Fourth-quarter and full-year results 2021

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.

Executive summary

- Customer business volumes at all-time-high levels
  - ➢ Mortgage volumes up 6% y/y, SME lending up 6% y/y and assets under management up 17% y/y
- Strong profit growth, driven by 10% increase in income and tight cost control
  - ➢ Net interest income up 7%, net fee and commission income up 16% and net fair value result up 14%
  - ➢ Operating profit up 32% to EUR 1,281m
- Cost-to-income ratio* down to 47%, supported by income growth and cost efficiency
- Continued strong credit quality – management buffer unchanged
  - ➢ Net loan losses and similar net result EUR 56m or 7bp during quarter – realised net loan losses low
- Return on equity* at 11.3% and earnings per share EUR 0.26
- Dividend of EUR 0.69** per share proposed for 2021 – up 77% compared with 2020
  - ➢ CET1 ratio at 17.0% – 6.8pp above regulatory requirement; follow-on buy-back application for Q2 submitted for approval
- New financial target for 2025: RoE above 13%, supported by cost-to-income ratio of 45–47%
  - ➢ RoE above 11% expected for 2022, supported by cost-to-income ratio of 49–50%

* With amortised resolution fees
** Approximate amount based on the estimated number of shares that will be in issue at the estimated dividend record date

Group quarterly results Q4 2021

Income statement and key ratios EURm	Q421	Q420	Q4/Q4	Q321	Q4/Q3
Net interest income	1,255	1,169	7 %	1,226	2 %
Net fee and commission income	920	792	16 %	870	6 %
Net fair value result	247	217	14 %	224	10 %
Other income	16	41	-61 %	24	-33 %
Total operating income	**2,438**	**2,219**	**10 %**	**2,344**	**4 %**
Total operating expenses excl. res. fee	-1,101	-1,218	-10 %	-1,098	0 %
Total operating expenses	-1,101	-1,218	-10 %	-1,098	0 %
Profit before loan losses	**1,337**	**1,001**	**34 %**	**1,246**	**7 %**
Net loan losses and similar net result*	-56	-28		22	
Operating profit	**1,281**	**973**	**32 %**	**1,268**	**1 %**
Cost-to-income ratio**, %	47	57		49	
Return on equity**, %	11.3	8.4		10.8	
Diluted earnings per share, EUR	0.26	0.18		0.25	

* Includes fair value adjustments to loans held at fair value in Nordea Kredit
** With amortised resolution fees

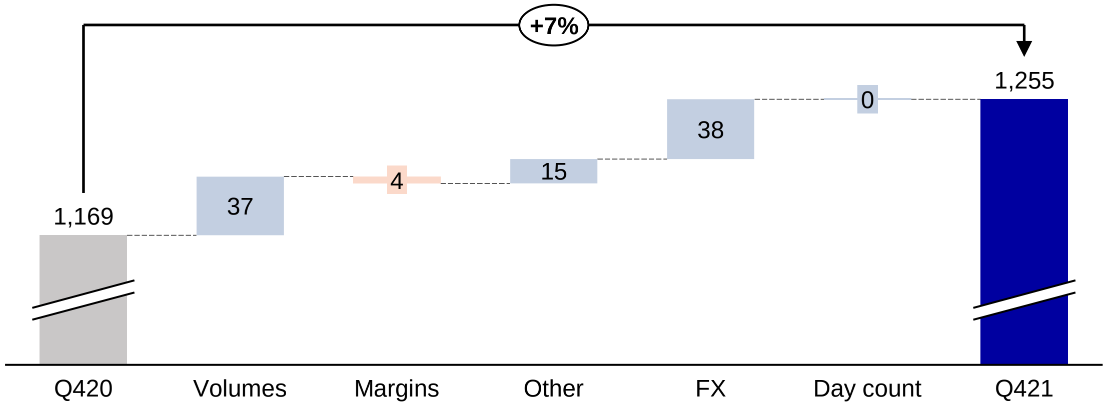
Group full-year results 2021

Income statement and key ratios EURm	**FY21**	**FY20**	**FY/FY**
Net interest income	4,925	4,515	9 %
Net fee and commission income	3,495	2,959	18 %
Net fair value result	1,119	900	24 %
Other income	81	92	-12 %
Total operating income	**9,620**	**8,466**	**14 %**
Total operating expenses excl. res. fee	-4,425	-4,441	0 %
Total operating expenses	-4,649	-4,643	0 %
Profit before loan losses	**4,971**	**3,823**	**30 %**
Net loan losses and similar net result*	-35	-860	
Operating profit	**4,936**	**2,963**	**67 %**
Cost-to-income ratio, %	48	55	
Return on equity, %	11.2	7.1	
Diluted earnings per share, EUR	0.95	0.55	

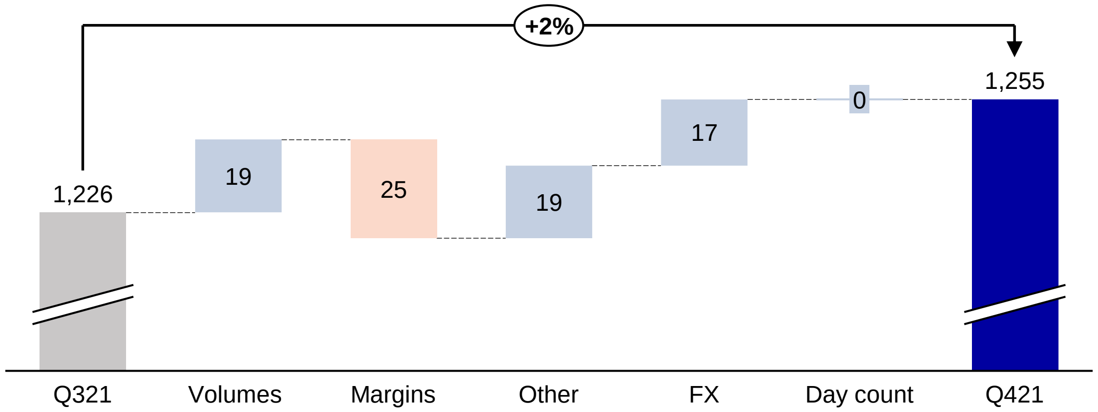
* Includes fair value adjustments to loans held at fair value in Nordea Kredit

Net interest income – strong growth in business volumes; some margin pressure

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm



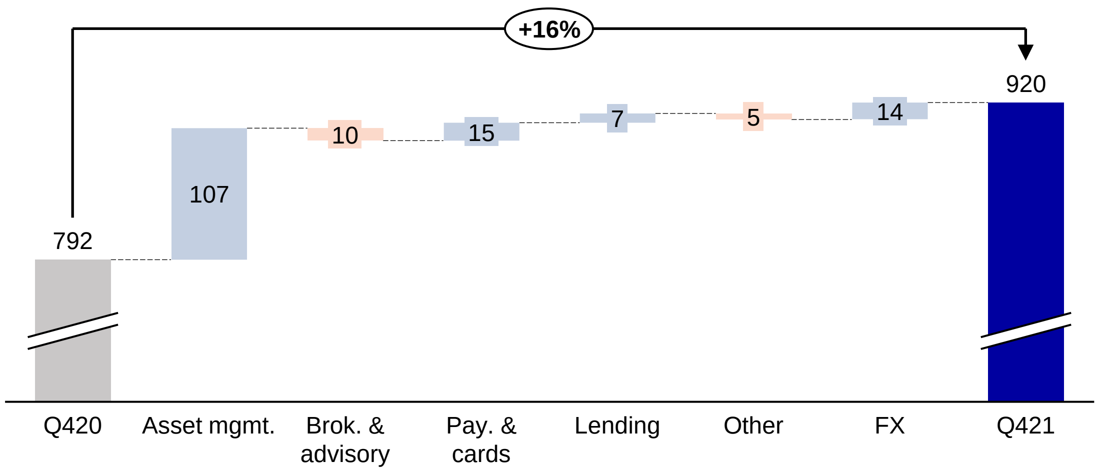
Comments

- Net interest income up 7%
- Continued strong growth in business volumes across Nordics
    - Mortgage volumes up 6% and lending to SMEs up 6%
- Mortgage margins adversely impacted by NIBOR increase and Norwegian rate hikes, but supported by lower funding costs compared with Q4 2020
- Improved deposit margins

Nordea

Net fee and commission income – further significant growth in savings fee income

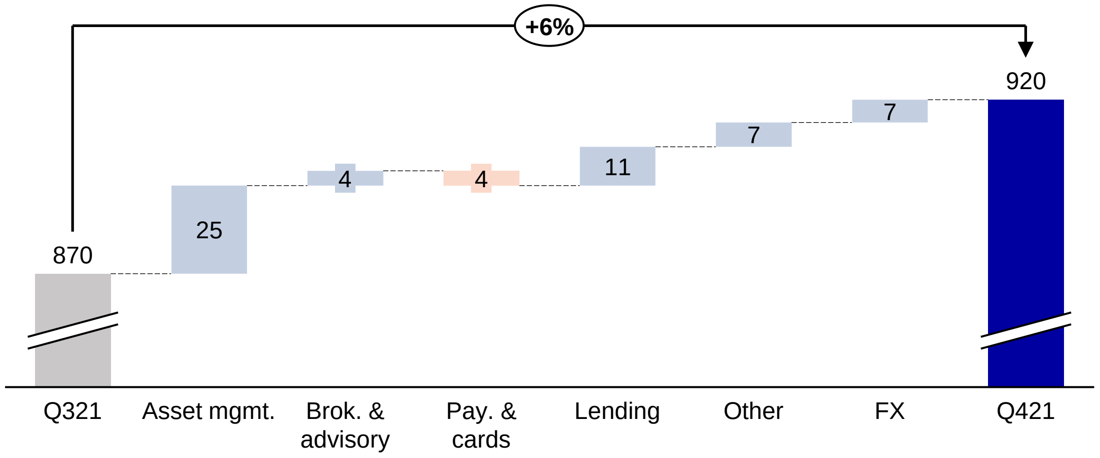
Year-over-year bridge, EURm



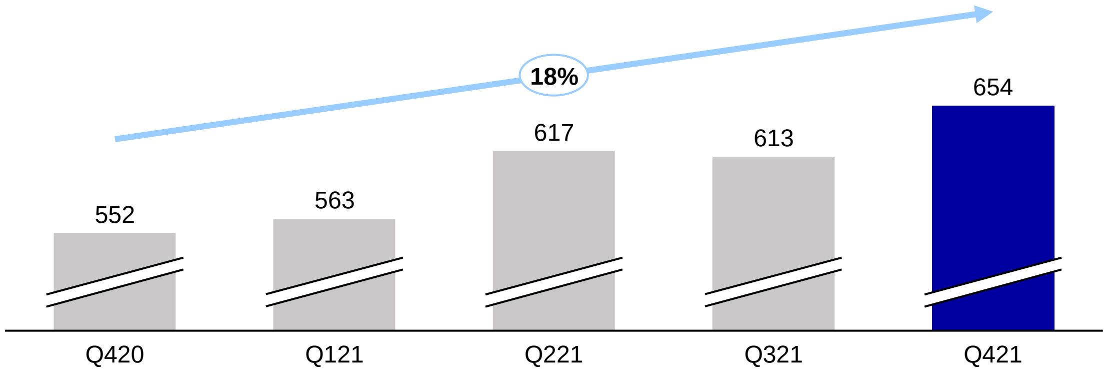
Comments

- Net fee and commission income up 16%
- Strong savings fee income: up 24%, supported by continued strong net inflows in assets under management
- Payment and card fee income recovering from subdued levels seen in Q4 2020

Quarter-over-quarter bridge, EURm



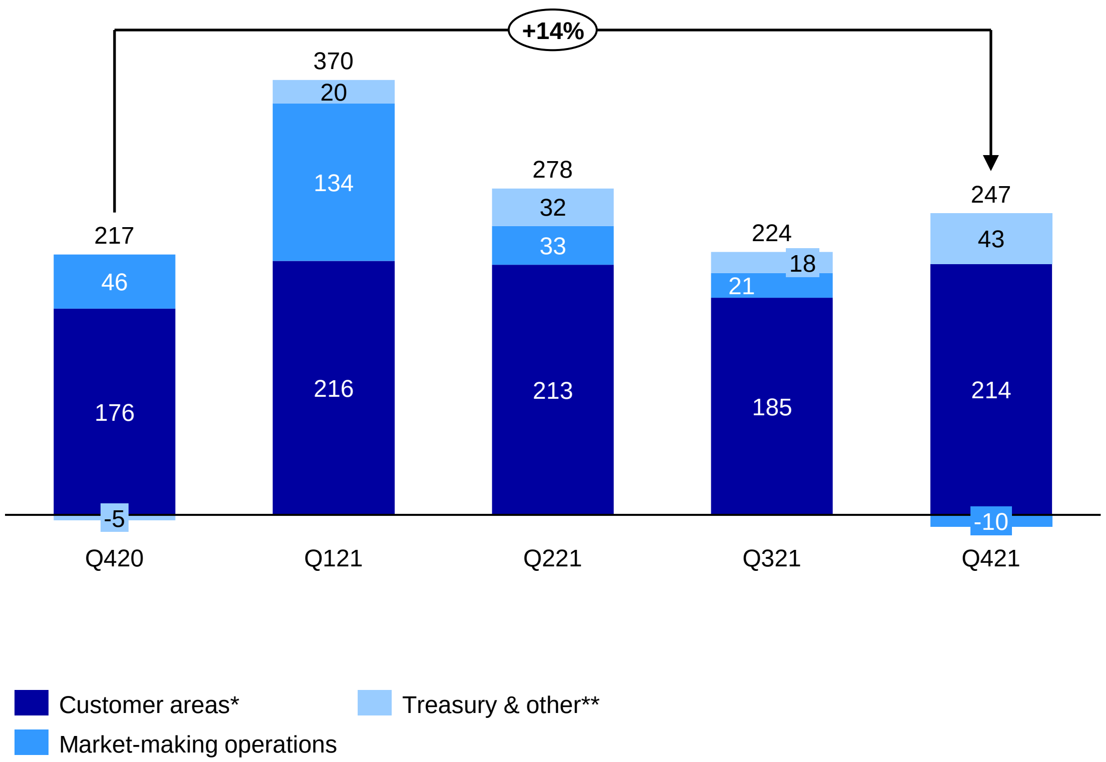
Savings and investment net commission income, EURm



Nordea

Net fair value result – strong customer activity and asset valuations

Net fair value result, EURm



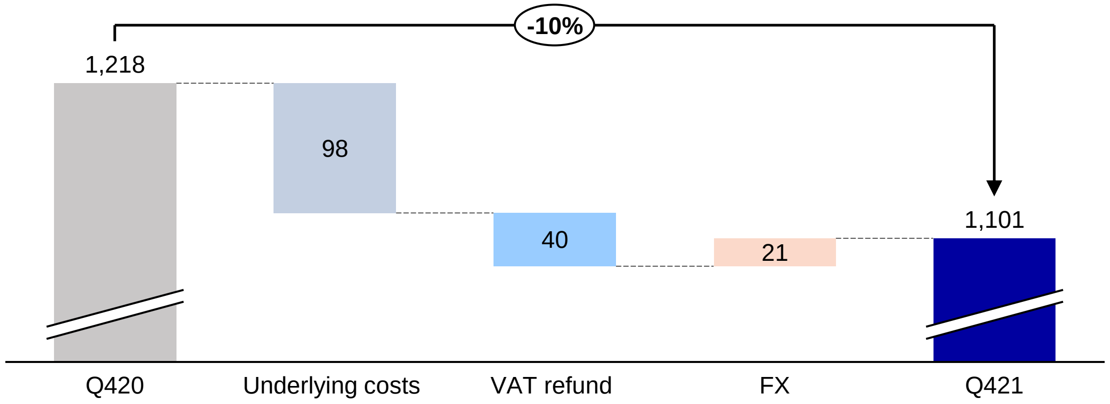
Comments

- Net fair value result up 14%
- Higher activity in customer areas
- Investment valuations up in Treasury
- Lower trading income in Markets

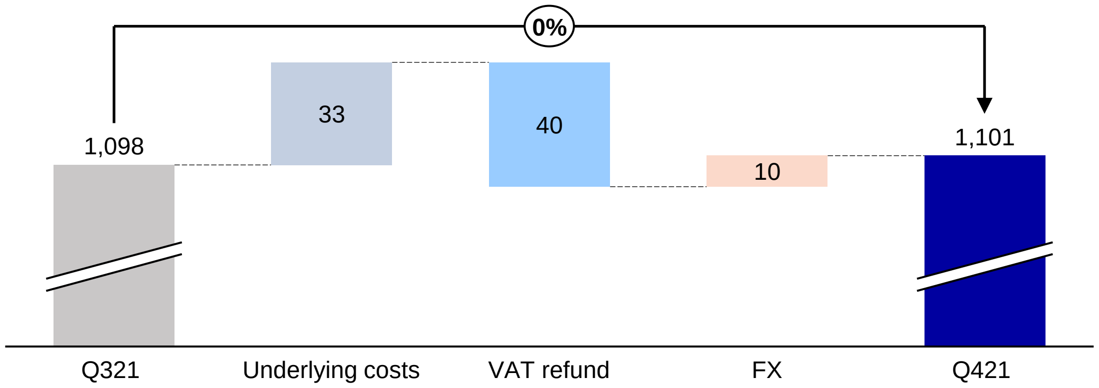
* Excludes fair value adjustments to loans held at fair value in Nordea Kredit
** Includes valuation adjustments and FX

Costs – continued cost discipline

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm



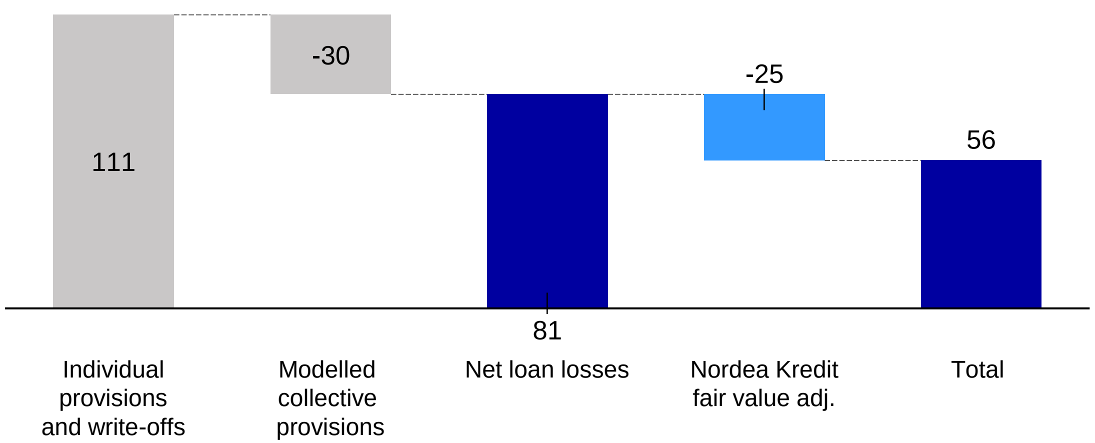
Comments

- Total costs down 10% due to lower restructuring and IT costs and VAT refund
- Staff costs down 7%, driven by lower restructuring costs, partly offset by higher variable pay related to strong business performance

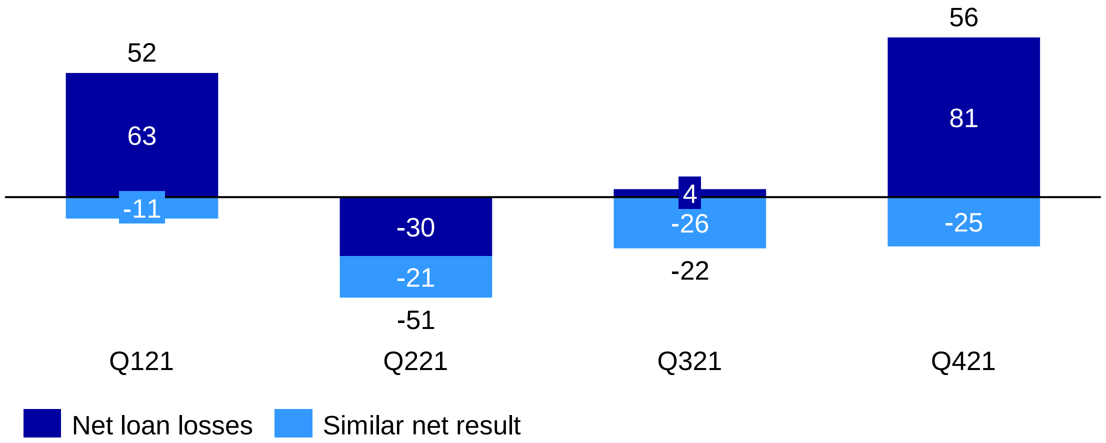
Nordea

Net loan losses and similar net result – buffer maintained for COVID-19 losses

Net loan losses and similar net result Q421, EURm



Net loan losses and similar net result, quarters, EURm



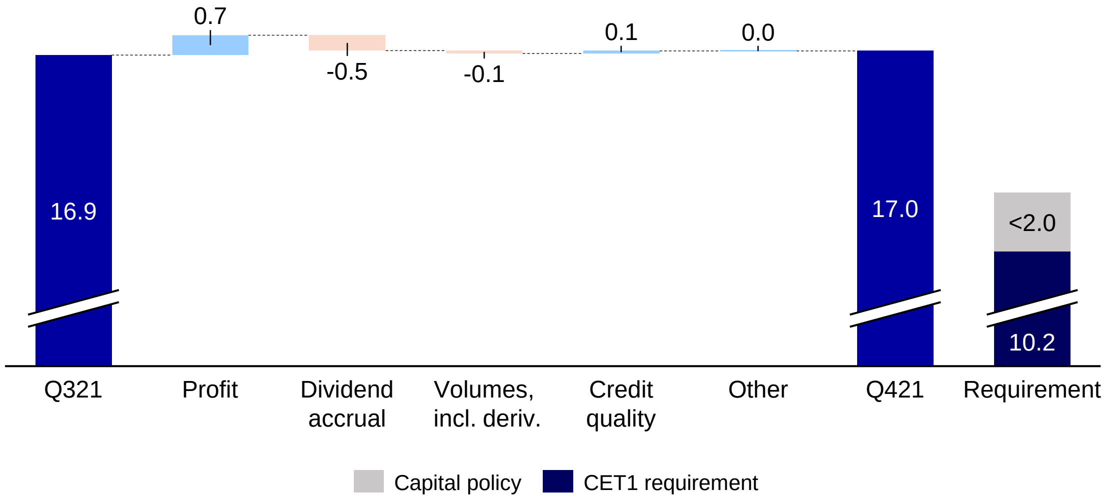
Comments

- Net loan losses and similar net result EUR 56m (7bp)
- Net loan losses at 81m, driven by strengthened provisions for small number of specific items
- Management judgement buffer unchanged at EUR 610m to secure protection against COVID-19 losses
  - Improved coverage ratio for stage 3 lending, now 46%
- Full-year 2021 net loan losses and similar net result very low at EUR 35m (1bp)

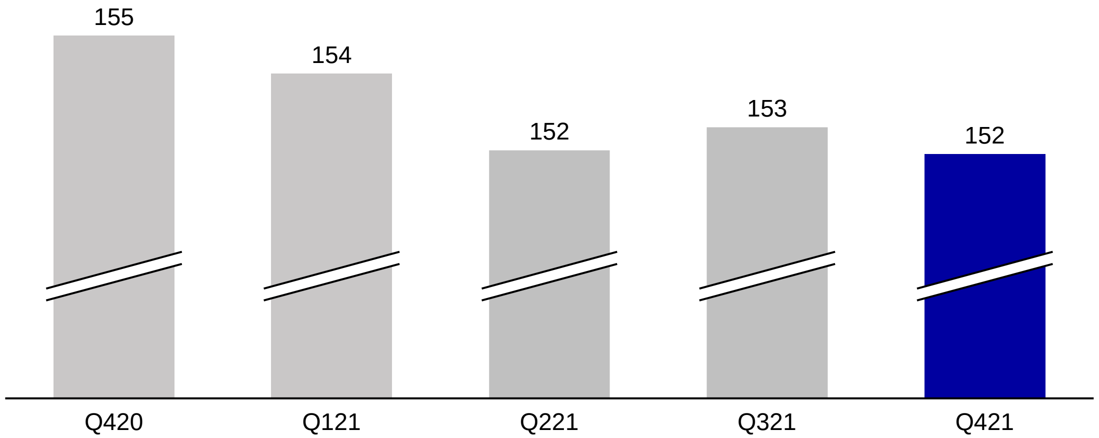
Nordea

Capital – strong position and share buy-back programme in progress

CET1 capital ratio development, %



REA development, EURbn



Comments

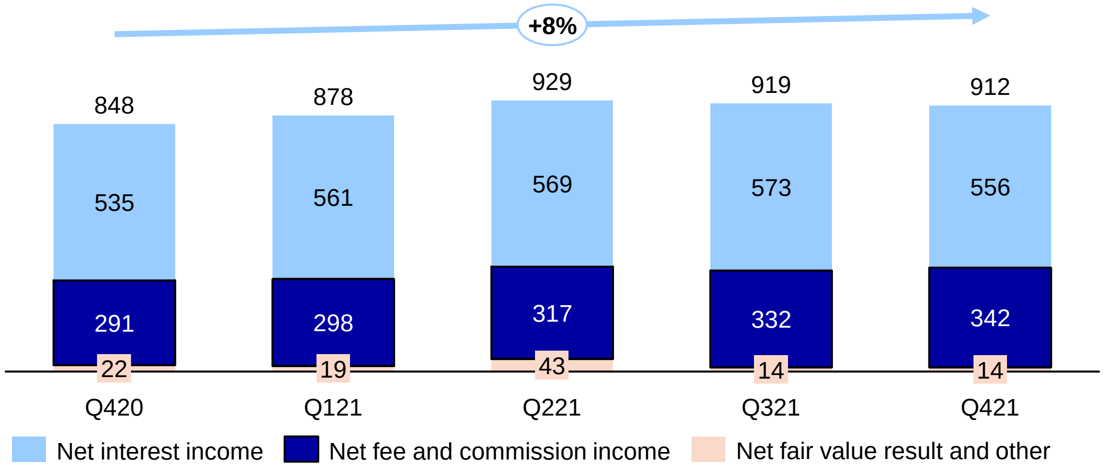
- CET1 capital ratio 17.0%, 6.8 percentage points above regulatory requirement*
  - CET1 capital up EUR 0.1bn following profit generation, partly offset by OCI from remeasurements of net pension obligations
  - Risk exposure amount at EUR 152bn – credit quality solid
- Capacity to support customers and distribute capital
- Good progress on share buy-backs
  - 109m shares (EUR 1,160m) repurchased in 2021 under EUR 2bn buy-back programme
  - Follow-up buy-back programme planned for 2022, subject to separate ECB approval

* As of Q4 2021, less than 0.1 percentage point of the CET1 buffer has been used to fulfil the AT1/Tier 2 capital requirement

Nordea

Personal Banking – continued strong mortgage and savings growth

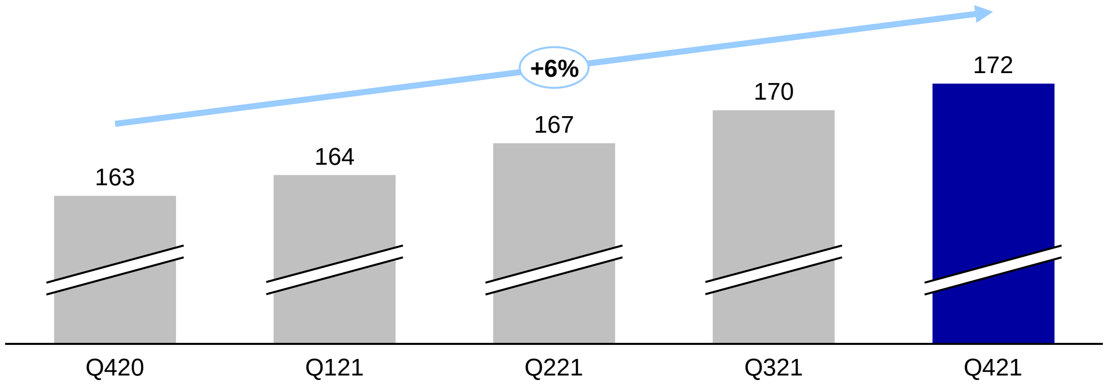
Total income, EURm



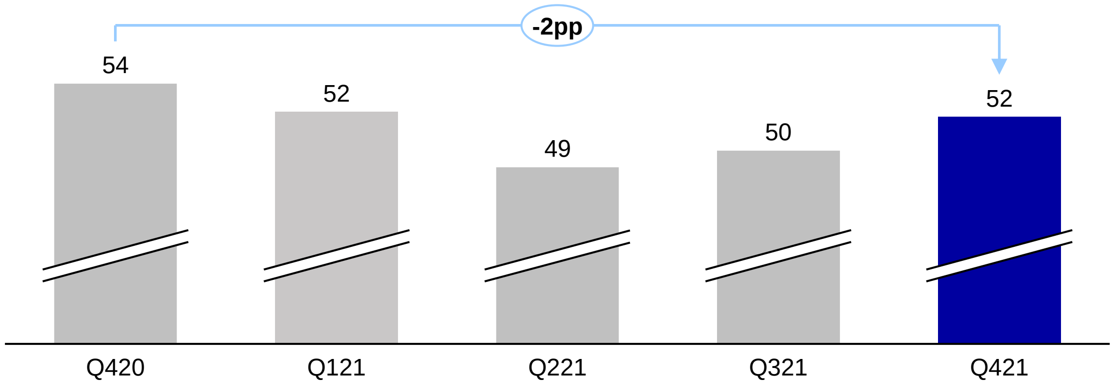
Comments

- Total income up 8%
- Continued strong mortgage activity: volumes up 6%, supported by market share growth across Nordics
- Mortgage margin pressure following Norway rate hikes
- All-time-high net fee and commission income
- Cost-to-income ratio 52%, up q/q due to lower net interest income in Norway. Full-year 2021 cost-to-income ratio 51%

Lending*, EURbn



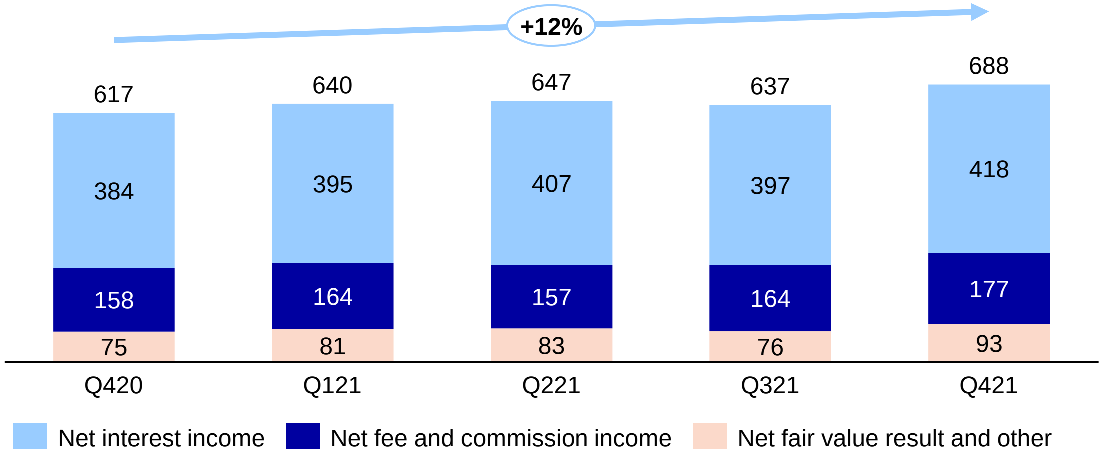
Cost-to-income ratio**, %



* Excluding FX effects
** With amortised resolution fees

Business Banking – strong business momentum

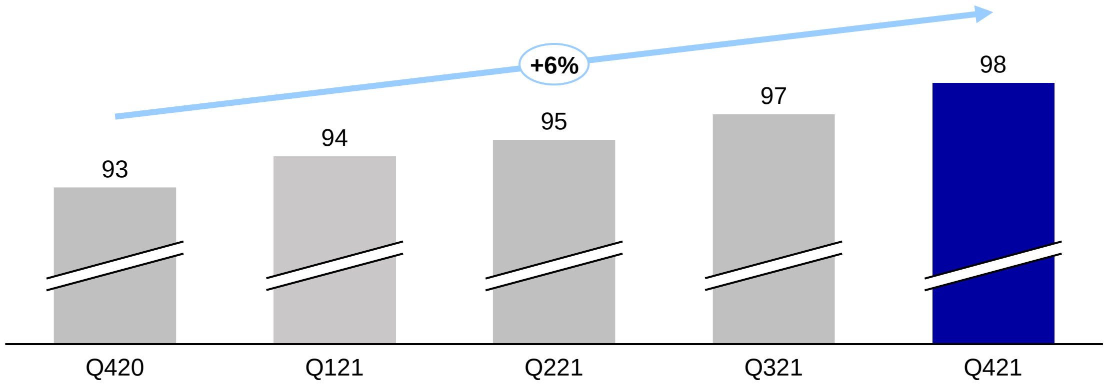
Total income, EURm



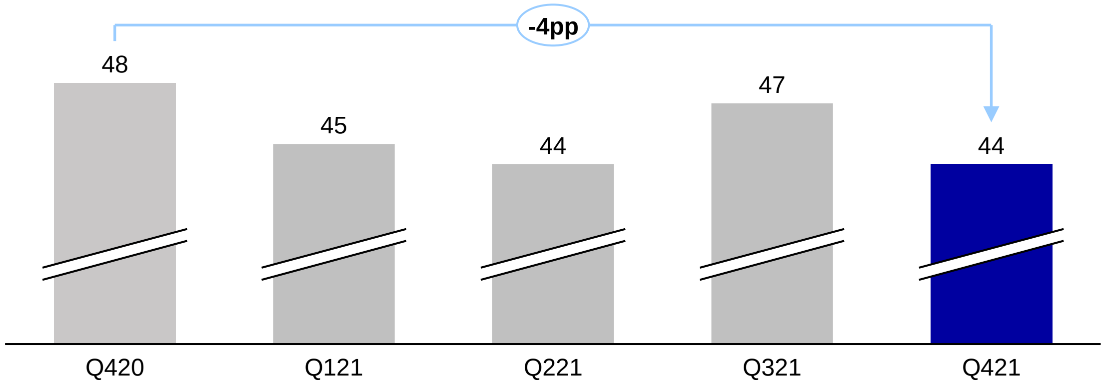
Comments

- Total income up 12%
- Lending volumes up 6%, driven by Norway and Sweden
- High demand for green loans, with green volumes now accounting for 4% of total lending
- Net fee and commission income up 12%, driven by savings and investment products and payment and card fee income
- Improvement in cost-to-income ratio, now 44%. Full-year 2021 cost-to-income ratio 45%

Lending*, EURbn



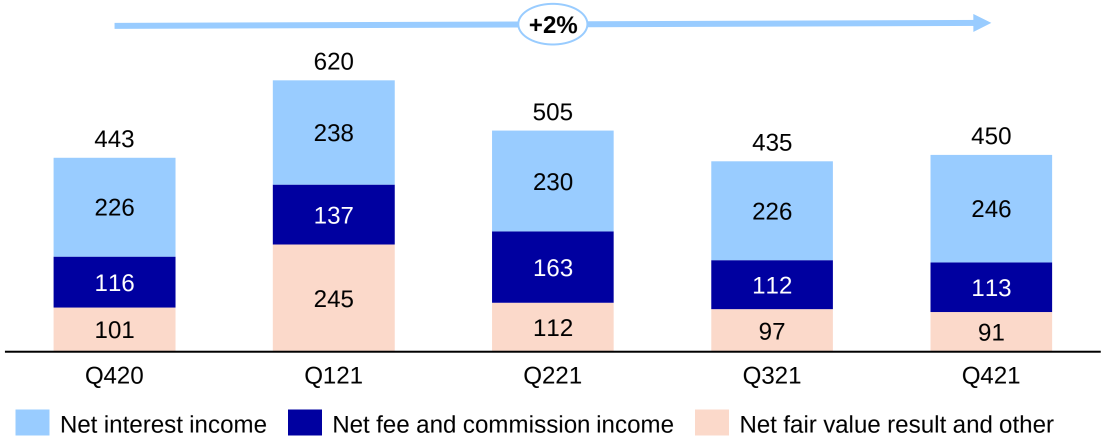
Cost-to-income ratio**, %



* Excluding FX effects
** With amortised resolution fees

Large Corporates & Institutions – stable performance and normalising capital markets

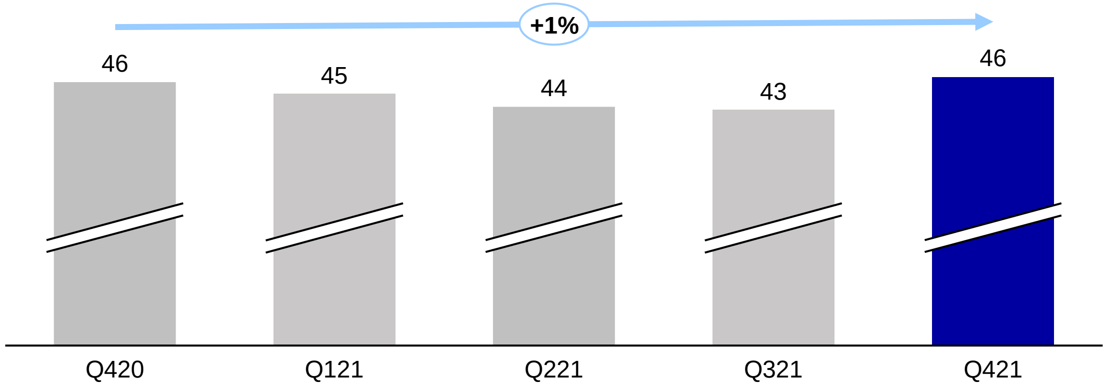
Total income, EURm



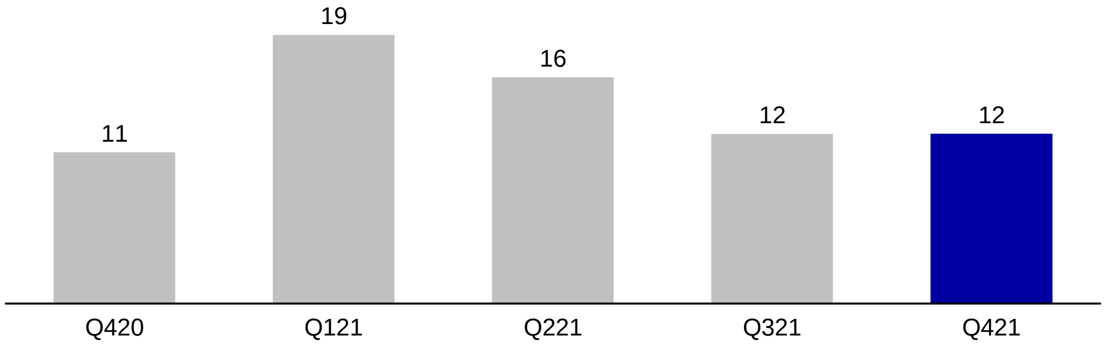
Comments

- Total income up 2%
  - Net interest income up 9%
  - High customer activity, increased lending volumes and high NCI offset by lower result from trading
- Increased operational efficiency with cost-to-income ratio of 47%. Full-year 2021 cost-to-income ratio 42%
- Return on capital at risk 12%. Full-year 2021 return on capital at risk 15%

Lending*, EURbn



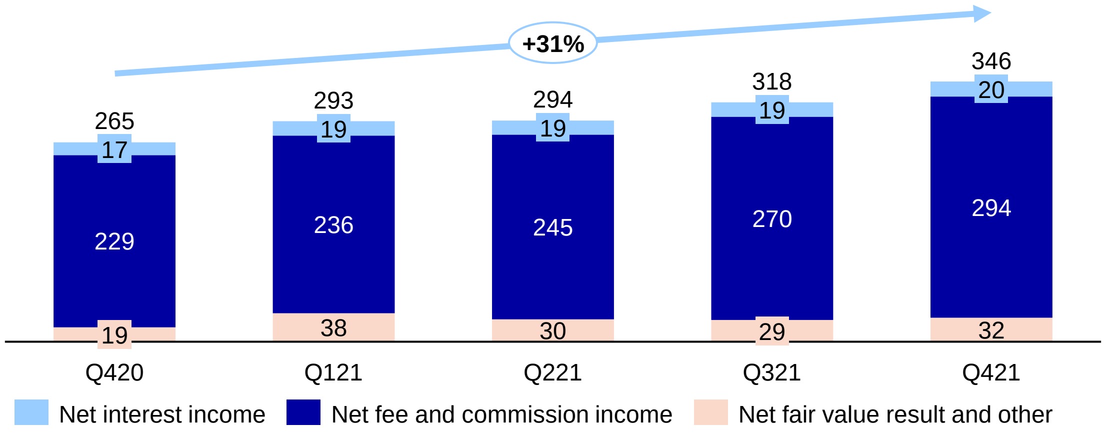
Return on capital at risk**, %



* Excluding repos
** With amortised resolution fees

Asset & Wealth Management – record volumes and significant net inflows via all channels

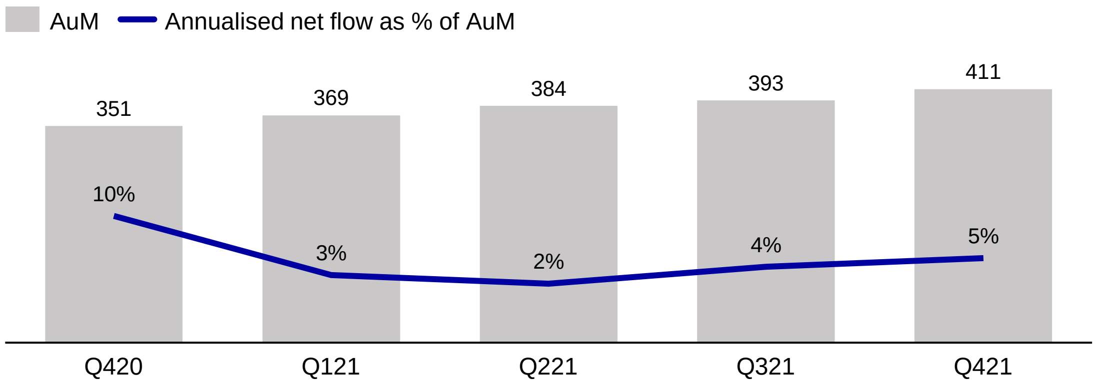
Total income, EURm



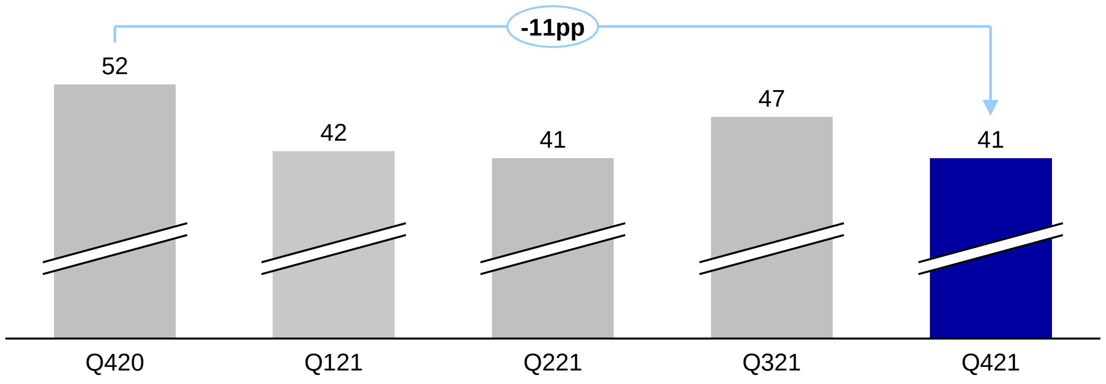
Comments

- Total income up 31%
- Assets under management up 17% to all-time high of EUR 411bn
  - Net inflow of EUR 4.9bn (annualised growth 5%), with all channels and products contributing positively
- Continued high demand for ESG products within all channels – generating close to 100% of net flows in quarter
- Improvement in cost-to-income ratio, now 41%. Full-year 2021 cost-to-income ratio 43%

Assets under management, EURbn, and net flows, %



Cost-to-income ratio*, %



* With amortised resolution fees

Nordea

2022 financial targets surpassed one year ahead of schedule

FINANCIAL TARGET 2022	FY 2021
Cost-to-income ratio 50%	48% ✓
Return on equity >10%	11.2% ✓
Personal Banking C/I* ~50%	51% ✓
Business Banking C/I* ~45%	45% ✓
Large Corporates & Institutions Return on capital at risk ~10%	15% ✓
Asset & Wealth Management C/I* <50%	43% ✓

* Cost-to-income ratio

New financial target for 2025

FINANCIAL TARGET 2025

Return on equity

>13%

Assumes CET1 ratio requirement of 15–16%, including management buffer

SUPPORTED BY

Cost-to-income ratio

45–47%

Dividend policy

60–70% payout ratio; excess capital distributed through buy-backs

Loan losses

Normalised ~10bp

Capital policy

150–200bp management buffer above regulatory CET1 requirement

Nordea

The preferred financial partner in the Nordics

Capital Markets Day

17 February

Welcome!

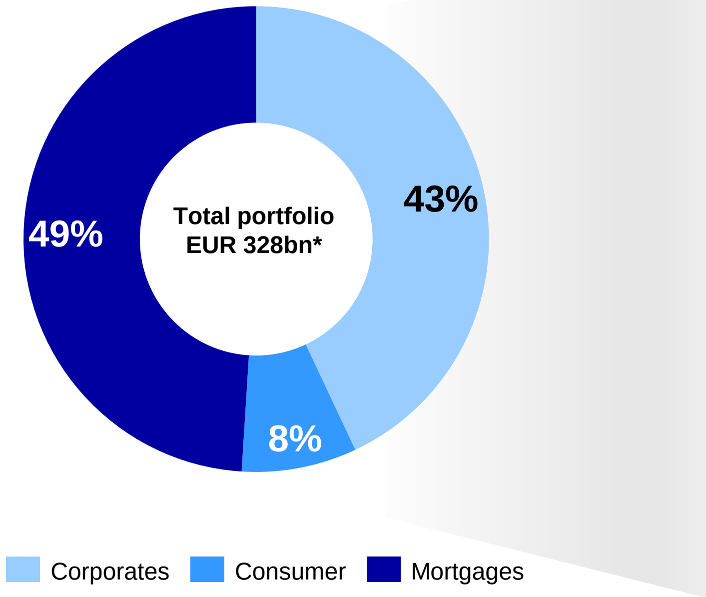
For details see nordea.com/cmd


Nordea

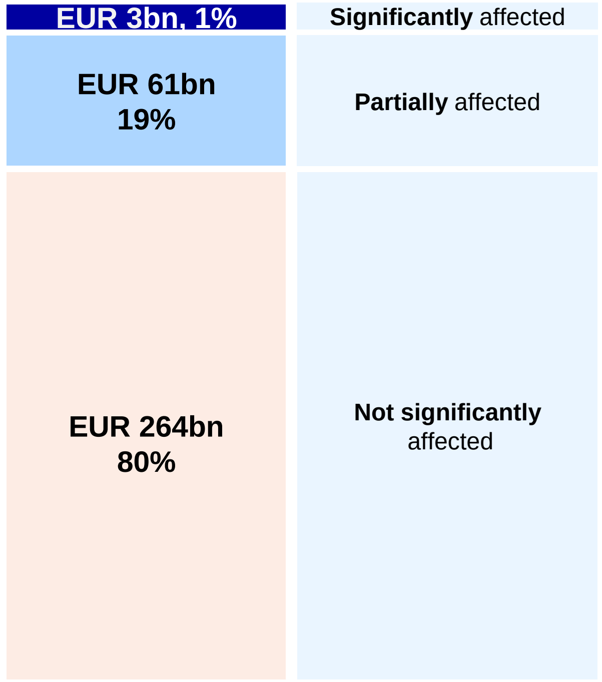
Appendix

Loan book – well diversified with strong credit quality

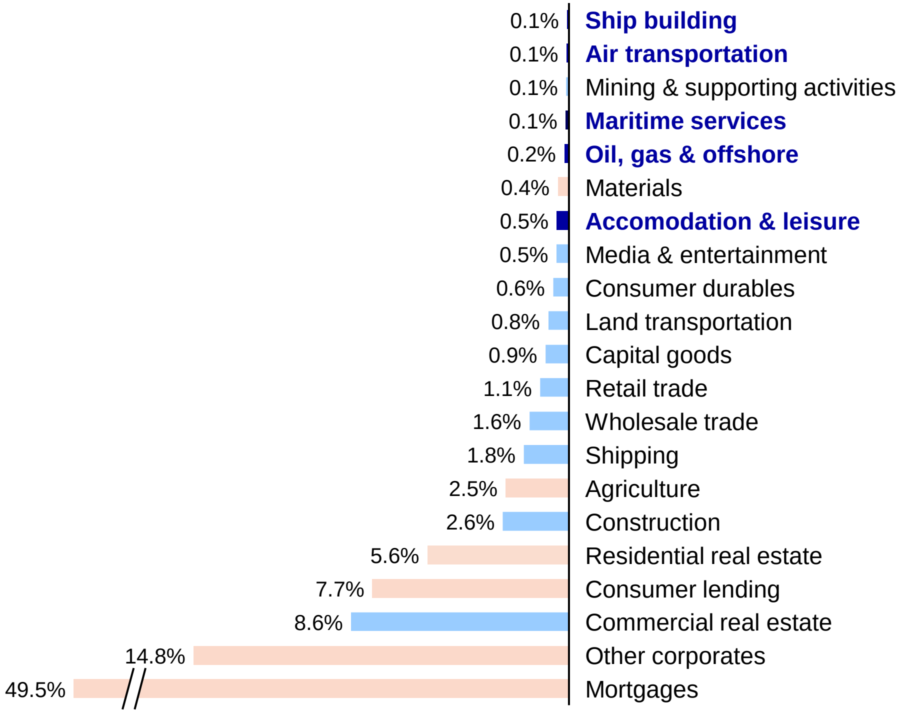
Portfolio well diversified across countries and segments



Updated analysis of COVID-19 impact by segment



Five segments with 1% of total exposures still significantly affected



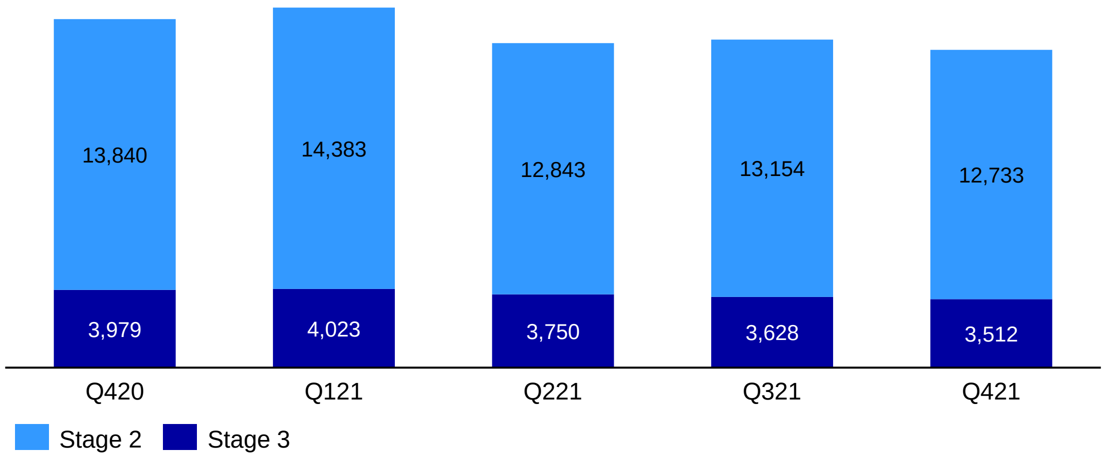
Nordic societies have well-structured social safety nets, strong fiscal positions and effective legal systems

Lending by country

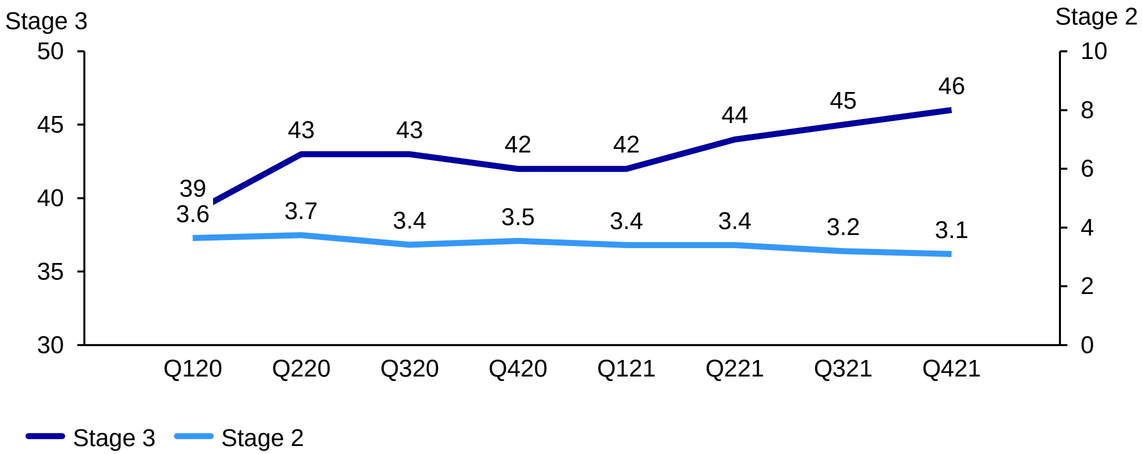
* Excluding reverse repos and securities borrowing

Impairments and provisioning coverage – continued strong credit quality

Stage 2 and 3 loans at amortised cost, EURm



Coverage ratio, %

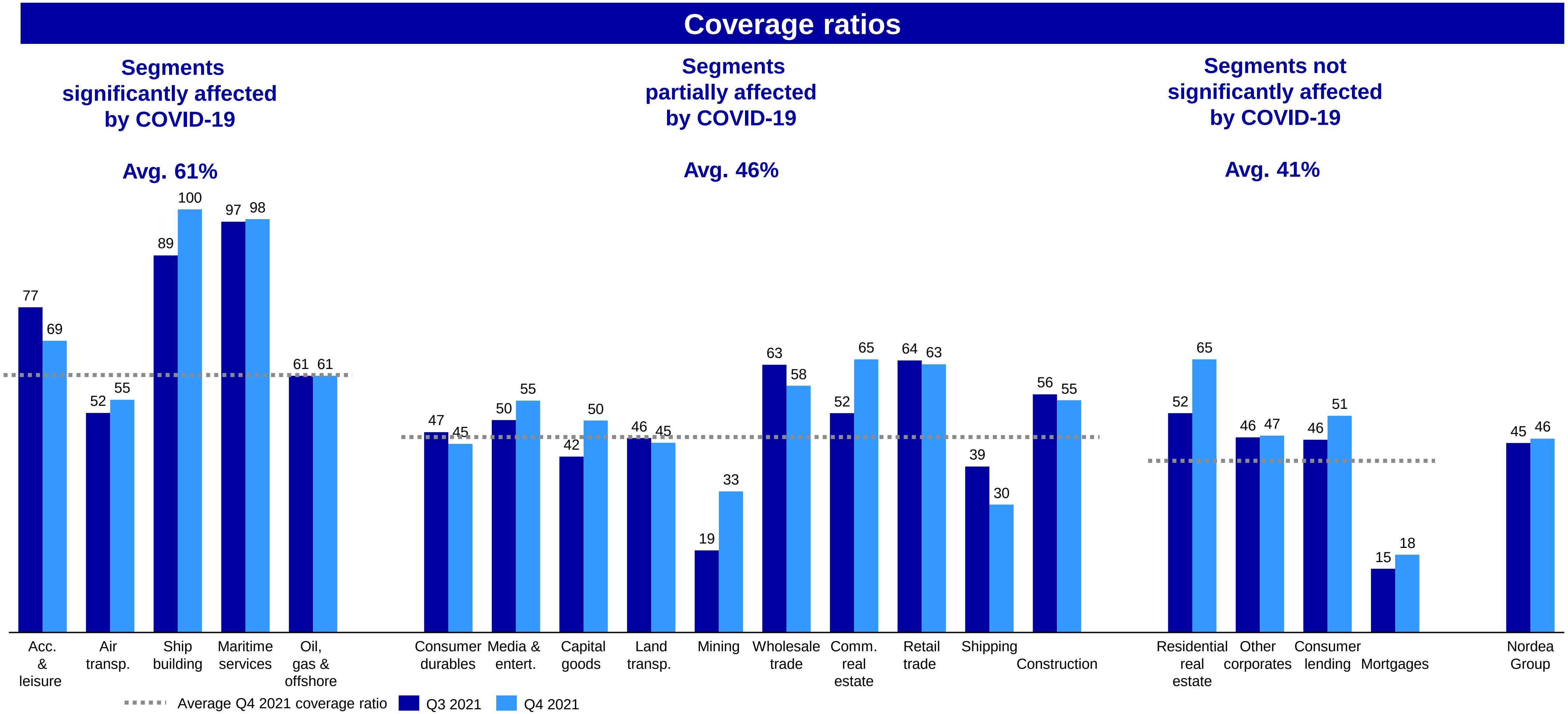


Comments

- Stage 3 impaired loans further reduced to 1.28% from 1.36% in Q3
- Further decrease in stage 2 loans (3% q/q)
- Further increase in coverage ratio for impaired loans, now 46%
- Continued close monitoring of credit risk in sectors affected by COVID-19

Nordea

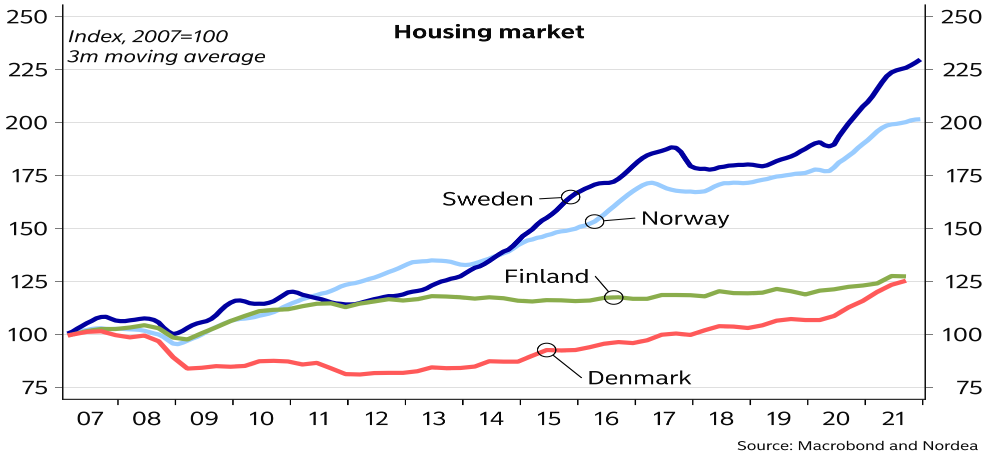
Coverage ratios – solid provisioning coverage against potential losses



Nordea

Nordic economic development – resilient economies back on track

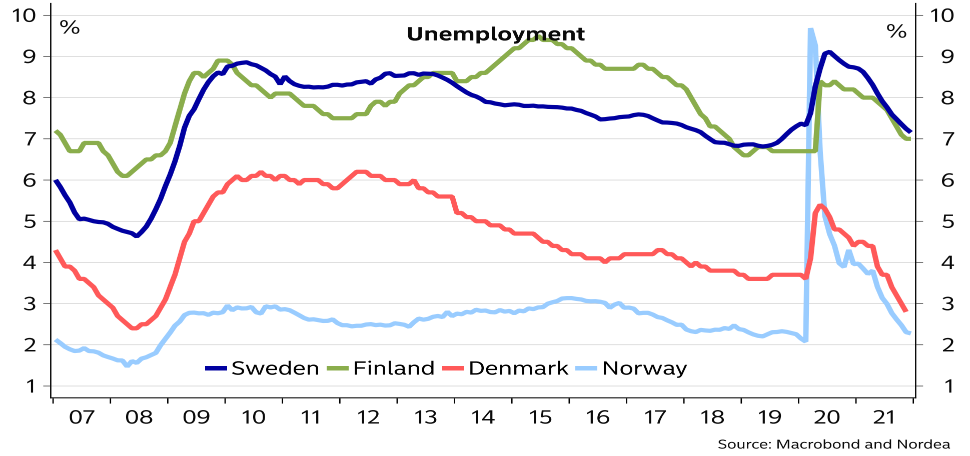
Housing prices



Nordics – among best performing countries during COVID-19

- Danish GDP up 1.1% q/q in Q3. Unemployment down to 2.8% in November. House prices up 8.9% and apartment prices up 9.7% y/y in October
- Finnish GDP up 0.8% q/q in Q3. Unemployment flat at 7% in December and housing prices up 3.5% y/y in November
- Norwegian mainland GDP up 2.6% q/q in Q3. Unemployment flat at 2.3% and housing prices up 5.2% y/y in December
- Swedish GDP up 2.0% q/q in Q3. Unemployment flat at 7.2% and housing prices up 10.3% y/y in December

Unemployment rate



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

Country	2021E	2022E	2023E
Denmark	3.8	2.5	2.0
Finland	3.8	3.0	2.0
Norway	4.1	4.0	2.0
Sweden	4.9	3.7	1.9

Nordea