



# Nordea

**Additional information following recent events**

March 2020

## 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.

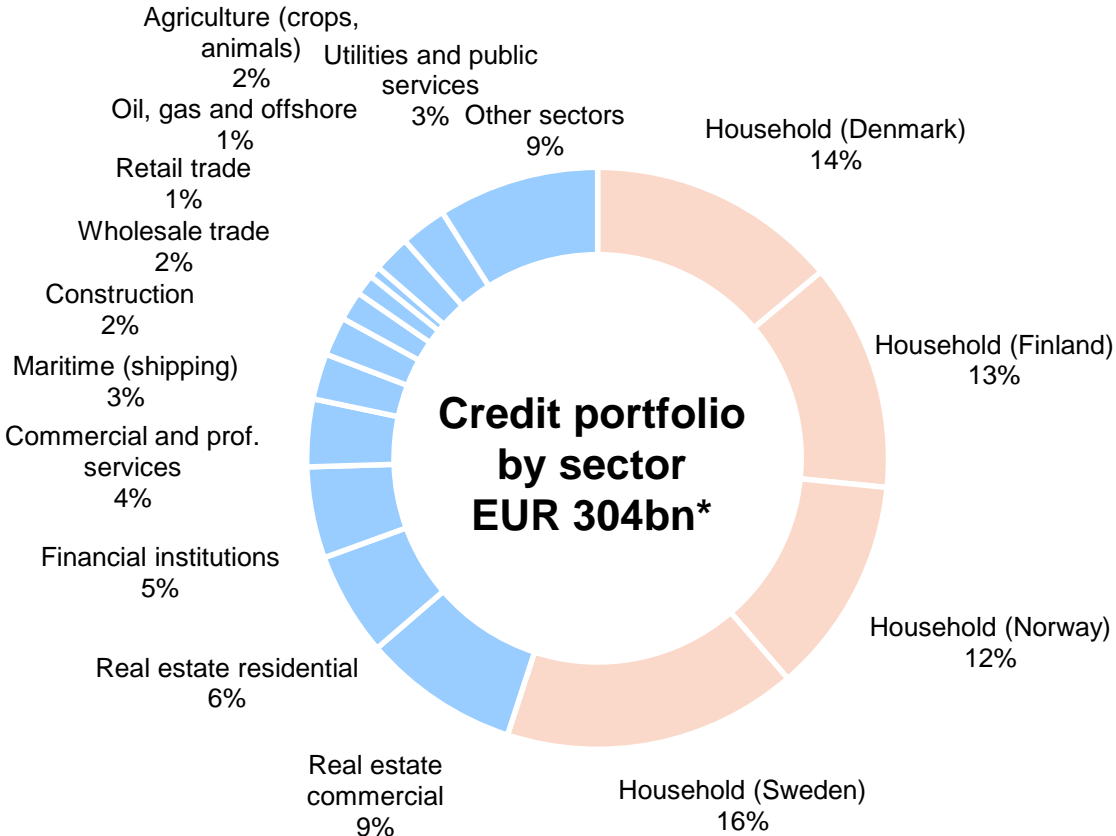
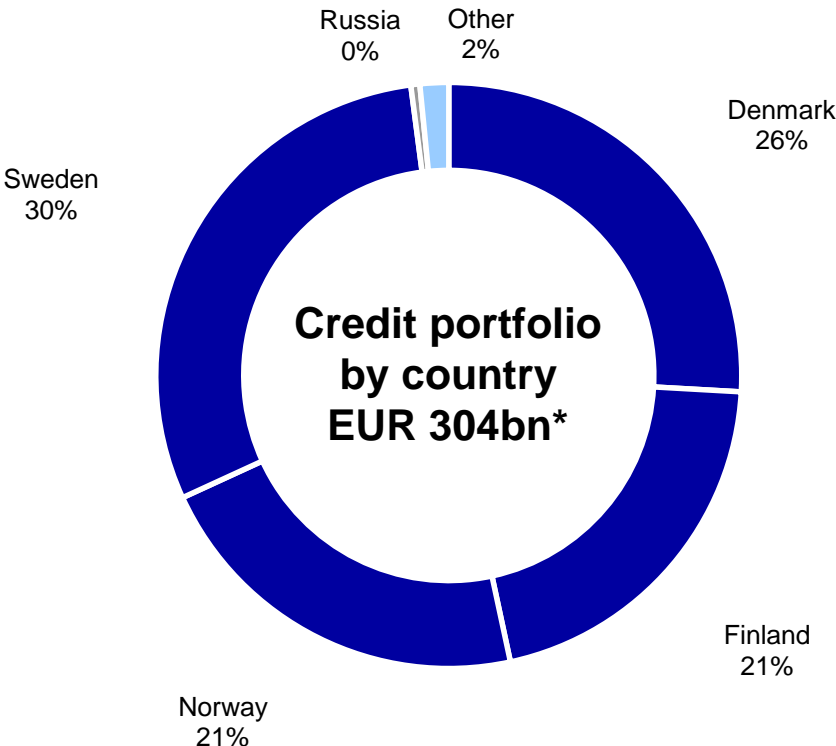
Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate 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.

# Nordea is the most diversified bank in the Nordics

## A Nordic-centric portfolio (98%)

## Lending: 45% Corporate and 55% Household



\* Excluding reversed repos

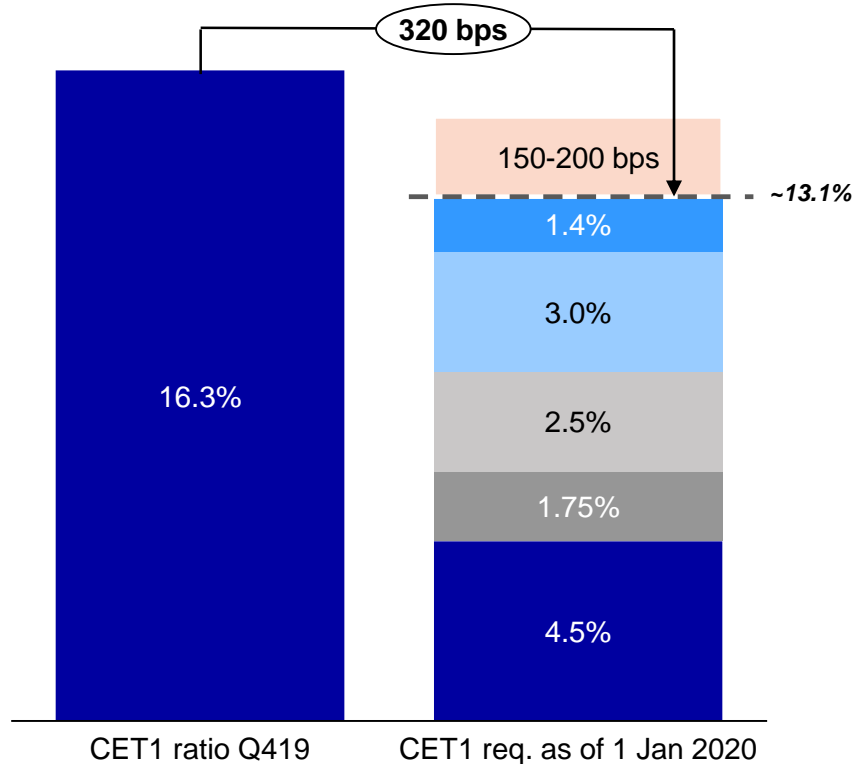
## Lending split with low concentration to each sector and segment

Lending volumes per sector and segment (EURbn) and portions of the total lending portfolio (%), 2019-12-31, (excluding reverse repos)

Financial institutions	15.4	5.1%	<i>Maritime (shipping):</i>		
Crops etc (agriculture)	3.7	1.2%	Tankers (crude, product, chemical)	2.1	0.7%
Animal husbandry (agriculture)	2.6	0.8%	Dry cargo	1.0	0.3%
Fishing and aquaculture	1.3	0.4%	Gas tankers	1.4	0.5%
Paper and forest products	1.7	0.5%	RoRo vessels	0.3	0.1%
Mining etc	0.5	0.2%	Container ships	0.1	0.0%
Oil and gas	1.1	0.4%	Car carriers	0.4	0.1%
Offshore	0.8	0.3%	Supply vessels	0.6	0.2%
Food processing and beverages	1.2	0.4%	Floating production	0.2	0.1%
Household and personal products	0.4	0.1%	Oil services	0.3	0.1%
Healthcare	2.2	0.7%	Cruise	0.3	0.1%
Media and entertainment	1.4	0.4%	Ferries	0.2	0.1%
Accommodation and leisure	1.3	0.4%	Other	0.8	0.3%
Air transportation	0.2	0.1%	Utilities, distribution and waste management	2.5	1.0%
Telecommunication services	1.1	0.4%	Power production	2.0	1.1%
Consumer durables	1.5	0.5%	Public Services	3.3	0.4%
Retail trade	3.5	1.1%	Commercial real estate	26.4	8.7%
Land transportation	2.4	0.9%	Residential tenant-owned associations and companies	17.5	5.8%
IT services	1.5	0.4%	Other	1.4	0.5%
Materials	1.9	0.6%	Household	167.2	55.0%
Capital goods	3.3	1.1%	<i>of which household Denmark</i>	42.4	13.9%
Commercial and professional services	11.4	3.8%	<i>of which household Finland</i>	38.5	12.7%
Construction	6.6	2.2%	<i>of which household Norway</i>	36.7	12.1%
Wholesale trade	5.0	1.6%	<i>of which household Sweden</i>	49.7	16.4%
			Public sector	4.1	1.3%
			<b>Total (excl reverse repos)</b>	<b>303.9</b>	<b>100.0%</b>

# Capital position and requirement as per Q419

## Capital position and requirement



- Minimum CET1 req.
- Pillar 2 req. (P2R)
- Capital conservation buffer (CCoB)
- Systemic risk buffer (SRB)
- Countercyclical buffer (CCyB)
- MDA Level
- Management buffer

## Comments

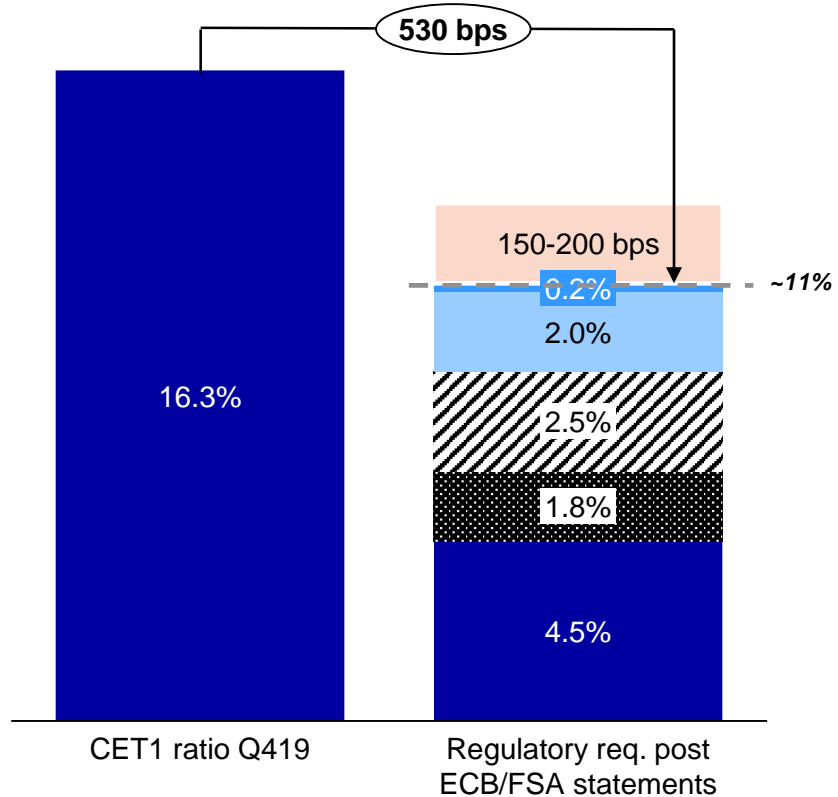
- CET1 ratio of 16.3% and total capital ratio of 20.8% in Q419
- Regulatory CET1 requirement including pillar 2 requirement from ECB is 13.1% as of 1 January 2020
- Current CET1 requirement and MDA level of 13.1% will increase slightly due to adjustments in the countercyclical buffers during 2020

## Capital and dividend policy from 2020

- Management buffer 150-200 bps above regulatory CET1 requirement
- Dividend pay-out ratio 60-70%
- Excess capital intended to be distributed to shareholders through buybacks
- The Board of Directors proposes a dividend for 2019 of EUR 0.40

# Capital position and requirement – implications of recent regulatory measures

## Capital position and temporary requirement

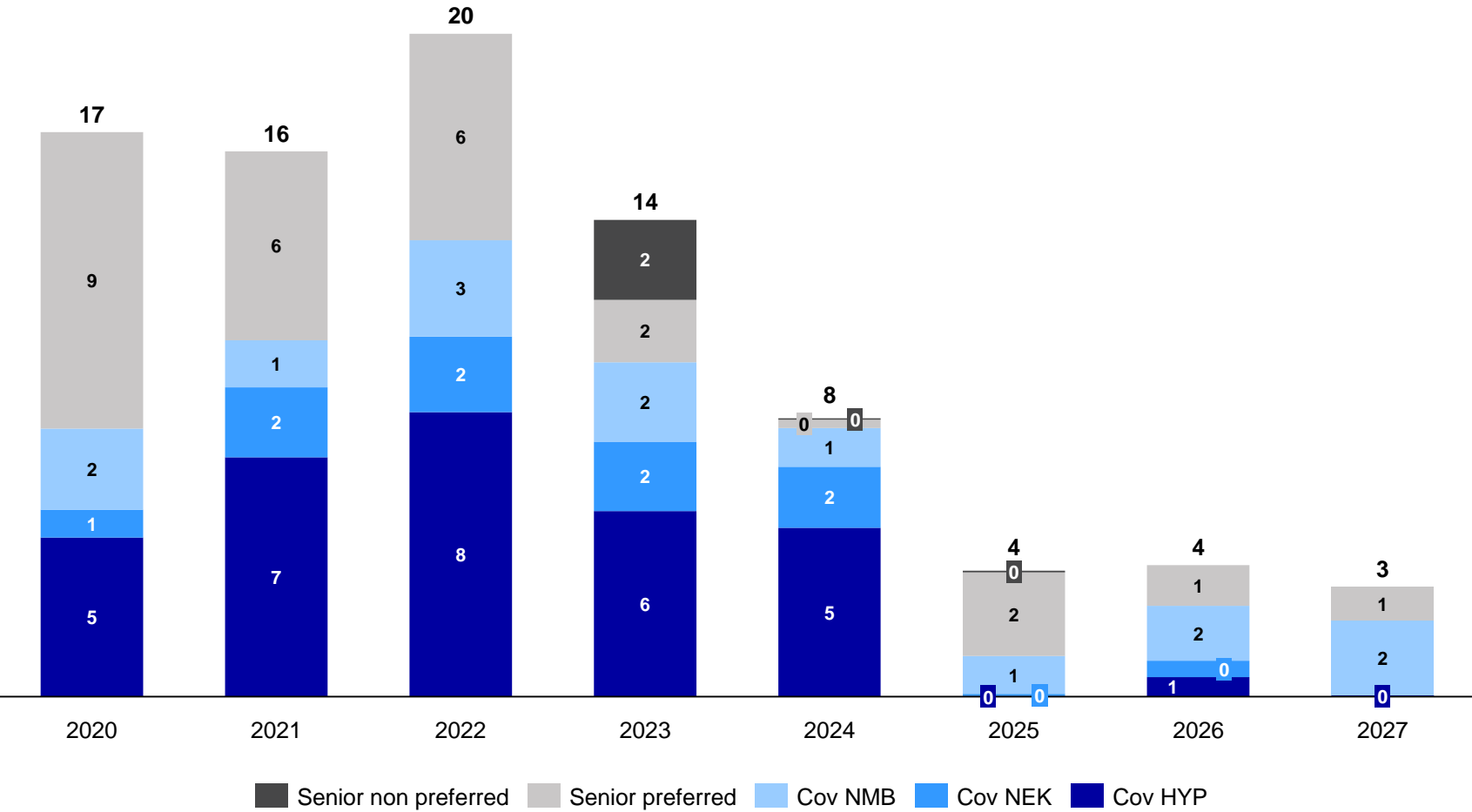


## Comments

- Countercyclical buffer (CCyB) requirements lowered to 0% in Sweden and Denmark and to 1% in Norway. Finland already had the CCyB requirement at 0%
- ECB will allow banks to operate temporarily below the level of capital defined by the pillar 2 guidance (P2G) and the capital conservation buffer (CCoB)
- The ECB will also allow banks to partially use capital instruments, additional tier 1 (AT1) and tier 2 (T2) capital, already now to meet the P2R, which is a measure that was expected to be applicable from January 2021. This would reduce the CET1 in P2R to ~1%
- The Finnish FSA lowered the systemic risk buffer (SRB) from 3% to 0%, meaning that the O-SII buffer of 2% became the binding requirement instead

- Minimum CET1 req.
- Pillar 2 req. (P2R)\*
- ▨ Capital conservation buffer (CCoB)
- O-SII buffer
- Countercyclical buffer (CCyB)
- MDA Level
- Management buffer

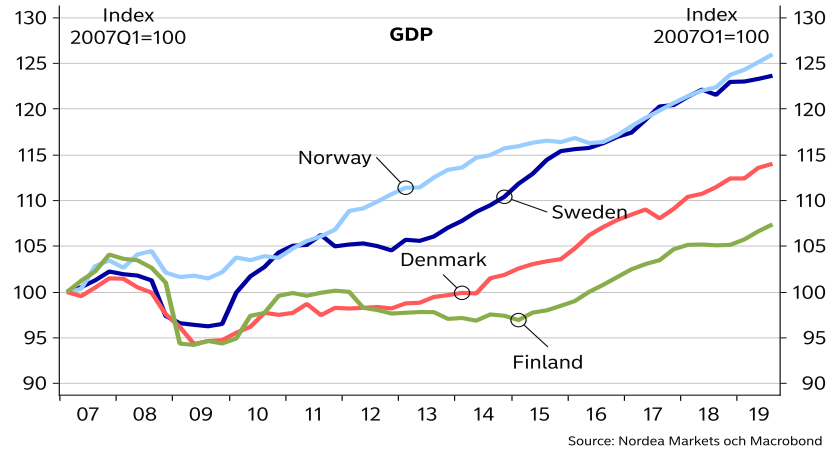
# Bond maturity profile per year, EURbn



- End of Feb 2020 issuance not included in graph: NOK 7.5bn covered bond, SEK 37bn covered bond, EUR100m senior, the majority 5y and longer

# Nordic economies – solid, but lower growth expected for 2020

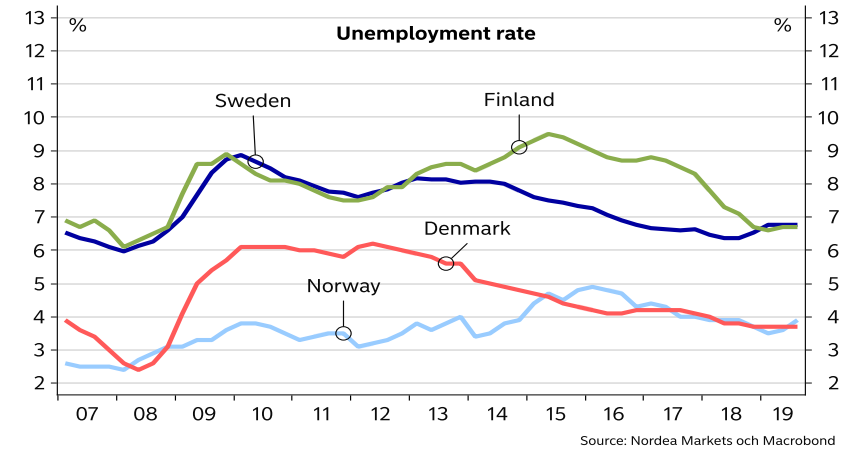
## GDP development



## Comments

- Following the Covid-19 crisis, authorities have announced measures on capital, funding and liquidity to ensure that banks can continue to fulfil their role in funding the real economy
- Macro forecasts are clearly too optimistic, we expect global GDP growth to be reduced by 0.5% to 1.5% for the FY2020
- In Denmark, Covid-19 is likely to reduce GDP growth by 0.5-2 %-points in 2020. Finland was fragile also before and this crisis likely leads to recession in 2020. Norway is even harder impacted by the oil price drop, but the room for fiscal policy stimulus is large. The Swedish economy is sensitive to the plummeting stock markets and 2020 was already set to be a weak year

## Unemployment rate



## GDP forecast, %

Country	2017	2018	2019E	2020E*	2021E*
Denmark	2.0	2.4	2.1	1.5	1.5
Finland	3.1	1.7	1.5	1.0	0.5
Norway	2.0	2.2	2.5	1.8	1.6
Sweden	2.7	2.3	1.1	0.8	1.8

Source: Nordea Markets Economic Outlook January 2020, Macrobond and OECD.



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