



Second Quarter Report 2010

Telephone conference

21 July 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.

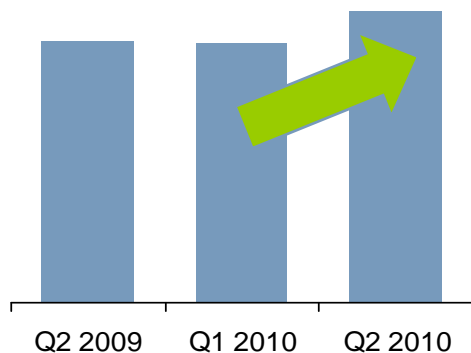
This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Key messages

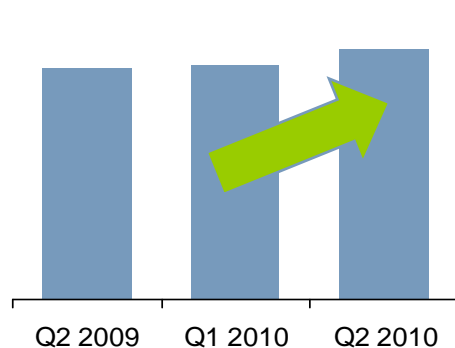
- ✓ We deliver according to our plan
- ✓ Continued strong customer business
- ✓ Result from items at fair value decreased from high levels
- ✓ Improved outlook

Continued strong customer business

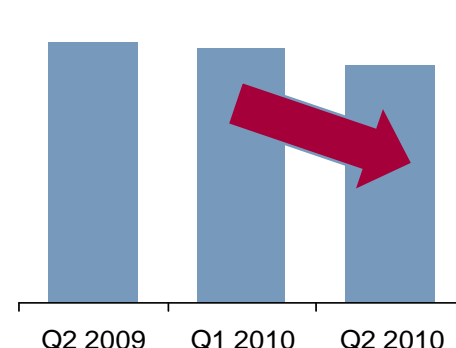
Income in Corporate segment



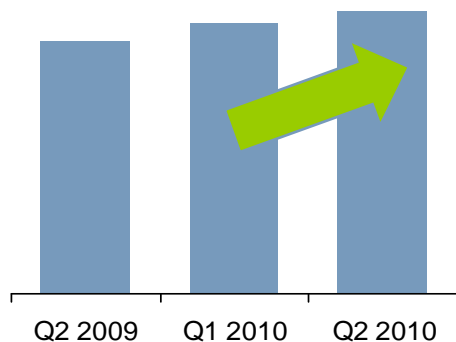
Income in Household segment



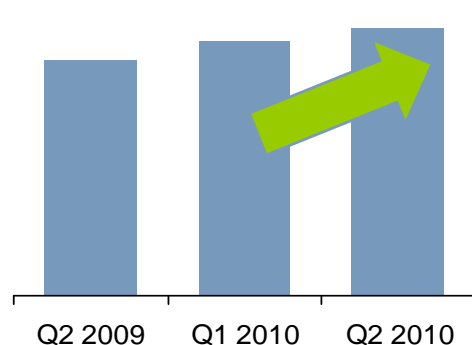
Total income



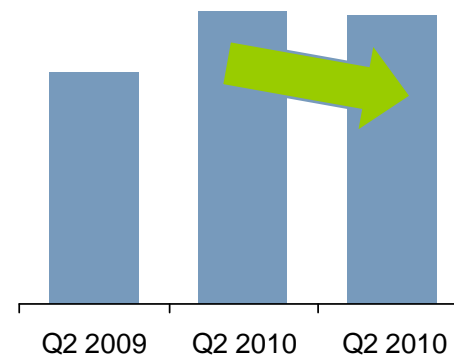
Number of Gold customers



Lending volumes



Impaired loans



Outlook 2010

- Nordea expects macroeconomic recovery to continue in 2010
- The global development is still fragile and hence uncertainty remains, the outlook for the Nordic markets has improved during the year
- Excluding currency effects in 2010, Nordea expects cost growth to be broadly in line with 2009, including the effects from growth and efficiency initiatives
- Nordea expects risk-adjusted profit to be lower in 2010 compared to 2009, due to lower income in Treasury and Markets
- Net loan losses in 2010 are expected to be lower than in 2009. Credit quality continues to stabilise, in line with the macroeconomic recovery



Second Quarter Results

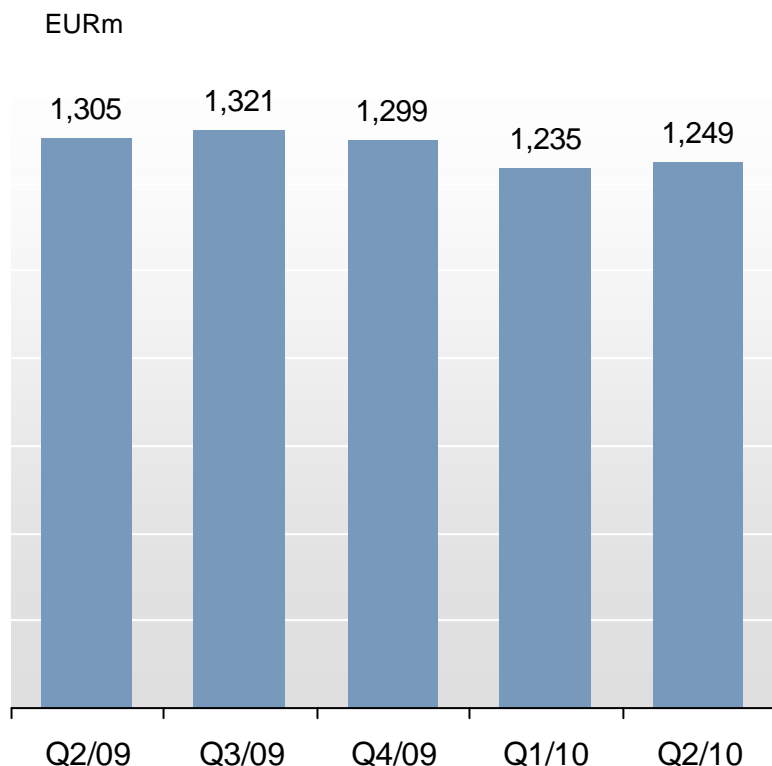
Result highlights

EURm	Q2/10	Q1/10	Chg %	Q2/09	Chg %	H1/10	H1/09	Chg %
Net interest income	1,249	1,235	1	1,305	-4	2,484	2,661	-7
Net fee and commission income	538	475	13	412	31	1,013	793	28
Net result from items at fair value	339	548	-38	594	-43	887	1,109	-20
Other income	35	45	-22	48	-27	80	75	7
Total income	2,161	2,303	-6	2,359	-8	4,464	4,638	-4
Staff costs	-701	-687	2	-687	2	-1,388	-1,352	3
Total expenses	-1,186	1,164	2	1,116	6	-2,350	-2,206	7
Profit before loan losses	975	1,139	-14	1,243	-22	2,114	2,432	-13
Net loan losses	-245	-261	-6	-425	-42	-506	-781	-35
Operating profit	730	878	-17	818	-11	1,608	1,651	-3
Net profit	539	643	-16	618	-13	1,182	1,245	-5
Risk-adjusted profit	516	678	-24	777	-34	1,194	1,524	-22

Underlying business trends

EURm	Q2 2010	Q1 2010	Chg %	Q2 2010 with unchanged translation currencies (compared with Q1 2010)	Chg %	Q2 2010 with unchanged translation currencies (compared with Q2 2009)	Chg %	Reported change%
Total operating income	2,161	2,303	-6	2,137	-7	2,069	-12	-8
Total operating expenses	-1,186	-1,164	2	-1,170	1	-1,129	1	6
Profit before loan losses	975	1,139	-14	967	-15	940	-24	-11
Operating profit	730	878	-17	723	-18	698	-15	-13

Net interest income up 1%



- Solid trend in customer operations continues
 - Lending and deposit volumes up
 - Margins stable
- Remains subdued by the low interest rate levels
- Lower contribution from Group Treasury
 - Slight increase in average funding cost when maturing long-term funding was prolonged at higher market rates

Underlying volume trends

% change in unchanged currency	<u>Q2oQ1</u>	<u>Q2oQ2</u>
Total Lending, excl. reversed repurchase agreements	2	4
– Nordic household mortgages	2	9
– Nordic consumer lending	1	7
– Nordic corporates	2	0
– New European Markets	4	1
– FID and Shipping	3	-3
Total Deposits, excl. repurchase agreements	-1	-1
– Nordic households	2	3
– Nordic corporates	1	1
– New European Markets	-2	-6
– FID and Shipping	4	-25

Change in net interest income

	Q2oQ1	YoY
Volume-driven Nordic markets local currencies	13	31
Corporate lending volumes	8	-30
Household lending volumes	4	56
Corporate deposit volumes	0	1
Household deposit volumes	1	4
Margin-driven Nordic markets local currencies	-15	-133
Corporate lending margins	0	102
Household lending margins	-6	-27
Corporate deposit margins	-4	-68
Household deposit margins	-5	-139
Lower return on allocated capital, FX effects and other	17	-1
Nordic Banking	15	-103
Institutional & International Banking	9	47
Other, incl. Group Treasury	-10	-121
Total	14	-177

Interest rate sensitivity

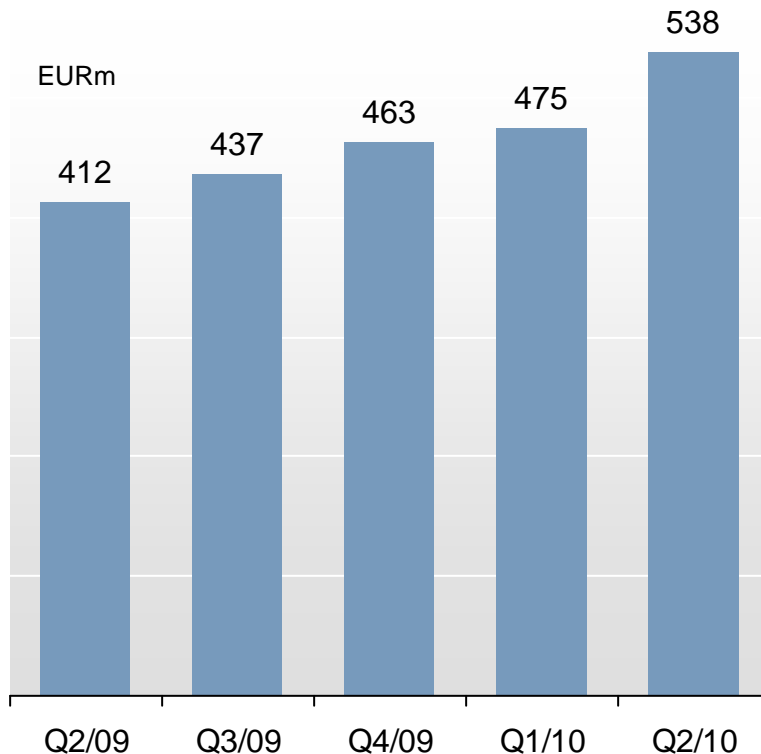
- 3 components

- Structural interest income risk (SIIR)
 - Reflecting the effect on NII from re-pricing gaps*
- Dynamic effects on net interest income
 - Changes in deposit margins – mainly transaction accounts
- Market risk in the interest bearing investment portfolios
 - Market risk has an immediate effect on the line net result from items at fair value

Increased market rates, 100bps EURm	Q2/10	Q1/10
Net Interest Income, approx	430	450
Net result from items at fair value, approx	-230	-100
Total annualised income effect	200	350

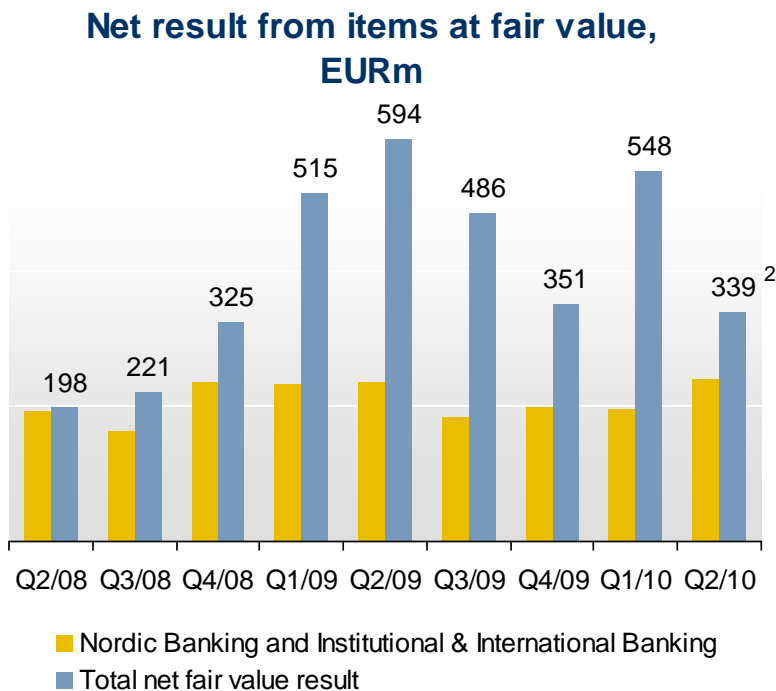
* Accumulated mismatch between assets and liabilities with an interest rate duration of less than 12 months, with the assumptions that non-maturity accounts are re-priced immediately following a interest rate change, without effecting margins

Net fee and commission income up 13%



- Higher income contribution from corporate advice
- Continued strong performance in savings area
- High activity in capital markets

Strong demand for risk management products remains

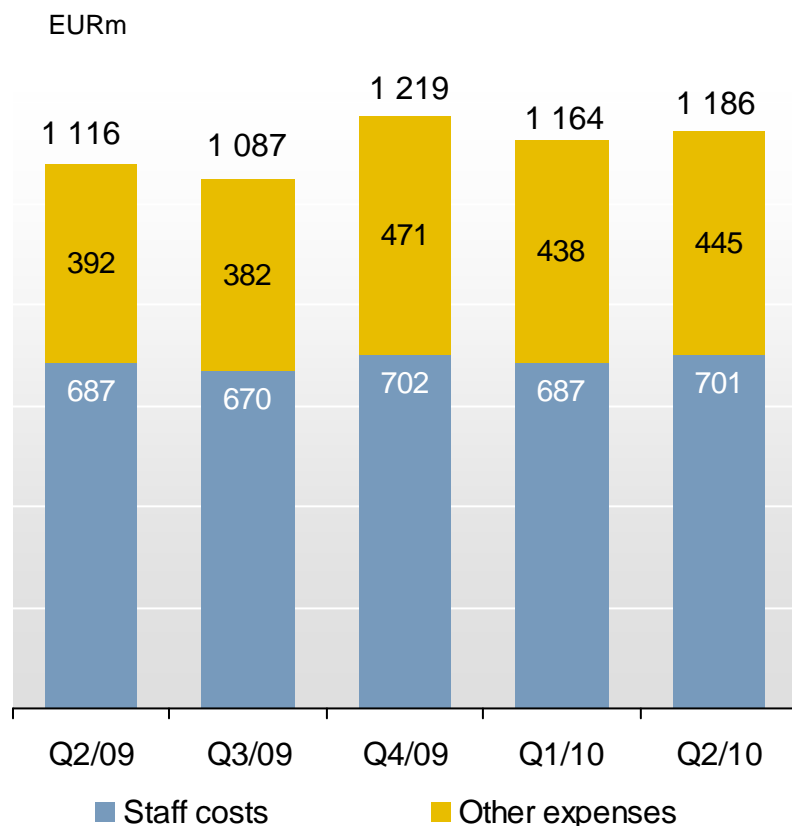


- Capital markets activities in customer areas¹ continues to perform - up 25%
 - Market volatility increased corporate demand for fixed income and FX products
- Continued strong Life & Pensions results
- Lower contribution from Group Treasury and Capital Markets unallocated

¹ Nordic Banking and Institutional & International Banking

² Including one-off of EUR 50m – Nordito and PBS

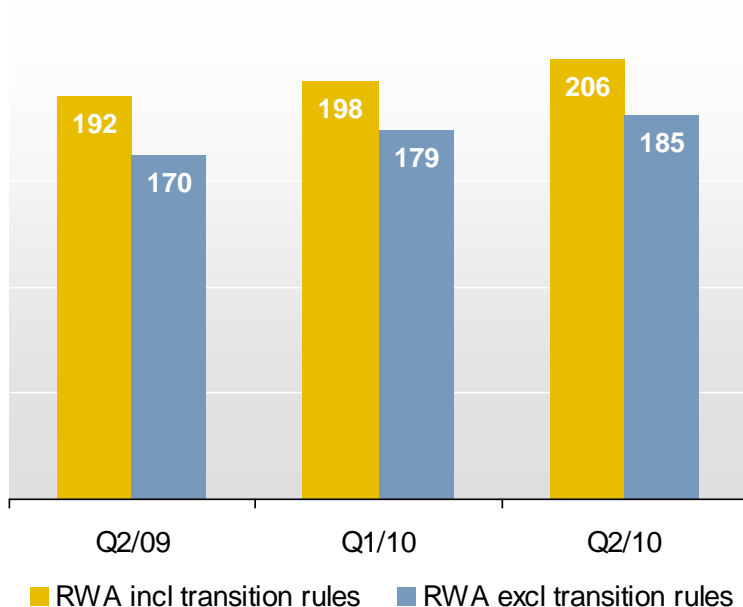
Expenses in line with outlook



- Cost management remains firm
- Increase in Q2 related to Group initiatives and currency effects
- Total expenses up 6% compared to same quarter last year
 - Up 1% adjusted for currency effects

Risk Weighted Assets

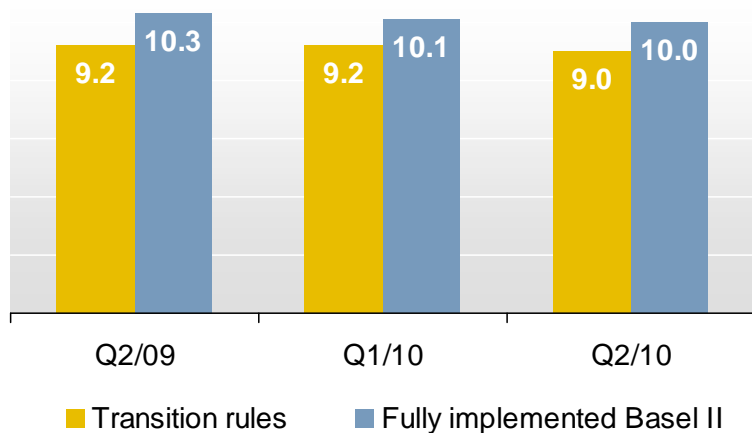
Risk Weighted Assets (RWA), EURbn



- Up 3.0% - excluding transition rules
 - Increased credit risks due to corporate and retail volume growth
- Continued slowdown in rating migration,
 - +0.3% (+0.4% in Q1)
- Improved average credit quality
 - Approx. -1%
- Improved average risk weights
 - Corporate portfolio 60%
 - Institutional portfolio 20%

Strong capital position maintained

Core Tier 1 capital ratio (excl. Hybrids)

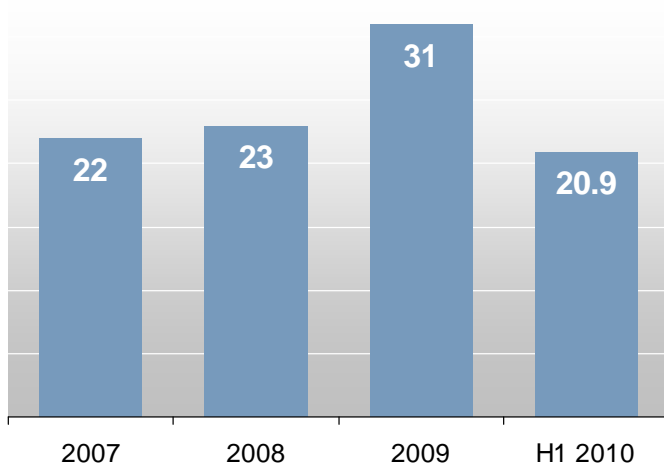


- Core tier 1 ratio 10.0% - minor decrease in Q2
- High customer activity offset by solid net profit generation
- Nordea part of CEBS' EU-wide stress tests to be published 23 July



Strong funding operations despite a challenging second quarter

Total long-term funding issued, EURbn



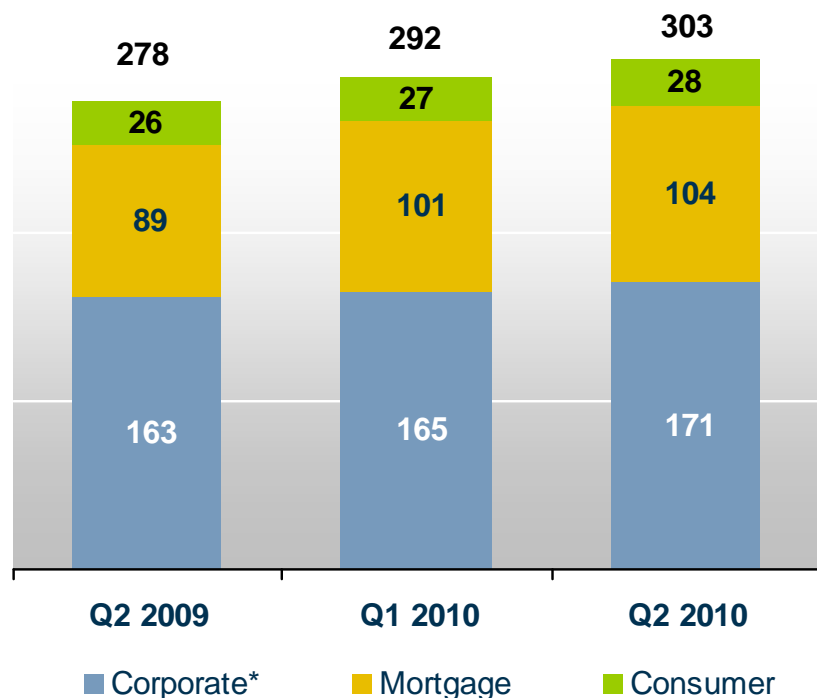
- EUR 10.5bn of long-term funding issued in Q2
 - EUR 5.9bn Nordic covered bonds net
 - EUR 4.6bn senior unsecured
- In June after several weeks of no market supply Nordea reopened the senior unsecured market
- Prolonged average maturity



Credit quality is improving

Stable and well diversified lending portfolio

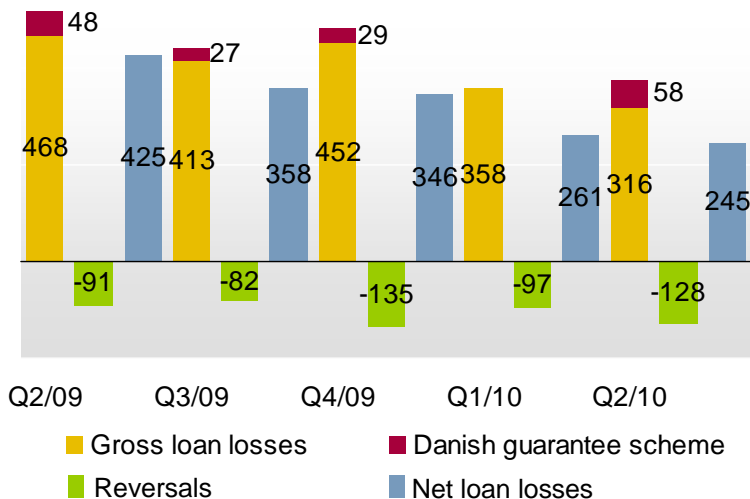
Total lending to public, EURbn



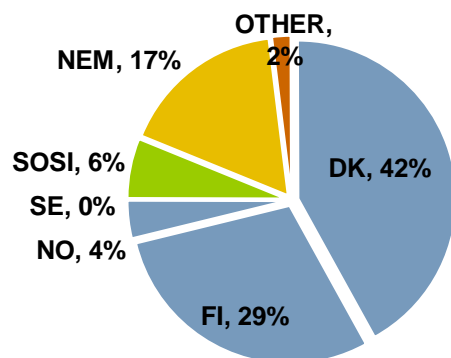
- Total lending up 3%
 - 2% adjusted for repos and currency effects
- 55% corporate lending – no sector accounting for more than 13%
- Limited changes between sectors – no new areas of concern

Credit quality improving

EURm



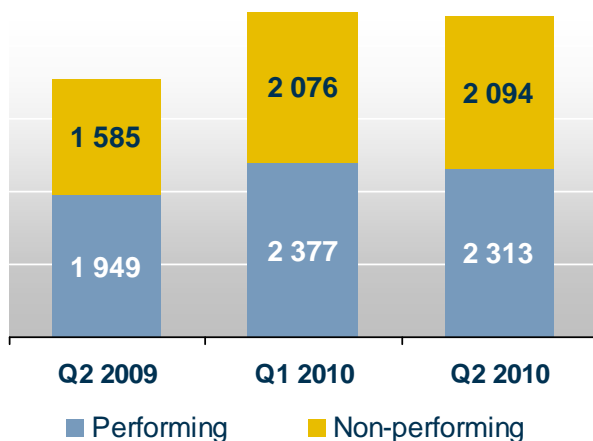
Loan losses by area Q2 2010



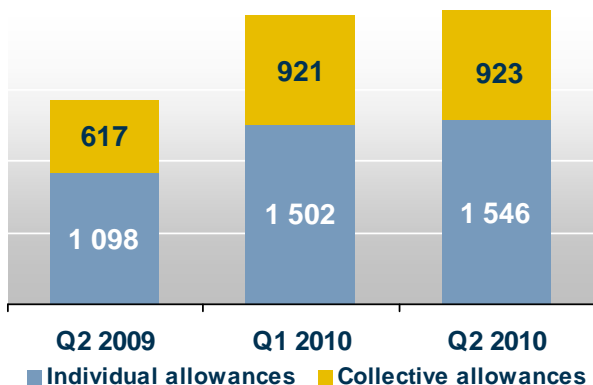
- Net loan losses down to 35 bps
 - 34bps individual (26bps)
 - 1bps collective (11bps)
 - 114bps in the Baltic countries (166bps)
- Excluding guarantee scheme provisions¹ net loan loss ratio down to 26bps (Q1 37bps)
- Decreased loan losses in most areas

Impaired loans somewhat decreased in Q2

Impaired loans, EURm



Total allowances, EURm

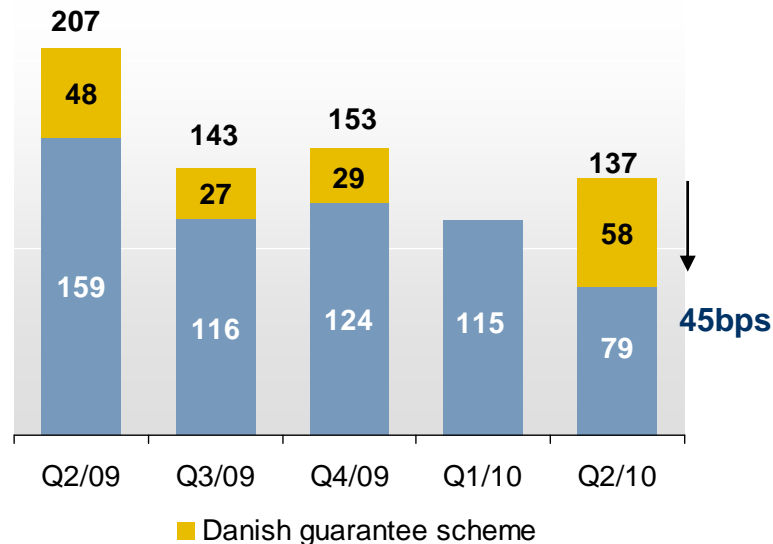


- Impaired loans gross down 1%
 - EUR 4,407m or 135bps (140bps)
- 52% of impaired loans performing
- Minor increase in collective allowances – 37% of total allowances
- Provisioning ratio continues to increase – 56% (54%)

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

Signs of stabilisation in Denmark

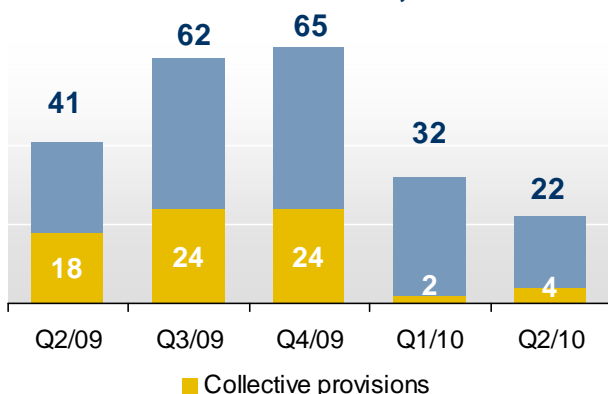
Banking Denmark Net loan losses, EURm



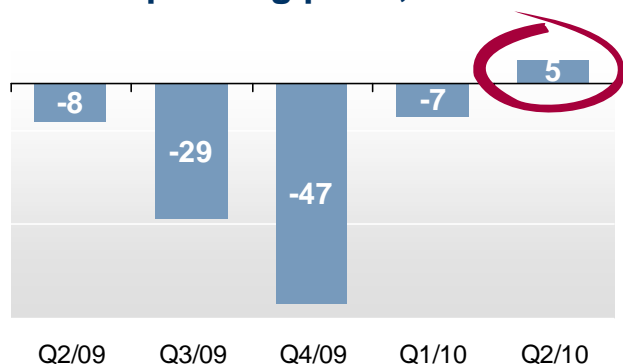
- Increased activity in the housing market
 - Interest rate level critical going forward
- Some signs of improvement in the agricultural sector
- Many small and mid-sized companies are still facing challenges with business model and profitability
- Excluding guarantee scheme provisions - net loan losses down
 - Bankpakke1 expires during Q3 2010

Positive signs recorded in all economies in the NEM area

Baltic net loan losses, EURm



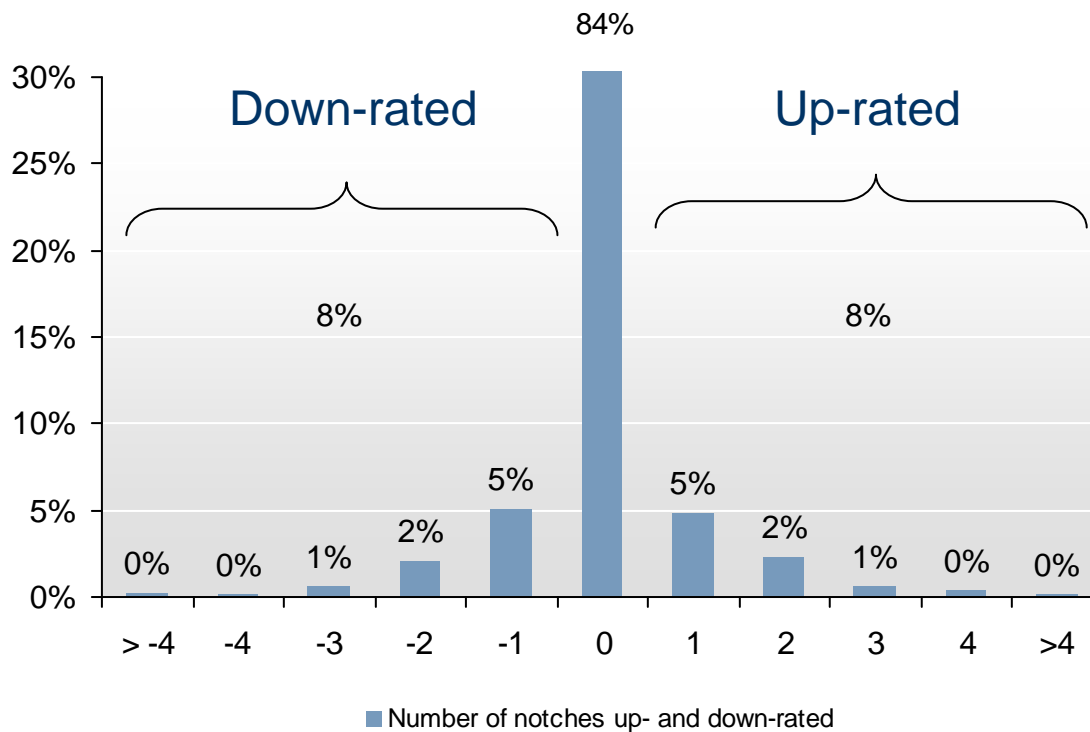
Baltic Operating profit, EURm



- Baltic net loan losses continued to decrease in Q2 - reflecting the improved economic climate
- Limited provisions for Poland and Russia – confirming the strong credit quality
- Total loan losses in NEM 79bps – 114bps in the Baltics
- Increased provisioning ratio in the Baltics 57% (53%)

Rating migration

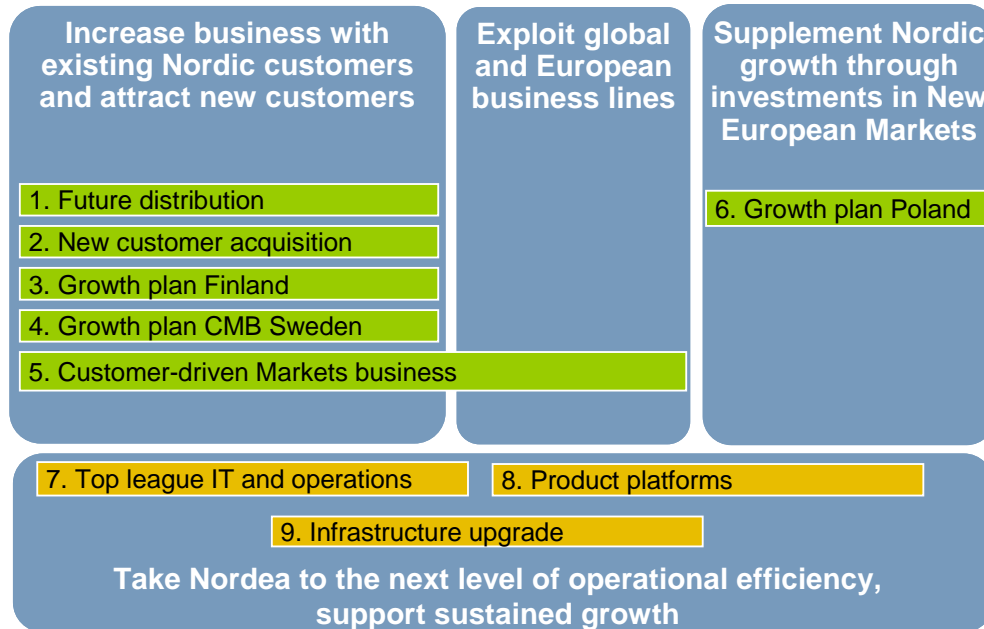
Corporate rating migration Q210 / Q110





**Prudent growth strategy
– Group initiatives on track in all areas**

Careful navigation of the Prudent growth strategy



- **Keeping strong business momentum**
- **Operational efficiency**
- **Clear focus on Group initiatives**

Activities related to the initiatives are on track

Future distribution

- 14 branches transformed to new branch format
- Increased number of 360-degree advisory meetings

New customer acquisition

- Growth in number of customers continue to perform strongly – 73,000 new Gold and Private Banking customers

Growth Plan Finland

- Close to 100 new advisers and specialists recruited in high growth areas
- 28 branches will during the next 12 months be relocated or refurbished to better serve our customers

Activities related to the initiatives are on track

Growth Plan Corporate Merchant Banking (CMB) Sweden

- According to plan in terms of income development and customer relations
- Increased share of wallet – cash management mandates won

Customer driven Markets business

- Capital market products to corporates show clear progress and strong results

Growth Plan Poland

- Preparatory work develops according to plan for new branch openings – first launch is planned for September

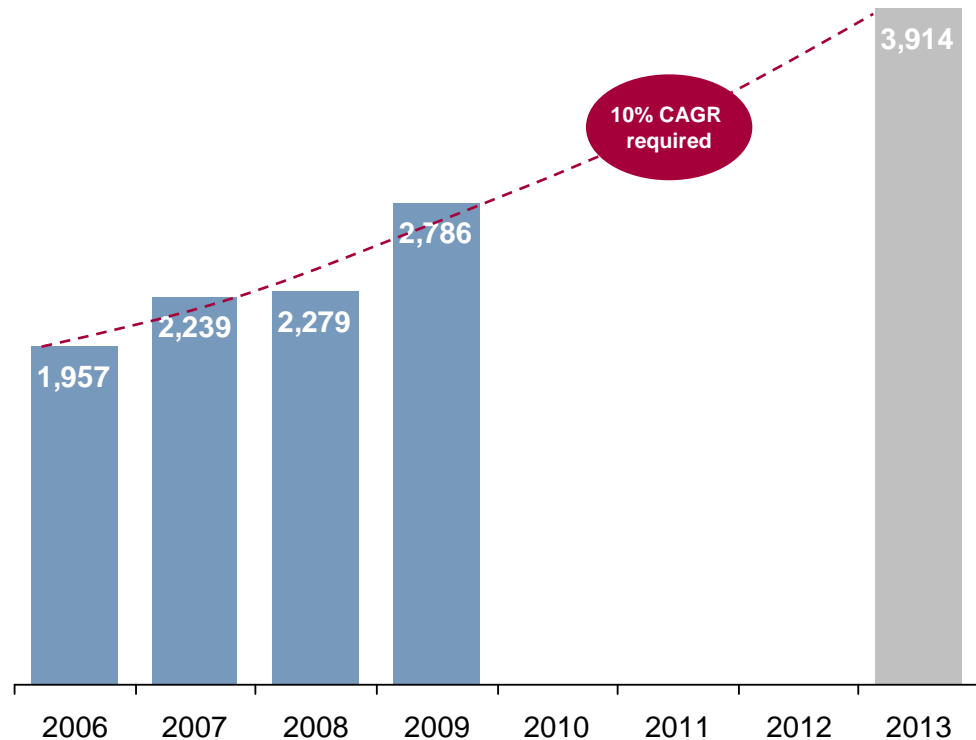
Efficiency and foundation

- The infrastructure supporting the Market platform is on track – deliveries regarding Derivatives and Commodities were executed in the second quarter

Strong foundation for reaching long-term targets



Risk-adjusted profit, EURm



Key messages

- We deliver according to our plan
- Continued strong customer business
 - Income from corporate customers up 10% and from household customers up 7%
 - Increased lending, deposits and AuM volumes
 - Solid inflow of new customers – increased market shares in all markets
 - Positive development in corporate finance business – relationship banking approach further strengthened
- Credit quality improving – impaired loan decreased in Q2
- Focus on prudent growth and the execution of the Group initiatives
 - On track in all areas