



Third Quarter Report 2009  
Press and analyst conference  
28 October 2009

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President and Group CEO



# Disclaimer

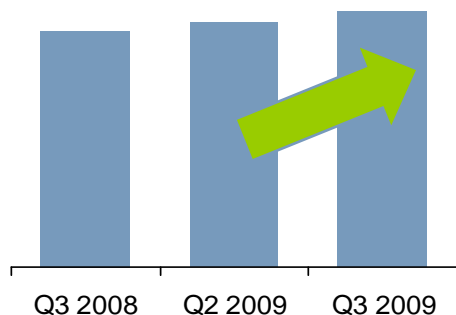
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Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate and (iii) change in interest rate and foreign exchange rate levels.

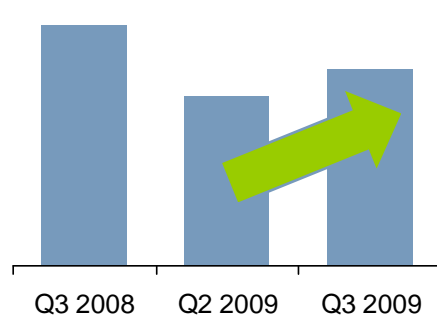
This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

# Strong performance also in the third quarter

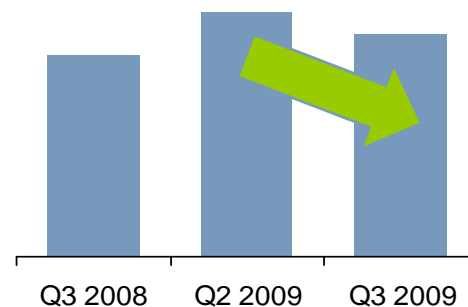
**Net interest income up 1%**



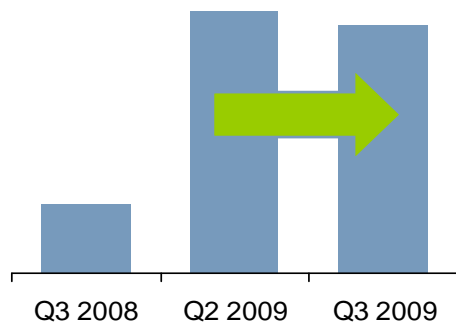
**Commission income up 6%**



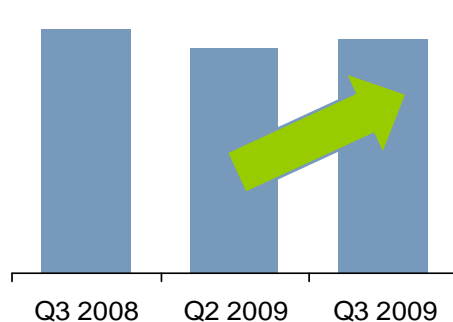
**Expenses down 3%**



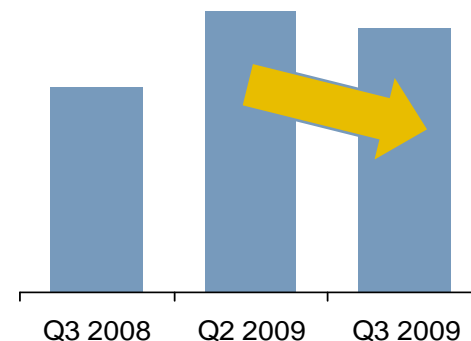
**Loan losses 54bps**



**Operating profit up 2%**



**Risk-adjusted profit down 6%  
- up 30% YoY**

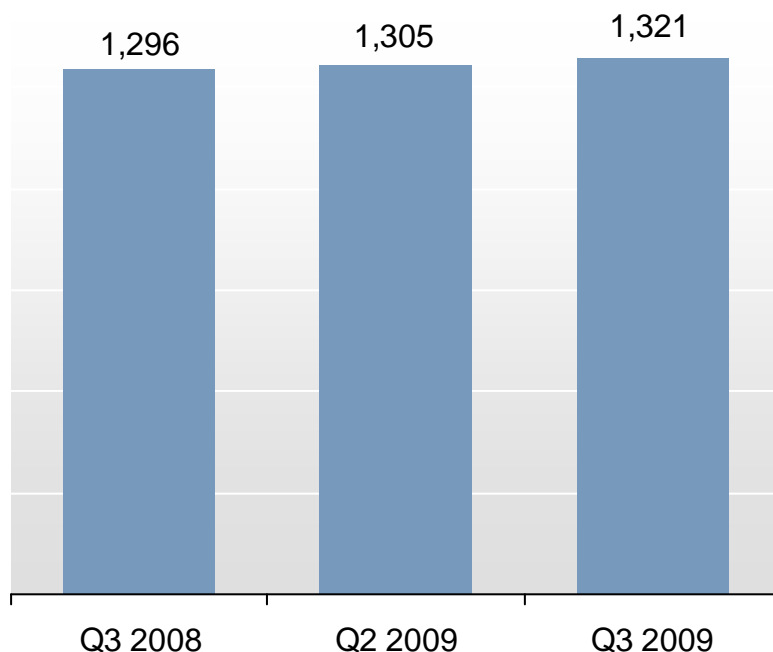


# Result highlights

EURm	Q3/09	Q2/09	Chg %	Q3/08	Chg %	Ytd/09	Ytd/08	Chg %
Net interest income	1,321	1,305	1	1,296	2	3,982	3,707	7
Net fee and commission	437	412	6	480	-9	1,230	1,493	-18
Net gains/losses	486	594	-18	221	120	1,595	703	127
Other income	33	48		-1		108	46	
<b>Total income</b>	<b>2,277</b>	<b>2,359</b>	<b>-3</b>	<b>1,996</b>	<b>14</b>	<b>6,915</b>	<b>5,949</b>	<b>16</b>
Staff costs	-670	-687	-2	-635	6	-2,022	-1,913	6
<b>Total expenses</b>	<b>-1,087</b>	<b>-1,116</b>	<b>-3</b>	<b>-1,060</b>	<b>3</b>	<b>-3,293</b>	<b>-3,188</b>	<b>3</b>
<b>Profit before loan losses</b>	<b>1,190</b>	<b>1,243</b>	<b>-4</b>	<b>936</b>	<b>27</b>	<b>3,622</b>	<b>2,761</b>	<b>31</b>
Loan losses	-358	-425	-16	-89		-1,139	-146	
<b>Operating profit</b>	<b>832</b>	<b>818</b>	<b>2</b>	<b>847</b>	<b>-2</b>	<b>2,483</b>	<b>2,615</b>	<b>-5</b>
<b>Net profit</b>	<b>626</b>	<b>618</b>	<b>1</b>	<b>655</b>	<b>-4</b>	<b>1,871</b>	<b>2,035</b>	<b>-8</b>
<b>Risk-adjusted profit</b>	<b>729</b>	<b>777</b>	<b>-6</b>	<b>562</b>	<b>30</b>	<b>2,253</b>	<b>1,659</b>	<b>36</b>

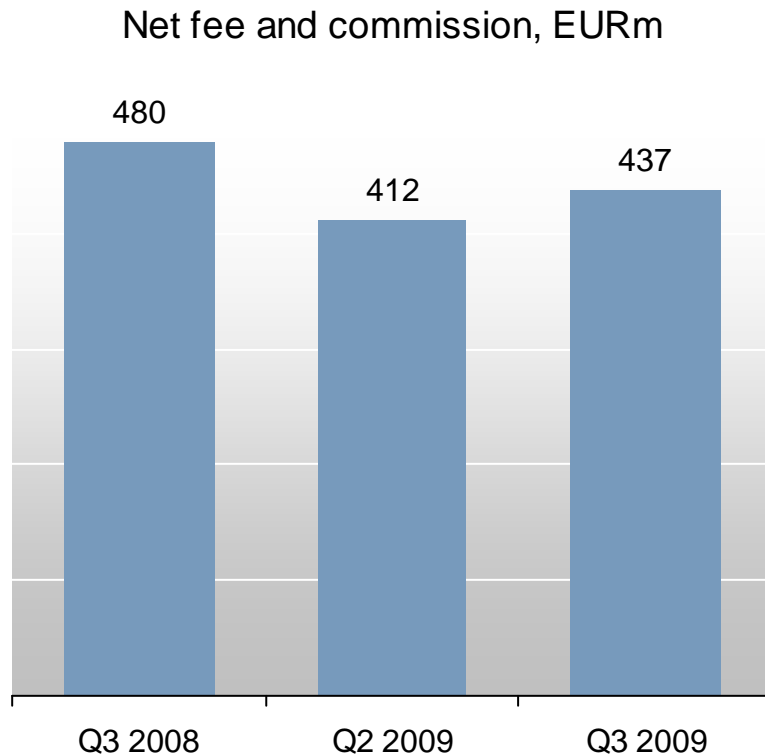
## Resilient net interest income – up 1%

Net interest income, EURm



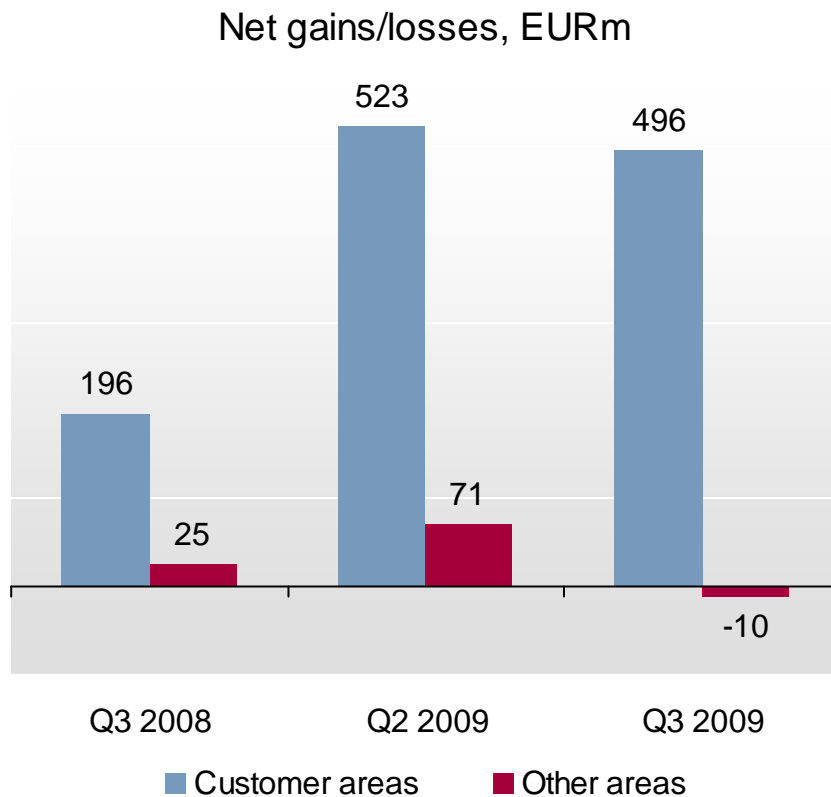
- Continued increase in corporate lending margins
  - Re-pricing of credit risk and liquidity premiums
  - Strongest increase in Finland, followed by Denmark and Sweden
- Total lending to the public increased 2%
  - Household lending up 5%
  - Lower demand for corporate lending – down 1%
- Continued pressure on deposit margins - negative impact is levelling off
  - EUR 50m in Q3 (EUR 180m in Q1)

## Net fee and commission income up 6% - positive trend continues



- Savings commissions continued on the positive trend – up 7%
- Payment and card commissions up 2%
- Lending commissions up 20% compared to a weak Q2 – high income in Shipping
  - Nordea lead managed a number of transactions including benchmark bond issues
- Commission expenses for state schemes EUR 52m -explains decrease compared to Q308

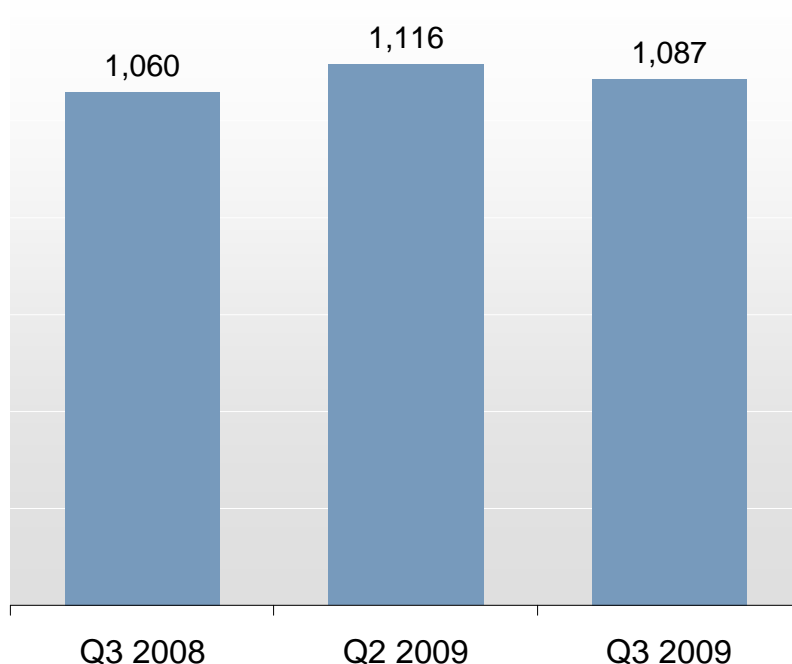
# Net gains/losses remains at high levels



- Customer-driven capital markets activities continues to perform strongly
- Life & Pensions realised a strong result from recovery in financial buffers
- Contribution from Group Treasury decreased in Q3 from high levels
  - Mainly due to stabilising interest rates

# Cost management remains in focus

Total operating expenses, EURm

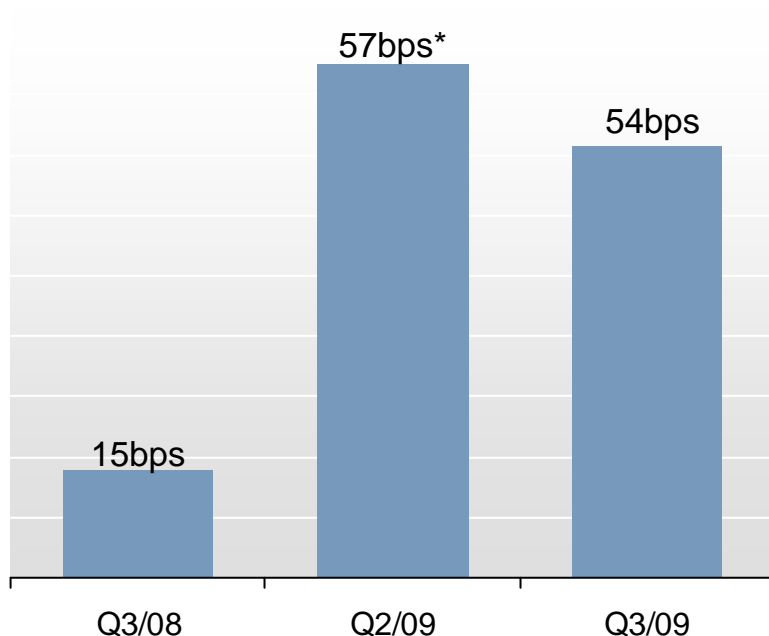


- Total expenses down 3% compared to previous quarter
  - Lower variable salaries and seasonal effects
- Cost growth 3% compared to same quarter last year – 7% in local currencies
- Cost/income ratio 48% - 53% one year ago
- Almost 1,000 fewer employees in 2009 correspond to a decrease of 3%



# Net loan losses – in line with outlook statement

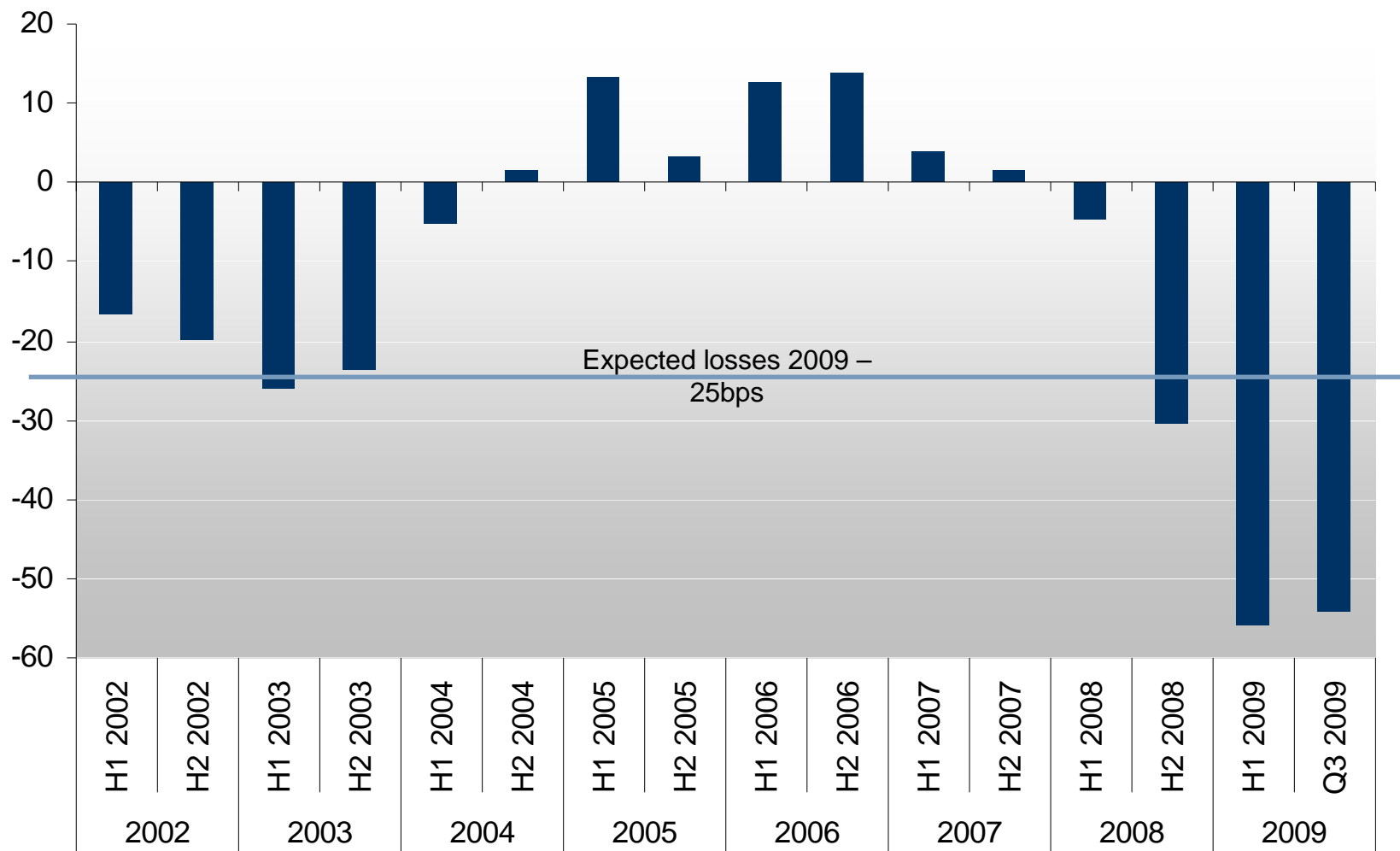
Net loan losses, EURm



- Stabilising loan losses – increased share of collective provisions
- Net loan loss provisions in Q3 EUR 358m (EUR 425m) of which EUR 114m collective
- Loan losses corresponding to 54bps
  - 37bps individual (41bps)
  - 17bps collective (16bps)
  - 50bps excl Danish guarantee scheme
  - 322bps in the Baltic countries

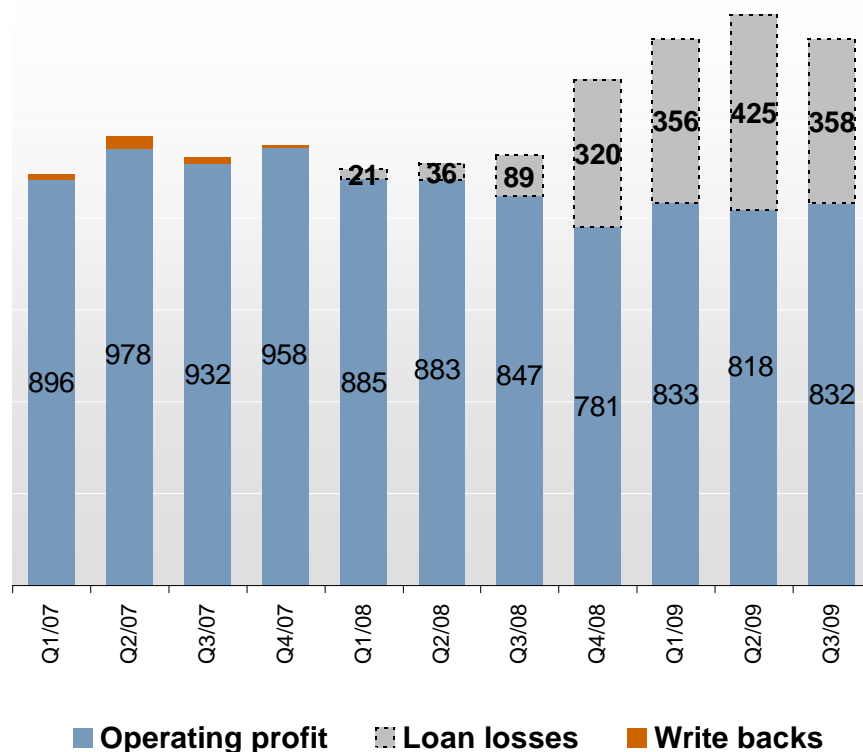
9\* Excluding a one-off provision of EUR 47m concerning a contested legal claim

# Expected losses – 25bps over the cycle



# Operating model proven by low volatility in operating profit

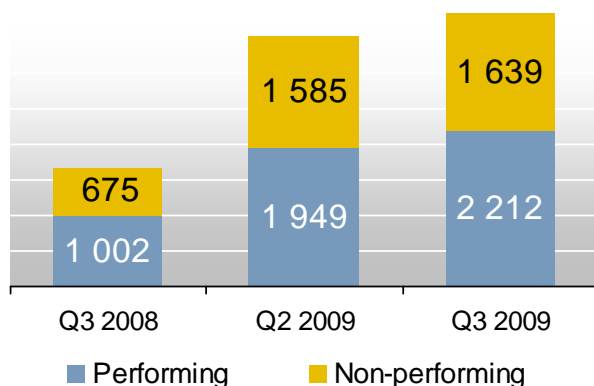
Quarterly operating profit development, EURm



- Strong profit generation capable to absorb loan losses
- Diversified business mix explains low earnings volatility
- Momentum in revenue growth

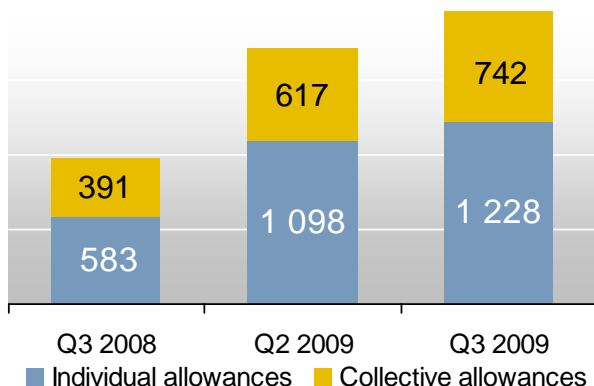
# Macro pressure easing – impaired loans increases at a lower pace

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 gross – up 9% to EUR 3,851m or 128bps of total lending, up 19% in Q2
  - 57% of the impaired loans are still performing – up from 55% in Q2
- Total allowances increased 15% to EUR 1,970m
- Provisioning ratio 51% (49% in Q2)
- Collective provisions increased 20% to EUR 742m – 40% of total allowances

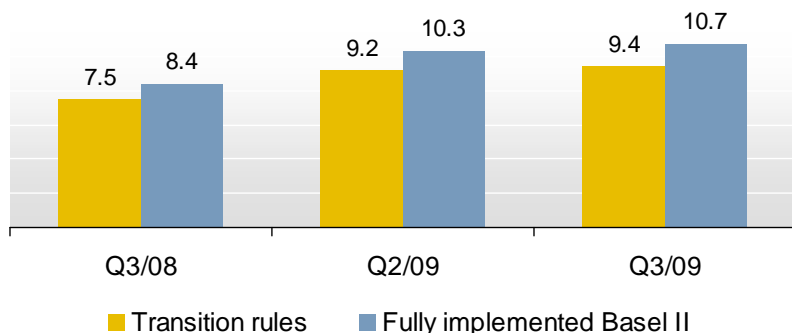
## Well diversified Baltic portfolio - 3% of total lending

YTD Q3	Lending EURbn	Impaired loans
State & Municipalities	0.4	0.0%
Nordic & International	0.9	0.6%
Large local corporates	1.5	1.3%
Consumer credits	0.3	5.9%
Mortgages	2.5	7.1%
Small local corporates	0.1	9.7%
Midsized local corporates	1.9	16.2%
<b>Total Baltic countries</b>	<b>7.4</b>	<b>7.0%</b>

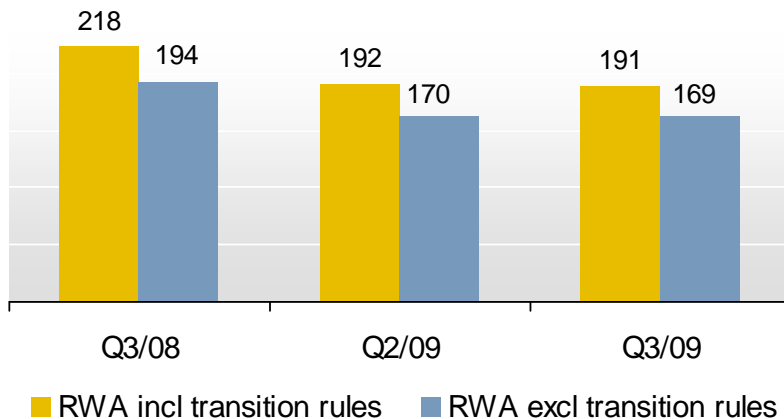
- Majority of corporate lending to more solid segments - Large local and Nordic
- Higher risk in midsize segment - EUR 1.9bn
- Impaired loans up 25% to EUR 522m (up 63% in Q2)
- Coverage ratio 50% (48% in Q2)
- Annualised Q3 loan losses 322bps

# Strong capital position provides operational flexibility

Core Tier 1 capital ratio (excl. Hybrids)



Risk Weighted Assets (RWA), EURbn



- One of the strongest core capital positions in Europe
- All capital ratios significantly increased
  - Continued strong net earnings
  - Issuance of Tier 1 hybrid USD 1bn
  - Lower RWA
- Tier 1 ratio 12% - well above target in Nordea's capital policy
- RWA is actively managed down
- Decreased due to lower corporate exposures and limited impact from rating migration

# Nordea well in line with expected regulatory changes on liquidity risks

- Timing and details are still under discussion – indications point at an implementation end of 2010
- Key measurements and ratios presented:
- Core Funding Ratio
  - Ratio between retail deposits and long-term wholesale funding divided by total funding
  - Nordea's ratio is well in line with the levels discussed
- Survival period
  - Measures the ability to withstand liquidity stress – target level published by CEBS is a survival period of one month
  - Nordea has continuously increased the size of the liquidity buffer and has a survival period of two years
- Net stable funding
  - Very similar to Net Balance of Stable Funding (NBSF), applied as the basic long-term liquidity risk measure for many years in Nordea
  - Nordea comfortably achieved externally discussed target levels during Q3 as well as during the past years

# Ambitious long-term financial targets

## Long term financial targets

## Target

TSR (%)



In the top quartile of European peer group

Risk-adjusted profit (EUR m)<sup>1</sup>



Double in 7 years<sup>2</sup>

RoE (%)



In line with top Nordic peers

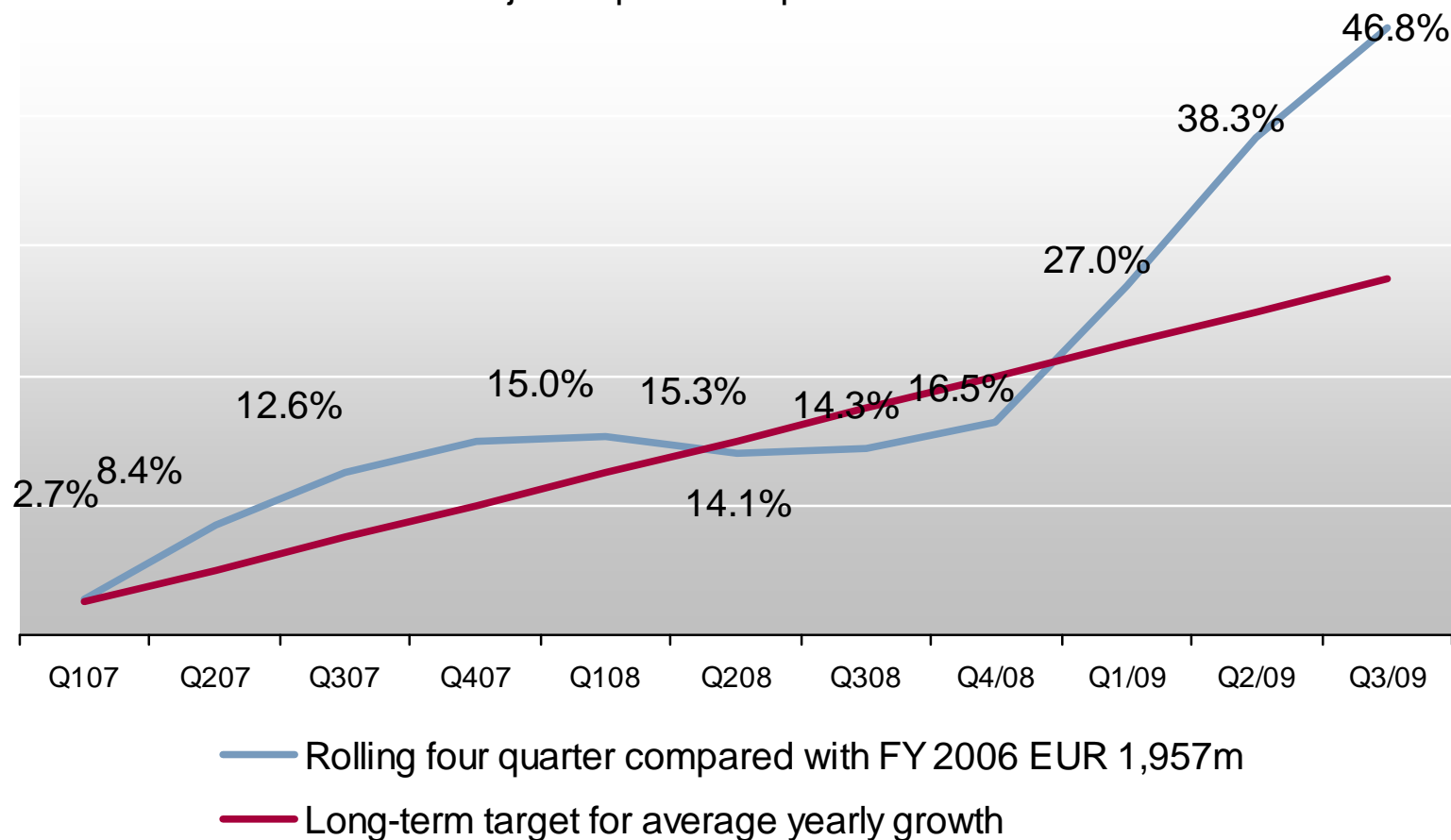
1. Risk-adjusted profit is defined as total income less total expenses less expected loan losses and standard tax. In addition, risk-adjusted profit excludes major non-recurring items.

2. Baseline 2006 EUR 1,957m

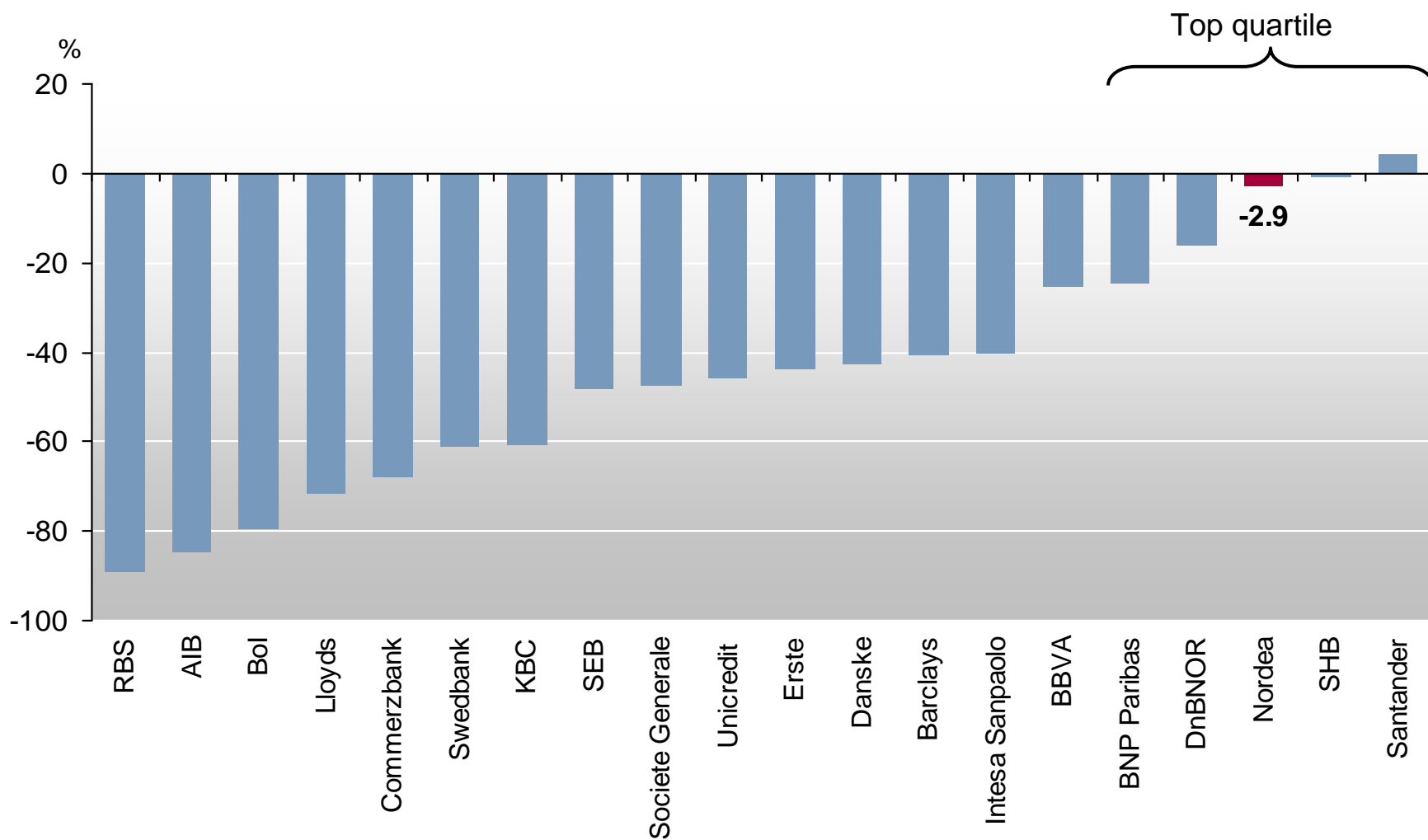


# Over delivery on long-term targets

Risk-adjusted profit compared to baseline

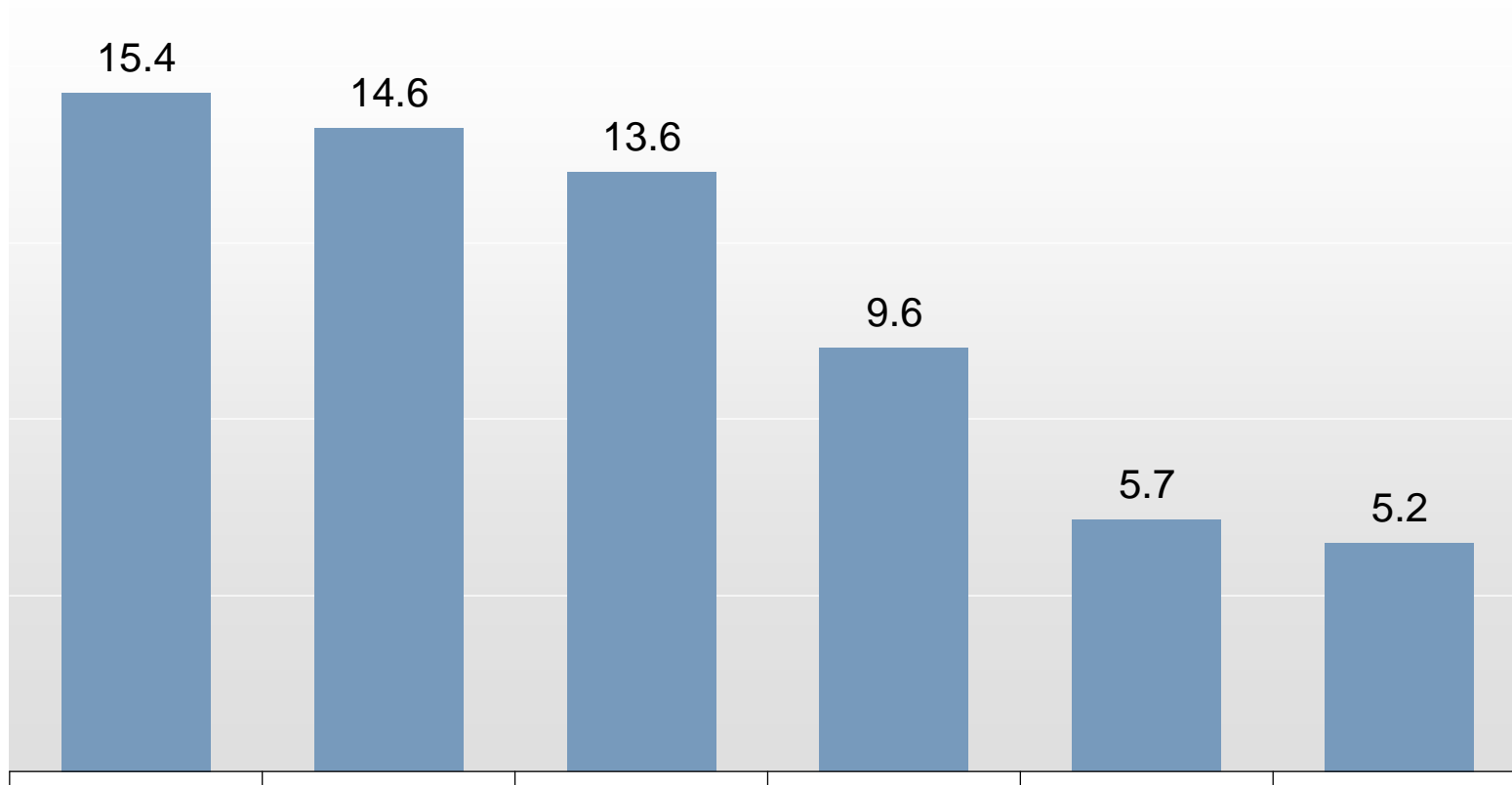


# Total shareholder return (TSR) 1/1 2007 – 30/9 2009



# Return on equity

Nordic peers - average RoE 2007-2009\*, %



Nordea

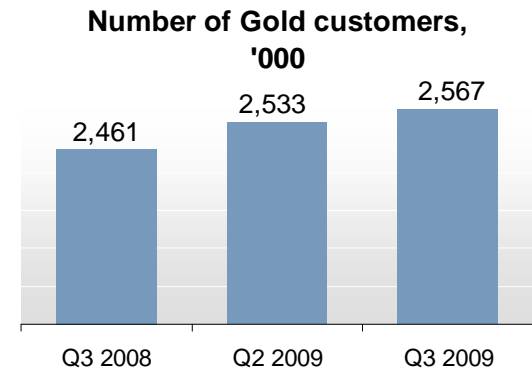
\* Adjusted for one-offs - Q3 numbers, excluding Danske Bank and SHB which are still to report  
 Nordic peers: Danske Bank, DnB NOR, SEB, SHB, Swedbank



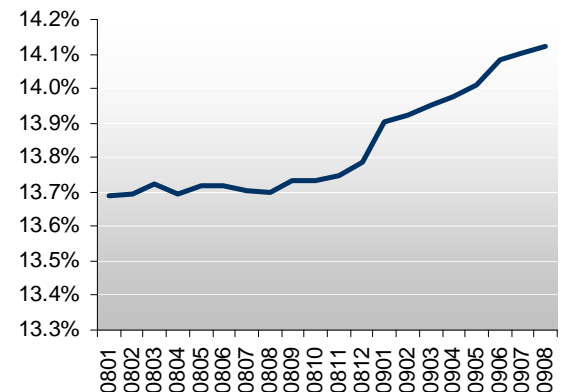
**Business development**

# Strong Nordea brand name continues to attract customers in Gold segment

- Strategy to capture potential in existing customer base as well as acquire new customers in premium segments increasingly successful
  - Number of Gold customers increased by more than 30,000 and Private Banking by 1,000 during Q3
  - More than half of the new Gold customers, are new Nordea customers
- Sales activities and customer contacts at record levels - 360-degree meetings
  - Continued growth in lending volume and increased household market share
  - Increased number of transactions - funds, equity trading and structured products on high level



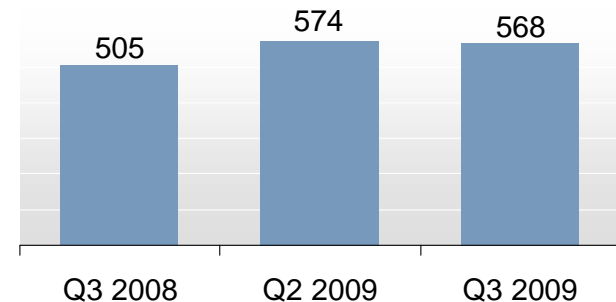
**Nordea market share of household lending in the Nordic countries**



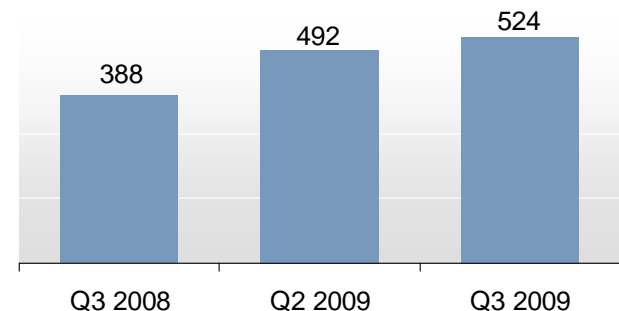
# Improved position in Corporate Banking markets reflecting current performance and competitive offering

- The corporate relationship strategy with the aim to build house-bank relations proven successful
- Support to house-bank corporate customers in difficult times has accelerated our share of the customers business and increased market shares
- Strongest trend among largest corporates and seen in all Nordic countries
- Major success in backing our large and medium-sized customers with prudent risk management products and capital market transactions – natural part of the basic product offering

**Total income CMB and Large corporates, EURm**



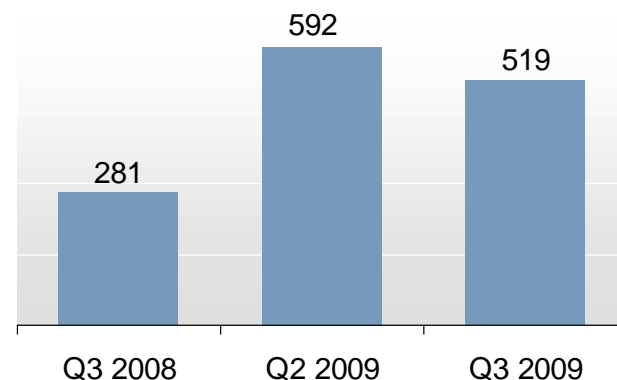
**Income from Corporate lending, EURm**



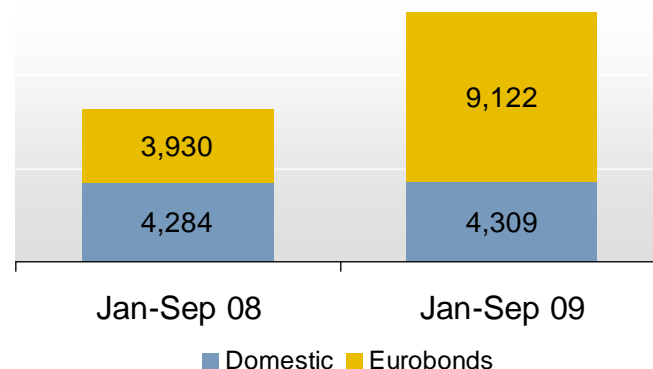
# Capital markets – strong strategy execution

- Risk-management products to corporate customers
  - Sales activity and number of transactions continue to be high
  - Normalising market conditions lead to pressure on margins and somewhat lower volumes
- Renewed ambition for equity products proven successful
  - Improved market share in all countries and maintained first place in the Nordic markets for primary equity issuance
- First nine months primary bond issuance in debt capital markets at record levels

**Total income Capital Markets Products, EURm**



**Debt Capital Markets - Bond issues, EURm**



# Market league tables

Nordic corporate Eurobond benchmark league table Q1-Q3 2009

## Bookrunner

Pos.	Bank name	Deal value EURm	No.	% share
1	Deutsche Bank	3,025	15	17.8%
2	BNP Paribas	2,229	10	13.1%
3	Nordea	2,167	12	12.7%
4	SG CIB	1,725	7	10.1%
5	Barclays Capital	1,650	9	9.7%
6	RBS	1,479	9	8.7%
7	Citi	1,438	7	8.5%
8	JP Morgan	1,325	6	7.8%
9	Calyon	650	4	3.8%
10	SEB	450	1	2.6%

Note: The table includes Nordic IG syndicated corporate non-financial issues.  
Tranche value >= EUR 500mn, maturity >1yr, active bookrunners.

Nordic Equity Market league table Q1-Q3 2009

## Bookrunner

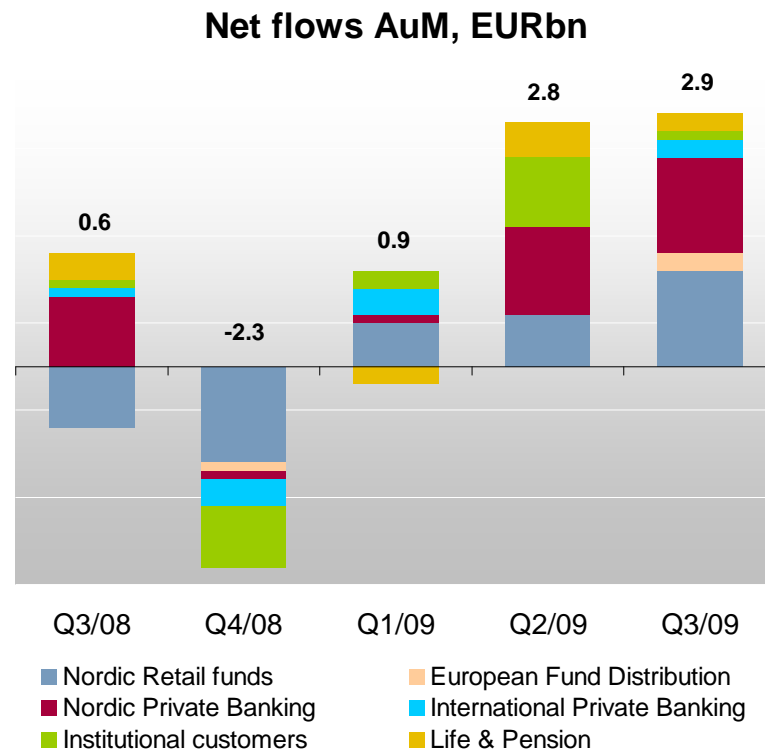
Pos.	Bank name	Deal value EURm	No.
1	Nordea Markets	6,792	11
2	SEB	5,182	25
3	Bank of America Merrill Lynch	4,095	4
4	JPMorgan	4,047	6
5	Morgan Stanley	2,323	4
6	UBS	1,590	2
7	RBS	1,531	3
8	Goldman Sachs	1,382	1
9	Commerzbank Group	1,339	2
10	Calyon	1,110	1

Note: The full deal value for a transaction is included in the figures for every lead-manager involved in the deal. Total market deal value is EUR 11,496m. The table includes all Nordic primary transactions, including FIs.



# Strong net inflows proves customer satisfaction

- Asset under Management up EUR 12.7bn or 9% - net inflows of EUR 2.9bn
  - Improved position within savings market – Q3 inflows to households including Private Banking EUR 2.2bn
  - Retail funds up EUR 1.1bn in Q3 – strongest increase in three years
- Increased overall Morningstar ratings in all Nordic countries
  - Since beginning of 2009 79% of the composites outperformed benchmark



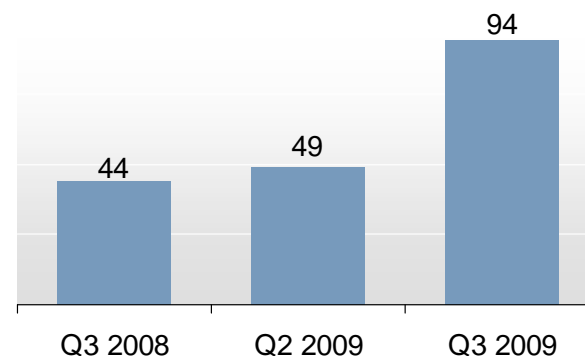
# Positive business momentum in Life

- Nordea is clearly the largest Life insurer in the Nordics
- Increased gross premiums written
  - Refocusing of the Finnish business towards unit-linked
  - Continued strong sales of the Swedish endowment product Placera
  - Success within the Swedish ITP (privately employed white collar workers pension schemes) continues
- Strong investment process combined with the decrease in interest rates supported the continued build up of financial buffers
- Strong product result in Q3
  - Recovery of the financial buffers lifted constraints in Denmark (EUR 46m)

**Gross Premiums Written, EURm**



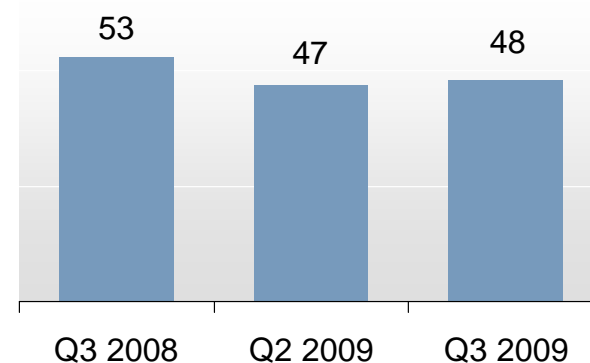
**Product result Life & Pensions, EURm**



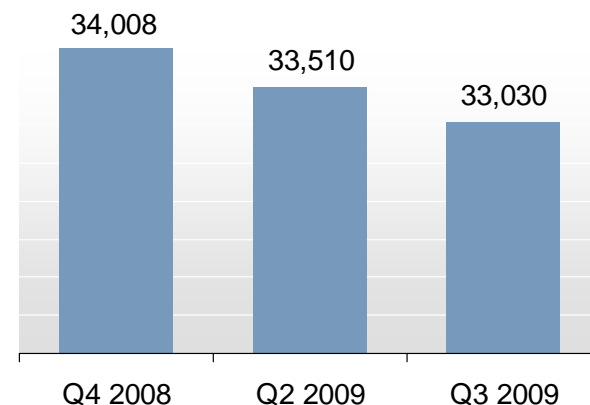
# Continued execution of efficiency programmes

- Improved cost/income ratio – down to 48% in Q3 compared to 53% one year ago
  - 51% Nordic Banking
  - 41% New European Markets
- Target to reduce number employees by 2% in 2009 was met during the quarter
- Right-sizing initiative achieved through retirements and employees leaving at own request
- During the same period Nordea has attracted 1,200 persons to join the Nordea Group

Cost/Income, %

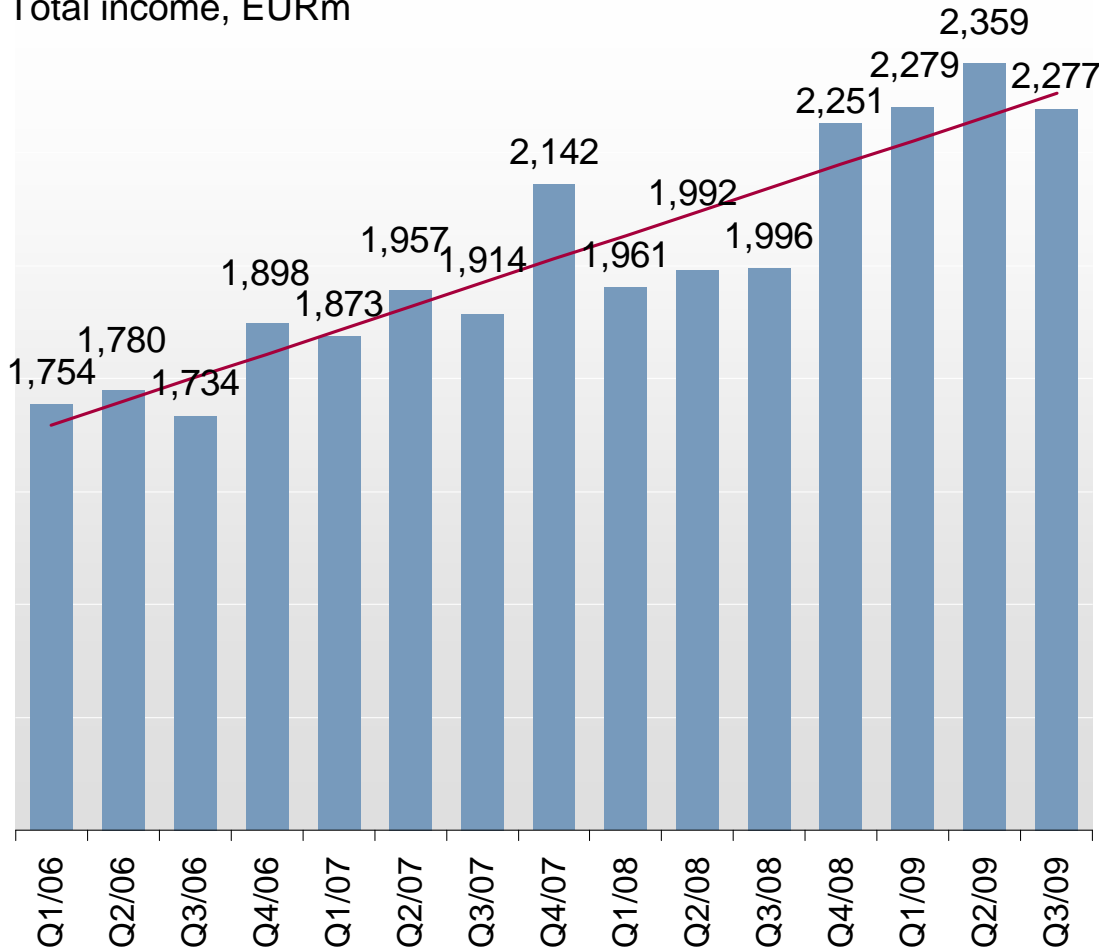


Number of employees



# Consistent delivery on growth strategy

Total income, EURm



- Consistent income growth – also in challenging market conditions
- Resilience in the business franchise
- Successful growth initiatives
- Performance well above long-term targets

# The journey towards Great Nordea continues

- The overall risk levels have gone down – uncertainty of the strength in economic recovery is high
- Nordea is in a position of strength – strong foundation on capital, funding and risk
- Proceed on a prudent growth path with a careful balance between risks and opportunities

## Great Nordea



## Outlook

- Risk-adjusted profit for 2009 is expected to be higher than in 2008
- Cost growth in 2009 is expected to be at approx. the same level as in the first nine months
- Loan loss provisions for the first nine months, excluding contested legal claim, was 55bps – in line with the Outlook from the beginning of the year
- Loan losses in relations to lending are expected to remain broadly at the same level for the full year – the risk for somewhat higher loan losses remains

## Key messages

- **Results remain at high levels**

- Operating profit up 2% - strong income generation and lower loan loss provisions
- Over-delivery on long-term targets

- **Strong business development**

- Increase in number customers and market shares
- Continued execution of efficiency programmes

- **Consistent delivery on growth strategy - the journey toward Great Nordea continues with a careful balance between risks and opportunities**

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

