



# **Interim Report First Quarter 2005**

## **Press conference**

27 April 2005

Lars G Nordström  
President and Group CEO

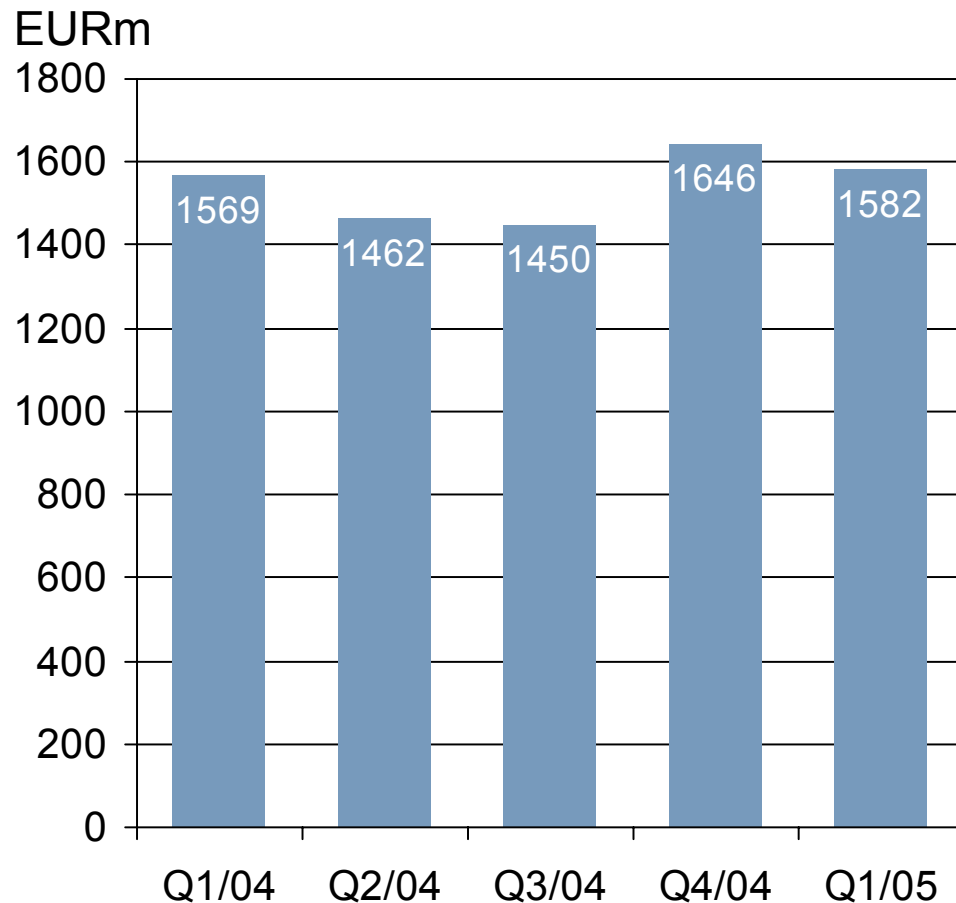
## Strong results in the first quarter

- Net profit up 8% to EUR 495m (EUR 459m in Q1 2004)
- Operating profit up 10% to EUR 688m (EUR 624m)
- Total income up 1% to EUR 1,582m (EUR 1,569m) despite lower investment result and including additional other income of EUR 40m
- Total expenses flat
- Earnings per share EUR 0.18 (EUR 0.16)
- Return on Equity 15.7% (15.2%)

## **Stable development compared to Q4**

- Net profit up 4% to EUR 495m (EUR 476m in Q4 2004)
- Operating profit up 2% to EUR 688m (EUR 677m)
- Total income down 4% from seasonally high Q4 to EUR 1,582m (EUR 1,646m)
- Total costs down 8%
- Positive net loan losses

# Total operating income



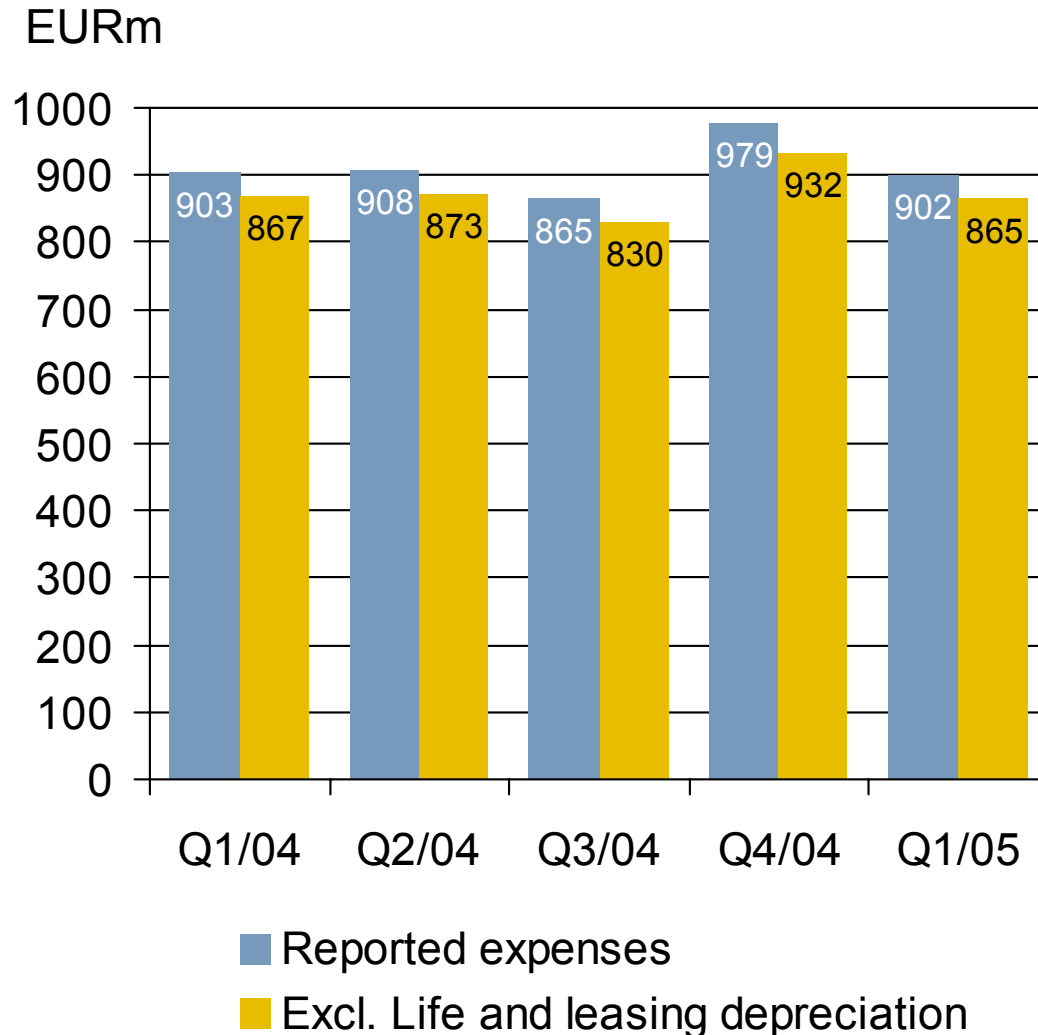
YoY:

- Total income up 1%
  - NII up 5%
  - Commissions up 4%
  - Net gains/losses down 47%
  - Income from sale of general insurance business in 2002, EUR 40m

QoQ:

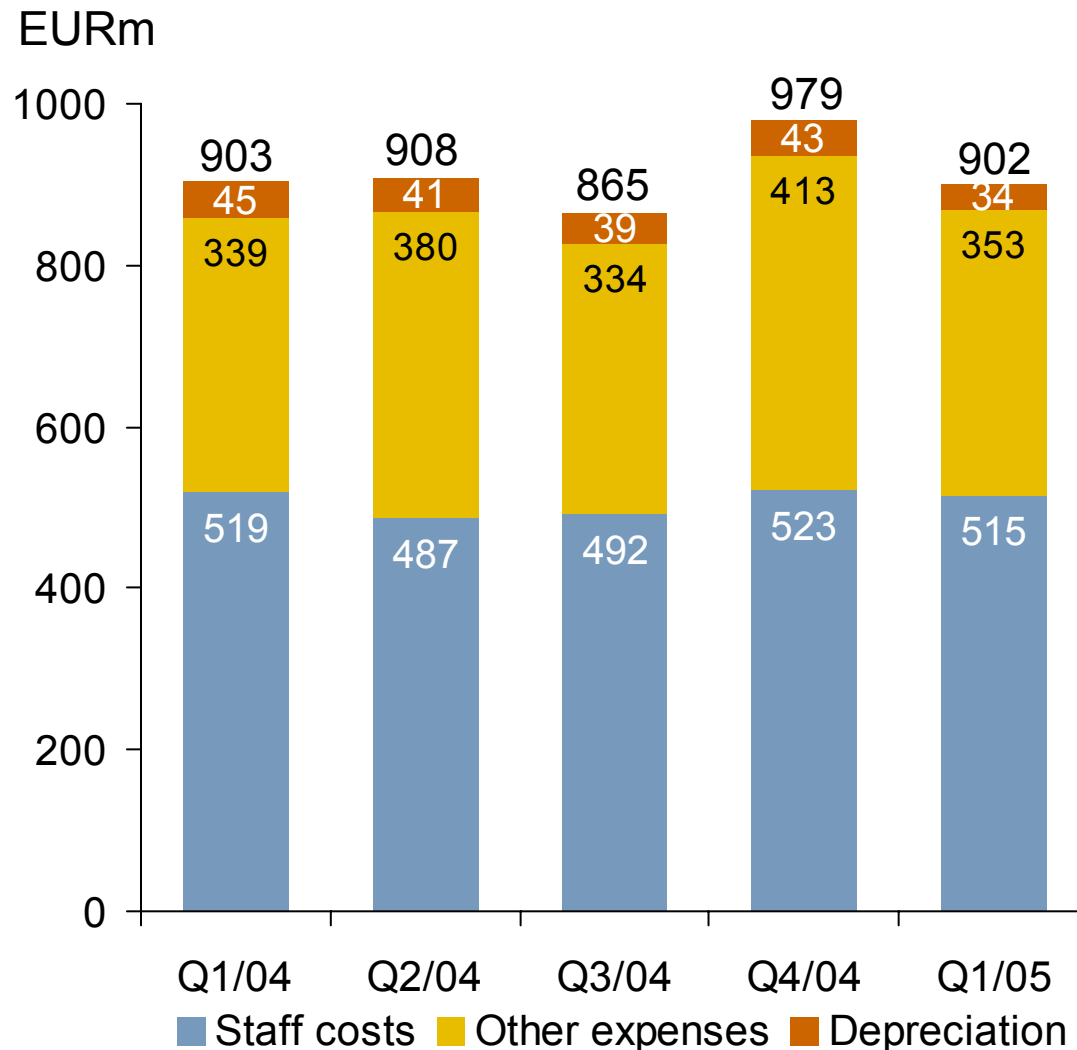
- Total income down 4% from seasonally high Q4
  - NII down 3% - two days less
  - Commissions down 3%
  - Net gains/losses down 36%
- Highest Q1 income ever

# Expenses



- Nordea's flat cost target for the banking business remains unchanged
- Flat cost target excludes:
  - costs in Life
  - depreciation of operational leasing
- As a result of IFRS and changed presentation format

# Expenses



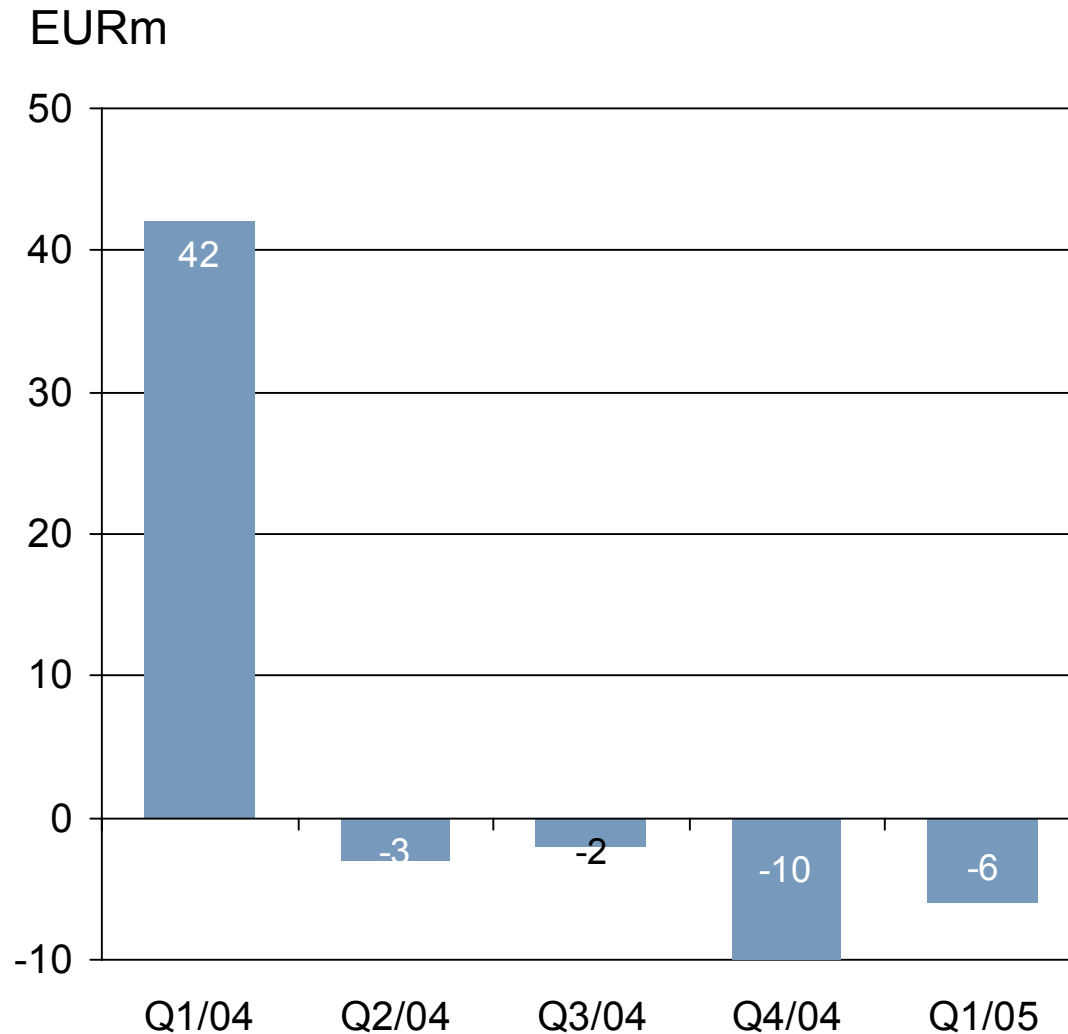
YoY:

- Total expenses kept flat
- Wage increases, inflation and growth in business volumes offset by efficiency gains and reduced no. of FTEs

QoQ:

- Down from seasonally high Q4
- Other expenses down 15%
  - marketing
  - IT
  - restructuring

# Loan losses



YoY:

- Overall stable credit quality
- Reversals exceeded new provisions
  - 4<sup>th</sup> quarter in a row

QoQ:

- Stable credit quality
- No industry sector stands out

## Volume growth in focus areas

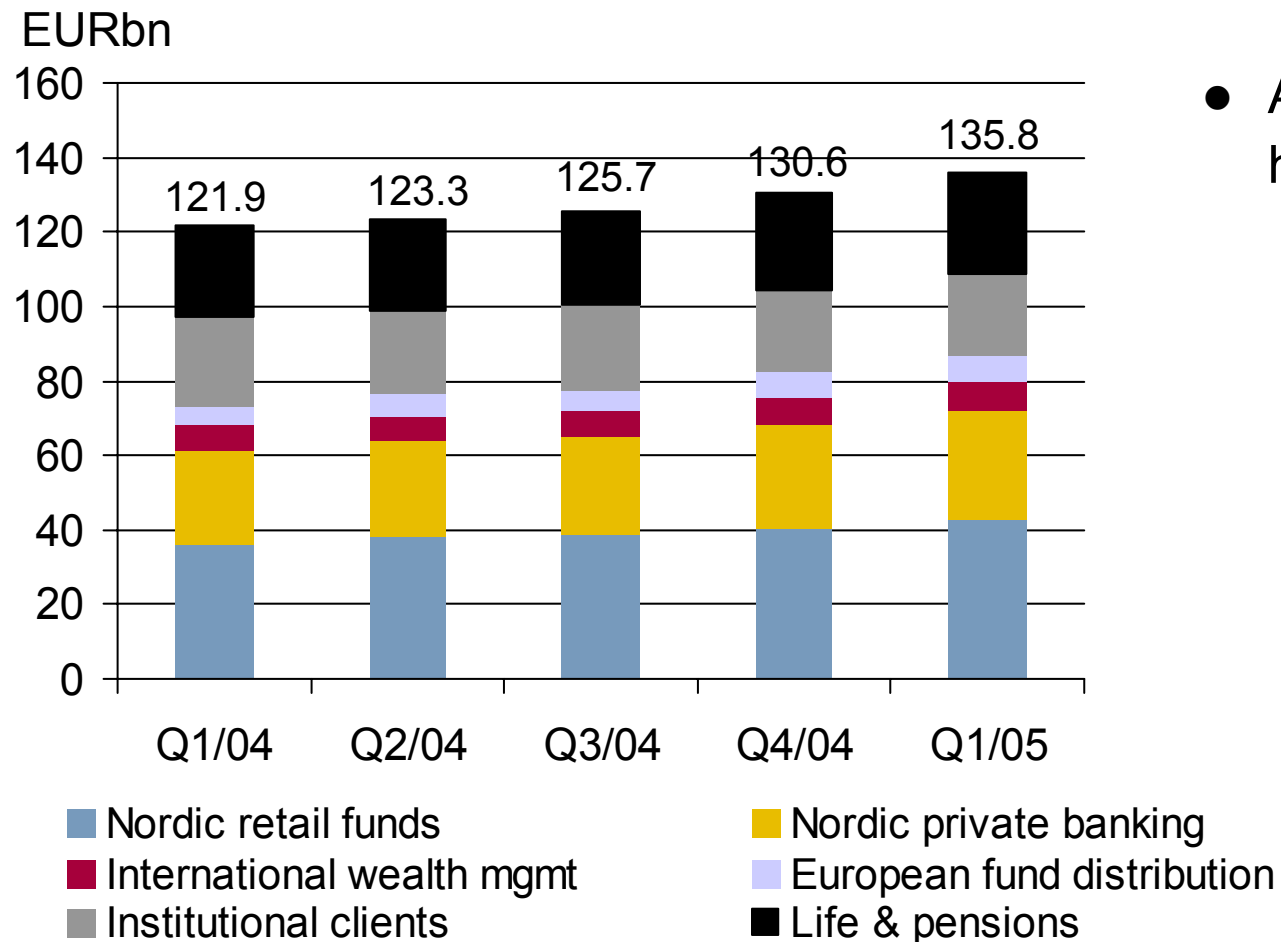
- Mortgage lending to personal customers up 15% year-on-year
- Lending to small and medium-sized corporates increased by 14%
- Assets under Management up 11% to EUR 136bn
- Written premiums in Life up 23%



## Volume growth in focus areas

	<u>YoY</u>	<u>QoQ</u>
● <b>Lending, total</b>	<b>15%</b>	<b>6%</b>
– Mortgage lending	+15%	+2%
– Consumer lending*	+9%	+3%
– SME lending	+14%	+5%
– CIB lending (excl. Markets)	+18%	+19%
● <b>Deposits, total</b>	<b>14%</b>	<b>1%</b>
– Household deposits	+7%	+ -0%
– SME deposits	+6%	-2%
– CIB deposits (excl. Markets)	+56%	+10%

# Assets under Management



- AuM climbs to new all-time-high at EUR 135.8bn
  - net inflow of EUR 2.7bn in Q1
  - asset appreciation EUR 2.5bn in Q1

# Active capital management

- Successful issues of Tier 1 instruments
- Repurchase of 139 million shares completed
- New mandate to repurchase own shares

## Group financial targets

Key performance indicator	Q1/05	2004	Target
Total shareholder return (TSR), %	#7	#3	In the top quartile of European peer group
RoE, %	15.7	14.5*	> 15% in 2005 and > 17% or in line with level of top Nordic peers from 2007
Costs**, EURm	865	3,502	Same cost level through 2007 as in 2004
<b>Supporting performance indicator</b>			
Cost/income ratio, %	57	60	Continuous improvement

**RoE target raised by 3 percentage points**  
**Flat cost target extended by three years**  
**Ambition is to be in the top quartile in Europe on TSR**

\*Adjusted for the real estate gain in 2004

\*\* As a result of IFRS and the changed presentation format, reported total expenses will consequently be excluding the costs in Life and depreciation of operating leasing



## **“Shipping Finance - the Nordea experience”**

27 April 2005

Carl E. Steen

Head of Shipping, Offshore and Oil Services Division

## **Shipping, Offshore and Oil Services Division (SOOSD)**

A division within the Corporate and Institutional Banking business area

Centre of competence in Oslo, local presence in Bergen, Stavanger, Ålesund, Copenhagen, Gothenburg, Helsinki, London, New York and Singapore

Consists of 80 shipping professionals

As of 31 December, 2004 total commitments of US\$11.2 billion  
- the 4th largest lender to the shipping industry

Represents approximately 4% of Nordea's total lending

In 2004 Nordea reached the position as the leading global arranger and book-runner for syndicated loans to the shipping and offshore industries

# Shipping Markets

Most shipping segments have, over the past few years, enjoyed attractive freight rates which has made the industry very profitable for nearly all companies and its shareholders due to:

- Strong world economic growth
- Industrialisation on new countries ( e.g. China)
- Liberalisation of trade/reduced trade barriers
- Outsourcing to low-cost countries (e.g. China)

## Shipping Markets (Cont.)

Outlook for the shipping segments is positive driven by:

- World economic growth expected to remain at relatively high levels in the short to medium term
- Risk of tonnage oversupply is limited in the short to medium term due to limited shipbuilding capacity

However, there are some risk factors involved:

- Reduced economic growth
- Reduced world trade due to e.g. protectionism, financial crisis and terrorism.
- Distress in financial markets



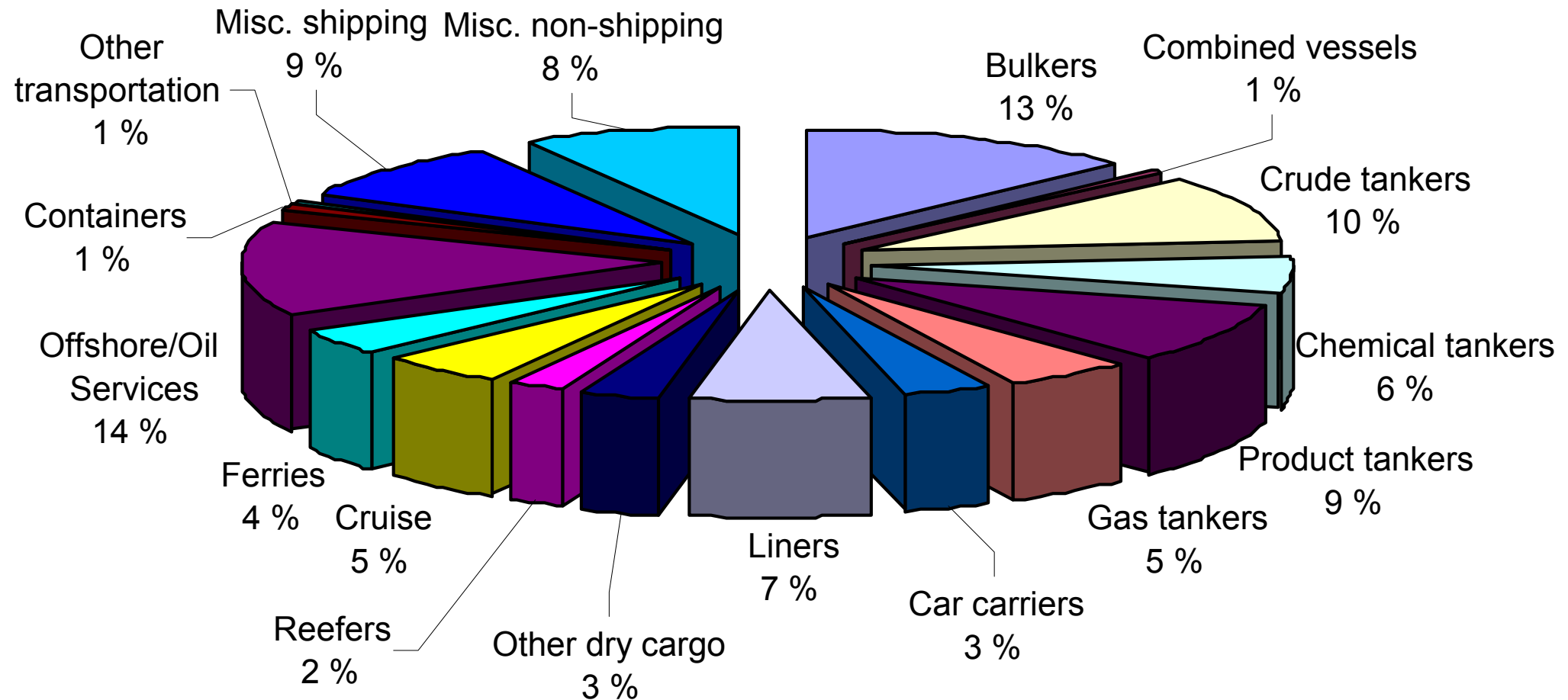
# Shareholders' approximate return over 5 years for selected shipping companies

D/S Norden	5700%
Torm	4150%
Frontline	3250%
CMB	1750%
Cosco Singapore	900%
Hanjin	900%
OMI Corp	850%
Odfjell	800%
Teekay	550%
HMM	200%
AP Møller	80%
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S&P 500	negative 20%

Source: Bloomberg

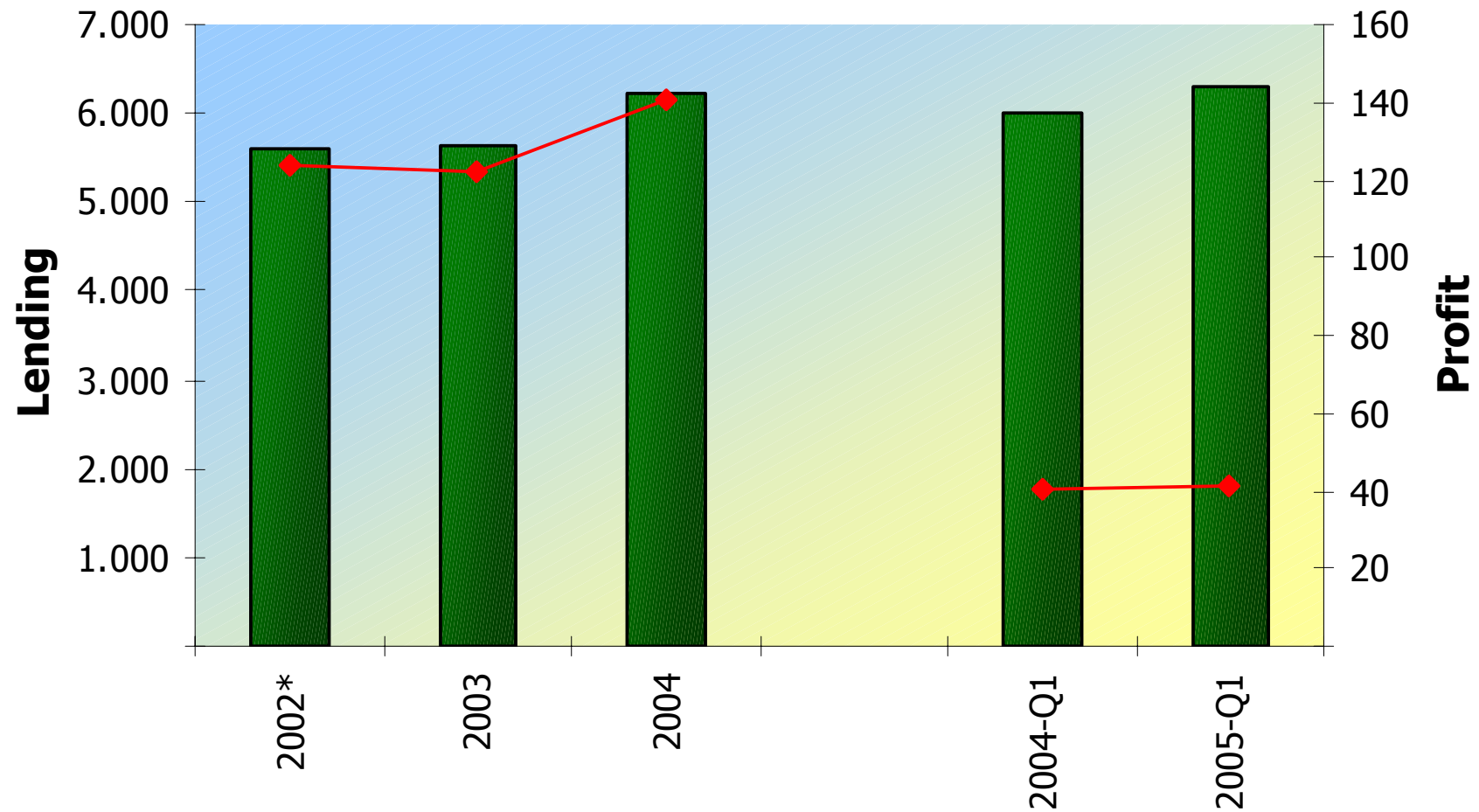
# Nordea Shipping Portfolio

Total exposure approx USD 11.2 bn (committed), end December 2004



- Well diversified by type of vessel
- Focus on large industrial companies
- Exposure split 55%/45% Nordic/Internationally

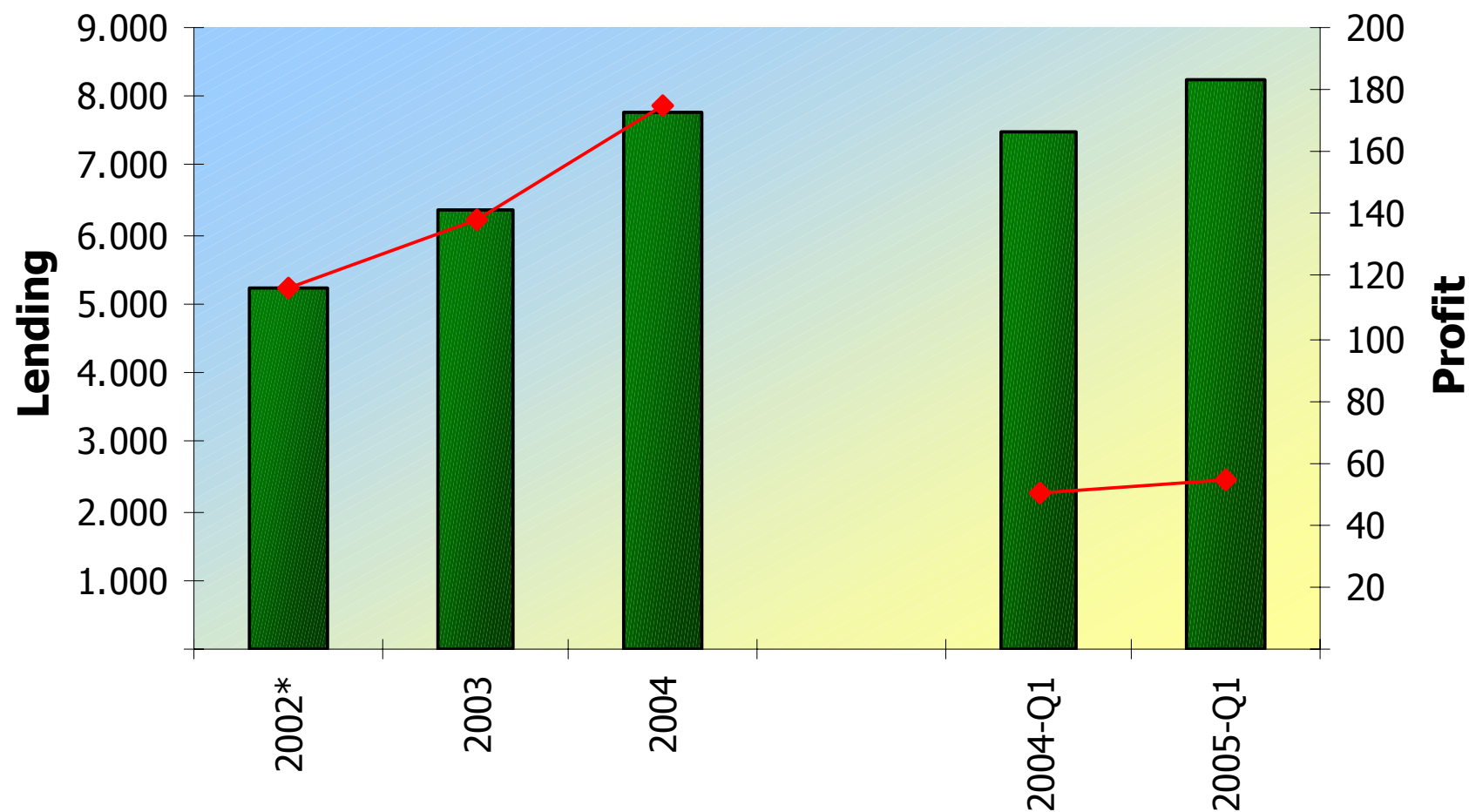
## Business Development, mEUR



\* Adjusted for changed allocation principle from Markets as of 2003

■ Total Lending —◆— Net Profit After Losses

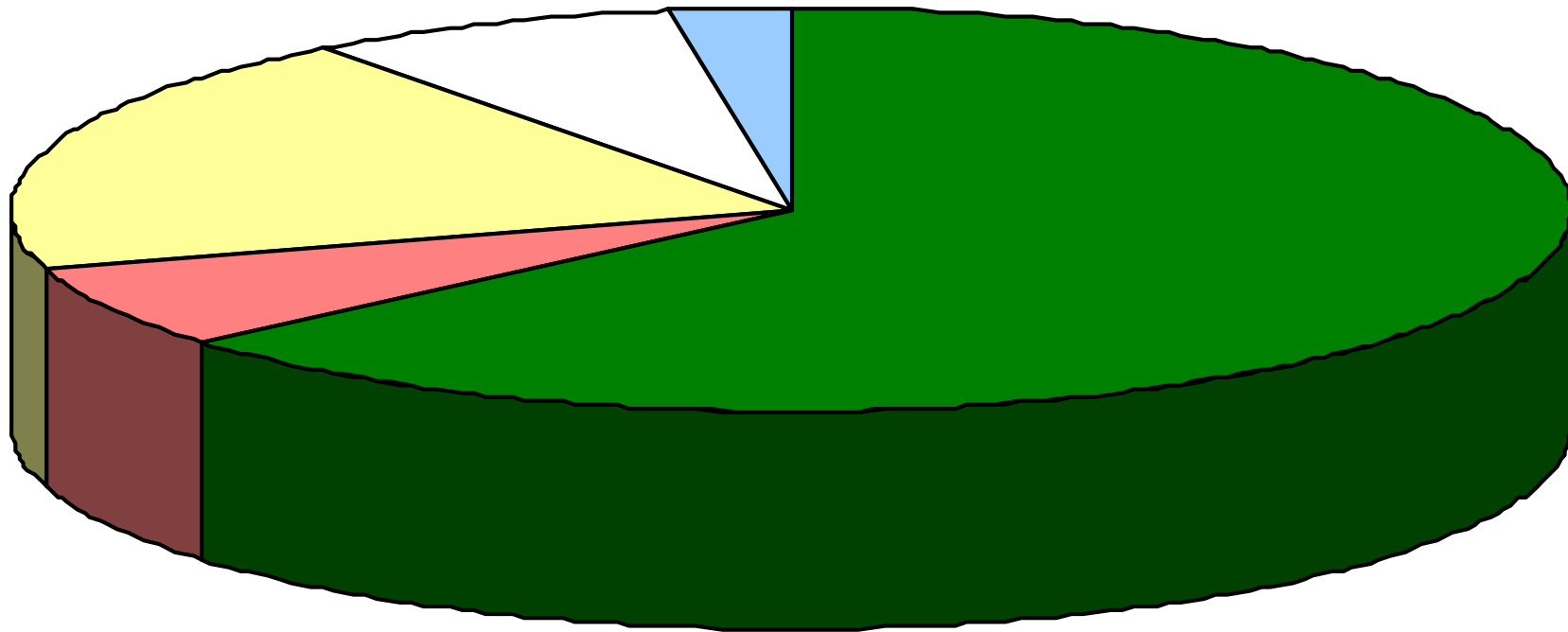
## Business Development, mUSD



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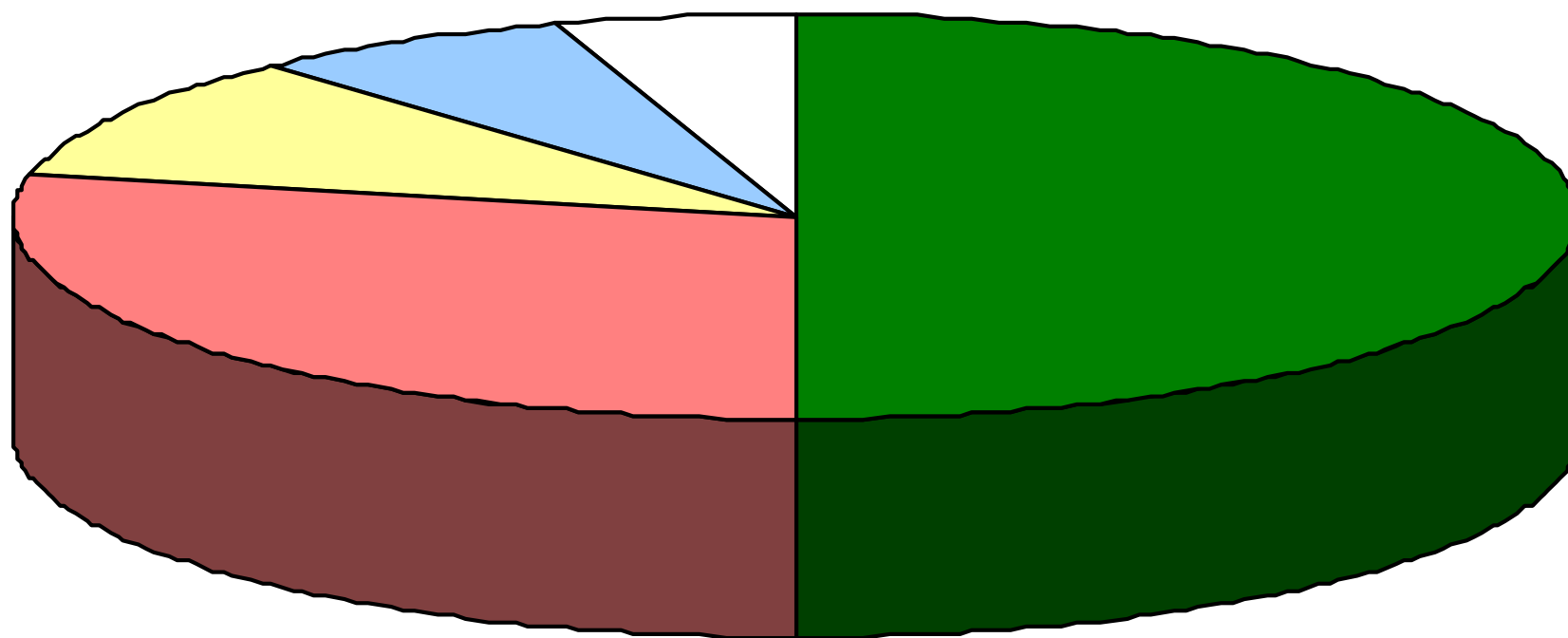
■ Total Lending —◆— Net Profit After Losses

## Income types, 2004



■ Interest income excl deposit ■ Deposits ■ Commission income □ Trading income ■ Other income

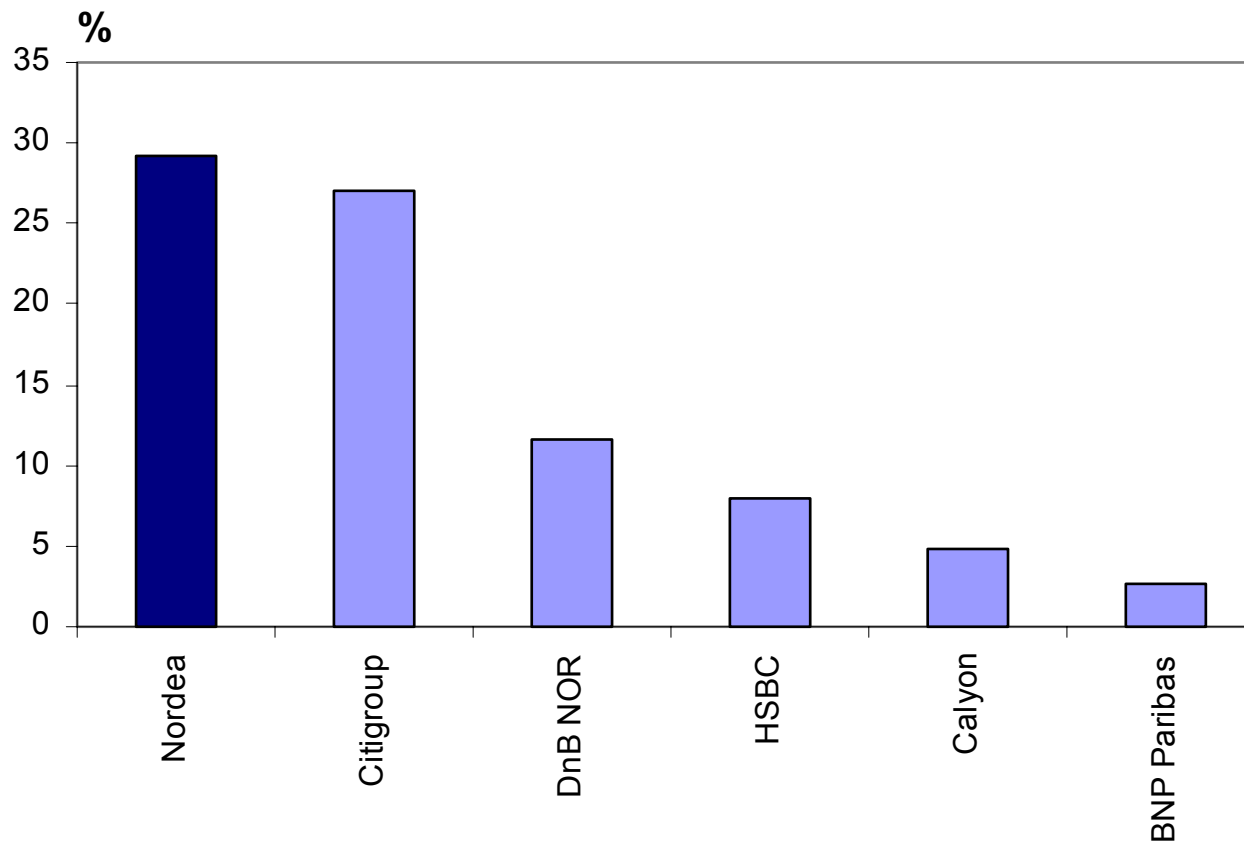
## Geographic distribution of income, 2004



■ Norway ■ London, New York, Singapore ■ Denmark ■ Sweden ■ Finland

## 2004 League Tables

Nordea reached the position as the leading global arranger for syndicated loans to the shipping and offshore industries.



Source: Deloitt

# The Leading Arranger of Syndicated Loans to the Shipping and Offshore Industries

June 2004



**Concordia Maritime AB**

**USD 250,000,000**  
Revolving Credit

Joint Lead Arranger and  
Joint Bookrunner

June 2004



**Leif Höegh & Co Limited**

**USD 600,000,000**  
Revolving Credit

Joint Lead Arranger and  
Joint Bookrunner

June 2004



**V-Plus N.V.**

**USD 290,000,000**  
Term Loan

Joint Lead Arranger, Sole  
Bookrunner and Facility Agent

July 2004



**General Maritime  
Corporation**

**USD 825,000,000**  
Term Loan/Revolving Credit

Sole Lead Arranger, Sole  
Bookrunner and Facility Agent

July 2004

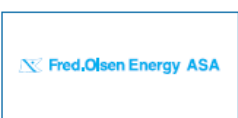


**NCL Corporation Ltd.**

**USD 800,000,000**  
Term Loan/Revolving Credit

Joint Lead Arranger  
and Sole Bookrunner

July 2004



**Fred Olsen Energy ASA**

**USD 300,000,000**  
Revolving Credit

Joint Lead Arranger, Joint  
Bookrunner and Facility Agent

August 2004



**Teekay Shipping  
Corporation**

**USD 500,000,000**  
Revolving Credit

Sole Lead Arranger, Sole  
Bookrunner and Facility Agent

September 2004



**Prisco Tanker Limited/  
Primorsk International  
Shipping Limited**

**USD 317,000,000**  
Term Loan

Joint Lead Arranger, Joint  
Bookrunner and Facility Agent

November 2004



**OMI Corporation**

**USD 375,000,000**  
Revolving Credit

Sole Lead Arranger, Sole  
Bookrunner and Facility Agent

November 2004



**Noble Drilling  
Corporation**

**USD 300,000,000**  
Revolving Credit

Sole Lead Arranger, Sole  
Bookrunner and Facility Agent

December 2004



**Stena AB**

**USD 1,000,000,000**  
Revolving Credit

Joint Lead Arranger and  
Joint Bookrunner

December 2004



**Bergesen Worldwide  
Limited**

**USD 1,700,000,000**  
Revolving Credit

Joint Lead Arranger  
and Facility Agent

December 2004



**Genco Shipping  
& Trading Limited**

**USD 357,000,000**  
Term Loan

Joint Lead Arranger, Joint  
Bookrunner and Facility Agent

December 2004



**Color Group ASA**

**NOK 1,626,000,000**  
Revolving Credit

Joint Lead Arranger, Sole  
Bookrunner and Facility Agent

February 2005



**Ship Finance  
International Limited**

**USD 1,131,439,219**  
Term Loan

Joint Lead Arranger and  
Joint Bookrunner

February 2005



**Troms Fylkes  
Dampskibsselskap ASA**

**NOK 1,950,000,000**  
Revolving Credit

Sole Lead Arranger, Sole  
Bookrunner and Facility Agent



## Success Factors

- Market knowledge, structuring capabilities and placing power add value to our clients, enabling us to win mandates in a lead position
- Nordea's large balance sheet and strong brand name, enabling us to underwrite substantial amounts
- Strong client relationships and high quality portfolio
- Large deal-flow and diversification
- Nordea's product range
- Consistently low loan loss ratio
- Global shipping teams

By combining the above, we have achieved superior results



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Lars G Nordström  
President and Group CEO

## **In summary**

- **Strong and stable results**
- **Volume growth in focus areas despite**
  - Intensifying competition
  - Increasing pressure on margins
- **Fourth consecutive quarter with positive net loan losses**
- **Going forward**
  - Maintaining strict risk and cost management
  - Continue to capture revenue growth opportunities
  - Well positioned to deliver on increasing ambitions and new financial targets



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## Income statement summary

EURm	Q1/05	Q1/04	Chg %
Net interest income	897	854	5
Net fee and commission income	453	434	4
Net gains/losses on items at fair value	115	216	-47
Equity method	13	9	44
Other income	104	56	86
<b>Total operating income</b>	<b>1,582</b>	<b>1,569</b>	<b>1</b>
Staff costs	-515	-519	-1
Other expenses	-353	-339	4
Depreciation	-34	-45	-24
<b>Total operating expenses</b>	<b>-902</b>	<b>-903</b>	<b>0</b>
Loan losses	6	-42	-114
<b>Operating profit</b>	<b>688</b>	<b>624</b>	<b>10</b>
<b>Net profit</b>	<b>495</b>	<b>459</b>	<b>8</b>

## Income statement summary

EURm	Q1/05	Q4/04	Chg %
Net interest income	897	920	-3
Net fee and commission income	453	467	-3
Net gains/losses on items at fair value	115	179	-36
Equity method	13	15	-13
Other income	104	65	60
<b>Total operating income</b>	<b>1,582</b>	<b>1,646</b>	<b>-4</b>
Staff costs	-515	-523	-2
Other expenses	-353	-413	-15
Depreciation	-34	-43	-21
<b>Total operating expenses</b>	<b>-902</b>	<b>-979</b>	<b>-8</b>
Loan losses	6	10	-40
<b>Operating profit</b>	<b>688</b>	<b>677</b>	<b>2</b>
<b>Net profit</b>	<b>495</b>	<b>476</b>	<b>4</b>