Nordea

Quarterly Report January – March 2009
Press and analyst conference
29 April

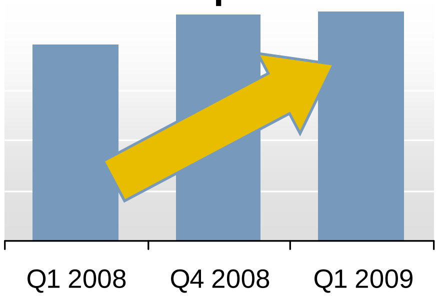
Christian Clausen

President and Group CEO

Strong start of the year

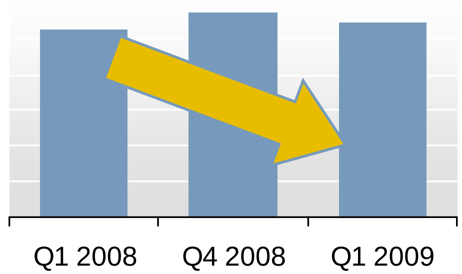
Organic growth

Revenues up 5%*



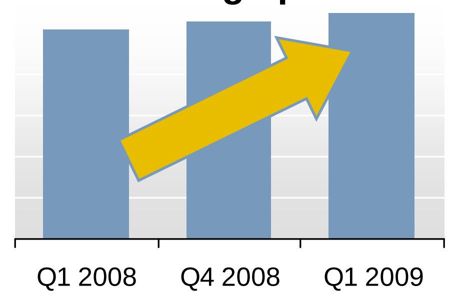
Cost management

Expenses down 5%



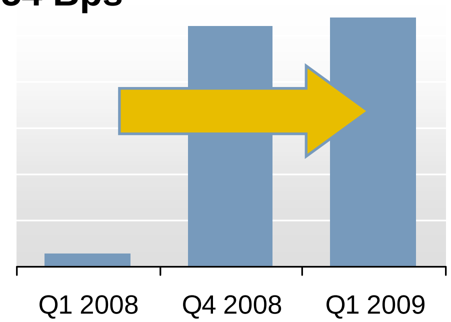
Support to customers

Total lending up 2%



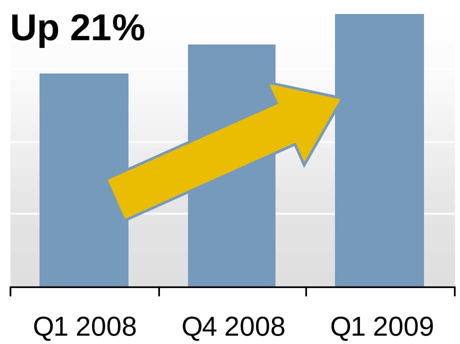
Loan losses in line with guidance

54 Bps

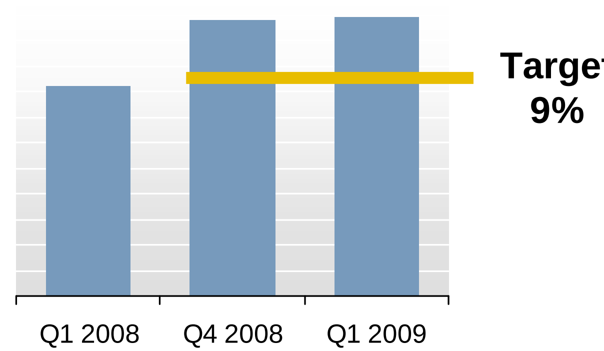


Risk-adjusted profit

Up 21%



Strong capital base



*Excluding gain from the sale of NCSD

Result highlights

EURm	Q1 2009	Q4 2008*	Chg %	Q1 2008	Chg %
Net interest income	1,356	1,386	-2	1,181	**15**
Net fee and commission income	381	390	-2	495	-23
Net gains/losses	515	325	**58**	284	81
Equity method	9	45		-18	
Other income	18	20		19	
Total operating income	**2,279**	**2,166**	**5**	**1,961**	**16**
Staff costs	-665	-655	2	-644	3
Other expenses	-394	-461	-15	-384	3
Depreciation	-31	-34	-9	-27	15
Total operating expenses	**-1,090**	**-1,150**	**-5**	**-1,055**	**3**
Profit before loan losses	**1,189**	**1,016**	**17**	**906**	**31**
Loan losses	-356	-320		-21	
Operating profit	**833**	**696**	**20**	**885**	**-6**
Net profit	**627**	**552**	**13**	**687**	**-9**
Risk-adjusted profit	**747**	**619**	**21**	**541**	**38**

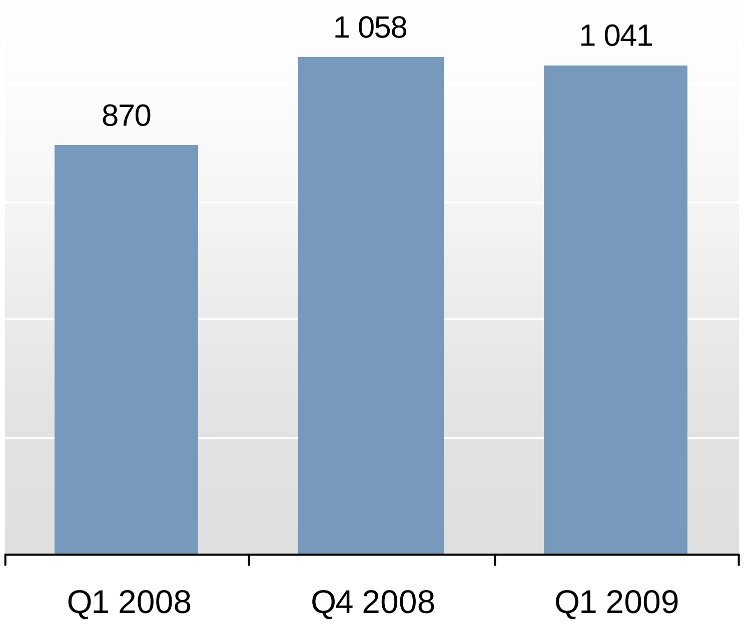
*Excluding gains from sale of NCSD

Underlying business trends

EURm	Q1 2009	Q4 2008	Chg %	Q1 2009 with unchanged translation currencies (compared with Q4 2008 excluding gain from NCSD)	Chg %	Q1 2009 with unchanged translation currencies (compared with Q1 2008)	Chg %
Total operating income	**2,279**	**2,251**	**1**	**2,370**	$\boxed{9}$	**2,389**	$\boxed{22}$
Total operating expenses	**-1,090**	**-1,150**	**-5**	**-1,153**	$\boxed{0}$	**-1,165**	$\boxed{10}$
Profit before loan losses	**1,189**	**1,101**	**8**	**1,217**	$\boxed{20}$	**1,224**	$\boxed{35}$
Operating profit	**833**	**781**	**7**	**846**	**22**	**849**	**-4**

Continued support to core corporate customers

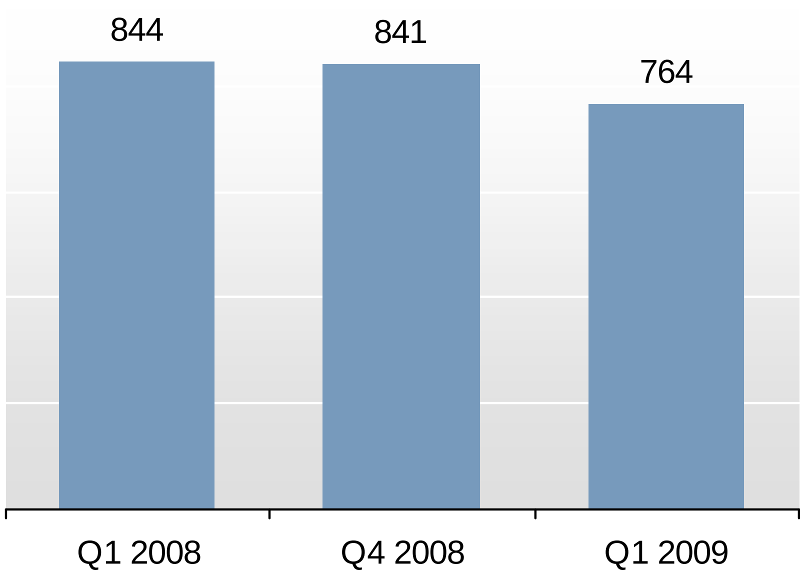
Total income corporate customers, EURm



- Income from corporate customers maintained at high level – up 3% in local currency
- Up 20% compared to first quarter 2008 - strong contribution from NII and customer driven capital markets operations
- Corporate lending up 1%
  - Continued support to core customers but with weakening demand in Q1
- Corporate lending margins continue to increase, reflecting re-pricing of credit risk and to compensate for increased liquidity premiums

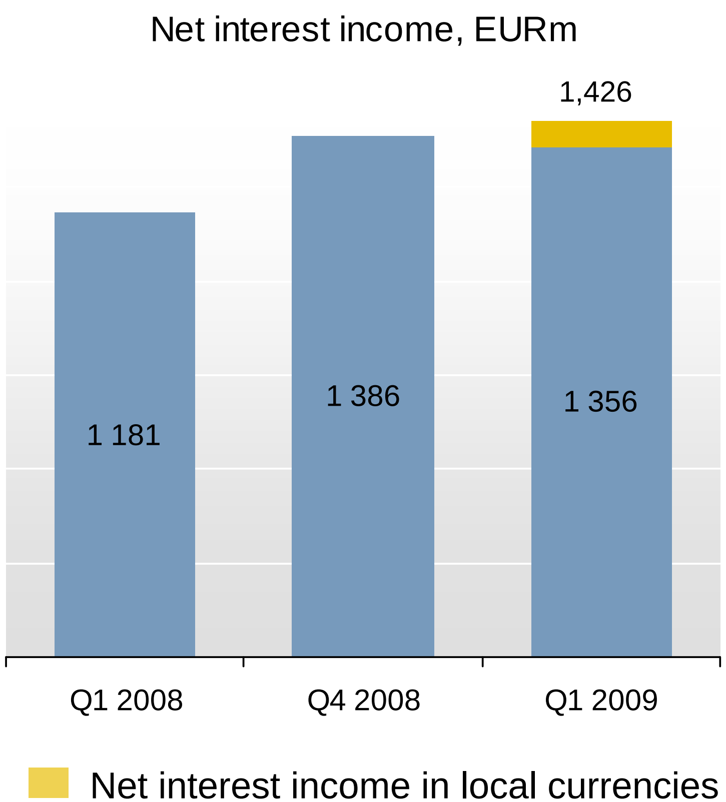
Increased activity among household customers

Total income household customers, EURm



- Income from business with household customers down 9% in Q1 2009
- Severe pressure on deposit margins and lower savings-related fees in total having a negative impact
- Both mortgage and consumer lending increased compared to previous quarter
  - Increased activity in mortgage lending supported by lower interest rates
  - Volumes in Gold segment up 3%
- Somewhat higher household lending margins to compensate for increased funding costs and higher liquidity premiums

Net interest income – stable at record levels



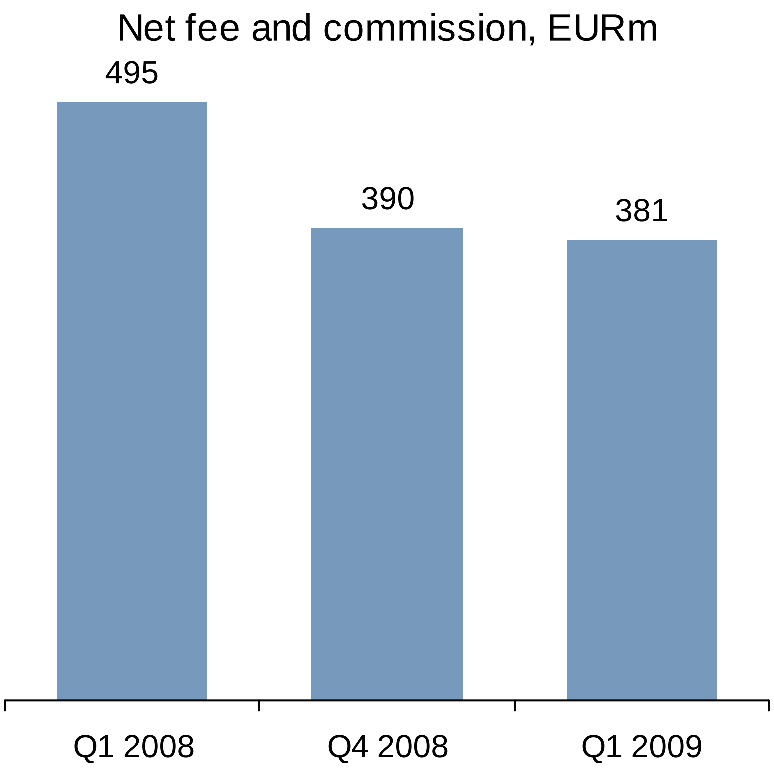
Q1oQ4

- Net interest income remained around record levels – reported decrease entirely explained by fewer banking days
  - Despite the negative effect from heavy pressure on deposit margins – approx EUR 180m
- NII up 3% in local currencies
  - Solid trend supported by somewhat higher lending volumes and improved corporate lending margins
- Nordea continue to attract more deposits from both Household and Corporate customers

Q1oQ1

- Up 15% driven by high quality lending growth and increased margins
- Deposit growth faster than market growth

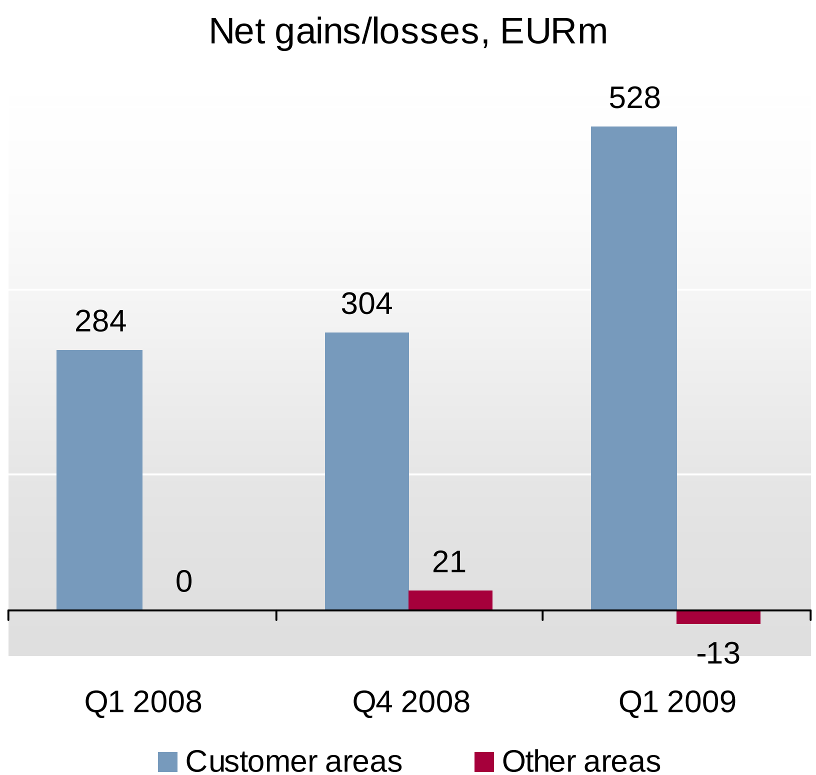
Net fee and commission income stabilising



Q1oQ4

- Down 2% - up 2% in local currency
- Savings-related commission down 11%
  - Stabilising AuM - unchanged compared to previous quarter following rebound late in the quarter
- Lending-related commission up 16%
  - High Corporate Merchant Banking activity level
- Payment commission down 9%
  - Mainly seasonal effects
- Commission expenses for State programmes EUR 51m
  - EUR 45m related to the Danish guarantee scheme and EUR 6m to the Swedish Stability fund

Net gains/losses up 58% - record result in Capital Markets



Q1oQ4

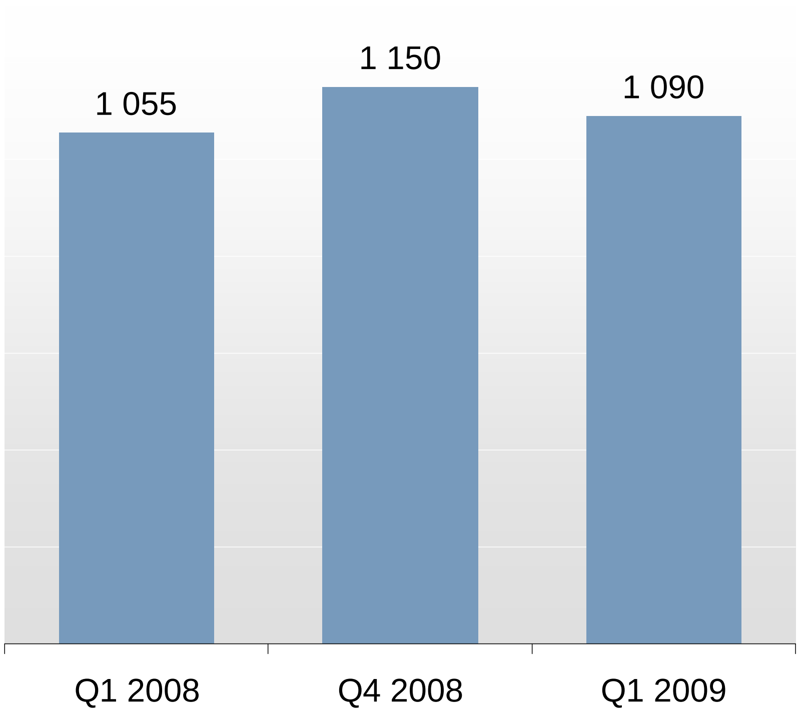
- Strong result in Capital Markets
- Maintained high activity level in customer areas
  - Increased demand for risk management products in volatile markets - mainly interest rate and FX-products
- Result benefited from good risk management and strong trading results in connection with executing the risk inherent in customer transactions
- Strong result in Treasury operations
  - Net gains in Group Corporate Centre EUR 71m
  - Positive net result from active management of the Group's investments – well positioning for lower interest rates

Q1oQ1

- Up 81%
  - High activity in customer-driven capital markets operations

Continued focus on cost management – expenses in line with outlook

Total operating expenses, EURm



Q1oQ4

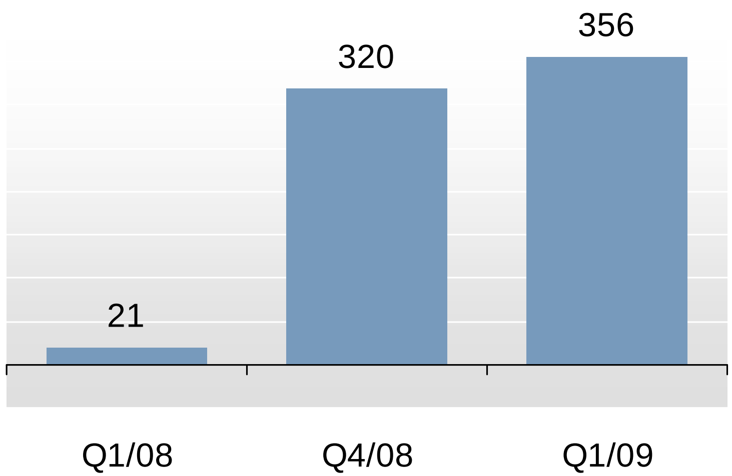
- Down 5% compared to previous quarter – unchanged in local currencies
- Cost/income ratio improved to 48%, compared to 51% previous quarter – 54% one year ago
- Measurements to manage cost downwards launched – adjusting to prevailing market conditions
  - Number of employees down 1% compared to fourth quarter
  - Accelerated efficiency improvement programmes

Q1oQ1

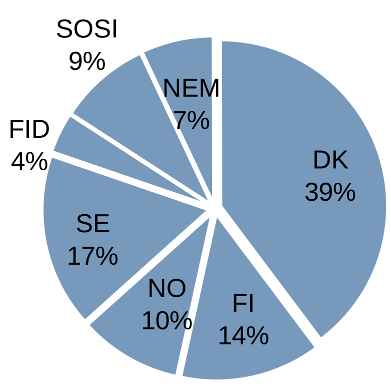
- 3% up since last year – 10% in local currency
  - FTE's up 5%

Loan losses – in line with expectations

Net loan losses, EURm



Loan losses by area Q1 2009

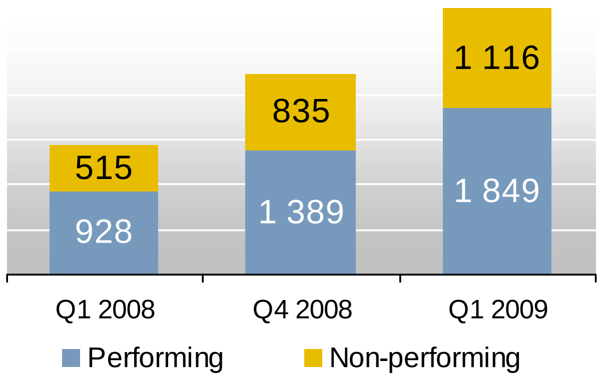


Q1oQ4

- Net loan losses EUR 356m or 54bps in Q1 – gross provisions somewhat lower
- Continued high provisioning both for collectively and individually assessed loans as well as lower reversals and recoveries
- Loan losses continue to steam from a large number of smaller and medium sized exposures rather than a few large
- Large part of the net loan losses continues to relate to Danish operations, EUR 142m of which EUR 12m is related to Danish guarantee schemes

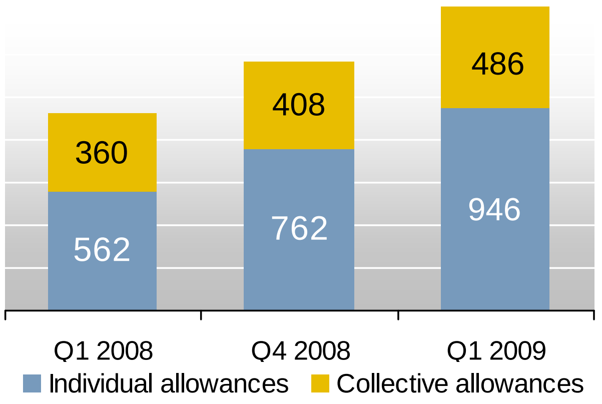
Weakening economy effecting impaired loans

Impaired loans and recivables, EURm



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

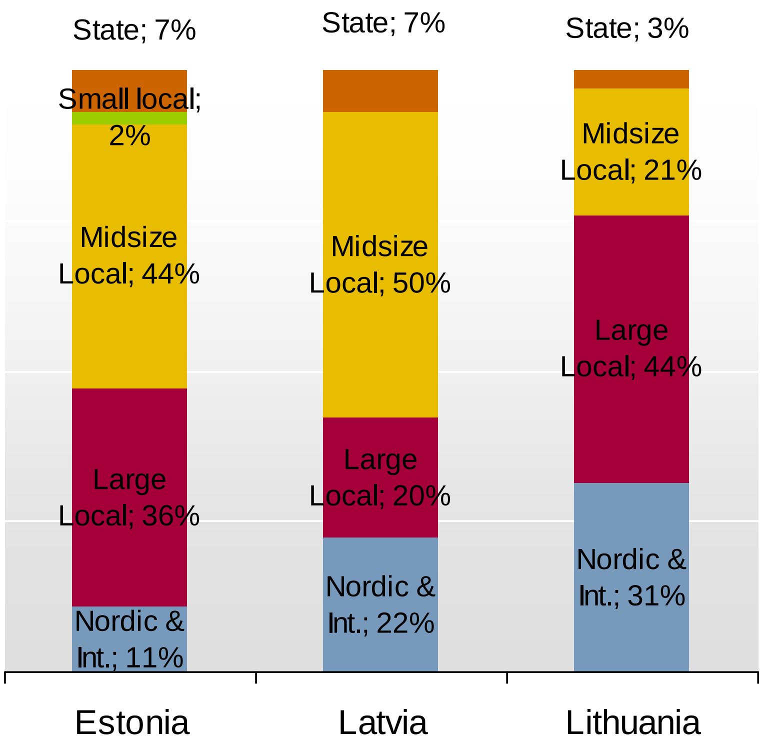
Total allowances, EURm



- Increased gross impaired loans in first quarter – up 33% to 100bps of total lending
  - 68bps net of allowances
  - 62% of the impaired loans are still performing
- Increase mainly relates to Finland and Denmark as well as the Baltic countries
- Largest increases in retail trade, other material and shipping and offshore
- Net collective allowances increased EUR 78m in Q1 related to Baltic countries and the sectors shipping and retail sector

Well provisioned Baltic portfolio

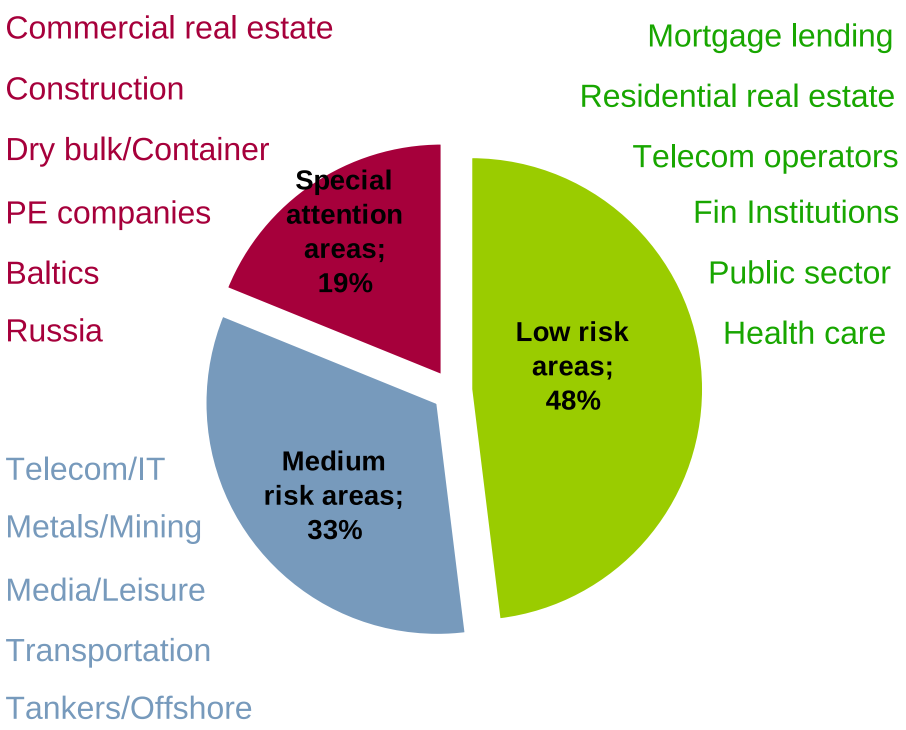
Corporate exposure Baltic countries



- Annualised Q1 loan losses 119bps of which 60% collective
- Increased impaired loans in the Baltic countries, now amounting to EUR 256m or 342bps of total lending
  - Increase driven by a few well collateralized exposures
- Total allowances in the Baltic countries EUR 160m or 214bps of total lending – covering 62% of impaired loans
- 75% of total allowances in the Baltics are collective – a pro-active measure related to still performing loans
- Reduced lending volumes in first quarter – lower demand and continued thorough credit approval process
- More than half of the Baltic corporate exposure is towards the more solid segments, Local Large and Nordic and International customers – Midsize EUR 1.7bn

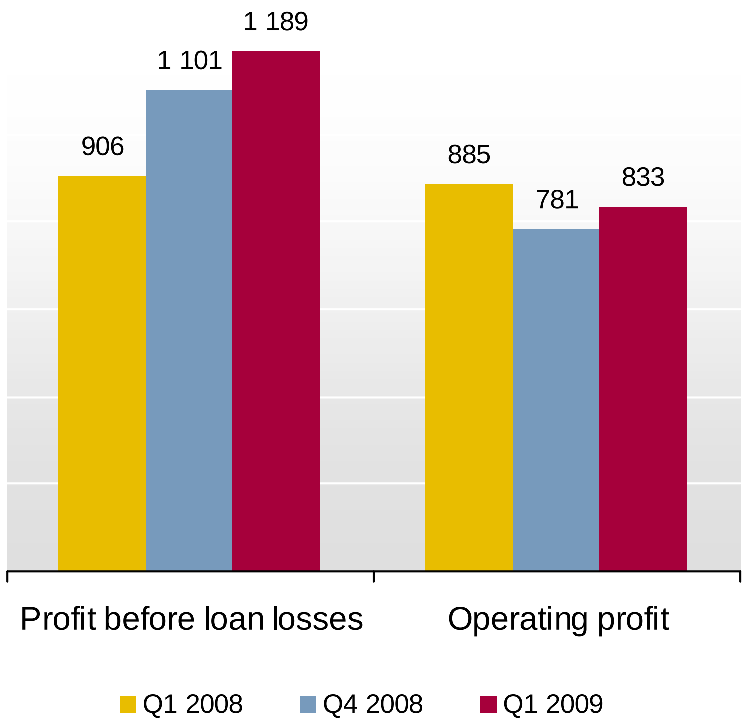
Approximately half of the credit portfolio is low risk – a few challenging areas

Total lending to public Q1 2009, EUR 274bn



- Companies owned by Private Equity funds – 3% of total lending
  - Well diversified between industries
  - Insignificant exposure to junior debt
- Shipping and offshore – 4% of total lending
  - Largely collateralised and well diversified portfolio – less than 16% towards high risk sectors (dry bulk and container)
- Commercial real estate – 7% of total lending
  - Largely secured with limited exposure towards the Danish market
- Baltic exposure – 3% of total lending
  - Prudent business model

Operating profit up 7%



Q1oQ4

- Despite high net loan losses operating profit up 7% from Q4 and down 6% compared to the level in Q1 2008
- In local currencies profit before loan losses increased by 11% to a new record level

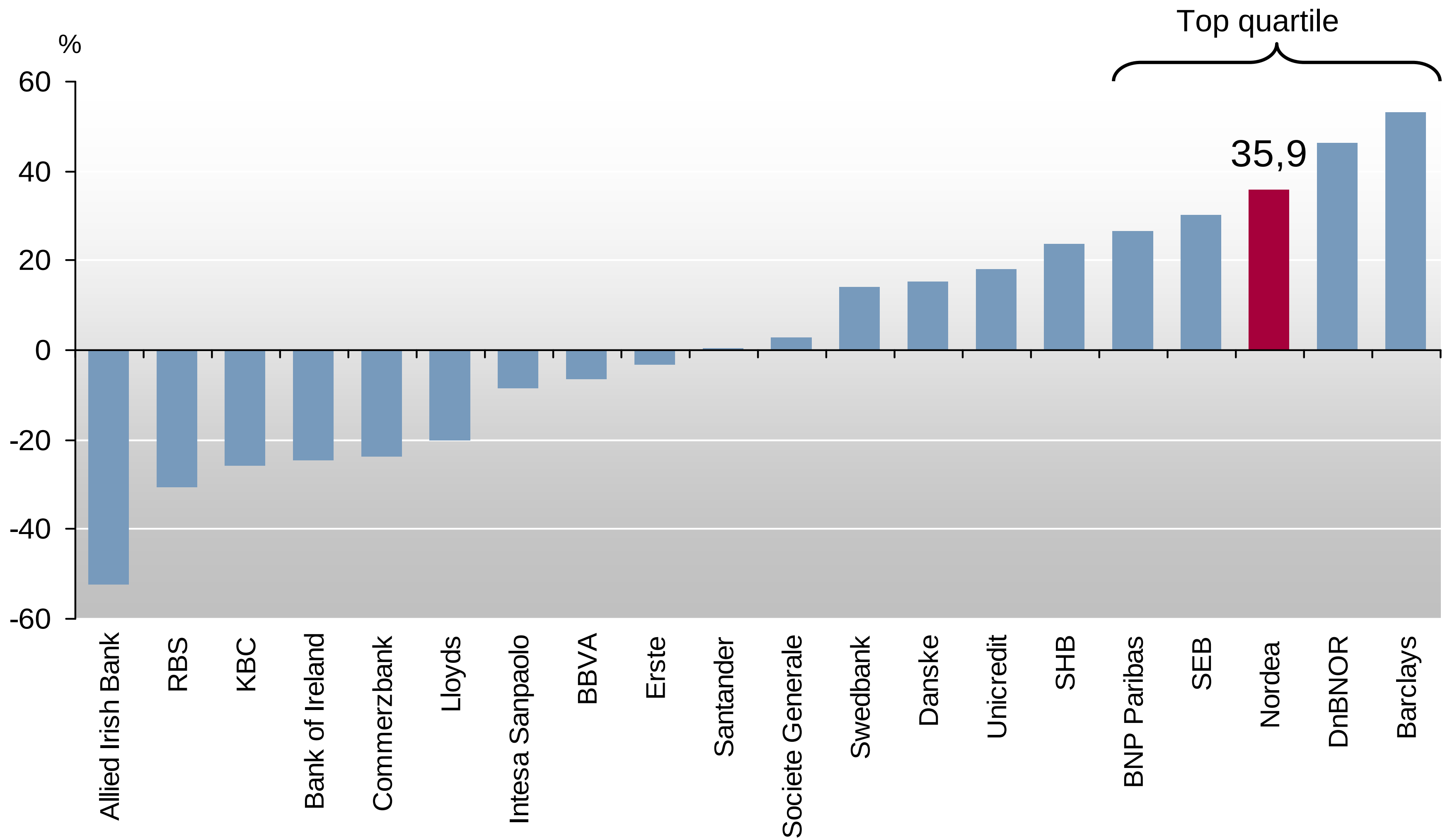
Long term financial targets unchanged

Long term financial targets	Target	2008	Q1 2009
TSR (%)	In the top quartile of European peer group	# 2 of 20	# 6 of 20
Risk adjusted profit (EUR m)[1]	Double in 7 years[2]	16.7%[3]	27.0%[3]
RoE (%)	In line with top Nordic peers	15.3%	13.9%

Capital structure policy	Policy		
Dividend payout-ratio	> 40% of net profit	19%	
Tier 1 capital ratio[4]	9.0% over a cycle	9.1%	10.9%[5]

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 1,957m
3. Rolling 4 quarters compared with baseline
4. Excluding transition rules
5. Capital ratio pro forma after rights offering

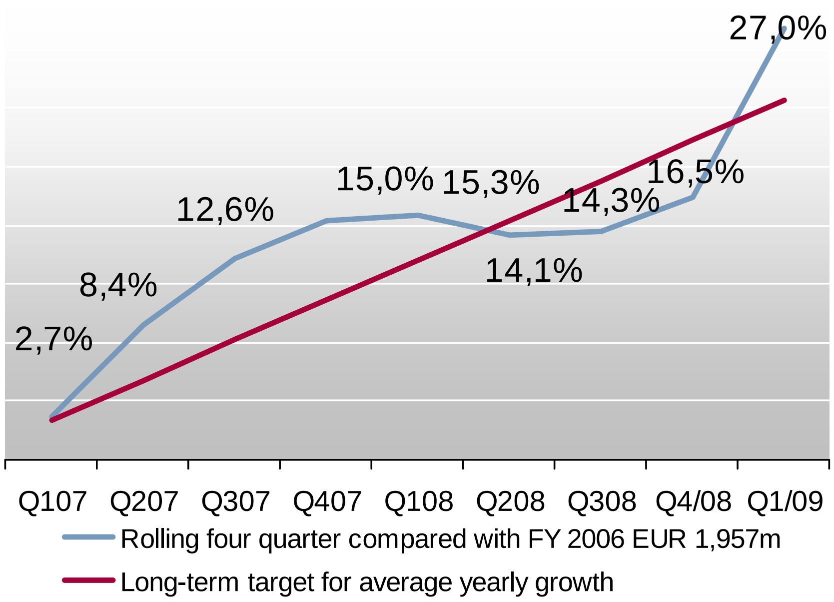
Total shareholder return (TSR)
1/1 2009 – 27/4 2009



Source: ThomsonReuters Ecowin

Risk-adjusted profit

Accumulated risk-adjusted profit*



- Accumulated Risk-adjusted profit 27.0% since target introduced January 1 2007
  - Strong result in Treasury operations and Nordea Markets the last two quarters
- Up 21% compared to the fourth quarter and by 38% compared to one year ago

Middle of the road approach

By applying the "middle of the road" the aim is to maintain the high business momentum

Not reacting to the downturn

- ✓ Unchanged lending growth
- ✓ Unchanged growth in costs and investments
- ✓ Raise of hybrid Tier-1 capital only

Not responding prudently to the economic crisis

Middle of the road

- ✓ **Focus on core customers – selected new business opportunities**
- ✓ **Proactive risk management manage cost growth down and significant adjustment of growth investments**
- ✓ **Creating a Core Tier 1 ratio of 10% - rights issue and dividend reduction**

Balancing opportunities and challenges

Over-reacting to the situation

- ✓ Closing down growth initiatives
- ✓ Drastic cost-cutting
- ✓ No dividend pay-out asset releases

Lost momentum - withdrawing from customers

Nordea maintain the organic growth strategy but adjust speed to prevailing market conditions

Middle of the road means…

Increase business with existing Nordic customers and attract new customers

Existing core and healthy new household customers

Exploit global and European business lines

Manage risk and exposure in Shipping

Supplement Nordic growth through investments in New European Markets

Reduced speed in NEM

Support core Corporate and FID customers step-up risk management and secure price reflecting risk

Accelerate efficiency improvements and step up capital credit and risk processes

Take Nordea to the next level of operational efficiency to support sustained growth

Relationship-driven growth strategy proven successful

Nordic Banking	**Nordea's credibility and stability have positive impact on customer loyalty and customer acquisition** ✓26 000 new Gold customers in Q1, in line with plans **Record high level of 360-degree customer meetings** ✓100% more customer meetings per PBA compared to one year ago
Private Banking	**High activity in Private Banking segment** ✓ Stabilising Asset under Management – inflows in Q1
Corporate	**Improved position by selective customer acquisition of profitable, creditworthy and high rated customers** ✓Income up 28% YoY in CMB* and Corporate large segments
New European Markets	**The strong Nordea name attracts customers in target segments** ✓Number of Gold customers increased 6% to 79 000 in Q1 2009

*Corporate Merchant Banking

Cost- risk- and capital management has taken the lead

- Profit orientation
- Ambitious vision and targets
- Clear growth strategy
- Strong customer-oriented values and culture

Costs

- ✓ Accelerated ongoing efficiency programs – costs down in Q1
- ✓ General right-sizing of staff – staff reduction during 2009

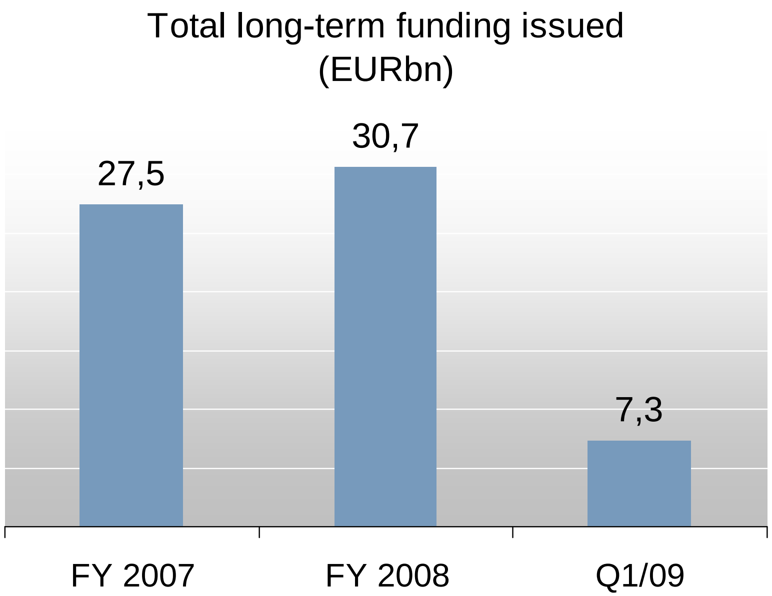
Risk

- ✓ Step up risk management – emphasising pro-activity
  - ✓ Additional credit reviews in branch regions
  - ✓ Reinforce work-out teams in all countries

Capital

- ✓ Tier 1 and core capital strengthened by rights offering and dividend reduction
- ✓ Significant additional hybrid tier 1 capital capacity

Continued good demand for Nordea issuance



- During first quarter 2009 Nordea issued approx EUR 7.3 bn long-term funding
  - Covered bond issuance EUR 4,6bn
  - Nordea Bank Denmark EUR 1.5 bn issuance based on the Danish Act of Financial Stability (Oct 2008)
  - Funding markets gradually improving
- Liquidity buffers of EUR 42bn as of end Q1
- Higher prices on long-term funding is impacting average cost of funds

Step up risk management – emphasis on pro-activity

Special attention areas

Commercial real estate

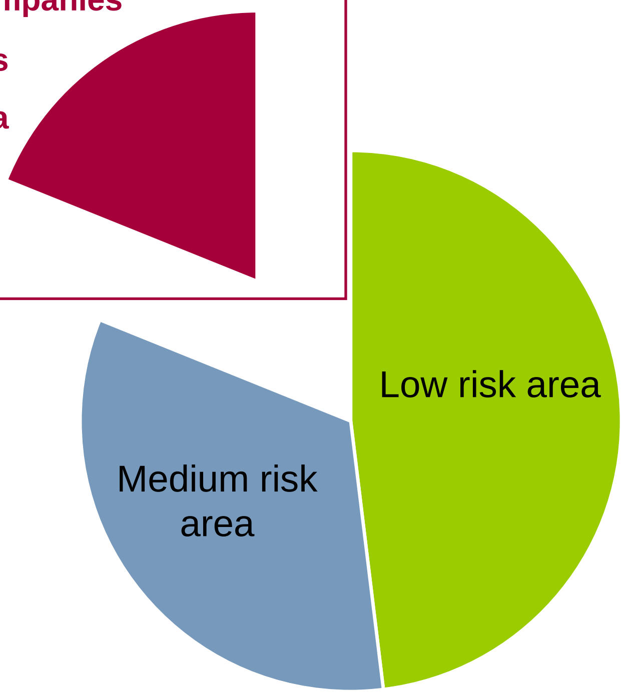
Construction

Dry bulk/Container

PE companies

Baltics

Russia



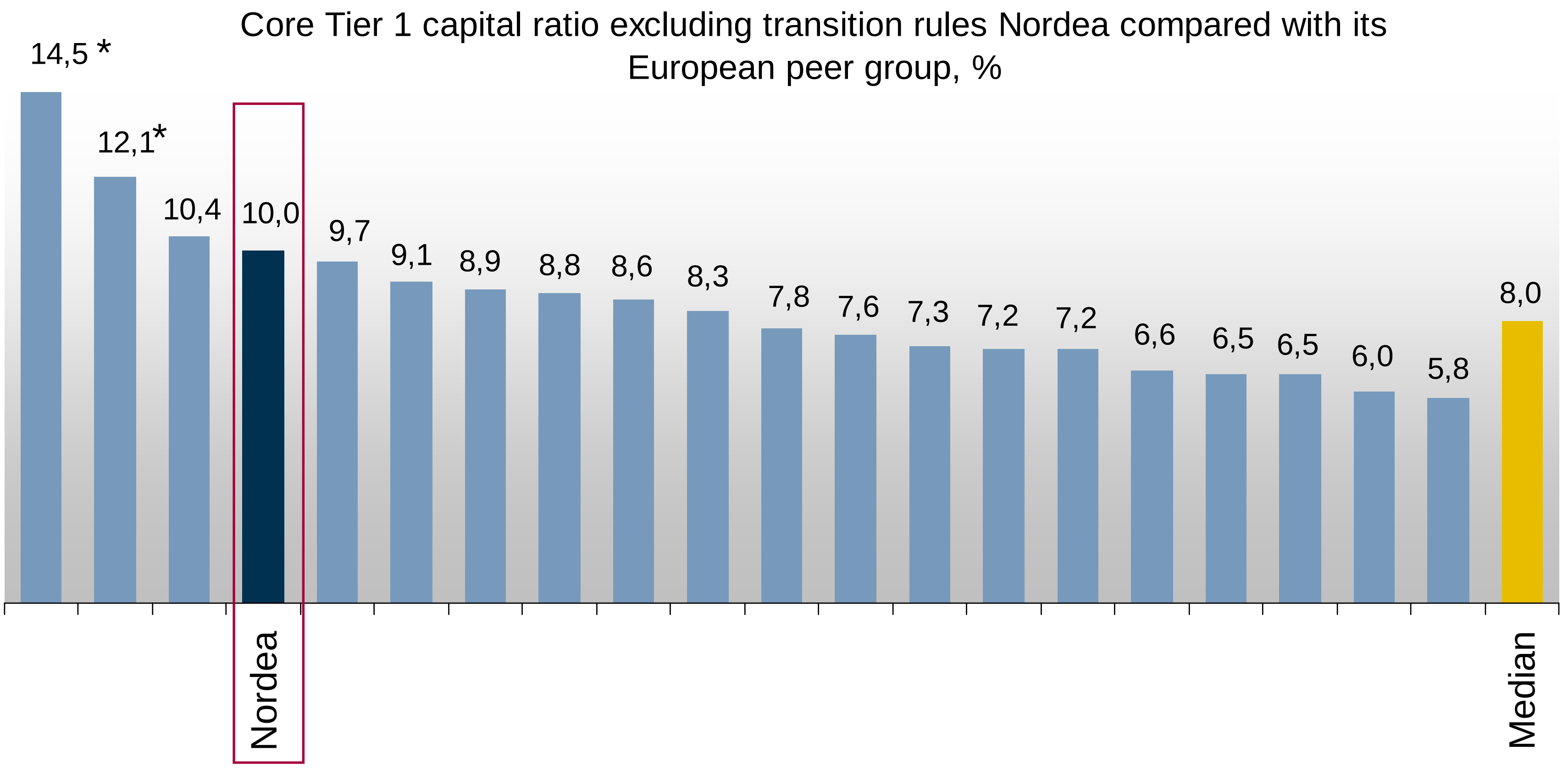
Risk management initiatives 2009

- Additional credit reviews in branch regions
- Work-out teams reinforced in all countries
  - Core units in each country –experienced specialists
  - In addition virtual workout teams staffed by senior bankers, analysts and lawyers on a case-by-case basis
  - External resources identified to handle specific problems
  - Prepared to take over companies and collateral into direct or indirect ownership
  - Early action in both the customer’s and the bank’s best interest
  - Top management involvement

Successful outcome of the rights offering

- Final outcome shows the aggregated total subscription level (including both with and without subscription rights) ended at slightly above 128% of total shares offered
- Since the rights-offering was clearly oversubscribed the underwriting guarantees was not utilised
- 99% of the rights-offering was subscribed for with subscription rights, which is higher than recent comparable banking transactions and is a clear sign of confidence among existing shareholder
- The remaining 1% was allocated to those shareholders that subscribed by exercise of subscription rights
- Rights issue increased core capital with approximately EUR 2.5bn

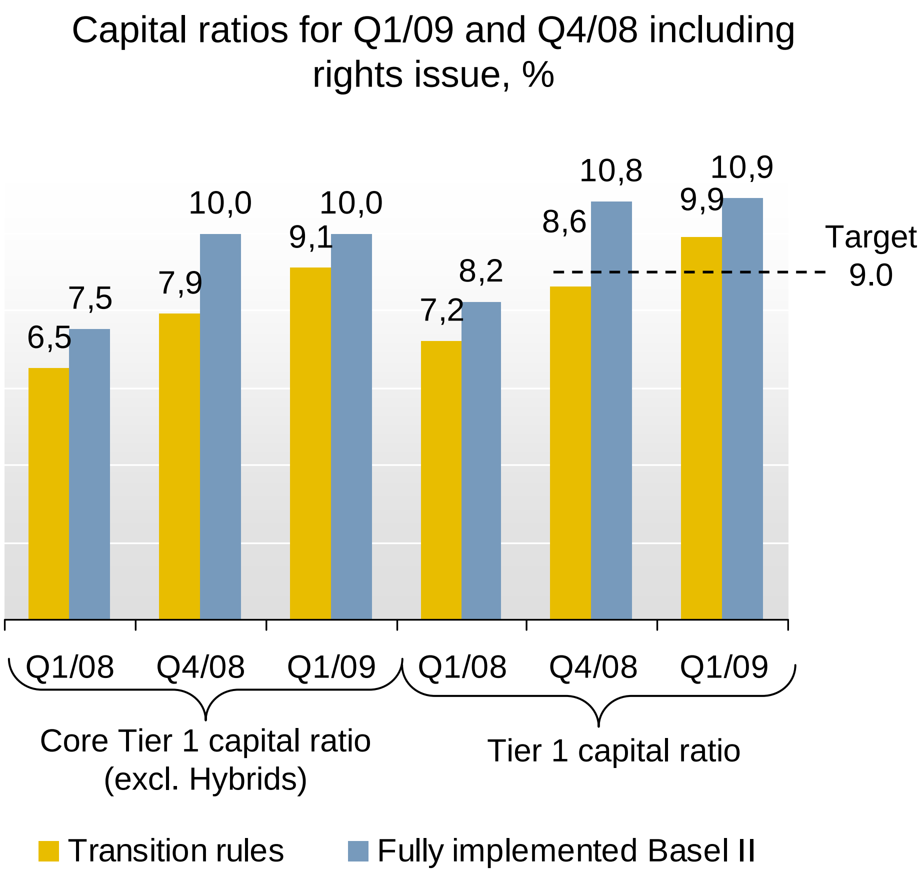
Nordea – one of the strongest banks in Europe



Source: Public reports from respective banks
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

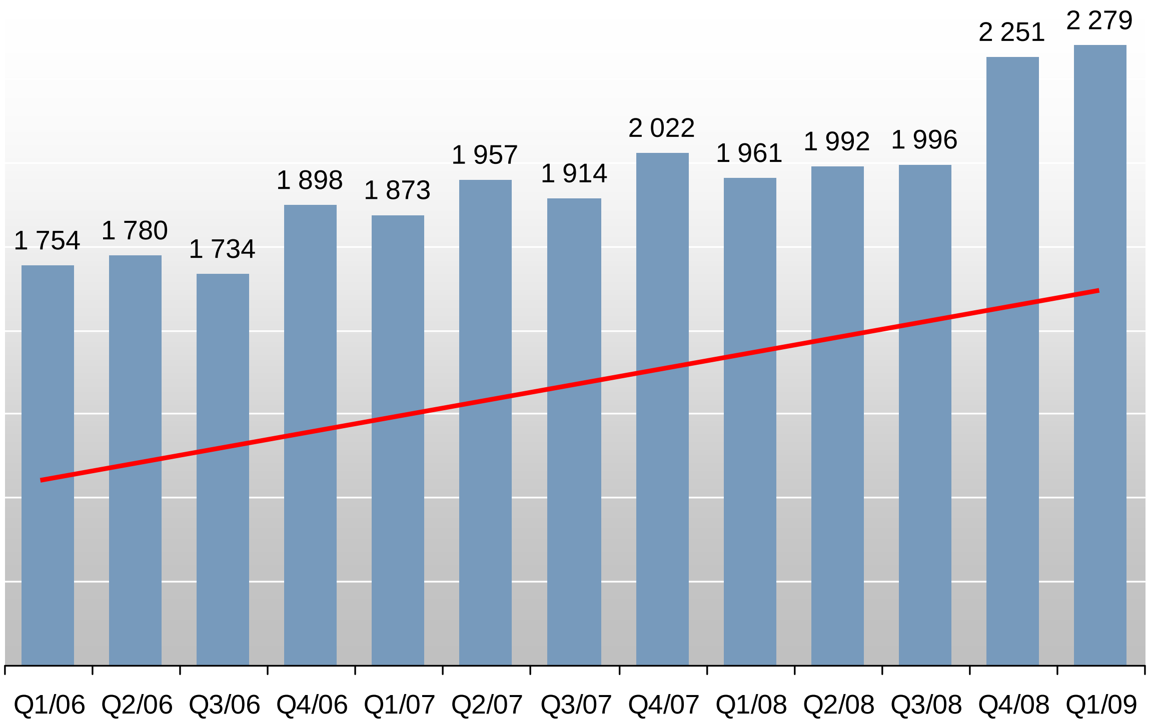
* Participating in state asset protection schemes

Capital position following capital measures



- The core Tier 1 ratio and the Tier 1 ratio well above targets in Nordeas capital policy
- Following completion of rights issue, the capital base (EUR 21.9bn) exceeds the Pillar I capital requirements (EUR 13.7bn) by EUR 8.2bn
- Tier I ratio incl. transition rules 9.9% affected by changed transition floor level
  - Floor level changed from 90% to 80% 1 January 2009

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



Quarterly income on a run-rate EUR 300m higher than 2006

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

Concluding remarks and outlook 2009

- Strong start of the year – record result in Markets
- Continued strong income momentum – high activity among customers
- Organic growth strategy adjusted – ‘Middle of the road’
- Stringent cost management – expenses in line with outlook
- Net loan losses in Q1 in line with fourth quarter 2008
- Weakening economy clearly effects impaired loans
- Risk-adjusted profit up 21% compared to previous quarter and 38% compared to Q1 2008 – unchanged guidance
- Cost- risk- and capital management has taken the lead
- Successful outcome of the rights-offering – Nordea’s capital position one of the strongest in Europe

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