



**Second Quarter Report 2010**  
**Press and analyst conference**  
**21 July 2010**

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# 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.

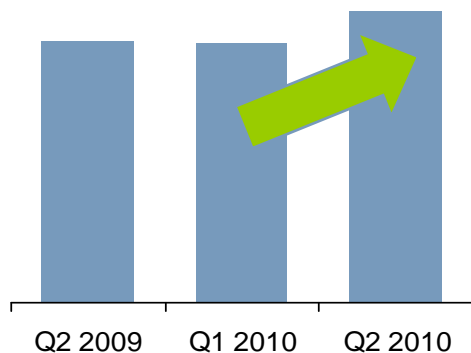
This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

## Key messages

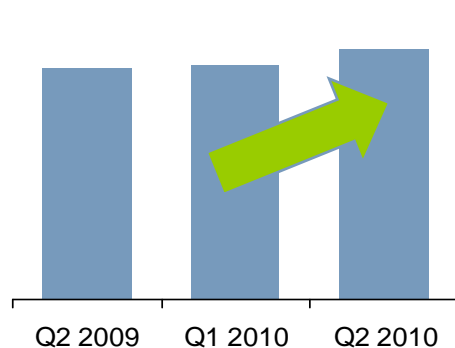
- ✓ We deliver according to our plan
- ✓ Continued strong customer business
- ✓ Result from items at fair value decreased from high levels
- ✓ Improved outlook

# Continued strong customer business

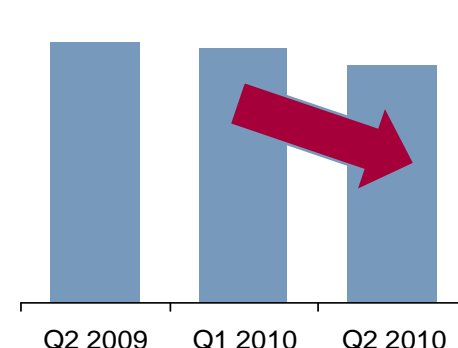
**Income in Corporate segment**



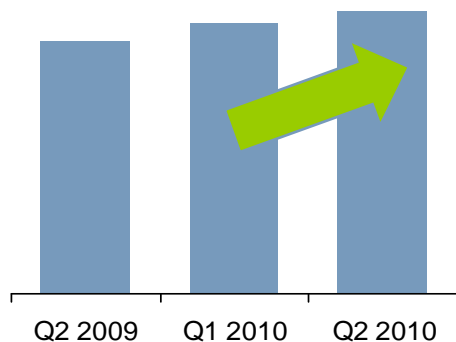
**Income in Household segment**



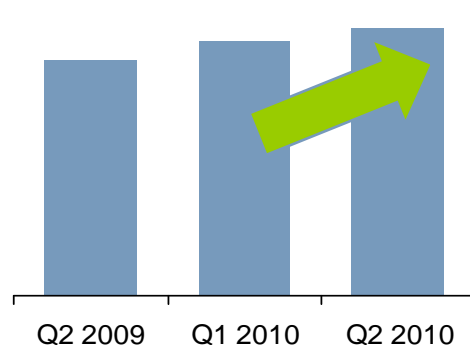
**Total income**



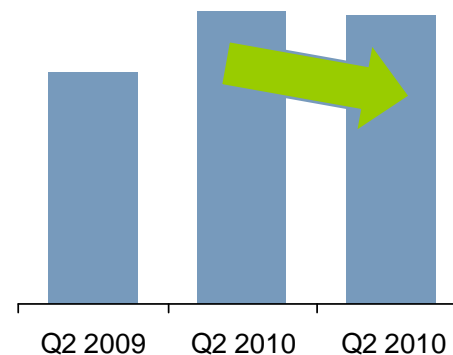
**Number of Gold customers**



**Lending volumes**



**Impaired loans**

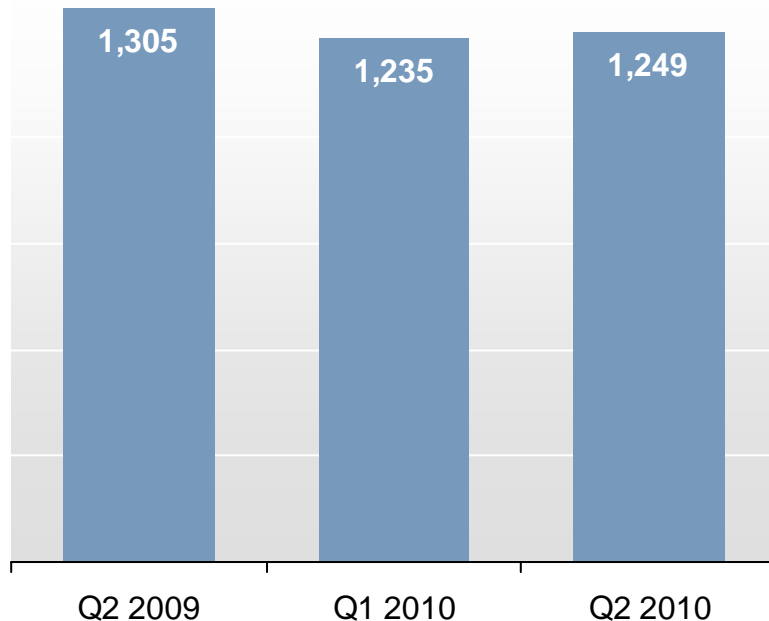


# Result highlights

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
<b>Total income</b>	<b>2,161</b>	<b>2,303</b>	<b>-6</b>	<b>2,359</b>	<b>-8</b>	<b>4,464</b>	<b>4,638</b>	<b>-4</b>
Staff costs	-701	-687	2	-687	2	-1,388	-1,352	3
<b>Total expenses</b>	<b>-1,186</b>	<b>1,164</b>	<b>2</b>	<b>1,116</b>	<b>6</b>	<b>-2,350</b>	<b>-2,206</b>	<b>7</b>
<b>Profit before loan losses</b>	<b>975</b>	<b>1,139</b>	<b>-14</b>	<b>1,243</b>	<b>-22</b>	<b>2,114</b>	<b>2,432</b>	<b>-13</b>
Net loan losses	-245	-261	-6	-425	-42	-506	-781	-35
<b>Operating profit</b>	<b>730</b>	<b>878</b>	<b>-17</b>	<b>818</b>	<b>-11</b>	<b>1,608</b>	<b>1,651</b>	<b>-3</b>
<b>Net profit</b>	<b>539</b>	<b>643</b>	<b>-16</b>	<b>618</b>	<b>-13</b>	<b>1,182</b>	<b>1,245</b>	<b>-5</b>
<b>Risk-adjusted profit</b>	<b>516</b>	<b>678</b>	<b>-24</b>	<b>777</b>	<b>-34</b>	<b>1,194</b>	<b>1,524</b>	<b>-22</b>

## Net interest income up 1%

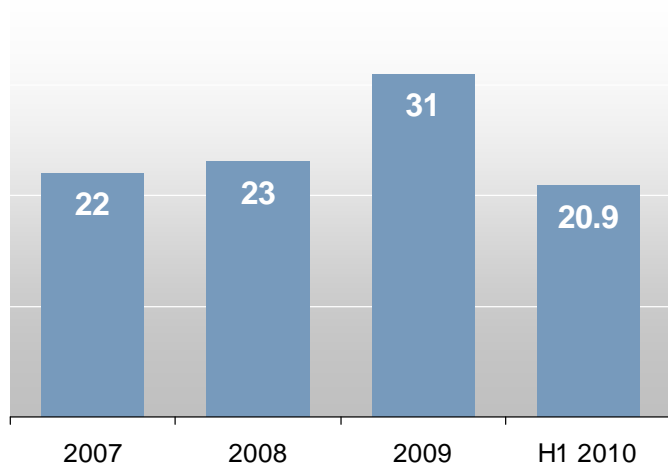
Net interest income, EURm



- Solid trend in customer operations continues
  - Lending and deposit volumes up
  - Margins stable
- Remains subdued by the low interest rate levels

# Strong funding operations despite a challenging second quarter

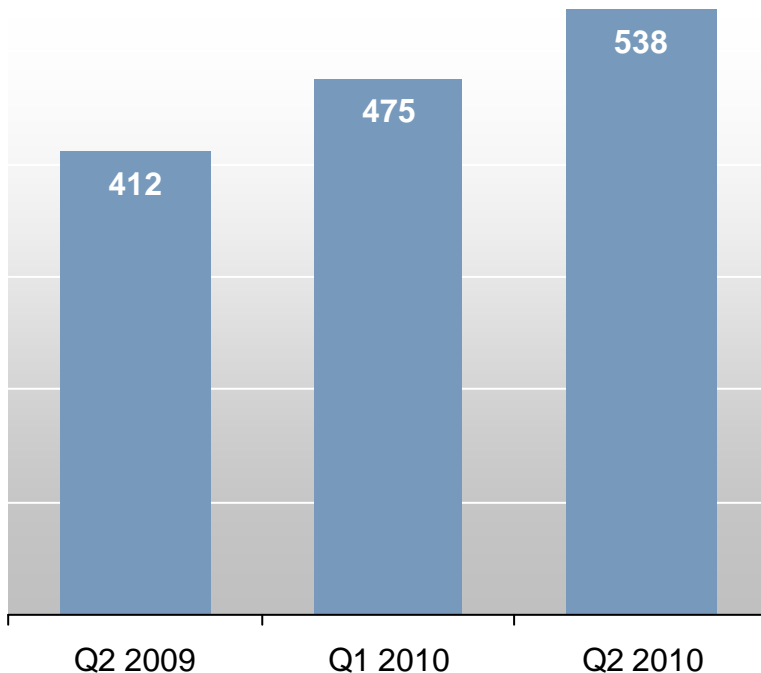
Total long-term funding issued, EURbn



- EUR 10.5bn of long-term funding issued
- In June after several weeks of no market supply Nordea reopened the senior unsecured market
- Funding costs still compare favourably – new long-term funding issued at higher levels than maturing
- Prolonged average maturity

## Net fee and commission income up 13%

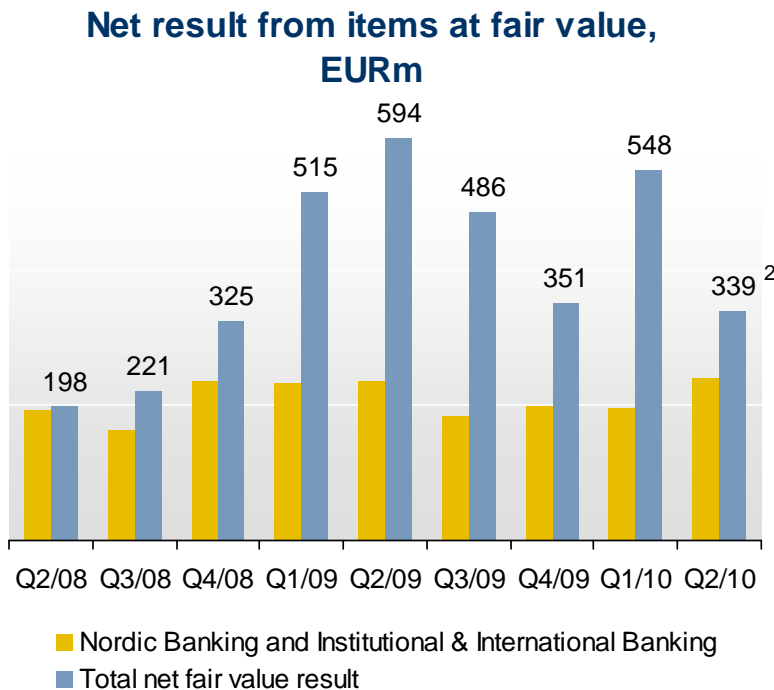
Net fee and commission, EURm



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



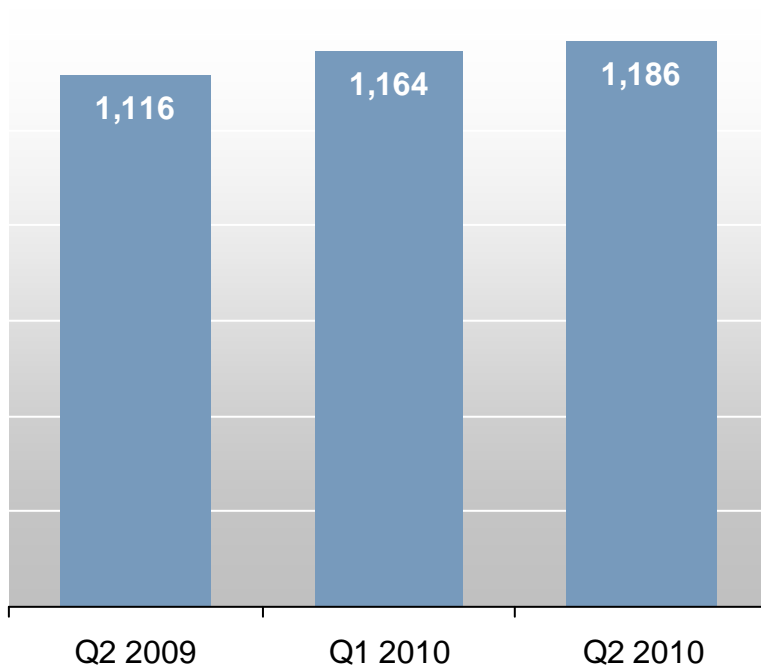
# Strong demand for risk management products remains



- Capital markets activities in customer areas<sup>1</sup> 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

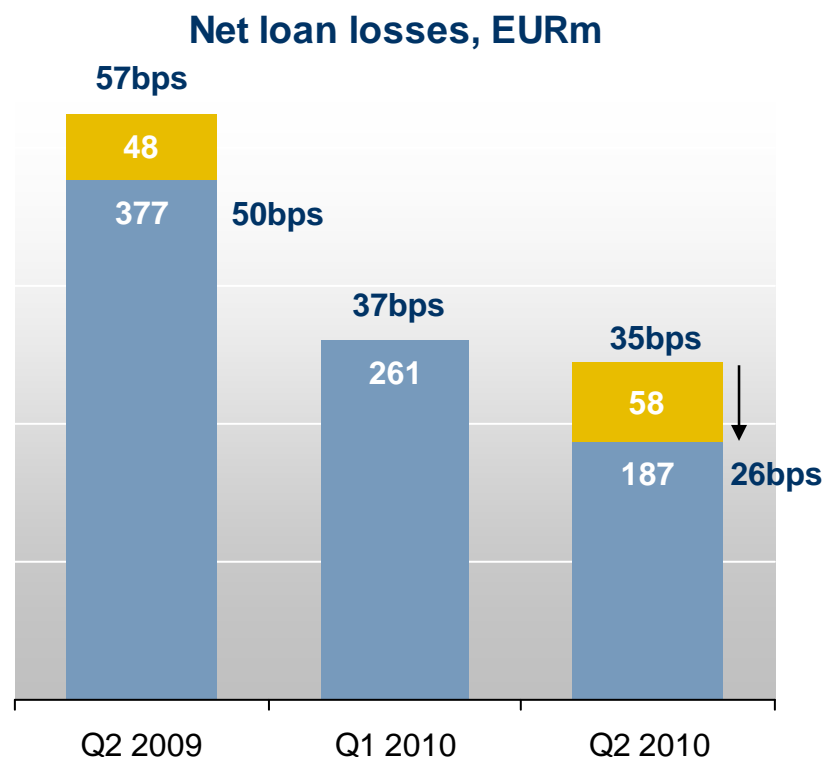
# Expenses in line with outlook

Total operating expenses, EURm



- 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

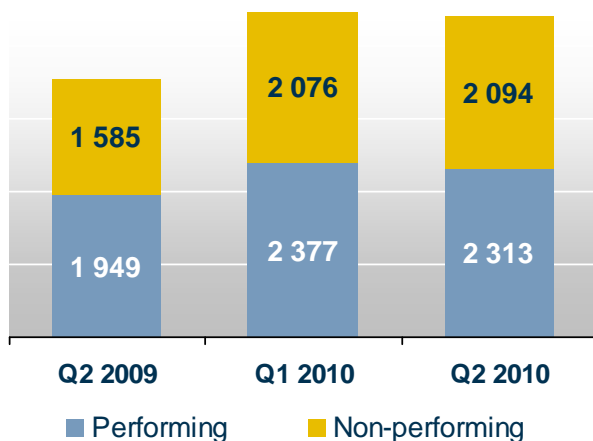
# Credit quality improving



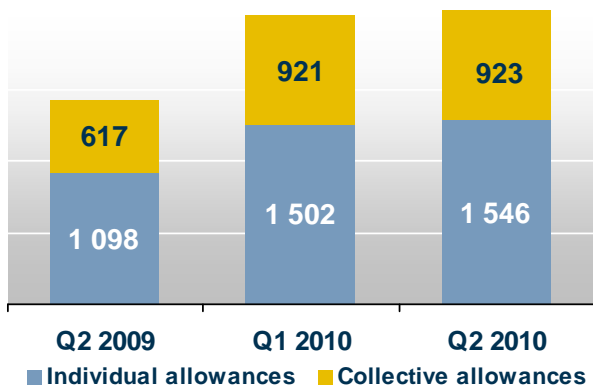
- Net loan losses down to 35 bps
  - 34bps individual (26bps)
  - 1bps collective (11bps)
  - 114bps in the Baltic countries (166bps)
- Excluding guarantee scheme provisions<sup>1</sup> net loan loss ratio down to 26bps (Q1 37bps)
- Decreased loan losses in most areas

# 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*

# 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 profit generation
- Nordea part of CEBS' EU-wide stress tests to be published 23 July

## Outlook 2010

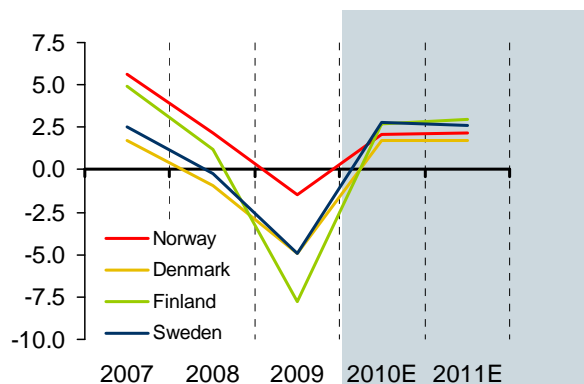
- Nordea expects macroeconomic recovery to continue in 2010
- The global development is still fragile and hence uncertainty remains, the outlook for the Nordic markets has improved during the year
- Excluding currency effects in 2010, Nordea expects cost growth to be broadly in line with 2009, including 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



## Business development

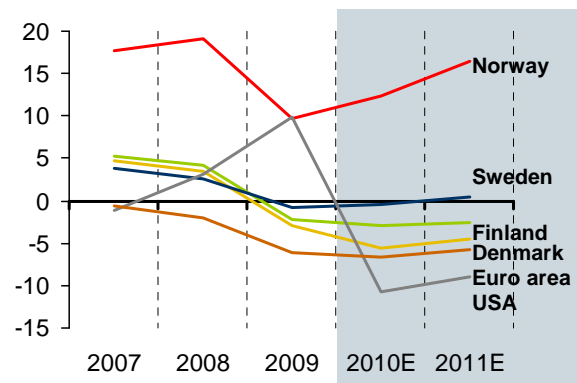
# Macro economic stabilisation in the Nordic region

GDP growth y/y, %



- GDP recovers from sharp decline last year
- In 2010 all Nordic countries are expected to have:
  - Positive growth rates
  - Modest inflation
  - Controlled budget deficits
- Employment starts to pick up

Public finances, % of GDP

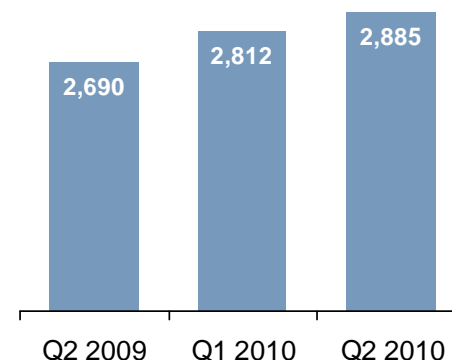




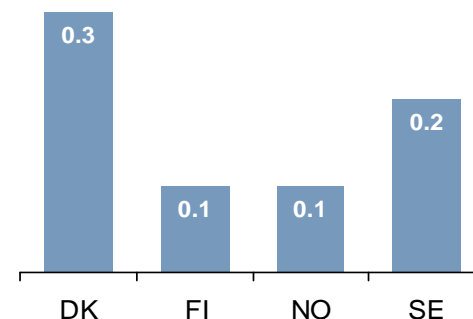
# Nordea value proposition attracts household customers in premium segments

- Solid trend accelerated in Q2 – up 2.6%
  - 73,000 new Gold and Private Banking customers in Q2 – more than 75% new customers in Nordea
- Improved market share in all countries
- Significant increase of number of proactive customer meetings
- Continued strong customer demand in household segment – increased volumes with stable margins
  - Total income in household segment up 7%

Number of Gold customers, '000



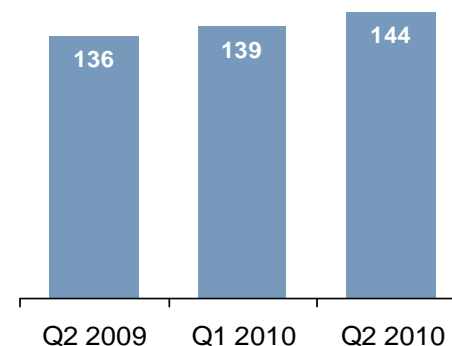
Lending market share increase, %



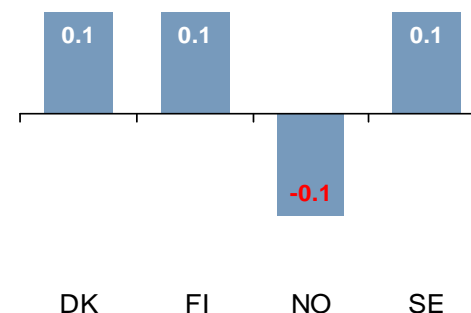
# High corporate activity – income up 10%

- Increased business confidence - lending volumes up 3%
- Continued strong demand for risk management products
- Improved market share in Corporate Banking - strategy to build house-bank relations proven successful

Corporate lending, EURbn



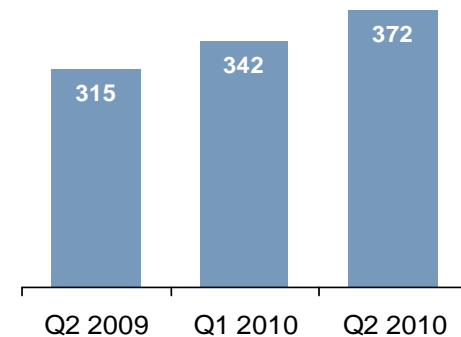
Lending market share increase, %



# Nordea's relationship banking approach further strengthened

- Strong income growth in CMB
- Strengthened market position – increased share of wallet
- New area established<sup>1</sup> – Corporate Merchant Banking and Capital Markets
  - Ensure that all service and product competences of Nordea reach the large corporate customers
  - Headed by newly recruited – Casper von Koskull

Total income CMB, EURm

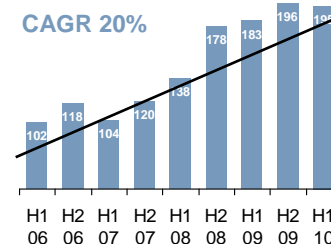


# Institutional & International Banking

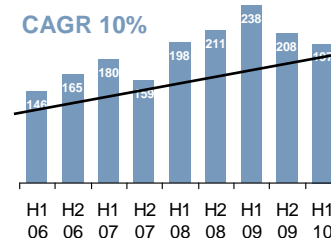
## – solid long-term income growth contribution

- Shipping, Oil Services & International – Nordea benefits from its strong position
  - A number of transactions executed – confidence slowly returning to the sector
  - Solid demand for capital markets products remains
- Financial Institutions – market shares gained
  - Strong market standing confirmed – several awards won
  - Moderate market activity due to the instability in the Eurozone
- New European Markets – continued positive income development
  - Growth continues in Poland – especially in the Household segment
  - Signs of stabilisation in the Baltic economies – lower loan loss provisions
  - Baltic operating profit turned positive in Q2

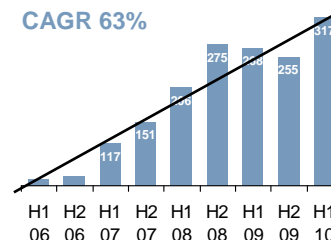
### SOSI income, EURm



### FID income, EURm

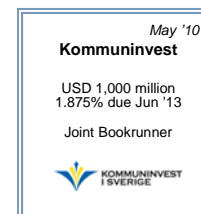


### NEM income, EURm



# Improved position in capital markets

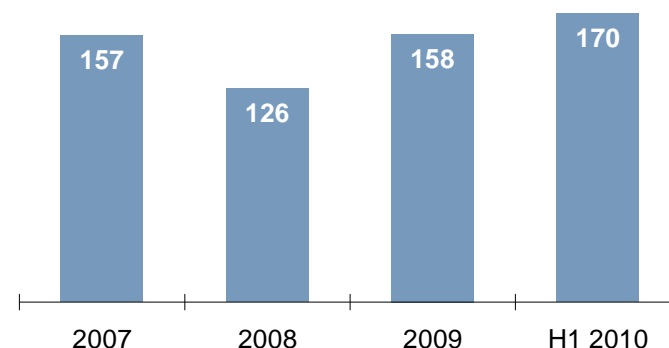
- Nordic syndication market picked up in Q2
  - Nordea remains the leading arranger of Nordic syndicated loans
- Nordea participates in the execution of the main Nordic transactions
  - Market volatility affected the Nordic primary bond and equity markets negatively



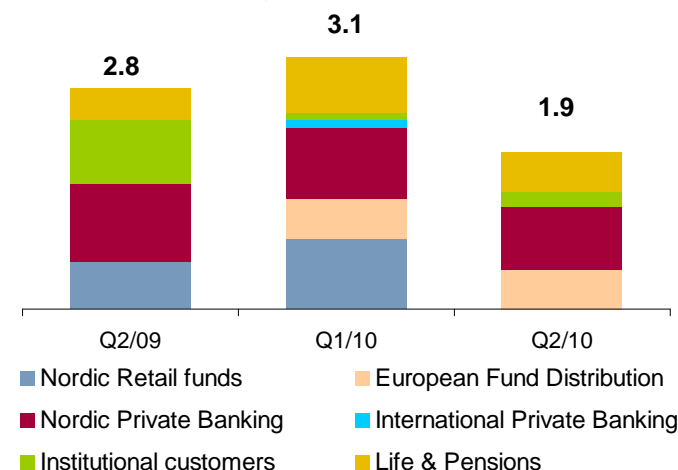
# Solid trend of positive net inflow remains

- Increased AuM despite the Eurozone turmoil
- Continued net inflows in most areas - EUR 1.9bn
- Solid trend in Institutional AM continues – increased appetite for high margin products

Assets under Management (AuM), EURbn



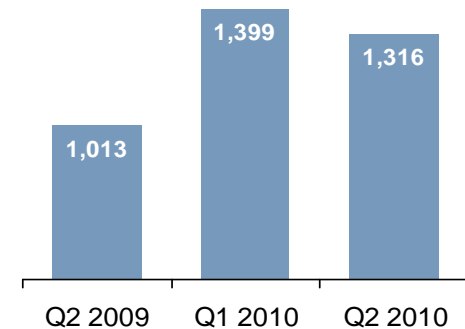
Net flows AuM, EURbn



# Strong sales trend remains in Life & Pensions

- Increased demand in the bank channel – focus on unit-linked
  - GWP up 30% compared to same quarter last year
- Record high Swedish market share of 6.5%
  - Positive momentum for contractual pensions

Gross Premiums Written, EURm

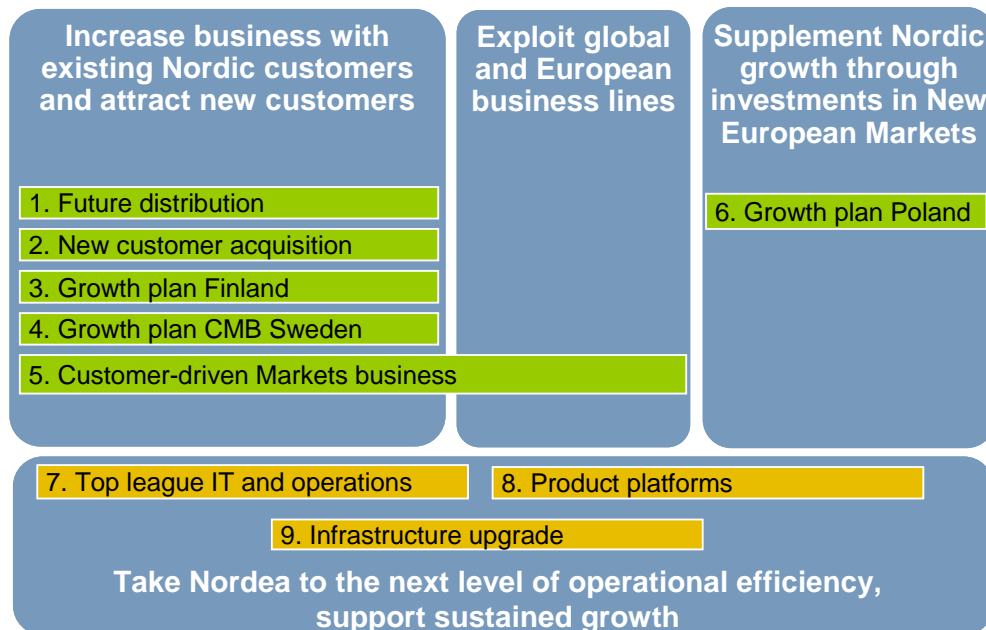




**Prudent growth strategy  
– growth initiatives on track in all areas**



# 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

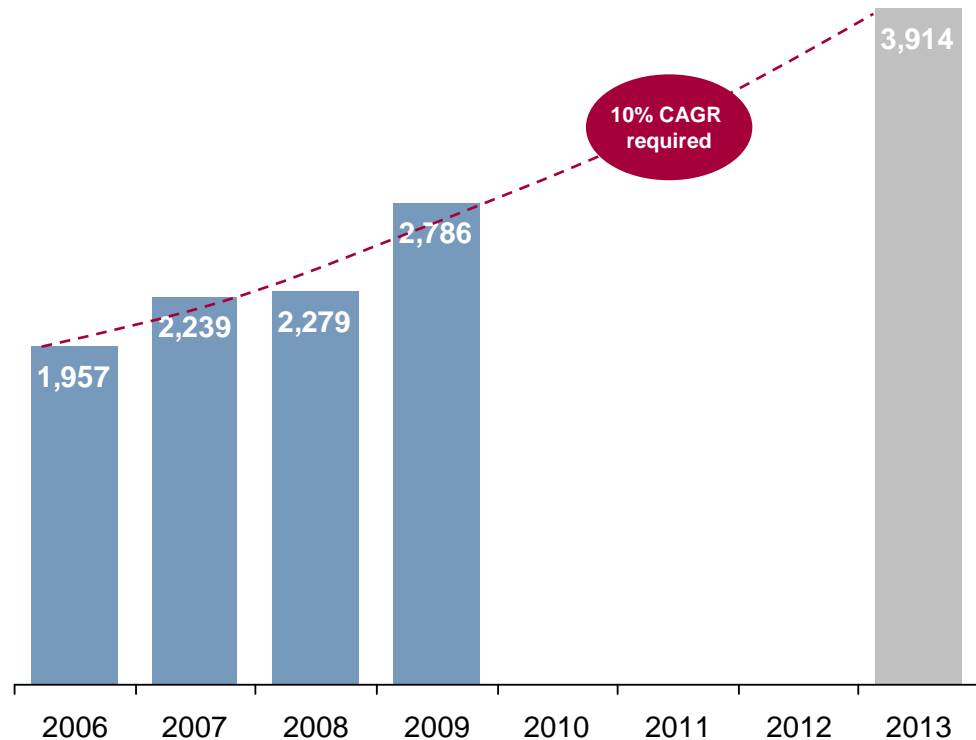
## **Efficiency and foundation**

- 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

- 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, 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