



Third Quarter Report 2012

International Telephone Conference



Making it possible

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

New Normal plan delivers on cost, capital and income

- Unchanged costs through 2012, excluding FX effects
- Cost/income ratio 51% YTD (54% 9m 2011*)
- Improved RoE to 11.4% YTD (10.6% 9m 2011*)
- Core Tier 1 ratio improved to 12.2%
- Loan losses at 27 bps YTD (20bps 9m 2011)
- Income in Q3 highest ever in a third quarter
- Operating profit exceeded EUR 3bn YTD, up 14%*
- Continued strong business momentum, 65 000 new relationship customers in 2012 YTD

* Adjusted for restructuring charge in Q3 2011

Key messages

Progress in building the future bank business model

- New Normal plan delivers on cost, capital and income
- Retail Banking: Advice based distribution model, improved capital efficiency
- Wholesale Banking: Developed relations, focus on adding high value at right price
- Wealth Management: Increased efficiency and sharper offerings



- **Financial highlights**
- Building the future bank business model

Financial result – Q3/12

| EURm | Q3/12 | Q2/12 | Change % |
|-------------------------------|---------------|---------------|------------|
| Net interest income | 1,441 | 1,462 | -1 |
| Net fee and commission income | 605 | 611 | -1 |
| Net fair value result | 377 | 494 | -24 |
| Other income | 46 | 39 | 18 |
| Total income | 2,469 | 2,606 | -5 |
| Staff costs | -752 | -761 | -1 |
| Total expenses | -1,293 | -1,290 | 0 |
| Profit before loan losses | 1,176 | 1,316 | -11 |
| Net loan losses | -254 | -217 | 17 |
| Operating profit | 922 | 1,099 | -16 |
| Net profit | 688 | 821 | -16 |
| Risk-adjusted profit | 749 | 851 | -12 |

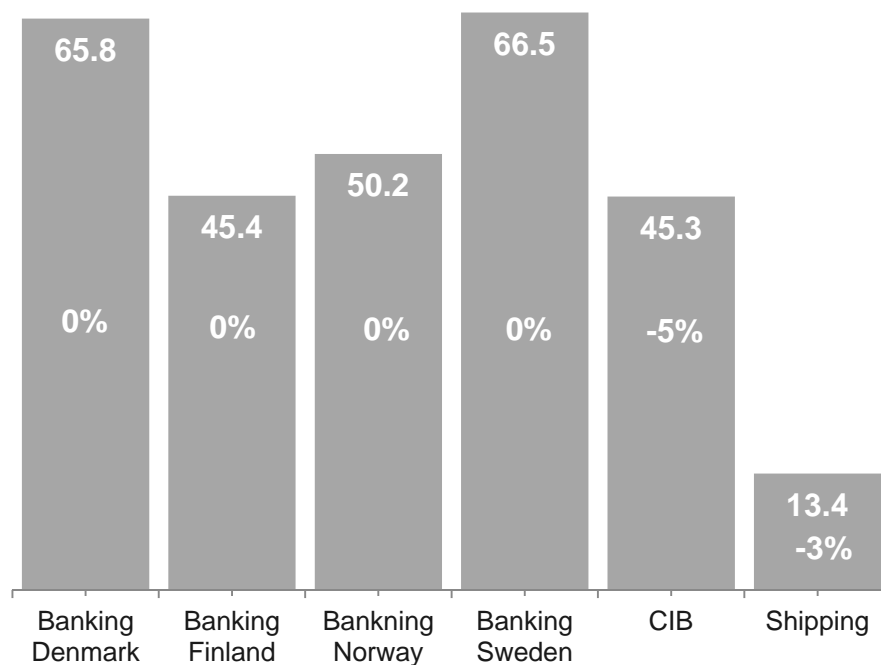
| Q3 YTD 12 | Q3 YTD 11 | Change % |
|---------------|---------------|-----------|
| 4,323 | 4,029 | 7 |
| 1,812 | 1,807 | 0 |
| 1,340 | 1,011 | 33 |
| 131 | 96 | 36 |
| 7,606 | 6,943 | 10 |
| -2,284 | -2,399 | -5 |
| -3,859 | -3,953 | -2 |
| 3,747 | 2,990 | 25 |
| -689 | -472 | 46 |
| 3,058 | 2,518 | 21 |
| 2,284 | 1,848 | 24 |
| 2,399 | 1,899 | 26 |

Change in net interest income

| Change, EURm | Q-o-Q | Y-o-Y |
|--------------------------------|------------|-------------|
| Volume-driven NII | 0 | 172 |
| Lending | -2 | 146 |
| Deposits | 2 | 26 |
| Spread-driven NII | -14 | 233 |
| Lending | 17 | 492 |
| Deposits | -31 | -259 |
| Spread costs | -12 | -130 |
| GCC, including Treasury | -5 | 47 |
| Other | 10 | -28 |
| Total | -21 | 294 |

Lending, volumes and margins

Lending volumes EURbn Q3/12 and development q-o-q



Change in local currencies

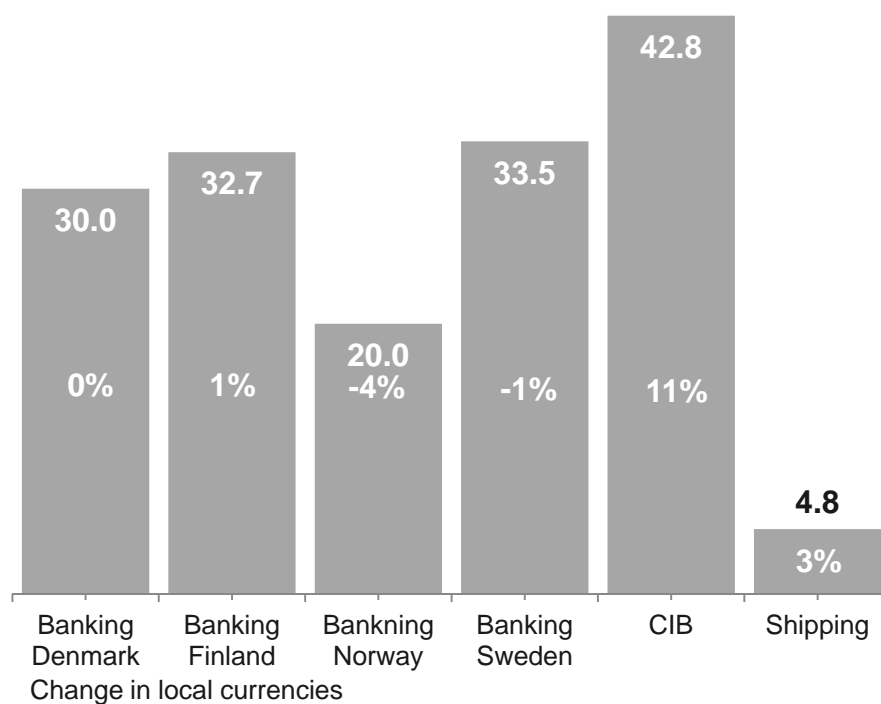
Margin* development q-o-q

| | Household | Corporate |
|---------------------|-----------|-----------|
| Banking Denmark | → | → |
| Banking Finland | → | → |
| Banking Norway | ↘ | ↗ |
| Banking Sweden | → | → |
| Corp & Inst Banking | | → |
| Shipping | | → |

*Excluding full liquidity premia

Deposits, volumes and margins

Deposit volumes EURbn Q3/12 and development q-o-q



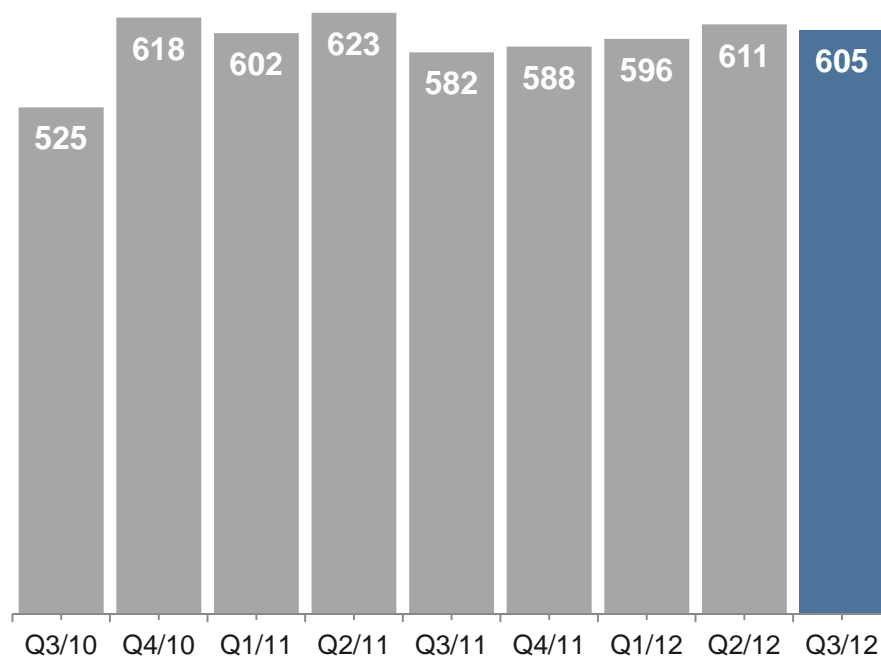
Margin* development q-o-q

| | Household | Corporate |
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| Banking Denmark | → | → |
| Banking Finland | → | → |
| Banking Norway | → | → |
| Banking Sweden | → | → |
| Corp & Inst Banking | | → |
| Shipping | | → |

*Excluding full liquidity premia

Net commission income remains at high levels

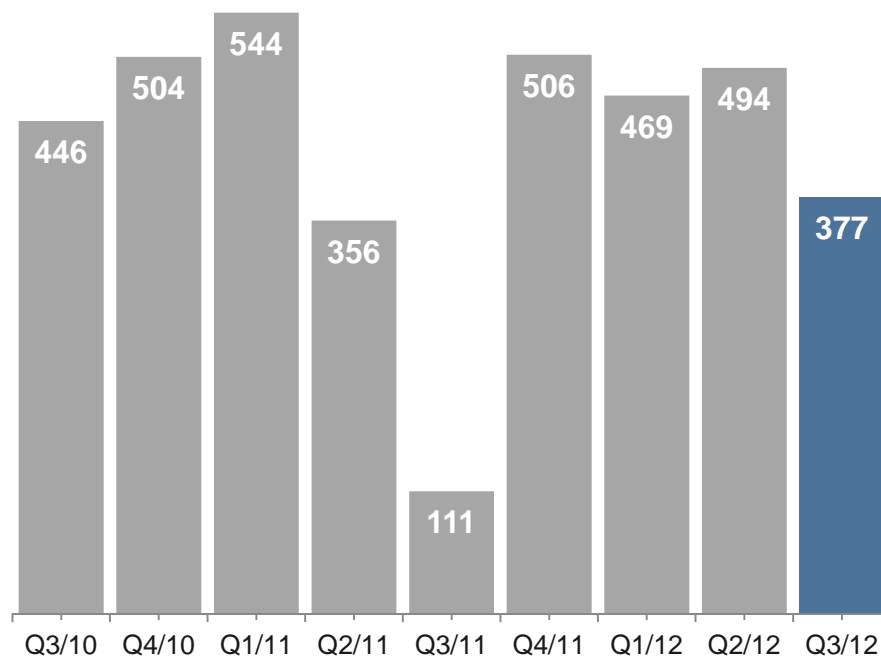
Total net fee and commission income, EURm



- Down 1% q-o-q
- Increased asset management and lending commission
- Decreased commissions on payments, cards and custody

Net fair value

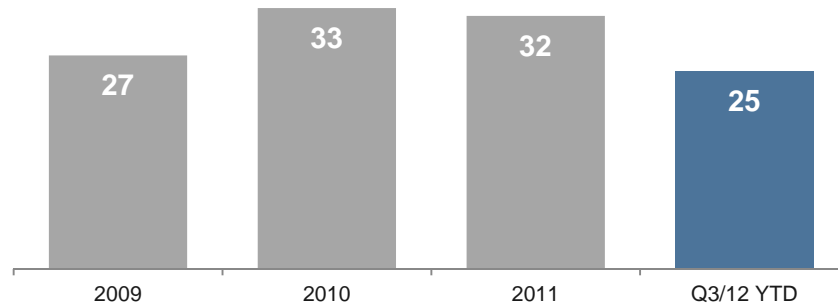
Total net result from items at fair value, EURm



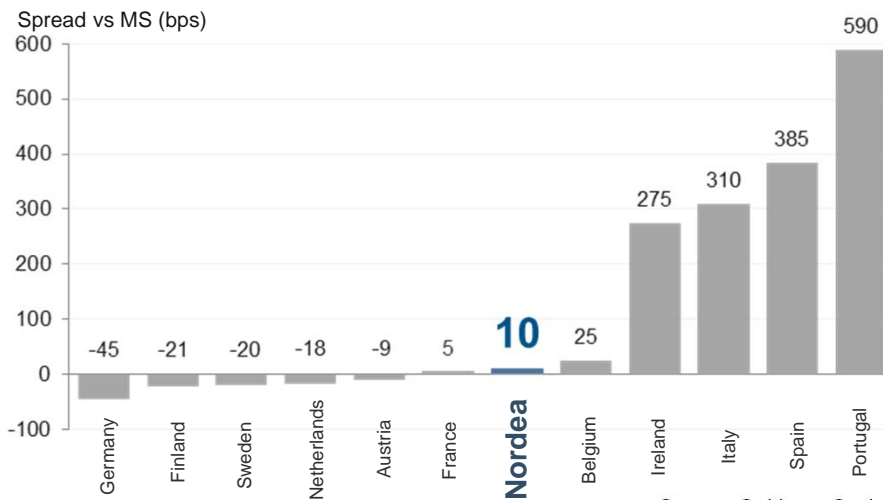
- Continued high demand in customer areas
- Negative valuation changes in liabilities accounted for at fair value

Strong access to funding

Long-term funding, EURbn



Nordea covered bonds spreads vs European governments

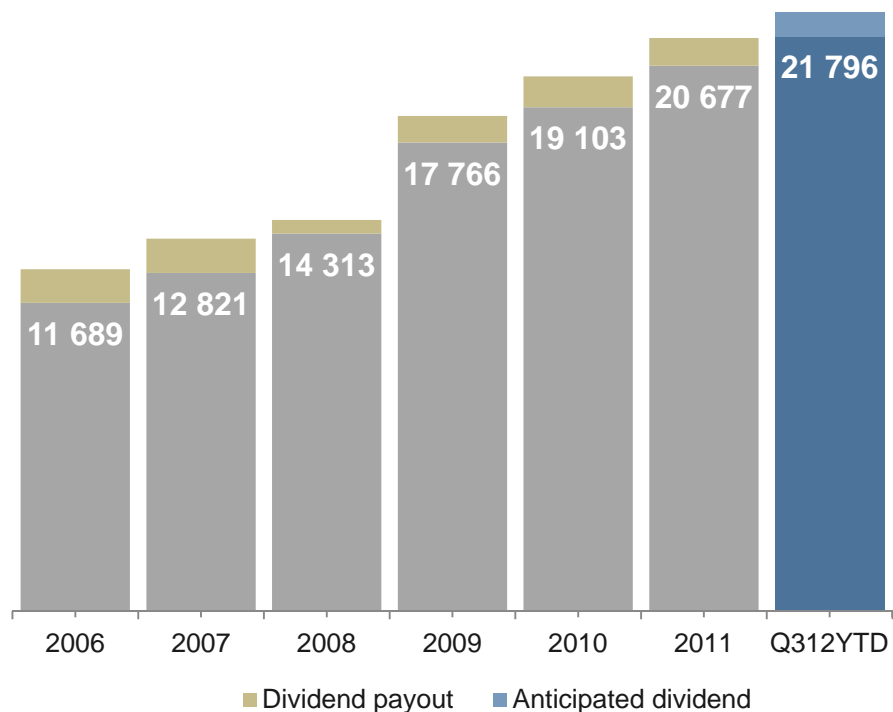


Source: Goldman Sachs

- EUR 25bn issued in long-term funding
 - Of which 54% senior, 40% covered and 6% Tier two
 - Redemptions for 2012 are EUR 15bn
- Improved spreads
- Nordic covered bonds benefiting from being perceived as one of safest jurisdictions in Europe
- Nordea Aa3/AA-/AA-

Strong capital generation

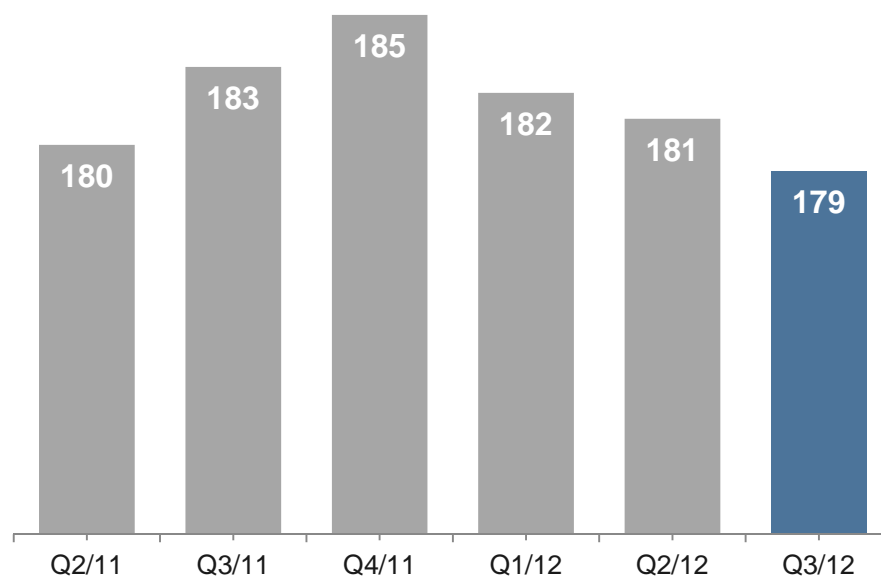
Core Tier 1 capital, EURm



- Tier 1 capital is up by 86% since 2006
- CAGR of 9% after dividend and adjusted for rights issue

Risk Weighted Assets under strict control

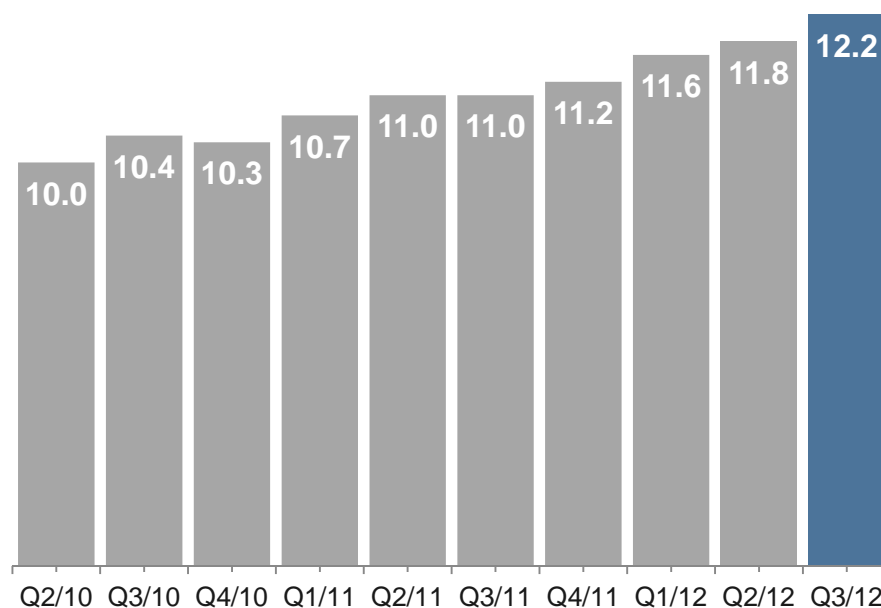
Risk-weighted assets (RWA), EURbn*



- RWA decreases EUR 2bn due to decreased credit risk and market risk
- Further improved quality in liquidity buffer
- RWA optimisation reduces RWA by EUR 0.5bn
- In total limited effect from rating migration

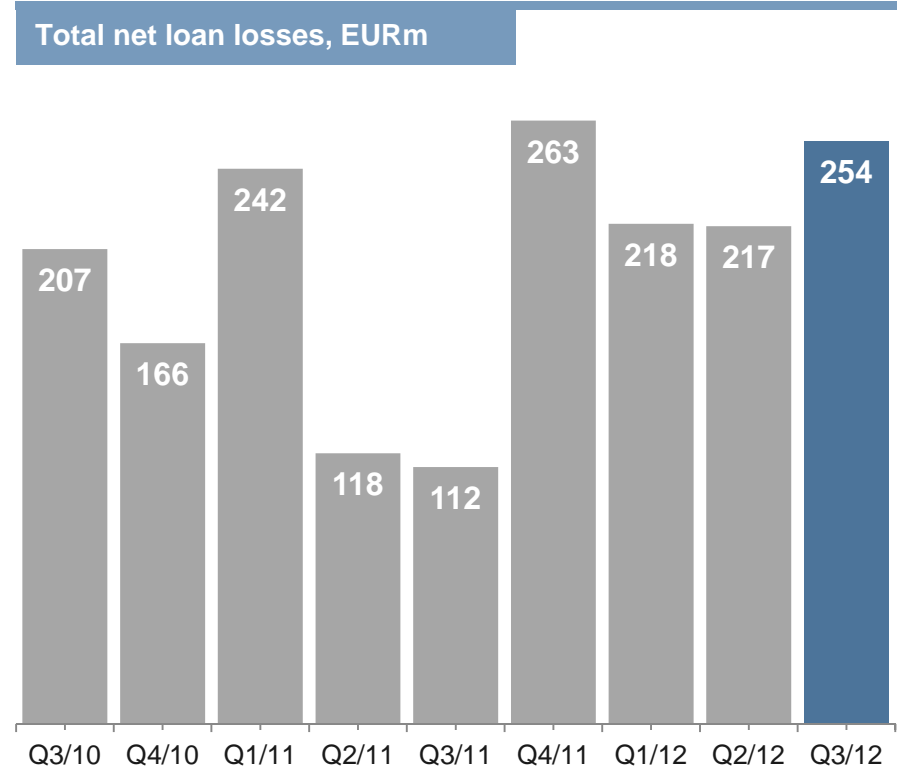
Improved Core Tier 1 ratio

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



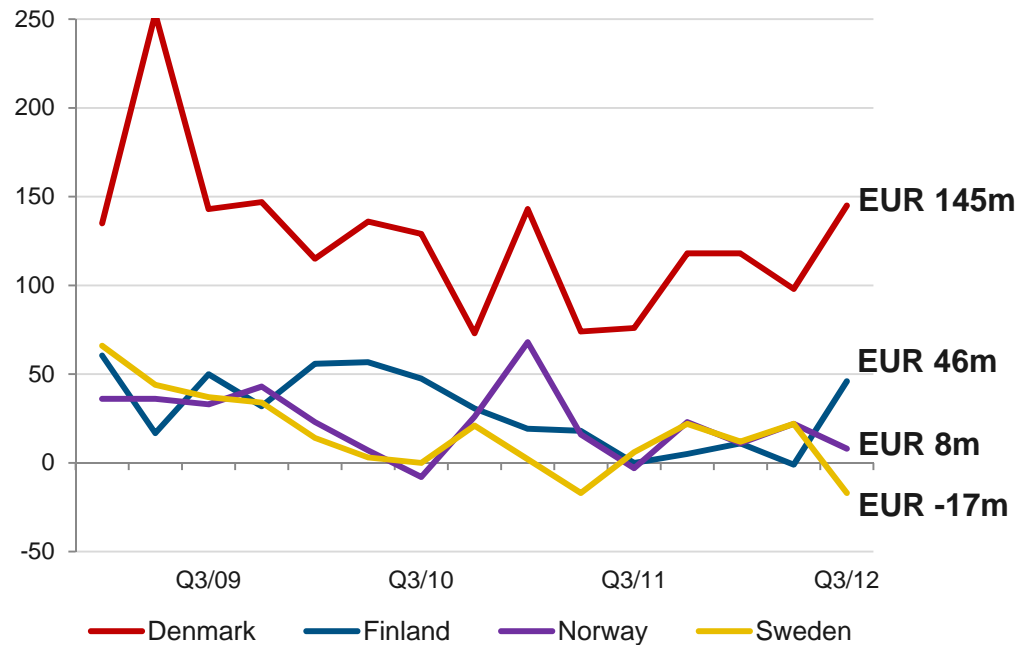
- Improved ratio by 40 bps since Q2 2012 due to
 - Strong profit generation
 - Decreased RWA
- Improved CT1 ratio by 220 bps since Q2 2010
 - Lending growth of 17%
 - Full dividend to shareholders

Credit quality



- Broadly in line with long-term risk appetite
- Low loan losses in Norway, Sweden and Finland
- Continued elevated levels in Denmark and Shipping
 - Effects from stricter rules in Denmark
- Lower individual provisions
- Increase in collective provisions

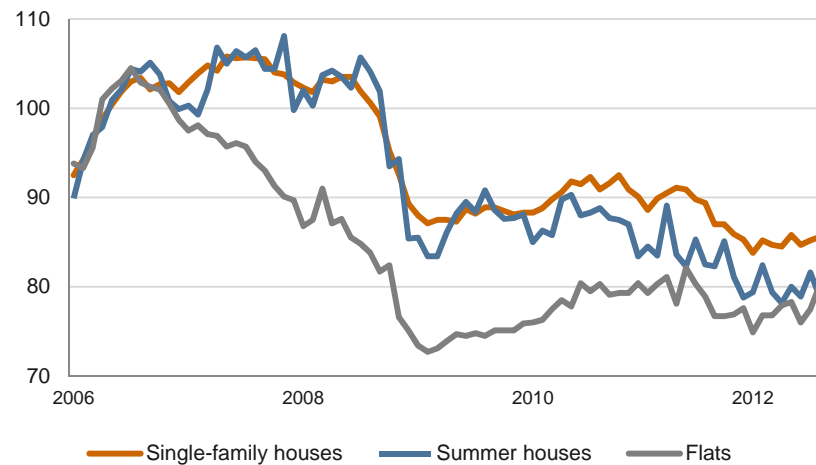
Net loan losses quarterly by country – excluding Shipping



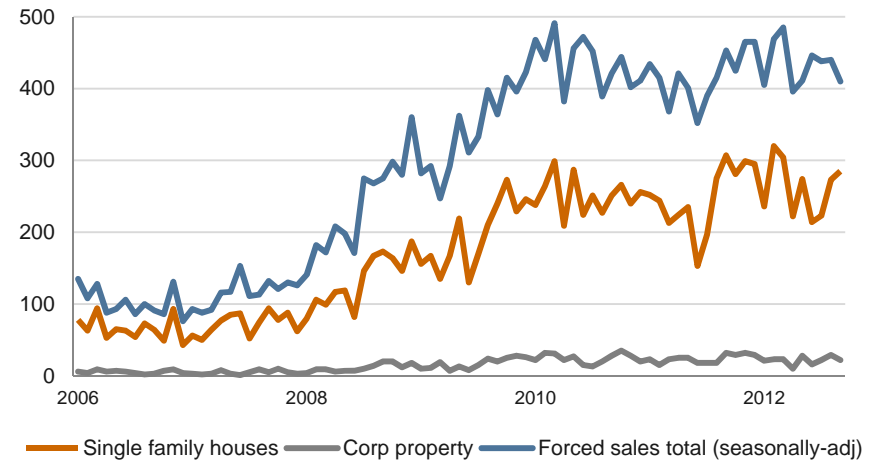
- Still certain overleveraged Danish household and agriculture customers behind the provisions
- A limited number of individual provisions in the other countries

Underlying stabilisation in Denmark

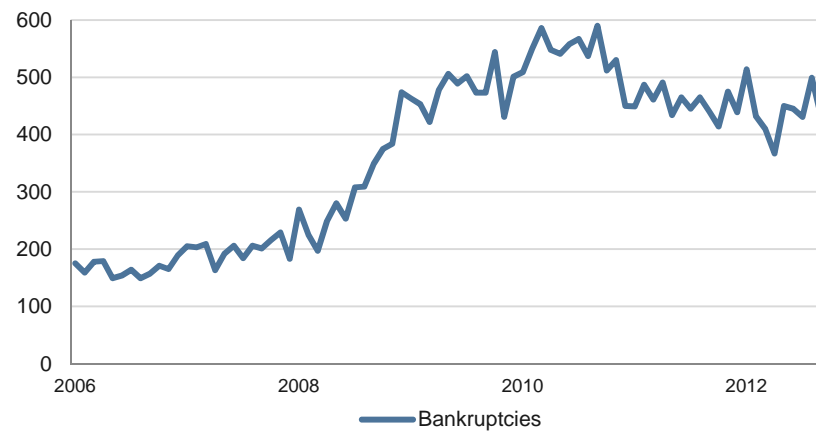
House prices, index = 2006*



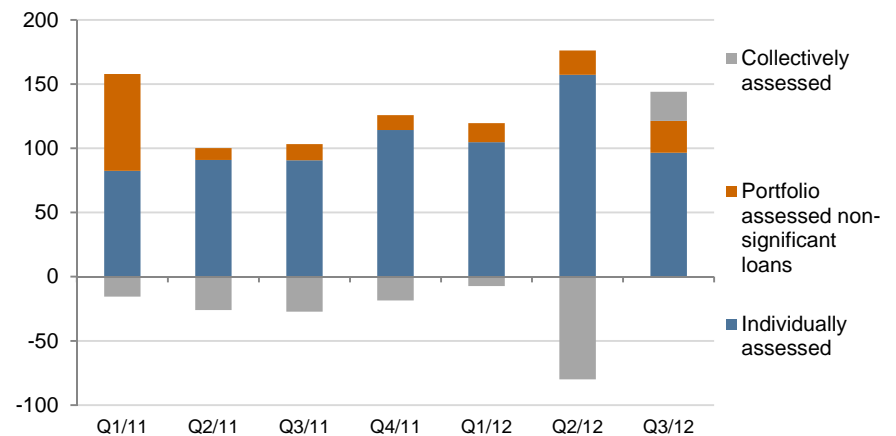
Forced sales*



Number of bankruptcies*



Loan losses net, Retail Banking Denmark



* Source: Danmarks Statistik

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Shipping loan losses and impaired loans

Shipping Net loan losses, EURm



- Further deterioration of collateral values
- Need for additional loan loss provisions

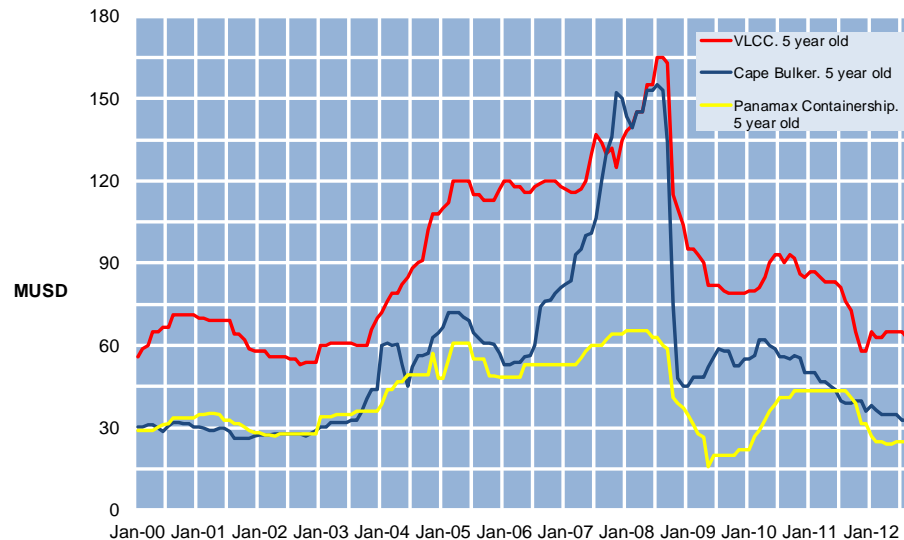
Shipping Net impaired loans, EURm



- Gross impaired loans down 4% q-o-q

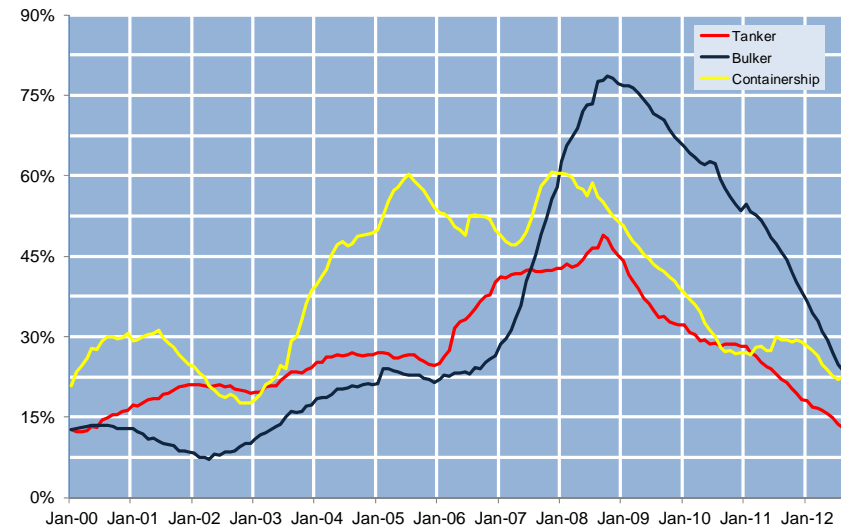
Challenges remained within Shipping

Ship values



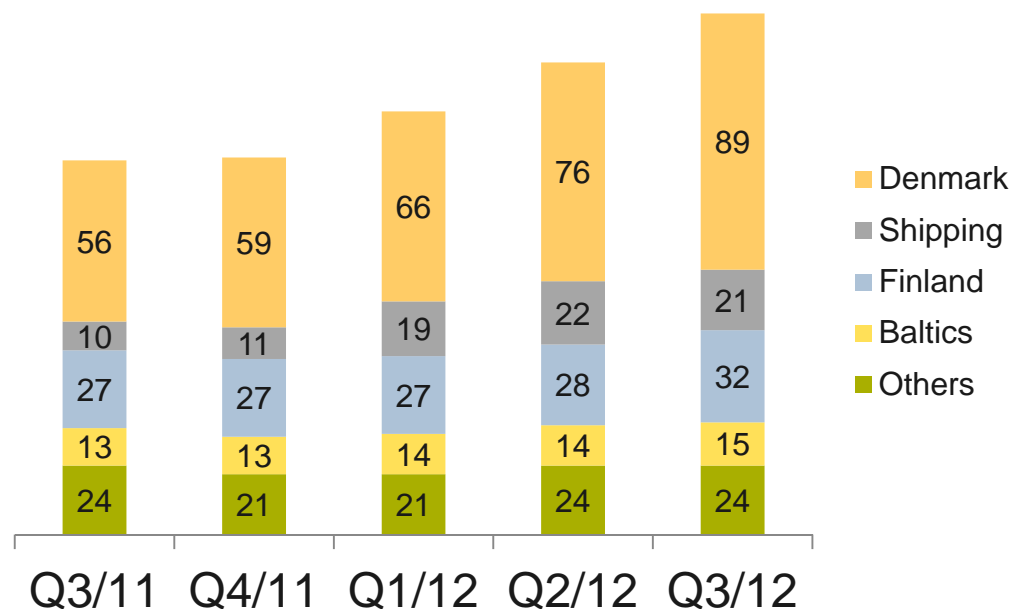
- Ship values has continued to fall throughout the year

Shipping orderbook as % of existing fleet



- Supply is coming down rapidly

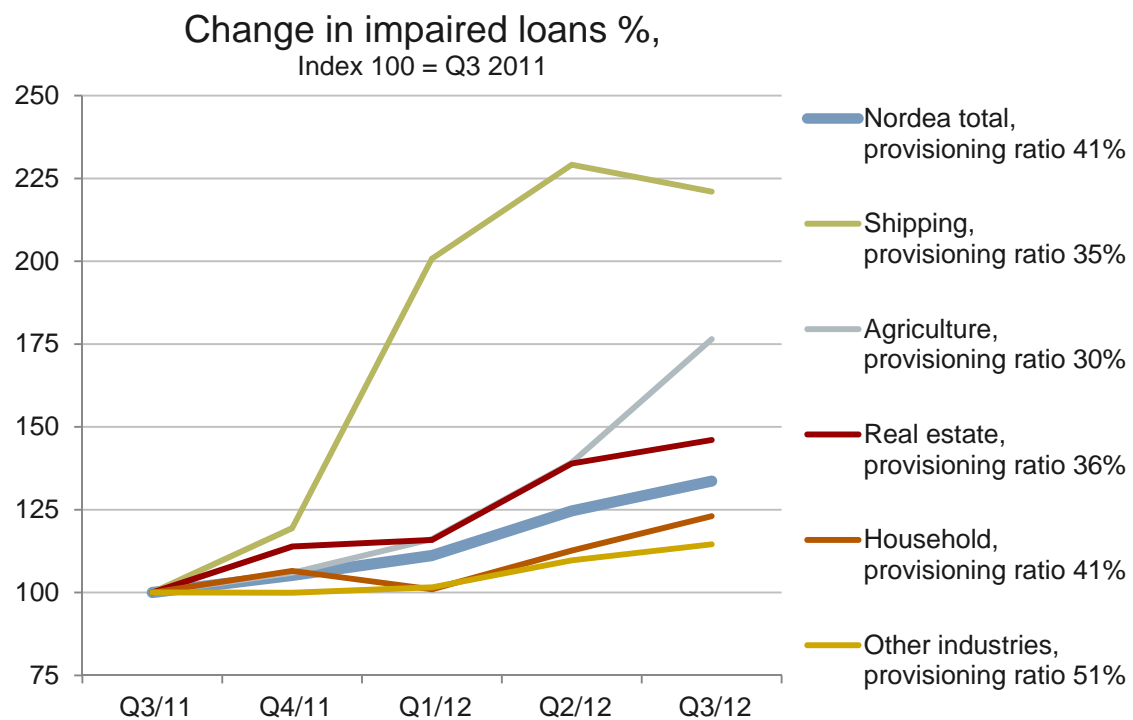
Impairment rate gross¹, basis points



- Impairment rate gross increased to 181bps.
- Still Danish household and agriculture customers behind the increases (new impaired volume approx. EUR 410m), to a large extent explained by the clarified and stricter impairment rules introduced by the Danish FSA.
- A couple of larger Finnish corporates were reported as impaired this quarter (new impaired volume approx. EUR 100m).
- The development in shipping was slightly positive, as the exposure to already impaired customers decreased.

¹ Impairment rate gross:
Individually assessed impaired loans before allowances
divided by total loans before allowances

Highest increase of impaired loans in "collateralised" loan books

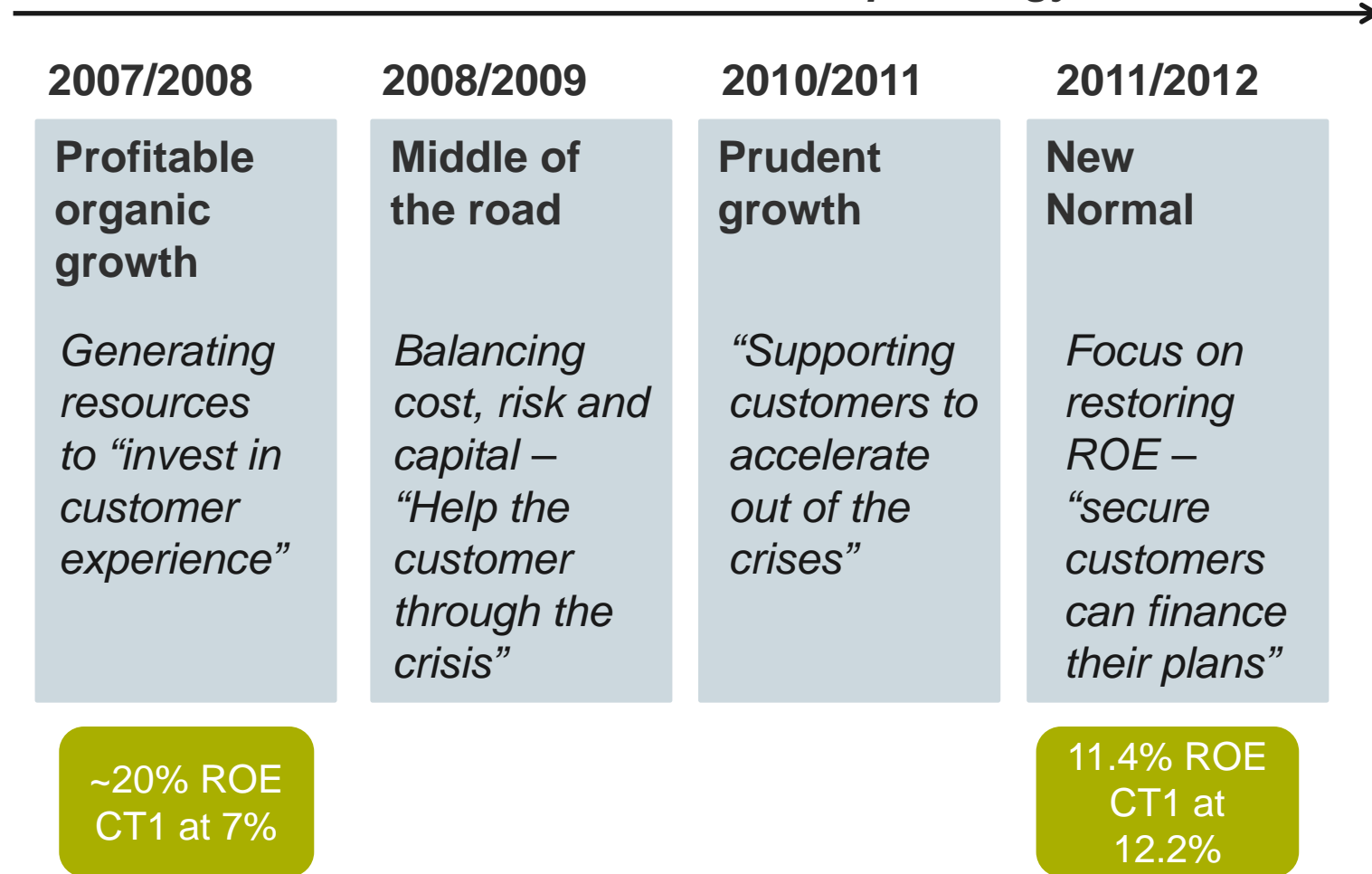




- Financial highlights
- **Building the future bank business model**

The relationship strategy has been instrumental to Nordea

Execution of the relationship strategy



... and it continues to drive performance ...

Relationship strategy

Close and lifelong
relationships with
customers

=

Focus on right
customers/projects
Capital efficient solutions
Many products per customer
Diversification/lower risk
Loyalty and retention
High ROE



Performance in New Normal

Capital efficiency

Funding
efficiency

Liquidity
efficiency

Cost efficiency

... and Nordea's position continues to be one of strength

2011/2012

**New
Normal
plan**

*Focus on
restoring
ROE –
“Secure
customers
can finance
their plans”*

Continued to grow the number of
core customer relationships

Continued to deliver
top league ROE

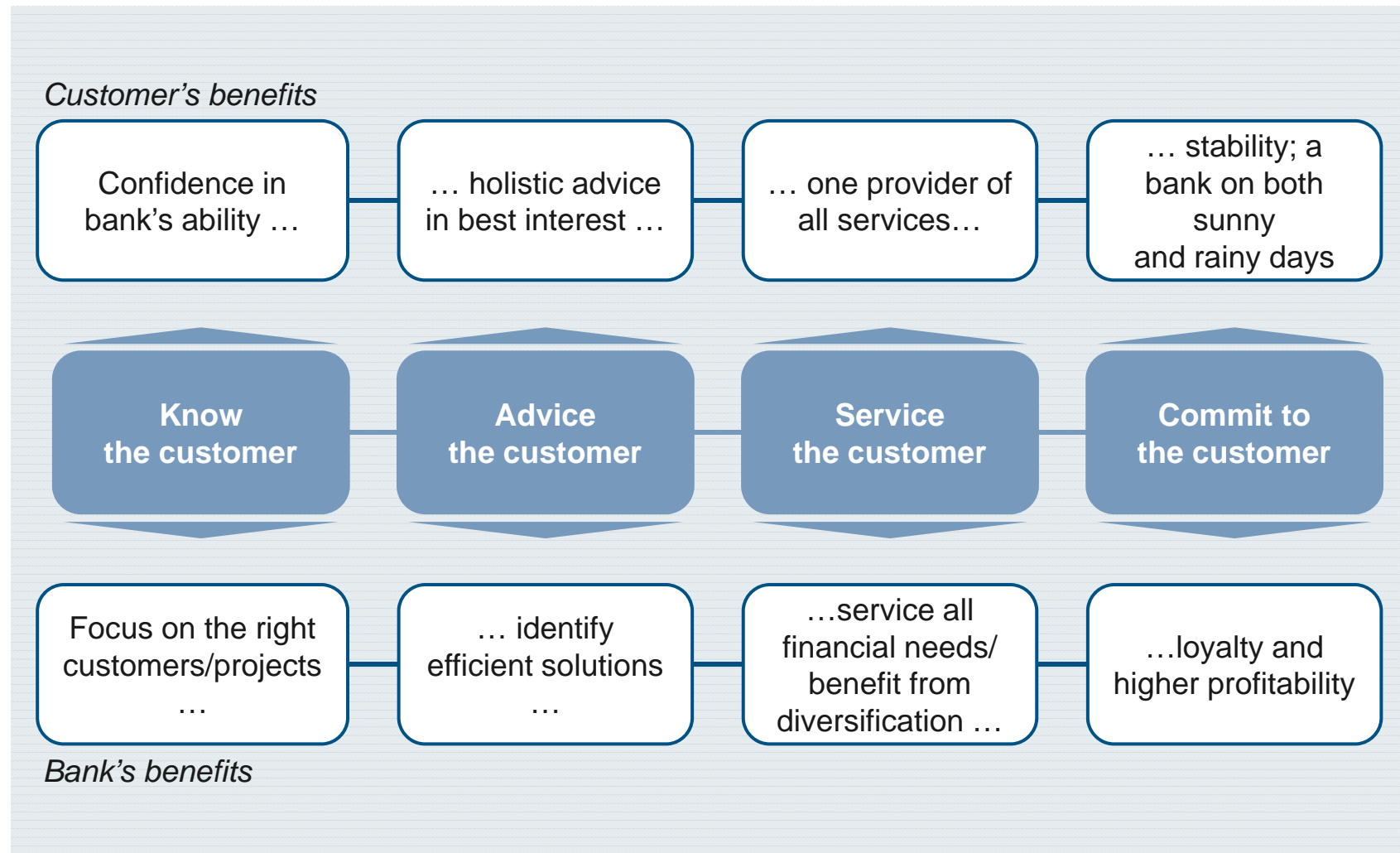
One of the strongest ratings
in the sector

One of the best funding positions
in the sector

One of the largest banks in Europe
measured by market cap

**As we are
executing the New
Normal plan,
Nordea's position
continues to be
one of strength**

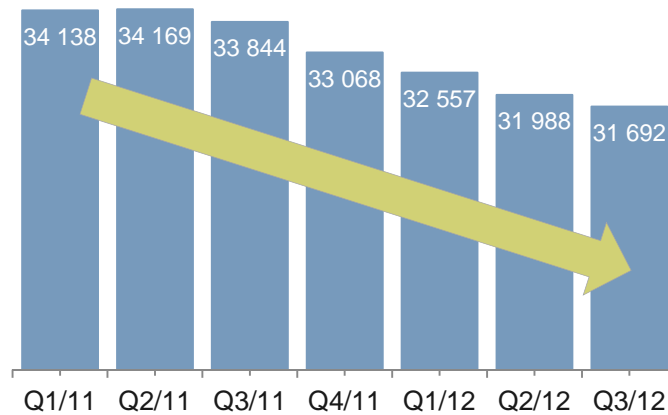
The relationship strategy; a superior model for working together with customers in the new environment



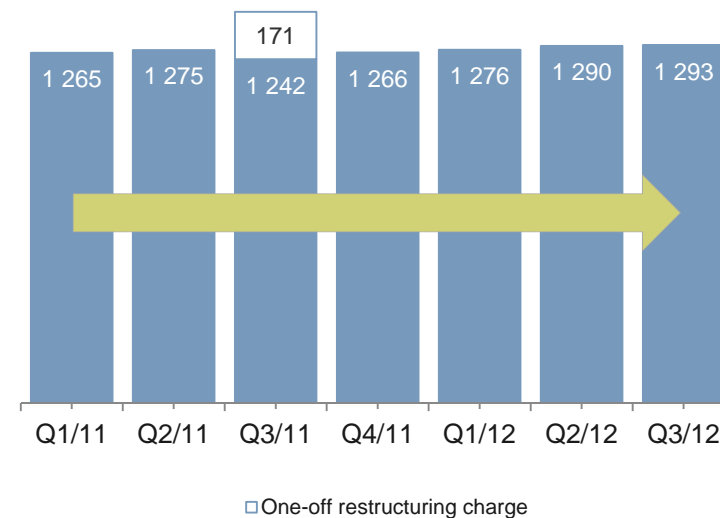
The New Normal plan continues to deliver

In terms of cost efficiency

Group FTE development



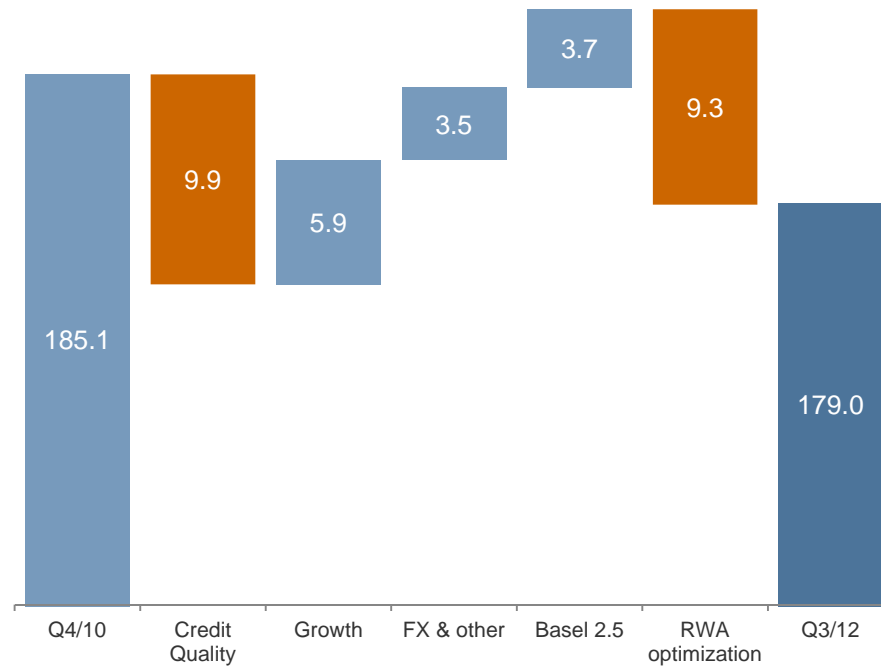
Total expenses, EUR million



The New Normal plan continues to deliver

In terms of capital efficiency

Risk Weighted Assets development, EURbn*



- Reduced RWA by more than EUR 9bn since beginning of 2011 due to improved efficiency

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