

A photograph of a woman and a young girl lying in a field of tall, golden-brown grass. Both are laughing heartily, their heads tilted back. The woman is wearing a pink and white striped shirt, and the girl is wearing a red long-sleeved shirt and blue jeans. The background is a soft-focus view of trees and foliage. The Nordea logo is positioned in the upper right corner of the image.

Nordea

A series of five vertical blue bars of varying heights, located on the left side of the slide, partially overlapping the image and the blue footer.

Debt investor presentation Q1 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.

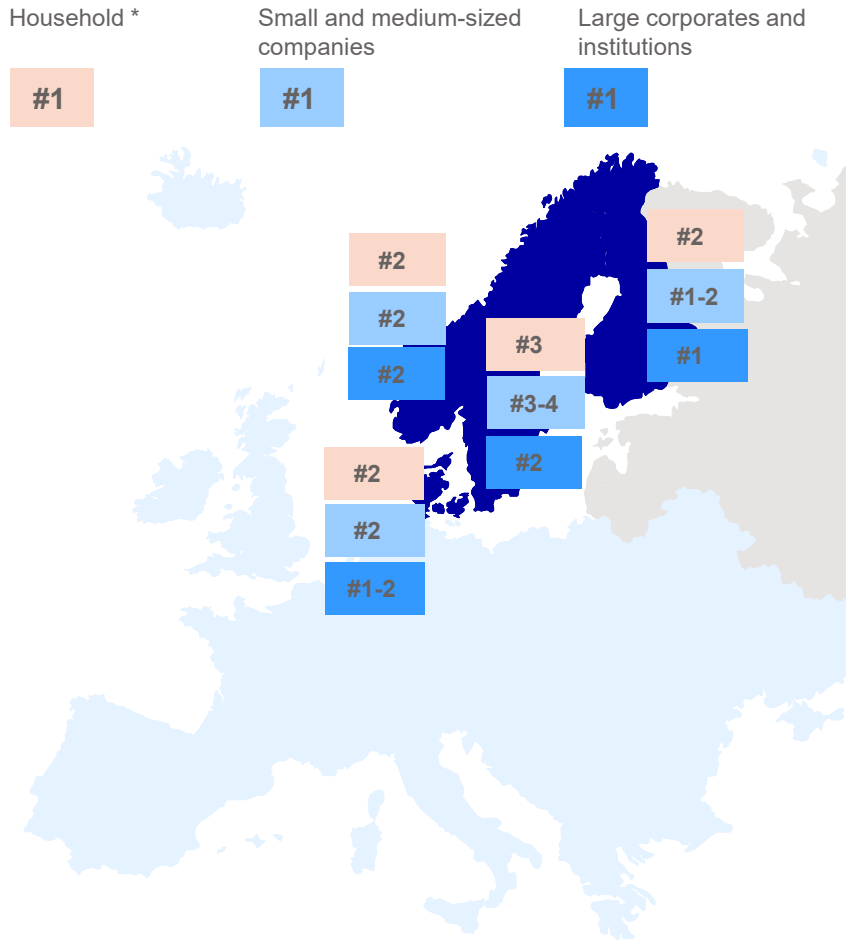
This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

Table of contents

1. Nordea first quarter 2021 update	4
2. Credit quality	13
3. Capital, AML and sustainability	22
4. Funding	28
5. Macroeconomy	41
6. Business areas – update	46

1. Nordea first quarter 2021 update

The largest financial services group in the Nordics



Business position

- Universal bank with leading market position in all four Nordic countries
- Strong position in household, corporate and institutional banking, and asset and wealth management
- Well-diversified mix of net interest income, net fee and commission income and capital markets income

10 million customers and strong distribution power

- 9.2 million household customers
- 540,000 small and medium-sized companies
- 2,350 large corporates and institutions, including Nordic Top 500
- Approx. 320 branch office locations
- Enhanced digitalisation of business for customers
- Income evenly distributed between business areas

Financial strength (Q1 2021)

- EUR 2.4bn in total income
- EUR 1.1bn profit before loan losses; EUR 0.8bn net profit
- EUR 591bn in assets
- EUR 34.5bn in equity capital
- CET1 ratio 17.5%
- Leverage ratio 5.6%

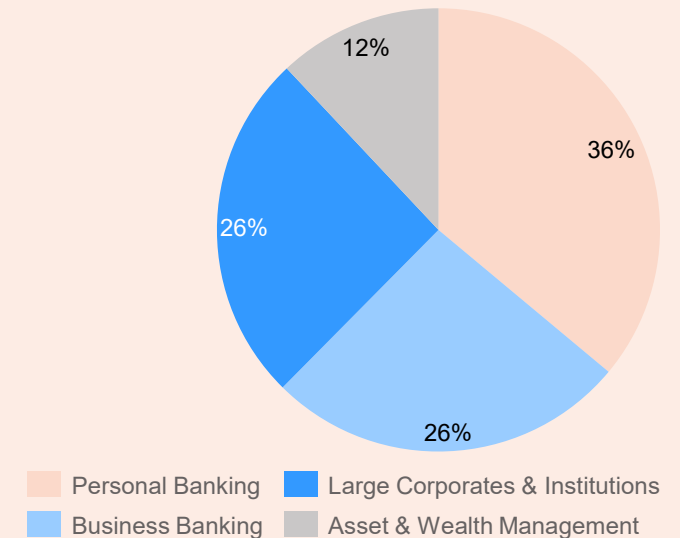
AA level credit ratings (senior preferred bonds)

- Moody's Aa3 (stable outlook)
- S&P AA- (stable outlook)
- Fitch AA (negative outlook)

EUR 34bn in market capitalisation (Q1 2021)

- One of the largest Nordic corporations
- A top-15 universal bank in Europe

Operating income per business area, Q1 2021



Executive summary

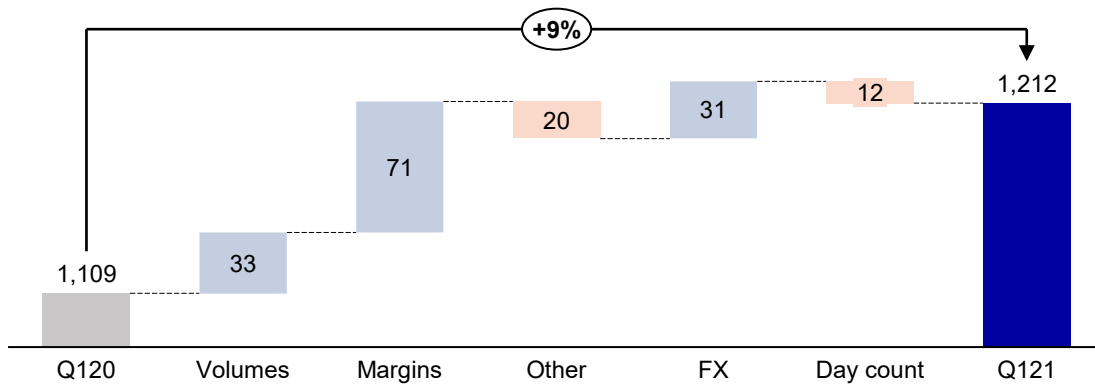
- Continued growth in business volumes and customer satisfaction across Nordics
 - Mortgage lending volumes up 6% y/y and SME lending volumes up 7% y/y
 - Assets under management up 33% to record high of EUR 372bn; particularly strong net inflow into retail funds
- Operating profit up 75% y/y, driven by high income growth, and total income up 21% y/y
 - Net interest income up 9% and net fee and commission income up 8%; net fair value result exceptionally strong
- Cost development in line with plan; cost-to-income ratio* down to 48%
- Profitability improving – return on equity* at 11.0% and earnings per share of EUR 0.19
- Strong credit quality with low realised losses; net loan losses and similar net result EUR 52m or 6bp
- Capital position among strongest in Europe with CET1 ratio of 17.5%, 7.3 percentage points above requirement
 - AGM authorisation for dividend of maximum EUR 0.72 per share, to be distributed after September 2021 in line with ECB guidance
- On track to reach 2022 financial targets

Group quarterly results Q1 2021

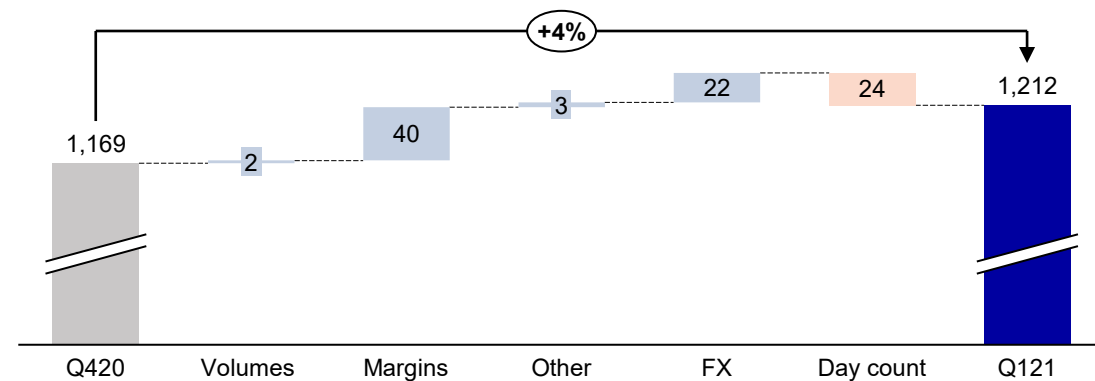
Income statement and key ratios EURm	Q121	Q120	Q1/Q1	Q420	Q1/Q4
Net interest income	1,212	1,109	9 %	1,169	4 %
Net fee and commission income	827	765	8 %	792	4 %
Net fair value result	370	110	236 %	217	71 %
Other income	11	18		41	
Total operating income	2,420	2,002	21 %	2,219	9 %
Total operating expenses excl. RF	-1,095	-1,095	0 %	-1,218	-10 %
Total operating expenses	-1,319	-1,248	6 %	-1,218	8 %
Profit before loan losses	1,101	754	46 %	1,001	10 %
Net loan losses and similar net result*	-52	-155		-28	
Operating profit	1,049	599	75 %	973	8 %
Cost-to-income ratio**, %	48	57		57	
Return on equity**, %	11.0	6.9		8.4	
Diluted earnings per share, EUR	0.19	0.11		0.18	

Net interest income – continued growth in business volumes

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm

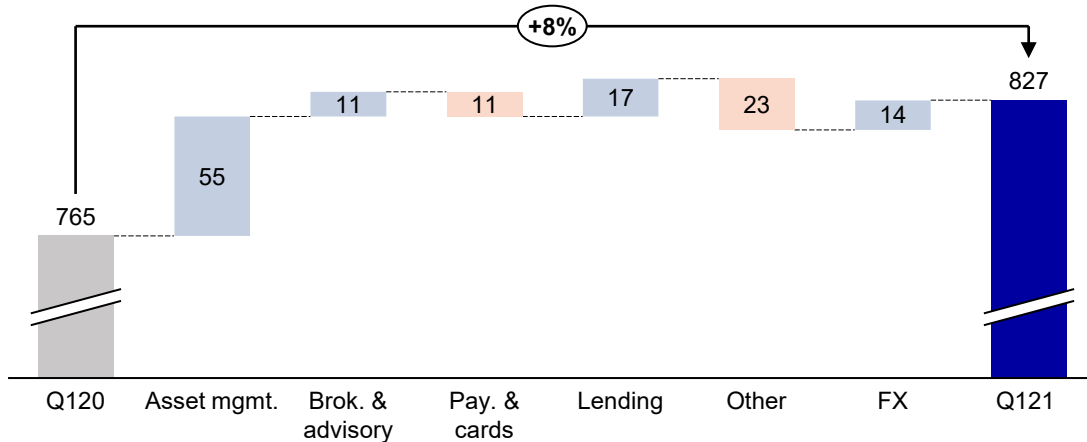


Comments

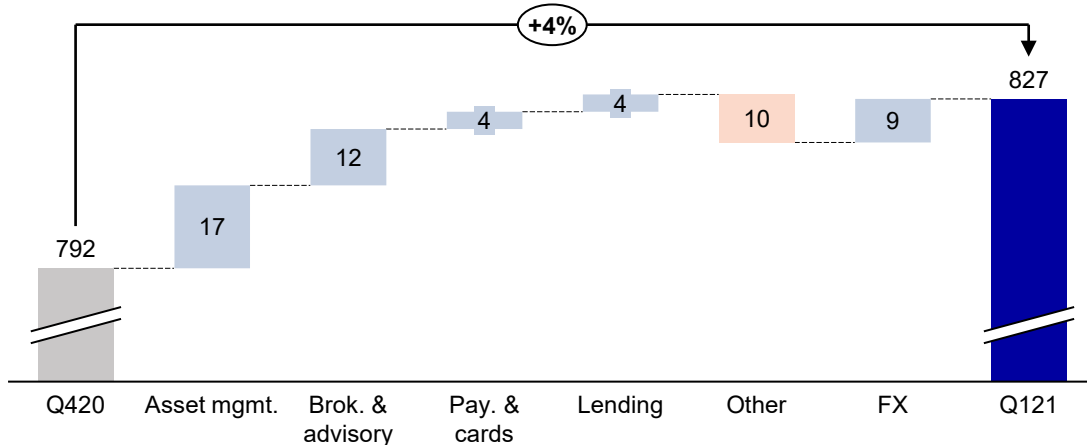
- Net interest income up 9% (up 7% excl. Nordea Finance Equipment)
- Mortgage volumes up 6% and lending to SMEs up 7%
 - Continued increase in customer satisfaction scores
- Continued improvement in lending margins for large corporates
- Lower funding costs and benefit received through participation in ECB's TLTRO III also contributing

Net fee and commission income – highest level since 2017, driven by savings and advisory

Year-over-year bridge, EURm



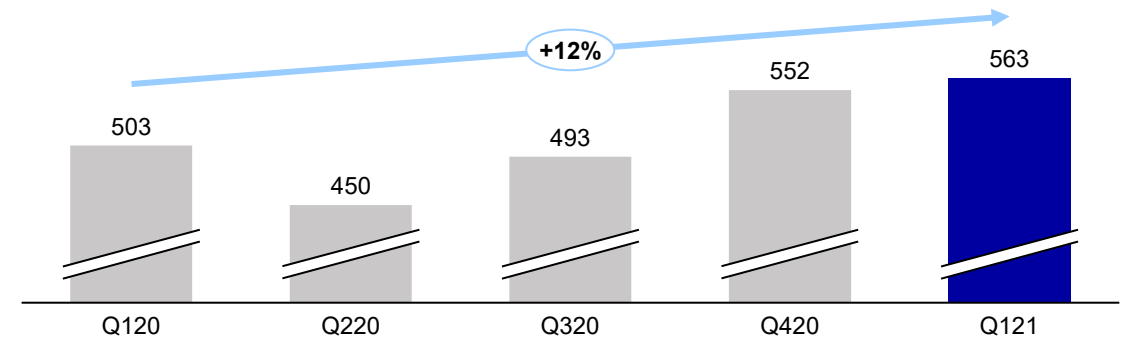
Quarter-over-quarter bridge, EURm



Comments

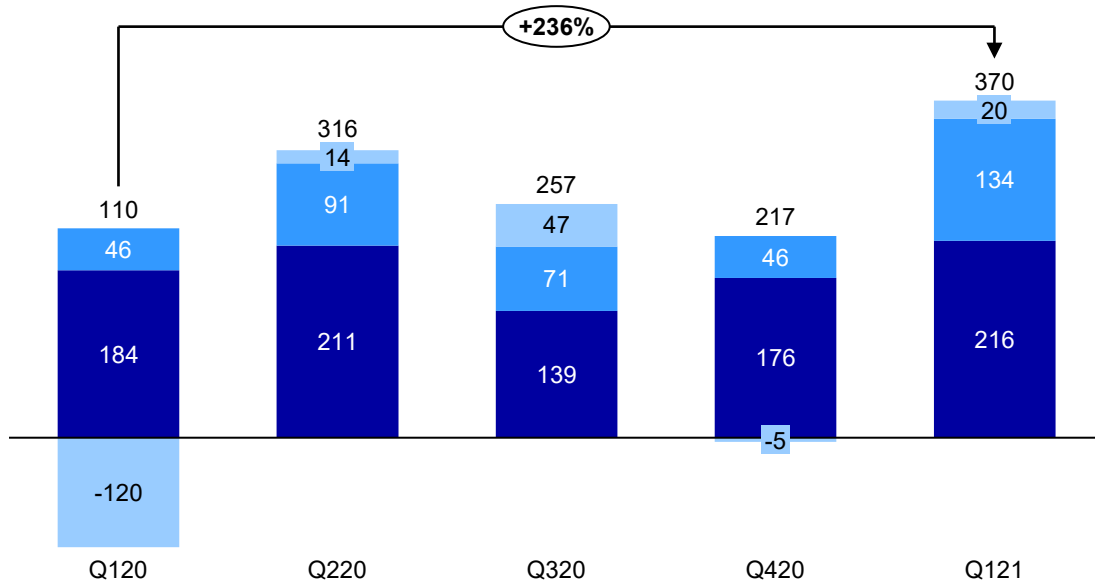
- Net fee and commission income up 8%
- Savings and investment commission income up 12%, driven by AuM growth
- Higher levels of customer activity in brokerage and advisory business
- Card income remains subdued

Savings and investment commission income, EURm



Net fair value result – exceptionally strong result in all areas

Net fair value result, EURm



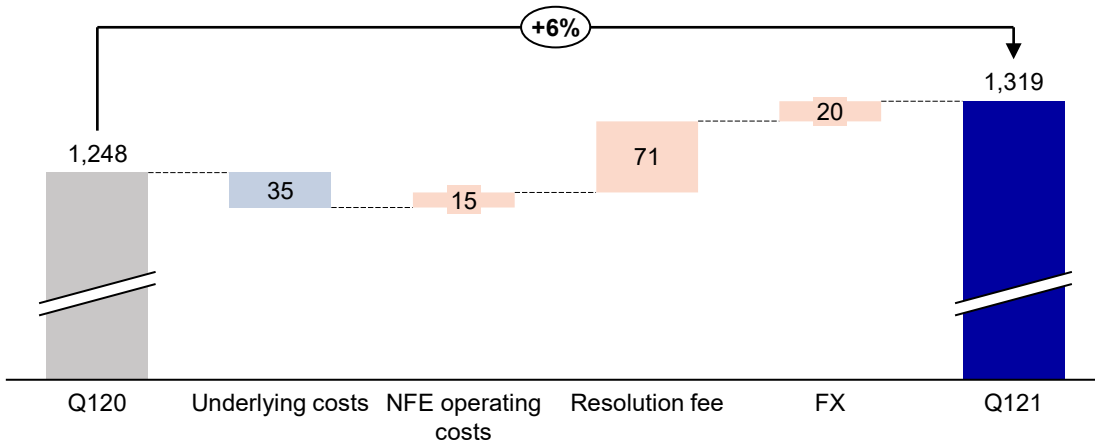
Comments

- High activity in customer areas
- Exceptionally strong quarter in market-making operations
 - Very strong trading result in fixed income, FX and equities
- Treasury lifted by revaluations of holdings

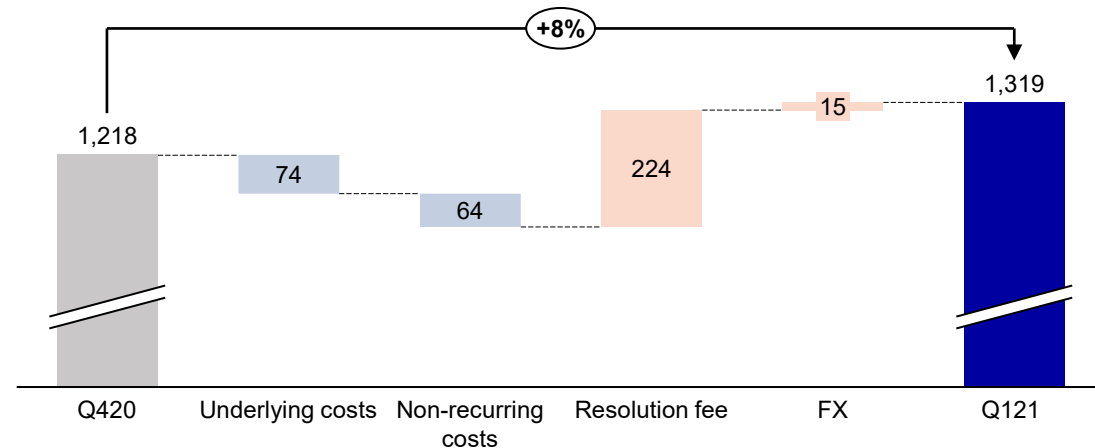
■ Customer areas* ■ Treasury & other**
■ Market-making operations

Costs – underlying cost decrease in line with plan

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm



Comments

- Underlying costs down 3% (EUR 35m)
 - Full-year resolution fee of EUR 224m booked in Q1 2021
 - Exchange rate effects and inclusion of Nordea Finance Equipment (NFE)
- Staff costs down 2%, even after including NFE

Outlook

- Work to increase operational efficiency to continue
- 2021 costs expected to be below EUR 4.6bn, despite headwinds from higher business activity and strengthening exchange rates

We are committed to delivering on our financial targets

2022 FINANCIAL TARGETS

Cost-to-income ratio

50%

Return on equity

>10%

CAPITAL AND DIVIDEND POLICIES

Capital policy

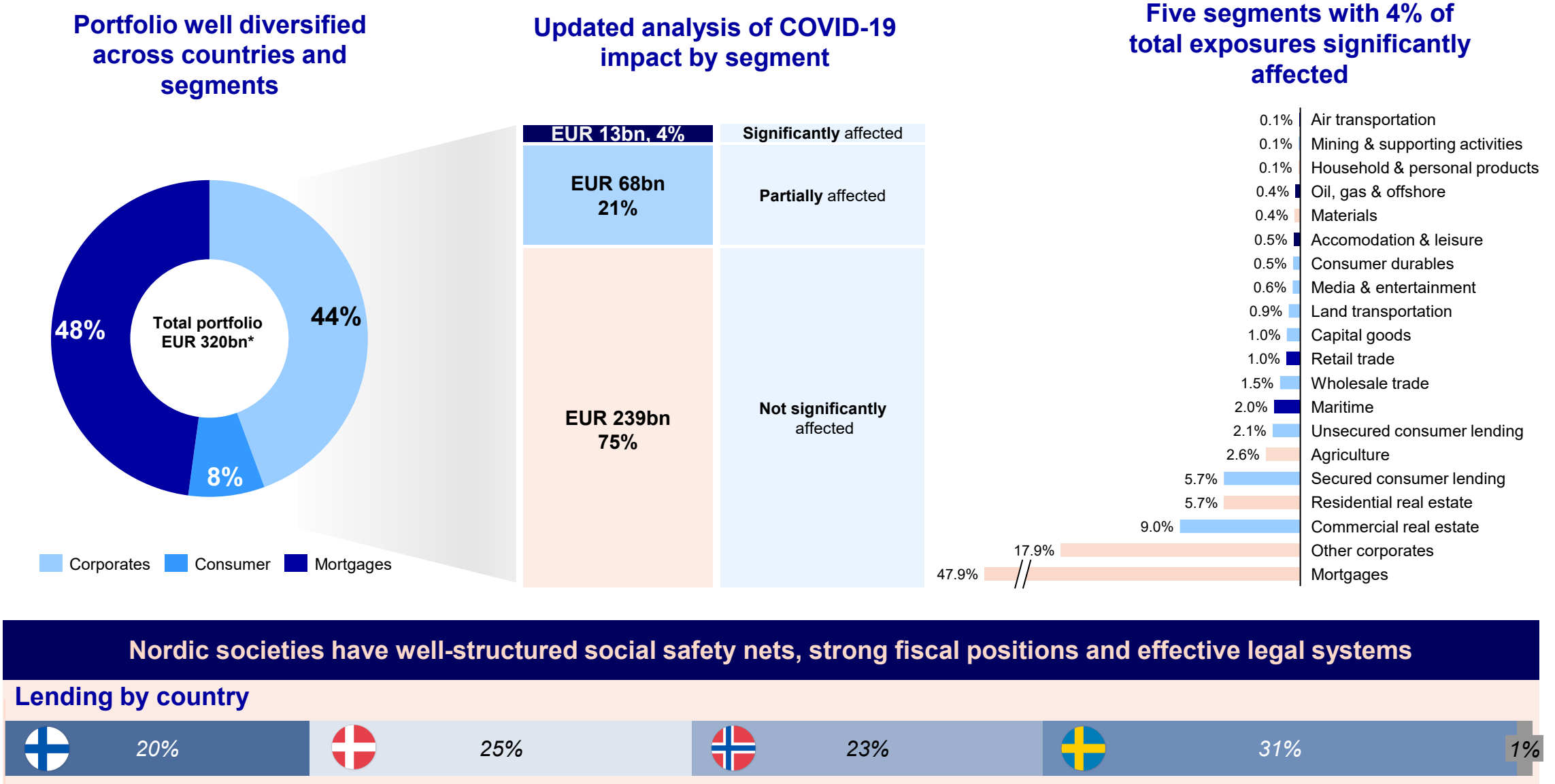
150-200bp
management buffer
above regulatory CET1 requirement

Dividend policy

60-70% payout of distributable
profits to shareholders
Excess capital intended to be distributed
to shareholders through buy-backs

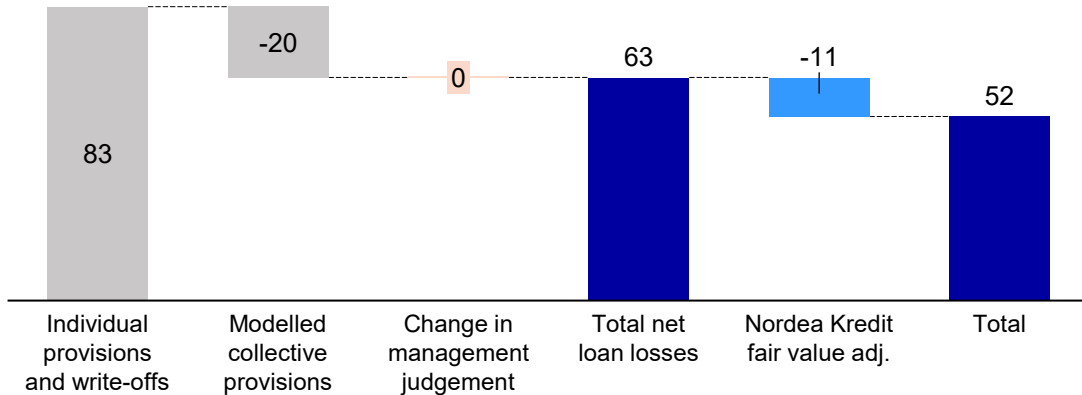
2. Credit quality

Loan book – well diversified with strong credit quality

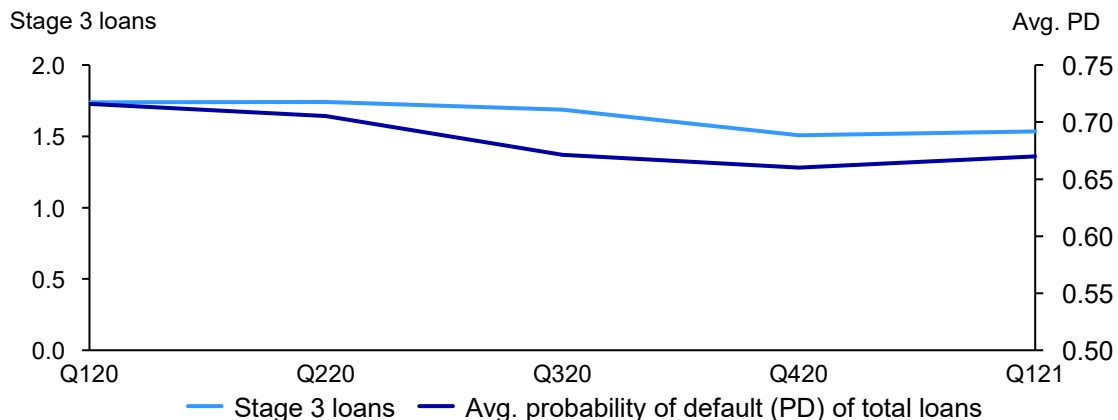


Net loan losses and similar net result – credit quality remains strong

Net loan losses and similar net result Q121, EURm



Stage 3 loans and PD of total loans, %

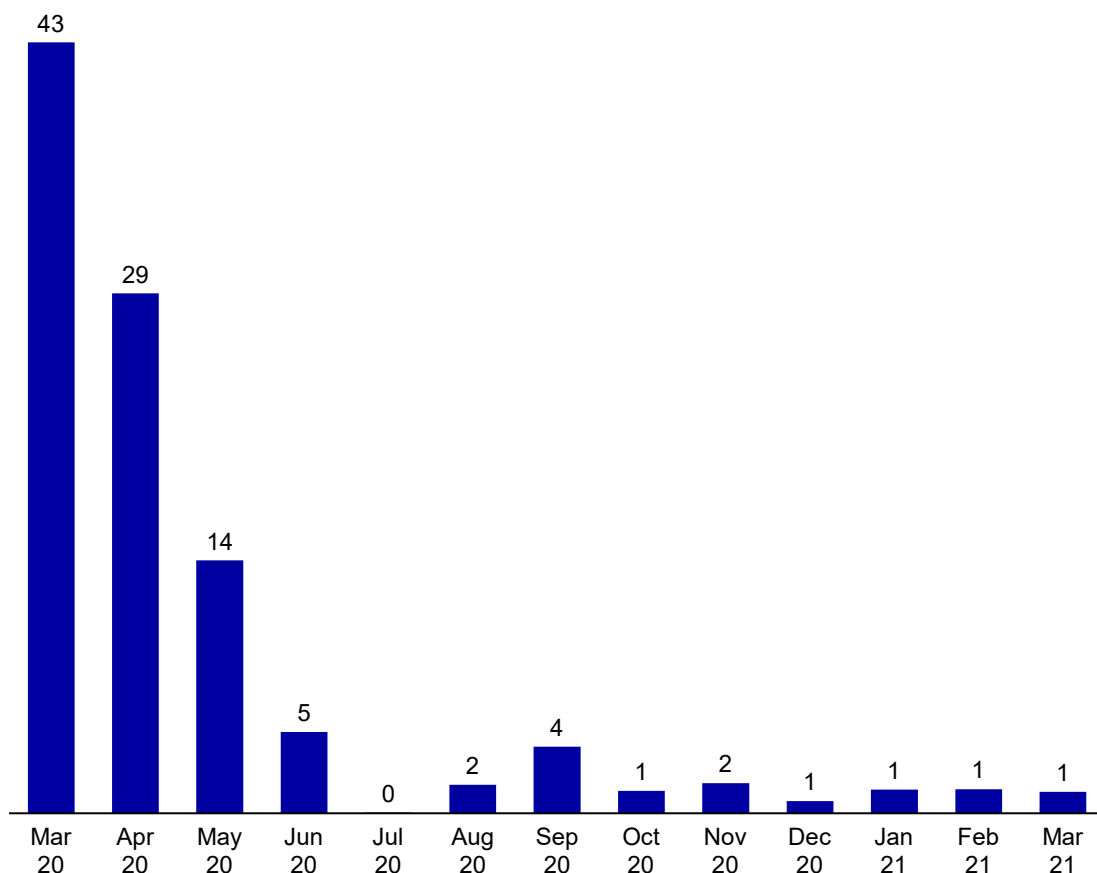


Comments

- Net loan losses and similar net result EUR 52m
- Credit quality strong and realised net loan losses low
 - Stage 3 loans 1.53%, slight increase q/q, mainly due to exchange rate movements
 - Loan losses mainly related to small number of individual customers affected by COVID-19 crisis
 - Limited negative credit migration
- Management judgement buffer of EUR 650m kept on balance sheet as full impact of COVID-19 pandemic on Nordea's customers remains uncertain

Instalment-free periods expiring – almost all customers resuming normal servicing

Customers granted instalment-free periods, 1000s

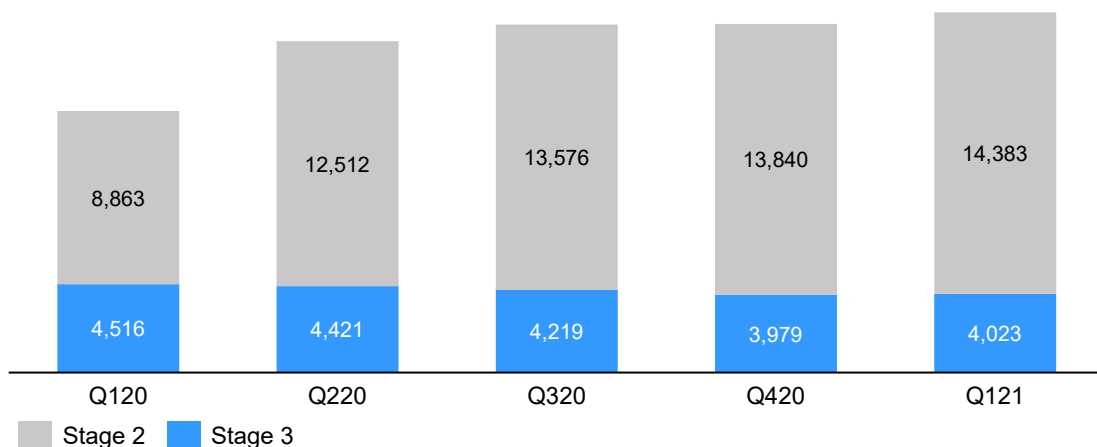


Comments

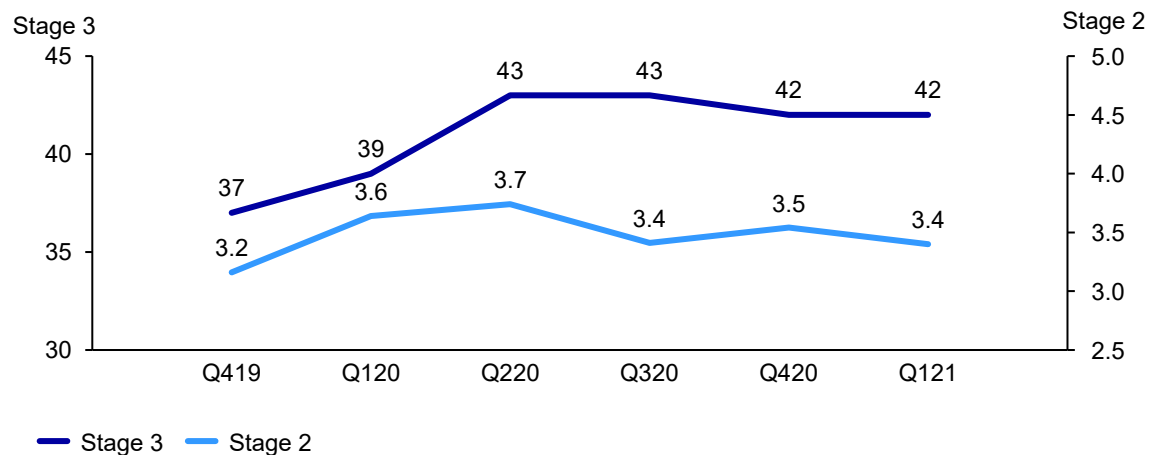
- Approximately 100,000 customers, including 9,000 corporates, granted COVID-19 instalment-free period during 2020
 - Corresponds to total loan amount of around EUR 19bn
 - More than 50% of COVID-19-related instalment-free periods have expired; those remaining equate to total loan amount of EUR 8.5bn (2% of loan book)
- Interest payments by customers maintained during instalment-free periods
- So far, less than 5% of customers classified as forborne (or in default) following expiry of their instalment-free period

Strong and stable credit quality

Stage 2 and 3 loans at amortised cost, EURm



Coverage ratio, %

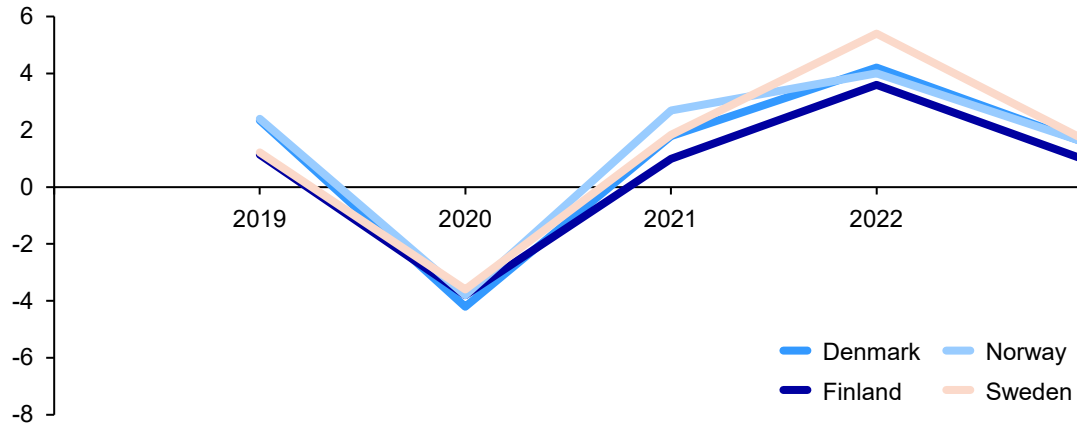


Comments

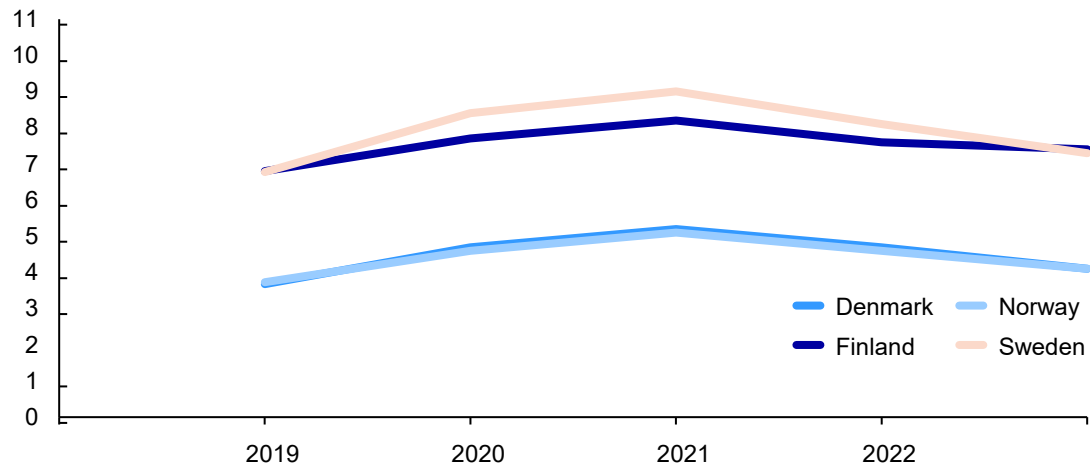
- Stage 2 loans slightly up (4% q/q), related to small number of COVID-19-affected customers
- Stage 3 loans still at low levels; small increase q/q due to exchange rate movements
- Coverage ratio for potential losses in stage 3 kept at 42%

IFRS 9 model update – macro-economic assumptions behind scenarios used

Baseline annual GDP growth, %



Baseline unemployment rate, %

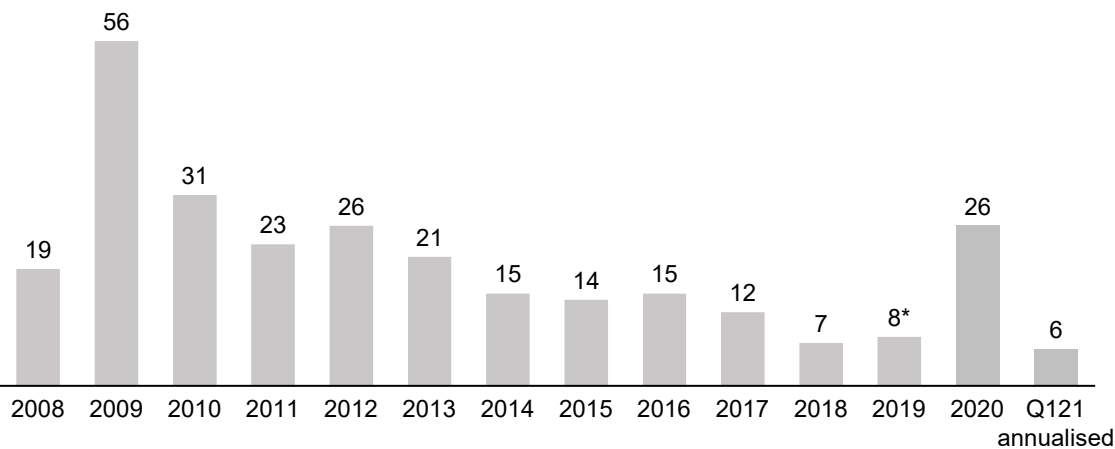


Comments

- Scenarios slightly more conservative than Nordic central banks and ECB forecasts
- Scenarios largely unchanged in first quarter
- Baseline scenario (50% weight)
 - Lockdowns continue throughout Q1, but hereafter they are gradually removed as vaccines roll-out
 - Lingering uncertainty weigh on consumption and investments
- Favourable scenario (5% weight)
 - Fast vaccine roll-out enables rapid lifting of lockdowns
 - Strong recovery continues into 2021
- Adverse scenario (45% weight)
 - Lockdowns lifted at slower pace and/or reimposed
 - Severe second-round effects on consumption, investments and exports

Credit quality – portfolio significantly de-risked over past ten years

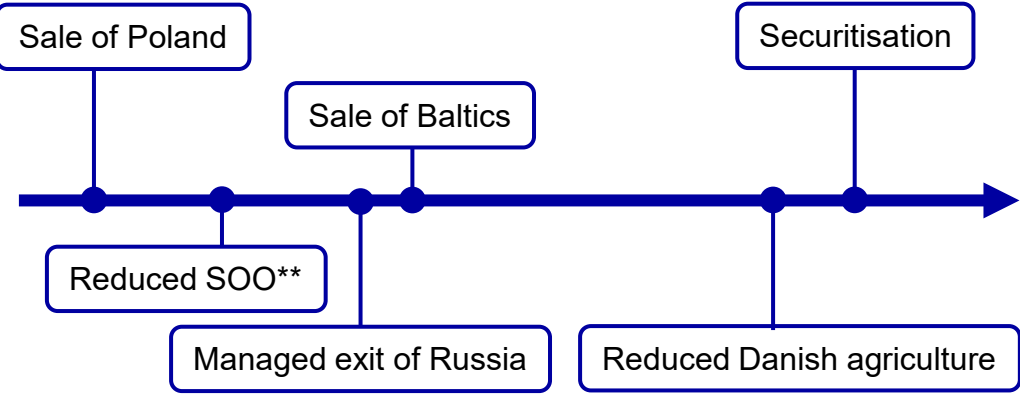
Historic loan loss ratios, bp



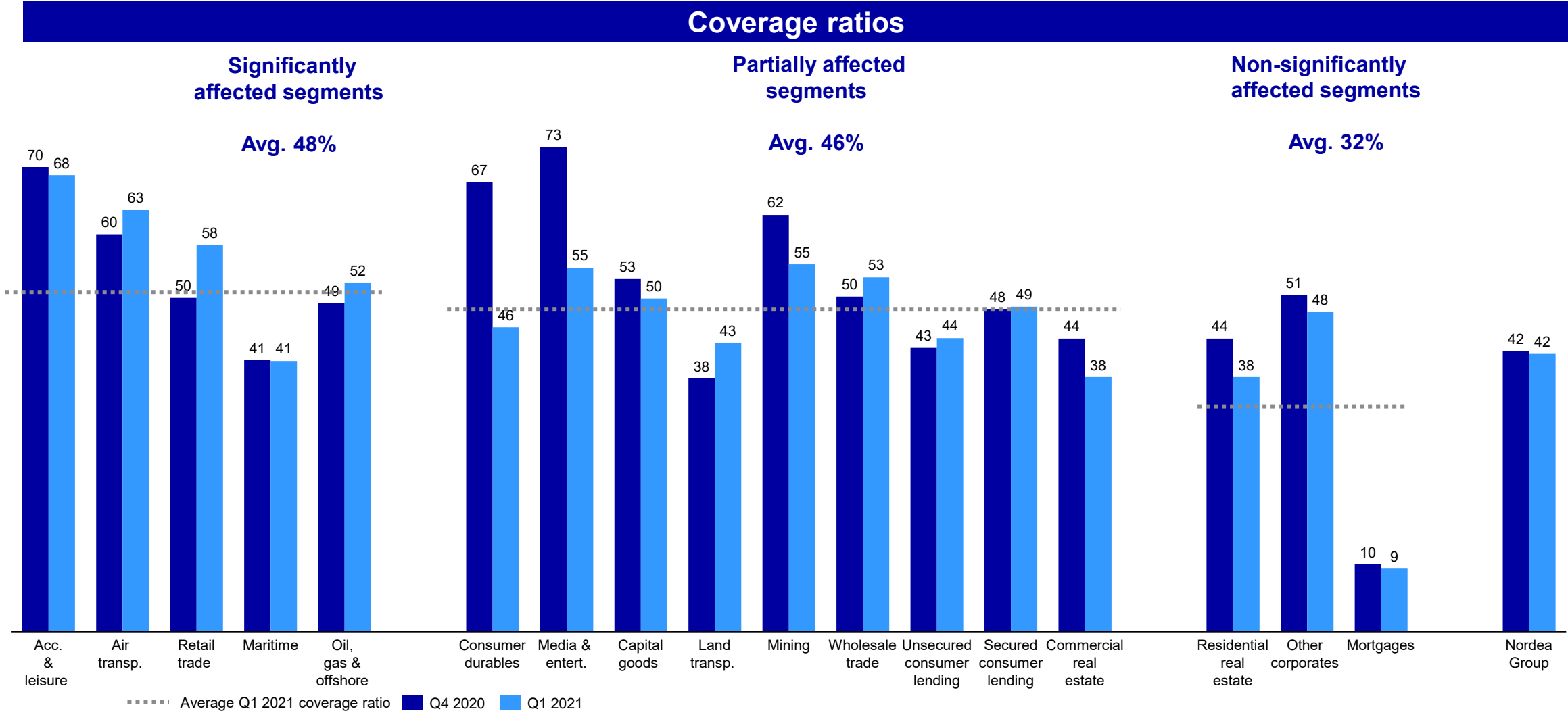
Comments

- Track record of strong credit quality
- Risk profile improved by divestments and reductions in high-risk exposures
- Significant management judgement buffer built up in 2020 due to COVID-19 crisis

Significant de-risking



Coverage ratios – well provisioned for potential losses



Lending split with low concentration in each sector and segment

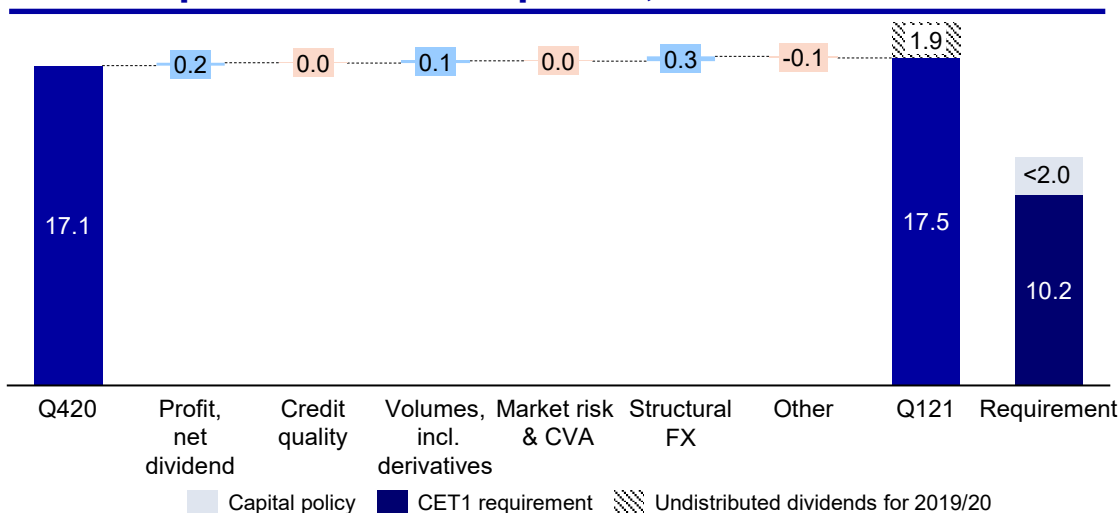
Lending volumes per sector and segment (EURbn) and shares of total lending portfolio (%) as at 31/03/21 (excluding reverse repos)

Financial institutions	15.8	4.9%	Maritime, shipping (total):	6.3	2.0%
Crops, plantations and hunting (agriculture)	3.9	1.2%	Tankers (crude, product, chemical)	1.8	0.6%
Animal husbandry (agriculture)	2.7	0.8%	Gas tankers	1.1	0.3%
Fishing and aquaculture	1.6	0.5%	Dry cargo	0.7	0.2%
Paper and forest products	1.7	0.5%	Car carriers	0.4	0.1%
Mining and supporting activities	0.4	0.1%	RoRo vessels	0.2	0.1%
Oil and gas	0.4	0.1%	Container ships	0.0	0.0%
Offshore drilling rigs	0.7	0.2%	Supply vessels	0.6	0.2%
Food processing and beverages	1.3	0.4%	Floating production	0.1	0.0%
Household and personal products	0.4	0.1%	Oil services	0.2	0.1%
Healthcare	2.3	0.7%	Cruise	0.2	0.1%
Consumer durables	1.7	0.5%	Ferries	0.1	0.0%
Media and entertainment	1.8	0.6%	Other (incl maritime services and ship building)	0.8	0.3%
Retail trade	3.3	1.0%	Utilities distribution	3.0	0.9%
Air transportation	0.3	0.1%	Power production	2.1	0.6%
Accommodation and leisure	1.6	0.5%	Public services	4.3	1.3%
Telecommunication services	0.7	0.2%	Other industries	1.3	0.4%
Materials	1.3	0.4%	Household mortgage loans Denmark	36.1	11.3%
Capital goods	3.2	1.0%	Household mortgage loans Finland	32.0	10.0%
Commercial and professional services	11.7	3.7%	Household mortgage loans Norway	35.8	11.2%
Construction	8.1	2.5%	Household mortgage loans Sweden	49.5	15.5%
Wholesale trade	4.9	1.5%	Household mortgage loans total	153.4	47.9%
Land transportation	2.8	0.9%	Collateralised consumer lending	18.3	5.7%
IT services	1.6	0.5%	Non-collateralised consumer lending	6.6	2.1%
Commercial real estate	28.9	9.0%	Public sector	3.5	1.1%
Residential tenant-owned associations and companies	18.4	5.7%	Total loans to the public	320.3	100.0%

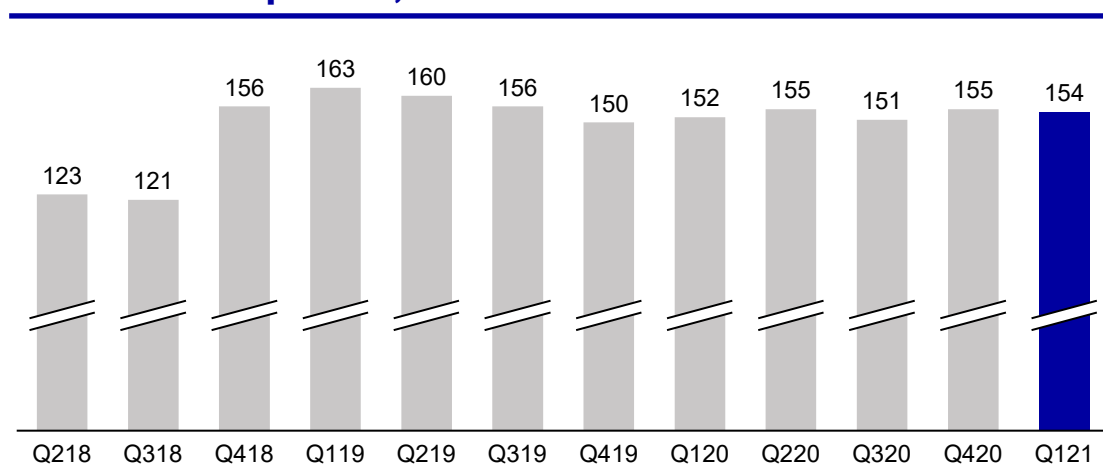
3. Capital, AML and sustainability

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

CET1 capital ratio development, %



REA development, EURbn

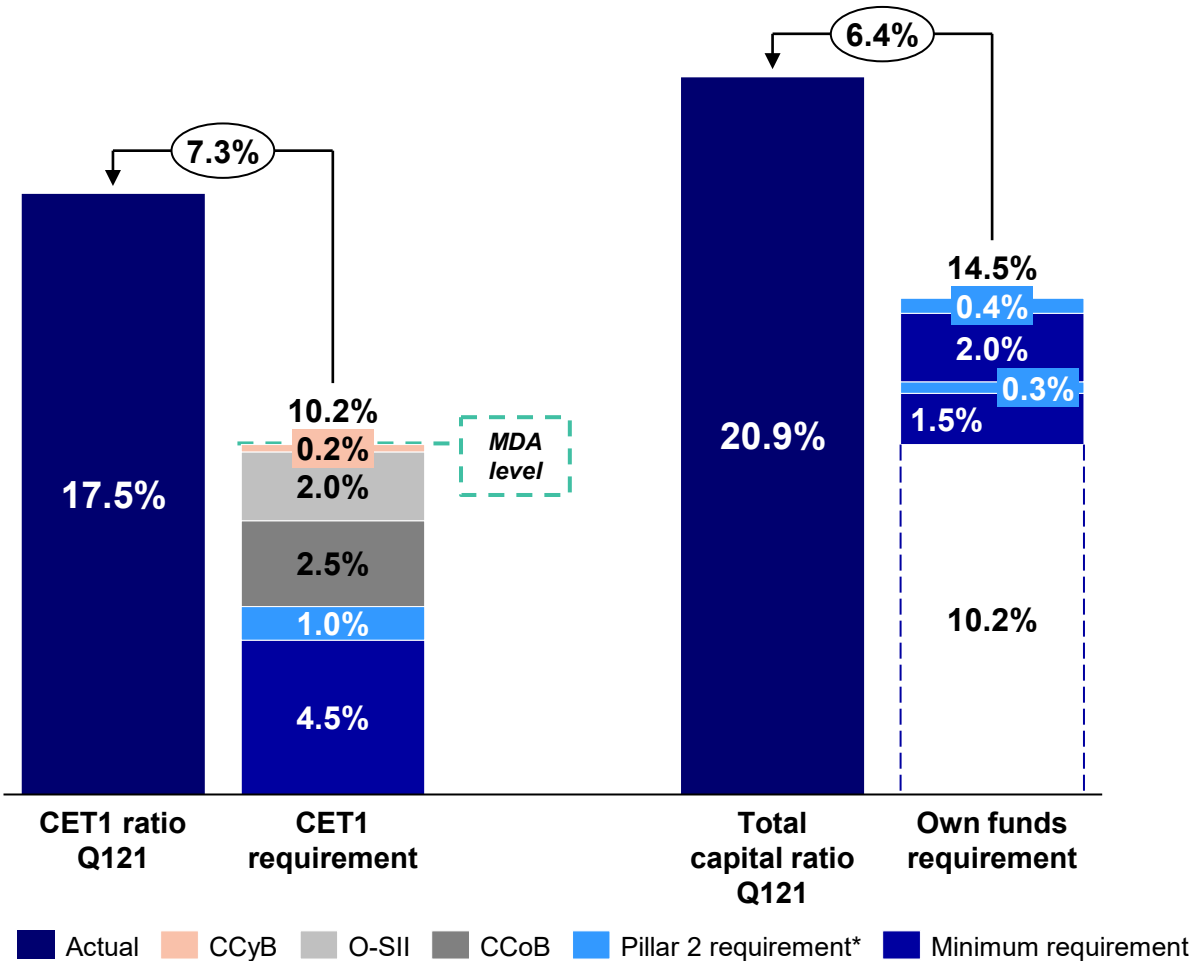


Comments

- CET1 capital ratio 17.5%, 7.3 percentage points above regulatory requirement*
- Risk exposure amount down EUR 1.4bn to EUR 154bn, mainly driven by implementation of structural FX waiver
- CET1 capital up EUR 0.4bn, mainly driven by profit net of dividend
- Plenty of capacity to support customers and distribute capital
- Dividend distribution
 - EUR 0.07 per share distributed by Nordea on 1 March 2021
 - Board of Directors authorised by AGM to decide on dividend payment of maximum EUR 0.72 per share, covering remaining dividend for 2019 and 2020 dividend

Capital – significant buffer above capital requirements

Capital position and requirements



Comments

- CET1 capital ratio 17.5%, 7.3 percentage points above regulatory requirement**
- Capital policy of 150-200bp above the regulatory requirement (MDA level)
- CET1 buffer of 7.3 percentage points equivalent to buffer of EUR 11.2bn
- CET1 requirement lowered by ~2.9 percentage points since 1 January 2020

* Total Pillar 2 Requirement of 1.75% of which 0.98% in CET1, 0.33% in AT1 and 0.44% in Tier 2 capital
** As of Q1 2021, 0.9 percentage points of the CET1 buffer is being used to fulfil the AT1/Tier 2 capital requirement

Significant investments in financial crime prevention

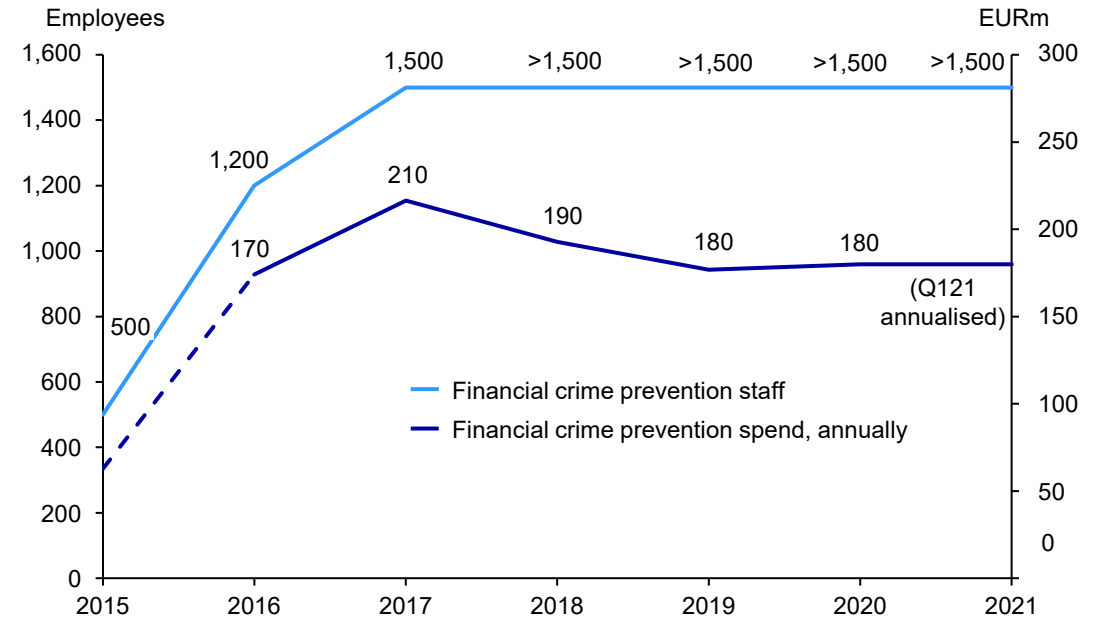
Actions against money laundering

- We collaborate closely with all relevant authorities, including law enforcement and regulators, and encourage even closer collaboration on multiple levels, as financial crime knows no borders
- Significantly strengthened financial crime defence; more than EUR 900m spent since 2016
- Around two billion transactions annually subject to hundreds of different monitoring scenarios, resulting in hundreds of thousands of alerts, leading to thousands of Suspicious Activity Reports (SARs) filed with the relevant authorities
- More than 1,500 employees dedicated to working on prevention of financial crime – 12,000 employees in direct contact with our customers regularly trained to identify signs of financial crime

AML topics

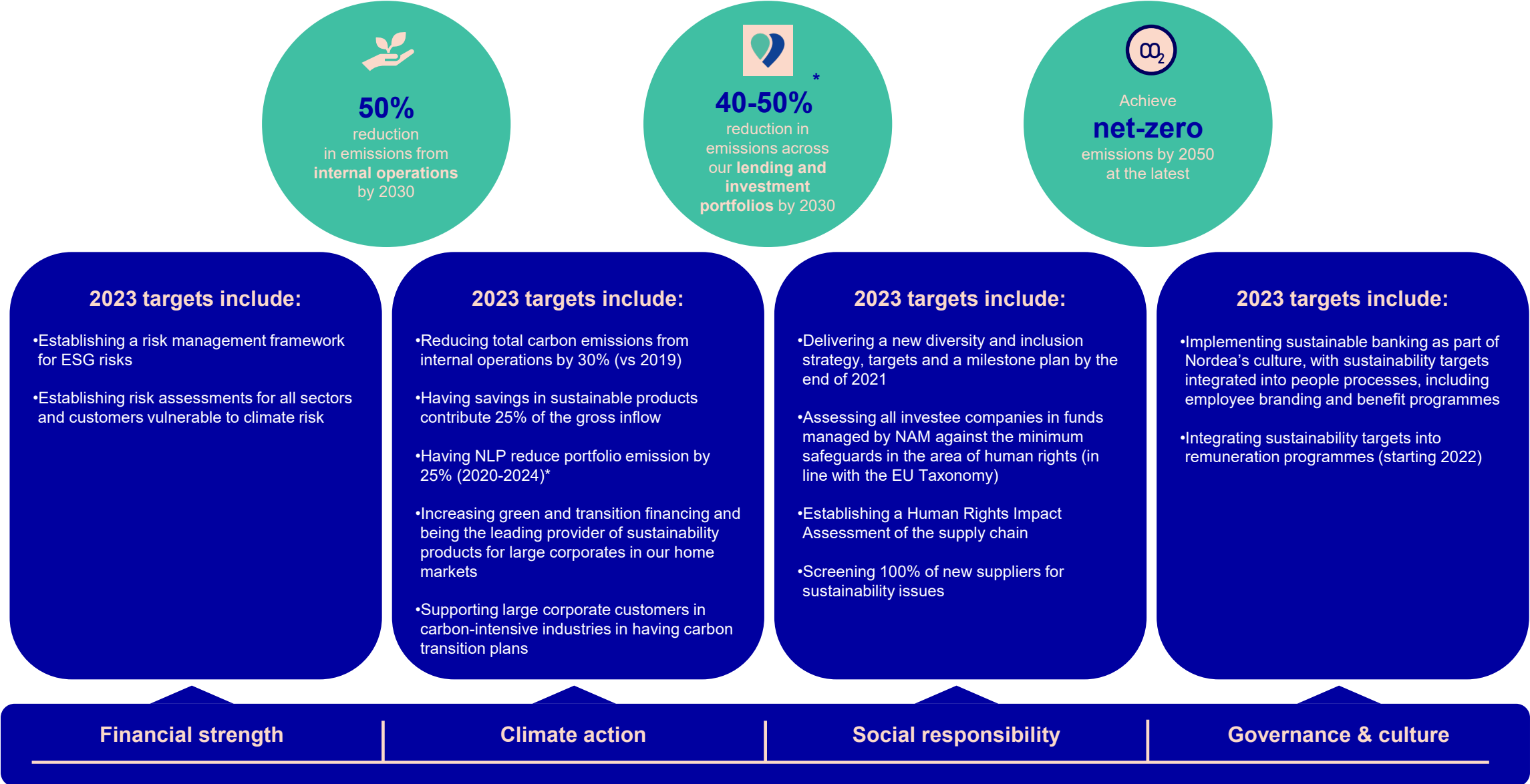
- The Danish FSA inspected our AML processes in 2015 and handed their findings over to the Danish Public Prosecutor in 2016. The investigation has not yet concluded
 - The Danish investigation partly covers topics such as the 'troika laundromat', which is a complex of allegations globally, that has been covered by the media
- Provision of EUR 95m in Q1 2019 related to past weak AML processes
 - Given the uncertainty regarding possible fines, the level of provision for ongoing AML-related matters will be maintained, while continuing the dialogue with Danish authorities

Financial crime prevention spending, annual



- In October 2018, Hermitage Capital filed money laundering allegations with all Nordic regulators. Finnish, Norwegian and Swedish authorities stated that no formal investigations would be opened
- Regarding the media attention around leaked documents related to financial crime prevention, Nordea conducted/responded to a number of reviews of customers and transactions raised in earlier public reports and leaks related to financial crime – the vast majority of names covered in media reports were already known to the bank and did not constitute new information

Sustainability– 2023 targets and long-term climate objectives for 2030 and 2050



Sustainability focus across the Group

Sustainability business development

Nordic corporate sustainable bonds 2020

#1

Nordic sustainability linked loans 2020

Total AuM in ESG products

EUR 166bn

in Q1 2021

+5%

QoQ

Green bond asset portfolio

EUR 2.9bn

In August 2020

Mortgages with green collateral, volumes

EUR 414m

in Q1 2021

+18%***

QoQ

Comments

- Corporate Knights 2021 Global 100 index of world's 100 most sustainable corporations
- Nordea Invest European Stars awarded best in the category European Equities in Denmark by Morningstar
- Nordea Asset Management won the 'ESG engagement initiative of the year' prize in the 2020 Sustainable Investment Awards
- 60% of funds in article 8 and 9 according to SFDR regulation
- EU Taxonomy enables harmonised mortgage frameworks, however nuanced on national level
- Our client's preference in sustainable finance (Prospera)
 - #1 Sustainable Bonds Advisory, Finland 2020
 - #1 Sustainable Bonds Advisory for FIG, Sweden/Norway 2020
 - #1 Sustainability Advisor, Norway/Denmark 2021
 - Bookrunner and Sustainability Structurer on the first ever Nordic Sustainability-Linked Bond, and first ever Global shipping Sustainability-Linked Bond (Odfjell)
 - #1 leading arranger of Nordic Sustainable Bonds
- EU Taxonomy; engaging with clients to support them in the transition and ensure Nordea's compliance with regulatory and strategic climate targets

Sustainability ratings



Company rating: **C** (A+ to D-)*



ESG score: **21.9** (0 to 100)**

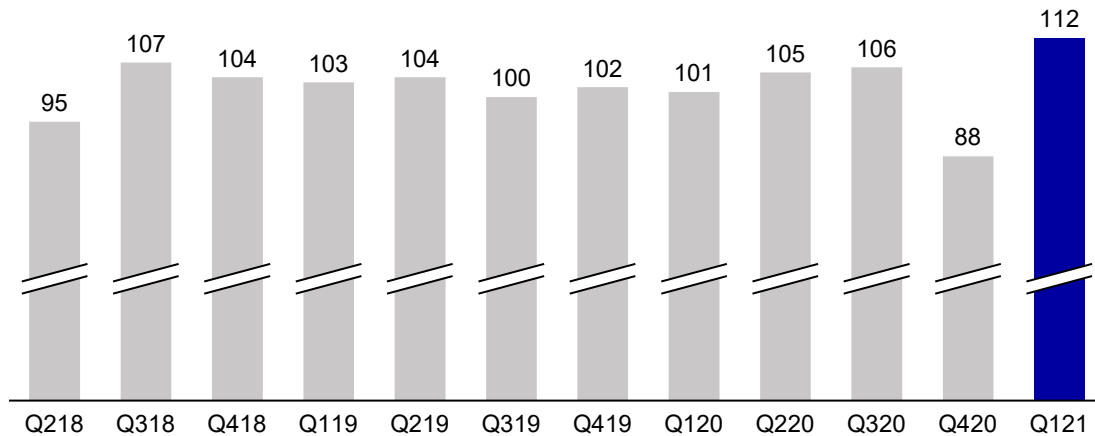


ESG rating: **AA** (AAA to CCC)

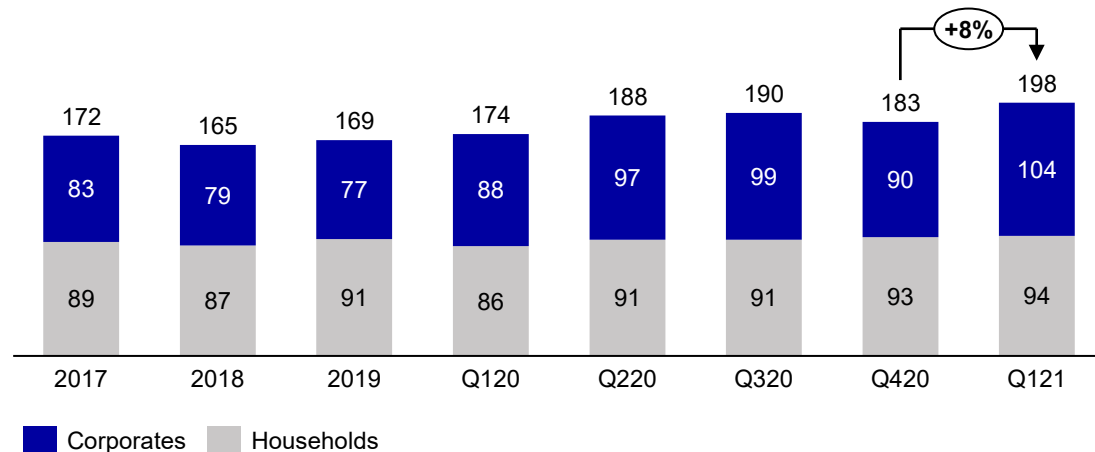
4. Funding

Liquidity – solid position

Liquidity buffer development, EURbn



Deposits*, EURbn

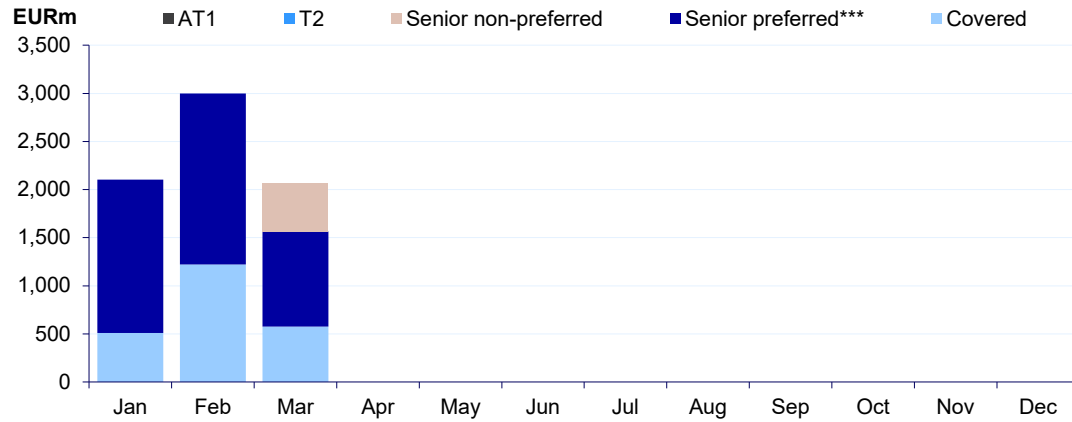


Comments

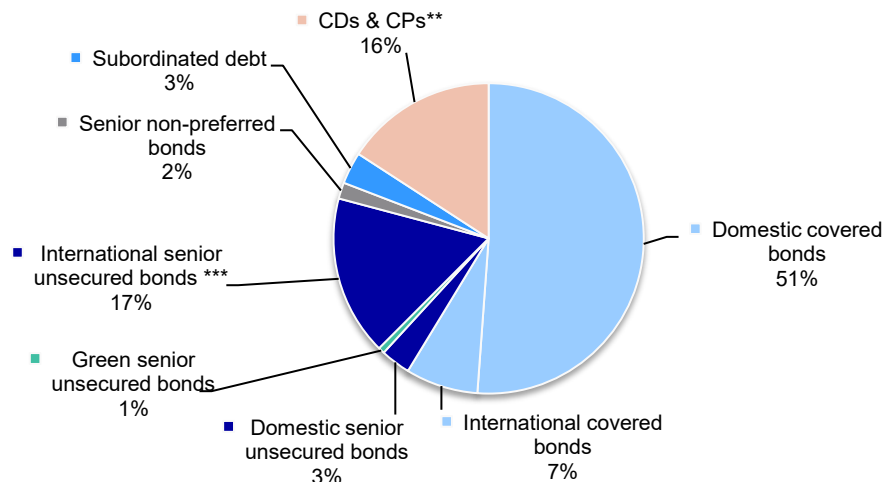
- Robust liquidity position
 - Liquidity buffer over EUR 112bn
 - Liquidity coverage ratio (LCR) 159%
 - EU net stable funding ratio (NSFR) 111%
- Deposits increased 8% in local currencies q/q

Solid funding operations

Long-term issuance 2021*, EURm



Wholesale funding composition, %



Strong funding position

- EUR 7.2bn in long-term debt issued during Q1 2021
 - Of which EUR 2.3bn covered bonds and EUR 4.9bn senior format
- EUR 189bn outstanding in total wholesale funding
- Long-term funding 75% of total funding at end of Q1 2021
- Ordinary funding supplemented by TLTRO III participation

Issuance plan 2021

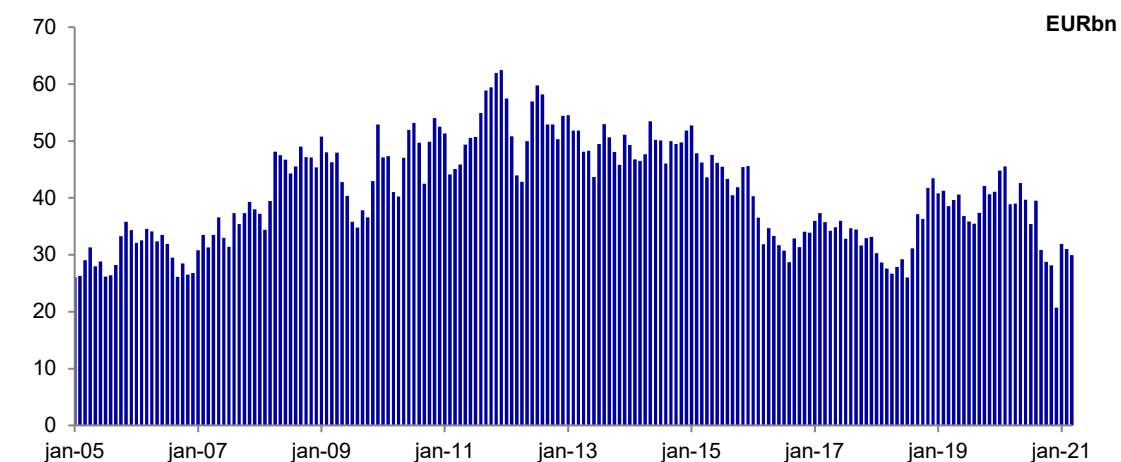
- ~EUR 20bn issuance plan for 2021
- ~50% expected to be issued in domestic markets, primarily in covered bond format
- Estimated target for total senior non-preferred debt ~EUR 10bn by end of 2023
 - EUR 3.2bn issued so far

Short-term funding – prudent and active management

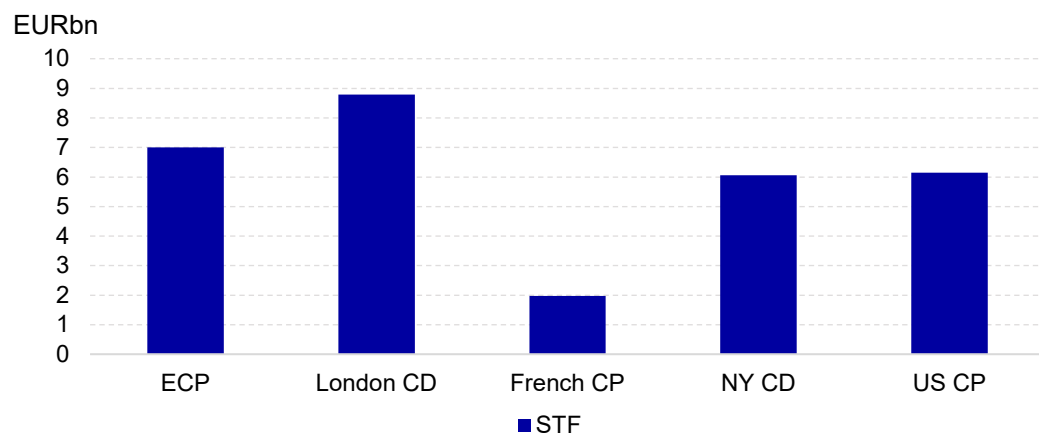
Comments

- Issuance and pricing levels maintained in both US and Europe
- Active issuance long-dated (>1 year) short-term funding out of both US and Europe
- Well-diversified global investor base
- Niche contribution from each program
- Total outstanding short-term funding in range of EUR 22.1-34.8bn during Q1 2021
- Short-dated issuance remains attractive funding component for Group

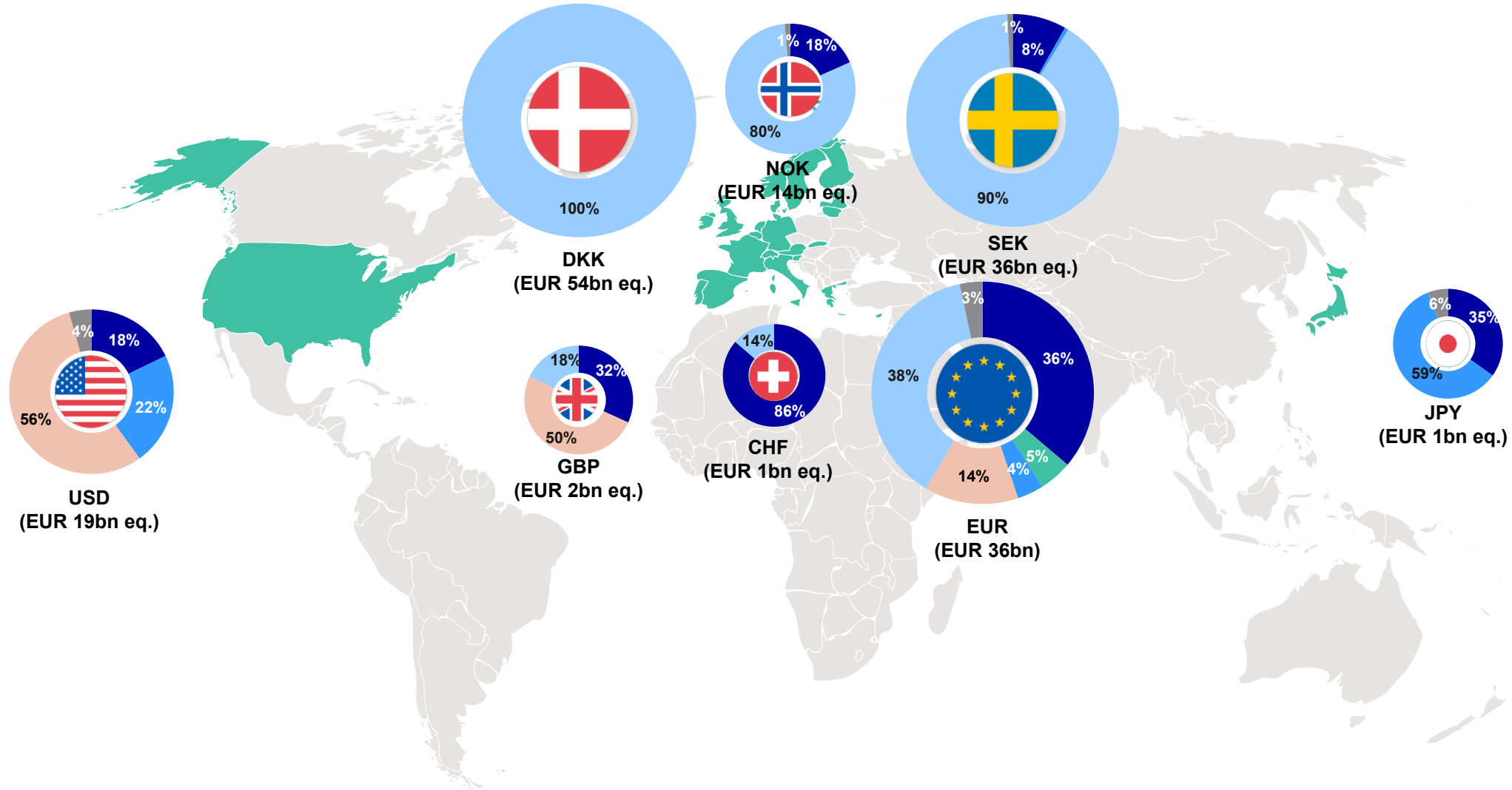
Short-term issuance*, EURbn



Split between programmes*, EURbn



Long-term funding – Nordea’s global issuance platform



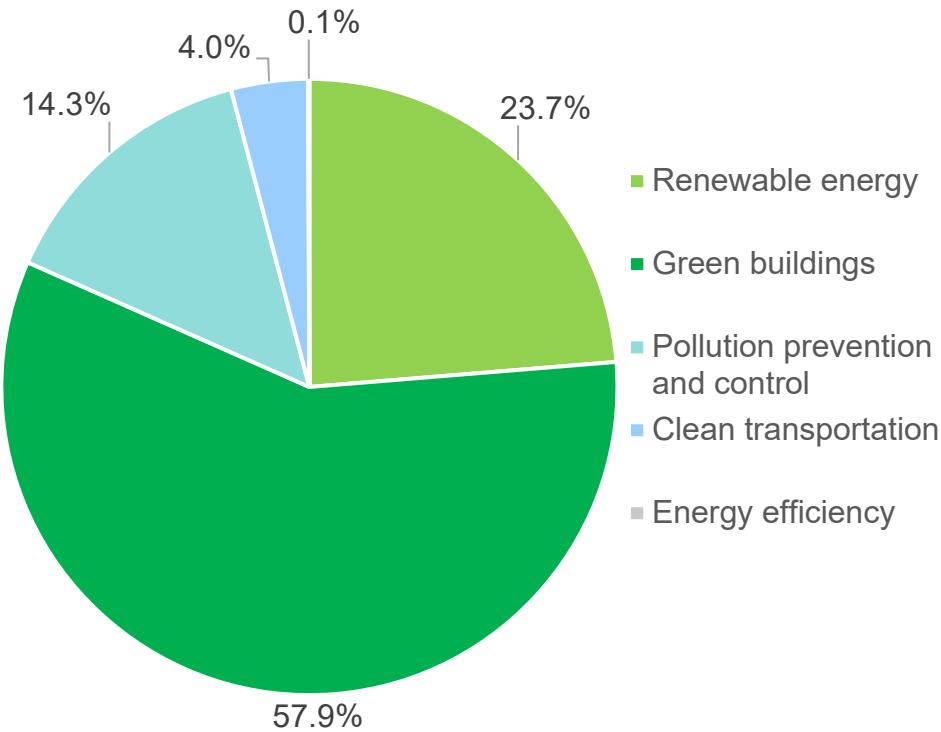
■ Covered bonds ■ Senior preferred ■ Green senior ■ Senior non-preferred ■ CDs > 1 year ■ Capital instruments

Green bonds

Enhanced focus on green bonds

- 2017: Green Bond Framework established and inaugural green senior preferred bond of EUR 500m issued with 5-year maturity
- May 2019: second green senior preferred bond issued (EUR 750m with 7-year maturity)
- March 2021: inaugural green senior non-preferred bond of EUR 500m launched with 10-year maturity
- November 2019: Danish green covered bond launched
- August 2020: Green Bond Framework update completed, including a change in the allocation of proceeds from bond level to portfolio level, whereby the proceeds from any given green bond issuance will be allocated across the entire green bond asset portfolio
- The externally-reviewed green bond asset portfolio grew to EUR 2.9bn in August 2020. The updated composition of the portfolio and the most recent second party opinion are available on Nordea's website
- Nordea aims to continue as a relevant issuer of green bonds and become the leading arranger of sustainability bonds and the leading bank for green lending in the Nordics by 2021

Green bond asset portfolio



Sustainability ratings



Company rating: **C** (A+ to D-)*



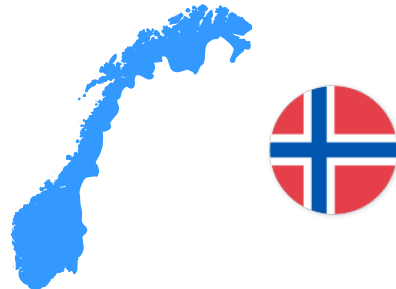
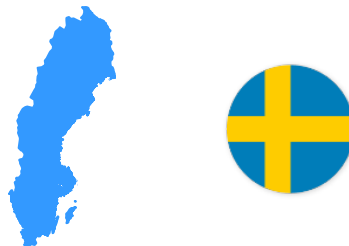


ESG score: **21.9** (0 to 100)**



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

Nordea covered bond operations

















Q1 2021

	Nordea Eiendomskreditt	Nordea Hypotek	Nordea Kredit	Nordea Mortgage Bank	
Four aligned covered bond issuers with complementary roles					
	Legislation	Norwegian	Swedish	Danish	Finnish
	Cover pool assets	Norwegian residential mortgages	Swedish residential mortgages primarily	Danish residential & commercial mortgages	Finnish residential mortgages primarily
	Cover pool size	EUR 17.7bn (eq.)	EUR 59.1bn (eq.)	Balance principle	EUR 23.2bn
	Covered bonds outstanding	EUR 12.9bn (eq.)	EUR 41.2bn (eq.)	EUR 59.1bn (eq.)*	EUR 21.0bn
	OC	37%	44%	8%*	10%
	Issuance currencies	NOK	SEK	DKK, EUR	EUR, GBP
	Rating (Moody's / S&P)	Aaa/ -	Aaa / -	- / AAA	Aaa / -

- Covered bonds are an integral part of Nordea's long term funding operations
- Issuance in Scandinavian and international currencies
- ECBC Covered Bond Label on all Nordea covered bond issuance

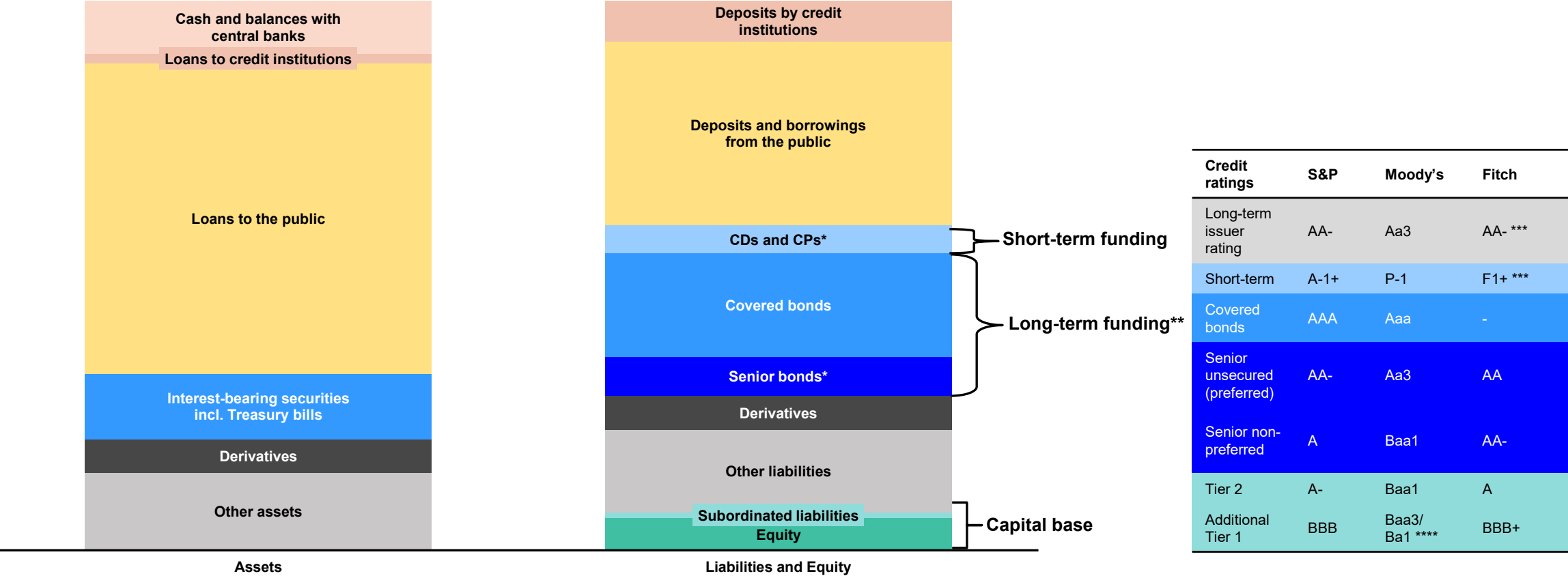


Nordea recent benchmark transactions

Issuer	Type	Currency	Amount (m)	FRN / Fixed	Issue date	Maturity date	Callable
Nordea Bank	Additional Tier 1	 USD	1,250	Fixed	Mar-19	Mar-26	PerpNC7
Nordea Eiendomskreditt*	Covered	 NOK	1,500	Fixed	May-19	May-26	
Nordea Mortgage Bank	Covered	 EUR	1,000	Fixed	May-19	May-27	
Nordea Bank	Senior preferred, Green	 EUR	750	Fixed	Jun-19	Jun-26	
Nordea Eiendomskreditt*	Covered	 NOK	7,500	FRN	Jan-20	Mar-25	
Nordea Hypotek*	Covered	 SEK	5,500	Fixed	Feb-20	Sep-25	
Nordea Bank	Senior preferred	 EUR	1,250	Fixed	May-20	May-27	
Nordea Bank	Senior preferred	 SEK	1,000/500	Fixed/FRN	May-20	May-23	
Nordea Bank	Senior preferred	 NOK	4,000	FRN	May-20	May-25	
Nordea Bank	Senior preferred	 CHF	200	Fixed	May-20	May-26	
Nordea Bank	Senior preferred	 USD	1,000	Fixed	Jun-20	Jun-23	
Nordea Bank	Senior preferred	 USD	1,000	Fixed	Aug-20	Aug-25	
Nordea Eiendomskreditt	Covered	 NOK	6,000	FRN	Sep-20	Sep-25	
Nordea Hypotek*	Covered	 SEK	5,500	Fixed	Feb-21	Sep-26	
Nordea Bank	Senior non-preferred, Green	 EUR	500	Fixed	Mar-21	Mar-31	
Nordea Eiendomskreditt	Covered	 NOK	6,000	FRN	Apr-21	Mar-26	

Diversified balance sheet

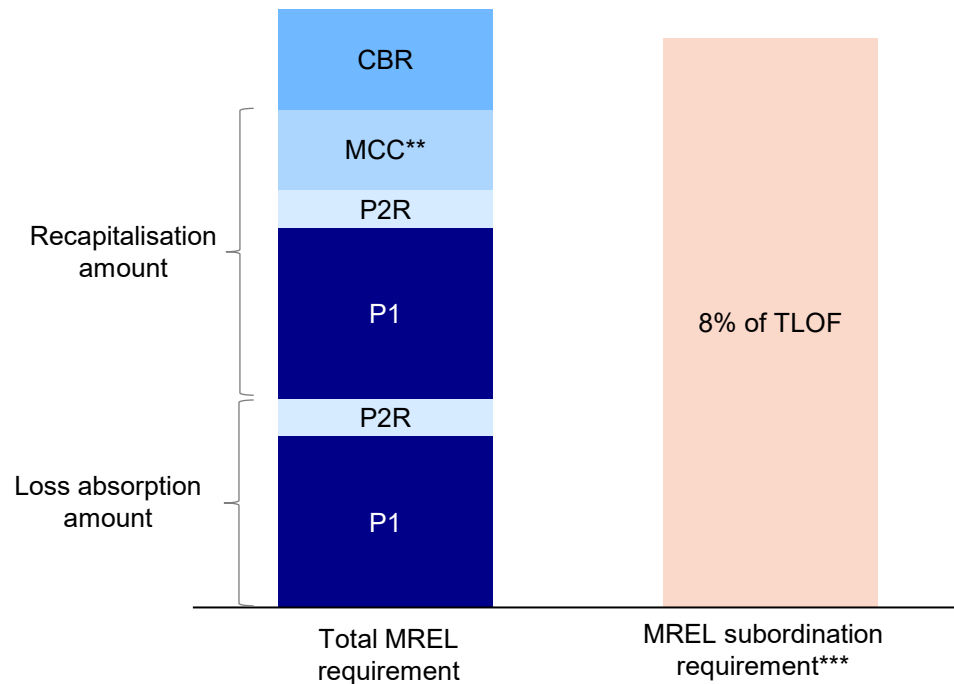
Total assets EUR 591bn at end of Q1 2021



36 * CDs and CPs exclude CDs with original maturity over one year. Senior bonds include CDs with original maturity over one year
 ** Excluding subordinated liabilities
 *** Negative outlook
 **** Unsolicited ratings

MREL requirements

Single Resolution Board (SRB) new MREL policy*



Nordea total MREL requirement

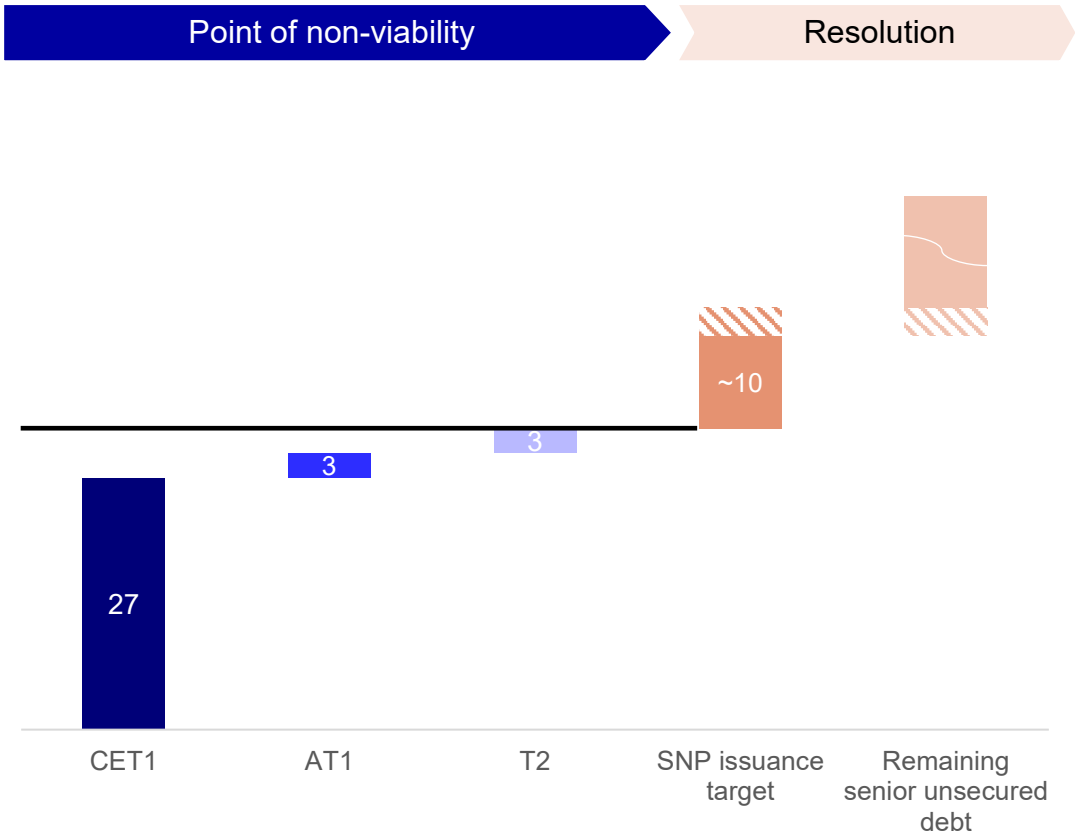
- Current total MREL requirement 8% of TLOF
- Eligible instruments: own funds, senior non-preferred (SNP) and senior preferred (SP) debt

Nordea MREL subordination requirement

- MREL subordination requirement expected during Q2 2021 based on SRB's new MREL policy
- Eligible instruments: own funds and SNP
- MREL subordination requirement will drive SNP needs

Senior non-preferred issuance plan

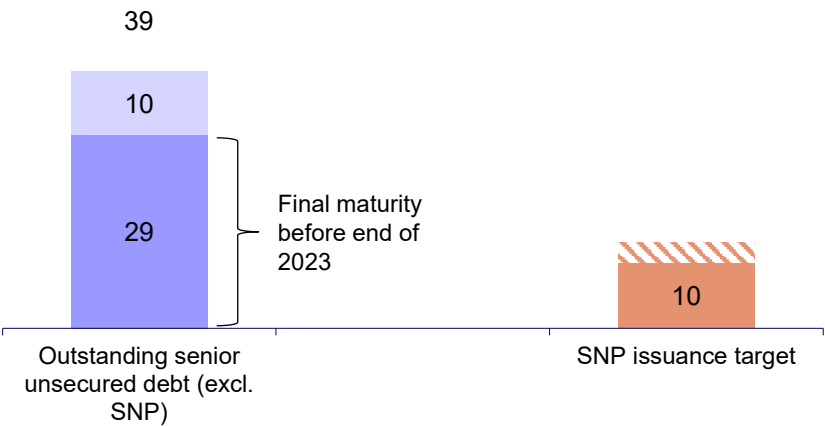
Own funds and bail-in-able debt, EURbn



Comments

- Total SNP issuance target remains unchanged at approximately EUR 10bn* by end of 2023
 - EUR 3.2bn issued so far
- SNP issuance plan to be reviewed during Q2 2021 in connection with SRB decision on Nordea MREL subordination requirement
- Nordea’s own funds of ~EUR 32bn** to rank junior to SNP investors

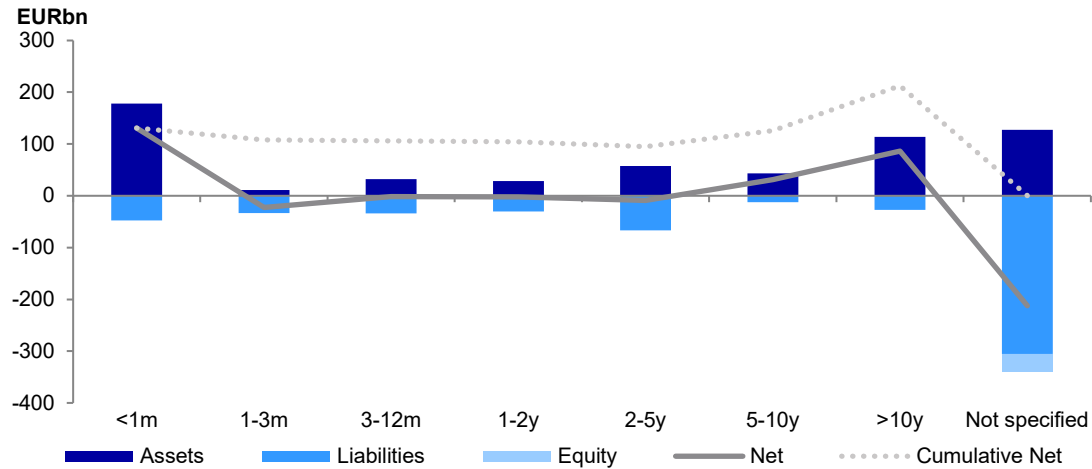
Senior unsecured for refinancing, EURbn



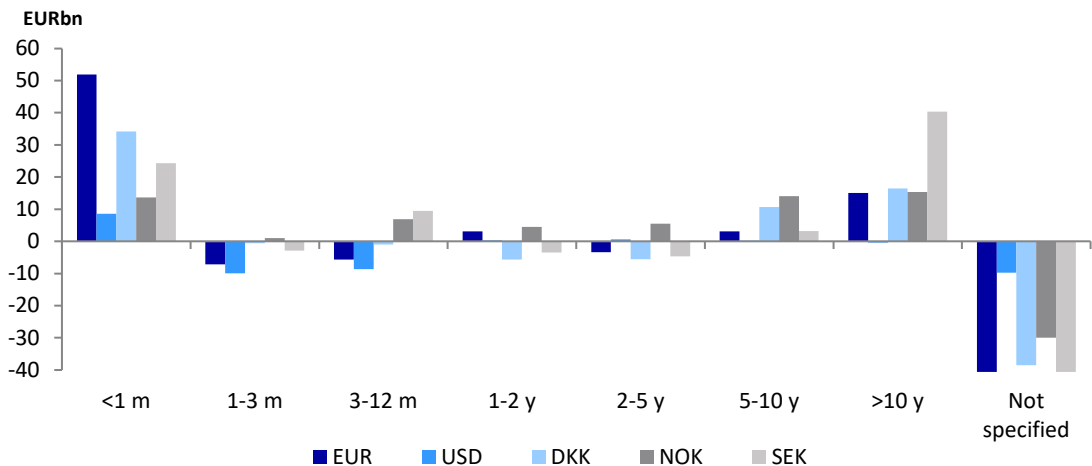
38 * EUR 10bn does not include refinancing of the matured amount
** Excluding amortised Tier 2

Maturity profile

Maturity profile, EURbn



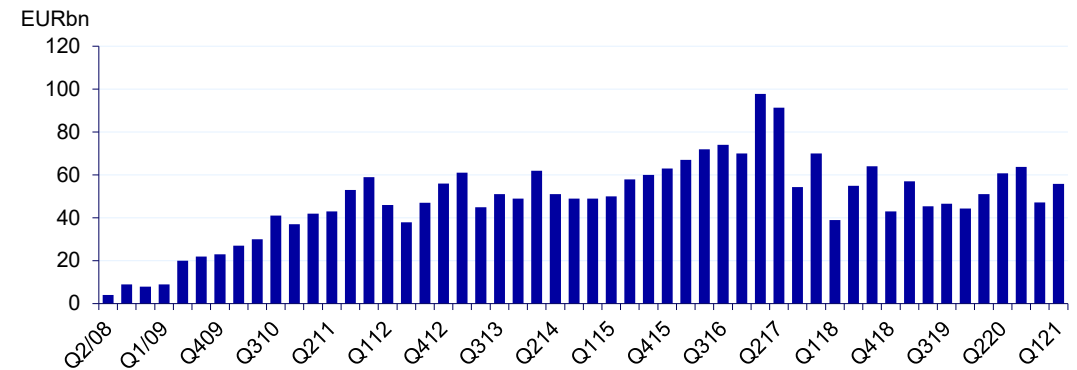
Maturity gap by currency, EURbn



Comments

- Over past couple of years balance sheet maturity profile has become more balanced due to:
 - Lengthening of issuance through balance sheet management
- Resulting in a well-balanced structure in assets and liabilities in general, and by currency
 - Structural liquidity risk similar across all currencies
- Balance sheet considered well balanced also in foreign currencies
- Long-term liquidity risk managed through Net Stable Funding Ratio (NSFR) and own metric, Net Balance of Stable Funding (NBSF)

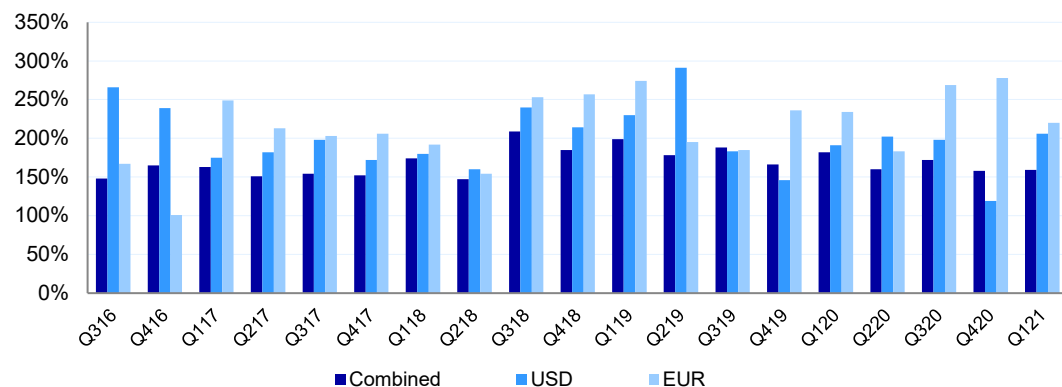
Net Balance of Stable Funding, EURbn



The NBSF is an internal metric, which measures the excess of stable liabilities against stable assets. At the beginning of 2012 the stability period was changed into 12 month (from 6 months). In Q3 2017 the data sourcing was updated and classifications are now in line with the CRR

Liquidity coverage ratio

Liquidity coverage ratio, %



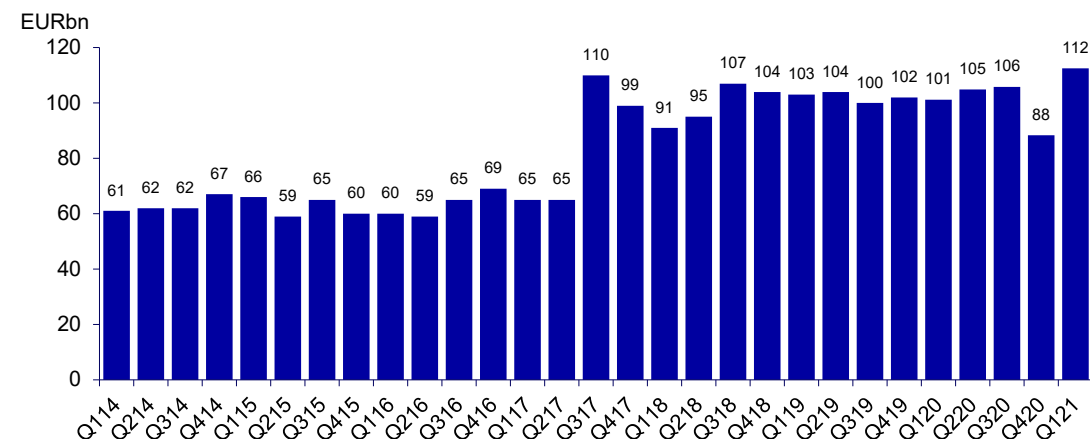
LCR subcomponents, EURbn

EURm	Combined		USD		EUR	
	Unweight ed value	Weighted value	Unweighte d value	Weighted value	Unweighte d value	Weighted value
Total high-quality liquid assets (HQLA)	112,464	110,175	24,318	24,266	38,954	38,858
Liquid assets level 1	109,106	107,320	23,982	23,981	38,636	38,588
Liquid assets level 2	3,358	2,854	336	286	318	270
Total cash outflows	361,788	82,390	52,772	33,463	135,482	44,327
Customer deposits	100,262	6,624	279	41	33,149	2,262
Wholesale funding	135,863	57,793	23,914	13,864	40,151	15,161
Other	125,662	17,973	28,578	19,558	62,182	26,903
Total cash inflows	41,698	13,014	22,343	21,682	39,355	26,668
Secured lending (e.g. reverse repos)	23,822	1,707	44	23	10,699	163
Other cash inflows	17,876	11,307	22,299	21,658	28,657	26,505
Liquidity coverage ratio (%)		159%		206%		220%

Comments

- EBA Delegated Act LCR in force starting from October 2016
 - LCR of 159%
 - LCR compliant in USD and EUR
- Compliance reached through high-quality liquidity buffer and management of short-term cash flows
- Liquidity buffer EUR 112bn, including cash and central bank balances
 - New liquidity buffer method introduced in July 2017

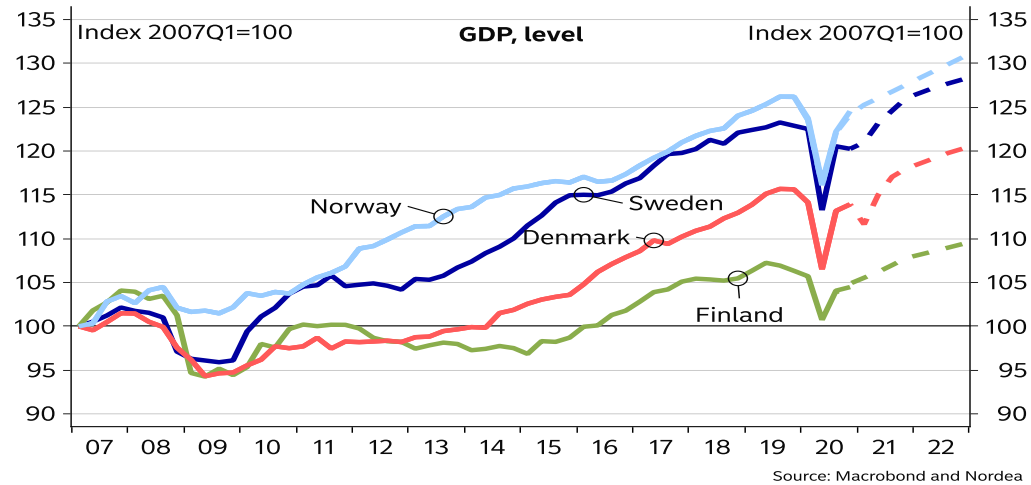
Liquidity buffer, EURbn



5. Macroeconomy

Nordic economies – strong rebound in sight

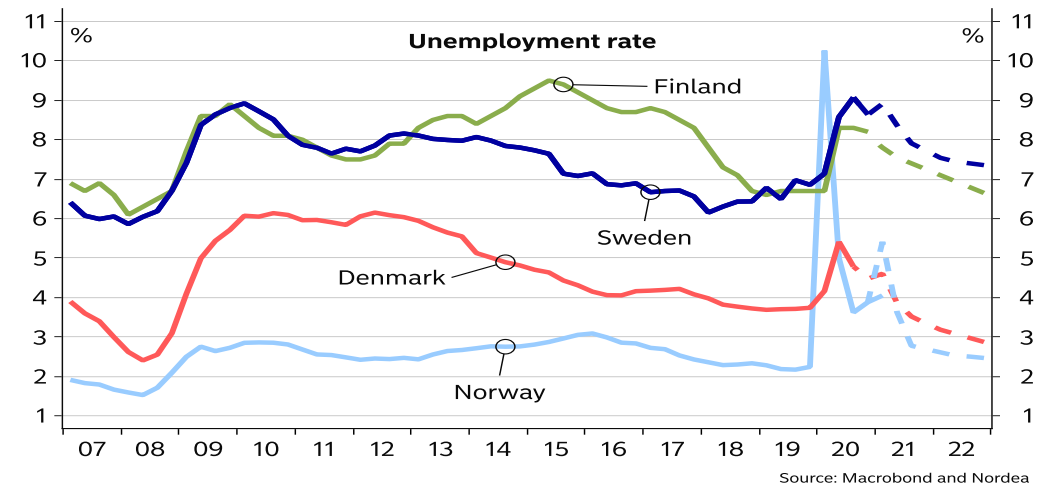
GDP development, %



Comments

- After the dramatic setback in 2020 due to the coronavirus, there appears to be light at the end of the tunnel for 2021
- Vaccines are expected to bring long-awaited relief and the prospect of a return to normal. Nordic households' relatively strong finances pave the way for a broad recovery, as pent-up demand unwinds when restrictions are lifted
- The labour market has shown resilience, largely due to government subsidies such as short-term furloughs. The hard-hit services sector will rebound swiftly, and GDP is expected to reach pre-crisis levels in mid-to-late 2021

Unemployment rate, %

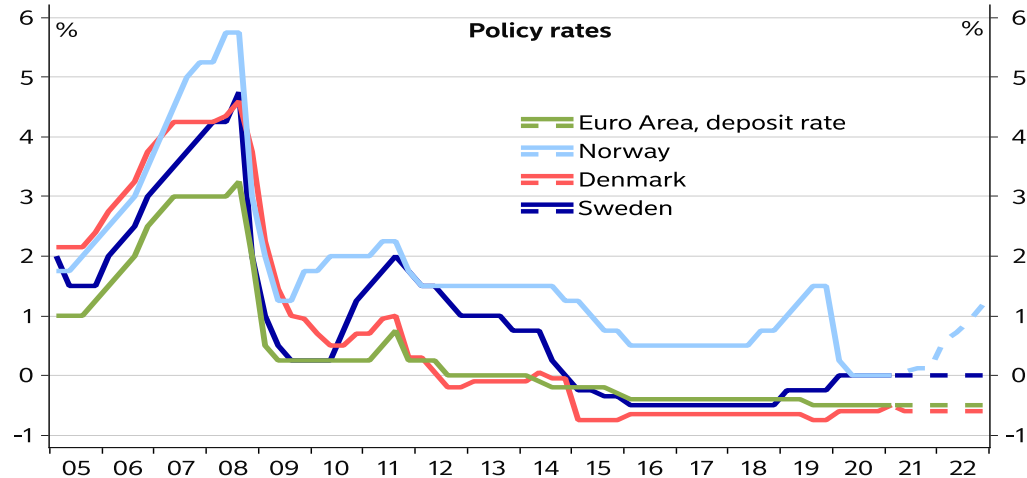


GDP forecasts from Economic Outlook January 2021, %

Country (% y/y)	2020	2021E	2022E
Denmark	-2.7	2.5	3.5
Finland	-2.9	3.0	2.0
Norway	-2.5	2.7	4.3
Sweden	-2.8	4.0	3.0

Nordic rates – Nordics well equipped to handle long-term consequences of COVID-19

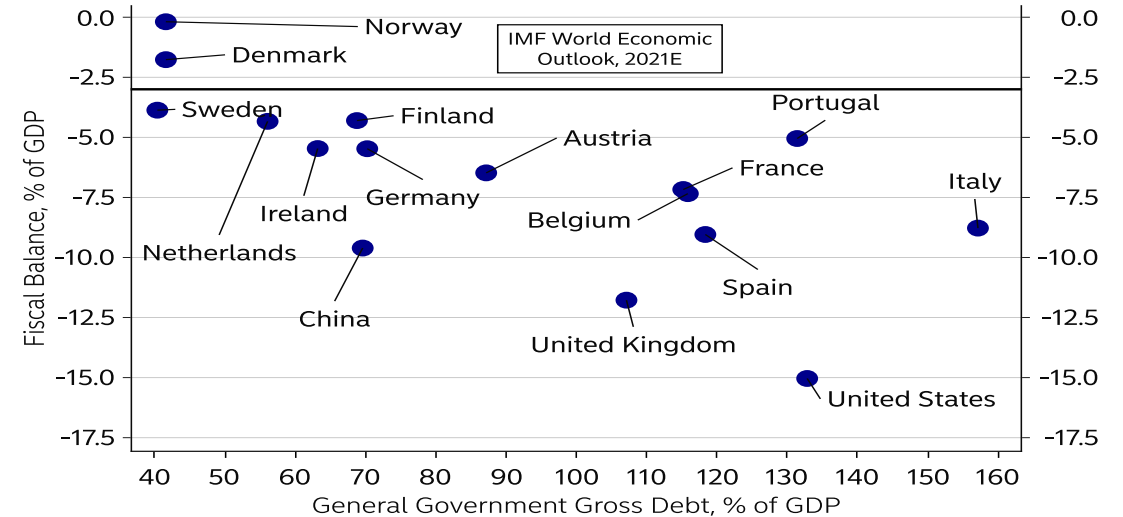
Policy rates, %



Comments

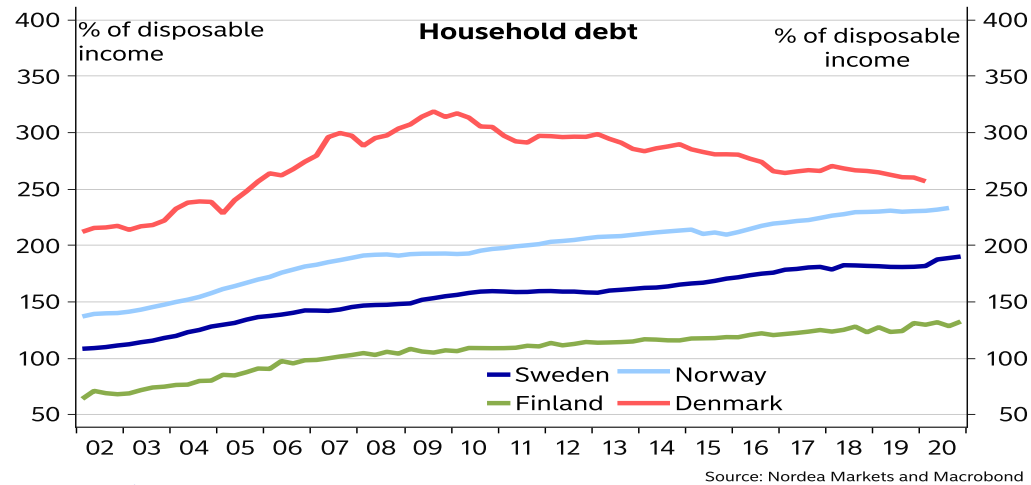
- Norges Bank now expects to start increasing rates in December 2021. However, due to its conservative assumptions regarding the roll-out of vaccines, we expect the bank to raise the policy rate in September. Policy rates in the euro area, Denmark and Sweden are expected to remain unchanged throughout the forecast period
- Sveriges Riksbank and the ECB launched new large-scale asset purchase programmes (QE) as a response to the COVID-19 crisis. The ECB is expected to purchase financial assets corresponding to 7% of euro area GDP in 2021, while Sveriges Riksbank's purchases amount to an expected 8% of Swedish GDP
- Solid public finances prior to 2020 have enabled the Nordic governments to act swiftly during the COVID-19 crisis. Large recovery packages have been announced in 2021 as well as in 2020. Fiscal deficits are expected to narrow this year and approach zero in 2022, except for Finland. The Nordics are relatively well equipped to handle the long-term consequences of the pandemic

Public balance/debt (2021E), %



Households remain resilient

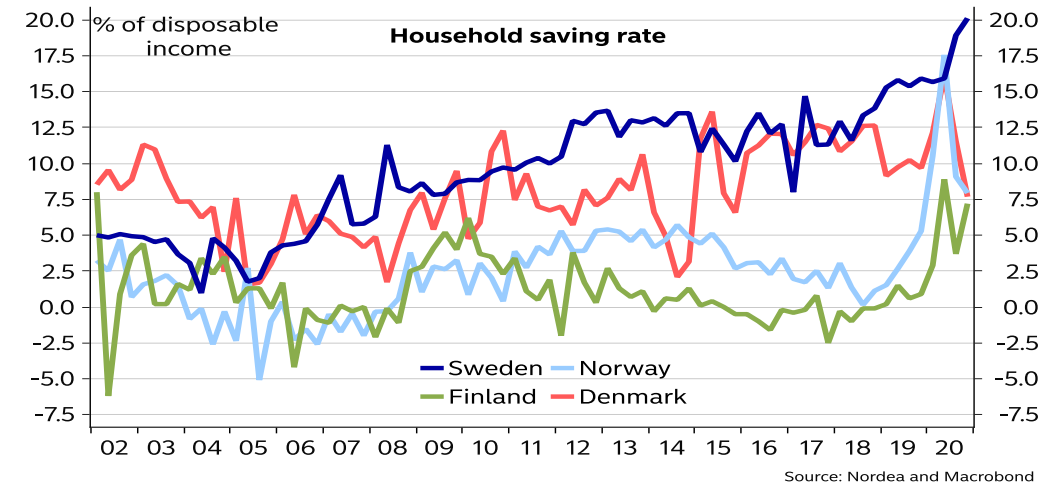
Household debt, %



Comments

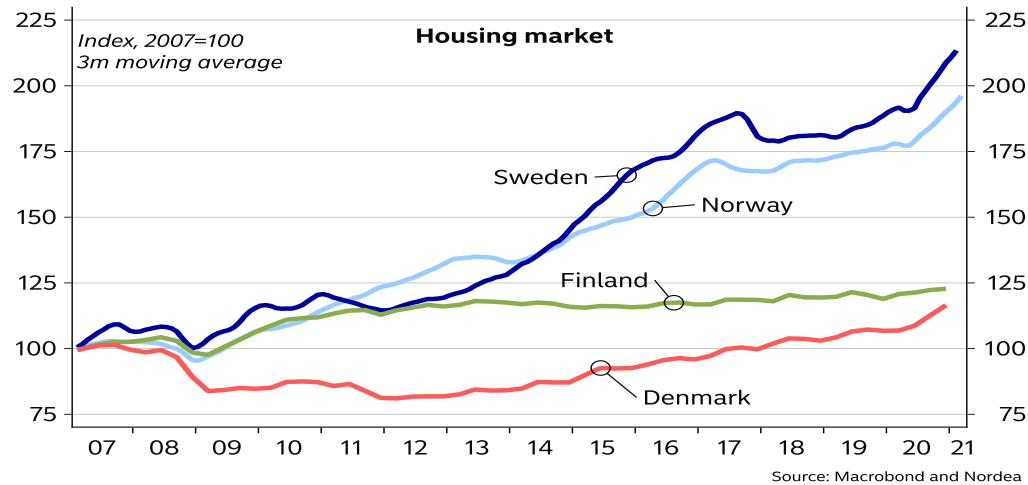
- Household savings have increased dramatically during the crisis, largely due to a decline in spending. Despite high debt levels, Nordic households' strong finances are expected to support economic growth as soon as restrictions are lifted. Low interest rates and economic stimulus continue to support credit growth and the housing market
- Early labour market measures, automatic stabilisers and other measures to stimulate demand have helped to soften the blow to households and businesses. Robust public finances prior to the crisis have increased the credibility of the measures and harsh fiscal tightening is neither needed in the short term nor expected, which is important for income expectations among households

Household savings, %

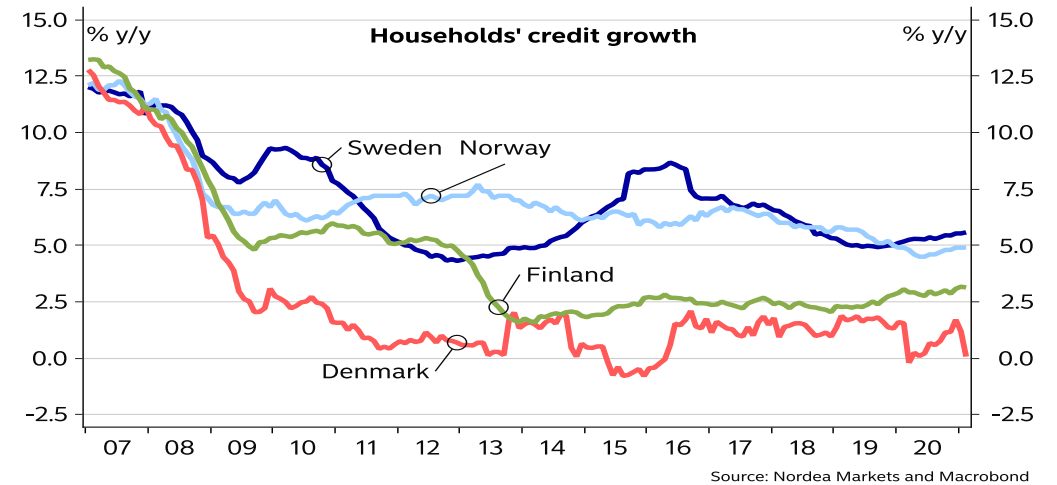


Nordic housing markets heating up

House prices



Households' credit growth



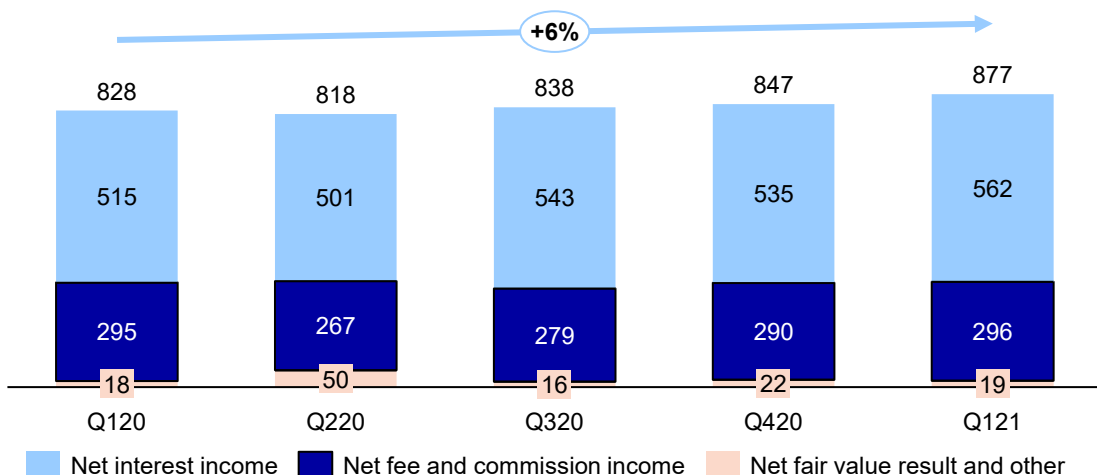
Comments

- Contrary to expectations, house prices have increased to record-high levels in all the Nordic countries during the crisis. This is not least due to the unprecedented expansionary fiscal and monetary policy in support of households and businesses
- The crisis has had a limited effect on those groups in the labour market which are more active in the housing market, while demand has surged due to preferences shifting towards larger homes and single-family homes. At the same time, people's mobility has been severely restricted, causing a sharp decline in the number of homes on the market, which in turn has contributed to driving prices higher
- House prices are expected to continue to rise in all four countries this year and next year. However, interest rates are not likely to go lower, and at some point, the expansionary fiscal policies will come to an end. Moreover, as mobility levels increase, housing supply will increase again. Against this backdrop, the pace of price growth will slow. If the housing market remains in good shape, the economy will as well, so the benign trend in house prices is helping all the Nordic countries to get through the crisis

6. Business areas – update

Personal Banking – continued good growth in business volumes

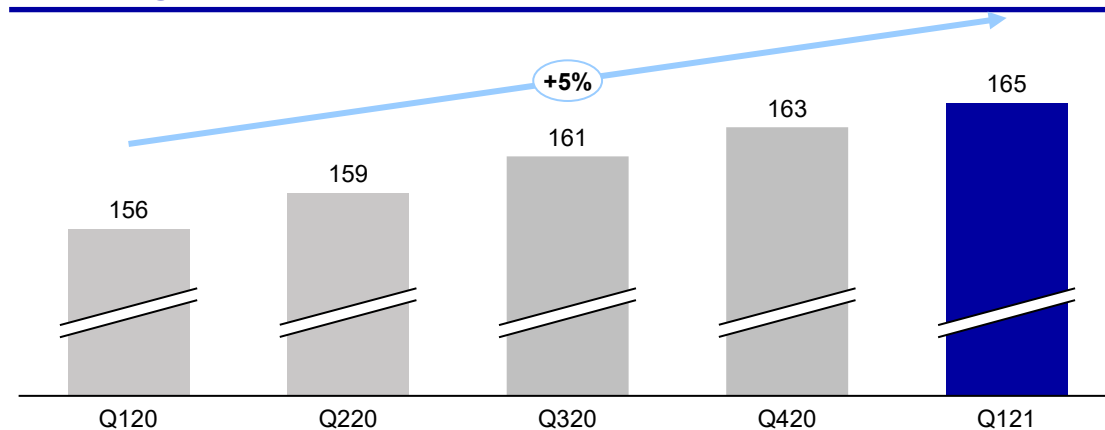
Total income, EURm



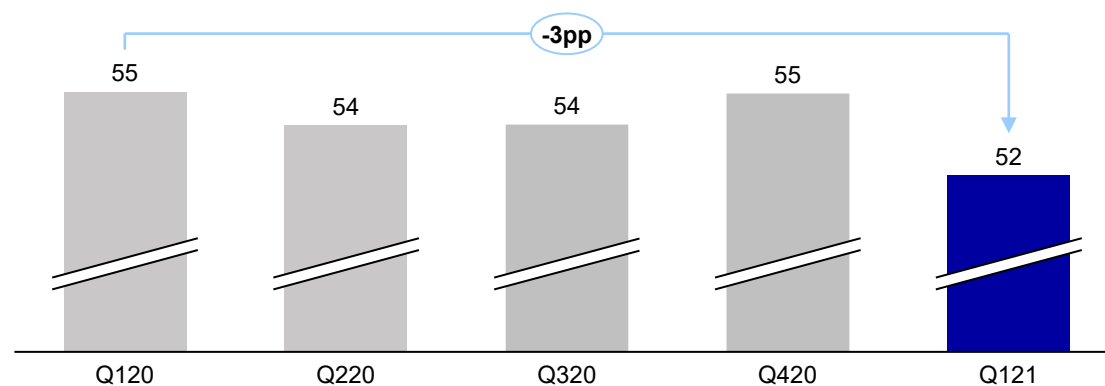
Comments

- Continued good mortgage volume growth across Nordic countries: up 6%*
- Total income up 6%
 - Nordea winning market shares across the Nordics
 - Continued recovery in net fee and commission income; subdued payment and card fee income offset by higher savings income
- Improved cost efficiency: cost-to-income ratio down to 52%

Lending*, EURbn

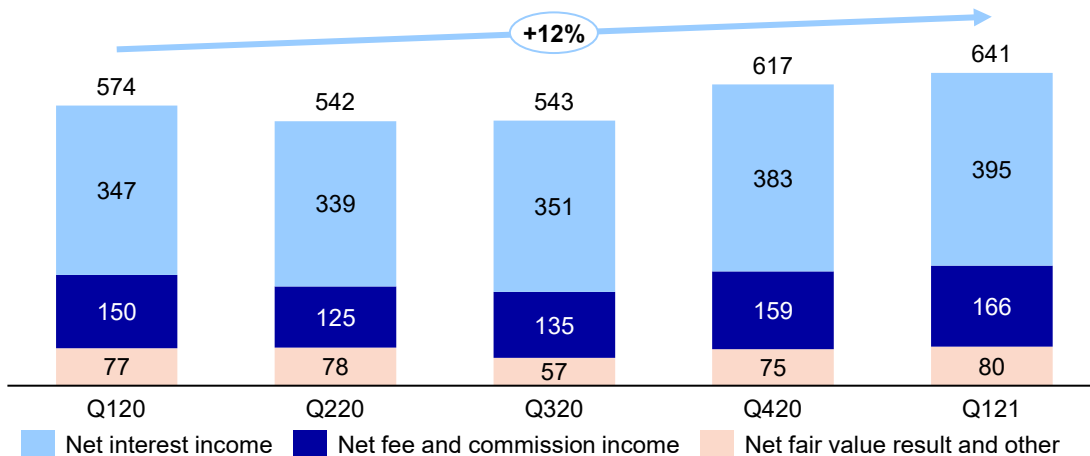


Cost-to-income ratio**, %

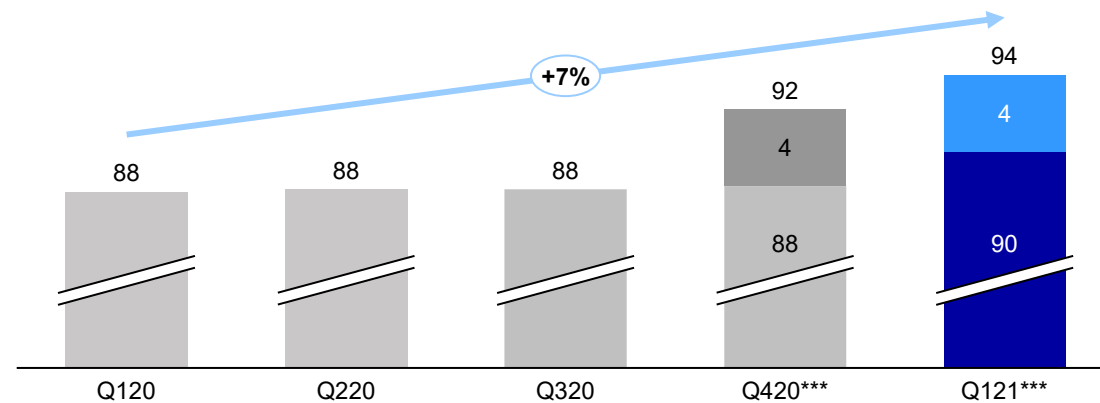


Business Banking – high levels of business activity

Total income, EURm



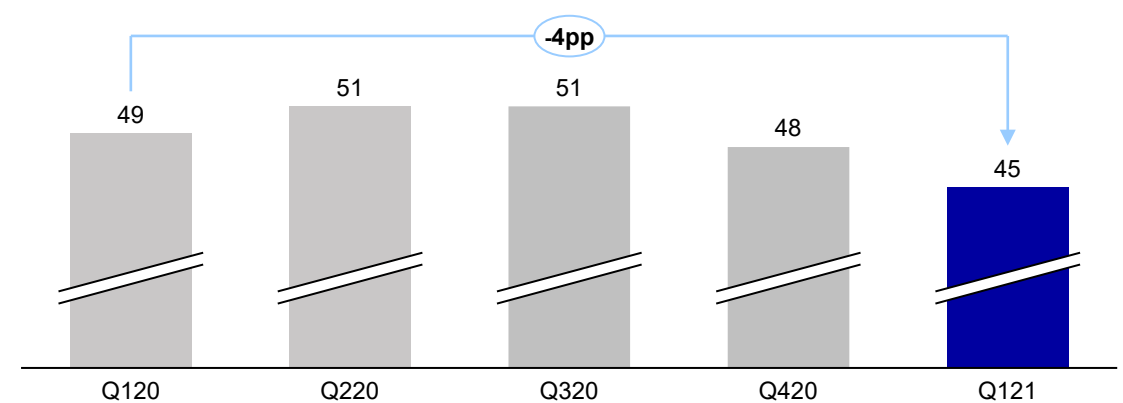
Lending*, EURbn



Comments

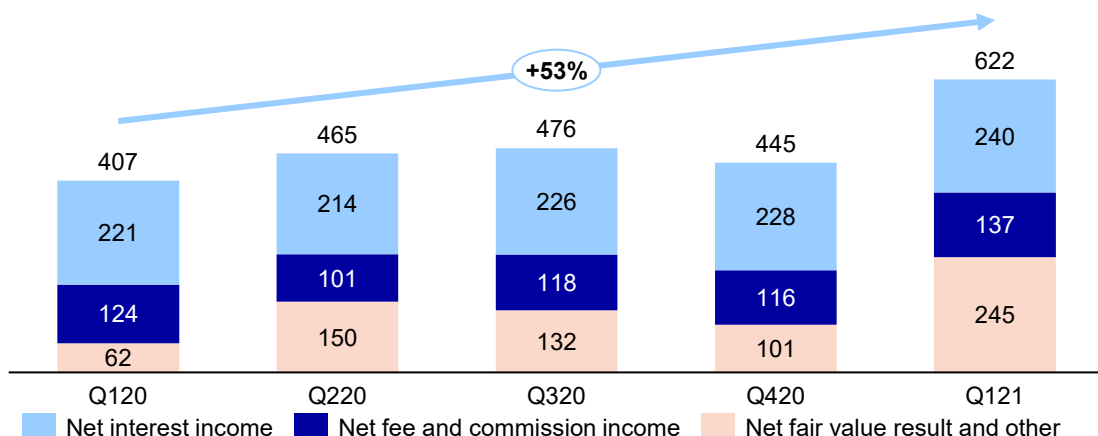
- Strong quarter with continued high levels of business activity
 - Lending volumes up 7%* (3% excluding NFE), with growth in all countries
 - Higher capital markets income partially offset by lower payment fees
 - Higher customer satisfaction
- Improved cost efficiency: cost-to-income ratio down to 45%

Cost-to-income ratio**, %

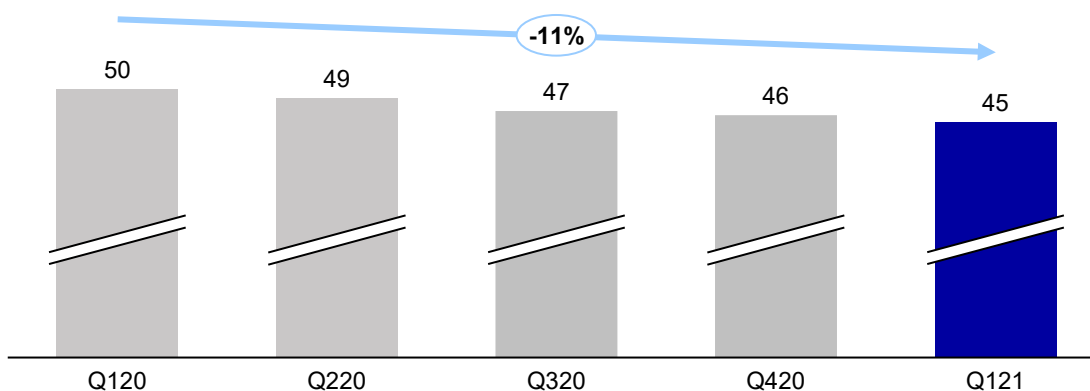


Large Corporates & Institutions – strong progress on strategic repositioning plan

Total income, EURm



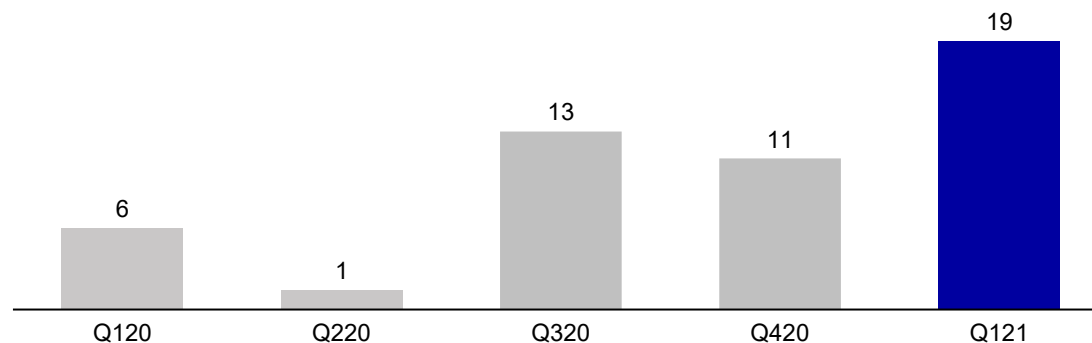
Lending*, EURbn



Comments

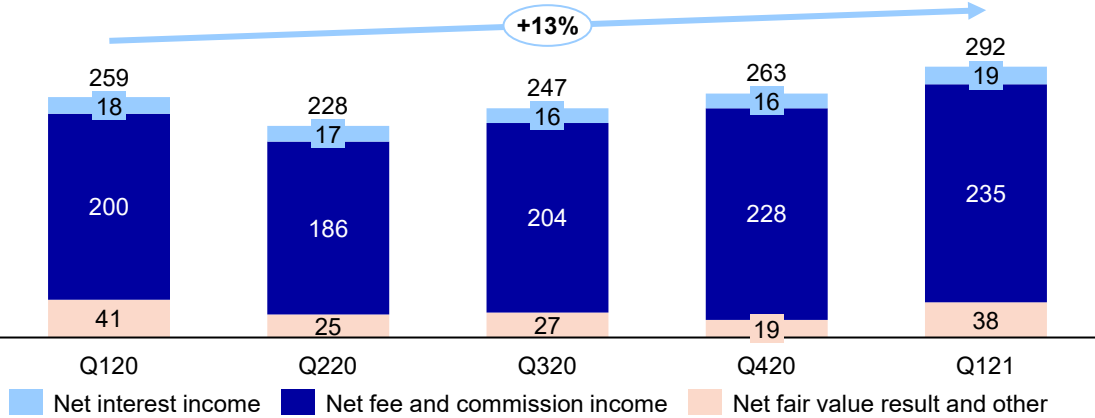
- Total income up 53% – improvements across all income lines
 - Margins higher while total lending down due to repositioning
 - High activity within Investment Banking and Equities
 - NFV driven by high customer activity and strong risk management
- Further capital efficiencies with economic capital down 20% vs last year
- Costs down 2%***
- Improvement in return on capital at risk, now 19%

Return on capital at risk**, %

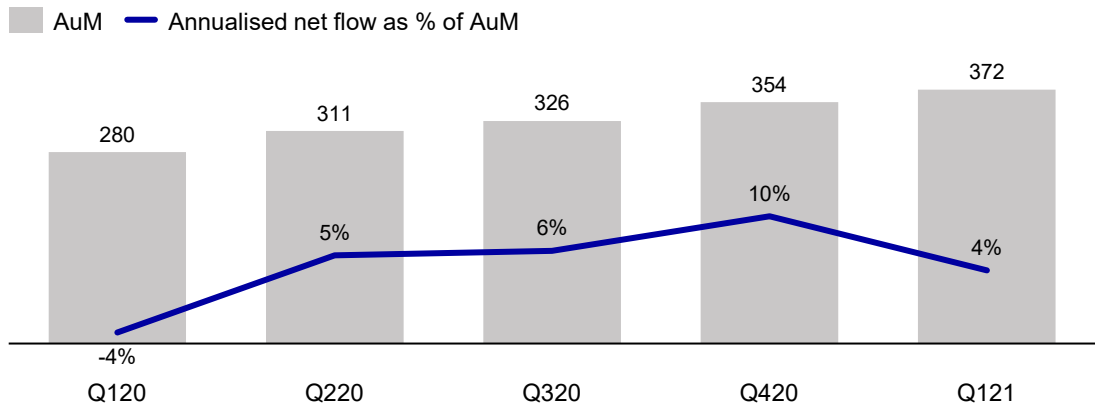


Asset & Wealth Management – record volumes and strong net inflow

Total income, EURm



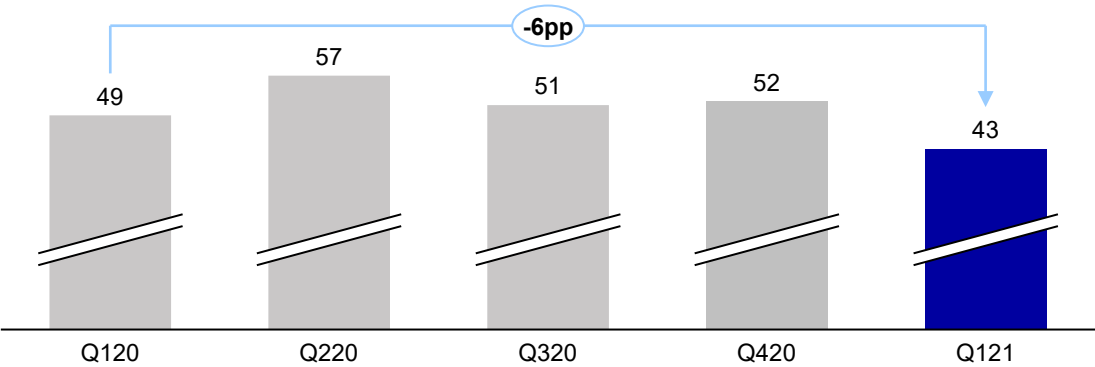
Assets under management, EURbn, and net flows, %



Comments

- Assets under management (AuM) up 33% to all-time high of EUR 372bn
- Net inflow of EUR 3.3bn, with strong contributions from retail funds, Private Banking and Life & Pension
- Continued strong demand for sustainability product offerings
- Customer satisfaction high, especially in Private Banking
- Total income up 13%, mainly driven by AuM increase
- Costs down 3%; improved cost-to-income ratio of 43%

Cost-to-income ratio*, %



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

Maria Caneman

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

Carolina Brikho

IR Officer
Mobile: +46 761 34 75 30
Tel: +46 10 156 29 62
carolina.brikho@nordea.com

Group Treasury

Anders Frank-Læssøe

Group Treasurer, Head of Group Treasury
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 Liquidity Management
Tel: +358 9 369 50510
Mobile: +358 50 68503
jaana.sulin@nordea.com