

# **Successful mergers for growth with increased financial results and shareholder value**

**Full year and fourth quarter 2000**

21 February 2001



**Björn Westberg**

# **Thorleif Krarup, Group CEO**

# The Nordea structure is in place...

- **Pan-Nordic mergers created the leading financial services group in the Nordic and Baltic Sea region**
  - Sweden and Finland started the process
    - Integration continues and accelerates
  - Denmark and Norway joined in 2000
    - The merger of Unidanmark and MeritaNordbanken on track
    - Rapid integration of Christiania Bank
- **Expansion in Poland and the Baltic states**
  - Acquisition of Heros Life and Bank Komunalny
  - Building further on the customer base

# The Nordea structure is in place...

- **New management installed**
  - Comprehensive merger experience
  - Continuity in vision
  - Higher ambitions
    - By 2003: # 1 or # 2 or superior profitable growth
    - More aggressive cost/income ratio objective in banking: < 50%

## **Increased result in 2000**

- **Operating profit up 17% to EUR 2,435m (SEK 20,600m)**
- **Return on equity 16.1%, excluding goodwill 19.4%**
- **Strong growth in interest and commission income**
- **Cost/income ratio banking 55% - down from 59%**

# Continued focus on...

- **Synergies**                      **EUR 310m under delivery - further EUR 50m estimated**
- **Integration**                      **Best practice and bench-marking**
- **Customers**                      **Customer satisfaction**
- **Employees**                      **Sharing and exploiting Nordic ideas**
- **Branding**                      **The Nordea name adopted and well received**
- **Growth opportunities**  
  
**Cross-selling, customer concepts, new products**  
**E-banking, asset management, private banking**  
**Incentive and profit sharing schemes**

# **Successful cross-border product launches since MNB/UD-merger**

- **Internet-bank, Solo-market and e-payment to Denmark**
- **Customer loyalty program introduced in Denmark**
- **General insurance services to Finland**
- **Mobile GSM/SMS and WAP services to Sweden**
- **Internet bank for corporate customers to Sweden**
- **Starting from Estonia, Internet services to the Baltic countries**



# Synergies under delivery

**Annual synergies from integration  
to be realised within a 3-year period, EURm**

	<b>Costs</b>	<b>Revenues</b>	<b>Total</b>
<b>MNB and Unidanmark</b>	<b>140</b>	<b>60</b>	<b>200</b>
<b>Nordea and CBK</b>	<b>50</b>	<b>60</b>	<b>110</b>
<b>Total</b>	<b>190</b>	<b>120</b>	<b>310</b>

**A further EUR 50m estimated**

# Enhanced shareholder value

- Earnings per share EUR 0.58, up 5%
- Proposed dividend SEK 2.00, up 14.3%
- Nordea share price up 43 % during 2000
- Nordea the only Nordic group among the top 20 listed European financial institutions by market capitalisation
- Share buy back programme to be prolonged
- Return on economic capital implemented in 2001
- Acquisition of CBK - EPS-enhancing immediately in 2001

**Arne Liljedahl, Group CFO**

## Result 2000

	2000	Pro forma 1999	Change %
Operating profit, EURm	2 435	2 089	17
Return on equity, %	16.1	18.0	
Return on equity excl goodwill, %	19.4	19.5	
Cost/income ratio, banking, %	55	59	
Combined ratio, general insurance, %	110 (105*)	102	

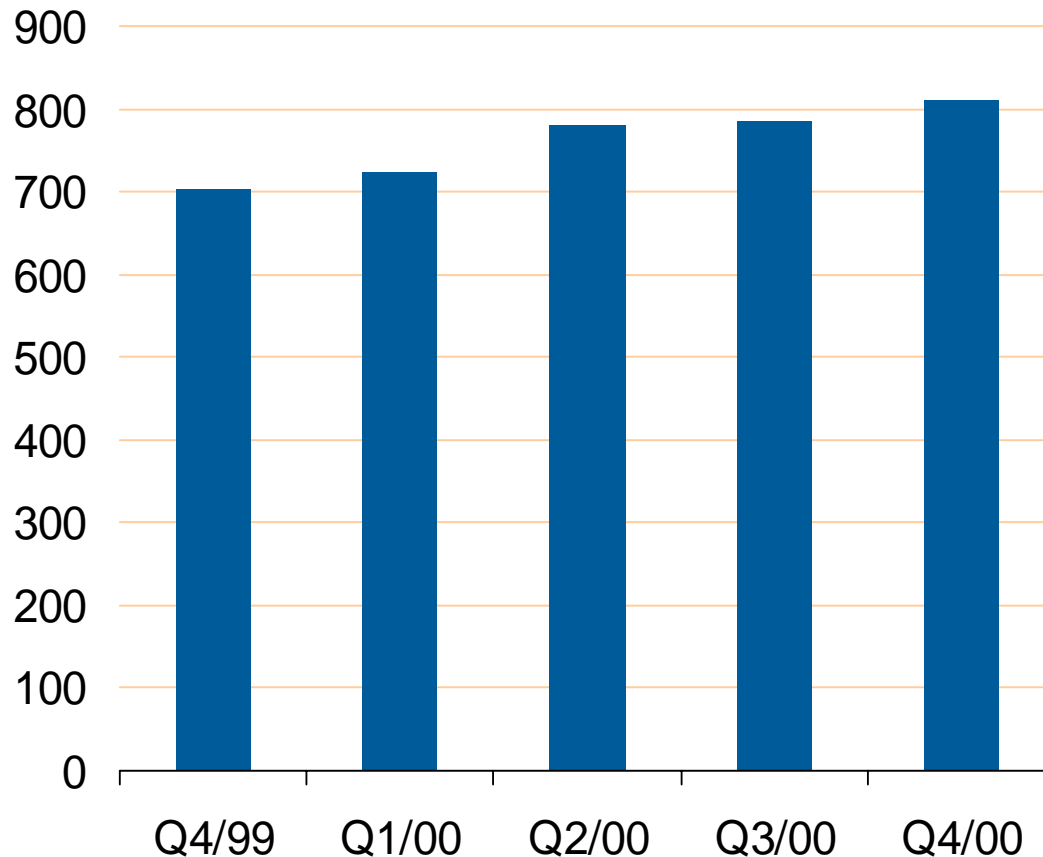
\* Excluding hurricane

# Result 2000

	2000	Pro forma 1999	Change %
Earnings per share, EUR	0.58	0.55	5
Proposed dividend, SEK	2.00		14.3

# Net interest income

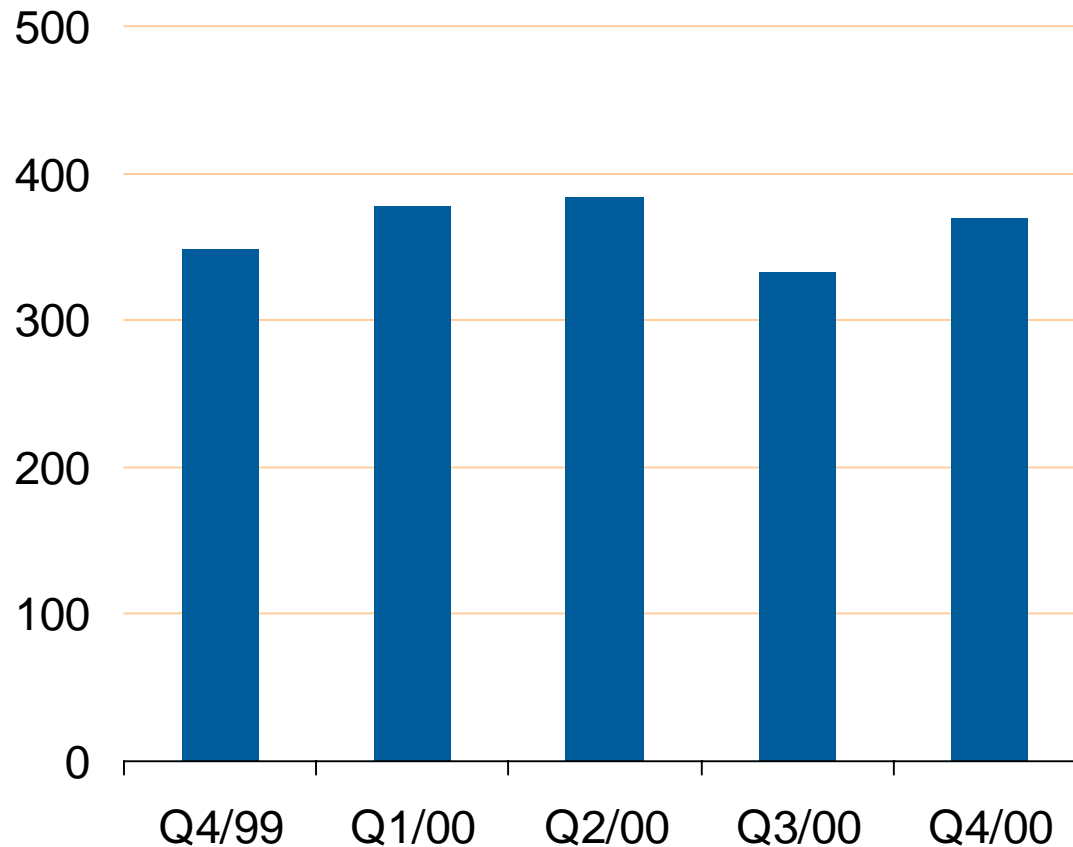
EURm



- Stable performance - up 12%
- Rising short-term interest rates - higher deposit margins
- Lending volumes up 3%

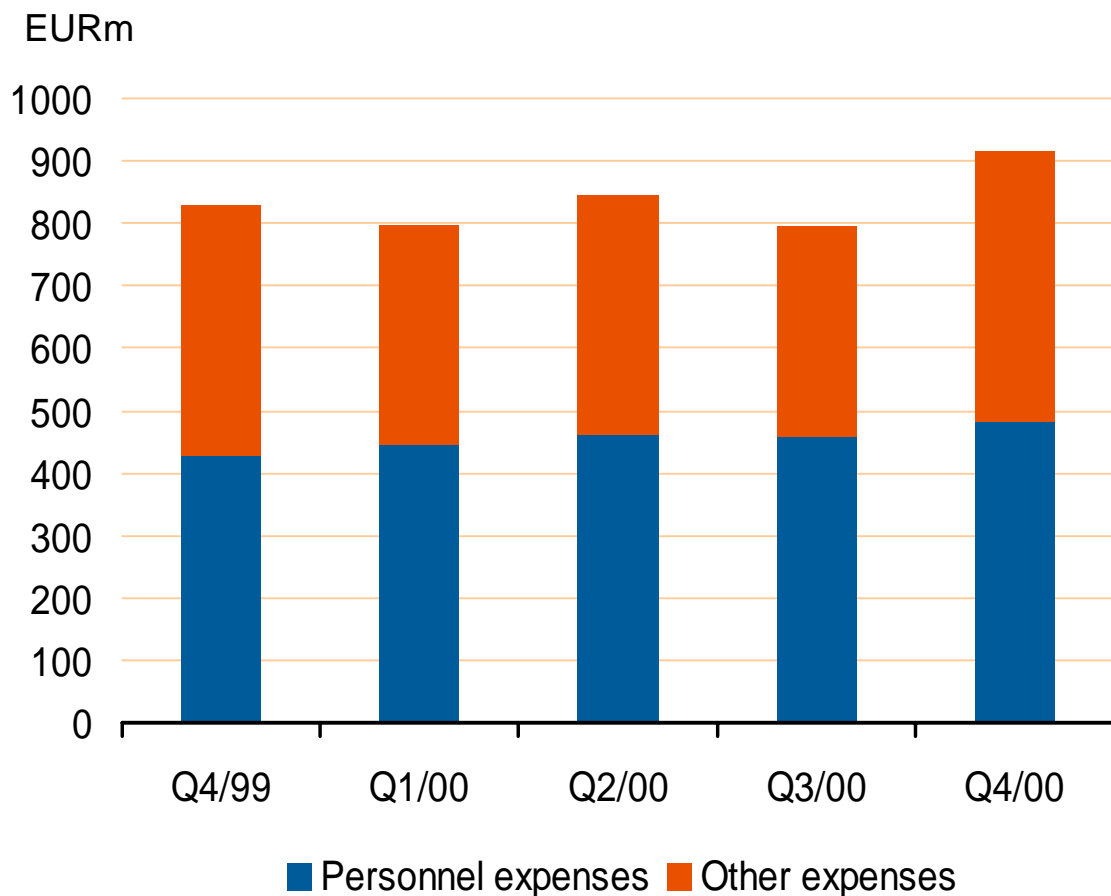
# Net commission income

EURm



- Commissions up 26%
- Strong beginning of the year due to stock markets
- Regained fourth quarter from seasonal downturn in third quarter
- Corporate finance fees higher Q4 than Q3

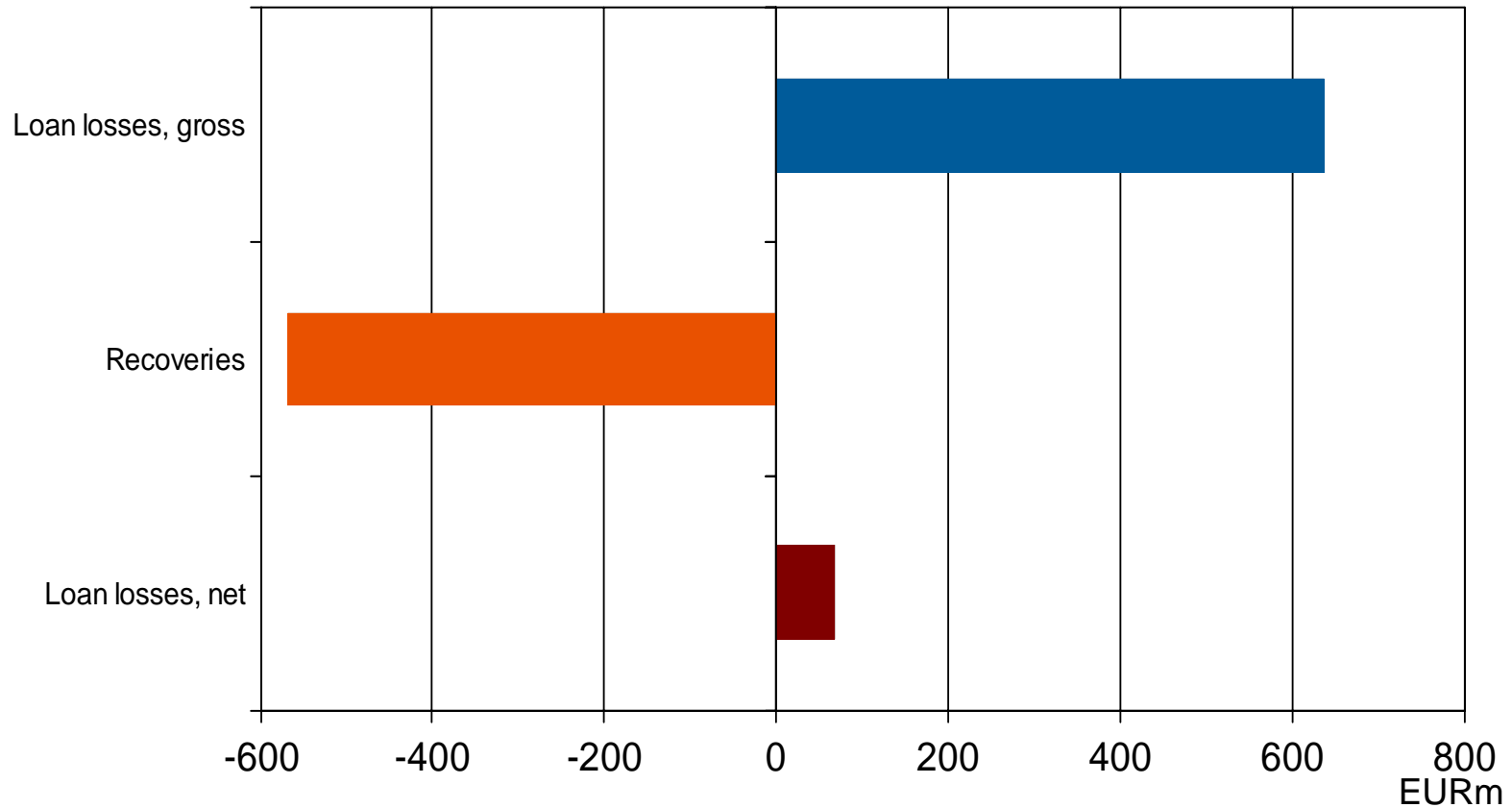
# Expenses



- Total expenses up 10%
- Adjusted for acquisitions, up 3%
- Personnel expenses, adjusted, up 5% of which 3 %-points performance related salaries
- Expansion within Asset Management
- Increased activities in the Baltic countries and Poland
- IT investments



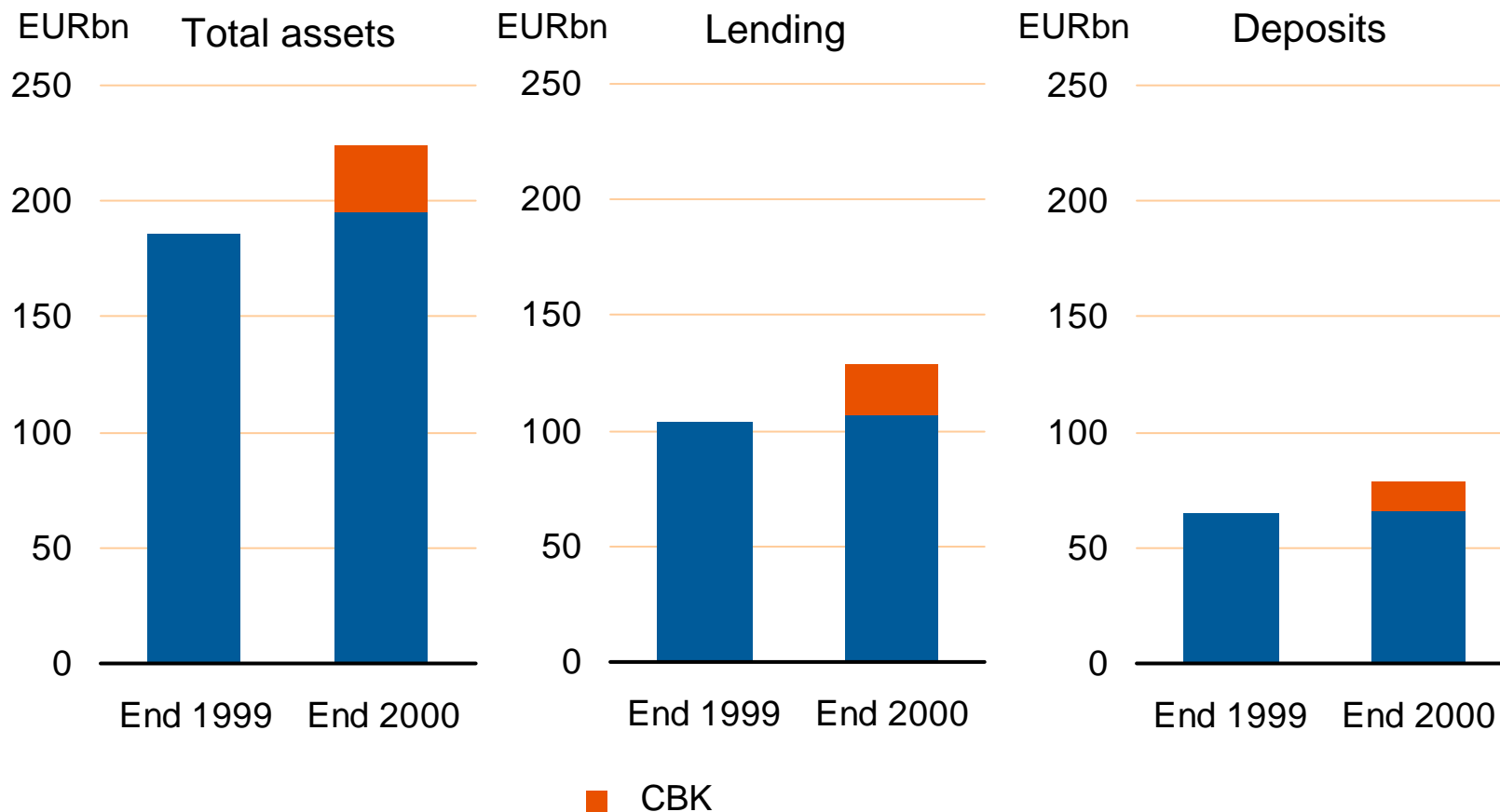
# Loan losses 2000



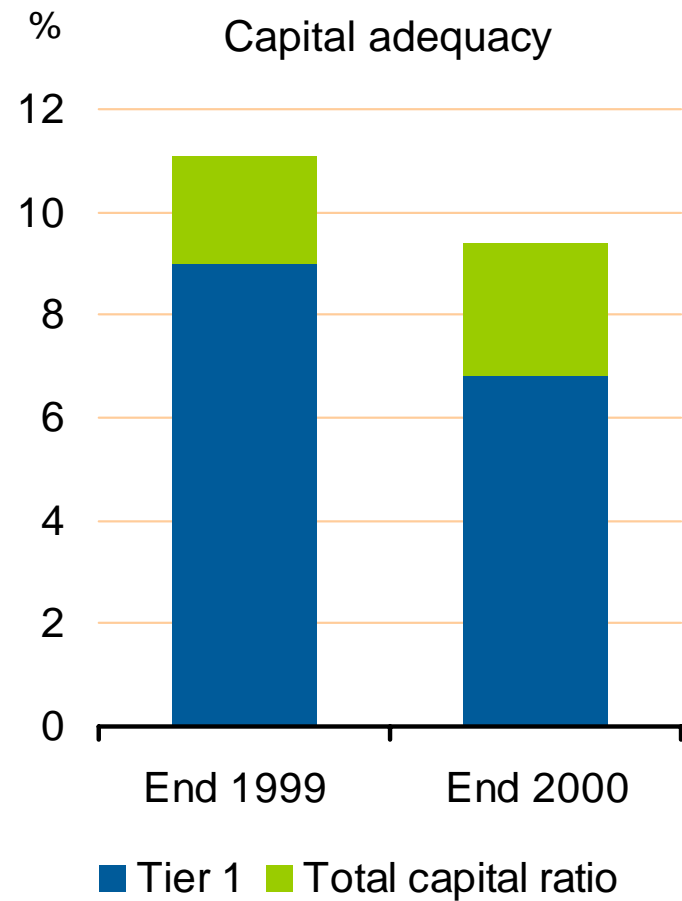
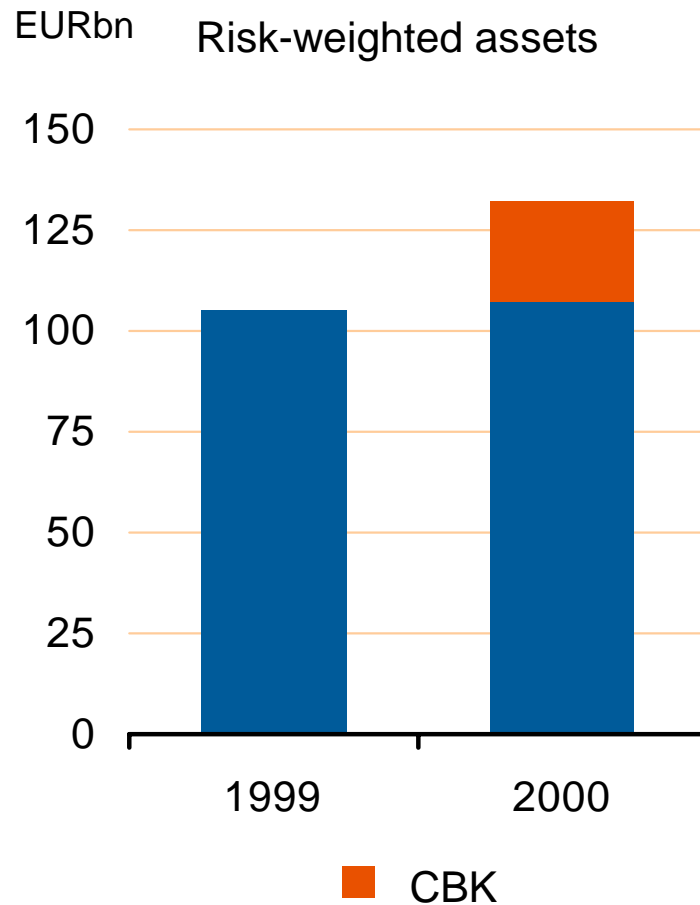
**Loan loss level**

**0.08% (0.09%)**

# Balance sheet



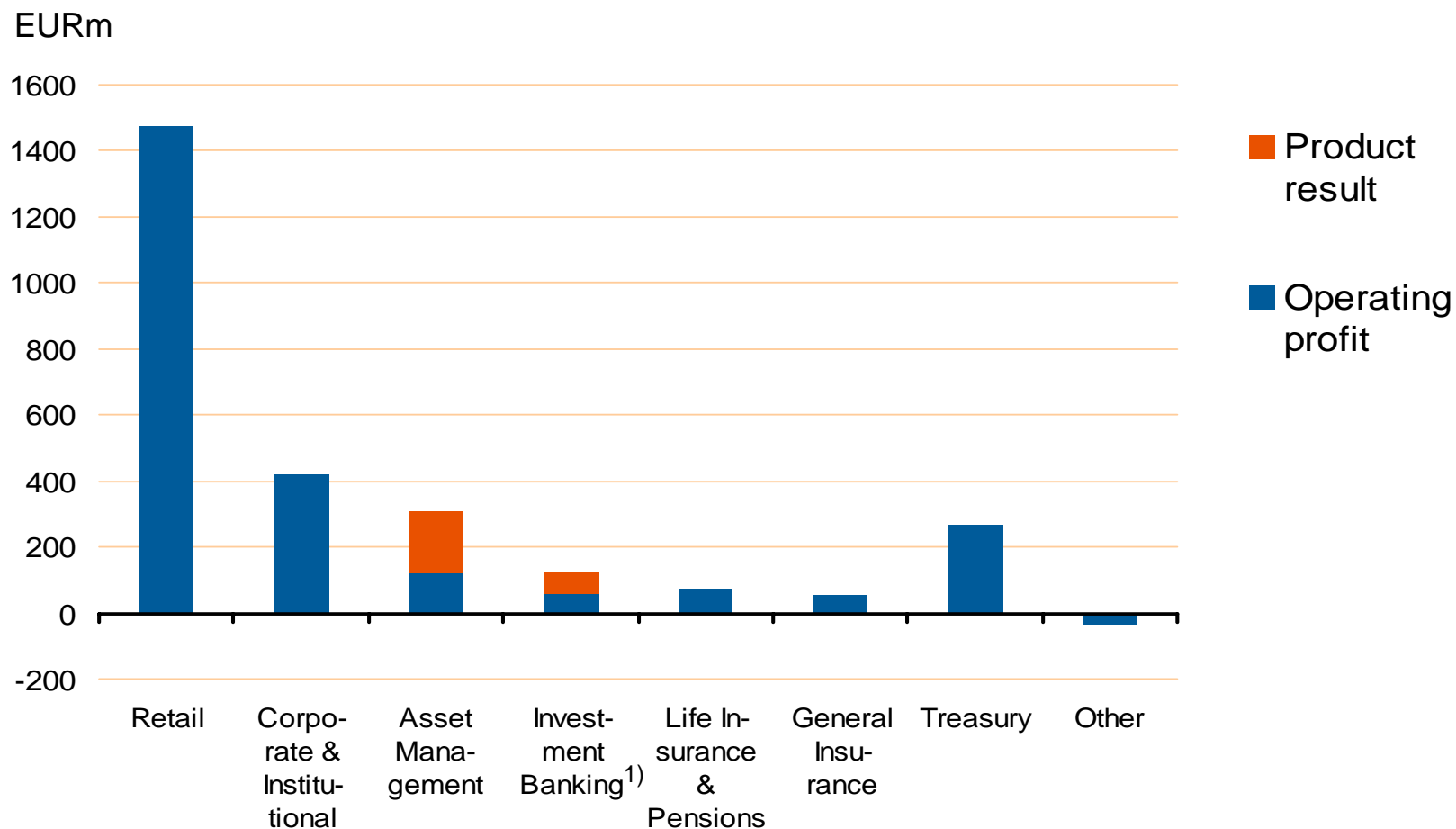
# Capital adequacy



# Fourth quarter

- **Total income up 6%, adjusted for investment operations**
- **Improvement in net interest income and commissions**
- **Weak stock market affected investment portfolios negatively**
- **Costs, including performance-related salaries, up 15%**
- **Adjusted for performance-related salaries, personnel costs remained unchanged**
- **Other expenses up 29% - seasonal fluctuations, investments for IT-development, new distribution channels in Sweden and marketing**
- **Operating profit EUR 473 million**

# Profit by business area



1) Product result refers to Equities excluding Corporate Finance

# **Thorleif Krarup, Group CEO**

# **The leading financial services group in the Nordic and Baltic Sea area**

**Financial and business objectives to create shareholder value**

**Vision to be valued as the leading financial services group in the Nordic and Baltic Sea region**

**Ambition to reach top market positions**

**Mission to fulfil customer aspirations**

**Common values and culture of sharing and exchanging Nordic Ideas**

**Customer focus and continuous performance improvement**

# Retail Banking



## Objectives

- Cost/income ratio improvement
- Increasing return on allocated capital
- Uniformed customer segmentation
- 2.7m e-customers by the end of 2001

## Market position

**Denmark**

**# 2**

**Finland**

**# 1**

**Norway**

**# 2**

**Sweden**

**# 3**



# Asset Management

A vertical rectangular image showing a close-up of ocean waves with white foam and blue water, serving as a background for the "Objectives" and "Market position" sections.

## Objectives

- The asset manager in the Nordic area generating the highest shareholder value
- Overall growth of 20% per annum in assets under management
- Investment returns ranking in the top quartile
- Nordea - First in mind

## Market position

Leading pan-Nordic asset manager

Denmark	Finland	Norway	Sweden
# 1 - 2	# 1	# 3	# 3 - 4

# Corporate and Institutional Banking



## Objectives

- Growing profits with increasing return on allocated capital
- Top results in customer satisfaction

## Market position

Denmark	Finland	Norway	Sweden
# 2	# 1	# 2	# 3

# Investment Banking



## Objectives

- Profit growth
- Improvement of cost/income ratio
- Maximise fee generating activities
- Improvement of customer satisfaction

## Market position

Market  
share,  
equities

Denmark

# 2

Finland

# 1

Norway

# 5

Sweden

# 8

# Life Insurance and Pensions



## Objectives

- Premium growth above market development
- Improved cost efficiency
- Embedded value growth

## Market position

	Denmark	Finland	Norway	Sweden
Premium income	# 3	# 1	# 4	# 8

# General Insurance

## Objectives

- Combined ratio of max 100
- Improved cost efficiency
- Improved efficiency of distribution channels

## Market position

Denmark

# 1

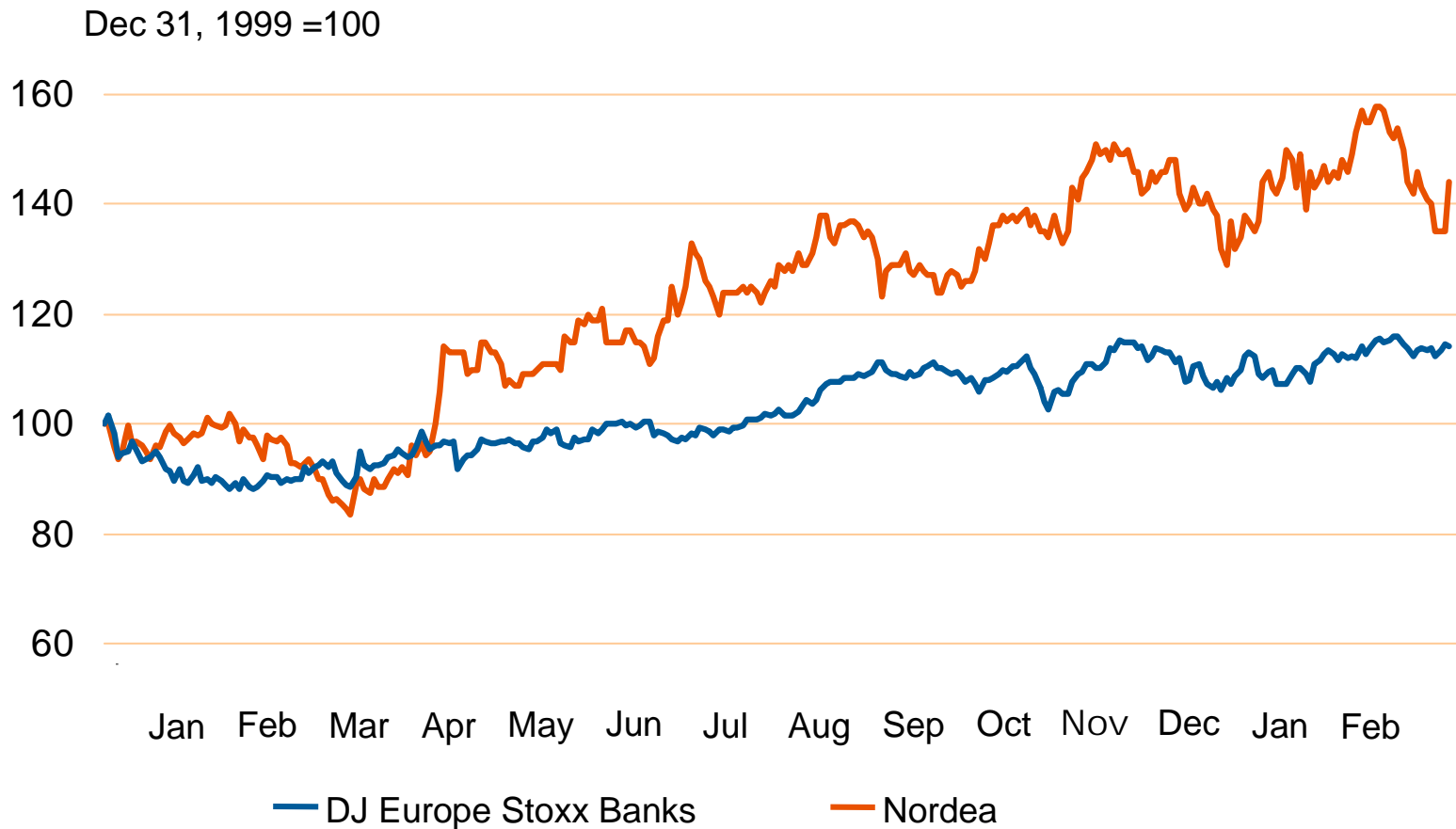
Finland

Start in spring 2001

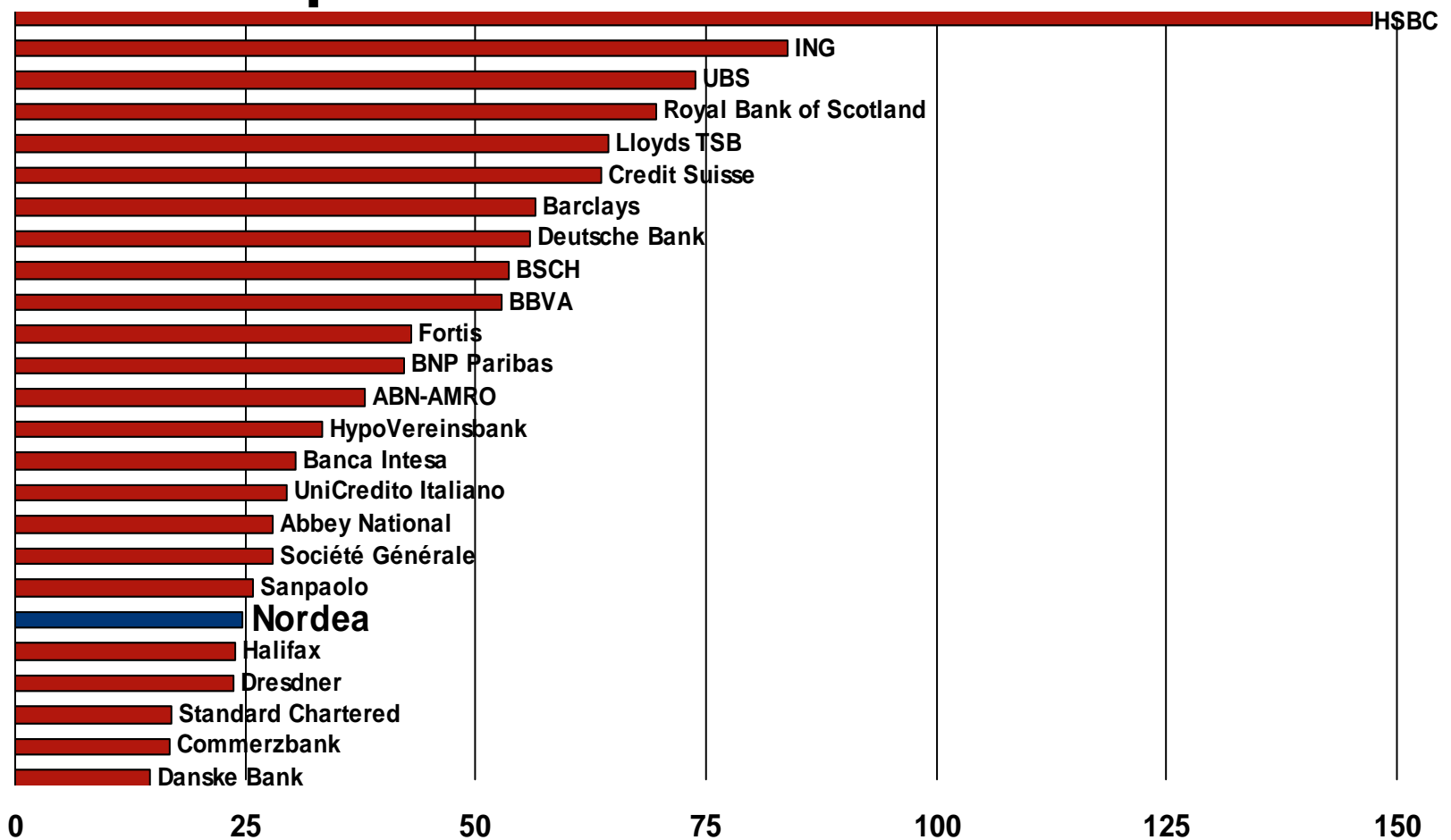
Norway

# 3

# Share price development in 2000



# Top 25 European financial services groups by Market Capitalisation



Source: ArosMaizels

EUR bn



# Nordea in the Nordic and the Baltic Sea region in 2001

<b>Finland</b>	
Locations	461
Personnel	11 339

<b>Sweden</b>	
Locations	270
Personnel	6 707

<b>Norway</b>	
Locations	200
Personnel	5 500

<b>Denmark</b>	
Locations	444
Personnel	12 884

<b>Poland</b>	
Locations	118
Personnel	1 200

