



Summary 2008

2008

# Summary

Nordea is the largest financial services group in the Nordic and Baltic Sea region with a market capitalisation of approx. EUR 13bn, total assets of EUR 474bn and a tier 1 capital of EUR 15.8bn, as of end December 2008. Nordea is the region's largest asset manager with EUR 126bn in assets under management.

Nordea is a universal bank with leading positions within corporate merchant banking as well as retail banking and private banking.

With approx. 1,400 branches, call centres in all Nordic countries and a highly competitive e-bank, Nordea also has the largest distribution network for customers in the Nordic and Baltic Sea region, including more than 260 branches in five new European markets, Russia, Poland, Lithuania, Latvia and Estonia.

Nordea has the largest customer base of any financial services group in the Nordic region with approx. 10 million customers including new European markets, of which 7.5 million are household customers in customer programme and 0.7 million are active corporate customers.

The core in Nordea's strategy is segmentation of customers and differentiating both value proposition and resource allocation according to

customer needs. Gold customers in the household segment are offered a complete range of products and services including a personal banker. Nordea has a clear emphasis on relationship banking with corporate customers and aims at becoming the house bank by combining Nordic resources and competences with local presence and applying a customer team concept.

Nordea pursues an organic growth strategy, with prudent risk management. The lending portfolio is well diversified with the largest geographical market accounting for approx. one quarter of Nordea's total income.

Nordea's total shareholder return (TSR) was -47% in 2008, only surpassed by one other bank in the European peer group. Since end of 2000, Nordea's accumulated TSR is 56%, exceeded by only two peer banks.

Return on equity was 15.3% in 2008. Starting from 2006, Nordea's long-term target is to double the risk-adjusted

## Nordea – with an outstanding starting point

### A unique customer base

Approx. 10 million Household customers and 700,000 active Corporate customers

### Strong distribution power

Approx. 1,400 branches

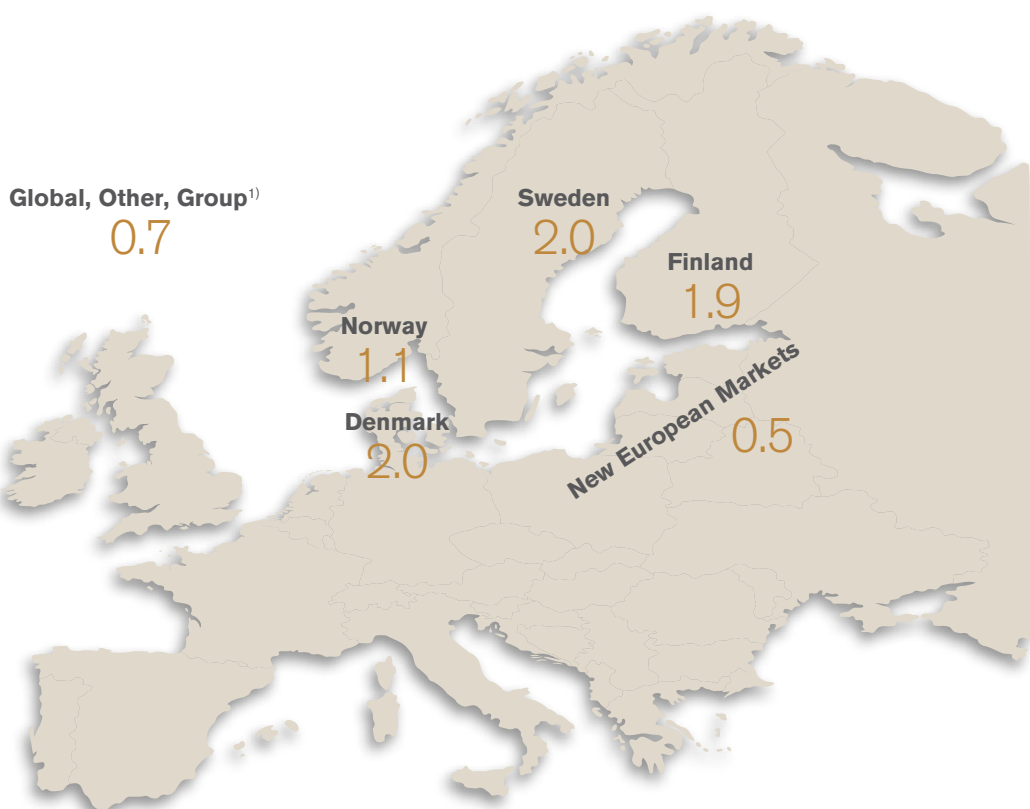
### Financial strength

EUR 15.8bn in tier 1 capital  
Tier 1 ratio 9.3% before transition rules

### Economies of scale

Cost base/RWA ratio 2.0%  
(average among Nordic peers 2.1%)

## Total operating income, EURbn



<sup>1)</sup> Shipping, Oil Services & International, International Private Banking and Group functions.

profit in seven years. In 2008, the risk-adjusted profit increased by 2%, and by 3.5% when excluding the Danish State guarantee fee.

### Capital position and revised capital policy

Nordea has a strong capital position, with EUR 15.8bn in tier 1 capital, a tier 1 capital ratio before transition rules of 9.3% and a core capital ratio of 8.5% at the end of 2008.

The revised capital policy states that over a business cycle, the target for the tier 1 ratio is 9% and the target for the total capital ratio is 11.5%.

### Rights offering and reduced 2008 dividend to strengthen core capital position by EUR 3bn

Nordea in February announced measures to strengthen the Group's core tier 1 capital by EUR 3bn. This will be done through an underwritten discounted issue of new ordinary shares with pre-emptive rights for existing shareholders of approx. EUR 2.5bn net and secondly by proposing to reduce the dividend payment to 19% of the net profit for 2008, which will increase core tier 1 capital by approx. EUR 0.5bn. The rights offering is subject to shareholder approval at an Extraordinary General Meeting to be held on 12 March 2009.

Nordea's Board of Directors and Group Executive Management believes it is responsible to act pro-actively to best position the bank for the risks and the opportunities arising from the prevailing extraordinarily challenging market conditions.

### Liquidity and funding

The short-term liquidity risk has been held at moderate levels throughout 2008. Nordea's liquidity buffer has been in the range EUR 20 – 40bn throughout 2008, which Nordea considers a high level reflecting the Group's conservative attitude towards liquidity risk.

Even in the very difficult environment that the financial industry has faced, Nordea has in 2008 continued to show funding strength and has been able to raise new funding at good prices on a relative basis. Nordea draws benefit from being a well recognised AA- rated bank, having a prudent liquidity management, with a conservative business profile.

This, combined with the well-diversified and strong funding base, including stable household deposits and the access to two large domestic covered bond markets, have all contributed positively.

### Well-diversified credit portfolio

Nordea has operated with a consistent and prudent credit risk management over a long time period. The Group-wide decision-making structure ensures that credit risk limits for customers and customer groups are set at the relevant credit decision authority level within the Group.

Some weakening has been seen in credit quality in the fourth quarter 2008, mainly in the corporate credit portfolio, with somewhat more customers being downrated than uprated. The total effect from rating migration on RWA was an increase by approx. 4.5% in 2008. Loan losses amounted to EUR 466m, giving

a loan loss ratio of 19 basis points.

Impaired loans gross increased to EUR 2,224m.

Impaired loans net, after allowances for individually assessed loans, in relation to total loans and receivables were 0.50%, up 19 basis points from 2007.

### Business development and Group result 2008

Total income increased 4% to EUR 8,200m and profit before loan losses increased by 1% to EUR 3,862m. Despite the financial crisis and global recession, Nordea again managed to produce a year with solid result.

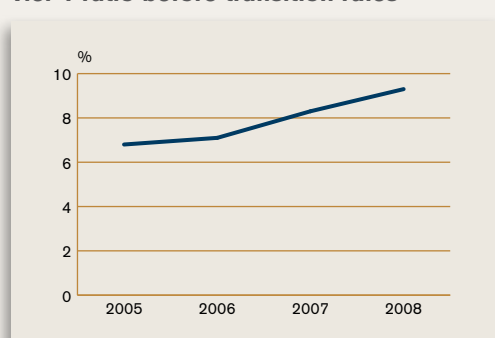
The income growth was particularly strong within customer areas. Nordic Banking and Institutional & International Banking reported an income growth of 10%, supported by a strong underlying business momentum and successful execution of strategic investment plans.

The increase in total expenses was maintained at an unchanged growth rate, 7%, compared to 2007.

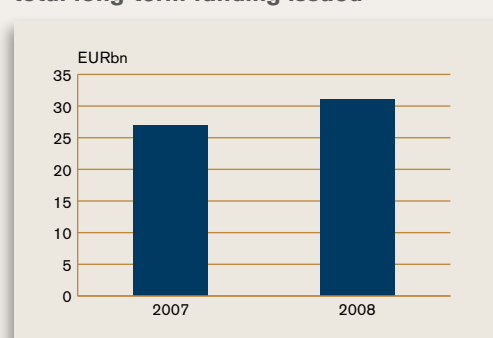
For the Nordea Group, profit before loan losses was maintained at high level, EUR 3,862m, up 1% and operating profit was EUR 3,396m. Risk-adjusted profit was EUR 2,459m, up 2%, and up 3.5% excluding the Danish State guarantee fee.

The sharp macroeconomic slowdown has started to affect the Nordic countries and this is likely to continue in 2009. Nordea is therefore preparing for challenging times ahead. In adapting to the new market conditions, the speed in the organic growth is reduced and the

Capital position,  
Tier 1 ratio before transition rules



Funding strength,  
total long-term funding issued



firm attention on costs, risk and capital management is further emphasised.

In addition to the cost efficiency measures and new capital targets, Nordea will focus on doing more business with existing customers and selectively capture business opportunities also with new customers with solid credit profiles.

### **Financial crisis and Government guarantee schemes**

The financial crisis became critical during the autumn 2008.

Many countries around the world have during the period launched systems to support the banking systems. In the US, the government announced a rescue package to the financial sector and throughout Europe, countries follow these intentions in the local efforts to stabilise the financial systems.

State schemes for financial stability and amendments to these have been presented by the governments in the Nordic countries during the autumn 2008 and the beginning of 2009. Generally, Nordea welcomes the State schemes for financial stability and is currently evaluating the schemes and the amendments.

### **Denmark**

In early October 2008, Danish Parliament agreed with banks to set up a guarantee scheme valid for two years, until end of September 2010, which guarantees the claims of unsecured senior creditors against losses in participating banks.

Nordea decided for commercial reasons that Nordea Bank Danmark A/S would participate in the scheme. Nordea guarantees the payment of its portion of DKK 10bn to cover any losses under the guarantee scheme and of DKK 7.5bn annually for two years in guarantee commission as well as its portion of additional losses of up to DKK 10bn, if losses exceed these amounts.

The scheme is expected to cost Nordea an annual commission expense of approx. EUR 180–200m, and possible additional expenses for the guarantee of at maximum approx. EUR 500m, which

would be reported as loan losses.

A second Danish State guarantee scheme was launched in January 2009, aiming to ensure that there is capital enough in the financial sector. The second scheme contains prolonged guarantees for banks' debt securities and deposits as well as a scheme for injections of tier 1 capital into participating and eligible banks. Nordea is evaluating whether or not to join the second scheme.

### **Finland**

In Finland, a new regulation has been presented, which opens the possibility for the Finnish state to provide and invest in capital instruments and grant state guarantees to the refunding of Finnish banks up to a maximum value of EUR 50bn. A market-based fee will be charged for guarantees.

Guarantees are granted until 30 April 2009, and limited to the amounts becoming due up to that date. At a later date, the Government will carry out a separate evaluation of the need to continue granting guarantees.

In February 2009, the Government will submit to Parliament a proposal for state capital investment in deposit-taking banks, in the form of subordinated loans, which can be considered as core capital. Nordea has to date not joined the Finnish scheme.

### **Norway**

In Norway, stabilising liquidity measures through the Norwegian Central Bank with a facility for banks, where government bonds are swapped for covered bonds have been conducted.

The Norwegian Government has also, in February 2009, announced a new stability plan that aims at providing adequate access to financing from banks to households and corporates at an amount of NOK 100bn. The stabilising liquidity measures have also been extended.

During the fourth quarter 2008, Nordea participated in swap facilities under the present Norwegian scheme.

### **Sweden**

The Swedish government introduced in October a support system for the banking system with mainly four parts: short-term liquidity supply through activities by the National Debt Office and the Central Bank, middle-term guarantee system for banks' funding planned to be running until April 2009, long-term solvency support system with a Stability fund and measures to ensure that support also benefits customers.

The Swedish guarantee programme has been amended in late January 2009 and in early February, a capital injection programme for solid banks has been introduced, introducing availability for banks to issue new shares or hybrid loans on market terms to the State, as a participant on ordinary terms in a new shares issue. Changes are also proposed in the fee structure for issues of debt securities under the State guarantee, making fees deductible from the compulsory fee to the Stability fund.

Nordea welcomes the amendments to the scheme, but has up to this date not joined the Swedish scheme.

### **Outlook 2009**

Due to the prevailing market conditions, the provided outlook is associated with an unusually high degree of uncertainty.

The macroeconomic development in the Nordic countries has during the latter part of the autumn shown a sharp slowdown and GDP growth is in 2009 expected to be negative. Nordea is therefore preparing for a challenging year. In addition to firm attention on cost, risk and capital management, the focus in 2009 will be to continue doing more business with existing customers, and on a selective basis attracting new customers with solid credit profiles in prioritised segments. Market lending growth is expected to be lower in 2009, compared to 2008, however Nordea sees potential for growth somewhat more than the market.

Cost growth is expected to be somewhat lower than in 2008, as cost growth is managed downwards adjusting operations to the prevailing

market conditions.

The high speed at which the global and Nordic economies now are weakening means that the credit portfolio will be affected. Based on the current macroeconomic outlook,

Nordea anticipates net loan losses in 2009 broadly in line with the annualised rate of the fourth quarter 2008. The uncertainty regarding future loan loss levels is however significant.

Risk-adjusted-profit is in 2009

expected to be at approx. the same level as in 2008.

The effective tax rate is expected to be in the range of 23–25%.

## Market positions

	Denmark	Finland	Norway	Sweden	Estonia	Latvia	Lithuania	Poland	Russia	International	Total
<b>Number of customers:, 000's</b>											
Corporate customers	47	127	84	348	10	4	3	55	7		685
Household customers in customer programme	1,050	2,485	350	2,908	74	73	102	458	40		7,540
Private Banking	33	26	6	17	<1				<1	12	95
Net banking	864	1,476	415	2,085	48	63	96	186			5,233
Shipping, oil services and international											2
Financial institutions											1
<b>Number of branches</b>	<b>319</b>	<b>345</b>	<b>124</b>	<b>341</b>	<b>22</b>	<b>22</b>	<b>22</b>	<b>144</b>	<b>53</b>		<b>1,392</b>
<b>Market shares ,%</b>											
Corporate lending	21	37	16	14	14	12	11	3	1		
Corporate deposits	30	42	18	22	8	5	8	2	<1		
Household investment funds	16	28	10	14							
Life & Pensions	20	23	11	4				n.a.			
Brokerage	4	3	2	2							
Household mortgage lending	16	31	11	15	12	16	9	4	<1		
Consumer lending	14	30	9	9	9	2	6	<1	<1		
Household deposits	21	32	9	18	7	6	2	1	<1		

## Loans and receivables to the public, by customer segment

EURm	31 Dec 2008	%	31 Dec 2007	%	EURm	31 Dec 2008	%	31 Dec 2007	%
<b>Banking Denmark</b>	<b>67,984</b>	<b>26</b>	<b>62,709</b>	<b>26</b>	<b>Lithuania</b>	<b>2,393</b>	<b>1</b>	<b>1,481</b>	<b>1</b>
corporate customers	30,085		27,504		corporate customers	1,686		1,049	
household mortgage lending	26,267		24,893		household customers	707		432	
consumer lending	11,632		10,312		<b>Poland</b>	<b>3,818</b>	<b>1</b>	<b>2,707</b>	<b>1</b>
<b>Banking Finland</b>	<b>52,055</b>	<b>20</b>	<b>47,488</b>	<b>19</b>	corporate customers	2,199		1,835	
corporate customers	26,096		23,513		household customers	1,619		872	
household mortgage lending	20,608		19,115		<b>Russia</b>	<b>3,714</b>	<b>1</b>	<b>1,648</b>	<b>1</b>
consumer lending	5,351		4,860		corporate customers	3,464		1,541	
<b>Banking Norway</b>	<b>34,996</b>	<b>13</b>	<b>37,218</b>	<b>15</b>	household customers	250		107	
corporate customers	19,349		19,145		Shipping, Oil Services and International	13,823	5	11,100	5
household mortgage lending	14,914		17,120		Financial Institutions	2,045	1	1,900	1
consumer lending	733		953		Reversed repurchase agreements	11,074	4	7,424	3
<b>Banking Sweden</b>	<b>59,041</b>	<b>22</b>	<b>59,781</b>	<b>24</b>	Other	8,887	3	7,246	3
corporate customers	32,677		31,775		<b>Total</b>	<b>265,100</b>	<b>100</b>	<b>244,682</b>	<b>100</b>
household mortgage lending	20,243		21,641		of which corporate customers	134,708	51	121,680	50
consumer lending	6,121		6,365		of which household mortgage lending	86,594	33	85,842	35
<b>Estonia</b>	<b>2,228</b>	<b>1</b>	<b>1,685</b>	<b>1</b>	of which other household lending	23,837	9	22,490	9
corporate customers	1,406		1,006		of which reversed repos and other lending	19,961	7	14,670	6
household customers	822		679						
<b>Latvia</b>	<b>3,042</b>	<b>1</b>	<b>2,295</b>	<b>1</b>					
corporate customers	1,878		1,312						
household customers	1,164		983						



# CEO letter

Solid result and strong position despite financial turmoil and economic recession.

## Dear Shareholder,

The year 2008 is likely to always be remembered as a year of global financial crisis. Although it developed dramatically during 2008 the crisis goes back to 2007. Loss of confidence by investors in the value of securitised mortgages and other asset backed securities in the United States created a liquidity crisis. This in turn resulted in substantial loan losses and write-downs not least among investment banks. Central banks and governments reacted by providing liquidity to money markets and rescue programmes for troubled financial institutions.

Nordea was hardly affected in this first phase of the financial crisis. Nordea has no direct and very little indirect exposure to the sub-prime mortgage market, structured investment vehicles or conduits.

With the bankruptcy of Lehman Brothers in September 2008 the financial crisis turned into a global systemic crisis with general lack of confidence and dysfunctional money and capital markets. In this second phase of the financial crisis a large widening of credit spreads took place, and the supply of funds to some segments of the money and capital markets dried out. With wholesale funding corresponding to an increasing part of commercial banks' lending, many banks suddenly encountered severe funding problems.

Central banks and governments once more intervened and launched

financial stability programmes for the banking industry including funding guarantee schemes and buyouts of risky assets. These programmes have led to a resumption of liquidity flows between banks and gradually decreasing credit spreads.

Nordea has a well diversified and strong funding base with wholesale funding mainly long-term. Nordea has been able to continue its short-term funding normally during the crisis and has taken advantage of the large covered bond markets in Denmark and Sweden. Nordea's average funding costs in 2008 were among the lowest of the major European banks.

We have now entered the third phase of the financial crisis, which is characterised by capital shortage, and which cannot be solved by state funding guarantee programmes.

Some part of the corporate customers' security market borrowing is returning to the balance sheets of banks. Some international banks are deleveraging and withdrawing from the Nordic markets. And not least, the global economy has shifted direction towards the most severe downturn since the 1930's. This will mean lower growth of some of the income sources for banks, substantially higher loan losses and – due to the changed capital adequacy regulations – higher risk-weighted assets because of customers being migrated to lower rating classes. Governments have started to react to the capital crisis by launching capital programmes for banks and also other industries and by massive fiscal stimulus packages. Central banks have followed suit by engaging in a series of interest rate cuts.

Nordea in general over a business cycle generates sufficient capital to support a 10% annual growth of

its business activities. And with a tier 1 ratio of 9.3%, Nordea has a strong starting point when entering the expected very challenging 2009. However, Nordea has found it appropriate to act pro-actively to best position the bank for the risks as well as opportunities arising from the prevailing extraordinary and challenging market conditions. The proposed strengthening of Nordea's capital with EUR 3bn includes a reduction of dividend and a fair and transparent rights issue. The capital strengthening measures will maintain Nordea in a position as one of the strongest banks in Europe. It will establish an additional capital cushion for the uncertain business environment and provide flexibility to exploit business opportunities of high credit quality arising from the market dislocation.

## Nordea journey 2008

Since the beginning of the journey towards Great Nordea and the launch of the organic growth strategy two years ago, Nordea has delivered strong financial results despite the global financial crisis and economic recession.

I am proud that Nordea has obtained a number-two position in the European peer group 2008 in terms of total shareholder return with a return – although negative – some 20%-points better than the average of the peer group and during three years in a row been among the top-three European banks in terms of total shareholder return. I am also proud that Nordea in 2008 delivered a positive risk-adjusted profit growth and a fourth quarter with a record level of operating profit before loan losses.

The success of the organic growth strategy and the strong business momentum is also reflected in double-

Our ambition on a Great Nordea remains and with the strengthened core capital position, we will maintain our position as one of the strongest banks in Europe.

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digit growth rates in lending and deposits and a solid income growth in customer areas. We report more customers and more income per customer than ever. Since the first quarter of 2007 Nordea has gained 113,000 or 5% new Gold customers in Nordic Banking, 5,000 or 6% new Private Banking customers, and in New European Markets we have welcomed 170,000 new customers and established 94 new branch offices.

At the same time, we have also improved customer satisfaction – in particular relative to competitors – and we have noted an increasing number of proud and confident employees. The survey results in 2008 were impressive showing positive development and, very importantly, picturing a unique, internal and external momentum.

#### **"Middle of the road" approach**

The financial crisis and global economic recession is expected to have a substantial impact on Nordea this year and possibly next year as well. Long-term funding has become more expensive. The market assessment of capital requirement has increased. The economic recession puts part of Nordea's income at risk, increases loan losses and constrains risk-weighted asset growth.

Nordea's response to the challenges ahead is clear. Nordea sticks to its organic growth strategy and keeps up the strong business momentum, but adjusts the speed of execution.

The way forward will follow the "middle of the road" with cost, risk and capital management receiving higher priority.

Nordea will continue to focus on supporting existing core customers and to attract new relationship customers with solid credit profiles in the Nordic

markets. Margins will be increased reflecting risks and the increasing funding costs, and the share of customer wallet will grow in particular through less capital consuming products. In New European Markets, Nordea will keep the strategy but adjust focus and significantly reduce speed of implementation.

The priority given to cost, risk and capital management will include acceleration of ongoing efficiency programmes not least in branch offices and a general right sizing of the staffing corresponding to a 2% staff reduction during 2009.

Risk management will be strengthened among other things through additional credit reviews and credit work-out teams in all markets. And finally, a firm grip will be taken on the growth of risk-weighted assets through the application of caps in business units, and the gap between lending and deposits volumes will be monitored carefully.

#### **Ambitious vision remains**

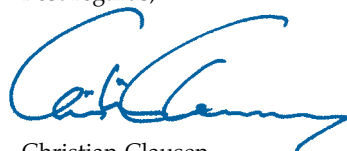
Meeting the challenges of today and those of the future is exciting, and Nordea has proven to be in a very strong position in doing that. Nordea has a large and diversified customer base, a scalable business and operating model, a full range product offering

and a strong competitive position and rating. It is therefore no surprise that our ambitious vision of a Great Nordea remains.

The foundation for this is our strong customer-oriented values and culture.

I would like to thank all shareholders, customers and employees for having been with us on our challenging journey last year, and I welcome you to the continuing journey towards a Great Nordea.

Best regards,



Christian Clausen



# Vision, values and strategy

The road towards a Great Nordea:

- Ambitious vision and targets
- Strong customer oriented values and culture
- Profit orientation – strong focus on cost, risk and capital
- Clear growth strategy
- Integrated operating model and operational efficiency

## Ambitious vision and targets

Nordea's overall mission is to make it possible for its customers to reach their objectives.

Nordea has an ambitious vision of being the leading Nordic bank, acknowledged for its people, creating superior value for customers and shareholders.

The external financial targets of Nordea reflect the ambitious vision on value creation, which is measured by total shareholder return. The profitability dimension of value creation is measured by return on equity and the long-term growth dimension by risk-adjusted profit. Nordea met its overall shareholder value target in 2007 and 2008. For the period as a whole, Nordea was only slightly below the trend line for its long-term risk-adjusted profit

target despite the extraordinary market conditions.

## Strong customer oriented values and culture

The vision, targets and strategy of Nordea are supported by strong customer oriented values and culture. The values were introduced in 2007 and are now reflected in the activities of the bank. Great customer experiences are the core value that guides the behaviour and decisions of all employees. It's all about people underlines that people make the difference, and recognises that business growth and growing competence of people go together. It is Nordea's ambition that customers will experience One Nordea team working together to find the best solutions for customers. The successful

implementation of the values is reflected in improved customer satisfaction and loyalty, also relative to competitors, and in higher scores in internal employee satisfaction surveys in 2008.

## Profit orientation – strong focus on cost, risk and capital

Profit orientation with a strong focus on cost, risk and capital management acts as the foundation for Nordea's culture and is of paramount importance in the current economic downturn.

The systematic approach to risk and capital management and to funding is an important factor explaining how Nordea since the summer of 2007 has managed to weather out the storms in the financial markets with only modest valuation losses.

Firm cost management and flexibility is a key element of Nordea's foundation. Going into 2009, the cost growth will be managed down.

Nordea has developed consistent and group-wide credit processes and today has a very strong and well diversified credit portfolio. The common credit processes include Group-wide policies and strategy and uniform and consistent decision making and control. Rating models for corporate customers and scoring models for household customers are in place.

Nordea's strong focus on capital management has resulted in a relatively strong balance sheet and a well diversified funding platform with availability of funding also in the midst of the financial crisis and with confirmation of the long-term AA rating.

The progress towards Nordea's vision and targets and the success of Nordea's strategy and values is measured by a number of internal financial and operational key performance indicators (KPI). These indicators are adjusted each year in order to reflect the strategic focus in the short term. Corporate lending margins and funding gap have been

## Financial targets and capital structure policy

Long term financial targets		Target		Outcome: 2007 2008	
TSR (%)		In the top quartile of European peer group		no. 3 of 20	no. 2 of 20
Risk-adjusted profit (EURm) <sup>1)</sup>		Double in 7 years <sup>2)</sup>		15%	16.7%
RoE (%)		In line with top Nordic peers		19.7%	15.3%

Capital structure policy		Target over a business cycle		Outcome: 2007 <sup>3)</sup> 2008 <sup>4)</sup>	
Tier 1 ratio (%)		9%		8.3%	9.3%
Capital ratio (%)		11.5%		10.9%	12.1%
Dividend pay-out ratio (%)		>40% of net profit		42%	19% <sup>4)</sup>

1) Risk-adjusted profit is defined as total income less total expenses, less expected losses and standard tax. In addition, risk-adjusted profit excludes major non-recurring items.

2) Baseline 2006 EUR 2,107m, accumulated outcome.

3) Tier 1 ratios and capital ratios are calculated before transition rules.

4) Based on proposed dividend of EUR 0.20 per share.



selected as new Group KPIs in order to ensure pricing according to risks and an optimal funding structure.

### Clear growth strategy

Nordea two years ago embarked on a clear organic growth strategy in the Nordic markets as well as the New European Markets. This new strategic direction is maintained despite the much more challenging macroeconomic environment, but the speed of implementation has been reduced.

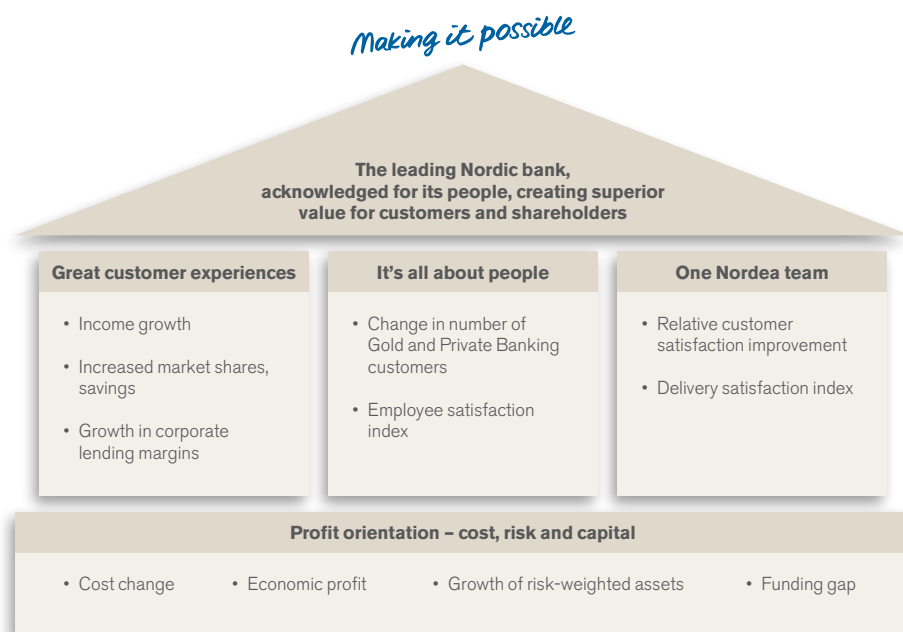
### Increase business with existing Nordic customers and attract new customers

The first and most important organic growth area is to increase business with existing Nordic household and corporate customers and to attract new profitable, high quality customers through a pro-active relationship banking strategy. In challenging markets, Nordea, which is perceived to be strong, has a unique opportunity to distinguish itself.

The core philosophy of the household customer strategy is to provide the best service and advice and the best product solutions and prices to the customers generating most business and income to Nordea. Prices are transparent and in general non-negotiable. This can be seen as a win-win situation for customers as well as for Nordea.

Pro-activity and staying close to customers are more important than ever in the current market environment. New customers will be selected carefully and include those with high ratings only. Controlling the development of risk weighted assets and managing lending margins to reflect the risk level and funding costs will have a high priority in all corporate customer segments

The organic growth strategy in the Nordic region is supplemented by very selective bolt-on acquisitions supporting the retail banking activities like the acquisition of 68 branches from Svensk Kassaservice in the summer of 2008



Strong customer oriented values and culture and key performance indicators

and the acquisition of nine branches from Roskilde Bank in Denmark in the autumn of 2008.

### Supplement Nordic growth through investments in New European Markets

Nordea entered this fast growing region (Russia, Poland, Estonia, Latvia and Lithuania) almost 20 years ago. The strategy has been successful and has led to gradual increases in income and result, while risks have been well contained. The long-term strategic direction for New European Markets is to continue the profitable growth strategy and gradually develop these operations into diversified fullscale banking businesses integrated with the rest of the Group.

As a result of the extreme financial and macroeconomic conditions and the high uncertainty and risks in the New European Markets, the speed of the development of Nordea's business in these markets has been slowed down. Nordea prepares a continued expansion when the business cycle turns up again.

### Exploit Global and European business lines

Nordea is one of the leading financial institutions to the global shipping and

offshore industries. Nordea's strategy is to establish and preserve long-term partnerships with large, transparent and preferable publicly listed companies. In addition Nordea aims at maintaining a well diversified and secured lending portfolio across segments and geographical regions as well as a strong syndication franchise.

Nordea's International Private Banking & Funds is the largest Nordic private banking operation in Luxembourg and Switzerland. The operation includes private banking services and European fund distribution. Nordea's International Private Banking pursues an organic growth strategy which is supported by smaller acquisitions and distribution agreements.

### Integrated operating model and operational efficiency

Nordea's operating model is designed to support the organic growth strategy and to ensure operational efficiency by improving the quality of customer relations. The operating model is common for all Nordic markets and is gradually being implemented in New European Markets.

# Business development 2008

## Corporate customer segments

- Strong income growth 22%
- Increased customer activity, despite turbulent global financial markets
- Lending margins increased reflecting re-pricing of credit risk and to compensate for higher liquidity premiums
- Customer satisfaction stable, despite decline generally in the market

### **Corporate segments – relationship banking**

During 2008, Nordea's strategy proved strong under very difficult market conditions. Diversification in terms of markets, segments and products combined with proactive contact policies provided high income growth and modest cost growth, despite market turbulence. Relationship banking, through designated relationship managers in charge of developing and organising the customer relationship has proven successful in giving a total view of the customer's business and financial affairs, which is beneficial both in terms of business opportunities, business development and risk overview.

Our aim is to establish strategic partnerships for the largest customers, in the segments Corporate Merchant Banking and Large corporate customers. Successful strategic partnerships develop into house bank relationships, comprising the full spectrum of financial services. The aim for medium and small customer segments is also to develop relationships and become the house bank. Nordea's strategy in time of financial crises is to back our house-bank corporate customers through difficult market conditions meeting them with a fair price reflecting increasing risk and funding cost. Following the housebank philosophy Nordea stood firm on expecting increased wallet share as a prerequisite

for continued customer relationship. Corporate lending margins increased during the year, reflecting re-pricing of credit risk and to compensate for higher liquidity premiums. Due to the significantly increased liquidity premiums on long-term funding, Nordea has initiated an effort to restructure the maturity profile of the corporate lending book.

Building on the relationship strategy and the well established prudent risk management policy, focus has been to realise a controlled volume growth shifting income growth components from volume to margins. Corporate customers show high loyalty to Nordea and has appreciated the house-bank philosophy by which they have been able to count on their bank through the financial crises. Customer satisfaction was stable, while the market in general showed a decline. Furthermore, Nordea improved the position in the corporate market by selective customer acquisition of profitable, creditworthy and high rated corporate customers. Nordea provided continued assistance to corporate customers hedging their market risk in volatile market conditions, resulting in income growth on risk management products.

### **Corporate Merchant Banking**

The Corporate Merchant Banking organisation serves Nordea's 1,000 largest customers in one central

unit in each market. This segment accounts for approx. 27% of total income in the corporate segment.

### *Business development*

In 2008, business activity was characterised by continued high business activity with 12% growth in corporate lending. The reported volume growth was largely a result of international banks withdrawing from the Nordic market as well as malfunctioning corporate bond and commercial paper markets. Nordea has succeeded well in supporting its customers during these difficult market conditions. Income in Corporate Merchant Banking was EUR 1,079m, up 26% compared to 2007.

### **Shipping and Oil Services**

Nordea is one of the world-leading financial services providers to the shipping, offshore and oil services industries with strong industry knowledge, structuring capabilities and syndication franchise.

### *Business development*

Nordea maintained its leading position, as evidenced by a No 1 position as arranger of syndicated shipping loans in 2008 with a 15% market share as bookrunner. Total income amounted to EUR 306m, up 29%. In general, the shipping market started to weaken in the second half of the year with increased volatility, especially in the container and dry bulk sectors. Nordea's exposure to the shipping industry is well-diversified with an underweight towards the troubled sectors.

### **International network**

Nordea offers a broad range of financial services and products to Nordic customers abroad through its international network with offices in New York, London, Frankfurt, Singapore and Shanghai and representative offices in Beijing and Sao Paulo.

### Large corporate customers

For the 18,000 customers in segment Large, Nordea's competitive strength is based on combining local presence with the large Nordic resources and competences of the Group.

Customers in this segment are served by senior relationship managers (SRM) in 63 corporate competence centres in the Nordic region. The SRM is the customers' main contact to the bank with responsibility to create long-term banking relationships, supported by the team of product specialists who design solutions to fulfil customers' needs.

#### *Business development*

Volume growth continued in 2008. Income from Large corporate was EUR 916m, up 22%.

### Medium-sized and Small corporate customers

Nordea's relationship managers allocated to selected branches serve 55,000 medium-sized customers with value proposition and service concepts focused on relationships, product range and local presence.

Nordea's branch-based advisers serve a number of approx. 525,000 smaller customers. The dedicated sales force is capable of handling household products as well as corporate products.

#### *Business development*

Income from medium-sized and small corporate customers was EUR 951m, up 3% compared to 2007, with stable volumes and margins.

### Financial institutions

Customers include approx. 300 Nordic and 100 international financial institutions and 750 banking groups, which are served by SRMs together with teams of product specialists.

#### *Business development*

In the wake of continued uncertainty and volatility, Nordea was increasingly perceived as a dependable and attractive counterparty, due to its size and stability

– and this is illustrated by the vast amount of capital markets transactions that were attracted. Total income amounted to EUR 409m, up by 21%.

### New European Markets

In the Baltic countries, Nordea has a strong position in the Nordic-related corporate customers segment and is moving ahead in other segments. At the end of 2008, Nordea had almost 17,000 corporate customers. Income continued to grow in 2008, supported by increased deposits and lending and increased lending margins. Following the recession in the Baltic countries, lending growth came down during the year and refers to Nordea's commitment to support existing core customers, including Nordic customers, pre-empted by high attention on risk management.

The focus in Poland is both on medium-sized corporates and on large and Nordic-related corporates. The expansion of the network has boosted sales capacity and will thus facilitate increased focus on the small and medium-sized corporate segment. The number of branches has increased by 60 to 144 during 2008.

In Russia, the service offering toward corporate customers has been further expanded and Nordea managed to target the top-tier and large corporates. The aim is also to target Nordic corporate customers present in Russia, many of which are already customers of Nordea. Several large transactions with major Russian companies were arranged during 2008 and the emphasis on Nordic corporates was successful.

### Products in focus Capital markets products

Nordea supplies a wide range of capital markets products including various asset and risk management products

as well as advisory services. Risk management products allow corporate and institutional customers to handle their balance sheet risks against market volatility, whether it be foreign exchange-, interest rate-, credit-, equity or commodity risks.

### Cash management products

Solutions for liquidity management and handling payment transactions are offered to customers through the various cash management solutions. Nordea has a strong position and was especially acknowledged for its customer service capabilities.

### Securities Services

In 2008, Nordea divested its institutional global custody business to JPMorgan and will going forward specialise primarily in sub-custody, where Nordea has a leading position in the Nordic region.

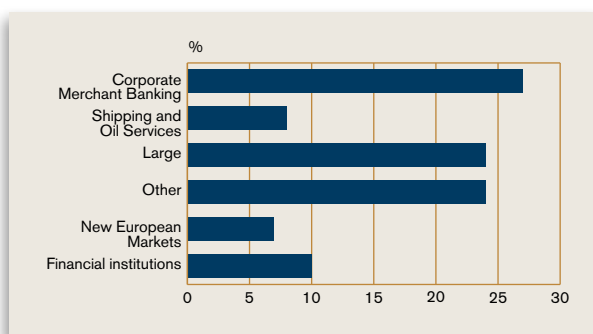
### Life and Pensions

The offering to corporate customers covers a full range of corporate pension schemes offered to Nordic, Polish and Baltic customers, via branches, sales team, and brokers or tied agent.

### Institutional asset management

The institutional asset management services include single products (funds, equity products etc) offered globally, asset allocation advice and balanced mandates for institutions and fund sales.

Share of income, corporate customers, by segment, 2008



# Household customers

- Increased number of customers
- Lending volume up 1% and deposit volumes up 3%
- Stable credit quality
- Customer satisfaction improved in all markets, especially compared to peers

## Household segments – leveraging the customer base

With a clear emphasis on relationship banking and the aim of servicing 100% of the customer's wallet as the customer's lifetime financial partner, the potential in the Gold segment is to be capitalised.

The aim is also to identify potential Gold customers in the lower segments – Silver and Bronze – and develop these into the premium segments using a structured approach to increase business volumes. Cost-efficient services are offered to customers with limited potential in terms of business volume growth in line with the aim of maintaining a stable income stream exceeding the cost of service.

### *Further focus on relationship banking and transaction efficiency*

The demand for manual cash transactions are steadily decreasing and as a consequence Nordea is reducing the amount of tellers in the branch network. This will reduce cost and gradually change the ratio between staff servicing daily banking needs and Personal Bank Advisors.

### *Branch network*

Nordea's branch network has been significantly strengthened by 68 new branches in Sweden, taken over from Svensk Kassaservice, and 9 acquired branches from Roskilde Bank.

## Customer programme

The customer programme is a value proposition comprising brand promise, pricing, service level and product solutions combined into a transparent

and competitive offer. Nordea operates with non-negotiable and transparent pricing on most products, differentiated in three levels – one for each segment. The designated personal banker plays a proactive role in maximising growth potential from customers, who have reached the highest level in the programme (Gold). A very attractive offer is specially designed as a fast track to attract younger customers in the 18–28 age group - young adults. Customer satisfaction improved in all markets, especially compared to peers.

## Premium segments:

### Nordic Private Banking

Nordea is the largest provider of private banking services in the Nordic Region. The position varies across the Nordic markets reflecting differences in the legacy business. The approx. 83,000 Nordic Private Banking customers are served out of 73 Private Banking units (co-located with regional branches in Nordic Banking) and 7 Private Wealth Management units catering to high-net-worth customers.

### *Business development*

In 2008, Nordic Private Banking capitalised on Nordea's strong market position and the attractive Private Banking business model, demonstrated by welcoming more than 4,800 new customers, equaling a 6% increase in number of customers from 2007, and capturing a net inflow of assets of EUR 2.1bn. Due to the general market depreciation in 2008, Nordic Private Banking AuM decreased to EUR 36.1bn, down 21% compared to 2007.

Consequently, income decreased by 15% to EUR 324m.

## Gold customers – the engine for profitable growth

The income potential from developing the customer base is significant. Average income per Gold customer is twice the average from Silver customers. Approx. 55% of income from household customers derives from Gold customers.

The Gold segment in the long run achieves profitable growth by increasing sale of the entire product range by proactively offering customers 360-degree meetings covering all aspects of their financial affairs. Nordea's proactive approach and customer centric 360-degree advisory have been appreciated by our customers. Also the credibility and stability of Nordea during the financial crises have boosted customer loyalty and acquisition of new Gold personal customers.

Income was affected by the turmoil in the equity market, causing the sharp reduction in fee income on savings products. A successful development of the product mix to meet the increased competition in this area led to a 12% increase in volumes in savings deposits. Customers elevated to Gold customers are offered our best services and prices. The decrease in margin from elevating customers to the Gold level is more than compensated by increased product penetration.

### *Business development*

The focus on developing the potential in the customer base continues to be successful with a 5% increase in the number of Gold customers, compared to last year. Approx. 20% of new Gold customers are new customers of Nordea, thus reflecting the attractiveness of Nordea's customer programme. As a result of the financial turmoil and especially the problems of some smaller banks, the number of new customers increased toward the end of the year.

The activities to increase the number of proactive meetings with customers

have continued. The focus is to increase pro-activity towards Gold customers in a market situation where customer's financial affairs are of utmost priority. Income from Gold customers was EUR 1,911m, up 4% compared to last year.

### New European Markets

Nordea continued to build up advisory services for household customers in the Baltic countries through its network of 66 branches offering a full range of products serving nearly 250,000 customers, of which 46,000 Gold customers. Higher business volumes offset lower deposit margins and supported strong income growth in 2008. Strong double-digit growth in deposit volumes, of more than 50% and a clearly lower growth in household mortgage lending than in previous years were seen. The impact on credit quality from the macroeconomic downturn in the Baltic countries is closely monitored and proactive risk management is in focus.

In Poland, Nordea has 144 branches serving approx. 458,000 household customers, of which almost 30,000 are Gold customers. Nordea has increased the number of personal bank advisers and further upgraded the sales systems and customer satisfaction was high. The expanded branch network has supported in particular household mortgage lending. Nordea Life & Pensions in Poland offers life and savings products to approx. 873,000 household customers.

In Russia, Orgresbank currently has approx. 40,000 household customers being served through 53 branches centered to the Moscow and St Petersburg regions. The same customer concepts, as used in other markets, have been introduced in 2008 targeting especially affluent households and potential Gold customers and the number of household customers rose significantly in 2008.

### International Private Banking

International Private Banking & Funds is responsible for the Group's advisory

services to wealthy individuals residing outside Nordea's home markets. Among the Nordic banks, Nordea is the largest private banking operator in Europe with approximately 12,000 customers.

### Products in focus

#### Mortgage lending

Housing products are key for attracting and building long term relationships with household customers. Nordea has focused on extending the offering to include solutions through the customer's entire housing life cycle, including home savings product, products to first-time buyers and home-equity products. Approx. 90% of Nordea's Gold customers have a mortgage loan.

#### Consumer lending

Consumer lending enables the customers to bridge periods of lower liquidity, thereby providing financial flexibility. Focus is to increase volume of consumer loans to existing Gold customers, by advising customers to use Nordea as a full-range supplier.

#### Savings products

Financial planning and advisory services play a central role for the total savings offering to household customers. Current financial market conditions further highlight the importance and value of Nordea's advisory offering regarding to savings and investments. The savings products offered cover investment funds, structured products, equities, bonds and all life and pension products as well as traditional savings deposits.

#### Business development

During 2008, savings deposits were attractive alternatives to traditional investment products due to volatile financial markets, high interest rates and the state guarantee schemes. Nordea has therefore had

significant focus on product development within deposits, leading to launch of several new and innovative savings deposits products in 2008. Thus, inflow into household savings deposits was record high and the Nordic market share on savings deposits increased to 21%.

### Life & Pensions products

Nordea offers a full range of life insurance and pension products to household customers in the Nordic countries, the Baltic countries and Poland.

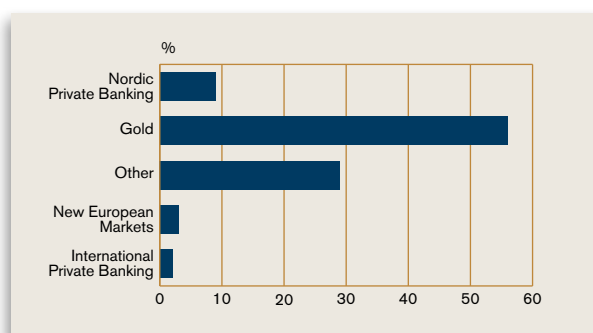
#### Business development

In 2008, total gross written premiums on life and pensions products of EUR 4,222m were record-high, up 12% compared to 2007 and Nordea kept the leading position within the life and pensions business with a Nordic market share of 10%. The level of financial buffers decreased to EUR 673m or 3% of life provisions in 2008.

### Investment funds

Within investment funds, Nordea offers a broad spectrum of funds. Both external managers and external funds are carefully selected by Nordea's own manager selection team. Several new funds were launched in 2008, including selected external funds to supplement the Nordea branded funds. In 2008, Nordea increased its funds market share based on Assets under Management in Denmark, Norway and Sweden.

Share of income, household customers, by segment, 2008





# People forming Great Nordea

Nordea's more than 37,000 employees continue to create great customer experiences, as one team, living our vision – making it possible.

## **It's all about people and Nordea's People Strategy**

While products and services can easily be copied, people are what ultimately distinguish us from our competitors.

Consequently, our people are what will move Nordea from Good to Great. The People Strategy focuses on selected prioritised areas, namely:

- Building the foundation – HR Basics
- Being the employer of choice for those who will move us from Good to Great
- Staffing, ensuring we have the right person in the right place at the right time
- Mobilising, differentiating and rewarding, thereby securing outstanding organisational performance
- Providing opportunities for our people to develop and grow
- Practising the leadership required to enable us to go from Good to Great.

All of these priorities shall be guided by and reinforce Nordea's three values; Great Customer Experiences, One

Nordea Team and It's all about People.

## **Building the foundation – HR Basics**

Having a good understanding of the people resources and putting solid people processes in place is an integral part of the People Strategy. In 2008 an HR information system enabling this was implemented in all Nordic countries.

## **Being the employer of choice for those who will move us from Good to Great**

Our ability to realise the vision requires that Nordea has the very best employees. This applies both to the ability to attract and to retain the very best. We have worked hard in 2008 to strengthen our brand among selected target groups and the work will continue in 2009.

## **Staffing, ensuring we have the right person in the right place at the right time**

Much effort has been made to do just this in 2008 and we are looking at intensifying this work even further in 2009. This will be done by translating our business plans to people needs and by further strengthening the recruitment process.

## **Mobilising, differentiating and rewarding, thereby securing outstanding organisational performance**

Nordea has worked hard to improve Performance Management at Nordea in 2008. This work will continue in 2009 by further simplifying the process and tools and by continuing to build a culture where feedback and coaching is a natural part.

## **Providing opportunities for our people to develop and grow**

We are proud of the improvements made in this area in 2008. In 2009, we must make sure to further strengthen the tie inbetween the business needs and all that we do in terms of building competencies, ultimately measuring the value of our investment.

## **Practising the leadership required to enable us to go from Good to Great**

An organisation's success is to a large degree dependent on its current and future leadership. Hence, we must grow our current leaders while making sure we identify and develop those that are considered to have the potential to take on greater responsibilities in the future. The efforts to strengthen the leadership will continue in 2009.

## Events 2008

### **January**

Nordea Life & Pensions receives award for risk management from Risk Magazine.

### **February**

Nordea presents strong full year result - based on growth strategy and prudent risk management.

### **March**

Nordea sells its global custody operations to JPMorgan.

Nordea wins three international prizes from Lipper Fund Awards.

### **April**

Nordea reports quarterly results. Growth strategy on track - income growth continued and profit before loan losses increased.

Michael Rasmussen joins Group Executive Management when appointed head of Banking Products & Group Operations.

Ari Kaperi joins Group Executive Management when appointed head of Institutional & International Banking. Nordea appoints Fredrik Rystedt as new Chief Financial Officer and member of Group Executive Management.

At Nordea's Annual General Meeting, a record high shareholder representation is present.

### **June**

Nordea opens a new branch in Shanghai.

Nordea sells its shares in Nordic Central Securities Depository.

### **July**

Nordea reports its strongest ever quarterly result in the customer areas.

In Sweden, Nordea takes over 68 branches from Svensk Kassaservice,

# Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the concept Nordea applies to maintain and enhance our relations with internal and external stakeholders. In times of troubled markets, Nordea deems it more important than ever to be a supportive financial partner for our customers, and also to be a good corporate citizen by participating in maintaining a solid financial system in society.

CSR is an integrated element of Nordea's business. The CSR policies and procedures have been developed to reflect the Group's business strategy and are designed to support the business objectives. A crucial factor for building shareholder value and for being a leading financial services provider, is the management of business ethics and the various risks and opportunities related to the reputation of and trust in Nordea's business operations.

## **Taking responsibility in financial turmoil**

It is important for Nordea to be a good corporate citizen, inspiring confidence and trust in the markets where we operate, and to be perceived as a responsible and trustworthy financial partner for our customers.

During the second half of 2008, when experiencing exceptional financial

turmoil Nordea's credit granting principles have proved sustainable and we continue to apply them in serving the financial needs of the customers. Nordea has worked and will continue to work proactively with governments and central banks to facilitate a continued flow of sufficient credits to customers.

Our ambition is to stand by the customers, serving as their long-term financial partner and adviser.

## **The right behaviour**

A cornerstone of Nordea's CSR work concerns business conduct and ethics. A common set of values and behavioural guidelines constitutes a foundation for a common corporate culture, and a way to fulfil one of our Nordea values: One Nordea Team. In Nordea, it is all for one and one for all in creating value for our customers and for society at large. Appropriate human conduct is an important risk-control mechanism. Nordea has developed a groupwide standard of business ethics which apply to all employees of the Nordea Group.

## **The bigger picture**

Nordea communicates and interacts with society at large.

Among other things, this means conducting an open and frequent

stakeholder dialogue. Nordea also participates in industry networks and forums with other large, multinational corporations and financial institutions.

Nordea supports the UN Global Compact, which is a set of ten principles for conducting responsible business, and several other programmes addressing environmental and social aspects.

Nordea has since 2002 included environmental risk assessment in its corporate credit decision process.

## **New initiatives**

In September, the responsibility of CSR was transferred from the Compliance function and organisation to the business side of the organisation.

This in order to bring CSR closer to the operations and the customers.



which increases Nordea's Swedish branch network with one third.

Nordea wins Euromoney awards as ia Best Regional Bank in the Nordic and Baltic region.

Euroweek ranks Nordea as number one bookrunner for syndicated loans in the Nordic area.

## **August**

Nordea issues a 5-year USD 5bn extendible note in the US market.

Nordea sponsors Nordic athletes, who participates in the Olympic Games in China.

## **September**

Nordea acquires nine branches, in

the Zealand region in Denmark, from Roskilde Bank.

Nordea issues lower tier 2 capital of EUR 0.5bn.

Nordea Life & Pensions expands into the Baltic region with the launch of pension funds.

Nordea presents a Graduate Programme, the new trainee programme.

## **October**

Nordea's strong results for the third quarter exceeds expectations.

In an external customer survey, Nordea's custody services receives top rating.

Nordea and other banks agree with the Danish government on a state

guarantee scheme for financial stability.

Nordea Poland is awarded prizes by Newsweek, for Internet banking services, and by Forbes, for general corporate services.

## **November**

Nordea and TrygVesta prolong the distribution agreement until 2013.

## **December**

Nordea receives approval to use internal rating based (IRB) approach for the major part of the retail customers. Following the approval, Nordea has 83% of its exposure covered by the IRB approach.

# The Nordea share

Nordea's overall financial target is to create value for shareholders in the top quartile of the European peer group.



The market capitalisation of Nordea at the end of 2008 was EUR 13.0bn. Ranked by market capitalisation Nordea was the eighth largest company in the Nordic area as well as among European financial groups.

The Nordea share is listed on the NASDAQ OMX Nordic, the stock exchanges in Stockholm (in SEK), Helsinki (EUR) and Copenhagen (DKK).

## Share price development

2008 was characterised by the weakest equity markets since 1991 and the overall trend for financial shares have been sharply downwards. During the year the share price of Nordea depreciated by 49% on the Stockholm Stock Exchange from SEK 108 on 28 December 2007 to SEK 54.70 on 30 December 2008. The daily prices listed for the Nordea share during 2008 (closing prices at Stockholm Stock Exchange) ranged between SEK 108.00 and SEK 52.50. The SX40 Financials Index of the Stockholm Stock Exchange depreciated by 48%, the Dow Jones STOXX European banks index depreciated by 64%. Since 6 March 2000 (date of merger between

MeritaNordbanken and Unidanmark) the Nordea share has appreciated 29% and outperformed the Dow Jones STOXX European banks index (-54%).

Nordea's share price can be monitored at [www.nordea.com](http://www.nordea.com), where it is also possible to compare the performance of the Nordea share with competitors and general indexes as well as to find historical prices of the Nordea share.

## Total shareholder return

Total shareholder return (TSR) is realised through market value growth per share and reinvested dividends. Total shareholder return in 2008 was -46.9% (6.4% in 2007). Nordea ranked as number two among the European peer group banks in terms of TSR in 2008 (number three in 2007 and 2006.) The average TSR in the peer group was -67%.

## Dividend policy and proposed dividend

Nordea pursues a policy of high dividends. The policy is that the total dividend payment will exceed 40% of the net profit for the year.

The Board of Directors of Nordea Bank AB (publ) proposes a dividend for 2008 of EUR 0.20 per share. The total dividend payment for 2008 would then by EUR 519m correspond to a payout ratio for 2008 of 19% of the net profit after tax. The dividend yield calculated on the share price 30 December 2008 is then 4.0%.

This proposed reduction of the dividend is intended as a temporary measure to, together with the rights offering, strengthen Nordea's core capital position, and does not indicate a change in Nordea's dividend policy.

The dividend is denominated in EUR, although the currency of payment depends on in which country the share are registered. Owners of shares registered in Sweden can choose between dividend in SEK or in EUR. An official exchange rate is published. In Denmark, dividend is paid out in EUR. If the shareholder does not have a EUR

account, the dividend is converted into local currency. Each custody institute decides their own conversion rate. In Finland, the dividend is paid in EUR.

## Shareholders

With approx. 480,000 registered shareholders at the end of 2008, Nordea has one of the largest shareholder bases of all Nordic companies. The number of Nordea shareholders registered in Sweden is approx. 95,000, in Denmark 190,000 and in Finland approx. 195,000.

The largest among the various categories of shareholders is non-Nordic shareholders, holding 22.5% of the shares in Nordea compared to 23.4% at the end of 2007. The largest individual shareholder is the Swedish state with a holding of 19.9% at year end.

## Largest registered\* shareholders in Nordea, end of 2008

Shareholder	No of shares, million	Holdings %
Swedish state	515.6	19.9
Sampo Oyj	313.2	12.1
Nordea-fonden	105.3	4.1
Swedbank Robur Funds	81.1	3.1
SHB/SPP Funds	48.3	1.9
SEB Funds	34.6	1.3
Nordea Funds	32.6	1.3
AMF Pension	31.0	1.2
Fourth Swedish National Pension Fund	30.9	1.2
Skandia Life Insurance	25.9	1.0
Ilmarinen Mutual Pension Insurance	24.1	0.9
Second Swedish National Pension Fund	23.9	0.9
First Swedish National Pension Fund	23.6	0.9
AMF Pension Funds	20.7	0.8
Varma Mutual Pension Fund	18.0	0.7
Seventh Swedish National Pension Fund	16.4	0.6
Alecta	14.0	0.5
Nordea Profit-sharing Foundation	13.7	0.5
Länsförsäkringar Funds	12.9	0.5
Govt of Singapore Inv Corp	11.0	0.4
<b>Total</b>	<b>1,397</b>	<b>53.8</b>

Source: SIS ägarservice, Nordic Central Securities Depository, VP Online

\* Excluding nominee accounts

# Financial Review 2008

## Result summary for 2008

Total income increased by 4% to EUR 8,200m and profit before loan losses increased by 1% to EUR 3,862m. Despite the financial crisis and global recession, Nordea again managed to produce a year with solid result.

The rapid economic slowdown has started to affect the Nordic countries and this is likely to continue in 2009. Nordea is therefore preparing for challenging times ahead. In adapting to the new market conditions, the speed in the organic growth is reduced and the firm attention on costs, risk and capital management is further emphasised. In addition to the cost efficiency measures and new capital targets, Nordea will focus on doing more business with existing customers and will also selectively capture business opportunities with new customers with solid credit profiles.

The organic growth strategy continued to deliver results during 2008 with increased total income, driven by strong growth in net interest income and income from the customer-driven capital markets operations.

Lending volumes increased 8% to EUR 265bn compared to one year ago. In local currencies, the lending volume growth was 17%.

In New European Markets (NEM), lending growth declined during the year and was in the fourth quarter 15%, annualised. Income in NEM increased 84% in 2008, with a cost/income ratio of 39%.

Net interest income increased strongly, driven by higher margins in corporate lending and household mortgages, and with continued volume growth, although at a lower pace towards the end of the year. Margins have increased reflecting re-pricing of credit risk and to compensate for higher liquidity premiums.

Total expenses increased 7%, including restructuring expenses of EUR 28m.

The economic slowdown has resulted in higher net loan losses and increased impaired loans. Net loan losses

amounted to EUR 466m, giving a loan loss ratio of 17 basis points, excluding the losses related to the guarantees in the Danish guarantee schemes, and 19 basis points including these. Impaired loans gross increased 55% to EUR 2,224m.

The increase relates mainly to the Nordic countries.

Operating profit was down 13% to EUR 3,396m, while risk-adjusted profit was up 2% to EUR 2,459m. Excluding the commission expenses related to the Danish State guarantee schemes, the increase in risk-adjusted profit was 3.5%.

Nordea reports a tier 1 ratio, before transition rules according to Basel II, of 9.3% and a core tier 1 ratio, before transition rules, of 8.5%. These ratios have been impacted by the reduced dividend ratio to 19%. The capital policy has been revised with a new target for the tier 1 ratio of 9.0% and for the total capital ratio of 11.5%. Both numbers are targets over a business cycle.

## Income

Total income increased 4% to EUR 8,200m. Income growth was particularly strong within customer areas. Nordic Banking and Institutional & International Banking reported an income growth of 10%, supported by strong underlying business momentum and successful execution of strategic investment plans.

Net interest income increased 19% to EUR 5,093m, driven by a strong increase in lending and deposit volumes and re-pricing of credit risk mainly on corporate lending.

Lending to the public increased 8% and 17% in local currencies compared to one year ago. The growth rate was negatively affected by the weaker Norwegian and Swedish currencies in the fourth quarter.

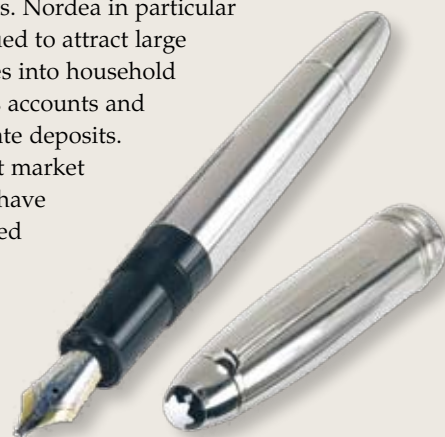
Growth in corporate lending was 11% and 19% in local currencies, excluding reversed repurchase agreements, which reflects strong demand across the Nordic region and from most sectors. During the market turmoil, with scarce

liquidity in capital markets, Nordea's close customer relationships and strong balance sheet have provided opportunities to support customers with their short and long-term capital needs, while still complying with the prudent risk management policy. Nordea has in general strengthened its market positions in the Nordic markets, especially on deposits.

Corporate lending margins increased during the year, reflecting re-pricing of credit risk and to compensate for increased liquidity premiums. Total income from corporate customers was up 29%, mainly driven by a strong increase in net interest income and also the customer-driven capital markets operations.

Both household mortgage lending and consumer lending increased by 1% compared to one year ago. In local currencies, growth was 9%. However, due to pressure on deposit margins and lower savings-related fees, income from business with household customers decreased by 6% compared to last year. In Nordic Banking, margins on household mortgage lending have increased during the second half of the year, mainly to compensate for the Group's increased liquidity premiums.

Total deposits increased to EUR 149bn, up 4% compared to one year ago. In local currencies, deposit volumes increased 12% in the Group, and in Nordic Banking by 14%. Market growth was 9%, which shows that Nordea's strong brand name has attracted a substantial inflow of deposits. Nordea in particular continued to attract large volumes into household savings accounts and corporate deposits. Deposit market shares have increased in all





geographical markets. Margins have decreased during the fourth quarter mainly on transaction accounts as a consequence of significant rate cuts from central banks.

In Institutional & International Banking (IIB), solid income and profit growth was recorded in all divisions, as business activity continued at a high level. The total income increase of 40% was supported by strong growth in net interest income.

Net fee and commission income decreased by 12% to EUR 1,883m, with savings-related commission income negatively affected by the weak equity markets. Adjusted for the Danish State guarantee expenses of EUR 50m, the decrease was 10%.

Savings-related commissions decreased by 18% to EUR 1,148m. Assets under Management (AuM) decreased to EUR 125.6bn, down 20%



compared to one year ago and down 10% compared to the end of September 2008. Income margins decreased as a result of a change in asset mix from equities to fixed-income products, lower transaction income and a change in sales mix, ie a shift from sales of retail funds to sales of institutional products. Following challenging market conditions, total net outflow from AuM 2008 was EUR 2.0bn. The outflow was primarily concentrated to retail funds, in which an outflow of EUR 4.5bn was reported. These outflows

were compensated for by a net increase in savings deposits of EUR 4.7bn during the year. Net inflow of EUR 2.1bn was reported in Nordic Private Banking and of EUR 1.1bn for Institutional clients.

Total payment commissions decreased by 1% to EUR 766m, however with a minor increase in cards commissions.

Lending-related commissions continued to increase, to EUR 442m, up 12% compared to last year, with strong development in particular within Corporate Merchant Banking and Shipping, Offshore and Oil Services.

Net gains/losses on items at fair value decreased by 15%, or EUR 181m, to EUR 1,028m compared to 2007. In customer areas, net gains/losses were largely unchanged at EUR 1,043m (EUR 1,048m last year).

The customer-driven capital markets activities have performed very strongly in 2008, despite the turbulent financial markets. A record result was achieved, especially driven by significant activity within risk management products in the interest rate and foreign exchange areas, resulted in a strong increase in net gains in Nordic Banking and Institutional & International Banking. This more than compensated for specific valuation losses following the credit market turmoil, which have been reported earlier in the year.

The decline in net gains/losses was mainly attributable to the strong appreciation of listed and non-listed equities last year, eg the OMX holding. Income from these areas were approx. EUR 140m lower this year, of which the appreciation of OMX shares accounted for approx. EUR 90m 2007.

Secondly, the net gains/losses from Life & Pensions, decreased by 33% or EUR 92m, mainly due to the fact that revenues in Denmark, earlier recognised during the year were deferred, due to decline in the financial buffers. The deferred revenues can be available for income recognition when the financial buffers have improved.

## Expenses

Total expenses increased by 7% to EUR 4,338m, the same growth rate as in 2007, despite the number of employees being 8% higher than in 2007.

Almost half of the cost increase related to investments in growth areas, ie Private Banking, Growth Plan Sweden, Capital Markets and New European Markets. Staff costs increased 8%, due to a higher number of employees following the growth investments and wage inflation.

To prepare for a year of modest expected growth, a number of measurements have been taken to manage the cost growth downwards. Due to more efficient operations, the number of employees is estimated to decrease by 2%.

Also, additional activities are under way, which should increase efficiency during coming years, mainly in the branch network, including the branches acquired from Roskilde Bank. These activities have resulted in restructuring expenses of EUR 28m. Excluding restructuring expenses, total expenses increased by 6% compared to last year.

The cost/income ratio increased to 53%, compared to 52% in 2007.

## Loan losses

Net loan losses were EUR 466m, following increased provisions both for collectively and individually assessed loans as well as lower reversals and recoveries, primarily in the fourth quarter. Net loan losses also include losses related to the Danish guarantee schemes of EUR 44m.

The increases, from very low levels, result from the economic slowdown in all markets where Nordea operates.

Typically, there is a lag between the start of the economic slowdown and reported net loan losses, but due to the rapid slowdown in the economic cycle, loan losses have increased faster this time. However, the reported loss levels in various sectors follow Nordea's models for a weak economic cycle.



# Customer area results

## Nordic Banking

The increase in net loan losses as well as of impaired loans stems from a large number of smaller and medium-sized exposures rather than from a few large exposures.

New provisions have been made at an early stage when impairments have been identified. The main part of net loan losses constitutes provisions for performing impaired loans. In addition, new collective provisions have been made for different subsectors.

The net loan losses in 2008 correspond to a loan loss ratio of 17 basis points, excluding the guarantee losses in Denmark, and 19 basis points including these.

A large part of the net loan losses is seen in Denmark, but increases are reported in all four Nordic markets and in the Baltic countries, however from very low levels.

New collective provisions were made, net, in the amount of EUR 54m, for some sectors, including construction, real estate, pig farming and the segment consumer financing. The total collective allowances for the Baltic countries at the end of 2008 correspond to 1.42% of the lending portfolio in these countries.

### Net profit

Net profit decreased by 15% to EUR 2,672m, which is attributable to the shift in loan losses. The net profit corresponds to a return on equity of 15.3%. Earnings per share were EUR 1.03 (EUR 1.20 in 2007).

### Risk-adjusted profit

Risk-adjusted profit increased 2% to EUR 2,459m, compared to 2007. Excluding the Danish State guarantee fee, the increase in risk-adjusted profit was 3.5%.

### Result 2008

In 2008, income in Nordic Banking increased 5% to EUR 6,289m. Net interest income increased 15% to EUR 4,206m.

Total expenses increased 3% to EUR 3,107m. In local currencies, income increased by 7% and expenses would have increased by 5%.

Net fee and commission income fell 14% to EUR 1,530m, impacted by lower income from savings products and the above-mentioned payment to the State guarantee scheme in Denmark.

Net loan losses amounted to EUR 402m or 17 basis points of total loans and receivables excluding the losses from the Danish guarantee schemes and 19 basis points including these.

Operating profit was down 8% to EUR 2,780m.

RAROCAR decreased to 25% (26%) and the cost/income ratio decreased to 49% (50%).

### Banking Denmark

#### Result 2008

Total income in Banking Denmark increased 6% compared to 2007. This was positively affected by increased corporate margins and the volume growth in both lending and deposits and negatively impacted by savings commissions and the payment to the State guarantee scheme. Total expenses increased 7% compared 2007.

Profit before loan losses increased 5% from last year.

Net loan losses of EUR 192m were recorded. This includes new collective provisions and losses and provisions of EUR 44m connected to the Danish guarantee schemes. The total net loan losses were widely spread geographically and by industry, with some concentration to sub suppliers to the construction sector and collective provisions for pig farming. The loan loss ratio was 24 basis points of lending excluding the losses from the Danish



guarantee schemes and 31 basis points including these.

Operating profit decreased 17% compared to 2007.

Compared to the other Nordic countries, the economic downturn in Denmark is regarded to be further progressed in the credit cycle.

### Banking Finland

#### Result 2008

Total income in Banking Finland was unchanged compared to 2007. Net interest income increased 8%, driven by lending margin increases and volume growth. This did not fully compensate for the adverse effect on income growth from low savings fee and commission income.

Total expenses increased by 3% compared to last year.

Profit before loan losses decreased 3% from last year.

Net loan losses were EUR 65m, mostly stemming from the trade and services sector. The loan loss ratio was 14 basis points of total lending.

Operating profit decreased 15% compared to 2007.

## Banking Norway

### Result 2008

Total income in Banking Norway increased 19%, driven by net interest income, which increased by 26%.

Total expenses increased by 4%.  
Profit before

loan losses increased 37% compared to last year.

Net loan losses increased to EUR 66m, both due to individual provisions and collective provisions for residential real estate. The loan loss ratio was 18 basis points.

Operating profit increased 16% compared to 2007.

Total expenses increased by 1%.

Profit before loan losses increased 8% compared to last year.

Net loan losses increased to EUR 76m following provisions related to corporate customers. The main increases were seen in the sectors retail trade and consumer durables.

The loan loss ratio was 13 basis points. Operating profit increased 1% compared to 2007.

The number of FTE's increased by 406, mainly due to the integration of branches from Svensk Kassaservice.

## Banking Sweden

### Result 2008

Total income increased by 4%, with a strong contribution from net interest income, which increased by 14%. Net fee and commission income decreased by 11%.



## Nordic Banking, operating profit by market

	Total		Banking Denmark		Banking Finland		Banking Norway		Banking Sweden		Nordic Functions	
EURm	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income	4,206	3,666	1,192	1,036	1,146	1,065	686	544	1,123	984	59	37
Net fee and commission income	1,530	1,772	413	489	415	509	161	170	540	604	1	0
Net gains/losses on items at fair value	517	460	173	155	128	111	95	80	121	114	0	0
Equity method	11	25	20	25	-9	0	0	0	0	0	0	0
Other income	25	40	5	2	8	11	8	7	1	15	3	5
<b>Total operating income</b>	<b>6,289</b>	<b>5,963</b>	<b>1,803</b>	<b>1,707</b>	<b>1,688</b>	<b>1,696</b>	<b>950</b>	<b>801</b>	<b>1,785</b>	<b>1,717</b>	<b>63</b>	<b>42</b>
Staff costs	-1,160	-1,140	-376	-360	-292	-292	-170	-163	-318	-300	-4	-25
Other expenses	-1,901	-1,836	-497	-462	-476	-455	-291	-283	-621	-632	-16	-4
Depreciation of tangible and intangible assets	-46	-26	-5	-2	-4	-2	-7	-4	-9	-8	-21	-10
<b>Total operating expenses</b>	<b>-3,107</b>	<b>-3,002</b>	<b>-878</b>	<b>-824</b>	<b>-772</b>	<b>-749</b>	<b>-468</b>	<b>-450</b>	<b>-948</b>	<b>-940</b>	<b>-41</b>	<b>-39</b>
<b>Profit before loan losses</b>	<b>3,182</b>	<b>2,961</b>	<b>925</b>	<b>883</b>	<b>916</b>	<b>947</b>	<b>482</b>	<b>351</b>	<b>837</b>	<b>777</b>	<b>22</b>	<b>3</b>
Loan losses	-402	55	-192	1	-65	60	-66	7	-76	-26	-3	13
<b>Operating profit</b>	<b>2,780</b>	<b>3,016</b>	<b>733</b>	<b>884</b>	<b>851</b>	<b>1,007</b>	<b>416</b>	<b>358</b>	<b>761</b>	<b>751</b>	<b>19</b>	<b>16</b>
Cost/income ratio, %	49	50	49	48	46	44	49	56	53	55		
RAROCAR, %	25	26	22	27	30	38	23	18	25	24		
<b>Other information, EURbn</b>												
Lending	214.1	207.2	68.0	62.7	52.1	47.5	35.0	37.2	59.0	59.8		
Deposits	117.1	110.1	33.6	31.6	35.7	30.4	17.2	18.8	30.6	29.3		
Economic capital	8.1	7.4	2.6	2.2	2.0	1.9	1.3	1.3	2.2	2.0		

# Institutional & International Banking

## Result 2008

The business activity within IIB remained at a high level during 2008 and strong growth was recorded in all divisions.

Total income reached EUR 1,217m, up 40%.

Higher business volumes in combination with increased lending margins fuelled net interest income. Net gains/ losses increased following high customer demand for capital markets products. Total expenses amounted to EUR 477m in 2008, up 21%. The main drivers behind the increase were higher investments in New European Markets and the resulting higher number of employees.

The number of full-time equivalents (FTEs) was approx.

5,130 by the end of 2008, a growth of approx. 940 FTEs in 2008.

Profit before loan losses amounted to EUR 740m in 2008, up 56%. Operating profit increased by 30%, including net loan losses of EUR 115m. Of net loan losses, EUR 58m was related to the Baltic countries, including collective provisions of EUR 26m in the unit IIB Other. The loan loss ratio was for IIB 47 basis points of total lending, for Shipping, Oil Services & International 9 basis points and for New European Markets 47 basis points. In the Baltic countries, the loan loss ratio was 106 basis points, of which 48 basis points refer to collective provisions reported in the first and third quarter in the unit IIB Other.

RAROCAR strengthened to 42% in



2008 and the cost/ income ratio improved to 39% reflecting high income and improved operating efficiency.

## Institutional & International Banking, operating profit by area

EURm	Total		Baltic countries		Poland		Russia		Total New European Markets		Financial Institutions		Shipping, Oil Services & International		Other	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Net interest income	656	424	100	68	94	52	149	56	336	168	73	65	221	170	26	21
Net fee and commission income	287	257	39	34	16	16	22	7	75	57	146	136	51	54	15	10
Net gains/losses on items at fair value	271	178	13	5	33	21	6	-1	53	26	181	138	33	13	4	1
Equity method	-12	1	0	0	0	0	0	0	0	0	0	0	0	0	-12	1
Other operating income	15	8	1	0	3	4	1	1	6	4	9	0	1	0	-1	4
<b>Total income incl. allocations</b>	<b>1,217</b>	<b>868</b>	<b>153</b>	<b>106</b>	<b>146</b>	<b>92</b>	<b>178</b>	<b>63</b>	<b>470</b>	<b>255</b>	<b>409</b>	<b>339</b>	<b>306</b>	<b>237</b>	<b>32</b>	<b>37</b>
Staff costs	-192	-143	-28	-21	-34	-23	-52	-26	-118	-72	-31	-31	-41	-37	-2	-3
Other expenses	-275	-243	-28	-24	-40	-28	-24	-12	-95	-67	-153	-143	-10	-13	-17	-20
Depreciations etc.	-10	-8	-2	-1	-5	-4	-1	-1	-9	-7	0	0	-1	0	0	-1
<b>Expenses incl. allocations</b>	<b>-477</b>	<b>-394</b>	<b>-58</b>	<b>-46</b>	<b>-80</b>	<b>-56</b>	<b>-77</b>	<b>-39</b>	<b>-222</b>	<b>-146</b>	<b>-184</b>	<b>-174</b>	<b>-52</b>	<b>-50</b>	<b>-18</b>	<b>-24</b>
<b>Profit before loan losses</b>	<b>740</b>	<b>474</b>	<b>95</b>	<b>60</b>	<b>66</b>	<b>36</b>	<b>101</b>	<b>24</b>	<b>248</b>	<b>109</b>	<b>225</b>	<b>165</b>	<b>254</b>	<b>187</b>	<b>14</b>	<b>13</b>
Loan losses	-115	5	-32	-1	-1	-1	-18	1	-46	-1	-14	0	-10	2	-45	4
<b>Operating profit</b>	<b>625</b>	<b>479</b>	<b>62</b>	<b>59</b>	<b>66</b>	<b>35</b>	<b>83</b>	<b>25</b>	<b>202</b>	<b>108</b>	<b>210</b>	<b>165</b>	<b>244</b>	<b>189</b>	<b>-32</b>	<b>17</b>
Cost/income ratio, %	39	45	38	43	55	61	43	62	47	57	45	51	17	21		
RAROCAR, %	42	38							31	23	62	64	50	38		
<b>Other information, EURbn</b>																
Lending	33.1	24.6	7.7	5.5	3.8	2.7	3.8	1.6	15.3	9.8	2.0	1.9	13.8	11.1	1.9	1.8
Deposits	25.7	30.9	1.8	1.4	2.0	1.7	0.9	0.6	4.7	3.7	14.5	20.3	6.4	6.7	0.1	0.1
Economic capital	1.3	1.0	0.3	0.3	0.1	0.1	0.2	0.1	0.7	0.4	0.2	0.2	0.4	0.4	0.1	0.0

# Income statement

Group EURm	2008	2007	Change, %
Net interest income	5,093	4,282	19
Net fee and commission income	1,883	2,140	-12
Net gains/losses on items at fair value	1,028	1,209	-15
Equity method	24	41	
Other income	172	214	
<b>Total operating income</b>	<b>8,200</b>	<b>7,886</b>	<b>4</b>
Staff costs	-2,568	-2,388	8
Other expenses	-1,646	-1,575	5
Depreciation of tangible and intangible assets	-124	-103	20
<b>Total operating expenses</b>	<b>-4,338</b>	<b>-4066</b>	<b>7</b>
<b>Profit before loan losses</b>	<b>3,862</b>	<b>3,820</b>	<b>1</b>
Loan losses	-466	60	
Disposal of tangible and intangible assets	0	3	
<b>Operating profit</b>	<b>3,396</b>	<b>3,883</b>	<b>-13</b>
Income tax	-724	-753	-4
<b>Net profit for the year</b>	<b>2,672</b>	<b>3,130</b>	<b>-15</b>

## Business volumes, key items

EURbn	2008	2007	Change, %
Loans and receivables to the public	265.1	244.7	8
Deposits and borrowings from the public	148.6	142.3	4
of which saving deposits	45.5	40.8	12
Assets under management	125.6	157.1	-20
Technical provisions, Life	28.3	32.1	-12
Equity	17.8	17.2	3
Total assets	474.1	389.1	22

## Ratios and key figures

Diluted earnings per share, EUR	1.03	1.20	
Share price, EUR	5.00	11.42	
Total shareholders' return, %	-46.9	6.4	
Proposed/actual dividend per share, EUR	0.20	0.50	
Equity per share, EUR	6.84	6.58	
Shares outstanding, million	2,590	2,593	
Diluted shares outstanding, million	2,592	2,594	
Return on equity, %	15.3	19.7	
Cost/income ratio, %	53	52	
Tier 1 capital ratio, before transition rules, %	9.3	8.3	
Total capital ratio, before transition rules, %	12.1	10.9	
Tier 1 capital ratio, %	7.4	7.0	
Total capital ratio, %	9.5	9.1	
Tier 1 capital, EURm	15,760	14,230	
Risk-weighted amounts, EURbn	213	205	
Number of employees (full-time equivalents, FTEs)	34,008	31,721	
Risk-adjusted profit, EURm	2,459	2,417	
Economic profit, EURm	1,432	1,585	
Economic capital, EURbn	11.8	10.2	
EPS, risk-adjusted, EUR	0.95	0.93	
RAROCAR, %	20.8	23.6	
MCEV, EURm	2,624	3,189	

# Balance sheet

Group EURm	31 Dec 2008	31 Dec 2007
<b>Assets</b>		
Cash and balances with central banks	3,157	5,020
Treasury bills	6,545	5,193
Loans and receivables to credit institutions	23,903	24,262
Loans and receivables to the public	265,100	244,682
Interest-bearing securities	44,830	38,782
Financial instruments pledged as collateral	7,937	4,790
Shares	10,669	17,644
Derivatives	86,838	31,498
Fair value changes of the hedged items in portfolio hedge of interest rate risk	413	-105
Investments in associated undertakings	431	366
Intangible assets	2,535	2,725
Property and equipment	375	342
Investment property	3,334	3,492
Deferred tax assets	64	191
Current tax assets	344	142
Retirement benefit assets	168	123
Other assets	14,604	7,724
Prepaid expenses and accrued income	2,827	2,183
<b>Total assets</b>	<b>474,074</b>	<b>389,054</b>
<b>Liabilities</b>		
Deposits by credit institutions	51,932	30,077
Deposits and borrowings from the public	148,591	142,329
Liabilities to policyholders	29,238	32,280
Debt securities in issue	108,989	99,792
Derivatives	85,538	33,023
Fair value changes of the hedged items in portfolio hedge of interest rate risk	532	-323
Current tax liabilities	458	300
Other liabilities	17,970	22,860
Accrued expenses and prepaid income	3,278	2,762
Deferred tax liabilities	1,053	703
Provisions	143	73
Retirement benefit obligations	340	462
Subordinated liabilities	8,209	7,556
<b>Total liabilities</b>	<b>456,271</b>	<b>371,894</b>
<b>Equity</b>		
Minority interests	78	78
Share capital	2,600	2,597
Other reserves	-888	-160
Retained earnings	16,013	14,645
<b>Total equity</b>	<b>17,803</b>	<b>17,160</b>
<b>Total liabilities and equity</b>	<b>474,074</b>	<b>389,054</b>
Assets pledged as security for own liabilities	95,507	79,708
Other assets pledged	10,807	6,304
Contingent liabilities	26,287	24,254
Commitments excluding derivatives	88,434	87,006
Derivative commitments	3,802,101	3,405,332



# Annual General Meeting

Nordea's Annual General Meeting (AGM) 2009 will be held on Thursday 2 April at 13.00 CET at Cirkus, Djurgårdssläätten 43-45, Stockholm.

## Notification of participation etc

Shareholders who wish to participate in the AGM shall be entered in the share register maintained by the Swedish Securities Register Center (Euroclear Sweden AB) not later than 27 March 2009 and notify Nordea. Shareholders whose shares are held in custody therefore must temporarily re-register their shares in their own names with Euroclear Sweden AB in order to be able to participate. This applies for example to holders of Finnish Depositary Receipts in Finland and holders of shares registered in Værdipapircentralen in Denmark.

Such re-registration must be effected in Euroclear Sweden AB in Sweden on 27 March 2009. This means that the

shareholder in good time prior to this date must inform the trustee about this.

## Shareholders registered in Euroclear Sweden AB in Sweden

Notification of participation in the AGM must be made to Nordea Bank AB (publ) at the latest on 27 March 2009 at 13.00 Swedish time at the following address: Nordea Bank AB (publ), c/o Novator Consulting Group AB, Box 10, SE-182 11 Danderyd, Sweden, or by telephone +46 8 755 13 46, or by fax +46 8 622 63 51, or on Nordea's web page [www.nordea.com](http://www.nordea.com).

## Holders of Finnish Depositary Receipts (FDR) in Finland

Notification of participation in the AGM and re-registration of shares to Euroclear Sweden AB must be made at the latest on 26 March 2009 at 12.00 noon Finnish

time to Nordea Bank AB (publ), c/o Novator Consulting Group AB, Box 10, SE-182 11 Danderyd, Sweden, or by telephone +358 9 348 9230 or fax +46 8 622 63 51, or on Nordea's web page [www.nordea.com](http://www.nordea.com).

## Shareholders registered in Værdipapircentralen in Denmark

Notification of participation in the AGM and re-registration of shares to Euroclear Sweden AB must be made at the latest on 26 March 2009 at 12.00 noon Danish time to Nordea Bank AB (publ), c/o I-NVESTOR DANMARK A/S, Kongevejen 418, DK-2480 Holte, Denmark, or by telephone +45 4546 0997 or fax +45 4546 0998, or on Nordea's web page [www.nordea.com](http://www.nordea.com).

” Visit [nordea.com](http://nordea.com) for further information about the Annual General Meeting 2009



This Summary 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 and (iii) change in interest rate level. This report 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.

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