Nordea Capital Markets Day
Shaping the future relationship bank

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Agenda

Registration and coffee 08.30-09.00

■ Shaping the future relationship bank  Christian Clausen 09.00-09.20
■ Financial plan and targets  Torsten Hagen Jørgensen 09.20-09.40
■ Risk management  Ari Kaperi 09.40-10.00

Coffee break 10.00-10.30

■ Retail Banking  Lennart Jacobsen 10.30-10.50
■ Wholesale Banking  Casper von Koskull 10.50-11.10
■ Wealth Management  Gunn Wærsted 11.10-11.30
■ Concluding remarks and Q&A  Christian Clausen/All 11.30-12.00
Shaping the future relationship bank

Christian Clausen
President and Group CEO
Nordea has delivered on its 2015 plan

**Commitments in 2015 plan**

Nordea is committed to deliver on the 2015 plan.

- **Nordea market commitments**
  - Strong capital generation and return of excess capital to our shareholders
  - ROE target of 15% at a CT1 ratio >13% and with normalised interest rates
  - Delivering low volatility results based on a well diversified and resilient business model

- **Key initiatives and levers**
  - Capital initiatives to maintain CT1 ratio >13%
  - Initiatives for income generation
  - Flat costs 2013-14
  - Initiatives for cost savings of ~EUR450m
  - Low risk profile and low volatility

**Nordea has delivered (Q4 2012 vs. Q4 2014)**

- Capital generation of EUR 4.9bn with 15.7% CET1 and 70% pay-out ratio
- ROE 11.6%, ~13% if CET1 at 13%, ancillary income +9% and costs -5%
- Loan losses at 15 bps, below 10 year average of 16 bps

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1) 2013 vs. 2015, excluding FX, and unexpected increase in performance related salaries and further costs to meet regulatory requirements in 2015
Strong Nordea track record

Strong capital generation and stable returns at low risk\(^1\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Acc. dividend, EURbn</th>
<th>Acc. equity, EURbn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>12</td>
<td></td>
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<tr>
<td>2006</td>
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<td>2007</td>
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<td>2012</td>
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<td>2013</td>
<td>37</td>
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<tr>
<td>2014</td>
<td>39</td>
<td></td>
</tr>
</tbody>
</table>

**CET 1 Ratio, %**  
\(5.9^2\) \(15.7\)

1) CAGR 2014 vs. 2005, adjusted for EUR 2.5bn rights issue in 2009. Equity columns represents end-of-period equity less dividends for the year. No assumption on reinvestment rate for paid out dividends.  
2) Calculated as Tier 1 capital excl. hybrid loans
Customer vision shaping the future relationship bank

Customer vision for the future relationship bank

- Easy to deal with...
- ...relevant and competent...
- ...anywhere and anytime...
- ...where the personal and digital relationship makes Nordea my safe and trusted partner
Focused business priorities enable the vision

**Nordea platform**

- Pan-Nordic platform with scalability
- Superior Nordic distribution power and global capabilities
- Actively managed business portfolio with low volatility

**Business priorities 2016-2018**

- Simplify for scale and a forceful digital response
- Expand on core strengths and drive cost and capital efficiency
- Maintain a low risk profile
Industry transformation drives need to simplify

Three transforming industry drivers

**Balance sheet regulation**
- Paradigm shift
- Mostly in place
- Increased efficiency

**Operational regulation**
- Increasing demands
- Higher operational risk
- Complex and costly

**Digitalisation**
- Behaviour shifting fast
- Opportunity and threat
- Investments required

Simplification
Simplify for scale

Simplification program – priorities and benefits

- 4-5 years of the journey remains
- Reducing # of products and align data records
- Automating processes and increasing commonality
- Investing in new, common core IT systems
- 30-35% increase in annual IT development spend, insignificant P&L impact medium term

- Increased scale, efficiency and agility serving all customers from one common platform
- An end-to-end digital response and execution of the customer vision
- Stable and resilient operation, compliant and in control
A forceful digital response

Relationship banking is turning digital fast

End-to-end digital response required

- Digital response required
- Front-end solutions will not suffice
- Automated end-to-end processes across the full value chain is a must
- Consistency and endurance in execution to unlock benefits

Transactions (Millions)

Q1/10 | Q1/15
-----|-----
Branches | 8 | 3
Mobile | 0 | 18

Online advisory meetings

Share

Dec 2014 | Mar 2015
-----|-----
3% | 10%

Ability to execute vs. Level of digital response

Nordea
Expand on core strengths: a unique Nordic relationship base

Nordic large corporate relationships

Nordic household relationships

Unique Nordea position
Size and competence = relevance
Multi-local presence = intensity

Ambition to be #1 in each retail market on customer and employee satisfaction, and profitability

1) Retail and Private Banking customers, millions
2) Difference from average
Expand on core strengths: capabilities on par with int’l peers

<table>
<thead>
<tr>
<th>Global capabilities in focus¹</th>
<th>Business model and priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Markets</td>
<td>■ Leading Nordic platform integrating equities, bonds, lending and risk management</td>
</tr>
<tr>
<td>#1 Corporate bonds and loans</td>
<td>■ A return-driven culture with strong talent</td>
</tr>
<tr>
<td>#1 Nordic Equity Trading</td>
<td>■ Centralised, highly scalable production platform</td>
</tr>
<tr>
<td>Asset Mgmt.</td>
<td>■ Strengthen distribution, leading product range for low yield environment</td>
</tr>
<tr>
<td>#1 in the Nordics by AuM</td>
<td>■ Leading Life &amp; Pensions platform, successfully transformed to market return company</td>
</tr>
<tr>
<td>Top Ten fund manager in Europe²</td>
<td>■ Next generation retirement offering</td>
</tr>
<tr>
<td>Life &amp; Pension</td>
<td>■ Leading in Nordic wealth planning and Global investment management solutions</td>
</tr>
<tr>
<td>#1 in the Nordics by premiums</td>
<td>■ Increase capacity in Sweden and Norway</td>
</tr>
<tr>
<td>24% Market return product market share</td>
<td></td>
</tr>
<tr>
<td>Private Banking</td>
<td>■ Centralised, highly scalable production platform</td>
</tr>
<tr>
<td>#1-2 position in each country</td>
<td>■ Strengthen distribution, leading product range for low yield environment</td>
</tr>
<tr>
<td>Largest Nordic int'l private bank</td>
<td></td>
</tr>
</tbody>
</table>

¹) Ranking in Nordic region.
²) Only European fund manager consistently in European Top 10 for net fund sales the past three years
Expand on core strengths: building the efficient business model

Free up resources through increased capital and cost efficiency

**Capital efficiency**
*From balance sheet to competence and advisory intensive business model*

**Cost efficiency**
*Continuous cost control and optimisation*

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**Free up resources for investments in simplification, compliance and operational risk, and growth areas**
Maintain a low risk profile

**Nordea ROE track record**, %

- No quarter below 8%, every year above 11%

**Priorities**

- Sustain forward looking and holistic risk appetite framework
  - 16 risk boundaries across all risk types
  - Close monitoring of leading indicators
  - Deep dives on specific risk areas for appropriate action
  - Active use of stress-testing and scenario analyses

- Maintain relationship strategy and sustain a large, well diversified client base

- Broad set of diversified products

1) ROE adjusted for restructuring costs in 2011 and one-off related items in 2014
Summary of priorities 2016-2018

Business priorities 2016-2018 and strategic targets

- Simplify for scale and a forceful digital response
- Expand on core strengths and drive cost and capital efficiency
- Maintain a low risk profile

One scalable common platform
Anywhere and anytime – efficient, agile and resilient

Leading customer relations
Number 1 bank for each customer

Increased free capital generation
All business areas contributing
Financial plan and targets

Torsten Hagen Jørgensen
Group CFO
Cost plan 2013-15 delivering the targeted 5% reduction with all key elements contributing, but some unplanned events

Cost efficiency clusters in 2015 plan

- Streamline physical distribution
- Optimise advisory services
- Reengineer processes
- Transform premises
- Enhance digitalisation
- Streamline IT
- Optimise external spend

Cost development 2013-2015

- Net cost reductions
- Underlying costs 2015E
- Unexpected increase in performance related salaries
- Further costs to meet regulatory requirements
- FX^2
- Expected Reported costs 2015E

2013:
- Net cost reductions: $5,040
- Underlying costs 2015E: $4,790
- Unexpected increase in performance related salaries: $76
- Further costs to meet regulatory requirements: $27
- FX^2: $190
- Expected Reported costs 2015E: $4,700

-5% reduction
-6.7% reduction

1) Not part of original 2015 plan
2) Based on FX rates as per 1 May 2015
Nordea market commitments and financial priorities 2016-2018

**Market commitments**

- **Strong capital generation and efficiency** with return of excess capital to shareholders
- **ROE** above the Nordic peer average
- **Maintain a low risk profile** based on actively managed and resilient businesses

**Financial priorities**

- Improved income mix & growth
- Continued cost efficiency
- Disciplined capital management
- Highly stable CET1 ratio
Continued cost efficiency

Key cost drivers and initiatives 2016-2018

- **Underlying cost drift**
  - Moderate salary drift
  - Premises and other external contracts, e.g., procurement, linked to general inflation
  - 1.5-2% cost CAGR

- **Cost efficiency**
  - Continue branch optimisation & remove manual cash handling
  - Simplify & automate services, processes and products
  - IT and consultancy insourcing
  - <1% cost CAGR

- **Selected growth areas**
  - Private Banking distribution capacity, Global Fund Distribution, Focused Wealth Management product development
  - Selected areas in Capital Markets and Transaction Banking
  - Online service, sales and advice
  - ~1%

- **Compliance and Simplification**
  - Investment in Core banking, Payment & Common data platforms
  - Resource build up within compliance and operational risk
Management buffer reflects Nordea’s diversified business

Management buffer designed to cover

<table>
<thead>
<tr>
<th>Components</th>
<th>Bps</th>
</tr>
</thead>
<tbody>
<tr>
<td>FX volatility (10% EUR weakening/historical vol. analysis)</td>
<td>~30-40</td>
</tr>
<tr>
<td>Pension risk (50bp decrease of discount rates)</td>
<td>~20</td>
</tr>
<tr>
<td>Countercyclical buffer variation, unforeseen events</td>
<td>~0-90</td>
</tr>
<tr>
<td>Total management buffer</td>
<td>50-150</td>
</tr>
</tbody>
</table>

- Supported by close to 10 year track-record of low CET1-ratio volatility of 21/38bps
- Committed to maintaining a strong capital base and actively managing to further reduce CET1 ratio volatility

1) Countercyclical buffer only applied for Sweden in accordance with Swedish FSA Memorandum on Capital Requirement for Swedish banks (Feb 17, 2015)
2) In the Swedish FSA Memorandum on May 11, 2015 (adjusted requirement on the assessment of capital requirements from three significant risk types), the Swedish FSA published the final methods for assessing requirements for three different risk types. The CET1 requirement for Nordea based on these methods is estimated to 0.7%. Note that individual Pillar 2 CET1 requirements for other risks are estimated and agreed bilaterally with the Swedish FSA in the SREP and can vary over time. In the Swedish FSA Memorandum on Capital Requirements for Swedish Banks (Feb 17, 2015) a standardised CET1 value of 1.5% was used for other Pillar 2 risks
Earnings stability
– The most stable bank in the Nordics

Nordea and peers 2006-2015, %

Quarterly net profit volatility

Nordea: 17
Peer 1: 25
Peer 2: 32
Peer 3: 46
Peer 4: 83
Peer 5: 150

Quarterly CET1 ratio volatility¹

Nordea: 0.21
Peer 1: 0.36
Peer 2: 0.50
Peer 3: 0.54
Peer 4: 0.92
Peer 5: 1.08

Max quarterly drop

Nordea: 0.38
Peer 1: 0.72
Peer 2: 1.29
Peer 3: 1.42
Peer 4: 2.15
Peer 5: 3.24

¹) Calculated as quarter on quarter volatility in CET1 ratio, adjusted so that the volatility effect of those instances where the CET1 ratio increases between quarters are excluded.
# Group financial targets 2016-2018

<table>
<thead>
<tr>
<th>Financial Targets - based on currently known regulatory requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Dividend policy</strong></td>
</tr>
<tr>
<td><strong>Capital policy</strong></td>
</tr>
<tr>
<td><strong>RoE</strong></td>
</tr>
<tr>
<td><strong>Costs</strong></td>
</tr>
<tr>
<td><strong>REA</strong></td>
</tr>
</tbody>
</table>

1) For 2015 the dividend ambition is unchanged, i.e., to increase the pay-out ratio from 2014
2) Weighted to reflect Nordea’s Nordic geographic mix
3) Excluding FX and performance related salaries
The RoE is targeted to be above the Nordic peer average throughout the period on a rolling 4 quarter basis

Nordea & Peer average RoE development

<table>
<thead>
<tr>
<th>Year</th>
<th>Nordea Rolling 4 quarters</th>
<th>Peers’ Rolling 4 quarters</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
<td></td>
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<tr>
<td>2013</td>
<td></td>
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<tr>
<td>2014</td>
<td></td>
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</tbody>
</table>

Weighting of Peer average

<table>
<thead>
<tr>
<th>Country share of Nordea capital</th>
<th>Weight in benchmark</th>
</tr>
</thead>
<tbody>
<tr>
<td>DK</td>
<td>35%</td>
</tr>
<tr>
<td>FI</td>
<td>20%</td>
</tr>
<tr>
<td>NO</td>
<td>20%</td>
</tr>
<tr>
<td>SE</td>
<td>25%</td>
</tr>
<tr>
<td>DB</td>
<td>30%</td>
</tr>
<tr>
<td>DNB</td>
<td>20%</td>
</tr>
<tr>
<td>SHB</td>
<td>15%</td>
</tr>
<tr>
<td>SEB</td>
<td>15%</td>
</tr>
<tr>
<td>SWB</td>
<td>10%</td>
</tr>
<tr>
<td>OP-P</td>
<td>10%</td>
</tr>
</tbody>
</table>

Note. Nordea and Peers adjusted for publicly disclosed one-offs
Risk management

Ari Kaperi
Group CRO
The least volatile Nordic bank

Factors driving risk down

- Large and diversified client base
- Geographical diversification
- Forward looking and holistic risk management

Nordea vs. peers 2006-Q1 2015, %

Quarterly net profit volatility

<table>
<thead>
<tr>
<th></th>
<th>Nordea</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
<th>Peer 4</th>
<th>Peer 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>83</td>
<td>150</td>
</tr>
</tbody>
</table>

Nordea
Sound risk profile with low loan losses over the cycle

Nordea loan losses per quarter, bps

Loan losses vs. peers, 10yr average, bps
## Risk management has delivered on its 2015 plan

### Commitments in 2015 plan

- Loan loss situation is expected to improve reflecting improved asset quality
- Signs of impaired loans levelling off in Denmark
- Shipping, impaired loans likely to decrease following recovery
- Stable credit strategy – one Nordea approach ensured

### Nordea has delivered

- Loan losses has decreased continuously since 2013
- Credit quality in Denmark has improved
- Loan losses in Shipping has decreased significantly
- Credit framework set common standards, complemented with specific instructions where appropriate
The credit portfolio is well diversified

Nordea credit portfolio, lending to the public excl. repos

- **Sweden**: 30% (10yr avg. 5bps)
- **Denmark**: 26% (10yr avg. 32bps)
- **Norway**: 18% (10yr avg. 11bps)
- **Finland**: 21% (10yr avg. 12bps)
- **Other**: 5%

- **Corporates**: 48% (8yr avg. 21bps)
- **Mortgage**: 41% (8yr avg. 4bps)
- **Public**: 2%
- **Consumer**: 9% (8yr avg. 48bps)

Note: Long term average loan losses
Nevertheless we have exposure to cyclical areas

<table>
<thead>
<tr>
<th>Russia</th>
<th>LBO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Largest loan loss</strong></td>
<td>EUR 18m, 6% of total loan losses 2008</td>
</tr>
<tr>
<td><strong>Current portfolio</strong></td>
<td>~2% of total lending</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net loan losses, bps</th>
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<tbody>
<tr>
<td>-----------------------</td>
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<tr>
<td>LBO</td>
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<tr>
<td>Baltic</td>
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<tr>
<td>Russia</td>
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<tr>
<td>Shipping</td>
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<tr>
<td>Other</td>
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<table>
<thead>
<tr>
<th>Baltics</th>
<th>Shipping</th>
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</thead>
<tbody>
<tr>
<td><strong>Largest loan loss</strong></td>
<td>EUR 148m, 10% of total loan losses 2009</td>
</tr>
<tr>
<td><strong>Current portfolio</strong></td>
<td>~2% of total lending</td>
</tr>
</tbody>
</table>
Russia

Loan loss and Operating profit, EURm

How we manage the risk

- Managed under same frameworks as Nordic business
- Specific risk appetite cap on exposure
  - Country concentration
  - CRE concentration cap
- Specific credit instructions for Russia. Dedicated credit team and experts
- Stress-testing of portfolio and individual borrower quality under different scenarios
- Closing down of retail business and strict management of corporate portfolio
Baltics

How we manage the risk

- Managed under same frameworks as Nordic business
- Sound exposure, business grown organically with strict customer selection
- Specific credit instructions for Baltics
- Customers are reviewed annually or semi-annually
- Portfolio is reviewed on a quarterly basis, Baltic Risk Reviews
- Local and experienced presence in the key positions of Risk Management

---

1) Loan losses including revaluation of collateral
2) Estimate of the adjustment to the collateral values performed in 2014
Leveraged buyout (LBO)

Loan loss and Operating profit, EURm

How we manage the risk

- Stick to proven model, outlined in the LBO Industry Policy
- Pro-active monitoring of all companies in the LBO portfolio
- Close co-operation between all relevant internal stakeholders
- Diversification over sectors
- Originating and syndicating, keeping part of the exposure
- Closely following market terms and ensuring market alignment
- Underwriting limits and close monitoring until completed distribution
- Bridge financing, short maturities

Loan losses  Profit before loan losses  Operating profit

2008 2009 2010 2011 2012 2013 2014

(200) (100) 0 100 200 300 400

2008 2009 2010 2011 2012 2013 2014

Loan losses  Profit before loan losses  Operating profit
Shipping

 Loan loss and Operating profit, EURm

<table>
<thead>
<tr>
<th>Year</th>
<th>Loan losses</th>
<th>Profit before loan losses</th>
<th>Operating profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
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<td></td>
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<tr>
<td>2009</td>
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<tr>
<td>2014</td>
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</tbody>
</table>

How we manage the risk

- Risk appetite cap on exposure
- Extensive in-house shipping expertise
- Well defined, long-term relationship strategy
- Business selection
- Specific industry policy governing shipping
- Dynamic Credit Parameters guide account managers
- Close follow-up of work-out cases & quarterly reporting
- Stress testing
- Underwrite and distribute exposure

How we manage the risk

- Risk appetite cap on exposure
- Extensive in-house shipping expertise
- Well defined, long-term relationship strategy
- Business selection
- Specific industry policy governing shipping
- Dynamic Credit Parameters guide account managers
- Close follow-up of work-out cases & quarterly reporting
- Stress testing
- Underwrite and distribute exposure
**Market risk, no lossmaking quarter**

### Market risk P/L (incl. HtM and AfS portfolios), EURm

- 2010: **340**
- 2011: **260**
- 2012: **420**
- 2013: **300**
- 2014: **220**
- 2015: **500**

### How we manage the risk

- **Specific risk appetite cap on exposure**
  - Market risk share of EC
  - Max loss per quarter

- **Nordea Life and Pension is included in market risk framework**

- **Dynamic stop loss framework**

- **Stress Testing and dynamic ‘what if’ scenarios**

- **Daily risk to market moves to P&L explains – ‘daily wrap ups’**

- **Deep dives into specific trading desks or risks e.g. tenor basis risk**

- **VaR to P&L back testing**
Operational risk and Compliance

Risk levels are stable

Operational risk loss, 4-quarter rolling average EURm

Customer complaints, thousands

How we manage the risk

- Nordea’s operational risk framework is subject to continued enhancements, with the ambition to strengthen the execution and control of risk processes

- Specific Op-Risk focus areas for 2015 include:
  - Group Simplification
  - Business Continuity Management
  - Information Security
  - Third Party Risk Management
  - Risk Culture

- Strengthening Compliance focus, Group Compliance Officer made part of Group Executive Management
Risk appetite clearly defines Nordea’s risk taking boundaries

**Framework operational since 2011**

- Facilitates holistic approach and increased risk awareness to ensure low earnings volatility
- 16 specific risk boundaries – across all risk types – defined at Group level
- Clear link between risk boundaries and Nordea’s business strategies
- Dynamic framework – annual review
- Quarterly reporting and follow-up
  - Board level
  - Vs. the Business Units

**Current Risk appetite framework**

- **Credit risk**
  - Single customer concentration
  - Industry concentration
  - Geographic concentration
  - Expected loss
  - Loan loss
- **Market risk**
  - Market risk share of economic capital
  - Maximum economic market risk loss per quarter
- **Operational risk**
  - Monitor top risks
  - Operational risk loss
  - Reputation, Non-Financial impact
- **Solvency**
  - CET1 capital ratio
  - Leverage ratio
- **Liquidity risk**
  - Survival horizon
  - Net balance of stable funding
- **Compliance & non-negotiable risks**
  - Regulatory requirements
  - Internal policy and external regulatory breaches
Summary

Credit exposure
- High quality
- Stable portfolio

Cyclical areas
- Strict management
- Well defined risk policies

Forward looking
- Holistic risk appetite framework
- Scenario analysis

Proactive approach
- Deep dives on oil, CRE etc.
- Early warning system

Loan losses expected to remain low
Retail Banking

Lennart Jacobsen
Head of Retail Banking
Leading Nordic Retail Bank

**Broad distribution network**

<table>
<thead>
<tr>
<th>Branches</th>
<th>Digital logons¹ (m)</th>
<th>Contact centre calls¹ (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DK</td>
<td>156</td>
<td>134</td>
</tr>
<tr>
<td>FI</td>
<td>183</td>
<td>215</td>
</tr>
<tr>
<td>NO</td>
<td>87</td>
<td>48</td>
</tr>
<tr>
<td>SE</td>
<td>231</td>
<td>236</td>
</tr>
<tr>
<td>Other</td>
<td>38</td>
<td>213</td>
</tr>
</tbody>
</table>
| Total    | 695                 | 633                      | 9.2

**Strong local market position²**

<table>
<thead>
<tr>
<th>Corporate position</th>
<th>Household position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1–2</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>2–3</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>3–4</td>
</tr>
<tr>
<td>Total</td>
<td>1</td>
</tr>
</tbody>
</table>

**Balanced product mix**

Income, percent of total

- Payments 9%
- Deposits & Savings 24%
- Corporate Lending³ 33%
- Household Lending³ 21%
- Other 13%

**Balanced customer mix**

Income by country, percent of total

- DK 28%
- SE 29%
- FI 23%
- NO 17%
- BALTICS 3%

1) Per year
2) Market share lending
3) Net Interest Income
Retail Banking has delivered on its 2015 plan

Commitments in 2015 plan

Key Retail Banking value drivers

- Coherent business system supporting relationship strategy
  - Optimisation of household and SME relationships by a systematic approach to enable further income potential
  - Maintained lead to competitors on customer satisfaction
  - High retention

- Optimised distribution model
  - Restructuring of branch network to focus on advice
  - Developing multichannel relationship banking is the next step

- Share of wallet and re-pricing to drive income
  - Leverage customer relationships to acquire full customer wallet
  - New customer acquisition
  - Re-pricing of lending stock to the level of margins on new business

- Cost and capital optimisation
  - Maintain flat costs and RWAs
  - All customers are welcome – capital and cost optimisation making all customer relationships profitable

Retail Banking has delivered (2012 vs. 2014)\(^1\)

Positive customer development
+130,000 relationship customers
Improving CSI\(^2\)

Restructuring of branch network
-158 (19%) branches
-224 (48%) cash locations

Strong income generation
EUR +280m (5%) income
EUR +170m (9%) non interest income

Cost and capital efficiency
EUR -70m (2%) costs
EUR -11bn (15%) REA

1) Adjusted for FX movements
2) Customer Satisfaction Index
Strong financial development

Income

<table>
<thead>
<tr>
<th>Year</th>
<th>EURbn</th>
<th>2011</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>+8%</td>
<td>4.9</td>
<td>5.3</td>
</tr>
</tbody>
</table>

- Non interest income +7%
- Margins\(^1\) +43 bps
- Relationship customers +6%

Cost

<table>
<thead>
<tr>
<th>Year</th>
<th>EURbn</th>
<th>2011</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>-7%</td>
<td>3.1</td>
<td>2.8</td>
</tr>
</tbody>
</table>

- FTEs down by ~2,000 (~10%)\(^2\)
- 28% fewer branch locations
- Expansion of online capabilities and compliance

Profitability

<table>
<thead>
<tr>
<th>Year</th>
<th>Percent</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RoCar</td>
<td>62</td>
<td>57</td>
<td>56</td>
<td>53</td>
</tr>
<tr>
<td></td>
<td>Cost / income</td>
<td>+6pp</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1) Lending margins
2) Adjusted for insourcing of IT and compliance build up
Long term ambition to be #1

In each of our markets

Measured by

- **Profitability**
  RoCaR ahead of peer average

- **Customer satisfaction**
  CSI

- **Employee satisfaction**
  ESI\(^1\)

1) Employee Satisfaction Index
Priorities to strengthen the platform

Nordea platform

- Pan-Nordic platform with scalability
- Superior Nordic distribution power and global capabilities
- Actively managed business portfolio with low volatility

Strategic focus areas 2016-2018

- Advisory
  - Anywhere and anytime
- Digital experience
  - Tailored to customer needs and preferences
- Efficiency and scale
  - One Nordic model
Retail Banking – Household value drivers

**Business model optimisation**

Advisory interaction shift

- Digital: 10% in 2014, >50% in 201X
- Remote: 90% in 2014, <50% in 201X
- In-person

Number of touch points

- 30m Base for sales today
- 3bn Untapped potential

**Value drivers**

- **Advise**
  - Shift to remote and digital
  - Improve customer relevance and share of wallet through analytics

- **Digital**
  - Strengthen online service, sales and advice
  - Increase proactivity in digital channels
  - Personalisation driving relevance

- **Efficiency and scale**
  - Continue branch network optimisation and cash removal
  - Automate and simplify processes and products
  - Improve capital efficiency in products and service offering

**Financial impact**

Income Cost Capital

- Advise
  - ✓ ✓
- Digital
  - ✓ ✓
- Efficiency and scale
  - ✓ ✓
Retail Banking – Corporate value drivers

Business model optimisation

Cross sales to lending

Value drivers

Advise
- Revise customer segmentation to enhance quality of customer coverage
- Drive cross sales through analytics powered customer advisory

Digital
- Increase self-directedness
- Single digital platform serving all customer needs

Efficiency and scale
- Optimise credit portfolio through business selection
- Capital management
- Securitisation
- Simplify and automate all major processes

Financial impact

Income Cost Capital

Volume development 2011–2014, %

Non interest income +22%

Revise customer segmentation to enhance quality of customer coverage

Increase self-directedness

Optimise credit portfolio through business selection

1) Non interest income/Interest income
Summary

- **Income mix**
  - Strengthen advisory
  - Drive cross sales

- **Cost**
  - Online sales and service model
  - Process automation and simplification
  - Product portfolio clean-up

- **Capital**
  - Business selection
  - REA house cleaning

- **Risk**
  - Well-diversified business
  - Keep strict risk management

**HH**

**Corp**

**Improved C/I ratio**

**Improved RoCaR**
Wholesale Banking

Casper von Koskull
Head of Wholesale Banking
Wholesale Banking has a unique Nordic platform

Uniquely positioned relative to peers

The leading Nordic wholesale bank

Customer dimension:
Multi-local presence = Intensity

Product dimension:
Size and competencies = Relevance

International competition

Local competition

Nordea

Greenwich Quality Leader 2015

Greenwich Share Leader 2015
# Wholesale Banking 2011-2014 - performance and value drivers

<table>
<thead>
<tr>
<th>Market characteristics</th>
<th>GDP growth</th>
<th>Interest rates</th>
<th>Volatility</th>
<th>Capital markets regulation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
<td>High</td>
</tr>
</tbody>
</table>

## Top line drivers

<table>
<thead>
<tr>
<th>Pricing</th>
<th>Lending</th>
<th>Income</th>
<th>NII</th>
<th>Fair Value</th>
<th>Cost/Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>+30 bp</td>
<td>-15%</td>
<td>-5%</td>
<td>-7%</td>
<td>-15%</td>
<td>+2 pp</td>
</tr>
</tbody>
</table>

## Value drivers

<table>
<thead>
<tr>
<th>Fee &amp; Comm.</th>
<th>Cost</th>
<th>REA</th>
<th>Loan losses</th>
</tr>
</thead>
<tbody>
<tr>
<td>+15%</td>
<td>±0%</td>
<td>-30%</td>
<td>-43%</td>
</tr>
</tbody>
</table>

## Value creation

### Market position

- Achieved #1 position

### Return¹

- >+3 pp

---

1) Assuming constant capital requirement (EC/REA) as for 2014 (~15%)
Wholesale Banking has delivered on its 2015 plan

Commitments in 2015 plan

- Reposition the business
- Develop organisational platform
- Return-driven culture

Wholesale Banking has delivered (‘12 vs. ‘14)

- Achieved #1 market position
- Balanced income mix
- One Nordic operating model
- Improved capabilities at unchanged cost
- Disciplined pricing, business selection and capital reduction
Successful Wholesale Banking journey

2011-2012

WB formation

2013-2014

Transforming the business model & culture

WB formation

2015-

Leveraging the platform

Business model & culture

WB formation

Intensity & Relevance
Business priorities leveraging the platform

Nordea platform

Pan-Nordic platform with scalability

Superior Nordic distribution power and global capabilities

Actively managed business portfolio with low volatility

Strategic focus areas 2016-2018

Further leveraging customer franchise

Strengthen wholesale banking capabilities

Effective capital management

Continued prudent risk management
Further leveraging customer franchise

**Leading Nordic Capital Market and Advisory Franchise**

<table>
<thead>
<tr>
<th>Nordic Corporate Bonds</th>
<th>Nordic IG Corporate Bonds</th>
<th>Nordic HY Corporate Bonds</th>
<th>Nordic Syndicated Loans</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nordea</strong></td>
<td><strong>3 720</strong></td>
<td><strong>1 949</strong></td>
<td><strong>11 943</strong></td>
</tr>
<tr>
<td>Nordic peer</td>
<td>3 902</td>
<td>1 397</td>
<td>8 054</td>
</tr>
<tr>
<td>Nordic peer</td>
<td>3 860</td>
<td>1 010</td>
<td>6 695</td>
</tr>
<tr>
<td>Nordic peer</td>
<td>2 511</td>
<td>741</td>
<td>4 975</td>
</tr>
<tr>
<td>Nordic peer</td>
<td>2 479</td>
<td>424</td>
<td>3 520</td>
</tr>
<tr>
<td><strong>International peer</strong></td>
<td><strong>551</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Marine Syndicated Loans (USDm)</th>
<th>Nordic ECM</th>
<th>Nordic Equity Trading¹</th>
<th>Nordic M&amp;A</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Nordea</strong></td>
<td><strong>8 152</strong></td>
<td><strong>113 794</strong></td>
<td><strong>22 162</strong></td>
</tr>
<tr>
<td>Nordic peer</td>
<td>7 626</td>
<td>94 161</td>
<td>18 181</td>
</tr>
<tr>
<td>International peer</td>
<td>6 314</td>
<td>63 783</td>
<td>15 343</td>
</tr>
<tr>
<td>International peer</td>
<td>5 918</td>
<td>50 621</td>
<td>14 528</td>
</tr>
<tr>
<td>International peer</td>
<td>3 309</td>
<td>48 390</td>
<td>14 278</td>
</tr>
</tbody>
</table>

1) Only Nordic peers included

**Source:** Dealogic, Merger Market, NasdaqOMX

**Strength in Transaction Services**

- #1 in Cash Management 2015 in the Nordics
- #1 in Trade Finance Bank 2015 in the Nordics
- #1 in Cash Management 2015 in Sweden
- #1 in Trade Finance Bank 2015 in Sweden, Finland and Norway
- #1 in Cash & Liquidity Management 2014 in the Nordics
- #1 in Payments & Collections 2014 in the Nordics
- #1 in Financial Supply Chain Management 2014 in the Nordics
- #1 in Trade Finance in the Nordics

**Leader in Risk Management**

- #1 in Interest Rates Derivatives 2014 in the Nordics
- #1 in Foreign Exchange 2014 in the Nordics
- #1 in Credit 2014 in the Nordics and in Sweden, Denmark, Finland and Norway
- #1 in Fixed Income 2014 in Norway
- #1 in Interest Rates Derivatives 2014 in Norway
- #1 in Foreign Exchange Provider 2015 in Finland and the Nordics
Strengthen Wholesale Banking capabilities

Leading Wholesale Banking platform

- Bank lending
- Capital markets financing
- Corporate/Institutional customer
- Transaction banking
- Risk mgmt, advisory
- Culture & Capabilities

Priorities

- Support equity-related activities
  - Selective strengthening of international distribution
- Key additions to Investment Banking
  - Improve competence pool in selected markets and products
- Adjust FICC to cyclical and structural changes
  - Digitalisation/e-Markets
  - Capitalising on strong platform via increased distribution
- Strengthen transaction banking
  - New simplified payment platform
Effective capital management

### Key initiatives

1. **Management of low-yielding relationships**
2. **Active business selection/de-selection**
3. **Balanced business mix**
4. **Capital hedging**
Continued prudent risk management

**Diversified customer franchise**

Income 2014, %

- Russia: 12%
- SOO: 15%
- CIB SE: 22%
- CIB DK: 16%
- CIB FI: 13%
- CIB NO: 10%
- Other: 12%

**Key messages**

- Strong relationships, staying close to the customer
- More balanced income with higher share of commission income
- Well established process for managing business and portfolio risk
- Loan losses down by EUR 216m FY 2012 to 2014

**Items at fair value**

- Net interest income: 46%
- Net fee & com. Income: 26%
- Net interest income: 28%
Summary

Income
- #1 wholesale bank in the Nordics
- Capital markets financing and stronger advisory

Capital
- Disciplined capital management
- Business selection, capital-light solutions

Cost
- Selective platform investments
- Operational streamlining and efficiency
- Medium term cost efficiencies

Risk
- Enhanced franchise quality
- Distribution and structuring
- Well-diversified business mix

Maintain #1 Position
Return Above peer average
Wealth Management in brief

Strong customer franchise

#1 Asset Management

#1 Life & Pension

#1 Private Banking

Well diversified business

EUR 290bn AuM

Denmark 32%

Sweden 23%

Norway 9%

Int. 18%

Finland 18%

Growing business

Profit, EURm

2012 632

2013 729

2014 903

CAGR 19.5%

Leading Nordic wealth manager with global reach

- #1-2 position for each business in each country
- Integrated value chain and global scale
- Cost and capital efficient business model
Wealth Management has delivered on its 2015 plan

**Commitments in 2015 plan**

**Wealth mgmt. has delivered (2012 vs. 2014)**

**Income CAGR 9.1%**

**Cost / Income 46% (-9 pp)**

**Profit CAGR 19.5%**

**RoCaR 32.4% (+10.1 pp)**

**+ EUR 35bn Net Flow**

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**Key Wealth Management value drivers**

**Capitalise growth momentum**
- Leverage the strength of a diversified business model and broad distribution capabilities
- Elevate Retail Banking customers to Private Banking
- Accelerate external customer acquisition Private Banking
- Leverage the strong momentum in AM institutional sales

**Enhanced value propositions**
- Enhance accessibility, advice and transactions through online and multichannel
- Roll-out enhanced wealth planning concepts and advisory skills
- Develop advisory concepts and tools
- Develop and launch new products and solutions

**Efficiency & prioritisation**
- Improve operations, continue to extract benefits of an integrated wealth value chain
- Improve IT efficiency through offshoring and investments to reduce complexity
- Improve frontline efficiency, to increase the number of right clients per advisor
- Migrate to market return products in Life & Pension

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**Key ambitions and initiatives**

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Strong growth through consistently high flow

Assets under Management (AuM), EURbn

Key growth initiatives in 2015 plan

Growth through external distribution
GFD net flow, EURbn

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>GFD</td>
<td>1.9</td>
<td>2.2</td>
<td>4.8</td>
</tr>
</tbody>
</table>

Growth through bancassurance
Market return premiums, EURbn

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market return premiums</td>
<td>3.2</td>
<td>4.2</td>
<td>5.1</td>
</tr>
</tbody>
</table>

Focus on client acquisition
Net flow per private banking relationship manager, EURm

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net flow</td>
<td>2.0</td>
<td>3.3</td>
<td>6.1</td>
</tr>
</tbody>
</table>

1) Global Fund Distribution
Looking ahead: Well positioned to capitalise on trends

**Trends**

- Demographics
- Low yield environment
- Globalisation
- Regulation
- Digitalisation

**Nordea wealth management platform**

- Strong customer franchise
- Leading advisory and product capabilities
- Well diversified business across markets and business lines
- Efficient and scalable operating model
Three strategic focus areas

Nordea platform

Pan-Nordic platform with scalability

Superior Nordic distribution power and global capabilities

Actively managed business portfolio with low volatility

Strategic focus areas 2016-2018

Client Relationships

Advice & Solutions

Efficiency
A leading European asset manager

Scalable business model

<table>
<thead>
<tr>
<th>Year</th>
<th>AuM in AM, EURbn</th>
<th>Cost/Income, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>116.3</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>137.8</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>146.2</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>173.9</td>
<td>38</td>
</tr>
</tbody>
</table>

Platform

- Active management with leading Multi Assets capabilities
- Cost level ~30% below European peers\(^3\)
- Only European asset manager consistently on top 10 in European Fund sales 2012-14\(^4\)
- Product offering of strategic importance in the savings and wealth offerings

Strategy and key priorities

- Expanding capacity to service new and existing Global distribution partners
- New investment products creating value for customers in the low yield environment
- Further leverage multi asset investment solutions
- Continued investments in platform robustness and scalability

Value drivers

- 30.5% CAGR Profit (last 3 years)
- 37 bp Income/AuM (+4 bp last 3 years)
- 14 bp Cost/AuM (-5 bp last 3 years)
- 45% 4-5 star Nordic rated funds as of 2015Q1\(^1\)
- 99 bp\(^2\) investment outperformance last 36 months

1) Morningstar
2) As of Q1 2015. GIPS compliant. Before fees
4) Morningstar (incl. open-ended-funds, FoF and ETFs, excl. Money Market)
The #1 Nordic pension provider

### Transition to capital efficient pension provider

<table>
<thead>
<tr>
<th>Year</th>
<th>Trad.</th>
<th>MRP¹</th>
<th>Gross written premiums, EURbn</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>5.9</td>
<td>2.6</td>
<td>3.3</td>
</tr>
<tr>
<td>2012</td>
<td>5.6</td>
<td>1.6</td>
<td>4.1</td>
</tr>
<tr>
<td>2013</td>
<td>6.7</td>
<td>1.2</td>
<td>5.5</td>
</tr>
<tr>
<td>2014</td>
<td>7.6</td>
<td>1.0</td>
<td>6.6</td>
</tr>
</tbody>
</table>

### Platform
- Successfully transformed to market return company
- Focus on bancassurance with low distribution cost
- Product offering of strategic importance in the savings and wealth segment
- Estimated Nordic market share of 24% within market return product segment

### Strategy and key priorities
- Building next generation retirement offerings to fuel additional growth
- Investments in IT and Operations platforms to seize cost reductions
- Solvency II transition without equity capital injection
- RoE 18% in 2018

### Value drivers
- 29.2% CAGR Profit last 3 years. and 15% RoE² 2014
- 37% C/I (-21pp last 3 years.)
- 25.8% CAGR Market return premiums, share of AuM +16pp to 52%
- Average guarantee 2.2%

---

¹ Market return products
² Adjusted for changes in fee reservation account and profit sharing in Sweden. 17% ex. adjustments
The #1 Nordic private bank

Increased private banking footprint

<table>
<thead>
<tr>
<th>AuM in PB, EURbn</th>
<th>AuM/Advisor, EURm</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011: 61.0</td>
<td>96</td>
</tr>
<tr>
<td>2012: 69.4</td>
<td></td>
</tr>
<tr>
<td>2013: 77.3</td>
<td>133</td>
</tr>
<tr>
<td>2014: 84.4</td>
<td></td>
</tr>
</tbody>
</table>

Value drivers

- 11.8% CAGR Profit
- 64% C/I (-4pp)
- 35% RoCaR 2014
- Customer Satisfaction Index +8pp to 77 since 2008

Platform

- #1-2 position in each Nordic country, largest Nordic International private bank
- Well functioning referral model
- Cost/Income ratio 9pp below European peers
- 110,000 Private Banking Clients

Strategy and key priorities

- Increase capacity in Norway and Sweden
- Developing new digital offerings
- Enhancing solutions for wealth planning and investment advice
- Continued shift to managed solutions
- Enhanced offerings for selected segments, incl. UHNWI and business owners
- Focusing on higher-AuM customers, lower-AuM clients referred to Retail

1) McKinsey European Private Banking Survey 2014
High growth going forward, costs in control

Net flow, % of AuM

4.7% p.a.

Costs in control

Cost/Income, %

>5% of AuM 2016-2018

Q1/11 Q1/12 Q1/13 Q1/14 Q1/15

2011 2012 2013 2014

61 55 52 46

2016-2018
## Summary

### Income
- #1 Wealth Manager in the Nordics
- Well positioned to capitalize on trends
- Track record of Nordic and International growth

### Margins
- Focusing on higher margin business
- Leveraging advisory and solutions capabilities

### Cost
- Scalable, cost-efficient platforms
- Operational streamlining and efficiency
- Further investments in platforms

### Capital
- Life & Pensions successfully transformed to market return company
- Solvency II transition without equity capital injection

---

**Maintain #1 Position**

**Profit Growth**
Concluding remarks and Q&A