



Nordea

Debt Investor Presentation

Q2 2012

Making it possible

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Nordea in brief (Aa3/AA-/AA-)

Q2 2012

Nordea is the largest financial service group in the Nordic and Baltic Sea region.

Nordea's home markets

11 million customers

- 9 home markets
 - Approx. 10.5 million personal customers
 - 500,000 corporate customers, incl. Nordic Top 500

✓ Distribution power

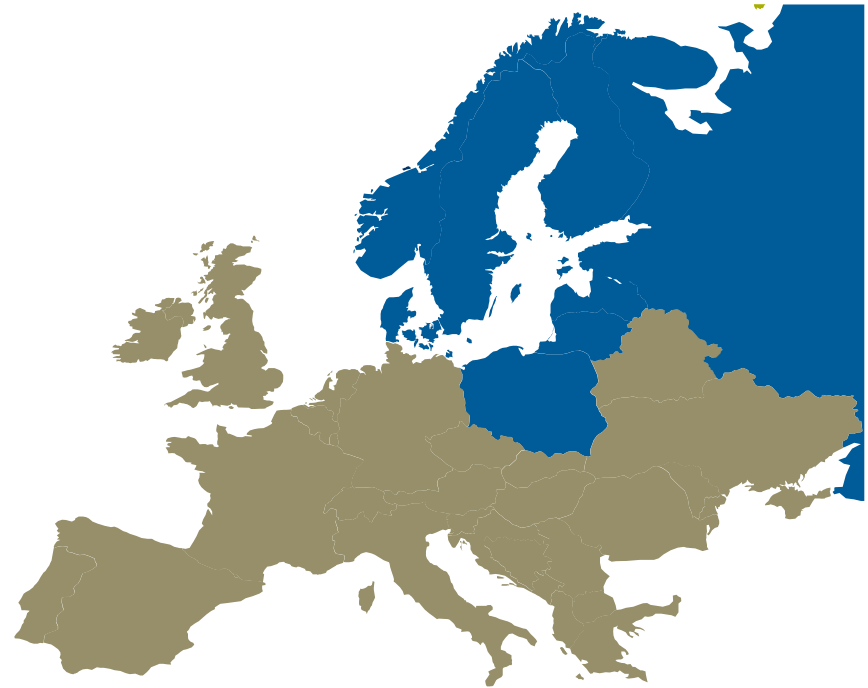
- Approx. 1 000 locations in total
- 6,6 million Netbank customers

✓ Financial strength

- EUR 9,3bn in full year income (2011)
 - EUR 709bn of assets (2Q12)
 - EUR 27bn in equity capital (2Q12)
 - AA credit rating
- Core Tier 1 capital ratio of 11,8% (2Q12)

✓ EUR >30bn in market cap

- One of the largest Nordic corporations
- A top-5 European retail bank



Nordea's focused and prudent business model

Relationship banking is key

Resources efficiently used on core business

Well diversified and balanced model

Fully integrated model across countries and business units

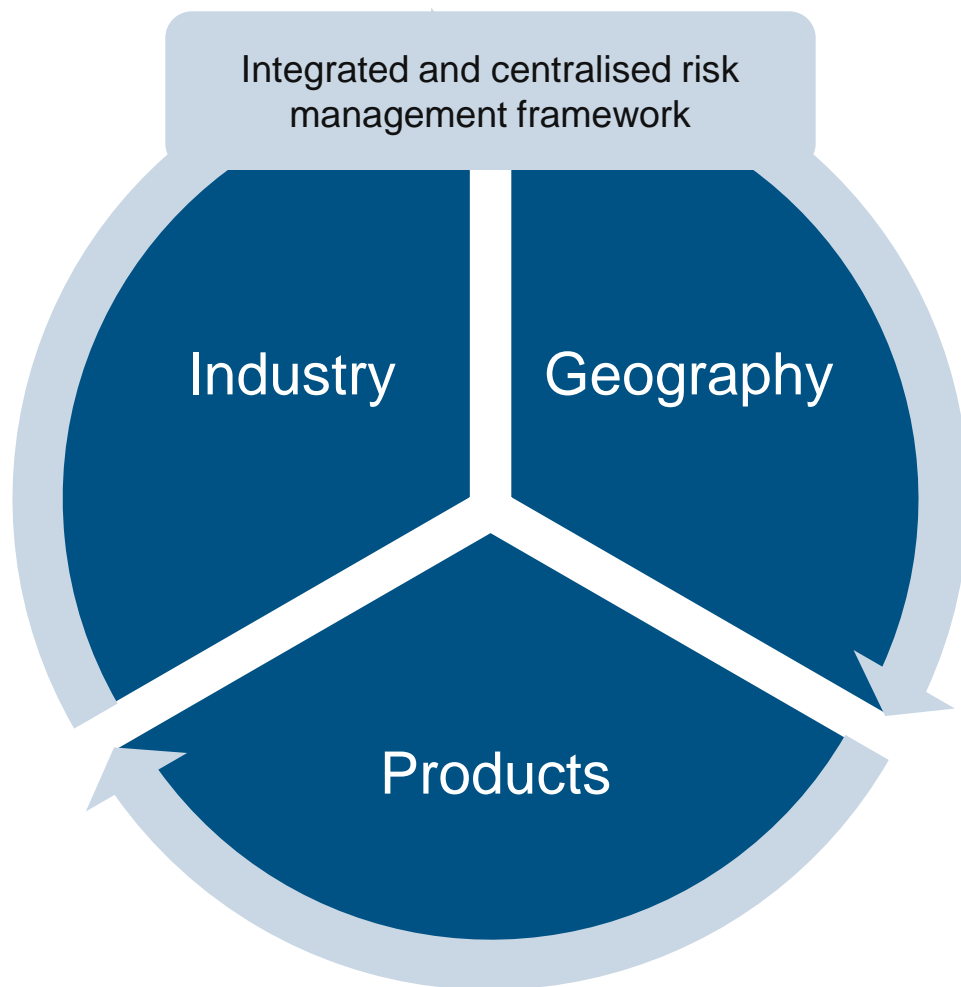
Very risk focused

The Nordics and its structure as the home market

Making it possible

Risk focus and diversification

An integrated and centralised risk and capital management function as well as credit portfolio composition



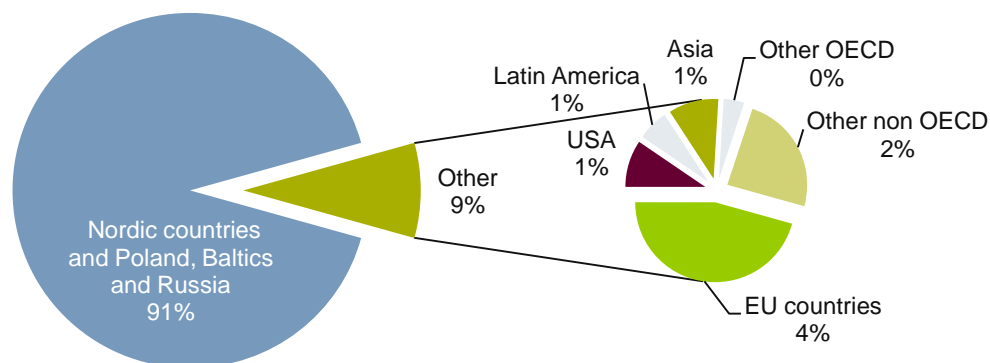
- Nordeas credit portfolio is well diversified both in terms of industry sector and geography

- Risk awareness is incorporated in the business strategies
- Clear risk, liquidity and capital management frameworks, including policies and instructions for different risk types, capital adequacy, capital structure and remuneration

With it's inherent diversification strength Q2 2012

- 56% corporate lending and 44% household
- 85% of the portfolio in the Nordic countries

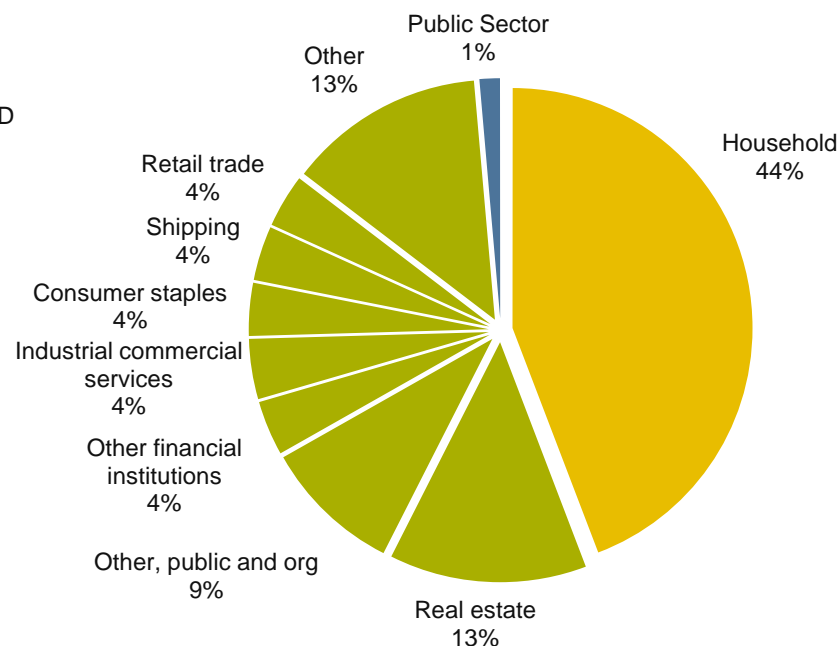
EUR 350bn



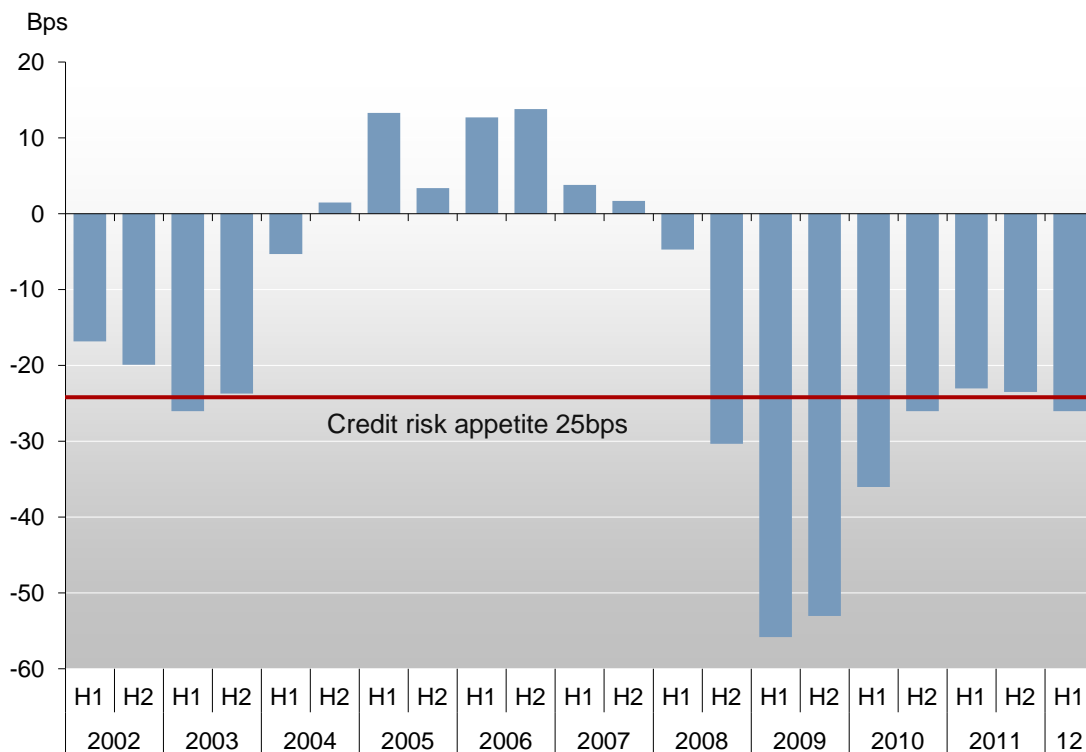
Nordic countries and Poland, Baltics and Russia. EUR 320bn

Denmark	96.9	Sweden	88.3
Finland	55.6	Norway	57.6
Poland	6.8	Baltics	8.6
Russia	5.9		

Credit portfolio by sector EUR 350bn



.... generates low credit losses over a business cycle

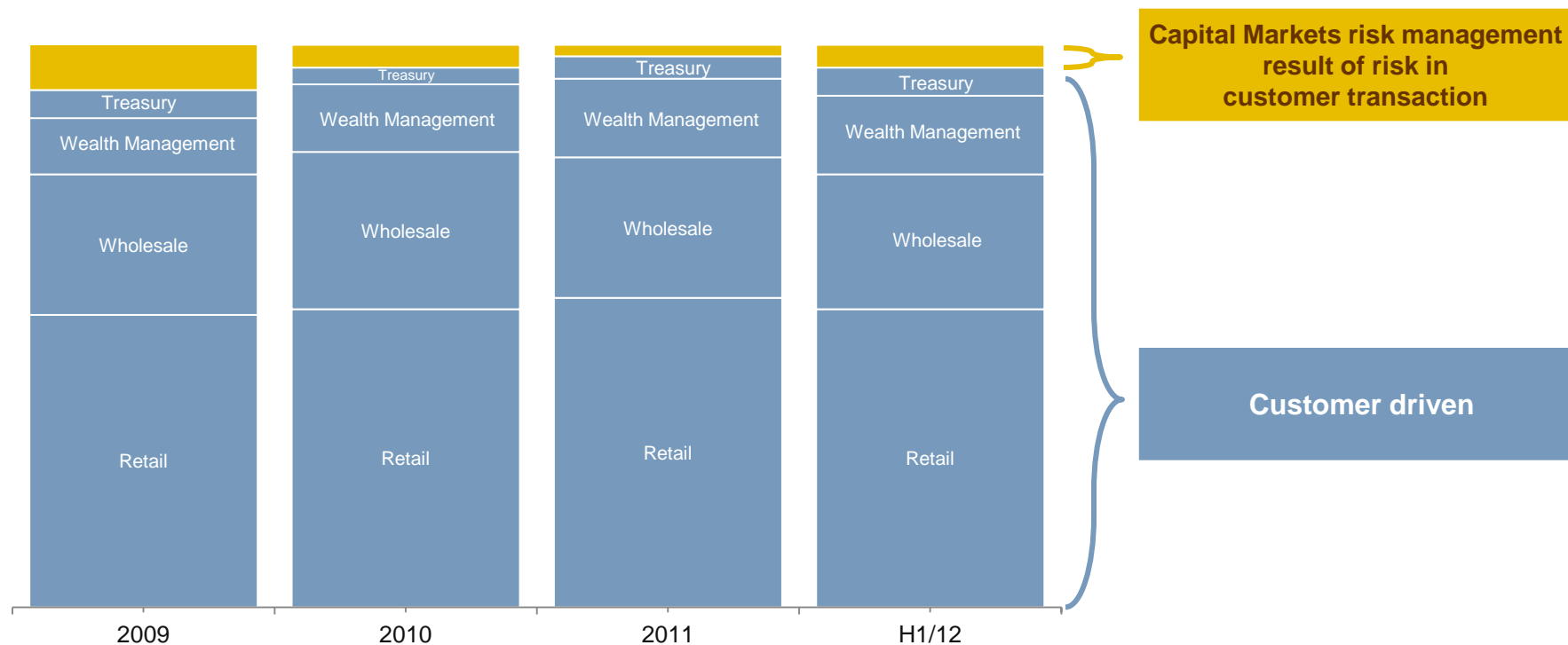


- Since 2002, Nordea's loan losses has averaged 16 bps of total lending
- Historically low credit losses is the result of a well diversified credit portfolio, a rigid risk management process as well as low risk appetite

Customer driven business model

96% customer-related, only 4% from Risk Management

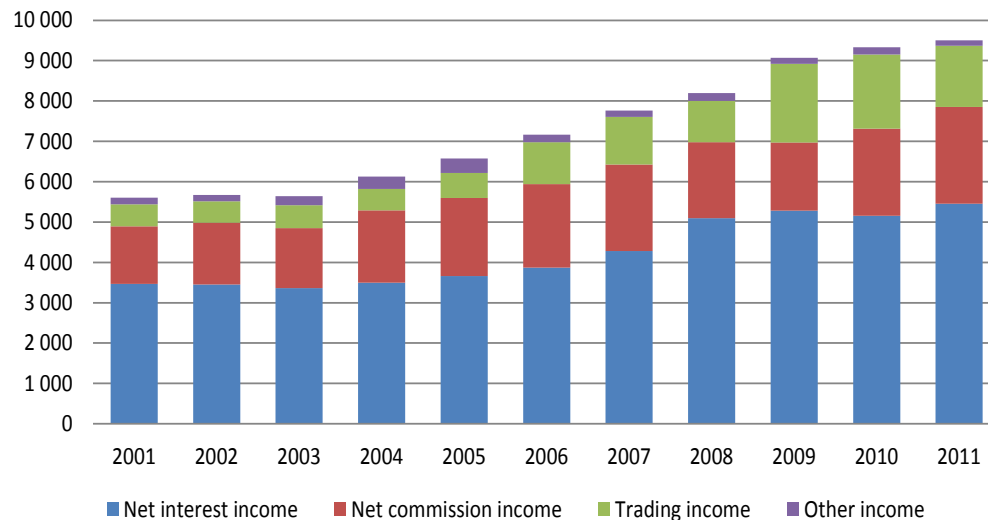
Total income per area, %



Nordea's business model has proven highly effective...

Total operating income, EURm

Total operating income 2001 - 2011 (EURm)

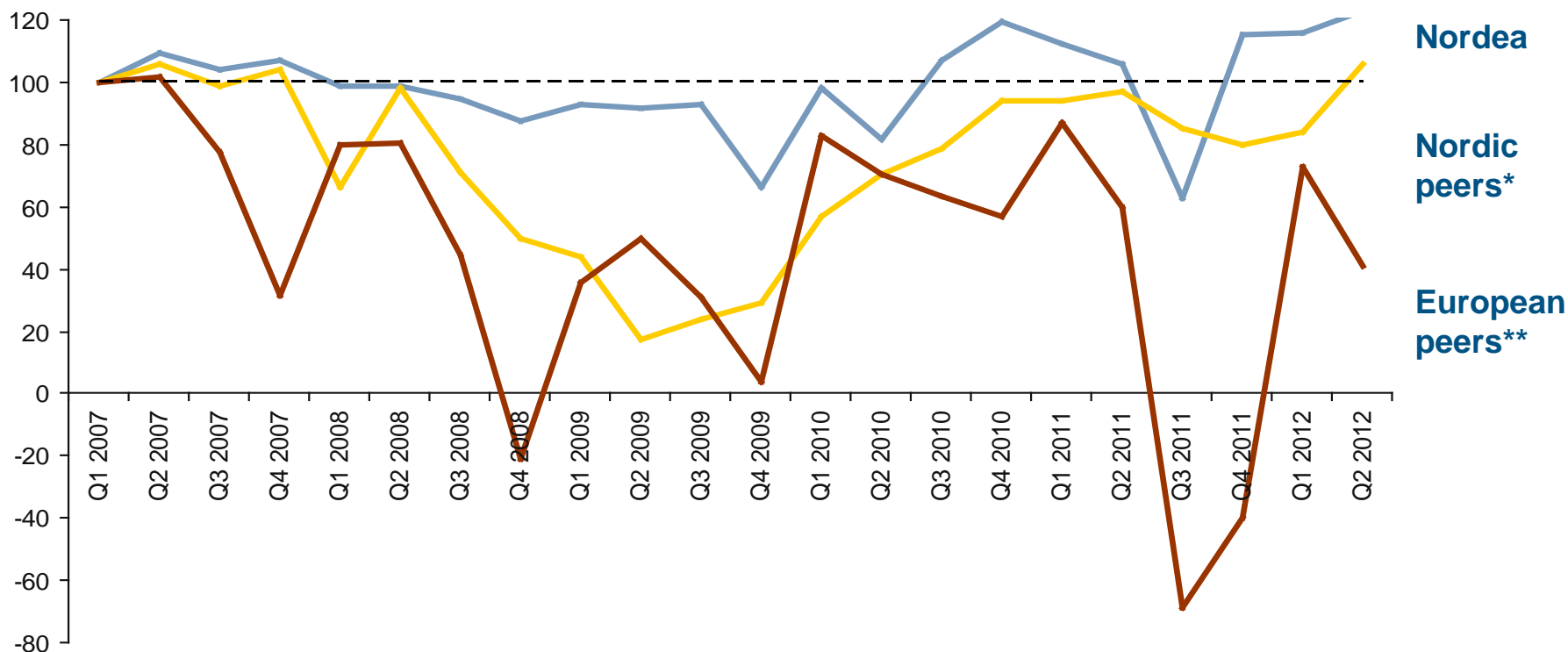


- Low volatility in earnings due to diversification in terms of geography, industry sectors and products
- Main focus on traditional banking
 - Universal and diversified banking model
 - Customer-driven capital markets operations
- The model has proven resilient on income and profitability

... with one of the most stable profit development among banks in Europe

Profit before tax development through the financial crisis (Indexed)

Index = 100

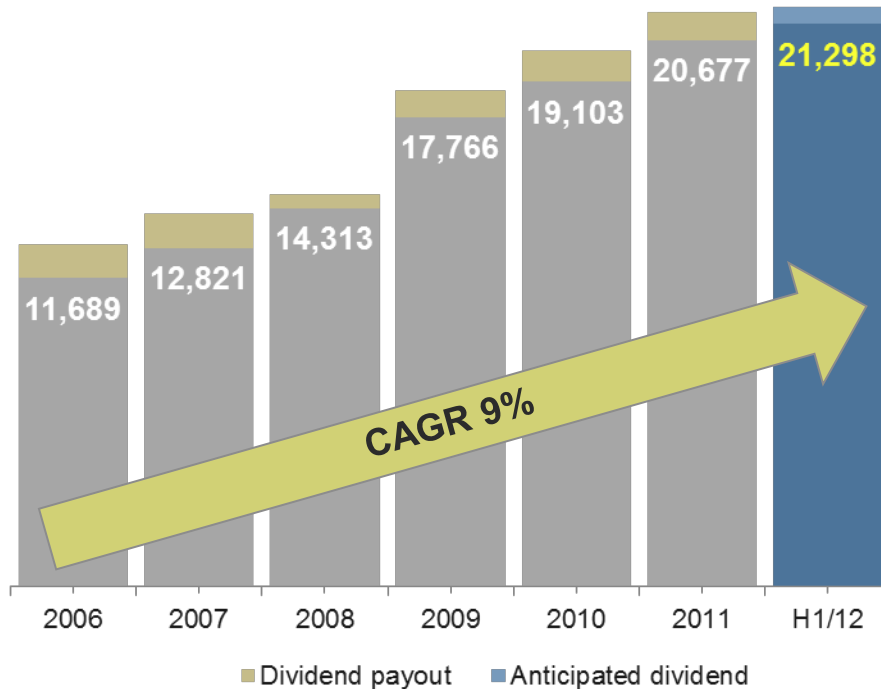


* Nordic peers: Danske Bank, DNB, SEB, SHB, Swedbank

** Aggregate of a selected number of banks in the European peer group: BBVA, BNP Paribas, Commerzbank, Erste, Intesa, KBC, Santander, SocGen, UniCredit

...which gives strong capital generation...

Core tier 1 capital, EURm

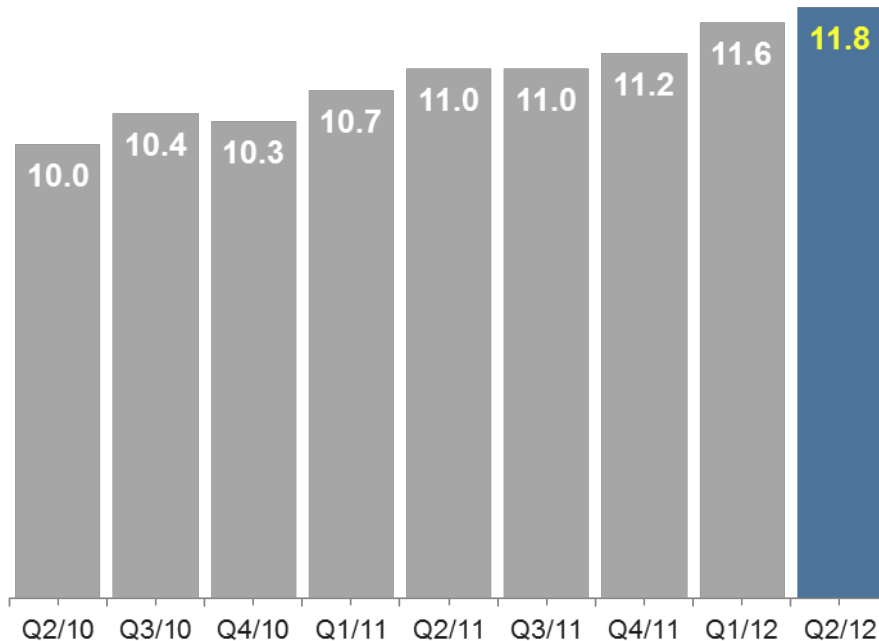


- Continued strong profit generation
- Generated capital of EUR 6.9bn since 2006*
 - In addition distributed EUR 6.3bn to shareholders
- Strong capital generation gives good flexibility

*Adjusted for rights issue

... as well as a clear increase in Core tier 1 ratio

Core tier 1 capital ratio, % (excl. hybrids)*



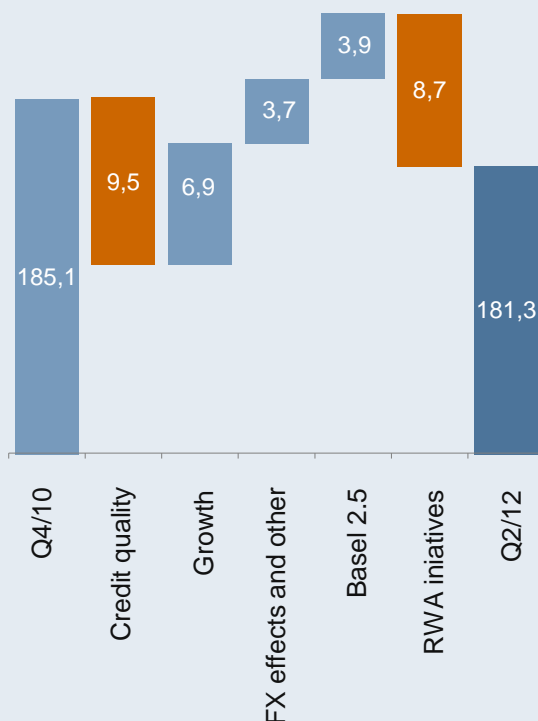
- Increase despite continued business growth
 - Lending growth of 16%
 - RWA reduction of 2%
- Focus on capital efficiency gives result
- Improved ratio by 180 bps since Q2/10

* Basel II excluding transition rules

The New Normal plan continues to deliver in terms of efficiency

Capital efficiency

RWA development, EUR billion



Funding / liquidity efficiency

Liquidity premia – status update

Purpose

- Align internal pricing with true cost/value of funding and liquidity
- Enhance understanding of product and customer profitability

Principles

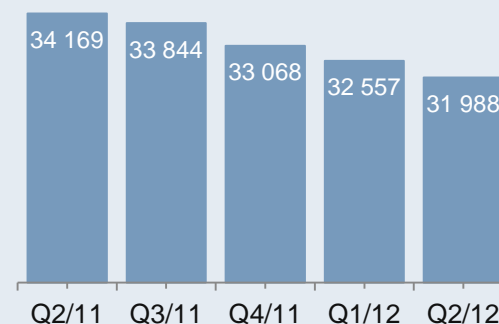
- Calculated at contract level
- Reflect the characteristics of the contract, e.g. maturity
- Based on Nordea's cost of funding curve

Status

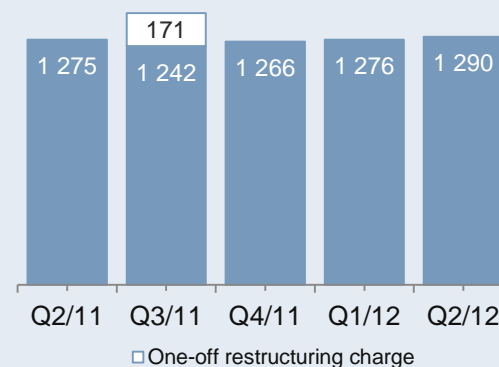
- “Granular liquidity premia” allocated to business areas, but not below
- Pilots are carried out in a number of areas to assess impact
- Roll-out across most business units planned for Q1 2013

Cost efficiency

Group FTE development



Total expenses, EUR million



Financial result – Q2/12

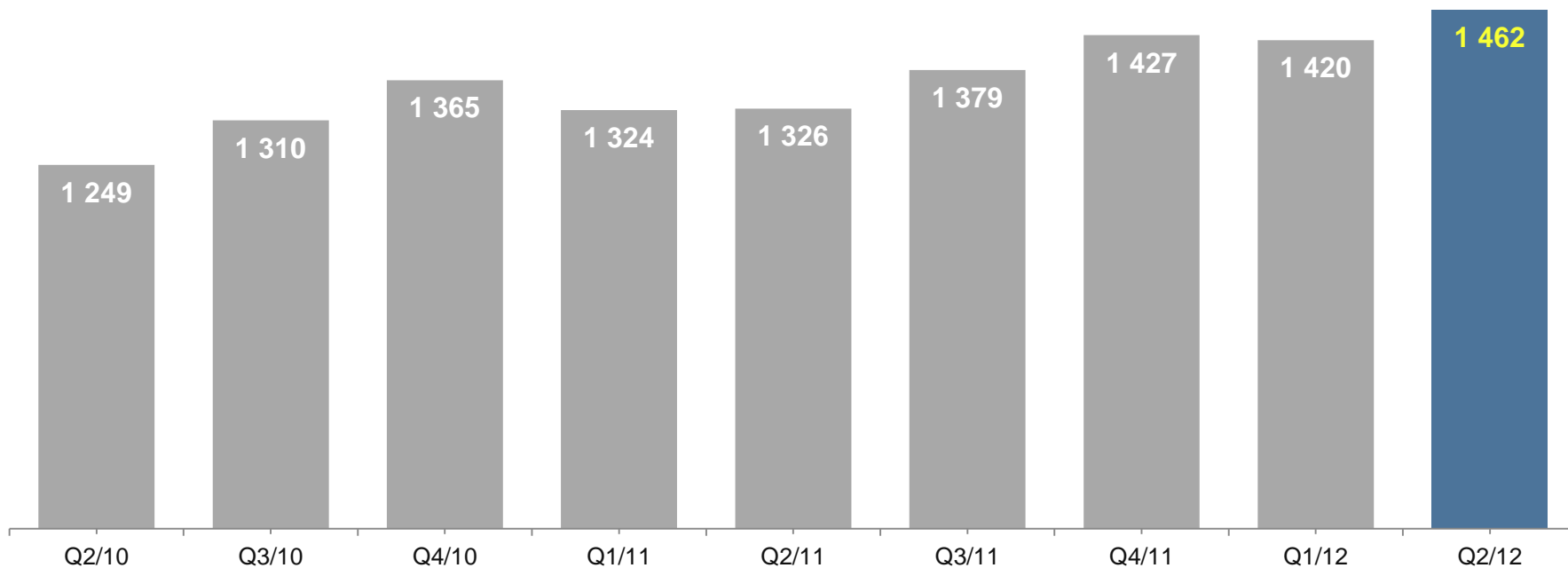
EURm	Q2/12	Q1/12	Change %
Net interest income	1,462	1,420	3
Net fee and commission income	611	596	3
Net fair value result	494	469	5
Other income	39	46	-15
Total income	2,606	2,531	3
Staff costs	-761	-771	-1
Total expenses	-1,290	-1,276	1
Profit before loan losses	1,316	1,255	5
Net loan losses	-217	-218	0
Operating profit	1,099	1,037	6
Net profit	821	775	6
Risk-adjusted profit	851	799	6

H1/12	H1/11	Change %
2,882	2,650	9
1,207	1,225	-1
963	900	7
85	77	10
5,137	4,852	6
-1,532	-1,512	1
-2,566	-2,540	1
2,571	2,312	11
-435	-360	21
2,136	1,952	9
1,596	1,442	11
1,650	1,414	16

Positive trend in NII continues

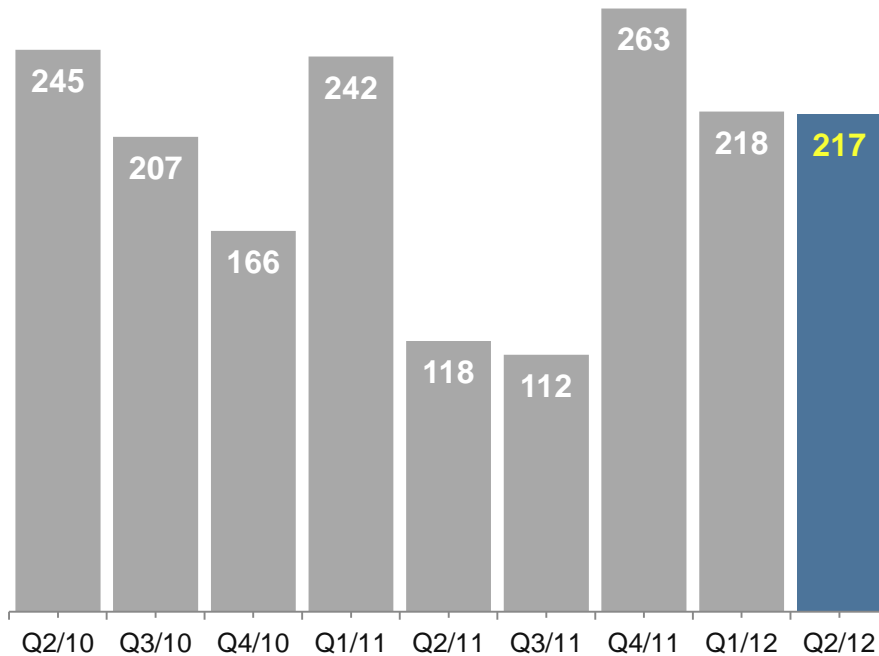
Margin pressure on deposits due to low interest rates
Improved asset margins

Total net interest income, EURm



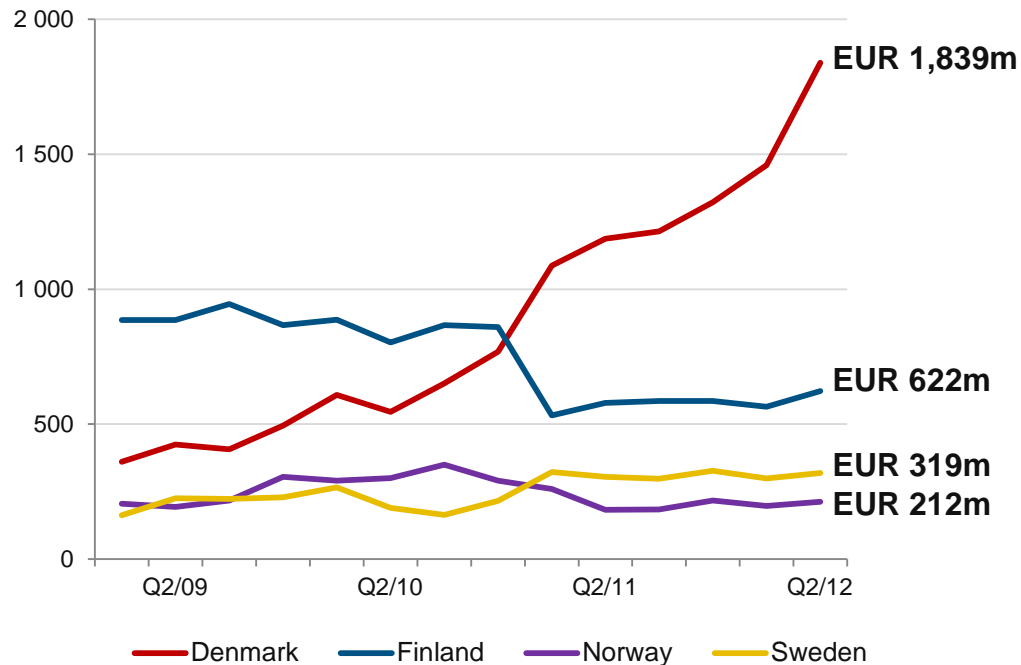
Unchanged loan losses

Total net loan losses, EURm



- Continued low loan losses in Norway, Sweden and Finland
- Elevated levels in Denmark and Shipping

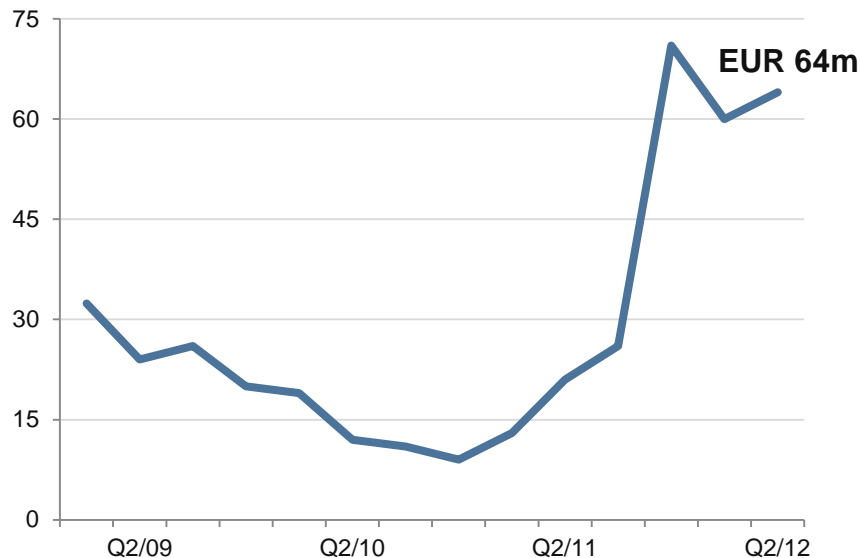
Net impaired loans by country – excluding Shipping



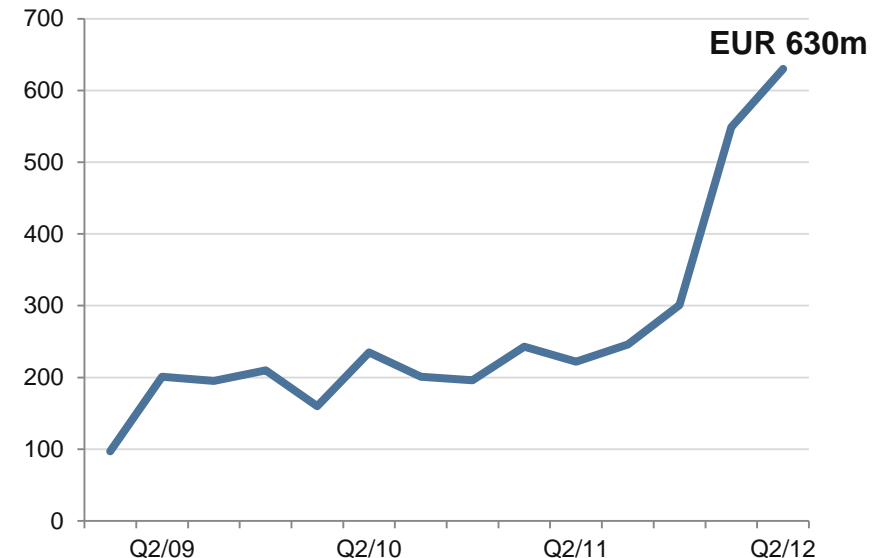
- Increase in impaired loans is to a large extent explained by clarified and stricter rules in Denmark introduced by Danish FSA.
- Stable development in the other countries.

Shipping loan losses and impaired loans

Shipping Net loan losses, EURm



Shipping Net impaired loans, EURm



- Further deteriorated collateral values in tanker and dry bulk market, and difficulties to find ways for successful restructurings, increased the need for additional provisions.
- In other shipping segments the situation is more stable.

- A limited number of new exposures were assessed as impaired.
- Nordea has necessary work-out resources to handle problem customers and early identification of new potential risk customers.

- **Funding**

Securing funding while maintaining a prudent risk level

Key principles

Balance sheet

- Appropriate maturity matching
- Currency matching
- Appropriate interest rate matching
- Appropriate capital level

Access to funding

- Diversify funding sources
 - Instruments, programs and currency
 - Investor base
 - Deep liquid markets
- Ensure understanding of:
 - Investors & other market participants

Support domestic markets

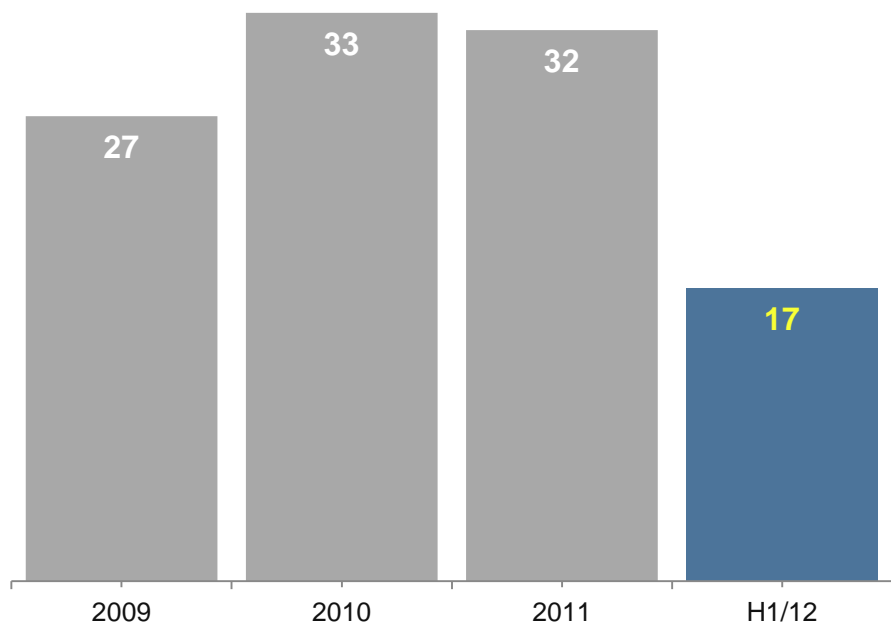
- Nurture and develop strong home markets
- Utilise covered bond platforms in all countries

General

- Consistent, stable issuance strategy
- Know our investors
- Avoid concentration risk
- Predictable/proactive – stay in charge

Strong access to funding

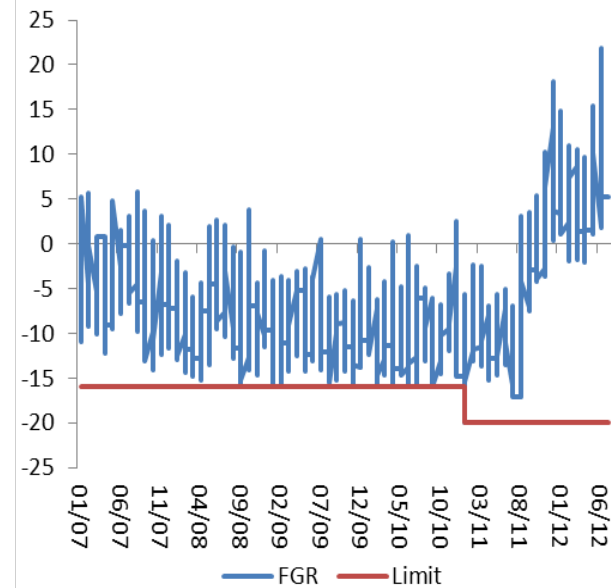
Long-term funding, EURbn



- Total issuance of EUR 17bn (net) YTD in long-term funding
 - Exceeds full year redemptions
- First issuance of Samurai bonds – further broadening of the funding platform
- Maintained AA rating

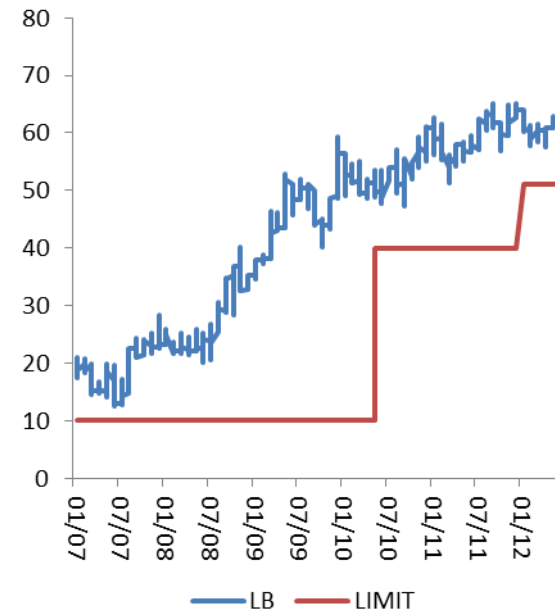
Significantly improved Liquidity risk metrics for Nordea since 2007

Funding gap risk EURbn



Short-term liquidity risk appetite prevailed unchanged despite balance sheet growth, with recent dynamic approach for market situation
Risk metrics change from 14days into 30d in the beginning of 2011

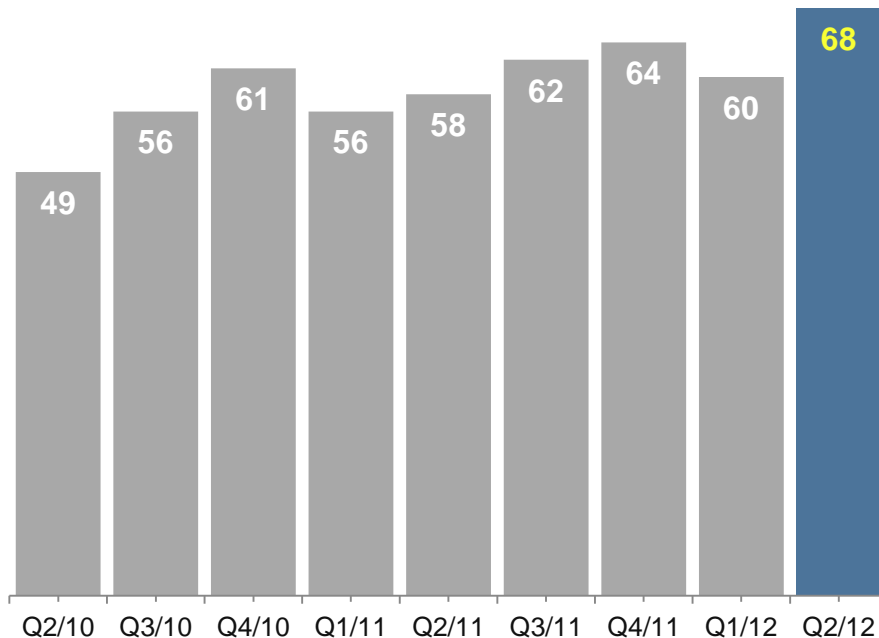
Liquidity buffer EURbn



Central bank eligible LB has grown from EUR 20bn into 60bn (Nordea definition)

Nordea Group is LCR-compliant

Liquidity buffer, EURbn

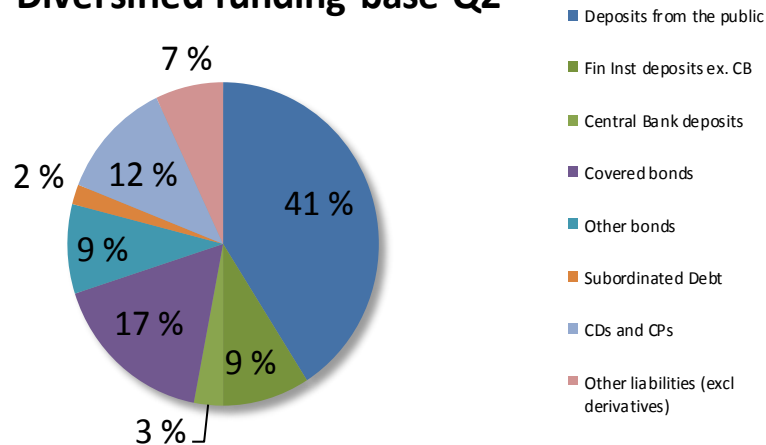


- Nordea is LCR compliant on a Group level
 - LCR of 144%
 - LCR compliant in all currencies
- Nordea has increased cash and balances with central banks by EUR 13bn to be well prepared for turbulent markets

Strong funding base Q2

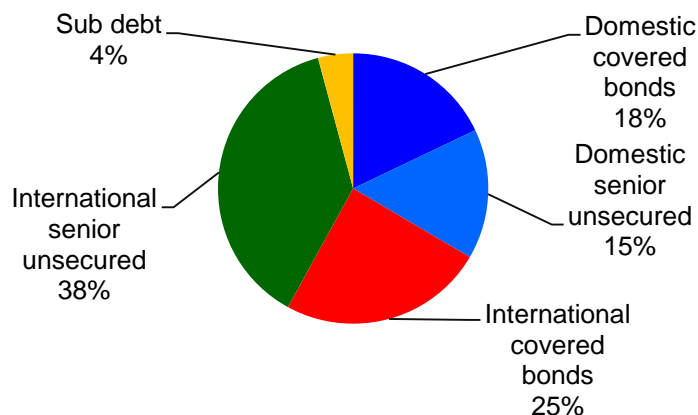
Total funding base 452bn euro

Diversified funding base Q2



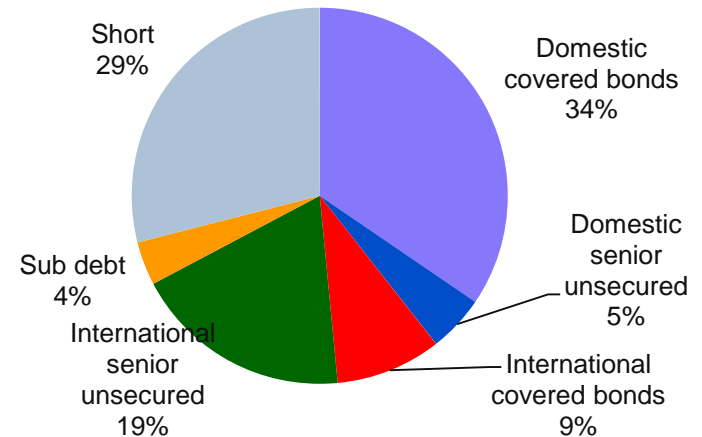
Long term issuance YTD - 17,9 bn euro
(Volumes on a gross basis)

Long term issuance – excl. N Kredit



Wholesale funding 196bn euro

Split of wholesale funding

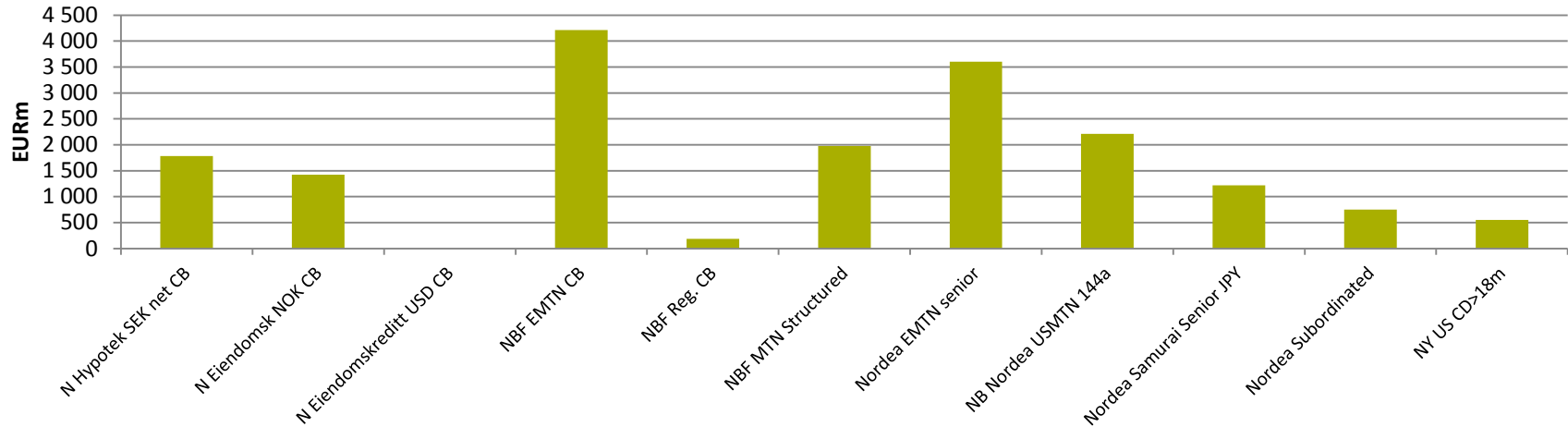


Cover Pool - Over Collateralization

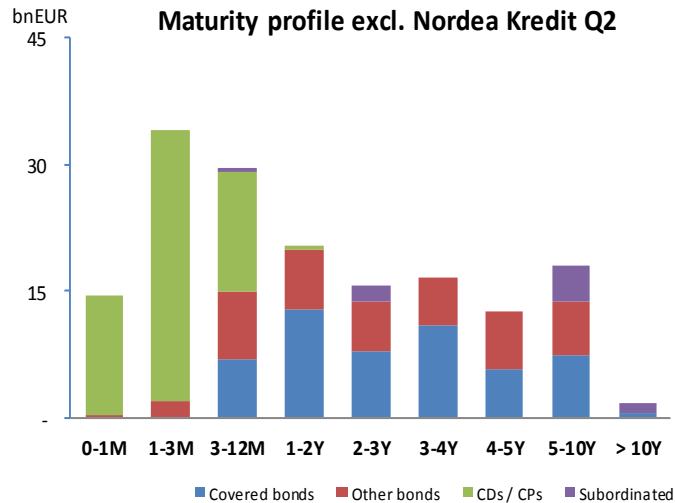
Nordea Bank Finland +	Nordea Eiendomskredit 🇳🇴
18,0% (EUR 2,1bn)	21.7% (NOK 17.1bn)
Nordea Hypotek 🇸🇪	Nordea Kredit 🇩🇰
38.1% (SEK 112bn)	CC1: 9.0% (DKK 4,3bn) and CC2 : 17.3% (DKK 33,6bn)

Long term issuance June 2012 – EUR 17,9bn(gross)

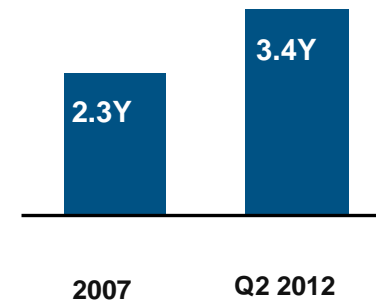
Long term issuance 1H12 – excl. N Kredit



Maturity profile excl. Nordea Kredit Q2



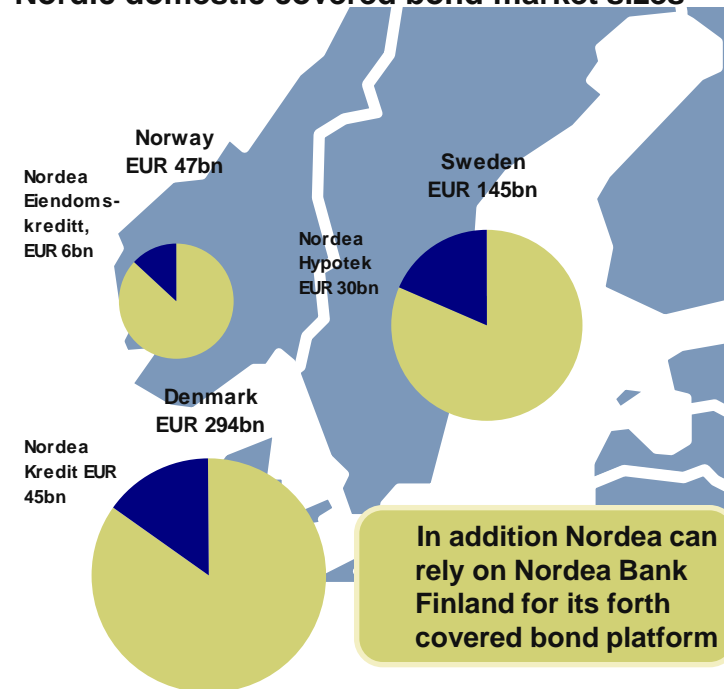
Lengthening of average maturity of bonds



Nordic Covered Bond Market – three domestic markets for Nordea

- The Nordic domestic covered bond markets represent over half of Nordea's long term funding
 - Three distinct local investor bases in three local currencies
 - Markets have remained open throughout financial crisis
 - Tap issuance format via contracted market-makers reduce execution risk
- The international covered bond markets complement Nordea's domestic funding
 - Regular benchmark issuance in EUR and USD
 - Credit curves in Nordea name

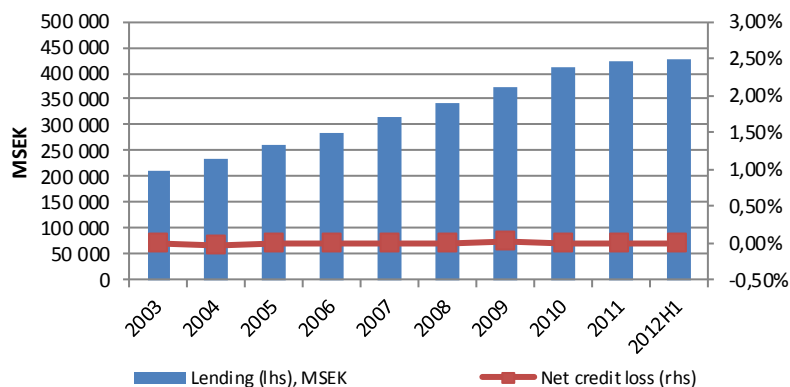
Nordic domestic covered bond market sizes*



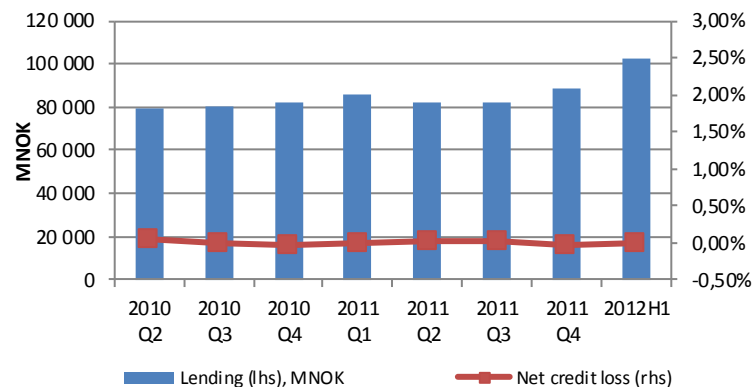
June 2012	Nordea Bank Finland +	Nordea Eiendoms-kreditt 🇳🇴	Nordea Hypotek 🇸🇪	Nordea Kredit 🇩🇰
Legislation	Finnish	Norwegian	Swedish	Danish/SDRO
Cover pool size	EUR 13,9bn	EUR 12.7bn eq	EUR 46.2bn	Balance principle
Cover pool assets	Finnish residential mortgages primarily	Norwegian residential mortgages	Swedish residential mortgages primarily	Danish residential and commercial mortgages
Covered bonds outstanding	EUR 11.7bn (international)	EUR 8.0bn (domestic) EUR 2.4bn (international)	EUR 27.5bn (domestic) EUR 5.4bn (international)	EUR 47.8bn (domestic)
Over collateralization	18,0%	21.7%	38.1%	CC1: 9.0% and CC2 : 17.3%
Main market for issuance	EUR market	Norwegian domestic market US market	Swedish domestic market	Danish domestic market
Rating (Moody's/S&P)	Aaa	Aaa	Aaa/AAA	Aaa/AAA

Nordea Covered Bond Issuers – Good performance and Low LTV's (51-55%*)

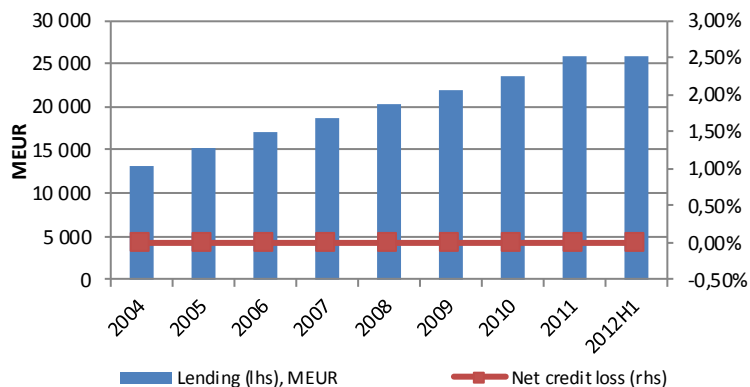
Nordea Hypotek - Sweden
Mortgage lending and level of net credit loss



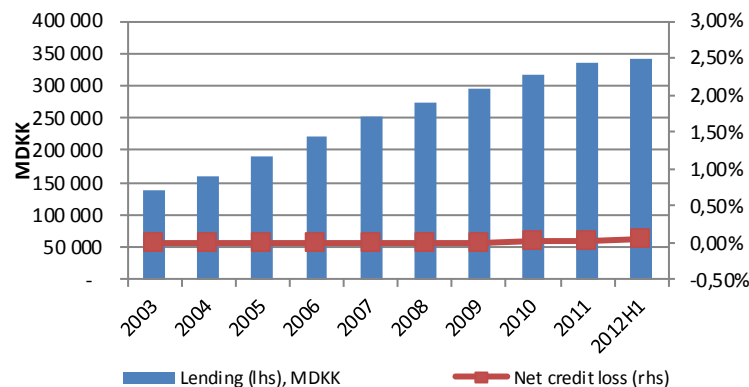
Nordea Eiendomskreditt - Norway
Mortgage lending and level of net credit loss



Nordea Bank Finland - Finland
Housing loan stock and level of net credit loss



Nordea Kredit - Denmark
Mortgage lending and level of net credit loss



Source: Nordea

*Nordea Kredit is not included in the figures since it is measured per loan and therefore not comparable.

- **Appendices**

Rating

End of Q2 2012

	Moody's		S&P		Fitch		DRBS	
	Short	Long	Short	Long	Short	Long	Short	Long
Nordea Bank AB (publ)	P-1	Aa3	A-1+	AA-	F1+	AA-	R-1 (high)	AA
Nordea Bank Danmark A/S	P-1	A1	A-1+	AA-	F1+	AA-	R-1 (high)	AA
Nordea Bank Finland Plc	P-1	Aa3	A-1+	AA-	F1+	AA-	R-1 (high)	AA
Nordea Bank Norge ASA	P-1	Aa3	A-1+	AA-	F1+	AA-	R-1 (high)	AA
Nordea Hypotek AB (publ)*		Aaa*		AAA*				
Nordea Kredit Realkreditaktieselskab*		Aaa*		AAA*				
Nordea Eiendomskreditt		Aaa*						
Nordea Bank Finland		Aaa*						

*Covered bond rating

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