



# Fourth quarter 2012 results

## Shaping the future relationship bank

Media conference  
30 January 2013  
Christian Clausen, CEO

*Making it possible*

- **Q4 2012 financial results highlights**
- Shaping the future relationship bank
- Nordea 2013 capital markets day

## **Key message: the foundation is laid to shape the future relationship bank**

- In 2012, we had more customers, more capital and higher profit than ever before. We are ahead of the plan that was established in 2011
- On that foundation we will shape the future relationship bank, with closer customer relationships, cost and capital efficiency and increased return on equity
- The future relationship bank builds closer relationships – with the ambition to understand, advice, service and commit to each customer.
- Nordea will ensure a profitability well above the cost of capital and a stable capital buffer – to be able to support our customers and provide financing for their projects and plans.

# Financial results Q4/12

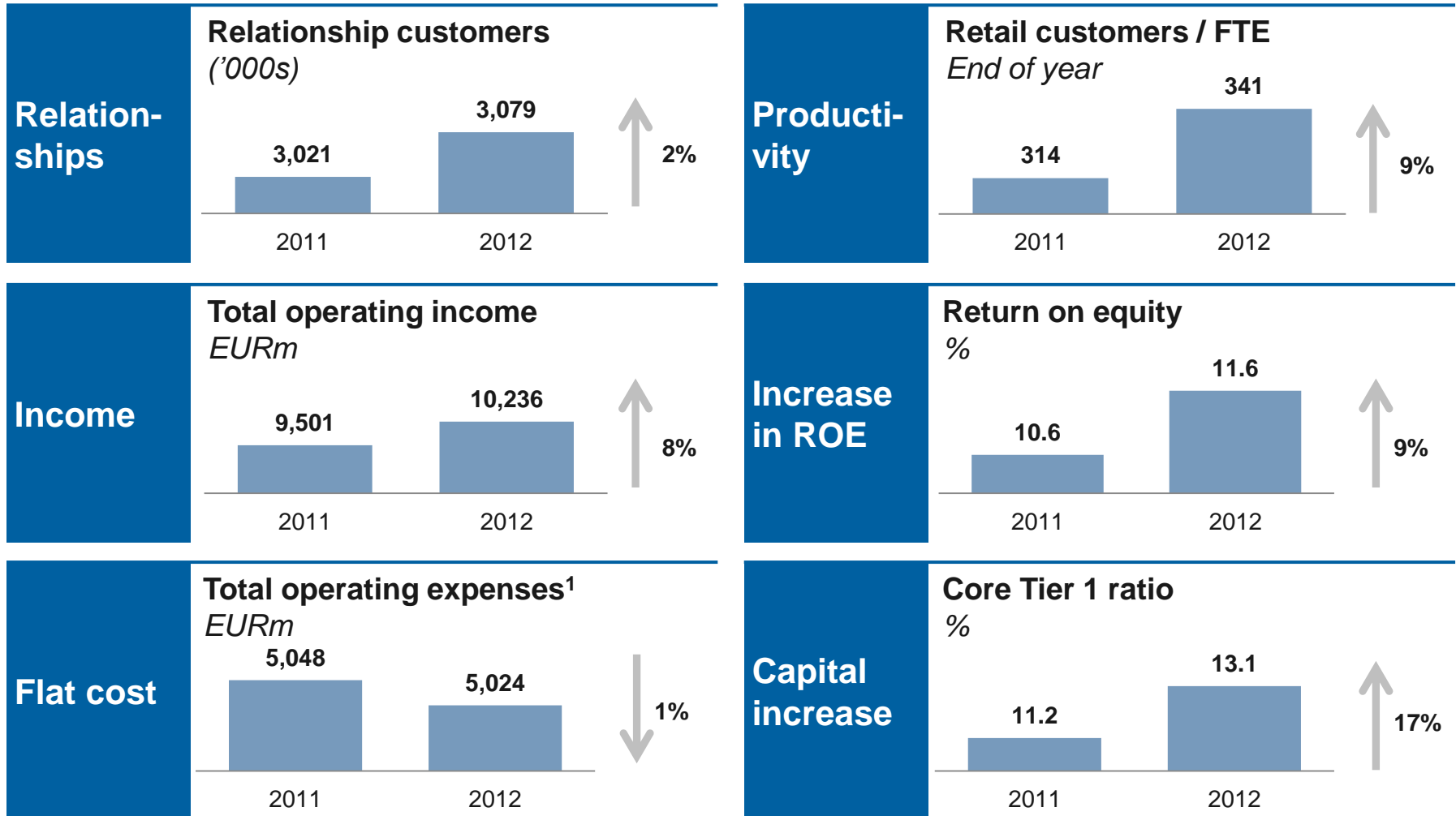
Risk-adjusted profit increase of 20% in FY2012

EURm	Q4/12	Q3/12	Change %
Net interest income	1,429	1,441	(1)
Net fee and commission income	692	605	14
Net fair value result	444	377	18
<b>Total income<sup>1</sup></b>	<b>2,630</b>	<b>2,469</b>	<b>7</b>
Staff costs	(764)	(752)	2
<b>Total expenses</b>	<b>(1,327)</b>	<b>(1,293)</b>	<b>3</b>
<i>Cost Income Ratio</i>	<i>50.5%</i>	<i>52.4%</i>	<i>(190)bps</i>
Profit before loan losses	1,303	1,176	11
<b>Net loan losses</b>	<b>(244)</b>	<b>(254)</b>	<b>(4)</b>
Operating profit	1,059	922	15
<b>Net profit</b>	<b>842</b>	<b>688</b>	<b>23</b>
Risk-adjusted profit	846	749	13
<b>Return on equity (%)</b>	<b>12.1%</b>	<b>10.1%</b>	<b>+200bps</b>
<b>Dividends per share (EUR)</b>			
Core Tier 1 capital ratio (%)	13.1%	12.2%	+90bps
Risk-weighted assets (EURbn)	168	179	(6)

FY12	FY11	Change %
5,752	5,456	5
2,504	2,395	5
1,784	1,517	18
<b>10,236</b>	<b>9,501</b>	<b>8</b>
(3,048)	(3,113)	(2)
<b>(5,186)</b>	<b>(5,219)</b>	<b>(1)</b>
<i>50.7%</i>	<i>54.9%</i>	<i>(420)bps</i>
5,050	4,282	18
<b>(933)</b>	<b>(735)</b>	<b>27</b>
4,117	3,547	16
<b>3,126</b>	<b>2,634</b>	<b>19</b>
3,245	2,714	20
<b>11.6%</b>	<b>10.6%</b>	<b>+100bps</b>
<b>0.34</b>	<b>0.26</b>	<b>31</b>
<b>13.1%</b>	<b>11.2%</b>	<b>+190bps</b>
168	185	(9)

<sup>1</sup> Includes Other income 4 •

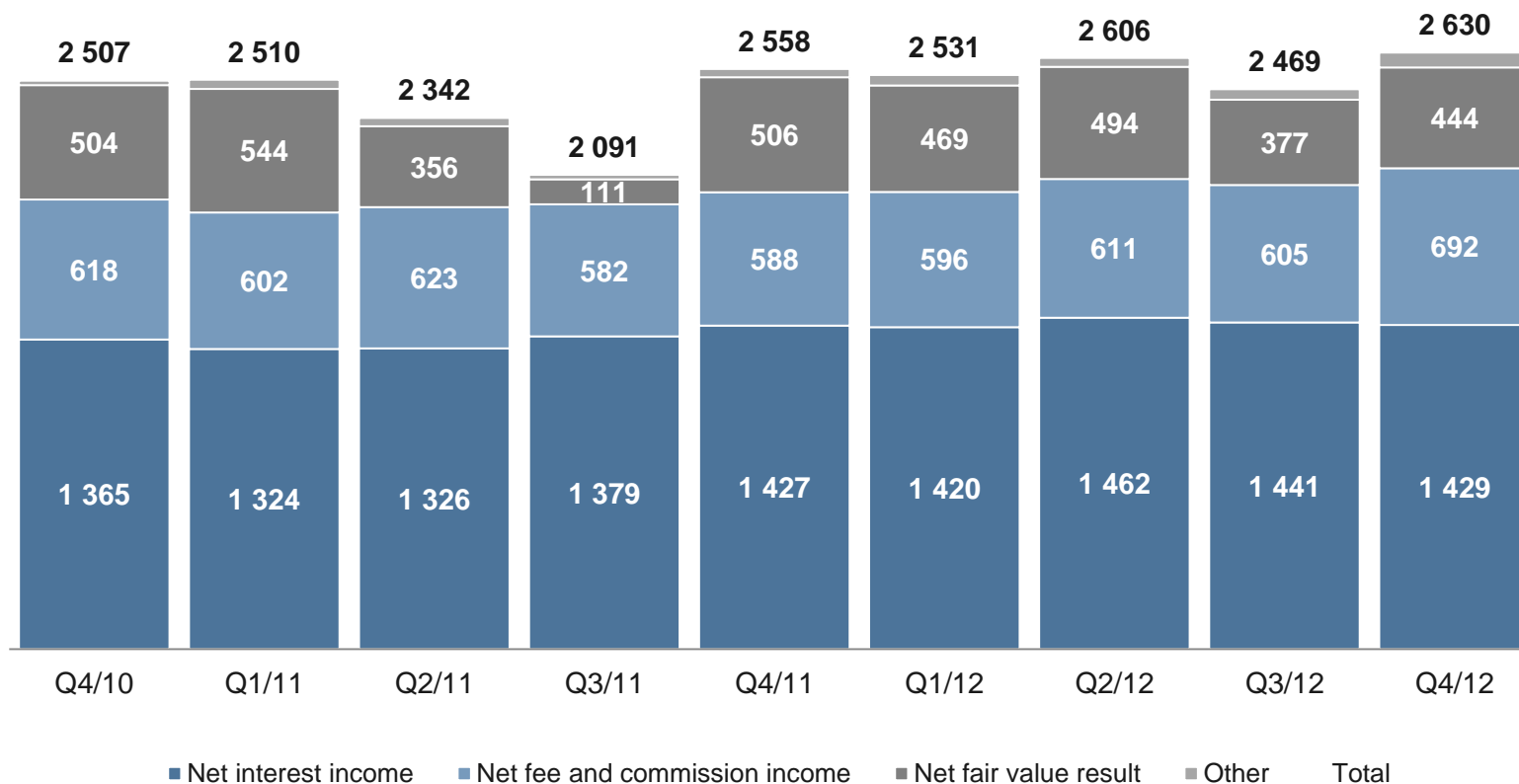
# By delivering on the 2011 plan, we have laid the foundation for shaping the future of Nordea



<sup>1</sup> 2012 figure adjusted for FX and change in variable salaries

# Stable and consistent operating income

## Total income development, EURm



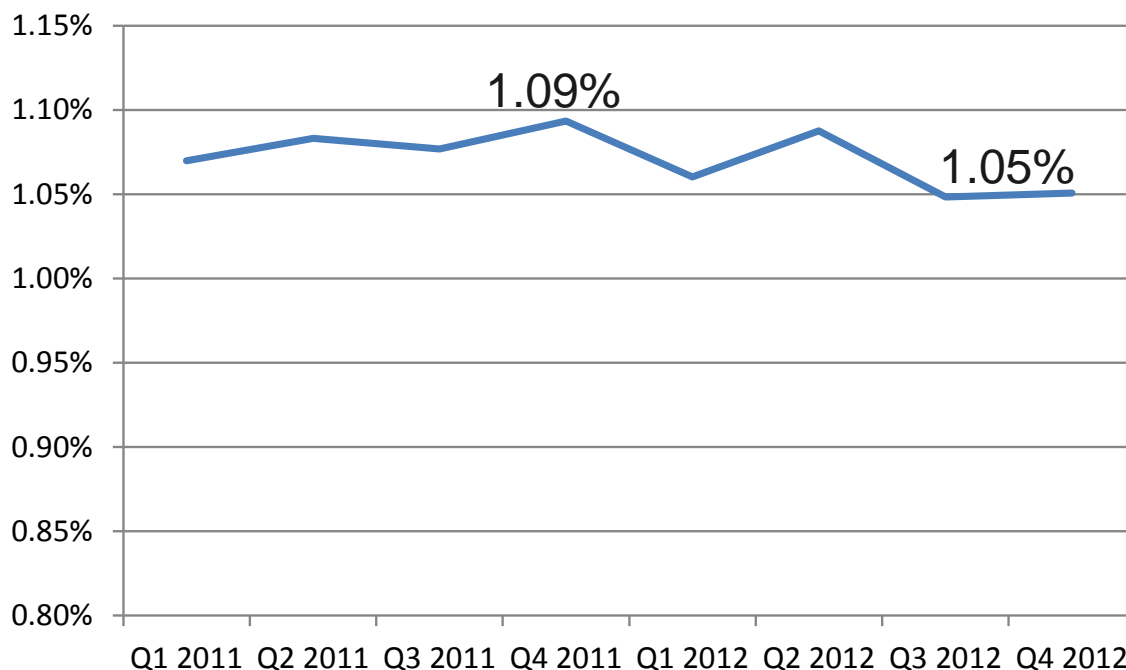
# The blended margin has been slightly lowered over 2012

## Net interest margin

(excl. liquidity buffer and repo rates)

## Comments

- Net interest margin remained unchanged in Q4
- Stable net interest margin from 2011 despite lower market interest rates and higher funding costs

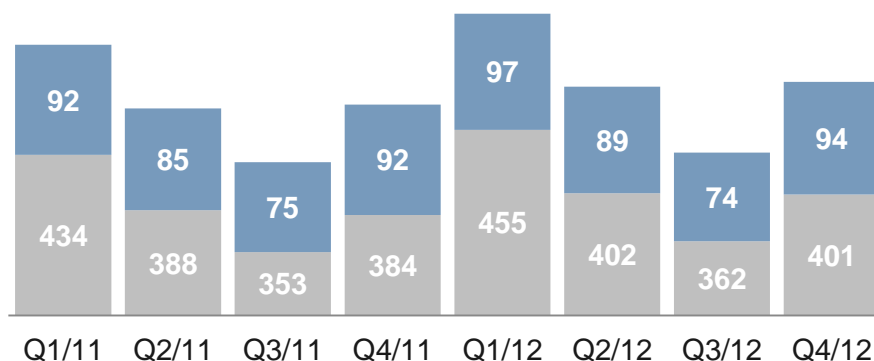


# Income growth generated by customer meetings and a strong inflow of new customers

## Customer meetings

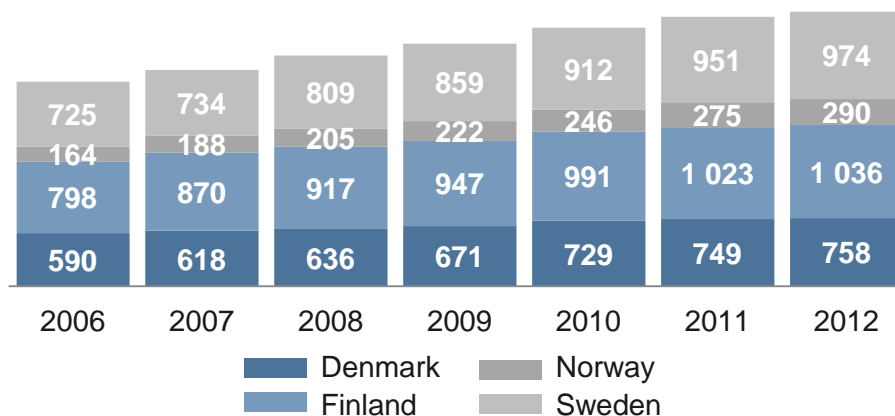
('000s)

Household  
Corporate



## Relationship customers

Household, ('000s)



## Comments

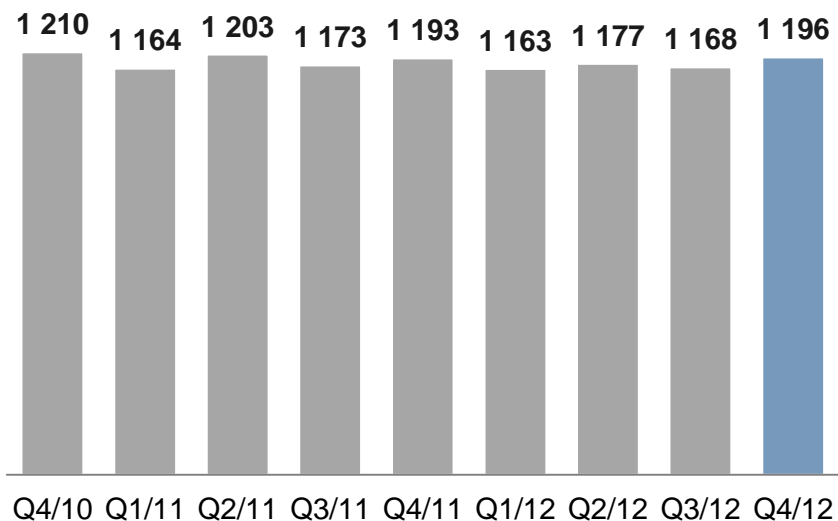
- Total number of customer meetings increased by 4% to 2 million in 2012
- 85,000 new customers, resulting in a continued increase in number of relationship customers by 55,000 in 2012
- Increase of relationship customers every quarter in all countries throughout the crisis



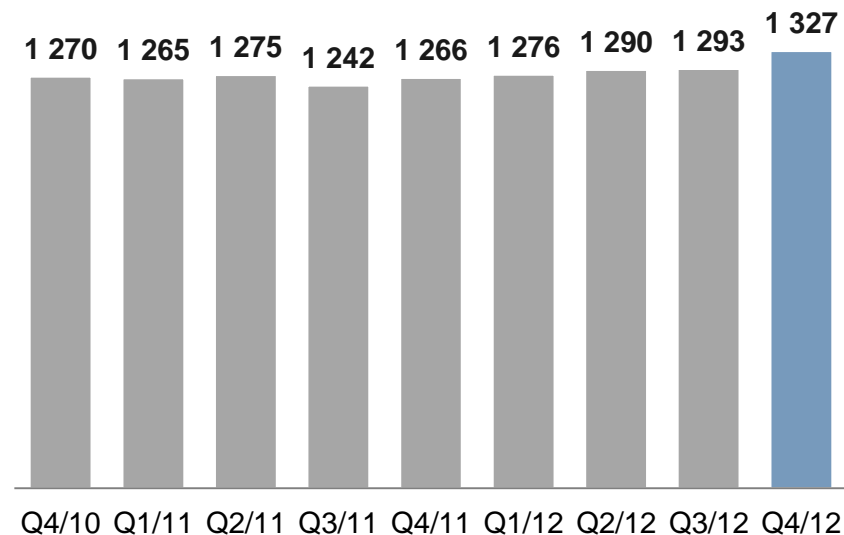
# Expenses broadly flat over last nine consecutive quarters

## Total expenses

(excl. FX and variable pay<sup>1</sup>), EURm



## Total expenses, EURm

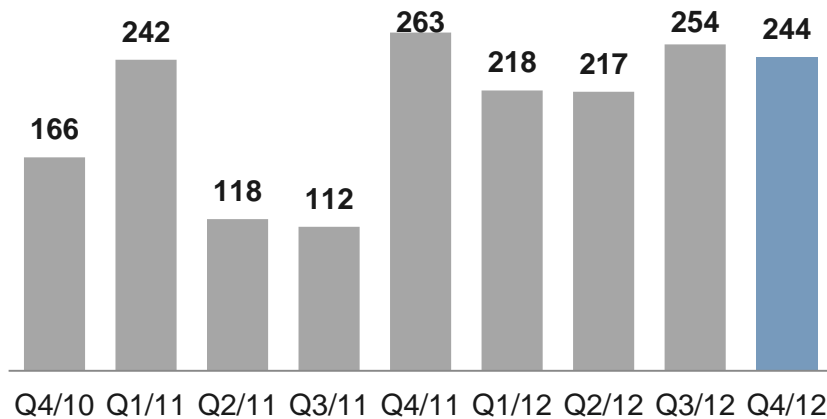


1. Variable pay including profit sharing is excluded. FX unchanged from Q4/10

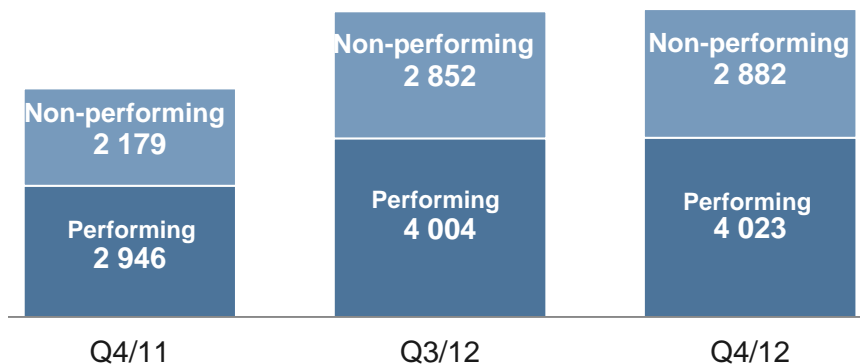
# Credit quality stabilisation and lower net loan losses

Reduced total net loan losses in Q4/12

## Total net loan losses, EURm



## Impaired loans, EURm

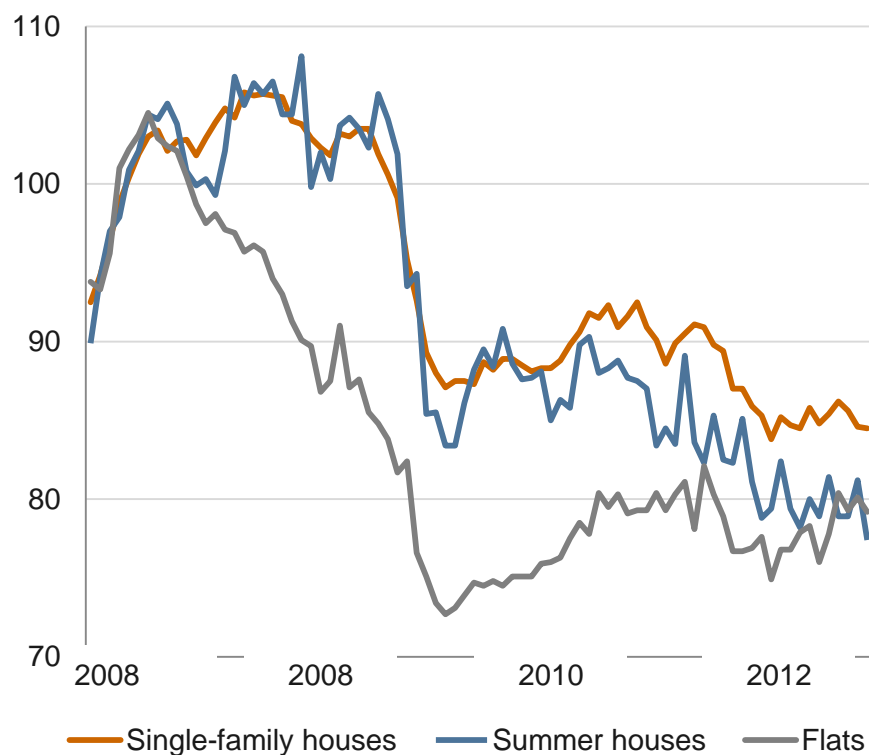


## Comments

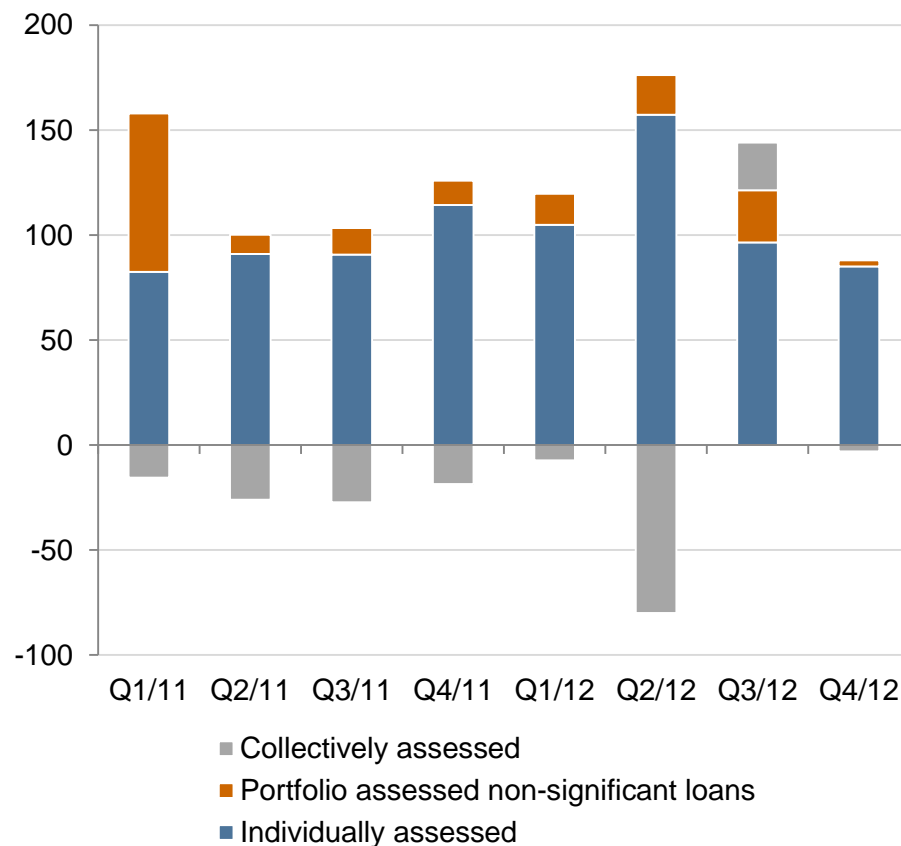
- Underlying credit quality remains solid, with a positive rating migration in institutions and household portfolios
- Stabilisation in level of impaired loans
- Credit quality remains solid in Finland, Norway, Sweden, Baltics and Poland
- Losses in Denmark and Shipping remain at elevated levels

# Denmark is stabilising and remains under control

## House price index<sup>1</sup>

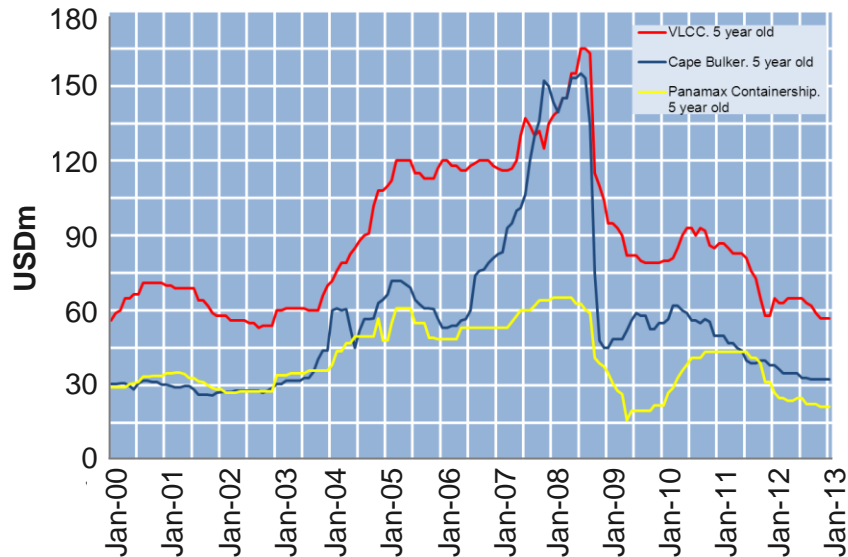


## Loan losses net, Retail Banking Denmark

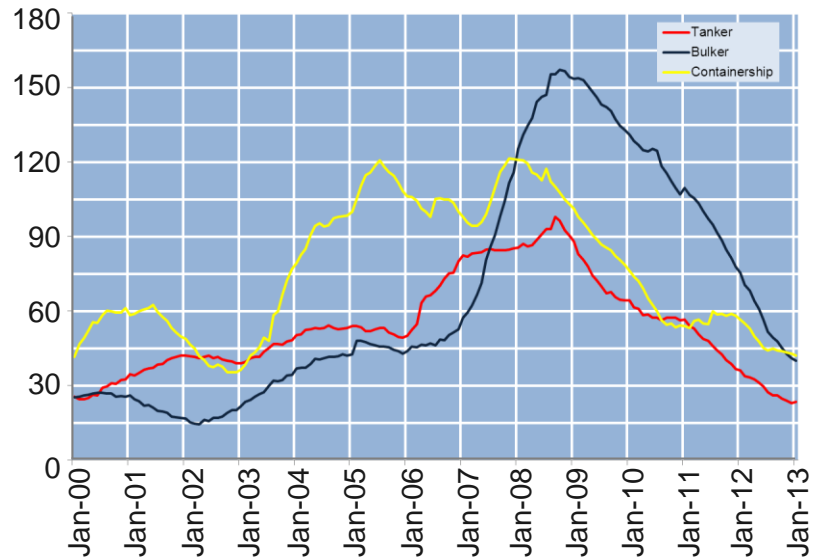


# Shipping collateral values seem to be bottoming out

## Ship values<sup>1</sup>



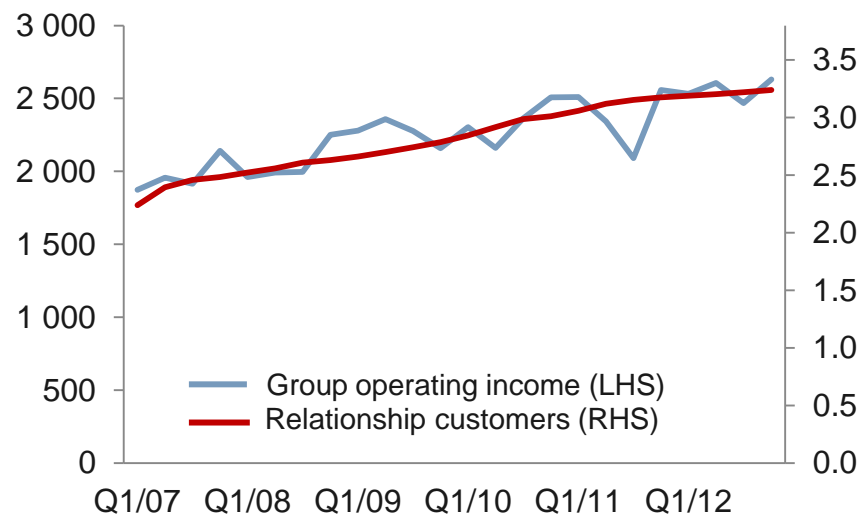
## Shipping orderbook as % of existing fleet<sup>1</sup>



# Retail Banking: Key developments

Key results, EURm	FY12	FY11	Change (%)
Total operating income	5,553	5,272	5%
Total operating expenses	(3,109)	(3,170)	(2)%
Net loan losses	(610)	(556)	10%
Operating profit	1,834	1,546	19%

## Relationship customers and income, EURm and '000



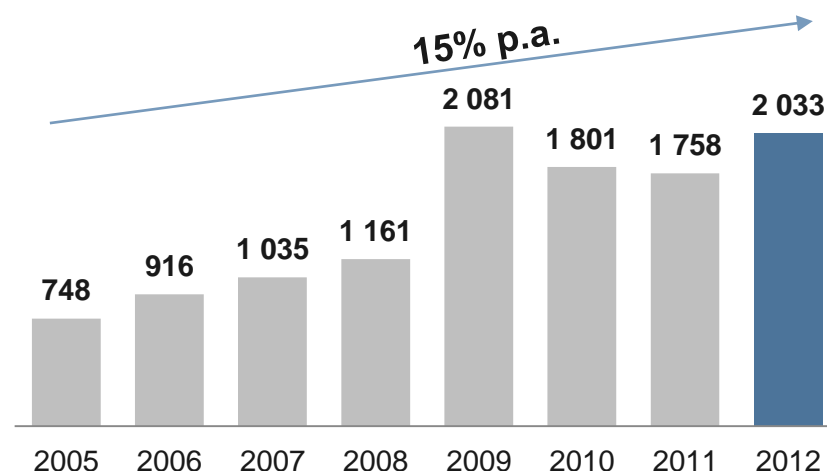
## Strategic direction

- Diversified franchise delivering growing income with low volatility
- Closer relationships and increased share of wallet
- Distribution optimisation

# Wholesale Banking: Key developments

Key results, EURm	FY12	FY11	Change (%)
Total operating income	2,795	2,583	8%
Total operating expenses	(934)	(843)	11%
Net loan losses	(314)	(173)	82%
Operating profit	1,547	1,567	(1)%

## Markets Income, EURm



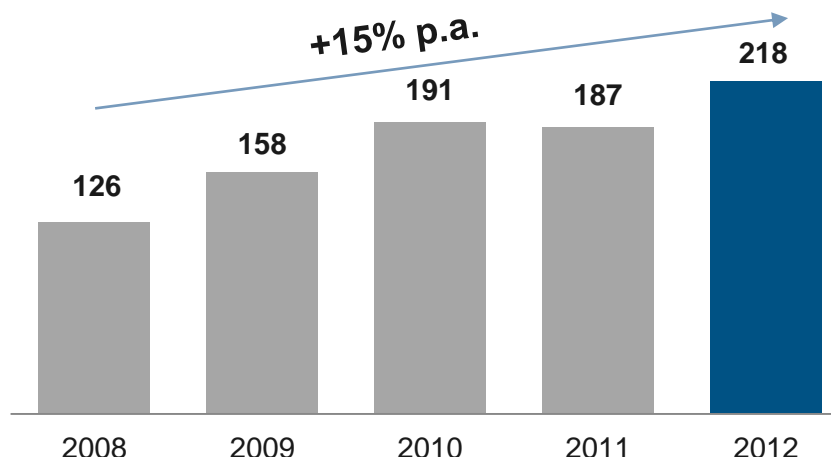
## Strategic direction

- Alignment of the value chain to improve customer service experience and efficiency
- Business selection to enhance profitability
- Strict internal resource management
- Successful markets business and increased DCM activity with strong and increasing contribution to income; Leverage top-ranked position in growing Nordic corporate bond market

# Wealth Management: Key developments

Key results, EURm	FY12	FY11	Change (%)
Total operating income	1,492	1,293	15%
Total operating expenses	(782)	(741)	6%
Operating profit	708 <sup>1</sup>	552	28%
<ul style="list-style-type: none"> <li>■ AuM full year growth of 16% to EUR 218bn</li> <li>■ Q4/12 net inflow EUR 3.1bn, full year EUR 9.1bn</li> <li>■ Operating profit in Life &amp; Pension up +62% YoY</li> </ul>			

## AuM development (EURbn)

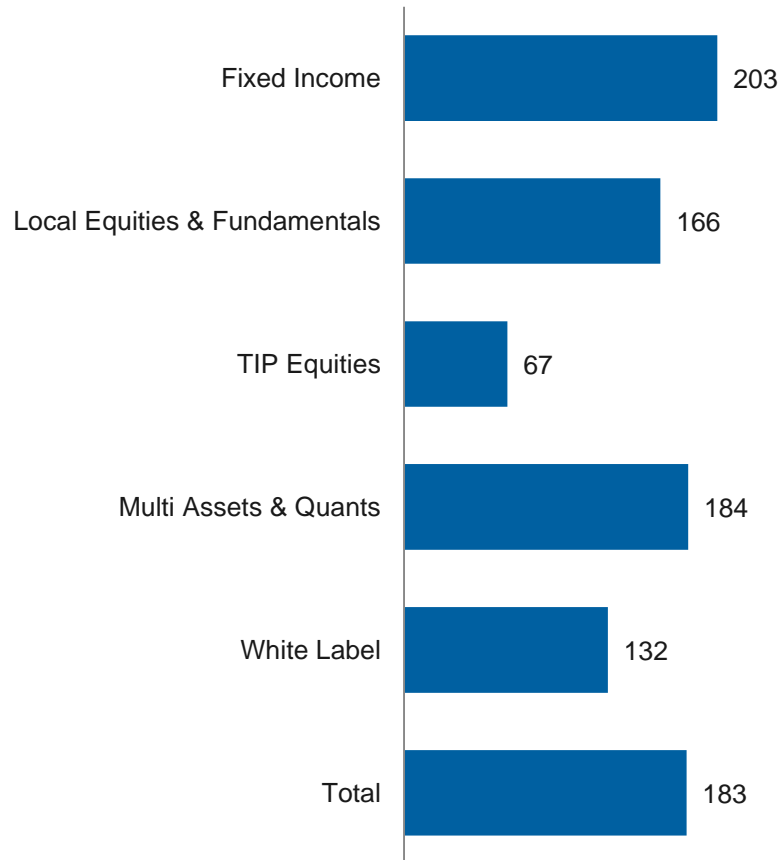


## Strategic direction

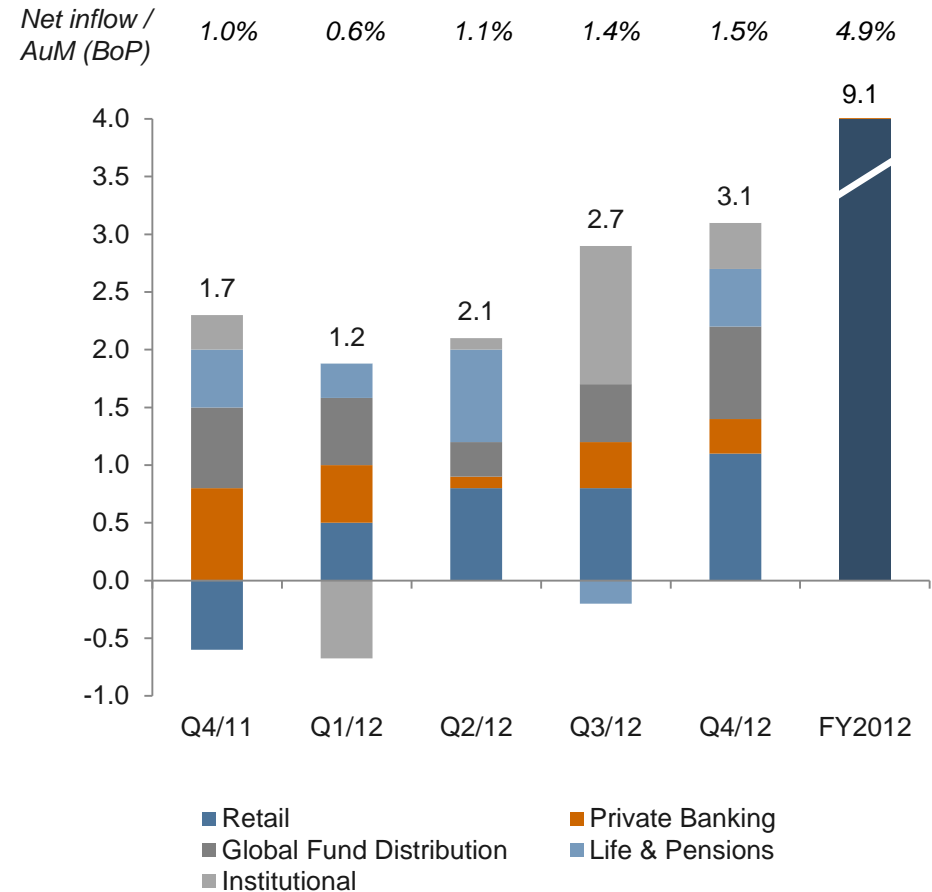
- Strengthen advisory concepts, products and services
- Increase penetration and share of wallet in retail savings
- Referral of customers from Retail to Private Banking, and external customer acquisition
- Migrate to capital light Life & Pensions products

# Wealth Management: Increasing AuM with net inflows and strong performance

Value added compared to benchmark 2012, bps



Net inflow by Business Unit, EURbn

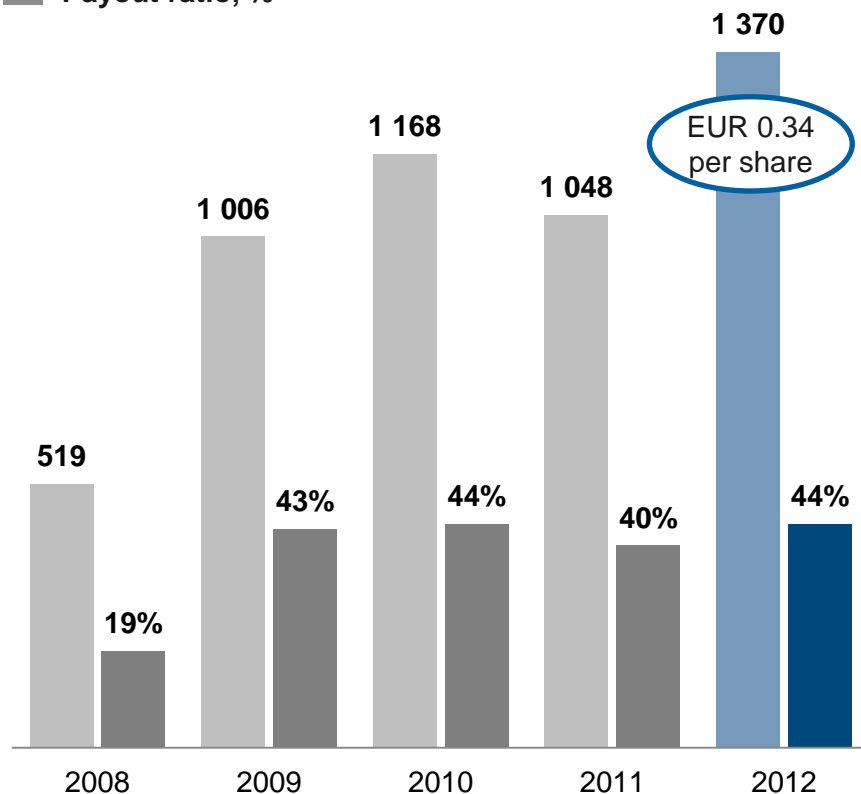




# Proposed dividend for 2012 of EUR 0.34

## Dividend and Payout ratio<sup>1</sup>, EURm

■ EURm  
■ Payout ratio, %



## Comments

- Dividend proposal of EUR 0.34 per share  
— 44% payout ratio
- New capital policy to maintain a Core Tier 1 ratio above 13% no later than 1 Jan 2015
- Excess capital will be returned to shareholders  
— In order to retain full flexibility, the AGM will be asked for a share buyback mandate

- Q4 2012 financial results highlights
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# Nordea is shaping the future relationship bank

**A convincing equity story**  
and market commitments

**Future relationship bank**  
A sustainable business model  
that delivers a ROE well above cost of capital  
on a fully loaded balance sheet

**A strong brand** with  
clear values



**2015 plan – Closer relationships**

**New Normal plan**

**Values and Leadership**

Bringing customer-oriented values and culture

**A Great Business bank**  
Anticipating the 21st century customer's needs for sustainable and shareable value

Great customer experience	We all share people	Our business focus
<ul style="list-style-type: none"> <li>We build and act with the customer in mind</li> <li>We understand what our customers really want and need</li> <li>We deliver professionally</li> <li>We create long-term relationships</li> </ul>	<ul style="list-style-type: none"> <li>We are a knowledge bank that people want to do business with</li> <li>We create people in positions of responsibility</li> <li>We are a bank that understands and meets the needs of our customers</li> <li>We are a bank that is always there when you need us</li> </ul>	<ul style="list-style-type: none"> <li>We focus on the right value</li> <li>We are a bank that is always there when you need us</li> <li>We are a bank that is always there when you need us</li> <li>We are a bank that is always there when you need us</li> </ul>

Foundation: People, innovation and product, capital, risk and capital management

• We focus on generating sufficient return on capital  
• We focus on risk capital management, product risk control and efficient capital management

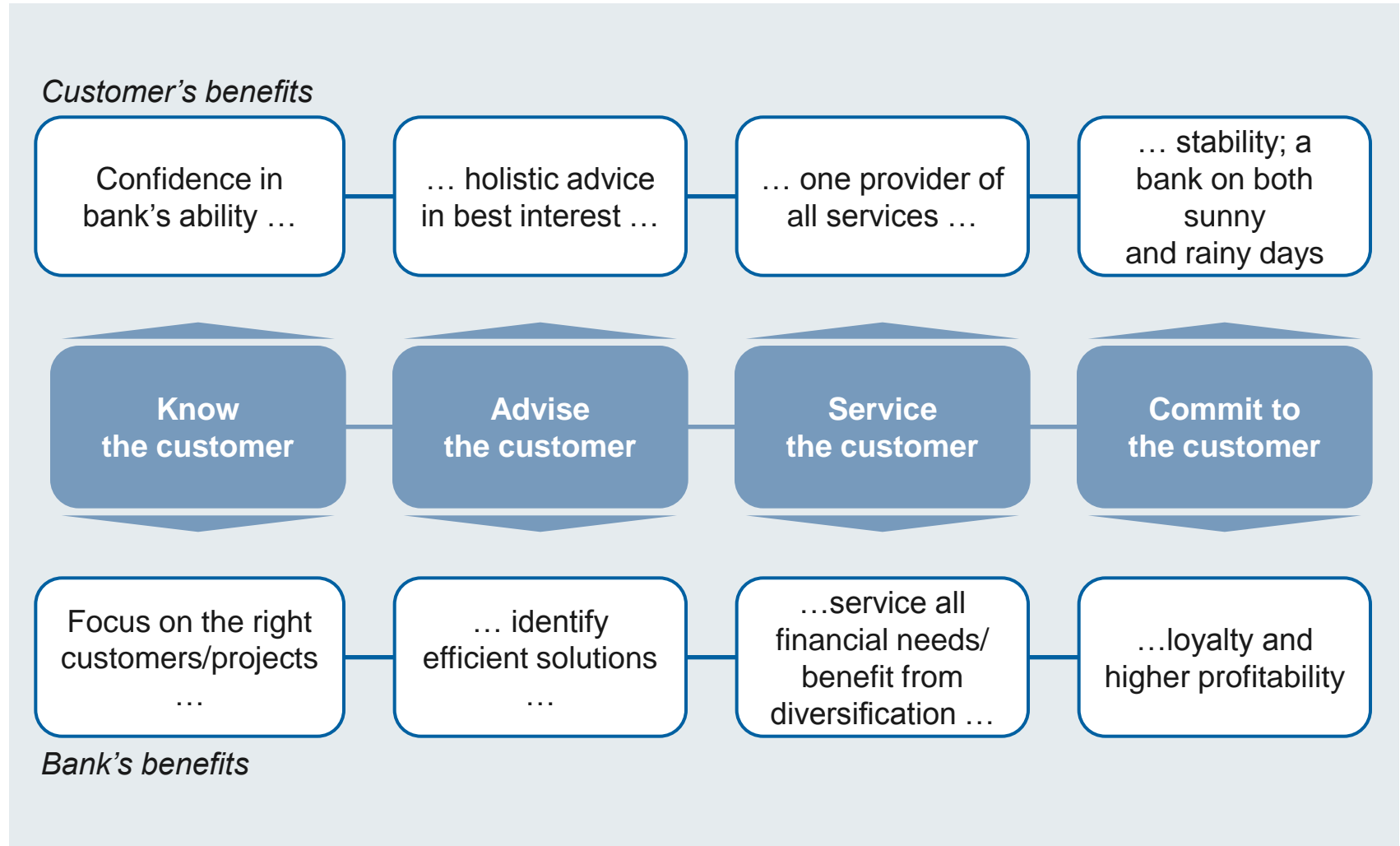
**Relationship strategy**



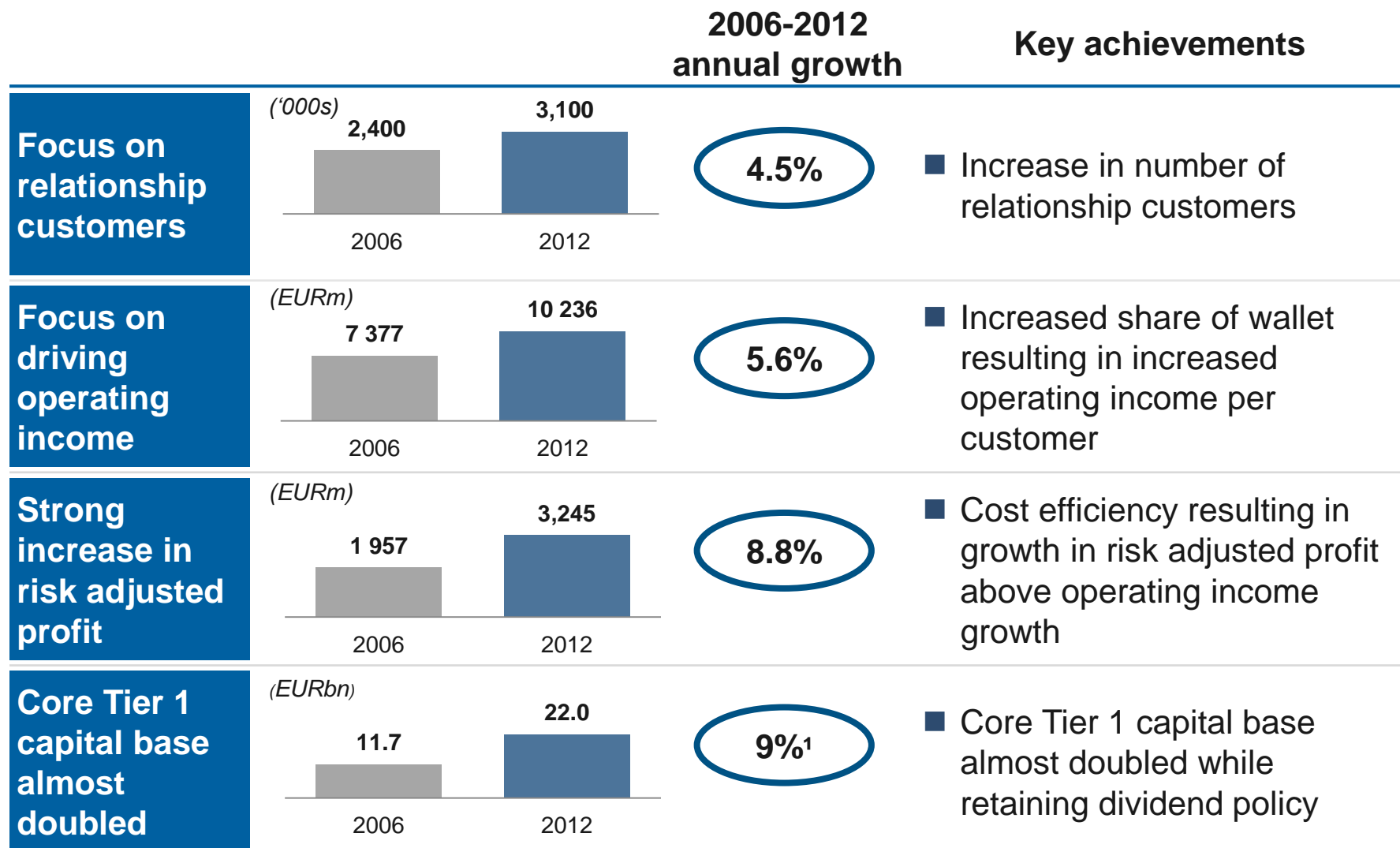
# The relationship strategy continues to be instrumental to Nordea

- Since 2007, Nordea has consistently pursued its relationship strategy
- With the 2015 plan, taking Nordea forward towards the future relationship bank business model, the relationship strategy continues to be instrumental
- At the heart of this strategy is Nordea's ambition to understand, advise, service and commit to its customers for the benefit of building long term core relationships
- The relationship strategy has proven superior for working with customers in the New Normal as we build close knowledge of each customer's situation and needs
- In a macro environment which remains challenging, Nordea stays committed to servicing customers supporting the real economy

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

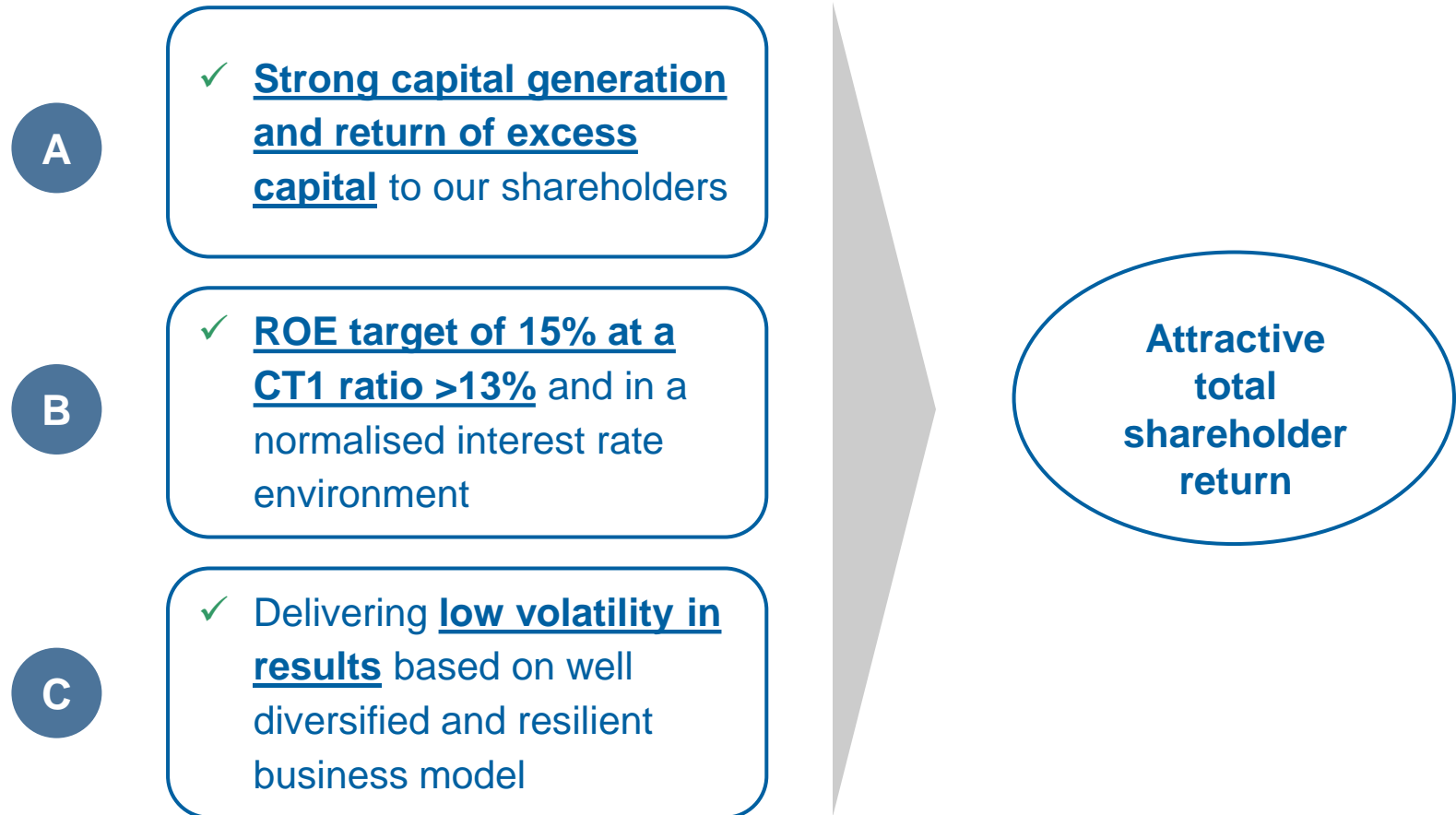


# Nordea has delivered on targets and significantly improved its financial performance throughout the financial crisis...



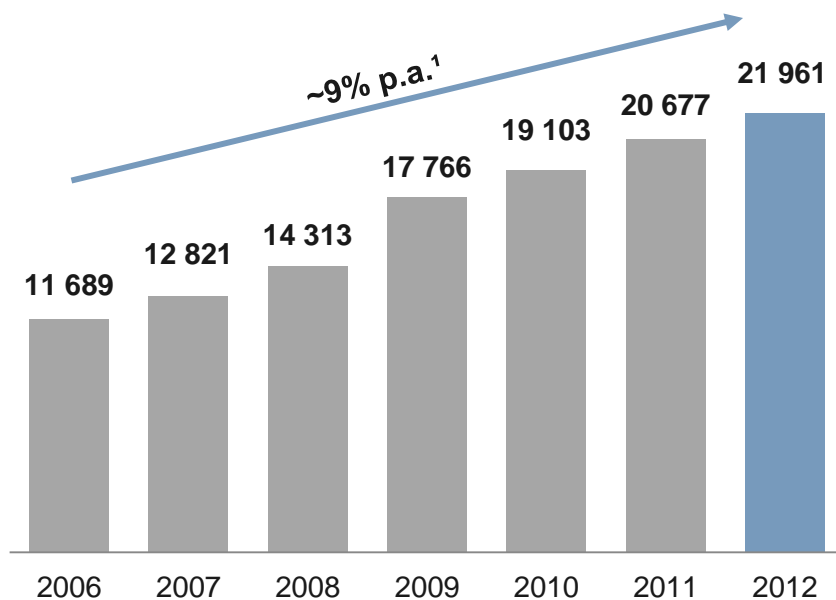
<sup>1</sup> Excluding rights issue in 2009

... and will continue to deliver attractive total return to our shareholders going forward

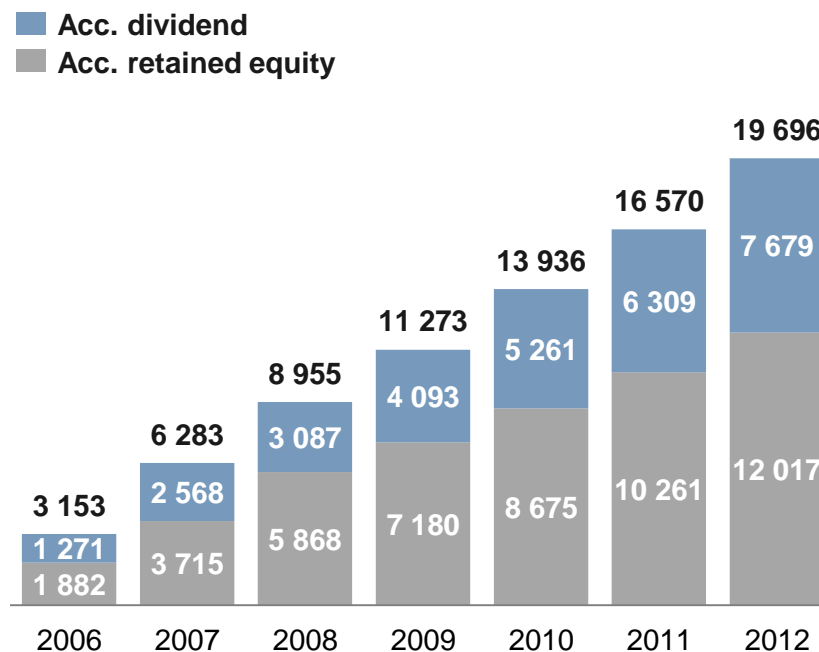


# A Significant capital generation achieved

## Core Tier 1 capital, EURm



## Capital generation<sup>2</sup>, EURm



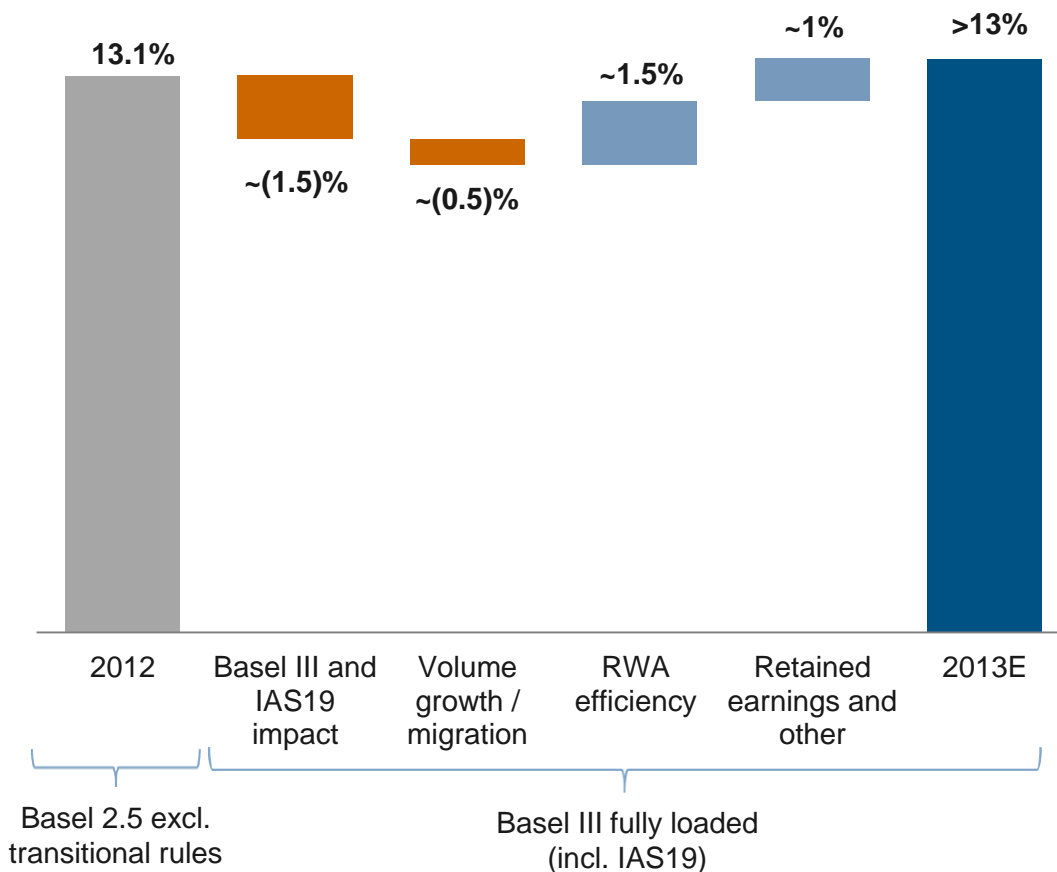
<sup>1</sup> Excluding rights issue

<sup>2</sup> Dividend included in the year the profit was generated (proposed dividend for 2012)



## A Core Tier 1 ratio expected to remain above 13%

### Core Tier 1 ratio development, %

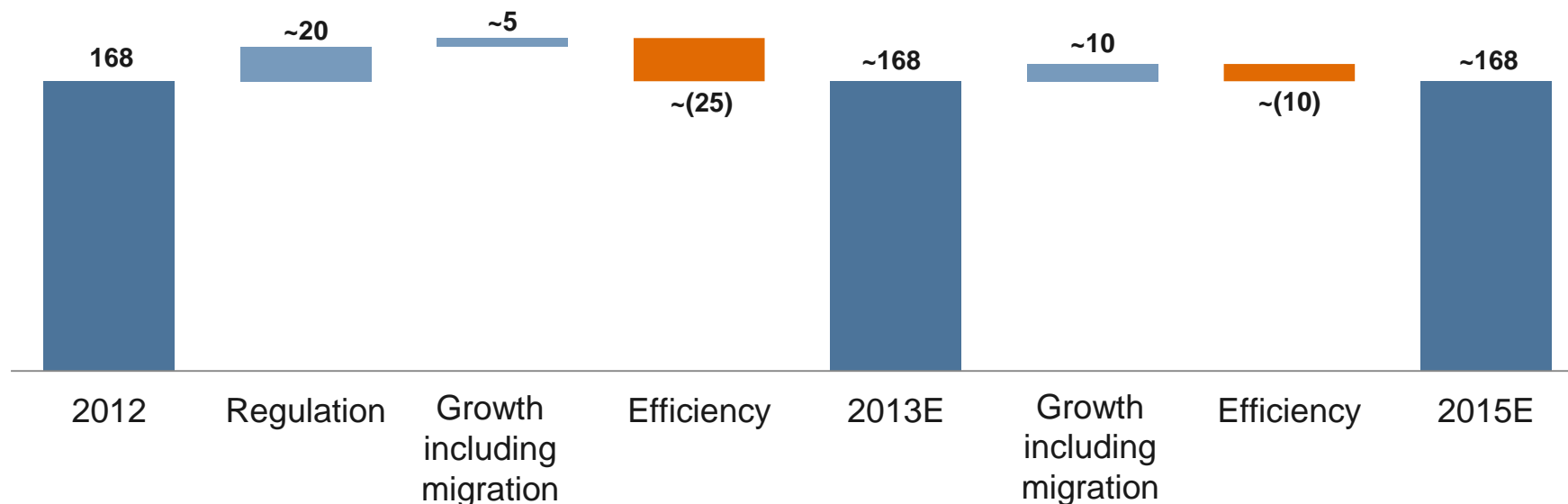


### Excess capital

- The regulatory environment remains uncertain
- Core Tier 1 ratio expected to remain above 13%
- Excess capital over our policy requirement to be returned to shareholders

# A RWAs remain nearly flat as identified efficiency initiatives offset the impact of regulation and allow for lending growth

## RWA development, EURbn



### During 2013

#### Capital and RWA efficiency

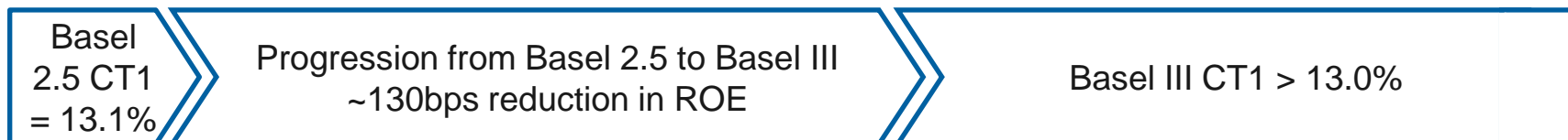
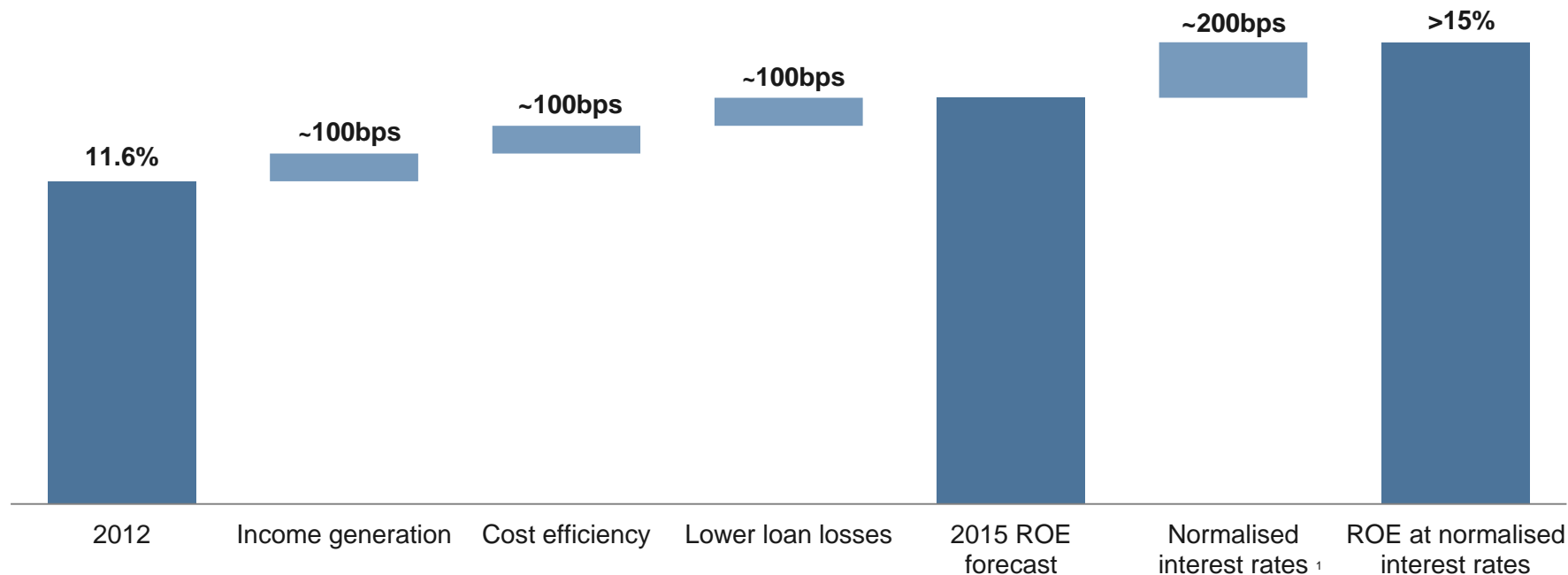
- Rollouts
- Capital light products
- Sourcing and treatment of collaterals and guarantees

### Post 2013

- Refine and improve collection processes
- Refine exposure segmentation
- Capital light products

## B Further capital generation to be guided by our ambitious ROE target

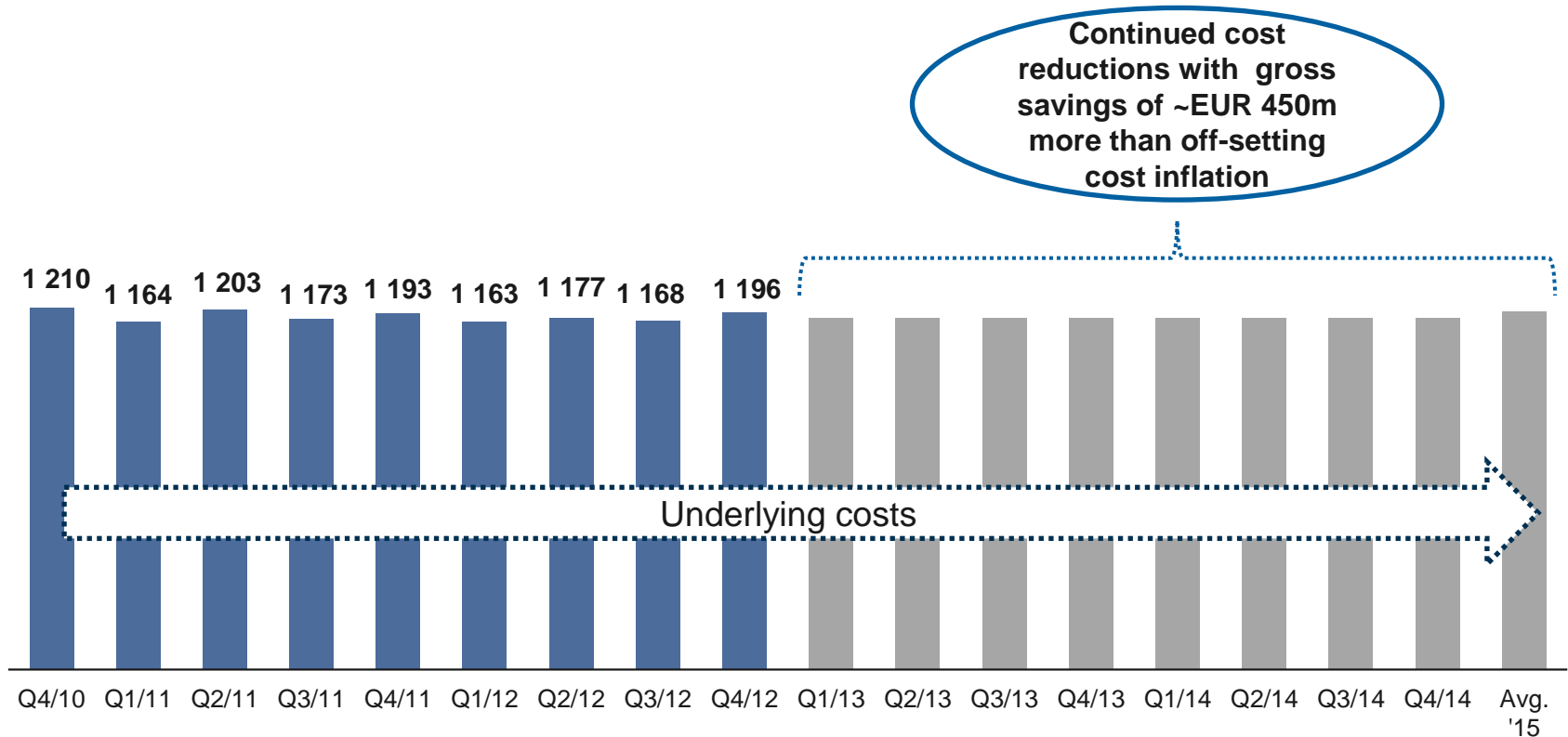
### Return on equity, %



<sup>1</sup> Short term interest rates at ~3% 27 •

## B Strong execution on the flat cost plan for nine quarters, costs to remain flat for another eight

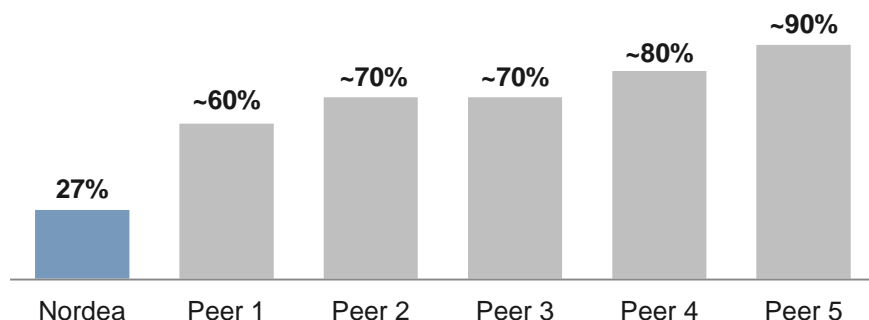
Total expenses (excl. FX and variable pay<sup>1</sup>), EURm



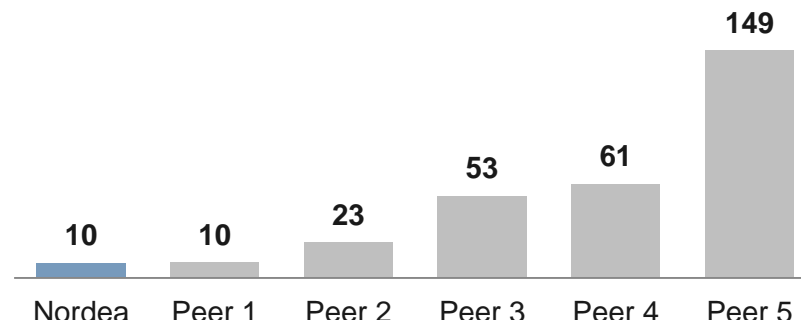
1. Variable pay including profit sharing is excluded. FX unchanged from Q4/10

## C Nordea's business model has proven resilient...

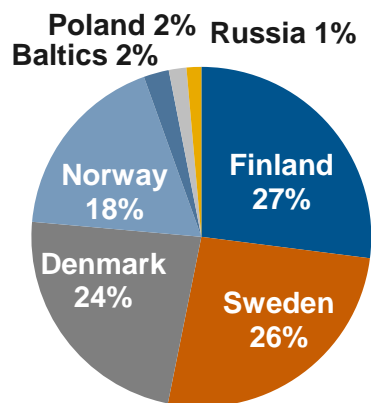
### Largest geographic exposure vs. Nordic peers<sup>1</sup>, %



### Net income volatility vs. Nordic peers<sup>2</sup>, %



### Total loans to public by geography, %



### Comments

- Significantly lower reliance on largest market than Nordic peers
- Well diversified loan portfolio
- Low earnings volatility

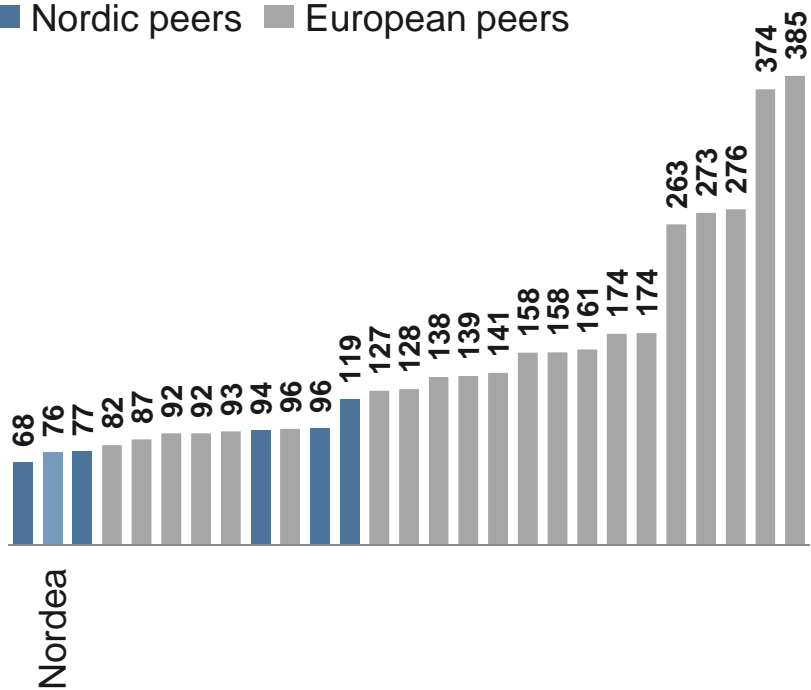
<sup>1</sup> Comparison based on reported geographic breakdown of loans to the public; latest available financials

<sup>2</sup> Annual volatility over last 5 years, 2012 net income annualised based on 9M/12 earnings (excl. minority)

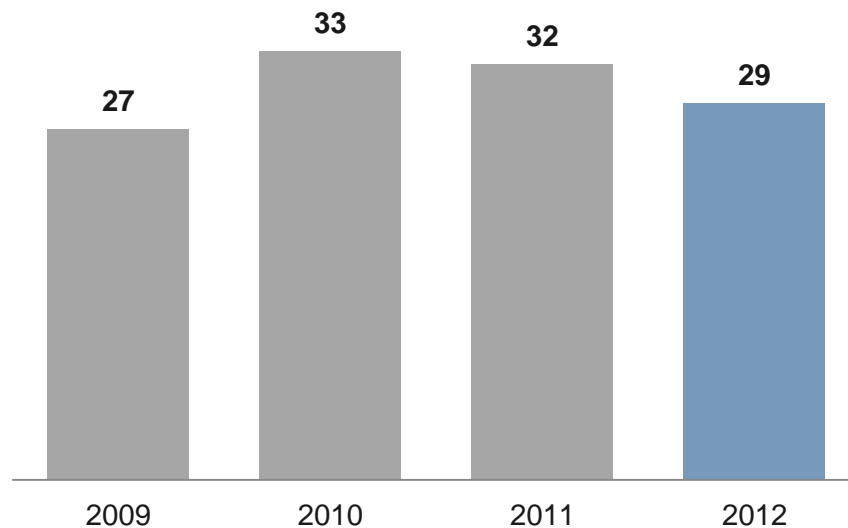
## c ... as confirmed by the debt capital markets

### CDS spread vs. European peers, 5 yrs, bps

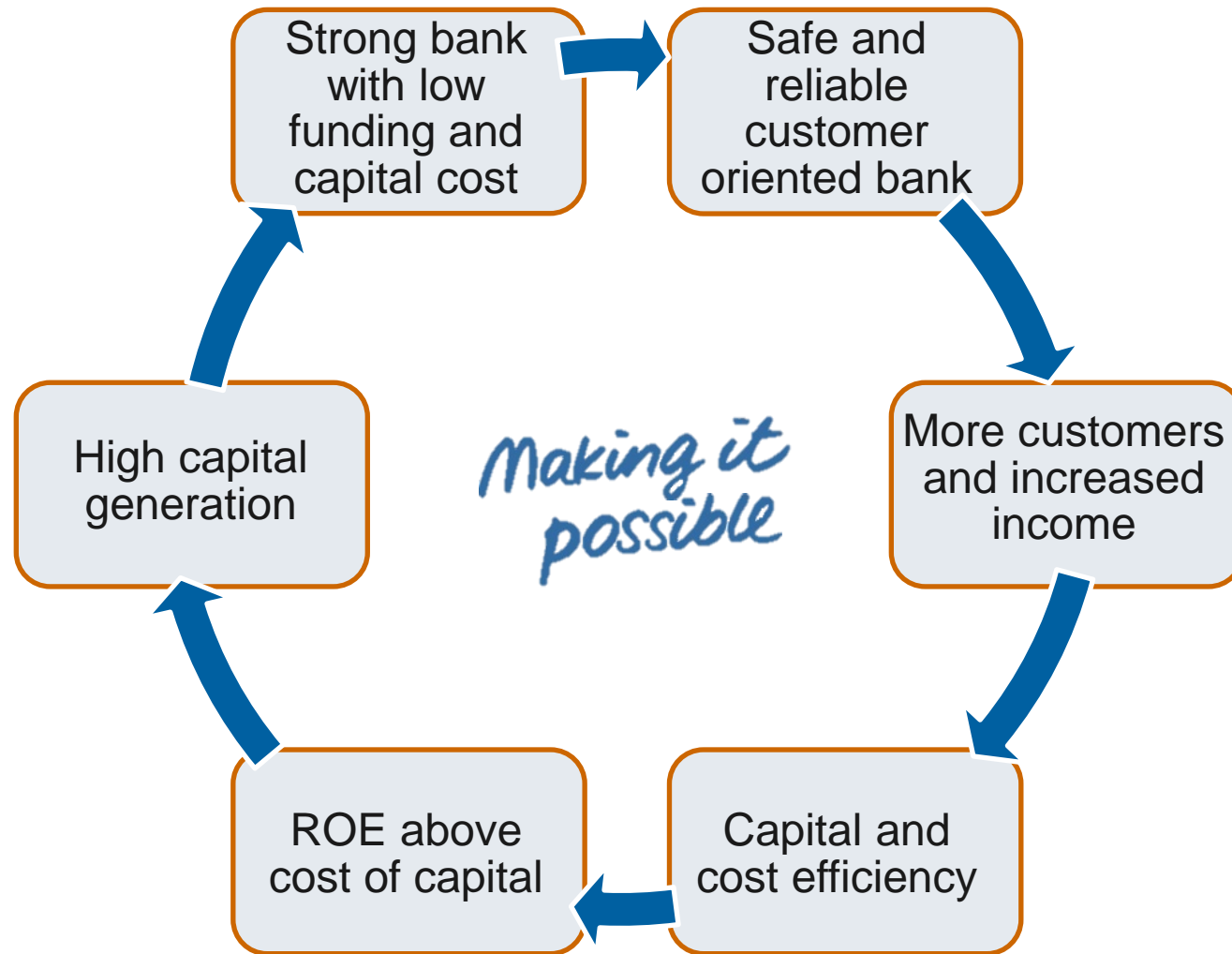
■ Nordic peers ■ European peers



### Long-term funding, EURbn

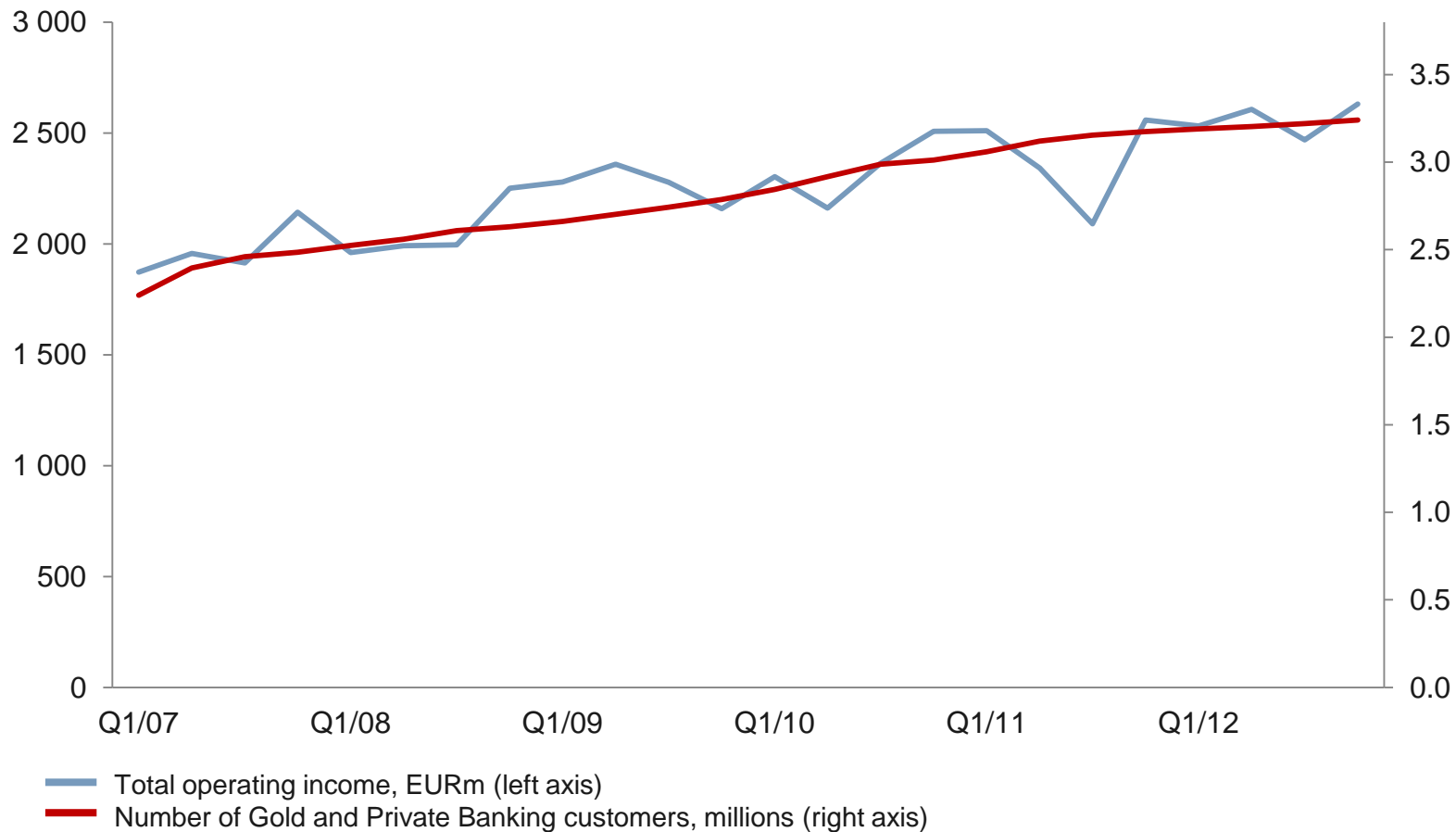


# The plan is a natural next step in our relationship strategy



# Closer relationships, more customers, drives income

## Total income and relationship customers







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# Nordea 2013 capital markets day

London, 6 March 2013

Presentation	Presenter	Key topics
Shaping the future relationship bank	Christian Clausen	<ul style="list-style-type: none"><li>■ Nordea's relationship strategy</li><li>■ Plan to ensure attractive total shareholder return</li></ul>
Financial initiatives and targets	Torsten Jørgensen	<ul style="list-style-type: none"><li>■ Path to achieving ROE target</li><li>■ Detail on contribution from operational and capital efficiency initiatives</li></ul>
Credit risk management	Ari Kaperi	<ul style="list-style-type: none"><li>■ Nordea's credit policy</li><li>■ Initiatives to manage credit risks</li></ul>
Retail Banking	Michael Rasmussen	
Wholesale Banking	Casper von Koskull	<ul style="list-style-type: none"><li>■ Business overview</li><li>■ Delivery on strategy</li><li>■ Initiatives to ensure Nordea Group will meet its financial targets</li></ul>
Wealth Management	Gunn Wærsted	



# Fourth quarter 2012 results

## Shaping the future relationship bank

Media conference  
30 January 2013  
Christian Clausen, CEO

*Making it possible*