

Nordea



Debt investor presentation Q4 and full-year 2020

Disclaimer

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

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

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

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1. Nordea Q4 and full-year 2020 update

The largest financial services group in the Nordics

Household market position*

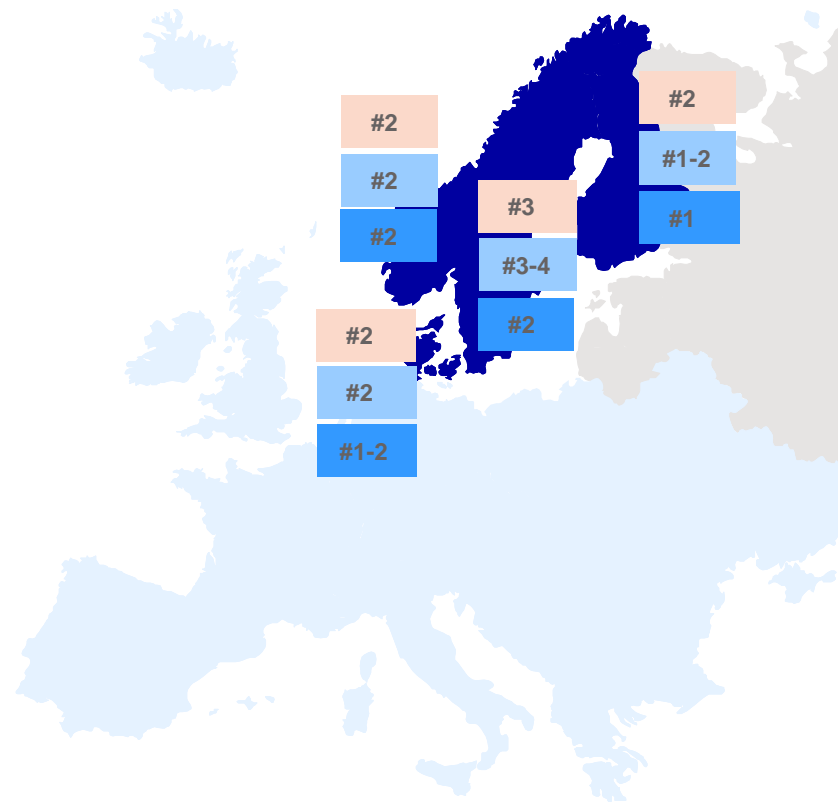
#1

Small and medium-sized companies

#1

Large corporates and institutions

#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

- 9.2 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 the business for customers
- Income evenly distributed between the business areas

Financial strength (Q4 2020)

- EUR 2.2bn in total income
- EUR 1.0bn profit before loan losses, EUR 0.7bn net profit
- EUR 552bn of assets
- EUR 33.7bn in equity capital
- CET1 ratio 17.1%
- Leverage ratio 5.9%

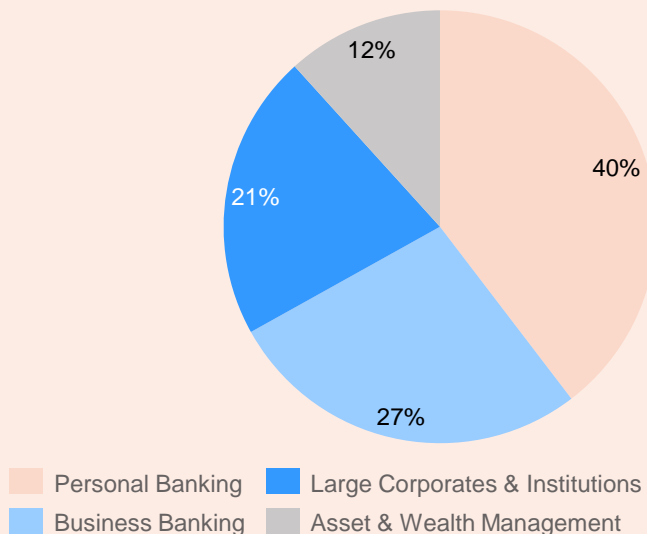
AA level credit ratings (senior preferred bonds)

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

EUR 27bn in market cap (Q4 2020)

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

Operating income per business area, Jan-Dec 2020



Executive summary

- Continued strong growth in customer business volumes in all countries
 - Mortgage lending volumes up 6% y/y and assets under management up 9% y/y to record high of EUR 354bn
 - SME lending up 8% y/y, supported by acquisition of SG Finans, now Nordea Finance Equipment (NFE)
- Operating profit up 11% y/y, driven by income growth, and return on equity at 8.4%*
 - Total income up 4% y/y, driven by highest net interest income growth (6%) since 2008 – net fee and commission income up 2%
- Costs in line with guidance – new cost outlook for 2021
 - Costs up 3% y/y, but underlying costs down 3% y/y, with full-year cost-to-income ratio of 54.8%*
 - Full-year 2021 operating costs expected to be below EUR 4.6bn
- Strong credit quality – total net loan losses and similar net result EUR 28m**; 2020 net loan losses in line with guidance
- Capital position among strongest in Europe with CET1 ratio of 17.1%, 6.9 percentage points above requirement
 - 2020 dividend proposal of EUR 0.39 per share; 2019 dividend of EUR 0.40 to be paid in two instalments during 2021
- On track to reach 2022 financial targets

Group quarterly results Q4 2020

Income statement and key ratios EURm, excluding items affecting comparability*	Q420	Q419	Q4/Q4	Q320	Q4/Q3
Net interest income	1,169	1,108	6%	1,146	2%
Net fee and commission income	792	775	2%	729	9%
Net fair value result	217	250	-13%	257	-16%
Other income	41	7		23	78%
Total operating income	2,219	2,140	4%	2,155	3%
Total operating expenses	-1,218	-1,179	3%	-1,089	12%
Profit before loan losses	1,001	961	4%	1,066	-6%
Net loan losses and similar net result**	-28	-86		19	
Operating profit	973	875	11%	1,085	-10%
Cost-to-income ratio***, %	57.2	57.5		52.9	
Return on equity***, %	8.4	7.6		10.1	

* Q4 2019: EUR 138m tax free gain related to the sale of LR Realkredit

** Includes fair value adjustments to loans held at fair value in Nordea Kredit. From Q4 2020 onwards, these are being presented separately on a new row in the income statement entitled "Net result on loans in hold portfolios mandatorily held at fair value"

*** With amortised resolution fees

Group full-year results 2020

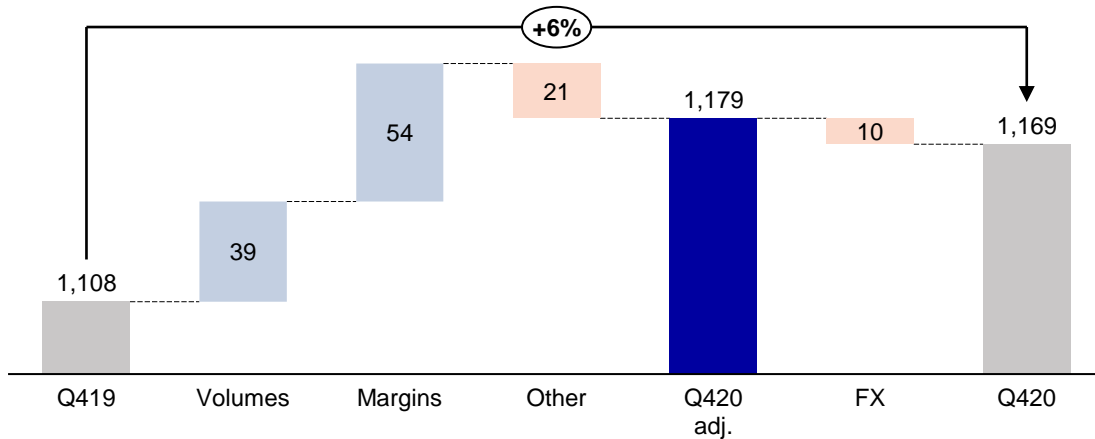
Income statement and key ratios EURm, excluding items affecting comparability*	FY20	FY19	FY/FY
Net interest income	4,515	4,318	5%
Net fee and commission income	2,959	3,011	-2%
Net fair value result	900	1,012	-11%
Other income	92	144	-36%
Total operating income	8,466	8,485	0%
Total operating expenses	-4,643	-4,877	-5%
Profit before loan losses	3,823	3,608	6%
Net loan losses and similar net result**	-860	-242	
Operating profit	2,963	3,366	-12%
Cost-to-income ratio, %	54.8	57.5	
Return on equity, %	7.1	8.2	
Diluted EPS, EUR	0.55	0.61	

* Q4 2019: EUR 138m tax free gain related to the sale of LR Realkredit; Q3 2019: EUR 204m staff restructuring provision, EUR 75m Luminor, EUR 735m IT impairment, EUR 282m loan loss provisions

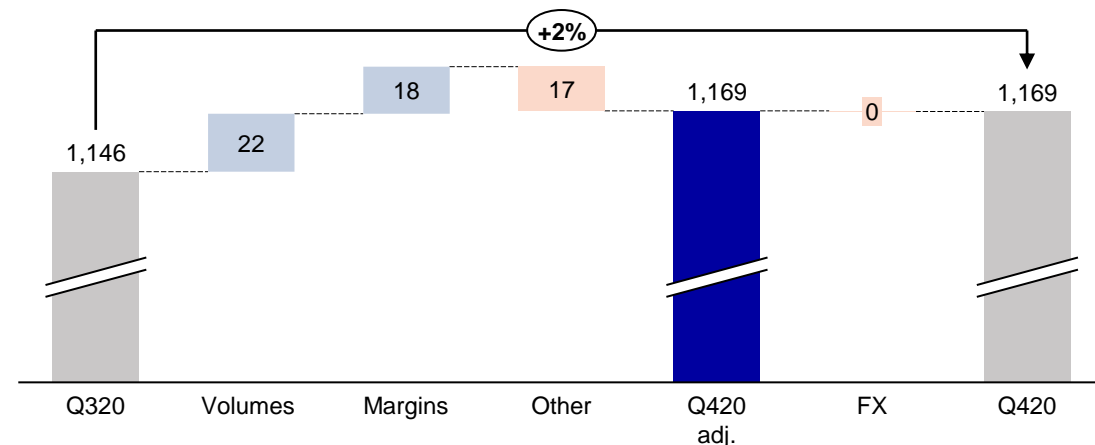
** Includes fair value adjustments to loans held at fair value in Nordea Kredit. From Q4 2020 onwards, these are being presented separately on a new row in the income statement entitled "Net result on loans in hold portfolios mandatorily held at fair value"

Net interest income – increase driven by growth in mortgage and SME lending

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm

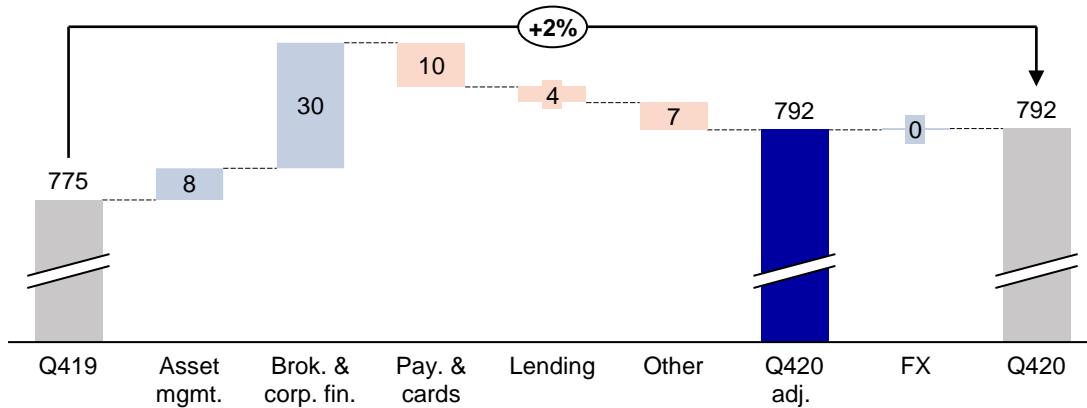


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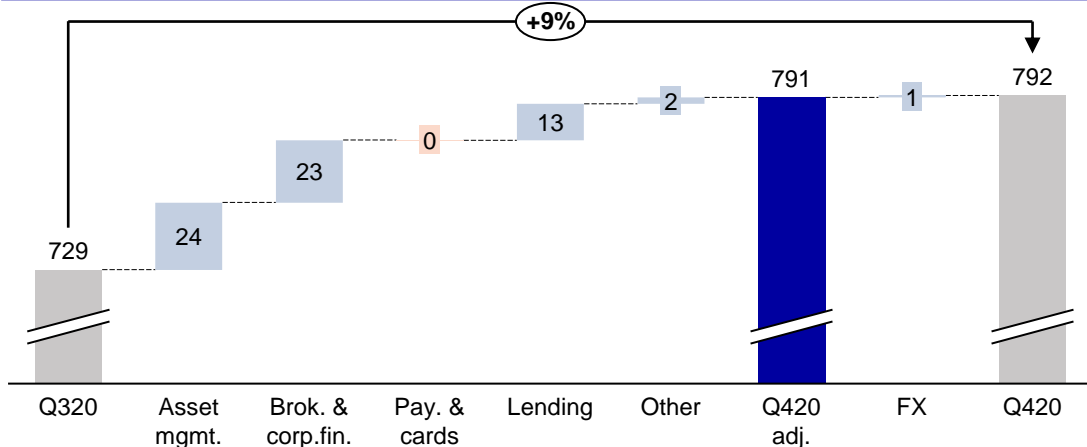
- Net interest income up 6%, highest growth rate since 2008
- Volume growth and higher market shares in mortgages in all countries. Positive SME lending development, particularly in Sweden and Norway
- Continued improvement in lending margins for large corporates
- Mortgage margins in Norway down in quarter, mainly due to higher NIBOR

Net fee and commission income – good customer activity and asset management inflows

Year-over-year bridge, EURm



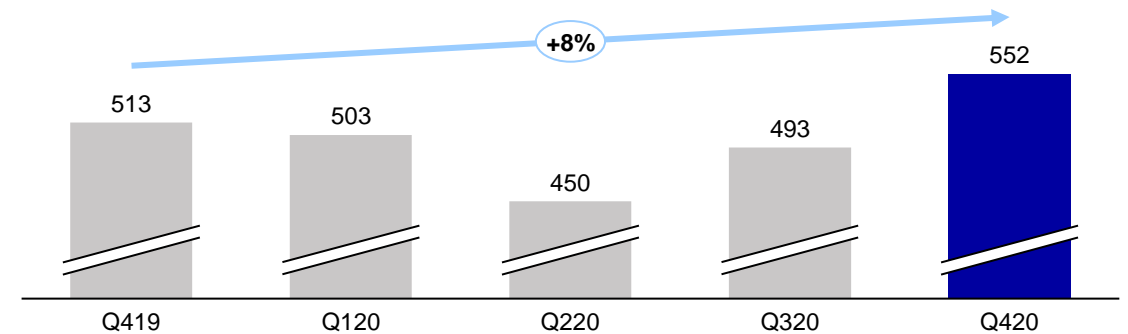
Quarter-over-quarter bridge, EURm



Comments

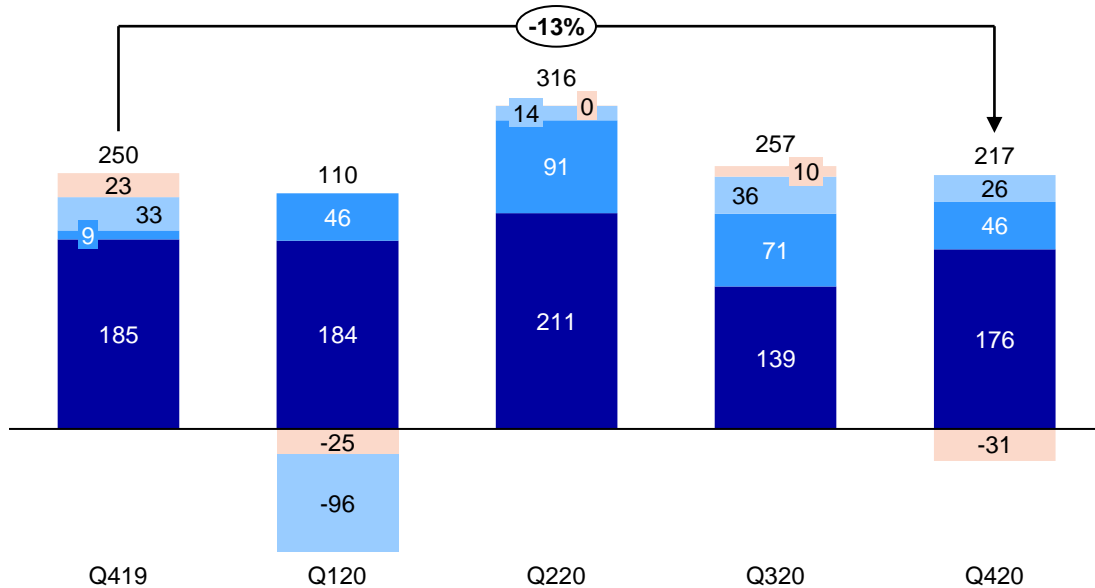
- Net fee and commission income up 2%, mainly driven by higher advisory income
- Savings income up 8% due to higher asset management fee income and high levels of customer activity
- Card-related fee income still affected by reduced travel, but improved in quarter

Savings and investment commission income, EURm



Net fair value result – underlying positive development in Markets

Net fair value result, EURm



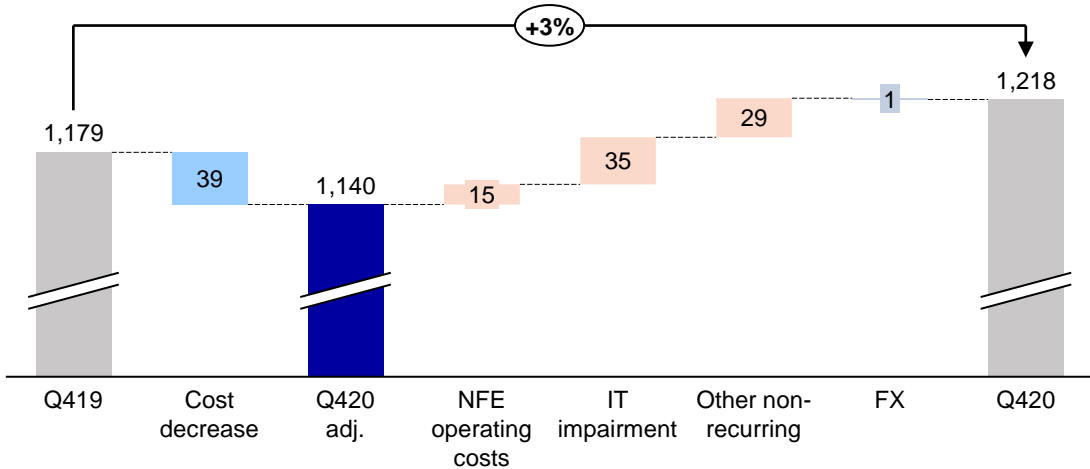
Comments

- Net fair value result down 13%
- Net fair value result excluding valuation adjustments up 4%, driven by strong income from market-making operations
- Customer areas slightly lower than last year, but customer activity improved from previous quarter
- Valuation adjustments and FX impacts of EUR -31m

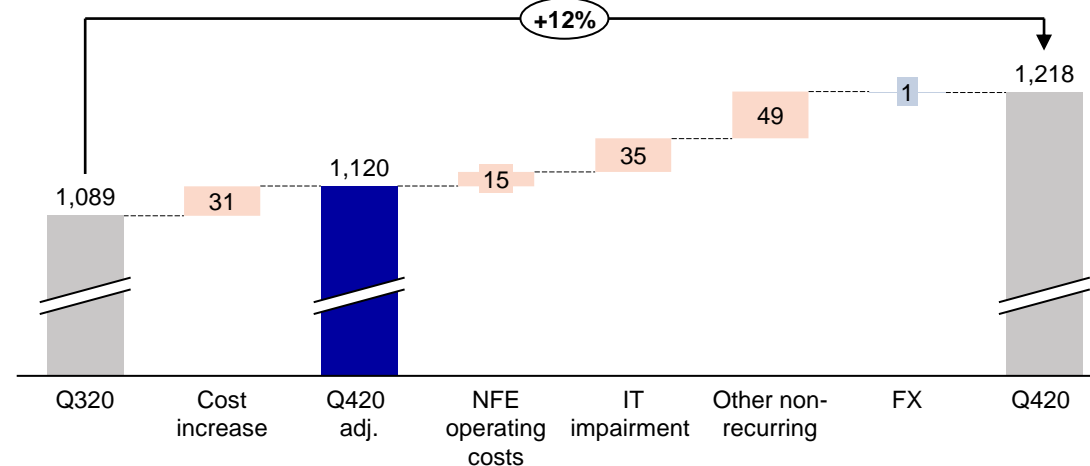
■ Customer areas**
 ■ Market-making operations
 ■ Treasury
 ■ Other*

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

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm



Comments

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

Outlook

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

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

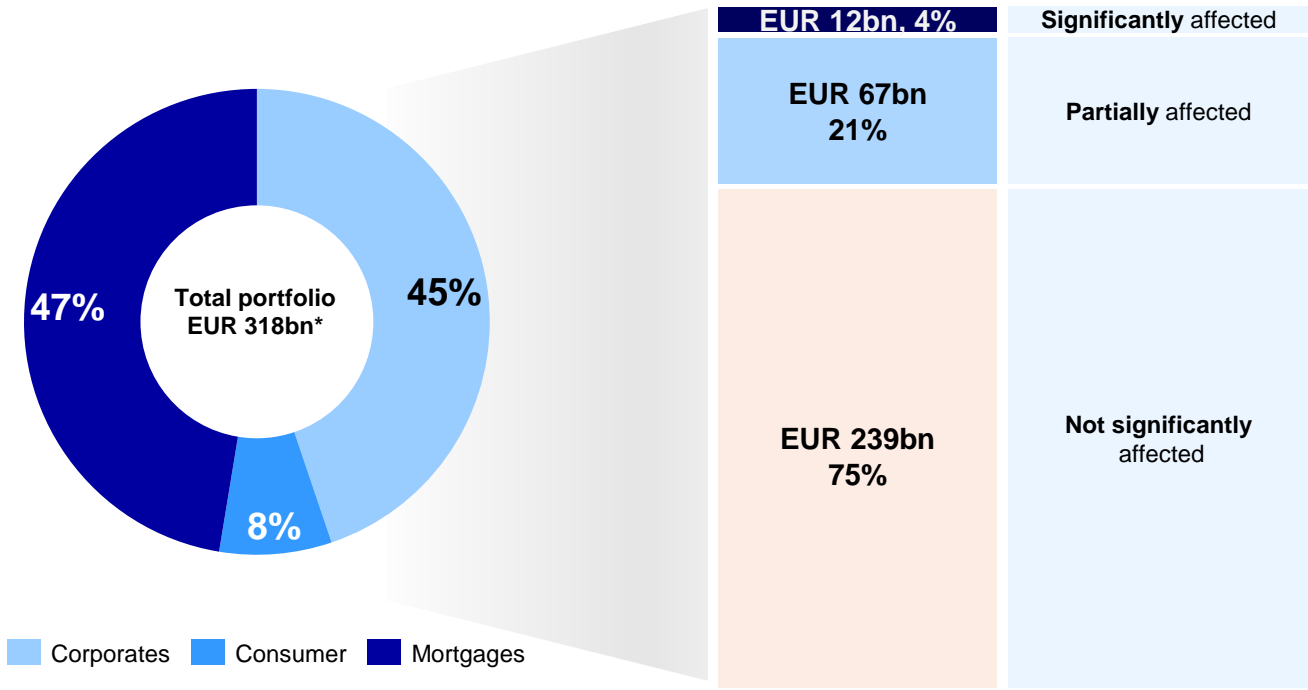
Dividend policy

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

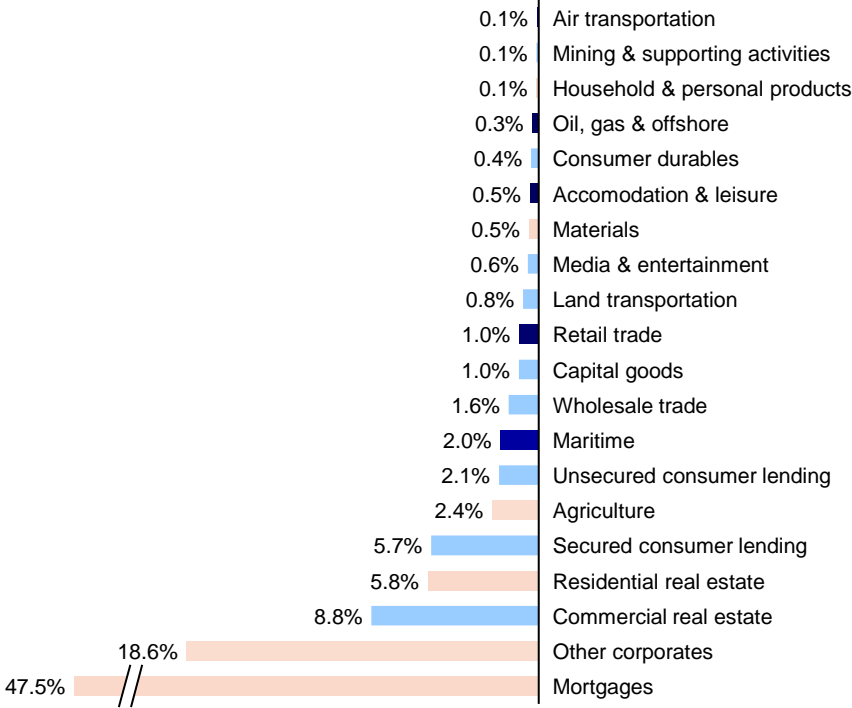
2. Credit quality

Loan book – well diversified with strong credit quality during 2020

Portfolio well diversified across countries and segments



Five segments with 4% of total exposures significantly affected



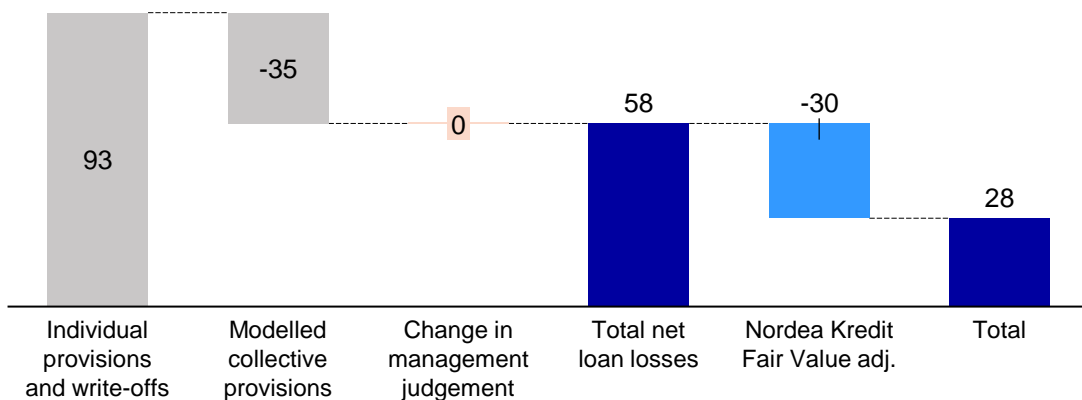
Nordic societies have well-structured social safety nets, strong fiscal positions and effective legal systems

Lending by country

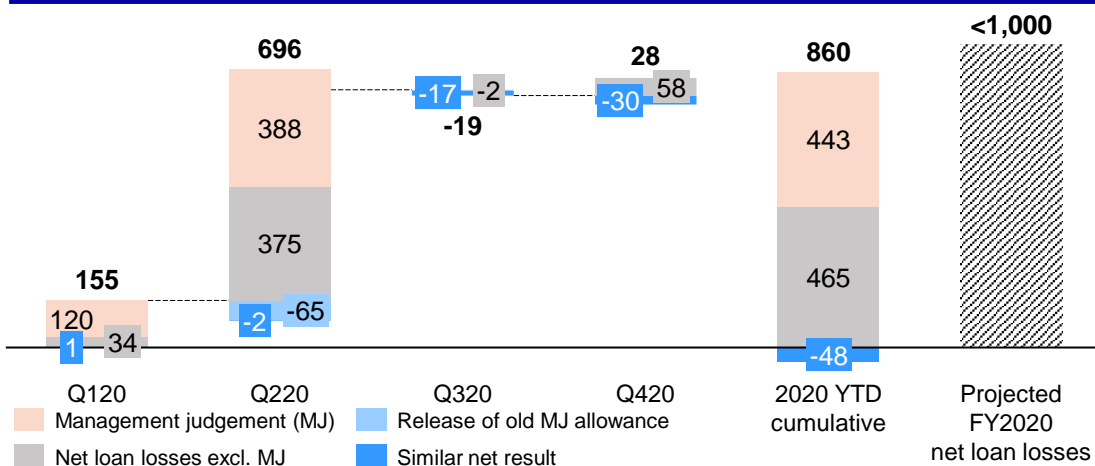


Net loan losses and similar net result – full-year losses in line with guidance

Net loan losses and similar net result Q420, EURm



Net loan losses and similar net result, EURm

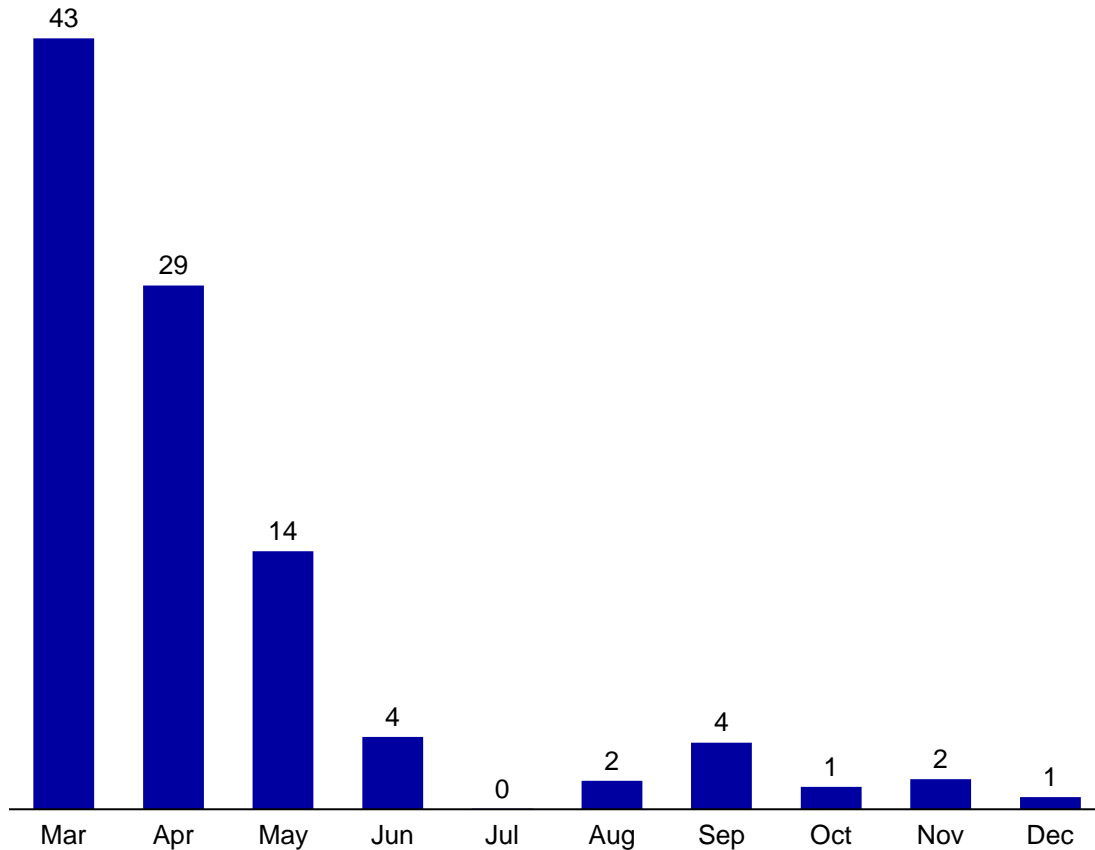


Comments

- Net loan losses and similar net result EUR 28m*
- Total net losses for 2020 in line with guidance of below EUR 1bn
- Projected impact of COVID-19 unchanged, based on new customer-level and portfolio assessments in fourth quarter
- Substantial management judgement buffer of EUR 650m kept on balance sheet to protect against potential losses

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

Customers granted instalment-free periods, 1000s

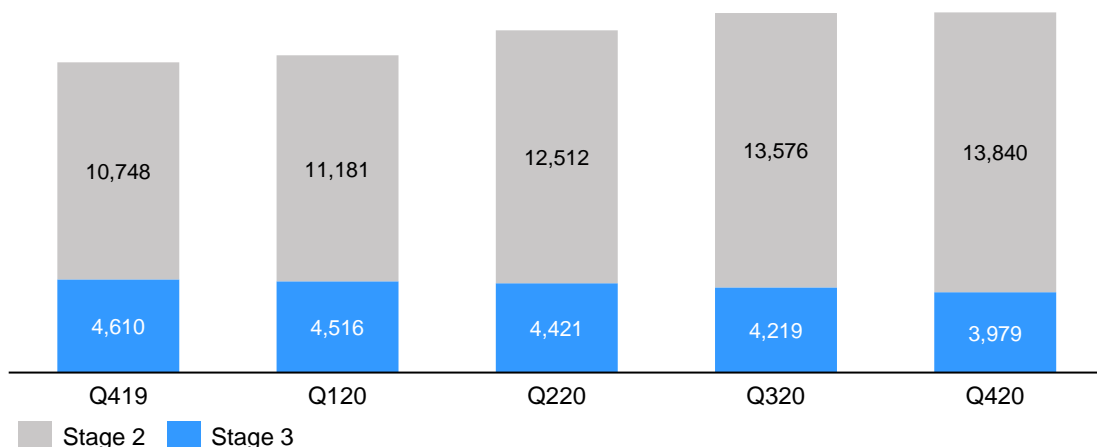


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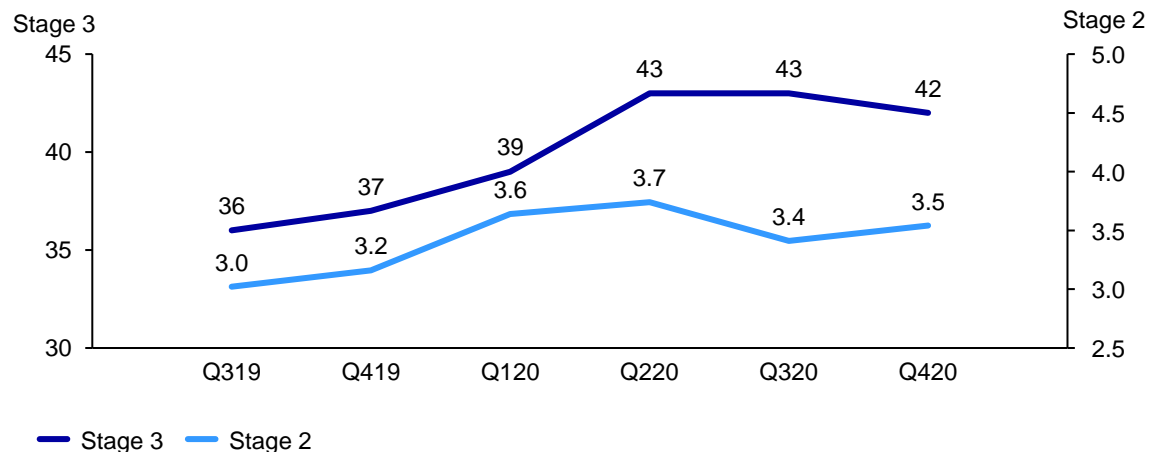
- Approximately 95,000 customers, including 9,000 corporates, granted COVID-19 instalment-free period during 2020
 - Corresponds to loan amount of around EUR 19bn
- Interest payments by customers maintained during instalment-free periods
- Around 50% of COVID-19-related instalment-free periods have expired
- 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 – continued reduction in impaired loans

Stage 2 and 3 loans at amortised cost, EURm



Coverage ratio, %

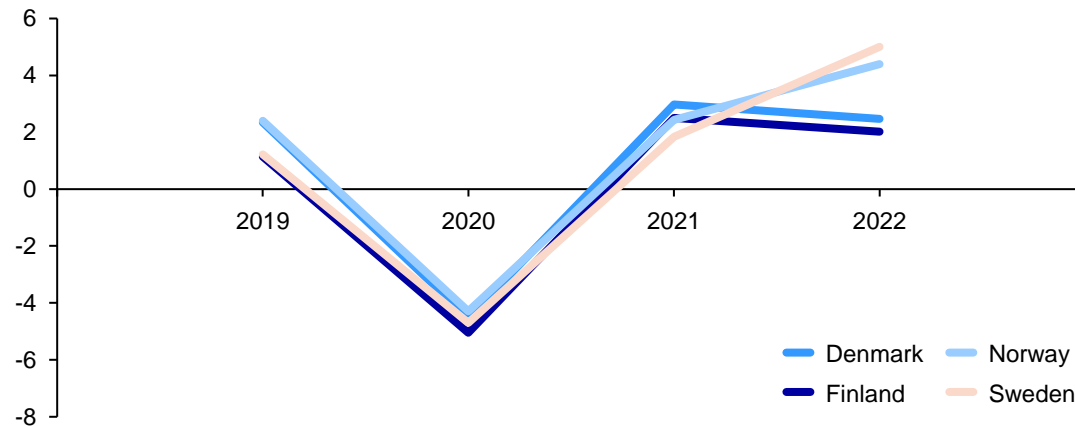


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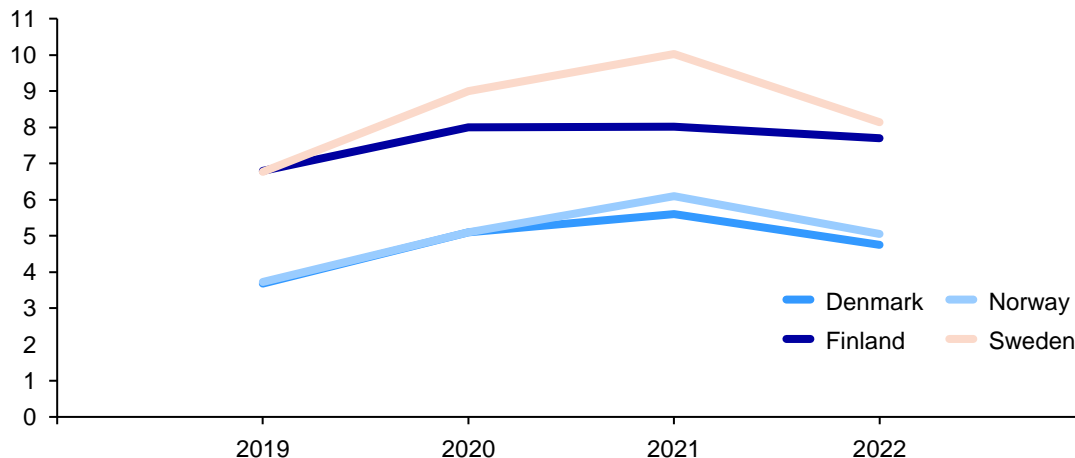
- Decrease in stage 3 impaired loans ratio, from 1.69% to 1.51% q/q, due to write-offs of non-performing loans
- Stage 2 loans up 2% q/q due to COVID-19-affected customers
- Slight decrease in provision coverage for potential losses in stage 3, to 42% from 43%
- Slight deterioration in credit quality observed for significantly affected segments, as expected

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

Baseline annual GDP growth, %



Baseline unemployment rate, %

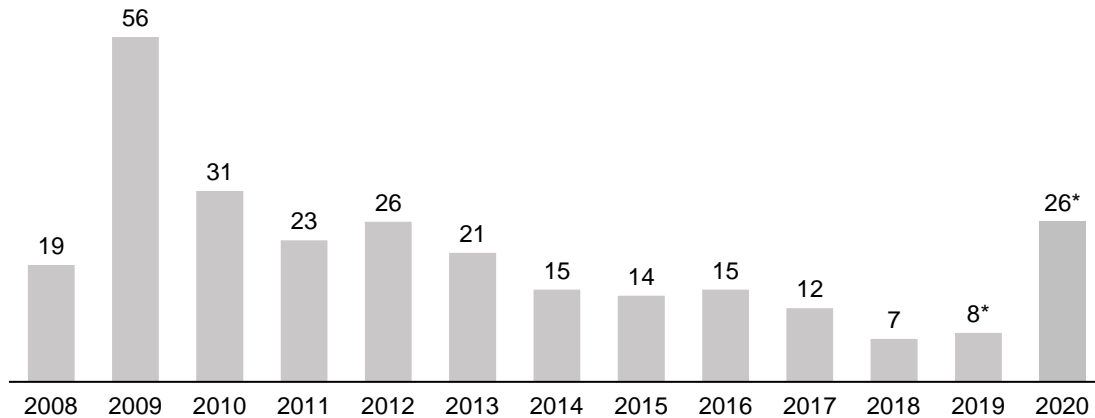


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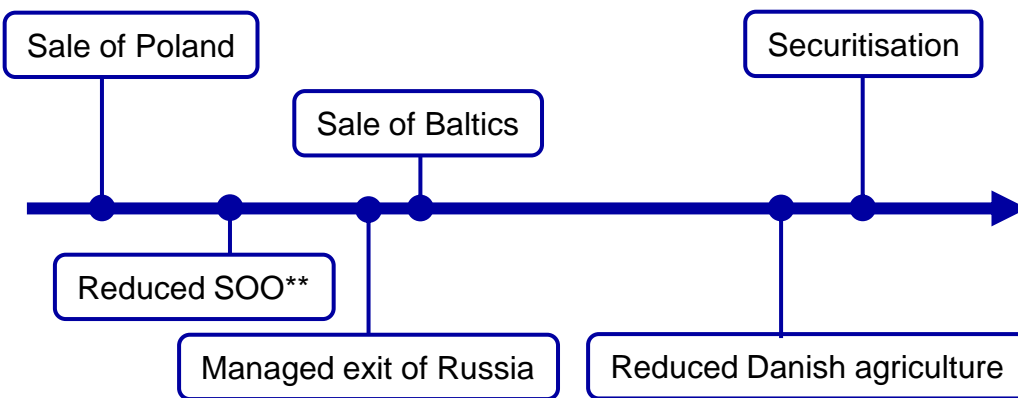
- Scenarios are conservative and in line with Nordic central banks and ECB forecasts
- Scenarios largely unchanged in the fourth quarter
- Base scenario, 50% weight
 - Lockdowns gradually removed as vaccines roll-out
 - Lingering uncertainty weigh on consumption and investments
- Upside scenario, 5% weight
 - Fast vaccine roll-out enable rapid removal of lockdowns
 - Strong recovery continues into 2021
- Adverse scenario, 45% weight
 - Lockdowns moved at a slower pace and/or reappear
 - Severe second round effects on consumption, investments and exports

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

Historic loan loss ratios, bps



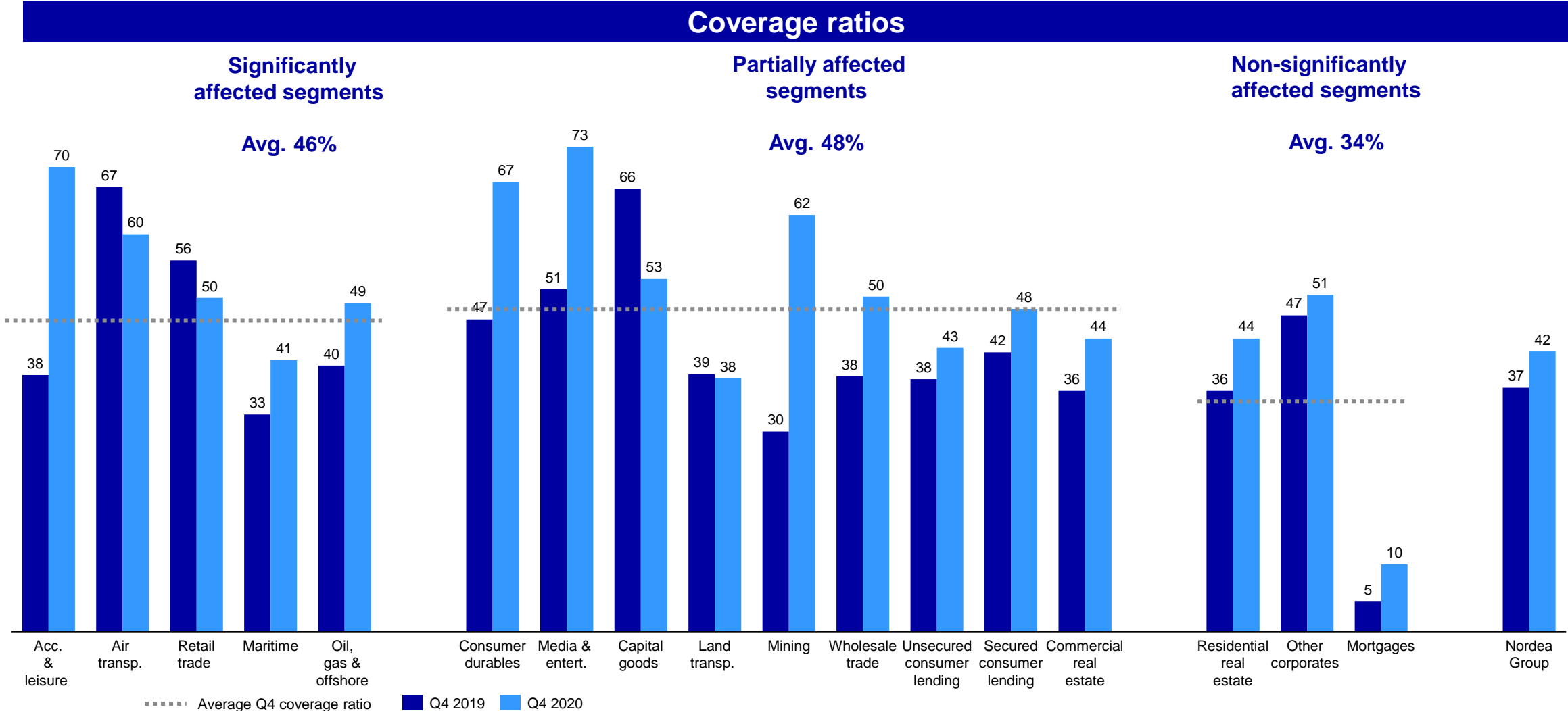
Significant de-risking



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
- 2020 net loan losses excluding management judgement were EUR 465m or 14bp – total loan loss ratio was 26bp

Coverage ratios – well provisioned for potential losses



Lending split with low concentration to each sector and segment

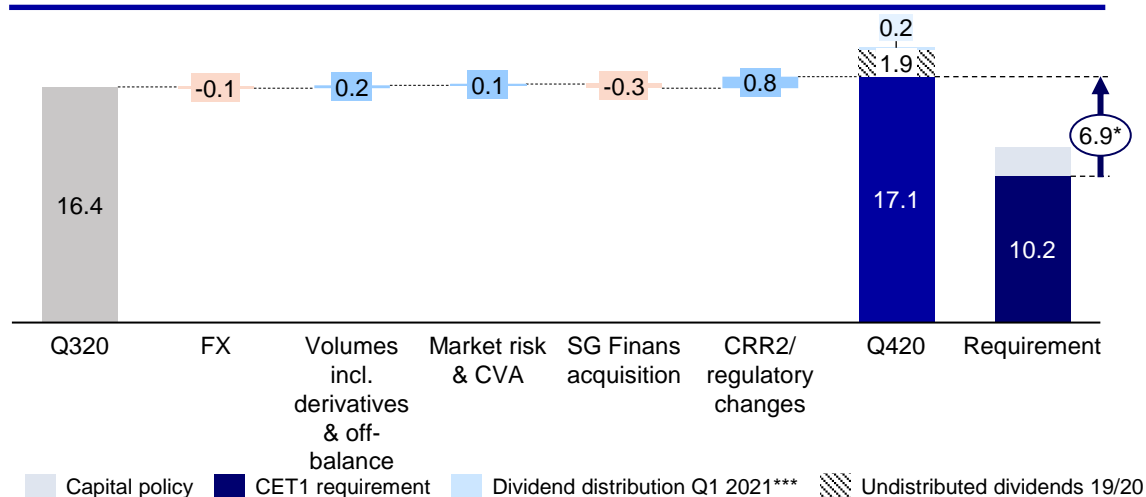
Lending volumes per sector and segment (EURbn) and portions of the total lending portfolio (%), 2020-12-31 (excluding reverse repos)

Financial institutions	15.7	5.0%	Maritime, shipping (total):	6.4	2.0%
Crops, plantations and hunting (agriculture)	3.8	1.2%	Tankers (crude, product, chemical)	1.8	0.6%
Animal husbandry (agriculture)	2.5	0.8%	Gas tankers	1.2	0.4%
Fishing and aquaculture	1.4	0.5%	Dry cargo	0.7	0.2%
Paper and forest products	1.9	0.6%	Car carriers	0.3	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	0.6	0.2%	Supply vessels	0.5	0.2%
Food processing and beverages	1.2	0.4%	Floating production	0.1	0.0%
Household and personal products	0.4	0.1%	Oil services	0.2	0.1%
Healthcare	2.1	0.7%	Cruise	0.3	0.1%
Consumer durables	1.2	0.4%	Ferries	0.1	0.0%
Media and entertainment	1.8	0.6%	Other (incl maritime services and ship building)	0.9	0.3%
Retail trade	3.3	1.0%	Utilities distribution	3.5	1.1%
Air transportation	0.3	0.1%	Power production	1.9	0.6%
Accommodation and leisure	1.5	0.5%	Public services	2.8	0.9%
Telecommunication services	0.7	0.2%	Other industries	2.2	0.7%
Materials	1.6	0.5%	Household mortgage loans Denmark	35.5	11.2%
Capital goods	3.3	1.0%	Household mortgage loans Finland	31.6	9.9%
Commercial and professional services	12.1	3.8%	Household mortgage loans Norway	34.0	10.7%
Construction	7.7	2.4%	Household mortgage loans Sweden	49.9	15.7%
Wholesale trade	5.0	1.6%	Household mortgage loans total	151.0	47.5%
Land transportation	2.6	0.8%	Collateralised consumer lending	17.9	5.6%
IT services	1.5	0.5%	Non-collateralised consumer lending	6.6	2.1%
Commercial real estate	28.1	8.8%	Public sector	5.5	1.7%
Residential tenant-owned associations and companies	18.6	5.8%	Total loans to the public	317.6	100.0%

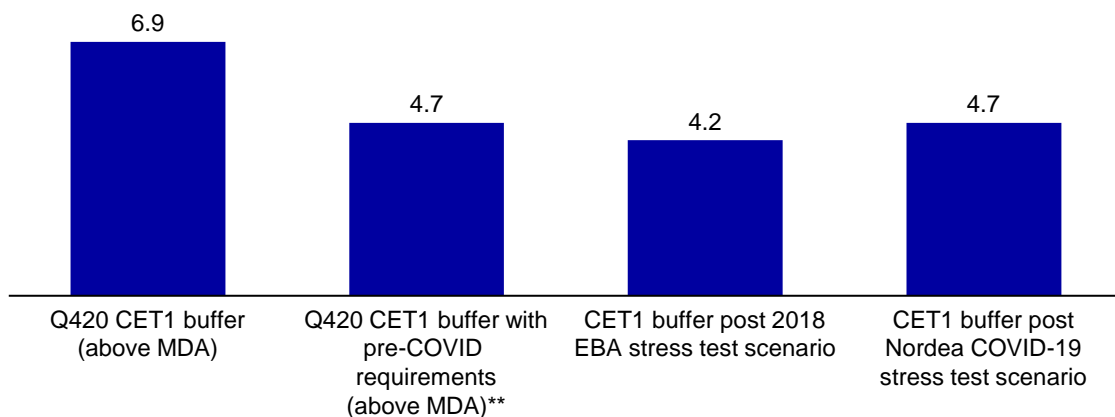
3. Capital, AML and Sustainability

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

CET1 capital ratio development, %



CET1 capital buffer, %

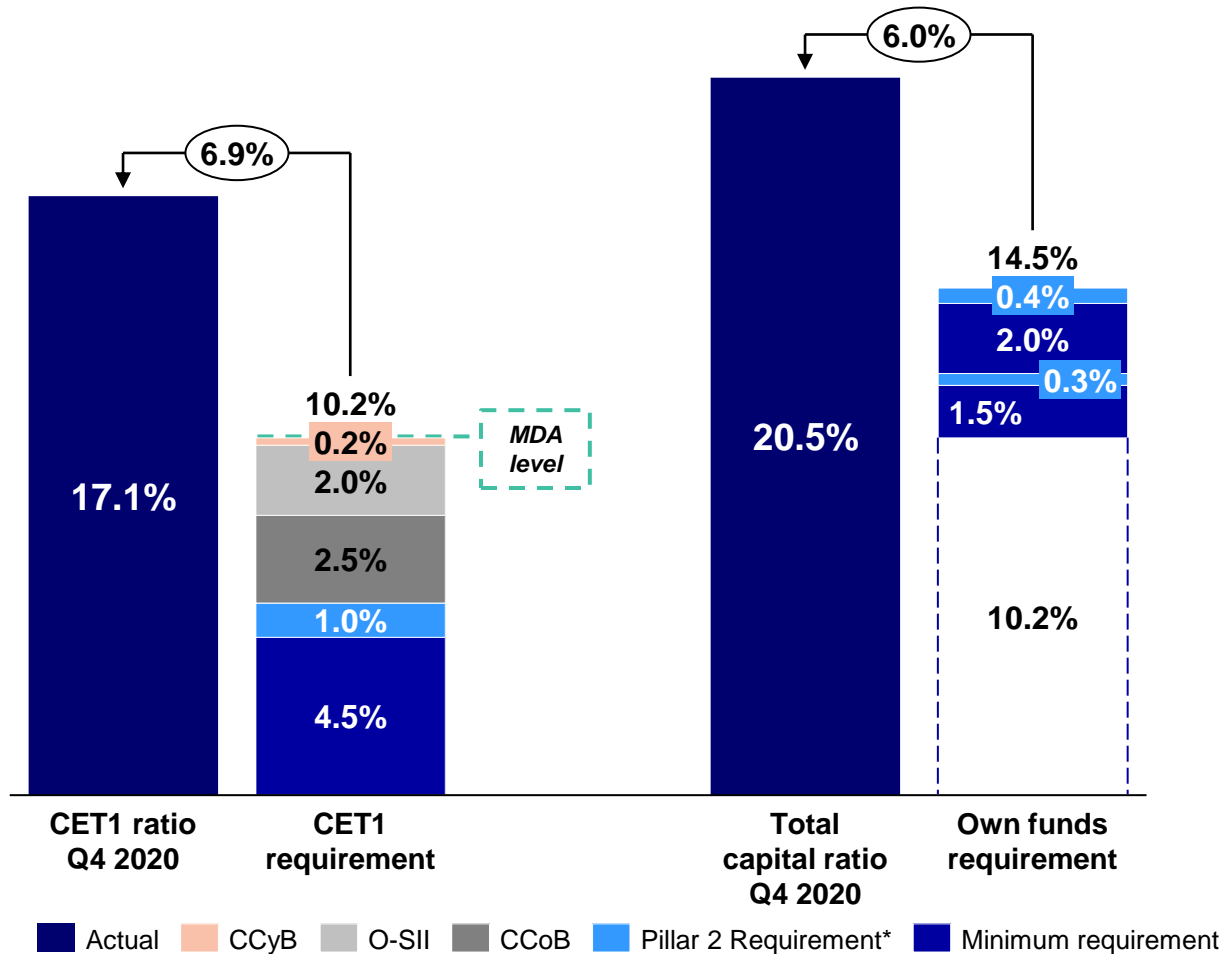


Comments

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

Capital – significant buffer to capital requirements

Capital position and requirements



Comments

- CET1 capital ratio 17.1%, 6.9 percentage points above regulatory requirement**
- Capital policy of 150-200bps above the regulatory requirement (MDA level)
- CET1 buffer of 6.9 percentage points corresponds to a CET1 buffer of EUR 10.7bn
- CET1 requirement lowered by ~2.9 percentage points since 1 January 2020

Significant investments into anti-financial crime

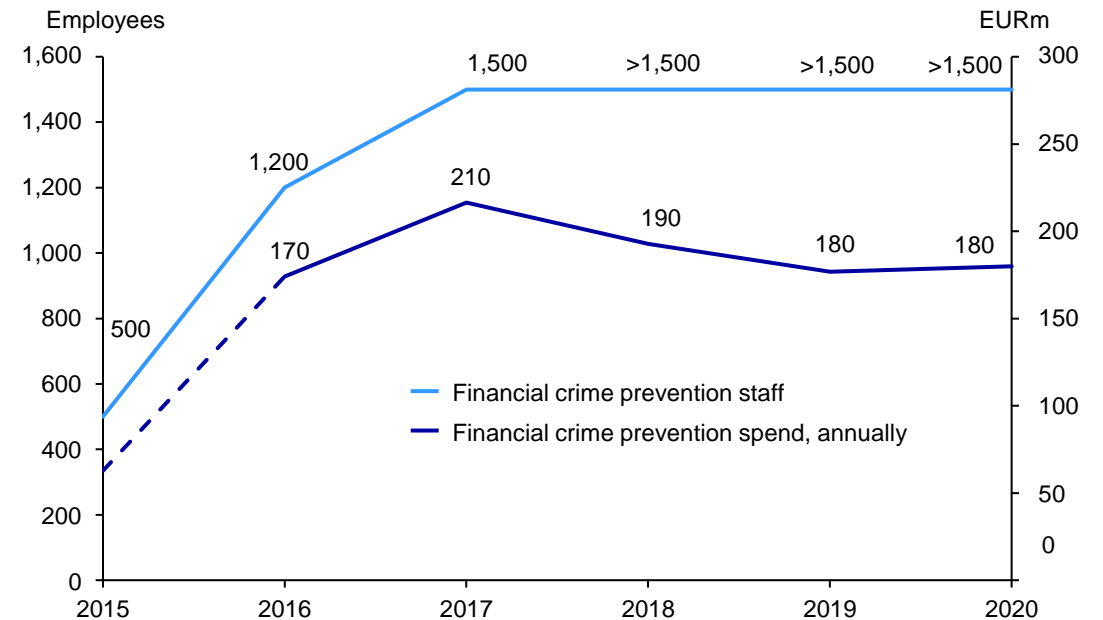
Actions against money laundering

- 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 900m 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

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

Significant build-up



- 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

Next step in our sustainability journey: elevated ambition level and enhanced customer support

Our purpose is the starting point

Together, we lead the way,
enabling dreams and everyday aspirations
for a greater good

As a leading bank we are well positioned to drive change



Sustainability integrated into business plans across Group

- Savings and lending offerings
- Culture and people processes
- Procurement
- Risk management
- Funding

Targets for all ESG pillars – including customer activities and our own direct impact

- Medium-term (2023) targets for all units, covering ESG funds, green mortgages, green bonds, sector policies, etc
- Focus on incentivising customers to make choices which have a positive impact and supporting their transition to more sustainable banking
- Targets for our activities, including climate, social and governance areas, and financial strength

Our long-term climate objectives

- By 2030 reduce carbon emissions from our lending and investment portfolios by 40-50%* and achieve net zero emissions by 2050 at the latest
- By 2030 reduce carbon emissions from our internal operations by >50%* and deliver net positive carbon contribution (through off-setting)

Sustainability focus across the group

Sustainability business development 2020

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

242,000

In Q1-Q4 2020

Total AuM in ESG products

EUR 73bn

In Q4 2020

+16%

Q3/Q4 2020

Net volumes sustainable savings

EUR 1.2bn

in Q1-Q4 2020

Mortgages with green collaterals, volume

EUR 352m

In Q4 2020

+22%***


Q3/Q4 2020

Acknowledgements for our sustainability work

- Best ESG process (CFI.co)
- Corporate Knights 2021 Global 100 index of 100 most sustainable corporations in the world
- Nordea Asset Management in the top 10 list of best-selling asset managers within sustainable funds (Morningstar) and won the 'ESG engagement initiative of the year' prize in the 2020 Sustainable Investment Awards
- Nordea funds received high rankings in the responsibility assessment in a responsible investment report by the UN
- Constituent of the FTSE4Good Index Series



Highlights 2020

- Sustainability integration – targets and objectives for 2023 and 2030
- Joined Partnership for Carbon Accounting Financials (PCAF) and founding member Net-Zero Asset Manager Initiative
- New tool for comparing sustainability footprint of investment portfolios
- Launched energy-saving loan in Denmark
- Upgraded MSCI rating  (AA)

Sustainability ratings



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



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



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

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

Nordea is fully committed to making the financial sector more sustainable

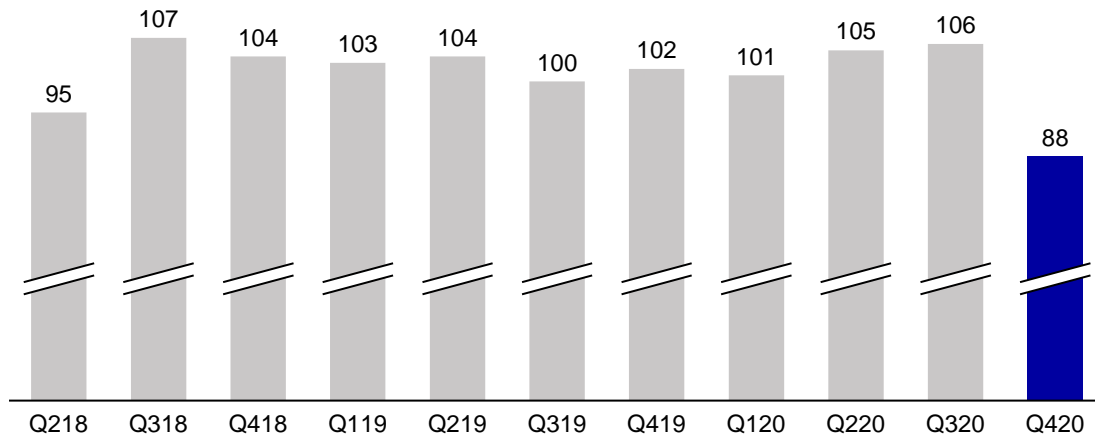
Offering			Risk management	Commitments
Financing	Investments	Advice		
Green and sustainability bonds	Star funds	Green bond issuance	<ul style="list-style-type: none">• Board Operations and Sustainability Committee and Sustainability and Ethics Committee• Group Board Directive on Risk includes ESG and ESG Risk Appetite Statement• Group wide thematic and sector guidelines. Specific policies for investments and sustainable bonds• Task Force on ECB expectations	<ul style="list-style-type: none">• Co-Founders of UNEP FI Principles for Responsible Banking• Founding members of Collective Commitment to Climate Action• Founding member of Net-Zero Asset Owner Alliance (Life & Pensions)• Founding member Net-Zero Asset Manager Initiative• Joined Partnership for Carbon Accounting Financials (PCAF)• Founding member of the Poseidon Principles for the shipping industry
Green corporate loans	Climate & Environmental Fund	Advice on ESG to issuers and investors		
Sustainability linked loans	Sustainable selection model portfolios	Leading green finance framework advisory		
Green mortgages	Global Impact Fund			
Green car loans & leasing	All funds are negatively screened			

Contributing to society’s goals through climate action, social impact and strong governance

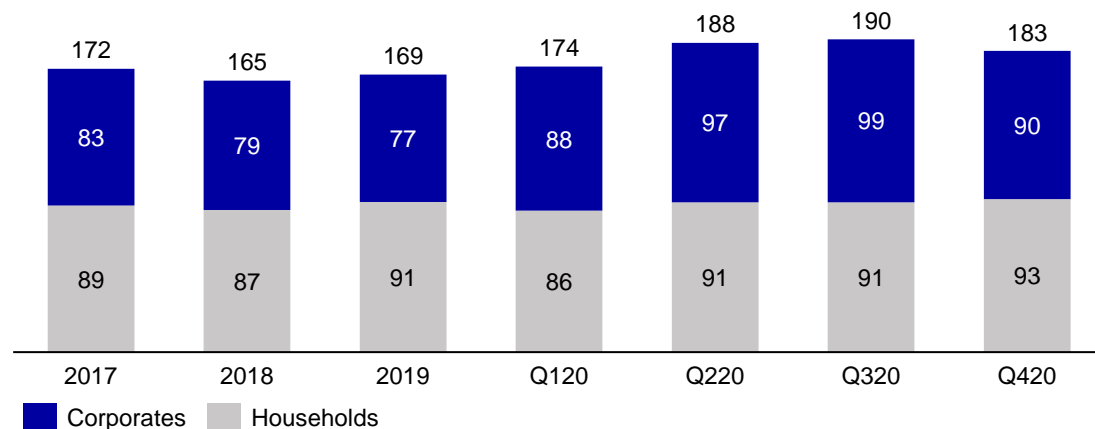
4. Funding

Liquidity – solid position and well-functioning funding markets

Liquidity buffer development, EURbn



Deposits*, EURbn

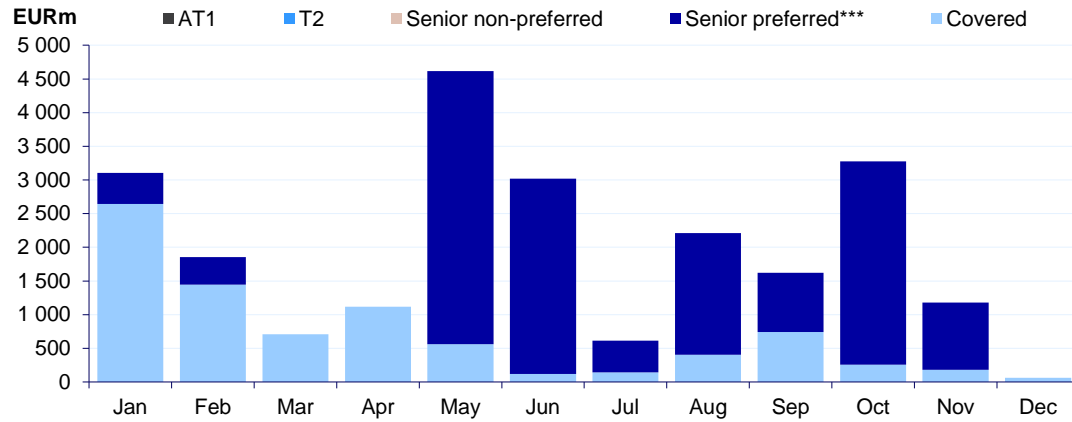


Comments

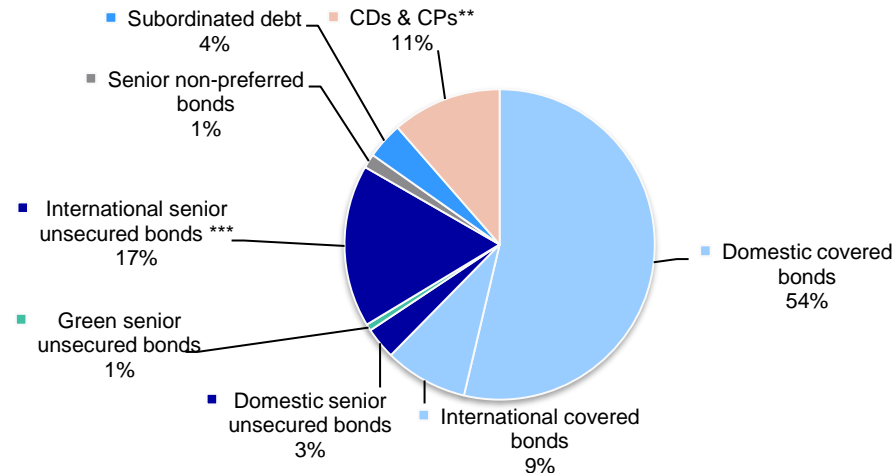
- Robust liquidity position
 - Liquidity buffer over EUR 88bn
 - Liquidity coverage ratio (LCR) of 158%
 - EU net stable funding ratio (NSFR) of 110.3%
- Deposits decreased 6% in the quarter in local currencies
- EUR 4.5bn long-term debt issued during Q4 2020
 - All key funding markets are functioning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

Solid funding operations

Long-term issuance volumes 2020*



Long- and short-term funding



Strong funding position further improved

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

Long-term issuance plan for 2021

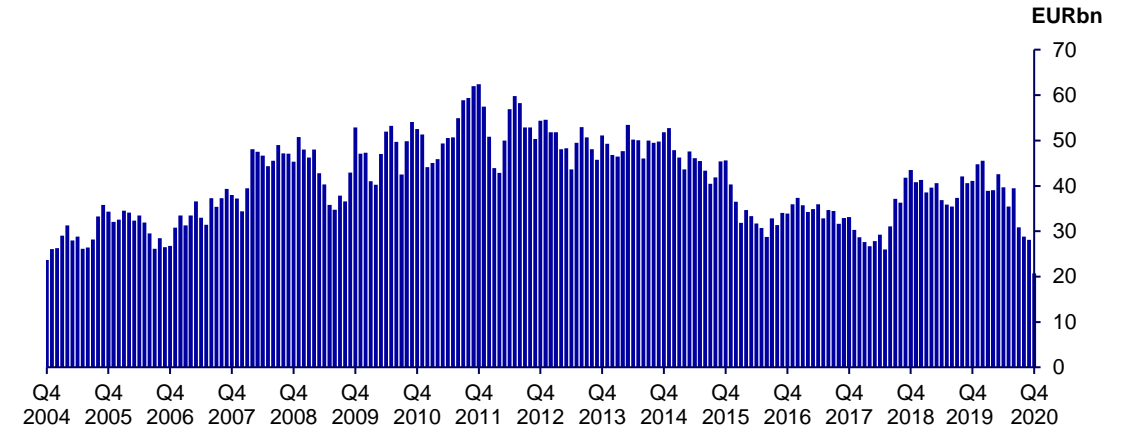
- For 2021, long-term issuance plan of ~EUR 20bn
 - Slightly lower than in 2020 due to deposits and selective participation in central bank facilities
- Approximately 50% expected to be issued in the domestic markets, primarily in covered bond format
- Total estimated target of senior non-preferred debt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

Short-term funding – prudent and active management

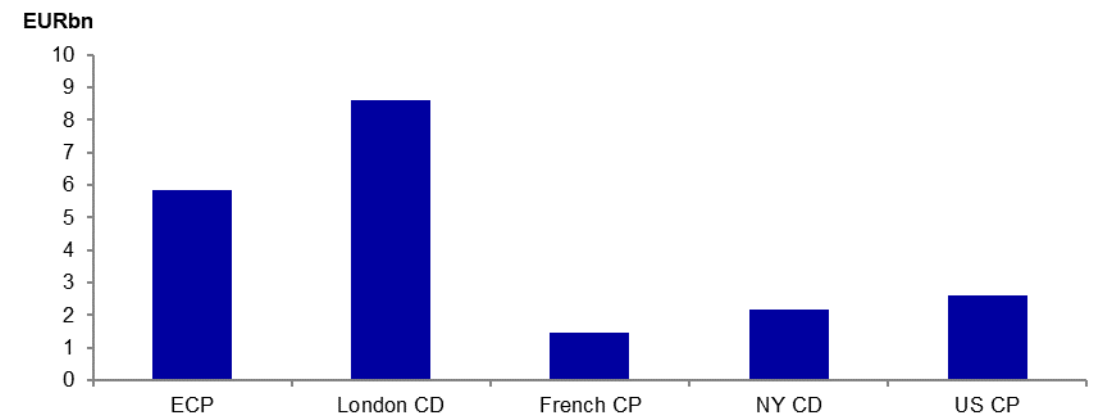
Comments

- Fourth quarter of 2020 was focused on year-end liquidity management
- Short-term issuance is a useful tool in the funding toolbox for active liquidity management and balance sheet optimisation
- During 2020, Nordea issued longer dated short term issuance both in the European and the US market than previous year
- Nordea 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 21bn and EUR 34bn during Q4 2020

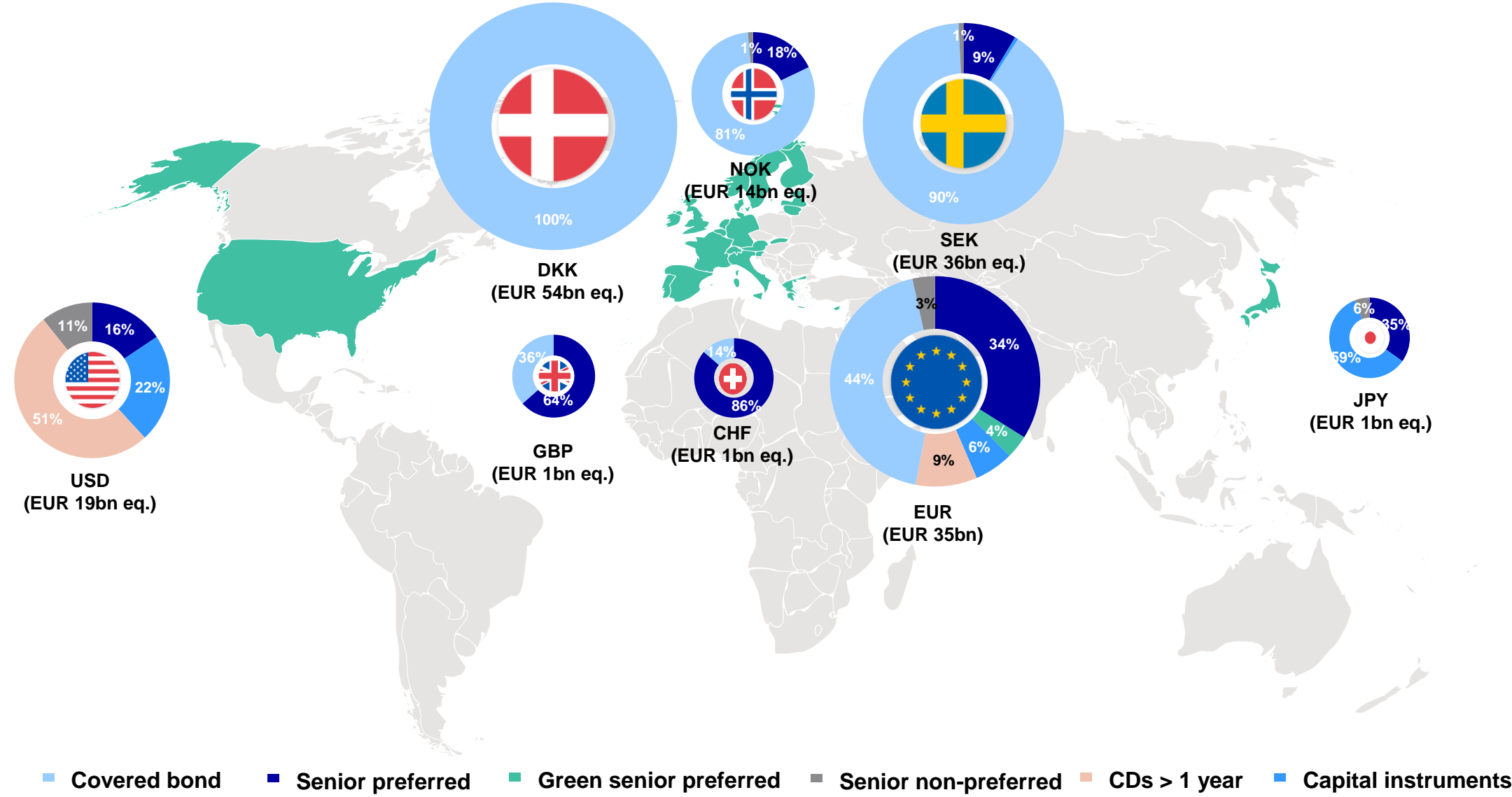
Short-term issuance*



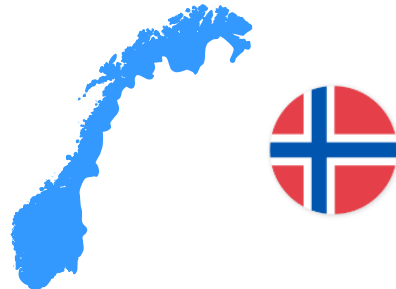
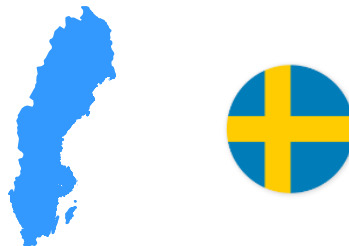


Split between programs*



Long-term funding – Nordea’s global issuance platform



















Nordea covered bond operations

	Nordea Eiendoms kreditt	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 17.6bn (eq.)	EUR 59.5bn (eq.)	Balance principle	EUR 22.9bn
	Covered bonds outstanding	EUR 13.5bn (eq.)	EUR 38.8bn (eq.)	EUR 58.1bn (eq.)*	EUR 19.6bn
	OC	31%	53%	8%*	17%
	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

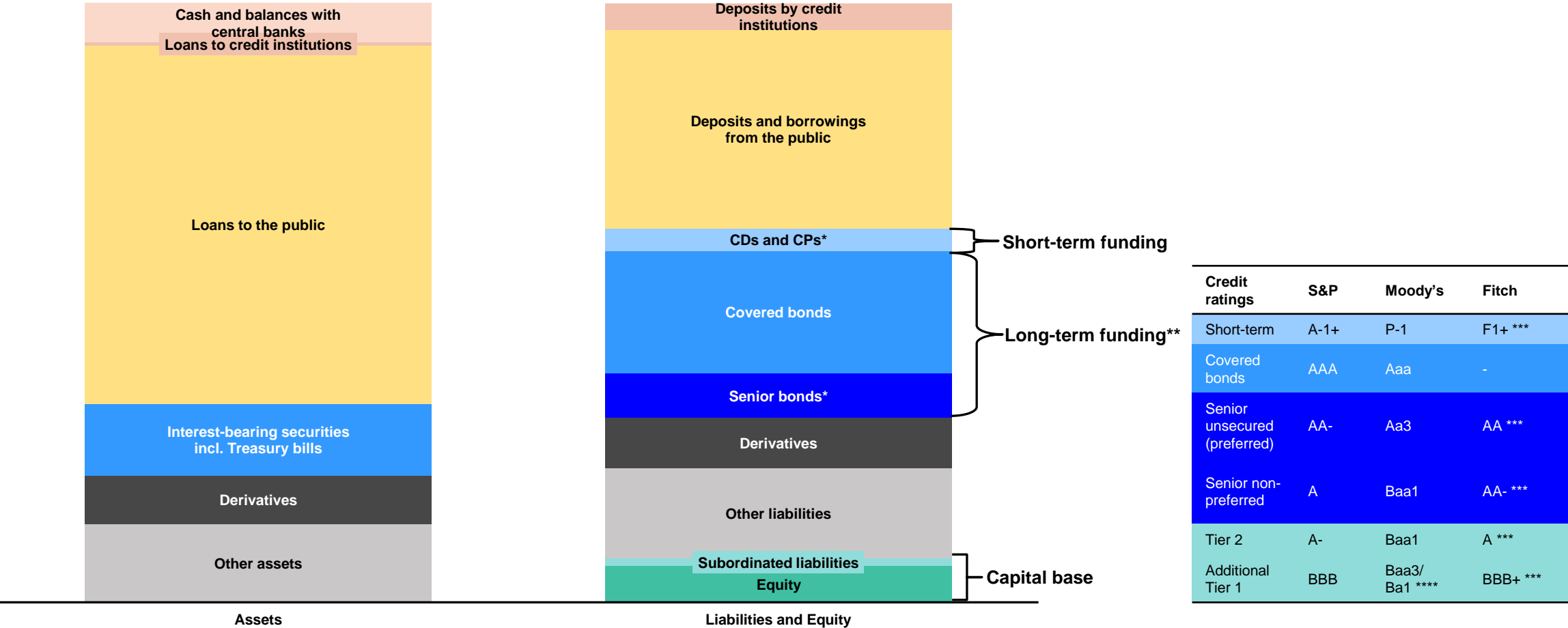


Nordea recent benchmark transactions

Issuer	Type	Currency	Amount (m)	FRN / Fixed	Issue date	Maturity date	Callable
Nordea 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	

Diversified balance sheet

Total assets Q4 2020 EUR 552bn



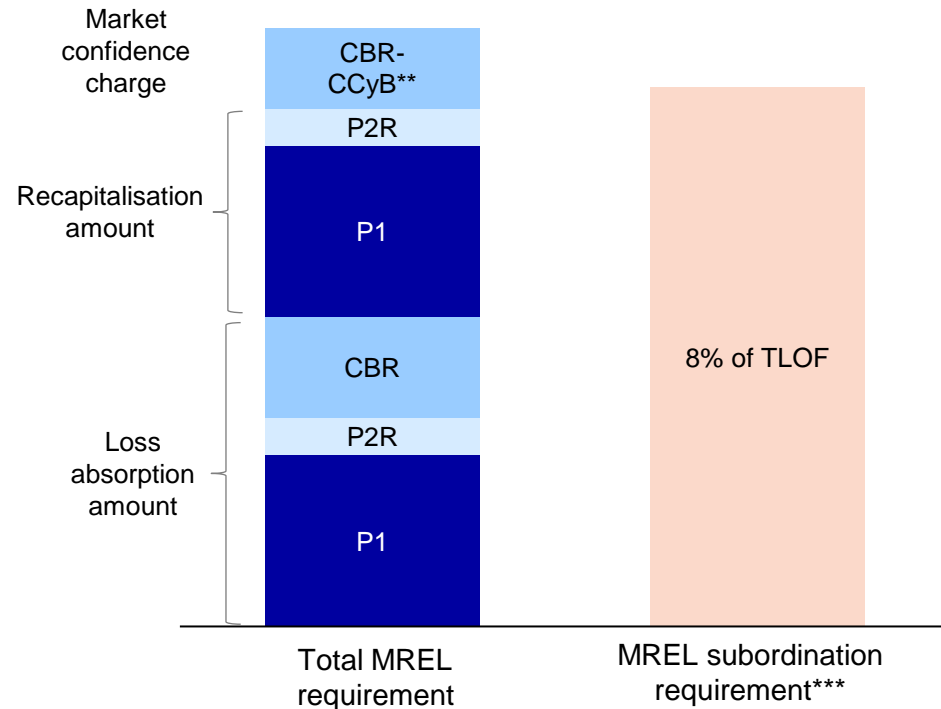
37 * CDs and CPs exclude CDs with original maturity over one year
Senior bonds include CDs with original maturity over one year

** Excluding subordinated liabilities
*** Negative outlook

**** Unsolicited ratings

MREL requirements

Single Resolution Board (SRB) new MREL policy*



Nordea total MREL requirement

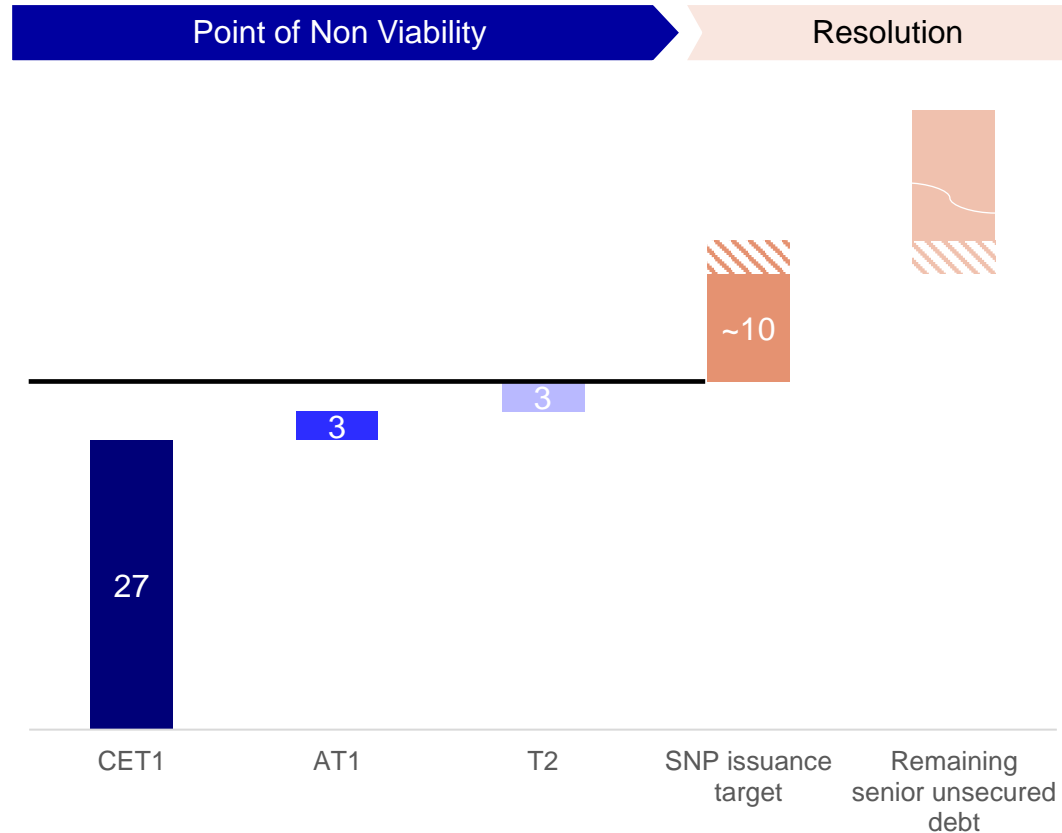
- Current total MREL requirement is 8% of TLOF
- Total MREL requirement expected during H1 2021 based on SRB new MREL policy
- Eligible instruments: own funds, senior non-preferred (SNP) and senior preferred (SP) debt

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

Senior non-preferred issuance plan

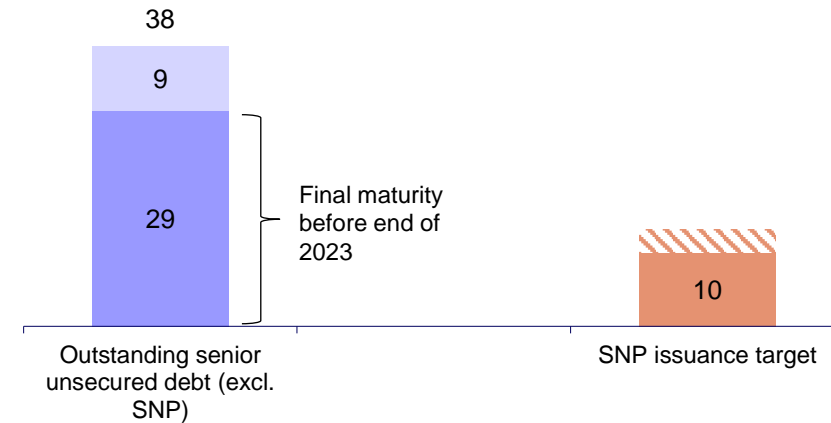
Own funds and bail-in-able debt, EURbn



Comments

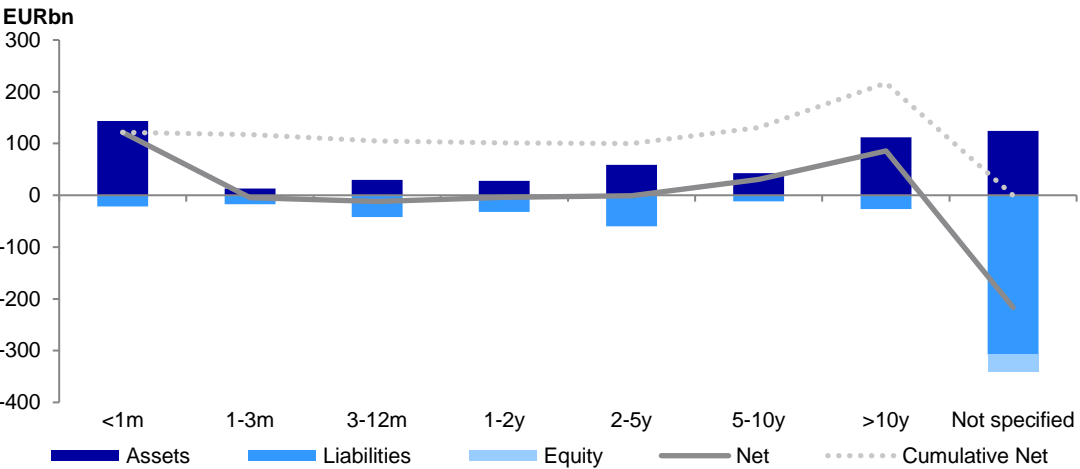
- Total SNP issuance target remains unchanged at approximately EUR 10bn* by end of 2023
 - EUR 2.7bn has been issued
- SNP issuance plan to be reviewed during H1 2021 in connection with the SRB decision on Nordea MREL subordination requirement
- Nordea's own funds of ~EUR 32bn** will rank junior to SNP investors

Senior unsecured for potential refinancing to SNP, EURbn

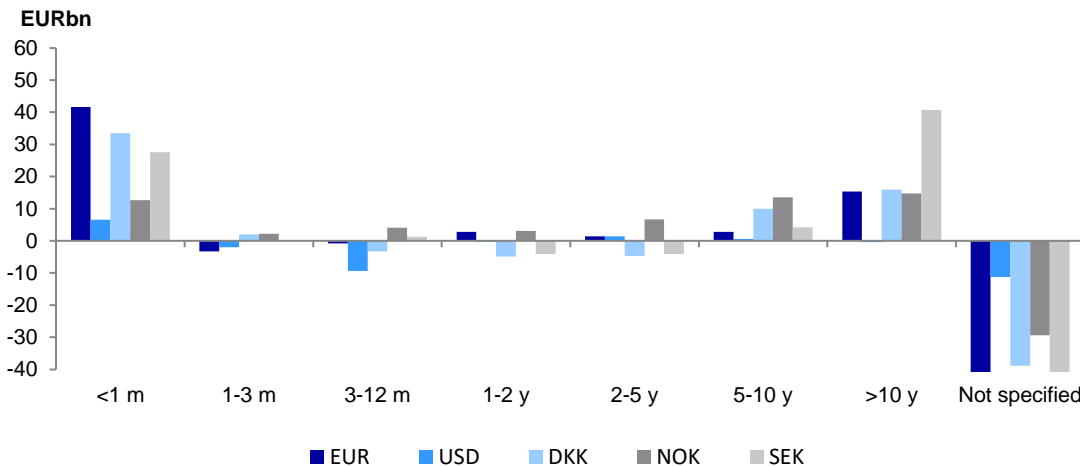


Maturity profile

Maturity profile



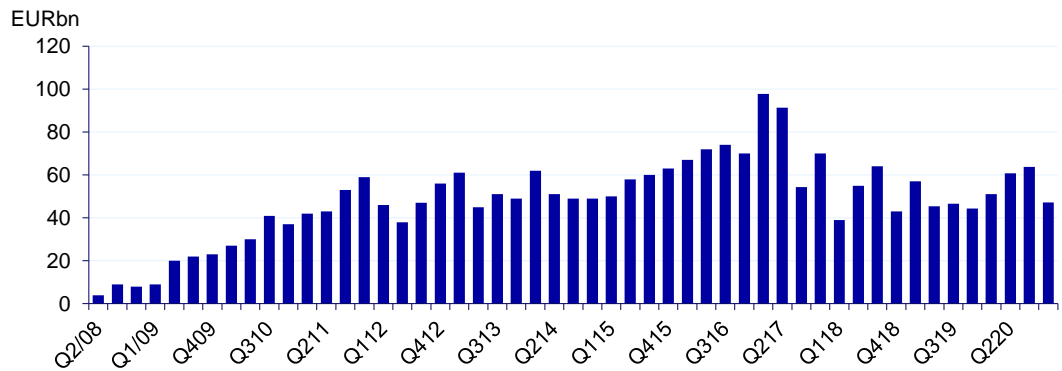
Maturity gap by currency



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)

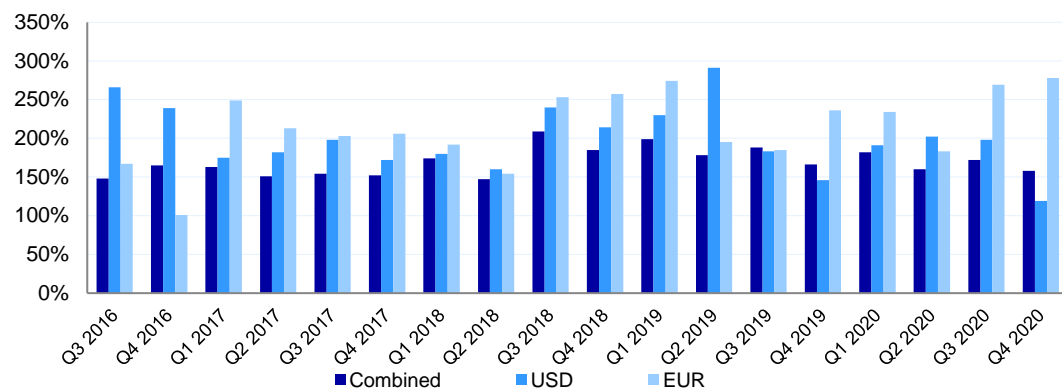
Net Balance of Stable Funding



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.

Liquidity Coverage Ratio

Liquidity Coverage Ratio



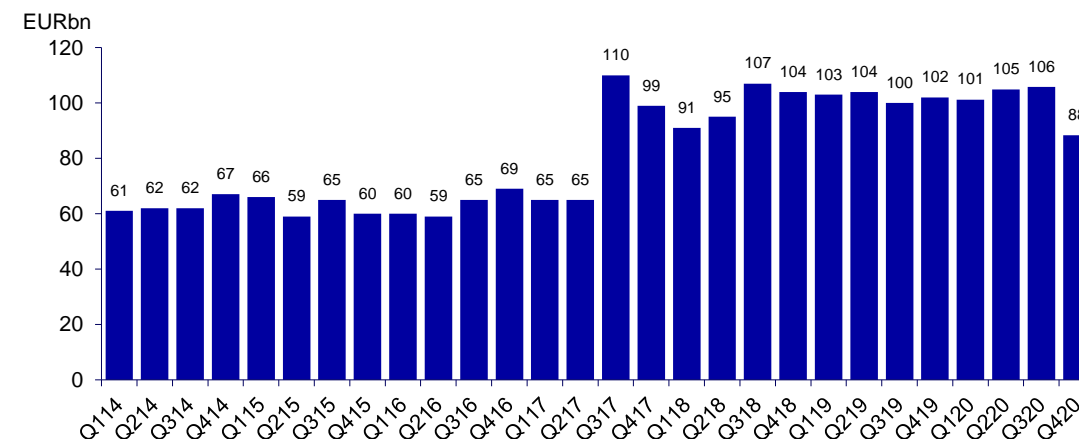
LCR subcomponents, EURbn

EURm	Combined		USD		EUR	
	Unweighted value	Weighted value	Unweighted value	Weighted value	Unweighted value	Weighted value
Total high-quality liquid assets (HQLA)	88,315	85,966	8,498	8,456	30,076	29,976
Liquid assets level 1	85,314	83,415	8,226	8,224	29,771	29,717
Liquid assets level 2	3,001	2,551	273	232	305	259
Total cash outflows	338,964	69,710	43,778	28,448	132,296	41,998
Customer deposits	100,102	6,621	270	39	33,088	2,263
Wholesale funding	112,804	42,965	12,568	6,190	36,957	12,556
Other	126,058	20,124	30,940	22,219	62,250	27,179
Total cash inflows	42,834	15,450	29,621	21,336	40,475	31,222
Secured lending (e.g. reverse repos)	24,321	3,350	1,415	1,413	7,582	231
Other cash inflows	18,512	12,099	28,206	19,923	32,893	30,991
Liquidity coverage ratio (%)		158%		119%		278%

Comments

- EBA Delegated Act LCR in force starting from October 2016
 - LCR of 158%
 - 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 88bn, which includes the cash and central bank balances
 - New liquidity buffer method introduced in July 2017

Time series – liquidity buffer

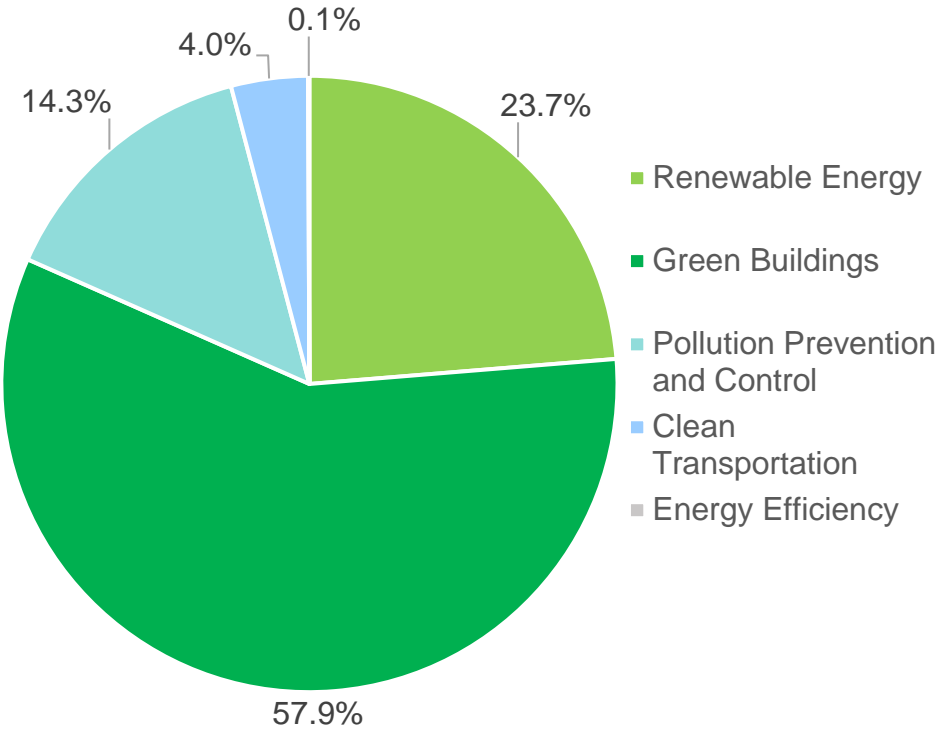


Green bonds

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 – 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 to continue be a relevant issuer of green bonds and has set a target of being the leading arranger of sustainability bonds and 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 are available on Nordea’s website

Green bond asset portfolio



Sustainability ratings



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



ESG Score: 21.9 (0 to 100)**

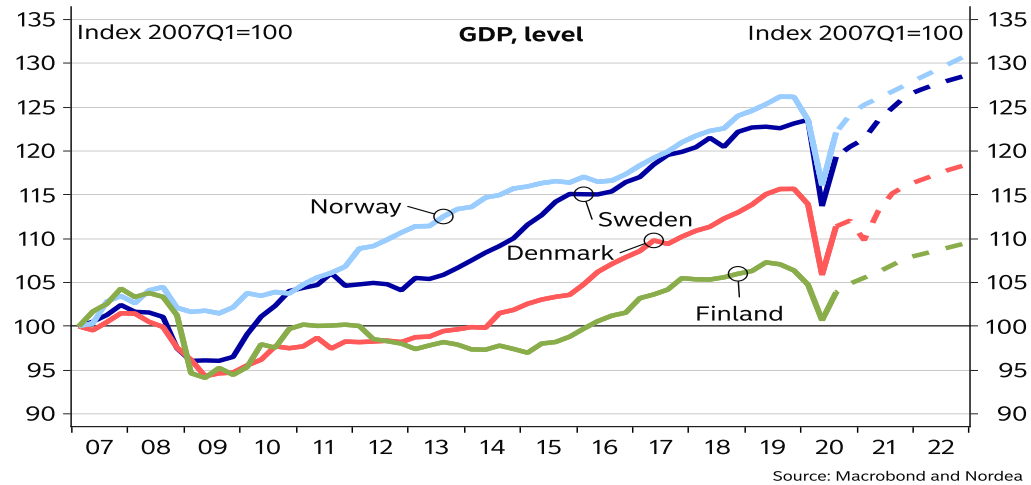


ESG Rating: AA (AAA to CCC)

5. Macro

Nordic economies – strong rebound in sight

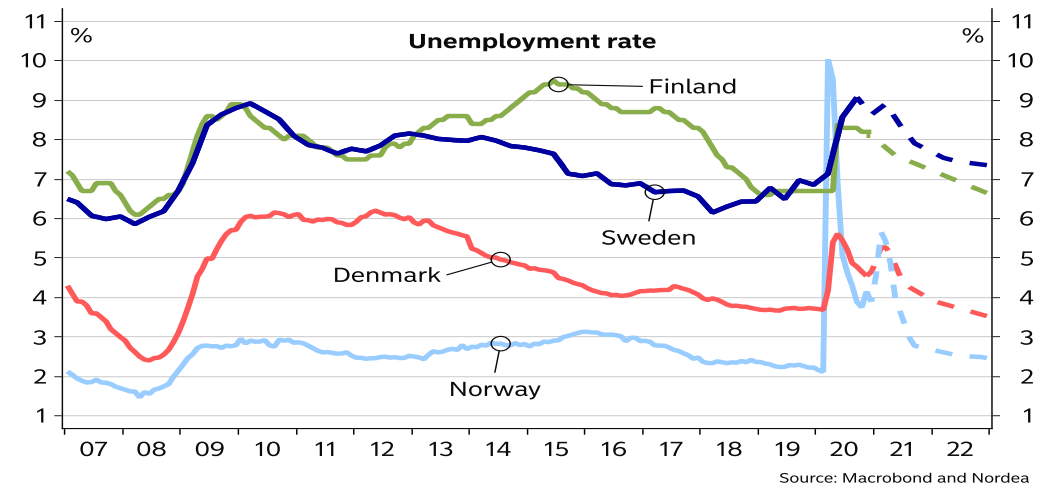
GDP development



Comments

- After the dramatic setback in 2020 due to the coronavirus, there appears to be light at the end of the tunnel for 2021
- While the second wave is hindering the recovery, 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 showed 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 around towards late 2021

Unemployment rate

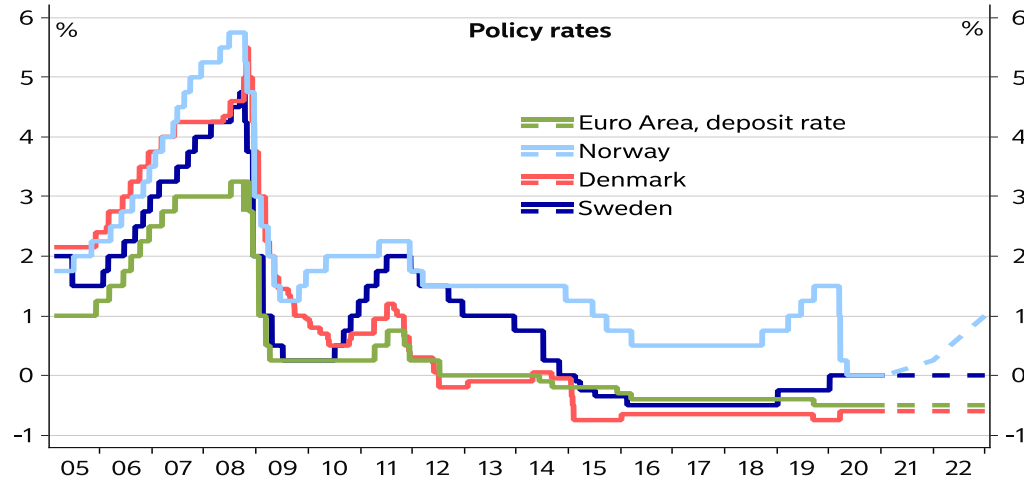


GDP, forecasts from Economic Outlook January 2021

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

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

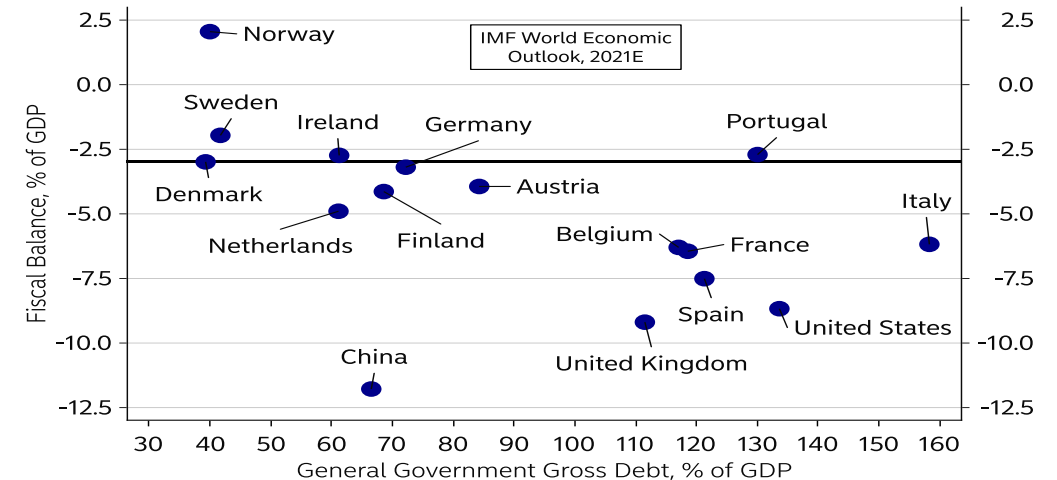
Policy rates



Comments

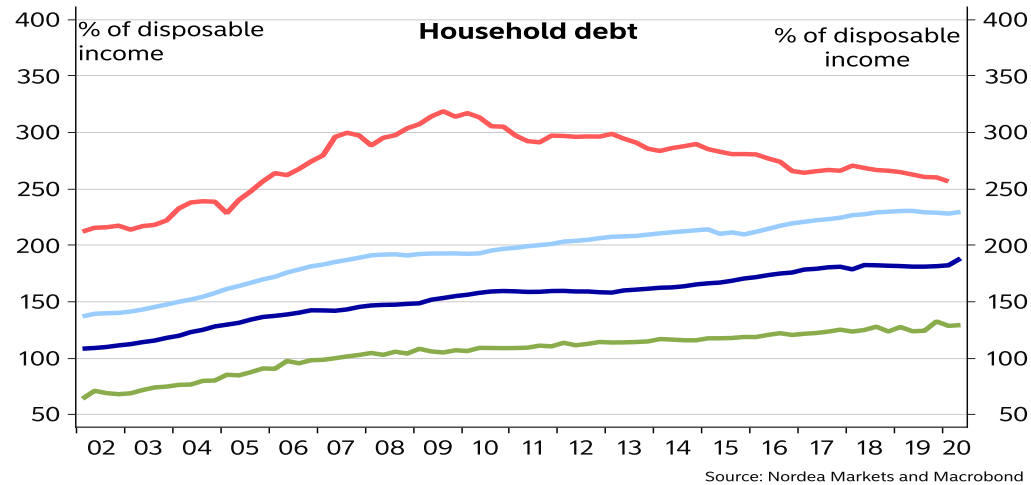
- In December, Norges Bank brought forward its first rate hike by more than six months and now expects to start hiking rates in early 2022. However, due to their conservative assumptions regarding the roll-out of vaccines, we expect the bank to raise the policy rate before the end of this year. This means that Norges Bank is likely to be the first central bank in the world to hike rates after the start of the pandemic. Policy rates in the Euro Area, Sweden and Denmark are expected to remain unchanged throughout the forecast period
- The Riksbank and 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 to a corresponding 7% of Euro Area GDP in 2021, while the Riksbank's purchases amount to an expected 8% of GDP
- Solid public finances prior to the crisis have enabled the Nordic governments to act swiftly during the crisis, and large recovery packages have been announced in 2021 as well. 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, % of GDP, 2021E

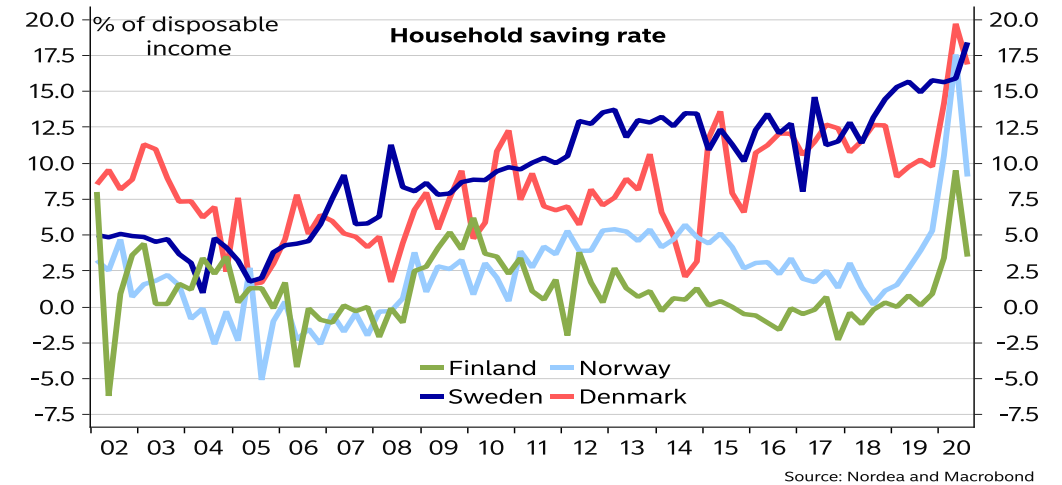


Households remain resilient

Household debt



Household savings

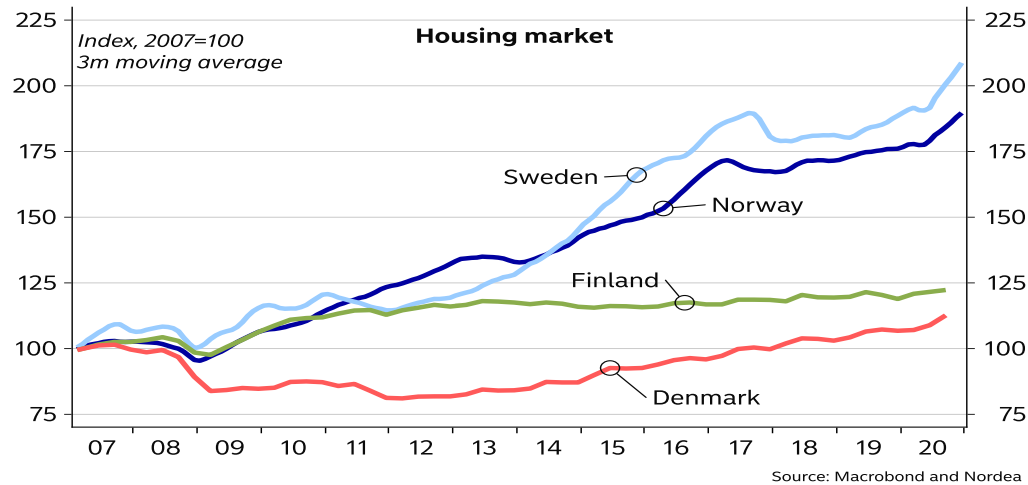


Comments

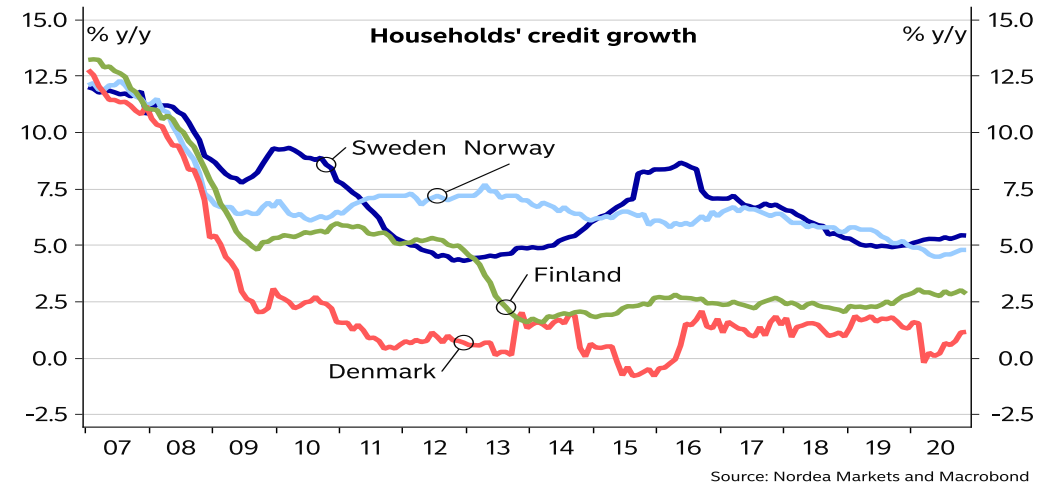
- Household savings have increased dramatically during the crisis, largely because of a decline in spending. Despite high debt levels, Nordic households' strong finances are expected to support economic growth as soon as restrictions are lifted. Low interest rates and economic stimulus continue to support credit growth and the housing market
- Early labour market measures, automatic stabilisers and other measures to stimulate demand help to soften the blow on households and businesses. Robust public finances prior to the crisis increase 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

Nordic housing markets heat up

House prices



Households' credit growth



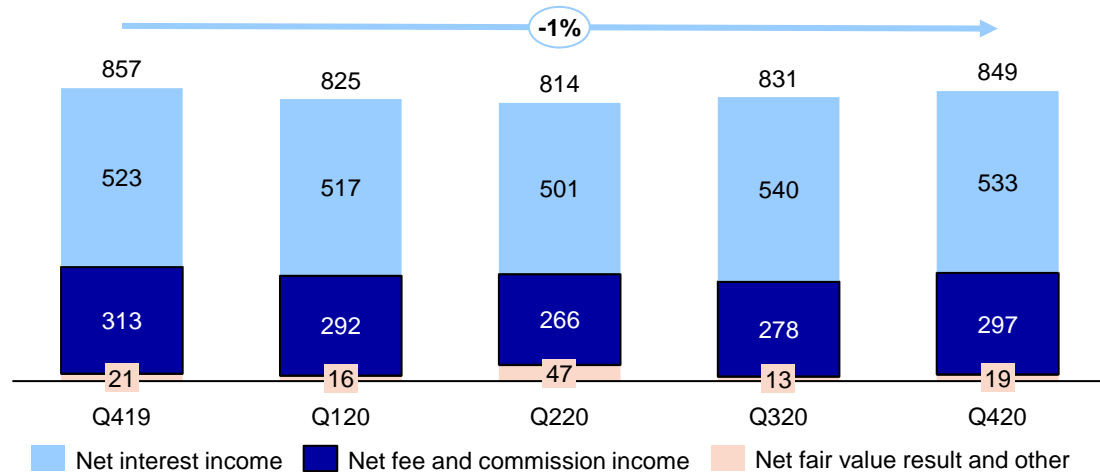
Comments

- Contrary to expectations, house prices have increased to record-high levels in all the Nordic countries during the crisis. This is not least because of unprecedented expansionary fiscal and monetary policy in support of households and businesses
- The crisis has had a limited effect on those groups on the labour market which are more active on the housing market, while demand has surged due to preferences shifting towards larger housing 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 much 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 helps all the Nordic countries to get through the crisis

6. Business areas – update

Personal Banking – strong momentum in mortgages in all countries

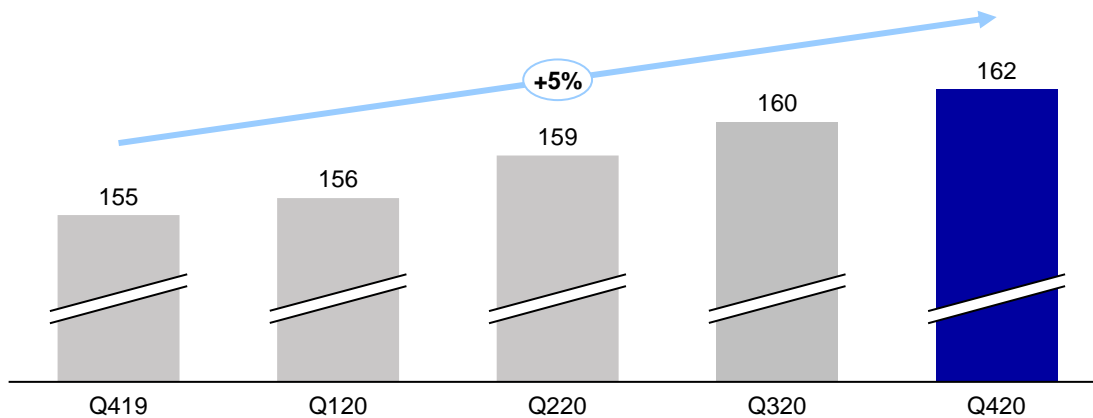
Total income, EURm



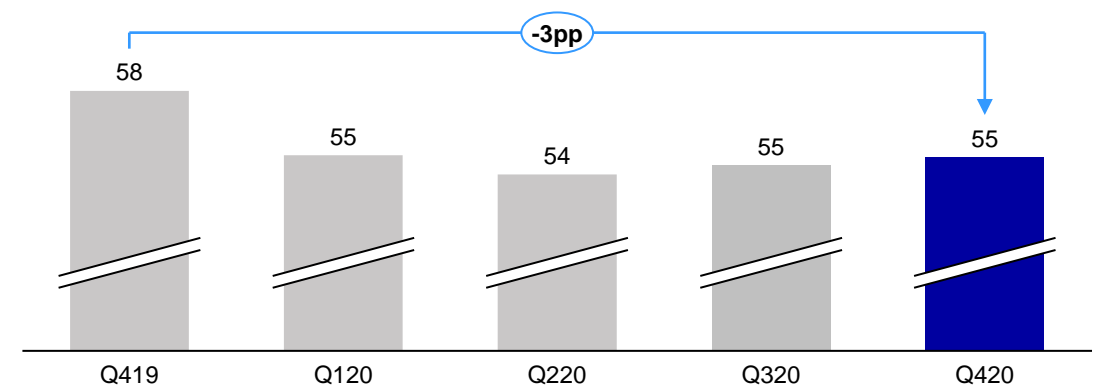
Comments

- Strong mortgage volume growth: up 6%* or EUR 8bn
 - Increase in market shares across countries
- Total income down 1% due to reduced payments activity
 - Net interest income negatively affected by high deposit inflows and lower consumer lending volumes and margins
- Improved cost efficiency: cost-to-income ratio down to 55%

Lending*, EURbn

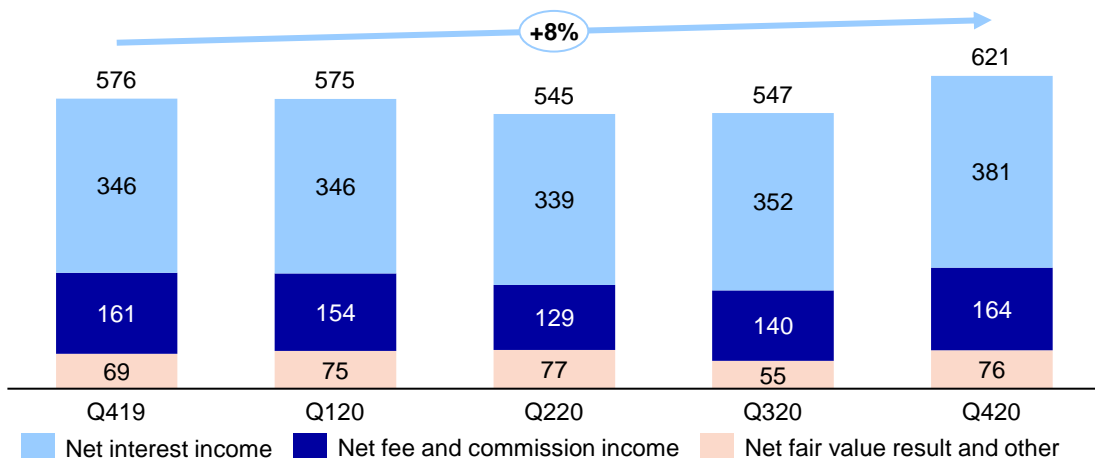


Cost-to-income ratio**, %

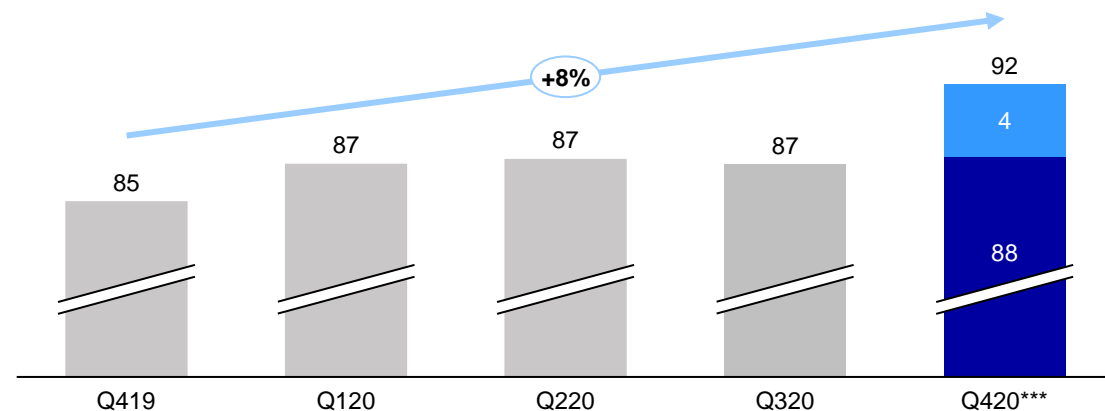


Business Banking – increased lending volumes and higher levels of business activity

Total income, EURm



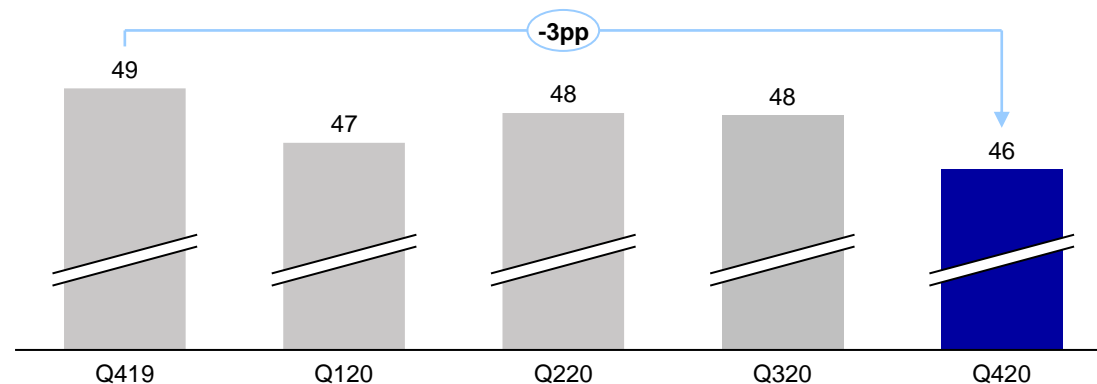
Lending*, EURbn



Comments

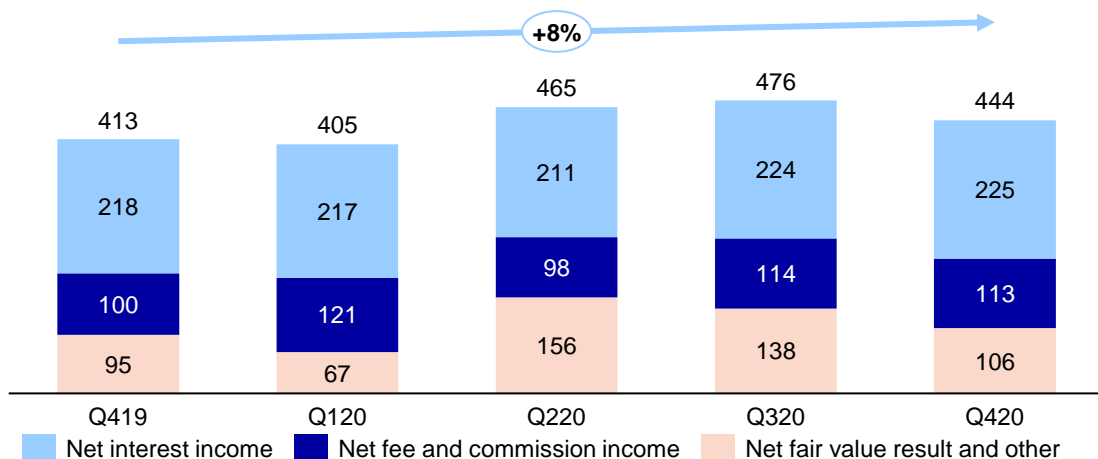
- Total income up 8% due to increased business activity and equity capital market transactions
 - Total income up 2% excluding impact of Nordea Finance Equipment (NFE) integration
 - Total lending volumes up 8%* (3% excluding NFE), with strongest growth in Norway and Sweden
- Savings and payment fee income further recovering in the quarter
- Improved cost efficiency: cost-to-income ratio down to 46%

Cost-to-income ratio**, %



Large Corporates & Institutions – strong business activity, lower capital consumption

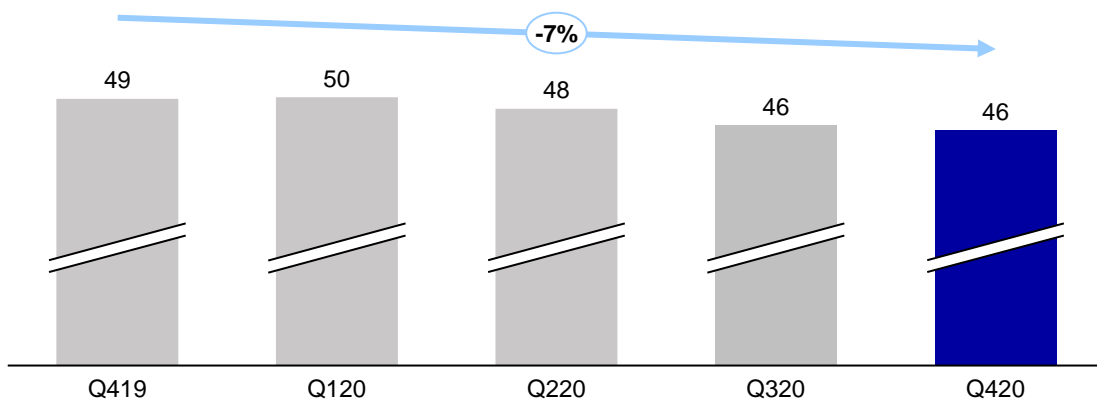
Total income, EURm



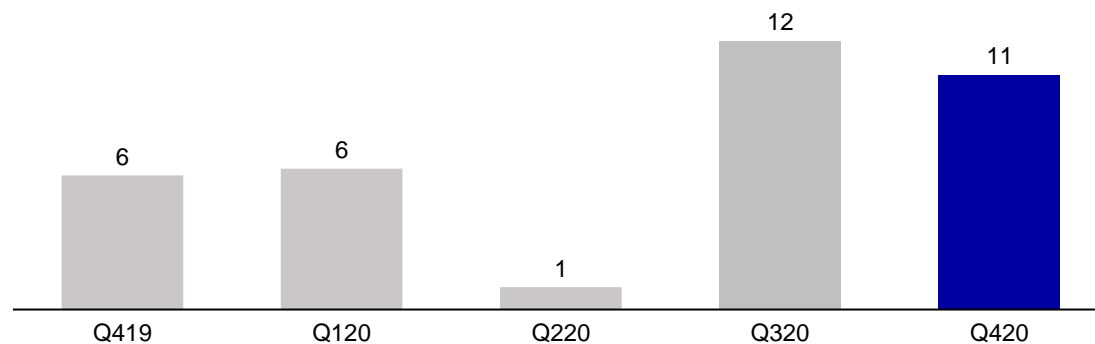
Comments

- Total income up 8%, with improvements across all income lines
 - Increased lending margins and high levels of customer activity
 - Strong result in investment banking-related products
- Good progress with strategic repositioning plan
- Improved return on capital at risk of 11% – EUR 1.1bn reduction in economic capital
- Improved cost efficiency: cost-to-income ratio down to 49%

Lending*, EURbn

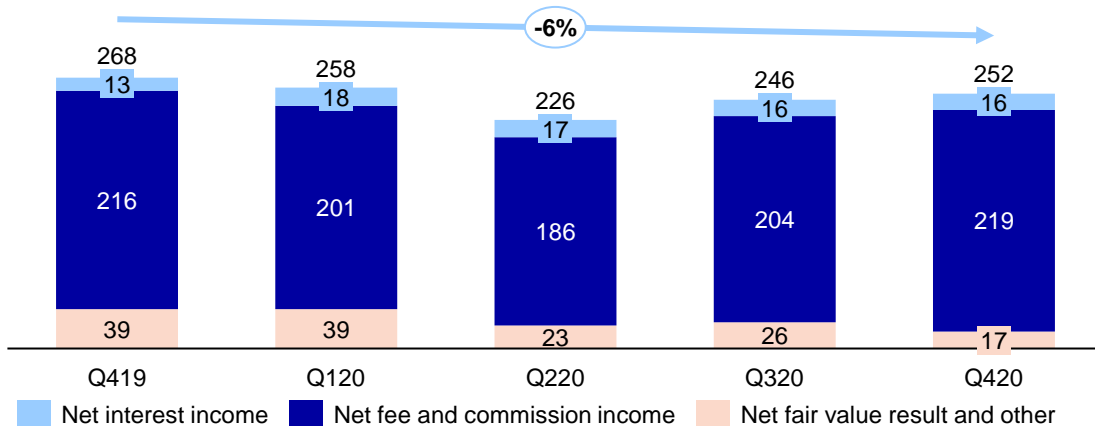


Return on capital at risk**, %

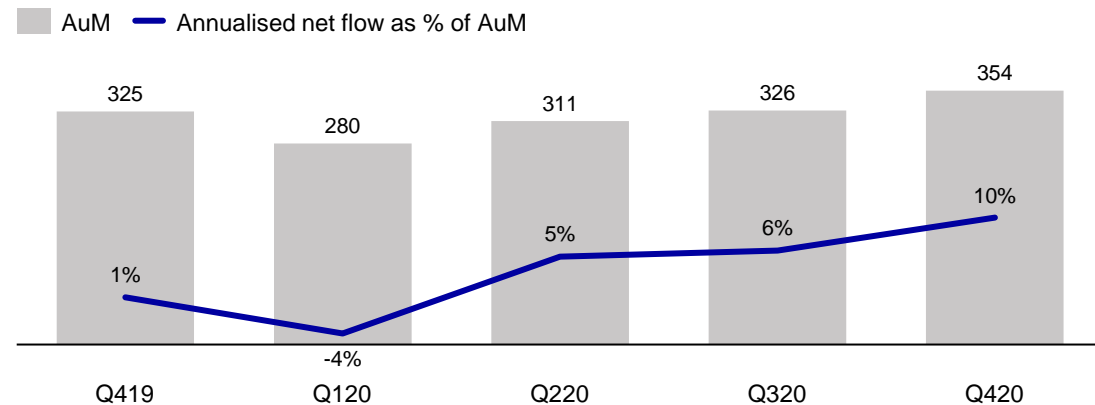


Asset & Wealth Management – record volumes and strong net inflow via all channels

Total income, EURm



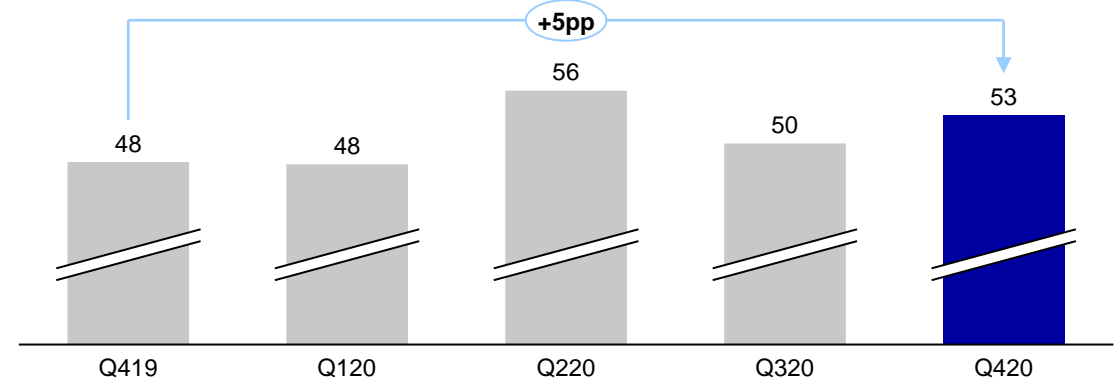
Assets under management, EURbn, and net flows, %



Comments

- Assets under management (AuM) up 9% to all-time high of EUR 354bn
 - Highest quarterly net inflow (EUR 8.2bn) since Q3 2016 and second highest ever
 - Strong demand for ESG products, contributing 70% of Q4 net inflow
- Total income supported by higher AuM and growth in lending volumes, but down 6% due to one off-items in Nordea Life & Pensions
- Cost-to-income ratio 53%

Cost-to-income ratio*, %



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