

A photograph of a man, a child, and a dog walking along a path in an autumn forest. The path is covered in fallen orange and yellow leaves. To the right of the path is a calm lake reflecting the surrounding trees. The trees have vibrant autumn foliage. The scene is peaceful and scenic.

Nordea



**Debt investor presentation Q3 2021**



## Disclaimer

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

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

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

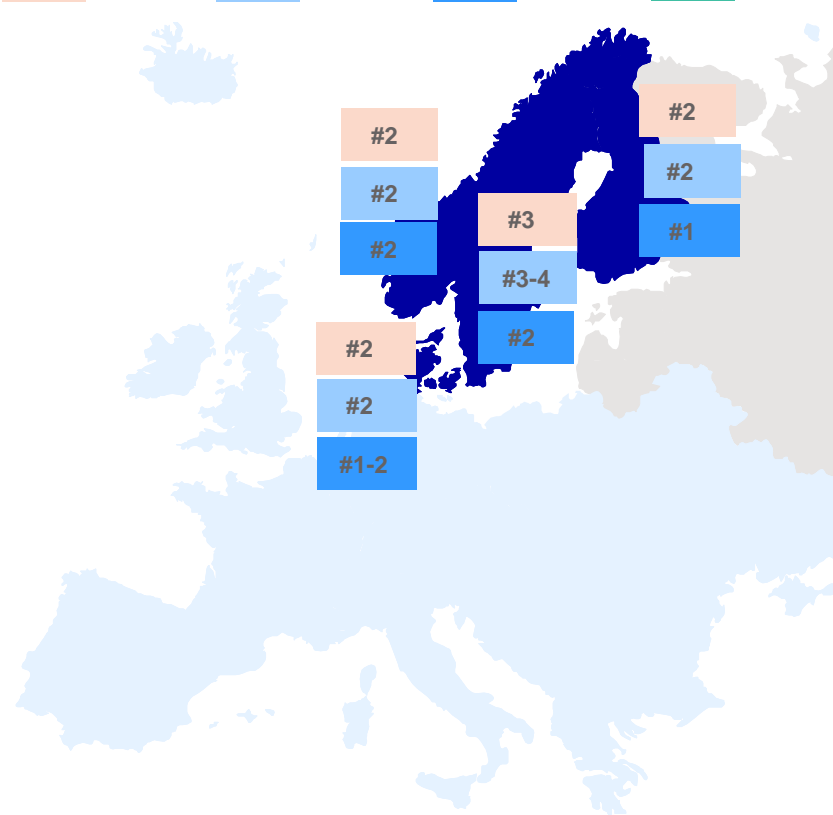
# Table of contents

1. Nordea third quarter 2021 update	4
2. Credit quality	13
3. Capital, AML and Sustainability	22
4. Funding	27
5. Macroeconomy	40
6. Business areas – update	45

# 1. Nordea third quarter 2021 update

# The largest financial services group in the Nordics

Household*	Small and medium-sized companies**	Large corporates and institutions	Asset and wealth management
#1	#1	#1	#1



## Business position

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

## 10 million customers and strong distribution power

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

## Financial strength (Q3 2021)

- EUR 2.3bn in total income
- EUR 1.2bn profit before loan losses; EUR 1.0bn net profit
- EUR 615bn in assets
- EUR 36.6bn in equity capital
- CET1 ratio 16.9%
- Leverage ratio 5.0%

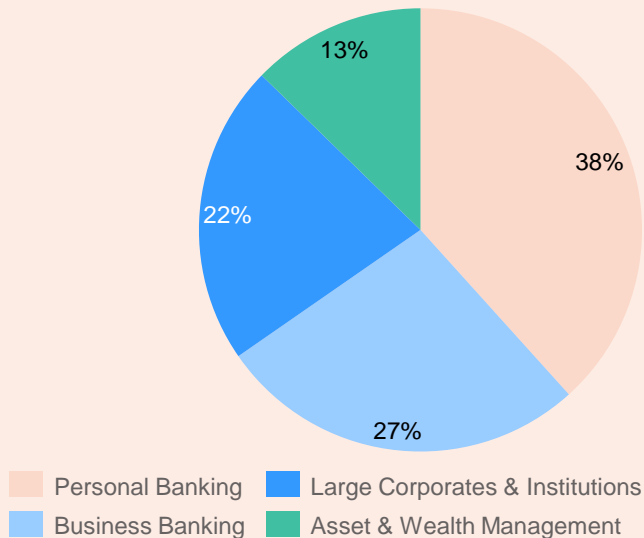
## AA level credit ratings (senior preferred bonds)

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

## EUR 46bn in market capitalisation (Q3 2021)

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

Operating income per business area, Jan-Sep 2021



## Executive summary

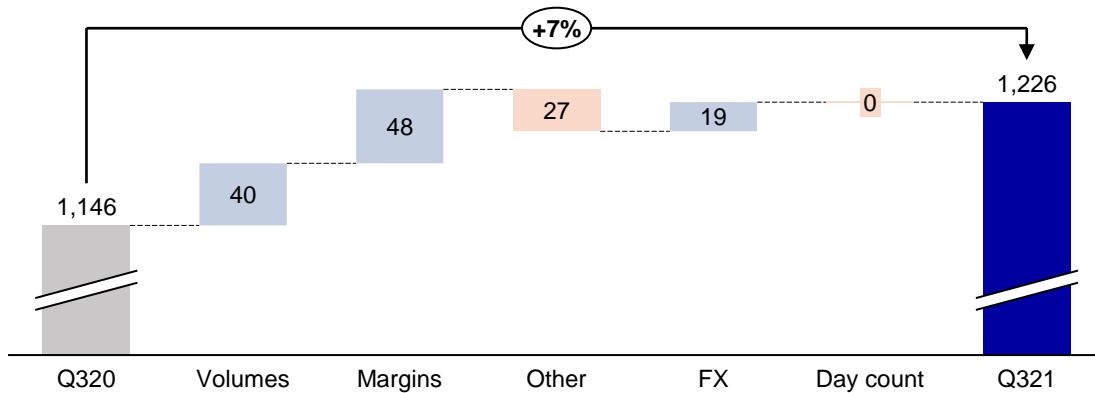
- Continued strong growth in customer business volumes across Nordics
  - Mortgage volumes up 6% y/y, SME lending up 9% y/y and assets under management up 21% y/y to all-time high of EUR 393bn
- Strong result, supported by quality income growth and good cost management
  - Net interest income up 7%, net fee and commission income up 19% and net fair value result down 13%
  - Operating profit up 17%, despite more challenging financial markets
- Improved cost-to-income ratio\* of 49%, with income growth delivered under continued cost discipline
  - Full-year 2021 cost outlook unchanged at around EUR 4.6bn
- Continued strong credit quality – management buffer unchanged
  - Net loan losses and similar net result amounting to reversal of EUR 22m or 3bp during quarter
- Return on equity\* at 10.8% and earnings per share EUR 0.25
- Unpaid dividends of EUR 0.72 per share distributed to shareholders and share buy-back of up to EUR 2bn initiated
  - CET1 ratio down to 16.9% due to capital deduction associated with buy-back – 6.7pp above regulatory requirement

## Group quarterly results Q3 2021

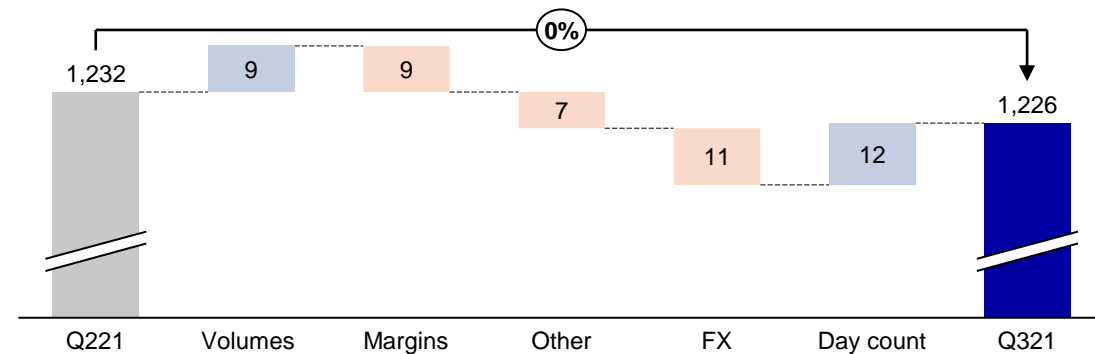
Income statement and key ratios EURm	Q321	Q320	Q3/Q3	Q221	Q3/Q2
Net interest income	1,226	1,146	7 %	1,232	0 %
Net fee and commission income	870	729	19 %	878	-1 %
Net fair value result	224	257	-13 %	278	-19 %
Other income	24	23	4 %	30	-20 %
<b>Total operating income</b>	<b>2,344</b>	<b>2,155</b>	<b>9 %</b>	<b>2,418</b>	<b>-3 %</b>
Total operating expenses excl. res. fee	-1,098	-1,089	1 %	-1,131	-3 %
Total operating expenses	-1,098	-1,089	1 %	-1,131	-3 %
<b>Profit before loan losses</b>	<b>1,246</b>	<b>1,066</b>	<b>17 %</b>	<b>1,287</b>	<b>-3 %</b>
Net loan losses and similar net result*	22	19		51	
<b>Operating profit</b>	<b>1,268</b>	<b>1,085</b>	<b>17 %</b>	<b>1,338</b>	<b>-5 %</b>
Cost-to-income ratio**, %	49	53		49	
Return on equity**, %	10.8	10.1		11.4	
Diluted earnings per share, EUR	0.25	0.21		0.25	

# Net interest income – continued strong growth in customer business volumes

## Year-over-year bridge, EURm



## Quarter-over-quarter bridge, EURm



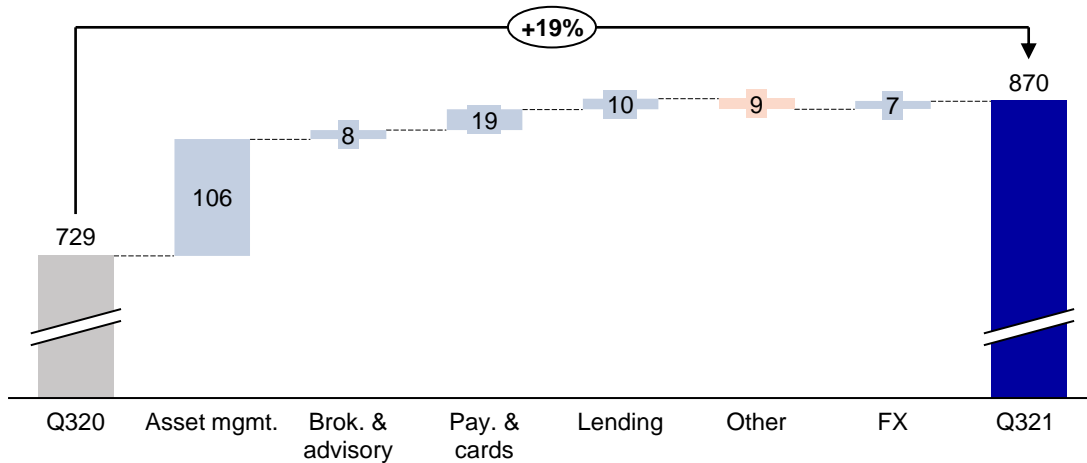
## Comments

- Net interest income up 7% (up 5% excl. Nordea Finance Equipment)
- Continued strong growth in business volumes across Nordics
  - Mortgage volumes up 6% and lending to SMEs up 9% (up 5% excl. Nordea Finance Equipment)
- Margins supported by lower funding costs compared with Q3 2020
- Mortgage margin pressure in Norway and Sweden compared with Q2 2021, partly offset by higher deposit margins in Denmark

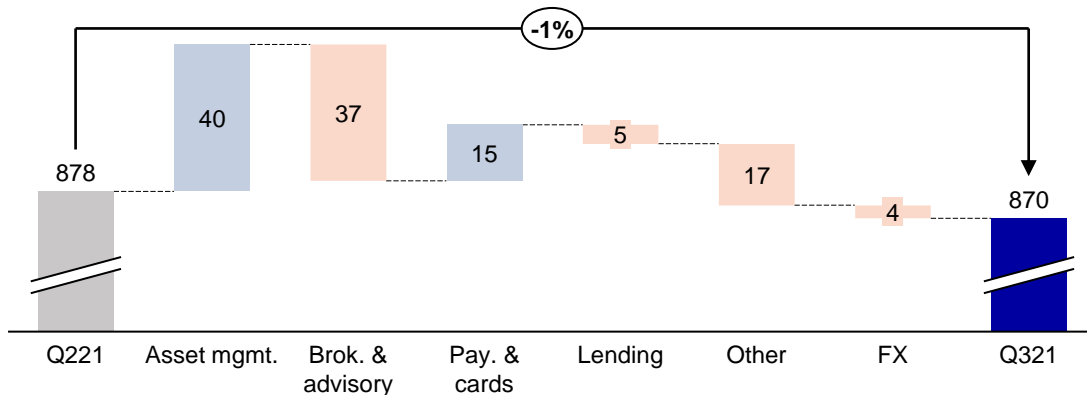


# Net fee and commission income – further significant growth in savings fee income

## Year-over-year bridge, EURm



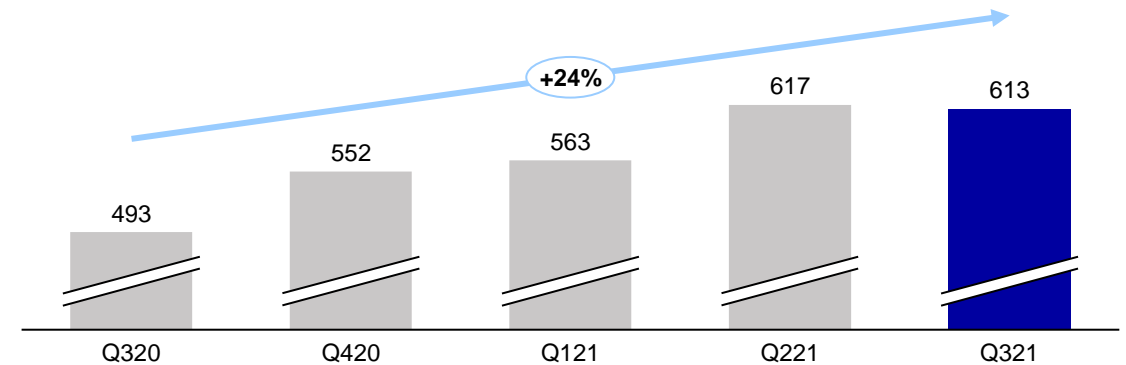
## Quarter-over-quarter bridge, EURm



## Comments

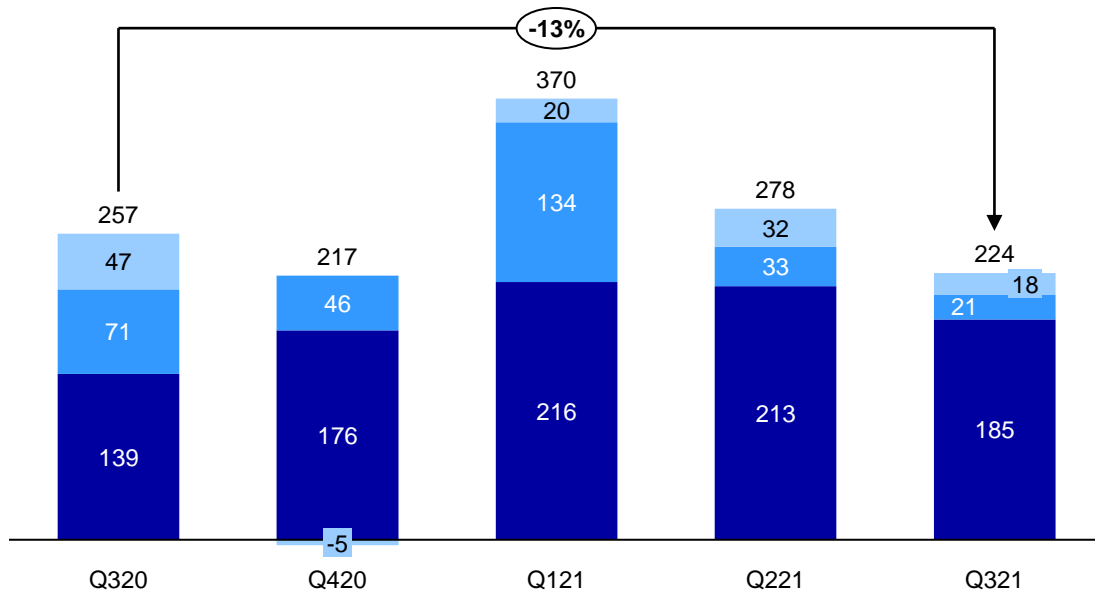
- Net fee and commission income up 19%
- Strong savings fee income: up 25%, driven by strong net inflows within all channels
- Continued recovery in cards income

## Savings and investment net commission income, EURm



# Net fair value result – continued high levels of activity in customer areas

## Net fair value result, EURm



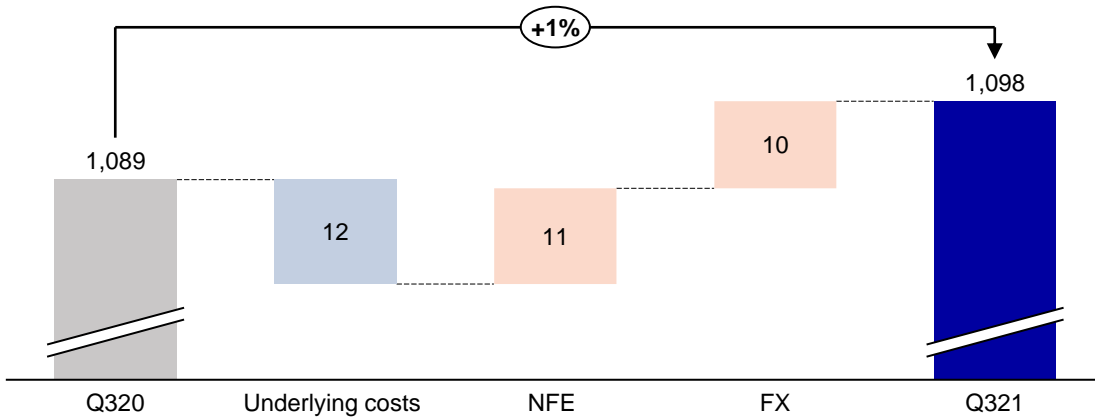
## Comments

- Continued high activity in customer areas, supported by FX and equity trading
- Lower trading result driven by weaker markets
- Treasury supported by strong investment valuations

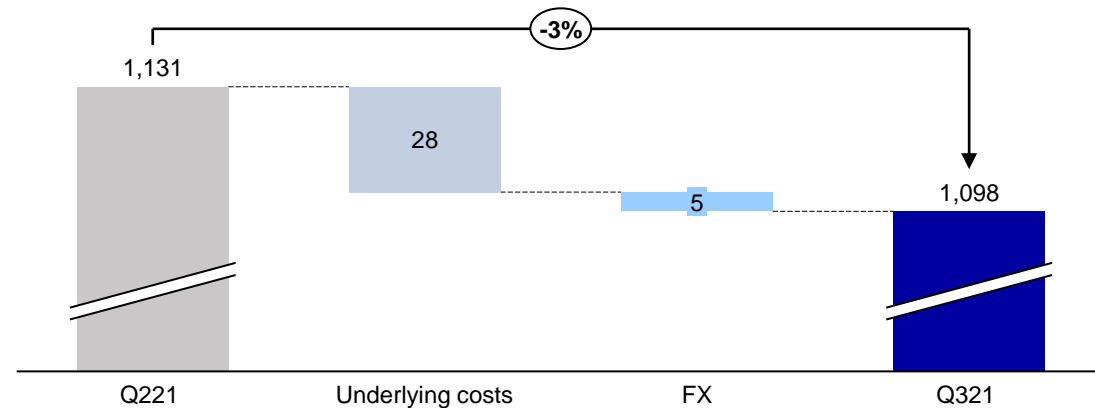
■ Customer areas\*    ■ Treasury & other\*\*  
■ Market-making operations

## Costs – continued cost discipline

### Year-over-year bridge, EURm



### Quarter-over-quarter bridge, EURm



### Comments

- Underlying costs down, in line with plan
- Staff costs unchanged, adjusted for inclusion of Nordea Finance Equipment and exchange rate effects
- Lower VAT refund than in Q3 2020

### Outlook

- Full-year 2021 costs expected to be around EUR 4.6bn, as previously guided
- Prime focus is, and will remain, on costs relative to income

**We are committed to delivering on our 2022 financial targets**

**Cost-to-income ratio**

**50%**

**Capital policy**

150-200bp  
management buffer  
above regulatory CET1 requirement

**Return on equity**

**>10%**

**Dividend policy**

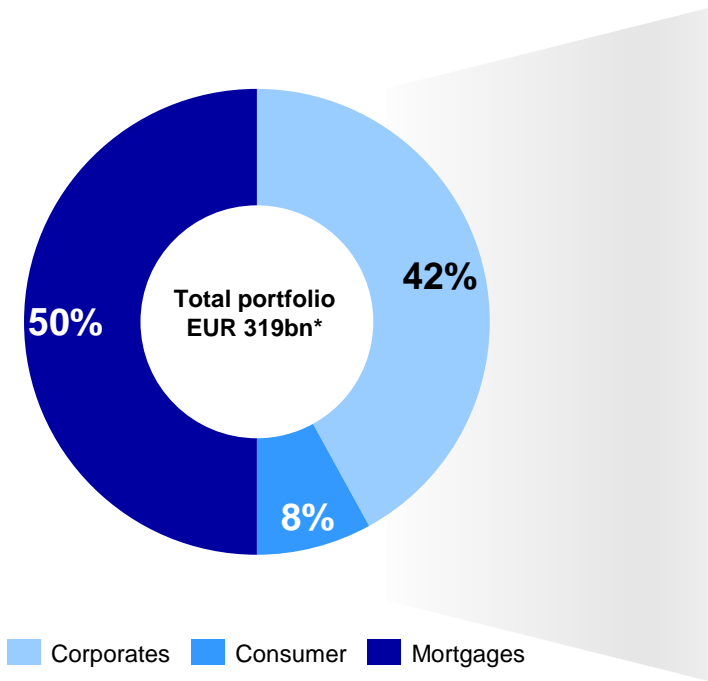
60-70% payout of distributable  
profits to shareholders  
Excess capital intended to be distributed  
to shareholders through buy-backs



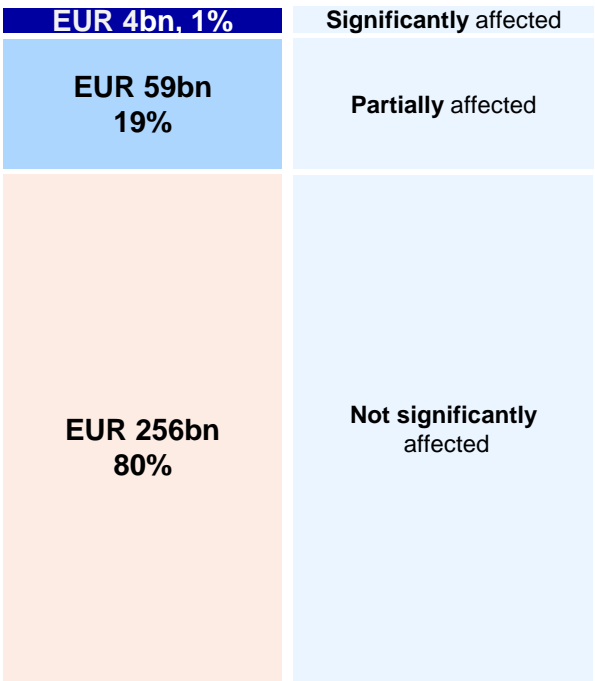
## 2. Credit quality

# Loan book – well diversified with strong credit quality

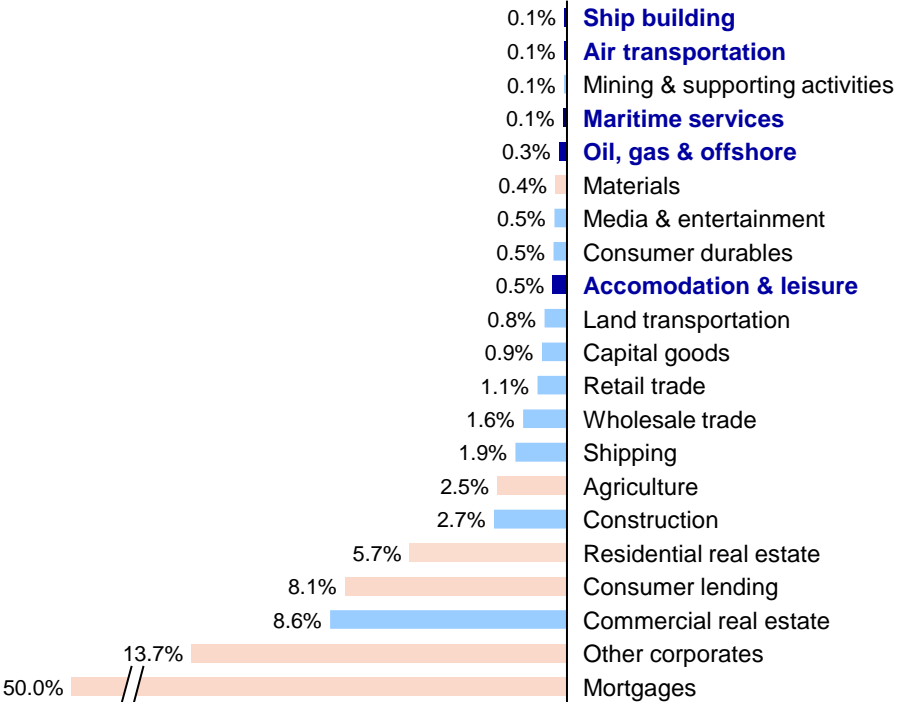
Portfolio well diversified across countries and segments



Updated analysis of COVID-19 impact by segment\*\*



Five segments with 1% of total exposures still significantly affected



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

Lending by country

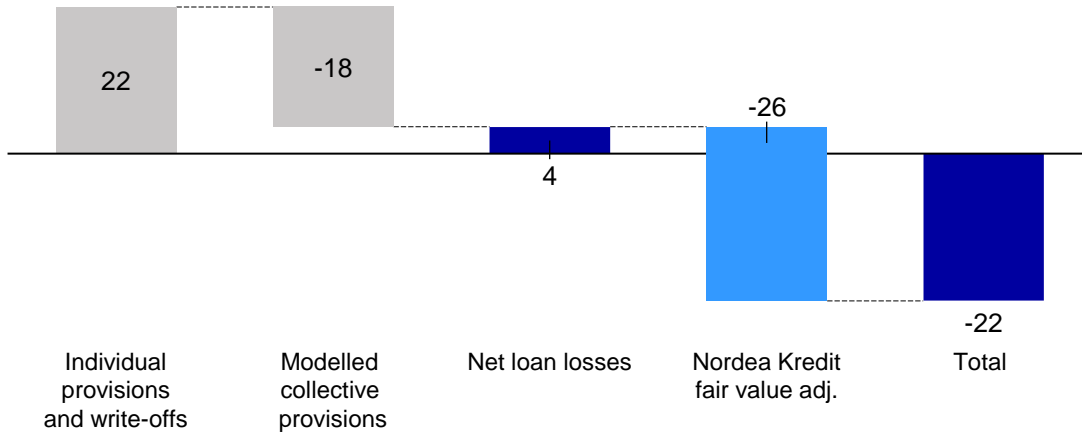


\* Excluding reverse repos and securities borrowing

\*\* In Q3 2021, Maritime was split into Shipping, Ship building and Maritime services. In addition, Retail trade and Shipping are now assessed as “partially affected” rather than “significantly affected”. Construction is now assessed to be “partially affected” rather than “not significantly affected” and Consumer lending is now assessed as “not significantly affected” rather than “partially affected”

# Net loan losses and similar net result – continued strong credit quality

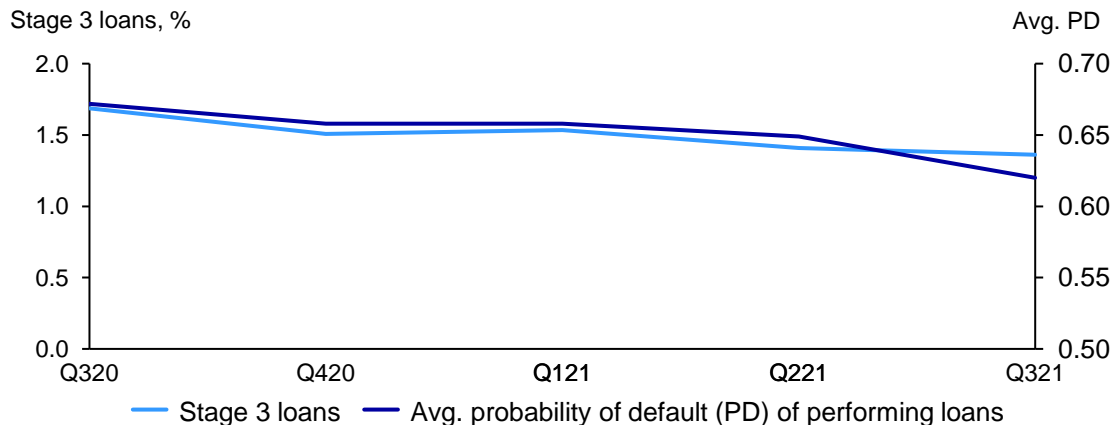
## Net loan losses and similar net result Q321, EURm



## Comments

- Net loan losses and similar net result amounting to net reversal of EUR 22m (3bp)
- Reversals of modelled collective provisions due to improved credit quality
- Management judgement buffer kept at EUR 610m
- Stage 3 loans down to 1.36% from 1.41% in Q2

## Stage 3 loans and PD of total loans, %

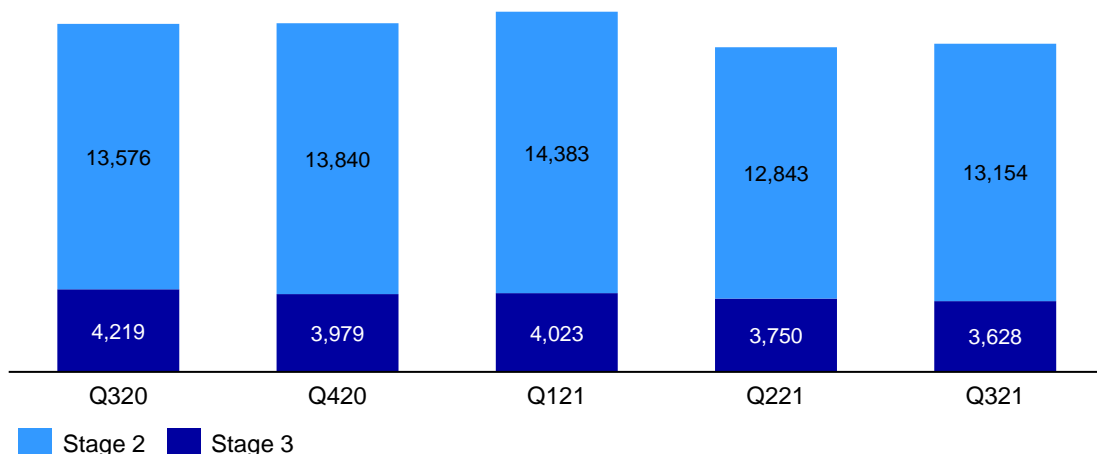


## Outlook

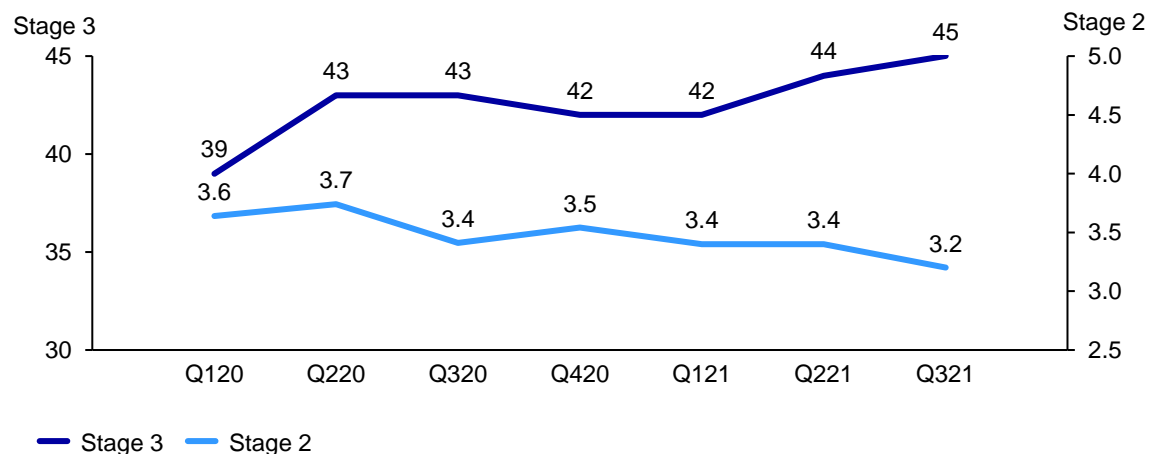
- Net loan losses in 2021 expected to be significantly below 2020 level

# Further decrease in impaired lending

## Stage 2 and 3 loans at amortised cost, EURm



## Coverage ratio, %



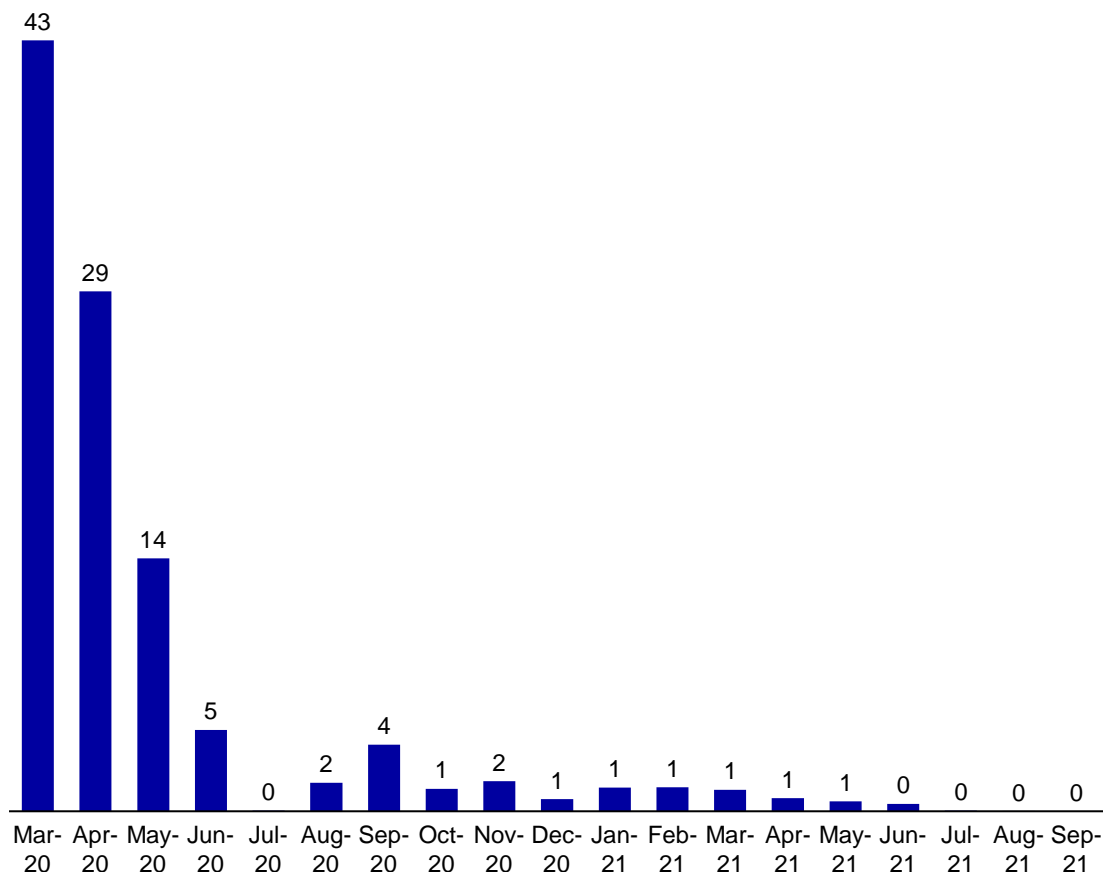
## Comments

- Low levels of impaired (stage 3) loans further reduced due to economic upturn and active credit risk management
- Coverage ratio for impaired loans up to 45%
- Stage 2 loans at low levels (5% of total loans at amortised cost), with small increase due to technical reasons (e.g. annual calibration of PDs)



# All instalment-free periods now expired – almost all customers resuming normal servicing

## Customers granted instalment-free periods, 1000s

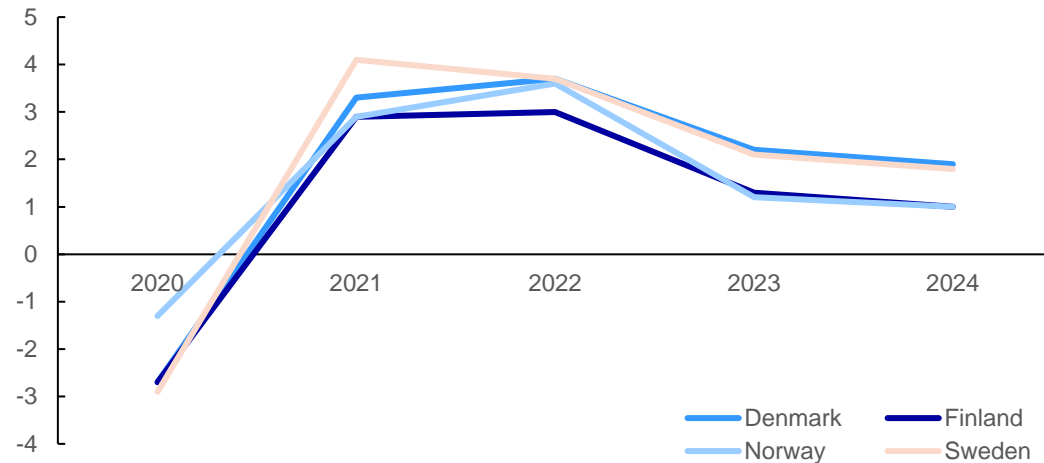


## Comments

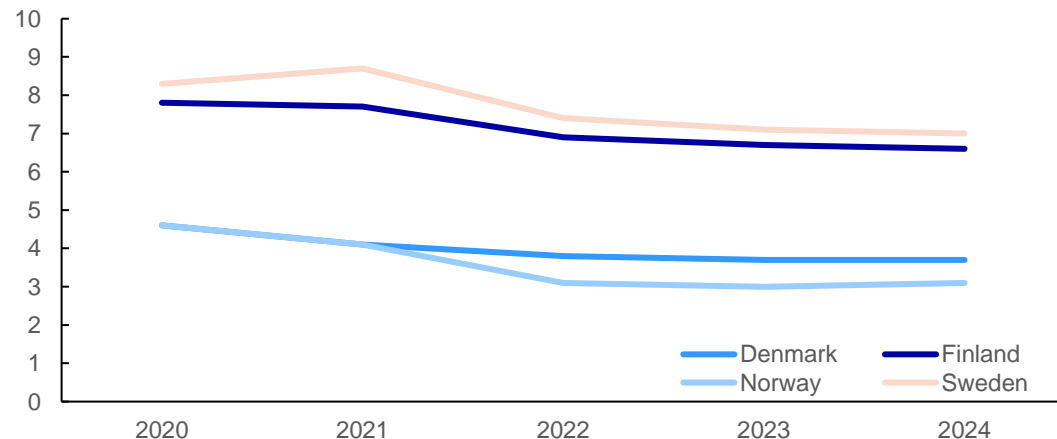
- All COVID-19-related instalment-free periods now expired
- 3.0% of customers classified as forborne or in default following expiry of their instalment-free period
- In total, approximately 104,000 customers, including 9,000 corporates, granted COVID-19 instalment-free period in past 18 months
  - Corresponds to loan amount of around EUR 19bn
- Interest payments by customers maintained during instalment-free periods

# IFRS 9 model update – macroeconomic assumptions behind scenarios used

## Baseline annual GDP growth, %



## Baseline unemployment rate, %

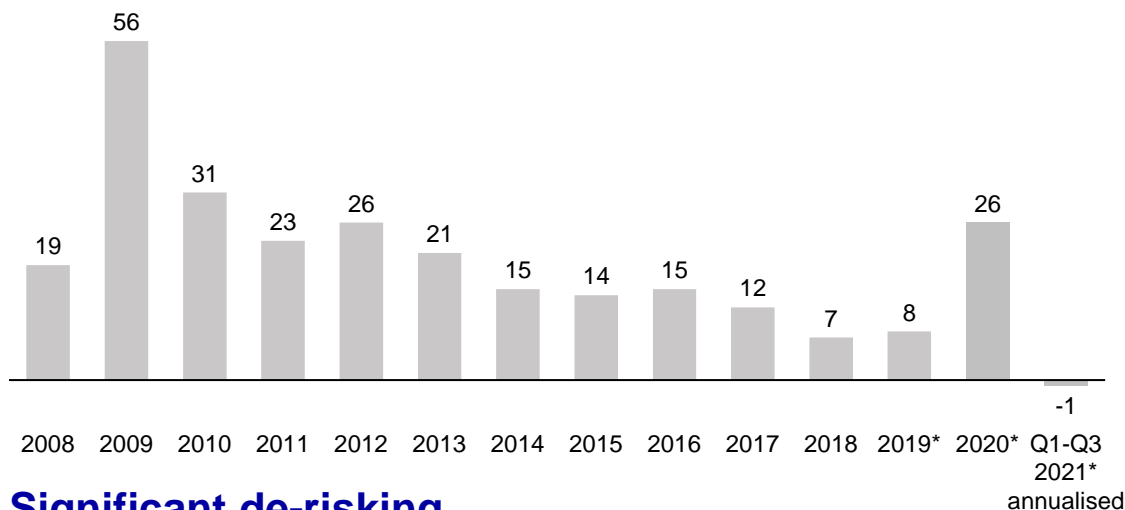


## Comments

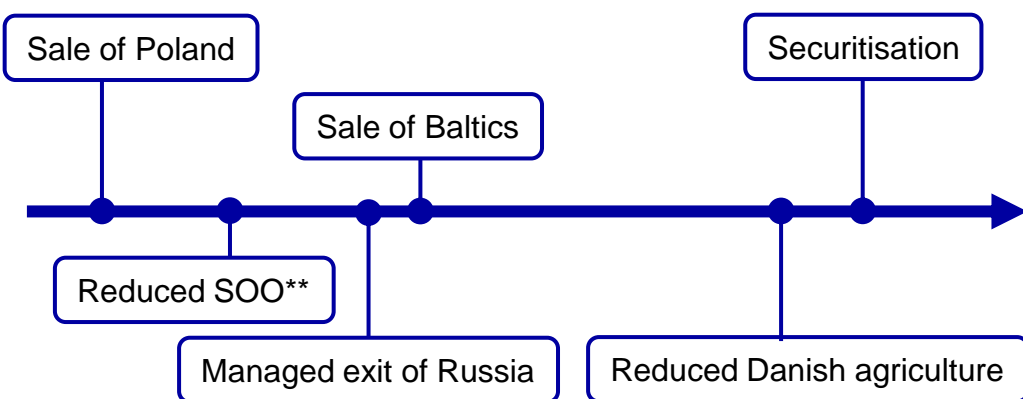
- Economic forecasts from Nordic central banks and European Central Bank (ECB) used as basis for baseline scenarios
- Scenarios more positive in Q3 than in Q2
- Baseline scenario (60% weight)
  - Uncertainty is reduced as the vaccine roll-out has gathered speed
  - The reopening of societies is characterised by strong demand from businesses and households
- Upside scenario (20% weight)
  - Uncertainty for businesses and households is reduced faster than expected, prompting a stronger recovery
  - The potential for surprises on the upside is reduced as the Nordic economies are now closer to full capacity
- Adverse scenario (20% weight)
  - The spread of the Delta variant leads to delays in the lifting of lockdowns or renewed lockdowns

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

## Historic loan loss ratios, bp



## Significant de-risking



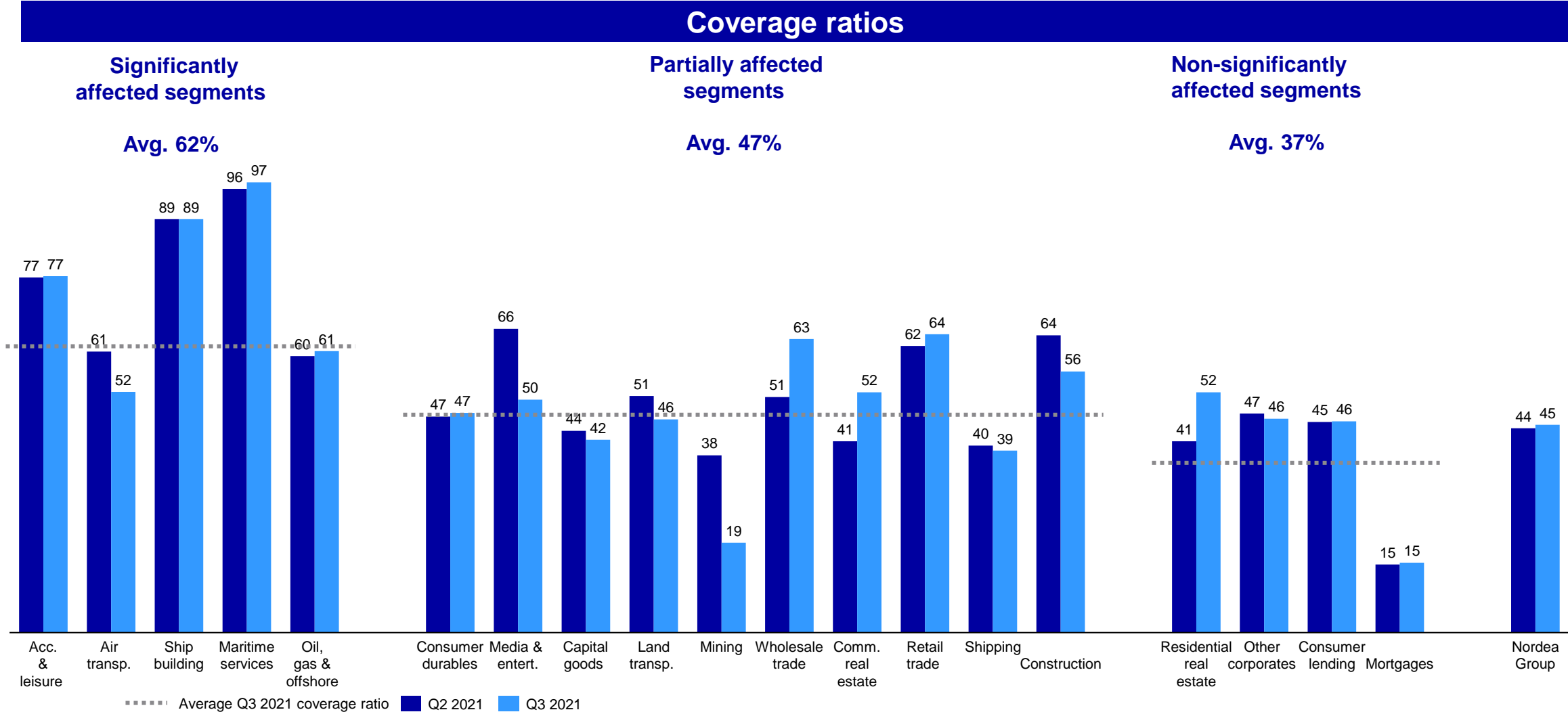
## Comments

- 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 in view of COVID-19 crisis
  - 2020 loan loss ratio at 14bp excl. management judgement provision

## Outlook

- Net loan losses in 2021 expected to be significantly below 2020 level

# Coverage ratios – well provisioned for potential losses





# Lending split with low concentration in each sector and segment

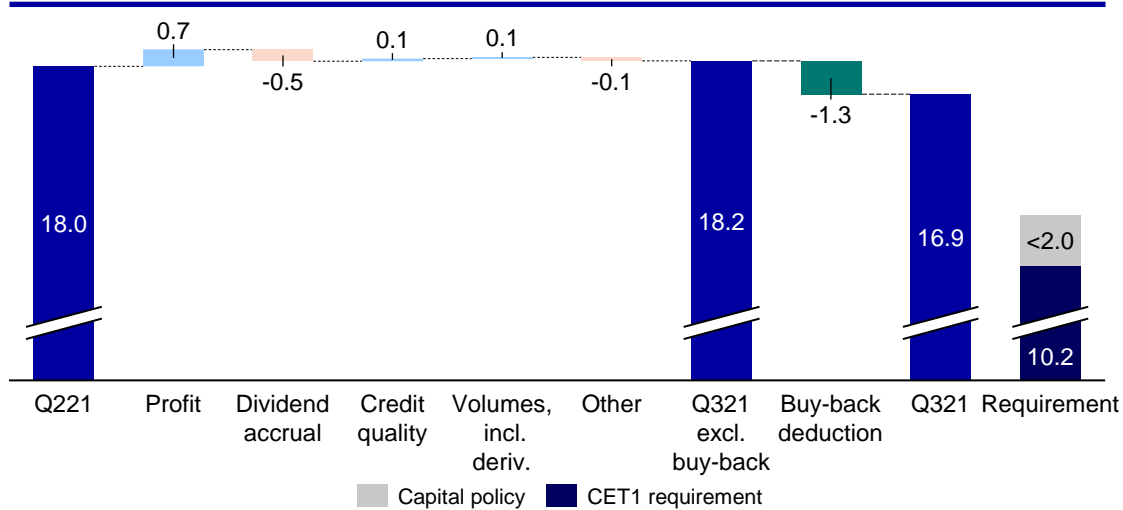
## Lending volumes per sector and segment (EURbn) and shares of total lending portfolio (%), 30/09/21 (excl. reverse repos and securities borrowing)

Financial institutions	14.8	4.6%	<i>Shipping (total):</i>	6.0	1.9%
Crops, plantations and hunting (agriculture)	3.6	1.1%	Tankers (crude, product, chemical)	1.6	0.5%
Animal husbandry (agriculture)	2.6	0.8%	Gas tankers	1.1	0.3%
Fishing and aquaculture	1.9	0.6%	Dry cargo	0.7	0.2%
Paper and forest products	1.8	0.6%	Car carriers	0.3	0.1%
Mining and supporting activities	0.3	0.1%	RoRo vessels	0.2	0.1%
Oil and gas	0.3	0.1%	Container ships	0.1	0.0%
Offshore drilling rigs	0.6	0.2%	Supply vessels	0.6	0.2%
Food processing and beverages	1.4	0.4%	Floating production	0.1	0.0%
Household and personal products	0.4	0.1%	Oil services	0.1	0.0%
Healthcare	1.9	0.6%	Cruise	0.2	0.1%
Consumer durables	1.6	0.5%	Ferries	0.1	0.0%
Media and entertainment	1.5	0.5%	Other shipping	0.8	0.2%
Retail trade	3.4	1.1%	Ship building	0.3	0.1%
Air transportation	0.3	0.1%	Maritime services	0.4	0.1%
Accommodation and leisure	1.6	0.5%	Utilities distribution	3.4	1.1%
Telecommunication services	0.7	0.2%	Power production	2.0	0.6%
Materials	1.3	0.4%	Public services	1.4	0.4%
Capital goods	2.9	0.9%	Other industries	1.2	0.4%
Commercial and professional services	10.5	3.3%	Household mortgage loans Denmark	38.0	11.9%
Construction	8.5	2.7%	Household mortgage loans Finland	32.9	10.3%
Wholesale trade	5.1	1.6%	Household mortgage loans Norway	36.6	11.4%
Land transportation	2.6	0.8%	Household mortgage loans Sweden	52.0	16.3%
IT services	1.6	0.5%	<i>Household mortgage loans total</i>	159.5	49.9%
Commercial real estate	27.5	8.6%	Collateralised consumer lending	18.8	5.9%
Residential tenant-owned associations and companies	18.3	5.7%	Non-collateralised consumer lending	7.0	2.2%
Public sector	2.5	0.8%	<b>Total loans to the public</b>	<b>319.5</b>	<b>100.0%</b>

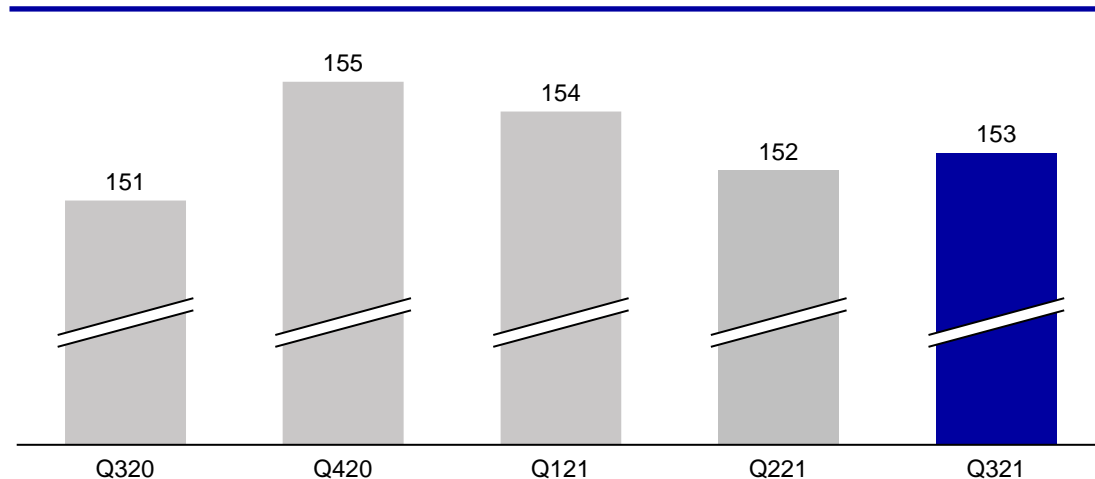
### 3. Capital, AML and Sustainability

# Capital – capital position strong and share buy-back programme initiated

## CET1 capital ratio development, %



## REA development, EURbn

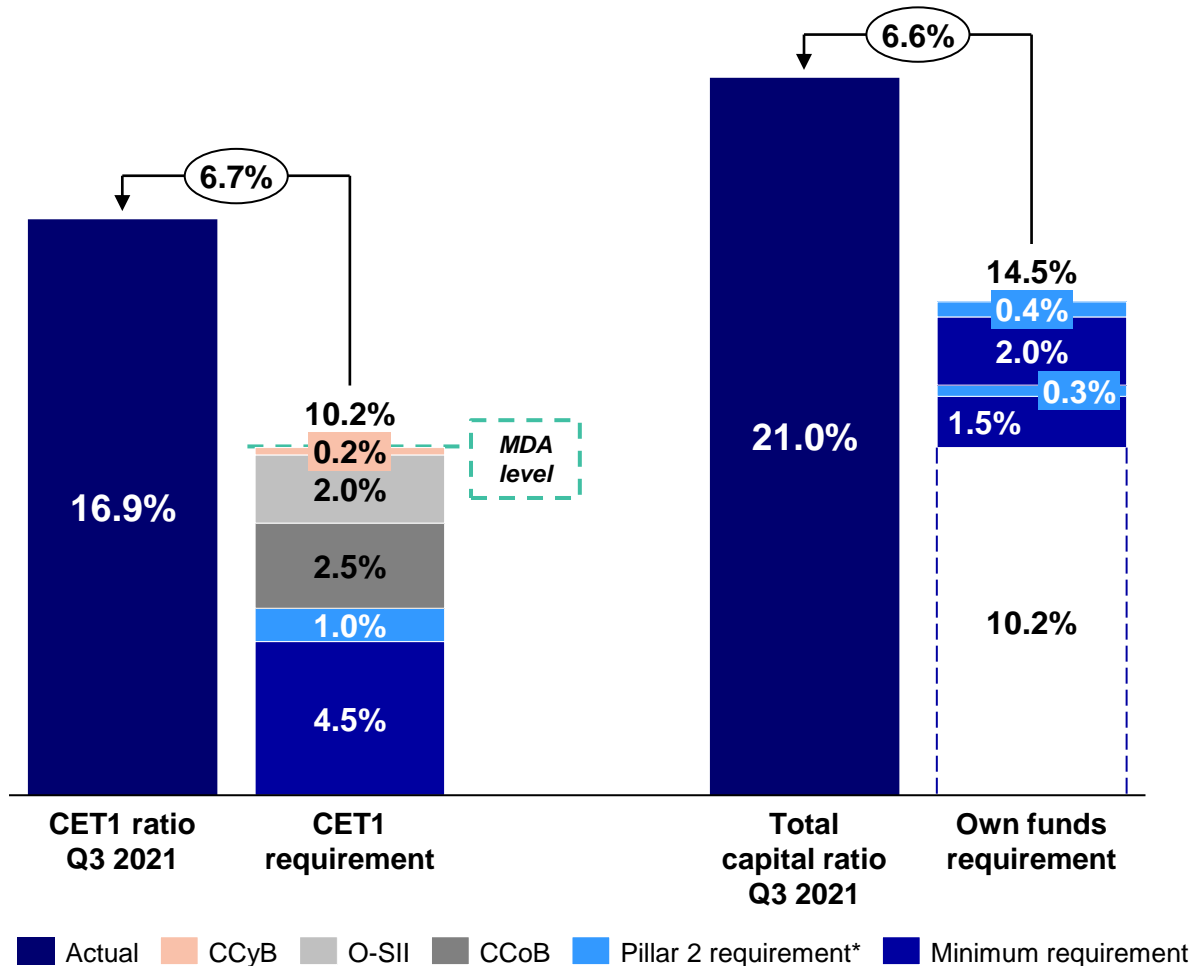


## Comments

- CET1 capital ratio 16.9%, 6.7 percentage points above regulatory requirement\*
- CET1 capital down EUR 1.7bn following buy-back approval; decrease partly offset by profit generation net of dividend accrual
- Risk exposure amount at EUR 153bn – credit quality solid
- Capacity to support customers and distribute capital
- Capital distributions following lifting of restrictions
  - Remaining 2019-20 dividends of EUR 0.72 per share distributed in October 2021
  - Share buy-back approval received from European Central Bank (ECB); buy-back of up to EUR 2bn announced
  - Follow-up buy-back programme planned for 2022, subject to separate ECB approval

# Capital – significant buffer to capital requirements

## Capital position and requirements



## Comments

- CET1 capital ratio 16.9%, 6.7 percentage points above regulatory requirement\*\*
- Capital policy of 150-200bp above regulatory requirement (MDA level)
- CET1 buffer of 6.7 percentage points corresponds to EUR 10.2bn
- CET1 requirement lowered by ~2.9 percentage points since 1 January 2020
- Current MDA level expected to increase in 2022 following decided increases in countercyclical capital buffer rates\*\*\*

# Significant investments in financial crime prevention

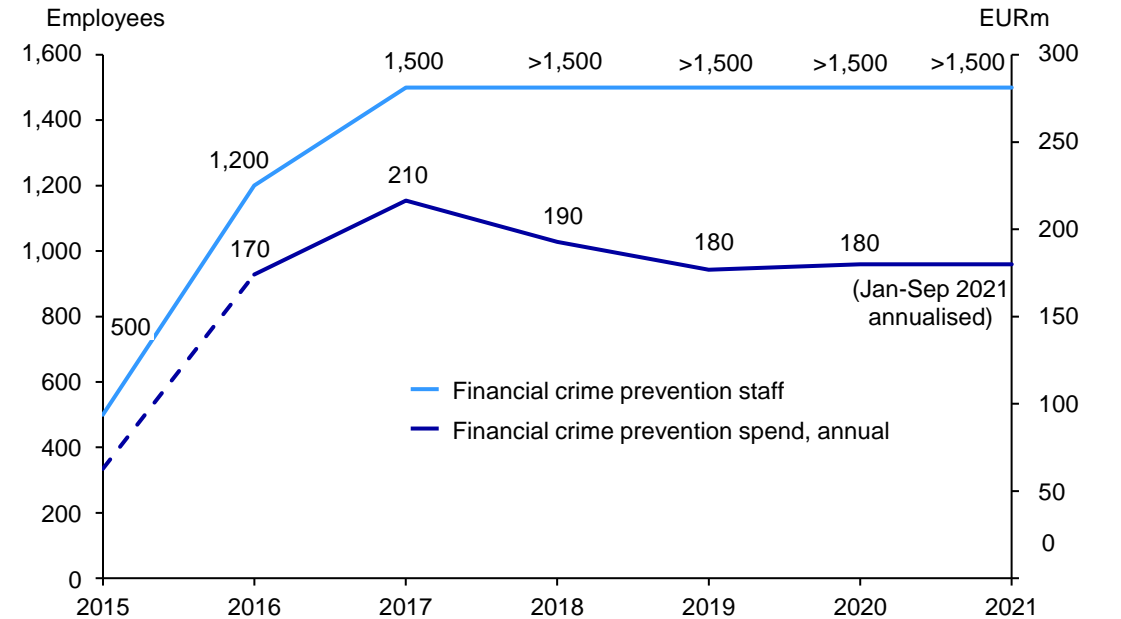
## Actions against money laundering

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

## AML topics

- The Danish FSA inspected our AML processes in 2015 and handed their findings over to the Danish Public Prosecutor in 2016. The investigation has not yet concluded
- Provision of EUR 95m in Q1 2019 for AML-related matters
  - Given the uncertainty regarding possible fines, the level of provision for ongoing AML-related matters will be maintained, while continuing the dialogue with Danish authorities

## Financial crime prevention spending, annual



- In October 2018, Hermitage Capital filed money laundering allegations with all Nordic regulators. Finnish, Norwegian and Swedish authorities stated that no formal investigations would be opened

# Sustainability at the core of Nordea's strategy

Since the beginning of 2020 we have reduced our exposure to, and emissions associated with, climate-vulnerable sectors. We are working together with our customers to help drive a low-carbon economy and channelling investment into more sustainable offerings, thereby ensuring progress towards our 2030 emissions targets.

## Our actions in Q3



Grew green corporate loans by 22% and attracted increasing numbers of transition financing proposals



Maintained Bloomberg league table #1 positions for Nordic sustainable bonds overall and Nordic corporate sustainable bonds



Grew investments in ESG products\*\*, which accounted for around 95% of net inflows



Launched new Sustainable Choice products: fixed-term green deposits for corporates and Global Climate and Social Impact Fund



Became a member of the Net-Zero Banking Alliance and updated Sector Guideline for fossil fuel-based industries with new requirements and recommendations



Improved gender balance at several leader levels and introduced equal parental leave for rainbow parents

## Our targets



**Net-zero**

emissions by 2050  
at latest



**40-50%\***

reduction in  
emissions across  
lending and  
investment  
portfolios by 2030



**50%**

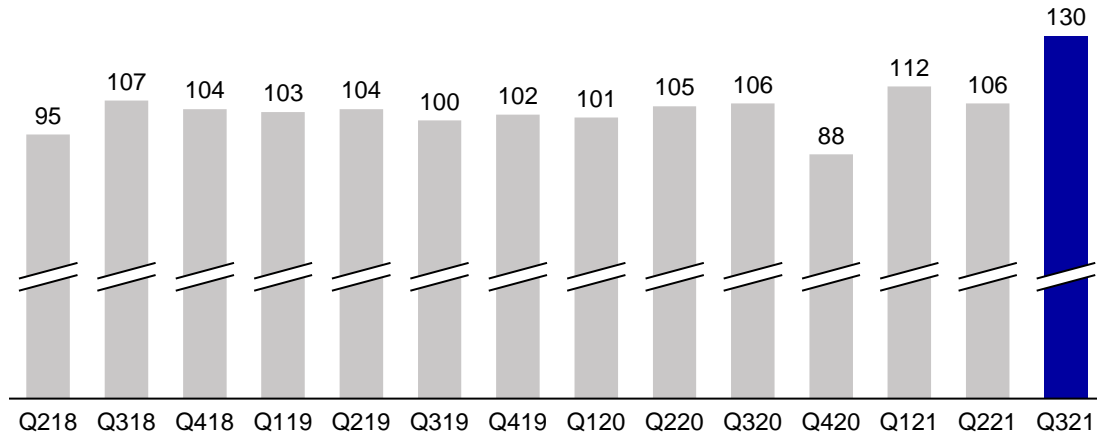
reduction  
in emissions from  
internal operations  
by 2030

## 4. Funding

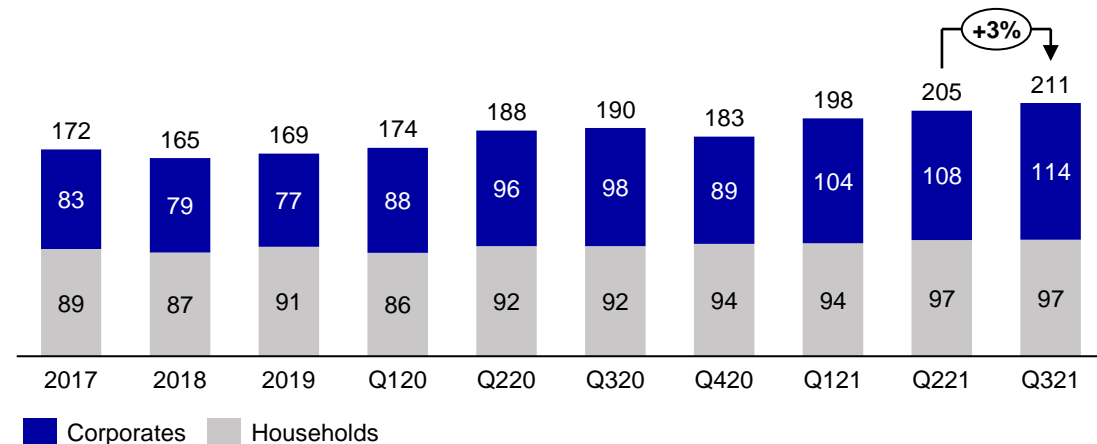


# Liquidity – solid position

## Liquidity buffer, EURbn



## Deposits\*, EURbn

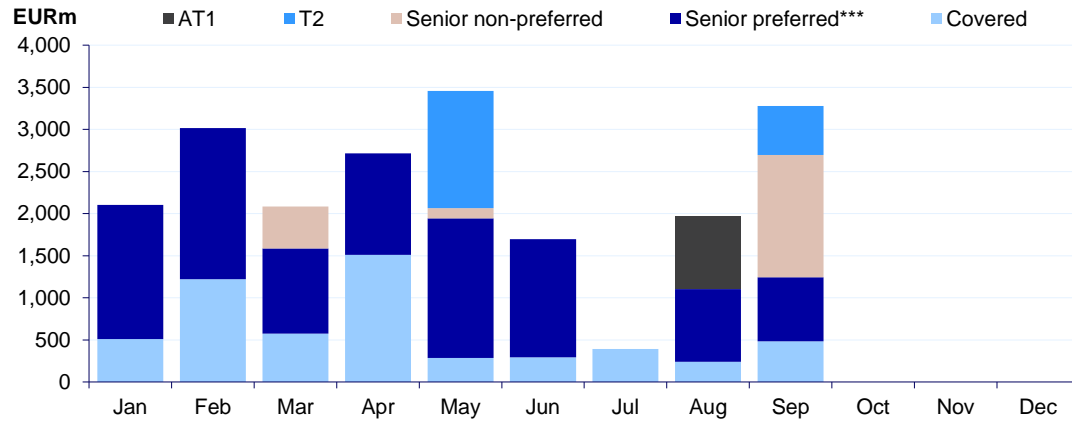


## Comments

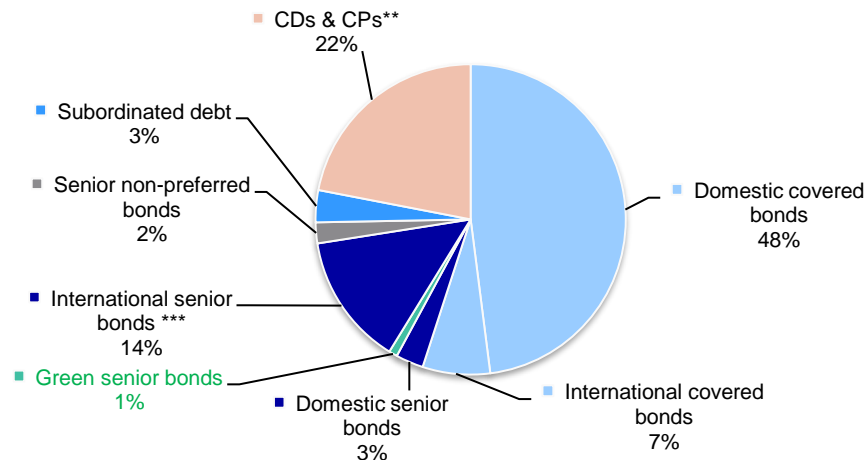
- Robust liquidity position
  - Liquidity buffer over EUR 130bn
  - Liquidity coverage ratio (LCR) 168%
  - Net stable funding ratio (NSFR) 114%
- Deposits up 3% in local currencies q/q

# Solid funding operations

## Long-term issuance 2021\* EUR 20.7bn



## Wholesale funding composition, %



## Q3 issuance comments

- EUR 4.2bn in long-term debt issued during Q3 2021
  - Of which EUR 1.1bn covered bonds and EUR 3.1bn senior format
- In addition, EUR 1.4bn in Tier 2 and AT1 issued during Q3
- EUR 198bn outstanding in total wholesale funding
- Long-term funding 71% of total funding at end of Q3
- Ordinary funding supplemented by TLTRO III participation

## Issuance plans

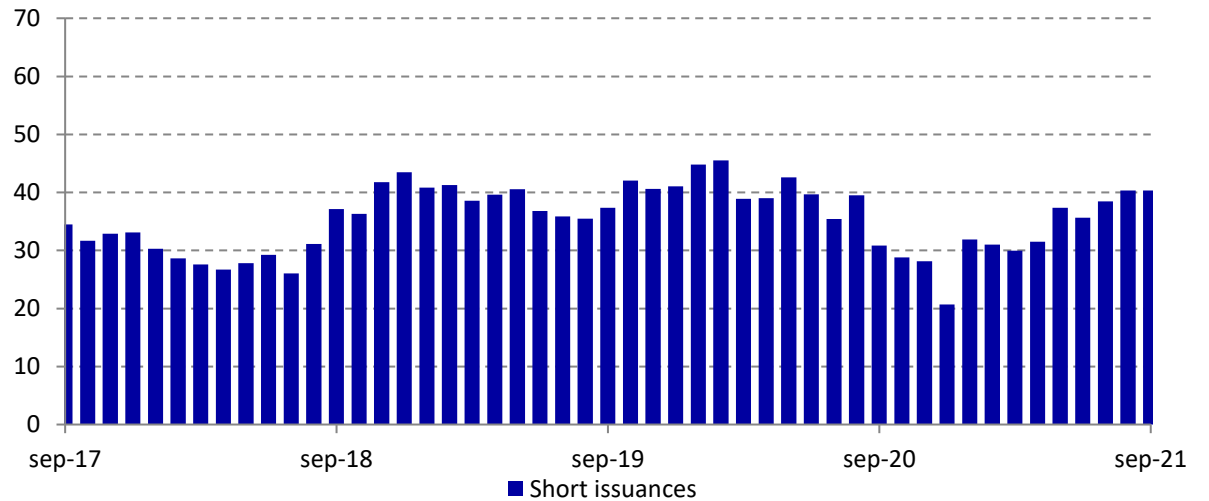
- ~EUR 20-25bn issuance per year
- Around half expected to be issued in domestic markets, primarily in covered bond format
- Estimated target for total senior non-preferred debt ~EUR 10bn by end of 2023
  - EUR 4.8bn issued

# Short-term funding – prudent and active management

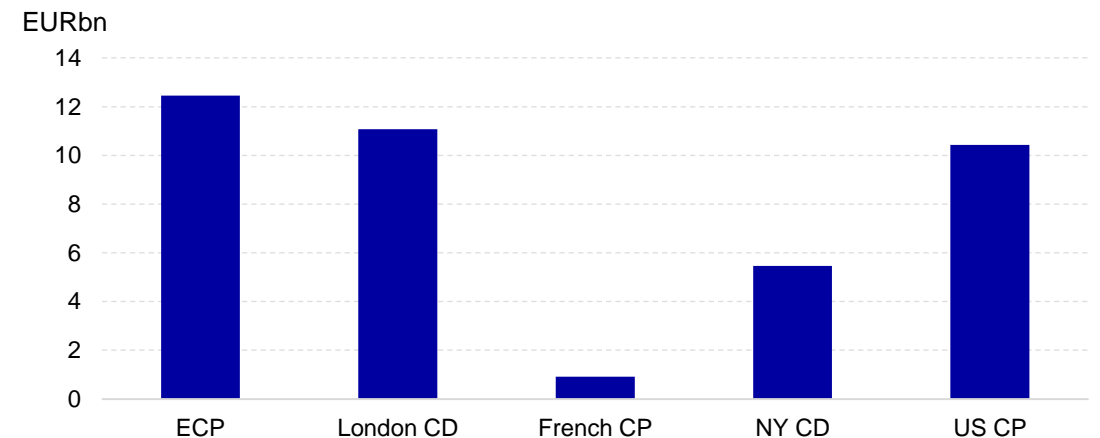
## Comments

- Short-dated issuance remains an attractive funding component for the Group
- Nordea has maintained issuance in the long-dated short-term market (>1 year) out of both the US and Europe
- Nordea has a well-diversified global investor base stretching from Asia to the US
- Each programme has niche contributions, supporting a diversified investor, product and currency base
- Total outstanding short-term funding has ranged between EUR 37-45bn during Q3 2021

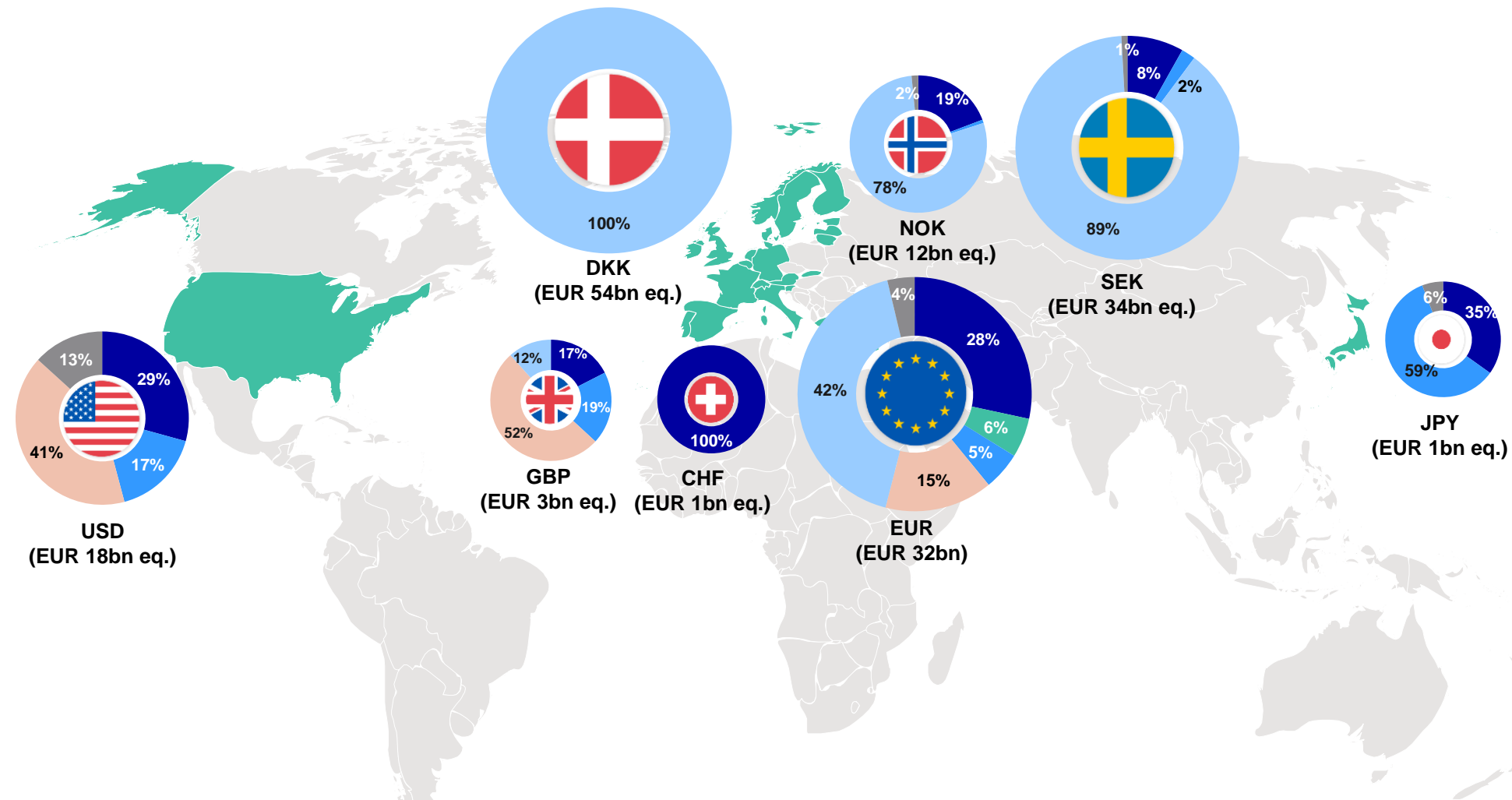
## Short-term issuance\*



## Split between programmes, Q3 2021\*



# Long-term funding – Nordea’s global issuance platform



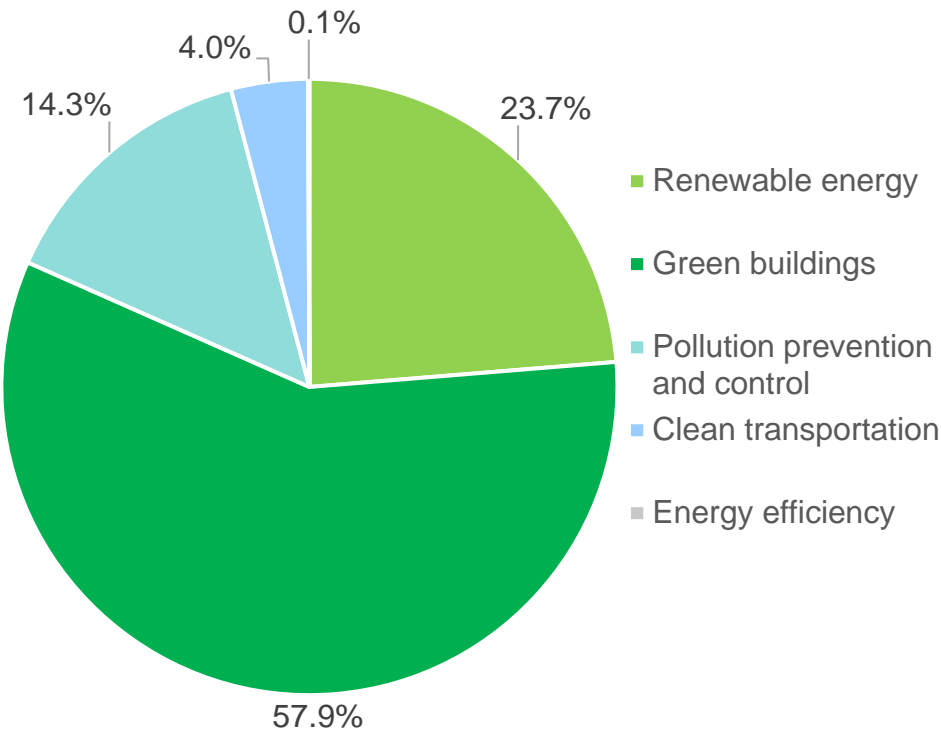
■ Covered bonds   ■ Senior preferred   ■ Green senior   ■ Senior non-preferred   ■ CDs > 1 year   ■ Capital instruments

# Green bonds

## Enhanced focus on green bonds

- 2017: Green Bond Framework established and inaugural EUR 500m 5-year senior preferred green bond issued
- 2019: EUR 750m 7-year senior preferred green bond issued
- 2019: Danish green covered bond launched
- 2020: Green Bond Framework updated, including a change in the allocation of proceeds from bond level to portfolio level
- 2021: inaugural EUR 500m 10-year senior non-preferred green bond issued
- 2021: update of Green Bond Framework enabling green covered bonds to be issued from all Nordea's covered bond platforms
- Green bond asset portfolio amounts to above EUR 3bn (September 2021)\*
- Nordea aims to be a regular issuer of green bonds

## Green bond asset portfolio



## Sustainability ratings



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



ESG score: **21.5** (0 to 100)\*\*\*

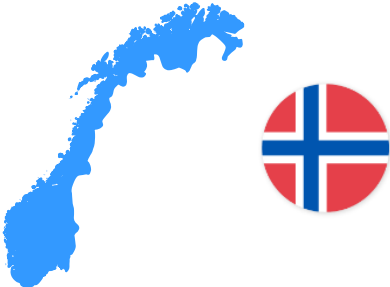
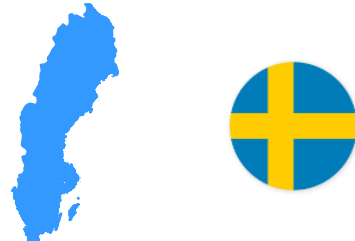




ESG rating: **AA** (AAA to CCC)

\* External review  
\*\* Highest rating within sector is C+  
\*\*\* Lower score represents lower ESG risk

# Nordea covered bond operations


















Q3 2021

Four aligned covered bond issuers with complementary roles	Nordea Eiendoms-kreditt	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 21.0bn (eq.)	EUR 61.9bn (eq.)	Balance principle	EUR 23.5bn
	Covered bonds outstanding	EUR 9.1bn (eq.)	EUR 35.6bn (eq.)	EUR 60.3bn (eq.)*	EUR 20.8bn
	OC	130%	74%	8%*	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



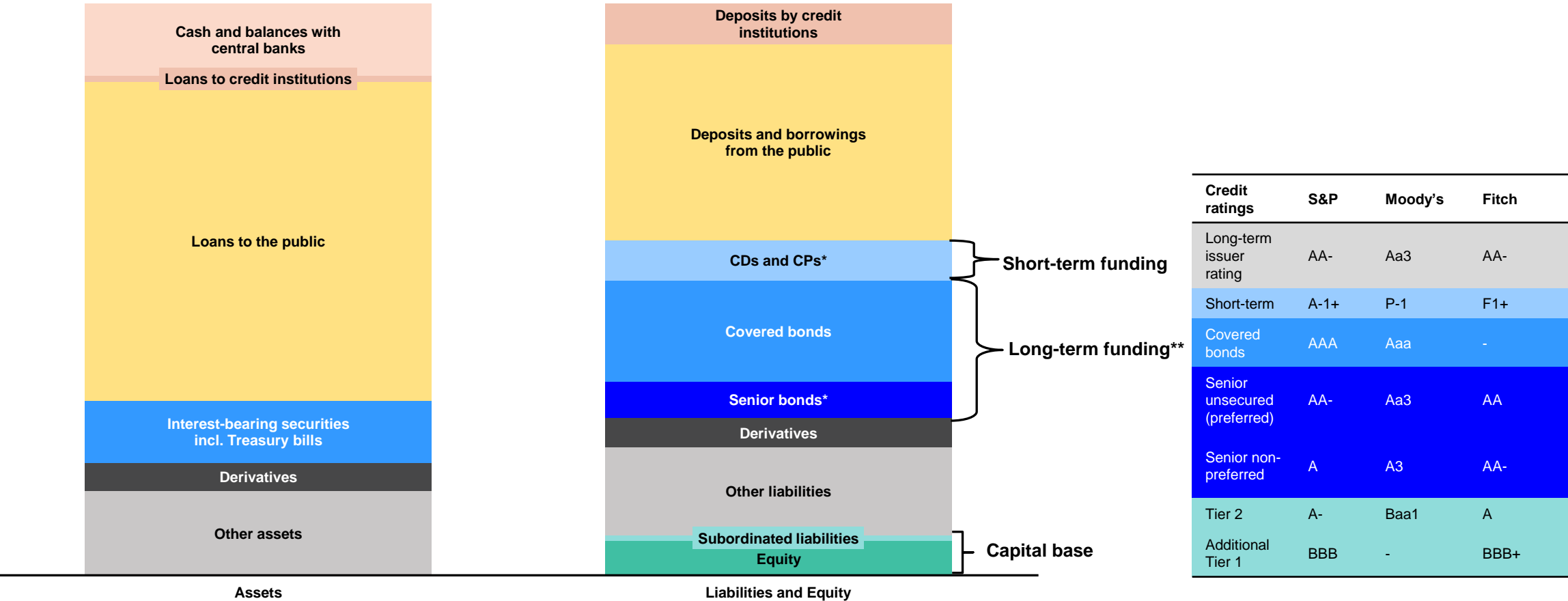
## Nordea recent benchmark transactions

Issuer	Type	Currency	Amount (m)	FRN / Fixed	Issue date	Maturity date	Callable
Nordea Bank	Senior non-preferred	 USD	1,500	Fixed	Sep-21	Sep-26	
Nordea Bank	Tier 2	 GBP	500	Fixed	Sep-21	Dec-27	11.25NC6.25
Nordea Bank	AT1	 USD	1,000	Fixed	Aug-21	Perpetual	PerpNC8
Nordea Bank	Senior preferred	 USD	1,000	Fixed	May-21	May-24	
Nordea Bank	Tier 2	 SEK	3,000/1,000	FRN/Fixed	May-21	Aug-26	10.25NC5.25
Nordea Bank	Tier 2	 EUR	1,000	Fixed	May-21	Aug-26	10.25NC5.25
Nordea Eiendomskreditt*	Covered	 NOK	6,000	FRN	Apr-21	Mar-26	
Nordea Bank	Senior non-preferred, <span>Green</span>	 EUR	500	Fixed	Mar-21	Mar-31	
Nordea Hypotek*	Covered	 SEK	5,500	Fixed	Feb-21	Sep-26	
Nordea Eiendomskreditt*	Covered	 NOK	6,000	FRN	Sep-20	Sep-25	
Nordea Bank	Senior preferred	 USD	1,000	Fixed	Aug-20	Aug-25	
Nordea Bank	Senior preferred	 USD	1,000	Fixed	Jun-20	Jun-23	
Nordea Bank	Senior preferred	 CHF	200	Fixed	May-20	May-26	
Nordea Bank	Senior preferred	 NOK	4,000	FRN	May-20	May-25	
Nordea Bank	Senior preferred	 SEK	1,000/500	Fixed/FRN	May-20	May-23	
Nordea Bank	Senior preferred	 EUR	1,250	Fixed	May-20	May-27	
Nordea Bank	Senior preferred, <span>Green</span>	 EUR	750	Fixed	Jun-19	Jun-26	



# Balance sheet composition

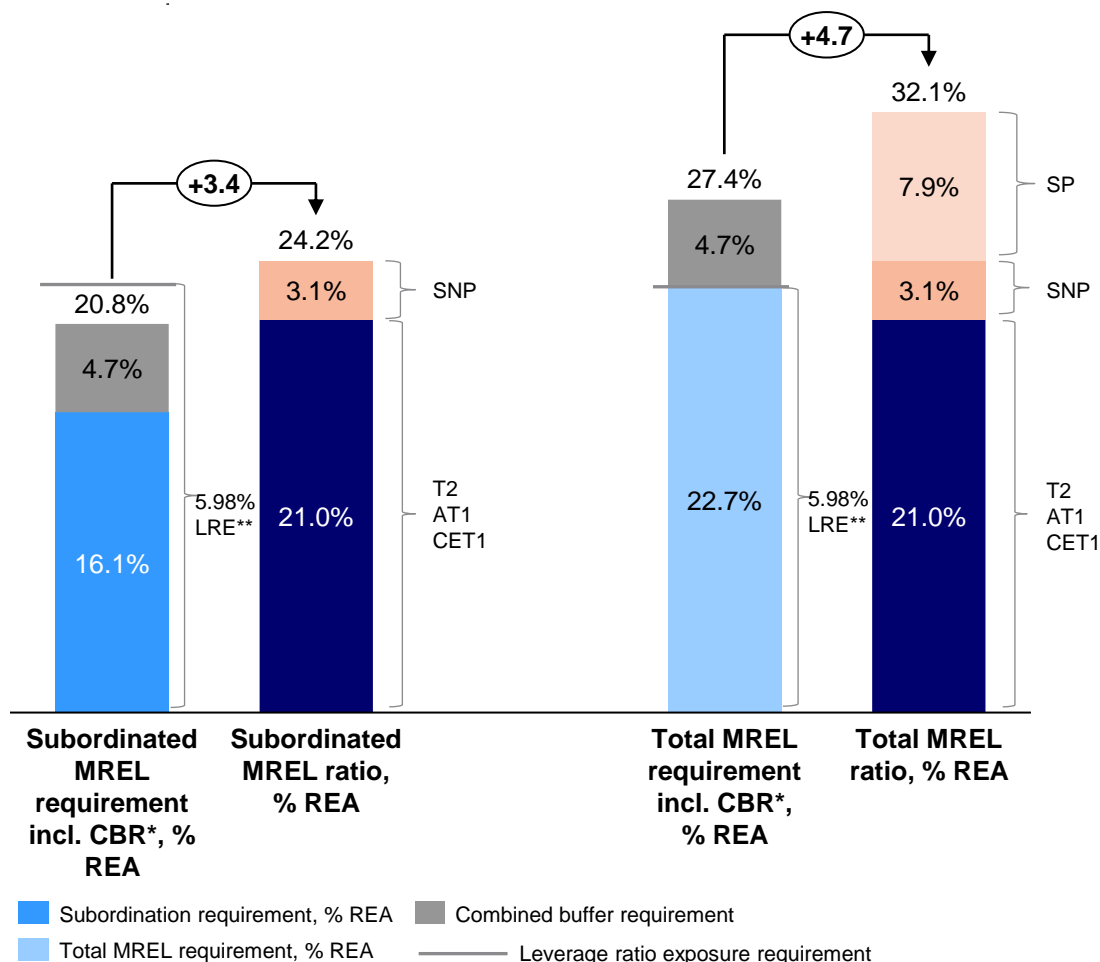
Total assets EUR 615bn at end of Q3 2021



35 \* CDs and CPs exclude CDs with original maturity over one year. Senior bonds include CDs with original maturity over one year  
\*\* Excluding subordinated liabilities

# Well positioned to meet MREL requirements

## MREL positions at end of Q3 2021 and requirements



## Comments

- Nordea subordinated MREL ratio 3.4 percentage points above requirement (1.5 percentage points above LRE requirement\*\*\*)
- Total MREL ratio 4.7 percentage point above requirement (9.4 percentage points above LRE requirement\*\*\*)
- MREL and subordination requirements binding from 1 Jan 2022 (full requirements directly, no interim requirements), and updated by the Single Resolution Board (SRB) annually
- Combined buffer requirement (CBR) and hence MREL and subordination requirements incl. CBR may vary depending on decisions by Finnish FSA and other Nordic authorities

### Requirements set by SRB for Nordea

#### Subordinated MREL

- 16.1% of REA (20.8% of REA incl. CBR, Q3 2021)
- 5.98% of leverage ratio exposure (LRE)

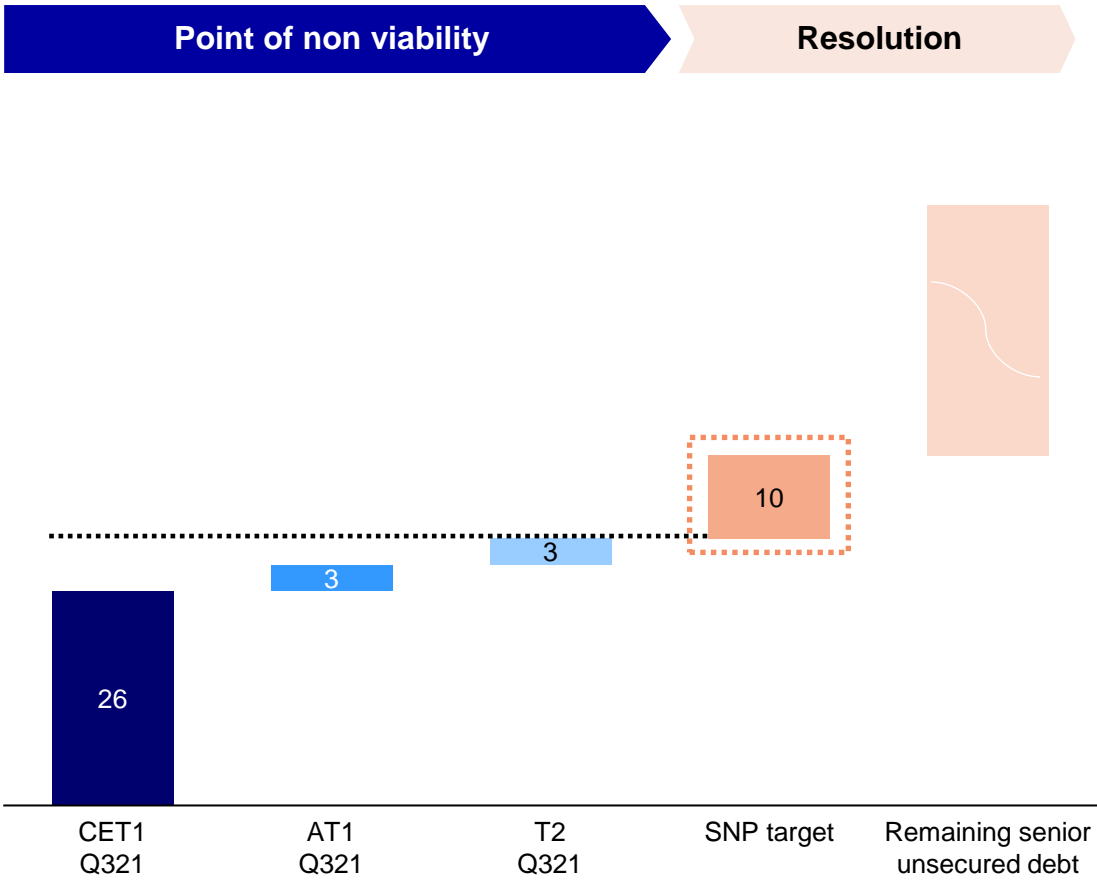
#### Total MREL

- 22.7% of REA (27.4% including CBR, Q3 2021)
- 5.98% of LRE

Binding from 1 Jan 2022. Requirements set by SRB to be updated annually

# Senior non-preferred target remains unchanged

## Own funds and bail-in-able debt, EURbn

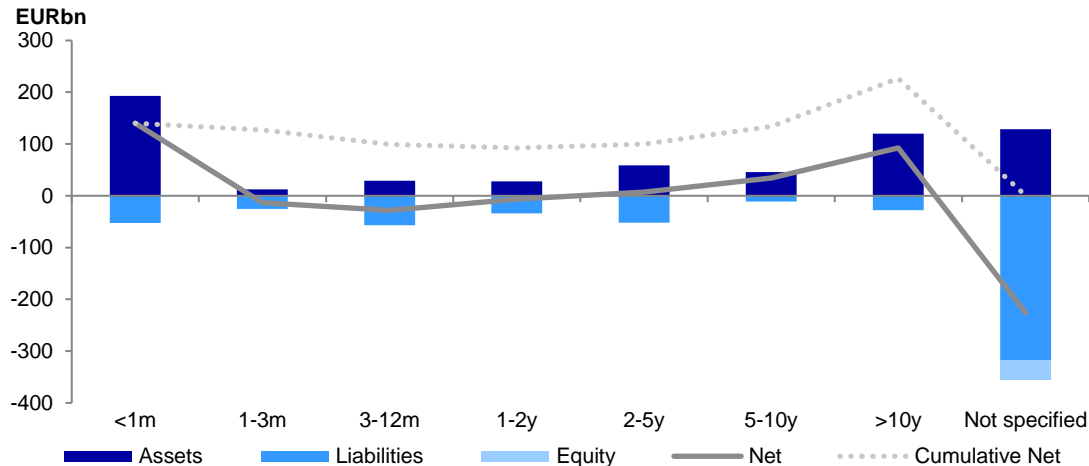


## Comments

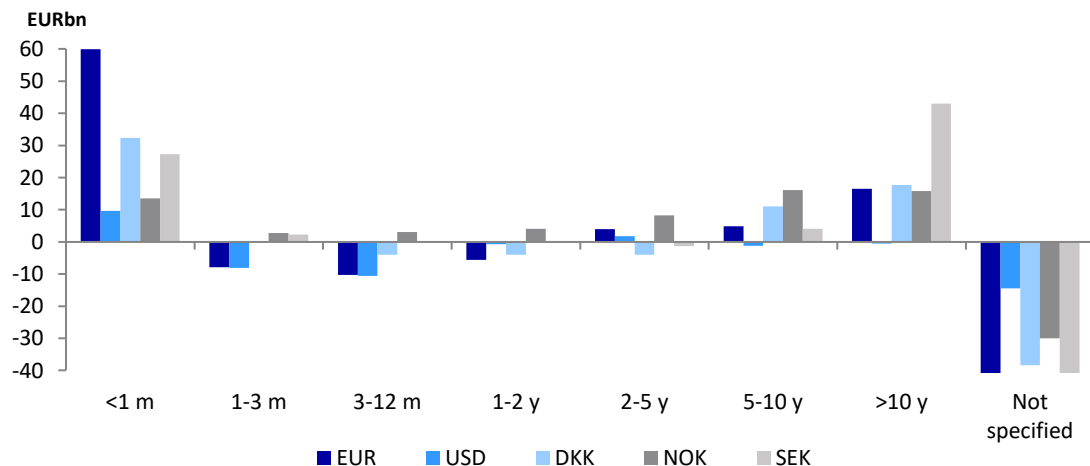
- Senior non-preferred (SNP) target of approximately EUR 10bn in total by end of 2023, taking into account:
  - future capital buffer requirements
  - management buffer for MREL subordination
- EUR 4.8bn SNP issued
- Nordea's own funds of ~EUR 32bn in Q3 2021 to rank junior to SNP instruments

# Maturity profile

## Maturity profile, EURbn



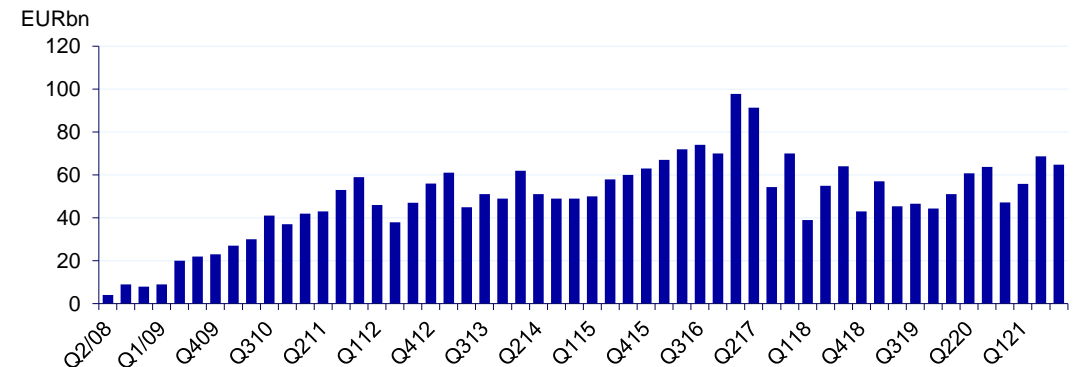
## Maturity gap by currency, EURbn



## Comments

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

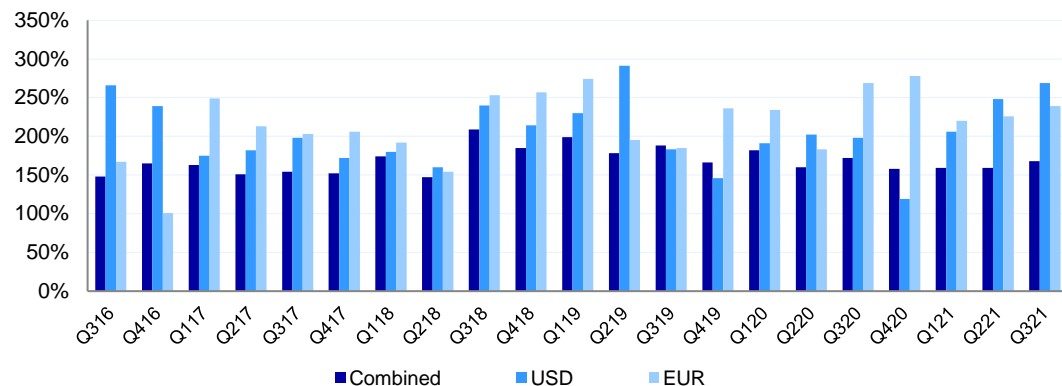
## Net balance of stable funding, EURbn



The NBSF is an internal metric which measures the excess of stable liabilities against stable assets. At the beginning of 2012 the stability period was changed to 12 months (from 6 months). In Q3/17 the data sourcing was updated and classifications are now in line with the CRR

# Liquidity coverage ratio

## Liquidity coverage ratio, %



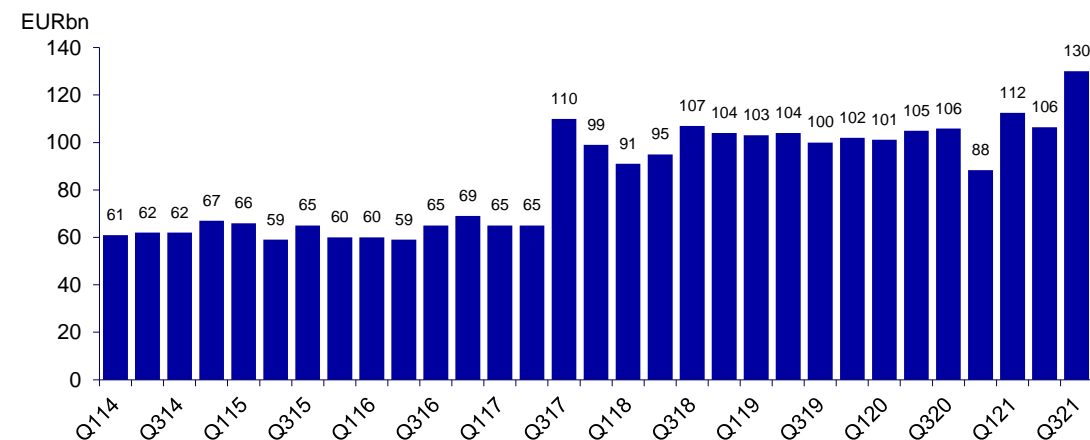
## LCR subcomponents, EURbn

EURm	Combined		USD		EUR	
	Unweighted value	Weighted value	Unweight. value	Weighted value	Unweight. value	Weighted value
<b>Total high-quality liquid assets (HQLA)</b>	<b>129,638</b>	<b>127,669</b>	<b>27,274</b>	<b>27,208</b>	<b>51,836</b>	<b>51,746</b>
Liquid assets level 1	127,042	125,462	26,848	26,846	51,535	51,490
Liquid assets level 2	2,596	2,207	427	363	301	256
<b>Total cash outflows</b>	<b>378,690</b>	<b>89,539</b>	<b>56,296</b>	<b>34,852</b>	<b>151,058</b>	<b>54,056</b>
Customer deposits	103,926	6,970	391	60	34,853	2,414
Wholesale funding	143,169	60,929	27,522	15,502	45,019	15,839
Other	131,595	21,640	28,384	19,291	71,185	35,803
<b>Total cash inflows</b>	<b>47,188</b>	<b>13,693</b>	<b>25,402</b>	<b>24,731</b>	<b>46,330</b>	<b>32,379</b>
Secured lending (e.g. reverse repos)	28,787	2,232	30	28	11,419	188
Other cash inflows	18,402	11,461	25,373	24,703	34,911	32,191
<b>Liquidity coverage ratio (%)</b>		<b>168%</b>		<b>269%</b>		<b>239%</b>

## Comments

- EBA Delegated Act on LCR in force, starting from October 2016
  - LCR of 168%
  - LCR compliant in USD and EUR
- Compliance reached through high-quality liquidity buffer and management of short-term cash flows
- Liquidity buffer EUR 130bn, including cash and central bank balances
  - New liquidity buffer method introduced in July 2017

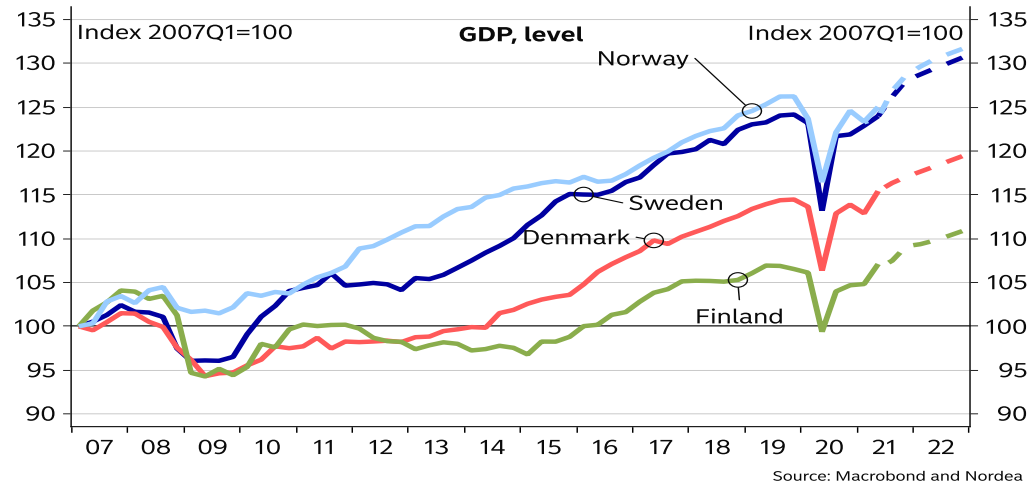
## Liquidity buffer, EURbn



## 5. Macroeconomy

# Nordic economies – resilient economies back on track

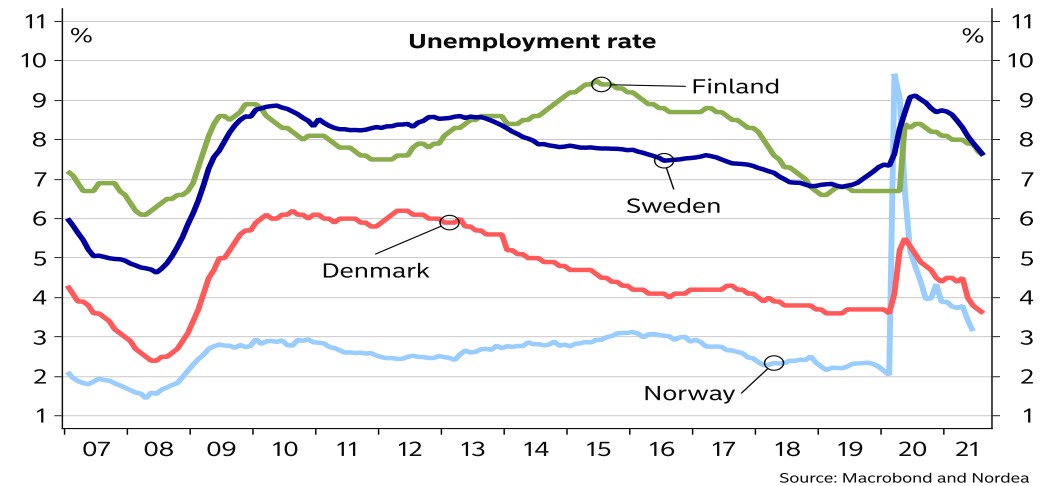
## GDP development



## Comments

- After the dramatic setback in 2020 due to the COVID-19 pandemic, the Nordic economies have almost fully recovered
- Vaccines have brought long-awaited relief and, to a large extent, a return to normal. Nordic households' relatively strong finances have paved the way for a broad recovery as pent-up demand unwinds when restrictions are lifted
- The labour market has shown resilience, largely due to government subsidies such as short-term furloughs. The hard-hit services sector is rebounding, and GDP is back to pre-crisis levels

## Unemployment rate



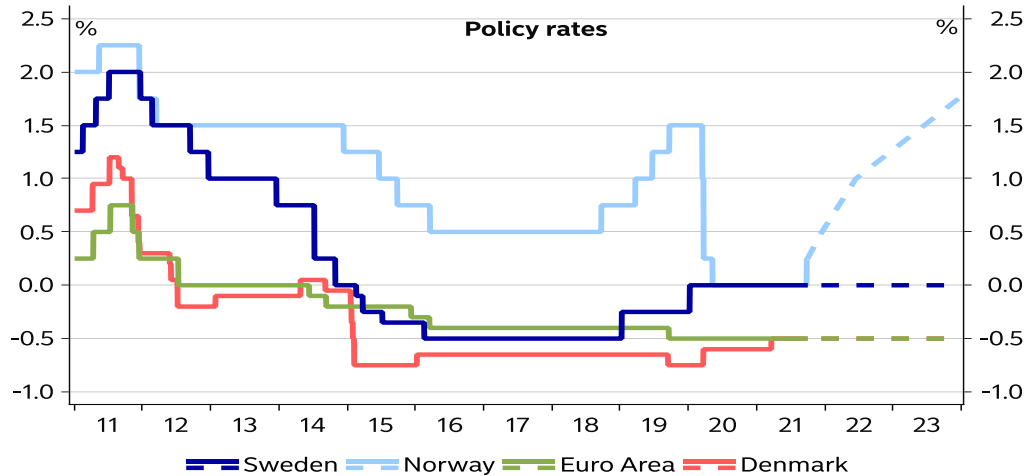
## GDP, forecasts from Economic Outlook September 2021

Country	2020	2021E	2022E
Denmark	-2.1	3.3	2.7
Finland	-2.9	3.5	3.0
Norway	-2.5	3.9	3.9
Sweden	-3.0	4.5	3.5



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

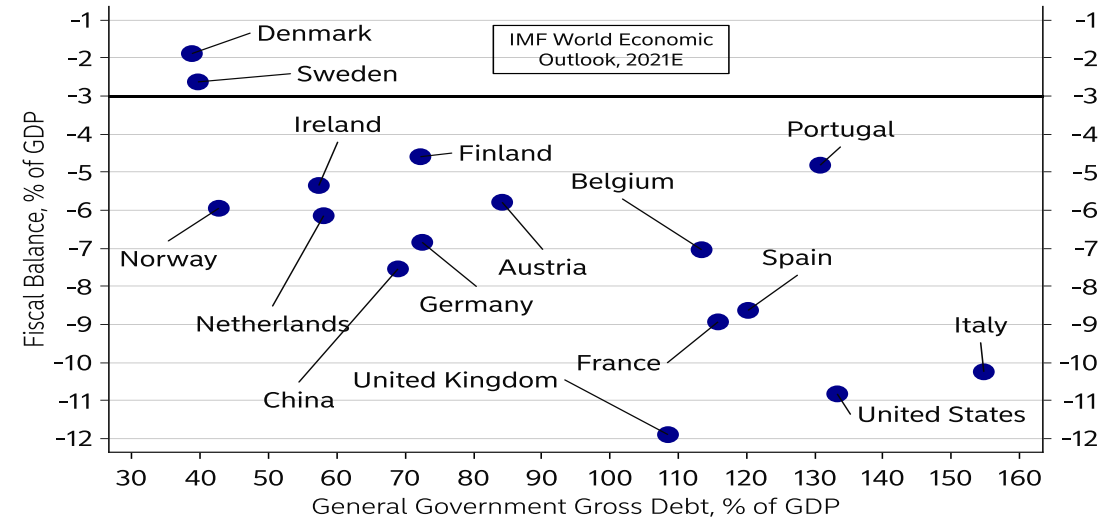
## Policy rates



## Comments

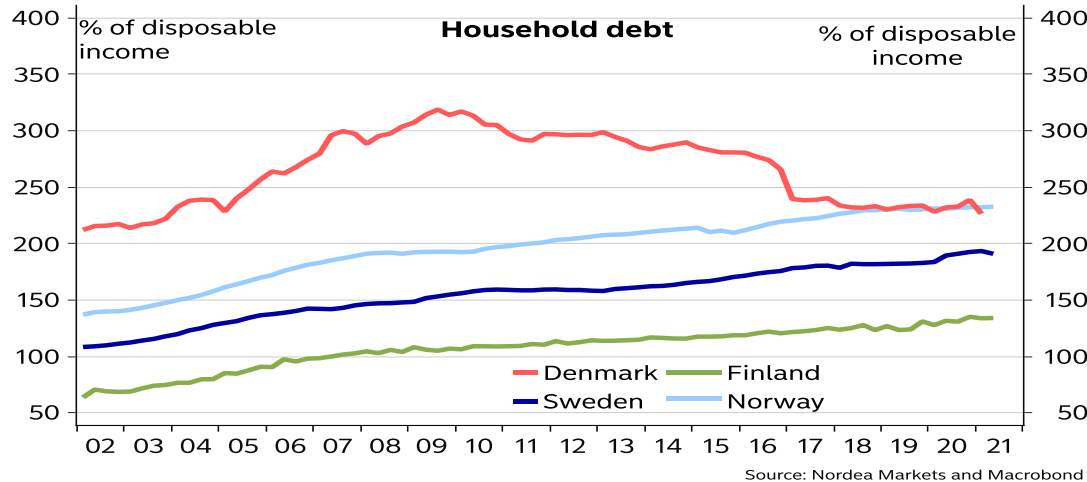
- Norges Bank increased its key rate in September this year, with a second increase likely in December. Policy rates in the euro area, Denmark and Sweden are expected to remain unchanged throughout the forecast period
- Sveriges Riksbank and the ECB launched new large-scale asset purchase programmes (QE) as a response to the COVID-19 crisis. The ECB is expected to purchase financial assets corresponding to 7% of euro area GDP in 2021, while Sveriges Riksbank's purchases amount to an expected 8% of 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. The Nordics are relatively well-equipped to handle the long-term consequences of the pandemic

## Public balance and debt, % of GDP, 2021E



# Households remain resilient

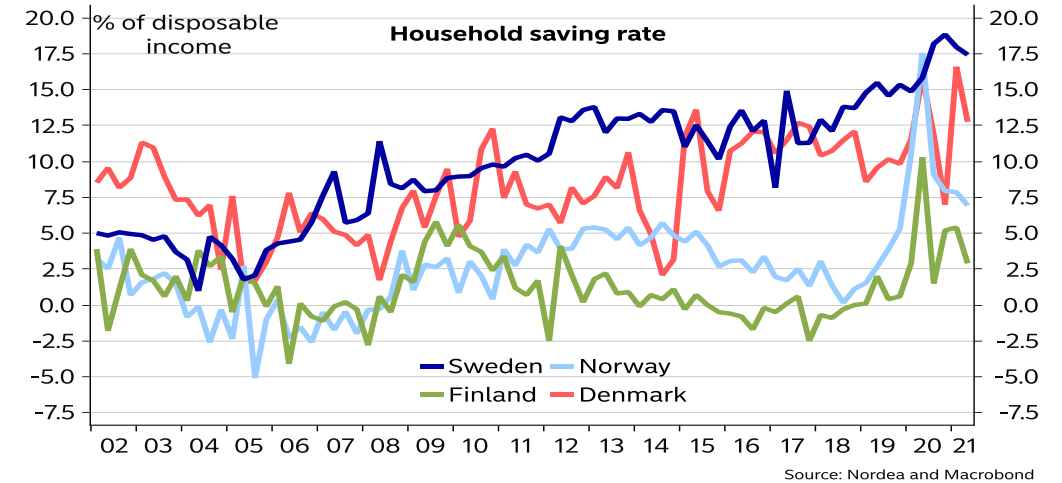
## Household debt



## Comments

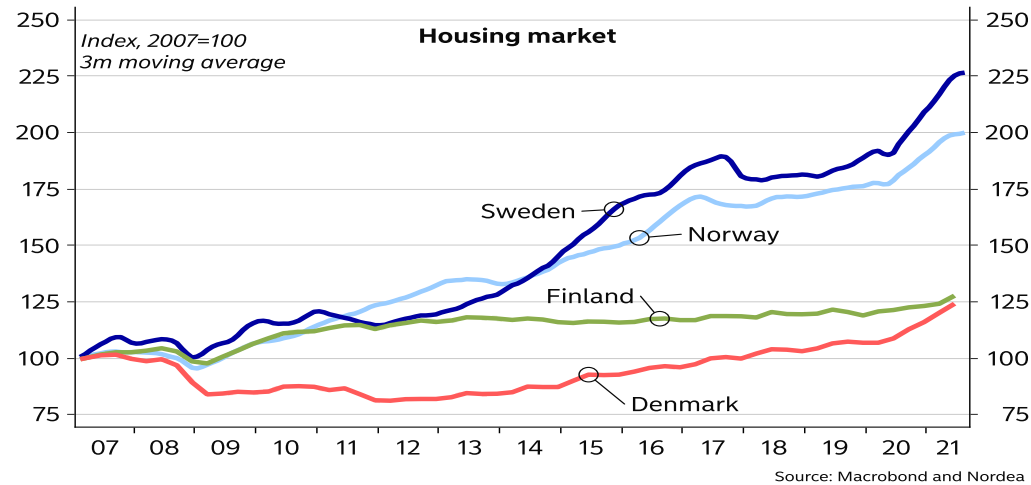
- Household savings have increased dramatically during the crisis, largely due to a decline in spending. Despite high debt levels, Nordic households' strong finances are expected to support economic growth as restrictions are lifted. Low interest rates and economic stimulus continue to support credit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

## Household savings



# Nordic housing markets heat up

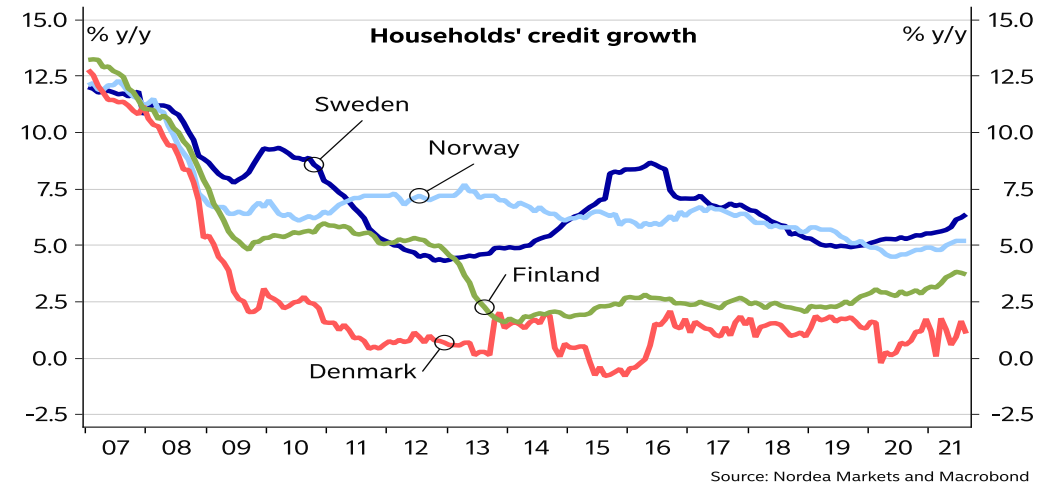
## Housing prices



## 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 in the labour market which are more active in 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
- However, interest rates are not likely to go lower and, at some point, the expansionary fiscal policies will come to an end. Moreover, as mobility levels increase, the 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 has helped all the Nordic countries get through the crisis

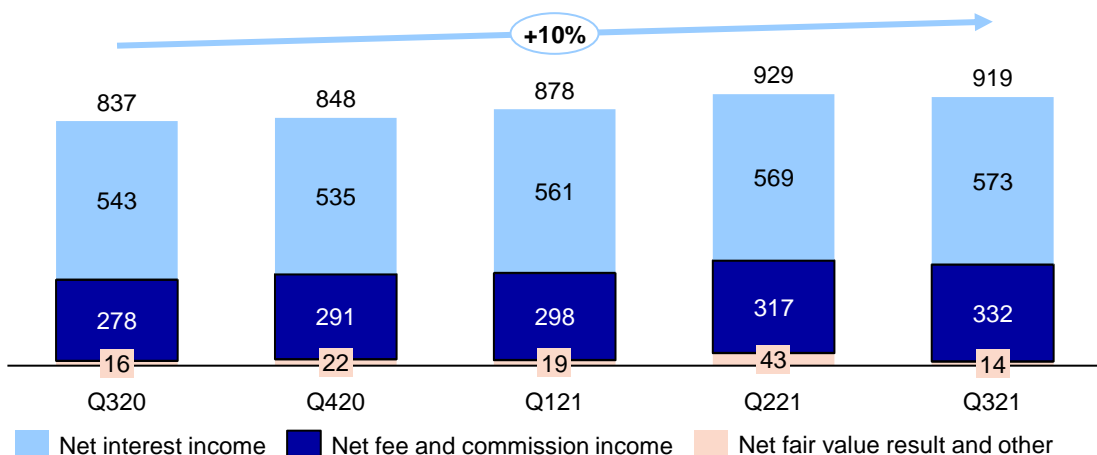
## Households' credit growth



## 6. Business areas – update

# Personal Banking – income lifted by strong savings and mortgage performance

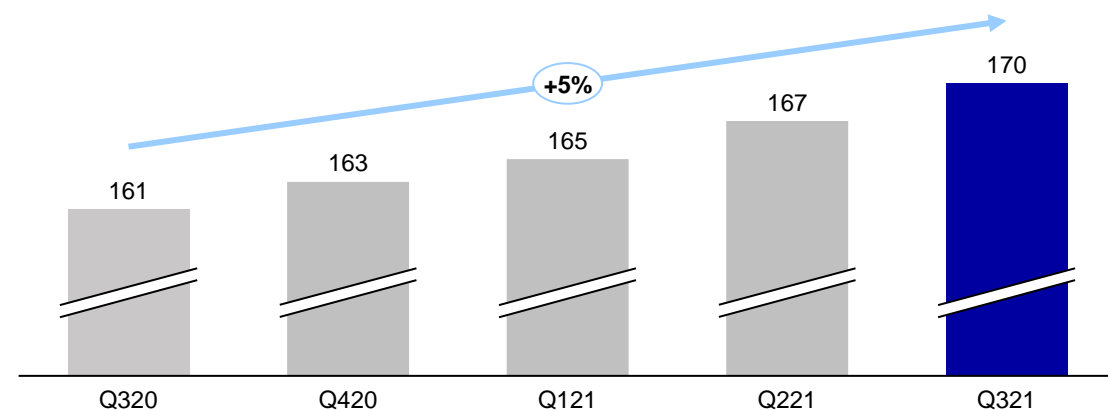
## Total income, EURm



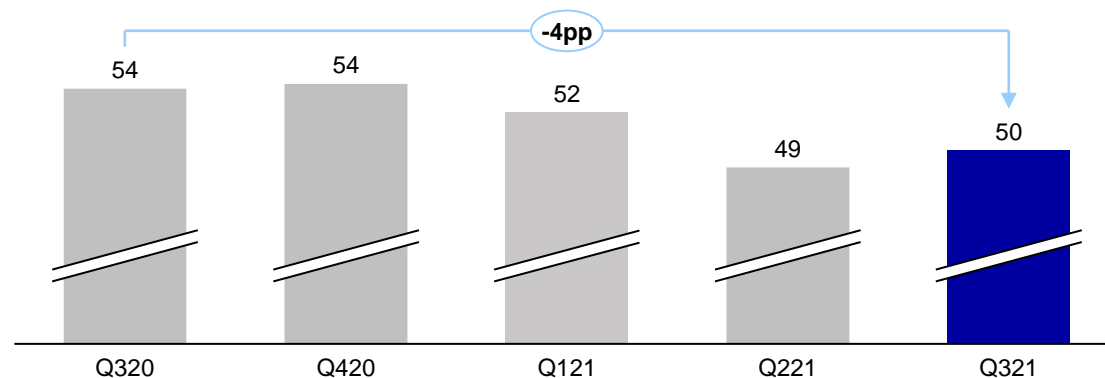
## Comments

- Total income up 10%
- Continued strong mortgage activity across countries: volumes up 6%
- Mortgage margin pressure partly offset by improved deposit margins
- Strong savings and investment activity; over half of net sales in Sustainable Choice products
- Improvement in cost-to-income ratio, now 50%

## Lending\*, EURbn

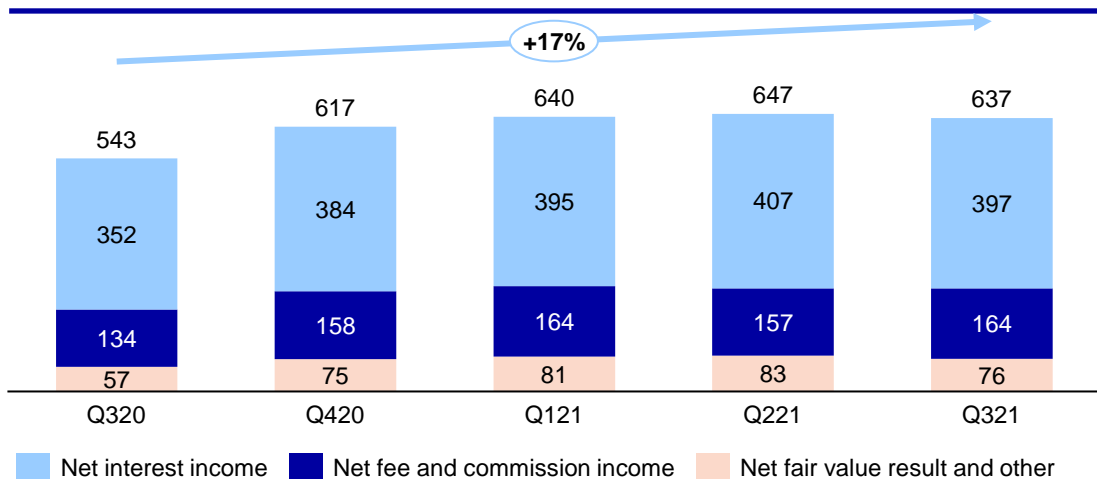


## Cost-to-income ratio\*\*, %

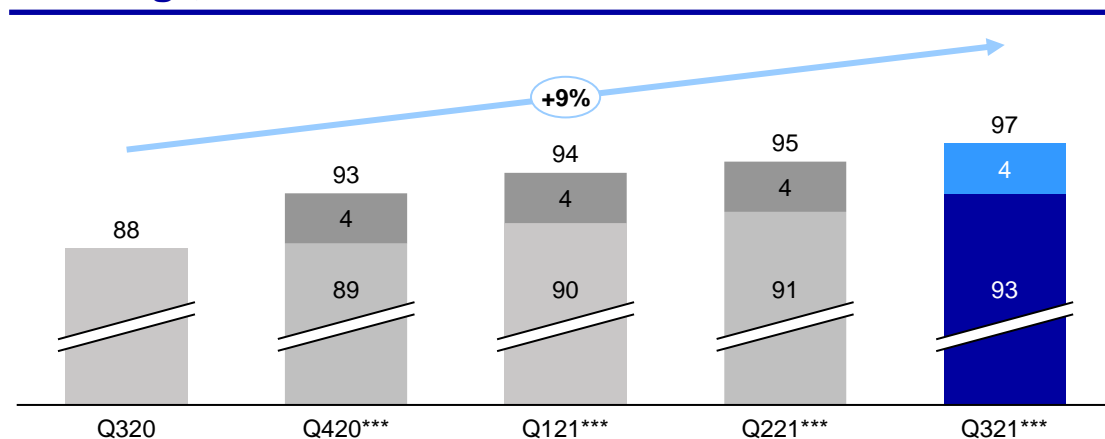


# Business Banking – strong lending volume development

## Total income, EURm



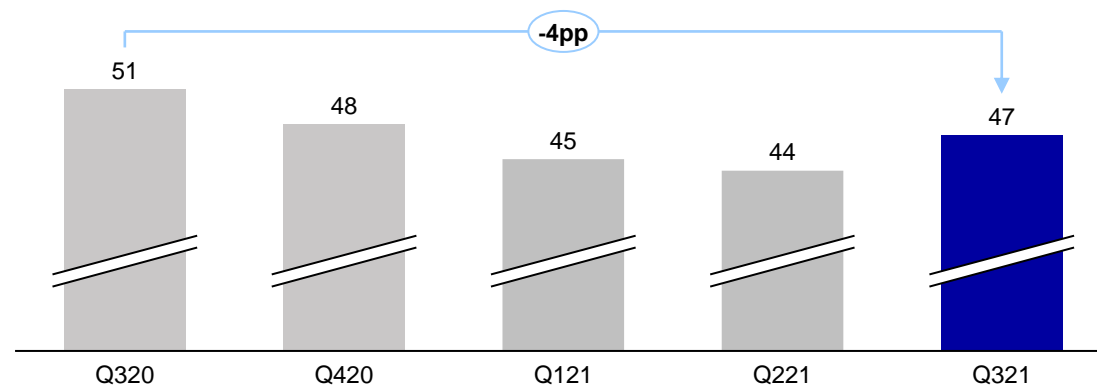
## Lending\*, EURbn



## Comments

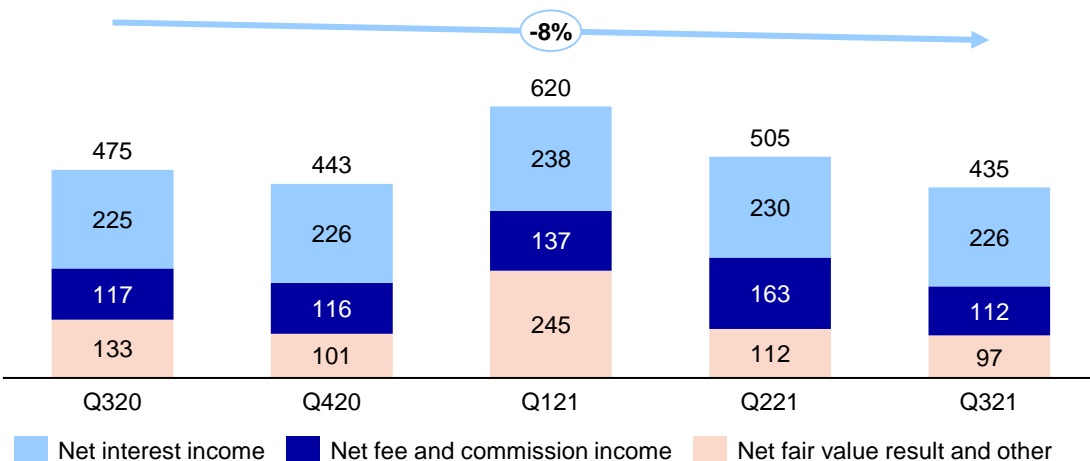
- Strong quarter with continued high business activity
  - Lending volumes up 9% (5% excl. Nordea Finance Equipment) – strong growth in Norway and Sweden
  - Broad-based growth in net fee and commission income, with increases across product lines
- ESG offering enhanced through introduction of green corporate loans in Finland and Sweden in cooperation with European Investment Fund
- Improvement in cost-to-income ratio, now 47%

## Cost-to-income ratio\*\*, %

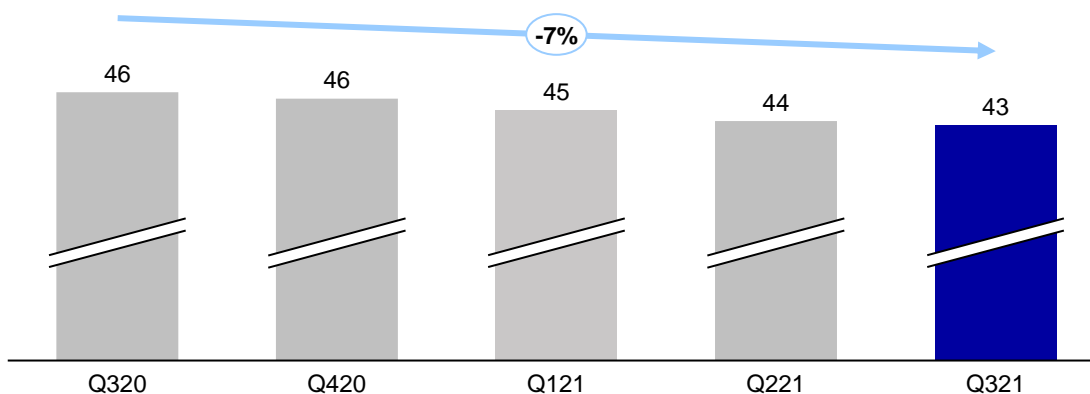


# Large Corporates & Institutions – stable performance amid lower activity and volatility

## Total income, EURm



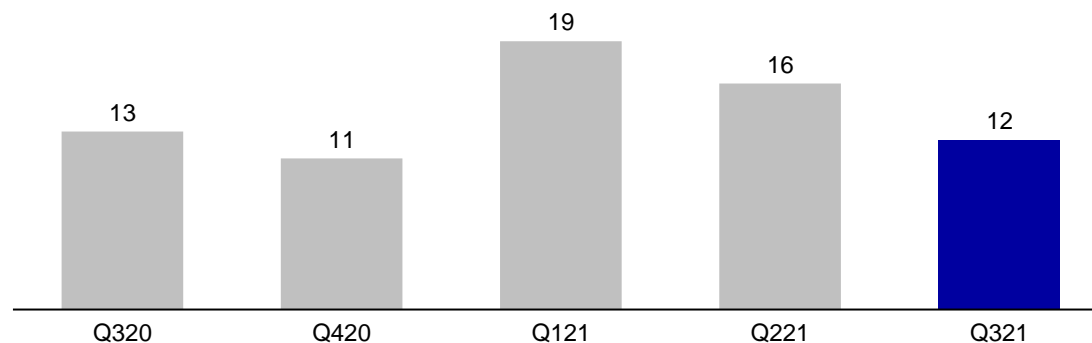
## Lending\*, EURbn



## Comments

- Total income down 8%
  - Largely stable NII and NCI with high customer activity
  - Lower NFV due to lower activity and volatility
- #1 position for Nordic sustainable bonds
- Strict capital discipline and efficient business selection
  - Economic capital down 13%
- Cost-to-income ratio 48% and return on capital at risk 12%

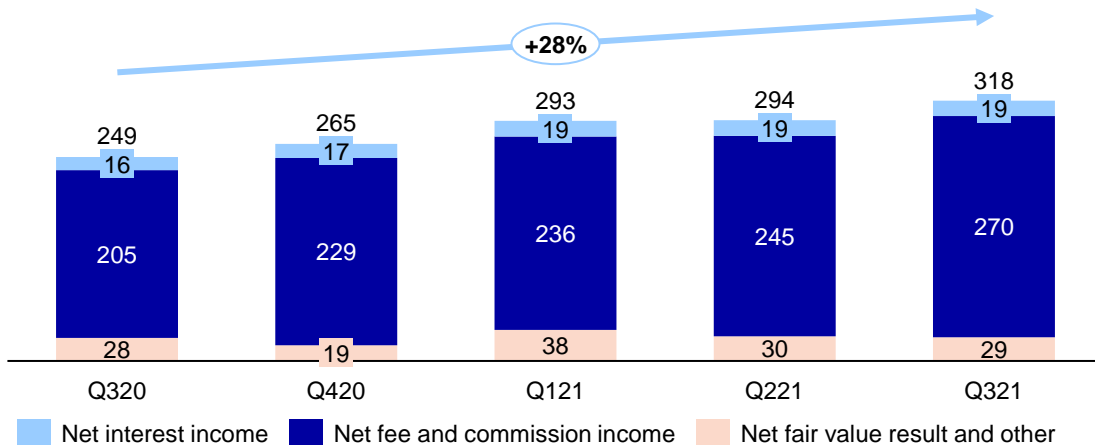
## Return on capital at risk\*\*, %



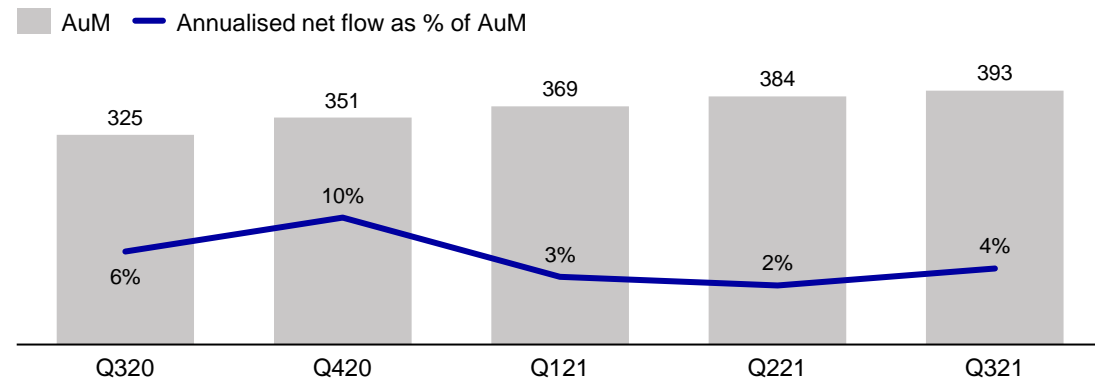


# Asset & Wealth Management – record volumes and significant net inflows via all channels

## Total income, EURm



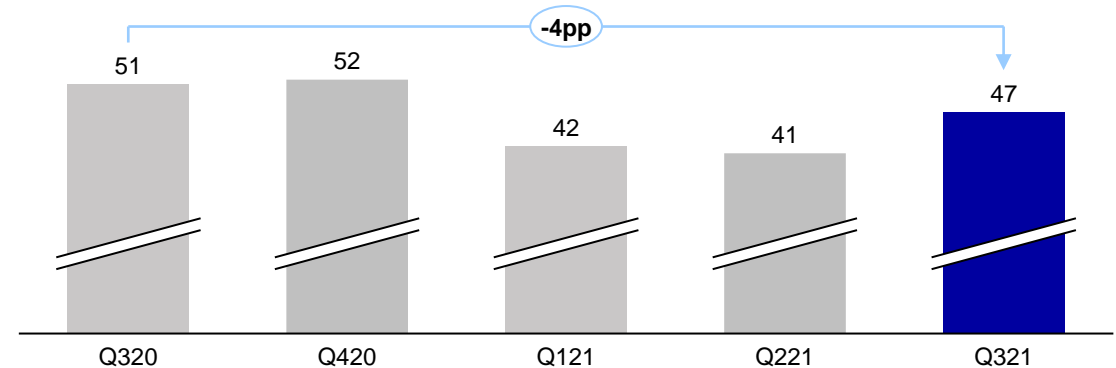
## Assets under management, EURbn, and net flows, %



## Comments

- Total income up 28%
- AuM up 21% to all-time high of EUR 393bn
  - Net inflow of EUR 4.1bn (annualised growth 4%), with all channels contributing positively
  - Continued high demand for ESG products: annualised growth at 9%
- Improvement in cost-to-income ratio, now 47% (impacted by higher provisions for variable pay driven by year-to-date performance)

## Cost-to-income ratio\*, %



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