



Nordea

Second quarter results 2018

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.

This is Nordea today

- ✓ **A modern and digital bank**
- ✓ **A company that boosts and fosters innovation**
- ✓ **Focusing on Nordic business & clients**
- ✓ **Intense focus on compliance**
- ✓ **Moving to the Banking Union**

Innovating the financial industry

Grow our Robotics family

- Better and faster service for our customers

Apple Pay

- Pay with your mobile device

Open Banking

- Gives our customers so much more choices

We Trade

- Reduces the financial risk of conducting cross border trades

Nordea Wallet

- Customers can easier see all transactions and plan their private economy better

Nordea Connect

- New payment solution that improves the online buying experience

New Mobile App

- More customer friendly app

Exciting
times for
our
customers

Anywhere
Anytime

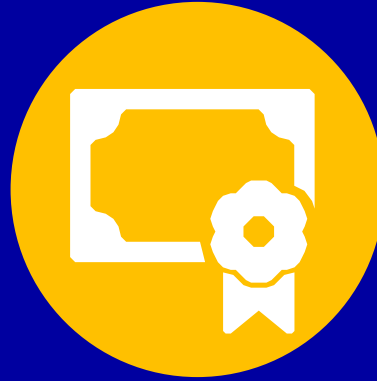


Personal Banking



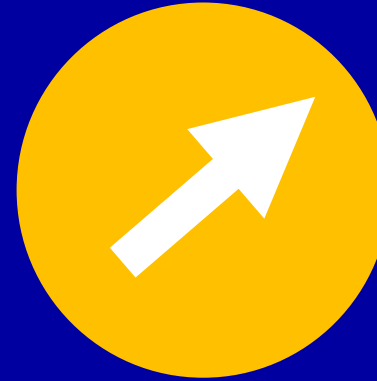
**Increased
customer
satisfaction**
Sweden up 10 points

Wholesale Banking



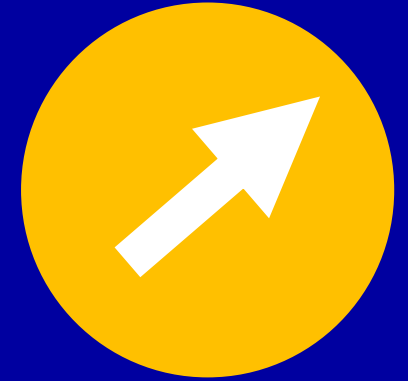
**#1 in 2018 in
Investment
Grade and High
Yield***

Private Banking



**Continued
strong position**
Sweden up 5 points

Business Banking



**Customers
highly
appreciate our
advisors**

Nordea

Improved customer satisfaction and business momentum

- Stabilising trend in NII
- Positive signs in volume development in most sectors
- Strong trend in corporate advisory service

Delivering on the cost targets

Strong credit quality

Capital ratios at all-time-high

Major improvements in compliance

2018 outlook

- Reported net profit for 2018 to be higher vs 2017
- Unlikely that recurrent revenues in 2018 will reach the 2017 level*
- Confident to reach cost target for 2018 of EUR 4.9bn
- Loan losses in the coming quarters are expected to be lower than the long-term average

Planned acquisition of Gjensidige Bank – strategic partnership with Gjensidige Forsikring

* 2017 revenues adjusted for the deconsolidation of the Baltic operations and Nordea Life and Pension in Denmark

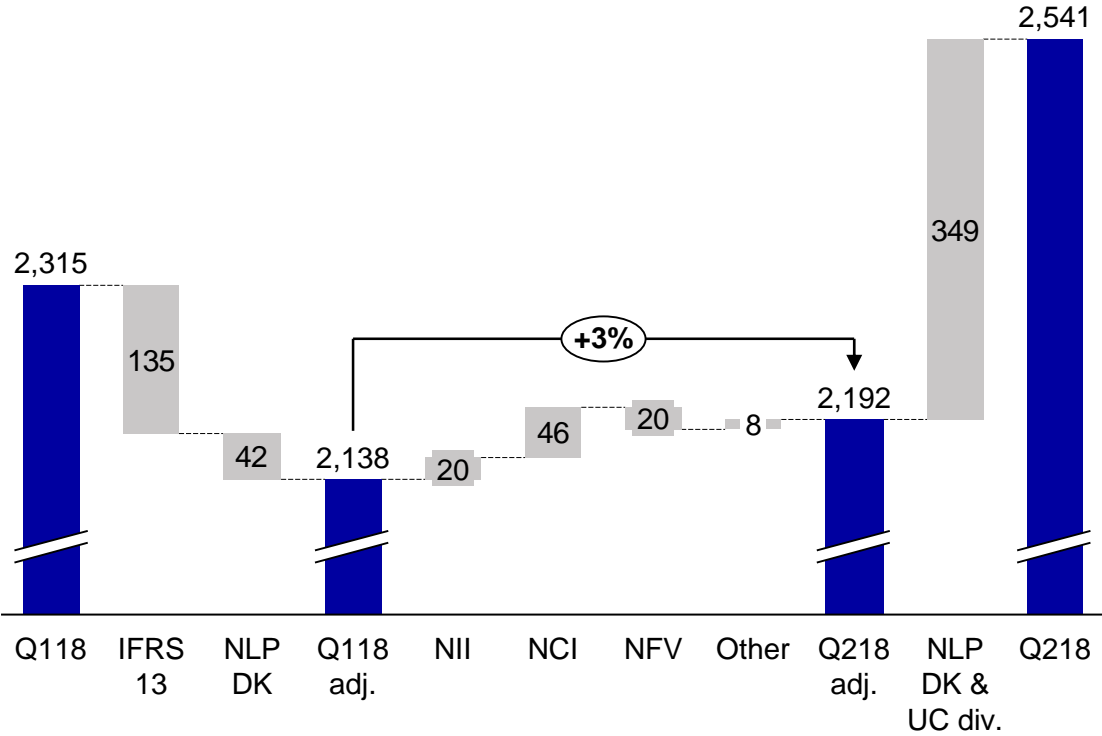


Q2 2018 Group financial highlights

		Q218 vs. Q118*	Q218 vs. Q217*	
Income		Net interest income (chg %)	2	-7
		Total operating income (chg %)	10	8
Costs		Total operating expenses (chg %)	-3	-8
Profit		Operating profit (chg %)	24	34
Credit quality		Loan loss level (bps)	10 (7)	10 (13)
Capital		CET1 ratio (%)	19.9 (19.8)	19.9 (19.2)

Total Operating Income

Q218 vs Q118, EURm

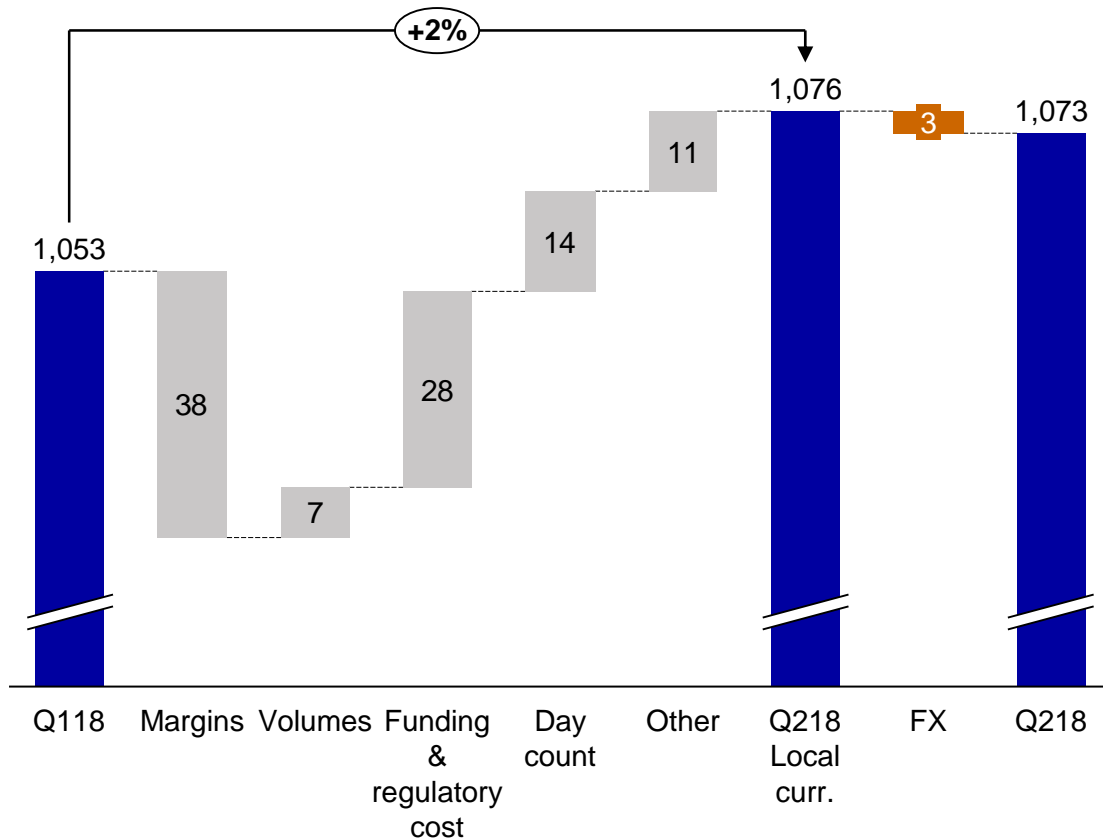


Comments

- Non-recurrent revenues in both Q1 and Q2
- Underlying revenues +3%

Net Interest Income

Q218 vs Q118, EURm

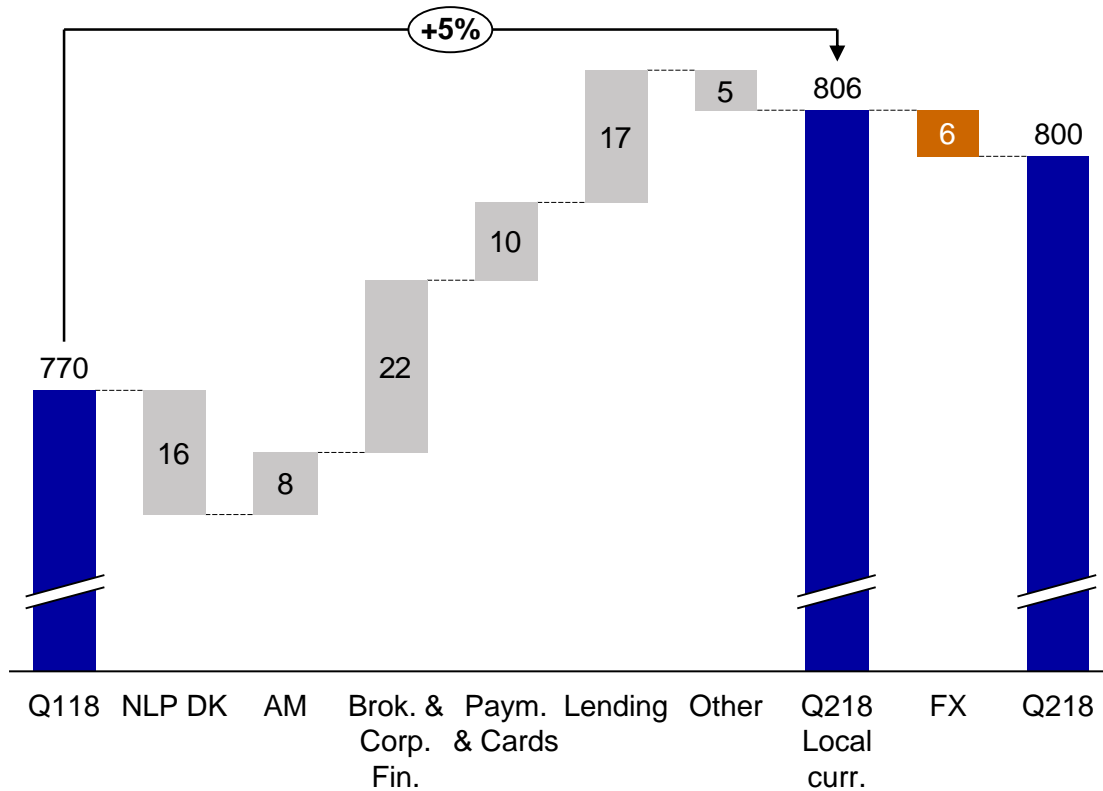


Comments

- Positive volume development in most sectors
 - Lending up 2% and deposits up 3%
- Pressure on lending margins mainly in Sweden and Norway
- Lower funding and regulatory cost

Net Fee and Commission Income

Q218 vs Q118, EURm



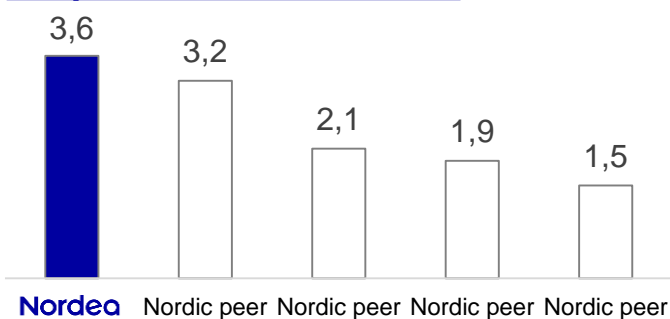
Comments

- Strong trend in corporate advisory service
- Increased lending fees
- Increased payments & cards fees
- Deconsolidation of Nordea Life & Pension in Denmark
- Lower Asset Management volumes

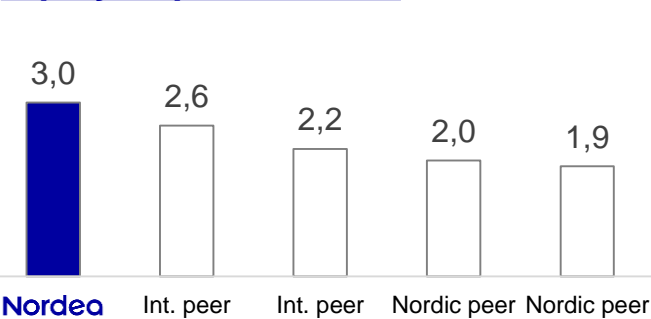
#1 Corporate & Investment Bank in the Nordics

League table positions YTD 2018, deal value EURbn

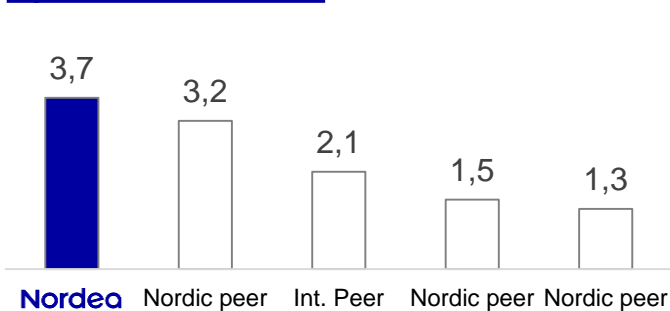
Corporate Bond Issuance



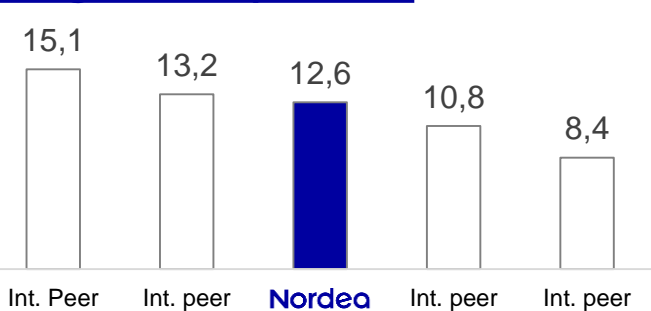
Equity Capital Markets



Syndicated Loans



Mergers & Acquisitions

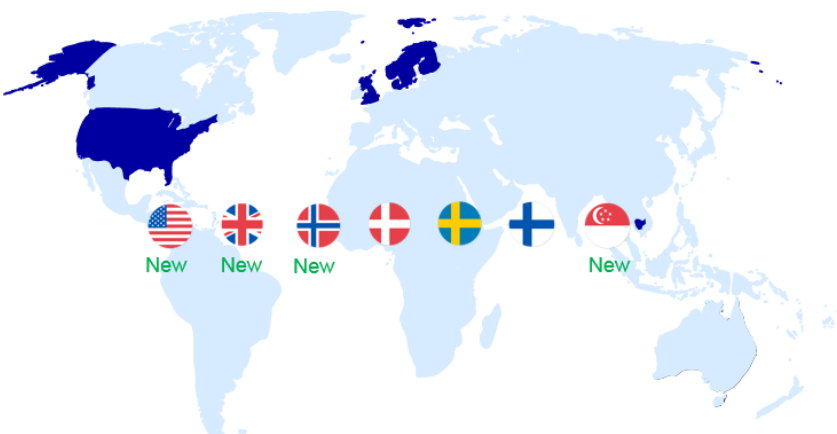


Example Q2 key deal

The Telenor win

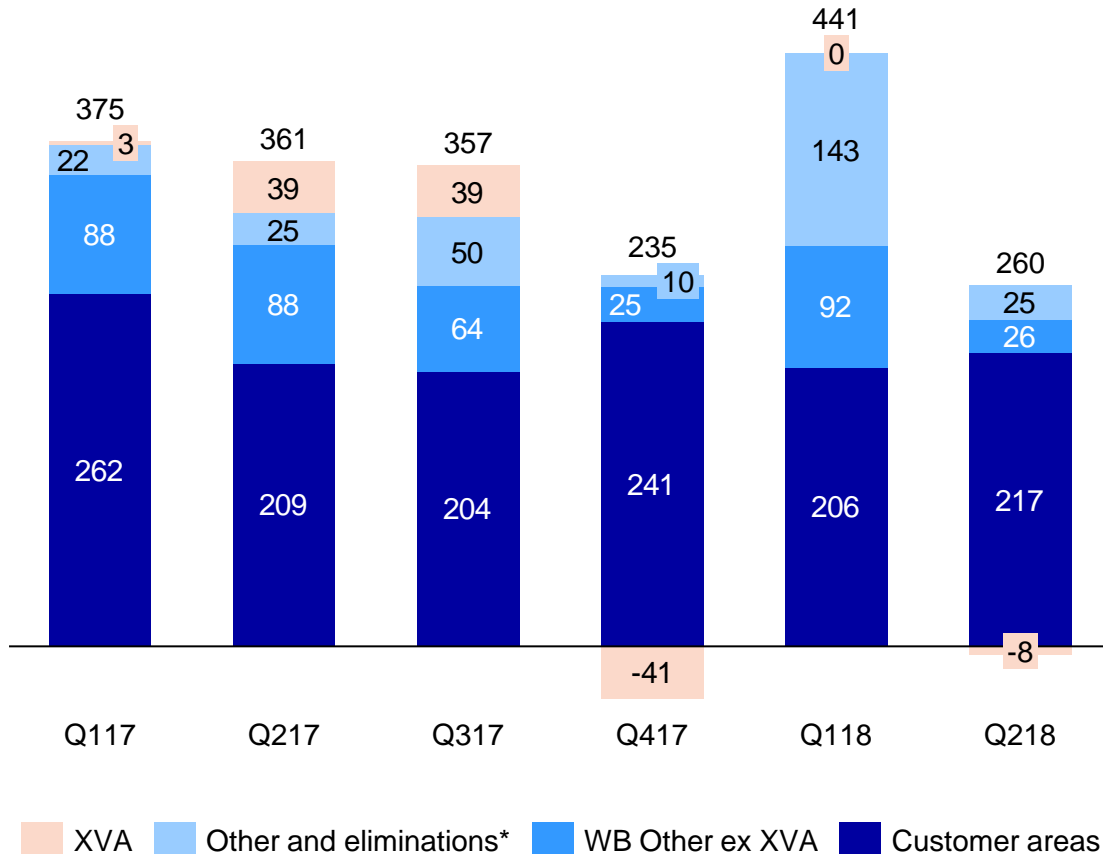


Complete CM wallet in 7 markets (4 new)
More than 70m transactions
Significant TxB/eCom upside



Net Fair Value

6 quarters development, EURm

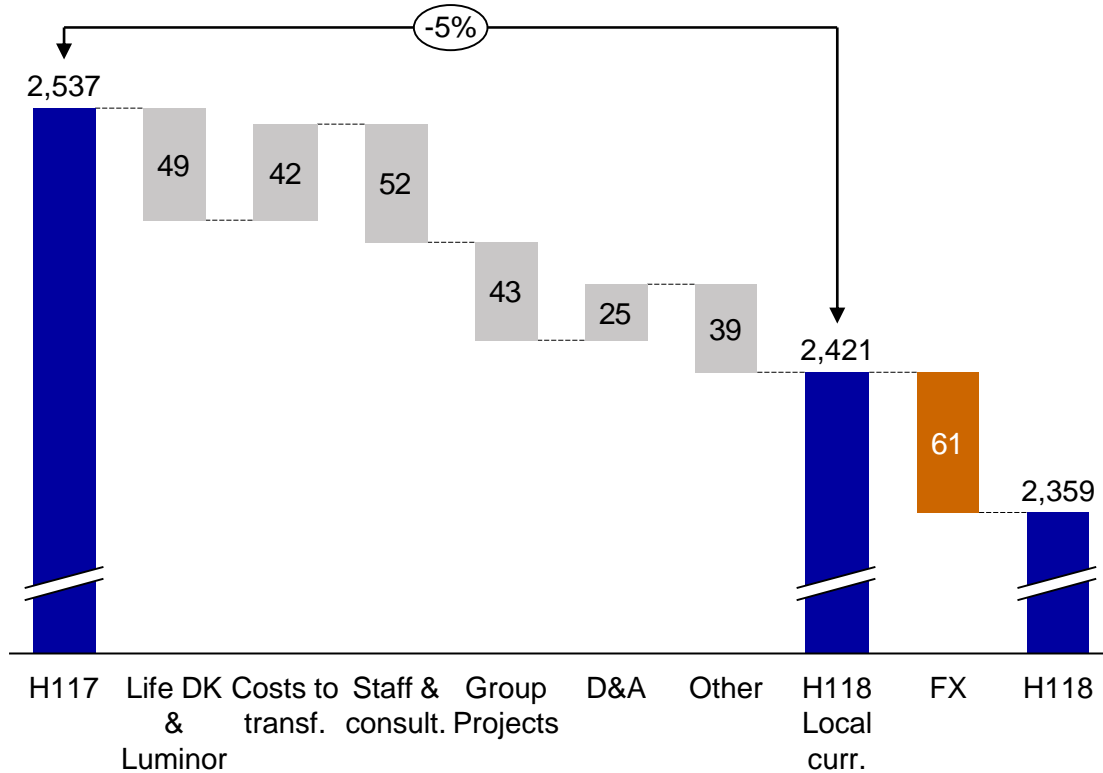


Comments

- Improved revenues in customer areas
- Soft trading environment
- Deconsolidation of Nordea Life & Pension in Denmark
- Negative impact from XVAs

Costs

H118 vs H117, EURm

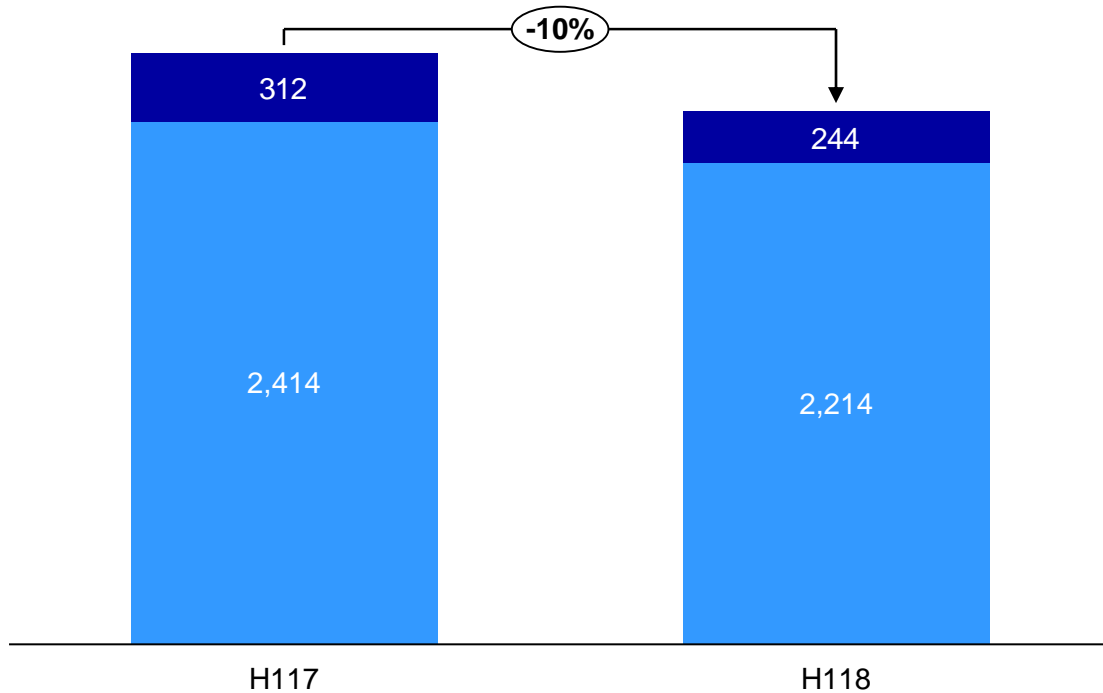


Comments

- Decrease in Group projects
- Reduced staff and consultancy costs
- Increased depreciations
- Transformation cost of EUR 23m in Q2 and EUR 42m for first half of 2018
- Positive FX impact

Major reduction in cash spending

H118 vs H117, EURm



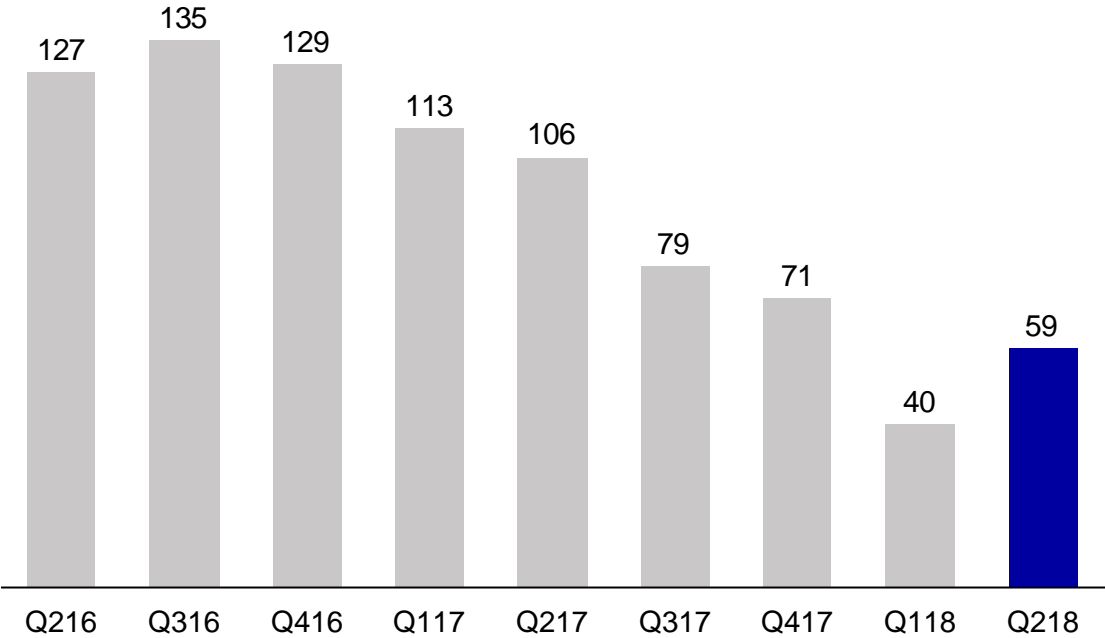
Comments

- Total cash spending in the P&L and balance sheet for the first half of 2018 is down 10% YoY
- On track for 2018 cash spending target of EUR 5.1bn
- Lower cash spending will continue to improve capital generation

■ Capitalisations in the balance sheet
■ Operating expenses excl. depreciations and amortisations

Strong asset quality

Total net loan losses*, EURm

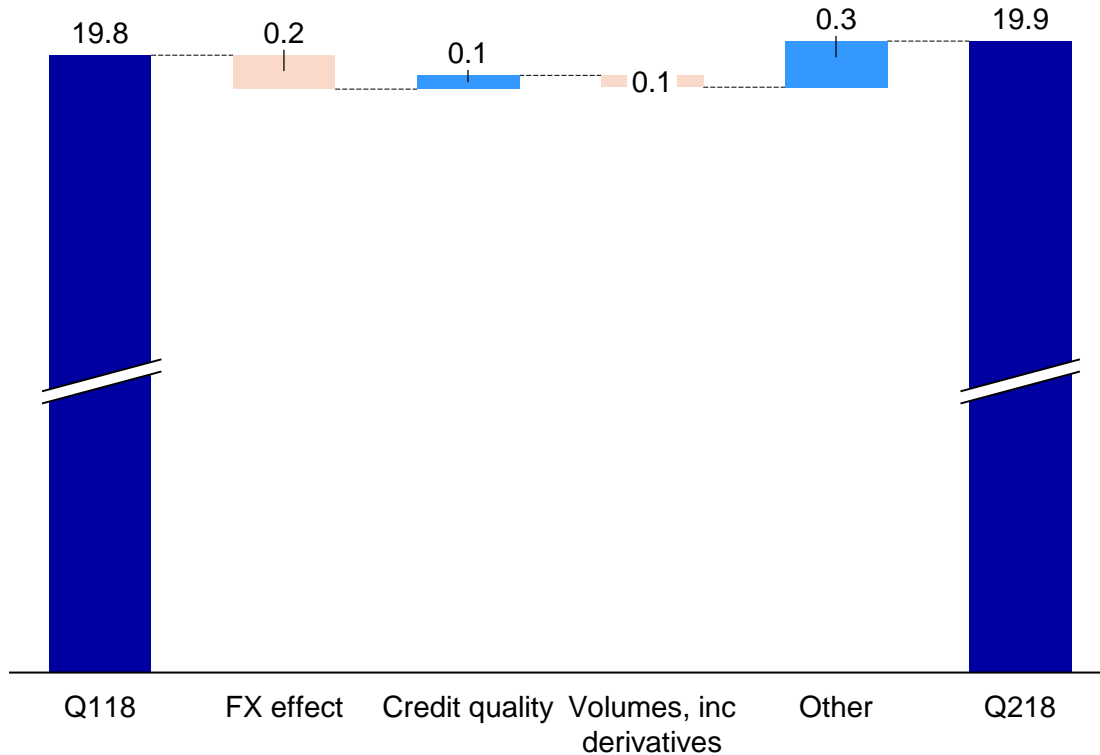


Comments

- Collective provisions related to potential impacts of sanctions to Russia
- Write-backs in Nordic franchise
- Gross impairment rate (stage 3) also down

Common Equity Tier 1 ratio development Q218 vs Q118

Quarterly development



Comments

- CET1 ratio continued to strengthen to 19.9% in Q2
- Risk Exposure Amount down EUR 0.1bn, while CET1 capital is up EUR 0.1bn
- Management buffer at all-time-high at 2.4% compared to target range of 0.5-1.5%

Planned acquisition of Gjensidige Bank – strategic partnership with Gjensidige Forsikring

Gjensidige Bank – a growing, profitable and digital bank



EUR 4,840m customer assets

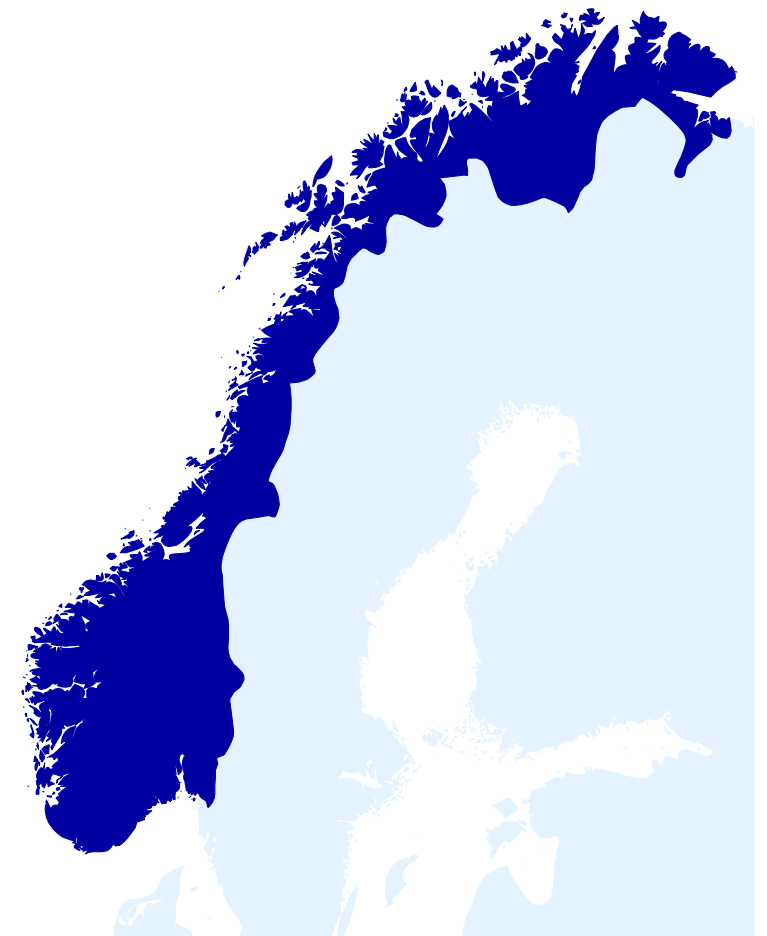
- RoE >10%
- 12% CAGR (2015-2017)

Acquisition summary*

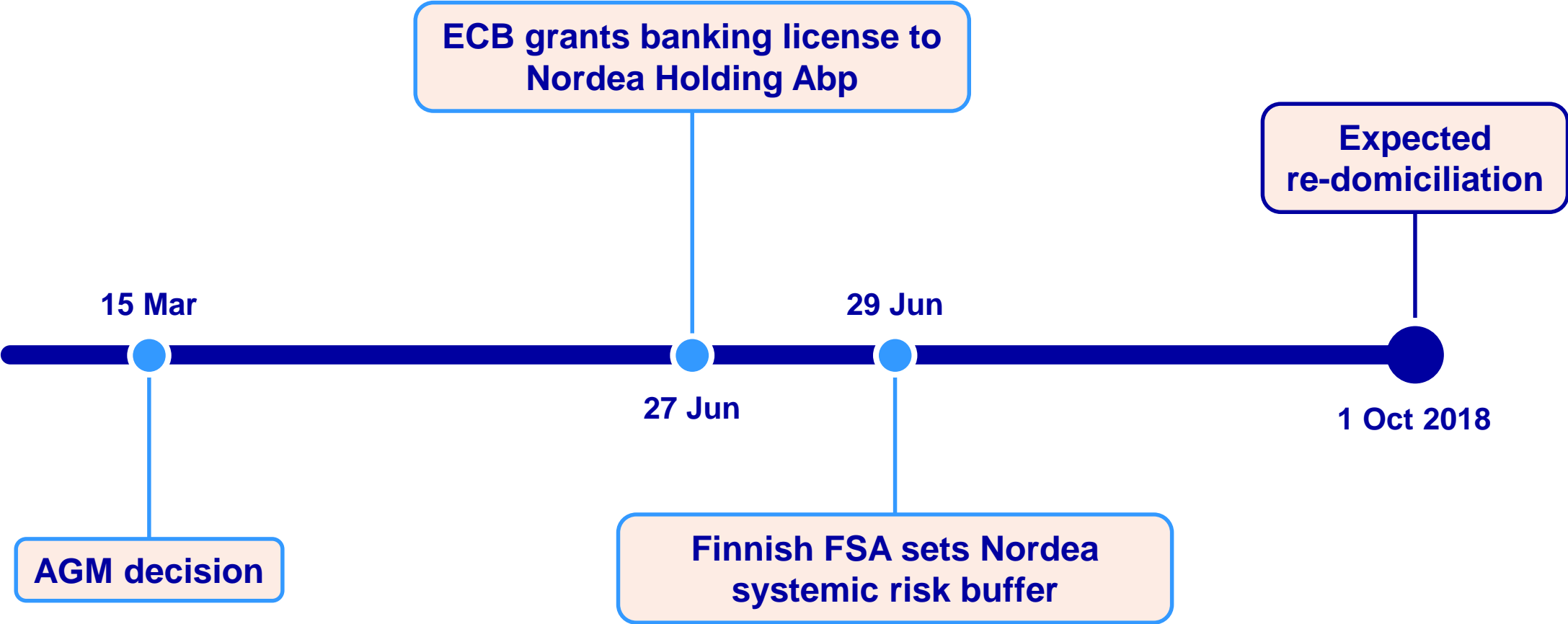
- Price NOK 5,500m**
- EUR 25m annualised cost synergies by 2022
- RoI ~16% by 2022

Rationale for the planned acquisition and partnership

- Strategy to grow in the Nordics
- Expand customer reach
- Both insurance and financing product offering via partnership



Re-domiciliation process according to plan





Nordea

Second quarter results 2018