



**Year-end Report 2009**  
**Telephone Conference**  
**10 February 2010**



# Disclaimer

This presentation 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, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

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## Highlights from 2009

- Strong year with consistent delivery on growth strategy – income up 11% and Risk-adjusted profit up 22% for full year 2009
- Strong development in customer areas – income in Nordic Banking and Institutional and International Banking up 5% in fourth quarter
- Moderate loan losses - at expected levels
- Nordea in position of strength – strong position on capital, funding and risk
- Continuation of the successful organic growth strategy – 2010-2012 supported by a number of Group initiatives for growth and improved efficiency

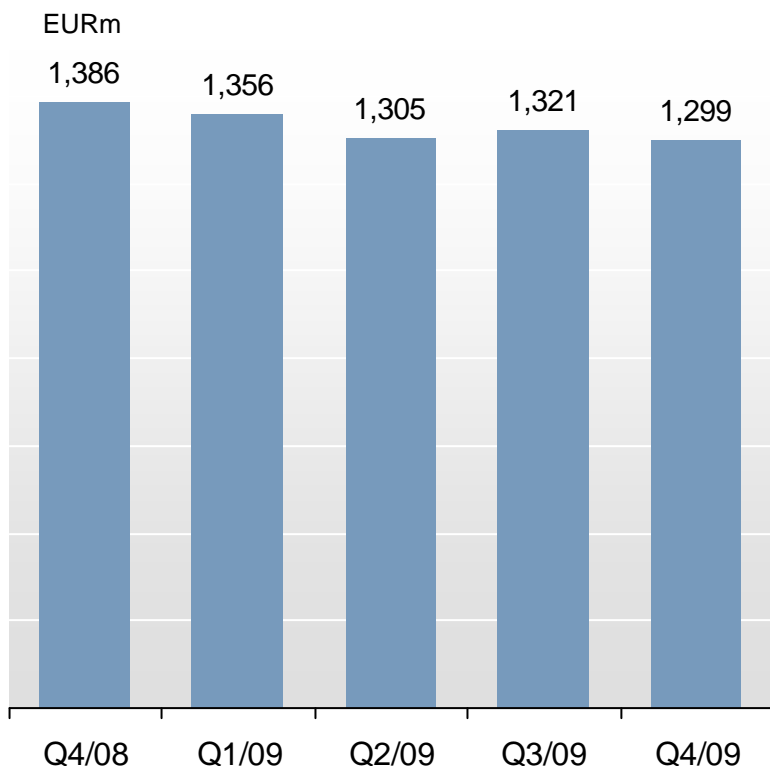


## CFO Presentation

# Result highlights

EURm	Q4/09	Q3/09	Chg %	Q4/08	Chg %	FY 09	FY 08	Chg %
Net interest income	1,299	1,321	-2	1,386	-6	5,281	5,093	4
Net fee and commission	463	437	6	390	19	1,693	1,883	-10
Net gains/losses	351	486	-28	325	8	1,946	1,028	89
Other income	45	33	36	150		153	196	-22
<b>Total income</b>	<b>2,158</b>	<b>2,277</b>	<b>-5</b>	<b>2,251</b>	<b>-4</b>	<b>9,073</b>	<b>8,200</b>	<b>11</b>
Staff costs	-702	-670	5	-665	7	2,724	-2,568	6
<b>Total expenses</b>	<b>-1,219<sup>1</sup></b>	<b>-1,087</b>	<b>12</b>	<b>-1,150</b>	<b>6</b>	<b>4,512</b>	<b>-4,338</b>	<b>4</b>
<b>Profit before loan losses</b>	<b>939</b>	<b>1,190</b>	<b>-21</b>	<b>1,101</b>	<b>-15</b>	<b>4,561</b>	<b>3,862</b>	<b>18</b>
Net loan losses	-347	-358	-3	-320		-1,486	-466	
<b>Operating profit</b>	<b>592</b>	<b>832</b>	<b>-29</b>	<b>781</b>	<b>-24</b>	<b>3,075</b>	<b>3,396</b>	<b>-9</b>
<b>Net profit</b>	<b>447</b>	<b>626</b>	<b>-29</b>	<b>637</b>	<b>-30</b>	<b>2,318</b>	<b>2,672</b>	<b>-13</b>
<b>Risk-adjusted profit</b>	<b>533</b>	<b>729</b>	<b>-27</b>	<b>620</b>	<b>-14</b>	<b>2786</b>	<b>2279</b>	<b>22</b>

# Net interest income – down 2% from high levels



- Unchanged lending volumes
  - Increased Household market shares
  - Broadly unchanged corporate volumes – decrease levelled out towards the end of the quarter
- Continued pressure on deposit margins and slightly lower household lending margins
  - Negative impact from deposit margins approx EUR 260m Q4/Q4
- Corporate lending margins continued up in Q4 – reprising of credit risks
- Lower contribution from Group Treasury – due to lower return on the liquidity buffer

# Underlying volume trends

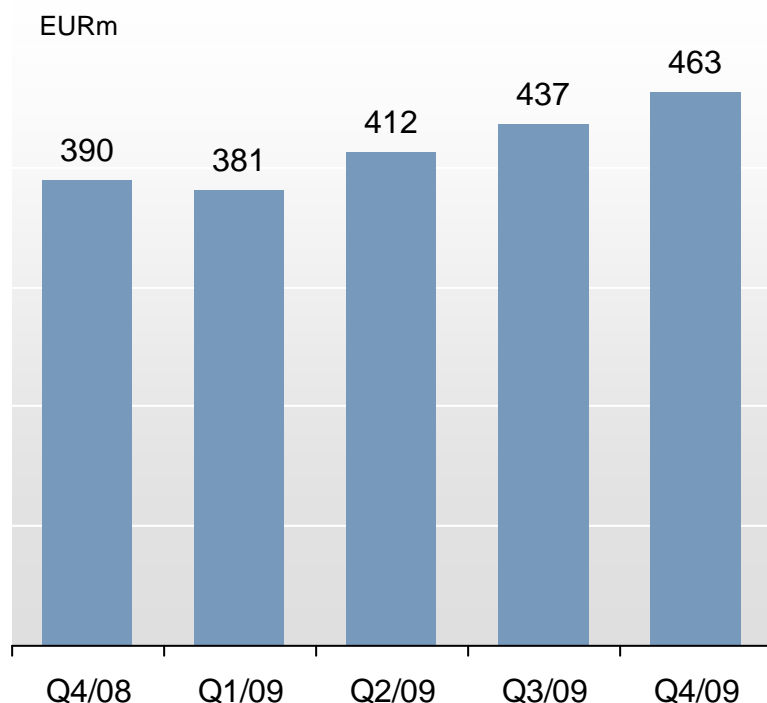
% change in local currency	<u>Q4oQ3</u>	<u>Q4oQ4</u>
<b>Total Lending, excl. reversed repurchase agreements</b>	<b>0.7%</b>	<b>0.4%</b>
– Nordic household mortgages	2.2%	8.5%
– Nordic consumer lending	2.2%	4.4%
– Nordic corporates	-1.2%	-6.5%
– New European Markets	1.5%	-0.8%
– FID and Shipping	-2.2%	-14.8%
<b>Total Deposits, excl. repurchase agreements</b>	<b>3.0%</b>	<b>-2.0%</b>
– Nordic households	-0.4%	2.6%
– Nordic corporates	3.7%	0.7%
– New European Markets	15.8%	4.4%
– FID and Shipping	-11.6%	-32.8%

# Change in net interest income

	Q4oQ3	YoY
<b>Volume driven Nordic markets local currencies</b>	<b>6</b>	<b>176</b>
Corporate lending volumes	-5	57
Household lending volumes	10	97
Corporate deposit volumes	1	15
Household deposit volumes	0	7
<b>Margin driven Nordic markets local currencies</b>	<b>-20</b>	<b>-228</b>
Corporate lending margins	4	492
Household lending margins	-13	415
Corporate deposit margins	-2	-323
Household deposit margins	-9	-812
<b>Lower return on allocated capital, FX effects and other</b>	<b>7</b>	<b>-285</b>
<b>Nordic Banking</b>	<b>-7</b>	<b>-337</b>
<b>Institutional &amp; International Banking</b>	<b>8</b>	<b>93</b>
<b>Other, incl. Group Treasury</b>	<b>-23</b>	<b>432</b>
<b>Total</b>	<b>-22</b>	<b>188</b>



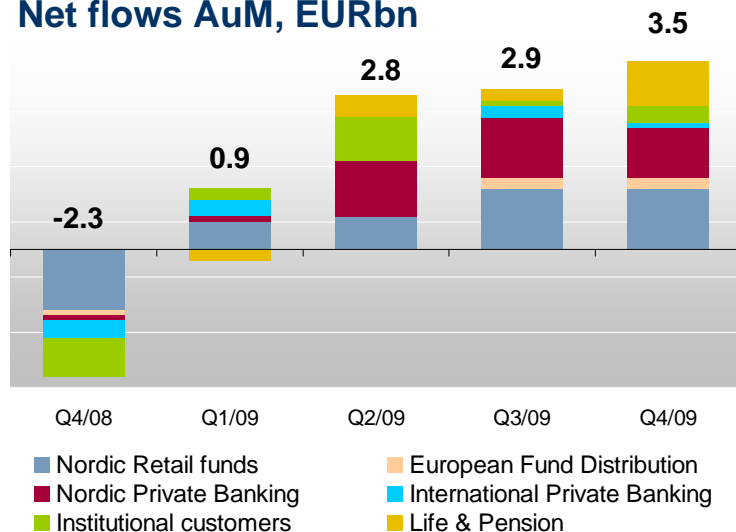
## Strong positive trend in Net fee and commission income – up 6%



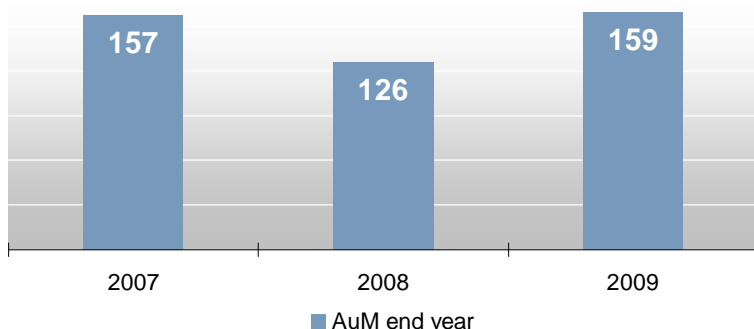
- Savings commission continued the positive trend – up 11%
  - Asset management commissions up 21% - increased AuM, increased margins due to change in asset mix and performance fees
- Lending commission down 9% compared to a strong Q3
- Commission expenses for state schemes EUR 48m (EUR 52m)

# Strong net inflow continues - proves customer satisfaction

Net flows AuM, EURbn



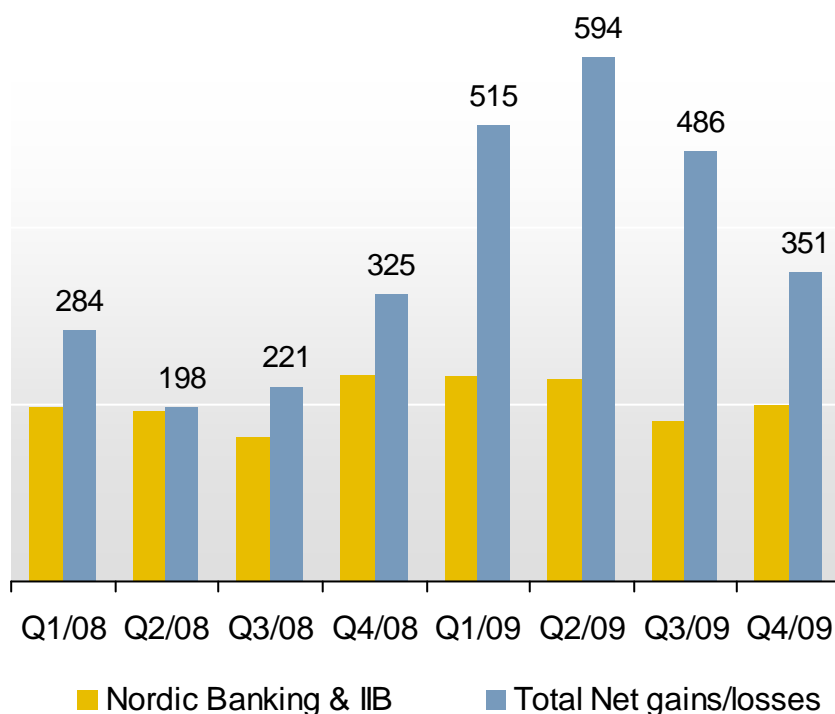
AuM end of year, EURbn



- Net inflows of EUR 3.5bn in Q4 – 9% annualised
  - Improved position within savings market – inflow from households during 2009 EUR 6.2bn
- Asset under Management up EUR 8.9bn or 6%
- Increased overall Morningstar ratings in all Nordic countries
- Since beginning of 2009 - 86% of all investment composites outperformed benchmark

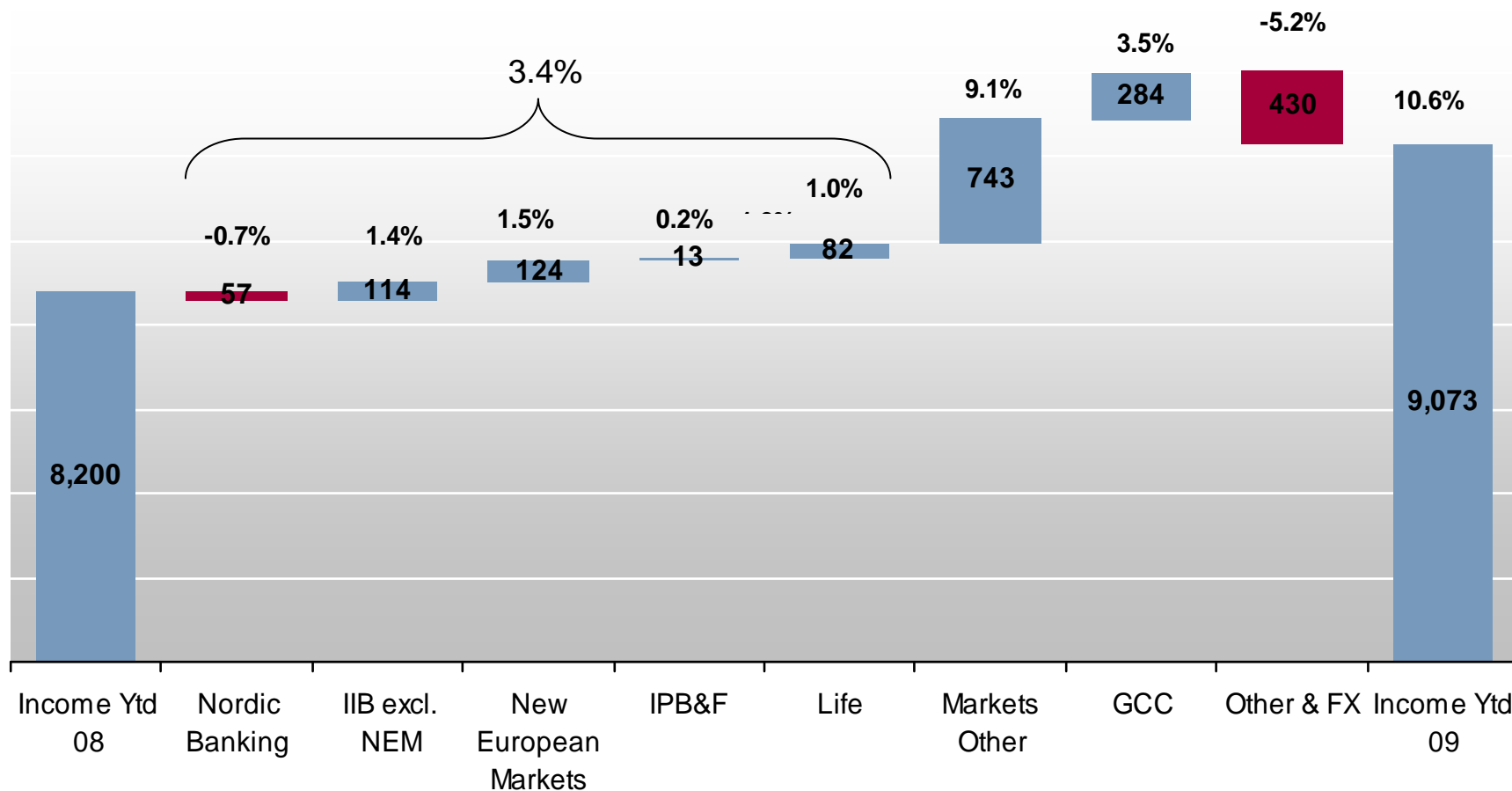
# Net gains/losses remains high in customers areas

Net gains/losses, EURm

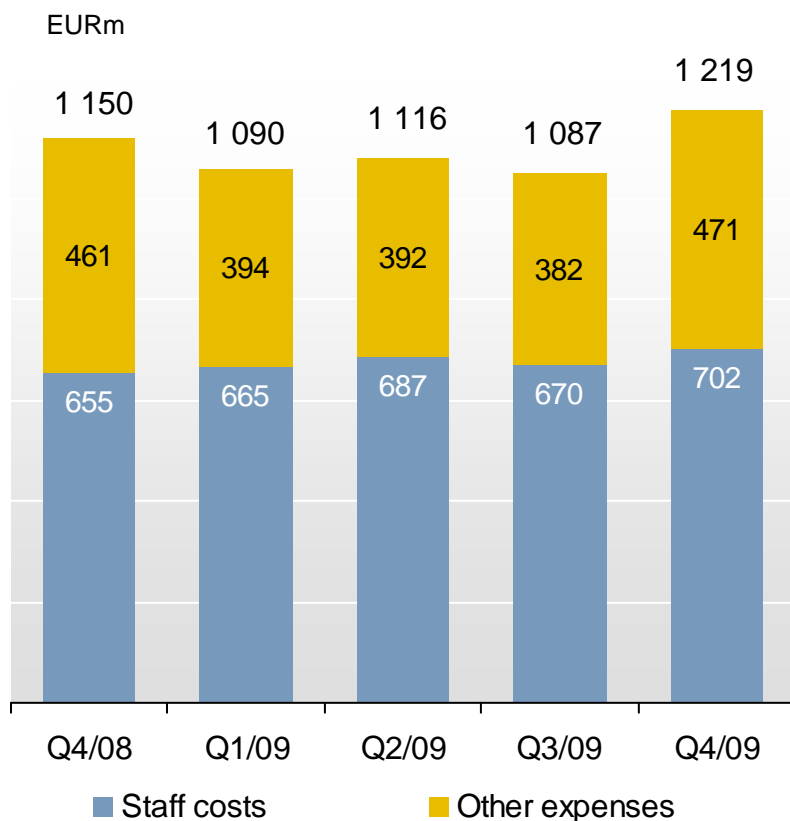


- Customer-driven capital markets activities continues to perform strongly
- Life & Pensions released a strong result also in the fourth quarter
- Negative contribution from Group Treasury in Q4 – mainly explained by higher long-term interest rates

# Income growth in Nordea YoY, EURm

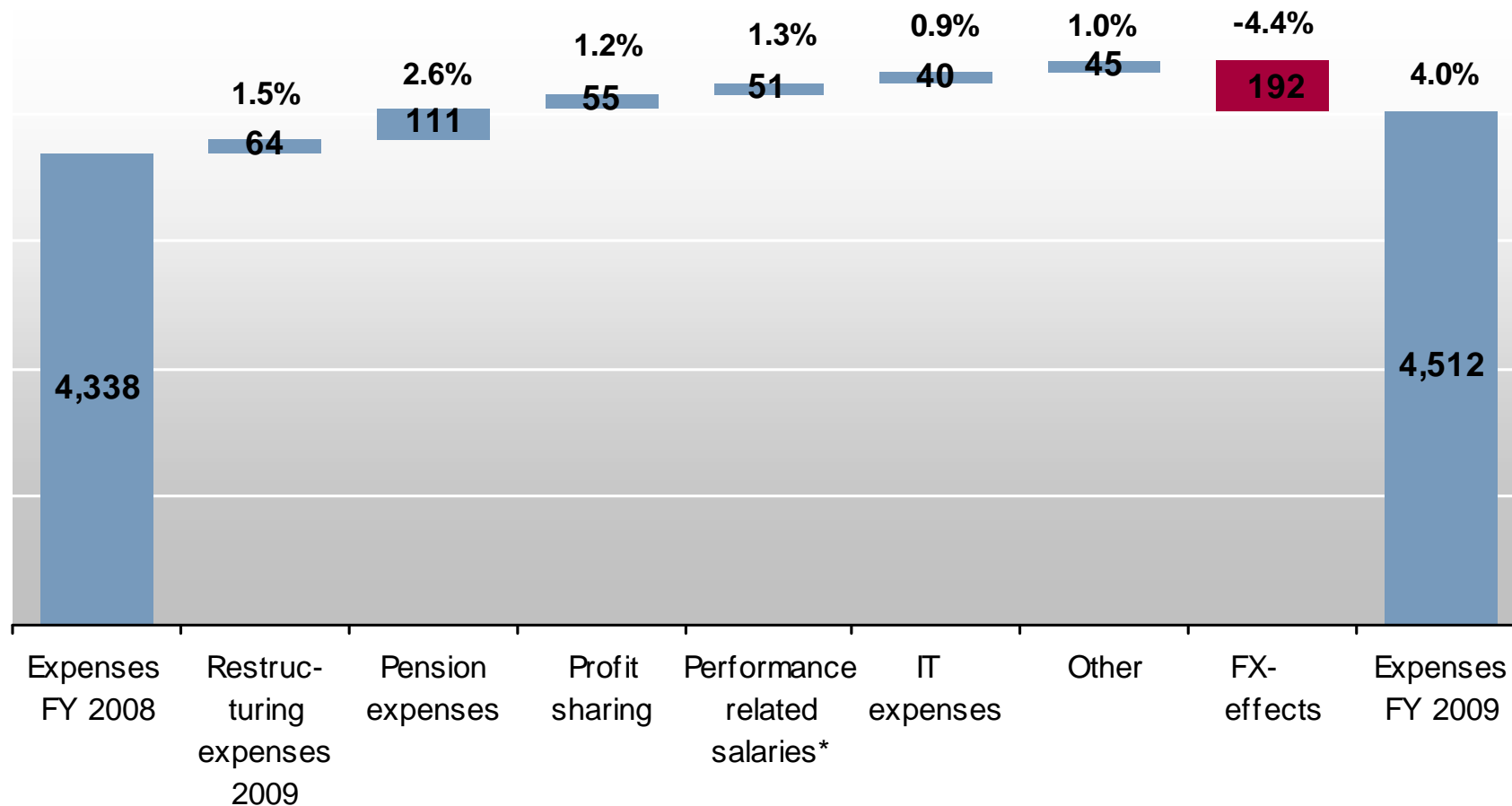


# Expense growth well in line with expectations



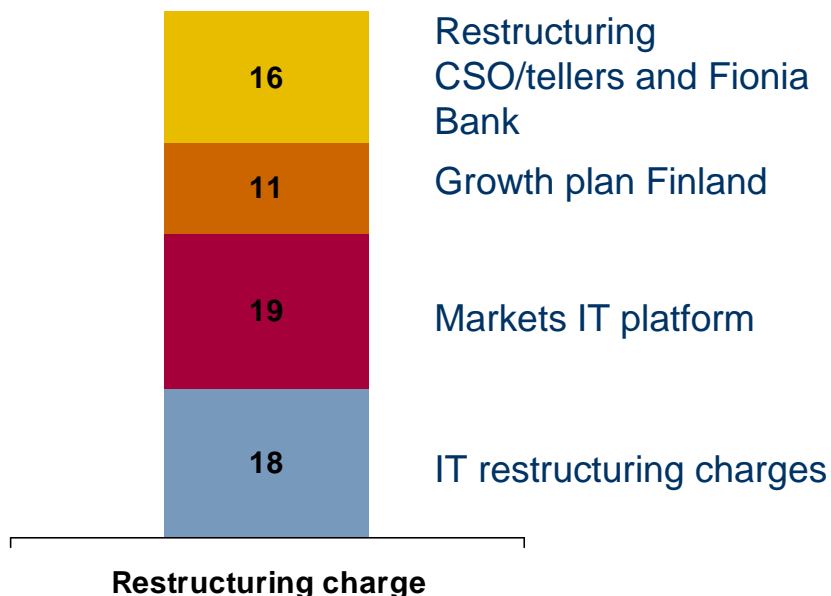
- Up 6% - when excluding restructuring costs of EUR 64m
- Total expenses up 12% compared to previous quarter
- Underlying cost growth in local currencies 3% compared to same quarter last year
- Reduced number of FTE's, YoY-2%

## Expense growth in Nordea (EURm)



# Result effects from initiatives and investments 2010-2012

EUR 64m restructuring charge in Q42009



2010 impact

- One-off investments of EUR ~240m of which EUR ~140m accounted for as expenses in income statement
- Impact on running cost neutral – including efficiency gain of EUR 60m
- Total impact on 2010 results from initiatives expected to be neutral – including positive income effects

2011-2012 impact

- Investments expected to be at approx. the same level as in 2010
- Investments subject to market conditions and that 2010 investments delivers according to plan
- Result effect is expected to be clearly positive

## Proposed dividend in line with policy

Net profit, EURm

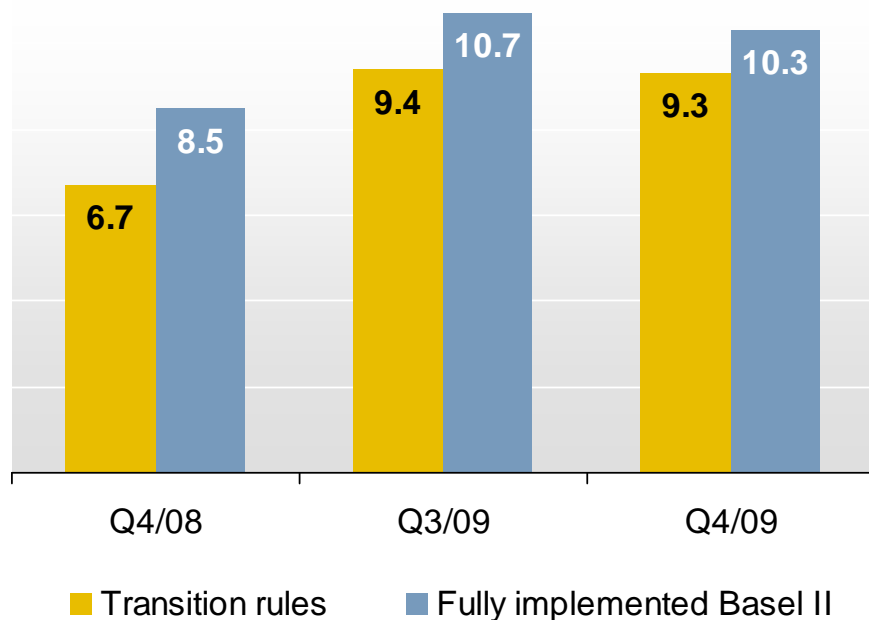


- Net profit down 29% due to lower net gains/losses and restructuring costs and higher net loan losses
- Proposed 2009 dividend to be paid in 2010 of EUR 0.25 per share, corresponding to a payout ratio of 43% of net profit – in line with dividend policy



# Capital ratios on expected levels

## Core Tier 1 capital ratio (excl. Hybrids)



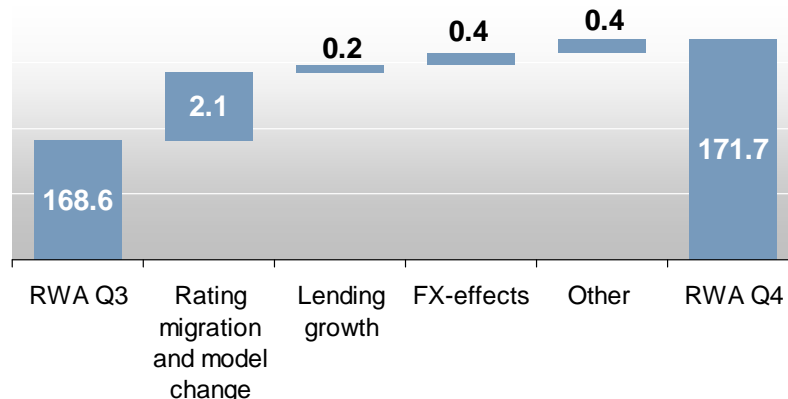
- Capital ratios slightly down in Q4
  - Increased RWA due to model changes and increased market risk
- Tier 1 ratio 11.4% - well above target in Nordea's capital policy
  - Call of hybrid capital as well as dated subordinated capital
- One of the strongest core capital positions in Europe – preparing for new regulations

# Controlled growth in Risk Weighted Assets

Risk Weighted Assets (RWA), EURbn



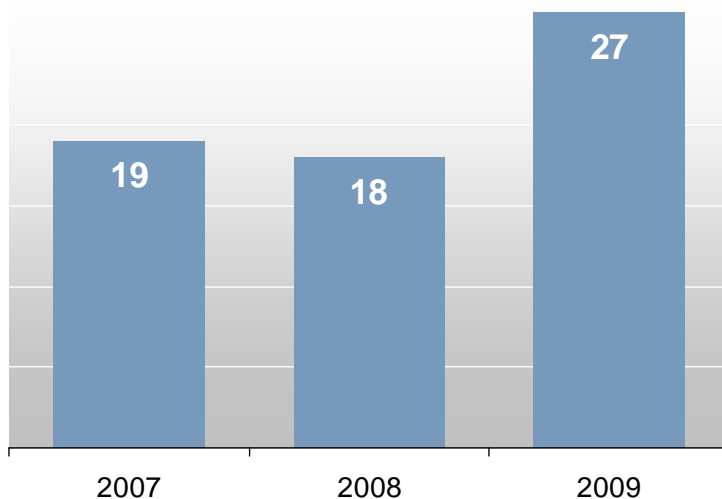
Changes in RWA Q4, EURbn



- RWA is relatively stable during 2009 – up 1.9% excluding transition
- Minor changes in average risk weights in Q4
  - Average risk weight slightly increased to 61% (60% Q3) for the Corporate portfolio. Corresponding risk weights for the Retail portfolio was 16% (15% Q3)
  - For the Institution portfolio the average risk weight has decreased to 23% (26% Q3) due to improved sourcing of collaterals.

# Strong funding and liquidity position

Total long-term funding issued<sup>1</sup> (EURbn)



<sup>1</sup>Excluding Nordea Kredit

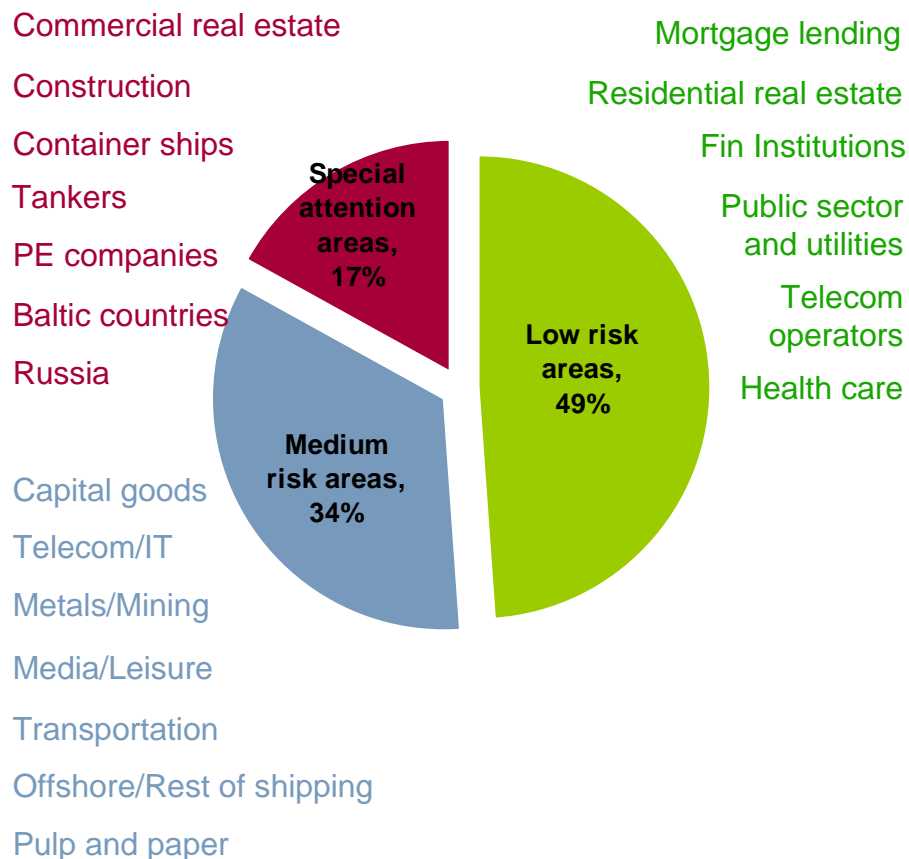
- Continued strong demand for Nordea long-term debt issuances
- One of the lowest cost of funding in Europe – give relative strength in customer business
- Liquidity buffer EUR 56.5bn end of year
- High uncertainty of impact from new regulations



CRO Presentation

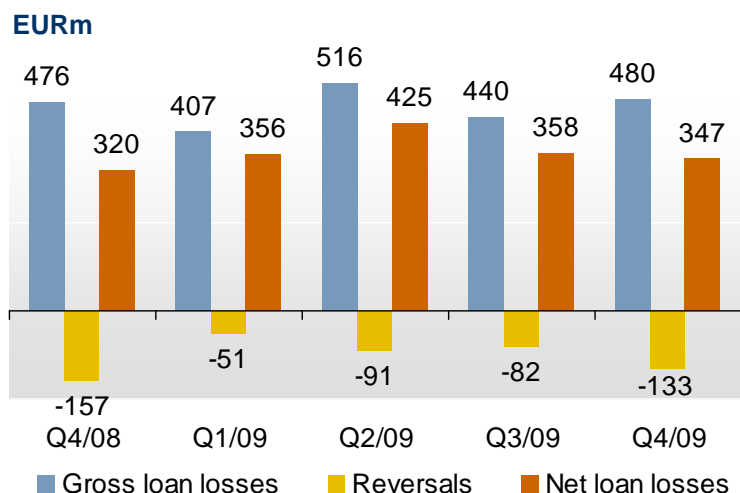
# Stable and well diversified lending portfolio...

Total lending to public year end 2009, EUR 282bn

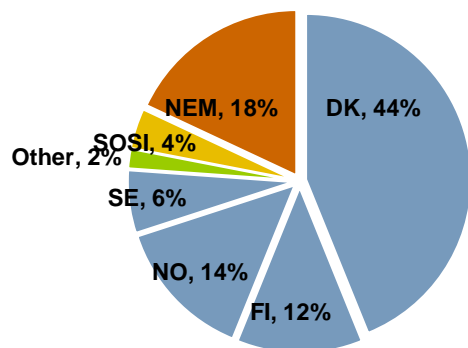


- Solid credit situation – half of the portfolio is low risk
- 54% corporate lending with no sector account for more than 13% of total lending
- Limited sector changes in 2009

## ...with stabilising Net loan losses...



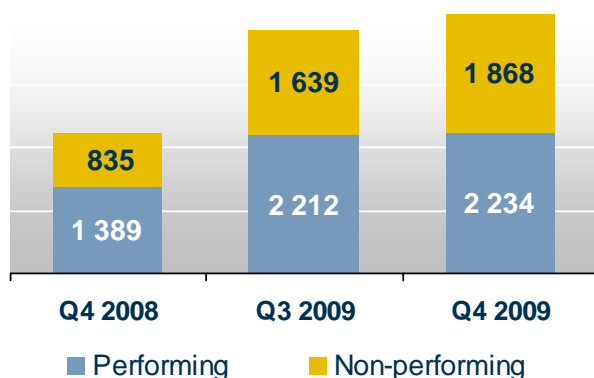
Loan losses by area Q4 2009



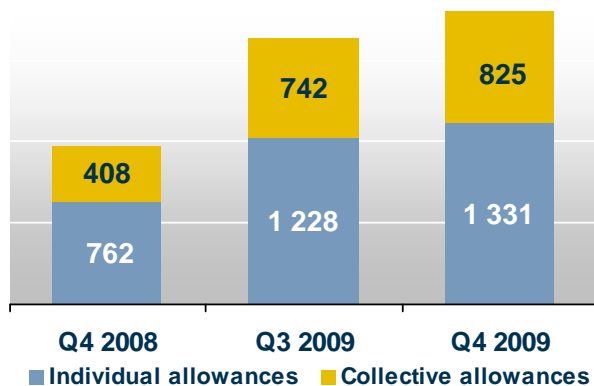
- Net loan losses in line with FY year outlook
- Net loan loss provisions in Q4 EUR 347 of which EUR 82m collective
- Loan losses correspond to 52bps
  - 40bps individual (37bps)
  - 12bps collective (17bps)
  - 48bps excl. Danish guarantee scheme
  - 338bps in the Baltic countries
- Loan losses steam from a large number of smaller and medium sized exposures – mainly corporate exposures in the Nordic region

# Impaired loans increases at a lower pace

Impaired loans, EURm



Total allowances, EURm



- Impaired loans gross – up 7% to EUR 4,102m or 135bps of total lending, up 9% in Q3 and 19% in Q2
  - EUR 535m or 732bps in the Baltic countries
- 54% impaired loans are performing
- Total allowances increased 9% to EUR 2,156
- Provisioning ratio continues to increase - 53% compared to 51% in Q3
  - 60% in the Baltic countries
- Collective provisions increased 11% to EUR 825m – 38% of total allowances

*Performing: Allowance established, payments made*

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

# Baltic countries - proactive risk management remains in focus

End 2009	Lending EURbn	Impaired loans
State & Municipalities	0.3	0%
Nordic & International	0.9	0.3%
Large local corporates	1.5	2.7%
Consumer credits	0.3	6.1%
Mortgages	2.5	7.6%
Small local corporates	0.0	8.8%
Midsized local corporates	1.8	15.6%
<b>Total Baltic countries</b>	<b>7.3</b>	<b>7.3%</b>

Lending past due	Nordea Q4/09	(Q309)	Total market Q4/09	(Q309)
Estonia (60 days)	3.13%	(3.84%)	6.13%	(6.14%)
Latvia (90 days)	7.99%	(7.31%)	16.99%	(13.84%)
Lithuania (60 days)	10.41%	(7.21%)	19.38%	(11.34%)

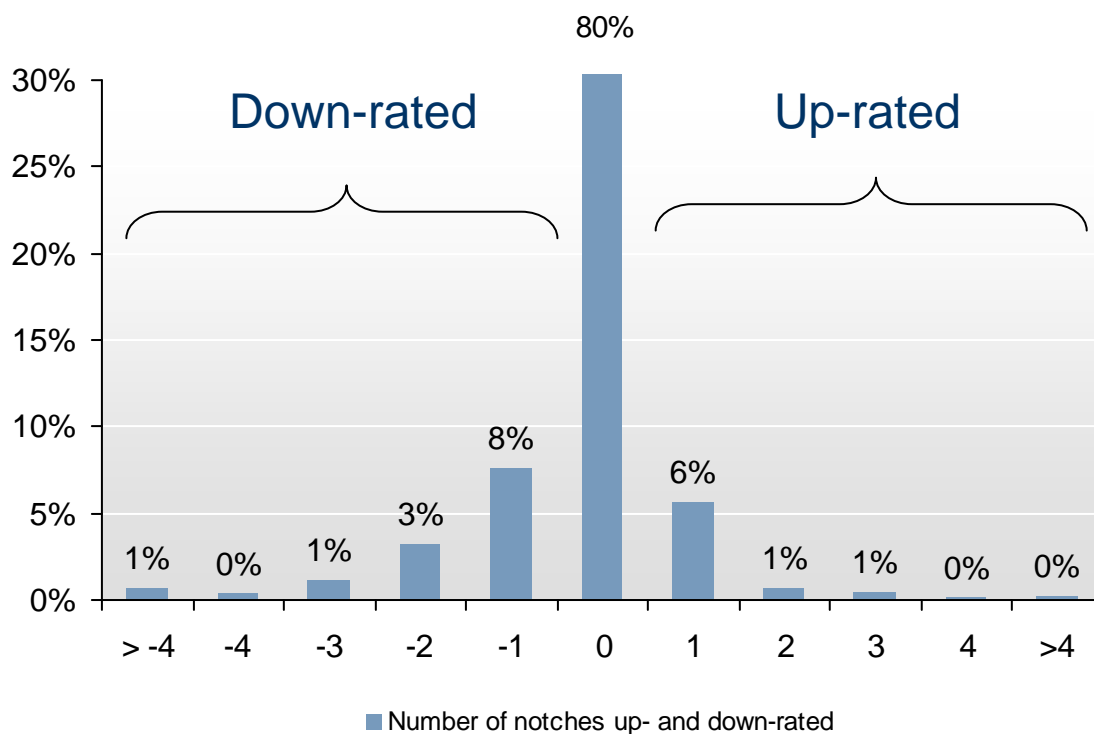
Source: Central bank data

- Severe recession continue to affect credit quality and not least collateral values
- Additional provisions made especially in Latvia and Lithuania – annualised net loan losses 338bps
- Increase in impaired loans continue to level off - coverage ratio 60% (50%)
- Large part of the portfolio unaffected – majority of corporate lending to more solid segments – Large local and Nordic
- Proportion of lending past due increased somewhat in Q4 – still clearly below market average



# Rating migration

## Corporate rating migration Q409 / Q309



- The credit quality in Q4 show a larger variance of up- and down-rated compared with Q3
  - 13% of the corporate customers have migrated downwards in Q4
  - 7% of the corporate customers have been up-rated in Q4
- Rating migration on total portfolio has impacted RWA 6.9% Ytd Q4 (4.3 % end Q3)



## CEO Presentation

## Great Nordea vision launched in 2007

**Profit orientation**



- **Prudent risk management**
- **Efficient capital management**

**Ambitious vision & targets**



- **Leading Nordic bank**
- **Double risk adjusted profit in 7 years**

**Clear growth strategy**



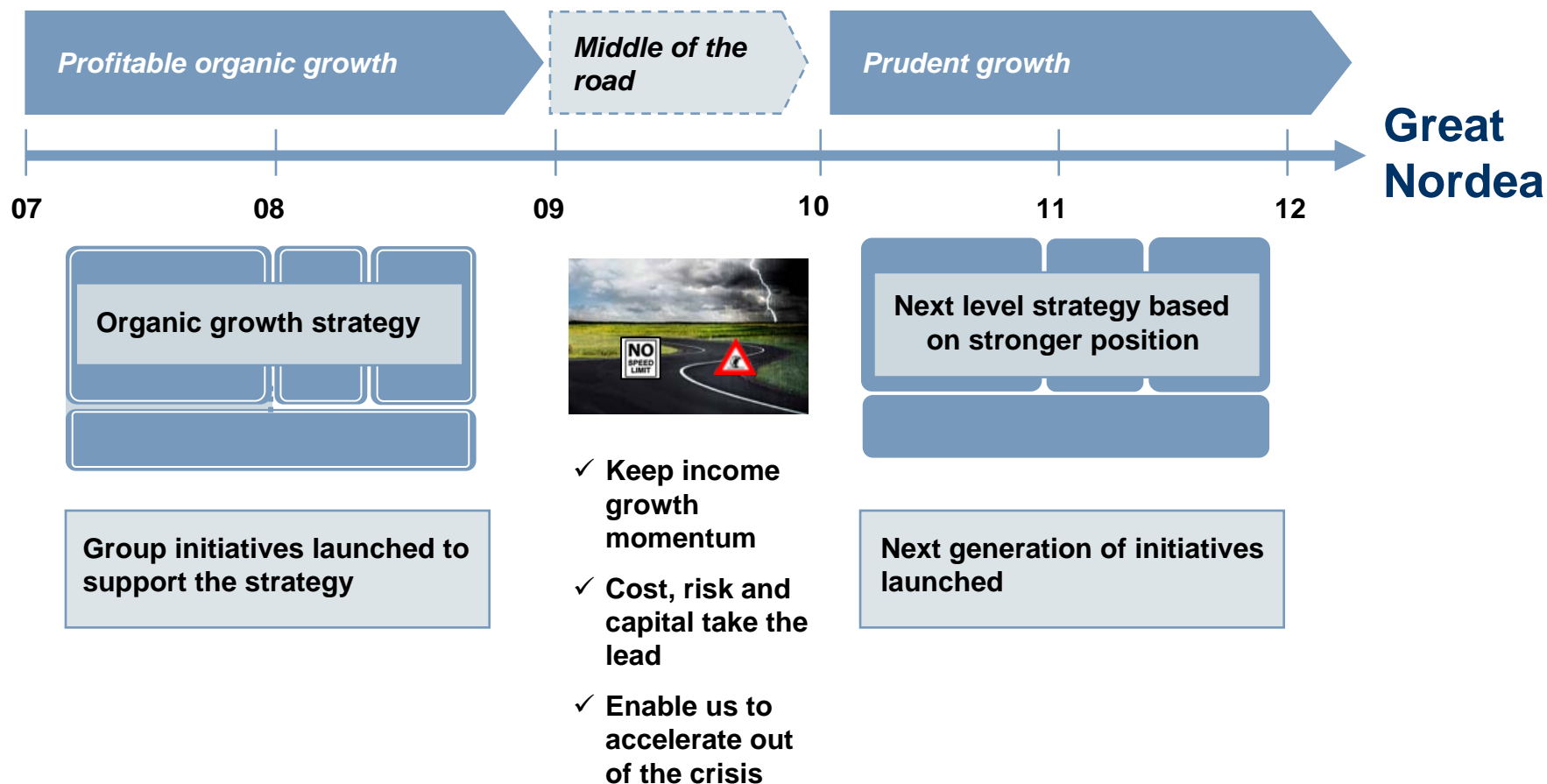
- **“Profitable organic growth” strategy supported by Group initiatives**

**Strong customer oriented values & culture**



- **Nordea values become part of the DNA**

# Journey towards Great - from “Profitable organic growth” via “Middle of the Road” to “Prudent growth”



# We confirm our organic growth strategy

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

**Exploit global and European business lines**

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

Proactively elevate relationship customers to higher segments, attract new relationship customers and increase share of wallet  
- with the focus on great customer experiences

Develop effective and low cost multi-channel distribution to relationship and non-relationship segments

Develop efficient and demand-driven value chains supported by strongly improved IT performance and product deliveries

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

# Next generation of initiatives (1/2)

## Growth initiatives

### Group initiative

Future distribution

New customer acquisition

Growth plan Finland

CMB Sweden

Customer driven Markets business

Growth plan Poland

### Objective

- Branch network optimization, including alignment of capacity to customer potential, new formats with increased advisory capacity and reduced share of other branch staff
- Upgrade online offering and further migrate transactions from branches
- More advisor capacity in Nordic banking and private banking to increase number of new Gold and PB customers
- Gear up Gold customer acquisition
- Comprehensive growth plan to firm up position in Finland, incl. relocation of branches and advisors to higher growth areas
- Strengthen Nordea's position within Swedish Corporate Merchant Banking, including improved cash management offering
- Increase penetration of risk management products with existing Corporate customers
- Continue to build top position in Nordic Corporate Finance and Equity
- Expand branch network with 50 new branches, building on existing track record of growth program

## Next generation of initiatives (2/2)

### Efficiency / foundation initiatives

#### Group initiative

Top league IT performance

Product platforms

Infrastructure upgrade

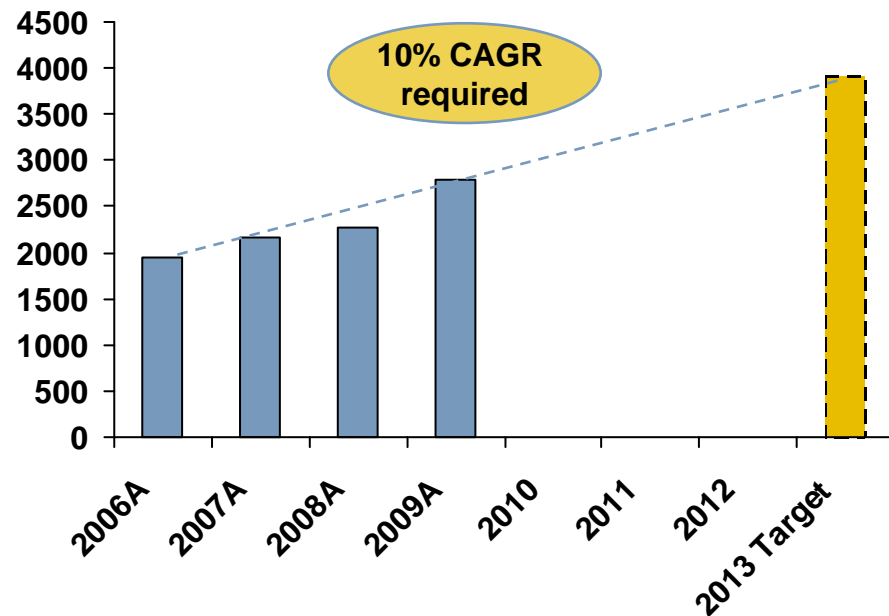
#### Objective

- Comprehensive program to reduce IT cost and improve efficiency, incl. IT sourcing, lean IT
- Offshore center in Poland
- More efficient cards and payments platforms to strengthen economies of scale and servicing as number of transactions grow
- More advanced technology platform in Markets to meet new infrastructure requirements, new regulation and increasing customer demand
- More efficient Finance process
- Improved IT resilience

# Initiatives support long term target of doubling RAP in seven years...

- Future distribution
- New customer acquisition
- Growth plan Finland
- CMB Sweden
- Customer driven Markets business
- Growth plan Poland
- Top league IT performance
- Product platforms
- Infrastructure upgrade

Risk adjusted profit  
EUR m





## **... and secure our strategic ambitions**

### **Growth strategy**

**...to secure sufficient income generation to create great customer experiences and long term value**

### **Best relationship bank**

**...in markets where we operate – retaining existing and attracting new customers**

### **One operating model**

**...for everything we do in order to free up resources to serve customers**

## Outlook 2010

- **Nordea expects the macroeconomic recovery to continue in 2010 – development is still fragile and hence uncertainty remains**
- **Nordea will pursue a prudent growth strategy, balancing opportunities and risks, and will invest in the future through several growth and efficiency initiatives**
- **The result effect from initiatives will be neutral in 2010**
- **Nordea expects cost growth for 2010 to be largely in line with growth rate in 2009 – including effects from growth and efficiency initiatives**
- **Nordea expects risk-adjusted profit to be lower 2010 compared to 2009, due to lower income in Treasury and Markets**
- **The credit quality continues to stabilise, in line with the macroeconomic recovery**
- **Loan losses could remain at high level also in 2010 – difficult to forecast when loan losses will start to decline**

## Key messages

- **Strong year – risk-adjusted profit up 22%**
  - Solid business development in all areas – cost growth well in line with expectations
  - Continued execution of efficiency programmes
- **Continued stabilisation of credit quality and loan losses at expected levels**
- **Group initiatives to support the growth strategy 2010 - 2012**
  - Prudent growth strategy carefully balancing opportunities and risks
  - Continuing the journey towards Great Nordea