



# **Fourth Quarter Report 2010**

## **Press and analyst conference**

**2 February 2011**

**Christian Clausen**  
**President and Group CEO**



# Disclaimer

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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.

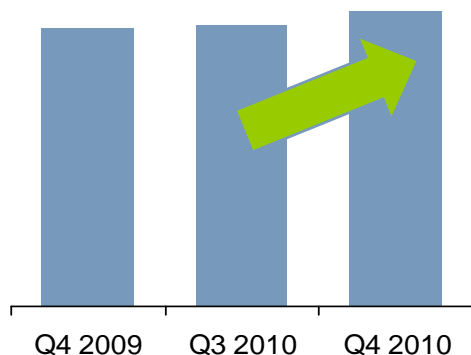
This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

## Key messages

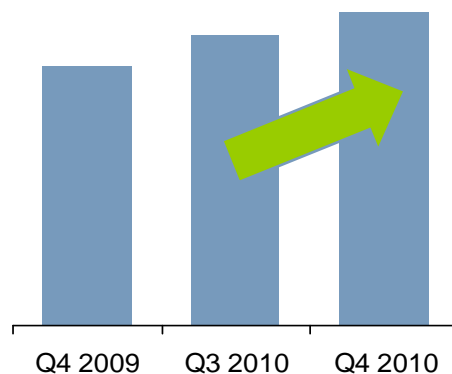
- ✓ 2010 - important milestone on the journey towards Great Nordea
- ✓ Record level income, operating profit and customer satisfaction
- ✓ Strengthened position – significant customer inflow
- ✓ Increased customer activity in all segments

# Solid trends in customer business

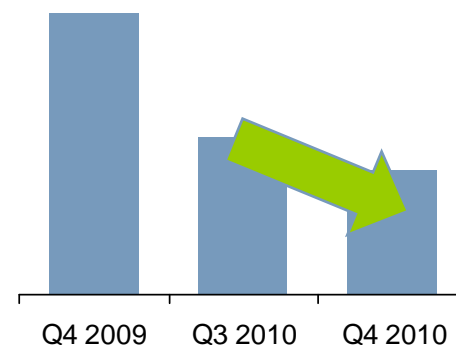
**Net interest income**



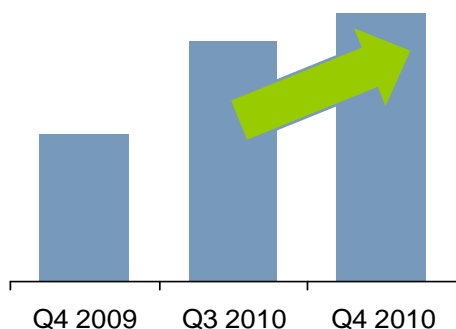
**Total income**



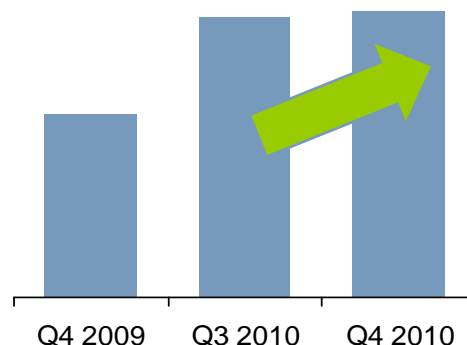
**Net loan losses**



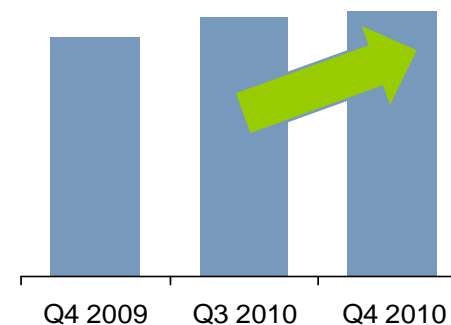
**Operating profit**



**Risk-adjusted profit**



**Number of Gold customers**

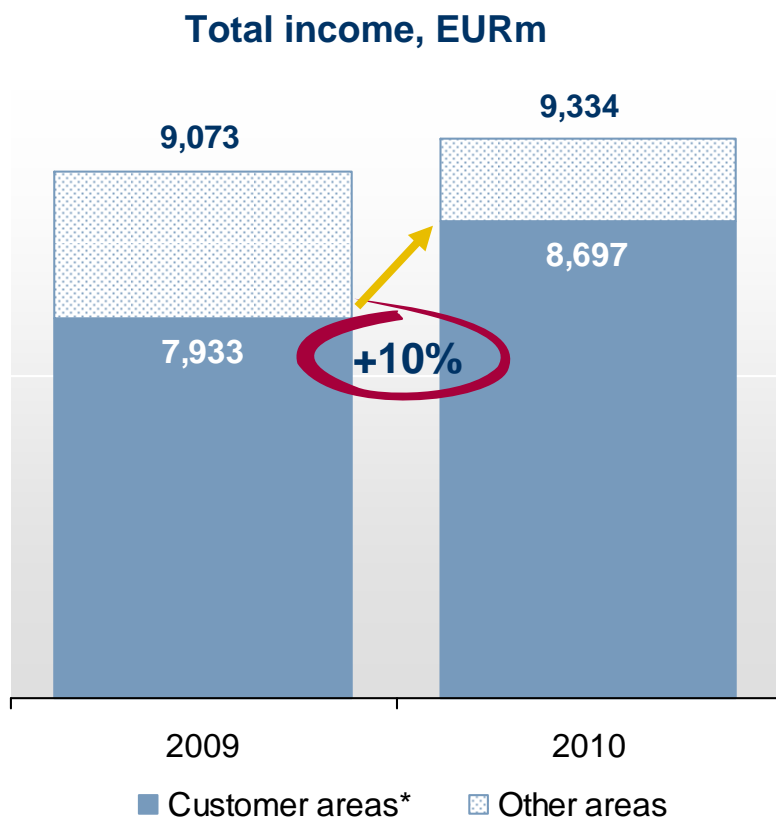


# Result highlights

| EURm                             | Q4/10         | Q3/10         | Chg %     | Q4/09         | Chg %     | FY 10         | FY 09         | Chg %     |
|----------------------------------|---------------|---------------|-----------|---------------|-----------|---------------|---------------|-----------|
| Net interest income              | 1,365         | 1,310         | 4         | 1,299         | 5         | 5,159         | 5,281         | -2        |
| Net fee and commission income    | 618           | 525           | 18        | 463           | 33        | 2,156         | 1,693         | 27        |
| Net result items at fair value   | 504           | 446           | 13        | 351           | 44        | 1,837         | 1,946         | -6        |
| Other income                     | 20            | 82            |           | 45            |           | 182           | 153           |           |
| <b>Total income</b>              | <b>2,507</b>  | <b>2,363</b>  | <b>6</b>  | <b>2,158</b>  | <b>16</b> | <b>9,334</b>  | <b>9,073</b>  | <b>3</b>  |
| Staff costs                      | -675          | -721          | -6        | -702          | -4        | -2,784        | -2,724        | 2         |
| <b>Total expenses</b>            | <b>-1,270</b> | <b>-1,196</b> | <b>6</b>  | <b>-1,219</b> | <b>4</b>  | <b>-4,816</b> | <b>-4,512</b> | <b>7</b>  |
| <b>Profit before loan losses</b> | <b>1,237</b>  | <b>1,167</b>  | <b>6</b>  | <b>939</b>    | <b>32</b> | <b>4,518</b>  | <b>4,561</b>  | <b>-1</b> |
| Net loan losses                  | -166          | -207          | -20       | -347          | -52       | -879          | -1,486        | -41       |
| <b>Operating profit</b>          | <b>1,071</b>  | <b>960</b>    | <b>12</b> | <b>592</b>    | <b>81</b> | <b>3,639</b>  | <b>3,075</b>  | <b>18</b> |
| <b>Net profit</b>                | <b>770</b>    | <b>711</b>    | <b>8</b>  | <b>447</b>    | <b>72</b> | <b>2,663</b>  | <b>2,318</b>  | <b>15</b> |
| <b>Risk-adjusted profit</b>      | <b>721</b>    | <b>707</b>    | <b>2</b>  | <b>533</b>    | <b>35</b> | <b>2,622</b>  | <b>2,786</b>  | <b>-6</b> |

# Total income at record level

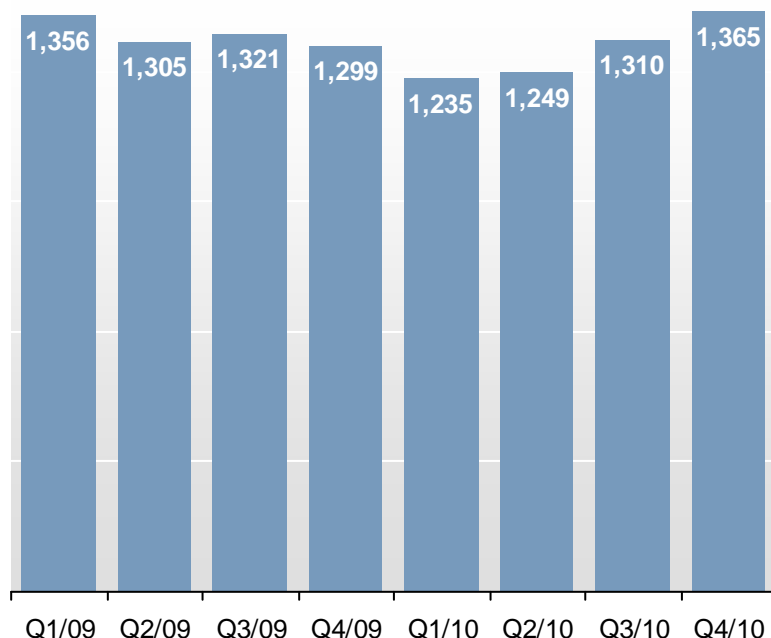
- solid income growth in customer business



- Prudent growth strategy delivers
- Strong contribution from group initiatives
- Decrease in extraordinarily high income from Markets and Group Treasury offset by high customer activity

# Net interest income up 4%

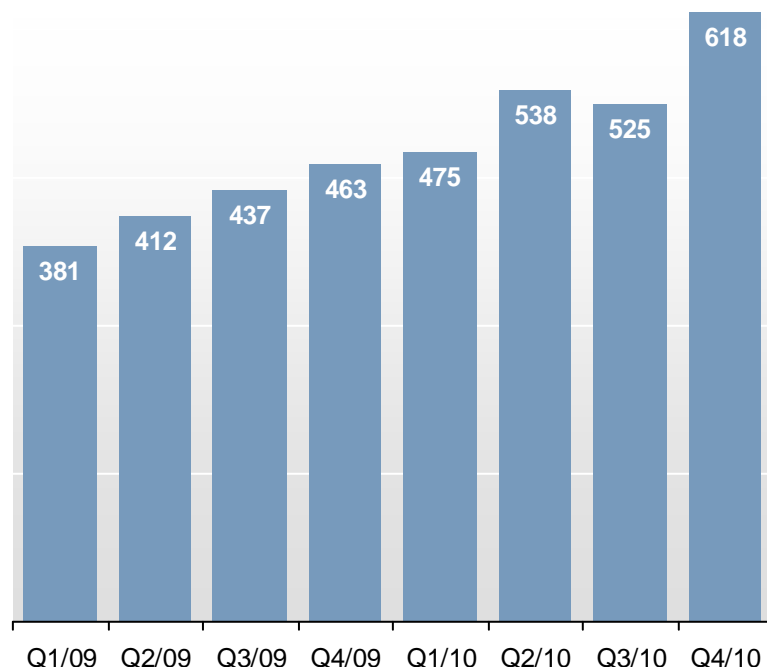
Net interest income, EURm



- Solid trend in customer areas remains
- Deposit volumes and margins continue to increase
- Higher average funding costs

# Net fee and commission up 18%

Net fee and commission income, EURm



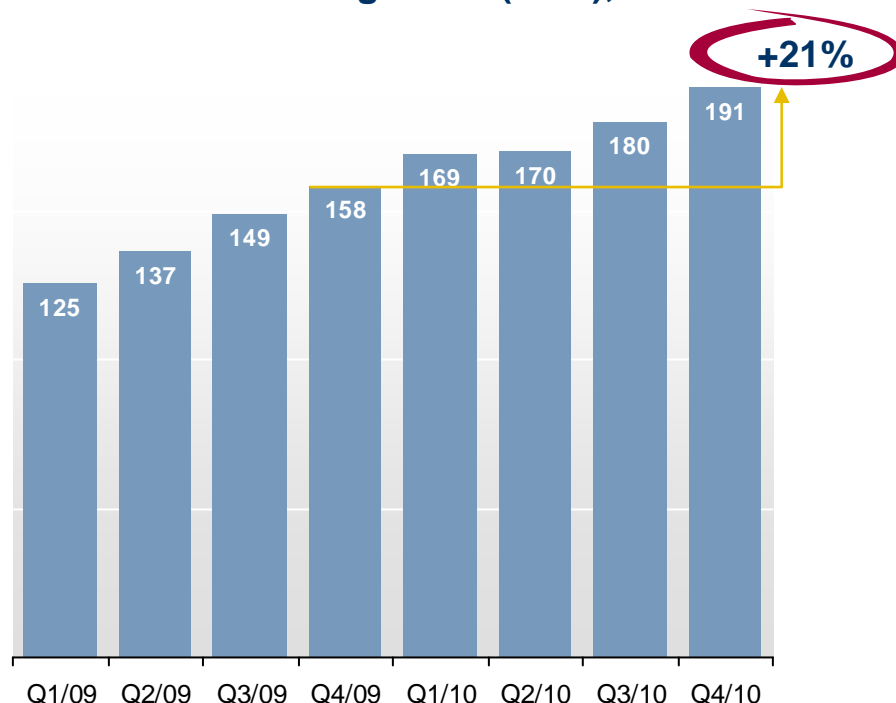
- Strong asset management commissions
  - Increased AuM volumes
- Higher lending and brokerage fees
- Danish guarantee scheme expired
- Positive seasonal effects from performance fees



# Strong growth in AuM continues

– proves customer satisfaction

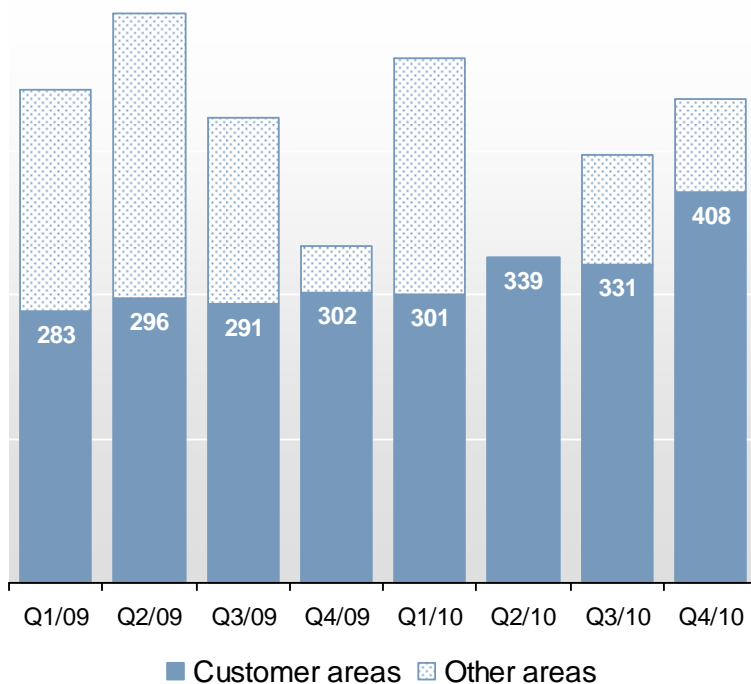
Asset under Management (AuM), EURbn



- Net inflow of EUR 9.5bn in 2010
  - Positive inflow in all main segments
- 2010 – 78% of all investment composites outperformed benchmarks
  - 74% with a 3-year horizon
- Close to 15% average absolute return to customers in 2010

# Fair value result up 13%

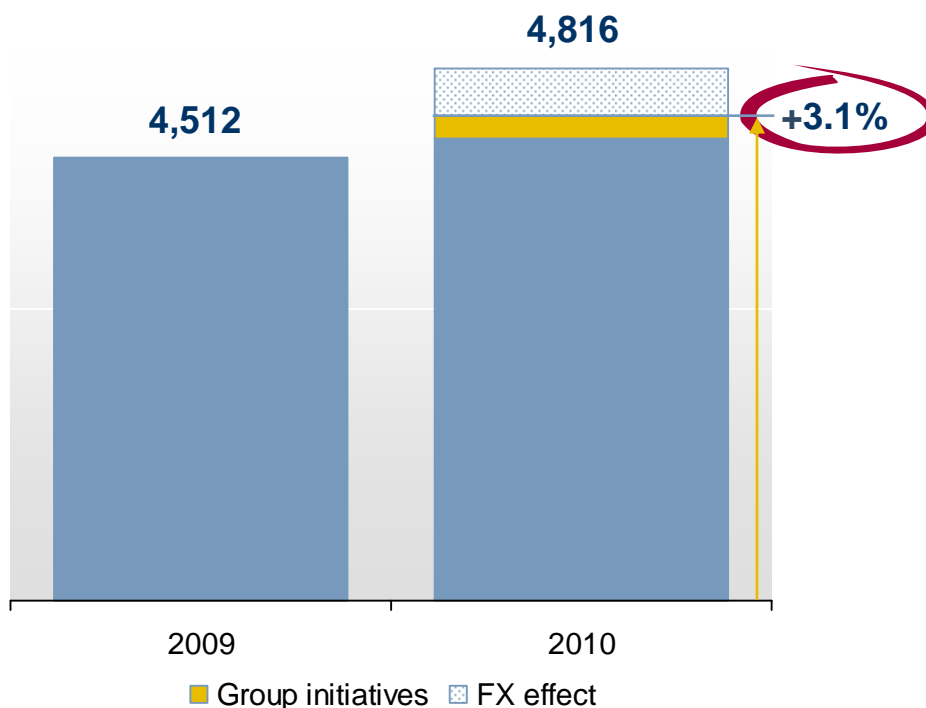
## Net result from items at fair value, EURm



- Strong income in customer areas
  - Record level in Nordic Banking
  - Continued strong Life & Pensions results

# Expenses well in line with outlook

Total expenses, EURm



- Total expenses 2010 up 7%
- Excluding FX effects cost growth 3.1%
  - Including investment costs from strategic initiatives
- Negative seasonal effects in Q4

# Net loan losses continues down

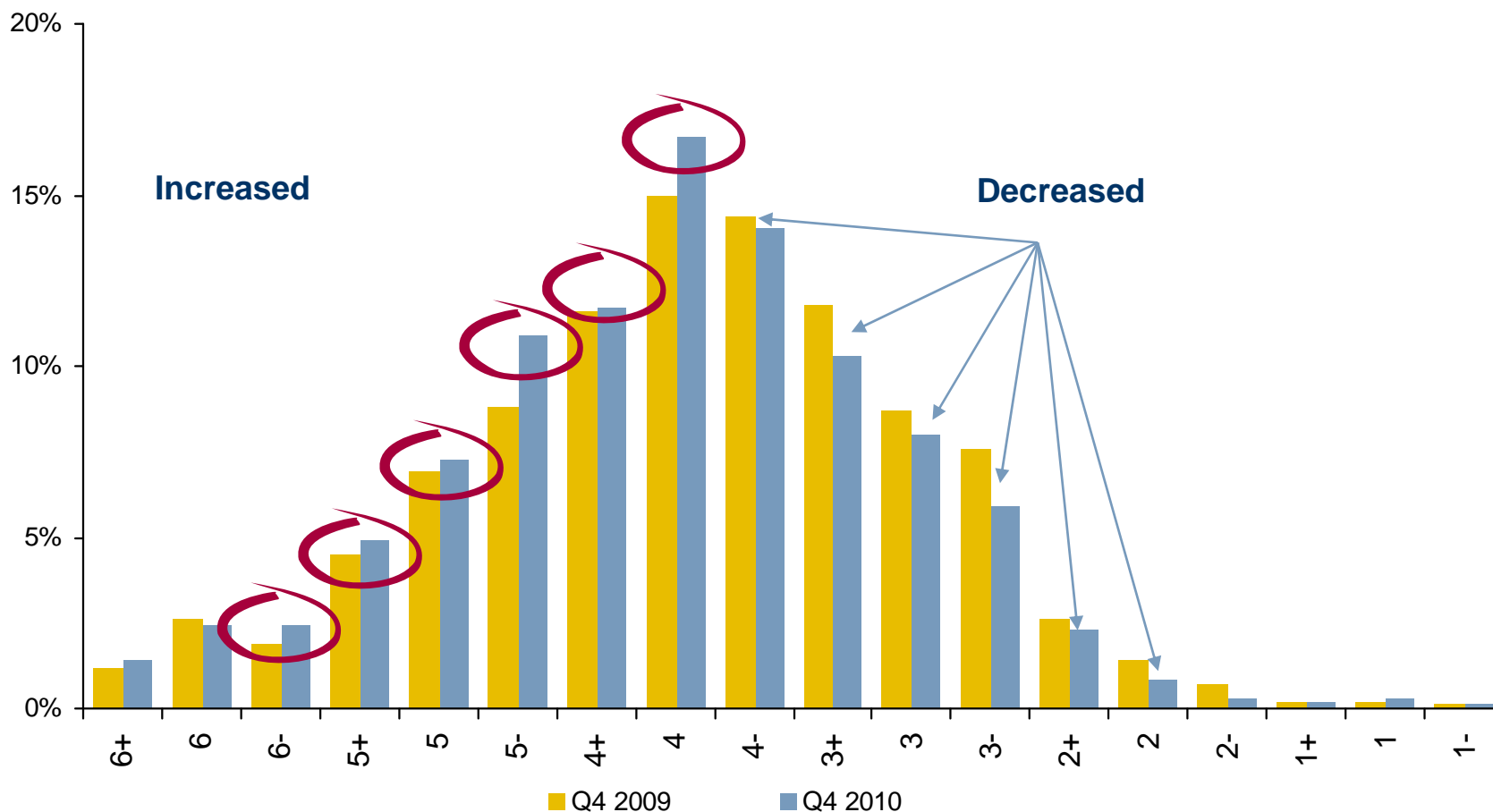
Net loan losses, EURm



- No provisions related to the expired Danish guarantee scheme
- 23bps – in line with expected losses over a business cycle
- Baltic improvements – 26bps (88bps)

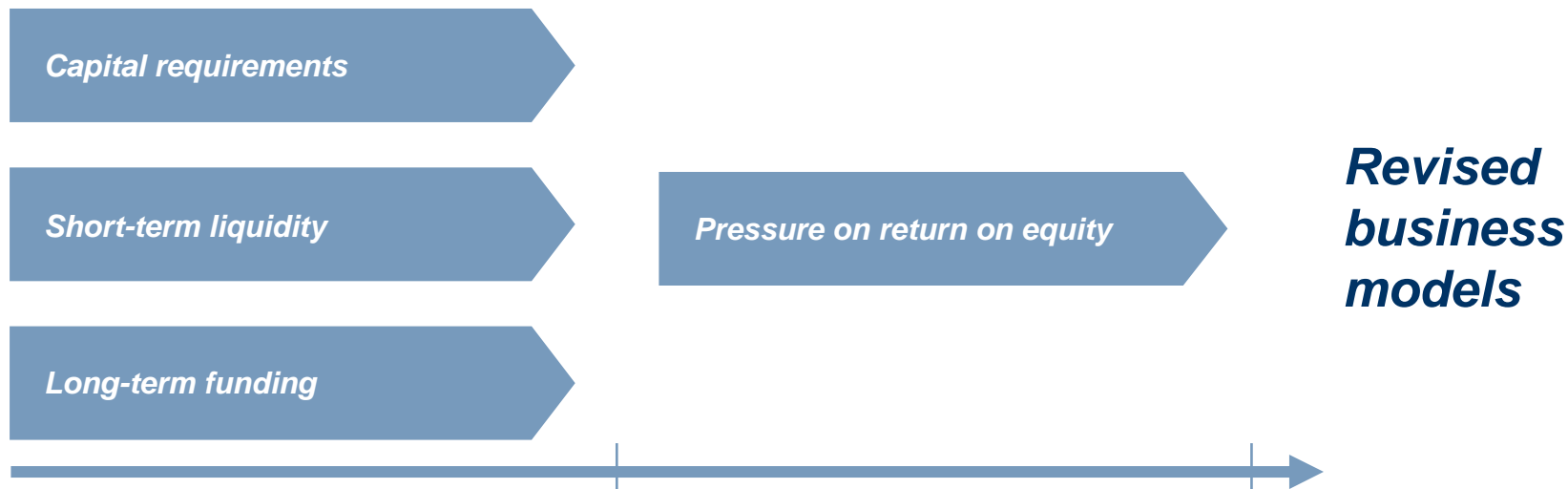
# Improved credit quality

## Rating distribution



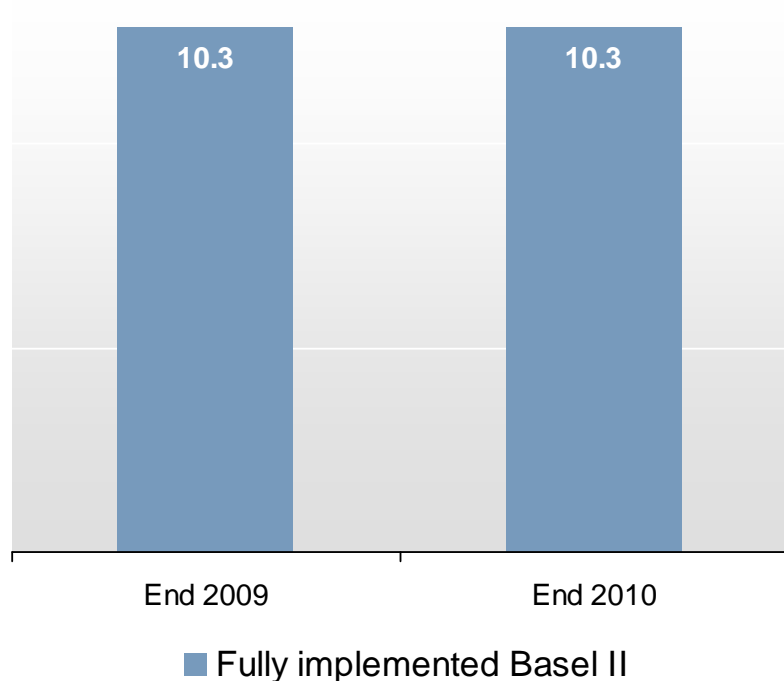
# The regulatory framework is becoming gradually more concrete

## Industry challenges



# Unchanged Core Tier 1 ratio

Core Tier 1 capital ratio (excl. Hybrids), %

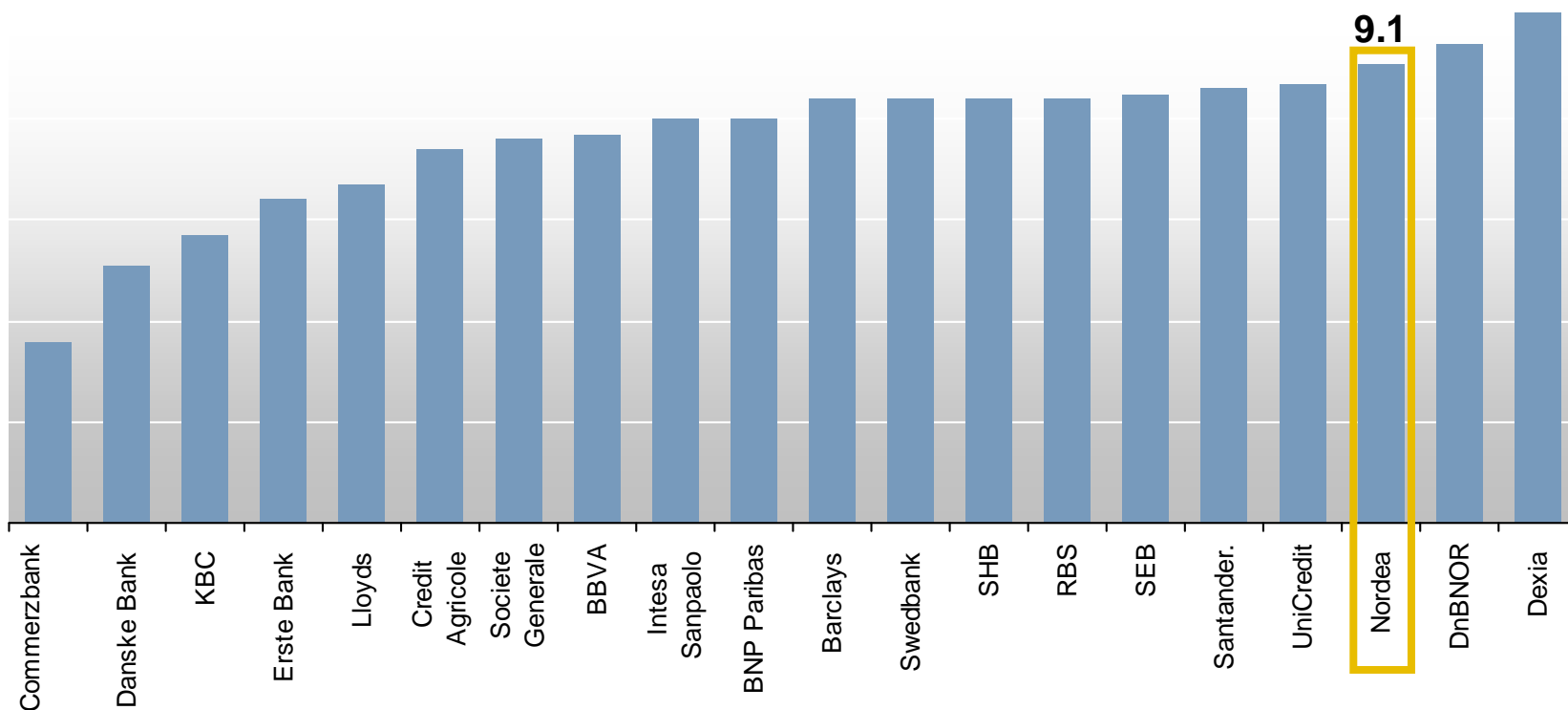


- High net profit support:
  - Increased volumes – lending up 11%
  - Dividend payout ratio 44%

# Strong capital position

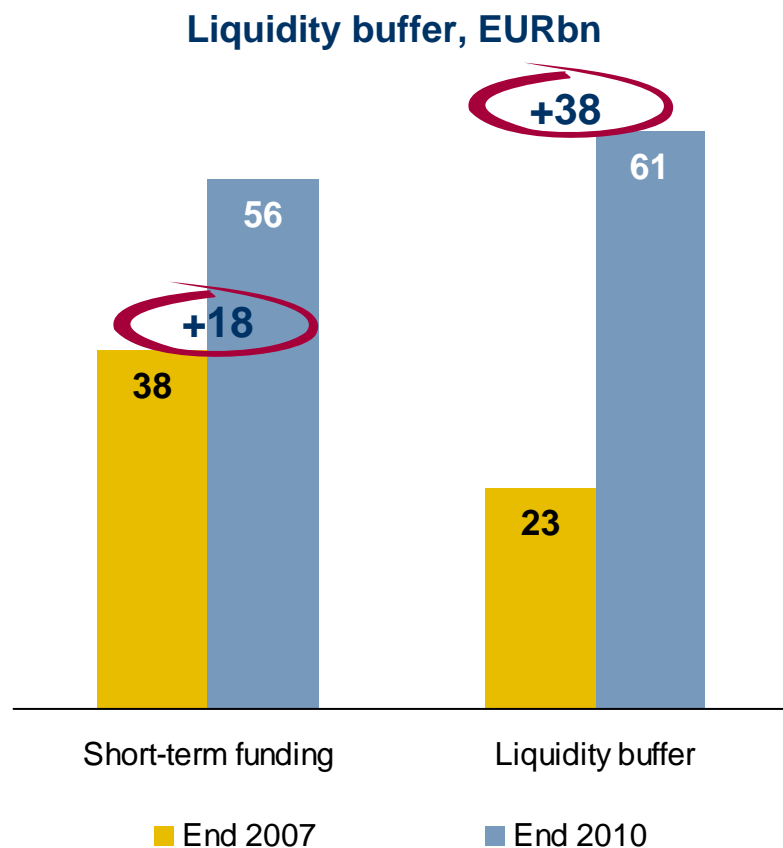
– compliant with proposed regulations

Nordea # 3 among European peers in Standard&Poor's Risk-adjusted capital (RAC) analysis





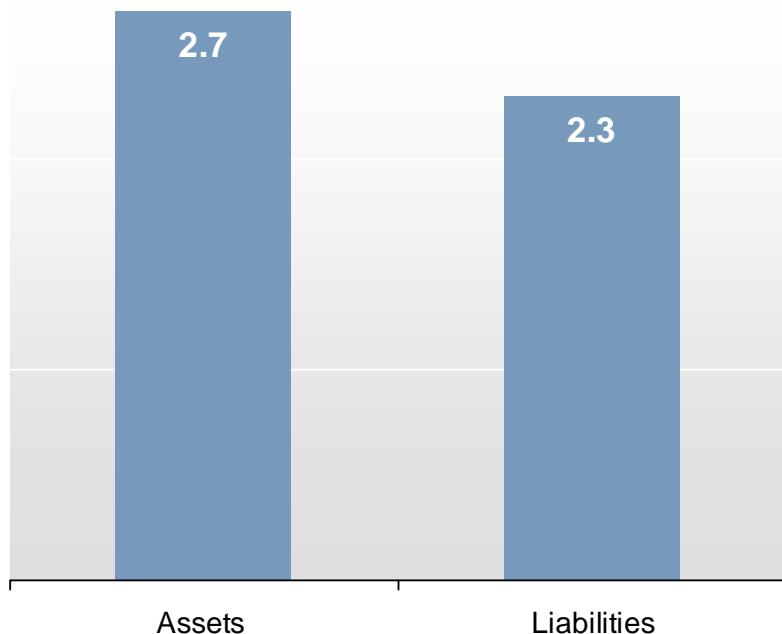
# Prudent liquidity risk management



- Increased liquidity buffer, EUR 61bn
- High quality assets with characteristics similar to Basel III liquid assets

# Well matched average behavioural maturities

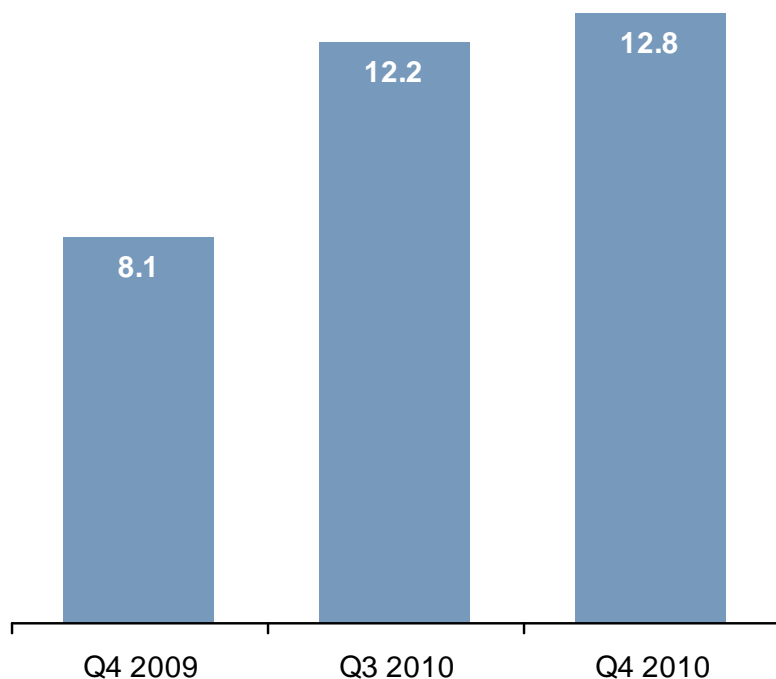
Average behavioural maturity, years



- Prudent match fund of behavioural maturities
- Same liquidity risk as NSFR intends to address
- Secures a sustainable lending/deposit mix

## Further development of business model

Return on Equity (RoE)

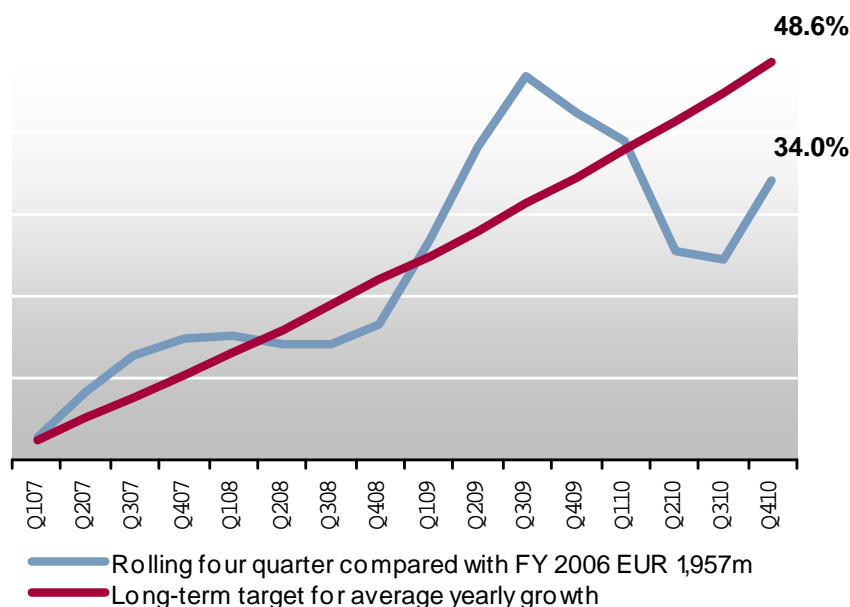


- Mitigate the effects on capital, liquidity and funding
- Objective to increase return on equity from today's levels

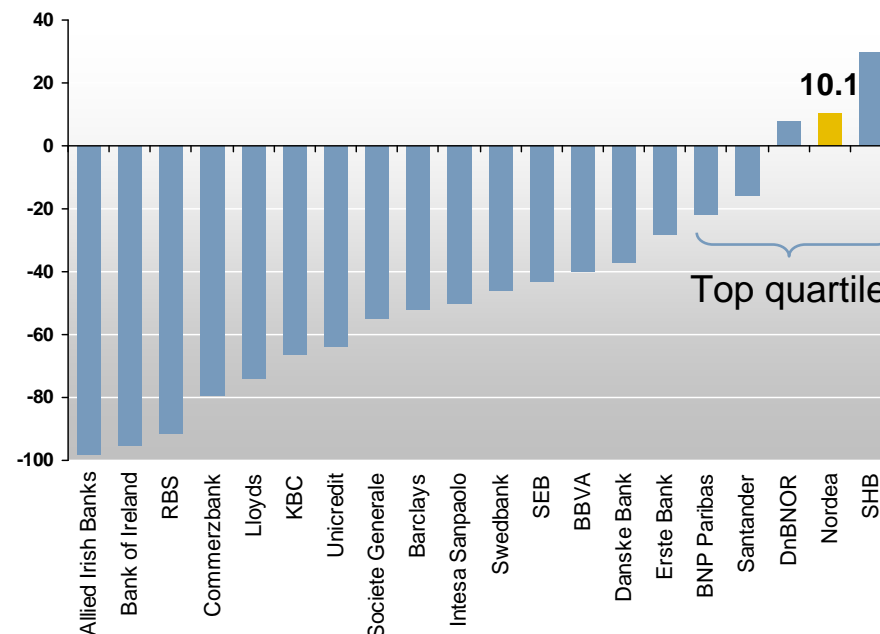
# Ambitious long-term targets remain

- no outlook for 2011

Risk-adjusted profit, 2007-2010



Total shareholder return, 2007 - 2011 Ytd



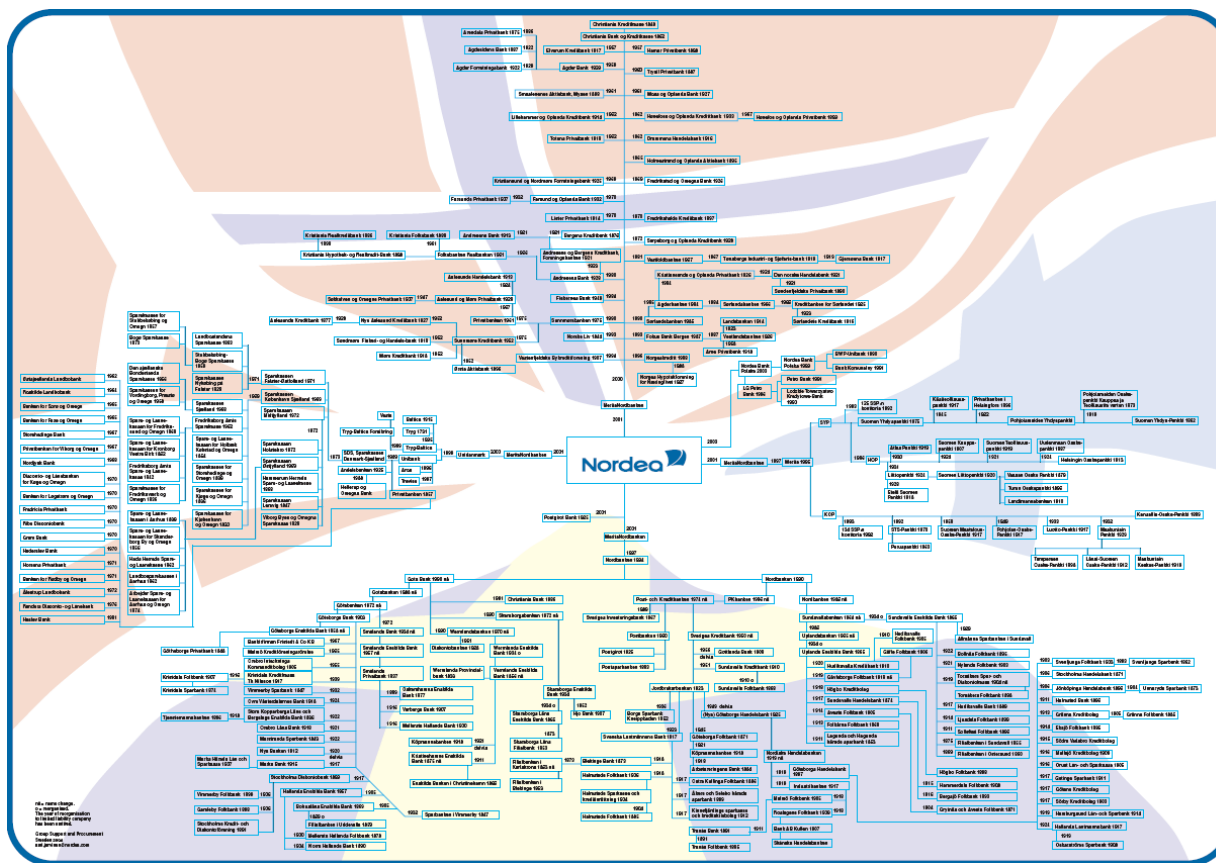
## Best in class RoE<sup>1</sup> 2007-2010

Nordea has reported the highest average return on equity (RoE) of Nordic peers<sup>2</sup>, 14.1%



## The history of Nordea – 10 years of progress

# Nordea created through a string of mergers



Start: 300

1970: 80 banks

1980: 30 banks

1990: 4 banks

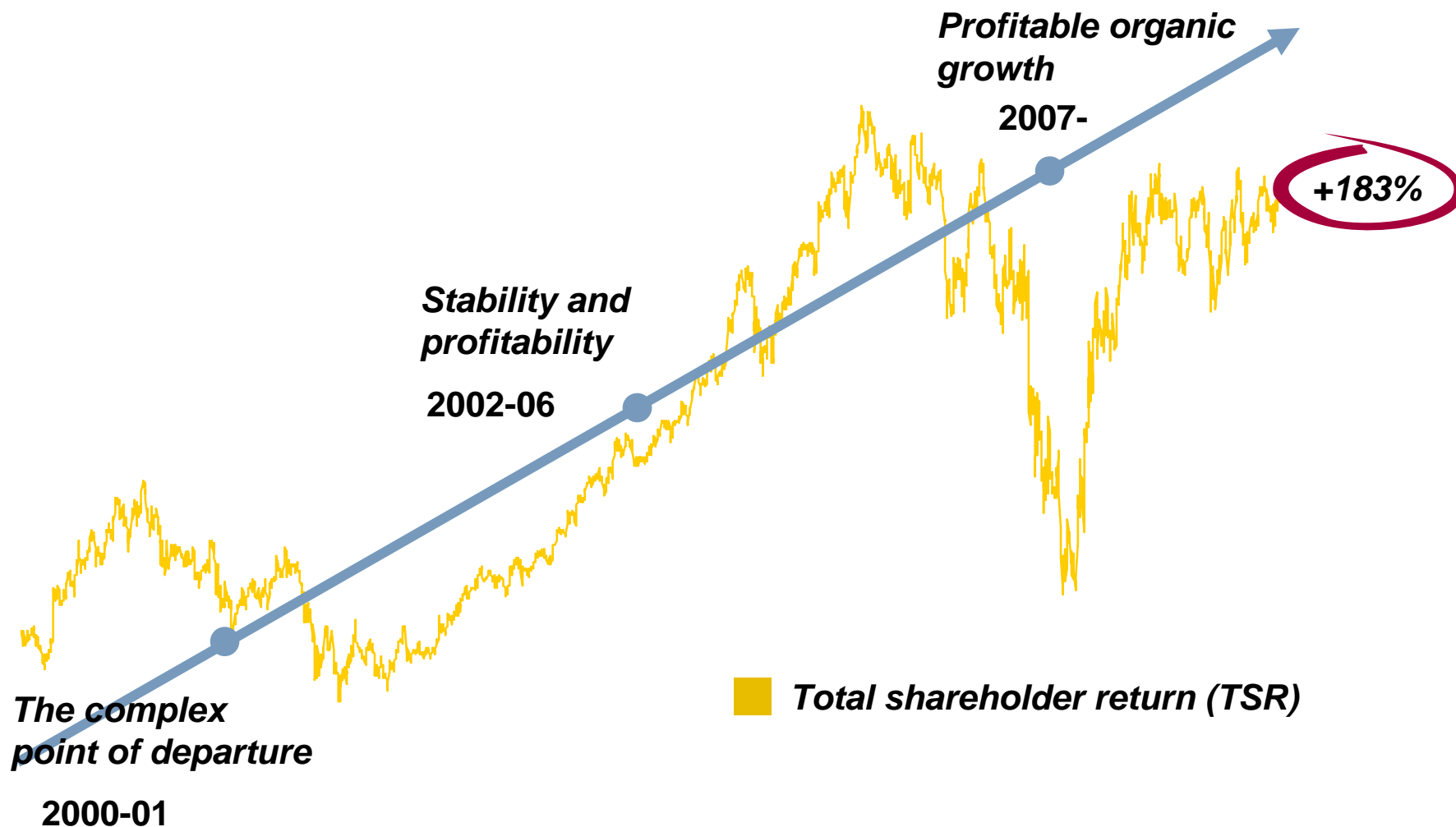
2010: Nordea

One operating model

Unique diversification

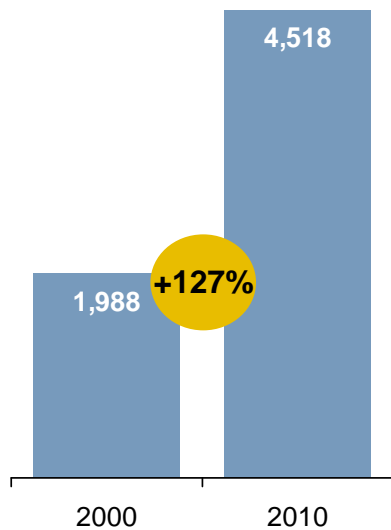
Proven business model

# 10 years of progress building a Great Nordea...

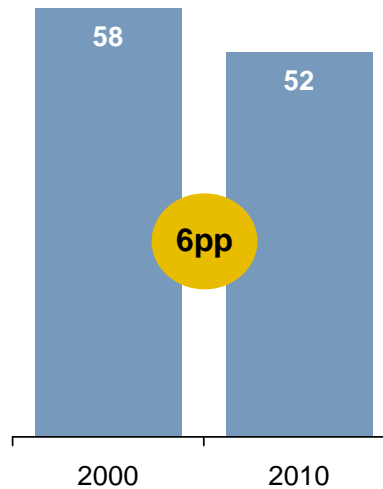


# ...with significant growth...

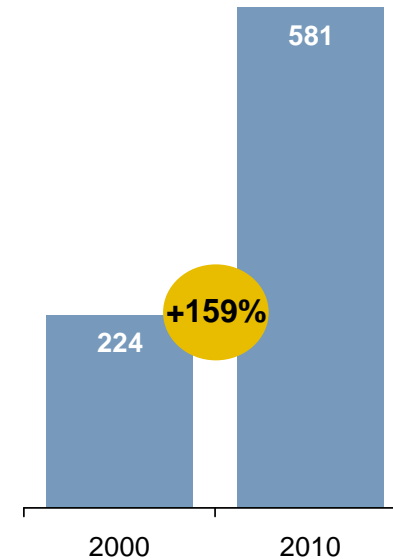
Profit before loan losses,  
EURm



Cost/Income ratio, %



Total assets, EURm

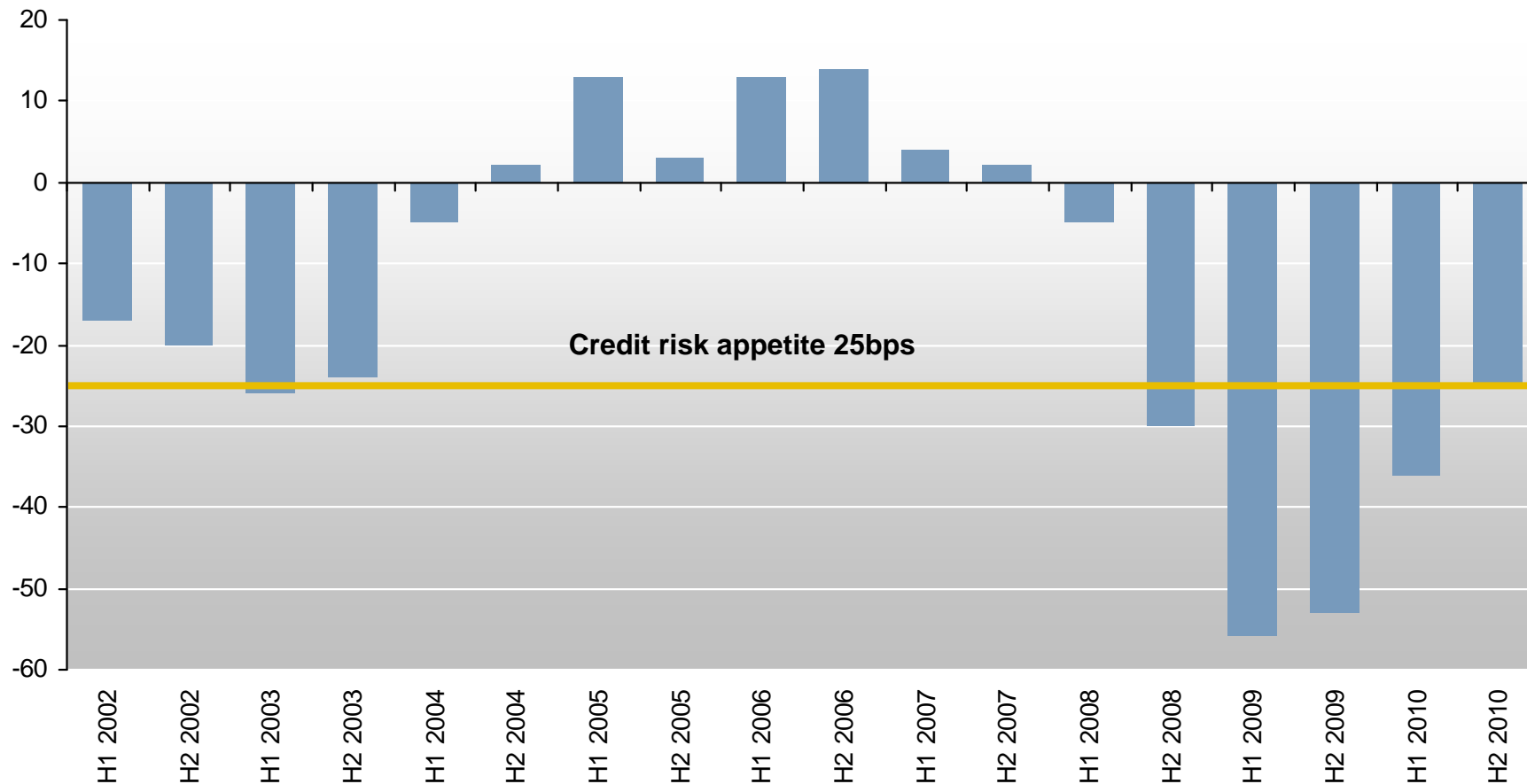


 10-year growth



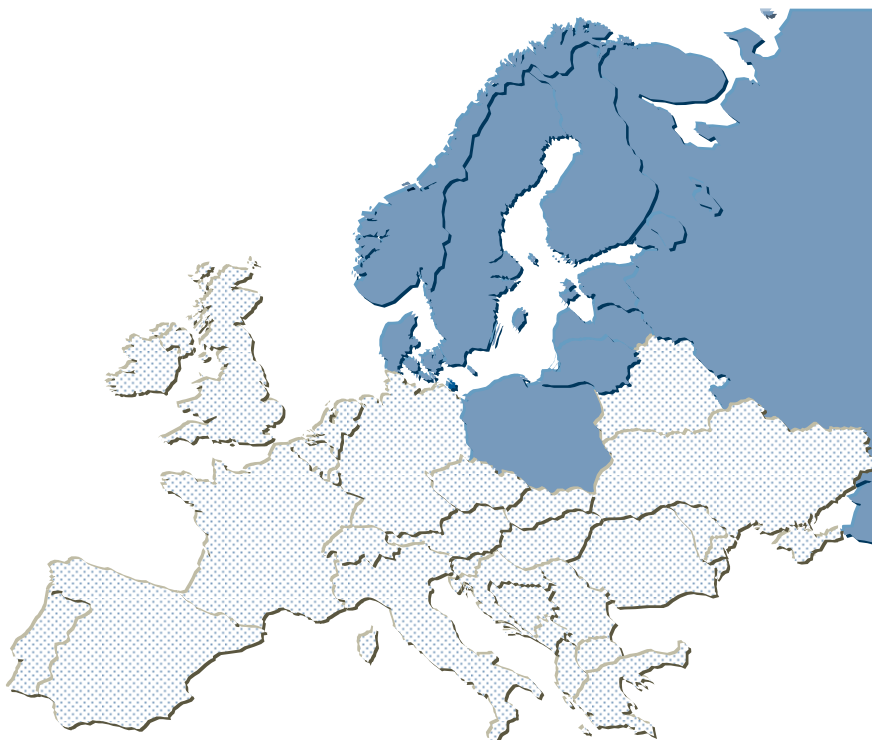
# ...and strong credit management

## Loan loss ratio



# Solid position in nine home markets

## Nordea's nine home markets



- 11 million customers
- 1,400 branches and 6 million e-banking customers
- AA credit rating
- A top 10 European retail bank and 1 of 2 Nordic companies on Forbes 100

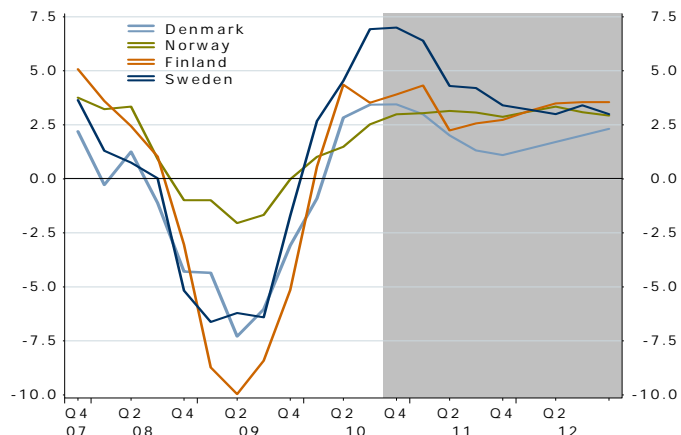




## Strong customer business momentum

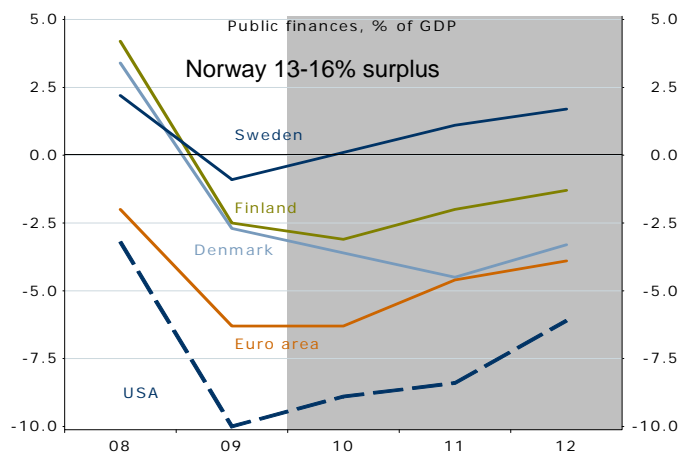
# Nordic economies show strength

## GDP growth, %, y/y



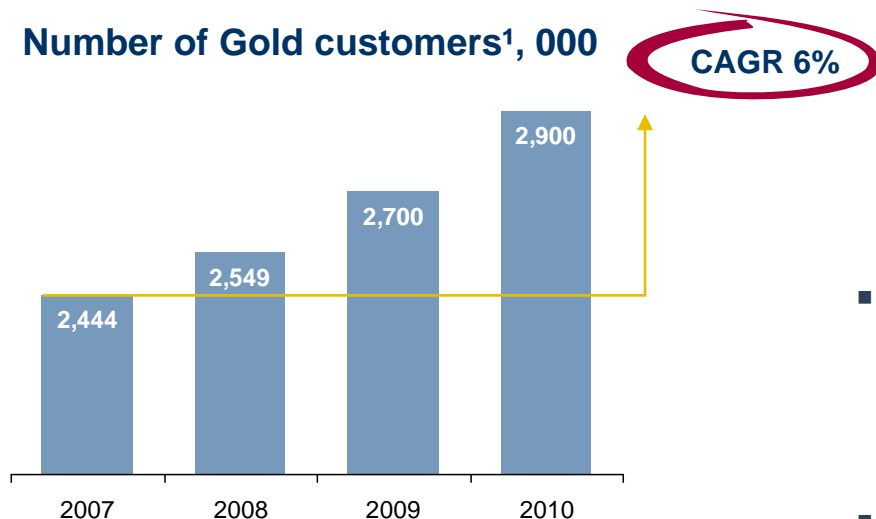
- Solid growth rates
- Modest inflation
- Strong public finances
- Improvements in labour markets

## Public finances, % of GDP

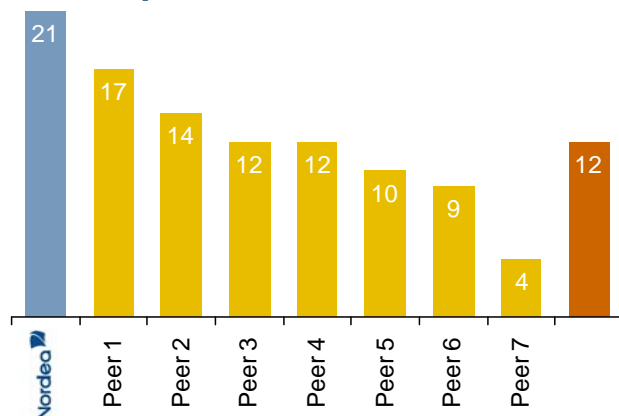


# Strengthened market position...

Number of Gold customers<sup>1</sup>, 000



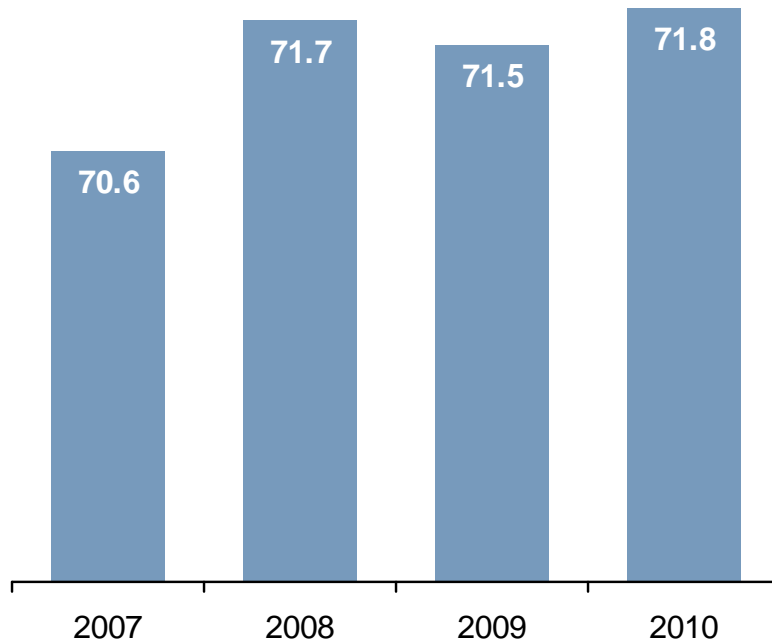
Q3/09 – Q3/10 Nordic market AuM development, %



- Award-winning value proposition continue to attracts customers in all segments
- Customer acquisition trend accelerated in 2010 – especially in relationship segments
- Nordea Asset Management is outgrowing peers both relatively and in absolute numbers

## ...with an all-time-high customer satisfaction level

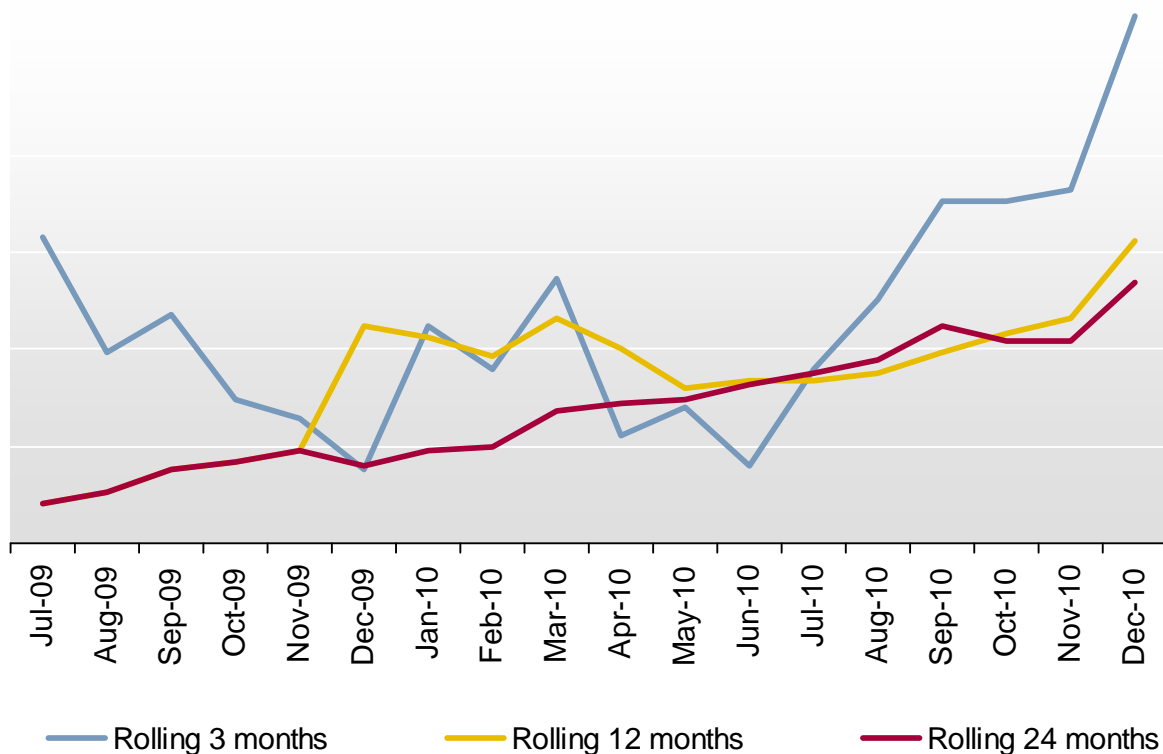
Customer Satisfaction Index<sup>1</sup> (CSI),  
aggregate



- Despite economic recession
- Strong focus on relationship banking

# ...increases business activity in all segments

## Total income monthly average



- Solid growth trends in relationship segments<sup>1</sup>
- Customer business gaining momentum

# Group initiatives are on track in all areas

## Household relationship strategy

1. Future distribution

2. New customer acquisition

3. Growth plan Finland

## Corporate relationship strategy

4. Growth plan CMB

5. Customer-driven Markets business

## New European Markets

6. Growth plan Poland

## Efficiency initiatives

7. Top-league IT and operations

8. Product platforms

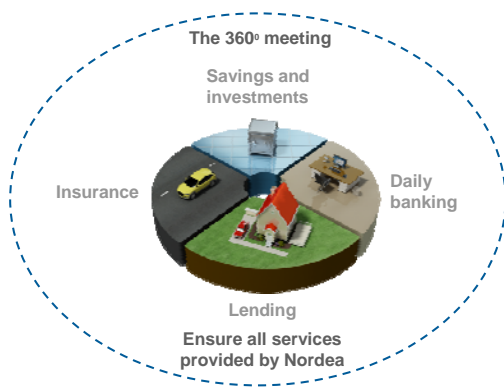
9. Infrastructure upgrade



# Specialising and focusing our branches

Future  
distribution

**Focused branches supports the 360-degree meeting**



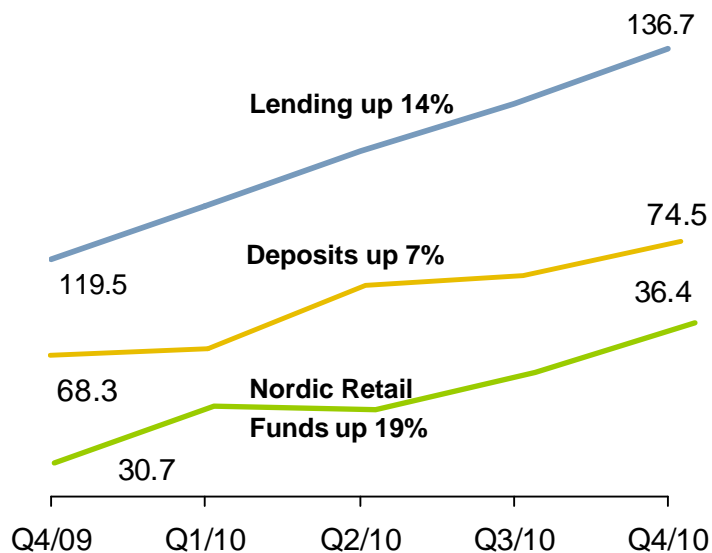
- Increased customer satisfaction, sales and lower cost to serve
- 82 branches operating in new formats
- Significant increase in number of proactive customer meetings
  - Up 48% compared to Q4 2009
- Further improved Private Netbank

# Continued strong demand in household segment

New customer acquisition

Growth plan Finland

Household<sup>1</sup> volumes increase 2010, EURbn

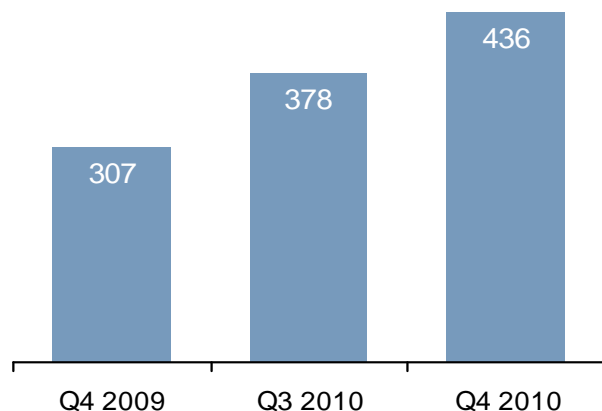


- Record inflow of new customers
  - 200,000 Gold and Private Banking of which 65% new customers to Nordea
- Improved service level in Finnish high growth areas
  - 170 new advisers and specialists recruited
  - Relocation and refurbishment of branches

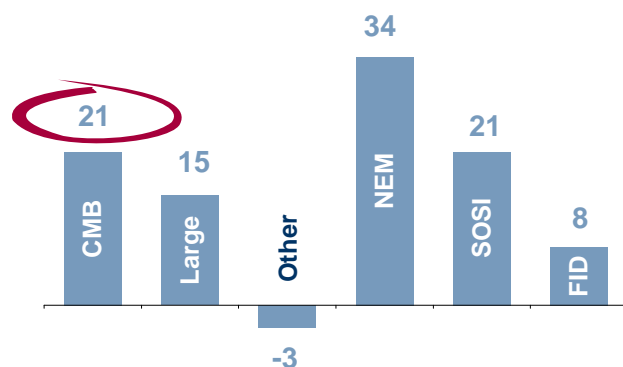
# Strong income growth within CMB

Growth plan  
CMB

Total income CMB, EURm



Income growth 2007-2010, CAGR %



- Growth plan CMB Sweden proceeds as planned
  - Total income up 19%
  - Improved customer relations – several new mandates won
- Strategy to build house-bank relations proven successful
  - Solid income growth in all segments

# High ranking in equity and bond markets

Markets  
business

Nordic Primary Equity Market league table 2010

## Bookrunner

| Pos. | Bank name                     | Deal value EURm | No. |
|------|-------------------------------|-----------------|-----|
| 1    | Goldman Sachs                 | 6,433           | 6   |
| 2    | SEB                           | 5,475           | 23  |
| 3    | JPMorgan                      | 4,218           | 4   |
| 4    | Morgan Stanley                | 3,880           | 4   |
| 5    | Nordea Markets                | 3,112           | 11  |
| 6    | DnB NOR Bank ASA              | 3,112           | 11  |
| 7    | Bank of America Merrill Lynch | 2,005           | 2   |
| 8    | ABG Sundal Collier            | 1,932           | 16  |
| 9    | Citi                          | 1,910           | 2   |
| 10   | Deutsche Bank                 | 1,819           | 2   |

Note: The full deal value for a transaction is included in the figures for every bank involved in the deal. The table includes all Nordic primary transactions, including FIs.

Source: Dialogic

Nordic Corporate Eurobond benchmark league table 2009 – 2010

## Bookrunner

| Pos. | Bank name        | Deal value EURm | No. | % share |
|------|------------------|-----------------|-----|---------|
| 1    | Deutsche Bank    | 3,792           | 19  | 16%     |
| 2    | BNP Paribas      | 3,371           | 18  | 14%     |
| 3    | Nordea Markets   | 2,667           | 16  | 11%     |
| 4    | RBS              | 2,004           | 11  | 8%      |
| 5    | Barclays Capital | 1,900           | 11  | 8%      |
| 6    | Citi             | 1,879           | 10  | 8%      |
| 7    | Soc Gen          | 1,875           | 8   | 8%      |
| 8    | JPMorgan         | 1,600           | 10  | 7%      |
| 9    | Calyon           | 900             | 5   | 4%      |
| 10   | Danske Bank      | 850             | 6   | 4%      |

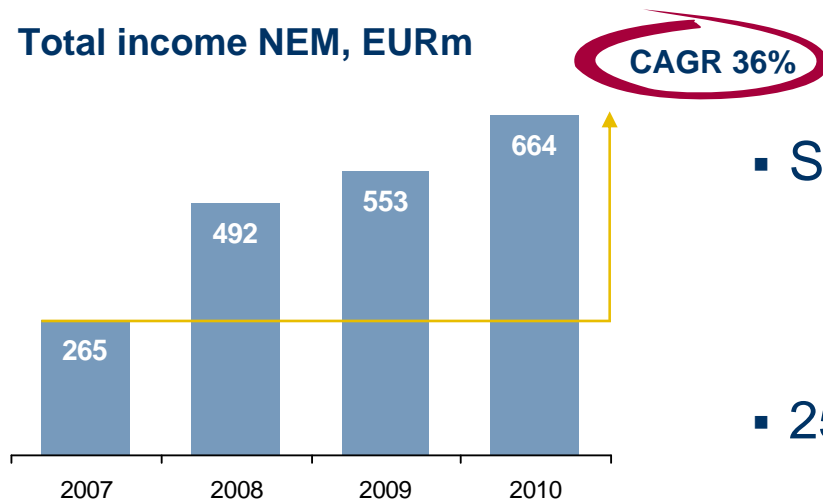
Note: The table includes Nordic IG syndicated corporate non-financial issues. Tranche value >= EUR 300mn, maturity >1yr, active bookrunners.

Source: Dialogic

# New European Markets – a growth area

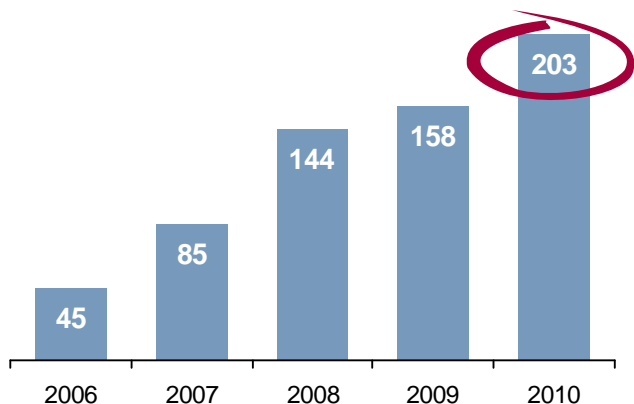
Growth plan  
Poland

Total income NEM, EURm



- Solid income growth continues
  - Increased lending and deposit volumes
  - Improved credit quality
- 25,000 new Gold customers welcomed
- 45 new branches in Poland opened 2010
  - Strengthened position in both Household and Corporate segments

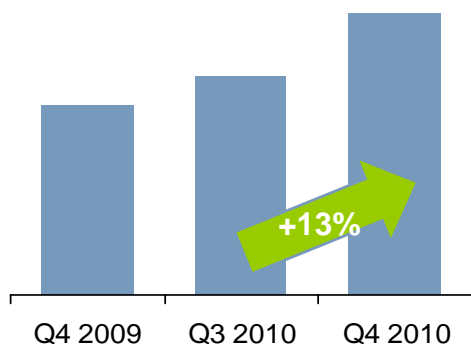
Number of branches Poland



# Strong efficiency improvements in customer areas

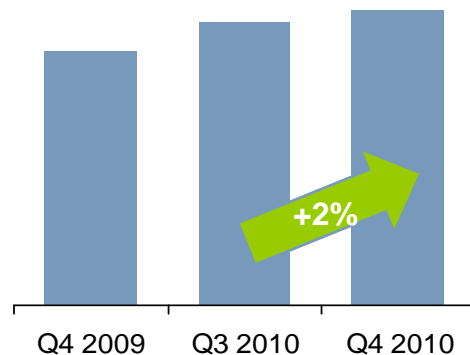
## Income per FTE

Nordic Banking



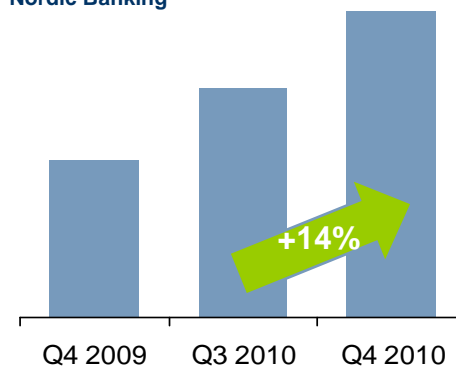
## # customers per FTE

Nordic Banking



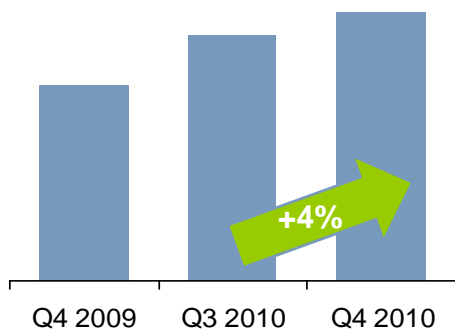
## New customer acquisition from outside Nordea\*

Nordic Banking



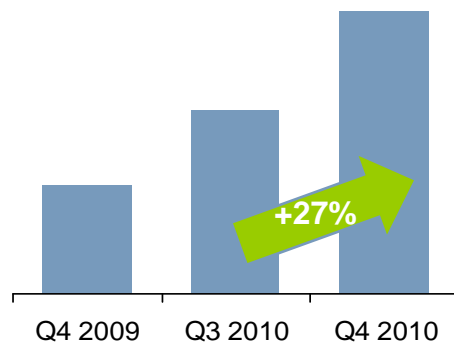
## Business volumes per FTE

Nordic Banking

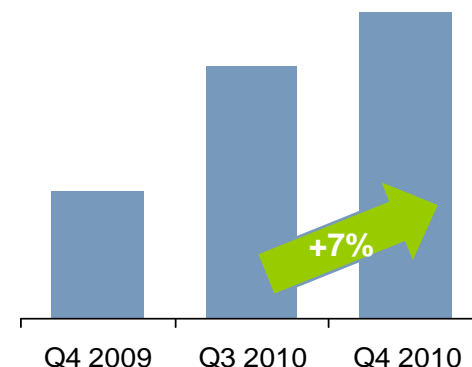


## # 360 meetings/PBA

Nordic Banking



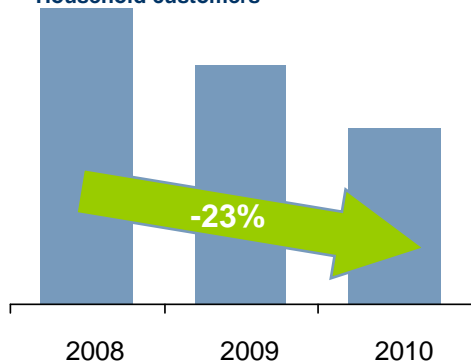
## # gold customers in NEM



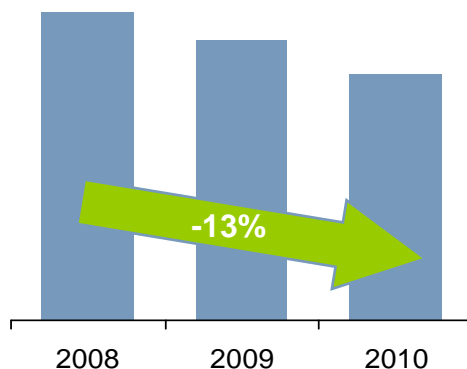
# Solid productivity improvements

# manual transactions in branch network

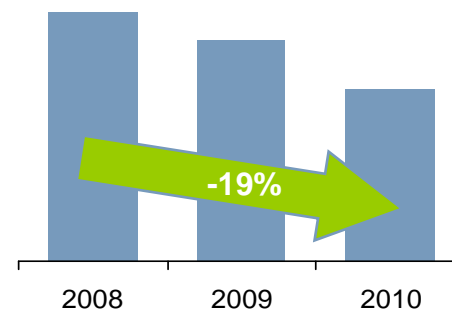
Household customers



AM costs / portfolio

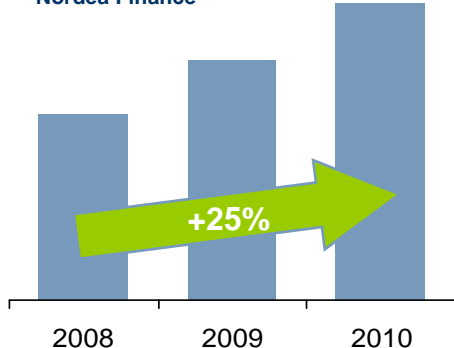


IT production costs<sup>1</sup> / production volumes



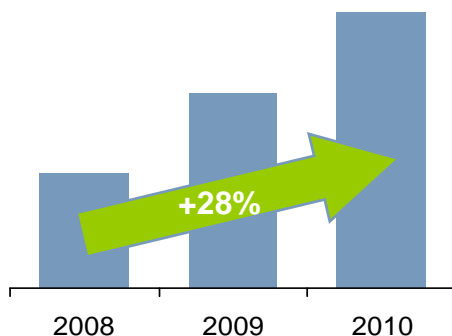
#contracts/loans/cards/invoices / FTE

Nordea Finance

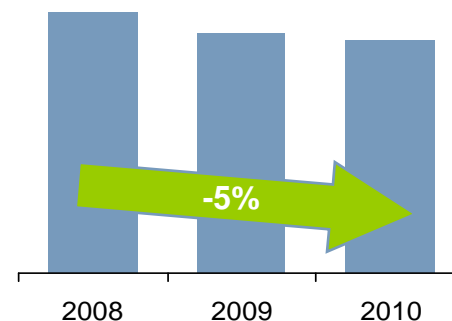


Corporate payment transactions / FTEs

Transaction Products



Square meters / workplace<sup>2</sup>



<sup>1</sup> Nordic Processor

<sup>2</sup> In multiuser buildings

## Key messages

- ✓ 2010 - important milestone on the journey towards Great Nordea
- ✓ Record level income, operating profit and customer satisfaction
- ✓ Strengthened position – significant customer inflow
- ✓ Increased customer activity in all segments





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**Press and analyst conference**  
**2 February 2011**

**Christian Clausen**  
**President and Group CEO**

