



Year-end Report 2008

Press and analyst conference

10 February



Financial result 2008

Strengthening of capital position

***“Middle of the road” approach to
our organic growth strategy***



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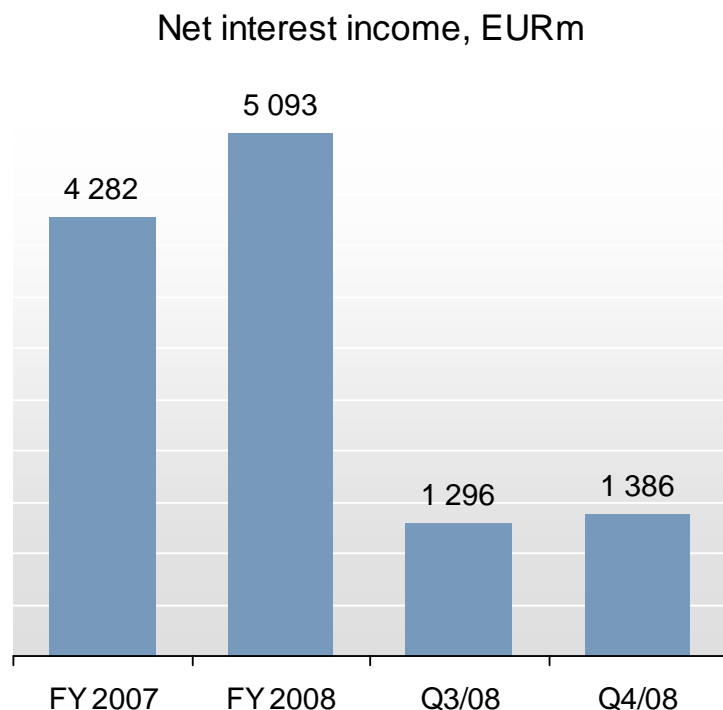
Highlights from 2008

- Nordea continues to deliver despite extreme market turbulence and economic downturn
- Income up 4% - driven by strong growth in net interest income and robust income from the customer-driven capital markets operations
- Lending volumes up 17% in local currency. Strong increase also in the fourth quarter demonstrating that Nordea continues to support its customers
- Total expenses increased 7%, including EUR 28m in restructuring costs
- Macroeconomic slowdown has resulted in higher loan losses and increased impaired loans stemming from a large number of small and medium sized exposures – loan loss ratio of 19bps
- Risk-adjusted profit up 2% - 3.5% excluding Danish State Guarantee Scheme
- Organic growth strategy to be adjusted to prevailing market conditions
- EUR 3.0bn core Tier 1 capital strengthening comprising approximately EUR 2.5bn rights offering and approximately EUR 0.5bn dividend reduction – proactive measure to position the bank for risks as well as opportunities

Full year result 2008

EURm	FY 2007	FY 2008	Chg %
Net interest income	4,282	5,093	19
Net fee and commission income	2,140	1,883	-12
Net gains/losses on items at fair value	1,209	1,028	-15
Equity method	41	24	-41
Other income	214	172	-20
Total operating income	7,886	8,200	4
Staff costs	-2,388	-2,568	8
Other expenses	-1,575	-1,646	5
Depreciation	-103	-124	20
Total operating expenses	-4,066	-4,338	7
Profit before loan losses	3,820	3,862	1
Loan losses	60	-466	
Operating profit	3,883	3,396	-13
Net profit	3,130	2,672	-15
Risk-adjusted profit	2,417	2,459	2

Net interest income up 19%



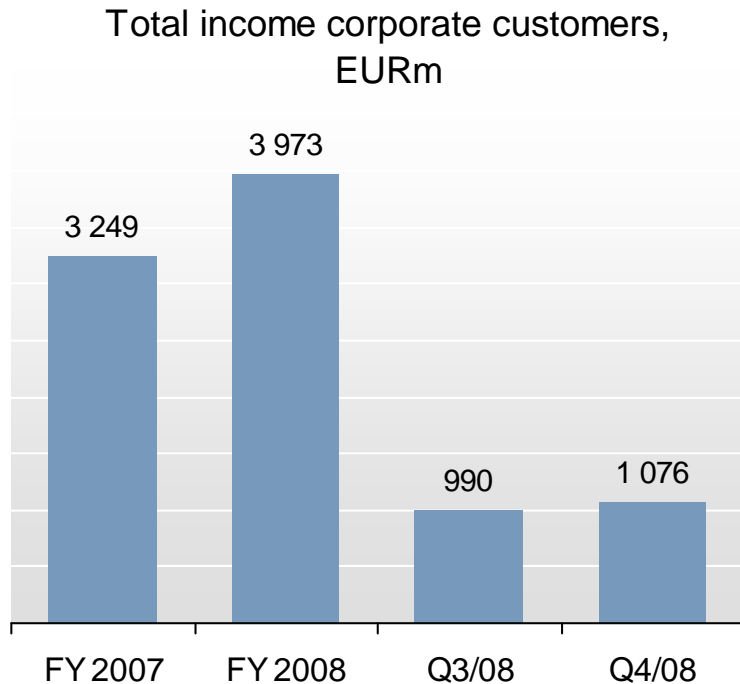
YoY

- Strong increase in lending and deposit volumes
 - Lending to public up 8% - 17% in local currency
 - Deposit volumes up 4% - 12% in local currency
- Corporate lending up 11% reflecting strong demand across sectors – up 19% adjusted for FX effects
 - Nordea continued to support core customers
- Corporate lending margins increased reflecting re-pricing of credit risks and to compensate for higher liquidity premiums

Q4oQ3

- Up 7% driven by high quality volume growth and increased margins
 - Total lending up 5% in local currency

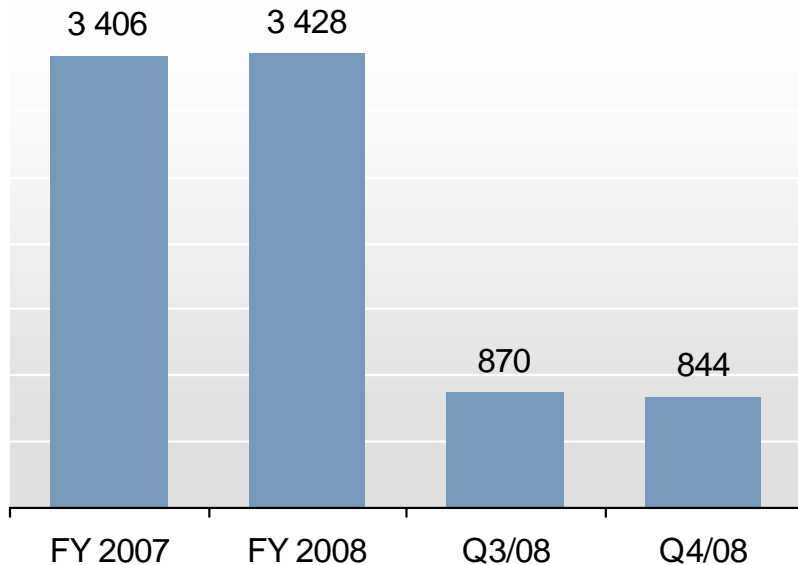
Support to corporate customers - strengthened market position



- Income from corporate customers up 22% compared to last year
 - Income from CMB and Large corporate customers increased 26% - 35% in the fourth quarter adjusted for currency depreciations
- Strong income contribution from sale of capital market products
- Income contribution from New European Markets – up 97%

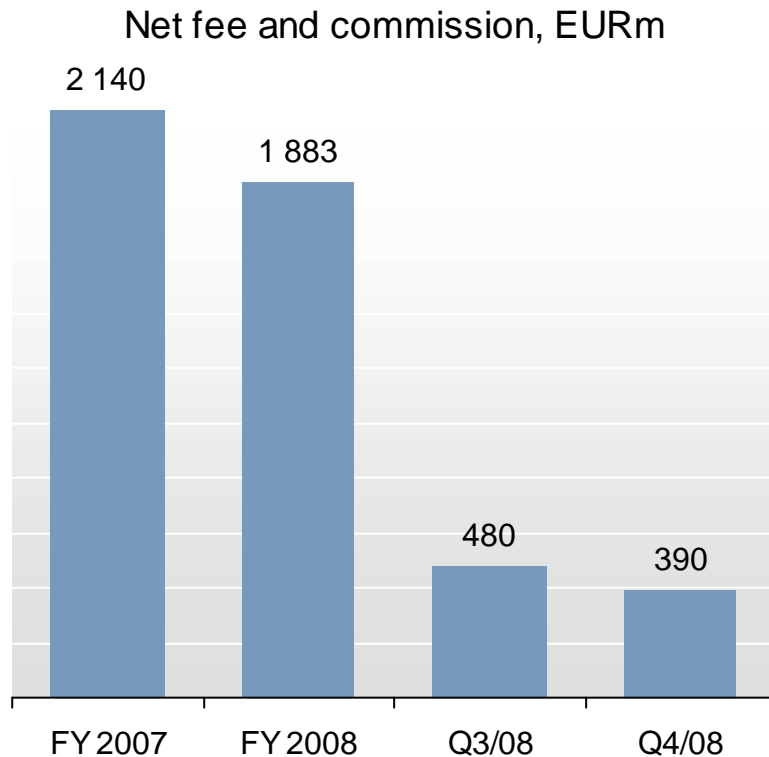
High activity among household customers

Total income household customers,
EURm



- Income growth 1% - continued volume growth
- Income growth dampened by:
 - Lower margins on savings and transaction accounts
 - Lower assets under management in the savings area
- Improved margins on mortgage lending – compensating for increased liquidity premiums
 - Reported mortgage margins measured against average funding costs, excluding increased cost for liquidity risk when a customer choose variable rate on a long-term loan

Net fee and commission income down 12%



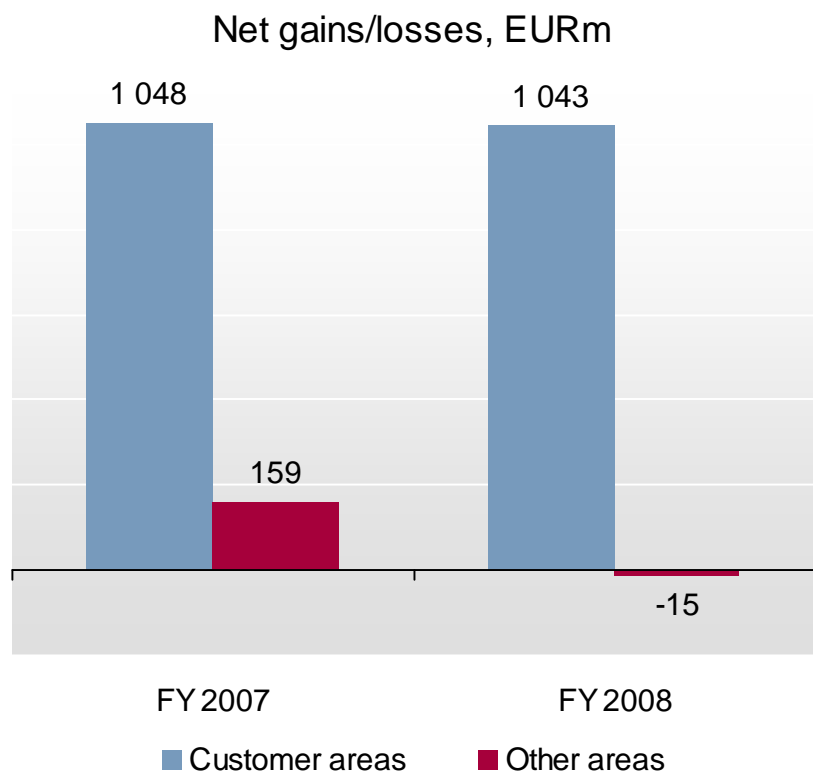
YoY

- Savings-related commission down 18% - affected by weak equity markets
 - AuM down 20% compared to one year ago
- Lending-related commission up 12%
 - Corporate Merchant Banking and Shipping and Oil services

Q4oQ3

- Down 19%
 - Weak trend for savings commissions continued
 - Lending commission down 14% due to lower activity
- Commission expenses increased by EUR 50m related to Danish State guarantee fee

Net gains/losses – unchanged in customer areas



YoY

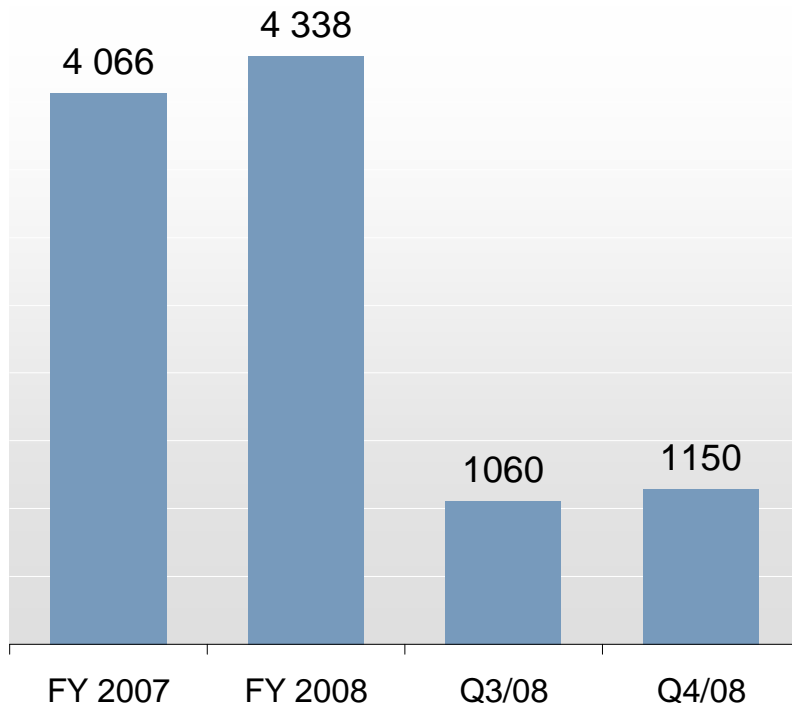
- Net gains/losses down 15%
- Solid result in customer areas driven by strong activity within capital markets products
 - Limited impact from market turmoil
 - Risk management products in the fixed income and FX areas
- Lower revenues from listed and non-listed equities and from Life & Pensions
 - Earlier recognised revenues from Life & Pensions in Denmark were deferred due to a decline in financial buffers

Q4oQ3

- Up 47%
 - High activity in the customer-driven capital markets operations

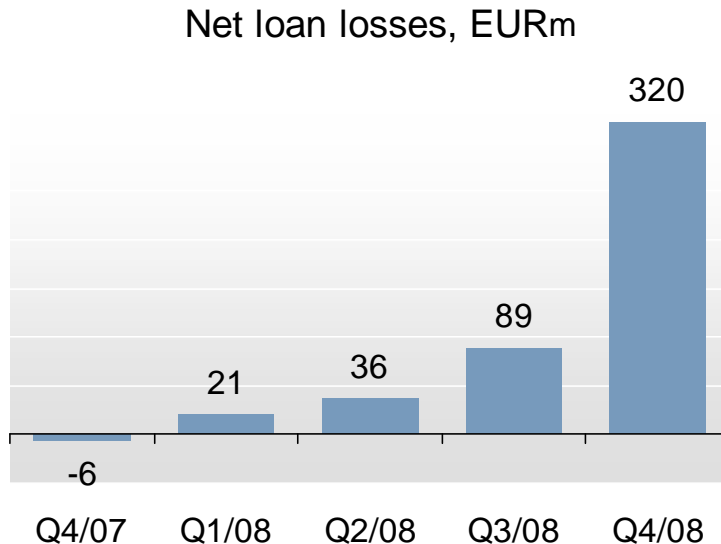
Cost in line with target

Total operating expenses, EURm



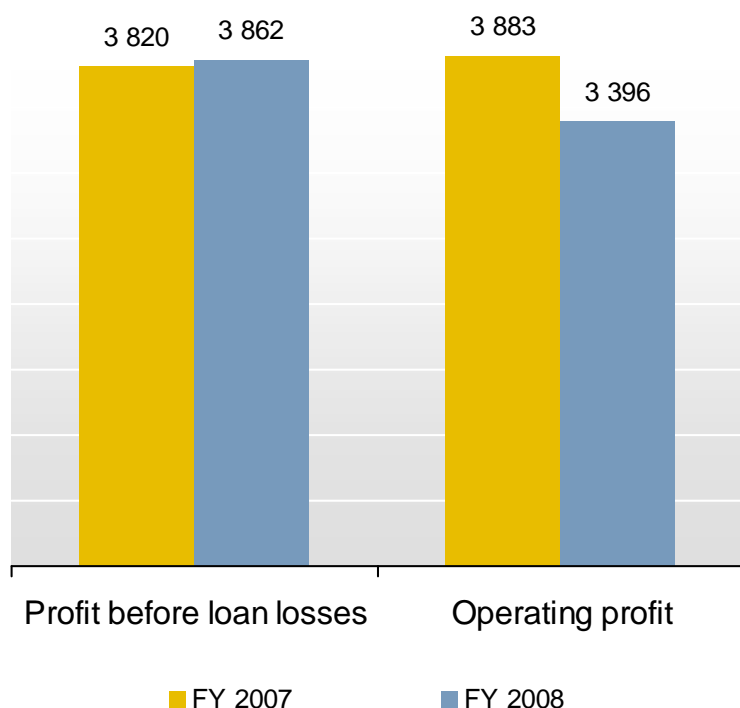
- Up 7% - in line with target
- Approx half of the increase related to investments in growth areas
- FTE's up 8% including acquisition of branches from Roskilde Bank and Svensk Kassaservice

Economic slowdown affecting the loan portfolio – loan losses on an expected rise



- Net loan losses EUR 466m for full year 2008, of which EUR 320m or 52bps in Q4
- Increase in loan losses stem from a large number of smaller and medium-sized exposures
- Large part of the 2008 losses is related to Denmark, EUR 148m and an additional EUR 44m related to the Danish guarantee schemes – increases also seen in other Nordic countries

Profit before loan losses up 1%



- Profit before loan losses up 1% from high level
- Operating profit down 13%
 - Net loan losses of EUR 466m compared to net recoveries of EUR 66m in the same period last year

Ambitious targets

Long term financial targets		Target	2007	2008
TSR (%)	▶	In the top quartile of European peer group	# 3 of 20	# 2 of 20
Risk adjusted profit (EUR m) ¹	▶	Double in 7 years ²	15%	16.7% ³
RoE (%)	▶	In line with top Nordic peers	19.7%	15.3%
Capital structure policy		Policy		
Dividend payout-ratio	▶	> 40% of net profit	42%	19%
Tier 1 capital ratio ⁴	▶	9.0% over a cycle	8.3%	9.3%

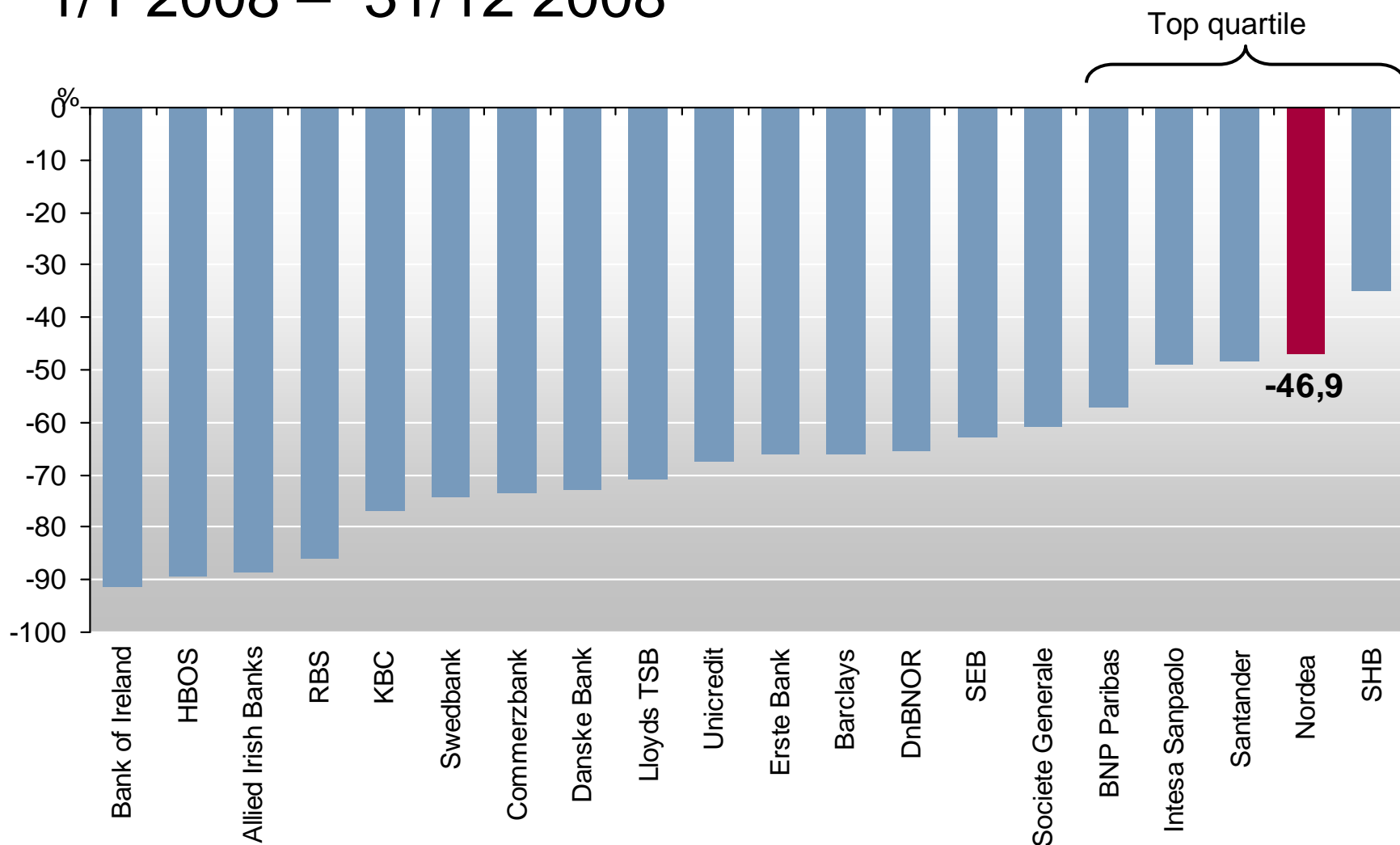
1. Risk-adjusted profit is defined as total income less total expenses, less expected loan losses and standard tax. In addition, risk-adjusted profit excludes major non-recurring items.

2. Baseline 2006 EUR 2,107m

3. Rolling 4 quarters compared with baseline

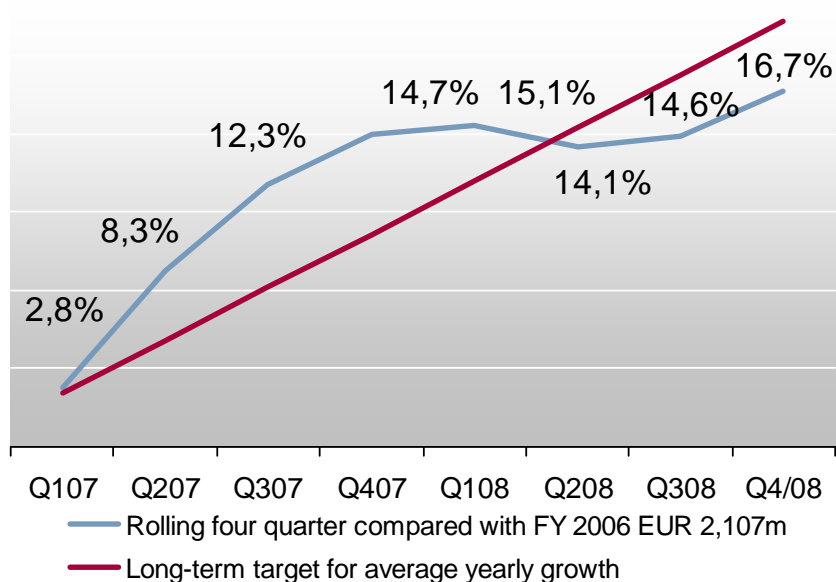
¹⁴ 4. Excluding transition rules

Total shareholder return (TSR) 1/1 2008 – 31/12 2008



Risk-adjusted profit

Accumulated risk-adjusted profit



- Accumulated Risk-adjusted profit 16.7% since target introduced January 1 2007
 - 18.5% excluding Danish State guarantee fee
- Up 2% in 2008 – 7% in Q4/Q4

Outlook for 2009

- Sharp macroeconomic slowdown in the Nordic countries during the latter part of the autumn – GDP expected to be negative in 2009
- Nordea is preparing for a challenging year – firm attention on cost, risk and capital
- Focus on doing more business with existing customers and on selective basis attracting new customers with solid credit profile in prioritised segments
- Lending growth expected to be lower in 2009 than in 2008, Nordea sees potential to grow somewhat more than the market
- Cost growth is expected to be somewhat lower than in 2008 – cost growth is managed downwards adjusting operations to the prevailing market conditions
- Based on the current macroeconomic outlook, Nordea anticipates net loan losses in 2009 broadly in line with the annualised rate in the fourth quarter - uncertainty regarding future loan losses is significant
- Risk-adjusted profit is in 2009 expected to be at approx. the same level as in 2008



Middle of the road
approach

Business environment is uncertain

Long-term funding has become more expensive...

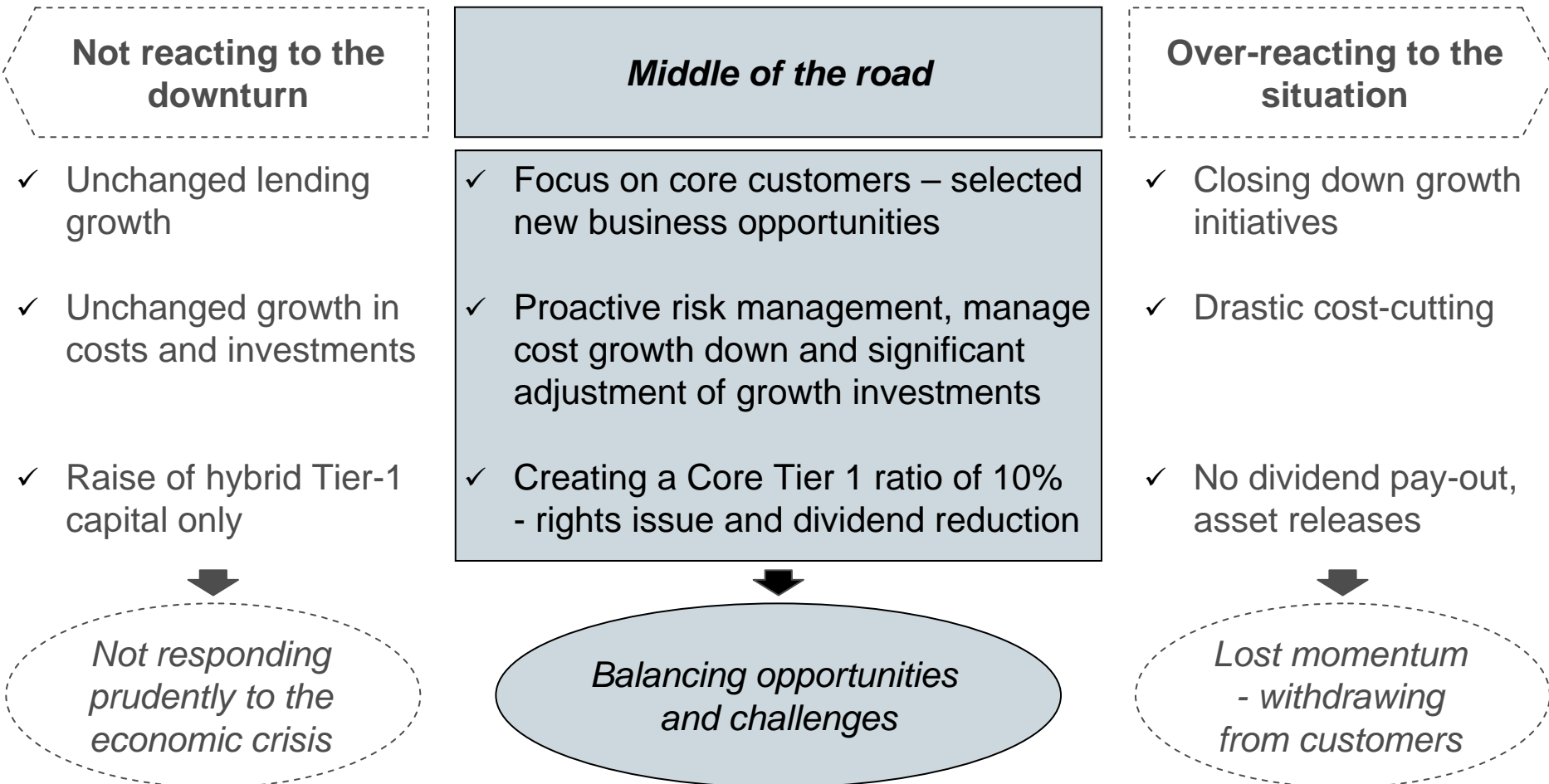
Capital requirements have increased...

Interest rates are declining...

The economy is in recession – confidence and demand amongst customers are declining...

Probability of default amongst customers has increased...

By applying the “middle of the road” we aim to maintain the high business momentum

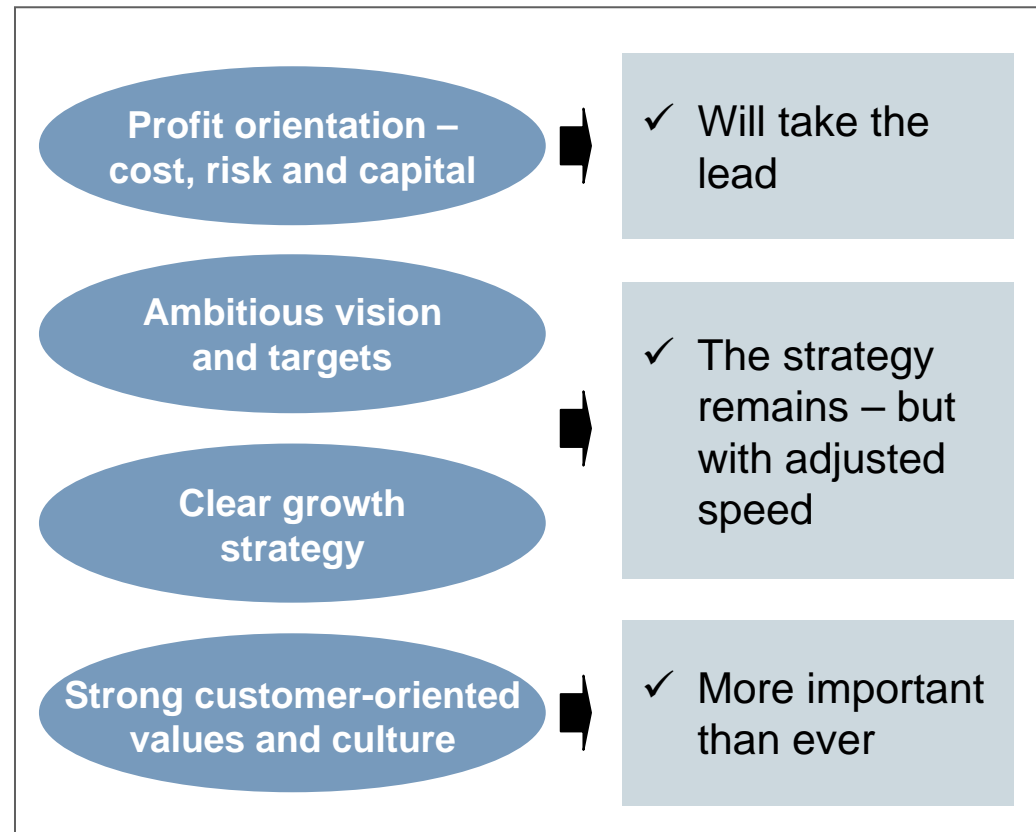


By applying a “middle of the road approach” balancing growth opportunities and risk

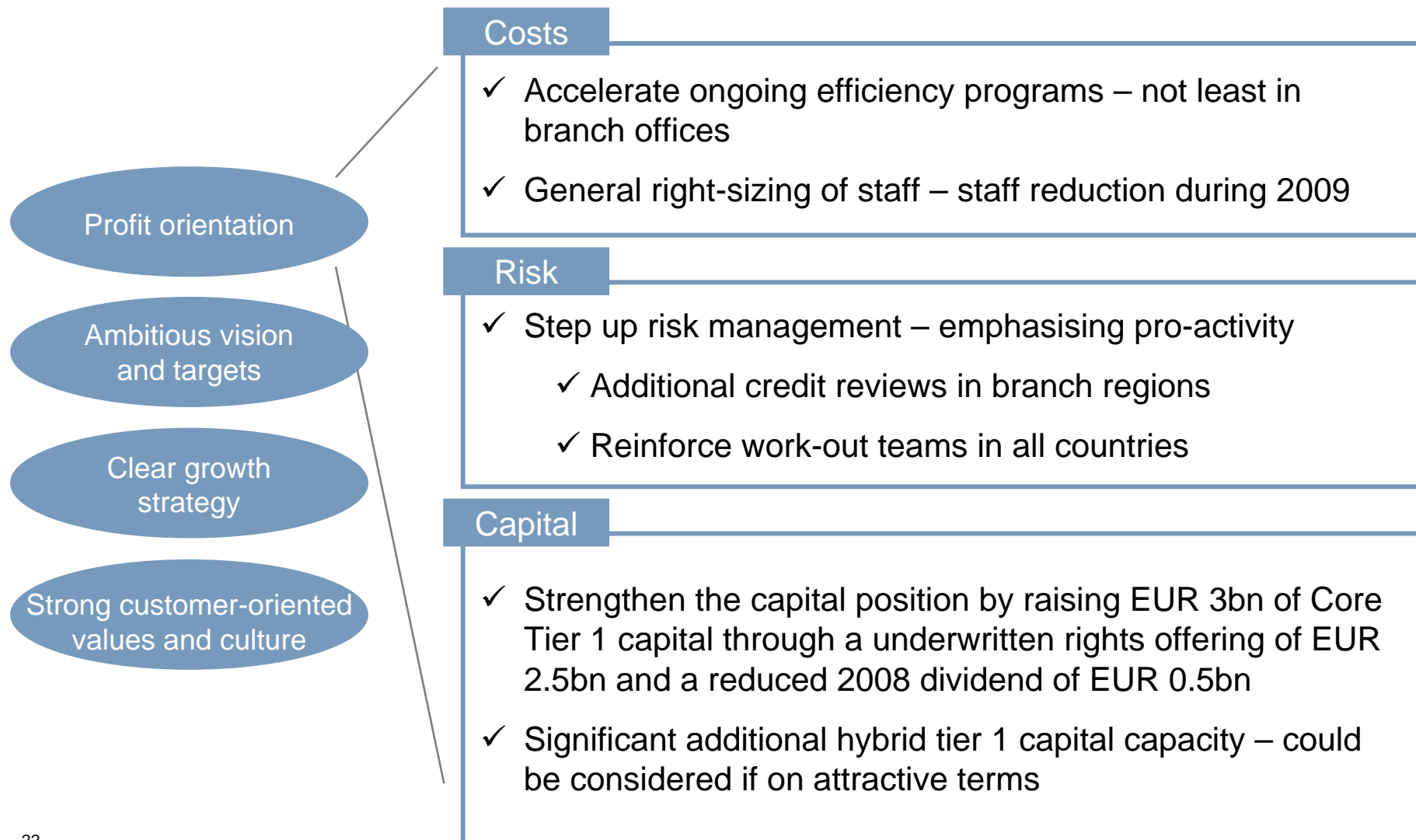
Top priorities...

- Maintain strong AA rating as competitive advantage
- Continue support existing customers with solid credit profile
- Selectively capture new business opportunities - high credit quality, sound margins

...in the context of Great Nordea



Cost-, risk- and capital management takes the lead



The EUR 3bn capital raise is a pro-active step to best position the bank – middle of the road approach

Rationale

Maintain position as one of the stronger banks in Europe

Pro-actively establish an additional capital cushion in light of reduced visibility in the market and economic outlook

Provide flexibility to capture high credit quality and high-margin business opportunities arising in the market

Capital raising allows us to maintain our organic growth strategy – however we will adjust the speed



More customers and more income per customer - our relationship-driven growth strategy is successful...

Nordic Banking

- ✓ 113,000 new gold customers in 2008 – up 5%
- ✓ 100% more customer meetings per PBA
- ✓ Growth Plan Sweden: 35,000 new gold customers and 68 new branches in 2008

Private Banking

- ✓ 5,000 new Private Banking customers in 2008 – up 6%

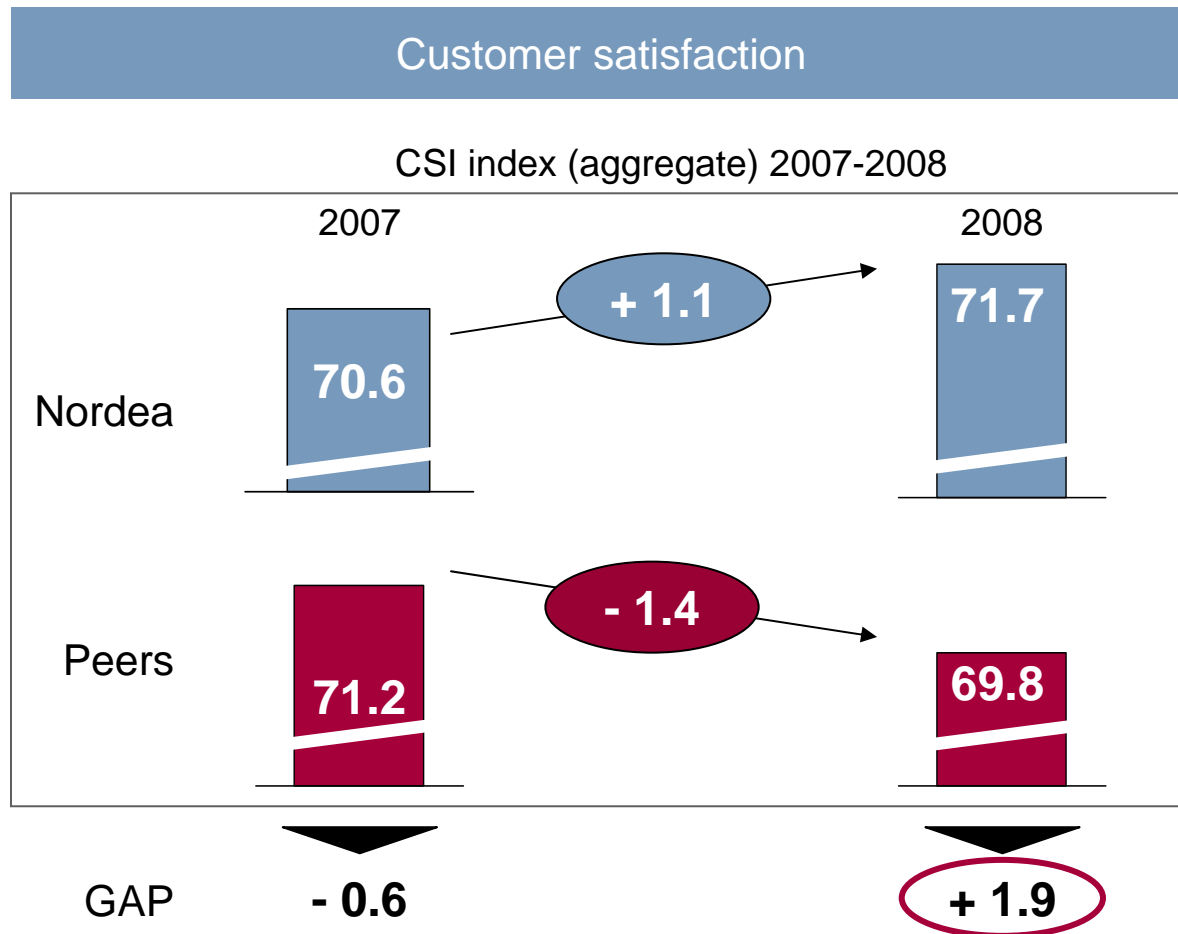
Corporate

- ✓ Income up 23% - strong growth in CMB and high demand for risk management products
- ✓ Significant cross-selling potential remains

New European Markets

- ✓ 170,000 new customers and 94 new branches

...showing strong increase in customer satisfaction -
by bringing our customer oriented values to work



Also in New European Markets the strategy remains, however with significantly reduced speed

Russia – significantly reduce speed

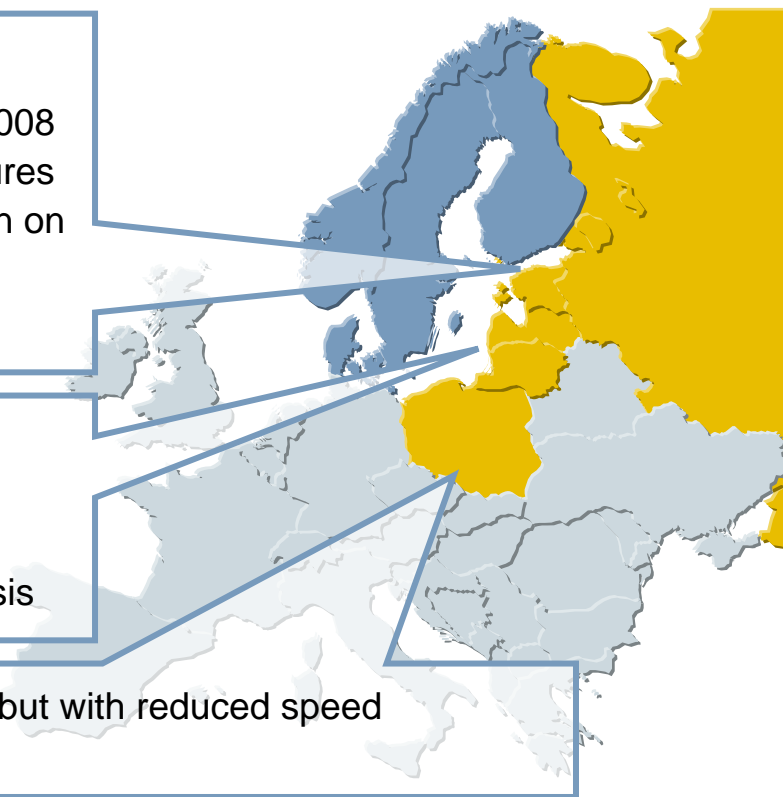
- Lending growth down from high levels in 2007 and 2008
- Focus on enhancement of risk management procedures
- No branch openings - household and SME expansion on hold
- Launch Nordea Brand

The Baltic countries – managing difficult times

- Zero lending growth
- No new investments
- Manage risks and help strong customers through crisis

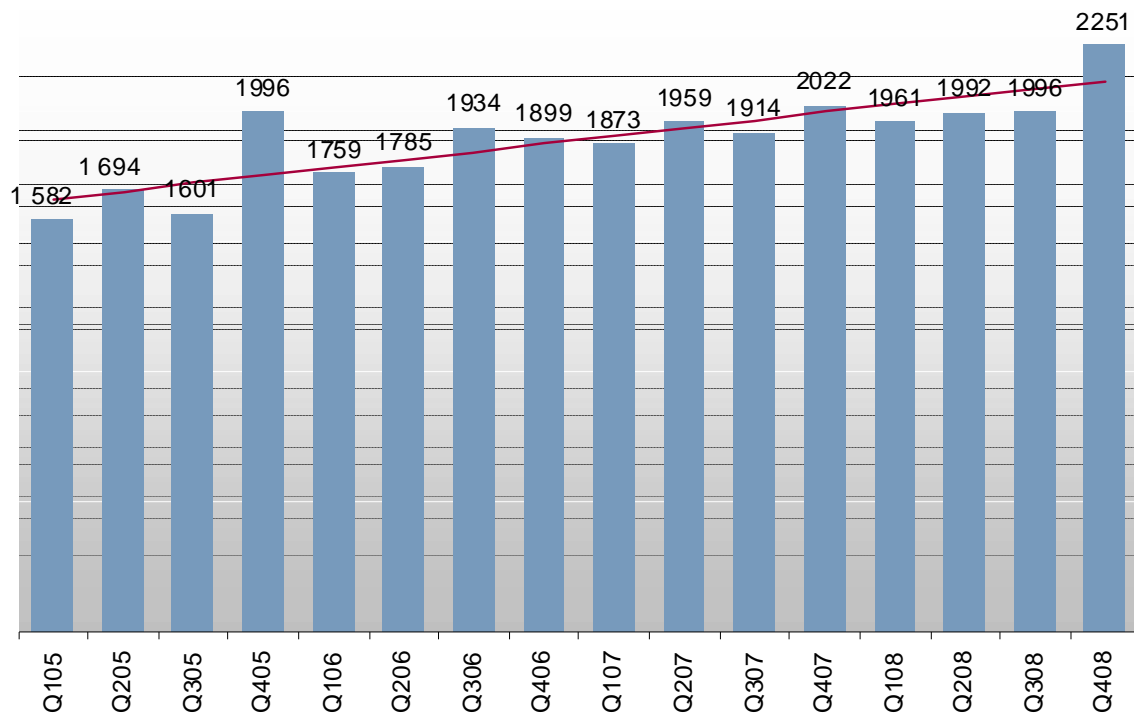
Poland – continue investments, but with reduced speed

- 15 new branches



By applying the “middle of the road” we trust we can maintain the high business momentum

Nordea Group income development, EURm



2009 priorities

Existing relationships

Grow share of wallet through less capital-consuming products

Selective customer acquisition (Gold, Private banking, high-quality Corporates)

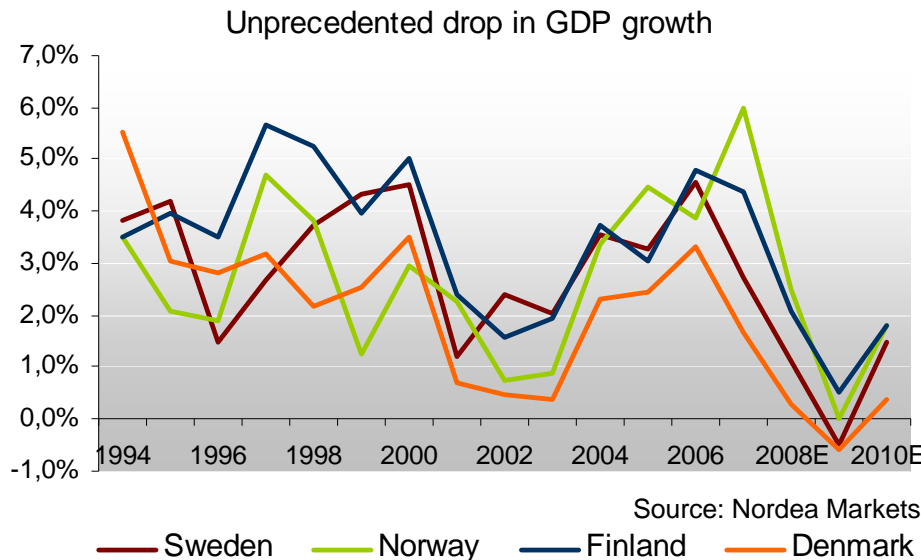
Secure corporate credit margins that reflect risk

Prudent cost, risk and capital management

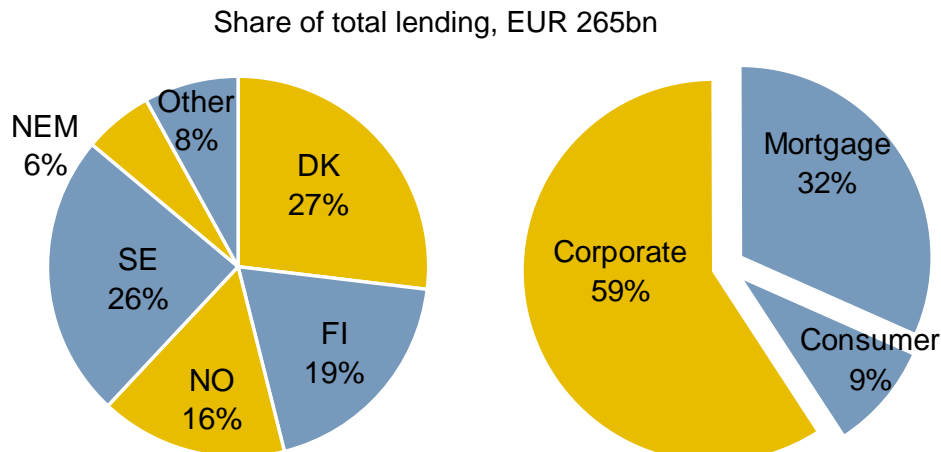


CRO Presentation

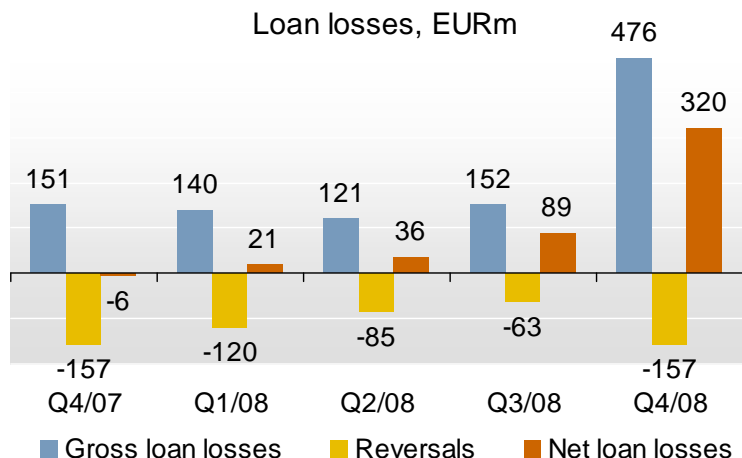
Broad economic slowdown affect most sectors



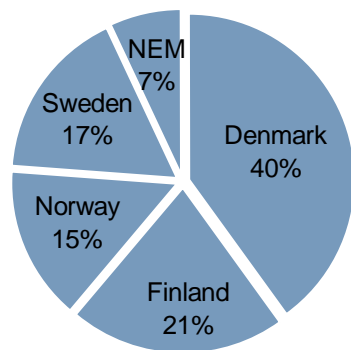
- Major drop in GDP-growth and business and consumer confidence will affect most markets and industries
- Despite a well-diversified lending portfolio spread over four largely equally sized markets credit quality is changing quickly
- Low risk mortgage portfolio accounts for approximately 1/3 of total lending



Increased loan losses following economic slowdown in all markets



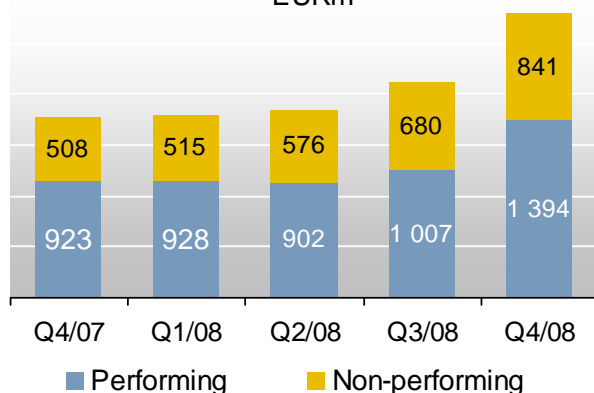
Geographical spread of loan losses FY 2008



- Net loan losses EUR 466m full year 2008
 - Loan loss ratio of 19 basis points - excluding Danish scheme 17bps (EUR 44m)
 - Fourth quarter 52bps – 45 bps excluding Danish scheme
- Shift between individual and collective allowances partly explain high gross figures
- Increase in loan losses stem from a large number of smaller and medium-sized exposures
- Large part of losses in 2008 attributable to Denmark
- Reported loss levels in various sectors follow Nordea's models for a weak economic cycle

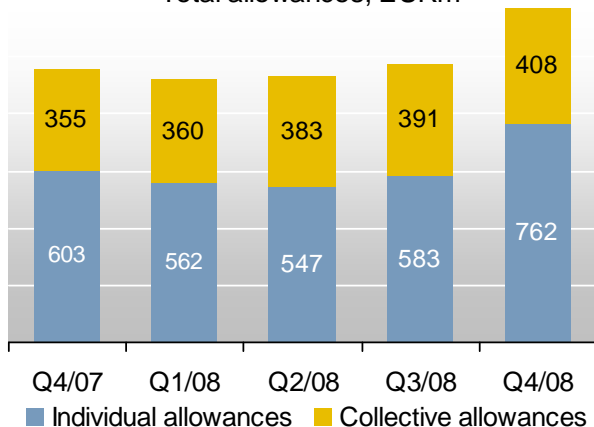
Impaired loans up from low levels – increased focus on risk management

Impaired loans and recivables,
EURm



Performing: Allowance established, payments made
Non-performing: Allowance established, full payments not made on due date

Total allowances, EURm

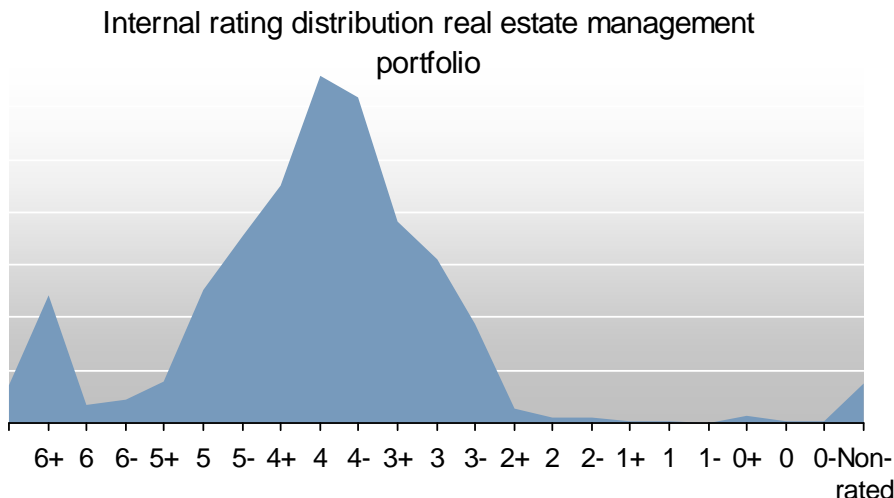


- Impaired loans up 55% from low levels
- Individual allowances increased in several sectors
 - Net collective allowances of EUR 54m were made in 2008 – construction, real estate, agriculture and consumer finance
- Risk management initiatives 2009 – additional credit reviews in branch regions and work-out teams reinforced in all countries
- In addition EUR 100m provisions for off-balance sheet exposures

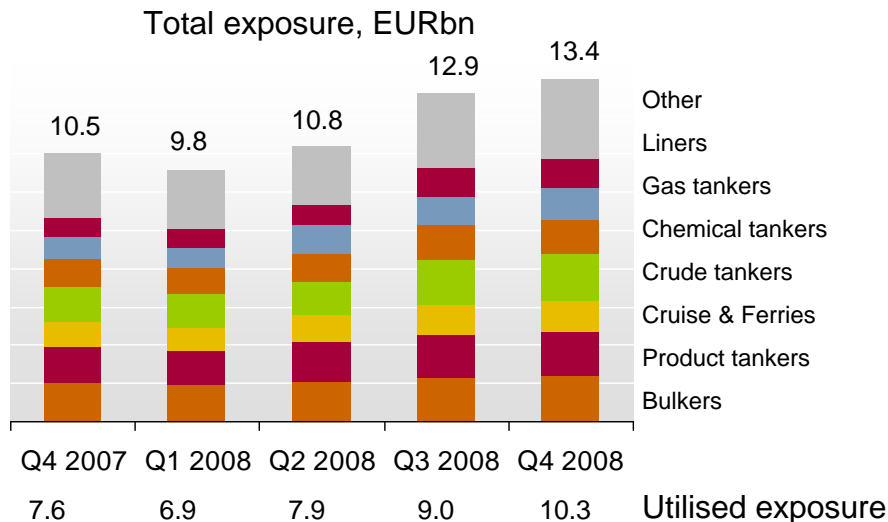
Largely secured lower risk real estate portfolio

Lending to real estate management per country				
EURbn	End 2008	Commercial	Residential	End 2007
Sweden	13,5	44%	56%	14,9
Norway	7,7	72%	28%	8,6
Finland	7,1	49%	51%	7,0
Denmark	4,8	60%	40%	4,6
Baltics	1,2	75%	25%	1,0
Russia	0,4	100%	0%	0,1
Poland	0,2	61%	39%	0,1
Other	0,5			0,5
NORDEA	35,5	66%	44%	36,8

- Approximately 1/3 of the portfolio towards low risk counterparties - municipalities, tenant owned associations and social housing associations
- Commercial portfolio largely secured. Low vacancy rates – expected to increase
- Debt capacity supported by low interest rates
- 70% of the portfolio above investment grade (internal rating 4- and higher)

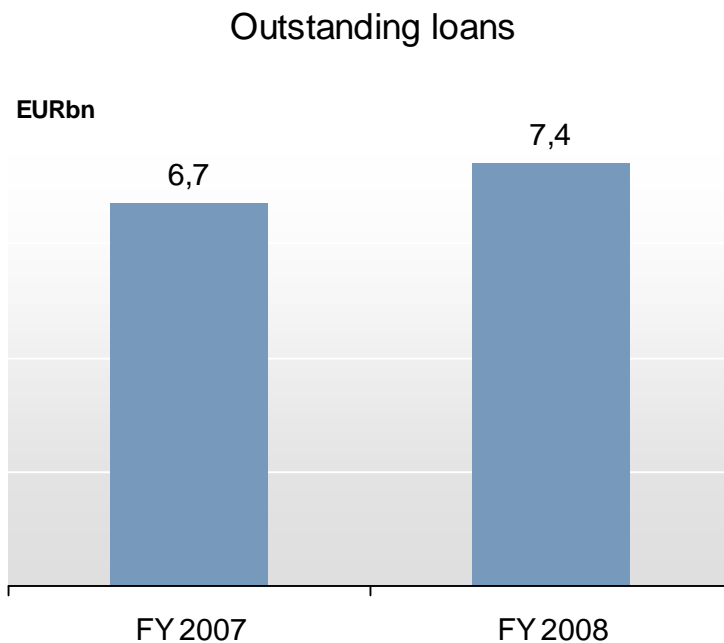


Shipping – increased focus on risk and capital



- Focus on listed companies with strong track record
- Increased risks in certain sectors (dry bulk and container) where Nordea has underweight exposure
- Credit portfolio largely collateralized - all lending agreements include a comprehensive set of financial covenants
- Well proven business model and credit policy applied consistently for 15 years
- Loan losses have been very low over the last 20 years but are expected to increase in 2009 and 2010

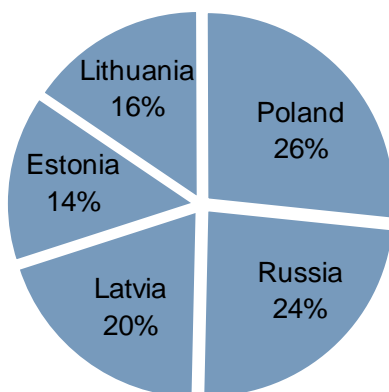
Well structured exposure towards companies owned by private-equity funds



- Portfolio well diversified between industries and the Nordic markets – more than 100 portfolio companies
- High quality growth in 2008 with low leverage and to solid sectors
- Mainly senior debt – insignificant exposure to junior debt (mezzanine)
- Several successful restructuring cases now finalised – other negotiations ongoing
- Next two years will be challenging but manageable

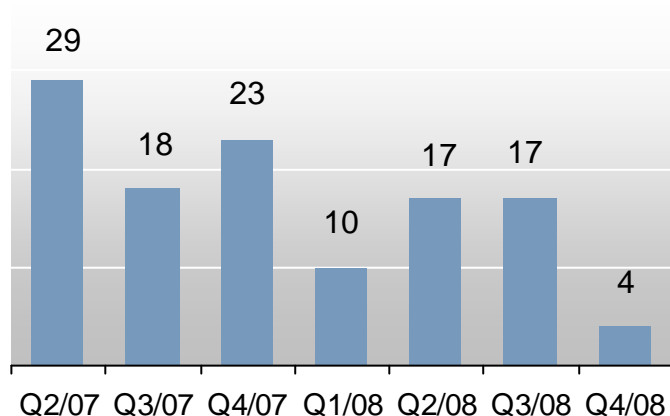
New European Markets affected by sharp economic slowdown

Total lending NEM, EUR 15.3bn



- Specific loan losses increased in the Baltic countries and Russia - net loan losses 47bps in 2008
- Collective allowances for the Baltic countries EUR 109m or 134bps of total lending equalling net impaired loans of EUR 112m
- Slowing lending growth rate – new lending to existing customers

Quarterly lending growth NEM%



Lending past due, end 2008	Nordea	Total market
Estonia (60 days)	1.74%	2.68%
Latvia (90 days)	1.85%	3.60%
Lithuania (60 days)	2.01%	4.54%

Source: Central bank data



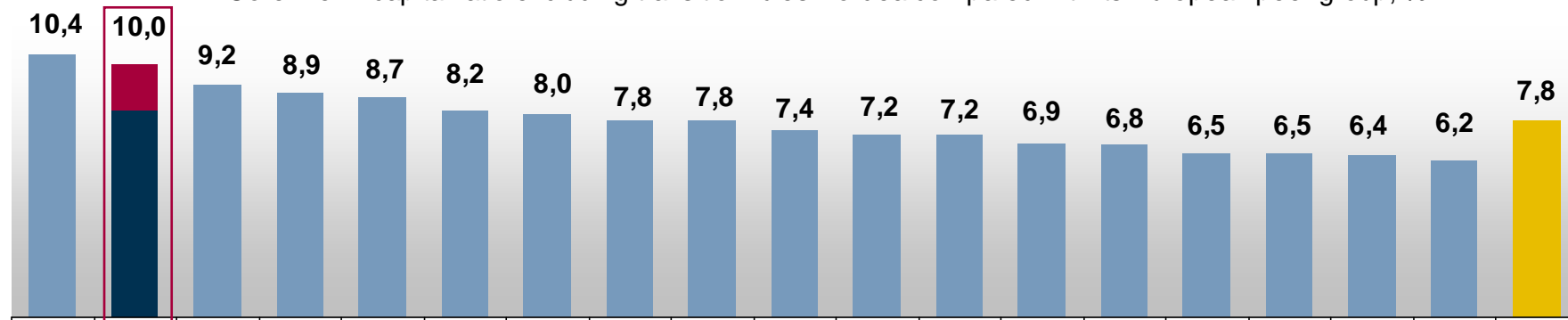
CFO Presentation

A fair, transparent market solution to existing share holders

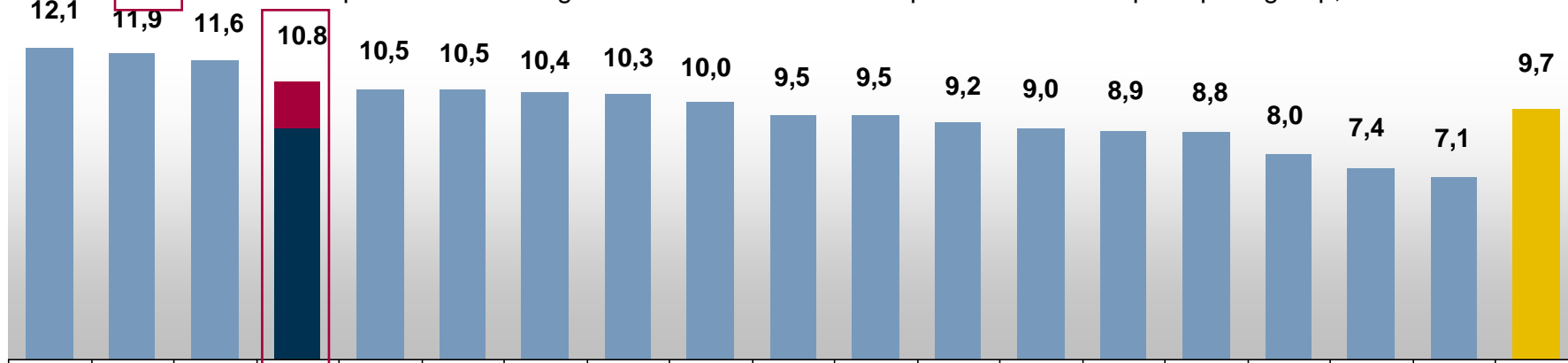
- Capital strengthening will be executed through;
 - Underwritten rights offering to raise approximately EUR 2.5bn - representing ~20% of market capitalisation
 - Proposal to halve the dividend payment to 19% of net profit which will increase Core Tier 1 capital with approximately EUR 0.5bn
- The Swedish Government, Sampo Oyj and Nordea Fonden in aggregate owning 36.1% of Nordea's shares outstanding, will subscribe for their pro rata share of the rights offering
- Sampo Oyj has in addition to its pro rata share agreed to underwrite 13% of the rights offering
- J.P. Morgan and Merrill Lynch International have agreed to underwrite the remainder of the rights offering subject to customary conditions
- Exact terms of the rights offering to be determined and announced no later than 11 March

Main rationale - keep position as one of the strongest banks in Europe

Core Tier 1 capital ratio excluding transition rules Nordea compared with its European peer group, %



Tier 1 capital ratio excluding transition rules Nordea compared with its European peer group, %

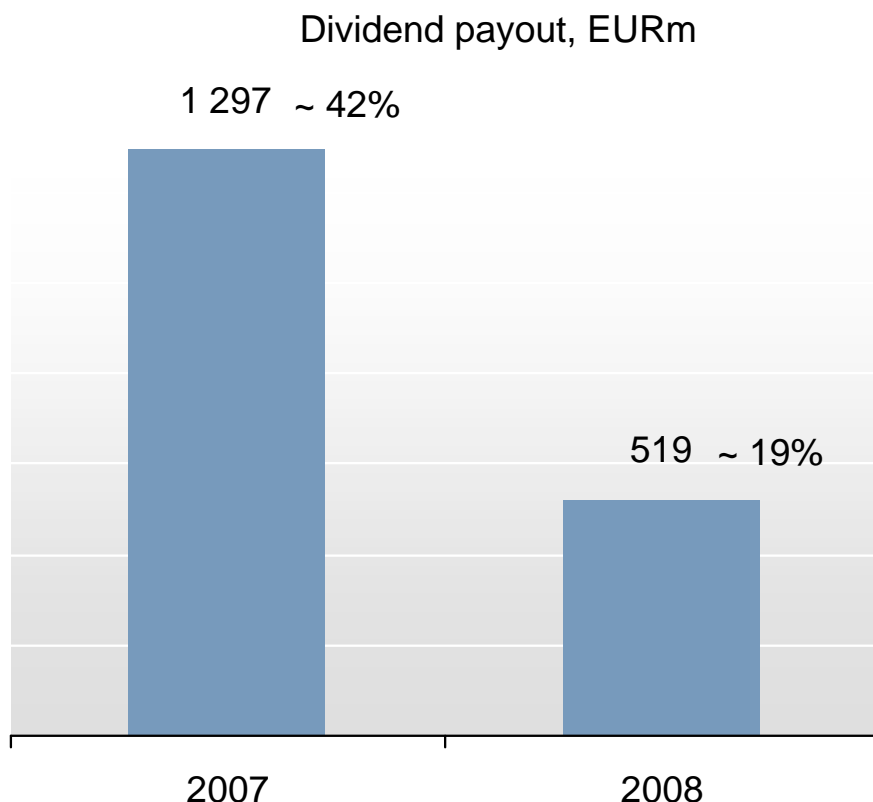


■ Capital measures
■ Reported ratios excluding impact from new dividend proposal

Source: Company data

Note: Ratios are based on latest reported figures and adjusted for subsequent capital raisings. Core Tier 1 capital is defined as Tier 1 capital minus hybrid capital

Proposal to reduce dividend

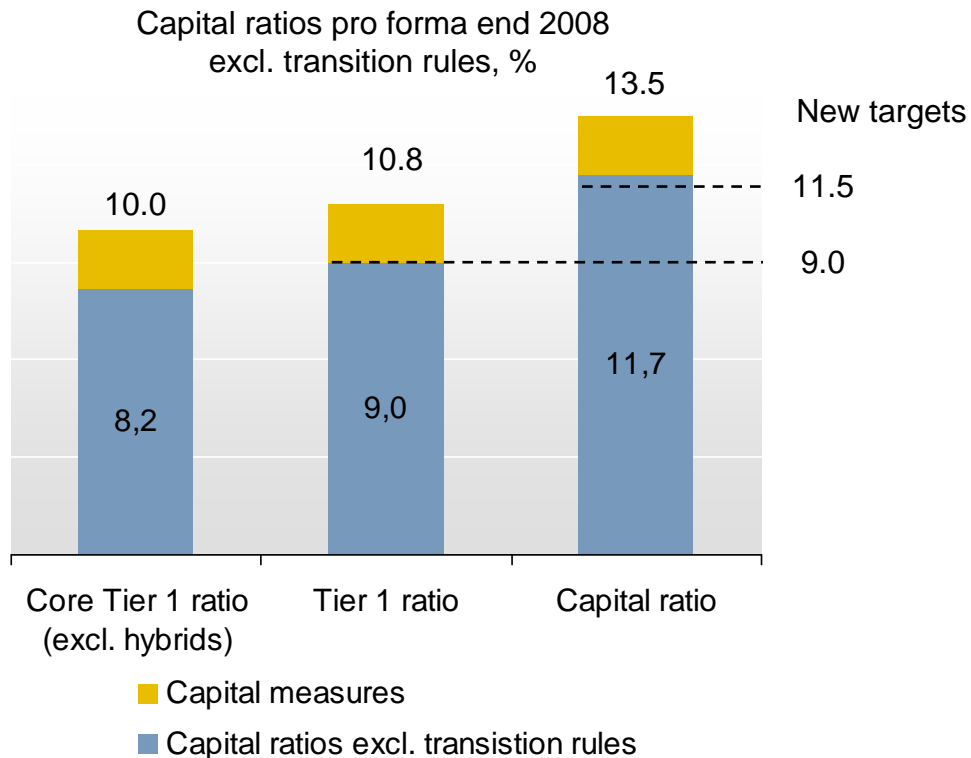


- 2008 dividend to be paid in 2009 proposed to be reduced to 19% of net profit as part of capital strengthening
 - No change to long-term dividend policy (>40% of net profit)
- Proposal will strengthen core Tier 1 capital through increased retained earnings by approximately EUR 0.5bn
- Newly issued shares as part of the rights offering will not be entitled to the dividend for the fiscal year 2008

Timetable for the rights offering

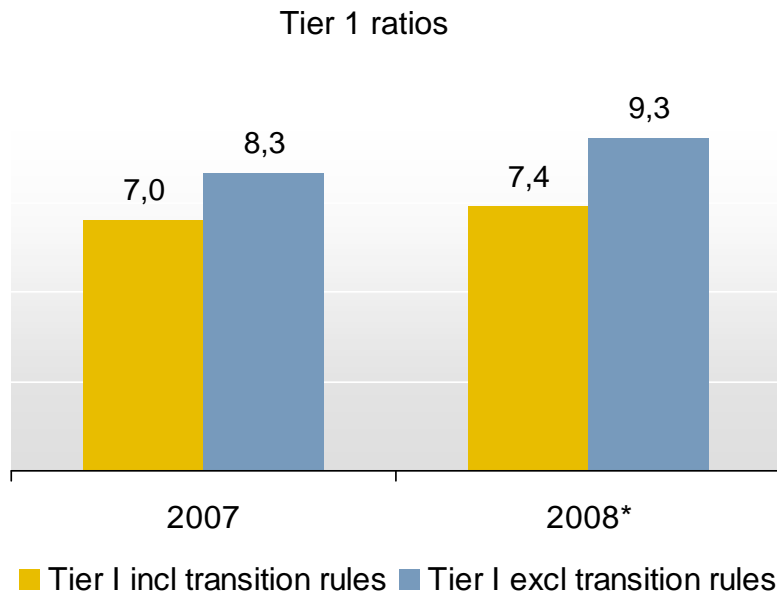
11 March:	Last day to determine and announce the exact terms of the rights offering
12 March:	EGM to approve the Board of Directors' resolution regarding the rights offering
13 March:	First day of trading in the Nordea share after detachment of subscription rights
17 March:	Record day for participating in the rights offering
20 March – 3 April:	Subscription period
8 April:	Announcement of preliminary outcome of the rights offering
17 April:	Announcement of final outcome of the rights offering
Early May	Completion of rights offering

Improved capital position following capital measures of EUR 3bn



- Sizeable improvement in core capital
- Tier 1 above new capital targets to create financial flexibility
- Nordea's capital position will be among the strongest in Europe

Reported capital position - revised capital targets



- Tier I ratio excl. transition rules 9.3%
- As part of entering the new Basel II regime new targets for Tier 1 and total capital have been established
- The new policy is that Tier 1 and total capital should be 9% and 11.5% over the cycle
- Over the cycle means that actual capital ratios will exceed the target when entering the weaker part of the cycle and possibly be lower at the bottom of the cycle

*Including new dividend proposal

Concluding remarks

- Solid performance despite financial turmoil and economic recession
- Strong income momentum also in the fourth quarter
- Cost, risk and capital management takes the lead
- Continuation of the successful organic growth strategy – reducing the growth rate with strong focus on execution and right sizing of the organisation
- A fair and transparent strengthening of the capital position to existing shareholders
- Capital strengthening measures to create a cushion for the effects of the uncertain economic outlook and increased capacity for future growth

***The leading Nordic bank,
acknowledged for its people, creating superior
value for customers and shareholders.***

