

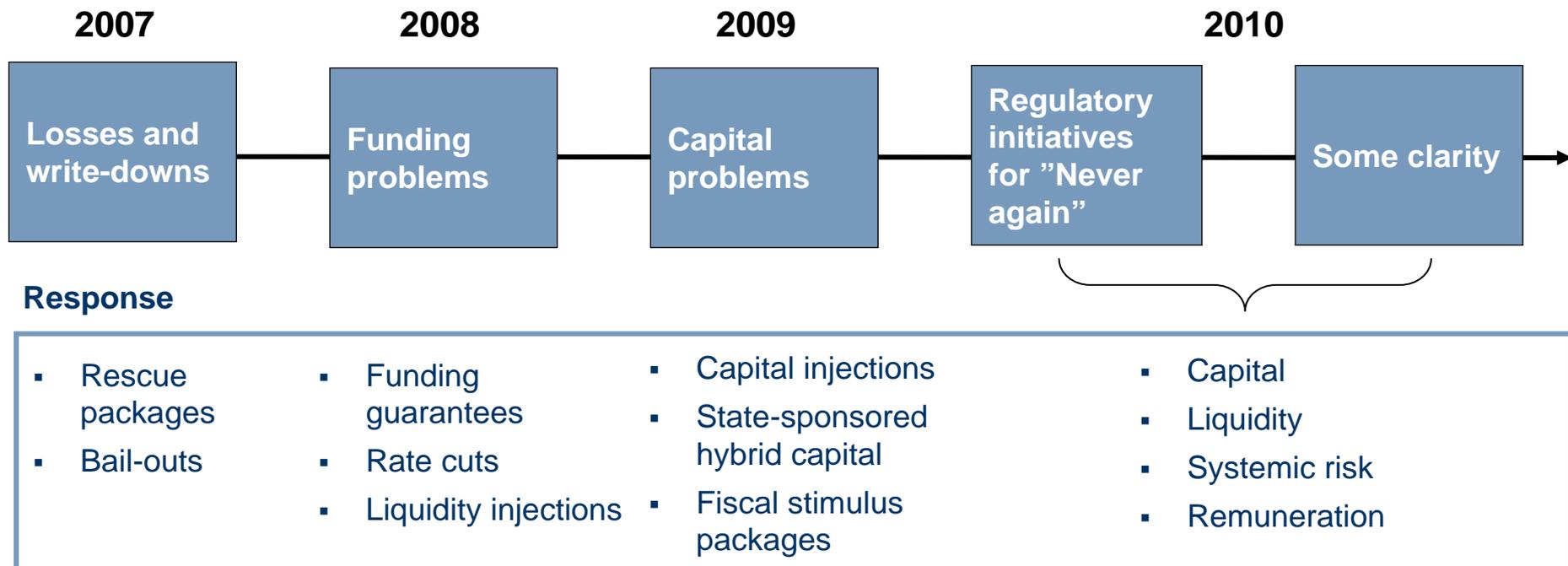


## Nordea's strategic direction

**Christian Clausen**  
President and Group CEO



# The financial crisis – impact and response



## Some clarity – further impact analysis needed

### Capital

- Permanently higher capital ratios
- Emphasis on core Tier 1 capital
- Floor on leverage ratio

### Liquidity

- Emphasis on customer deposits and long-term wholesale funding
- Emphasis on size and quality of liquidity buffers
- Pricing and allocation of liquidity risk

### Systemic risk

- Macro-prudential supervision
- Harmonised deposit insurance schemes
- Cross-border burden sharing versus banking group disintegration
- Clear crisis resolution measures without moral hazard incentives

### Remuneration

- Senior management and material risk takers
- Part of variable remuneration to be paid in shares or share-linked instruments
- Part of variable remuneration to be deferred and subject to claw back

## Sustainable banking business models

- Major implications on banking business models within the coming year
  - New regulatory requirements are set
  - Central banks will remove the extra liquidity
  - Guarantee schemes expire
- Many banks will have to change their model - only a few will be winning

# Nordea's business model

**Live stress test passed ✓**

**Strong customer relationship**

- Emphasis on customer relationship and share of wallet
- Direct customer relationships
- Strong value proposition to each segment

**Diversification**

- Income streams by segments and products
- Credit portfolio by geography and industries
- Capital and funding by sources

**Customer-oriented: people, values and culture**

- Trust and great customer experiences
- Integrated operating model and team-work in value chains
- Sound social responsibility

**Sustainable and transparent risk profile**

- Customer-driven capital markets activities
- Transparent products to customers
- Transparent financial and risk disclosure to investors

**Strong management of liquidity risk, funding and capital**

- Strong risk management infrastructure
- Pricing according to credit risk and liquidity risk
- Adequate capital and liquidity buffers



**On the journey towards Great Nordea**

## The Great Nordea framework 2010

**Ambitious vision & targets**

- **Great Nordea vision**
- **Strategic target picture defined**
- **Ambitious financial targets remain**

**Strong customer-oriented values & culture**

- **Values now part of the DNA**
- **Improvement on “Living the values” in focus**

**Profit orientation & prudence**

- **Part of our foundation**
- **Continued focus on cost, risk and capital**



# Our 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 (%)

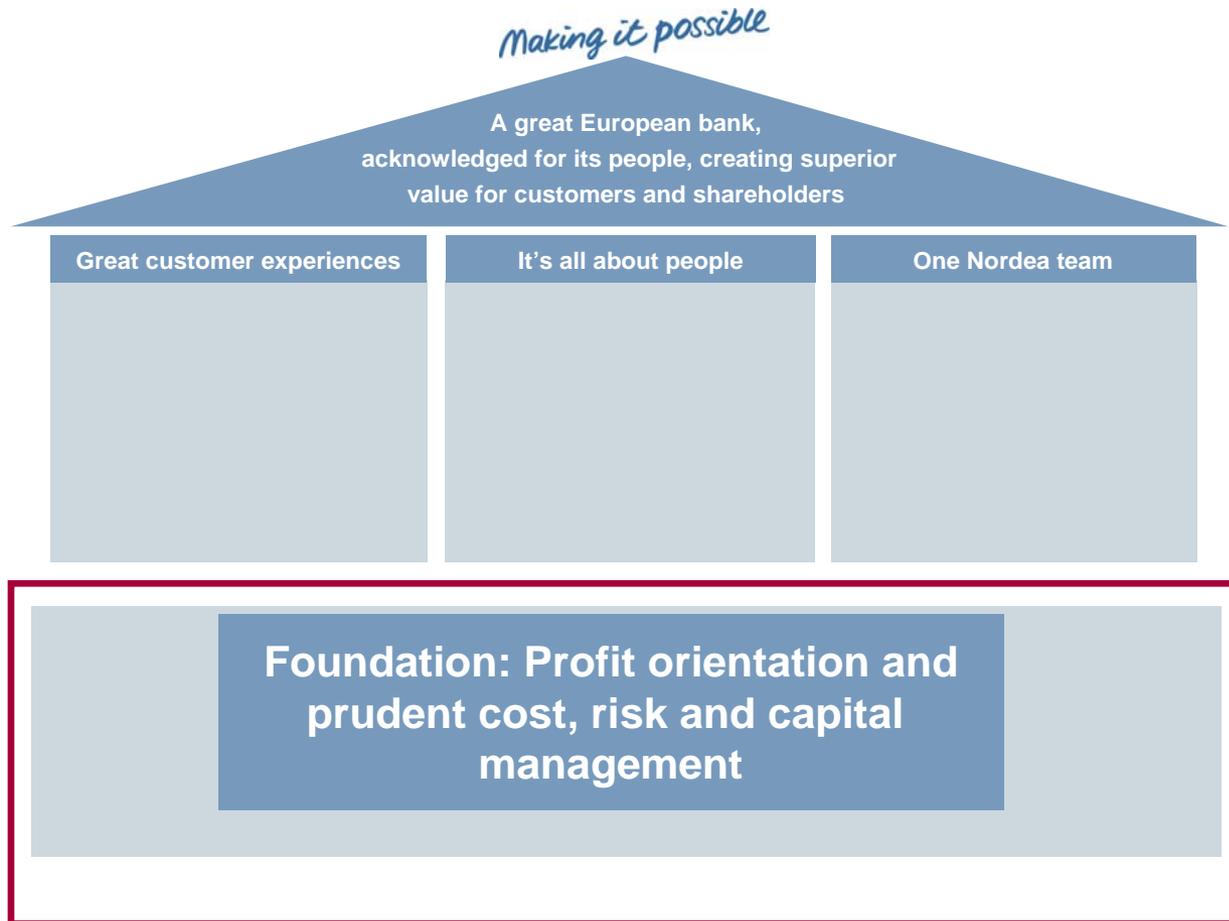


In line with top Nordic peers

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

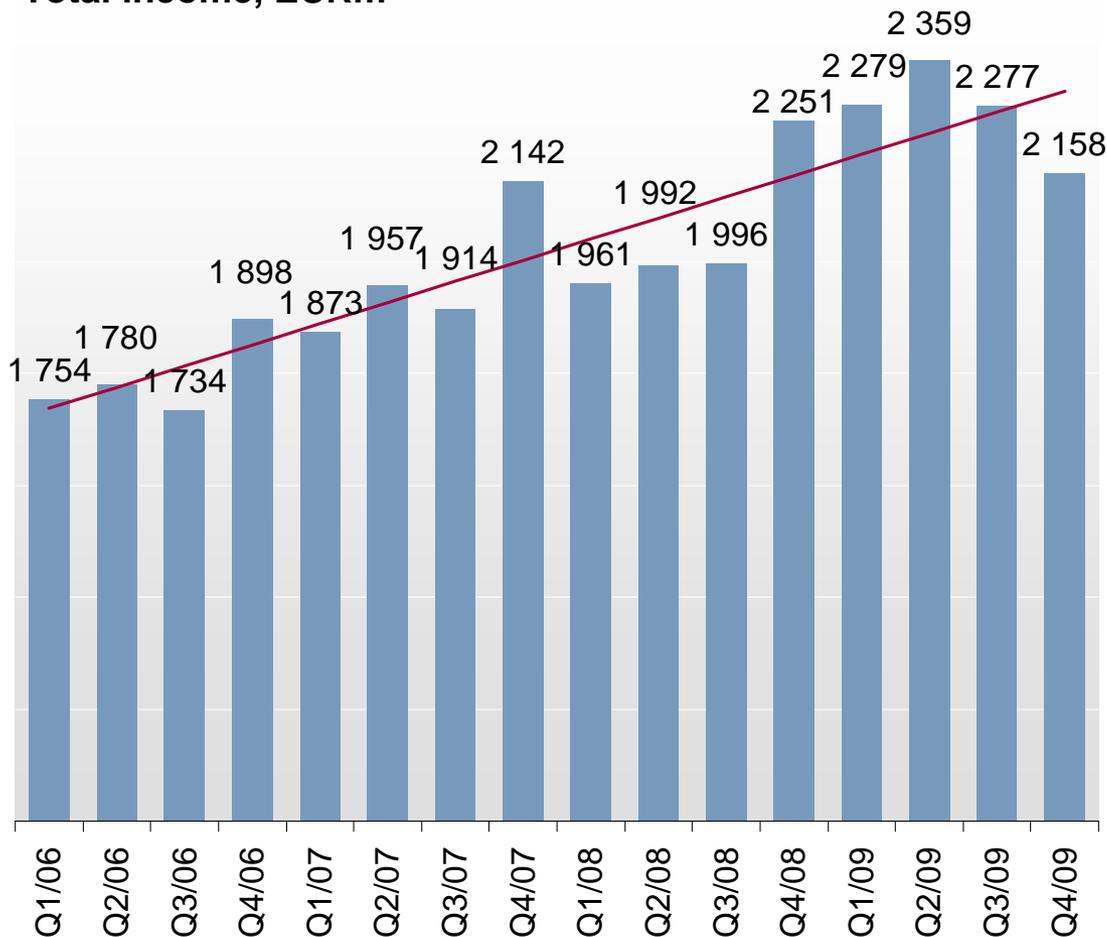
**2. Baseline 2006 EUR 1,957m**

# Our values and the foundation



# Strategy has delivered income growth and a solid capital and funding position

Total income, EURm

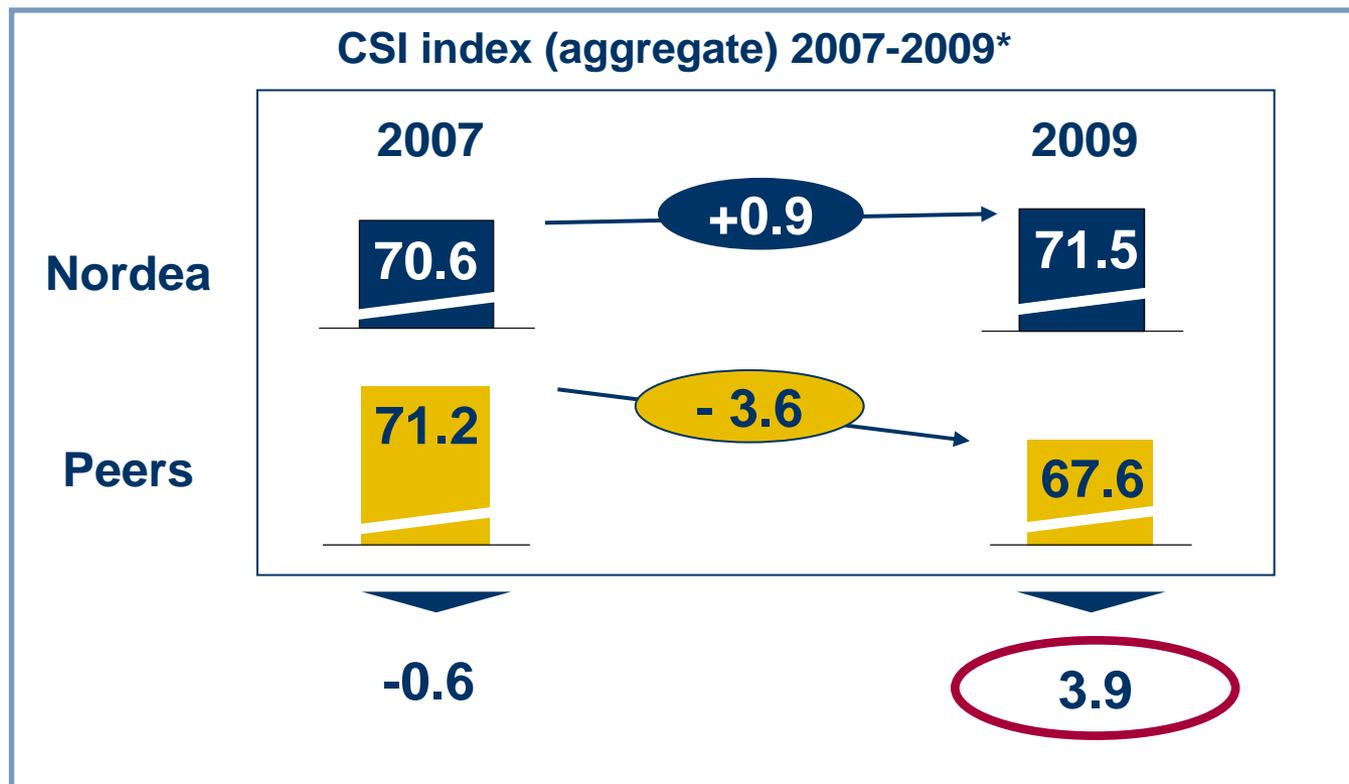


Lowest volatility in operating profits of European peers

Capital position among the strongest in European banking industry

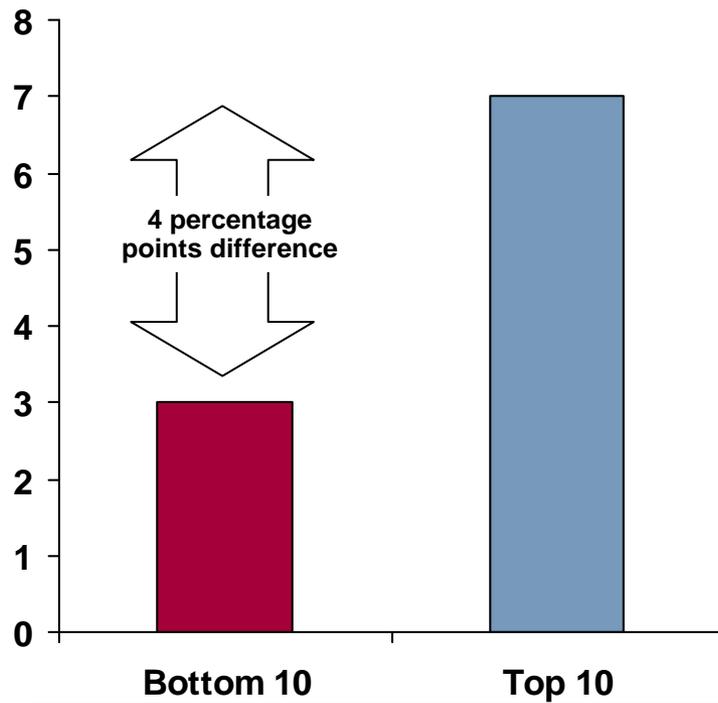
Funding costs among the lowest in the European banking industry

# Customer satisfaction improving versus competitors



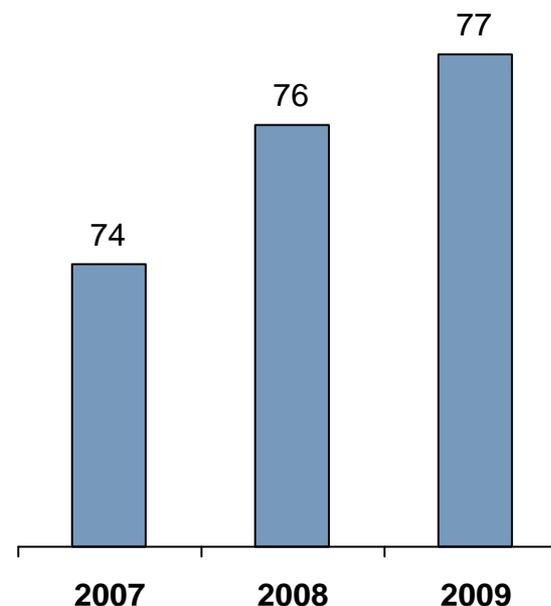
# Values as part of our DNA

## Strong link between income growth and “Living the values\*”; %



Bottom and top performing units on “Living the values”

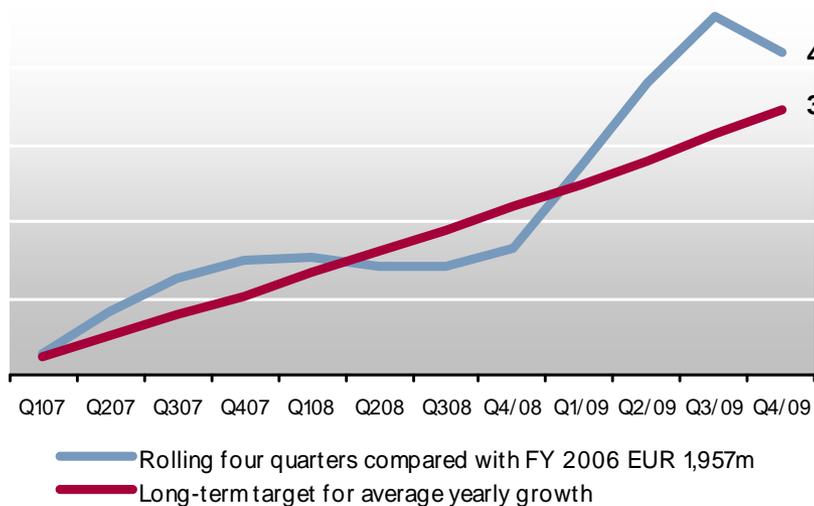
## Nordea “Living the values\*” score development



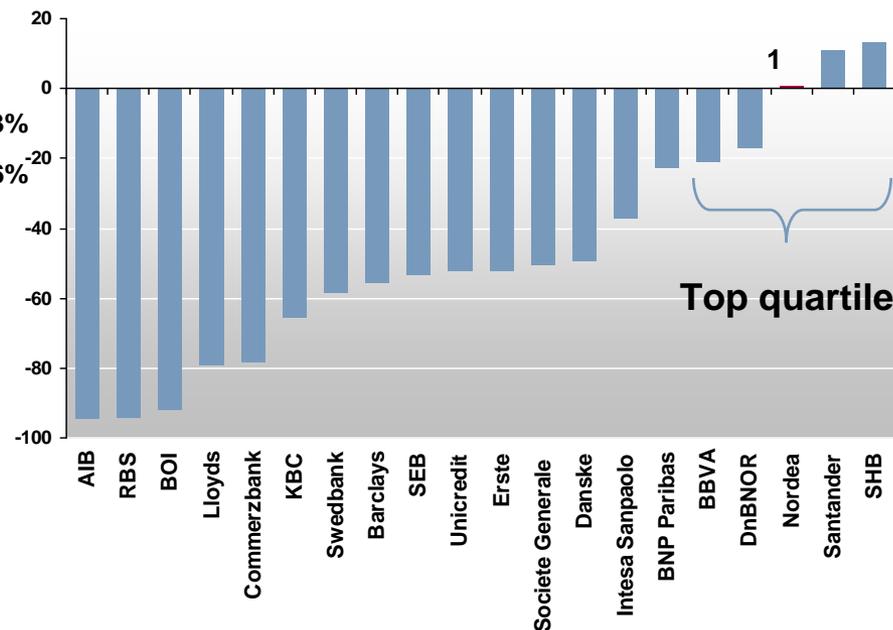
\*“Living the values” measured twice per year through the Nordea employee satisfaction survey.

# Resulting in delivery on long-term targets

RAP – clearly on track to reach 2013 target



## TSR 2007-2009



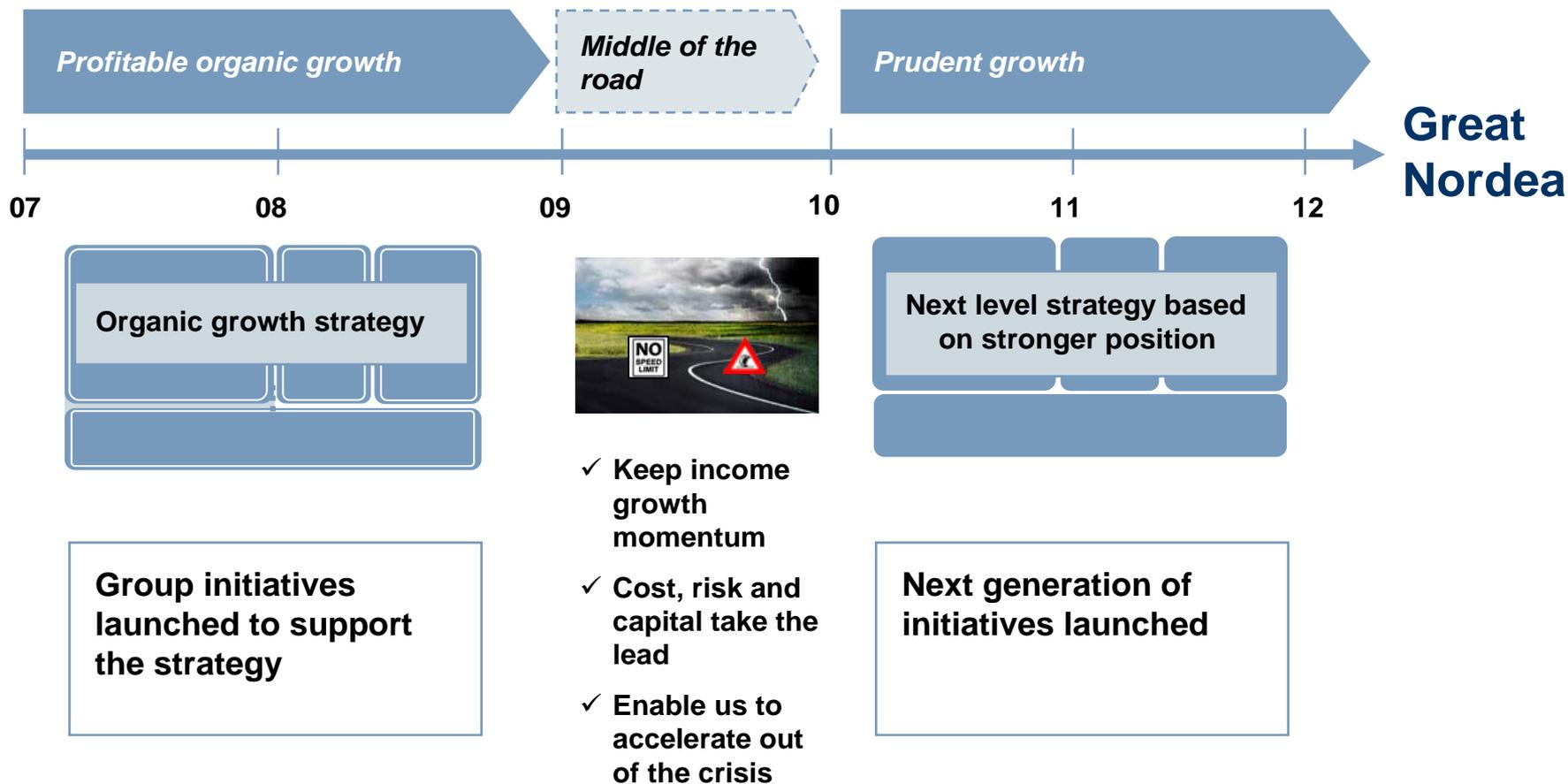
## Best in class RoE 2007-2009

Nordea has reported the highest average return on equity (RoE) of Nordic peers<sup>1</sup>, 15.3%



**Prudent growth**

# Moving from “profitable organic growth” via “middle of the road” to “prudent growth”



## Strategy for “prudent growth”

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

- ✓ Grow relationship segments
- ✓ Enable more customer meetings
- ✓ New customer acquisition
- ✓ Self-service to reduce cost
- ✓ Increase share of wallet for CMB and Large
- ✓ Expand wallet for Medium and Small

### Exploit global and European business lines

- ✓ Increase share of wallet with Shipping customers
- ✓ Continue to grow Int'l Private Banking and European Fund Distribution

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

- ✓ Continue balanced organic growth path
- ✓ Resume branch expansion programme in Poland

- ✓ Free up resources to invest in growth
- ✓ Improve IT and product platform efficiency
- ✓ Reduce operational risks

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

## Why relationship banking?

**Satisfying customer needs ...**

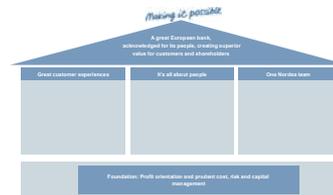
**... while focusing on the most attractive customer groups**

**Capital efficiency through full customer wallet ...**

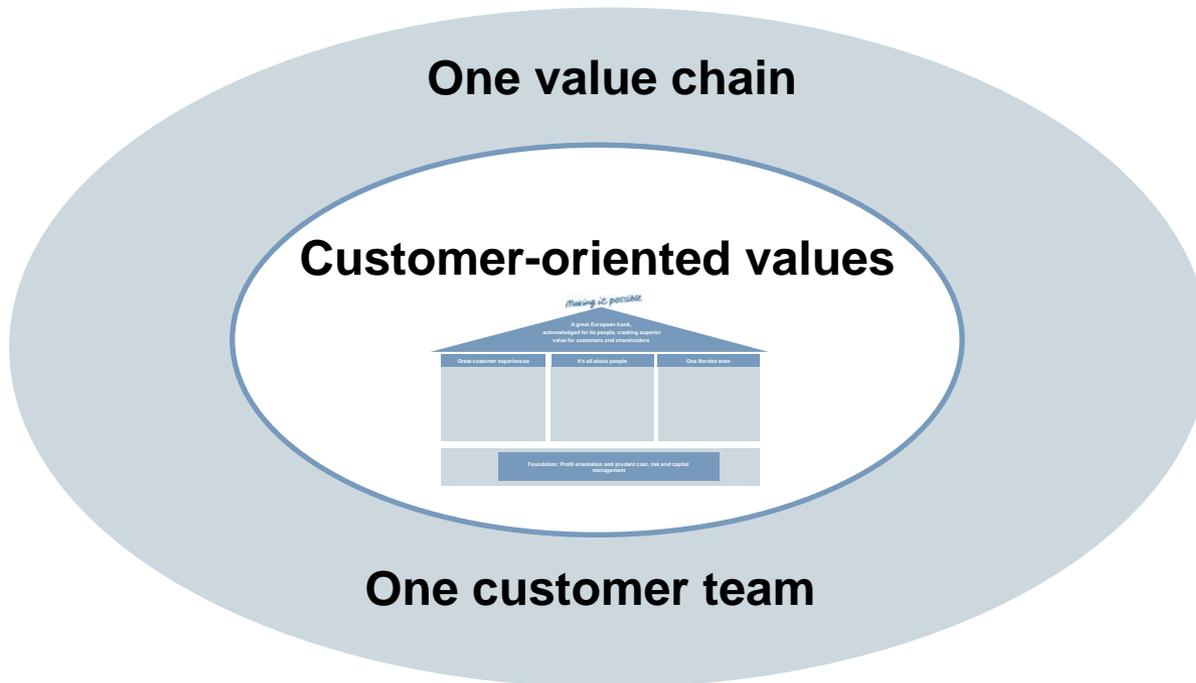
**... at a low risk**

# What makes a relationship bank

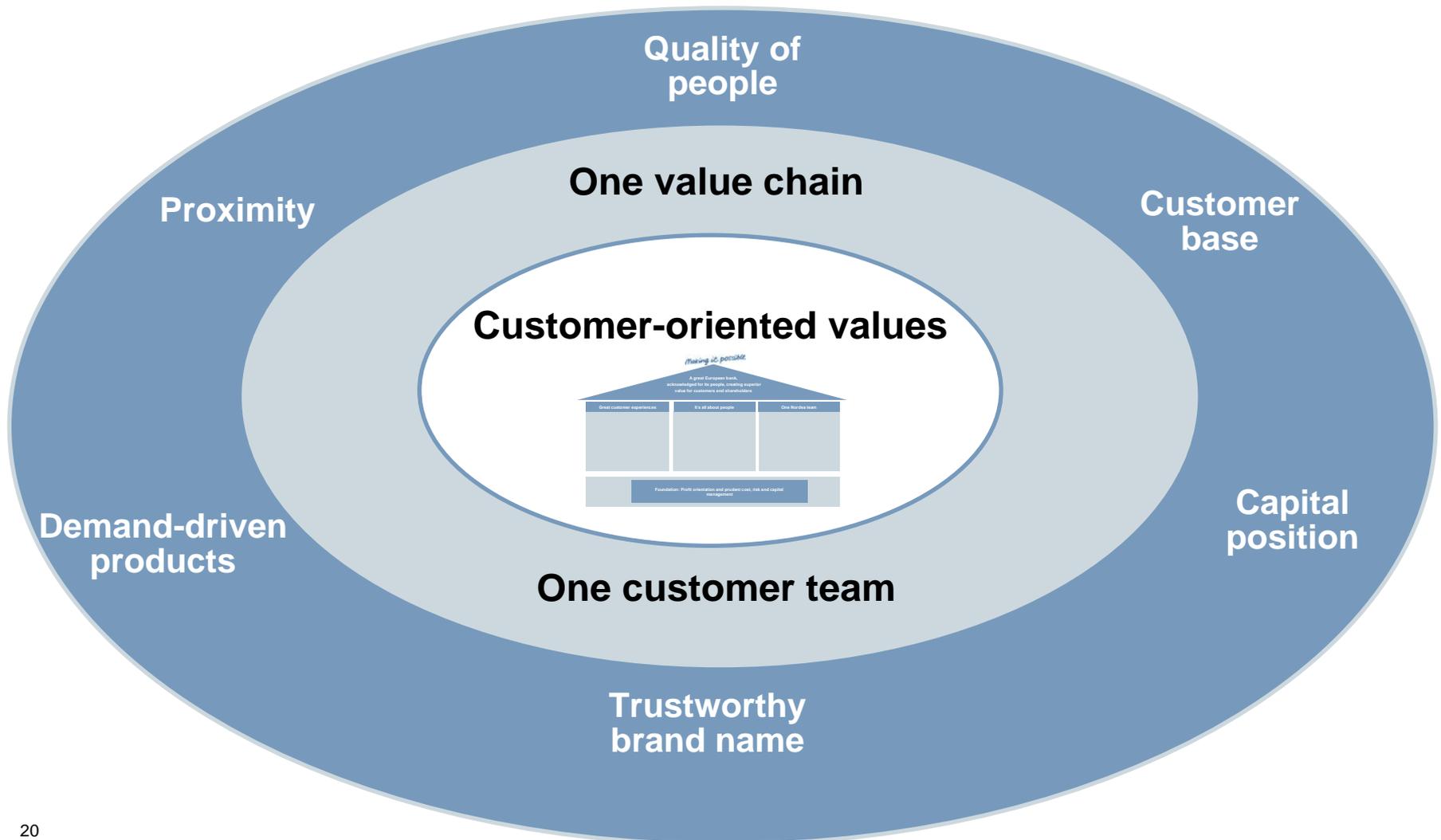
## Customer-oriented values



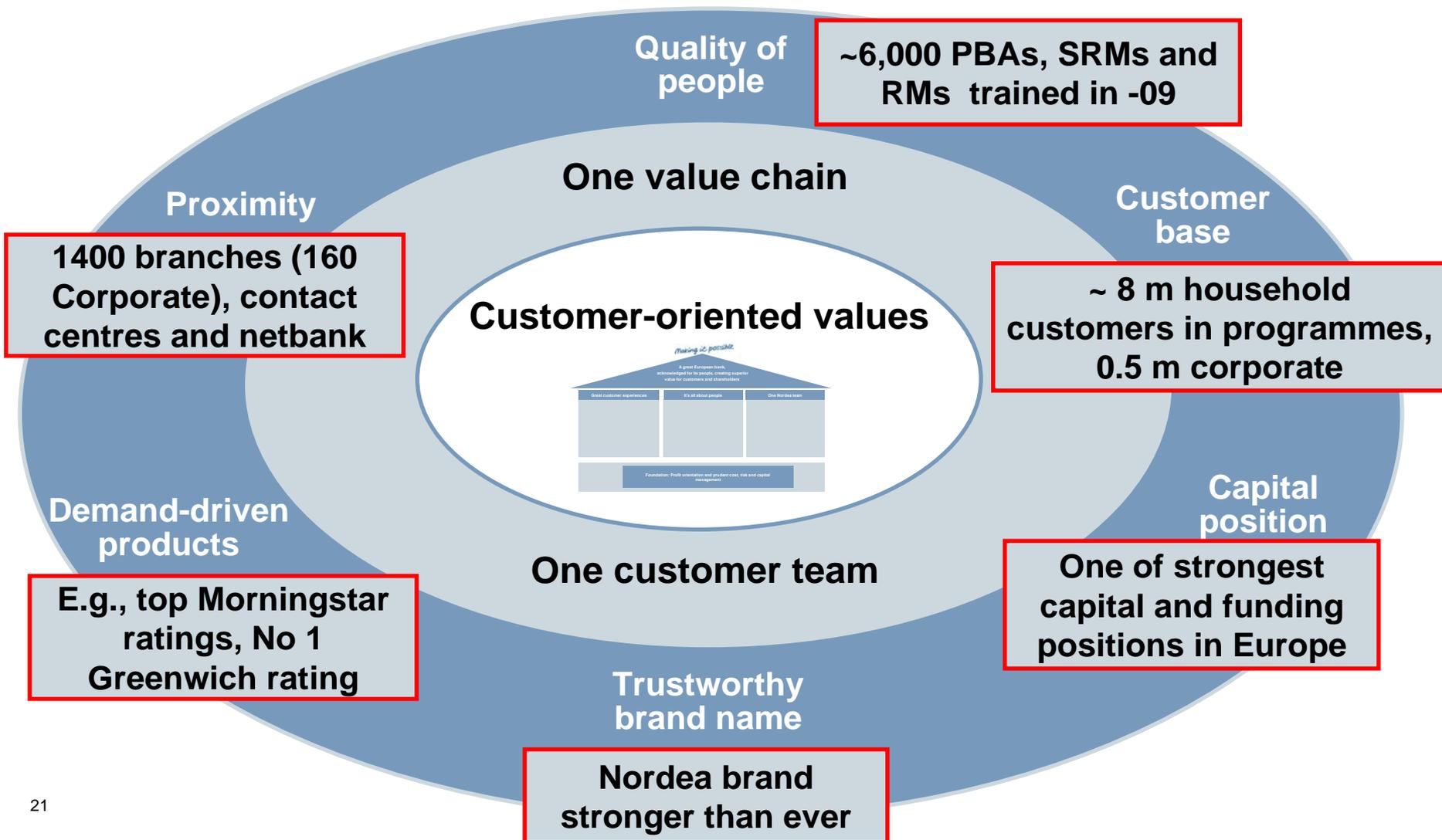
# How do you deliver?



# You need the right platform



# Nordea has built the platform



# Benefits of universal relationship banking

## Why relationship banking?

### **Satisfying customer needs ...**

- Safety and stability
- “Someone who cares”
- Full range of advice
- Customer needs driven innovation

### **... while focusing on the most attractive customer groups**

- Most profitable
- Highest potential
- Most satisfied and loyal
- High efficiency in service

### **Capital efficiency through full customer wallet ...**

- Balanced and diversified business mix, e.g., lending and deposits
- Complemented by, e.g., capital-efficient asset management products

### **... at a low risk**

- Low losses, e.g., Gold customers with automated credit scoring
- Knowing and being close to Corporate customers
- Diversification from Corporate and Household mix

## Nordic markets

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

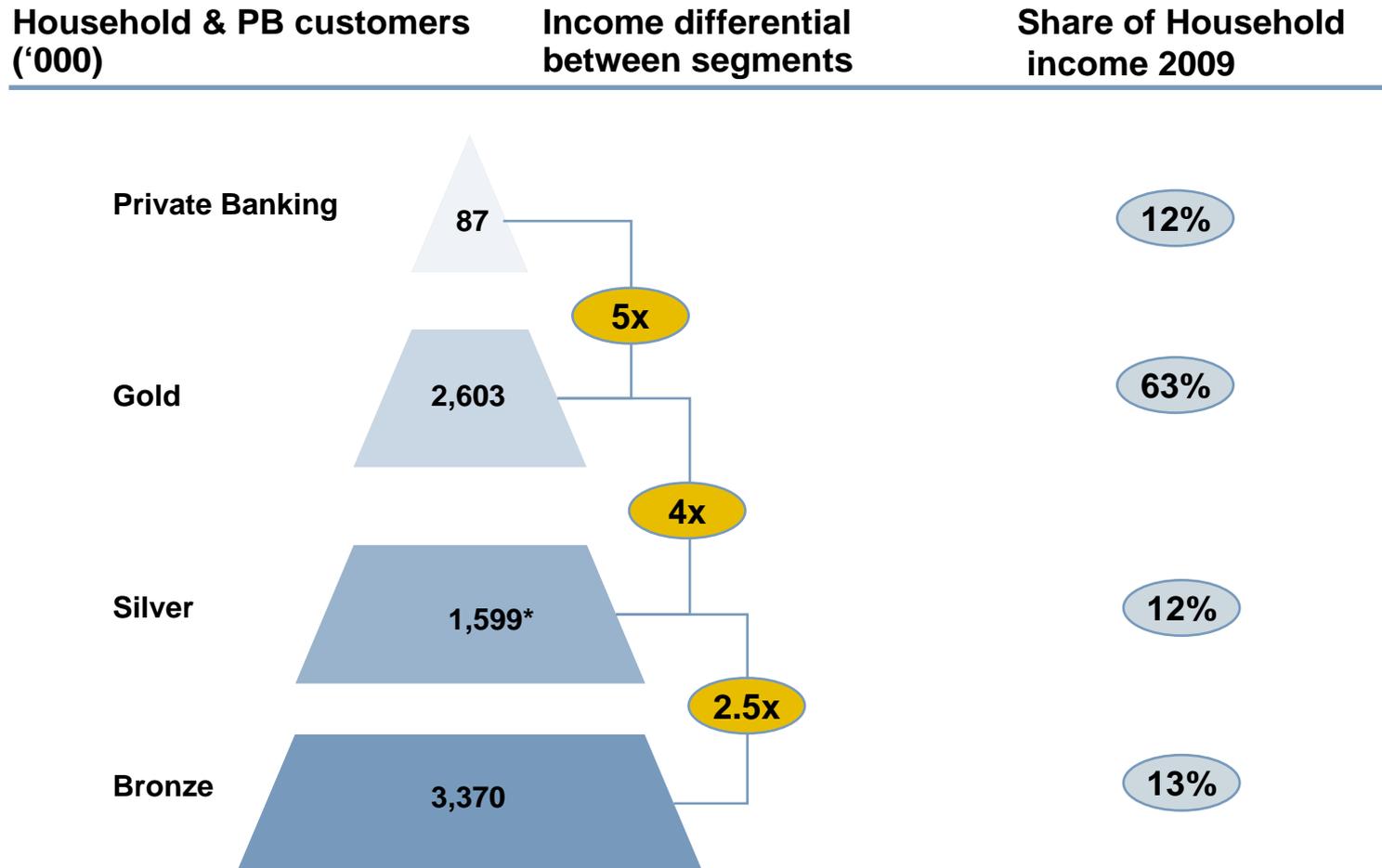
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**Exploit global and European business lines**

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

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

# Highest potential in relationship segments





# Potential from aligning distribution resources to customer potential

Potential

Low

High

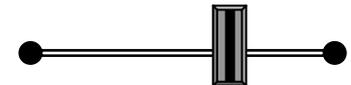
## Branch network

- ✓ Relocation of branches, and thereby advisors, to higher customer growth areas



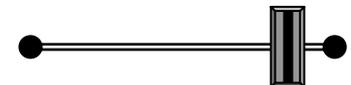
## Branch formats

- ✓ Develop new formats to match customer potential – more meeting space and more self service
- ✓ Formats to enable more efficient branch operations



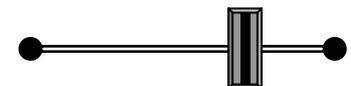
## Branch operations

- ✓ Drive advisor effectiveness - increased number of meetings per advisor
- ✓ Migration of transactions to self-service

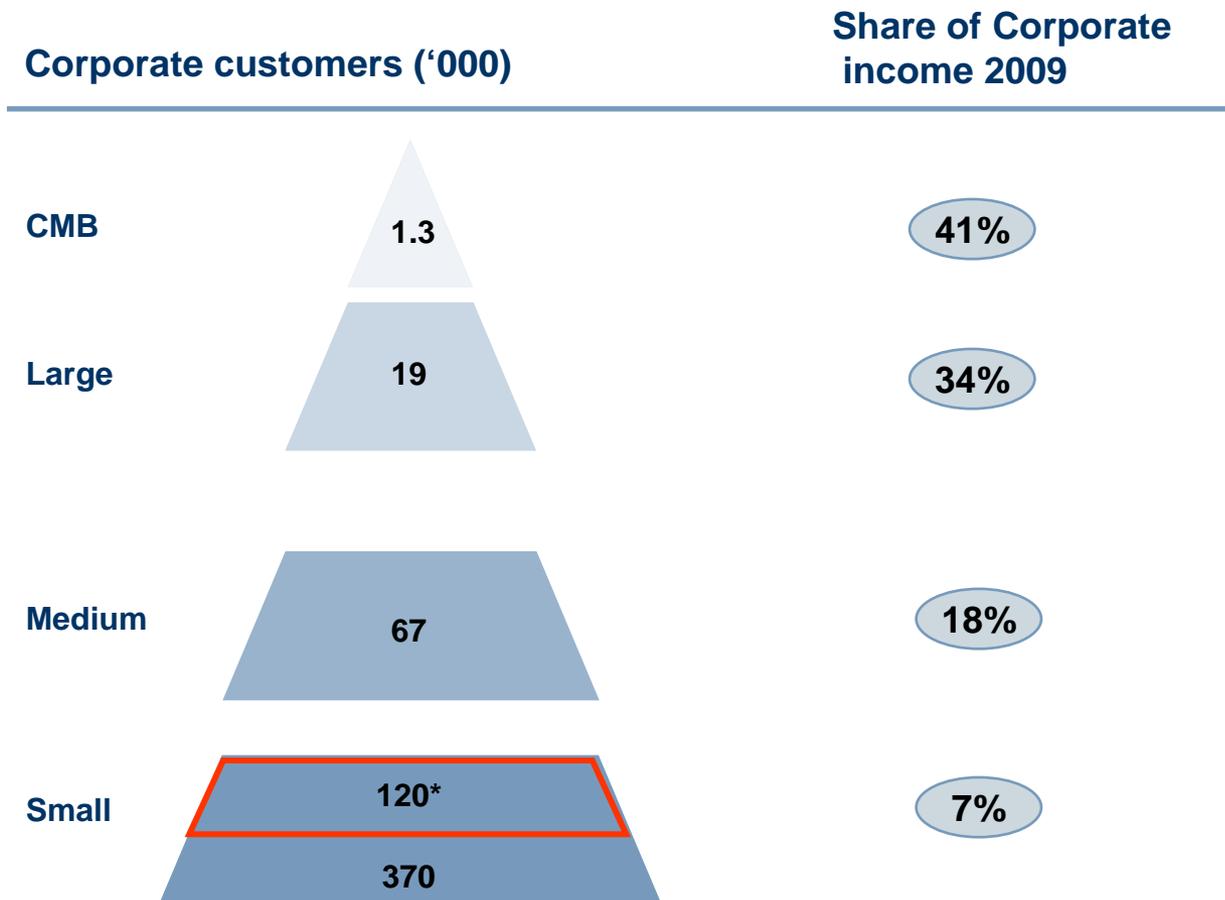


## Multi-channel

- ✓ Customer management system as the glue as customers move through channels
- ✓ Upgrade online offering and contact centres to attract simple sales and migrate transactions from branches



# Highest potential in relationship segments



\* Small entrepreneur segment which includes Small customers with relationship potential

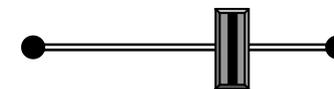


# Potential from enhanced offerings

Potential  
Low High

## Cash management to CMB & Large

- ✓ Reach number one relationship with key CMB and Large customers by strengthened offering



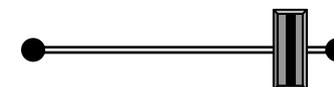
## Risk management products to Large & Medium

- ✓ Still significant potential from increased penetration in Large and Medium
- ✓ Build on success from increased focus in CMB segment



## Investment banking to CMB, Large and Medium

- ✓ Continue to strengthen Corporate Finance and Equity team to reach top position in our markets
- ✓ Gain first right of refusal



Nordea's brand and image strengthened throughout the crisis - supported our customers through difficult times

# Prudent growth

Increase business with existing Nordic customers and attract new customers

**Exploit global and European business lines**

- ✓ Increase share of wallet with Shipping customers
- ✓ Continue to grow Int'l Private Banking and European Fund Distribution

Supplement Nordic growth through investments in New European Markets

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

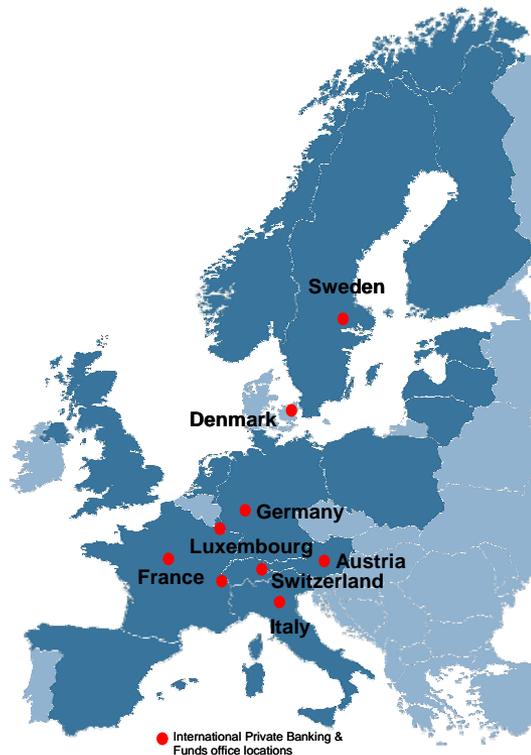
# World-leading shipping and offshore bank

- **Solid platform of industry experience with strong structuring and syndication capabilities**
  - Ranked the global number 5 bookrunner in 2009
  - 6th largest lender to the shipping and offshore industries
- **Long-term partner to the leading Nordic and international market operators**
- **Collateralised and diversified lending portfolio – low loan losses**
- **Cross-selling of non lending products**
  - Mainly capital markets products but also cash management, custody products and deposits



# Leading Nordic private banking operation in Europe and a well established European fund distribution network

## European Fund Distribution market coverage



## International Private Banking

- Full-scale wealth management operation to capture European on-shore growth with 13,000 customers

## European Fund Distribution

- Recognised European fund distribution player, with a highly scalable business model in 16 countries
  - “Multi-boutique” strategy - internally and externally managed funds
  - Focus on high-alpha products – well positioned to meet the growing interest for well performing funds
- Distribution partnership with a range of well recognised regional banks in Italy

## Prudent growth

Increase business with existing Nordic customers and attract new customers

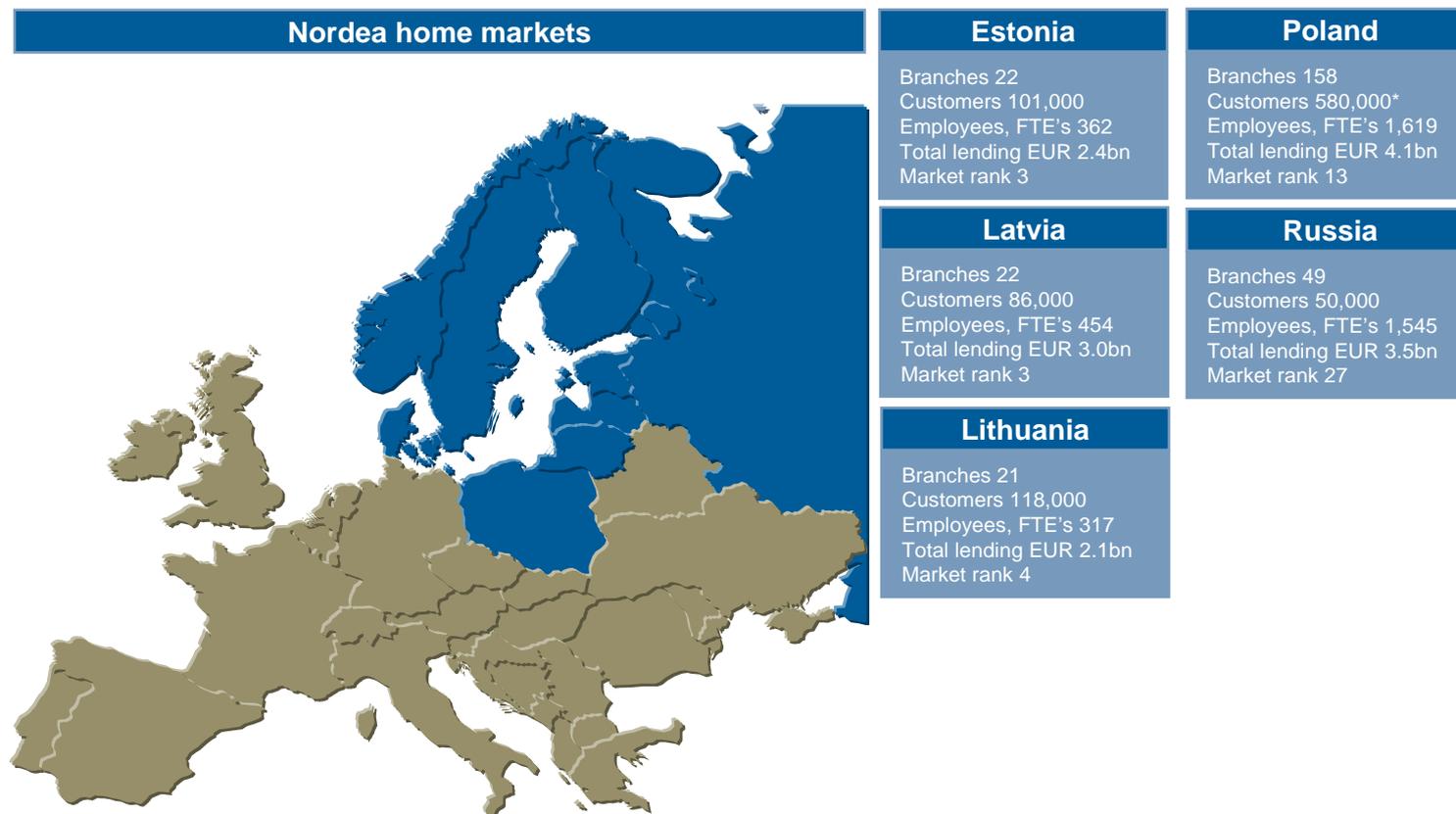
Exploit global and European business lines

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

- ✓ Continue balanced organic growth path
- ✓ Reassume branch expansion program in Poland

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

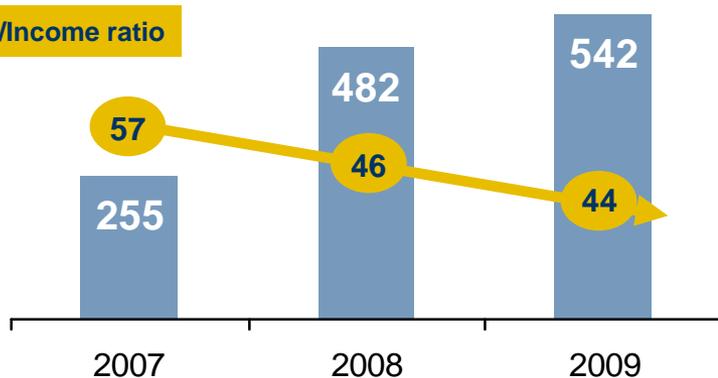
# Nordic markets complemented with New European Markets





# New European Markets – a highly integrated part of Nordea

Total income NEM, EURm



## New European Markets

- Full product range and use of the standardised Nordea customer concepts
- Profitable growth in targeted segments
- Pro-active risk management – income has absorbed loan losses every quarter in 2009
- Firm cost management and increased operational efficiency

## Poland

- Solid track record of profitable growth with low levels of impaired and insignificant loan losses
- Turbo Plan Poland 2007-2009 successfully executed – 114 new branches opened with average break-even within one year
- Solid basis for continued expansion –continue with 50 more branch openings in 2010

## Prudent growth

Increase business with existing Nordic customers and attract new customers

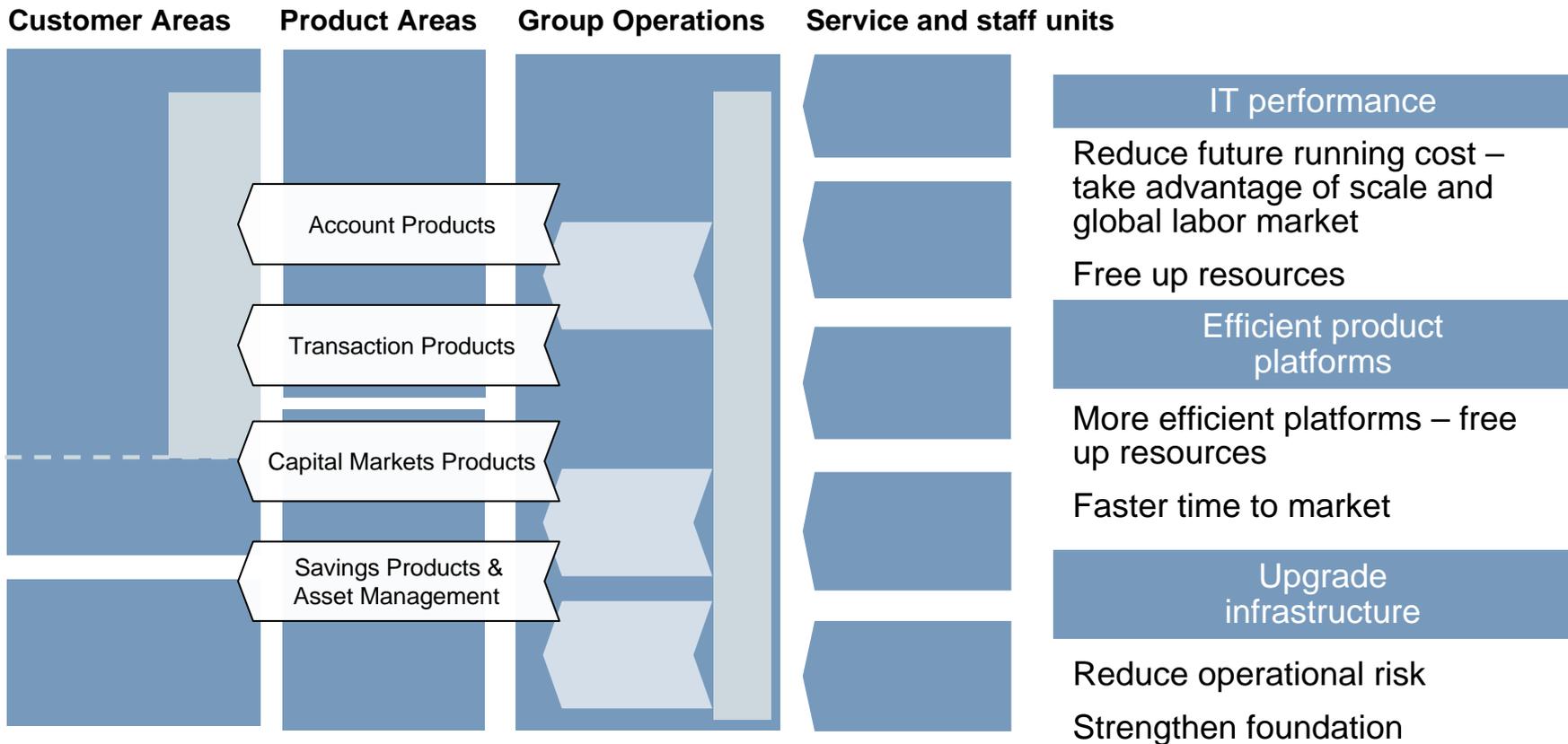
Exploit global and European business lines

Supplement Nordic growth through investments in New European Markets

- ✓ Free up resources to invest in growth
- ✓ Improve IT and product platform efficiency
- ✓ Reduce operational risks

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

# Next level of integration leads to further efficiency gains



**Efficiency improvements to enhance product and service delivery**



# Focus to improve efficiency of product and service delivery and to reduce risks

Opportunities	Supporting growth	Freeing up resources	Securing the foundation
<b>Improving IT performance &amp; operations</b>			
▪ IT production reshape			
▪ IT sourcing, Lean IT			
▪ Transfer of administrative tasks to Poland			
<b>More efficient product platforms</b>			
▪ Cards			
▪ Payments			
<b>Infrastructure upgrade</b>			
▪ Markets technology platform			
▪ IT resilience			
▪ Finance and reporting processes			

# Next generation of Group initiatives support “prudent growth”

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

- 1. Future distribution
- 2. New customer acquisition
- 3. Growth plan Finland
- 4. Growth plan CMB Sweden
- 5. Customer-driven Markets business

**Exploit global and European business lines**

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

- 6. Growth plan Poland

7. Top league IT and operations

8. Product platforms

9. Infrastructure upgrade

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

# ... and supports long term target of doubling RAP in seven years

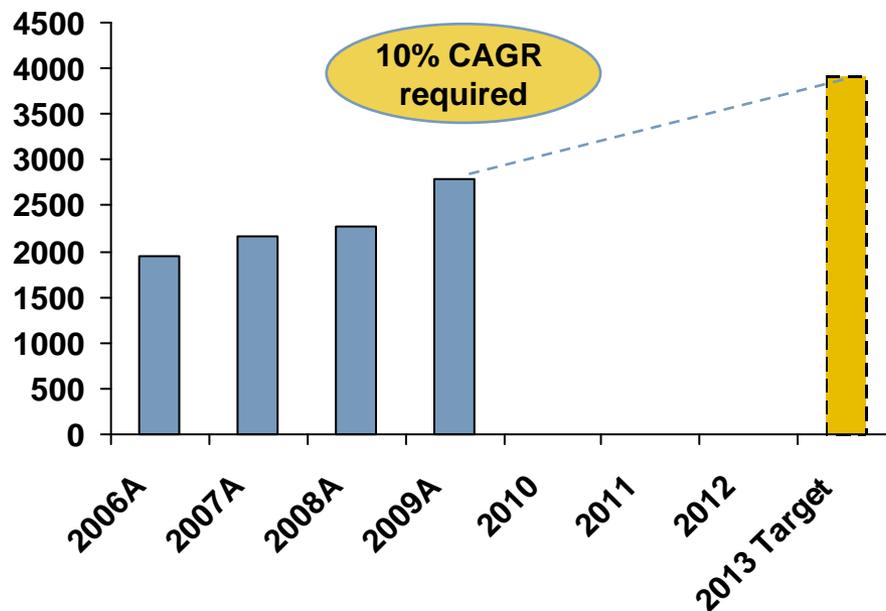
## Growth initiatives

1. Future distribution
2. New customer acquisition
3. Growth plan Finland
4. Growth plan CMB Sweden
5. Customer-driven Markets
6. Growth plan Poland

## Efficiency/foundation initiatives

7. Top league IT and operations
8. Product platforms
9. Infrastructure upgrade

Risk-adjusted profit  
EUR m



# We continue on the journey to Great and to deliver on our long term target

