

# Nordea



**Video debt investor presentation Q4 and full-year 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.

# Starting time for each section

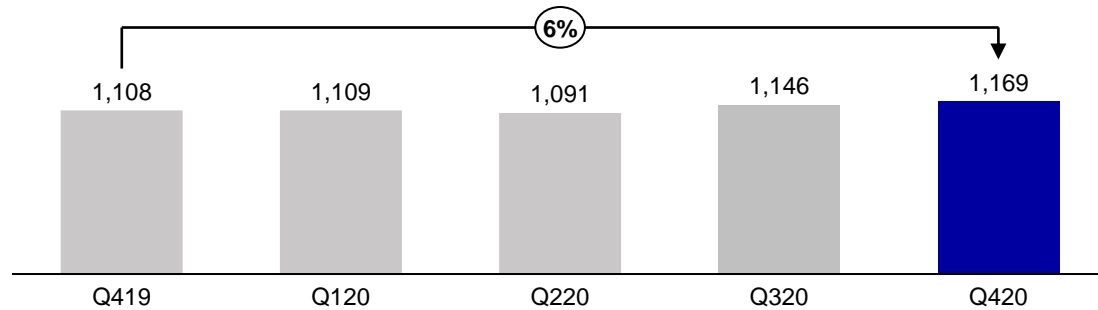
	Starts at	Page	Presenter
1. Nordea Q4 results	0.50 min	4	Randie Atto, Debt Investor Relations Officer
2. Credit quality and Sustainability	4.10 min	7	Andreas Larsson, Head of Debt IR
3. Capital position	7.00 min	9	Petra Mellor, Head of Bank Debt
4. Funding, liquidity and issuance plans	10.20 min	11	Ola Littorin, Head of Long Term Funding

# Executive summary

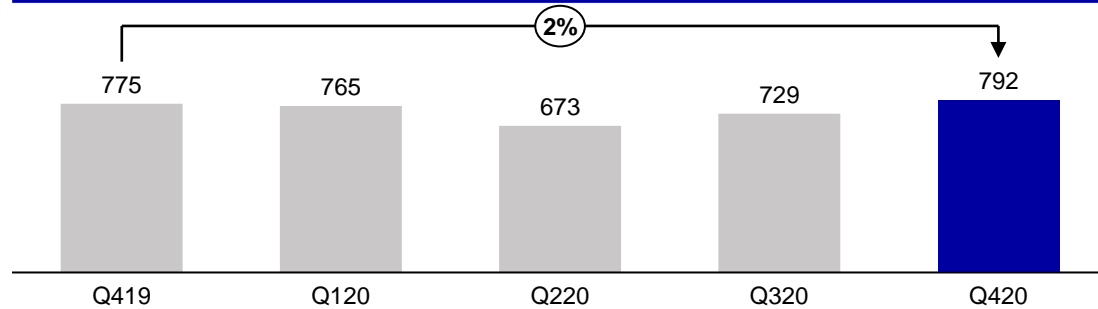
- Continued strong growth in customer business volumes in all countries
- Operating profit up 11% y/y, driven by income growth, and return on equity at 8.4%\*
- Costs in line with guidance – new cost outlook for 2021
- Strong credit quality – total net loan losses and similar net result EUR 28m\*\*; 2020 net loan losses in line with guidance
- Capital position among strongest in Europe with CET1 ratio of 17.1%, 6.9 percentage points above requirement
- On track to reach 2022 financial targets

# Revenues – strong growth in net interest income and net fee and commission income

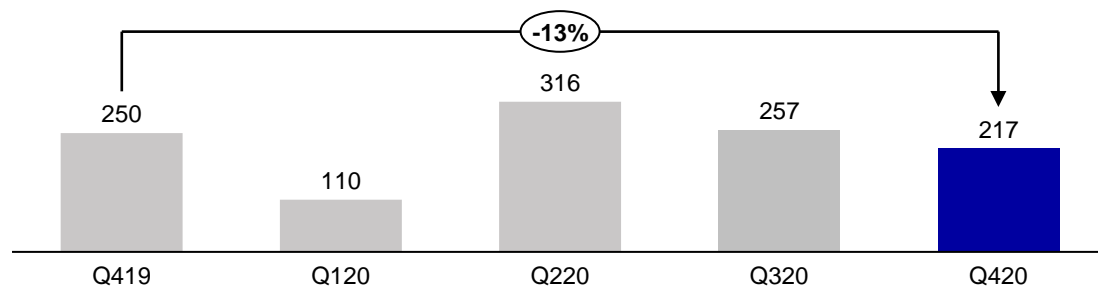
## Net interest income, EURm



## Net fee and commission income, EURm



## Net fair value result, EURm

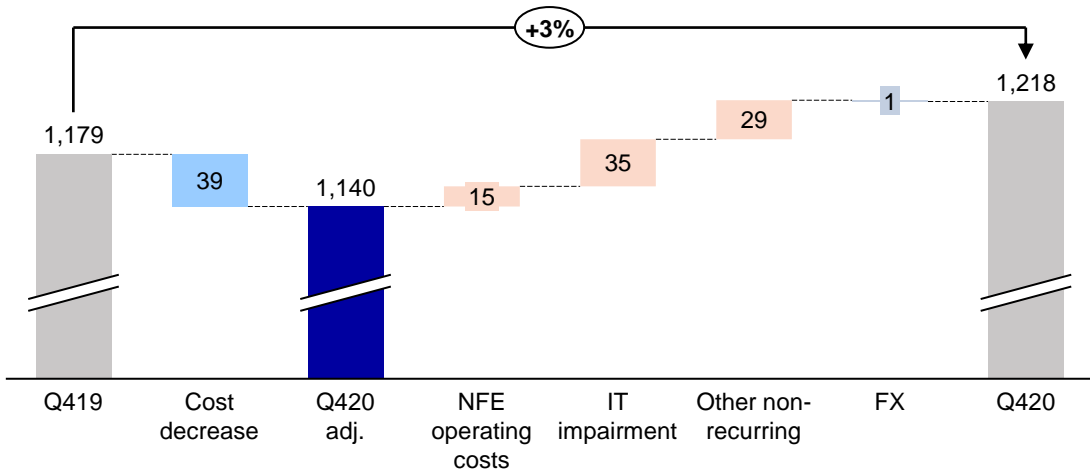


## Comments year over year

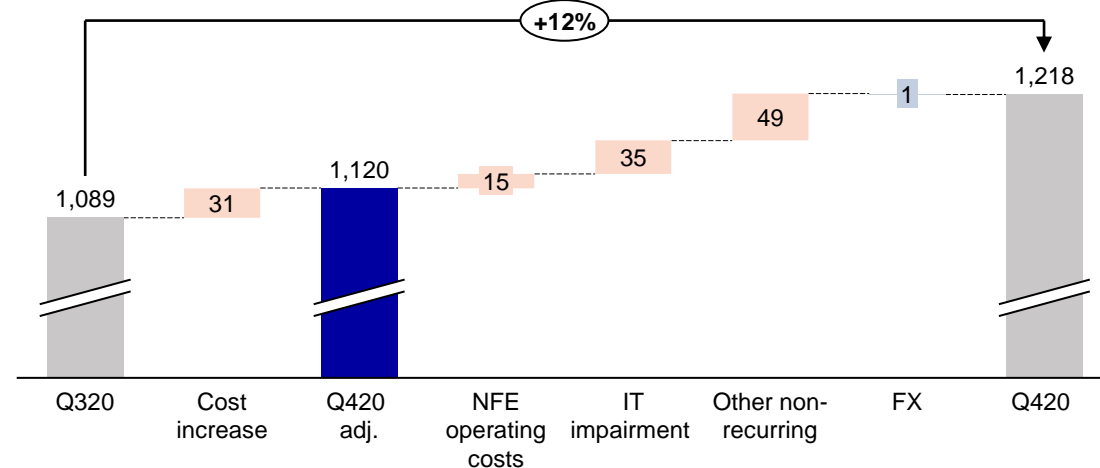
- **Net interest income up 6%**
  - Volume growth and higher market shares in mortgages in all countries
  - Positive SME lending development, particularly in Sweden and Norway
  - Continued improvement in lending margins for large corporates
- **Net fee and commission income up 2%**
  - Higher advisory income
  - Savings income up 8% due to higher asset management fee income
  - Card-related fee income still affected by reduced travel, but improved in quarter and high levels of customer activity
- **Net fair value down 13%**
  - Net fair value result excluding valuation adjustments up 4%
  - Valuation adjustments and FX impacts of EUR -31m

# Costs – underlying costs down according to plan; additional items in Q4

## Year-over-year bridge, EURm



## Quarter-over-quarter bridge, EURm



## Comments

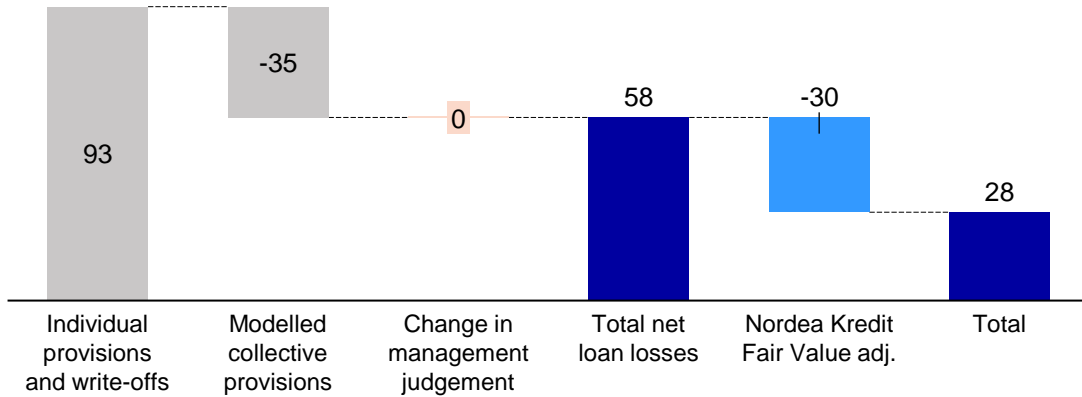
- Costs up 3% y/y; underlying costs down 3%, excluding FX
- Costs higher in quarter due to integration of Nordea Finance Equipment (NFE), one-off IT impairments and other non-recurring items
- Underlying cost trend continuing according to plan

## Outlook

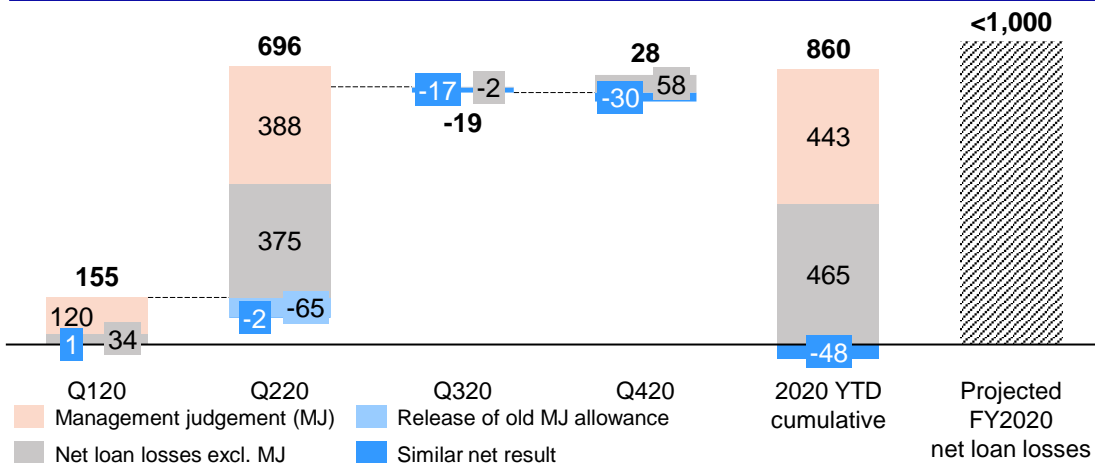
- Work to increase operational efficiency to continue
- 2021 costs expected to be below EUR 4.6bn
- Efficiency gains to be offset by pay inflation, higher depreciation and amortisation, and higher costs from integration of NFE in 2021

# Net loan losses and similar net result – full-year losses in line with guidance

## Net loan losses and similar net result Q420, EURm



## Net loan losses and similar net result, EURm



## Comments

- Net loan losses and similar net result EUR 28m\*
- Total net losses for 2020 in line with guidance of below EUR 1bn
- Projected impact of COVID-19 unchanged, based on new customer-level and portfolio assessments in fourth quarter
- Substantial management judgement buffer of EUR 650m kept on balance sheet to protect against potential losses
- Continued reduction in stage 3 impaired loans; decrease in impaired loans ratio, from 1.69% to 1.51% q/q, due to write-offs of non-performing loans

# Sustainability focus across the group

## Sustainability business development 2020

Number of customers that have been advised in savings where sustainability preferences have been considered

**242,000**

In Q1-Q4 2020

Total AuM in ESG products

**EUR 73bn**

In Q4 2020

**+16%**

Q3/Q4 2020

Net volumes sustainable savings

**EUR 1.2bn**

in Q1-Q4 2020

Mortgages with green collaterals, volume

**EUR 352m**

In Q4 2020

**+22%\*\*\***

Q3/Q4 2020

## Sustainability ratings



Company Rating: **C** (A+ to D-)\*



ESG Score: **21.9** (0 to 100)\*\*




ESG Rating: **AA** (AAA to CCC)

## Acknowledgements for our sustainability work

- Corporate Knights (top 100) sustainable companies in the world
- Nordea Asset Management in the top 10 list of best-selling asset managers within sustainable funds (Morningstar) and won the 'ESG engagement initiative of the year' prize in the 2020 Sustainable Investment Awards
- Nordea funds received high rankings in the responsibility assessment in a responsible investment report by the UN

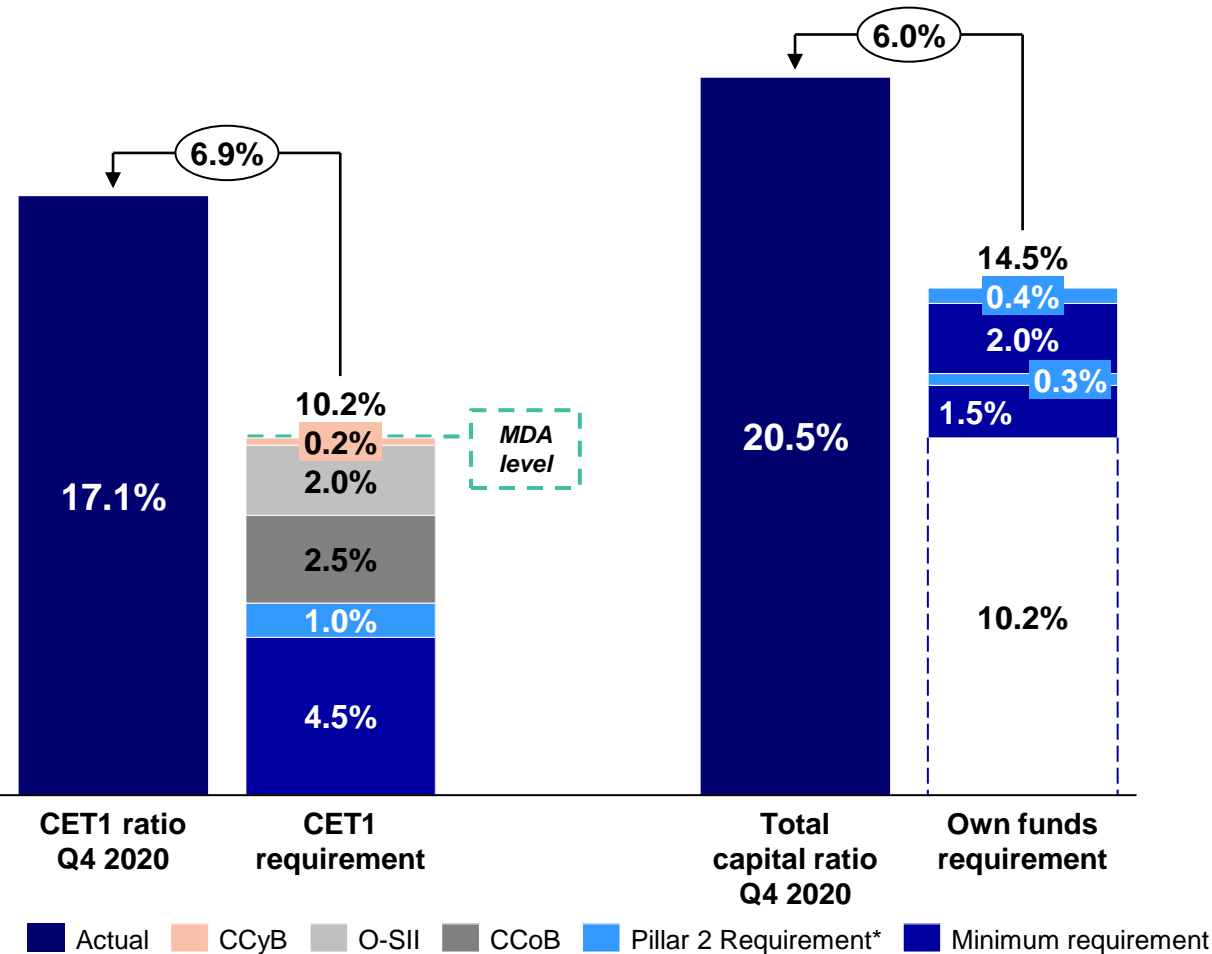
## Highlights 2020

- New sustainability strategy with progressive quantitative targets for 2030
- Joined Partnership for Carbon Accounting Financials (PCAF) and founding member Net-Zero Asset Manager Initiative
- Upgraded MSCI rating  (AA)



# Capital – significant buffer to capital requirements

## Capital position and requirements

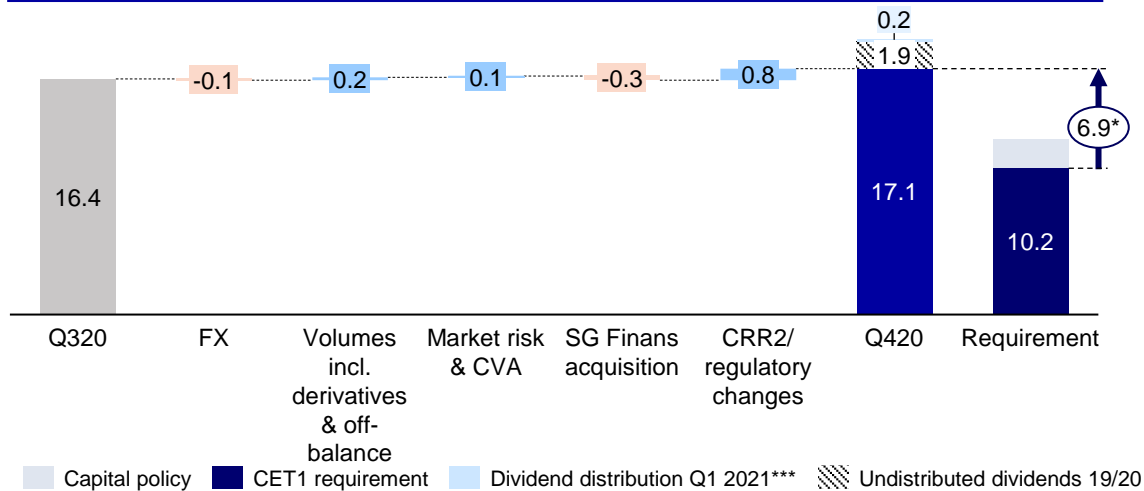


## Comments

- CET1 capital ratio 17.1%, 6.9 percentage points above regulatory requirement\*\*
- CET1 buffer of 6.9 percentage points corresponds to EUR 10.7bn
- CET1 requirement lowered by ~2.9 percentage points since 1 January 2020
- Leverage ratio increased to 5.9% from 5.3%
- Capital policy of 150-200bps above the regulatory requirement (MDA level)
- Dividend policy to distribute 60-70% of net profit

# Capital – very strong capital position to support customers and pay dividends

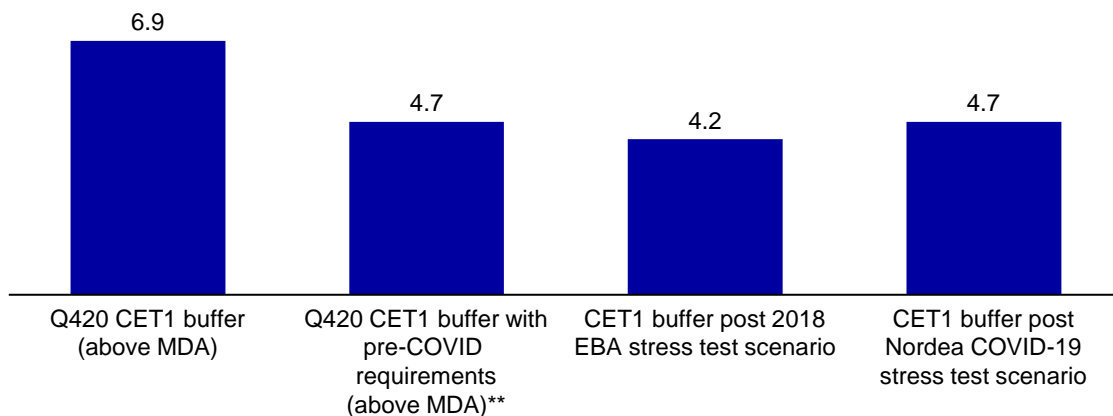
## CET1 capital ratio development, %



## Comments

- CET1 capital ratio 17.1%, 6.9 percentage points above regulatory requirement\*
- Risk exposure amount up EUR 5bn to EUR 155bn, driven by acquisition of Nordea Finance Equipment
- CET1 ratio up mainly due to regulatory changes to treatment of software assets and consolidation of Nordea Life & Pensions
- Board of Directors' 2020 dividend proposal EUR 0.39 per share
  - Dividend of EUR 0.07 to be distributed in Q1 2021
  - AGM to decide on dividend payments of EUR 0.72 per share, covering 2020 and remaining 2019 dividend

## CET1 capital buffer, %

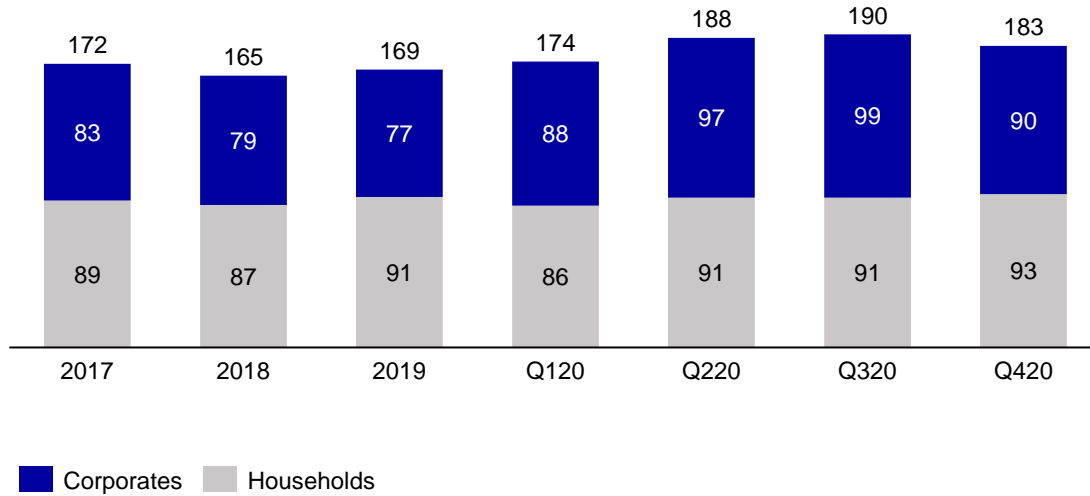


10 \*As of Q4 2020, 0.9 percentage points of the CET1 buffer has been used to fulfil the AT1/Tier 2 capital requirement  
 \*\* Assuming pre-COVID buffer levels as applicable in Q4 2019, i.e. CCyB at 1.4% and SyRB at 3%

\*\*\* Dividend to be distributed Q1 2021, corresponding to 0.2 percentage points of REA

# Liquidity – solid position and well-functioning funding markets

## Deposits\*, EURbn

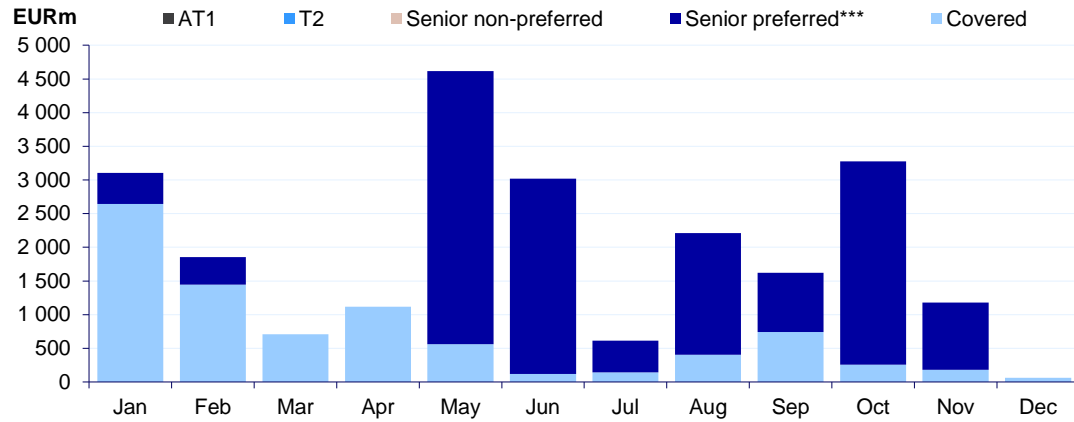


## Comments

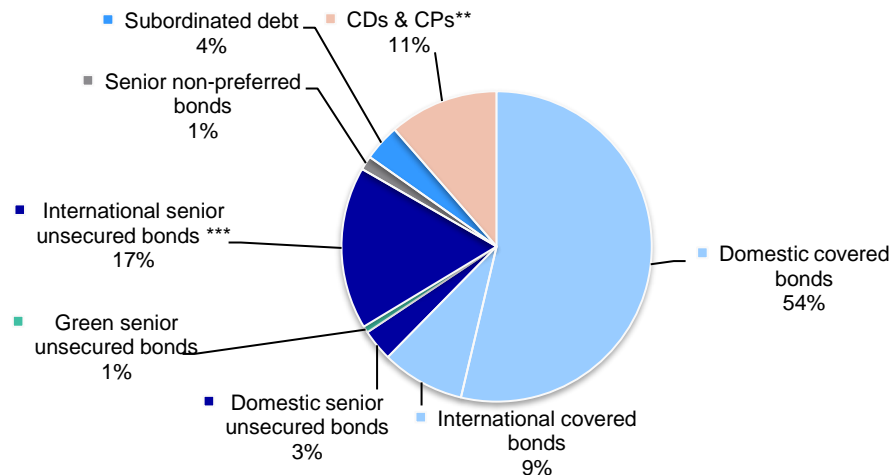
- Robust liquidity position
  - Liquidity buffer over EUR 88bn
  - Liquidity coverage ratio (LCR) of 158%
  - EU net stable funding ratio (NSFR) of 110.3%
- Deposits decreased 6% in the quarter in local currencies
- EUR 4.5bn long-term debt issued during Q4 2020
  - All key funding markets are functioning well at tighter spread levels
- During 2020, Nordea has participated in selected central bank liquidity facilities including ECB's TLTRO facility

# Solid funding operations

## Long-term issuance volumes 2020\*



## Long- and short-term funding



## Strong funding position further improved

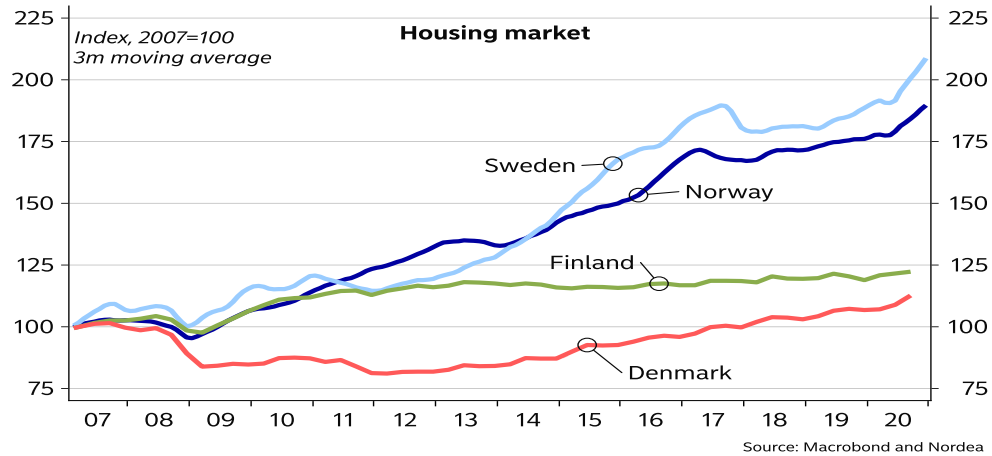
- Long- and short-term funding outstanding at EUR 181bn
- EUR 23.4bn long term debt issued during 2020, of which EUR 4.5bn during Q4 2020
- NSFR 110.3% end of Q4 2020 (114.9% Q3 2020)
- 81% of total funding is long-term end of Q4 2020
- Selective participation in central bank facilities in home countries including TLTRO as a supplement to ordinary funding

## Long-term issuance plan for 2021

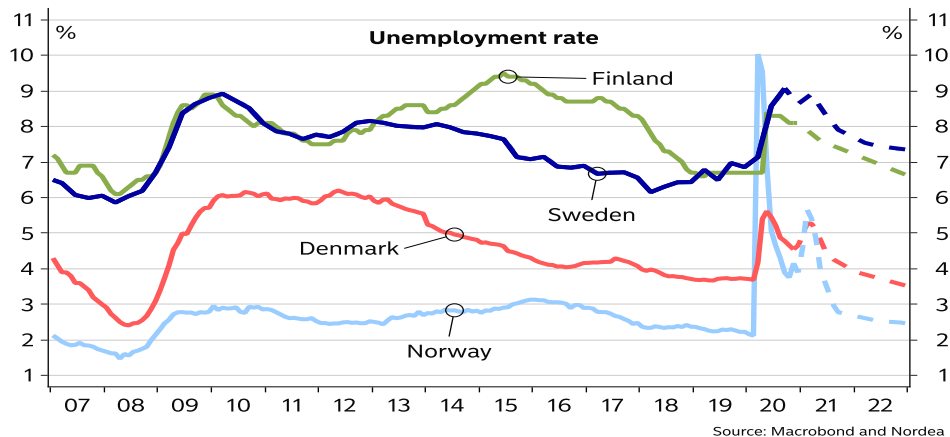
- For 2021, long-term issuance plan of ~EUR 20bn
  - Slightly lower than in 2020 due to deposits and selective participation in central bank facilities
- Approximately 50% expected to be issued in the domestic markets, primarily in covered bond format
- Total estimated target of senior non-preferred debt for forthcoming MREL requirements ~EUR 10bn by end of 2023
  - EUR 2.7bn of SNP has been issued

# Nordic economic development – resilient economies rebounding

## House prices



## Unemployment rate



## Nordics – among best performing countries during COVID-19

- Nordics experienced increases in GDP in the third quarter
- Strong rebound in sight by the end of 2021
- Nordics well-equipped to handle the long-term consequences of COVID-19
- Households remain resilient and unemployment has stayed relatively stable in the end of 2020

## GDP forecasts, %, y/y, (Nordea Markets)

Country	2020E	2021E	2022E
Denmark	-3.7	2.5	3.5
Finland	-3.0	3.0	2.0
Norway	-3.4	2.7	4.3
Sweden	-2.9	4.0	3.0

# Contacts

## Investor Relations

### **Matti Ahokas**

Head of Investor Relations  
Mobile: +358 40 575 91 78  
matti.ahokas@nordea.com

### **Andreas Larsson**

Head of Debt Investor Relations  
Mobile: +46 709 707 555  
Tel: +46 10 156 29 61  
andreas.larsson@nordea.com

### **Randie Atto**

Debt IR Officer  
Mobile: +46 738 66 17 24  
Tel: +46 10 156 5458  
randie.atto@nordea.com

### **Maria Caneman (maternity leave)**

Senior Debt IR Officer  
Mobile: +46 768 24 92 18  
Tel: +46 10 156 50 19  
maria.caneman@nordea.com

## Group Treasury & ALM

### **Anders Frank-Læssøe**

Acting Co-Head of Group Treasury & ALM  
Tel: +45 55477672  
Mobile: +45 61612157  
anders.frank@nordea.com

### **Ola Littorin**

Head of Long Term Funding  
Tel: +46 8 407 9005  
Mobile: +46 708 400 149  
ola.littorin@nordea.com

### **Petra Mellor**

Head of Bank Debt  
Tel: +46 8 407 9124  
Mobile: +46 70 277 83 72  
petra.mellor@nordea.com

### **Jaana Sulin**

Head of Short Term Funding  
Tel: +358 9 369 50510  
Mobile: +358 50 68503  
jaana.sulin@nordea.com