



# Second Quarter Results 2015

**Investor presentation**

Christian Clausen, 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 of first half year 2015

First half year 2015 vs first half year 2014\*

- ✓ Revenues are up 7%
  - ✓ Negative interest rates put pressure on NII
  - ✓ Continued strong trend in savings and investment operations
- ✓ Costs are down 1%\*\* , delivering according to plan
  - ✓ C/I ratio improved more than 4 %-points to 45.3%\*\*
- ✓ Loan losses are down 22% to 13 bps
- ✓ Operating profit is up 21%\*\*
- ✓ RoE improved 2.1%-points to 13.7%\*\*
- ✓ Improved common equity tier 1 ratio 80 bps to 16.0%

\*All P&L items in local currencies

\*\*Excluding restructuring cost of EUR 190m in Q2/14

# Q2 2015 financial results highlights

# Financial results

EURm	Q2/15	Q1/15	Chg %	Local currencies Chg %
------	-------	-------	-------	------------------------

Net interest income	1 309	1 288	2	0
Net fee & commission income	783	757	3	3
Net fair value result	401	644	-38	-37
<b>Total income*</b>	<b>2 523</b>	<b>2 719</b>	<b>-7</b>	<b>-8</b>
<b>Total expenses**</b>	<b>-1 185</b>	<b>-1 188</b>	<b>0</b>	<b>-1</b>
Net loan losses	-103	-122	-16	-16
<b>Operating profit**</b>	<b>1 235</b>	<b>1 409</b>	<b>-12</b>	<b>-13</b>
<b>Net profit from cont. op</b>	<b>952</b>	<b>1 082</b>	<b>-12</b>	<b>-13</b>

H1/15	H1/14	Chg %	Local currencies Chg %
-------	-------	-------	------------------------

2 597	2 730	-5	-3
1 540	1 412	9	10
1 045	767	36	37
<b>5 242</b>	<b>4 964</b>	<b>6</b>	<b>7</b>
<b>-2 373</b>	<b>-2 457</b>	<b>-3</b>	<b>-1</b>
-225	-293	-23	-22
2 644	2 214	19	21
2 034	1 542	32	33

Return on equity** (%)	13.1	14.3	-120 bps	-
CET1 capital ratio (%)	16.0	15.6	40 bps	-
Cost/income ratio** (%)	47.0	43.7	330 bps	-

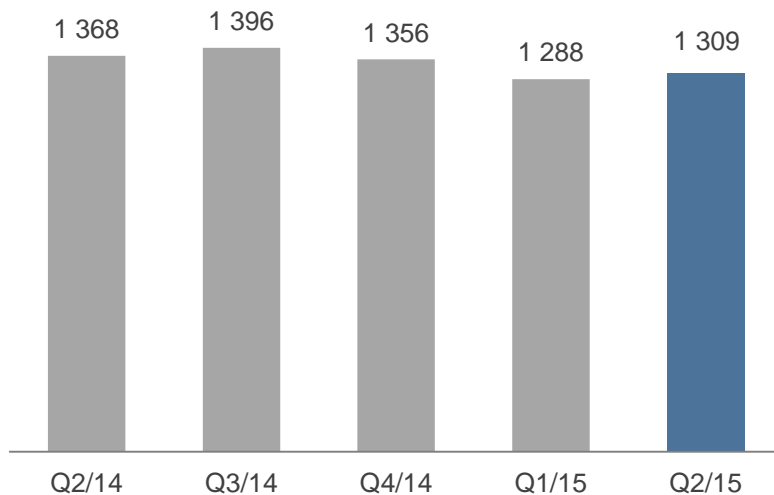
13.7	11.6	210 bps	-
16.0	15.2	80 bps	-
45.3	49.5	-420 bps	-

\*Includes other income

\*\*Excluding restructuring cost of EUR 190m in Q2/14

# Net interest income

NET INTEREST INCOME DEVELOPMENT, EURm



## COMMENTS

- NII holds up despite pressure on margins
  - Negative interest rates in Denmark, Finland and Sweden
- Strong result in Treasury due to positioning for lower rates
- One additional interest day adds EUR 15m
- Positive impact from currencies

# Net interest margin and volumes

BLENDED NET INTEREST MARGIN DEVELOPMENT, BPS

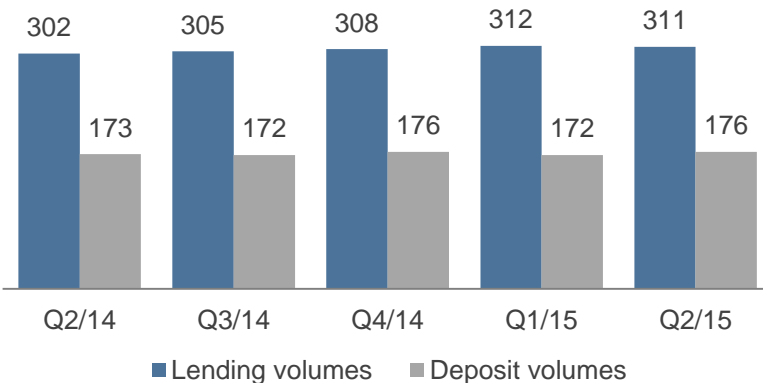


Q2/14    Q3/14    Q4/14    Q1/15    Q2/15

COMMENTS

- Blended margin down 3 bps to 100 bps
  - Lending margins are slightly down driven by Norwegian mortgages
  - Pressure on deposit margins
- Lending volumes are up 3% y-o-y\*

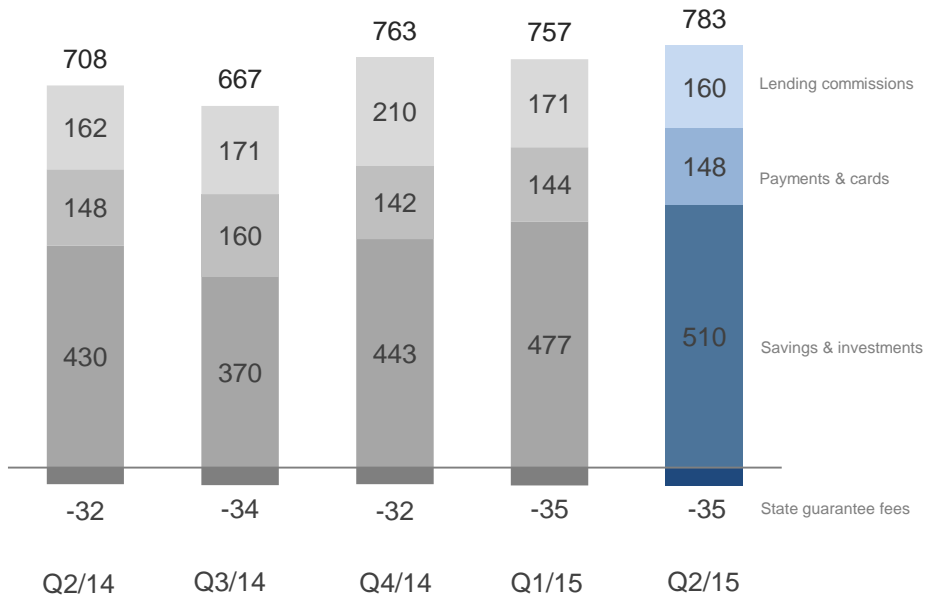
LENDING AND DEPOSIT VOLUMES\*, EURbn



\* Excluding repos and FX

# Net fee and commission income

NET FEE AND COMMISSION DEVELOPMENT, EURm



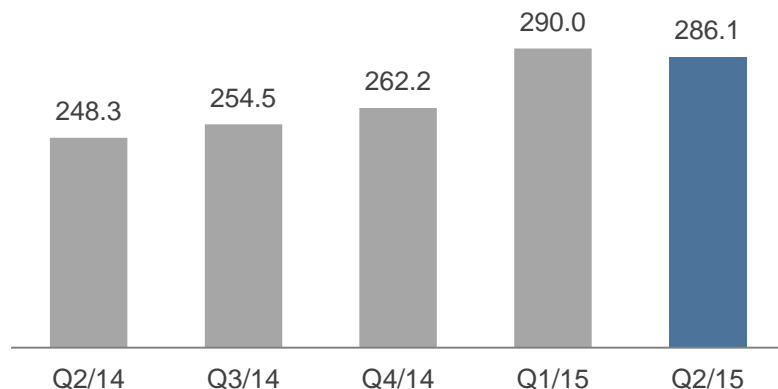
## COMMENTS

- Fee and commission income up on a strong previous quarter
  - Main driver Savings and Investment operations
- Somewhat slower corporate advisory activities



# Strong demand for our savings and investment offering

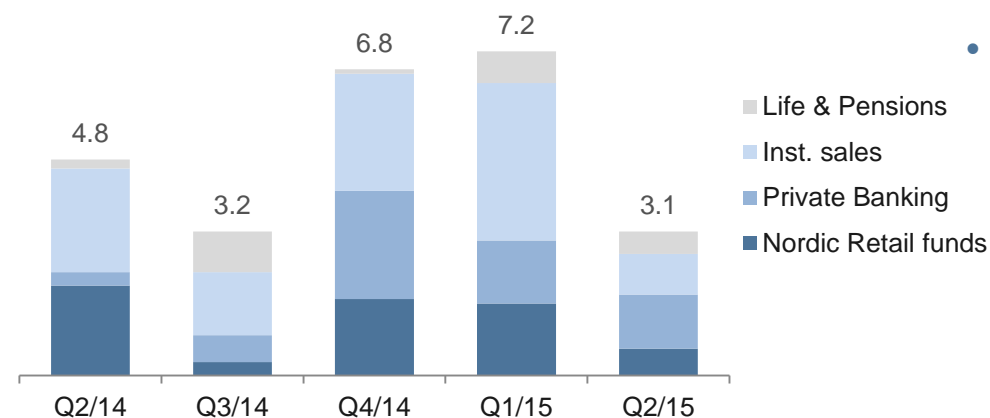
AUM DEVELOPMENT, EURbn



COMMENTS

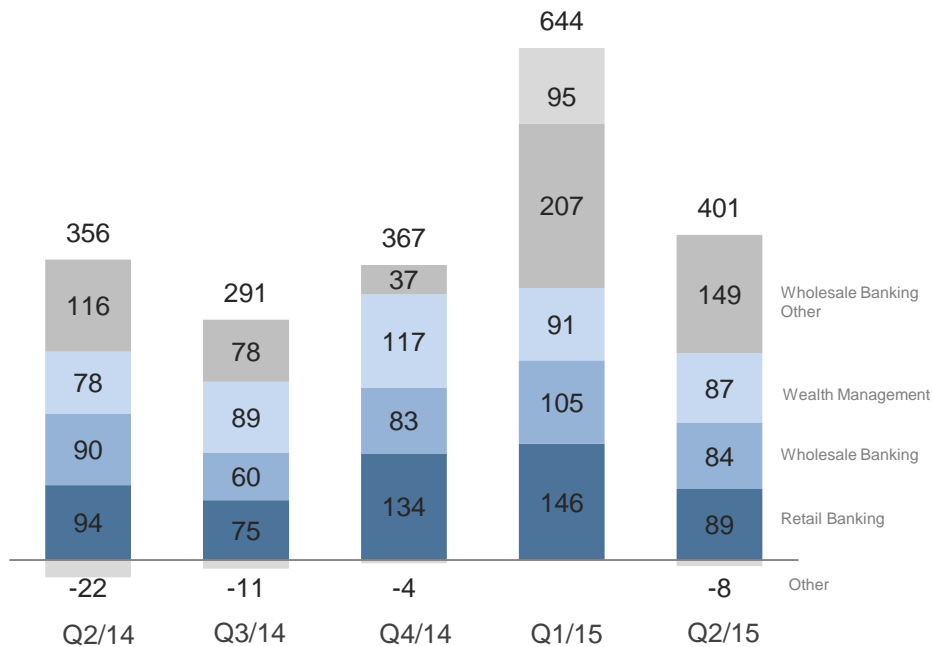
- Slight decrease in AuM caused by negative market development
- Net inflow of EUR 3.1bn in the quarter
  - All segments contributed positively
  - Continued good net inflow in Global Fund Distribution, EUR 1.1bn
- Market turmoil caused reduced net inflow in asset management funds and stronger growth in deposits
  - Retail Banking Household deposits up 3%\*
  - Private Banking deposits up 13%\*

NET INFLOW SPLIT BY SEGMENT, EURbn



# Net fair value

NET FAIR VALUE DEVELOPMENT, EURm

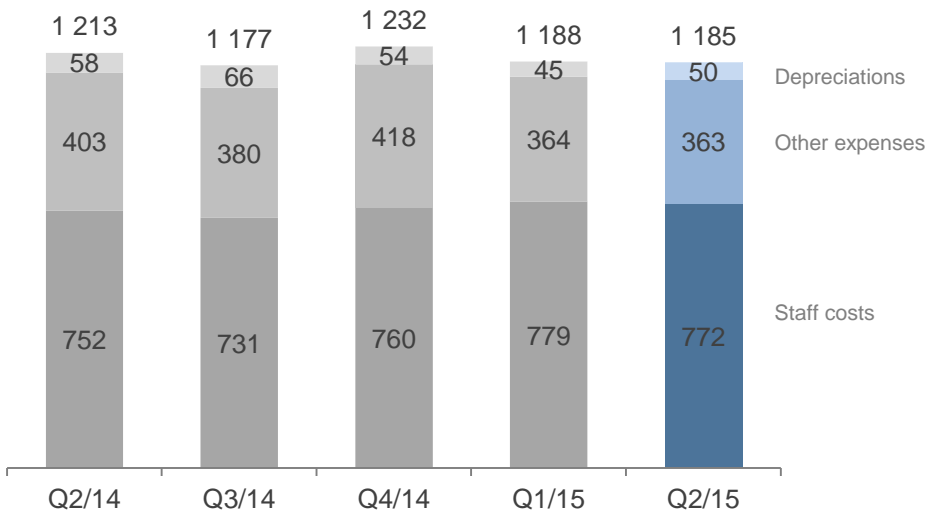


COMMENTS

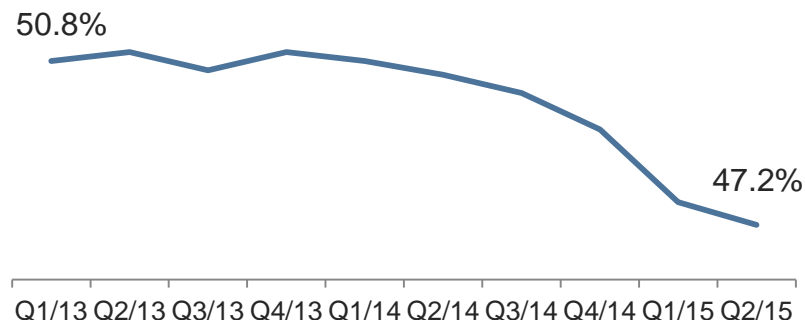
- Lower customer activity from a high level in Q1/15
- Negative one-off effect of EUR 31m in Denmark

# Long term improvement in cost efficiency

TOTAL EXPENSES\*, EURm



C/I RATIO DEVELOPMENT\*\*, %



COMMENTS

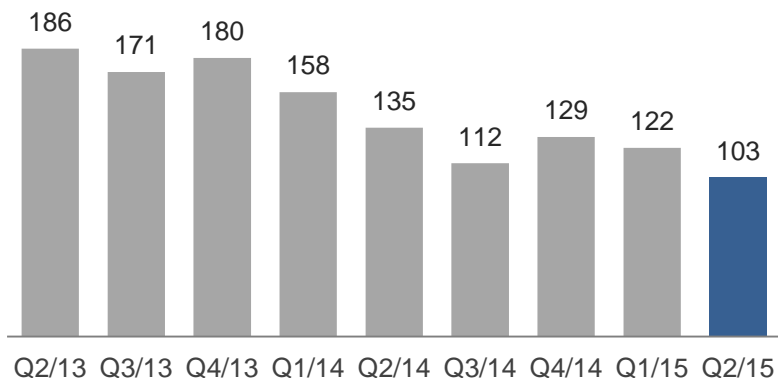
- Costs are down 1% in local currencies from previous quarter
- Costs are down 2% in local currencies and excluding performance related salaries y-o-y
- Cost target full year 2015 of EUR 4.7bn reiterated
- Increased costs from simplification initiatives
- Solid improvement of C/I ratio
  - Improved 3.6%-points since beginning of 2013
  - C/I ratio at 45.3% H1/15

\* Excluding non-recurring items

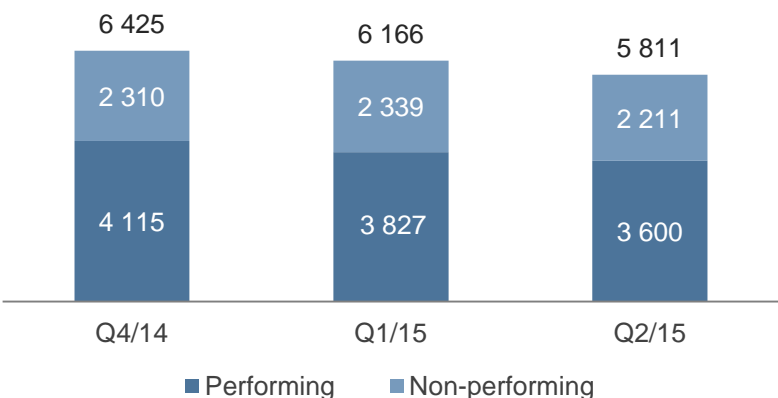
\*\*Rolling four quarters

# Strong asset quality

TOTAL NET LOAN LOSSES, EURm



IMPAIRED LOANS, EURm

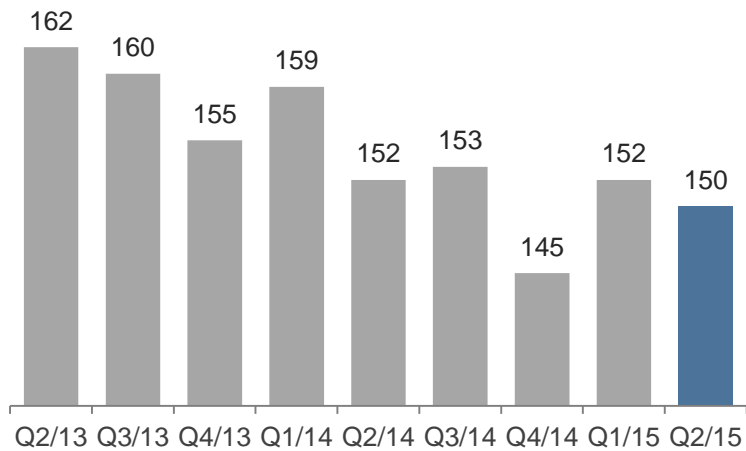


COMMENTS

- Loan losses down to 12 bps – the lowest level since Q3/08
- Stable or improved credit quality in all units
  - Collective provisions in Russia, EUR 10m, and for Danish agriculture, EUR 11m
- Impaired loans ratio down from 159bps to 152bps
- Provisioning ratio increased to 46% (45%)
- Largely unchanged credit quality in the coming quarters expected

# Risk exposure amount

RISK EXPOSURE AMOUNT, EURbn\*



COMMENTS

- REA down EUR 2bn in the quarter

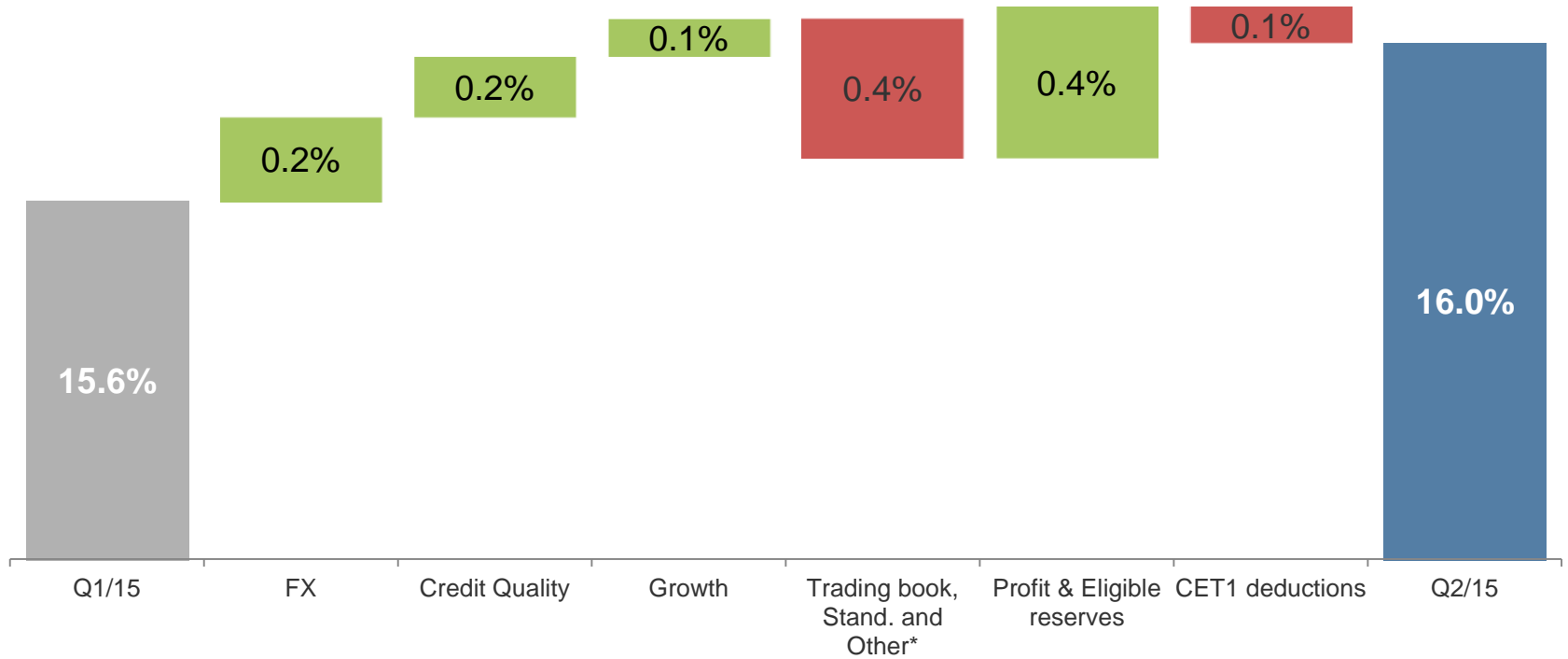
RISK EXPOSURE AMOUNT DEVELOPMENT, EURbn



\* Basel 2.5 excluding Basel I transition rules until Q4/13. Basel 3 from Q1/14  
 \*\*REA reservation incl. in Other, EUR 4.6bn

# CET 1 ratio up 40 bps

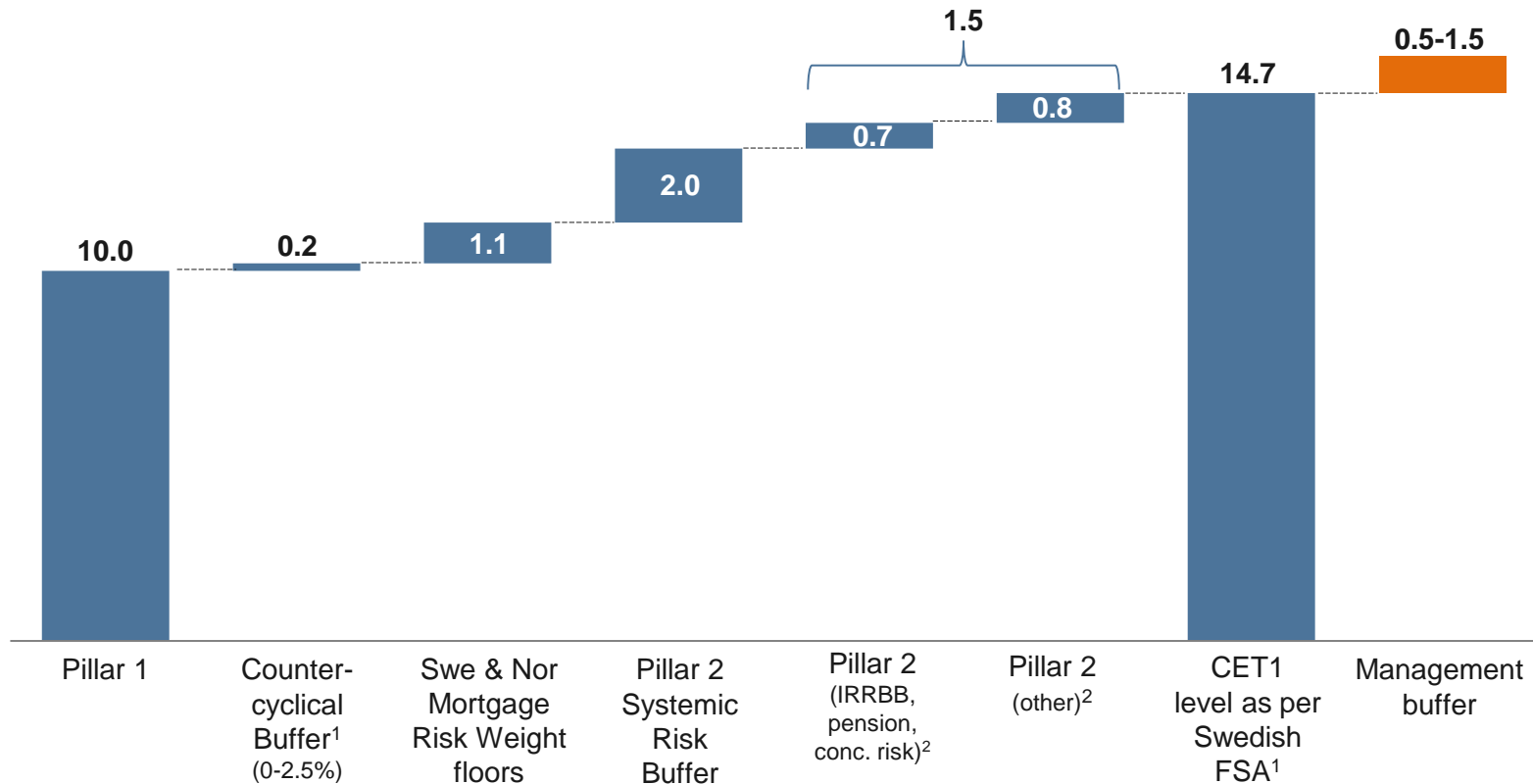
COMMON EQUITY TIER 1 RATIO DEVELOPMENT, %



\*REA reservation incl. in Other, 50bps 14 •

# Management buffer reflects Nordea's diversified business

CET1 RATIO BUILD-UP, %

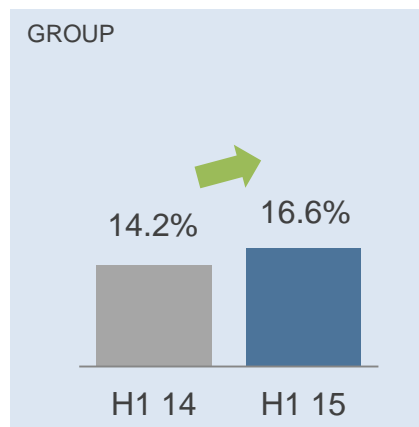


1) Countercyclical buffer only applied for Sweden in accordance with Swedish FSA Memorandum on Capital Requirement for Swedish banks (Feb 17, 2015)

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

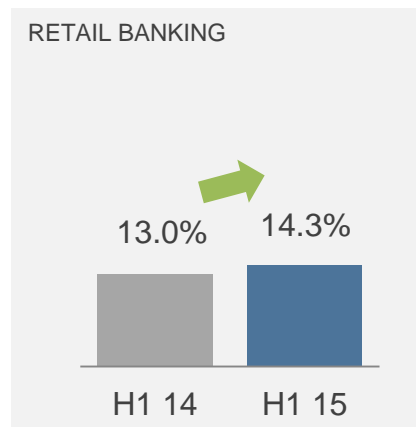
# Higher return across the board

ROCAR DEVELOPMENT YTD, GROUP AND BUSINESS AREAS



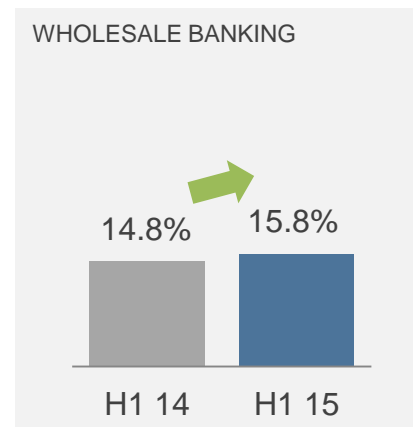
IMPACT FROM

INCOME	1.8%
COSTS	0.5%
ECONOMIC CAPITAL	-0.5%
LOAN LOSSES	+0.4%
OTHER	+0.2%



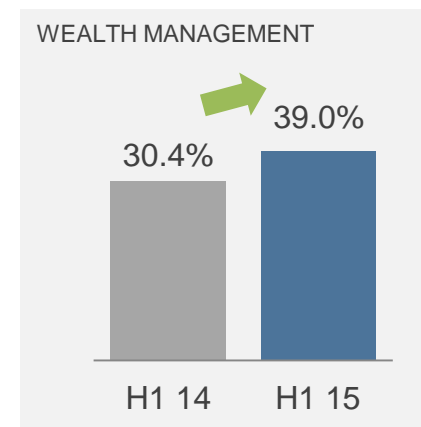
IMPACT FROM

INCOME	-0.3%
COSTS	1.4%
ECONOMIC CAPITAL	-0.7%
LOAN LOSSES	+1.0%
OTHER	-0.1%



IMPACT FROM

INCOME	0.8%
COSTS	-0.4%
ECONOMIC CAPITAL	0.7%
LOAN LOSSES	-0.1%
OTHER	0.0%



IMPACT FROM

INCOME	10.8%
COSTS	-0.4%
ECONOMIC CAPITAL	-1.7%
LOAN LOSSES	0.0%
OTHER	-0.1%



Financial summary



# Financial highlights

KEY FINANCIAL DEVELOPMENT H1/15 vs H1/14\*

Income	• up 7%
Costs**	• down 1%
C/I ratio**	• improved 420 bps to 45.3%
Loan losses	• down 22% to 13 bps
Operating profit**	• up 21%
RoE**	• Improved 210 bps to 13.7%
CET1 ratio	• up 80 bps to 16.0%

\*In local currencies

\*\*Excluding restructuring cost of EUR 190m in Q2/14



# Second Quarter Results 2015

**Investor presentation**

Christian Clausen, President & Group CEO