

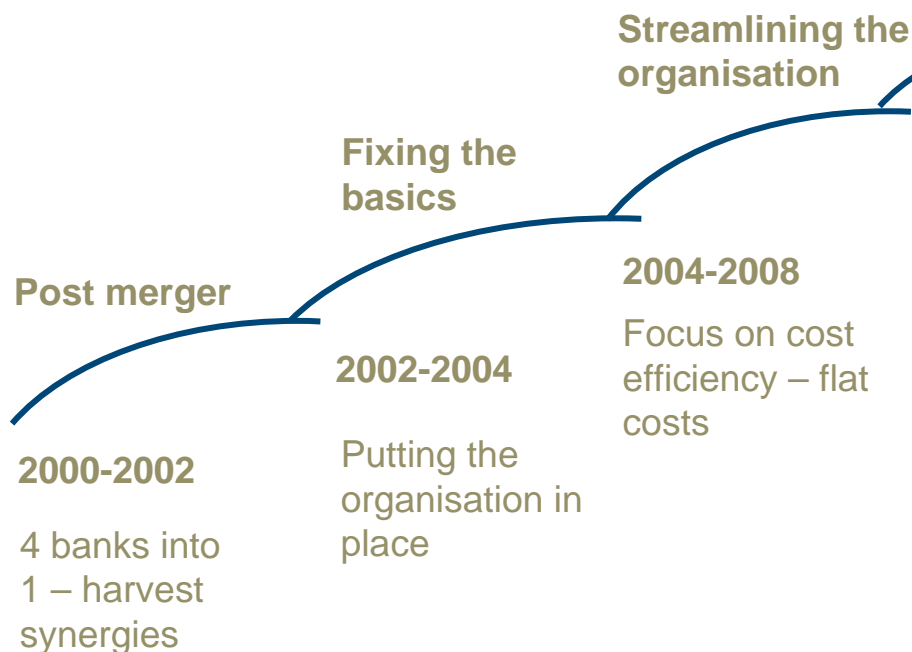


Efficiency and foundation initiatives

Michael Rasmussen
Head of Banking Products
& Group Operations



Supporting Great Nordea – by strongly improved IT performance & product deliveries



Take Nordea to the next level of operational efficiency

Achievements

Four computer centres merged into one Common Computer Centre

Nordea Transformation Programme deliveries starting to impact the bank

“Best web” award for netbank solution, which runs on platform to be commonly implemented

State of the art customer relationship management system (CMS)

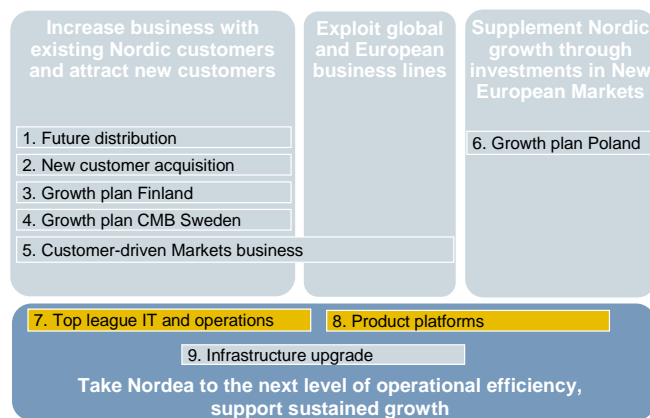
IT organised to meet business needs; strengthening the value chain perspective

Production efficiency increased in parallel with increased volumes

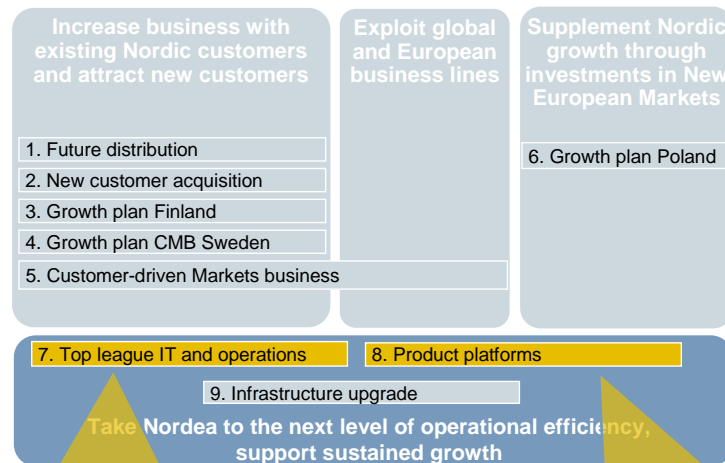
Growth and regulatory requirements demand improved operational efficiency

- Support of our prudent growth strategy
- Growth in volumes – more customers and a higher activity level
- New and sharpened rules and regulations

Initiatives launched to mitigate increased costs and risks



Reach the next level of operational efficiency and support sustained growth (2010-2012)



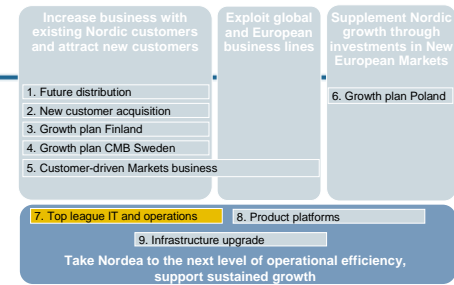
Upgrade IT infrastructure and processes and back office operations to:

- Become more demand-driven
- Reduce complexity – fewer applications
- Improve efficiency, flexibility and agility
- Cut lead-times

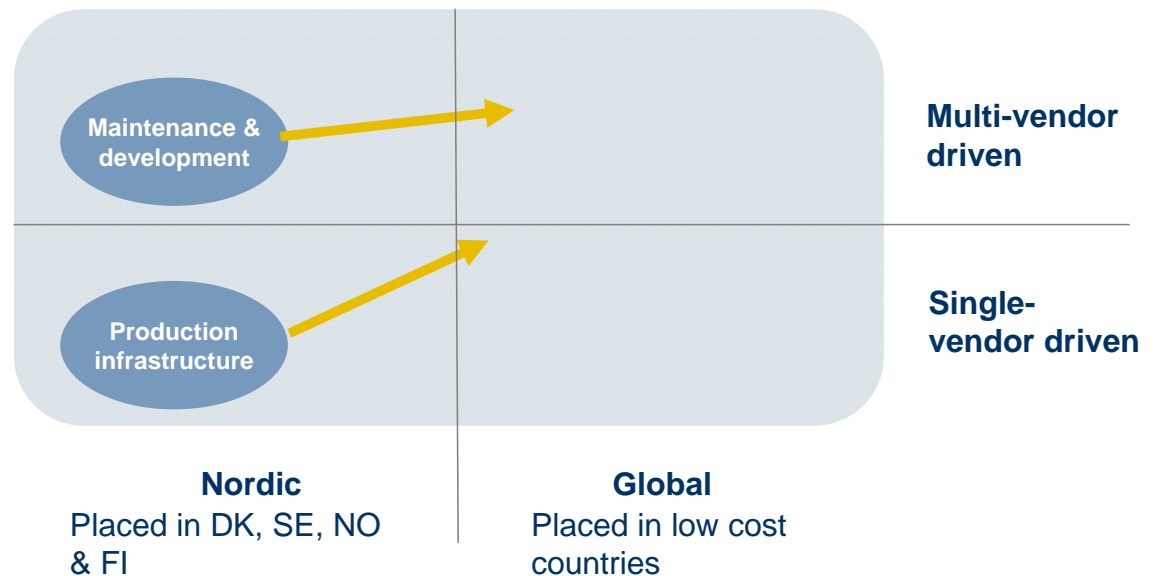
Replacing many old stand-alone platforms (Cards and Payments) with one uniform platform per product area:

- Consolidation and harmonisation
 - Economies of scale
 - Shorter time-to-market
 - Reduced risk

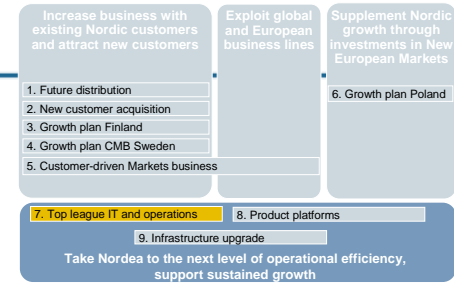
Major shift in IT strategy



- Full control of operative priorities and architectural control
- Increase flexibility in development
- Secure lower costs

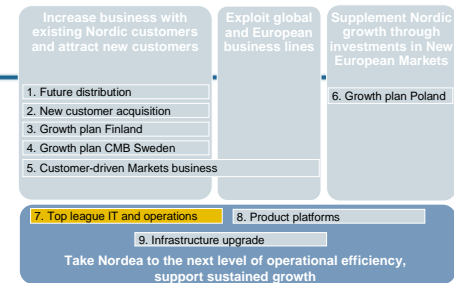


Aiming at an improved IT production and infrastructure setup



- **Update and align the IT infrastructure set-up to current market practices to cater for volume growth**
 - Lower running costs and better quality
 - Higher use of low cost resources
 - Moving towards a multi sourcing scenario with increased competition
 - Improve strategic flexibility and benchmarking
 - Lower operational risks
- **Continuously upgrade the infrastructure set-up to ensure an agile and demand driven IT infrastructure organisation**

Increasing efficiency, flexibility and scalability at a lower cost curve



Lean IT

- Lean methodology applied across IT – maintenance, development & administration
- Three lean pilots in the maintenance area indicate a potential of 15-20% productivity gain
- Lean resulting in stronger performance culture

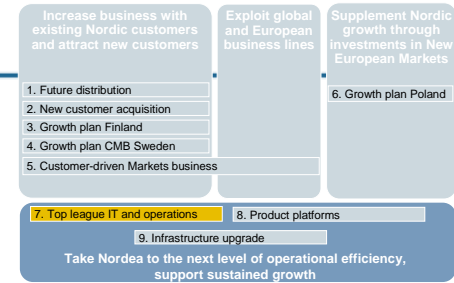


Sourcing

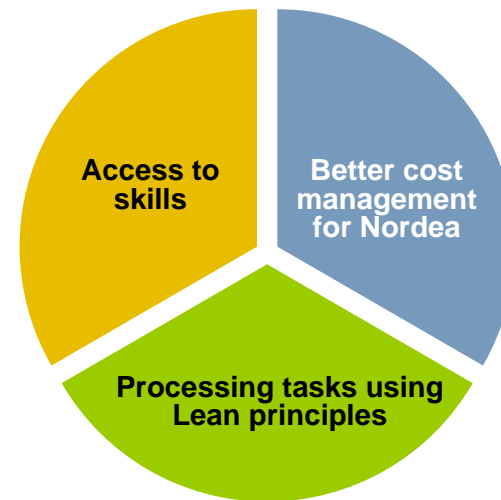
- Use of extended delivery centres in India for application development
- Specialist resources dedicated to Nordea
- Reduced dependency on key (scarce) resources and higher flexibility in capacity



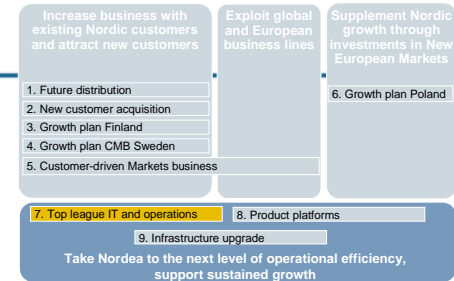
Building the new Nordea Operations Centre



- Centralise manual processes
- The operations centre will be established in 2010 and located in Lodz, Poland
- Reduce the number of employees in the Nordic countries by 300 - 500 within the next 2-4 years



Outcome and effect on IT & operations



Outcome

Effect

More differentiated approach to sourcing

Flexibility and scalability to cater for increased volume demands

Stronger internal infrastructure set-up

More resilient and cost-efficient solution

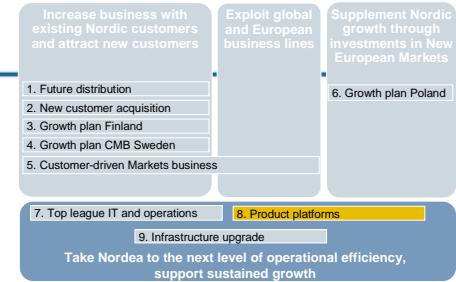
Lean principles throughout the area

Shorter lead times in IT development and improved time-to-market to support our Prudent Growth strategy

New pools of resources near-shore and off-shore

Access to labour markets outside the Nordic's at a lower cost to secure efficient and flexible IT development and production

The Nordea cards platform



- Consolidation of 19 partly outdated systems with one modern platform
- Plan to work with highly recognised outside vendors in a long term partnership

Reduce operational and financial risk

- Operational risks reduced and production reliability improved with a modern, industry standard set-up
- Fraud exposure for cards and consumer credit easier to manage and losses will decline

Reduce operating cost

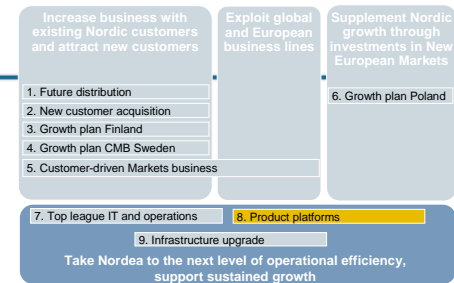
- Significantly lower running costs secured by scale solutions
- Costs will be reduced further going forward by proactive suppliers

Shorter time to market for new products and services

- Simple product development and more flexible solutions provided by competent suppliers serving a wide market
- Adoption to changes in the market will be quicker in a shared knowledge environment



Renewing our cash management & payment platform

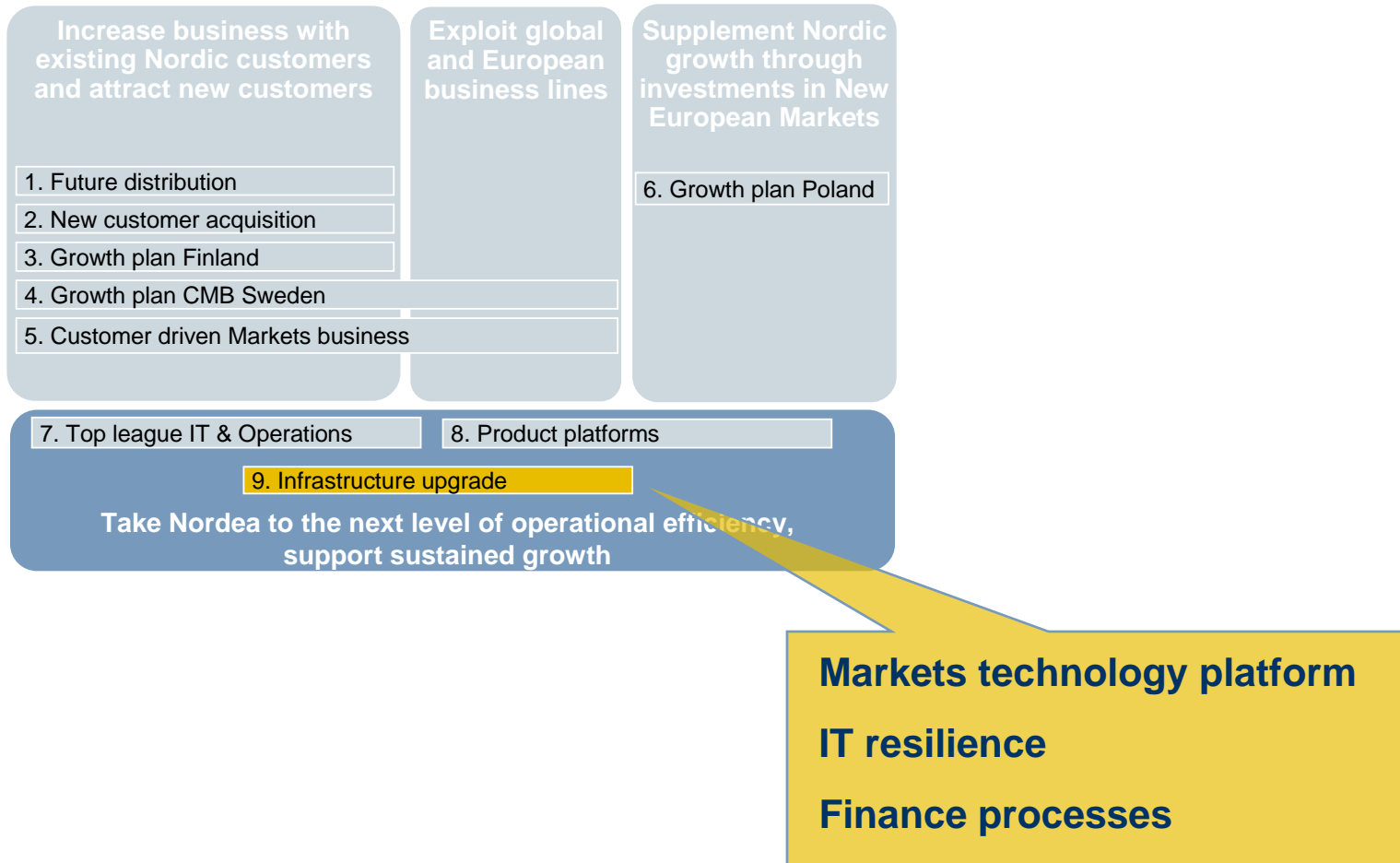


Harmonisation of product and channel solutions in the cash management & payments area

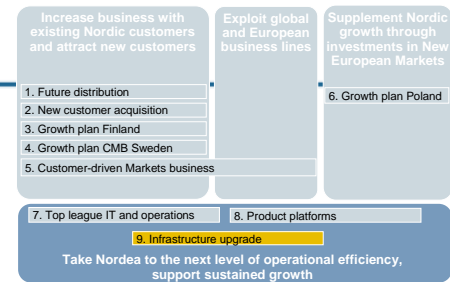
Investments in cost-efficient and flexible internal solutions and platforms

Work to simplify of the interbank clearing infrastructure, to reuse solutions across currencies and geographies, and at the same time enhancing preparedness for the euro in Scandinavia

Infrastructure upgrade



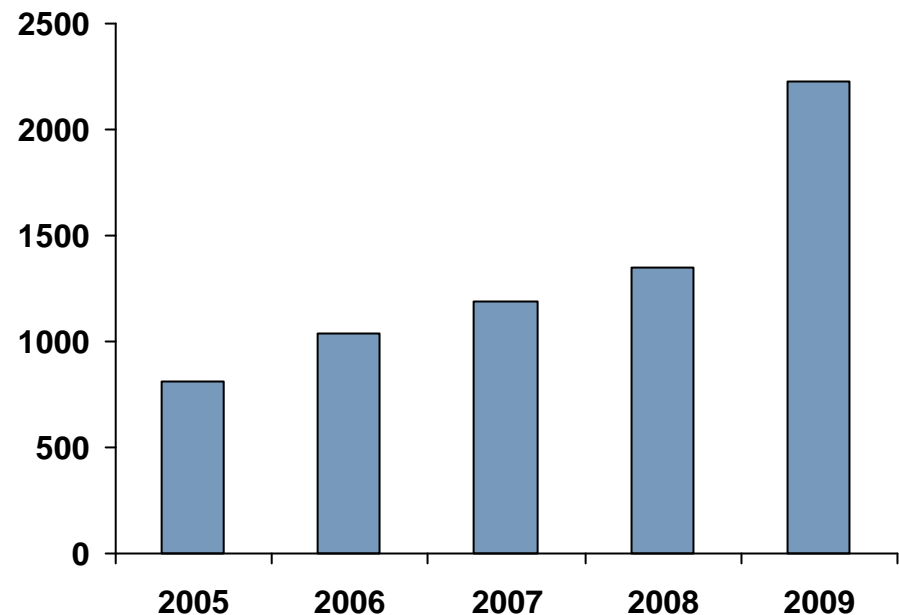
Successful track record of developing Markets' infrastructure platform



Strong development

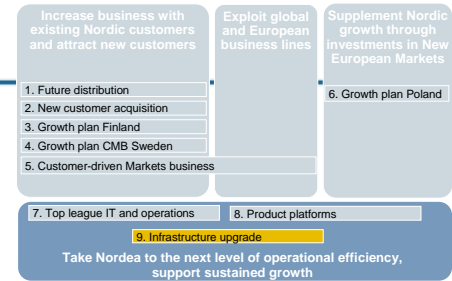
- ✓ Creation of an integrated, flexible and global platform for FX, money market and derivatives products
- ✓ Strong product development capacity
- ✓ Driver of income over the past 5 years

Capital Markets product result EUR million



Note: Restated according to organisational changes

Investment required in securities platform and to secure existing infrastructure



External perspective

From...

...to

Securities infrastructure

- National exchanges
- National settlement and CSD infrastructure

- Regional or even global exchanges
- Trading platforms (MTF's) targeting segments of securities, introduction of CCP's, new CSD structures incl. introduction of T2S

OTC markets infrastructure

- Pure interbank settlement

- Introduction of CCP's
- Introduction of repositories

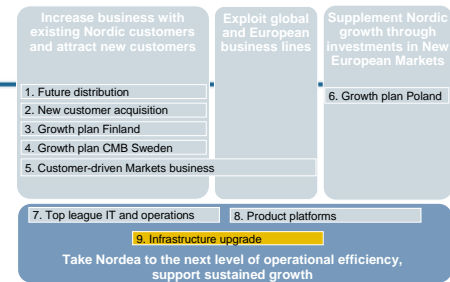
Internal perspective

Nordea

- Efficient infrastructure – but partly outdated
- Infrastructure in some cases completely integrated into national securities infrastructure
- Legacy system infrastructure not designed for the future risk reporting requirements

- Current platform to be upgraded to handle the change
- Development of an infrastructure capable of handling the new environment

Key components and benefits of investment



Key components

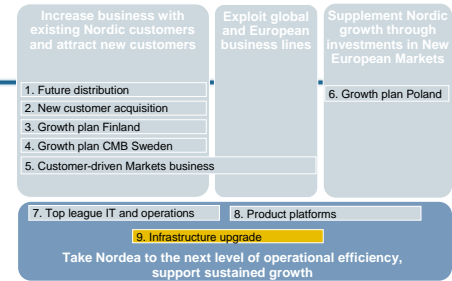
- ✓ Consolidated flows on equities, bonds and listed derivatives by investing in global system infrastructure and front-to-back processes
- ✓ Advanced risk quantification tools and components
- ✓ Efficient clearing and settlement processes

Additional benefits:

- Adaptable to future changes
- Scalable and efficient infrastructure
- General operational risk reduction

Banking industry will have to invest to adapt to new environment

Upgrading Nordea's IT resilience and finance processes



IT resilience

Platform and system upgrades

- Significantly lower operational risk
- Improve continuity framework
- Improve security information and access management

Finance processes

A more efficient, simplified and integrated finance system

- Improved reporting timeline
- Increased quality
- Increased analysis time
- Cost reductions