



Year-end Report 2005

Press conference

22 February 2006
Lars G Nordström
President and Group CEO

Record result in 2005 - supported by strong development also in the fourth quarter

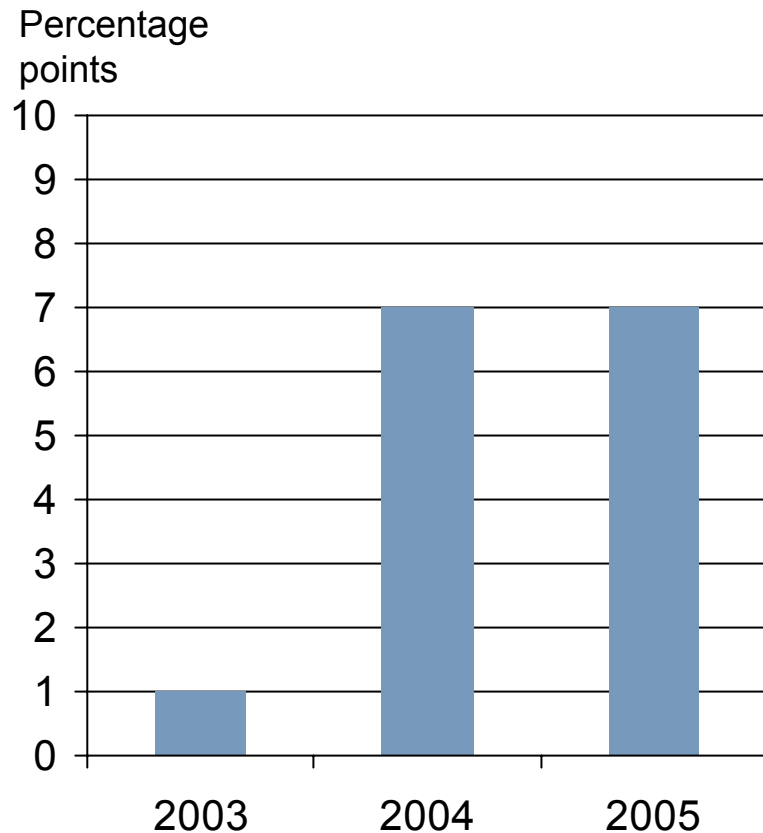
- Operating profit increased by 25% on a comparable basis to EUR 3,048m*
- Record result in all business areas
- Total income increased by 7% to EUR 6,573m
- Total expenses unchanged at EUR 3,668m
- Cost/income ratio continued down to 56% (60%)
- Positive loan losses as recoveries exceeded provisions
- Return on equity 18.0% (14.5%*)
- Earnings per share EUR 0.86 up 34%*
- Dividend increased by 25% to EUR 0.35 per share (proposal)

*excluding real-estate gain of EUR 30m in 2004

Growth of income – based on strong volume growth

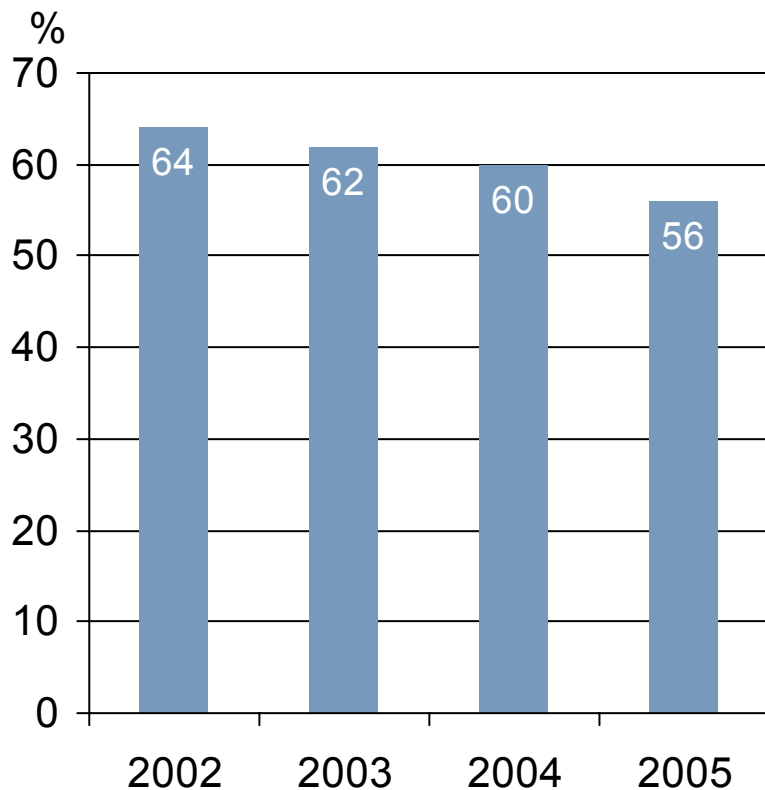
	<u>YoY</u>	<u>QoQ</u>
● Lending, total	17%	4%
– Mortgage lending	15%	3%
– Consumer lending*	15%	3%
– SME lending	15%	3%
– CIB lending	20%	4%
● Deposits, total	10%	7%
– Household deposits	7%	0%
– SME deposits	10%	6%
– CIB deposits	5%	19%

Gap between income and cost development



- Increased efficiency when delivering top line growth
- Capture profitable revenue opportunities
- Cost reductions were the main driver for bottom line growth 2003-2004
- Top line increasingly contributing
- Maintaining a gap secures delivery on net profit and RoE

Cost/income ratio



- Strict cost management and top line focus
- Flat costs while business volumes continue to grow
 - productivity gains
 - structural cost savings
- Income up 7% in 2005
- Target: Continuous improvement

Growth strategy

- Organic growth strategy to increase share of wallet among existing clients in Nordic home markets
 - relaunched customer programmes
 - product development
 - new resources, mainly in Sweden
 - transparent market pricing
- Organic growth main route also in the Baltic's, Poland and Russia – acquisitions a complementary strategy
 - approx. 30 new branches in Poland and the Baltics in 2006
 - cross selling of banking products to Life insurance clients in Poland

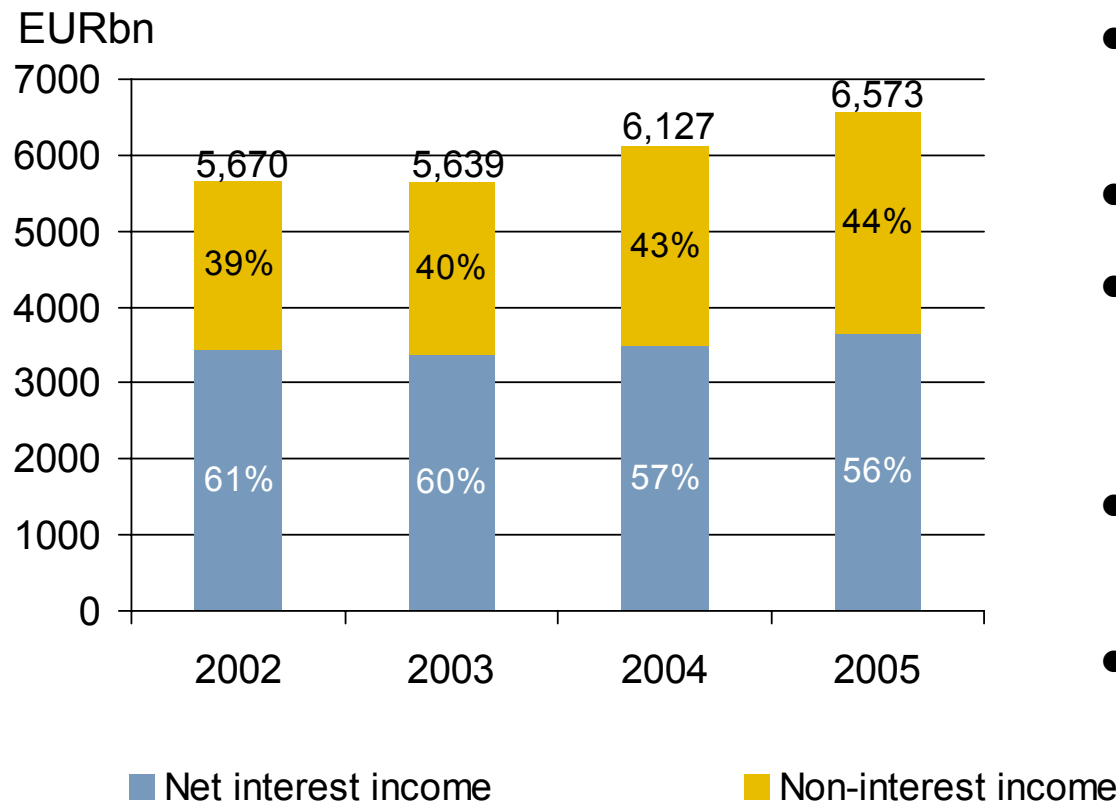
Initiatives to increase profitable growth

- Increased focus on savings, advisory services and product development
 - Customer programmes in all markets with transparent price and benefit structure
 - Hiring of saving and Life specialists
 - Nordea will over a two-year period extend its branch network and recruit 500 new advisers in Sweden
- Nordea has been and will going forward be well positioned to capture growth

Key growth areas

- Accelerate market position within consumer credits
 - including cards
- Enhance the already strong position within long-term savings
- Leverage Nordea's leading position in capital markets
- SME banking provides opportunity
- Continue growth in mortgages
- Further position Nordea successfully in the Baltics, Poland and Russia and stepwise increase profit contribution from these markets

Increased focus on advisory services – higher share of income being non-interest income



- Increasing proportion on non-interest income
- In line with strategy
- Individual client focused advice and product offering increasingly important
- A more capital efficient way to finance growth in earnings
- Risk diversification

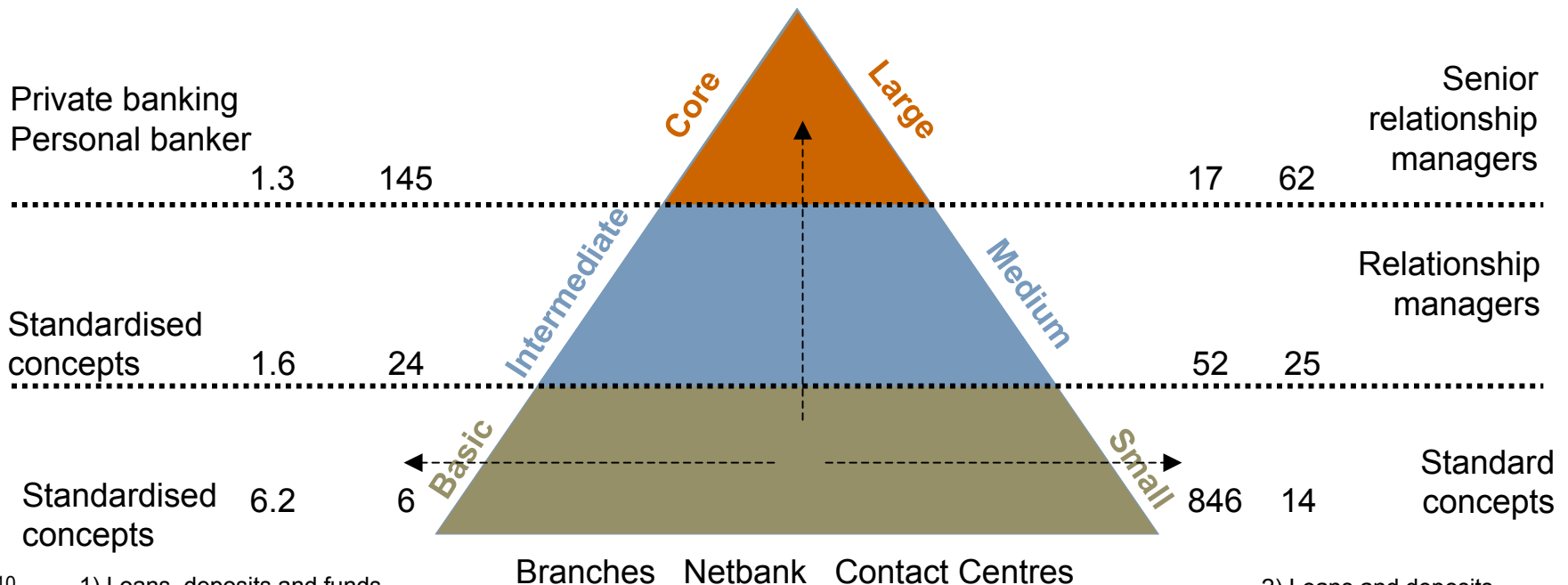
Increased sales performance – substantial potential for further profitable growth

Retail personal customers

Customers Volumes ¹⁾
Million EURbn

Customers Volumes ²⁾
1,000 EURbn

Retail corporate customers



Customer programmes - increasing business rewards both customers & Nordea

- **Key elements in the programmes offered to the customers:**

- more favourable prices the more business client does - and for the core customers a named personal banking adviser at their service
- transparent pricing
- three levels: basic, intermediate and core

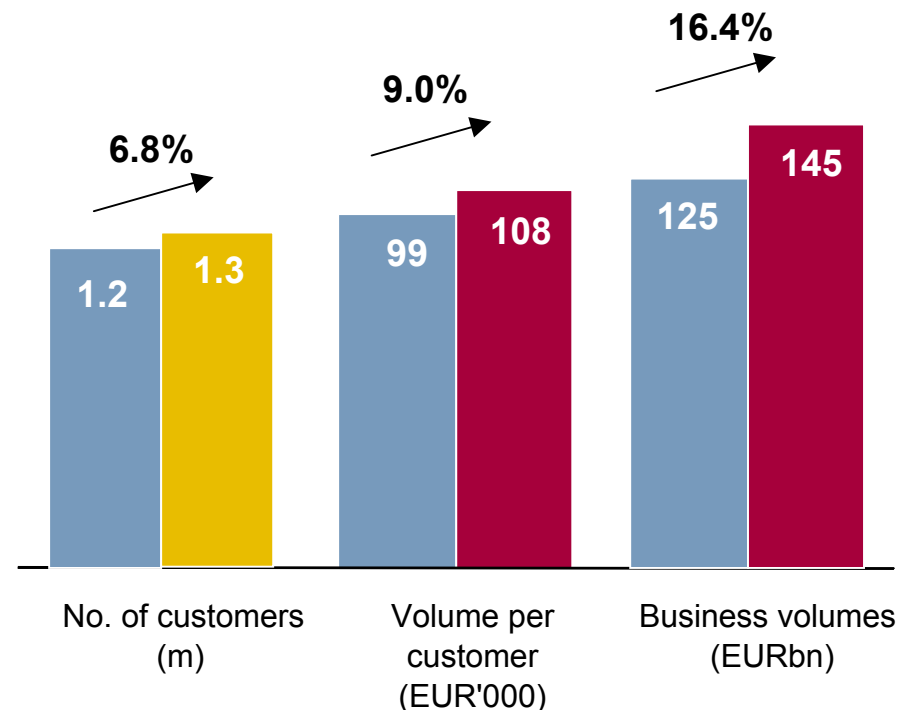
- **Key focus on increasing:**

- customer satisfaction and loyalty
- business volume per customer

- **Strong success to date**

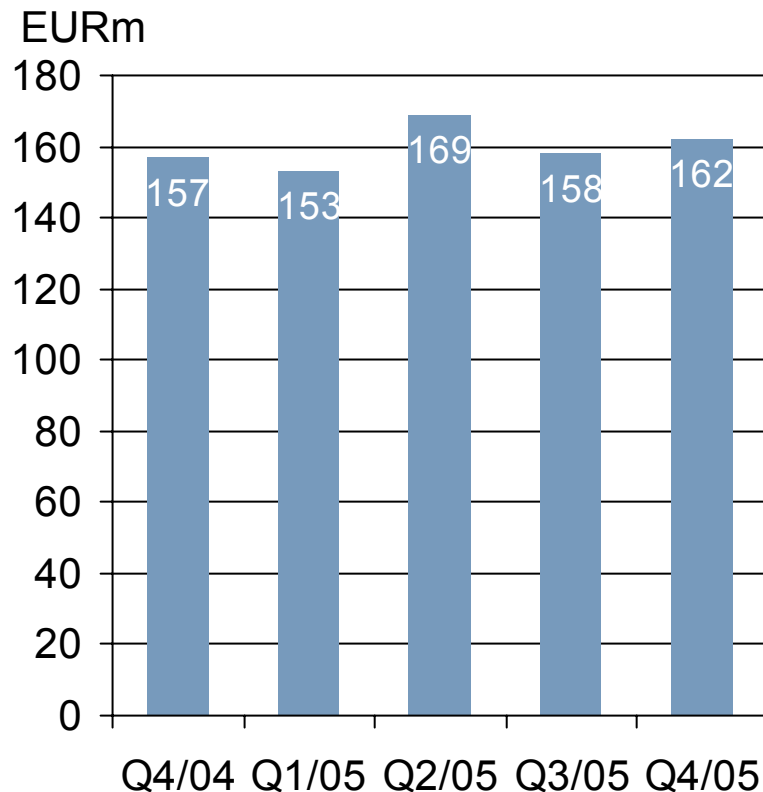
- no. of customers and business volume per customer increased in core segment drives the improved earnings

**Strong growth in core segment
End 2004 to End 2005**



Strong franchise within capital markets activities

Operating profit within Markets division



- Leading positions within debt capital markets, structured products, derivatives, trading in F/X and fixed income
- Entirely client driven business
- Clients among large corporates, financial institutions and to an increasing degree SME's
- Stable income and profit generation within Markets
- Focus on product innovation

Further leverage the leading position in capital markets and strong corporate relationships

- Increase penetration (share of wallet) and stimulate demand among SME's for Markets related products – positive signs in 2005
- Leverage strong relationship with large corporates
- Offering of Corporate Finance services to SMEs
- Structural finance and securities lending

Increased profit from the Baltics, Poland and Russia

- 37% increase in lending volumes 2005
- Low risk strategy
- Bolt-on acquisitions
- Acquisition of Sampo PTE in Poland, incl. from 1 Jan 2006

Operating profit, EURm	2005	2004	Chg
Poland and Baltic countries	32	20	+60%
Russia, IMB	22	14	+57%
Total contribution	54	34	+59%

Strict cost management remains

- Unchanged costs in 2005
 - down when excluding Life & operational leasing
- Since 2002 total costs in nominal terms have decreased by 6% and in real terms around 15%...
- ...despite increases in business volumes
- Continuous improvement being the main driver to the increased efficiency
- A strict cost culture has been established in the Group

Major structural cost initiatives

Lean Banking

- Nordea started lean bank initiative 2005
- Lean initiative is a bottom-up process starting with branches and sales processes
- Includes support functions and processes such as product development

Reduce external spend

- Continue the external spend reduction initiative in procurement and office space
- Management of the Nordic Processor contract
- Implement a “Category Management” system for the external spend in Nordea

Use sourcing to gain competitive advantage

- Introduce Nordea strategic sourcing programme to look for and implement alternative sourcing solutions
- Execute and support defined sourcing initiatives
- Improve sourcing execution

Nordea Transformation Programme

- Continuation of the transformation journey to one customer centric bank
- Leveraging economies of scope, scale and skills across borders
- Step-wise migration towards harmonised products, processing and IT platforms

Outlook

- Economic outlook 2006 indicates a continued strong GDP growth in Nordea's home markets
- Strong volume growth expected to continue also in 2006
- Lower margin level for new business implies that income growth will be lower than volume growth also in 2006
- At Capital Markets Day in November 2004, a gap between income and cost growth of approx. 4% was implicit in targets
 - in 2005 revenues increased by 7% and costs were unchanged
- Continued focus on cost management
- Target is to achieve a gap between growth in income and costs of at least 5 percentage points in 2006
 - costs in 2006 expected to be largely unchanged
- Credit quality remains strong and loan losses expected to remain low in 2006

In summary - 2005

- Nordea's best year so far
- Strong performance and record results in all business areas
- Gap between income and cost development 7 percentage points
- Strong volume growth in all business areas - more than offset margin pressure
- Positive loan losses for 7th consecutive quarter
- RoE clearly above target
 - strong relative improvement compared to Nordic peers
- Going forward
 - continue to capture profitable revenue growth opportunities while maintaining strict risk and cost management



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Income statement summary

EURm	Jan-Dec 2005	Jan-Dec 2004	Chg %
Net interest income	3,663	3,495	5
Net fee and commission income	1,935	1,794	8
Net gains/losses on items at fair value	615	535	15
Equity method	67	55	22
Other income	293	248	18
Total operating income	6,573	6,127	7
Staff costs	-2,082	-2,021	3
Other expenses	-1,455	-1,466	-1
Depreciation	-131	-168	-22
Total operating expenses	-3,668	-3,655	0
Loan losses	137	-27	
Operating profit	3,048	2,445*	25
Net profit	2,269	1,778*	28

* Excluding real estate gain of EUR 300m

Income statement summary

EURm	Q4/05	Q3/05	Chg %
Net interest income	933	920	1
Net fee and commission income	529	469	13
Net gains/losses on items at fair value	147	139	6
Equity method	21	11	91
Other income	66	62	6
Total operating income	1,696	1,601	6
Staff costs	-532	-520	2
Other expenses	-393	-345	14
Depreciation	-31	-31	0
Total operating expenses	-956	-896	7
Loan losses	7	23	
Operating profit	748	728	3
Net profit	506	563	-10