



First quarter results 2016

Press Conference

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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.

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Highlights

Q1/16 vs. Q1/15*

- ✓ Income down 14% from a high level
 - ✓ Turmoil on financial markets and pressure on deposit margins
- ✓ Costs unchanged
 - ✓ Developing according to plan
 - ✓ For full year 2016 a 3% cost increase in local currencies from 2015 is expected
- ✓ Solid credit quality
- ✓ CET 1 ratio up 20 bps from previous quarter to 16.7%
- ✓ Group Simplification programme delivering as expected
- ✓ We will take action to ensure that we stay a safe and trusted partner

*In local currencies

Q1 2016 financial results highlights



Financial results

EURm	Q1/16	Q4/15	Chg Q1/Q4 %	Loc. curr. Chg %	Chg Q1/Q1 %	Loc. curr. Chg %
Net interest income	1 168	1 203	-3	-2	-7	-4
Net fee & commission income	772	821	-6	-6	-5	-4
Net fair value result	332	421	-21	-22	-47	-48
Total income*	2 295	2 645	-13	-13	-16	-14
Total income*, **	2 295	2 469	-7	-7	-16	-14
Total expenses	-1 178	-1 476	-20	-20	-1	0
Total expenses**	-1 178	-1 213	-3	-2	-1	0
Net loan losses	-111	-142	-22	-20	-9	-5
Operating profit	1 006	1 027	-2	-2	-29	-27
Operating profit**	1 006	1 114	-10	-9	-29	-27
Net profit	782	848	-8	-7	-28	-26
Return on equity** (%)	10.3	11.5	-120 bps	-	-400 bps	-
CET1 capital ratio (%)	16.7	16.5	+20 bps	-	+110 bps	-
Cost/income ratio** (%)	51	49	+220 bps	-	+760 bps	-

* Including other income

** Excluding non-recurring items (Q4/15: gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176m before tax and restructuring charge of EUR 263m).

Retail Banking financial development

FINANCIAL RESULT

COMMENTS

EURm	Q1/16	Q4/15	Chg Q1/Q4 %	Chg Q1/Q4 local %	Chg Q1/Q1 %	Chg Q1/Q1 local %
Net interest income	790	815	-3	-3	-10	-8
Net fee & commission income	284	288	-1	-1	-12	-11
Net fair value result	93	87	7	8	-28	-27
Total income	1 177	1 195	-2	-1	-12	-11
Total expenses	-677	-664	2	2	-2	-1
Net loan losses	-55	-83	-34	-33	-39	-38
Operating profit	445	448	-1	0	-20	-18

Income:

- Continued pressure on deposit margins from lower rates in Finland, Norway and Sweden
- Improved lending margins
- Re-distribution of funding costs allocated from Group Corporate Centre for 2015 affecting NII negatively
- Decent lending growth in households in Sweden and Norway – low elsewhere

Costs:

- Reduced costs by 1% y-o-y

Continued customer demand for online banking

BUSINESS UPDATE



In December 2015 we introduced log-on to the mobile bank via finger print touch-id. During Q1 we had more than 11 million such log-ons

- Number of e-branches increased to 23 in Q1, up from 15 in Q4/15
- One in six customer meetings is held online, almost twice the amount to Q1/15
- Nordea was the first of the major banks in Sweden to launch a full online on-boarding solution for our corporate customers
- In March, we recorded the highest ever number of transactions in the mobile bank – more than 8.6 million transactions

Wholesale Banking financial development

FINANCIAL RESULT

EURm	Q1/16	Q4/15	Chg Q1/Q4 %	Chg Q1/Q4 local %	Chg Q1/Q1 %	Chg Q1/Q1 local %
Net interest income	213	250	-15	-12	-14	-10
Net fee & commission income	161	160	1	1	5	8
Net fair value result	112	189	-41	-41	-64	-64
Total income	486	599	-19	-18	-32	-30
Total expenses	-210	-249	-16	-15	-16	-14
Net loan losses	-56	-56	0	5	87	96
Operating profit	220	294	-25	-24	-50	-48

COMMENTS

Income:

- NII under pressure
 - Re-distribution of funding costs allocated from Group Corporate Centre for 2015 affecting NII negatively
 - Slightly lower deposit margins and yield fees put pressure on NII

- Demand for event-driven transactions holding up in the quarter

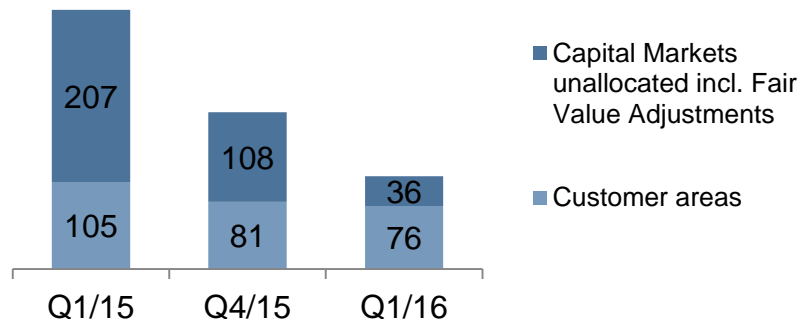
- Challenging market conditions affecting NFV negatively
 - Customer driven activity holding up
 - Fair Value Adjustments had a negative impact of EUR 86m

Costs:

- Costs down following lower provisions for performance related salaries

Wholesale Banking customer activities holding up

NET FAIR VALUE DEVELOPMENT, EURm

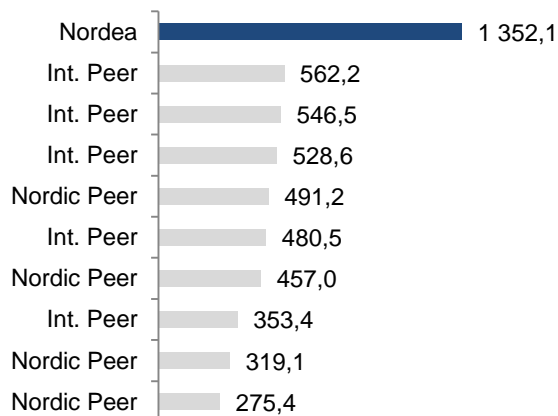


BUSINESS UPDATE

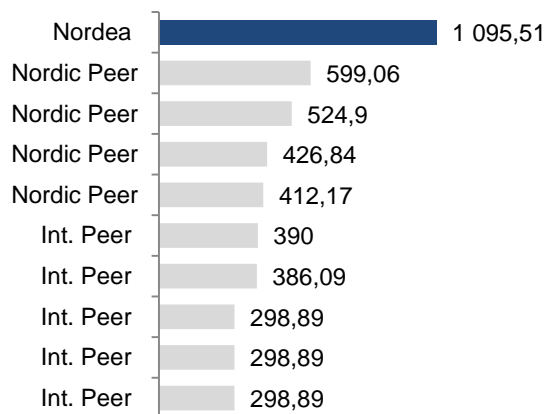
- Customer-driven Net Fair Value held up in the quarter
- High customer activity within Equity Capital Markets and continued No. 1 in corporate bonds and loan syndications, further cementing our market leading position in the Nordics

LEAGUE TABLES, Q1/16, EURm

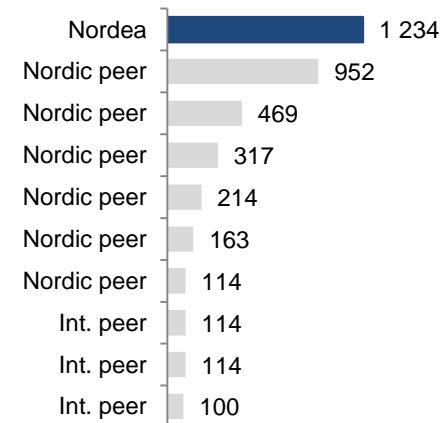
Nordic #1 on Equity Capital Markets



Nordic #1 on Corporate bonds



Nordic #1 on Syndicated loans



Wealth Management financial development

FINANCIAL RESULT

EURm	Q1/16	Q4/15	Chg Q1/Q4 %	Chg Q1/Q4 local %	Chg Q1/Q1 %	Chg Q1/Q1 local %
Net interest income	26	36	-28	-28	-4	-3
Net fee & commission income	338	384	-12	-12	-1	-1
Net fair value result	108	92	17	15	19	20
Total income	481	523	-8	-9	3	4
Total expenses	-197	-203	-3	-4	3	2
Net loan losses	0	0			-100	-100
Operating profit	284	320	-11	-12	4	5

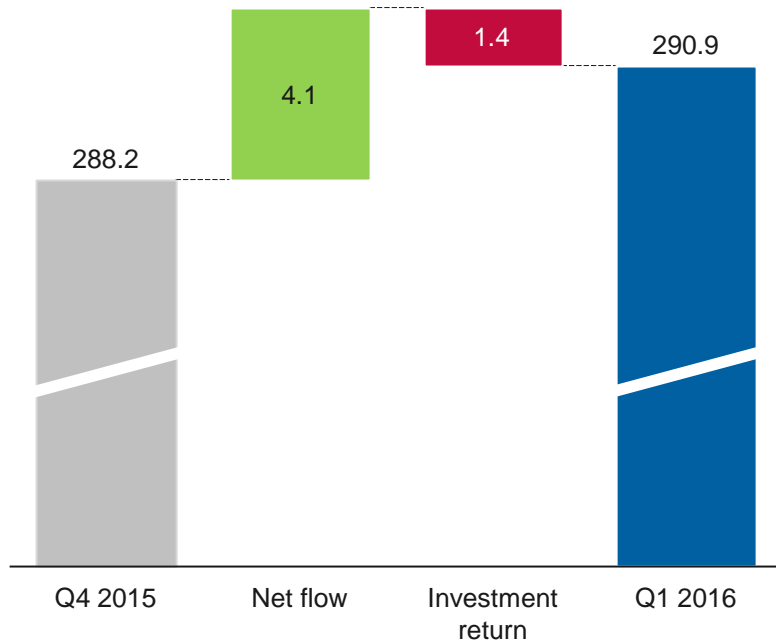
COMMENTS

Income:

- NII down from a strong level in previous quarter
- NCI down due to lower average AuM in the quarter
- Increase in NFV mainly due to a full release of fee reservation account in Denmark

Wealth Management proves stable in volatile markets

AuM DEVELOPMENT, EURbn

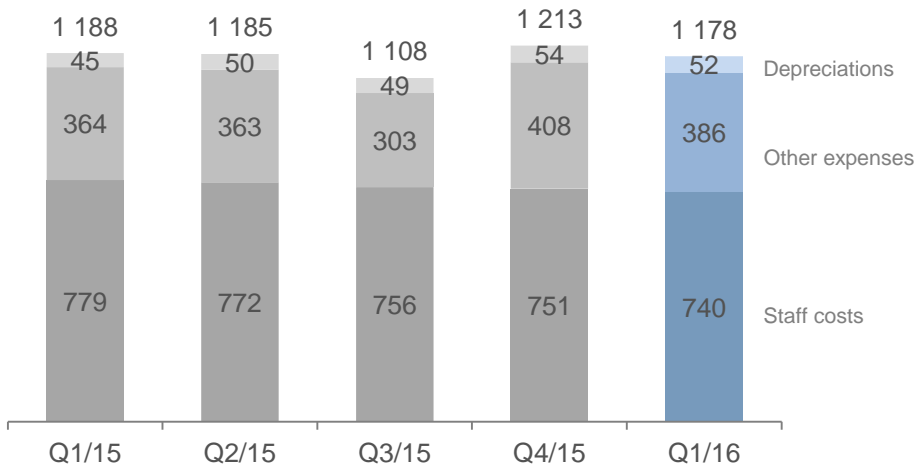


BUSINESS UPDATE

- Strong net inflow of EUR 4.1bn in Q1 or 5.7% of AuM annualised
- Continued strong net inflow
 - Record high Global Fund Distribution net inflow in the quarter
 - The inflow to Nordea funds was the highest in Europe in the first quarter of 2016 according to Morningstar
 - For the first time ever, a Nordea fund, Stable Return Fund, has exceeded AuM of EUR 10bn

Costs developing according to plan

TOTAL EXPENSES*, EURm



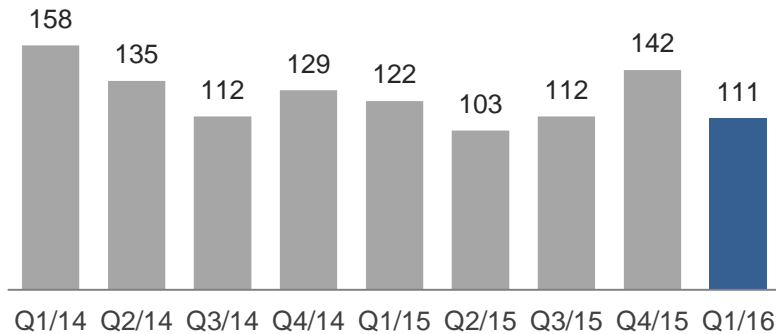
COMMENTS

- Costs in local currencies are down 2% from previous quarter
- Staff costs in local currencies are down 1% from previous quarter
- Other expenses in local currencies are down 5% from previous quarter due to seasonality
- Cost growth of approximately 3% in local currencies for 2016 compared to 2015

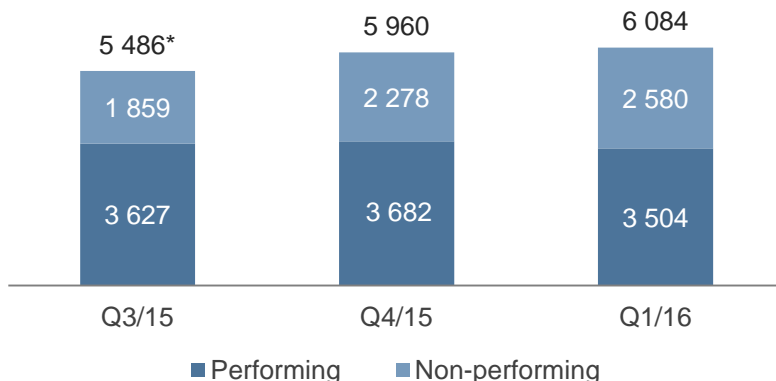
*Excluding restructuring charge of EUR 263m in Q4/15

Solid asset quality

TOTAL NET LOAN LOSSES, EURm



IMPAIRED LOANS, EURm



*Q3/15 was excluding impaired loans for collectively assessed defaulted household customers, approx. EUR 433m.

COMMENTS

- Loan losses at 13 bps, well within the long term average of 16 bps
- Solid credit quality with slightly positive rating migration
- Impaired loans up 2% in the quarter due to a few new impaired loans in the oil segment and Danish agriculture
- Largely unchanged credit quality in the coming quarters expected, some increases in loss provisions for oil & offshore related loans may be seen

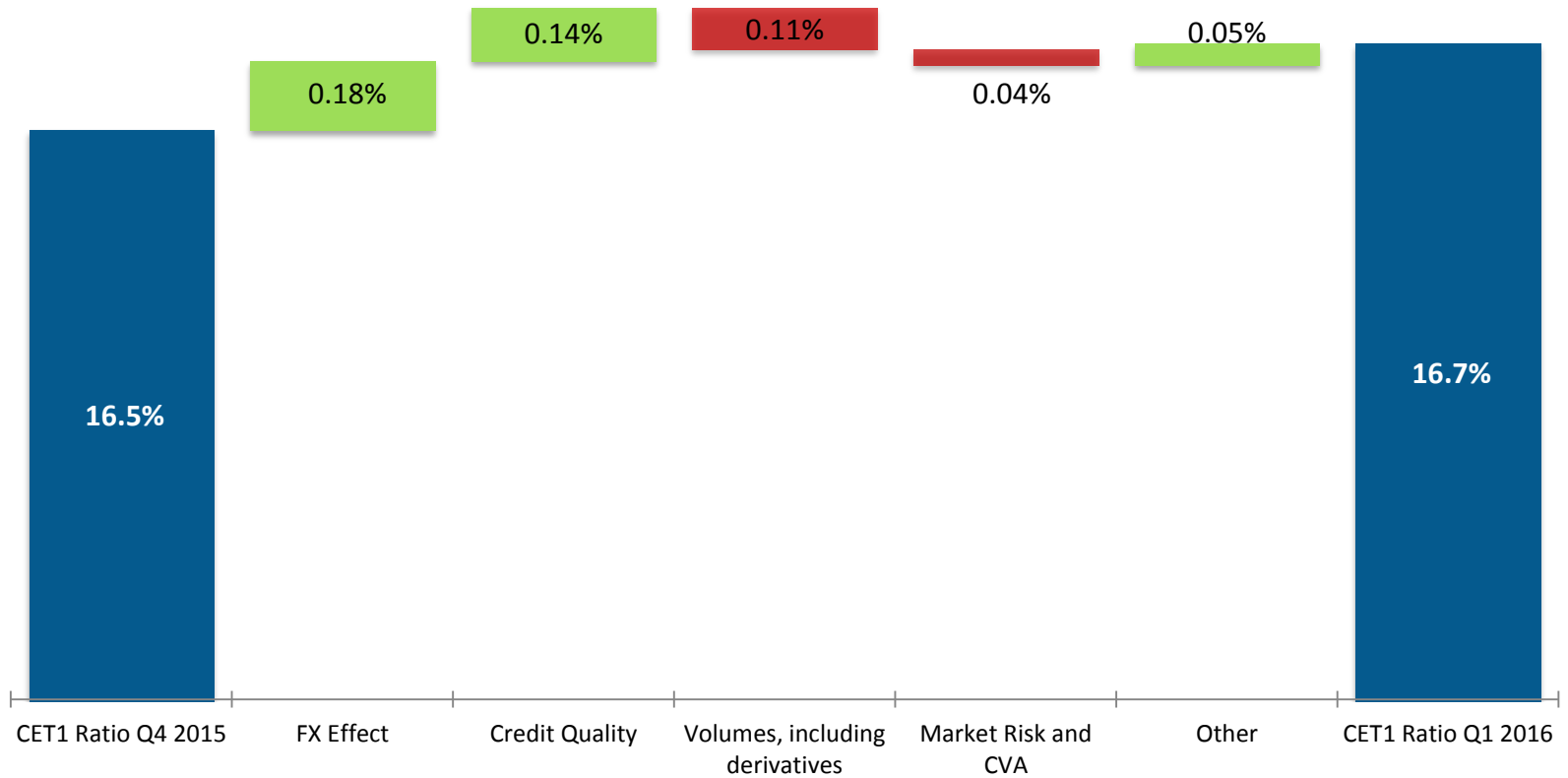
REA development

RISK EXPOSURE AMOUNT, EURbn



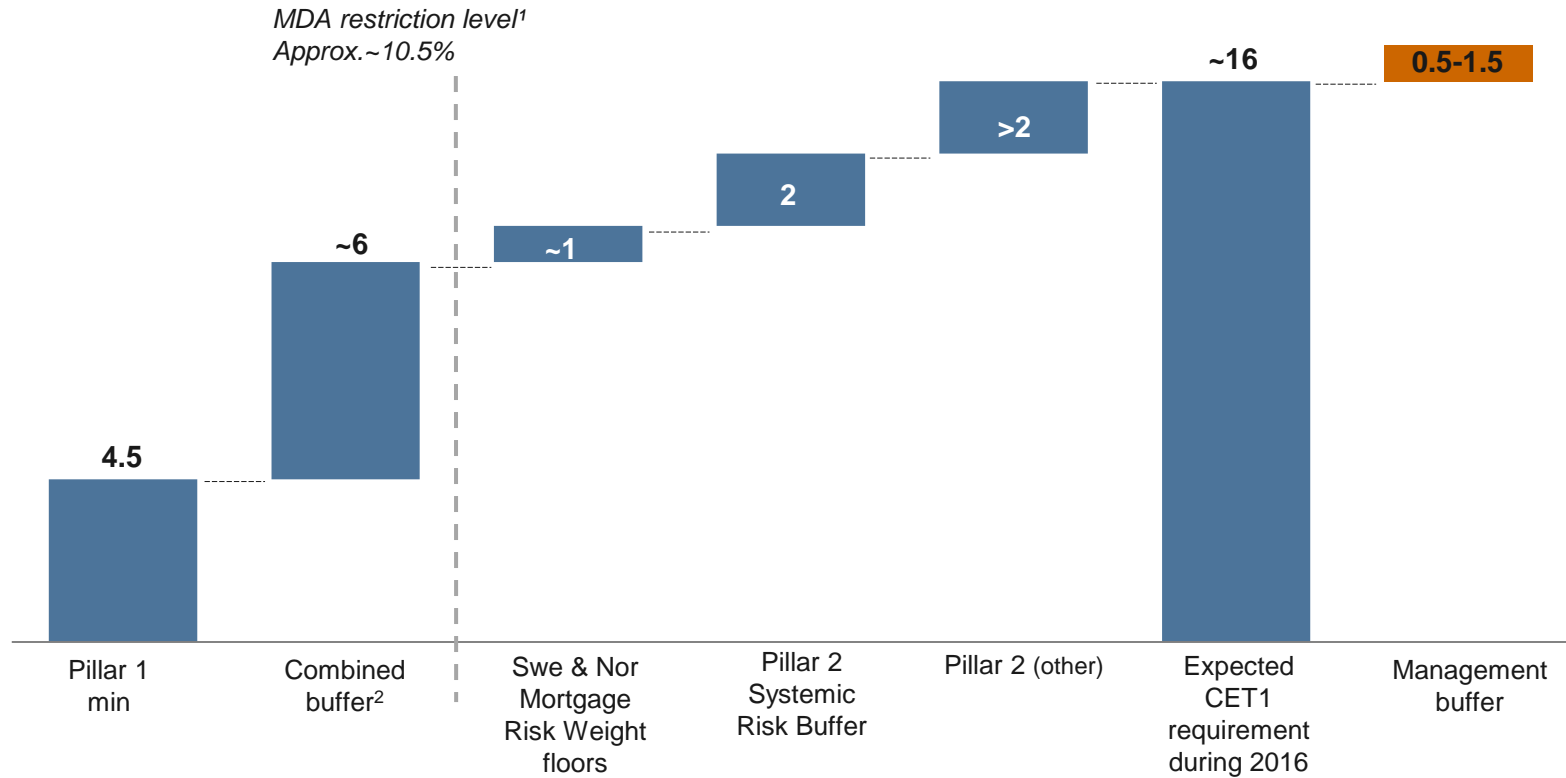
Common Equity Tier 1 ratio improved to 16.7%

COMMON EQUITY TIER 1 RATIO DEVELOPMENT, %



Nordea will operate with a CET 1 ratio of approximately 16.5% during 2016

COMMON EQUITY TIER 1 RATIO BUILD-UP, %



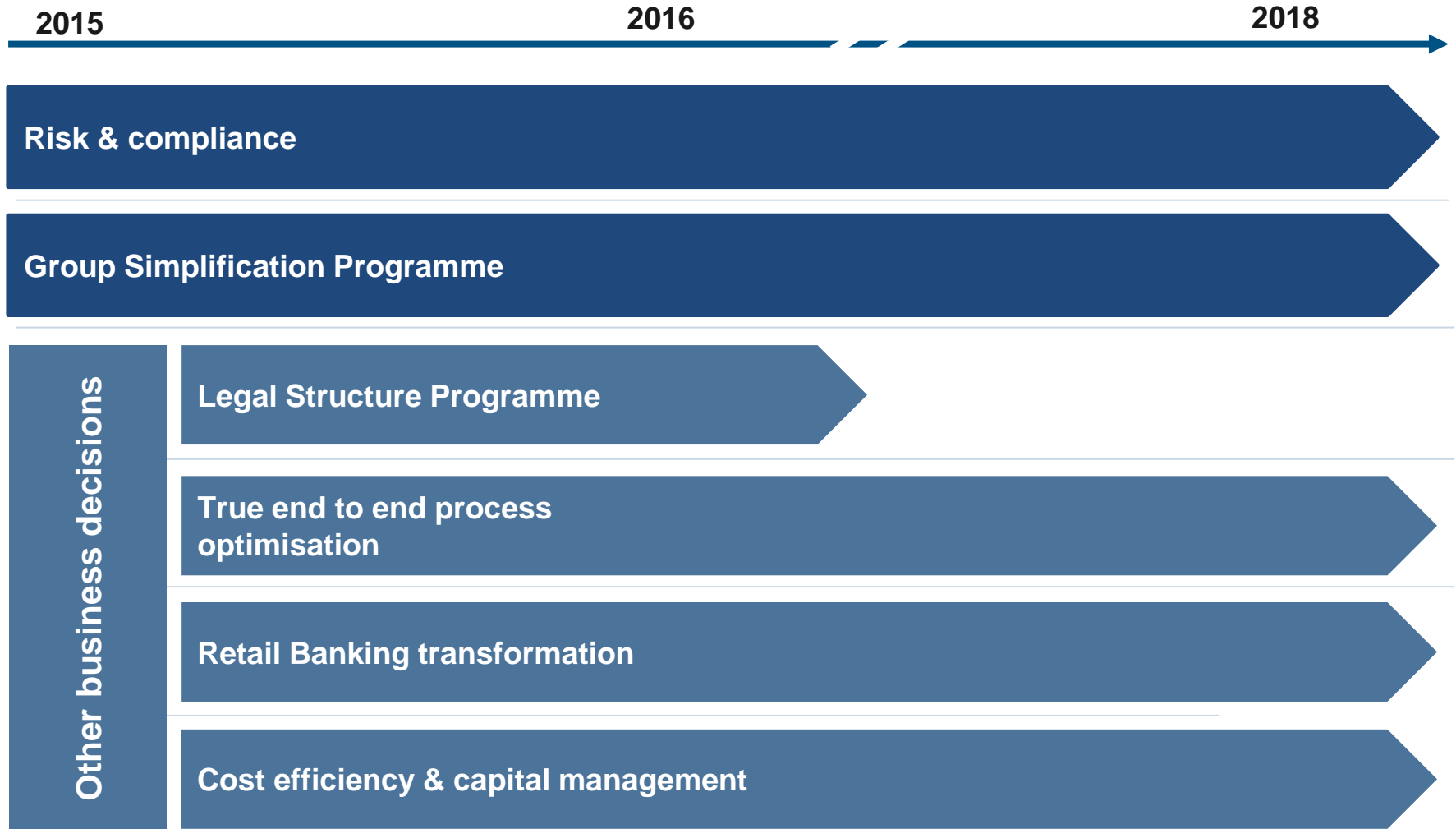
1) Maximum Distributable Amount, provided for illustrative purposes only. The Swedish FSA does not normally intend to make a formal decision on the capital requirement under Pillar 2. "Insofar that a formal decision has not been made, the capital requirement under Pillar 2 does not affect the level at which the automatic restrictions on distributions linked to the combined buffer requirement come into effect." Swedish FSA, Sep 2014.

2) The combined buffer consists of 3% systemic risk buffer, 2.5% capital conservation buffer and ~0.5% countercyclical buffer. The calculation of the countercyclical buffer is based on increasing Swedish and Norwegian buffer rates from 1 to 1.5%, which will enter into force in Q2 2016.

Transformational change
agenda



Executing on our transformational change agenda



Simplification Programme – achievements so far

Product & data clean-up



70% of deposit, loan and payment products consolidated or closed
Comprehensive clean-up of customer data accomplished

Core Banking Platform



Vendor chosen
Proof of concept carried out
Model bank installed

New Payment Platform



Vendor chosen
New payment engine installed
All outbound Latvian Interbank payment flows migrated to new platform

Group Common Data



Local data warehouses in Norway and Finland closed
98% of data sourced to common data warehouse
Nordic sales performance management tool implemented in Finland and Norway

Legal Structure Programme



Ongoing preparations for the mergers of NBD, NBN and NBF with NBAB. Planned execution early January 2017 depending among other on regulatory approval and a satisfactory outcome of discussions with the local authorities

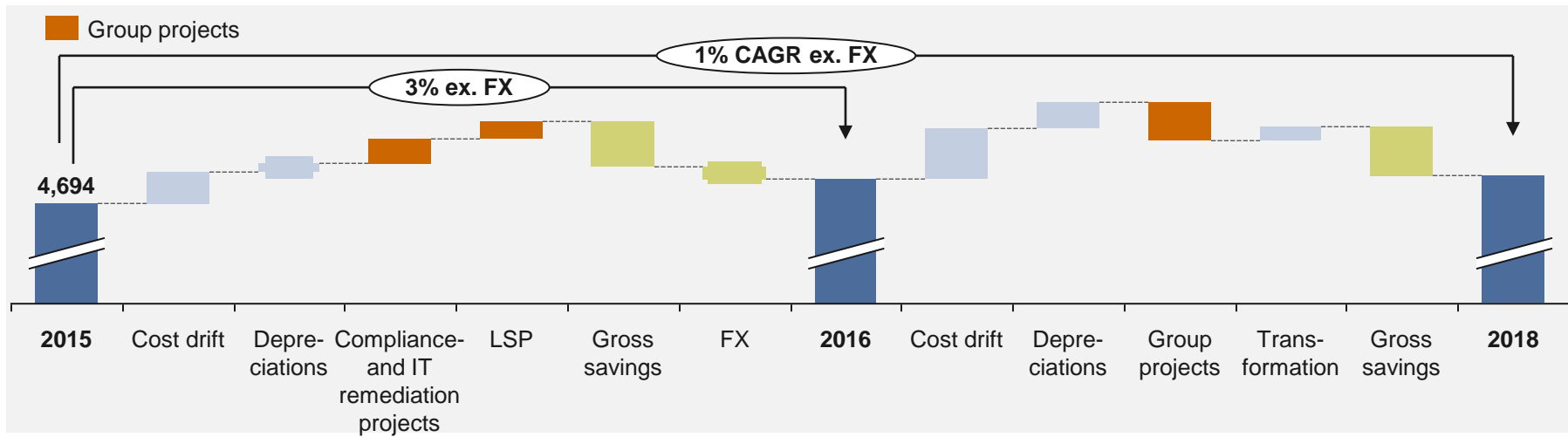
Actions to enforce a strong risk and compliance culture

- Internal investigation ongoing
 - Adherence to internal rules and external regulations regarding offshore structures within Private Banking
 - Start with Panama structures - to be followed by structures in other countries
- Actions taken to strengthen compliance frameworks and processes
 - Significantly strengthening the functions, processes and systems devoted to regulatory compliance in general, including the monitoring and advice function Group Compliance
 - Established a Financial Crime Change Programme, to ensure robust group wide standards and processes (June 2015)
 - Established a central anti-money laundering unit for know your customer, sanctions screening and transaction monitoring (November 2015)
- Actions taken to strengthen risk and compliance culture
 - Business Ethics and Values committee established (November 2015)
 - Ethical considerations always an integral part of our business model

We will take action to ensure that we stay a safe and trusted partner

1% CAGR in costs 2016-2018

GROUP EXPENSES, EURm



Summary

- ✓ Challenging income environment
 - ✓ Continued pressure on deposit margins
 - ✓ Challenging market conditions affecting NFV negatively
- However:
 - ✓ Continued strong net inflow to AuM
 - ✓ Demand for event-driven transactions holding up
- ✓ Costs are developing according to plan
- ✓ Stable asset quality with slightly positive rating migration
- ✓ The coming years will be a period for executing on our transformational change agenda



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