Nordea

Debt investor presentation Q3 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.

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1. Nordea quarterly update and financial targets

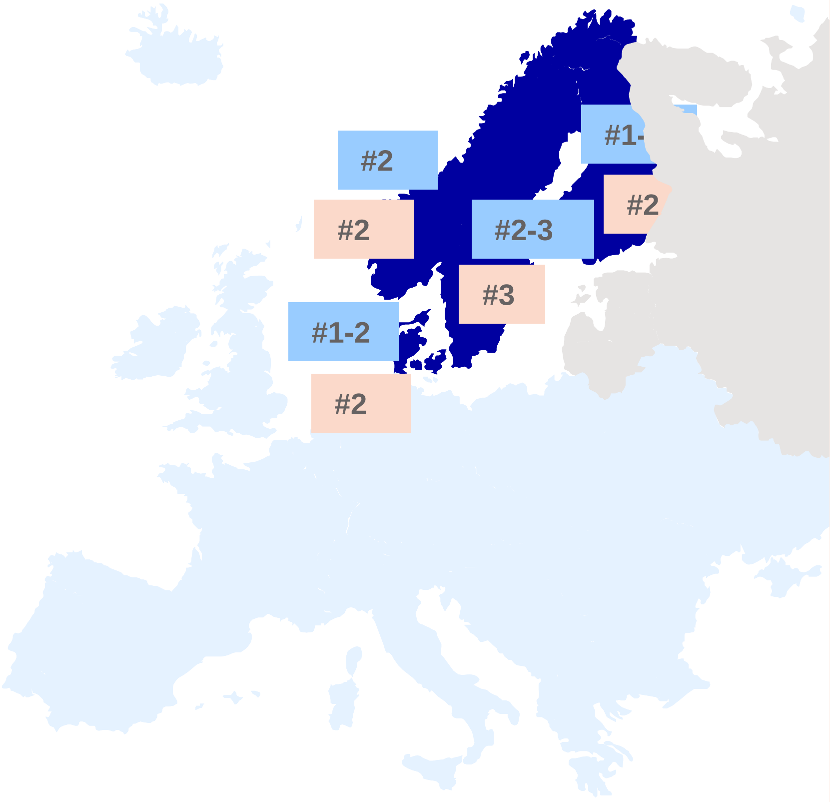
The largest financial services group in the Nordics

Household market position*

#1

Corporate & Institutional market position**

#1



Business position

- Leading market position in all four Nordic countries
- Universal bank with strong position in household, corporate and institutions, and asset and wealth management
- Well-diversified business mix between net interest income, net commission income and capital markets income

10 million customers and strong distribution power

- 9.3 million household customers
- 530,000 small and medium-sized companies
- 2,650 large corporates and institutions, including Nordic Top 500
- Approx. 320 branch office locations
- Enhanced digitalisation of the business for customers
- Income evenly distributed between the business areas

Financial strength (Q3 2020)

- EUR 2.2bn in total income
- EUR 1.1bn profit before loan losses, EUR 0.8bn net profit
- EUR 575bn of assets
- EUR 32.6bn in equity capital
- CET1 ratio 16.4%
- Leverage ratio 5.3%

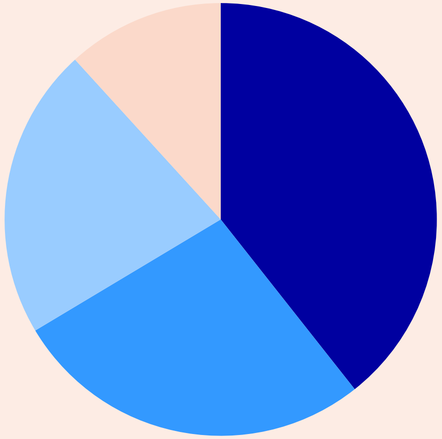
AA level credit ratings (senior preferred bonds)

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

EUR 26bn in market cap (Q3 2020)

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

Operating income per business area, Jan-Sep 2020



Personal Banking · Large Corporates & Institutions · Business Banking · Asset & Wealth Management

* Combined market shares in lending, savings and investments

** Combined market position from small and medium sized companies and large corporates and institutions

Executive summary

- Strong result – continued positive trends across business areas and countries
  - Total income up 4% y/y, driven by strong growth in net interest income and net fair value result
  - Growth in mortgage lending volumes and assets under management at record high of EUR 326bn
- Good progress towards 2022 financial targets
  - Costs down 6% y/y, cost-to-income ratio at 52%* and return on equity at 10.1*%
- Strong financial position to support customers and maintain dividend capacity
  - CET1 ratio at 16.4%, 6.2%-points above requirement
- Credit quality still strong – net loan loss reversals of EUR 2m
  - Management judgement buffer kept at EUR 650m, as economic uncertainty remains
  - Full-year 2020 net loan losses projected to be below EUR 1bn (less than 41bp)
- Continued commitment to delivering on business plan and financial targets

* Cost-to-income (C/I) ratio and return on equity (ROE) with amortised resolution fees and excluding items affecting comparability

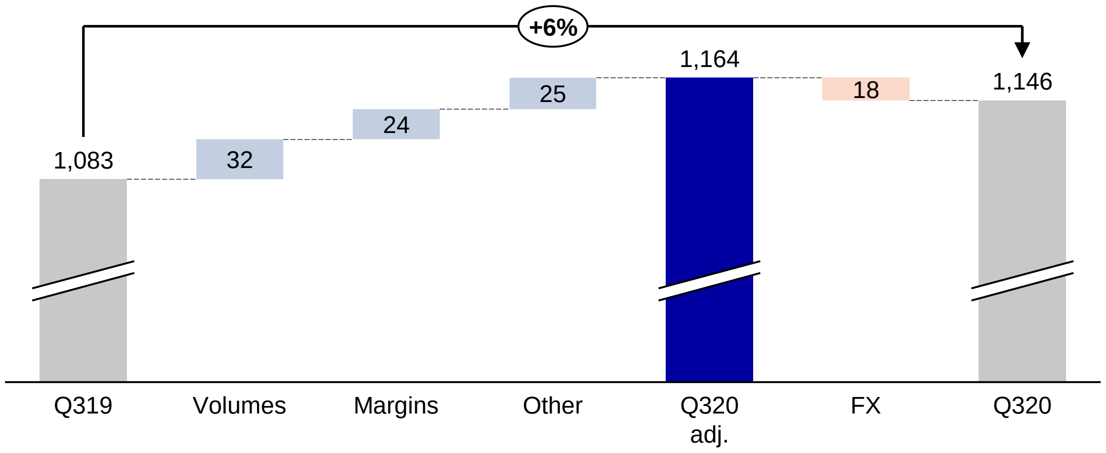
Group quarterly results Q3 2020

Income statement and key ratios EURm, excluding items affecting comparability*	Q320	Q319	Q3/Q3	Q220	Q3/Q2
Net interest income	1,146	1,083	6%	1,091	5%
Net fee and commission income	729	756	-4%	673	8%
Net fair value result	274	211	30%	318	-14%
Other income	23	35	-33%	10	134%
Total operating income	**2,172**	**2,085**	**4%**	**2,092**	**4%**
Total operating expenses	-1,089	-1,161	-6%	-1,088	0%
Profit before loan losses	**1,083**	**924**	**17%**	**1,004**	**8%**
Net loan losses	2	-49		-698	
Operating profit	**1,085**	**875**	**24%**	**306**	**255%**
Cost-to-income ratio**	52	58		52	
Return on equity**	10.1	8.4		3.0	

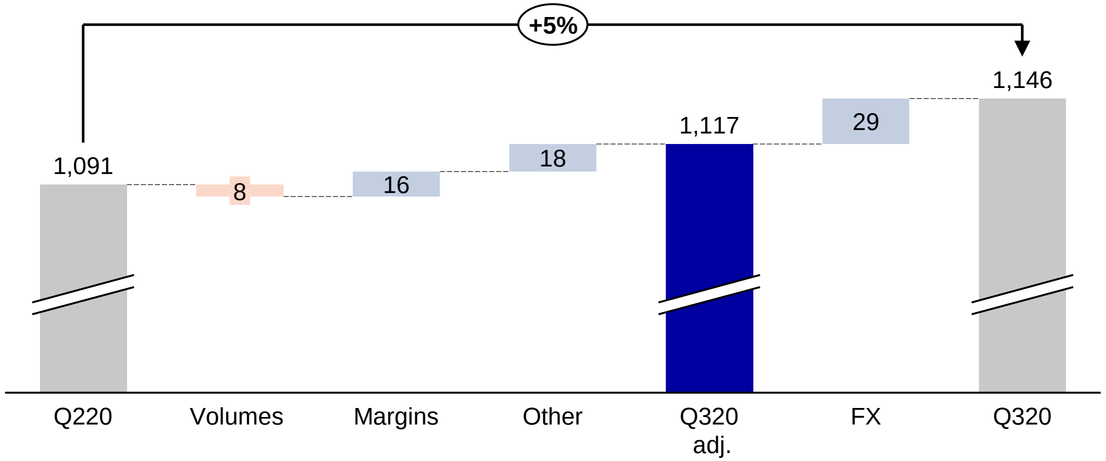
* Costs: Q319: staff restructuring provision EUR 204m, Luminor EUR 75m, IT impairment EUR 735m, loan loss provisions EUR 282m
** With amortised resolution fees

Net interest income – strong growth driven by higher mortgage lending volumes

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm



Comments

- Net interest income up 6%, highest growth rate since 2012
- Increased mortgage market shares
- Increase in both household and corporate deposits
- Higher lending margins in all countries for large corporates

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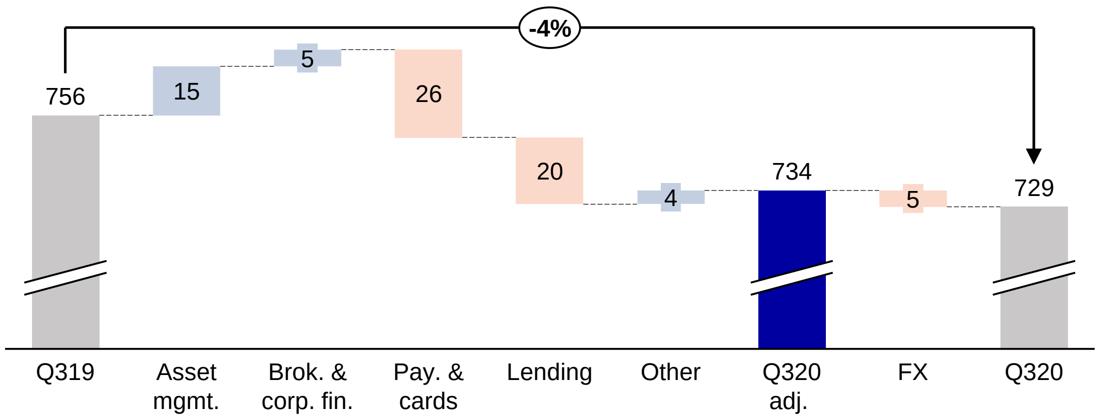
Net fee and commission income – improved from Q2, but still below pre-COVID-19 levels

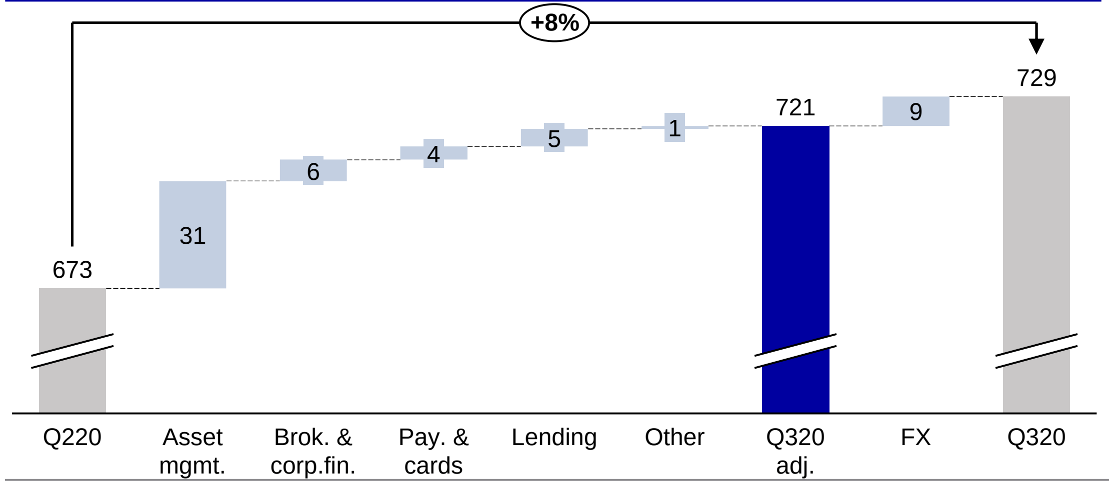
Year-over-year bridge, EURm



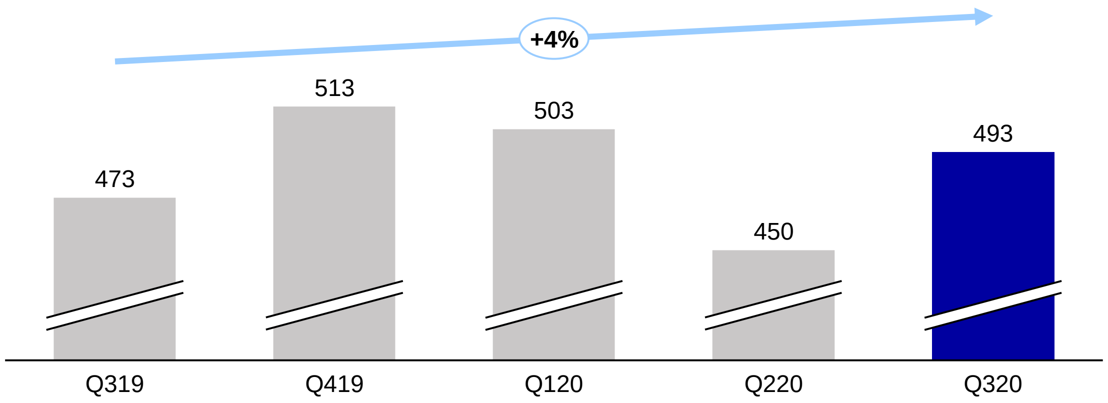
Comments

- Net fee and commission income down 4%
- Savings income up 4%, driven by strong asset management net inflows and market performance
- Card and payment fee income improved from previous quarter, but still below normal levels

Quarter-over-quarter bridge, EURm



Savings and investment commission income, EURm



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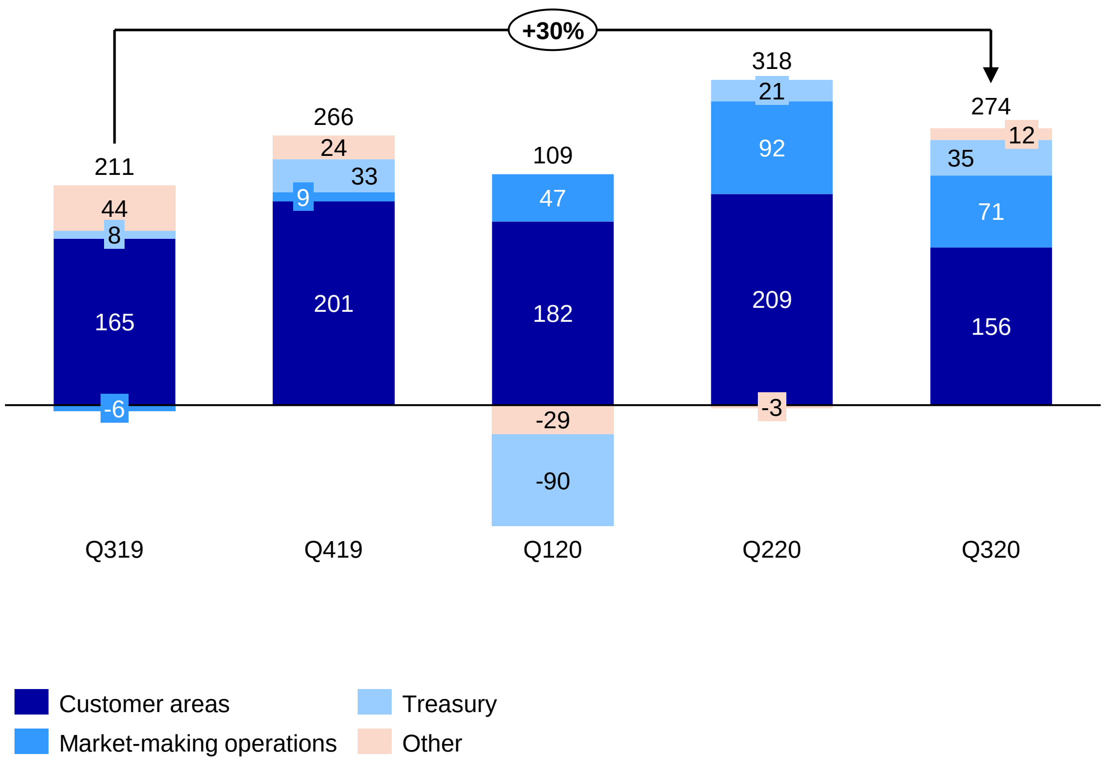
Net fair value result – improved result in Markets

Net fair value result, EURm



Comments

- Net fair value result up 30%
- Customer areas broadly in line with previous year
- Markets result improved due to high level of market activity

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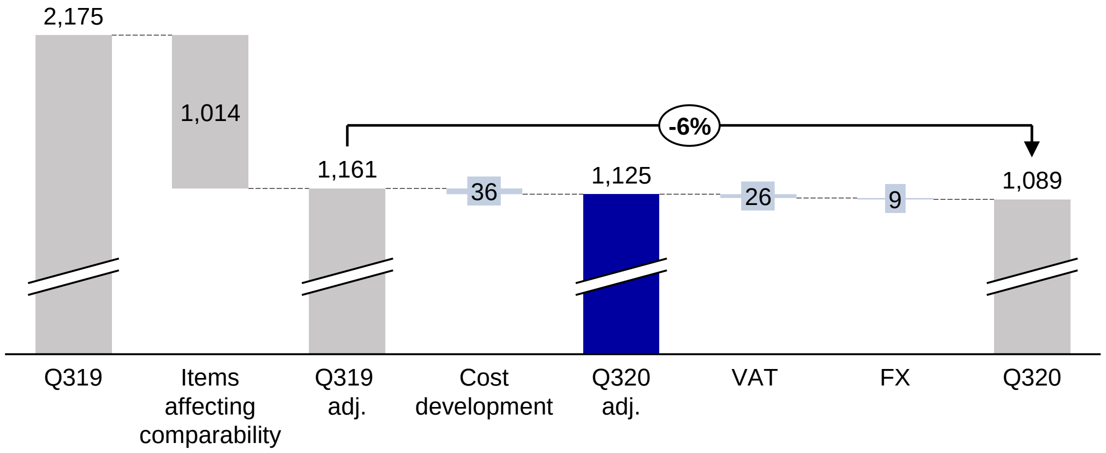
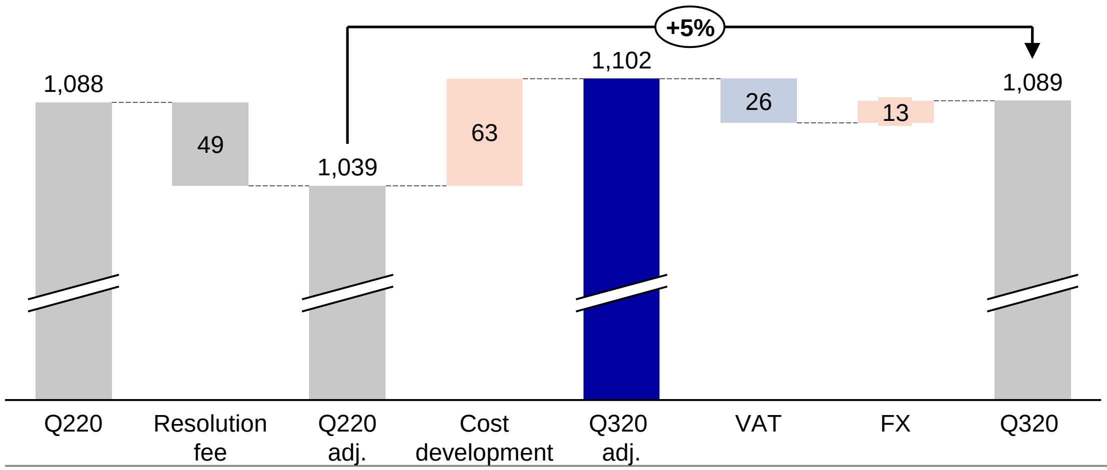
Costs – continued development of strong cost culture and progress on cost plan

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm



Comments

- Costs down 6%, delivering on cost plan
- Staff costs down 5%
- Increase in IT costs and restructuring-related premises costs in quarter
- VAT refund of EUR 26m

Outlook

- Costs for 2020 expected to be below EUR 4.7bn, including SG Finans

Progress on 2022 business plan – one year after Capital Markets Day 2019

On track towards 2022 financial targets

Group
C/I* 50%, ROE* >10%

Personal Banking
C/I* ~50%

Business Banking
C/I* ~45%

Large Corporates & Institutions
ROCAR* ~10%

Asset & Wealth Management
C/I* <50%

Selected key performance indicators

Create great customer experiences	
Customer satisfaction, household	+3% points since Q319
Customer satisfaction, corporate	+6% points since Q319
Enhanced corporate Netbank	+240,000 customers

Drive income growth	
Mortgage lending growth* **	+6% since Q319
SME lending growth* **	+4% since Q319
Assets under management net flows	+2.2% annualised flow Jan-Sep 20
Asset Management internal distribution	-0.2% annualised flow Jan-Sep 20

Optimise operational efficiency	
Employees	≈ -1,600 FTEs since Q319
Consultants	≈ -500 FTEs since Q319
Cost level 2020	<4.7bn
Streamlining of processes	Slightly behind plan
Economic capital reduction in LC&I**	1.3bn economic capital since Q219

* Cost-to-income ratio (C/I) ,Return on equity (ROE), Return on capital at risk (ROCAR)
** Large Corporates and Institutions (LC&I)
*** Excluding FX effects (adjusted to current exchange rate)

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Nordea is committed to delivering on financial targets

Cost-to-income ratio in FY22

50%

Return on equity in FY22

>10%

Capital policy

150-200 bp management buffer

above the regulatory CET1 requirement

Dividend policy

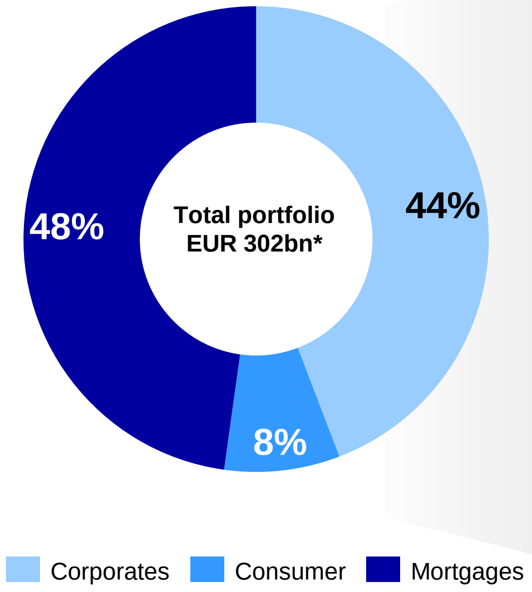
60-70% payout of distributable profits to shareholders

Excess capital intended to be distributed to shareholders through buy-backs

2. Credit quality

Loan book – still well-diversified with strong underlying credit quality in Q3 2020

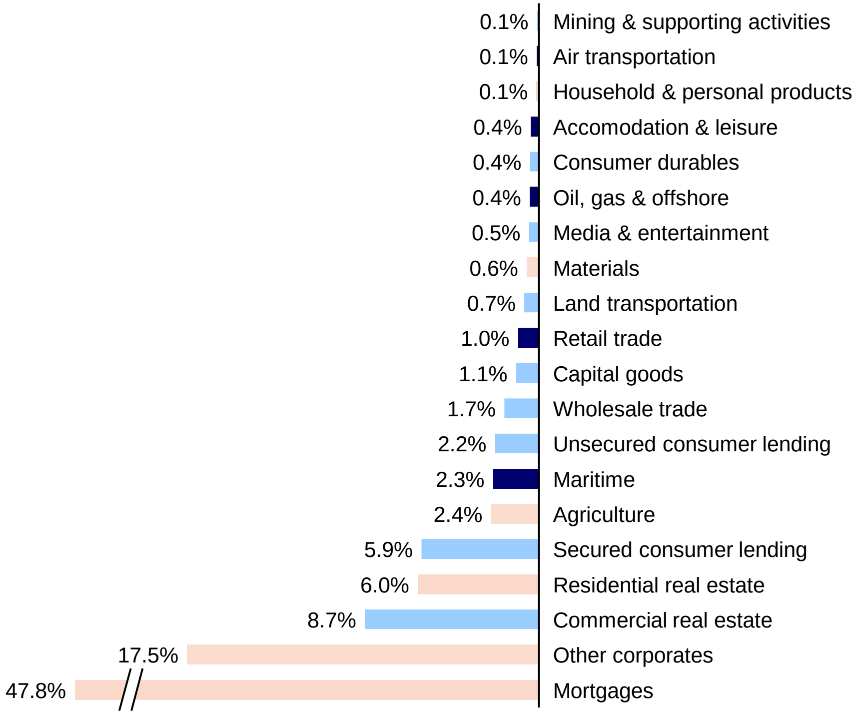
Well-diversified portfolio across countries and segments



Updated analysis of COVID-19 impact by segment

EUR 13bn, 4%	**Significantly** affected
EUR 64bn 21%	**Partially** affected
EUR 225bn 75%	**Not significantly** affected

Five segments with 4% of total exposures significantly affected

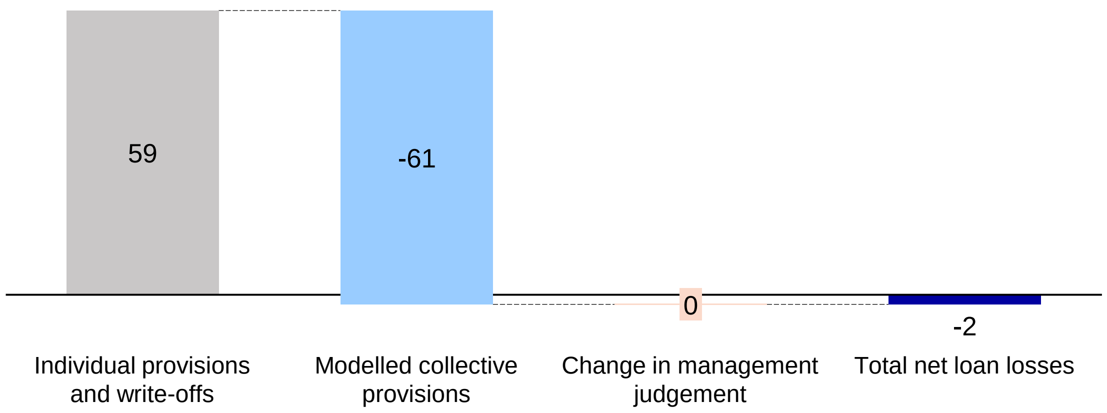


Nordic societies have well-structured social safety nets, strong fiscal positions and effective legal systems

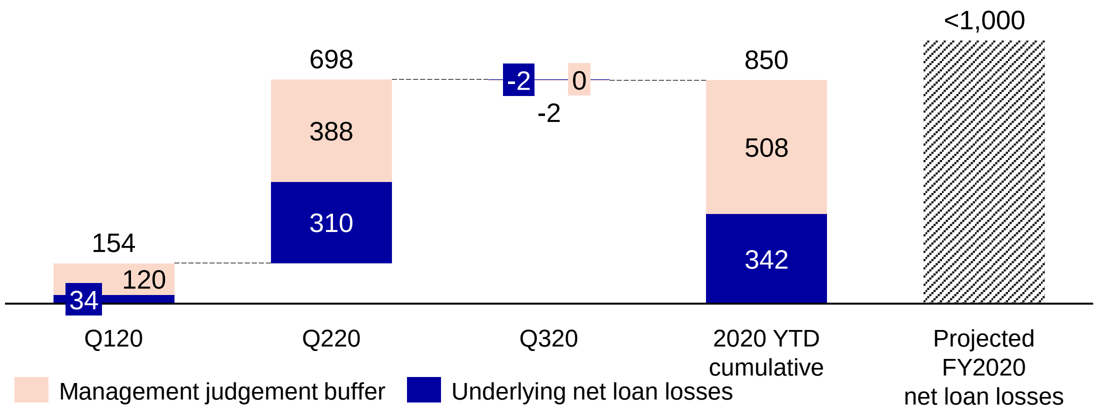
* Excluding reverse repos

Net loan losses – credit quality still strong

Drivers of net loan losses Q320, EURm



Net loan losses, quarters and projection, EURm



Comments

- Net reversal of EUR 2m in Q3 2020 – net loan losses close to zero for all business areas
- Total management buffer of EUR 650m maintained
- Credit outlook unchanged: full-year 2020 net loan losses expected to be below EUR 1bn

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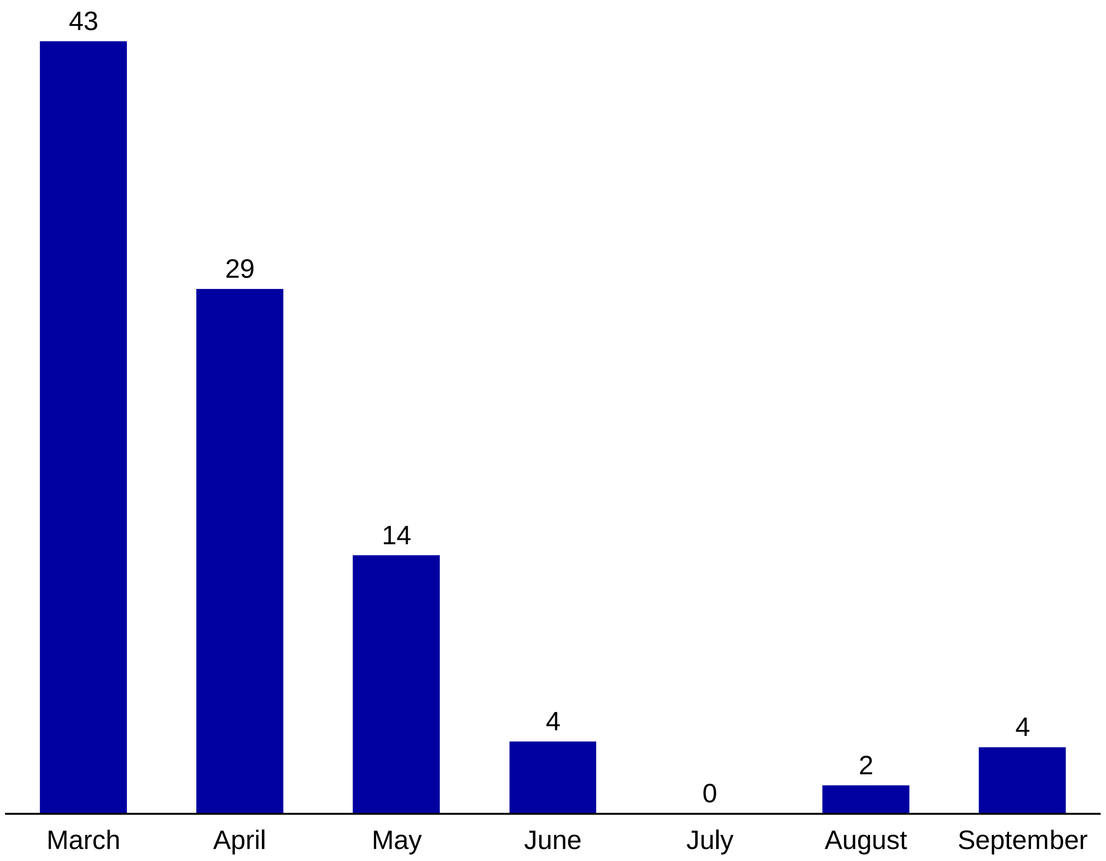
First instalment-free periods expiring – almost all customers resuming normal servicing

Customers granted instalment-free periods, 1000s

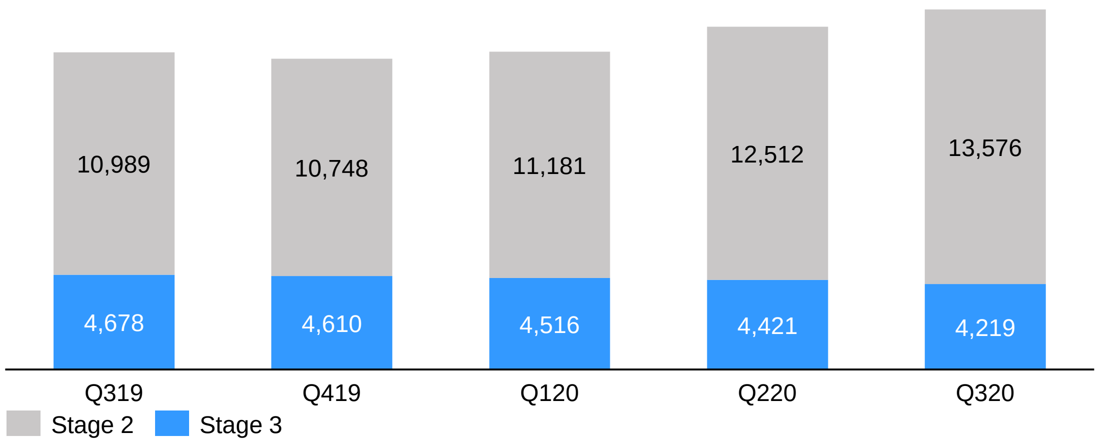


Comments

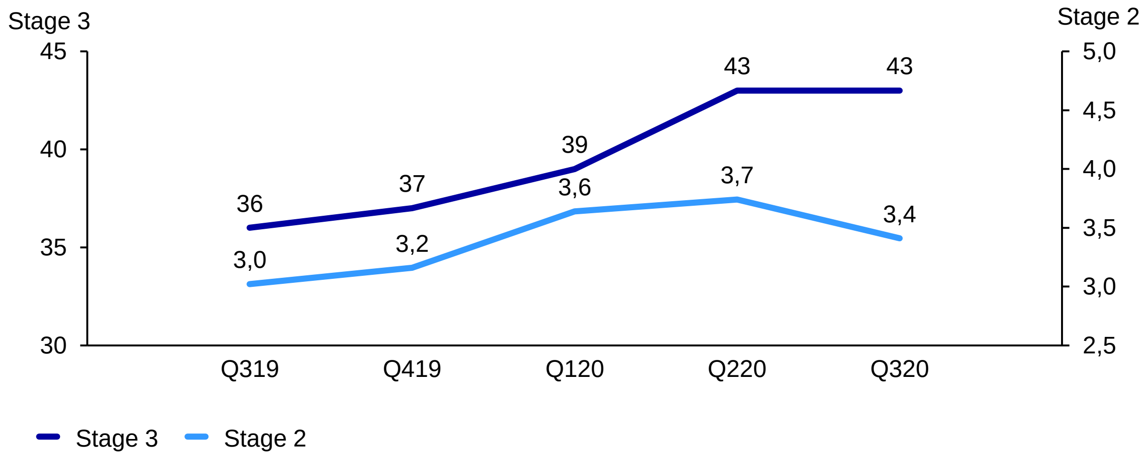
- Approximately 95,000 customers, including 9,000 corporates, granted COVID-19 instalment-free period
  - Corresponds to loan amount of around EUR 19bn
- Interest payments by customers maintained during instalment-free periods
- Around 50% of COVID-19-related instalment-free periods will have expired by end of October
- So far, less than 5% of customers classified as forborne (or in default) following expiry of their instalment-free period

Credit quality – impaired loans further reduced

Stage 2 and 3 loans at amortised cost, EURm



Coverage ratio, %

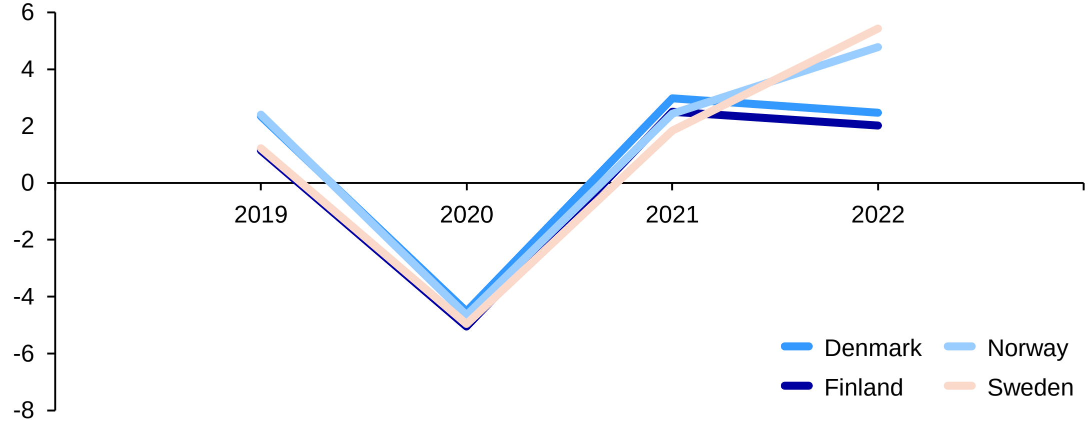


Comments

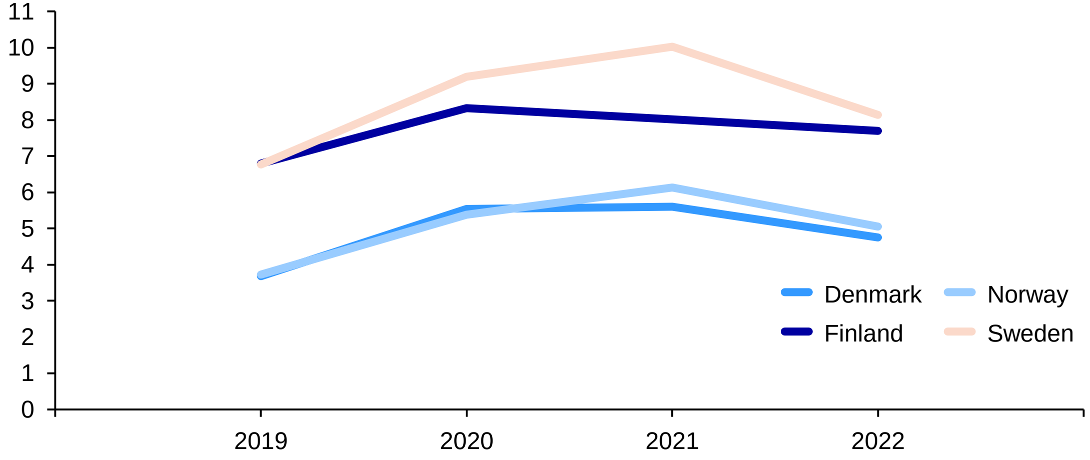
- Provision coverage for potential losses in Stage 3 unchanged from high level of Q2 2020 at 43%
- Slight deterioration in credit quality observed for significantly affected sectors, as expected
- Stage 3 impaired loans down 5% in Q3 2020
- Increase in Stage 2 lending related to model adjustment; level unchanged from Q2 2020 when excluding this

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

Baseline annual GDP growth, %



Baseline unemployment rate, %



Comments

- Scenarios are conservative and in line with Nordic central banks and ECB forecasts.
- Scenarios largely unchanged in Q3 2020
- Base scenario, 50% weight
  - Gradual removal of restrictions continues
  - Lingering uncertainty weigh on consumption and investments
- Upside scenario, 5% weight
  - Lockdowns rapidly phased out without 2nd wave
  - Strong recovery continues into 2021
- Adverse scenario, 45% weight
  - Lockdowns removed at a slower pace and/or reappear
  - Severe 2nd round effects on consumption, investments and exports

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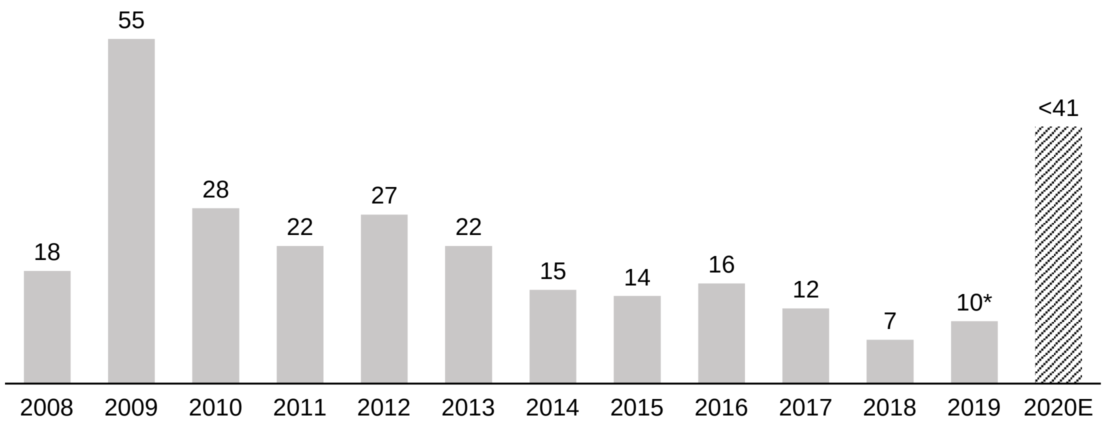
Credit quality – portfolio significantly de-risked over past 10 years

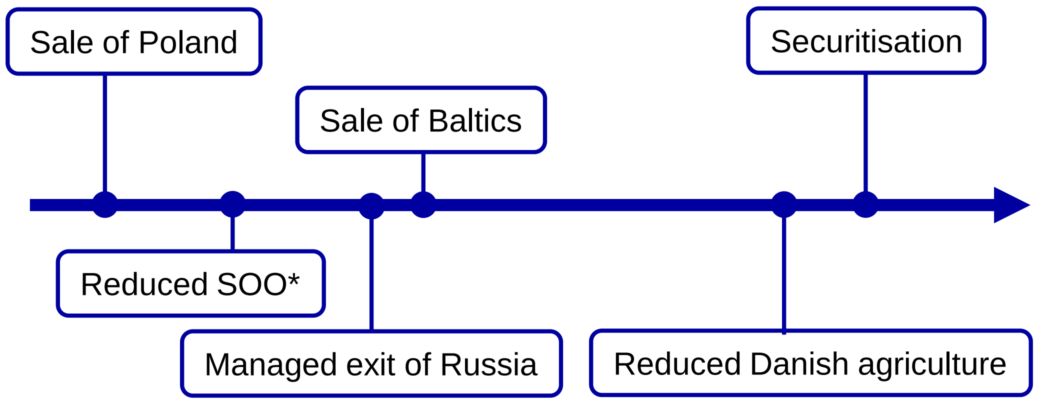
Historic loan loss ratios, bps



Comments

- Track record of strong credit quality
- Risk profile improved by divestments and reductions in high-risk exposures

Significant de-risking



Outlook

- For the full year 2020, our projections point to total net loan losses below EUR 1bn, corresponding to a loan loss level of less than 41 bp

* Shipping, oil and offshore

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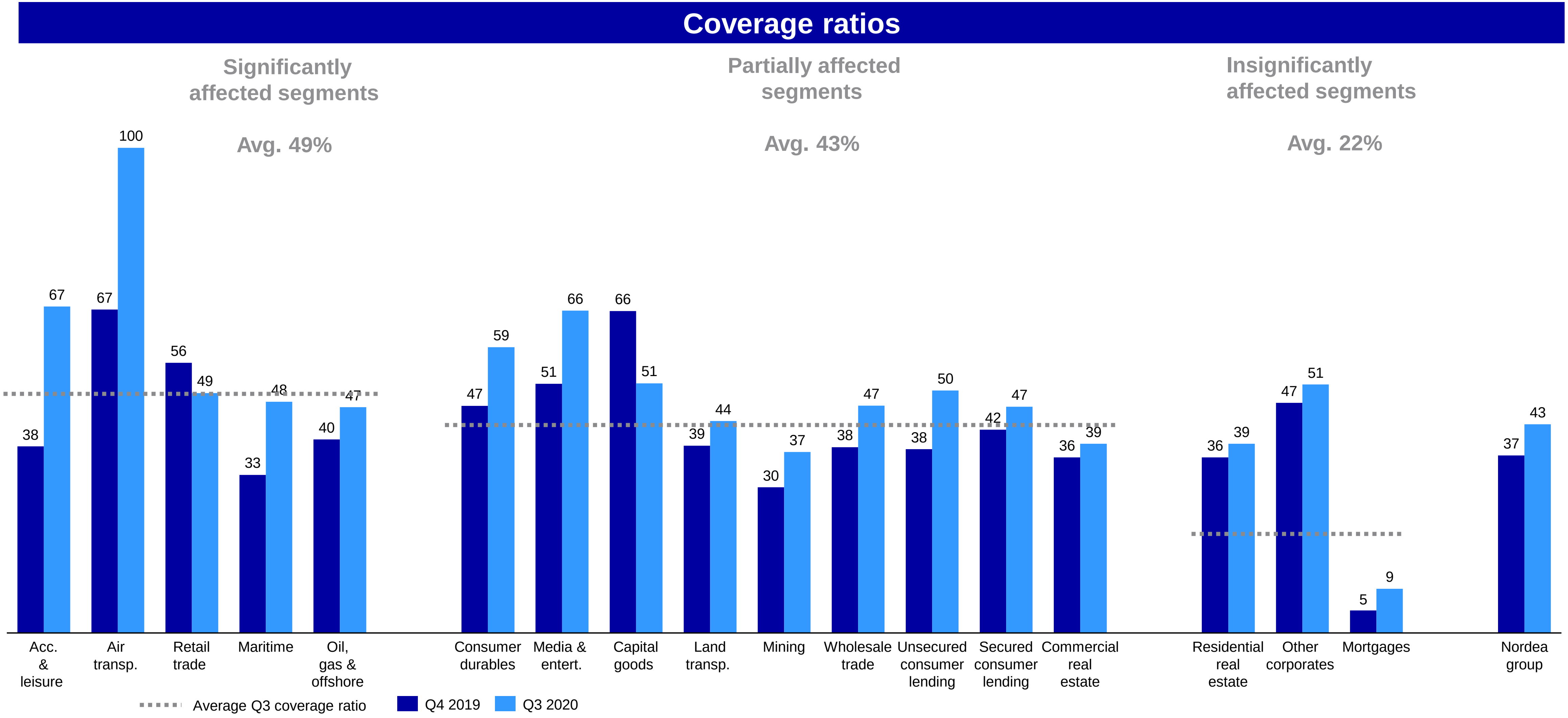
Coverage ratios – well provisioned for future losses



Lending split with low concentration to each sector and segment

Lending volumes per sector and segment (EURbn) and portions of the total lending portfolio (%), 2020-09-30 (excluding reverse repos)

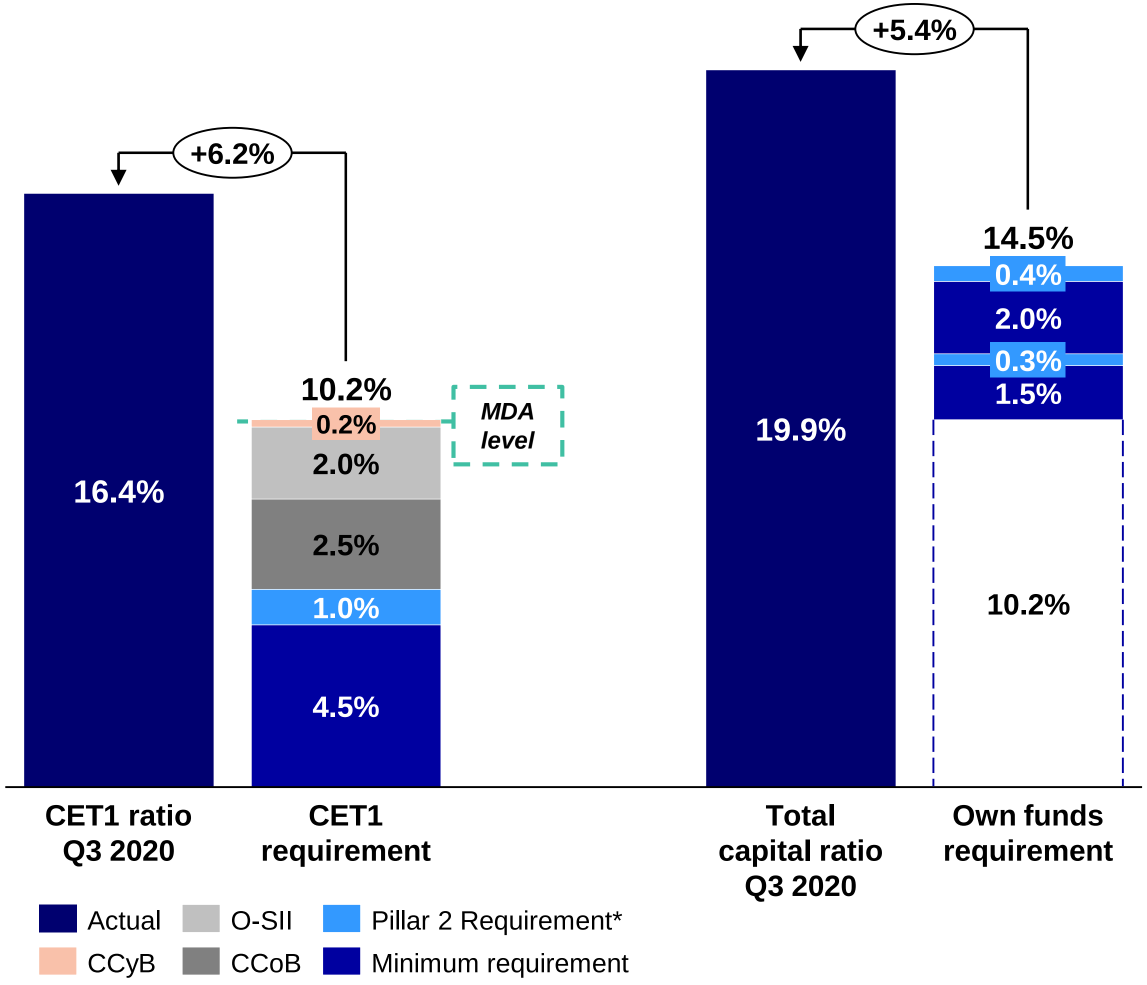
Financial institutions	15.4	5.1%
Crops, plantations and hunting (agriculture)	3.6	1.2%
Animal husbandry (agriculture)	2.4	0.8%
Fishing and aquaculture	1.2	0.4%
Paper and forest products	2.0	0.7%
Mining and supporting activities	0.3	0.1%
Oil, gas and offshore	0.6	0.2%
Drilling rigs	0.7	0.2%
Food processing and beverages	1.1	0.3%
Household and personal products	0.4	0.1%
Healthcare	2.0	0.7%
Consumer durables	1.3	0.4%
Media and entertainment	1.5	0.5%
Retail trade	3.1	1.0%
Air transportation	0.3	0.1%
Accomodation and leisure	1.2	0.4%
Telecommunication services	0.9	0.3%
Materials	1.8	0.6%
Capital goods	3.4	1.1%
Commercial and professional services	11.2	3.7%
Construction	7.1	2.3%
Wholesale trade	5.2	1.7%
Land transportation	2.2	0.7%
IT services	1.5	0.5%
Commercial real estate	26.2	8.7%
Residential tenant-owned associations and companies	18.2	6.0%

Maritime (shipping):		
Tankers (crude, product, chemical)	2.0	0.7%
Gas tankers	1.2	0.4%
Dry cargo	0.8	0.3%
Car carriers	0.4	0.1%
RoRo vessels	0.2	0.1%
Container ships	0.0	0.0%
Supply vessels	0.6	0.2%
Floating production	0.1	0.0%
Oil services	0.2	0.1%
Cruise	0.3	0.1%
Ferries	0.2	0.1%
Other (incl maritime services and ship building)	0.9	0.3%
Utilities distribution	3.2	1.1%
Power production	2.0	0.7%
Public services	2.8	0.9%
Other industries	1.6	0.5%
Household mortgage loans Denmark	34.7	11.5%
Household mortgage loans Finland	31.0	10.3%
Household mortgage loans Norway	32.0	10.6%
Household mortgage loans Sweden	46.7	15.4%
Household mortgage loans total	*144.4*	*47.8%*
Collateralised consumer lending	17.7	5.9%
Non-collateralised consumer lending	6.6	2.2%
Public sector	2.2	0.7%
Total loans to the public	**302.1**	**100.0%**

3. Capital, AML and Sustainability

Capital – significant buffer to capital requirements

Capital position and requirements



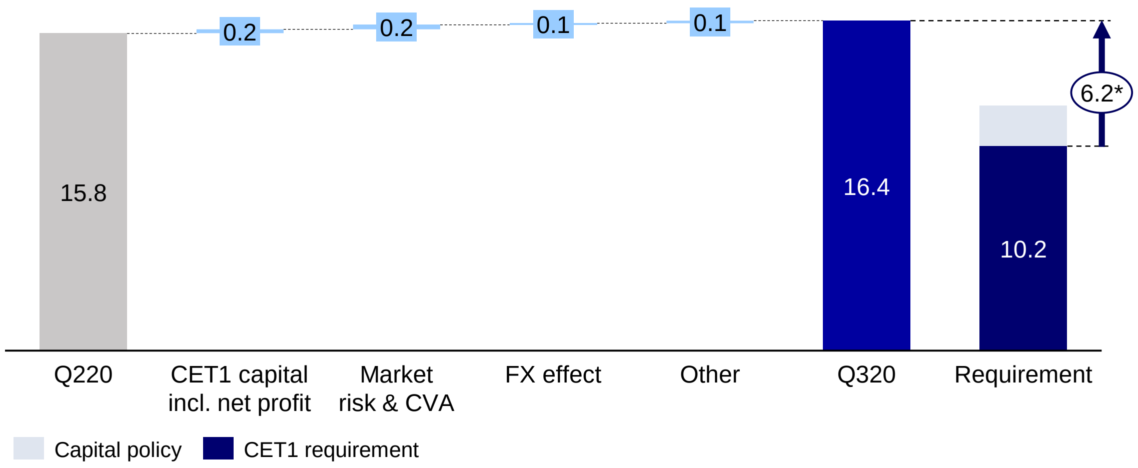
Comments

- CET1 ratio at 16.4% compared to the current CET1 requirement of 10.2%
  - Capital policy of 150-200bps above regulatory requirement (MDA level)
- CET1 requirement lowered by ~2.9 %-points since 1 January 2020
- CET1 buffer above requirement of ~6.2 %-points** corresponding to ~EUR 9.4bn
- Nordea has postponed the 2019 dividend decision
  - Authorisation for the Board of Directors to decide on 2019 dividend. The amount is still deducted from the CET1 capital ratio (~1 %-point)
  - Dividend accrual for 2020 based on dividend policy of 60-70% pay-out ratio

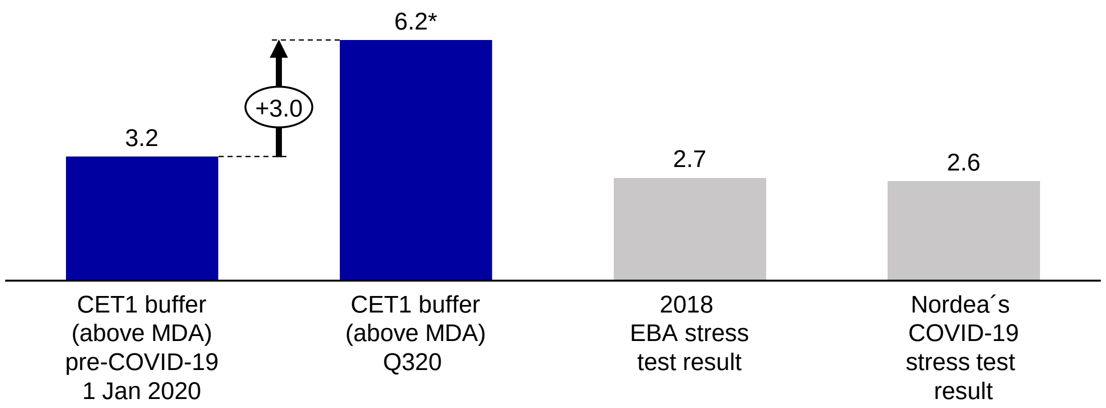
* Total Pillar 2 Requirement of 1.75% of which 0.98% in CET1, 0.33% in AT1 and 0.44% in Tier 2 capital
** As of Q3 2020, 0.8%-points of the CET1 buffer is used to fulfil the AT1/Tier 2 capital requirement

Capital – strong capital position to support customers while maintaining dividend capacity

CET1 capital ratio development, %



CET1 capital buffer, %



Comments

- CET1 capital ratio at 16.4%
  - Risk exposure amount (REA) down EUR 4bn to EUR 151bn – limited credit REA migration during Q3 2020
- Capital buffer of 6.2%-points*
- Dividends accrued for 2019 and 2020
- Capacity to both support customers and distribute capital

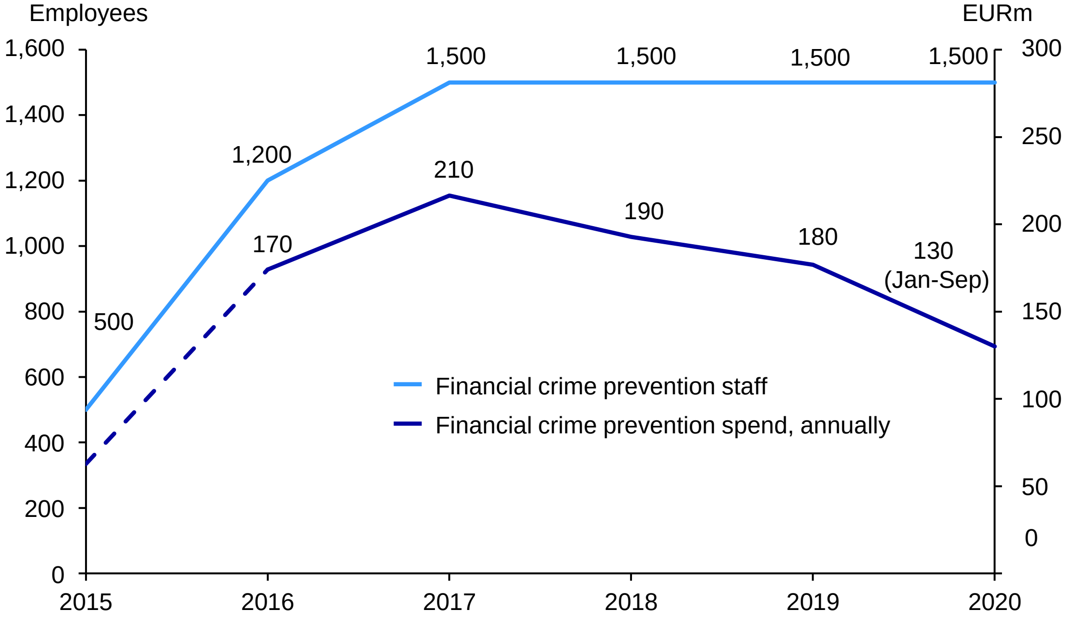
* As of Q320, 0.8%-points of the CET1 buffer has been used to fulfil the AT1/Tier 2 capital requirement

Significant investments into anti-financial crime

Actions against money laundering

- We collaborate closely with all relevant authorities including law enforcement and regulators and encourage to even closer collaboration on multiple levels as financial crime knows no borders
- Significantly strengthened financial crime defence, more than EUR 800m spent since 2016
- Around 2 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 are trained regularly to identify signs of financial crime

Significant build-up



AML topics

- The Danish FSA inspected our processes in 2015 and handed it over to the Danish Public Prosecutor in 2016. Investigation not yet concluded
  - The ‘troika laundromat’ is a complex of allegations which has been covered by media on several occasions and is included in the Danish investigation
- Provision of EUR 95m in Q119 related to past weak AML processes
  - Given uncertainty around the outcome of possible fines, this level of provision for ongoing AML related matters will be maintained, while continuing the dialogue with Danish authorities regarding their allegations for historical AML weaknesses
- In October 2018, Hermitage Capital filed money laundering allegations with all Nordic regulators. Swedish, Finnish and Norwegian authorities have stated that no formal investigations would be opened
- In relation to the media attention around leaked documents related to financial crime prevention, Nordea has conducted or responded to a number of reviews of customers and transactions raised in earlier public reports or leaks related to financial crime – the vast majority of names that have been covered in media reports were already known to the bank and was not new information

Nordea

Sustainability focus across the group

Sustainability business development 2020

Number of customers that have been advised in savings where sustainability preferences have been considered
223,600
In Q1-Q3 2020

Total AuM in ESG products
EUR 69.4bn
In Q3 2020
+7%
Q2/Q3 2020

Net volumes sustainable savings
EUR 620m
in Q1-Q3 2020

Mortgages with green collaterals, number of loans
+17%***
Q2/Q3 2020

Acknowledgements for our sustainability work

- Included in Bloomberg's Gender-Equality Index
- Best ESG process (CFI.co)
- UN Principles for Responsible Investments score A+
- Hirschel & Kramer Brand index ranks Nordea as one of the top 10 fund houses out of 220 who is 'truly committed' to ESG in 2019
- Misum – walking the talk
- Best reporting
- Winner of Prospera rakings
- Constituent of the FTSE4Good Index Series

2021 Bloomberg Gender-Equality Index

FTSE4Good

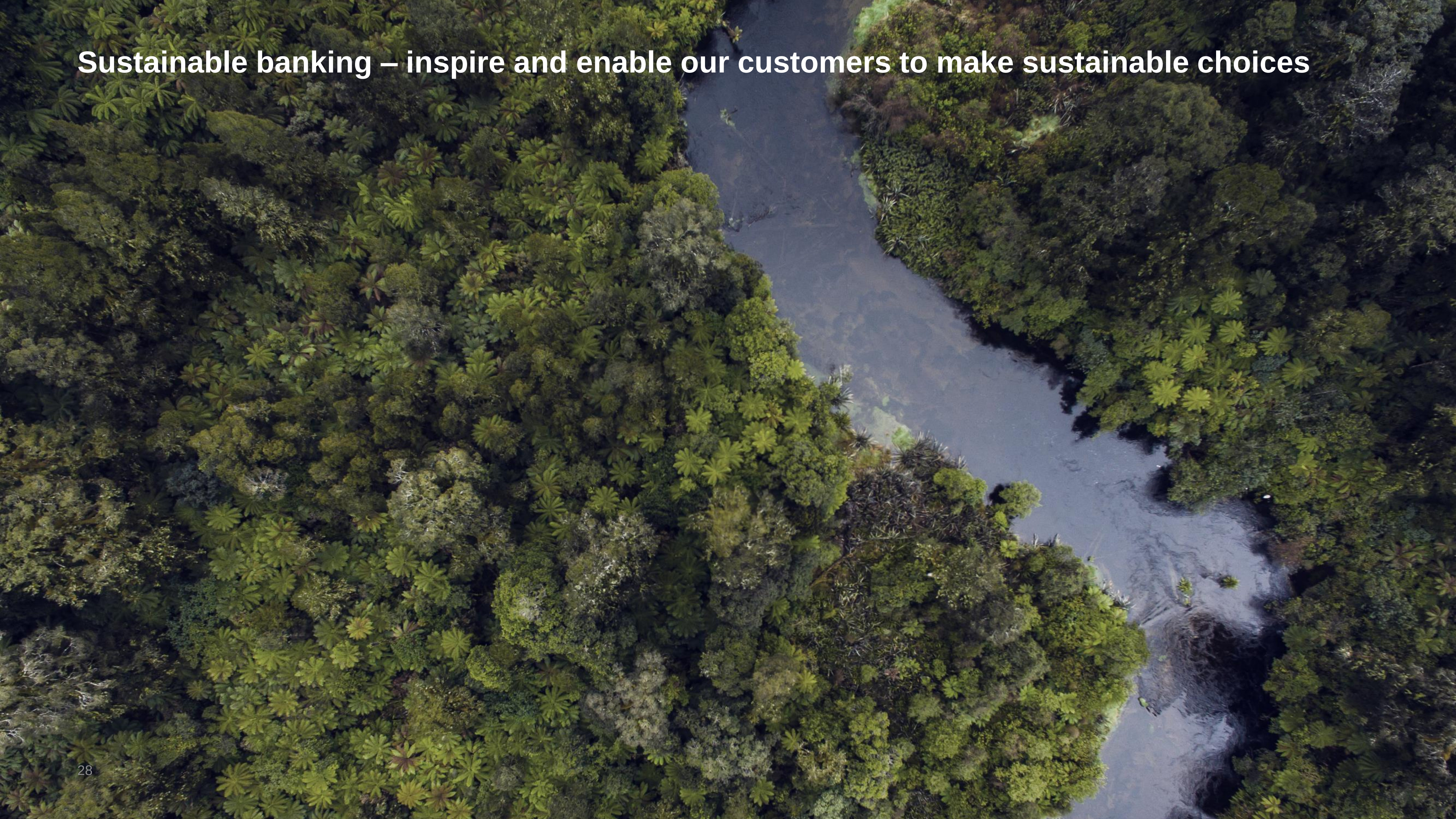
Sustainability ratings

ISS-oekom	**Company Rating: C** (A+ to D-)*
SUSTAINALYTICS	**ESG Score: 20.3** (0 to 100)**
MSCI	**ESG Rating: BBB** (AAA to CCC)

* Highest rating within sector is C+
** Lower score represents lower ESG risk (scale has changed, previously the other way around)
*** Green mortgages in Sweden, Finland and Norway. Green loans in Nordea Kredit for corporate customers excluded

Nordea

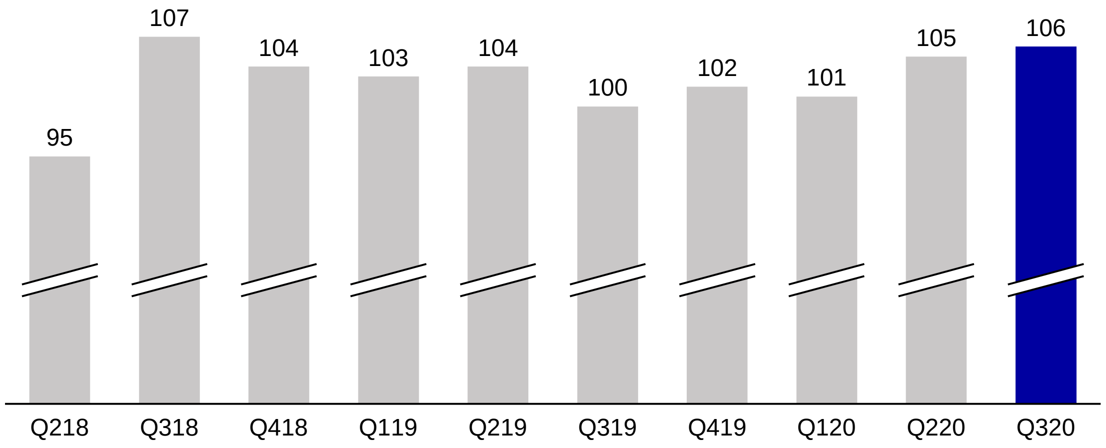
Sustainable banking – inspire and enable our customers to make sustainable choices



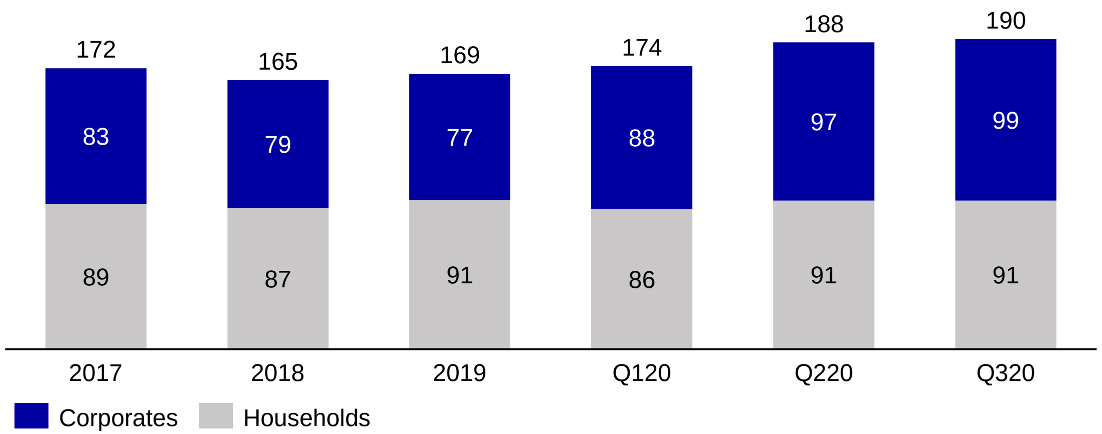
4. Funding

Liquidity – solid position and well-functioning funding markets

Liquidity buffer development, EURbn



Deposits*, EURbn



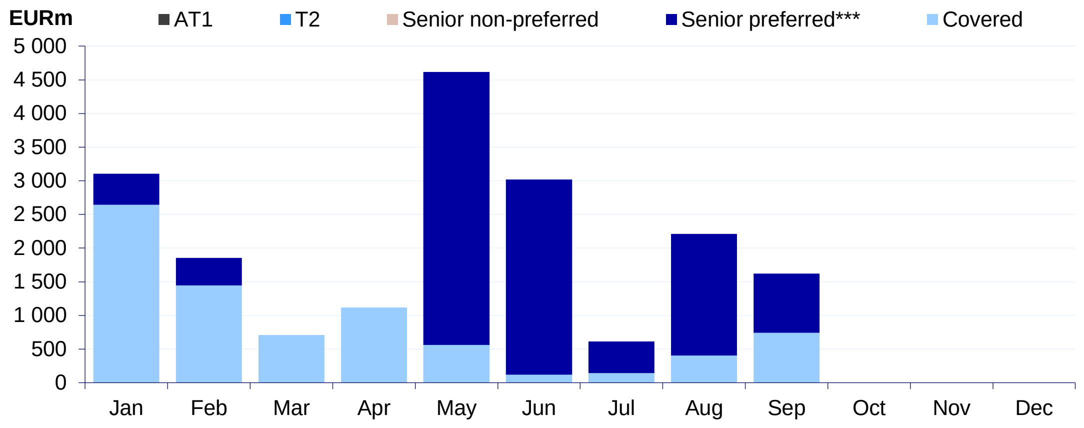
Comments

- Robust liquidity position
  - Liquidity buffer over EUR 100bn
  - Liquidity coverage ratio (LCR) of 172%
  - EU net stable funding ratio (NSFR) of 114.9%
- Deposits increased 1% in the quarter in local currencies
- EUR 4.4bn long-term debt issued during Q3 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

* Including repos

Solid funding operations

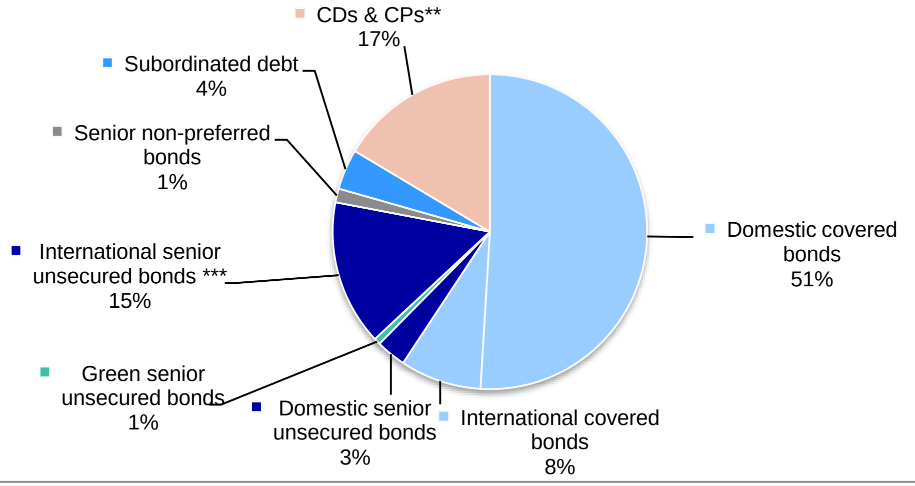
Long-term issuance volumes YTD Q3 2020*



Strong funding position further improved

- EUR 18.9bn long term debt issued during 2020 whereof EUR 4.4bn during Q3 2020
- NSFR 114.9% end Q3 2020 (113.3% Q2)
- 78% of total funding is long-term end Q3 2020
- Selective participation in central bank facilities in home countries incl. TLTRO as a supplement to ordinary funding

Long-term and short-term funding



High-level issuance plan for 2020

- Long-term and short-term funding outstanding, EUR 188bn
- Full year 2020 issuance estimated to land in the lower part of EUR 20-25bn
- To be issued via covered bonds and senior unsecured debt of which approximately 50% expected to be issued in the domestic markets
- Total estimated need of senior non-preferred debt for forthcoming MREL requirements approximately EUR 10bn until 2023
    - EUR 2.7bn has already been issued

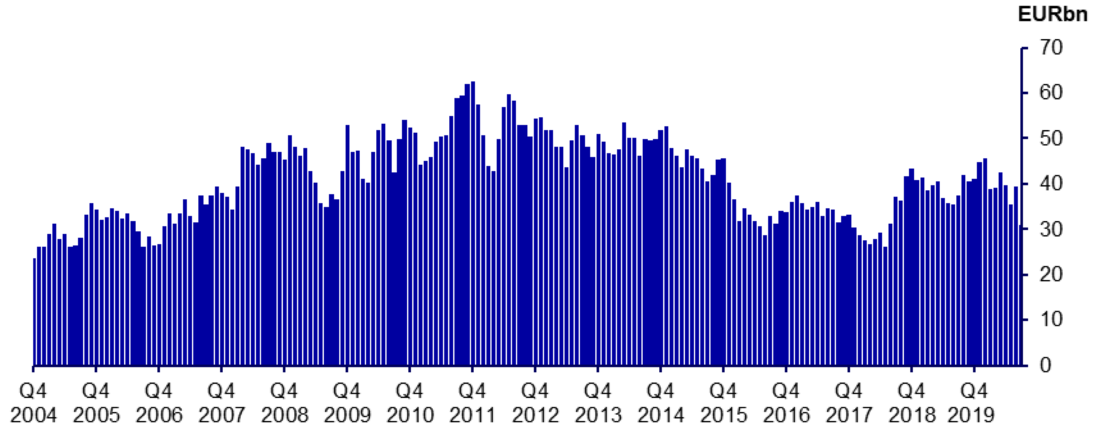
* Excluding Nordea Kredit covered bonds, including CDs with original maturity over 1 year
** Excluding CDs with original maturity over 1 year
*** Including CDs with original maturity over 1 year

Short-term funding – prudent and active management

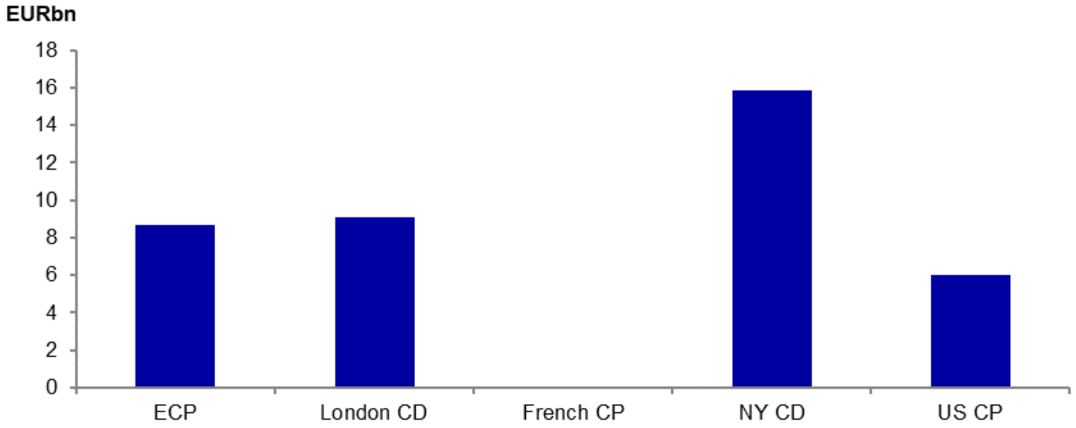
Comments

- The third quarter of 2020 was very active, investors wanting to put their funds into work in longer-dated papers
- Nordea has been able to maintain its issuance and pricing at competitive levels
- Nordea has been actively issuing long dated (over one year) Yankee CD's out of the US market
- Nordea still has a well-diversified investor base that is tapped from Asia to USA
- Each program has its niche contribution
- Total outstanding short-term funding has ranged between EUR 30.3-33.3bn during Q3 2020*
- Short-dated issuance remains an attractive funding component for the group at the current levels

Short-term issuance*

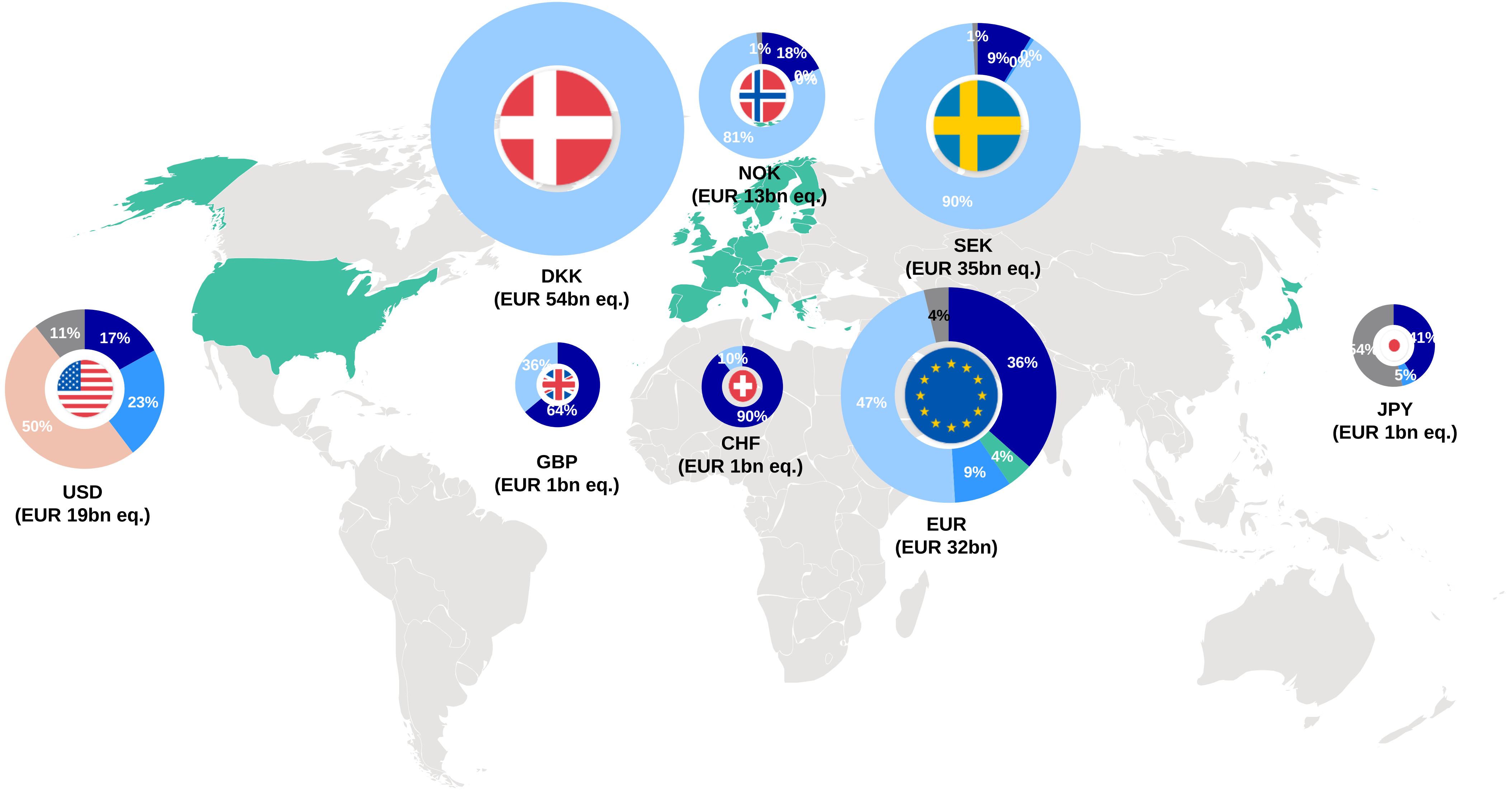


Split between programs*



* From Q3 2020, excluding CP/CDs where original maturity is over 365 days

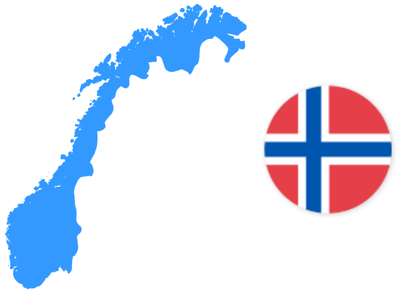
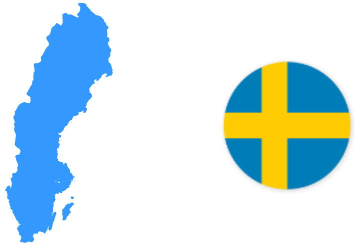
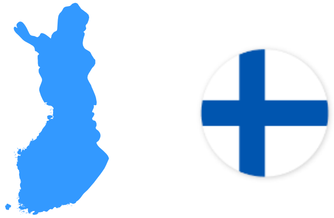
Long-term funding – Nordea's global issuance platform



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

Nordea

Nordea covered bond operations

Four aligned covered bond issuers with complementary roles	Nordea Eiendomskreditt	Nordea Hypotek	Nordea Kredit	Nordea Mortgage Bank
				
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 15.6bn (eq.)	EUR 55.2bn (eq.)	Balance principle	EUR 22.3bn
Covered bonds outstanding*	EUR 12.4bn (eq.)	EUR 34.8bn (eq.)	EUR 55.6n (eq.)*	EUR 19.8bn
OC*	26%	58%	9%**	13%
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

COVERED BOND LABEL

* Reported values as per Q2
** Nordea Kredit only include capital centre 2 (CC2). Nordea Kredit no longer reports for CC1 (RO), as this capital centre only accounts for a minor part (<1%) of the outstanding volumes of loans and bonds.

Nordea

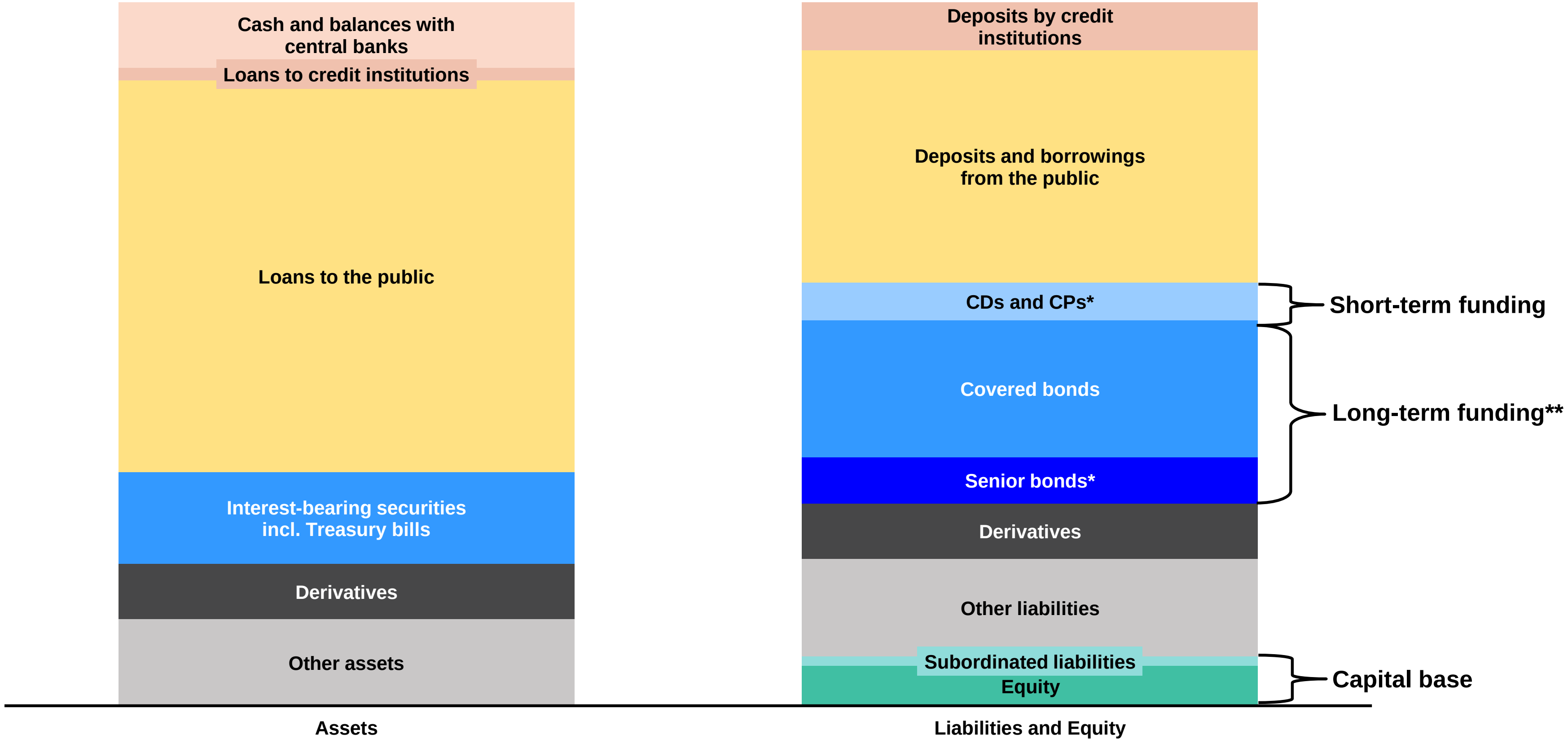
Nordea recent benchmark transactions

Issuer	Type	Currency	Amount (m)	FRN / Fixed	Issue date	Maturity date	Callable
Nordea Hypotek*	Covered	SEK	5,000	Fixed	Jan-19	Sep-24	
Nordea Eiendomskreditt*	Covered	NOK	10,000	FRN	Feb-19	Jun-24	
Nordea Mortgage Bank	Covered	EUR	1,500	Fixed	Mar-19	Mar-26	
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 bond	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	

* Continued tap issuance

Diversified balance sheet

Total assets Q3 2020 EUR 575bn



Credit ratings	S&P	Moody's	Fitch
Short-term	A-1+	P-1	F1+ ***
Covered bonds	AAA	Aaa	-
Senior unsecured (preferred)	AA- ***	Aa3	AA ***
Senior non-preferred	A ***	Baa1	AA- ***
Tier 2	A- ***	Baa1	A ***
Additional Tier 1	BBB ***	Baa3/ Ba1 ****	BBB+ ***

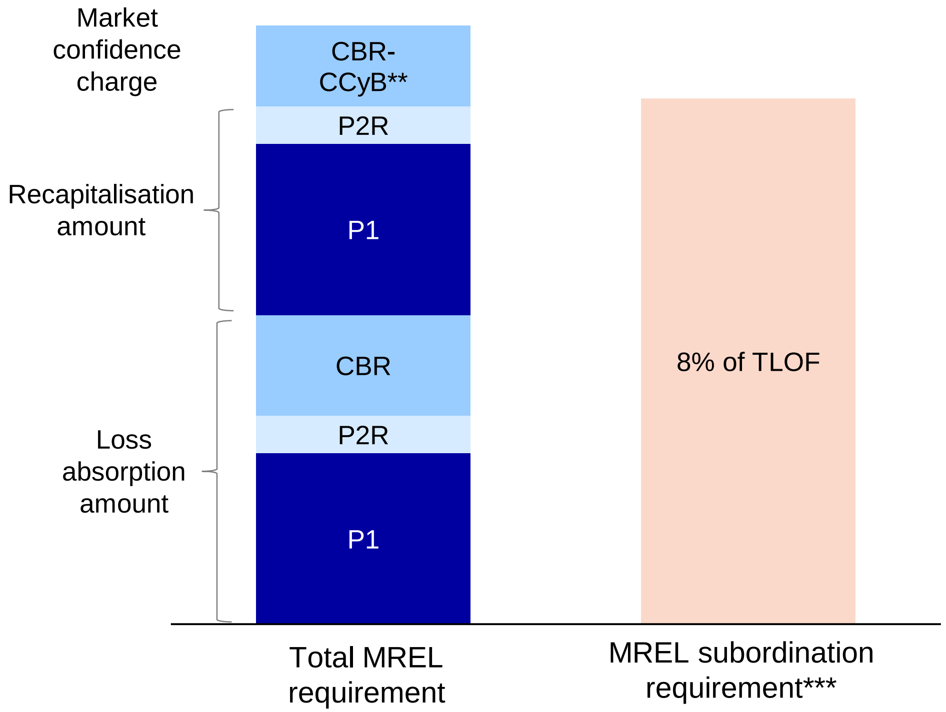
* CD's and CP's exclude CDs with original maturity over 1 year
Senior bonds include CDs with original maturity over 1 year

** Excluding subordinated liabilities
*** Negative outlook

**** Unsolicited ratings

MREL requirements

Single Resolution Board (SRB) new MREL policy*



Nordea total MREL requirement

- Current total MREL requirement is 8% of TLOF
- Total MREL requirement expected during H1 2021 based on SRB new MREL policy
- Eligible instruments: own funds, senior non-preferred (SNP) and senior preferred (SP) debt

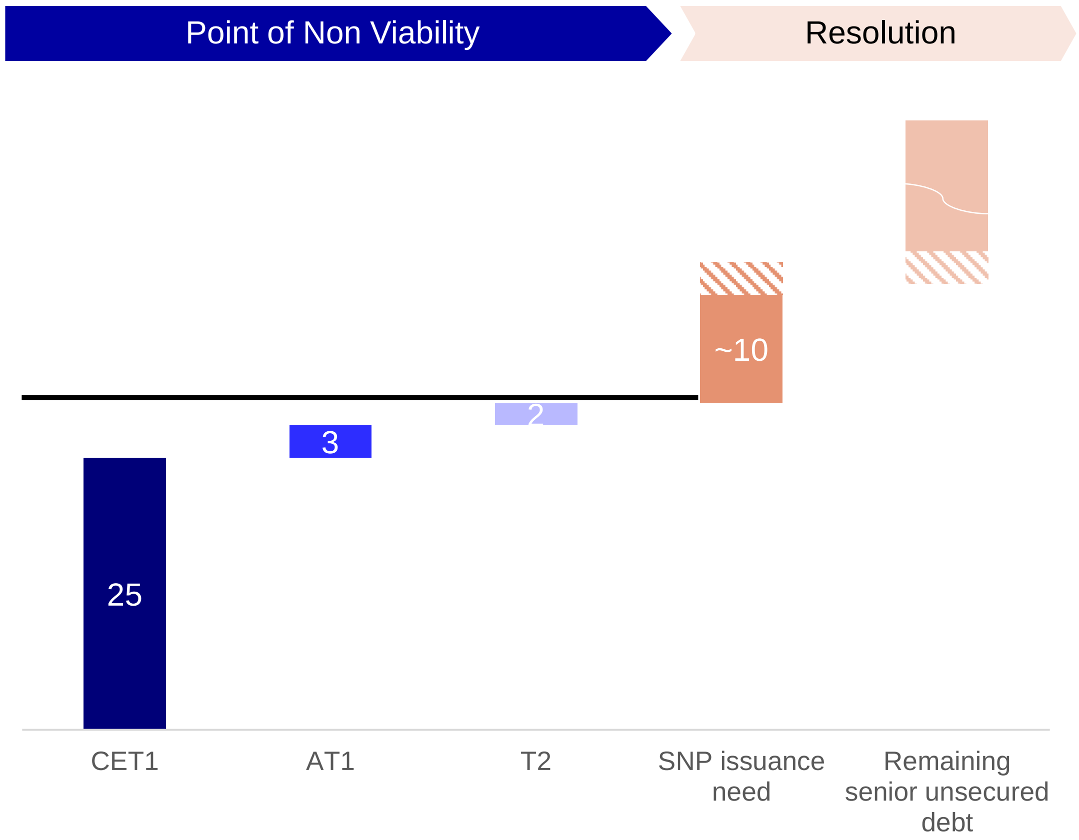
Nordea MREL subordination requirement

- MREL subordination requirement expected during H1 2021 based on SRB new MREL policy
- Eligible instruments: own funds and SNP
- MREL subordination requirement will drive SNP needs

* MREL policy under the Banking Package published by SRB on May 20, 2020
** Deduction of CCyB will be phased in. In the 2020 resolution planning cycle, the SRB will set the MCC at CBR minus the greater of CCyB and 93.75 basis points
*** To be met by subordinated MREL resources. The SRB may reduce or increase 8% of TLOF (Total Liabilities & Own Funds) on a case by case basis

Senior non-preferred issuance plan

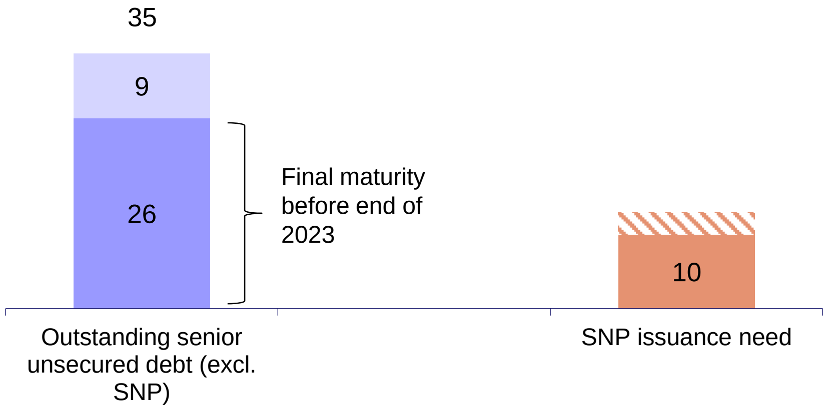
Own funds and bail-in-able debt, EURbn



Comments

- Total SNP issuance need remains unchanged at approximately EUR 10bn* by end of 2023
- EUR 2.7bn has been issued
- SNP issuance plan to be reviewed during H1 2021 in connection with the SRB decision on Nordea MREL subordination requirement
- Nordea's own funds of ~EUR 30bn** will rank junior to SNP investors

Senior unsecured for potential refinancing into SNP, EURbn

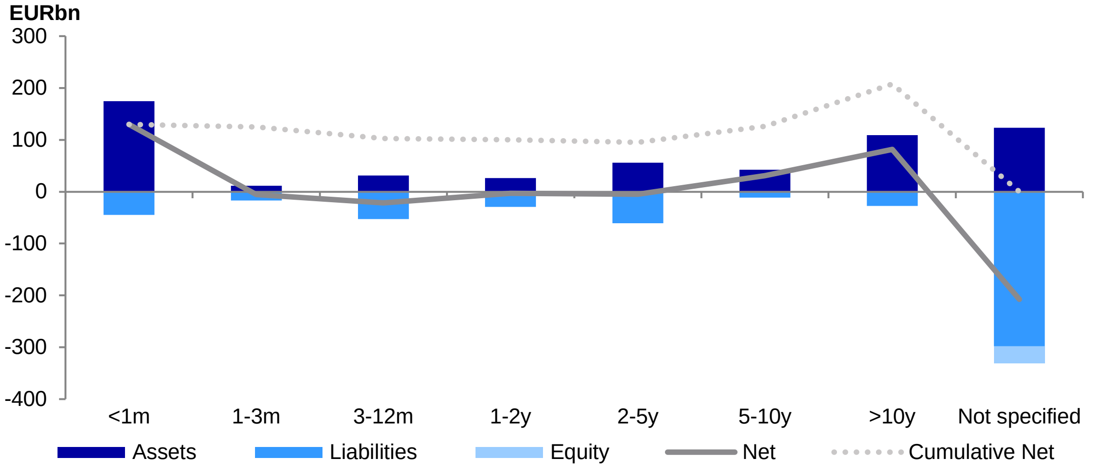


* EUR 10bn does not include potential refinancing amount
** Excluding amortised Tier 2

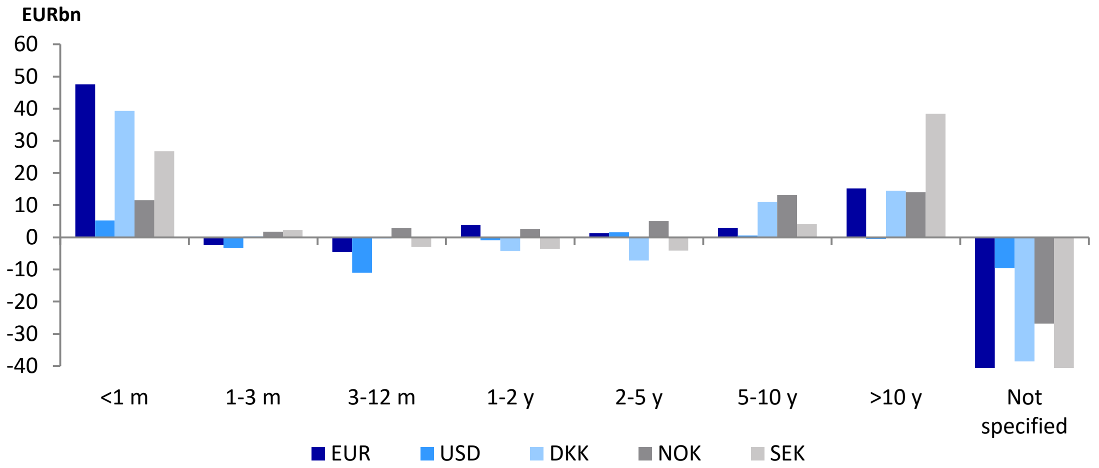
Nordea

Maturity profile

Maturity profile



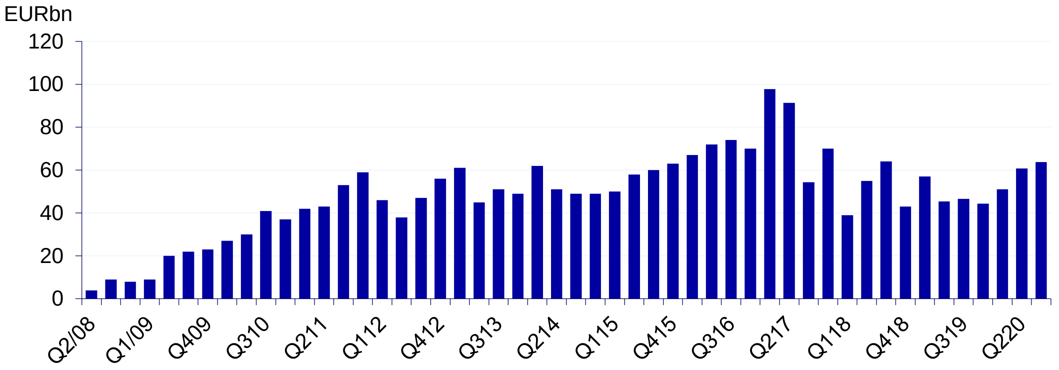
Maturity gap by currency



Comments

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

Net Balance of Stable Funding

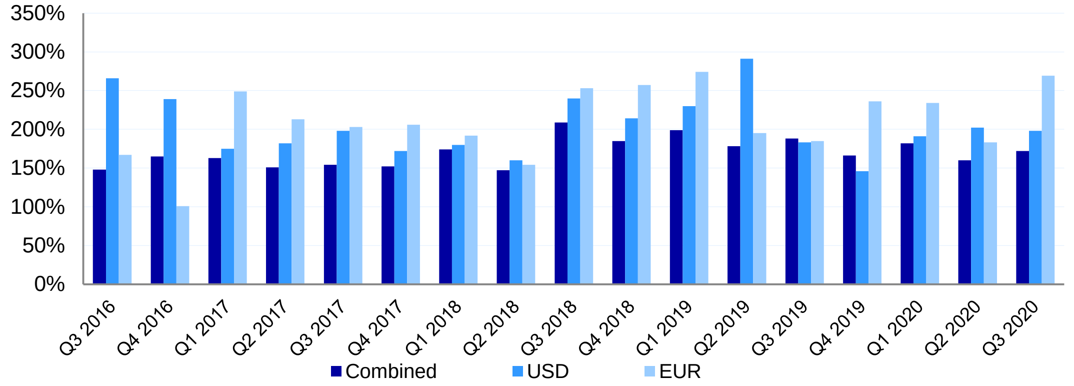


NBSF is an internal metric, which measures the excess of stable liabilities against stable assets. The stability period was changed into 12 month (from 6 months) from the beginning of 2012. In Q3 2017 the data sourcing was updated and classifications now in line with the CRR.

Nordea

Liquidity Coverage Ratio

Liquidity Coverage Ratio



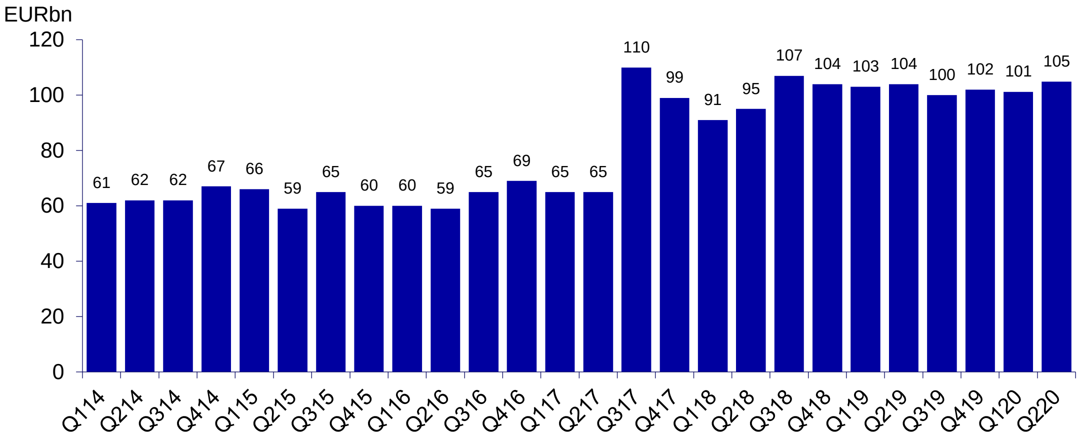
Comments

- EBA Delegated Act LCR in force starting from October 2016
  - LCR of 172%
  - LCR compliant in USD and EUR
- Compliance is reached by high quality liquidity buffer and management of short-term cash flows
- Nordea Liquidity Buffer EUR 106bn, which includes the cash and central bank balances
  - New liquidity buffer method introduced in July 2017

LCR subcomponents, EURbn

	Combined		USD		EUR	
EURm	Unweighted value	Weighted value	Unweighted value	Weighted value	Unweighted value	Weighted value
Total high-quality liquid assets (HQLA)	**105,844**	**103,703**	**15,619**	**15,611**	**40,984**	**40,897**
Liquid assets level 1	103,573	101,773	15,576	15,574	40,706	40,660
Liquid assets level 2	2,271	1,930	43	37	279	237
Total cash outflows	**345,164**	**72,377**	**48,127**	**31,572**	**138,637**	**43,105**
Customer deposits	98,123	6,489	311	47	32,864	2,243
Wholesale funding	127,732	50,662	19,843	12,142	44,625	13,656
Other	119,309	15,226	27,973	19,383	61,149	27,206
Total cash inflows	**44,404**	**12,130**	**28,854**	**23,679**	**39,828**	**27,916**
Secured lending (e.g. reverse repos)	28,372	2,560	54	40	10,527	628
Other cash inflows	16,032	9,570	28,801	23,638	29,301	27,288
Liquidity coverage ratio (%)		**172%**		**198%**		**269%**

Time series – liquidity buffer



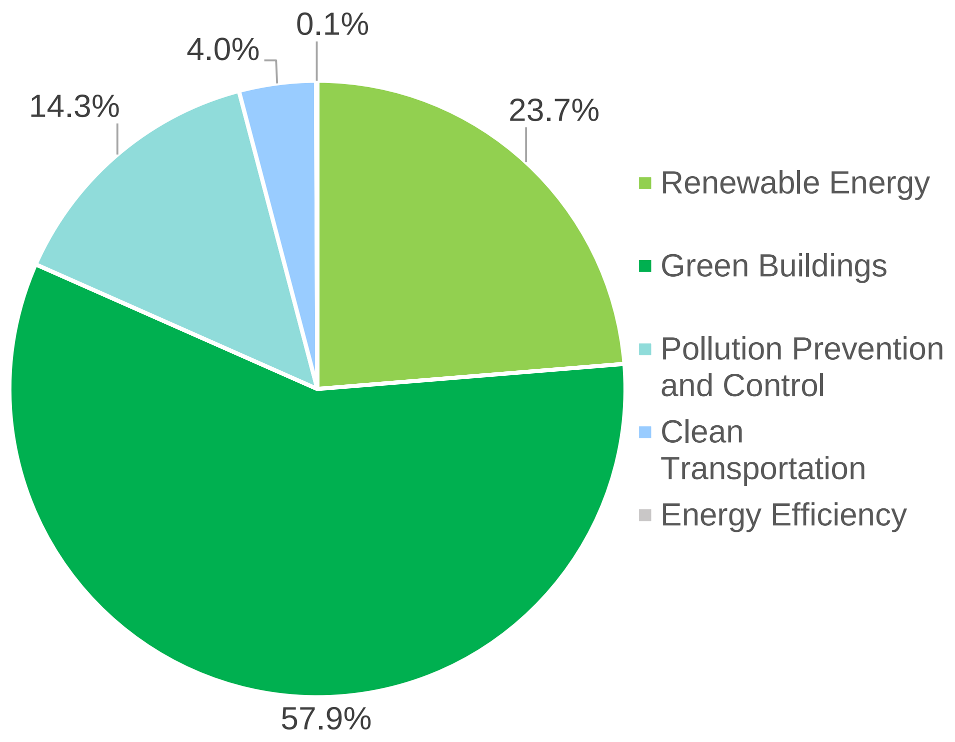
Nordea

Green bonds

Deepened green bond focus

- Green bond framework and inaugural green senior preferred bond issuance in 2017
- Second green bond issued in May 2019, as a 7-year EUR 750m senior preferred bond
- Danish green covered bond launched in November 2019
- Green Bond Framework update completed in August 2020 and includes a change in the allocation of proceeds from bond level allocation to portfolio level allocation, where the proceeds from any given green bond issuance will be allocated over the complete Green Bond Asset Portfolio.
- Nordea aims at continuing to be a relevant issuer of green bonds, and has set a target of being the leading arranger of sustainability bonds and the leading bank on green lending in the Nordics by 2021
- The externally reviewed green bond asset portfolio has grown to EUR 2.9bn in August 2020. The updated composition of the portfolio and the most recent Second Party Opinion is available on Nordea's website

Green bond asset portfolio



Sustainability ratings

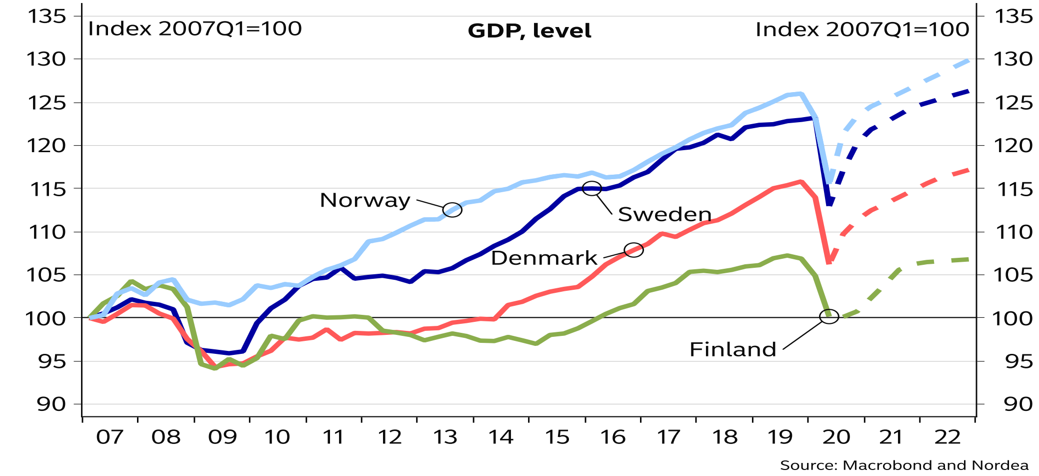
ISS-oekom	Company Rating: C (A+ to D-)*	
SUSTAINALYTICS	ESG Score: 20.3 (0 to 100)**	
MSCI	ESG Rating: BBB (AAA to CCC)	

* Highest rating within sector is C+
** Lower score represents lower ESG risk (scale has changed, previously the other way around).

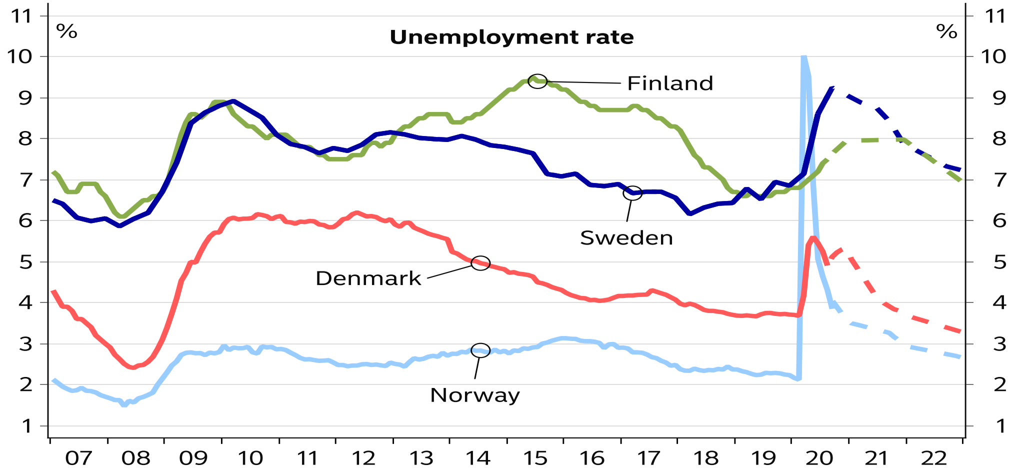
5. Macro

Nordic economies – a solid rebound

GDP development



Unemployment rate



Comments

- The Nordic economies are experiencing a solid rebound after the historically large setback in the first half of 2020 due to the COVID-19. However, the pandemic is not yet over, and risks remain elevated
- The Nordics have managed to control the virus relatively quickly and in combination with rising household confidence, the economic prospects in the region look rather positive from a global perspective
- The Swedish economy is seeing a broad recovery and Finland has fared better than expected. The Danish economy is in better shape now compared to past crises, and the interest rate has been a powerful tool in Norway

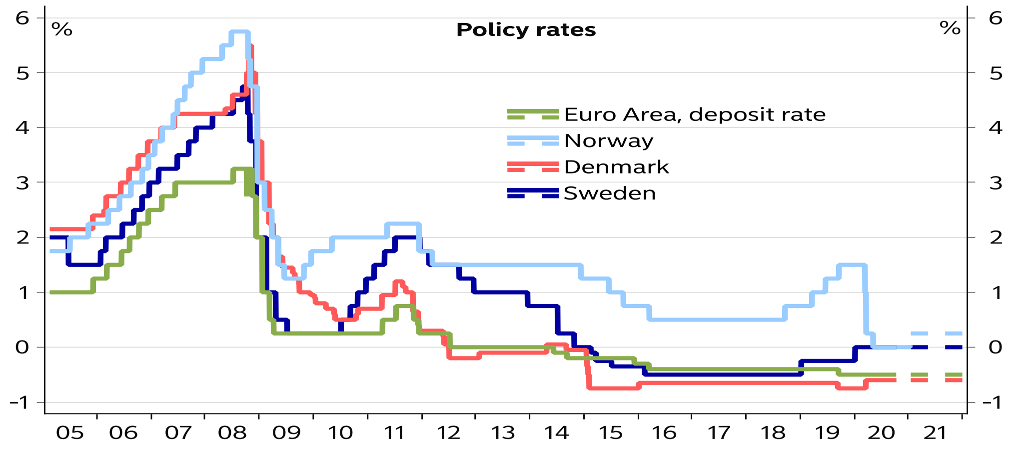
GDP, baseline scenarios

Country	2018	2019	2020E	2021E	2022E
Denmark	2.4	2.3	-4.5	3.0	2.5
Finland	1.5	1.1	-5.0	3.0	2.0
Norway	2.2	2.3	-3.5	4.0	2.5
Sweden	2.1	1.3	-3.5	4.0	2.0

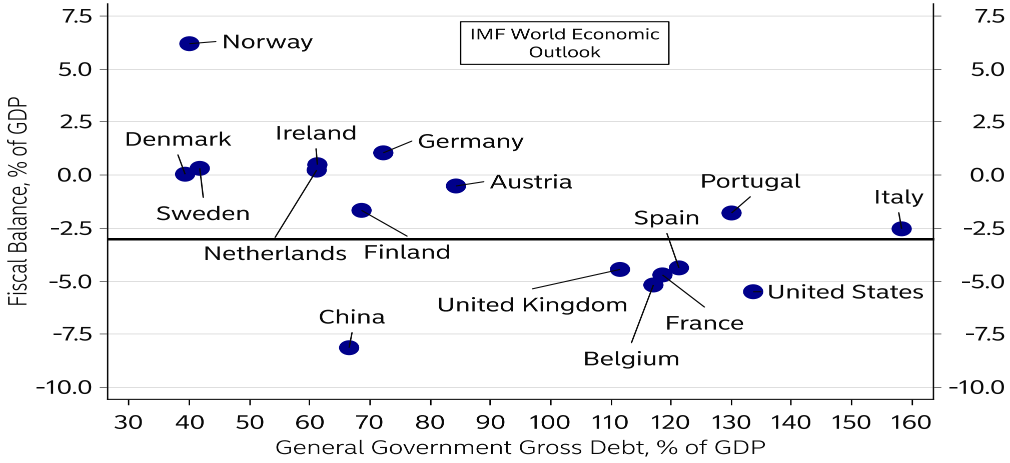
Source: Nordea Markets and Macrobond

Nordic rates – low for very long

Policy rates



Public balance/debt, % of GDP, 2021E



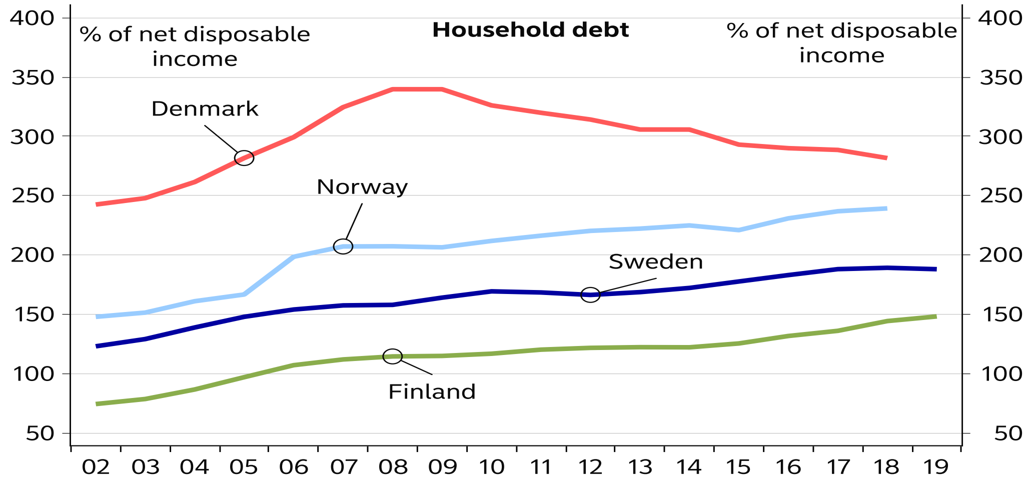
Comments

- Norway saw three rate cuts totalling 150 bp in the beginning of the crisis. Policy rates have been left unchanged in Sweden and the Euro Area while Denmark hiked the interest rate marginally due to technical reasons. Monetary and fiscal policy will remain accommodative for a long time and we expect policy rates to be left unchanged throughout the forecast period
- The Riksbank and ECB have launched new large-scale asset purchase programmes (QE) as a response to the COVID-19 crisis. The ECB is expected to purchase financial assets to a corresponding 12% of Euro Area GDP this year, while the Riksbank's purchases amount to 8% of GDP. All together, global ultra-expansionary monetary policy has contributed to calming and stabilising international markets amidst the crisis
- Nordic public finances were in good shape prior to the crisis and governments stood ready to act swiftly. Lower revenue and increased spending will lead to large fiscal deficits this year, hence prompting governments debt/GDP ratios to balloon. However, Nordic public finances will remain in a favorable position and are well-equipped to handle the long-term consequences of the pandemic

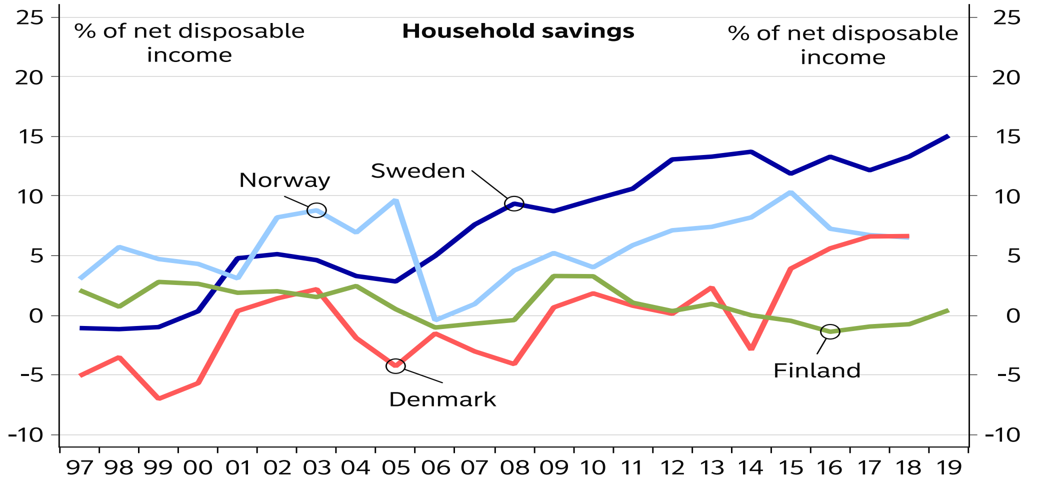
Source: Nordea Markets and Macrobond

Households remain resilient

Household debt



Household savings



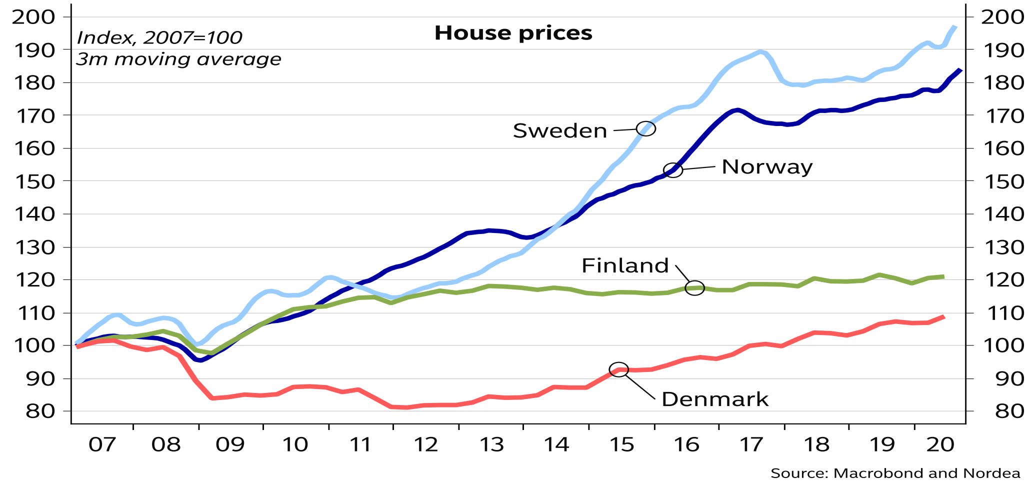
Comments

- Despite the high debt levels amongst households, low interest rates for longer continue to support credit growth, which in turn helps to stabilise the housing market. There is some uncertainty related to households' elevated indebtedness, but this is not deemed to create problems over our forecast period
- Early labor market measures, automatic stabilizers and other measures to stimulate demand help to soften the blow on households. Robust public finances prior to the crisis increases the credibility of the measures and harsh fiscal tightening is neither needed in the short term nor expected, which is important for households' income expectations

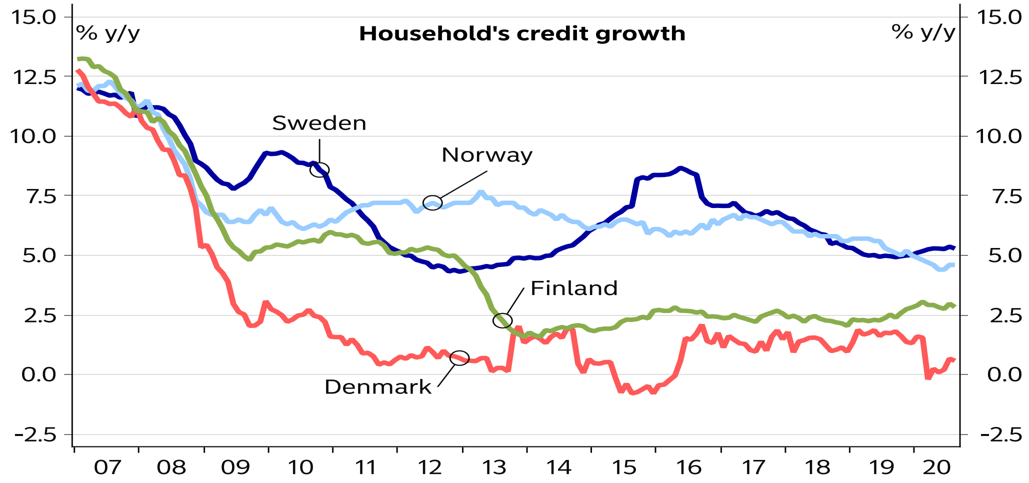
Source: Nordea Markets and Macrobond

House price development in the Nordics

House prices



Households' credit growth



Comments

- In **Sweden**, the housing market has rebounded, and prices were back at pre-crisis levels already during the summer. With low-anchored interest rates and a slightly more positive outlook for the labour market, much points to a continued rise in prices during the autumn. **Denmark's** housing market has been surprisingly strong, underpinned by declining financing costs. However, an expected step-up in supply, seasonal effects and an increase in unemployment is expected to dampen the market towards year-end. Primarily due to recent rate cuts by Norges Bank but also thanks to a stronger household confidence, the housing market in **Norway** is experiencing a strong trend. In **Finland**, the housing market has picked up during the summer, but prices have remained flat

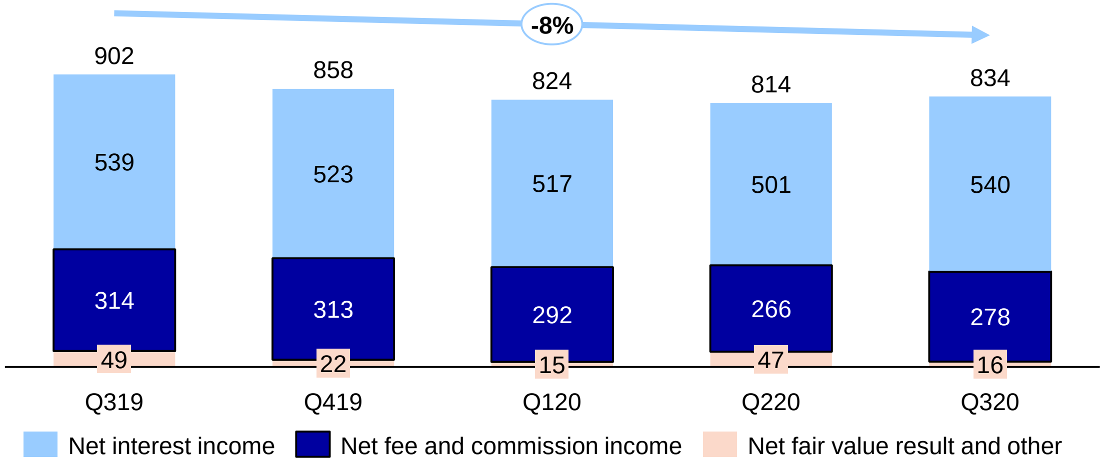
- If the economic outlook would worsen, key risks are found in the housing market as steep declines would cause severe stress in the financial system and result in long-term stagnation of the economy. Holiday homes are particularly price-sensitive, but the negative effect is expected to be partly offset by increased demand as a result of changes in travel patterns

Source: Nordea Markets and Macrobond

6. Business areas – update

Personal Banking – strong mortgage lending volume growth

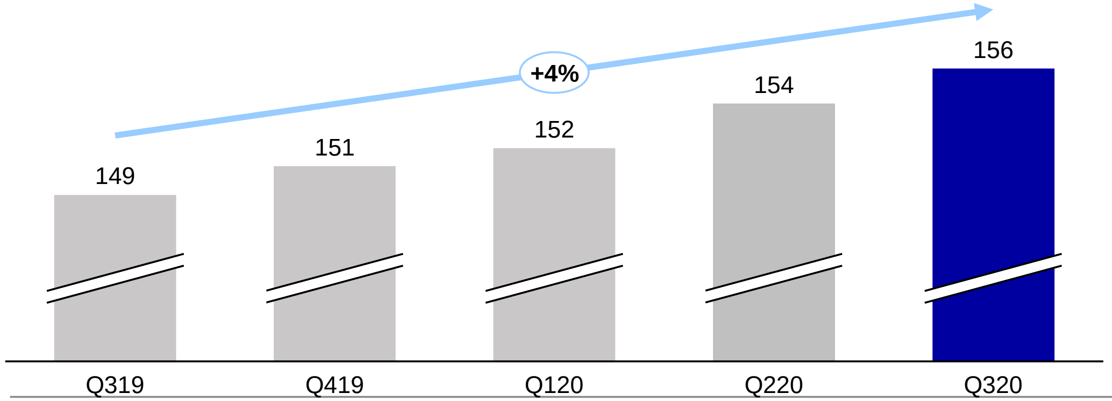
Total income, EURm



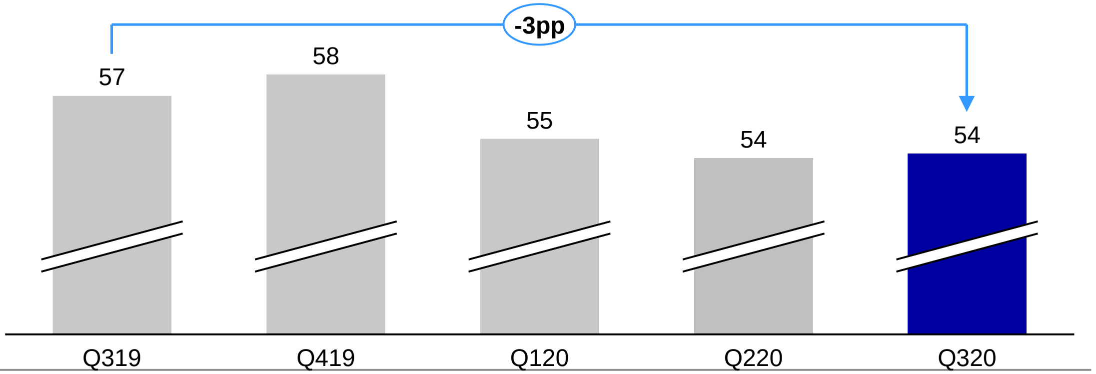
Comments

- Strong mortgage lending volume growth of 6%*, and high levels of customer activity
  - Higher market shares and improving customer satisfaction
- Total income down 8% due to extraordinary income in 2019 and COVID-19 impact on payments and cards income
- Improved cost efficiency: cost-to-income down to 54%

Lending*, EURbn



Cost-to-income ratio**, %

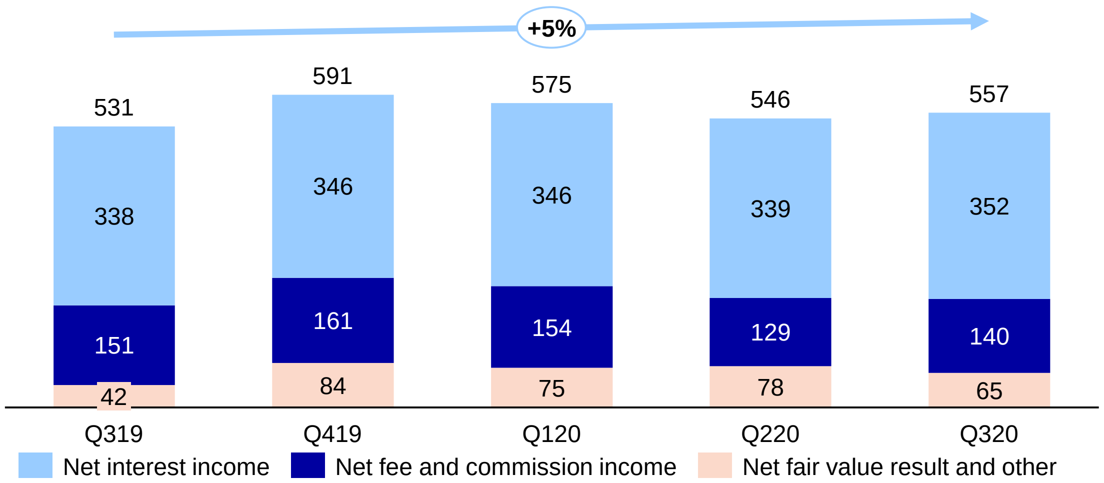


* Excluding FX effects (adjusted to current exchange rate)
** With amortised resolution fees

Nordea

Business Banking – strong lending volume growth in Sweden and Norway

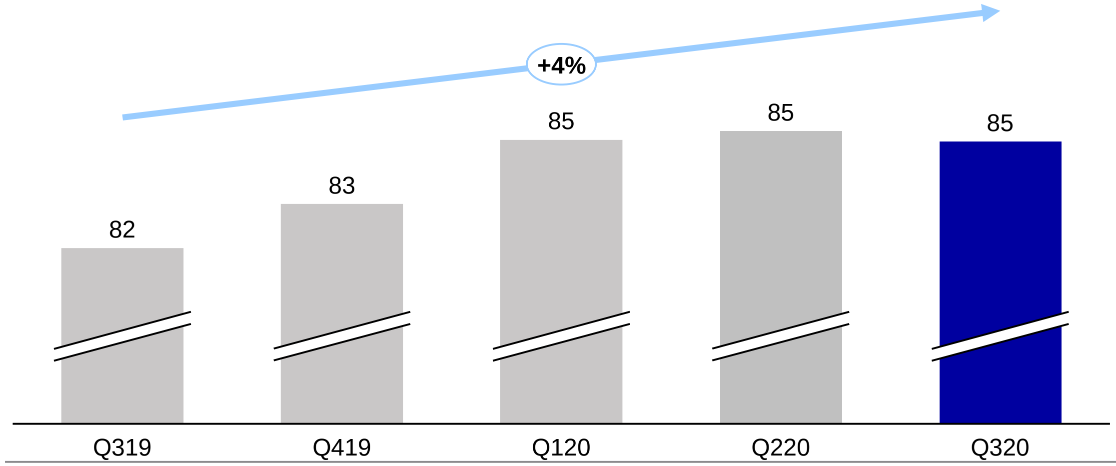
Total income, EURm



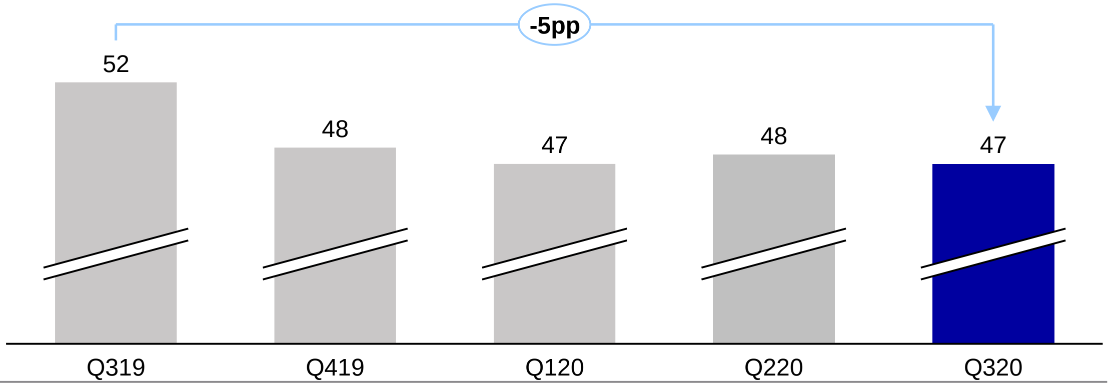
Comments

- Total income up 5%, increased business activity and increasing number of bond issues in quarter
  - Total lending volumes up 4%*, with strongest growth in Sweden and Norway
  - Deposit volumes up 20%*, with growth in all countries
- Savings and payment fee income recovering
- Improved cost efficiency: cost-to-income down to 47%

Lending*, EURbn



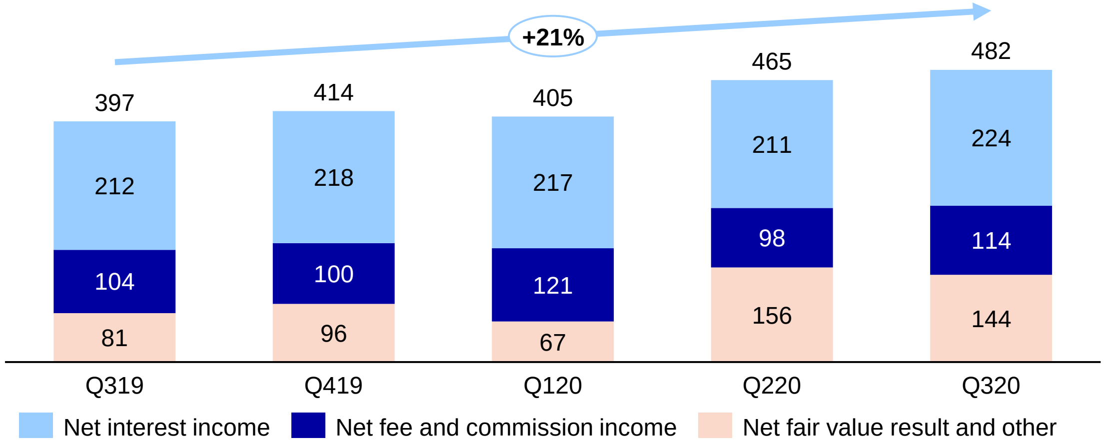
Cost-to-income ratio**, %



* Excluding FX effects (adjusted to current exchange rate)
** With amortised resolution fees

Large Corporates & Institutions – tangible progress with repositioning plan

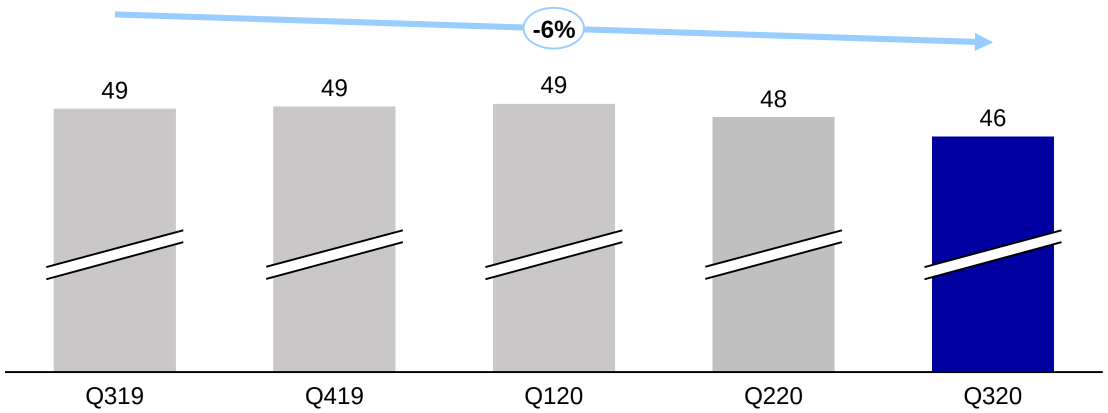
Total income, EURm



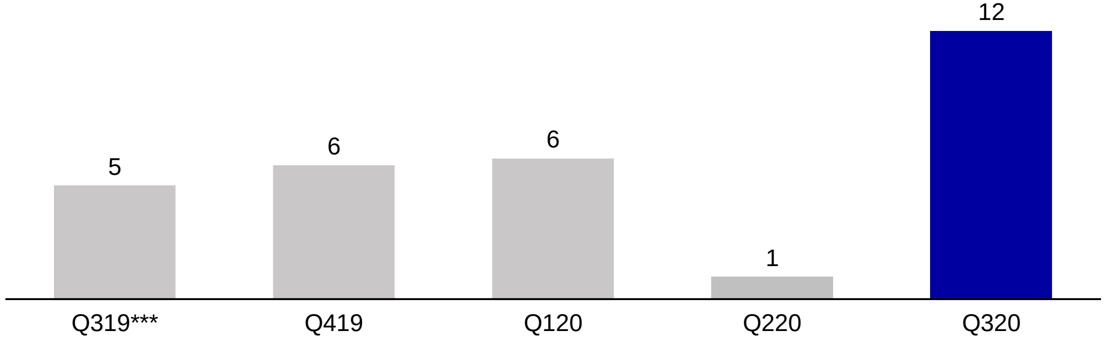
Comments

- Strong capital markets and continued volatility
  - Several major corporate transactions but lower credit demand
  - Strong results in all product segments in Markets
- Costs down 11%, mainly driven by lower staff costs and reduced travel
- Return on capital at risk higher at 12% – economic capital reduced by EUR 1.0bn
- Improved cost efficiency: cost-to-income down to 42%

Lending*, EURbn



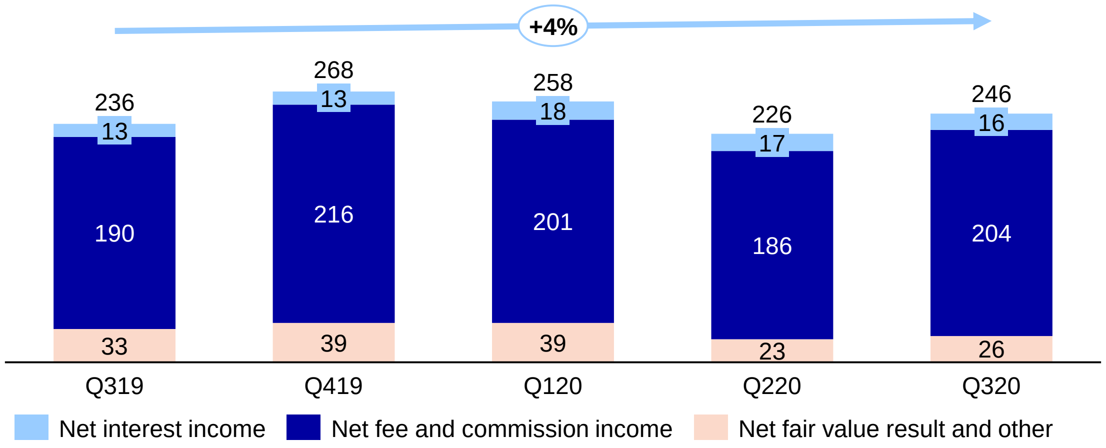
Return on capital at risk**, %



* Excluding repos
** With amortised resolution fees
*** Excluding additional provisions in Q319

Asset & Wealth Management – very strong net inflow

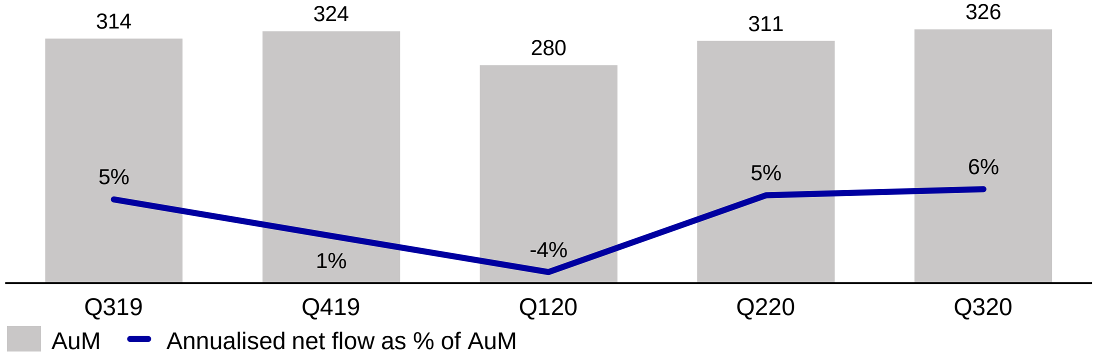
Total income, EURm



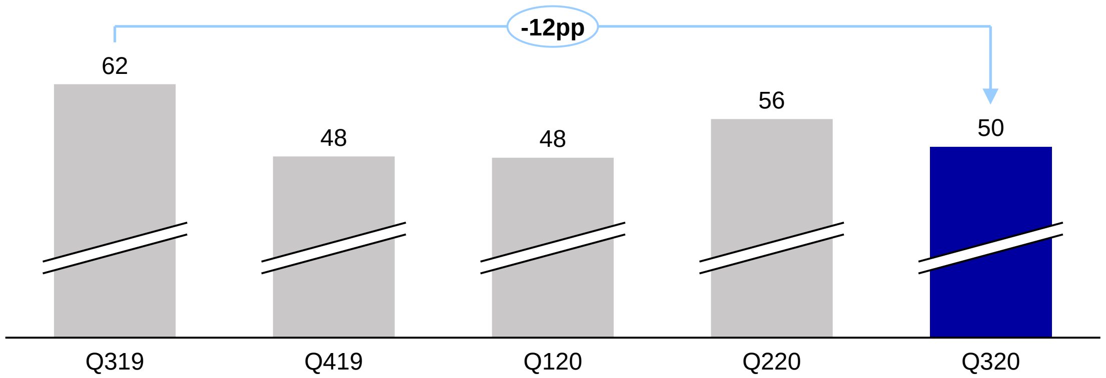
Comments

- Total income up 4% due to strong net inflows in all segments
  - Assets under management (AuM) up 4% to EUR 326bn – highest quarterly net inflow (EUR 4.6bn) since Q3 2016
- Increased ESG product net flow, amounting to 12% of ESG AuM
- Improved cost efficiency: cost-to-income down to 50%

Assets under management, EURbn, and net flows, %



Cost-to-income ratio*, %



* With amortised resolution fees

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