



**First Quarter Report 2011**  
**Press and analyst conference**  
**28 April 2011**

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



# 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

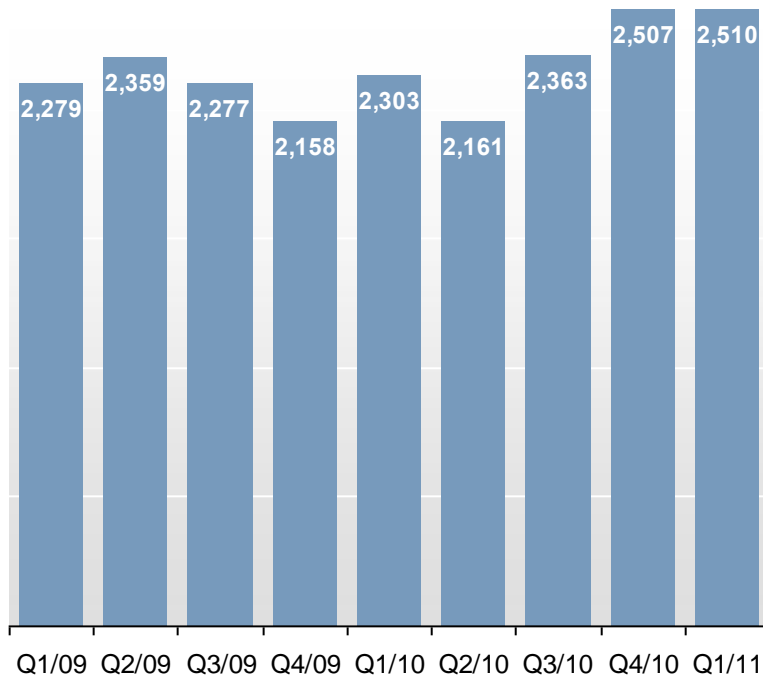
- ✓ Strong business momentum continues
- ✓ Strong platform and relationship strategy delivers
- ✓ Taking Nordea into New Normal
- ✓ Maintain business momentum and focus on returns
  - ✓ Capital efficiency
  - ✓ Cost efficiency
  - ✓ RoE

# Result highlights

EURm	Q1/11	Q4/10	Chg %	Q1/10	Chg %
Net interest income	1,324	1,365	-3	1,235	7
Net fee and commission income	602	618	-3	475	27
Net result items at fair value	544	504	8	548	-1
Other income	40	20		45	
<b>Total income</b>	<b>2,510</b>	<b>2,507</b>	<b>0</b>	<b>2,303</b>	<b>9</b>
Staff costs	-768	-675	14	-687	12
<b>Total expenses</b>	<b>-1,265</b>	<b>-1,270</b>	<b>0</b>	<b>-1,164</b>	<b>9</b>
<b>Profit before loan losses</b>	<b>1,245</b>	<b>1,237</b>	<b>1</b>	<b>1,139</b>	<b>9</b>
Net loan losses	-242	-166		-261	-7
<b>Operating profit</b>	<b>1,003</b>	<b>1,071</b>	<b>-6</b>	<b>878</b>	<b>14</b>
<b>Net profit</b>	<b>742</b>	<b>770</b>	<b>-4</b>	<b>643</b>	<b>15</b>
<b>Risk-adjusted profit</b>	<b>771</b>	<b>721</b>	<b>7</b>	<b>678</b>	<b>14</b>

# Strong start of the year - record level income

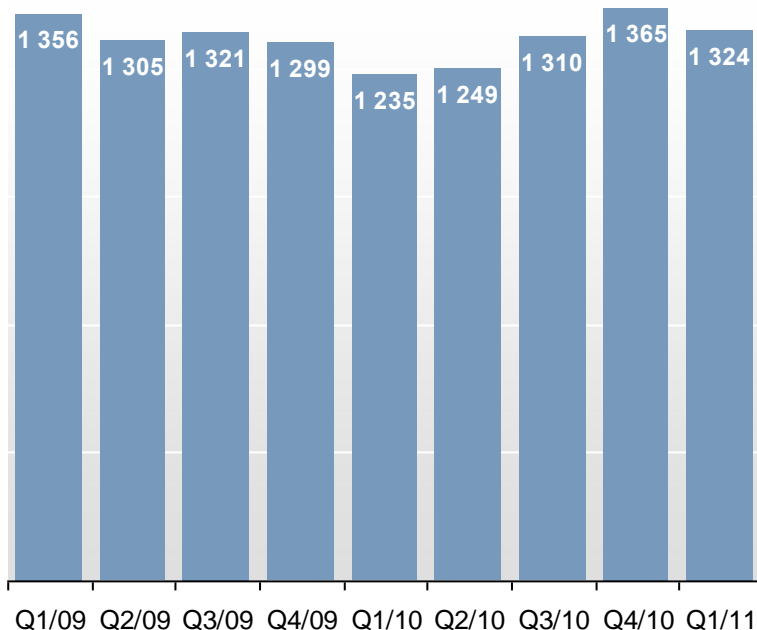
Total income, EURm



- Continued strengthening of relationships
  - More ancillary income
- Strong business momentum

# Stable net interest income

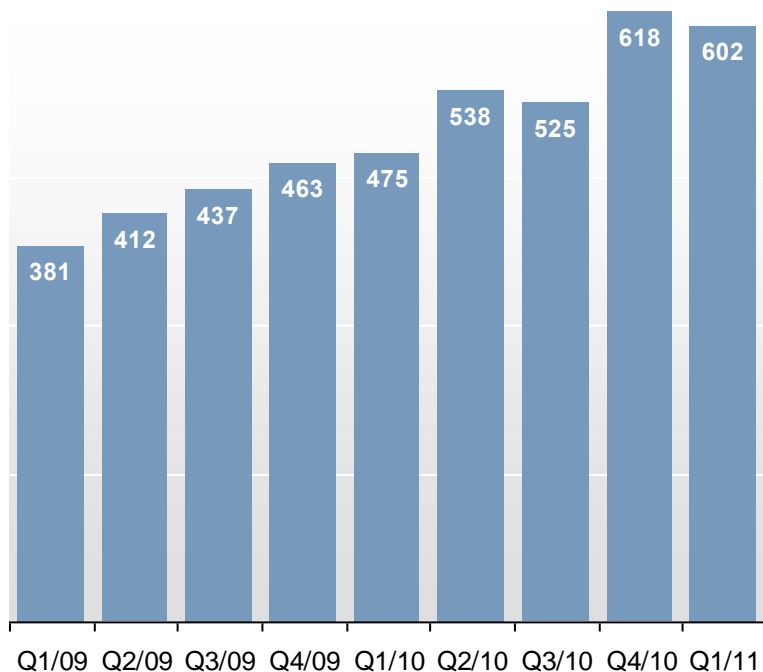
Net interest income, EURm



- Solid trend in customer areas
- Deposit volumes and margins continue to increase
  - Limited loan demand from large corporates
  - High capital markets activity
  - Household lending up 4% annualised
- Two fewer days Q-o-Q
- Increased funding cost for liquidity buffer
  - Reduced interest rate risk in Group Funding

# Net fee and commission remains strong

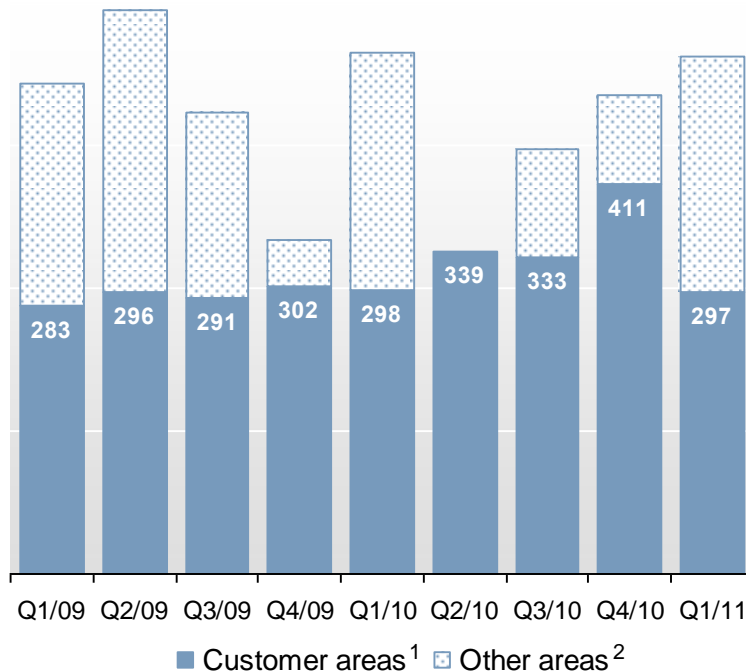
Net fee and commission income, EURm



- Down 3% from high level
  - Seasonal effects
- Asset management commissions continue to increase
  - 89% of all composite index outperform index over the past 36 months
- Record high level of premium income in Life & Pensions
- Higher lending commissions

# Fair value result up 8%

Net result from items at fair value, EURm

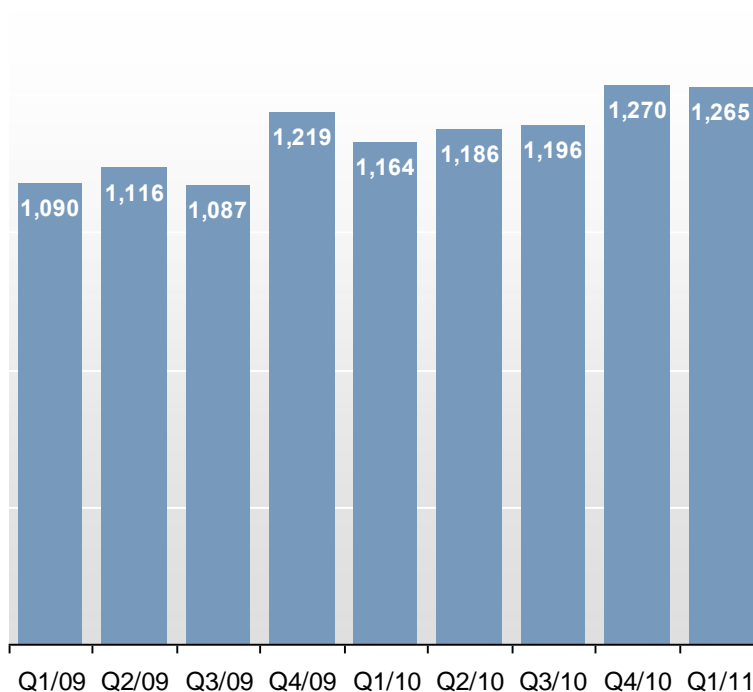


- Customer areas continue to perform well
- Good trading environment
- Strong results in Group Corporate Centre



## Expenses down Q-o-Q

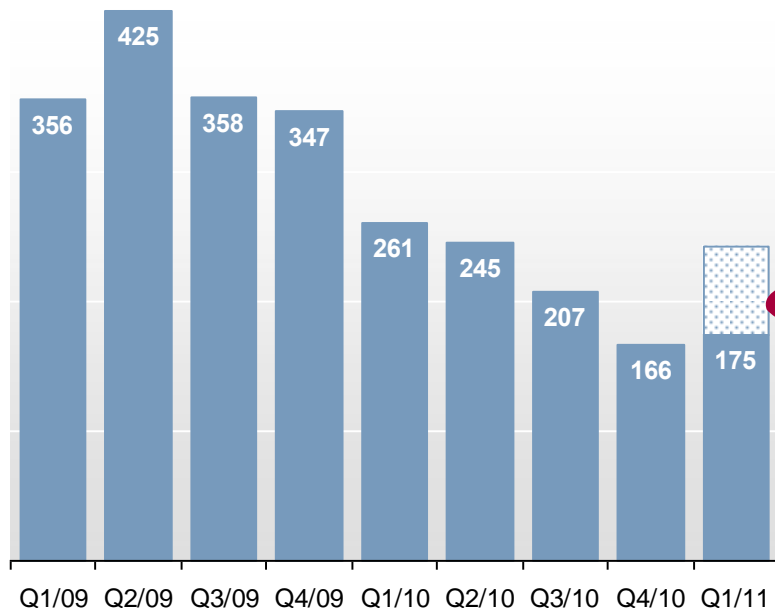
Total expenses, EURm



- Expenses down 6%, adjusted for FX and one-off gain in 4Q10
- Currency effect of 4% y-o-y
- Number of staff up 2% y-o-y

# Net loan losses on low levels

Net loan losses, EURm



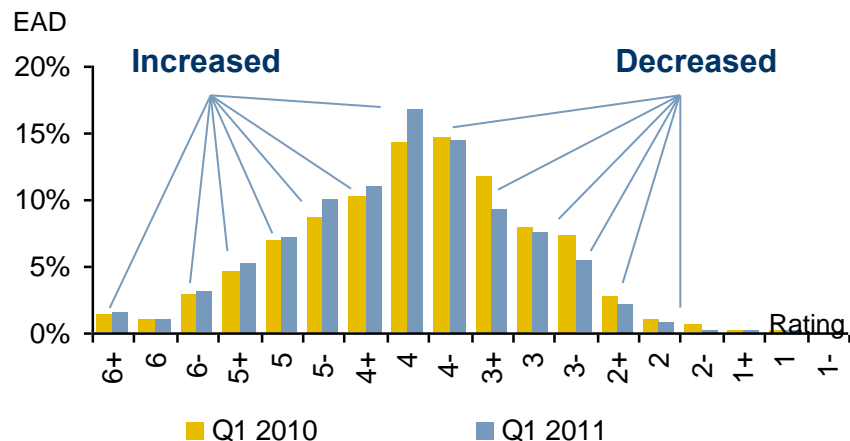
 Provision related to Amagerbanken default EUR 67m

- 22bps<sup>1</sup> – in line with expected losses over a business cycle
- EUR 67m from Amagerbanken – Danish deposit system provision
- Write-backs in the Baltics

22bps<sup>1</sup>

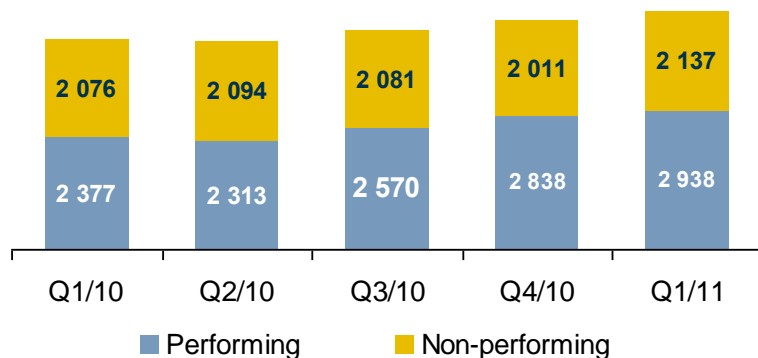
# Improved credit quality

## Corporate rating distribution



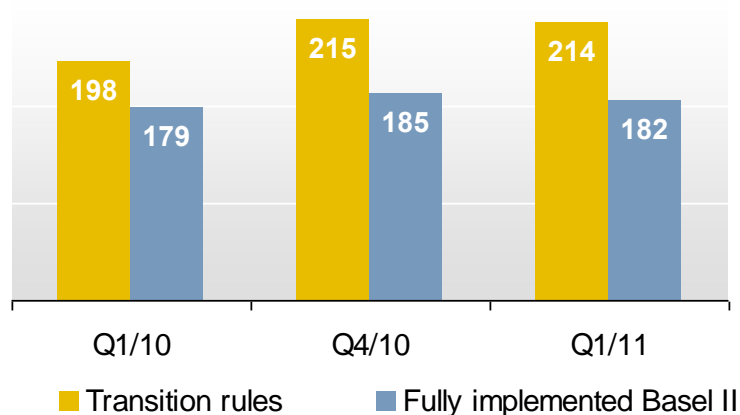
- Positive rating migration continues - reducing RWA
- Increased impaired loans due to technical reasons

## Impaired loans, EURm

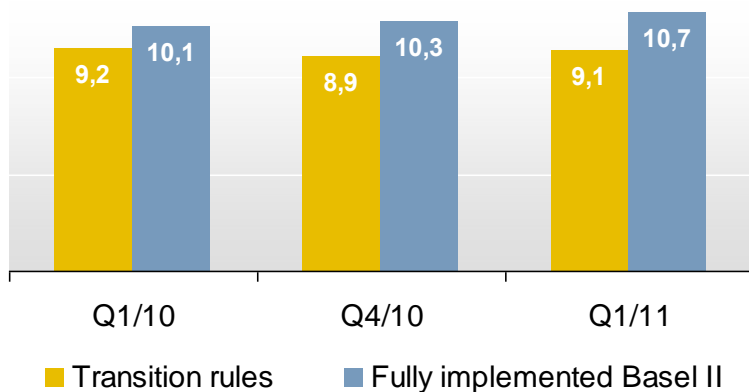


# Solid capital position

## Risk-Weighted Assets (RWA), EURbn



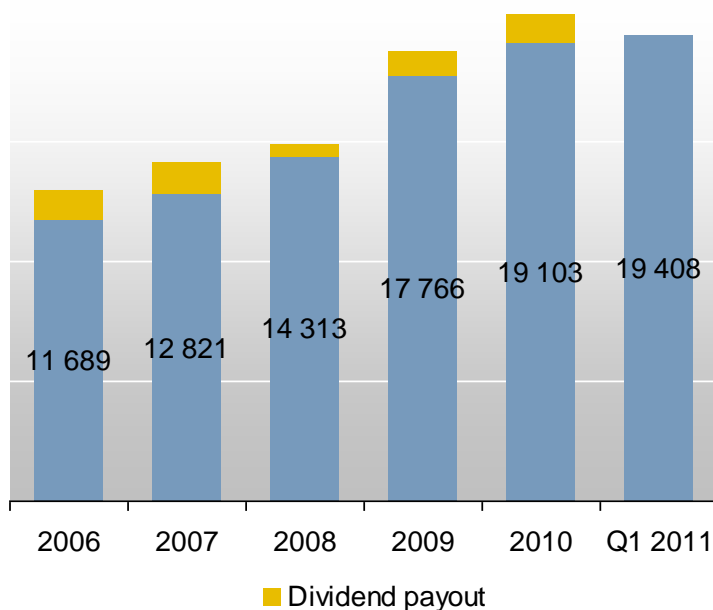
## Core Tier 1 capital ratio (excl. Hybrids)



- RWA excl. transition rules down 1.8% driven by
  - RWA optimisation activities
  - Improved credit quality
  - Lower volumes in international network
- Strengthened core tier 1 ratio – up 36bps

# Strong capital generation

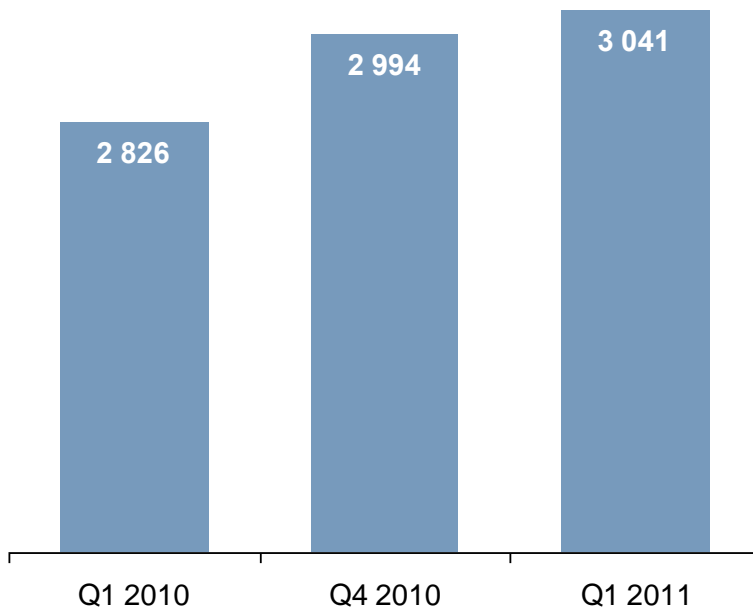
Core tier 1 capital, EURm



- Ability to adjust asset growth without jeopardising returns
  - CAGR in core equity of 9.1% after dividend and rights issue

# Customer acquisition trend continues

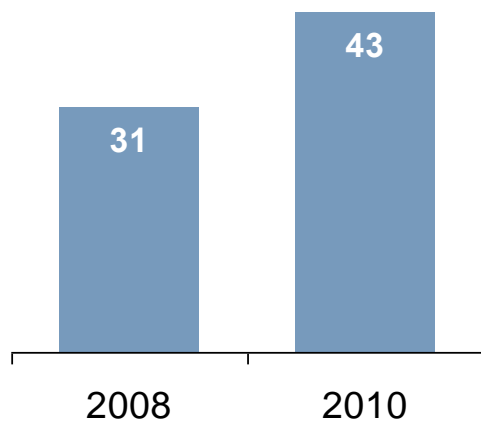
Number of Gold and Private Banking customers<sup>1</sup>, 000



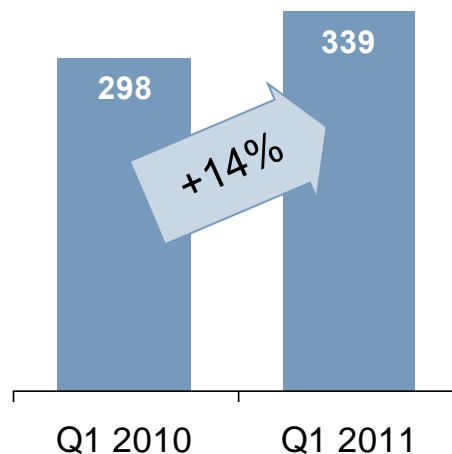
- Award-winning value proposition continue to attracts customers in relationship segments
  - Gold and Private Banking customers increased by 47,000 in Q1
  - Increase by 6% p.a since 2007

# Growth in CMB mainly driven by ancillary business

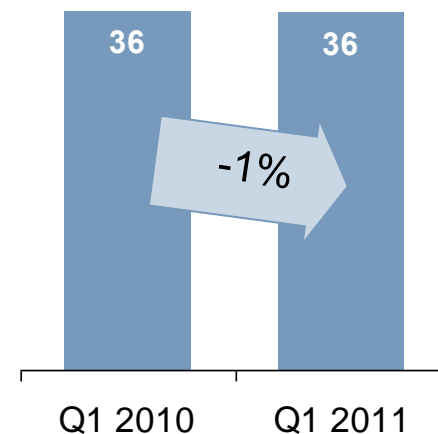
CMB Sweden "lead relationships" %<sup>1</sup>



Revenues, EURm



Lending, EURbn



- ✓ Leading corporate relationship bank in 3 of the 4 Nordic markets



## The Nordea platform – strong starting point



# Relationship strategy delivers

## Household

- ✓ Move existing customers up to relationship segments
- ✓ Attract new customers to relationship segments
- ✓ More adviser time freed up and lower cost by multichannel

## Corporate

- ✓ Increase market share with largest customers
- ✓ Proactive advice on risk management products to Medium customers

## New European Markets

- ✓ Continue successful organic growth path in Poland

## Efficiency initiatives

- ✓ Efficient value chain delivery to customer segments
- ✓ Upgrade IT infrastructure and processes and back office operations
- ✓ Replacing multiple old stand-alone platforms (cards and payments) with one uniform platform per product area

# The platform is being upgraded

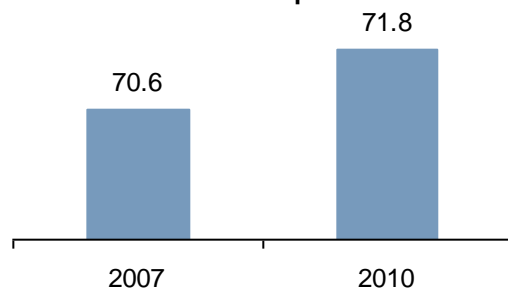
	Infrastructure	Product platforms	Distribution & capabilities	
<b>PB</b>	<b>IT infrastructure</b> <ul style="list-style-type: none"> <li>• NTP</li> <li>• New IBM contract</li> <li>• Finance processes</li> </ul> <b>Admin processes</b> <ul style="list-style-type: none"> <li>• Operations centre in Poland</li> </ul>	<b>Integrated savings offering</b>	<b>New customer acquisition (PB, Gold)</b>	
<b>Household</b>		<b>Multi-channel offering</b>	<b>Branch network focus on advice not manual service transactions</b>	
<b>Corporate</b>				
<b>CMB</b>		<b>Scale in product solutions</b> <ul style="list-style-type: none"> <li>• Cards</li> <li>• Payments</li> </ul>	<b>Market products to Corp.</b>	<b>Corporate Finance &amp; Equities</b>
<b>Shipping</b>				
<b>Markets</b>	<b>New markets platform – straight through processes</b>			
<b>NEM</b>	<b>New IT platform Russia</b>	<b>Growth Plan Poland</b>		

## What the platform delivers

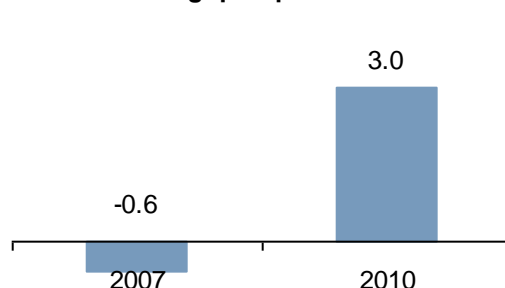
- Increased customer acknowledgement
- Improved market positions
- Productivity and efficiency
- Low risk
- Strong financials

# Increased customer acknowledgement and improved market positions

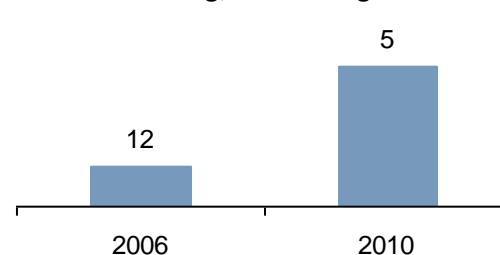
Total Group CSI



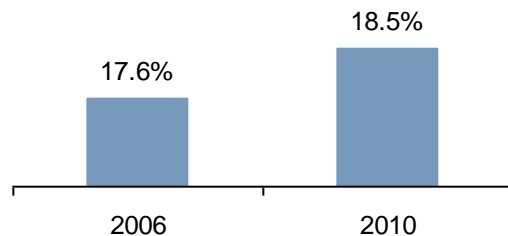
CSI gap to peers



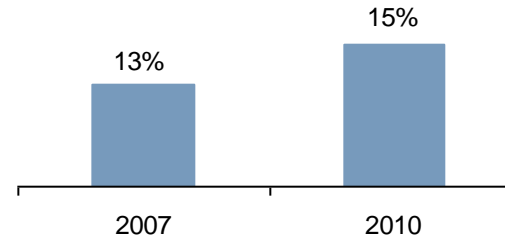
Position in Prospera equity ranking, Nordic avg.



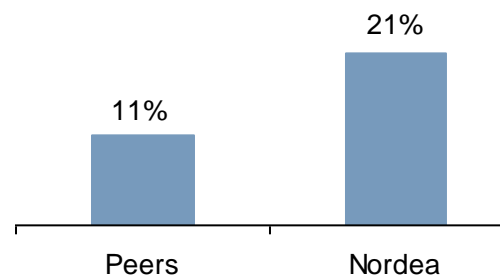
Household lending market share Nordic avg.



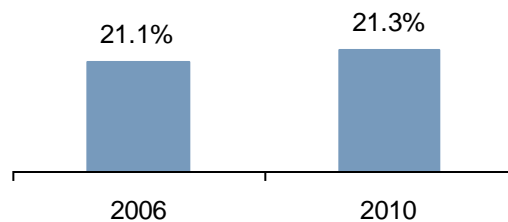
Private Banking, market share



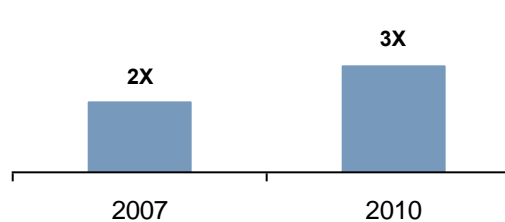
AuM, growth 2007-2010\*



Corporate lending market share Nordic avg.



Capital Markets income relative to best peer

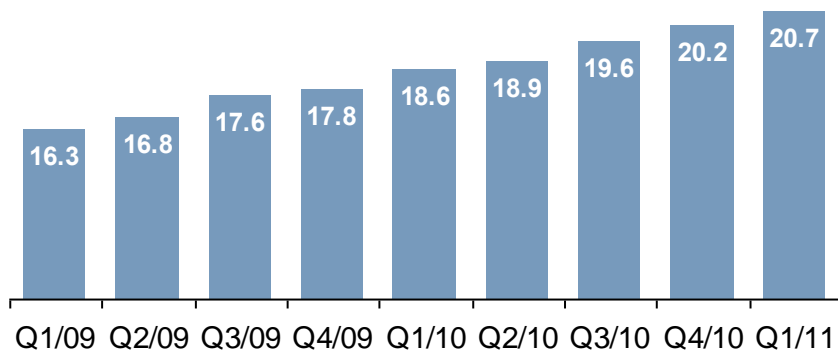


Unit Link premiums (EURbn\*\*\*)

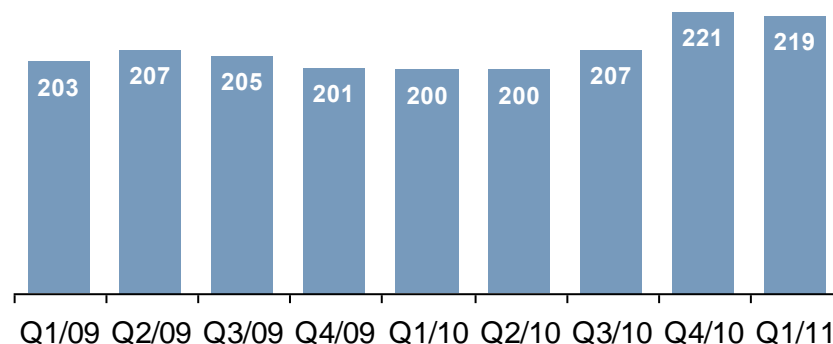


# Improved productivity and efficiency ratios

Business volumes<sup>1</sup>/FTE, EURm

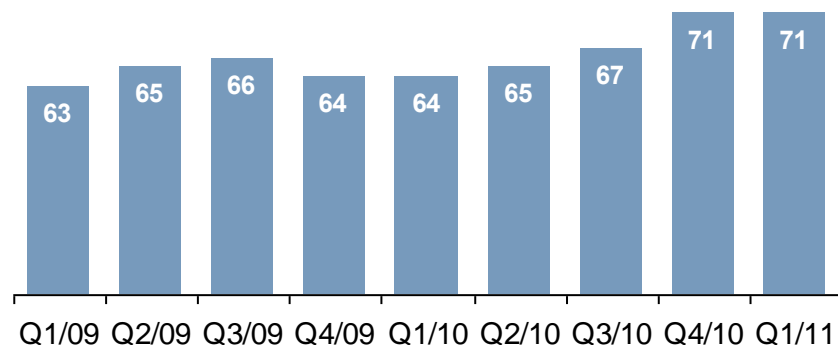


Income/customer, EURt

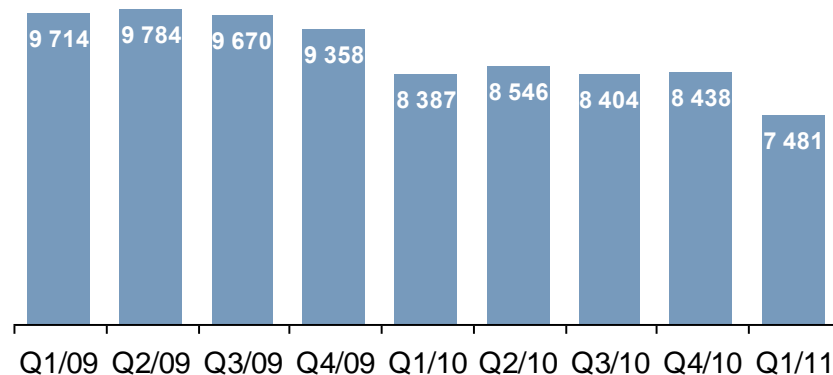


<sup>1</sup>Lending, deposits & AuM

Income/FTE, EURt

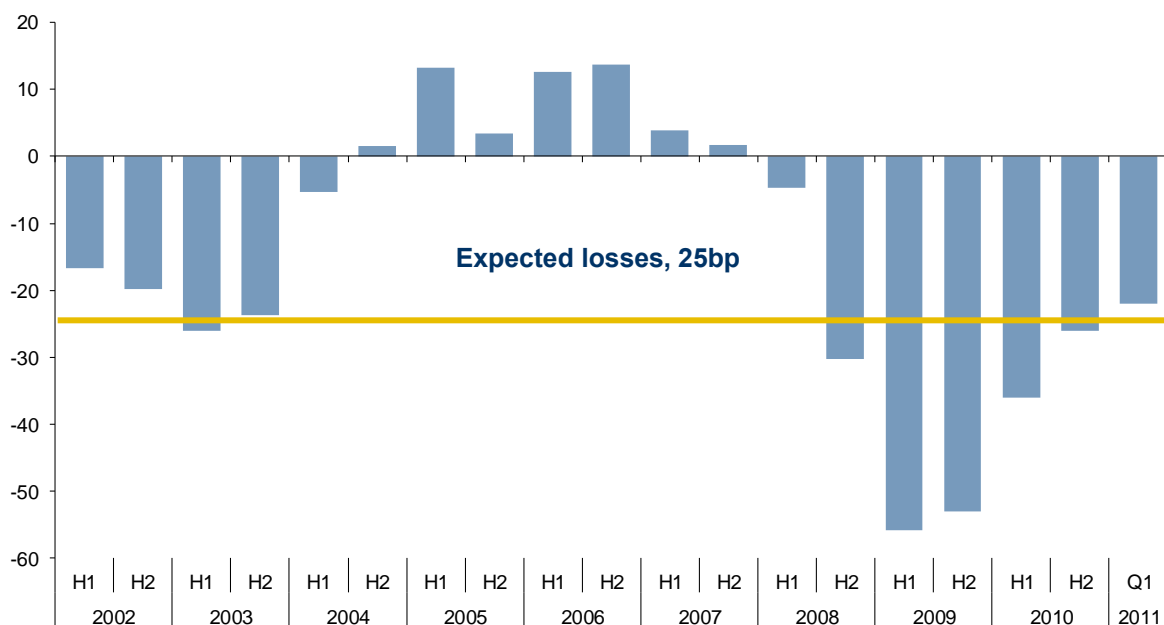


Manual transactions in branch network, '000



# Loan losses in line with expected losses over a business cycle

Loan losses, bps

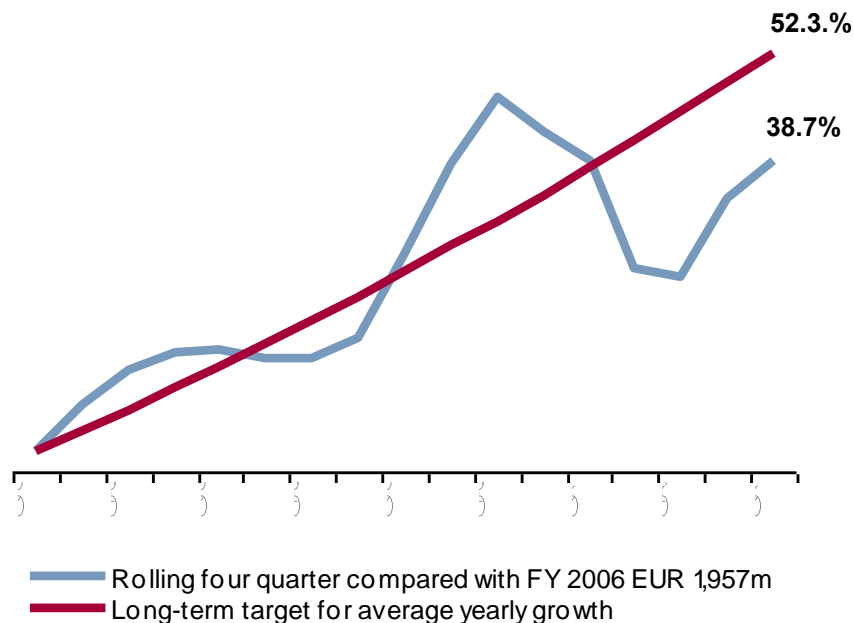


Income statement 2010, EURm

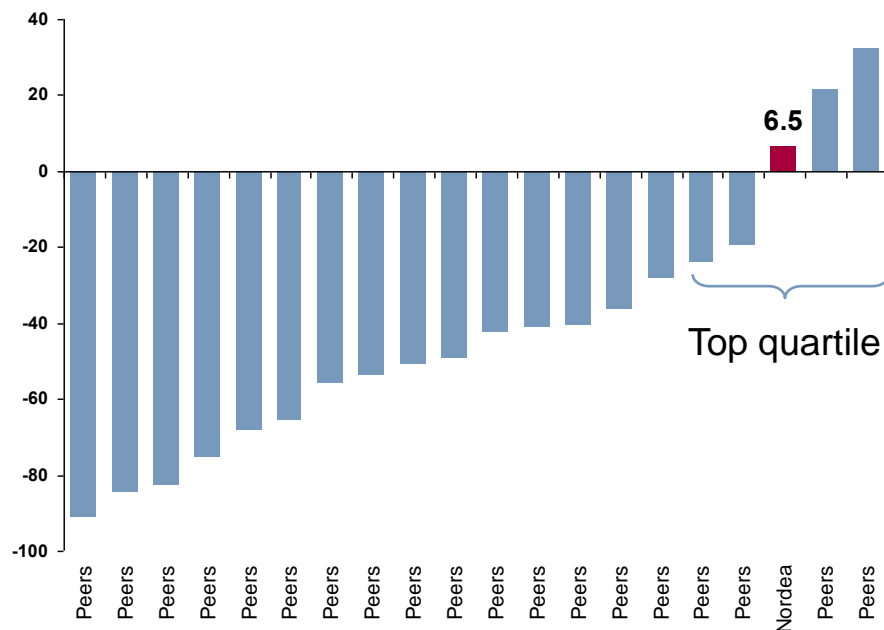
Total operating income	9,334
Total operating expenses	-4,816
Profit before loan losses	4,518
Net loan losses	-879

# Top-league risk-adjusted profit and shareholder return

Risk-adjusted profit, 2007 - 2011 Ytd



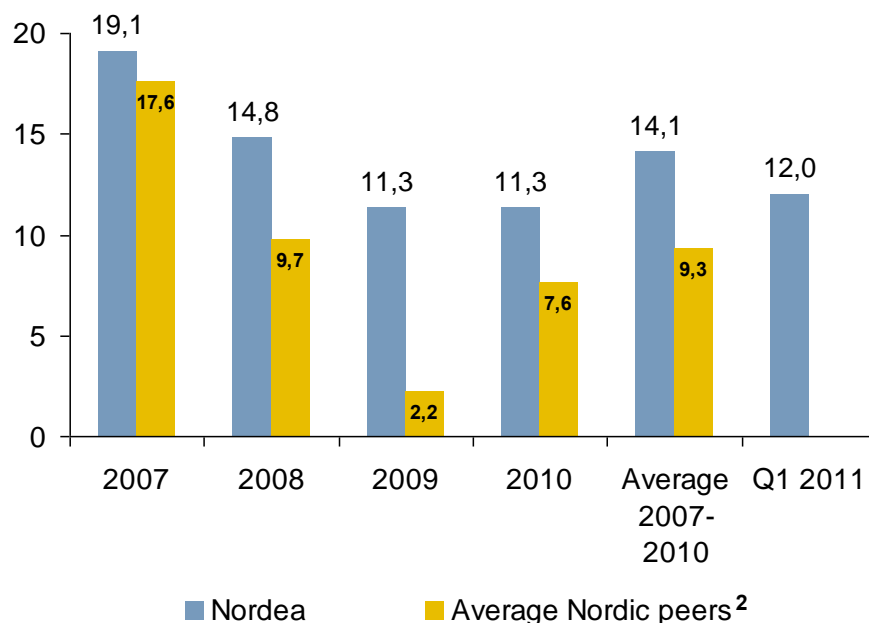
Total shareholder return, 2007 - 2011 Ytd



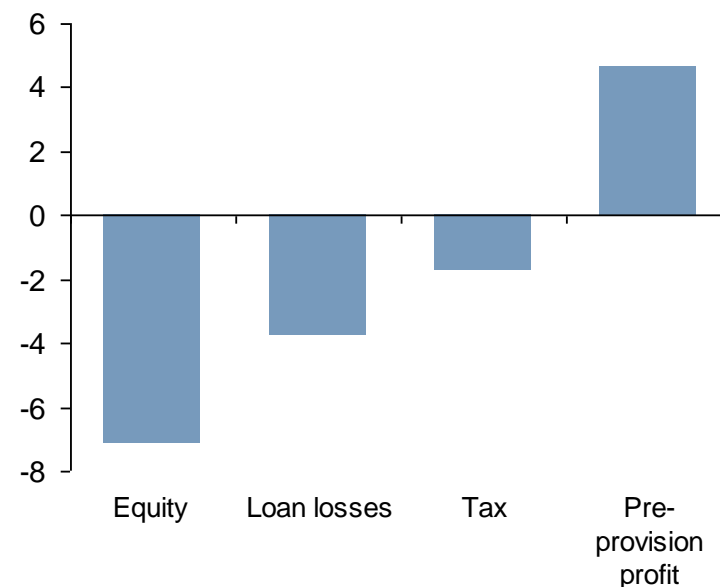
# Best in class profitability

- Positive impact from operational performance

Adjusted<sup>1</sup> Return on Equity 2007- 2011 Ytd



2010 RoE impact from different variables compared to 2007, %



<sup>1</sup> To be comparable RoE is adjusted for one-offs

<sup>2</sup> Nordic peers as per Q3: Danske Bank, DnB NOR, SEB, SHB, Swedbank



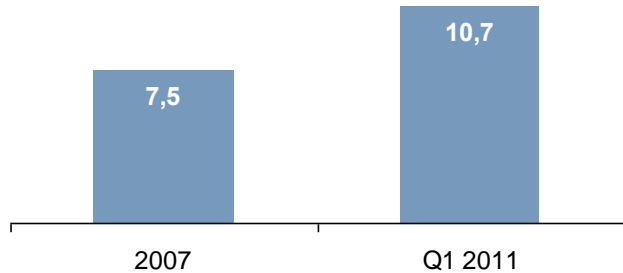


## Adapting to New Normal

# Changed environment – higher raw material costs

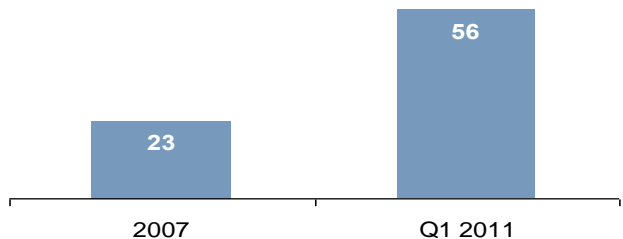
Core Tier 1 capital ratio (excl. Hybrids), %

Increased capital requirements...



Liquidity buffer, EURbn

...as well as liquidity buffer



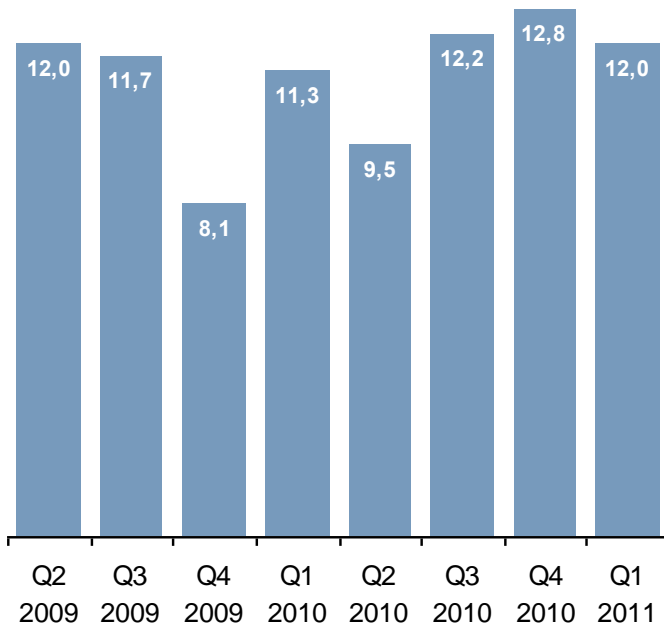
Average bond maturity, years

...and prolonged long-term funding



# Committed to continue deliver RoE in the top league

Return on Equity (RoE)



- Best performing European banks will probably reach ROE levels of around 15%
- Nordea is committed to take necessary steps to maintain position in the top league

## Increase capital efficiency

- Negative effect from new regulations is expected to be offset by:
  - Advanced IRB
  - Efficiency gains - optimise use of RWA
  - Mitigation actions – less capital intensive solutions
  - RWA efficiency initiatives covering processes, data and methodologies
- Focus on capital light products

## Increase focus on cost efficiency

- Adjust group initiatives to mainly support efficiency and profitability
- Level of cost increase will be reduced during 2H2011<sup>1</sup>
  - Continuing into 2012

# New organisation - focus on momentum and efficiency

- Three main Business Areas
  - Retail Banking
  - Wholesale Banking
  - Wealth Management
- All parts of value chains to be incorporated
- Objective to improve efficiency, increase RoE and deepen customer relationship

# Changes in the Group Executive Management

- Peter Schütze to retire from Nordea

Two new members:

- Torsten Hagen Jørgensen

Head of Group Operations and Other Lines of Business



- Peter Nyegaard

Chief Operating Officer of Wholesale Banking



## Key messages

- ✓ Strong business momentum continues
- ✓ Strong platform and relationship strategy delivers
- ✓ Taking Nordea into New Normal
- ✓ Maintain business momentum and focus on returns
  - ✓ Capital efficiency
  - ✓ Cost efficiency
  - ✓ RoE





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