



Nordea

Second quarter results 2019

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.

Executive summary

Improved business momentum despite tough environment

- Regaining market share in mortgages
- Strong inflow in Asset & Wealth Management
- Improved customer satisfaction

Volumes not offsetting for margin pressure

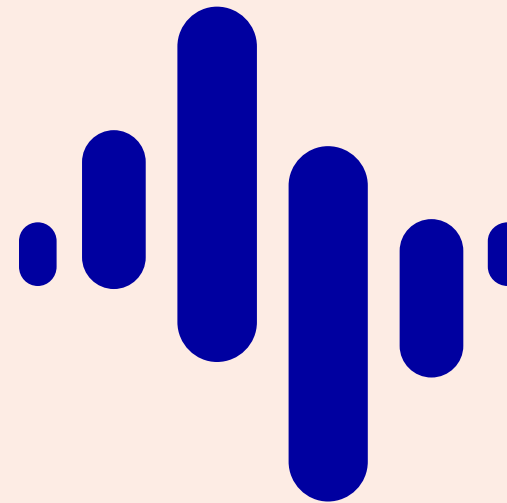
Costs increased 3% in the quarter due to depreciations and seasonality

Loan loss ratio at 10 bps

- We expect largely unchanged credit quality in the coming quarters

Common Equity Tier 1 (CET1) ratio improved by 20 bps to 14.8%

Financial targets including capital and dividend policy will be reviewed – expected communication after publication of third quarter results



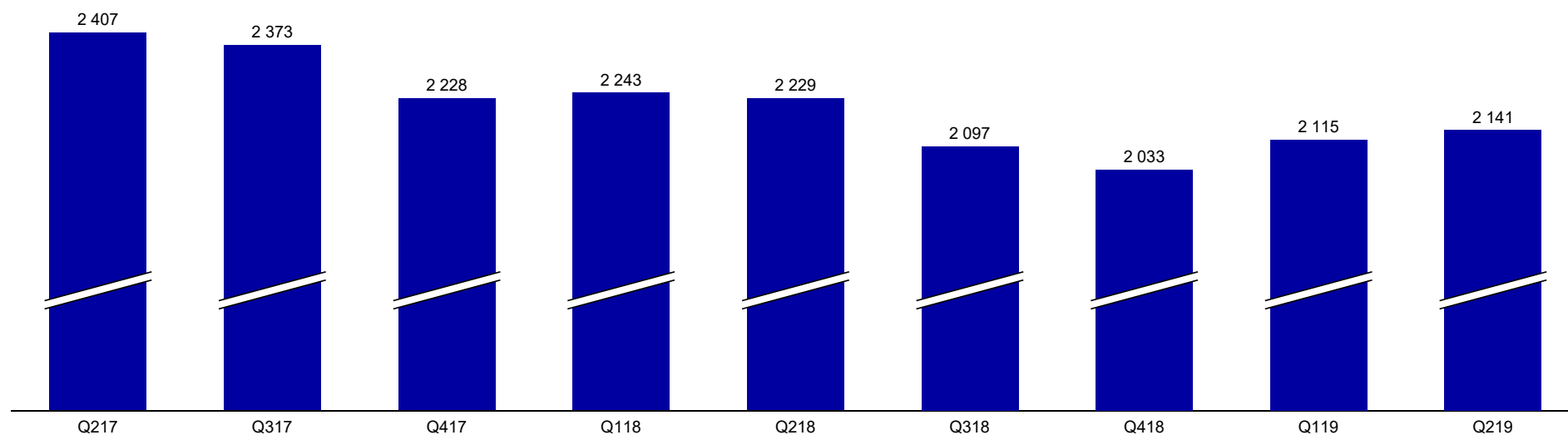
Group financial highlights second quarter 2019

Income statement, EURm	Q2 2019	Q1 2019	Q2/Q1 change local currencies	Q2 2018	Q2/Q2 change local currencies
Net interest income	1,071	1,056	2%	1,110	-1%
Net fee and commission income	743	737	1%	800	-6%
Net fair value result	283	264	7%	260	8%
Other Income	44	59		408	
Total operating income	2,141	2,115	2%	2,578	-16%
Total operating income excl. IAC**	2,141	2,115	2%	2,229	-4%
Total operating expenses	-1,180	-1,452	-18%	-1,154	3%
Adj. ** operating expenses excl. IAC*	-1,180	-1,150	3%	-1,154	3%
Profit before loan losses	961	663	45%	1,424	-32%
Net loan losses	-61	-42	48%	-59	5%
Operating profit	900	621	45%	1,365	-33%
Adj. ** operating profit excl. IAC*	900	923	-2%	1,016	-11%
Net profit	681	443	53%	1,115	-38%

Revenues

Underlying income development

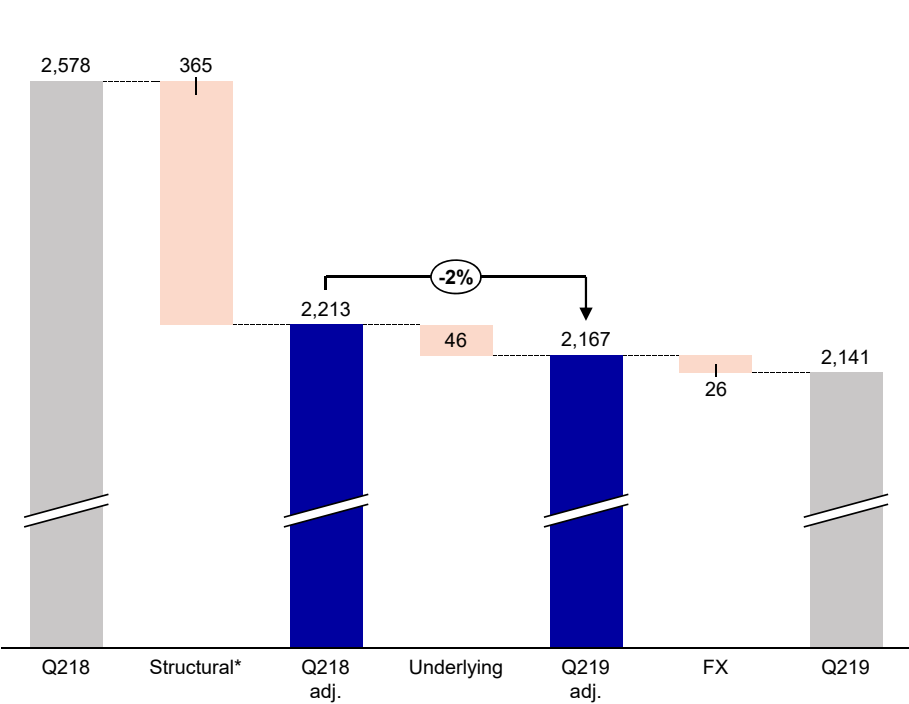
Total operating income*, EURm



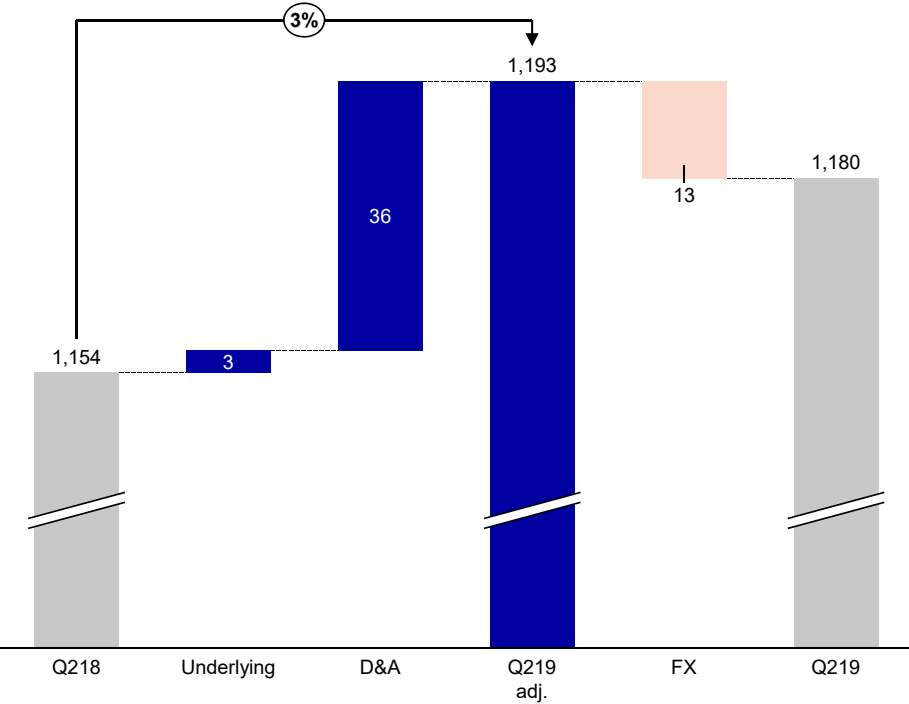
6 * Excl Items affecting comparability in Q418: EUR 50m gain from revaluation of Euroclear, EUR 38m after tax, EUR 36m gain related to sale of Ejendomme. Q218: tax free gain related to divestment of shares in UC EUR 87m and tax free gain related to the sale of Nordea Liv & Pension Denmark EUR 262m. In Q118: EUR 135m gain (EUR 105m after tax) from valuation model update in Denmark

Underlying income down 2% and costs up 3% YoY

Income Q219 vs Q218, EURm



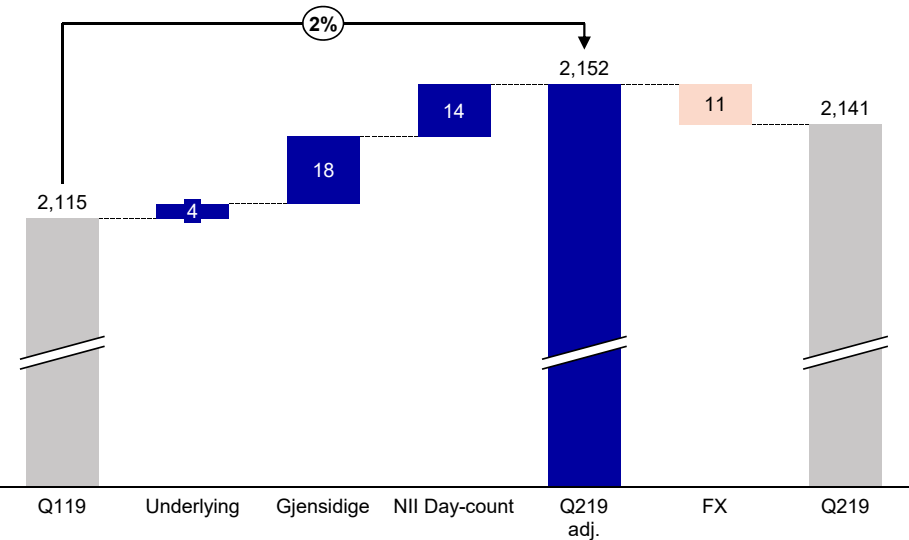
Costs Q219 vs Q218, EURm



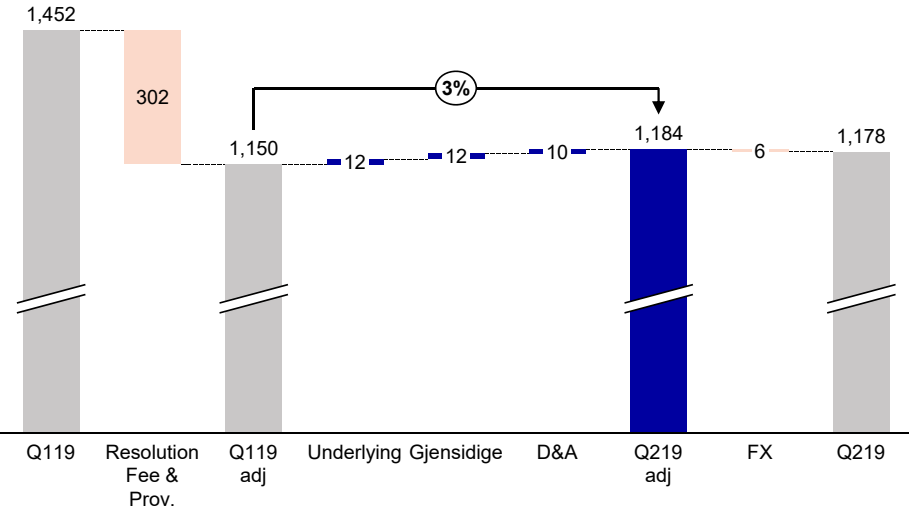
7 * Gains related to Nordea Liv & Pension Denmark and UC, and adjusted for income in Luminor, Nordea Liv & Pension Denmark, Private Banking International, Nordea Ejendomme and Gjensidige.

Revenues up 2% and costs up 3% QoQ

Income Q219 vs Q119, EURm

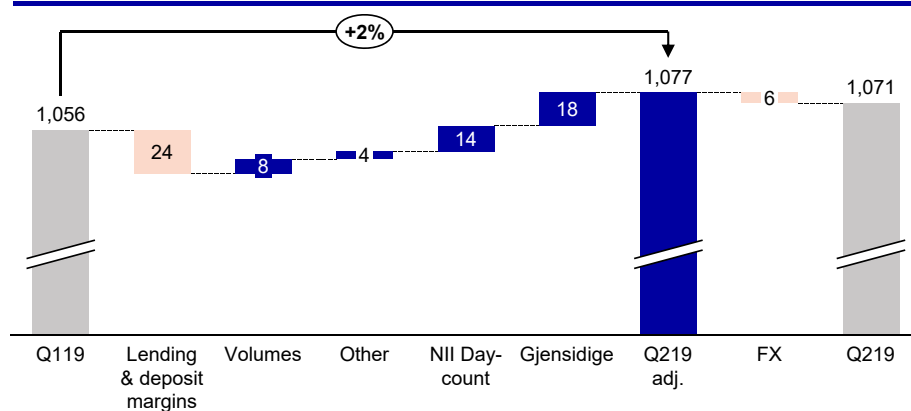


Costs Q219 vs Q119, EURm

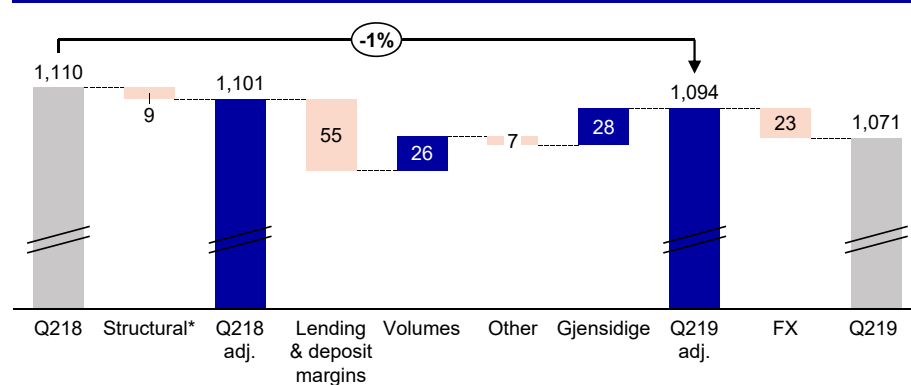


Net interest income

Quarterly bridge, EURm



Yearly bridge, EURm

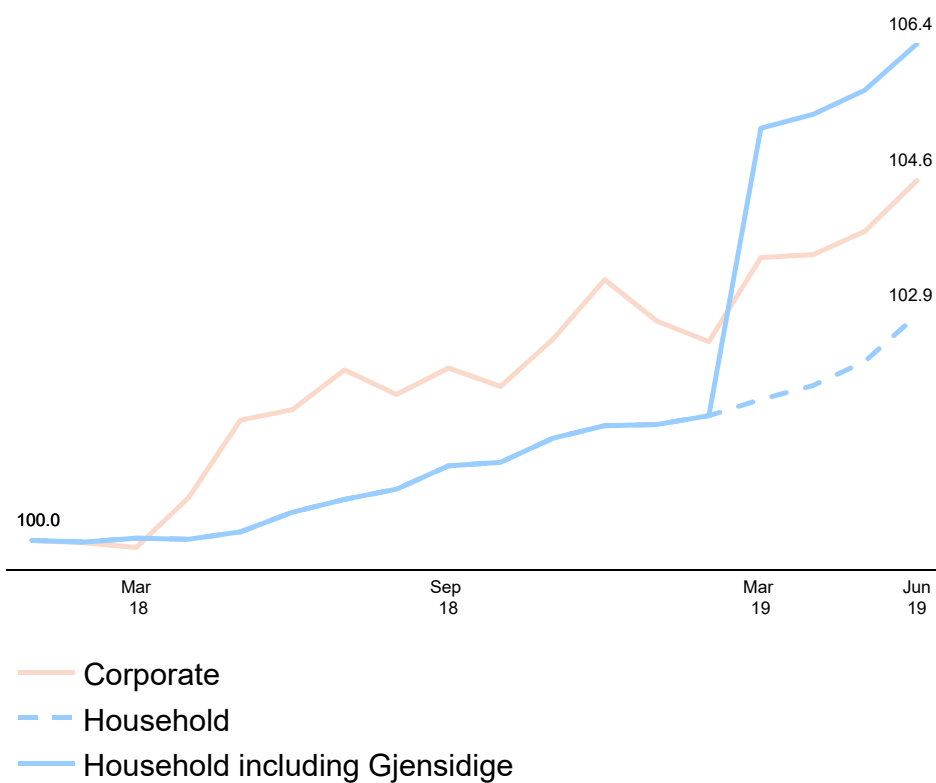


Comments

- Impact from volume growth accelerating
- Good momentum in mortgages
 - Highest monthly market share growth since 2016 in Sweden
- Similar lending margin trend as in Q1
 - Increasing volumes only partly offsetting margin pressure
 - Deposit margins largely unchanged

Continued improvement in lending volumes

Lending volumes (Jan 18 = Index 100)

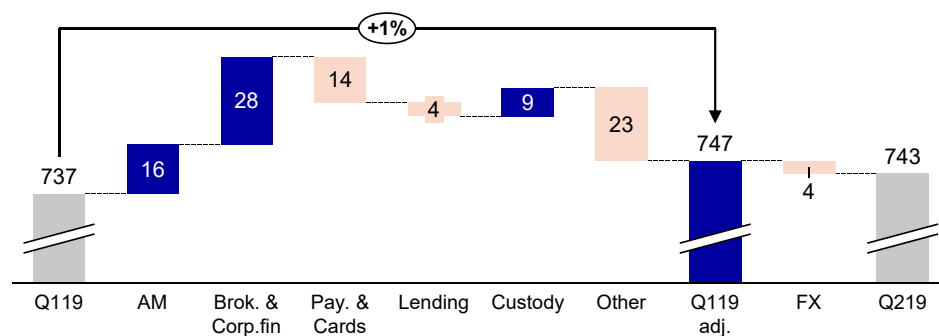


Comments

- Strong growth in the corporate segment
- Household lending volumes accelerating

Net fee and commission income

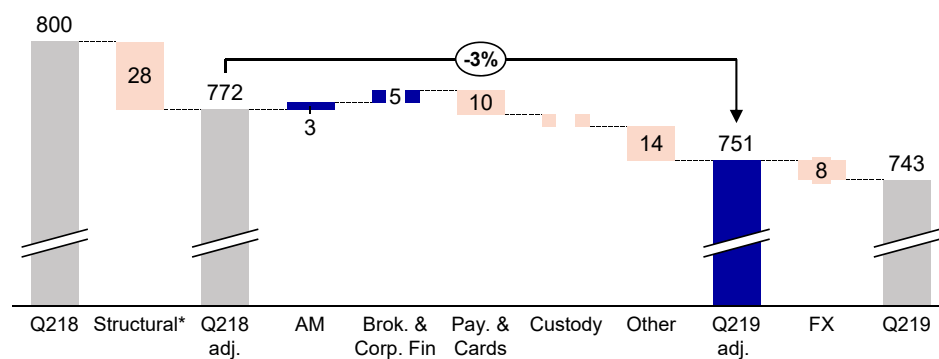
Quarterly bridge, EURm



Comments

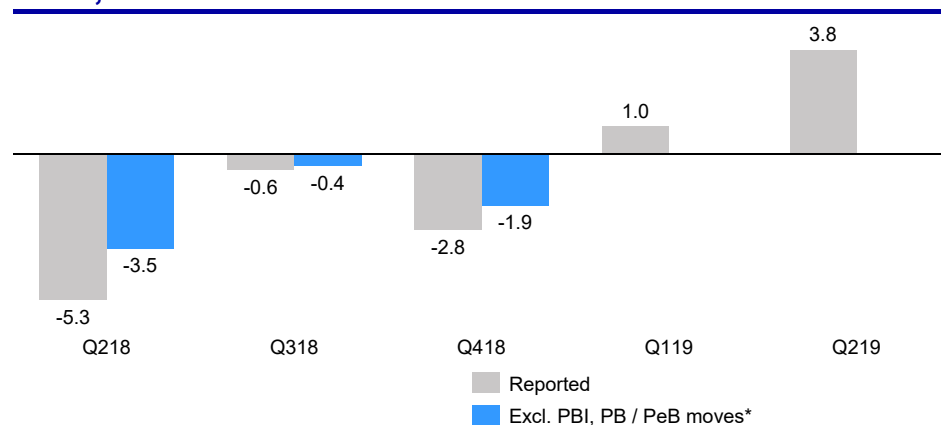
- Higher Asset Management volumes support fees
- A few larger deals increased brokerage and corporate finance fees
- Custody higher due to semi-annual fees

Yearly bridge, EURm

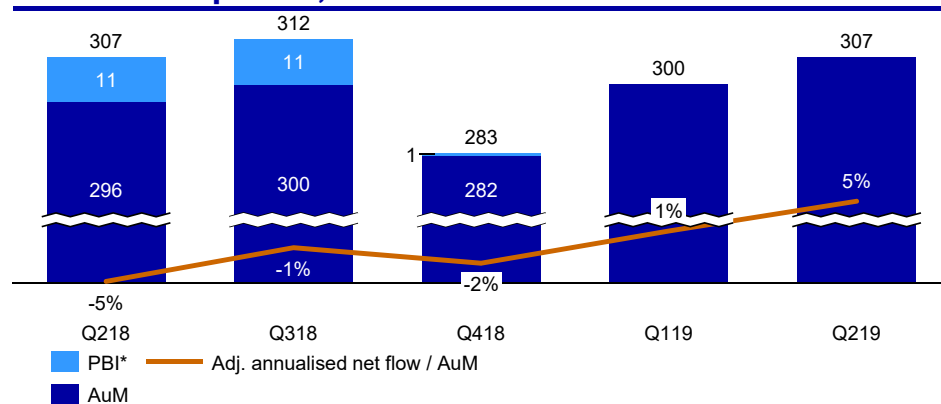


Assets under Management

Flow, EURbn



AuM development, EURbn

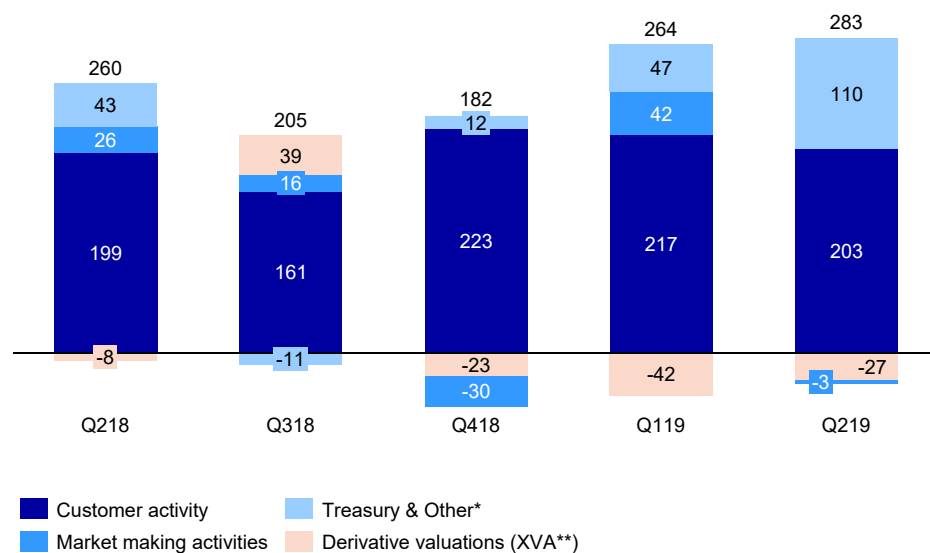


Comments

- Highest inflow since Q316, all areas contributing
- EUR 1.4bn Private Banking inflow in the quarter
- Increased sales activity and new products in Institutional Sales supports momentum

Net fair value

NFV development, EURm



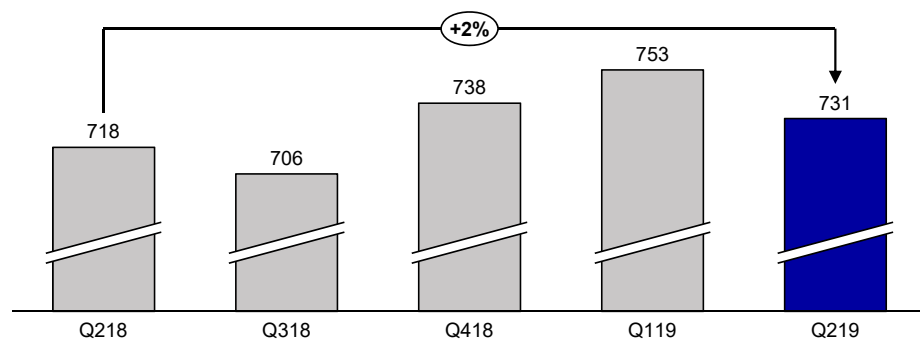
Comments

- Stable customer business
 - Underlying customer activity remains strong
- Strong result in Treasury
- Market making income continued weak due to lower rates, low volatility and lower margins

Business areas

Personal Banking 1(2)

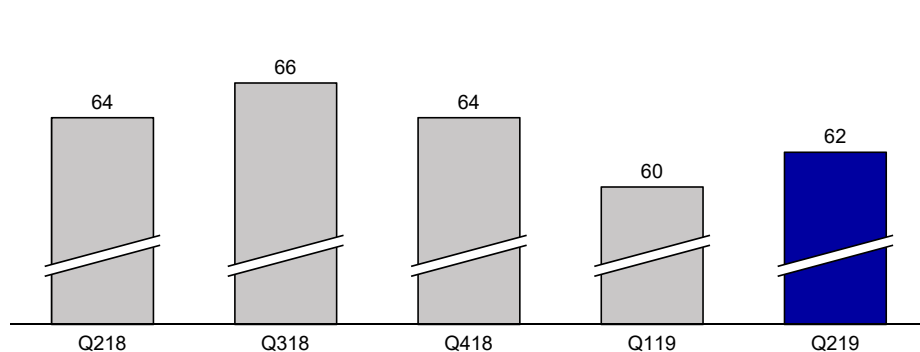
Total income, EURm



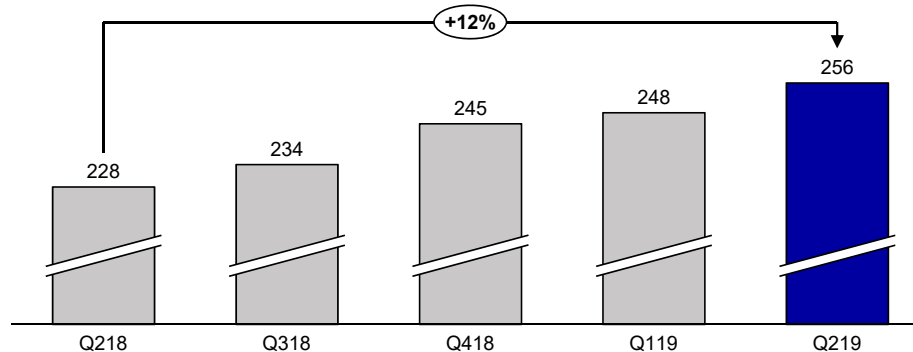
Comments

- Good trend in customer-driven activity
- Increased market share of new mortgage lending in all countries, increase in total market share in Sweden
- Growth in lending volume in all four countries
- Adverse trend from margin pressure

Cost/Income ratio*, %

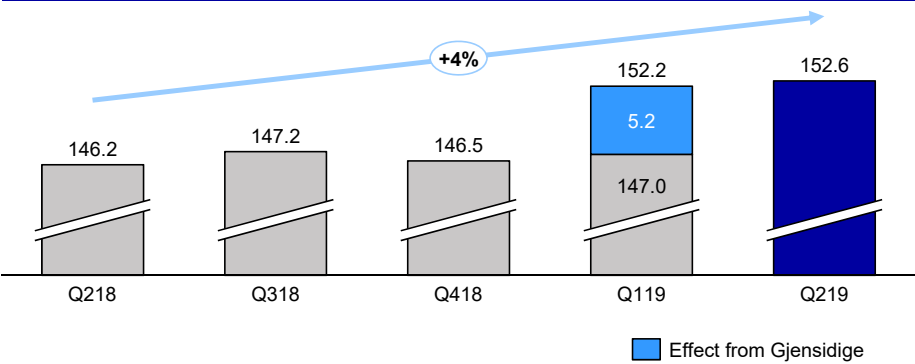


Operating profit*, EURm

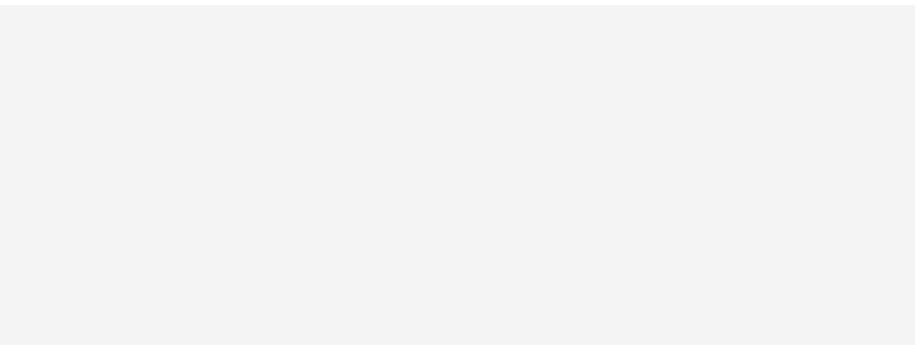


Personal Banking 2(2)

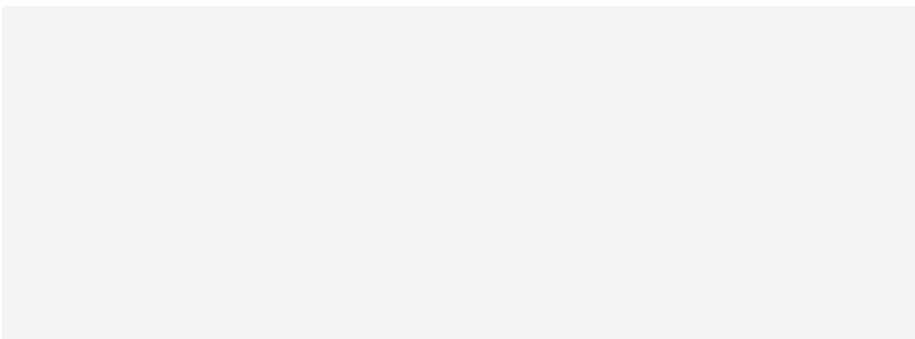
Lending volume, EURbn



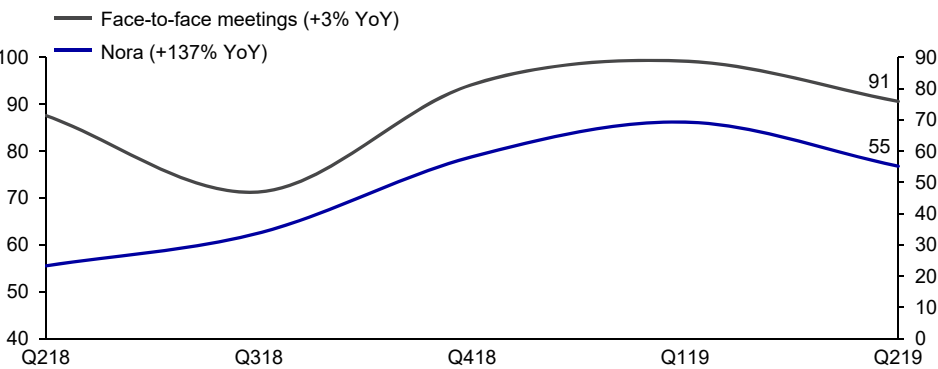
Share of online meetings



Customer satisfaction (Customer Engagement Index)



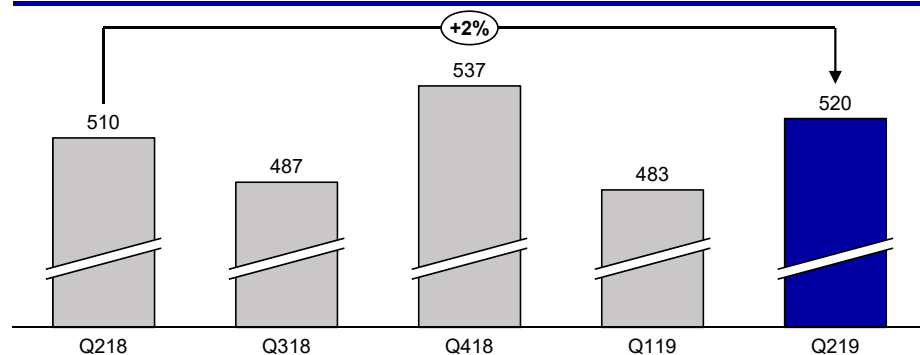
Savings advisory sessions, '000



Commercial and Business Banking 1(2)

Key ratios

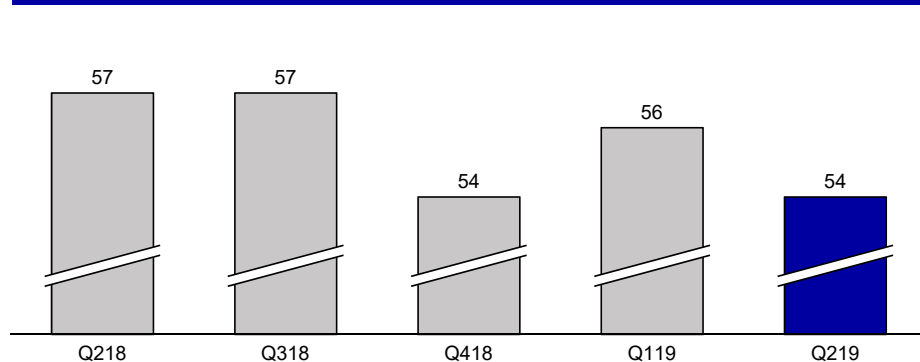
Total income, EURm



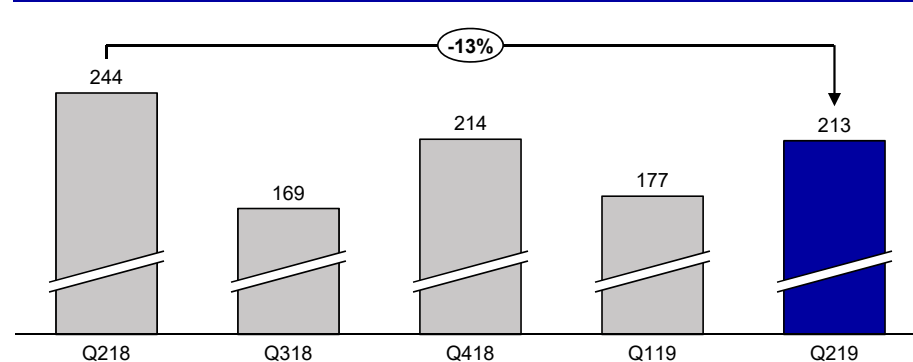
Comments

- Underlying income momentum continues
- High customer activity in the Norwegian and Swedish market
- Increased lending margin pressure
- Continuous focus on improving customer intensity

Cost/Income ratio*, %



Operating profit*, EURm

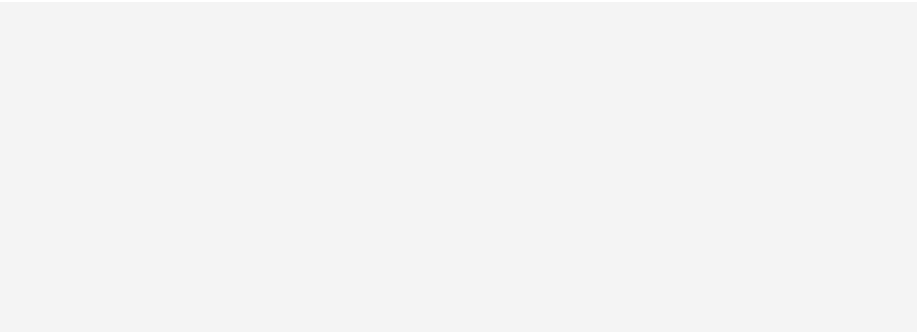
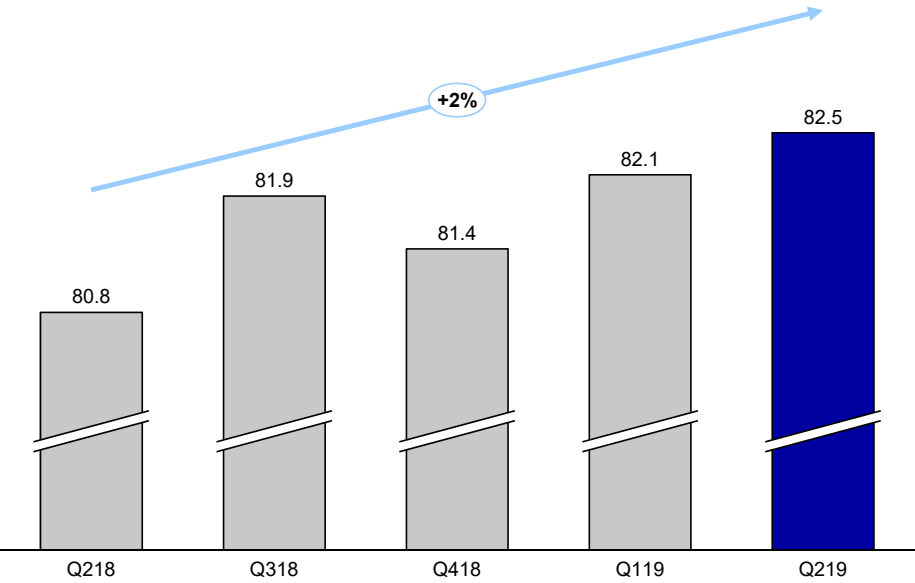


Commercial and Business Banking 2(2)

Leading indicators

Lending volume, EURbn

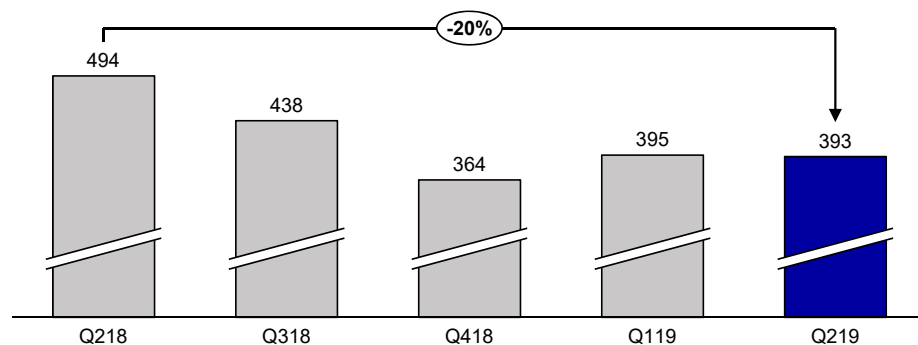
Customer satisfaction (Customer Engagement Index)



Wholesale Banking 1(2)

Key ratios

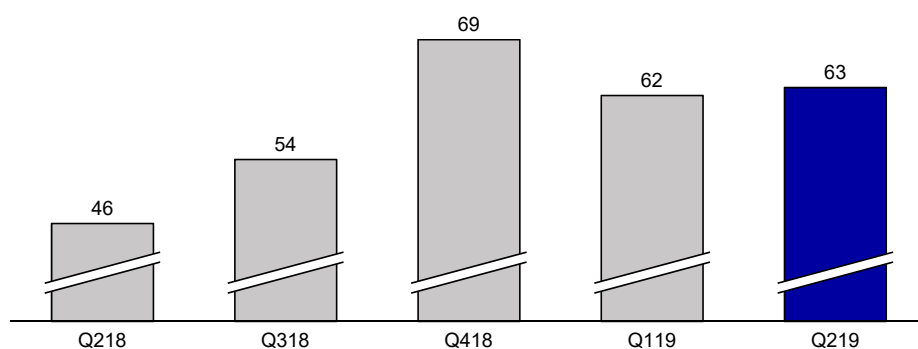
Total income, EURm



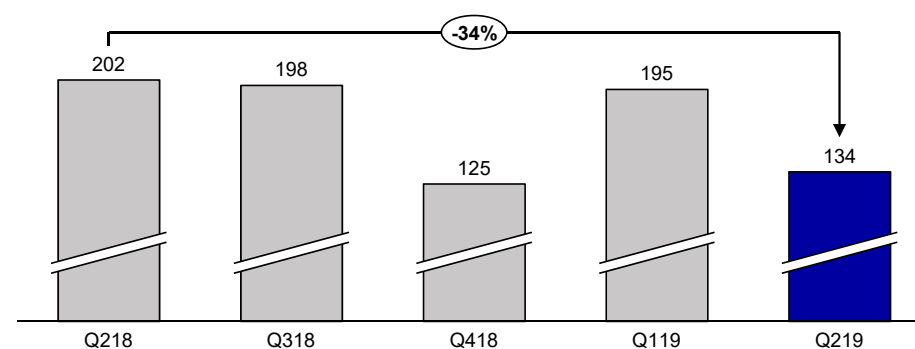
Comments

- Strong customer activity and high satisfaction
- Lending volumes +3% YoY but slightly lower margins
- Leading bond franchise in active primary market
- Challenged market making activities
- Net loan losses Q219 following recoveries Q418 and Q119
- Accelerated ambition for capital efficiency

Cost/Income ratio*, %



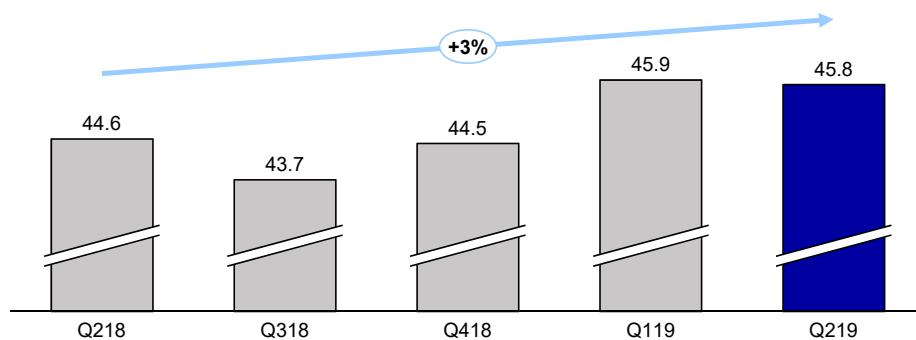
Operating profit*, EURm



Wholesale Banking 2(2)

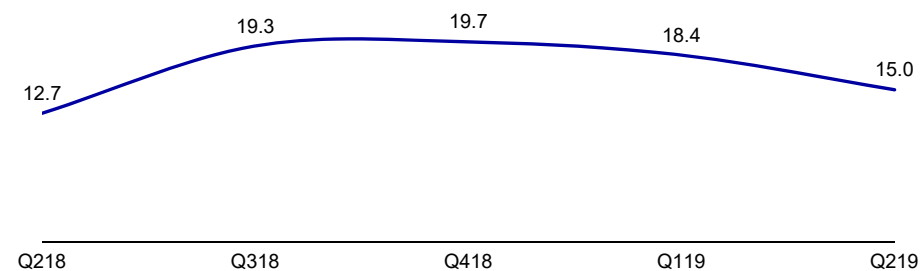
Leading indicators

Lending volume, EURbn



Nordic corporate bonds, % of market share

Source: Dealogic



Nordic syndicated loans, ranking

Source: Dealogic

Q218	Q318	Q418	Q119	Q219
1 st	1 st	1 st	3 rd	1 st

Nordic ECM and M&A, ranking

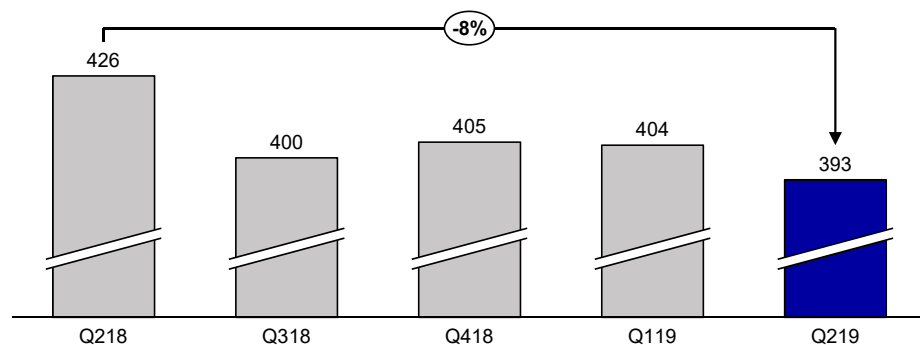
Source: Dealogic (ECM), MergerMarket (M&A)

	Q218	Q318	Q418	Q119	Q219
ECM	1 st	4 th	>5 th	5 th	>5 th
M&A	>5 th	3 rd	5 th	>5 th	>5 th

Asset & Wealth Management 1(2)

Key ratios

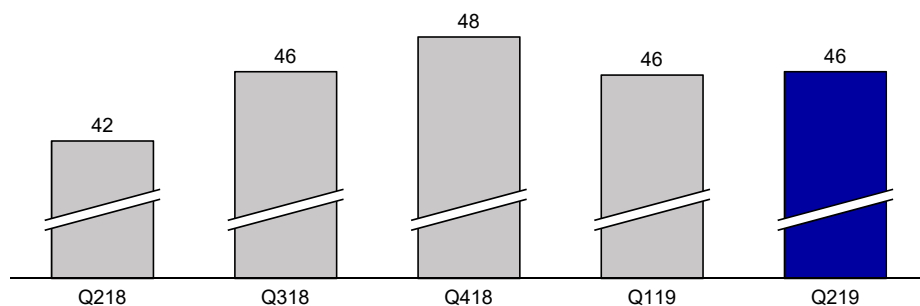
Total income, EURm



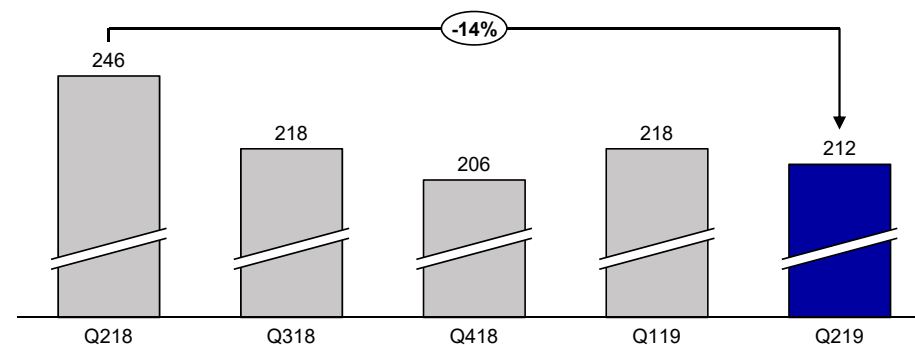
Comments

- AuM back at same level as Q2 last year with flow of EUR 4bn
- 96% of composites outperforming their benchmarks
- Strong flows in Private Banking continues, all countries contributing
- Private Banking has increasing customer satisfaction
- Life and Pension in Sweden and Norway continue to deliver solid inflow

Cost/Income ratio*, %

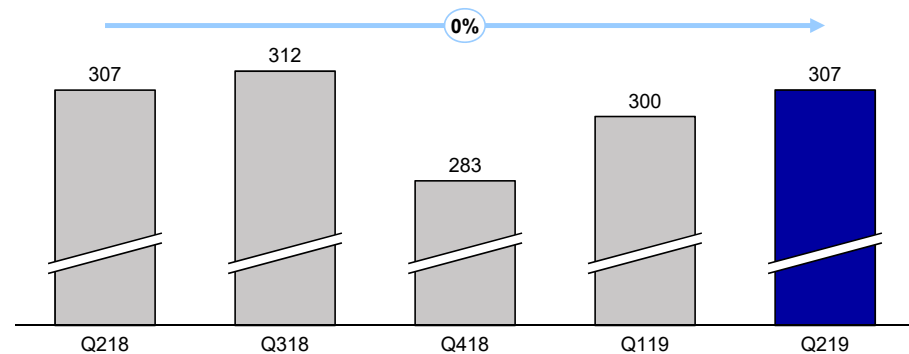


Operating profit*, EURm

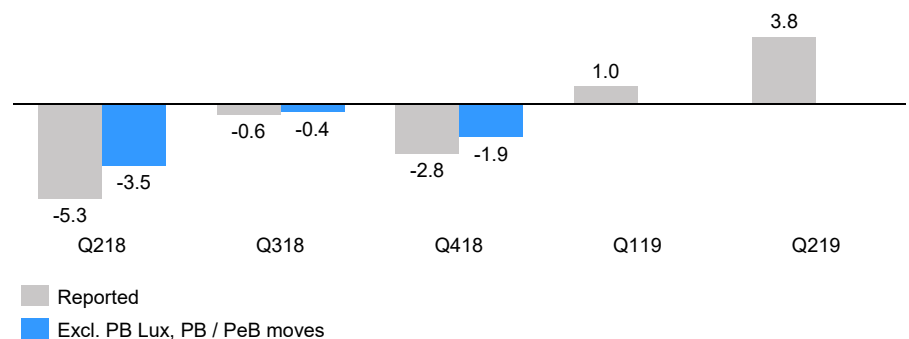


Asset & Wealth Management 2(2)

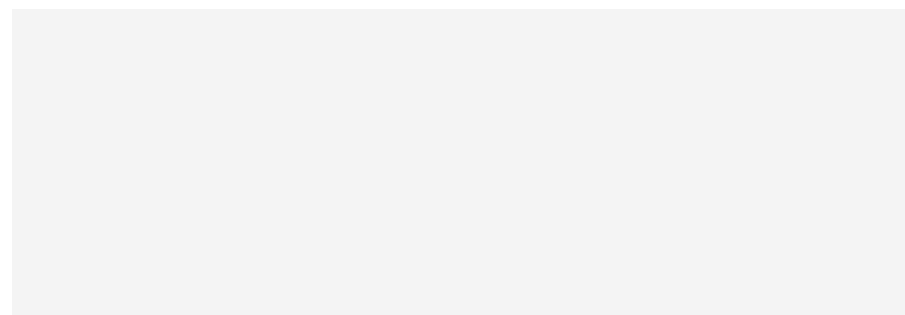
Assets under Management, EURbn



Total net flows, EURbn



Customer satisfaction (Customer Engagement Index)



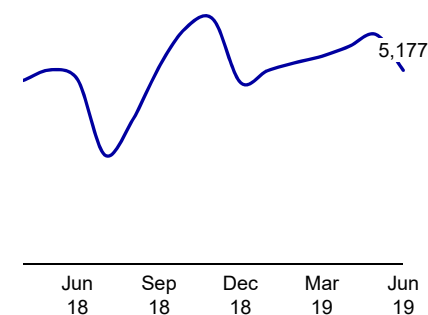
Investment performance

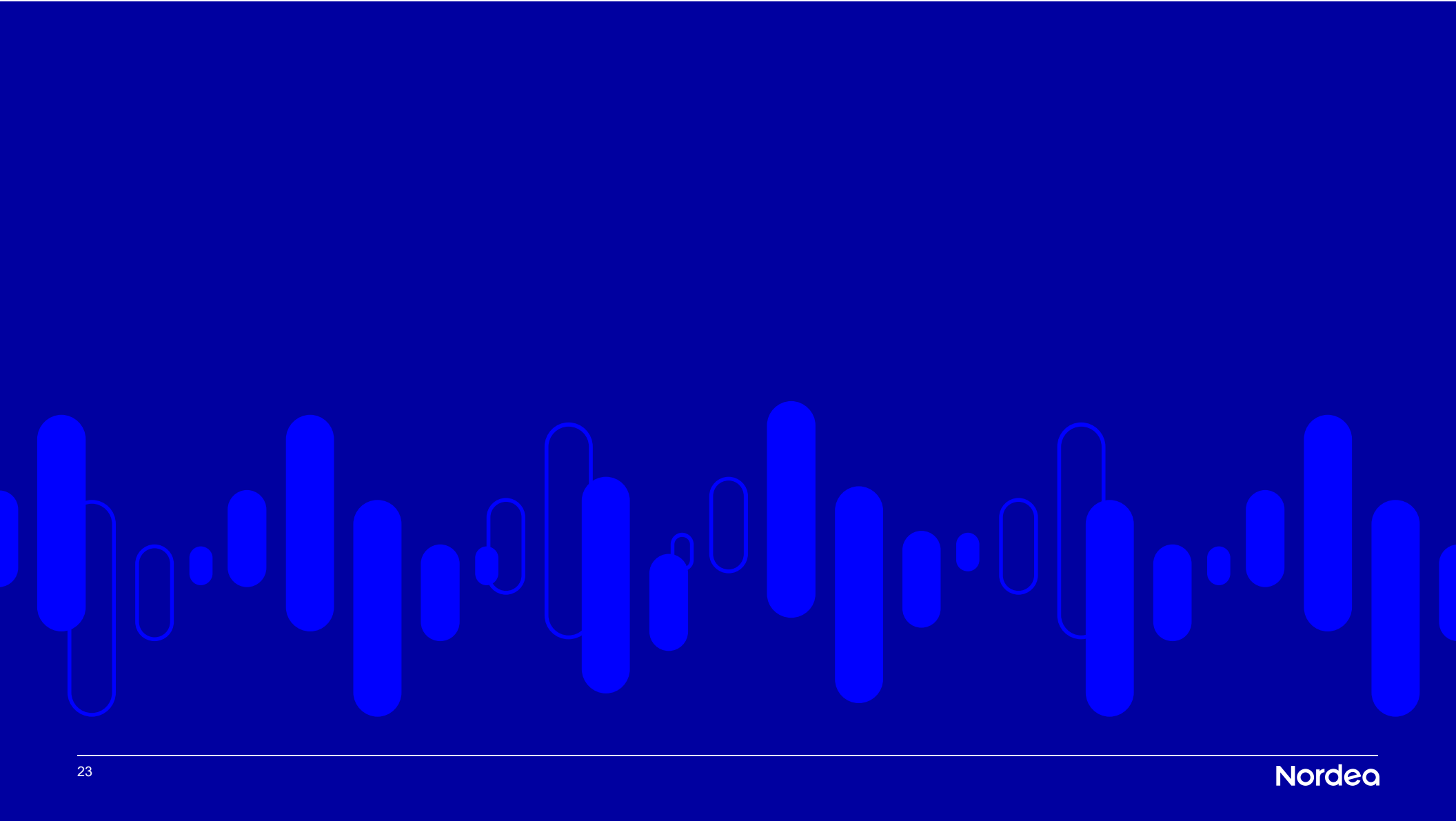
(% Composites above benchmark, YtD)

Investment advisory sessions

(Face-to face)

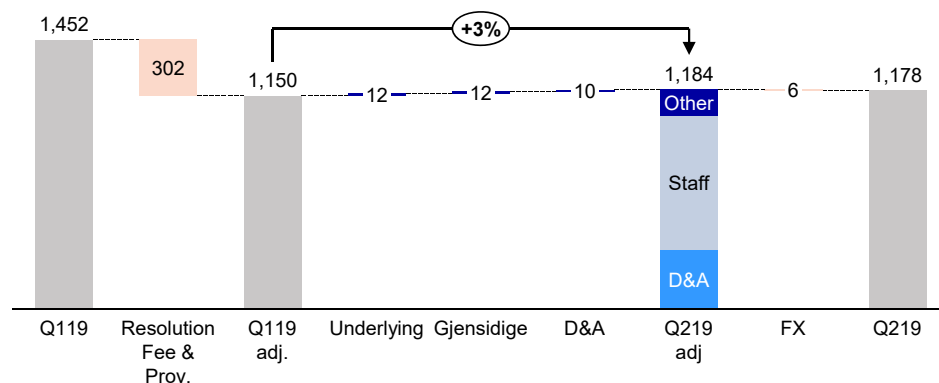
Q2	Q3	Q4	Q1	Q2
2018	2018	2018	2019	2019
35	46	42	88	96



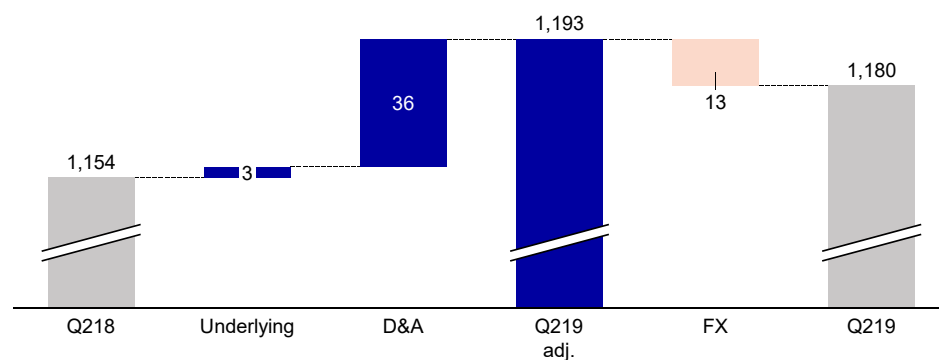


Costs

Quarterly bridge, EURm



Yearly bridge, EURm*



Comments

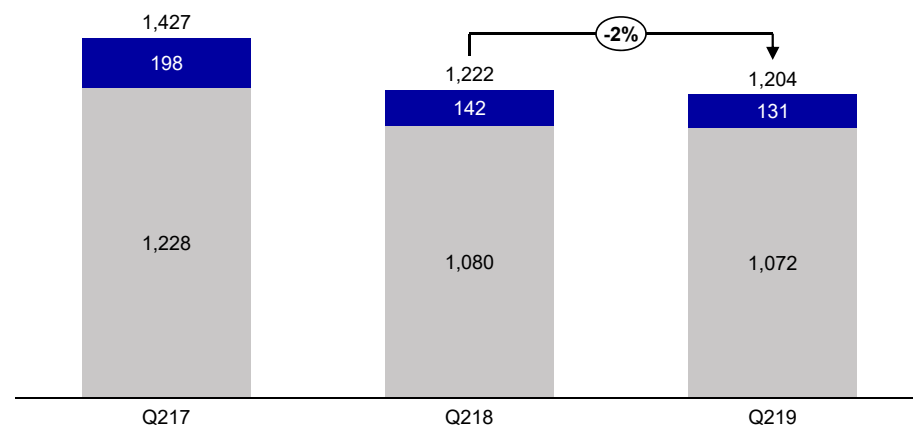
- Higher costs due to depreciations and seasonal effect
- Adjusted** cost to income ratio up from 57 to 58%

Outlook

- 2019 cost expected to be lower than 2018*
- 2021 cost expected 3% below 2018*
- Financial targets will be reviewed

Further reduction in cash cost*

Yearly, EURm**



■ Capitalisations
■ Underlying cost

Comments

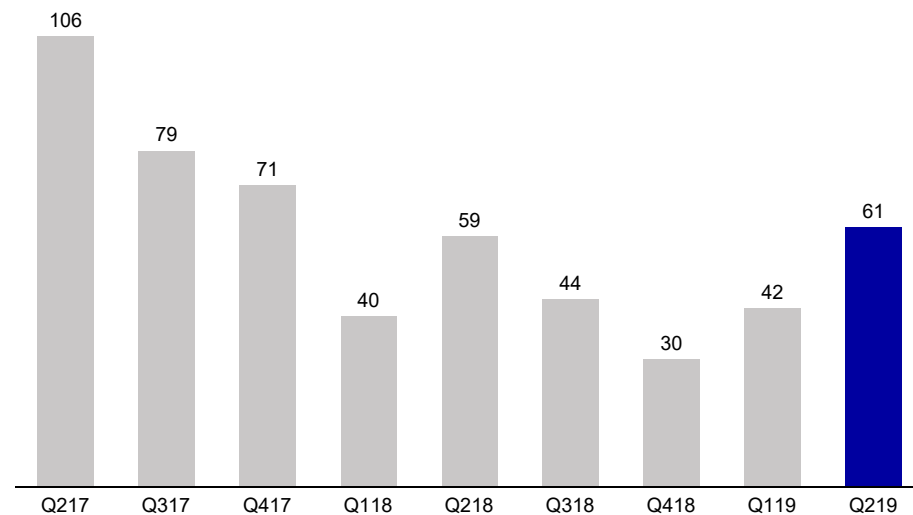
- Cash cost down 2% YoY due to less capitalisations

Outlook

- Cash cost** to be lower in 2019 vs 2018
- Cash cost** to be down by up to 10% 2021 vs 2018
- Financial targets will be reviewed

Strong asset quality

Total net loan losses*, EURm



Comments

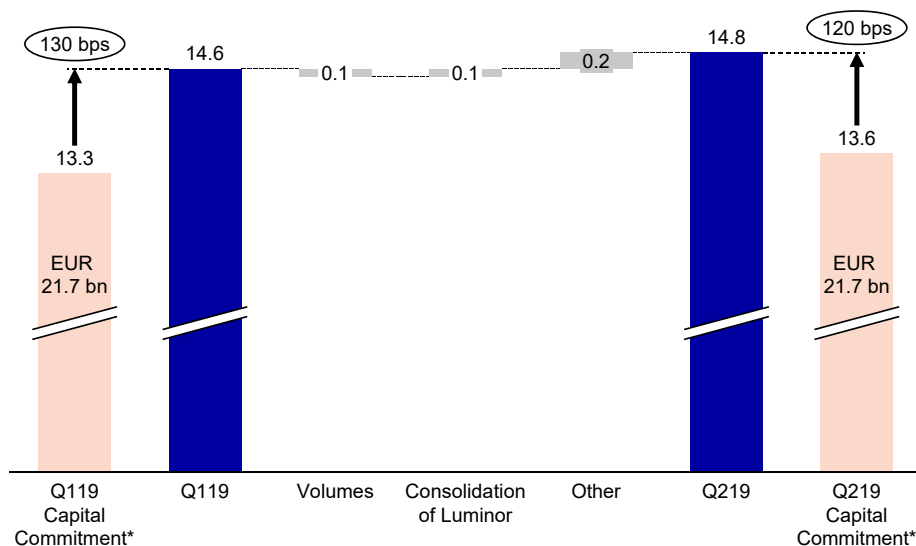
- Net loan losses EUR 61m in Q2 vs EUR 42m in Q1
- Q2 loan loss ratio 10 bps vs 7 bps in Q1

Outlook

- We expect largely unchanged credit quality in the coming quarters

Common Equity Tier 1 ratio development

Q219 vs Q119



Comments

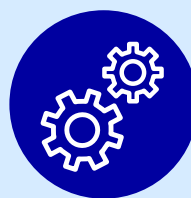
- Common Equity Tier 1 ratio increased by 20 bps to 14.8%
- Risk Exposure Amount EUR 160bn in Q2 vs EUR 163bn in Q1
- Management buffer 120 bps

Key initiatives to drive cost efficiency

Key priorities



Increase business momentum



Drive cost efficiency

Increased usage of AI and robotics

18 more processes robotised

Workforce shift

300 FTE's added in Poland & Baltics, +7.2% QoQ

Simplification of products and services

64 out of 370 products in DK and NO discontinued

Efficiency by consolidating common units

Continued consolidation of capabilities +100 FTE's

Key initiatives to increase business momentum

Key priorities



Increase business momentum



Drive cost efficiency

Investments in Private Banking

EUR 1.4bn net inflow in Private Banking

New distribution channels

Stable return strategy to be distributed in the US retail market through John Hancock

Regain momentum on mortgages

Increased market share of new sales across all countries

Engaged employees

Continuous positive trend on employee engagement QoQ



Nordea

Thank you