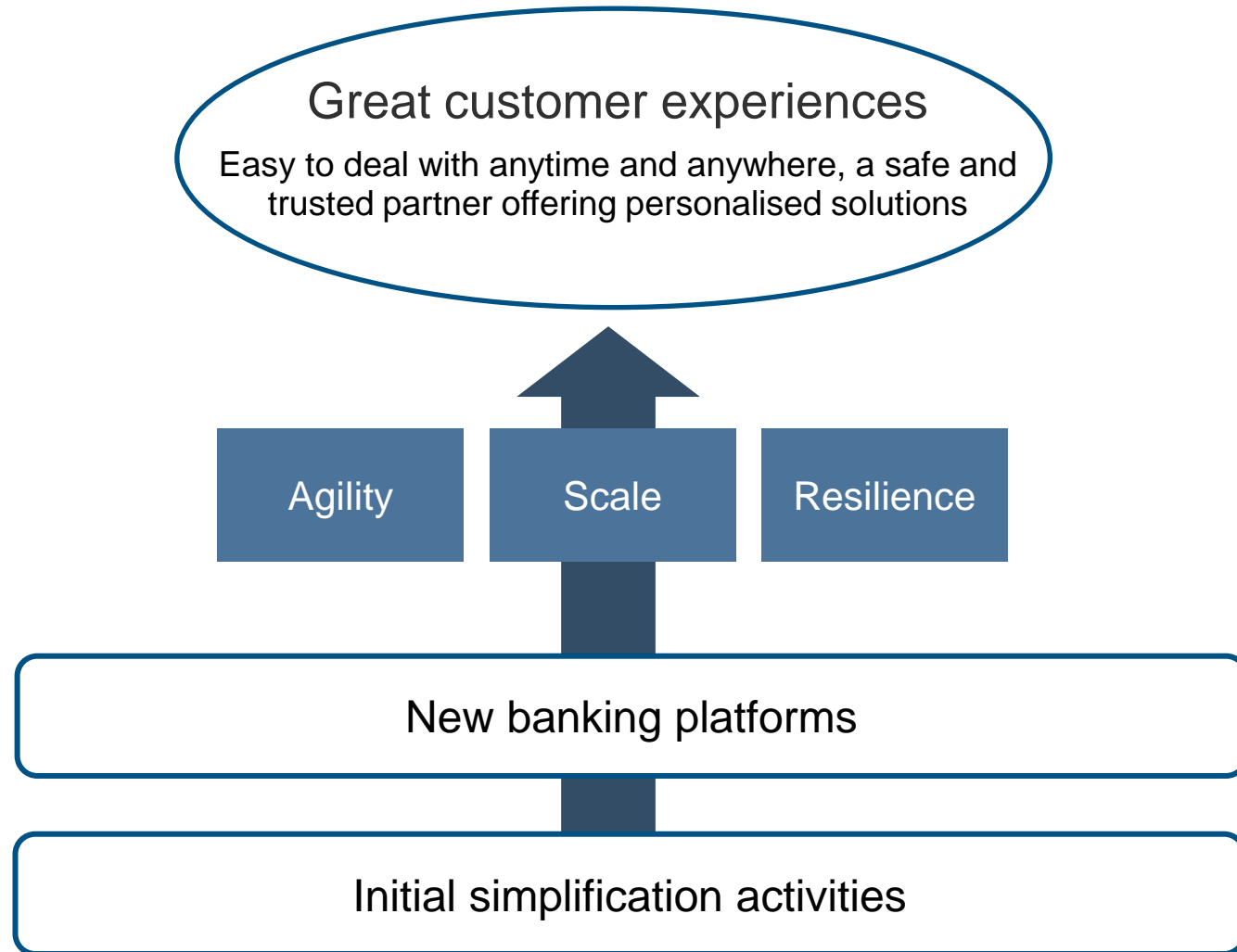
Group Common Data

- Consolidation of existing data warehouses

Overall program

- Increase in average annual IT investments of 30-35% over 4-5 years, with an insignificant medium term P&L impact. After 5 years, the Programme is expected to have a positive impact on Group expenses
- Impairment charge of EUR 344m in Q3 as some systems are replaced

Simplification and new banking platforms to respond to drivers



In summary

- ✓ **Income holding up**
- ✓ **Cost programme delivering according to plan**
- ✓ **Loan losses are down**
- ✓ **RoE is up 30 bps YTD to 11.5%***
- ✓ **We are taking the next steps towards the future relationship bank**

* Excluding non-recurring items in Q2/14 and Q3/14 31 •

Third Quarter Results 2014

Press conference

Christian Clausen, President & Group CEO

