

Nordea



Second Quarter Results 2016

Press conference
Casper von Koskull, 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.

Highlights

Q2/16 vs. Q2/15*

- ✓ Stable business environment, turbulent June due to EU referendum in UK
- ✓ Income down 3%
 - ✓ Despite low growth and turbulent financial markets – stabilising trend in the quarter
 - ✓ NII up 1% in local currencies adjusted for resolution fees
 - ✓ Ancillary income holding up well
- ✓ Costs are developing as expected, +3% in local currencies
 - ✓ Enhancing investments in Group Projects
 - ✓ Offset by efficiencies
- ✓ Loan loss provisions at 15bps
 - ✓ Expected level for full year approximately 16bps
- ✓ CET 1 ratio improved 10bps from previous quarter to 16.8% (Pro forma 17.2%)
 - ✓ 2016 preliminary outcome of SREP indicates a minimum requirement of 17% excluding a management buffer. Final outcome expected in Sep/Oct
- ✓ Simplification programme is delivering according to plan
 - ✓ First product on new core banking platform went live in June

*In local currencies

Q2 2016 financial results highlights



Financial results

EURm	Q2/16	Q1/16	Chg Q2/Q1 %	Chg Q2/Q2 %	Loc. curr. Chg Q2/Q2 %
Net interest income	1 172	1 168	0	-8	-5
Net fee & commission income	804	772	4	-3	-2
Net fair value result	405	332	22	5	3
Total income	2 556	2 295	11	1	3
Total income*	2 405	2 295	5	-5	-3
Total expenses	-1 206	-1 178	2	2	3
Total expenses*	-1 206	-1 178	2	2	3
Net loan losses	-127	-111	14	23	31
Operating profit	1 223	1 006	22	-1	1
Operating profit*	1 072	1 006	7	-13	-12
Net profit	996	782	27	5	7
Return on equity* (%)	11.4	10.3	+110 bps	-170 bps	-
CET1 capital ratio (%)	16.8	16.7	10 bps	80 bps	-
Cost/income ratio* (%)	50	51	-100 bps	+300 bps	-

* Excluding non-recurring items (Q2/16: gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 151m after tax)

Retail Banking financial development

FINANCIAL RESULT

EURm	Q2/16	Q1/16	Chg Q2/Q1 %	Chg Q2/Q2 %	Chg Q2/Q2 local %
Net interest income	801	790	1	--6	-5
Total income	1 197	1 178	2	-5	-4
Total expenses	-680	-677	0	-2	-1
Net loan losses	-71	-55	29	-4	-1
Operating profit	446	446	0	-9	-8

COMMENTS

- Positive trend in Net Interest Income
 - Improved lending margins
 - Deposit margins somewhat down
- Decent lending growth in households in Sweden and Norway – low elsewhere
- Good inflow in household deposits
- Expenses are down 1% y-o-y, more than mitigating inflation and compliance investments

Digital solutions increase accessibility



73.500 online meetings with customers were held in Q2 – a 60% increase compared to Q2/15

BUSINESS UPDATE

- Number of eBranches increased to 29 (23 in Q1), with 250 advisors to serve customers
- Transactions with contactless cards ~2,2m in May, up 4x since Jan 2016
- Runs the largest Nordic fin tech accelerator designed to grow start-ups' business ideas and accelerate Nordea's innovation power
- Increased focus on servicing customers - Retail divided into Personal Banking and Commercial & Business Banking

Wholesale Banking financial development

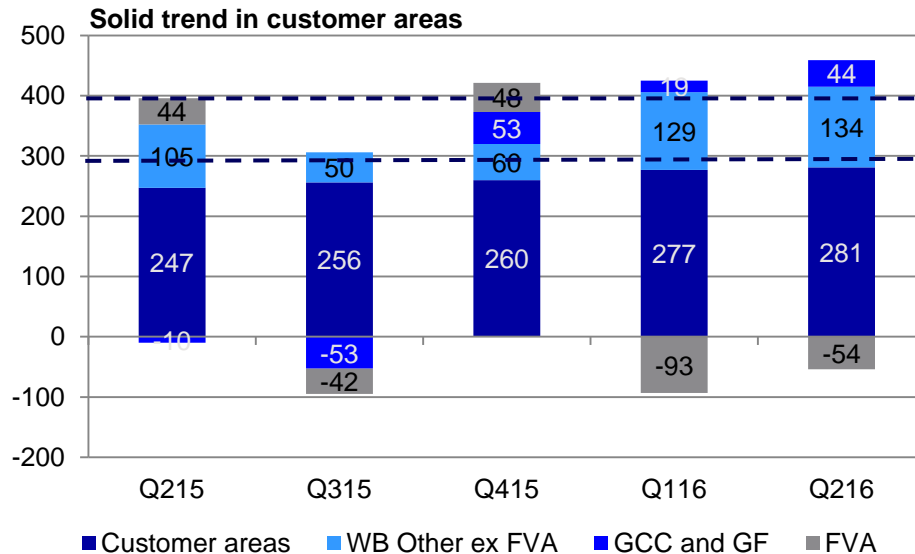
FINANCIAL RESULT

EURm	Q2/16	Q1/16	Chg Q2/Q1 %	Chg Q2/Q2 %	Chg Q2/Q2 local %
Net interest income	209	213	-2	-19	-14
Total income	540	486	11	-15	-12
Total expenses	-229	-211	9	-7	-4
Net loan losses	-56	-56	0	124	150
Operating profit	255	219	16	-30	-29

COMMENTS

- Solid customer activity
- Stabilizing trend in Net Interest Income
- UK referendum triggered increased customer activities
- Strong trend within Equity Capital Markets
- Lower interest rates and increased spreads lead to a negative Fair Value Adjustment of EUR 50m (EUR86m)

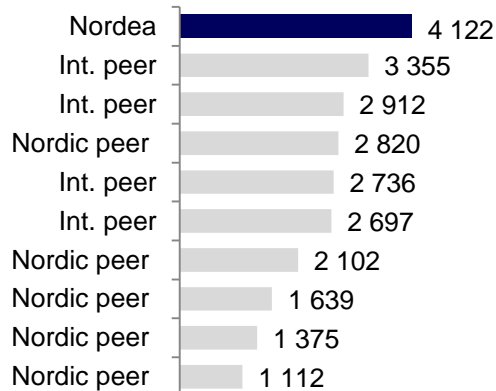
Wholesale Banking number one position confirmed



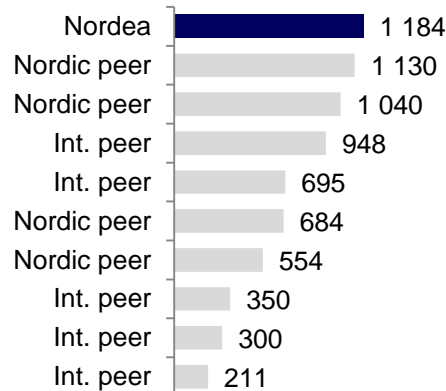
BUSINESS UPDATE

- Joint global leader of DONG Energy IPO, the largest IPO globally in 2016
- Award winning services in Equities and selective #1 league table positions again confirm our market leading position in the Nordics

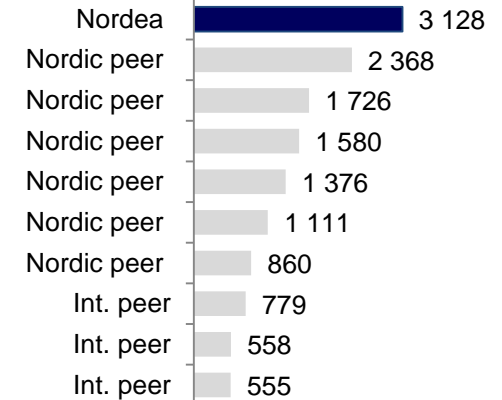
Nordic #1 on Equity Capital Markets (EURm)



Nordic #1 on Corporate bonds (EURm)



Nordic #1 on Syndicated loans (EURm)



Wealth Management financial development

FINANCIAL RESULT

EURm	Q2/16	Q1/16	Chg Q2/Q1 %	Chg Q2/Q2 %	Chg Q2/Q2 local %
Net interest income	28	26	8	12	9
Total income	499	481	4	0	1
Total expenses	-202	-197	3	-3	-2
Operating profit	297	284	5	2	2

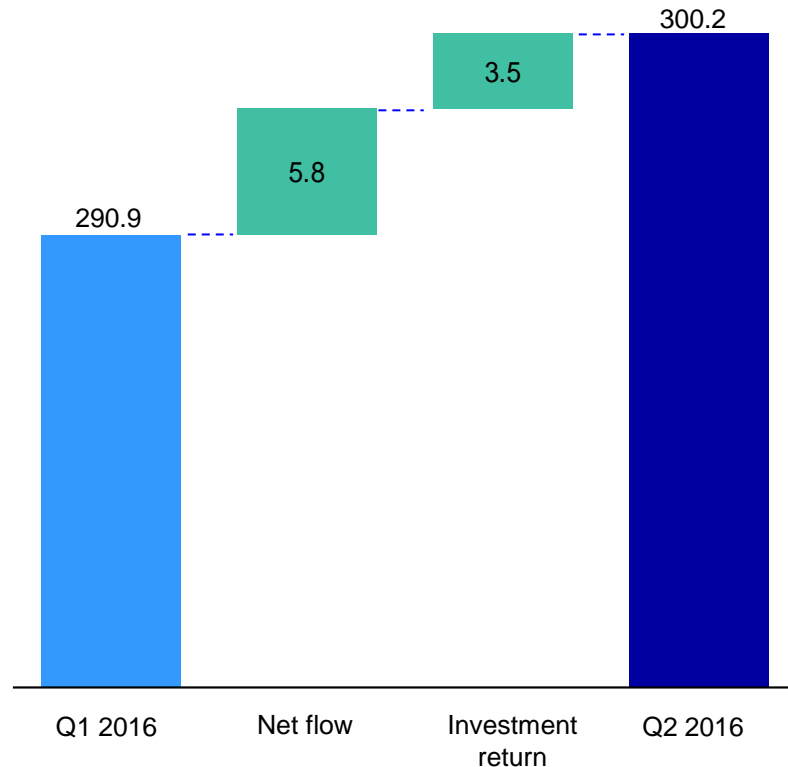
COMMENTS

- Continued strong trend in Asset Management
 - Average AuM +5% q-o-q
- Higher customer activity in Private Banking
- No release of fee reservation in Danish life (EUR 18m in 1Q16)
- Solvency ratio in Nordea Life and Pension at 172%

Annualised net inflow corresponds to 8% of AuM

AuM DEVELOPMENT, EURbn

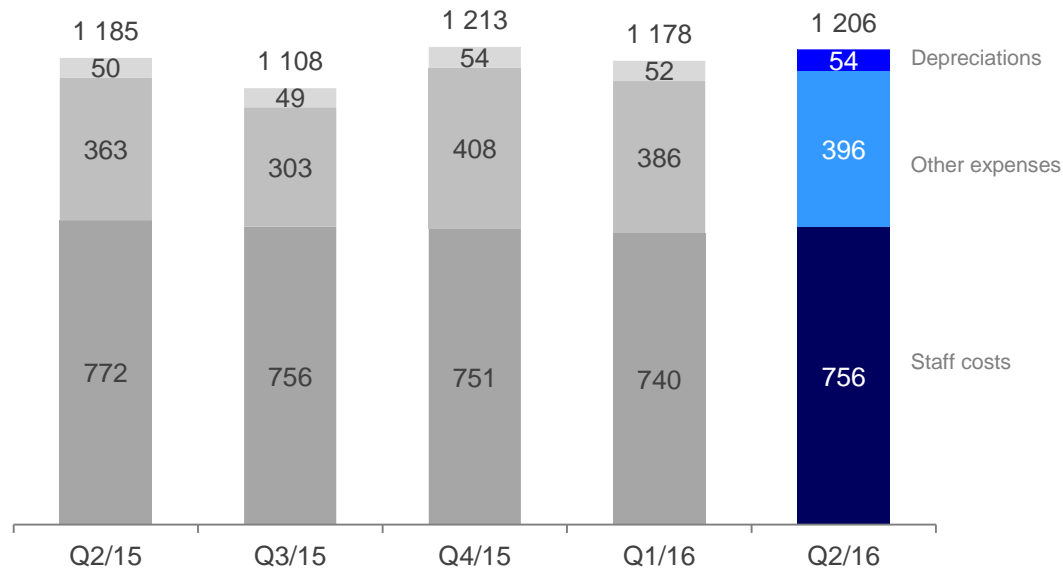
BUSINESS UPDATE



- Increase in AuM (+3.2%)
 - Positive market development and net inflow of EUR 5.8bn in Q2 or 8% annualised
- According to Morningstar
 - Nordea attracted highest fund inflow in Europe in 2016 YTD per end-May
 - Stable Return fund attracted highest net inflow YTD per end-May of all funds in Europe
- 73% of composites outperformed benchmark over a 3-year period

Costs developing according to plan

TOTAL EXPENSES*, EURm



COMMENTS

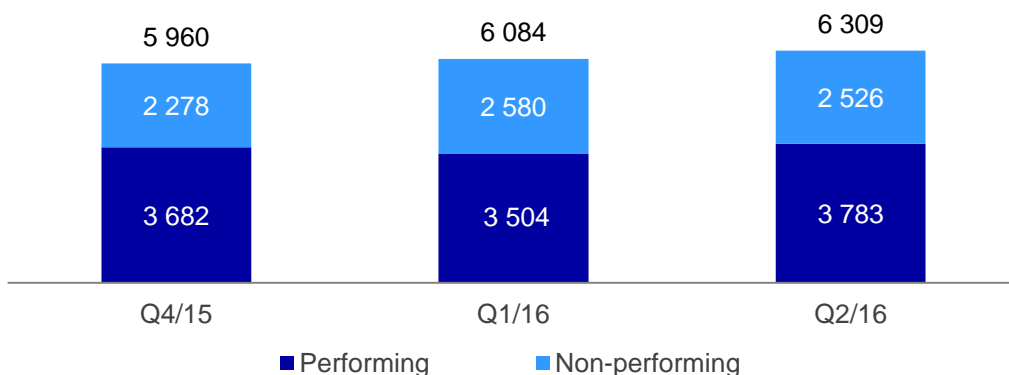
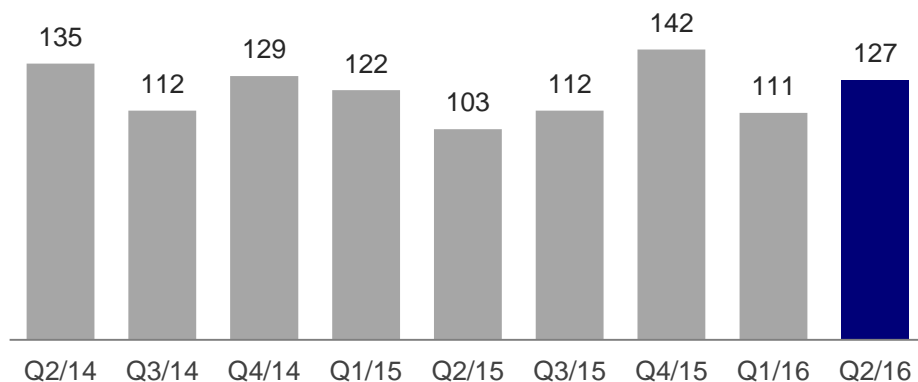
- Costs in local currencies are up 2% q-o-q and 3% y-o-y
- Number of staff is up 2% q-o-q and 4% y-o-y
 - Mainly relates to compliance and insourcing of IT
- Group projects and higher result based remunerations drives costs
 - Mitigated by efficiency initiatives
- Cost growth of approximately 3% in local currencies for 2016 compared to 2015
 - Largely unchanged 2018 vs. 2016

*Excluding restructuring charge of EUR 263m in Q4/15

Solid asset quality with strongly rated customers

TOTAL NET LOAN LOSSES, EURm

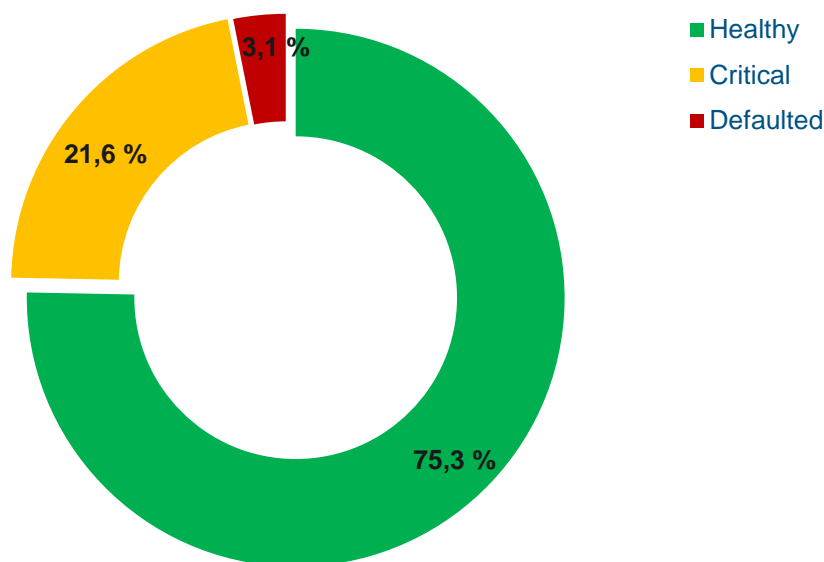
COMMENTS



- Q2 loan losses increased to 15 bps (Q1: 13 bps) and is related to few oil and offshore customers and increased collective provisions
- Solid credit quality with strongly rated customers
- Impaired loans ratio increased 7 bps to 172bps
 - Few new customers are behind the increase
 - All well collateralised bringing the provisioning ratio down to 42% (Q1: 43%)
- The full year loan losses are expected to remain at around the long term average level of 16bps

Offshore and Oil Services

EXPOSURE TO OIL AND GAS, OILSERVICES AND OFFSHORE



91% of the critical exposure and 63% of the defaulted exposure is to the offshore segment

Nordea's direct exposure (EAD) to the Oil & Gas, Oil Services and Offshore segments is appr. EUR 7.0bn

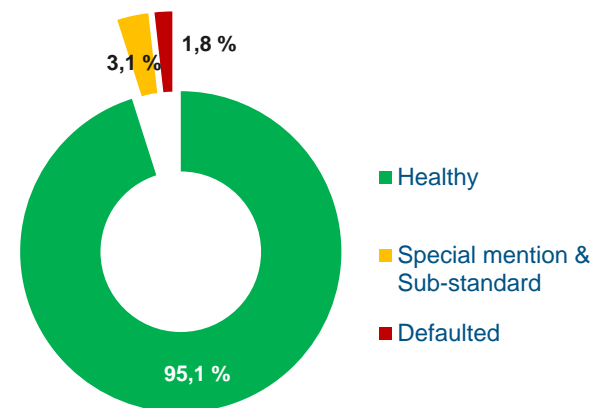
Represents less than 1,5% of Nordea's total Exposure at Default (EAD)

- Risk level has increased in oil and offshore related credit portfolios and it will most likely not improve in the second half of this year
- Sector outlook has worsened in 2016 and a “Lower for Longer” scenario is more likely now than one year ago
 - The Oil & Gas portfolio remains in general robust even at prolonged lower oil prices
- Loan loss provisions in Oil Services and Offshore are likely to increase in the second half of 2016 and 2017, collectively and on individual basis

Overall solid credit quality in a diversified portfolio

NORDEA Credit quality

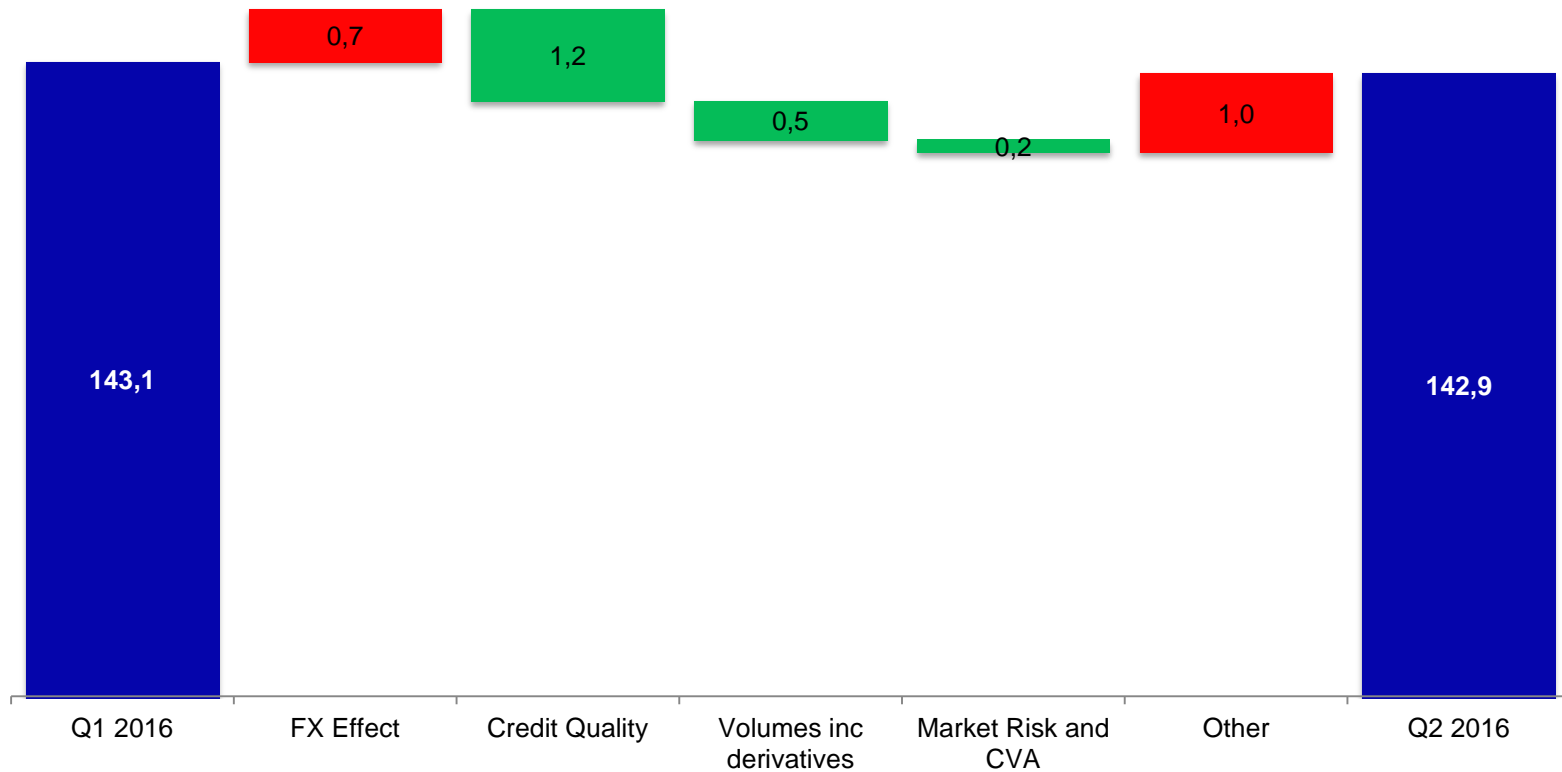
	Not impaired lending	Provisioning ratio	Share of the total portfolio	Lending EURbn
Metals and mining materials	86%	39%	0,2%	0,7
Telecommunication operators	90%	25%	0,3%	1,1
Consumer staples (food, agriculture etc)	91%	36%	3%	12
Consumer durables (cars, appliances etc)	93%	57%	1%	2
Other materials (chemical, building materials etc)	94%	37%	2%	6
Industrial capital goods	95%	51%	1%	2
Construction and engineering	96%	48%	2%	5
Retail trade	96%	52%	3%	10
IT software, hardware and services	96%	54%	1%	2
Media and leisure	96%	46%	1%	2
Industrial commercial services etc	97%	61%	4%	13
Other financial institutions	97%	58%	4%	14
Telecommunication equipment	98%	45%	0,0%	0,1
Transportation	98%	48%	1%	4
Energy (oil, gas etc)	98%	71%	0,9%	3
Real estate management and investment	98%	42%	12%	42
Shipping and offshore	98%	200%	3%	10
Health care and pharmaceuticals	98%	37%	1%	2
Paper and forest materials	99%	74%	0,5%	2
Utilities (distribution and production)	100%	59%	2%	6
Other, public and organisations inc rev. repos	100%	139%	12%	41
Corporate	99%	50%	53%	179
Household	99%	28%	46%	162
Public sector	100%	96%	1%	4
Nordea	99%	42%		345



- Strongly rated customers with an average rating at 4+ for corporate customers
- 1.8% of the portfolio (EUR 7.0bn) is defaulted. 94% of the rated portfolio is considered healthy (rated 3- or better)

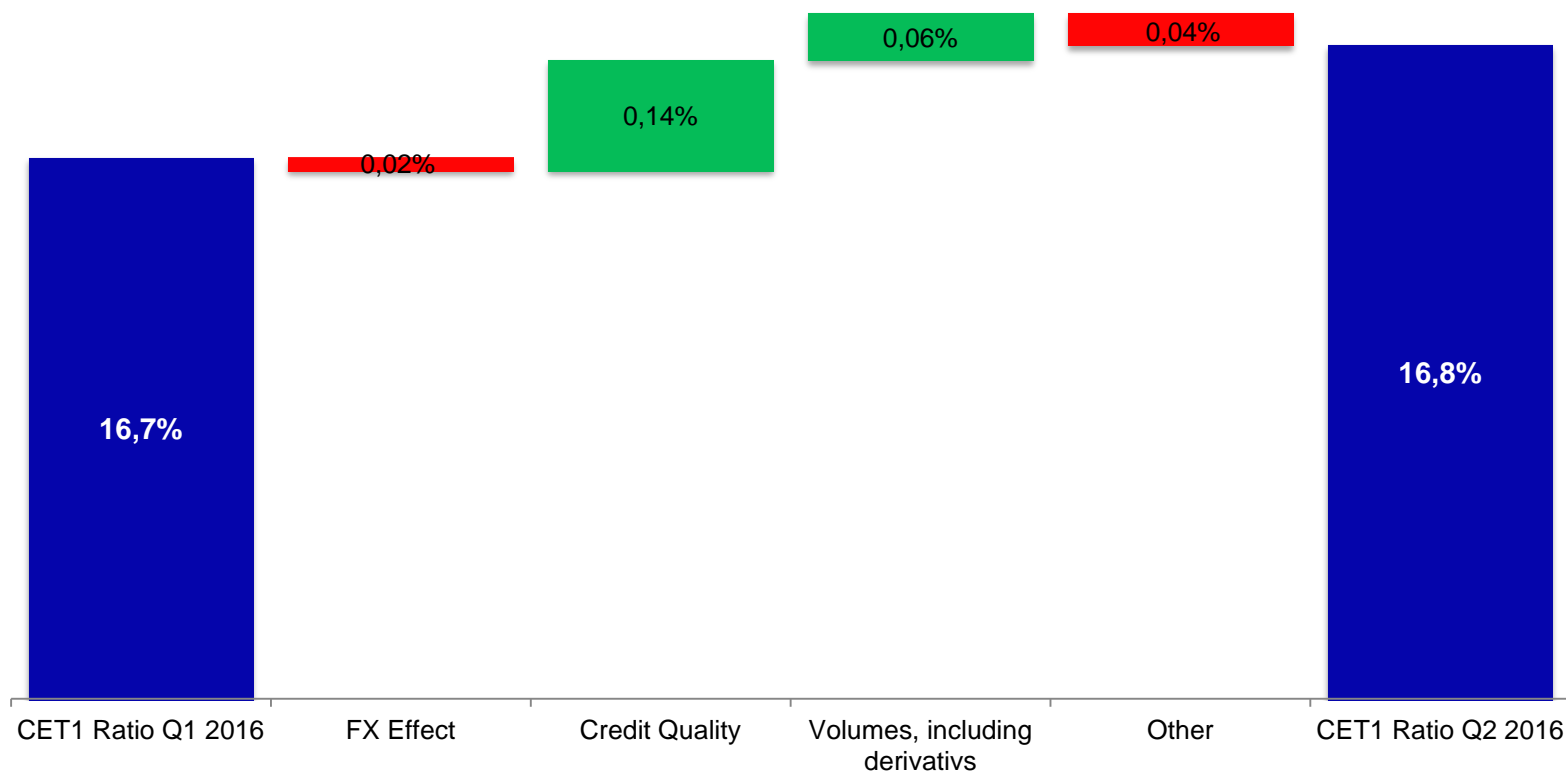
Stable development in Risk Exposure Amount

RISK EXPOSURE AMOUNT, EURbn



Common Equity Tier 1 ratio improved to 16.8%

COMMON EQUITY TIER 1 RATIO DEVELOPMENT, %



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