

A photograph of a man and a child walking a dog on a path covered in fallen autumn leaves. The path is bordered by a dense forest of trees with vibrant orange and yellow foliage. To the right, a calm lake reflects the surrounding trees. The scene is peaceful and scenic, capturing the essence of an autumn day.

Nordea

A stylized blue bar chart with five vertical bars of varying heights, positioned in the bottom right corner of the image. The bars are solid blue and have rounded tops. The background of the entire image is a solid blue gradient.

**Third-quarter results 2021**



## Disclaimer

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

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

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

## Executive summary

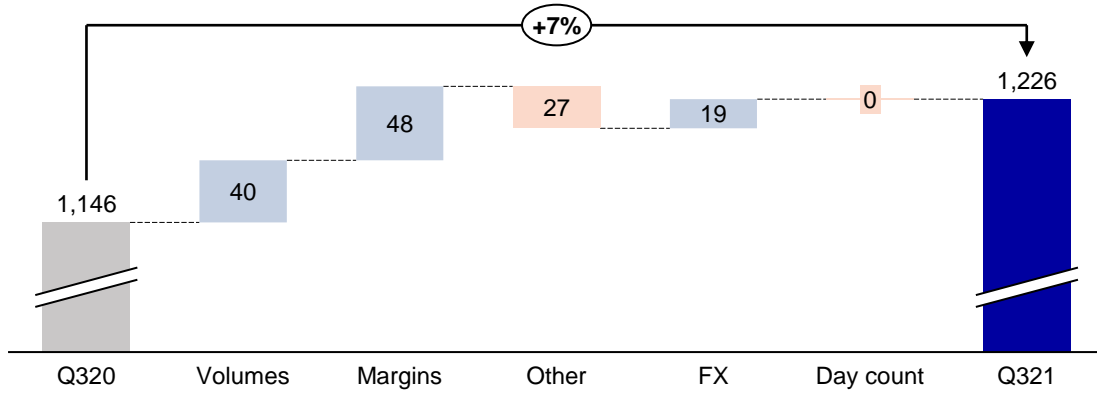
- Continued strong growth in customer business volumes across Nordics
  - Mortgage volumes up 6% y/y, SME lending up 9% y/y and assets under management up 21% y/y to all-time high of EUR 393bn
- Strong result, supported by quality income growth and good cost management
  - Net interest income up 7%, 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

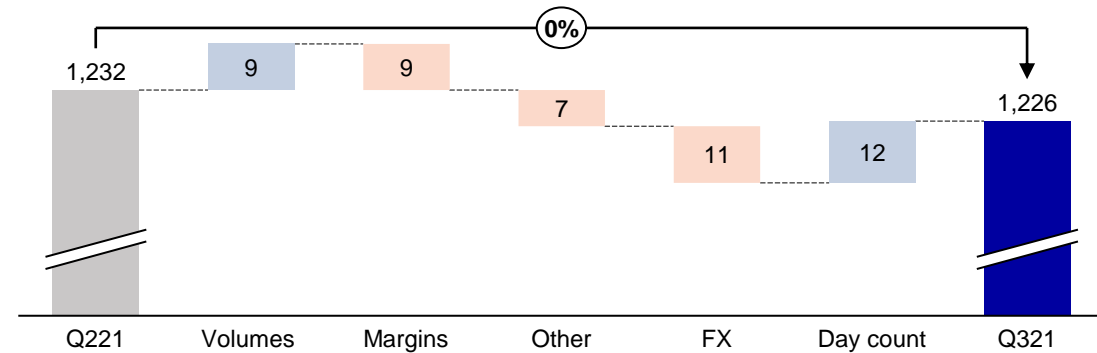
<b>Income statement and key ratios EURm</b>	<b>Q321</b>	<b>Q320</b>	<b>Q3/Q3</b>	<b>Q221</b>	<b>Q3/Q2</b>
Net interest income	1,226	1,146	7 %	1,232	0 %
Net fee and commission income	870	729	19 %	878	-1 %
Net fair value result	224	257	-13 %	278	-19 %
Other income	24	23	4 %	30	-20 %
<b>Total operating 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

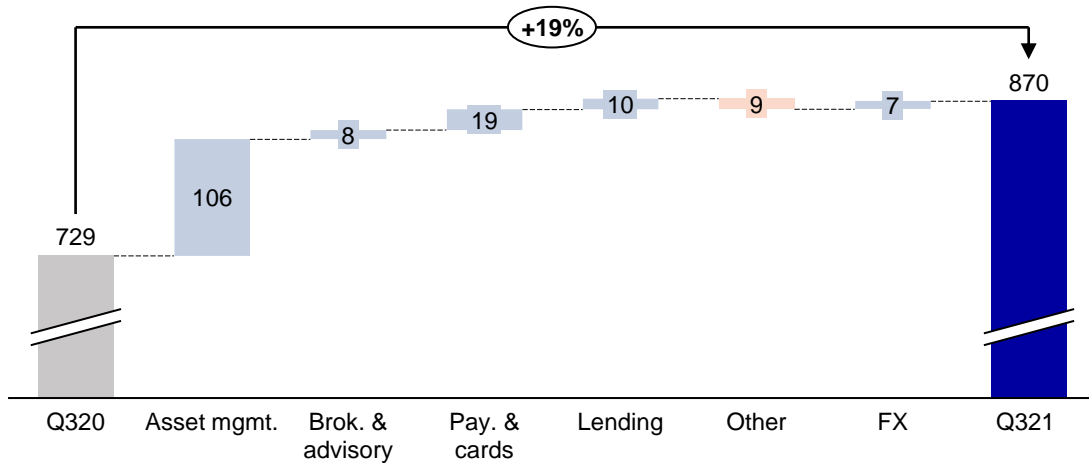


## Comments

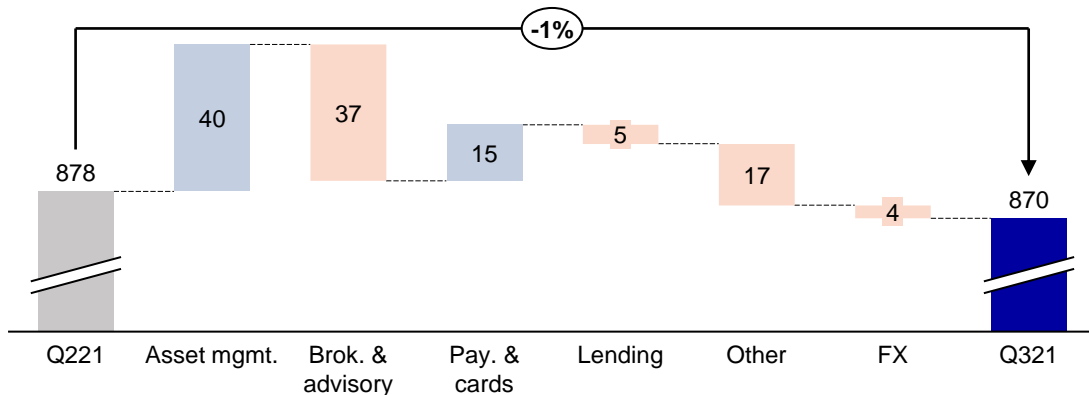
- Net interest income up 7% (up 5% excl. Nordea Finance Equipment)
- Continued strong growth in business volumes across Nordics
  - Mortgage volumes up 6% and lending to SMEs up 9% (up 5% excl. Nordea Finance Equipment)
- Margins supported by lower funding costs compared with Q3 2020
- Mortgage margin 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



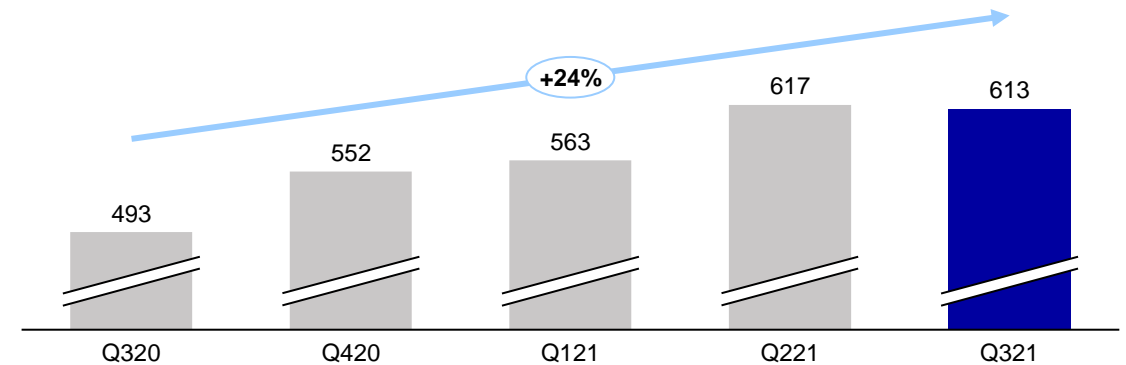
## Quarter-over-quarter bridge, EURm



## Comments

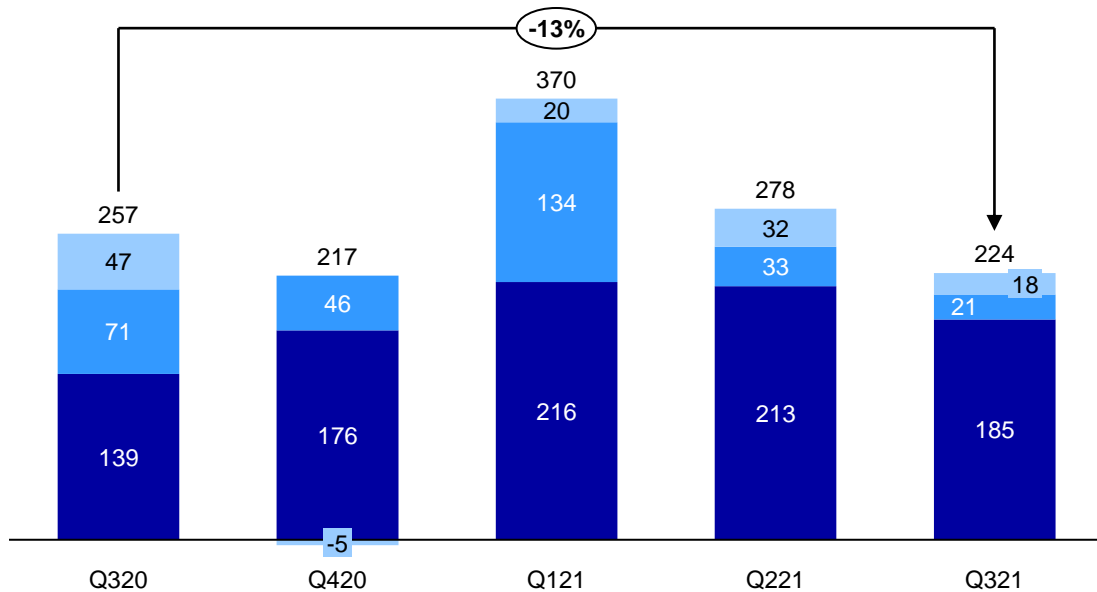
- Net fee and commission income up 19%
- Strong savings fee income: up 25%, driven by strong net inflows within all channels
- Continued recovery in cards income

## Savings and investment net commission income, EURm



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

## Net fair value result, EURm



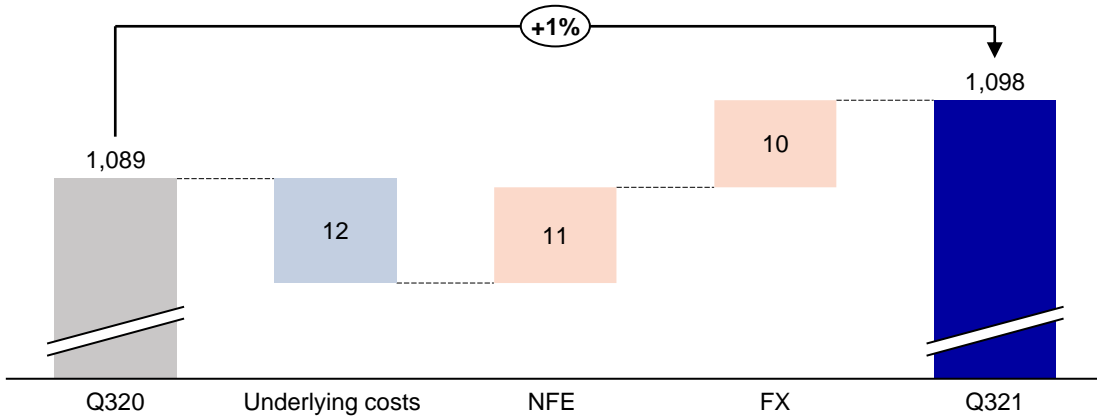
■ Customer areas\*     ■ Treasury & other\*\*  
■ Market-making operations

## Comments

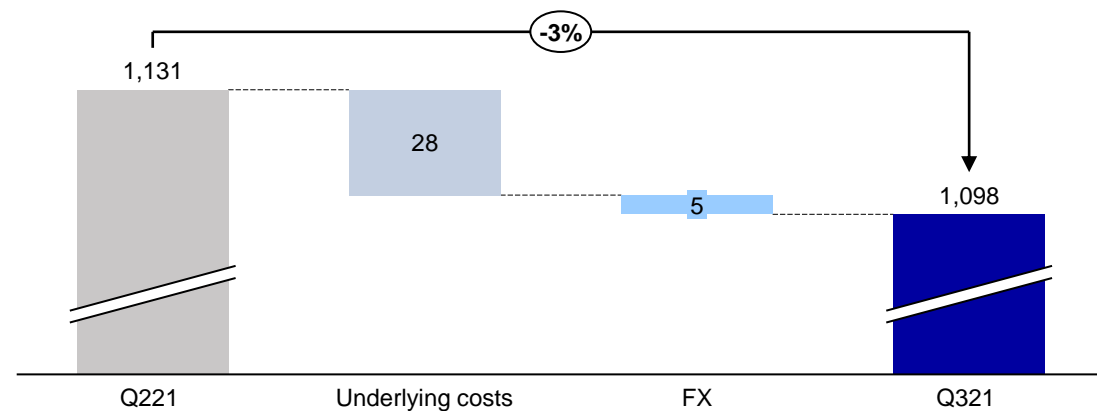
- Continued high activity in customer areas, supported by FX and equity trading
- Lower trading result driven by weaker markets
- Treasury supported by strong investment valuations

# 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

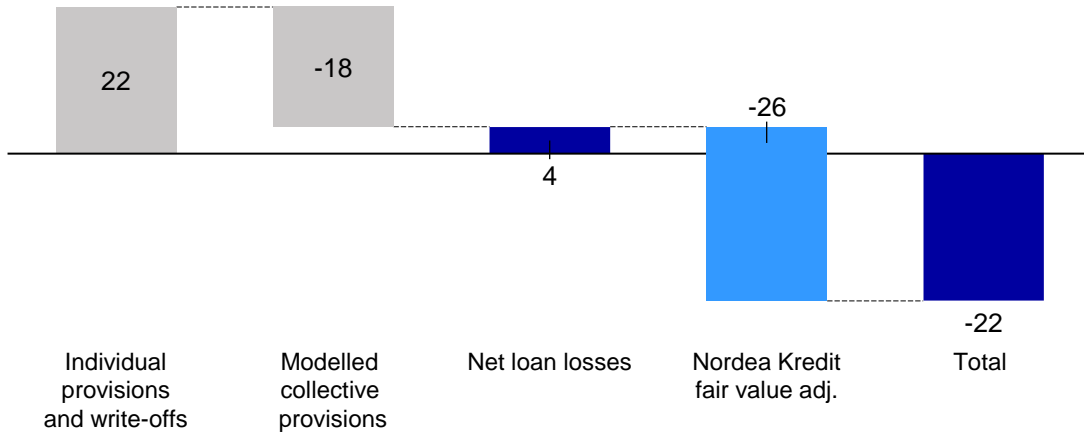
## Outlook

- 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

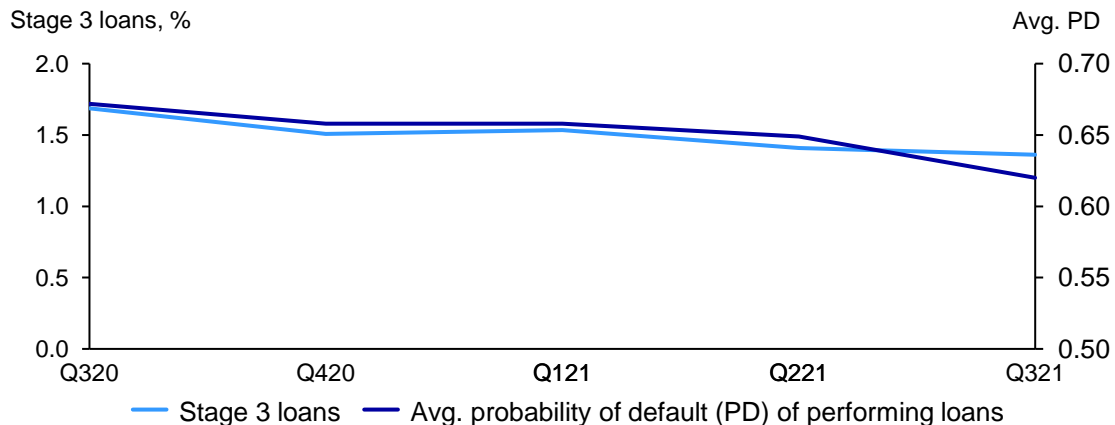


# Net loan losses and similar net result – continued strong credit quality

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



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



## Comments

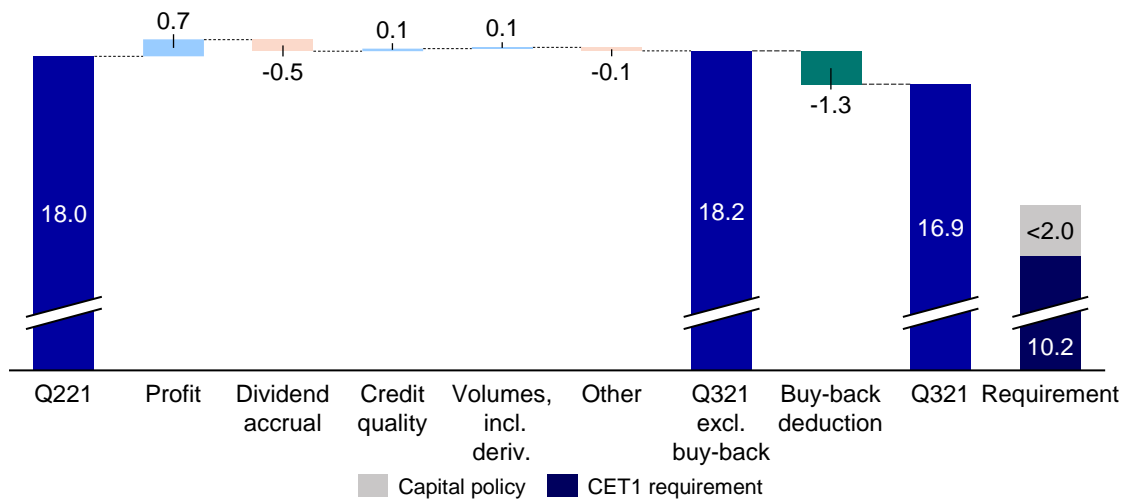
- Net loan losses and similar net result amounting to net reversal of EUR 22m (3bp)
- Reversals of modelled collective provisions due to improved credit quality
- Management judgement buffer kept at EUR 610m
- Stage 3 loans down to 1.36% from 1.41% in Q2

## Outlook

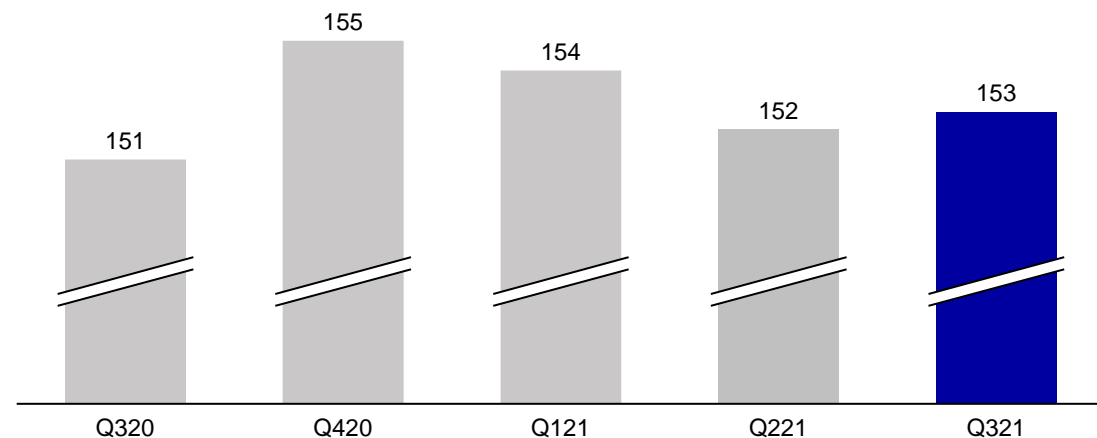
- Net loan losses in 2021 expected to be significantly below 2020 level

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

## CET1 capital ratio development, %



## REA development, EURbn

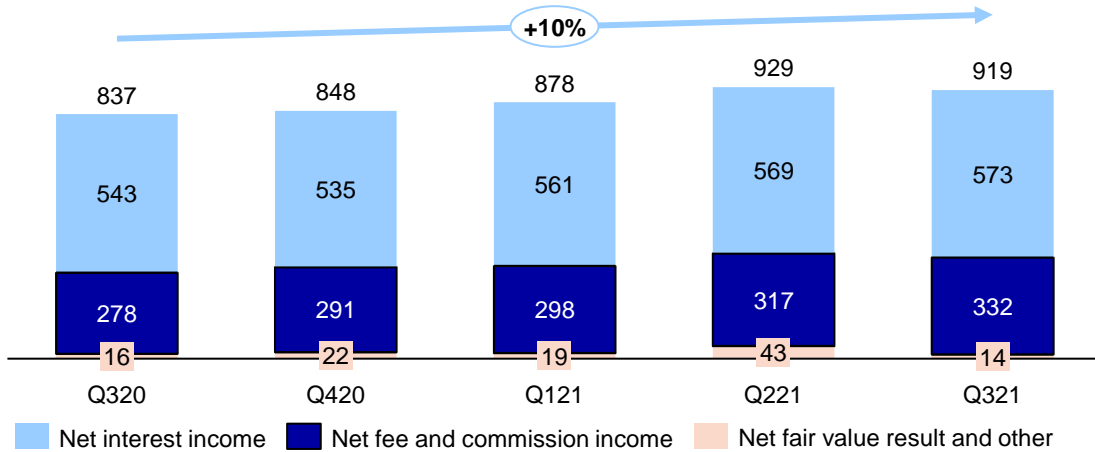


## Comments

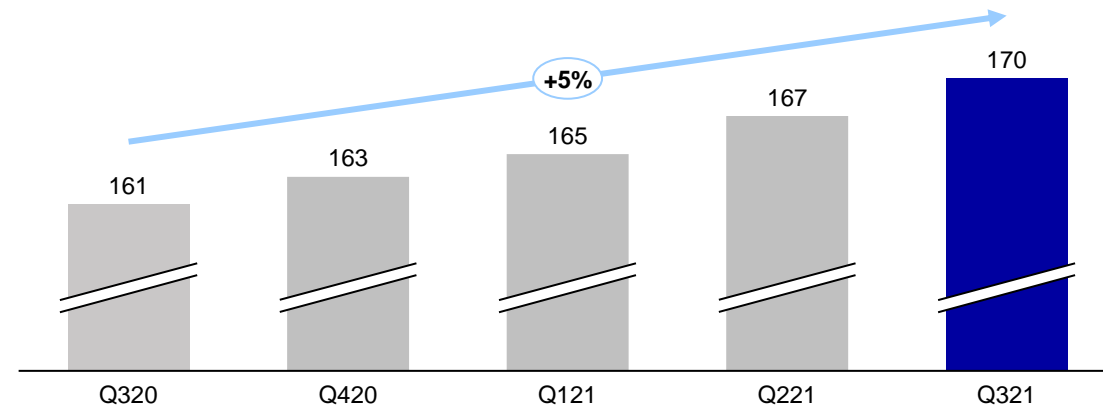
- CET1 capital ratio 16.9%, 6.7 percentage points above regulatory requirement\*
- CET1 capital down EUR 1.7bn following buy-back approval; decrease partly offset by profit generation net of dividend accrual
- Risk exposure amount at EUR 153bn – credit quality solid
- Capacity to support customers and 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

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

## Total income, EURm



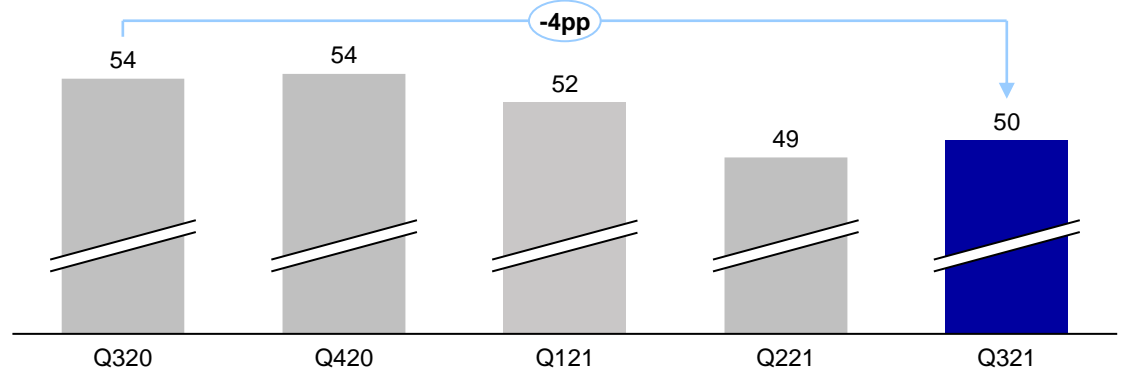
## Lending\*, EURbn



## Comments

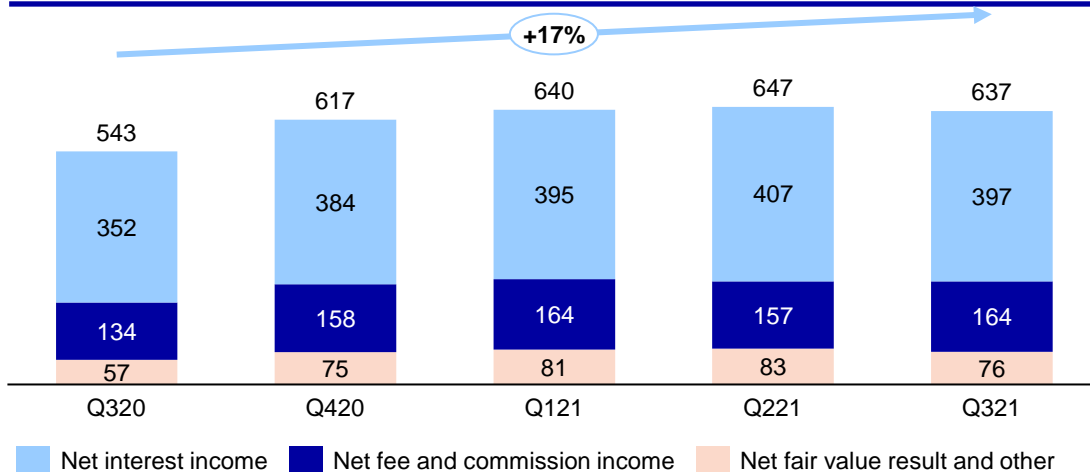
- Total income up 10%
- Continued strong mortgage activity across countries: volumes up 6%
- Mortgage margin pressure partly offset by improved deposit margins
- Strong savings and investment activity; over half of net sales in Sustainable Choice products
- Improvement in cost-to-income ratio, now 50%

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

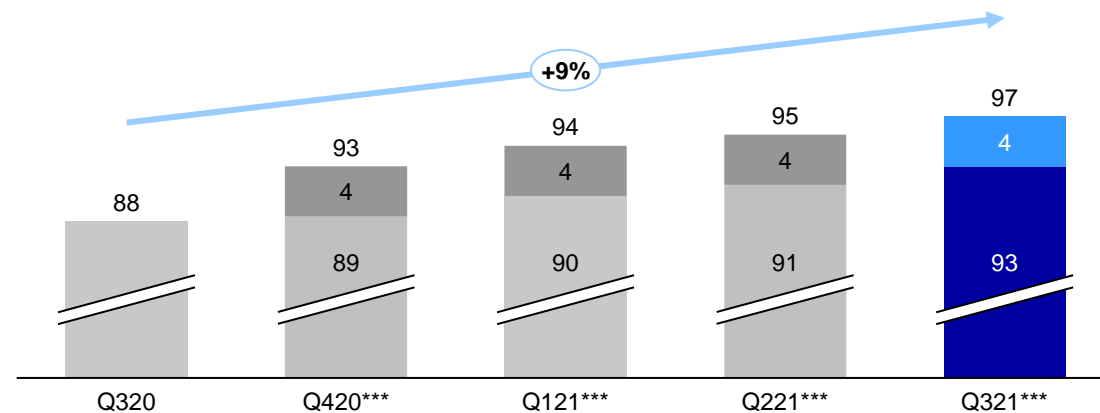


# Business Banking – strong lending volume development

## Total income, EURm



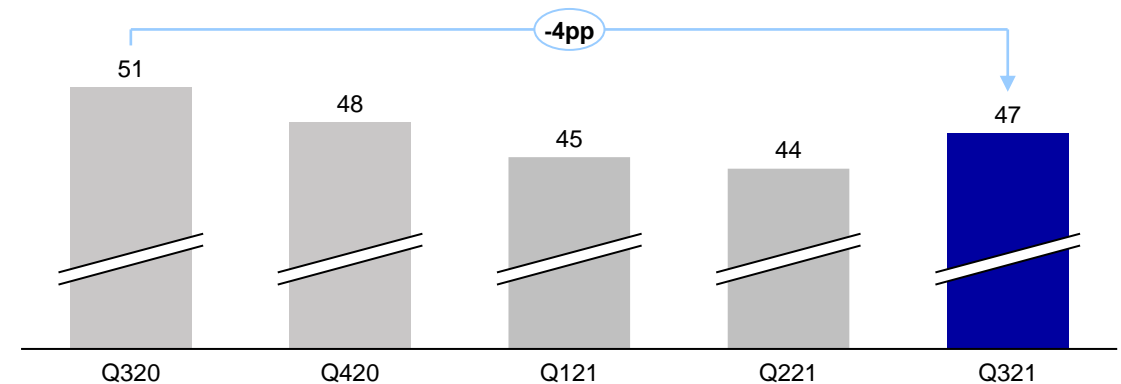
## Lending\*, EURbn



## 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%

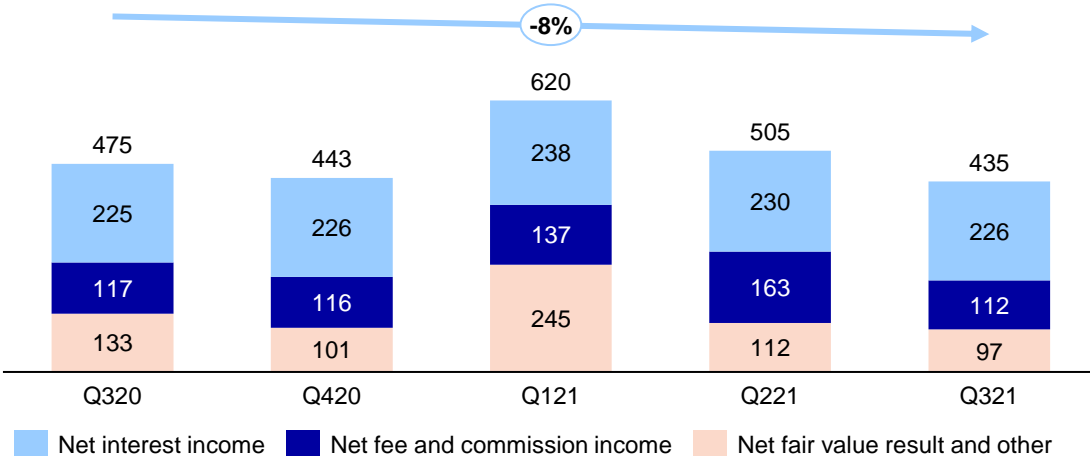
## Cost-to-income ratio\*\*, %



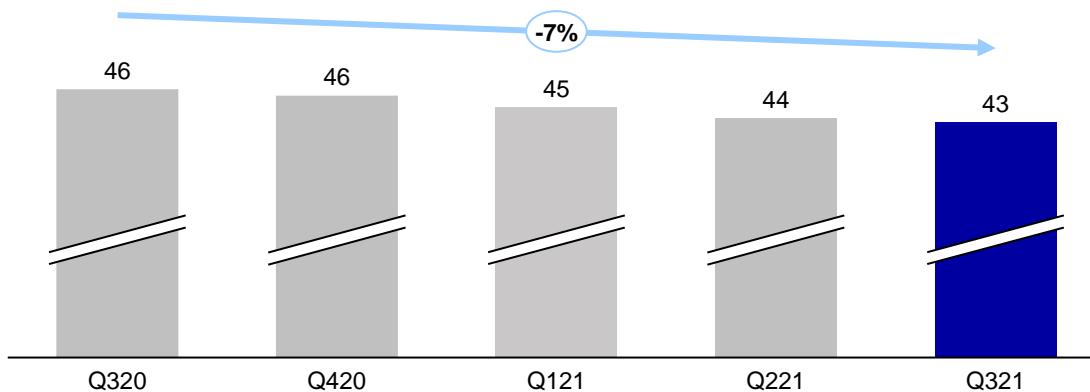


# Large Corporates & Institutions – stable performance amid lower activity and volatility

## Total income, EURm



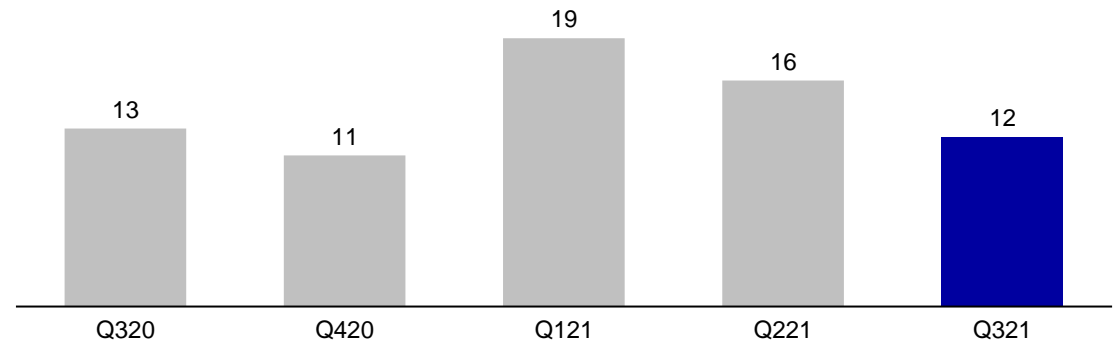
## Lending\*, EURbn



## Comments

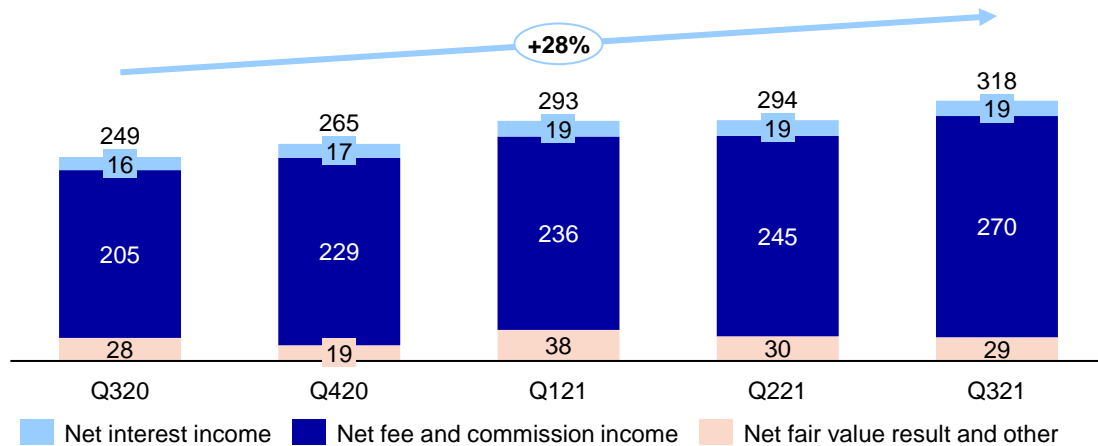
- Total income down 8%
  - Largely stable NII and NCI with high customer activity
  - Lower NFV due to lower activity and volatility
- #1 position for Nordic sustainable bonds
- Strict capital discipline and efficient business selection
  - Economic capital down 13%
- Cost-to-income ratio 48% and return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

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



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

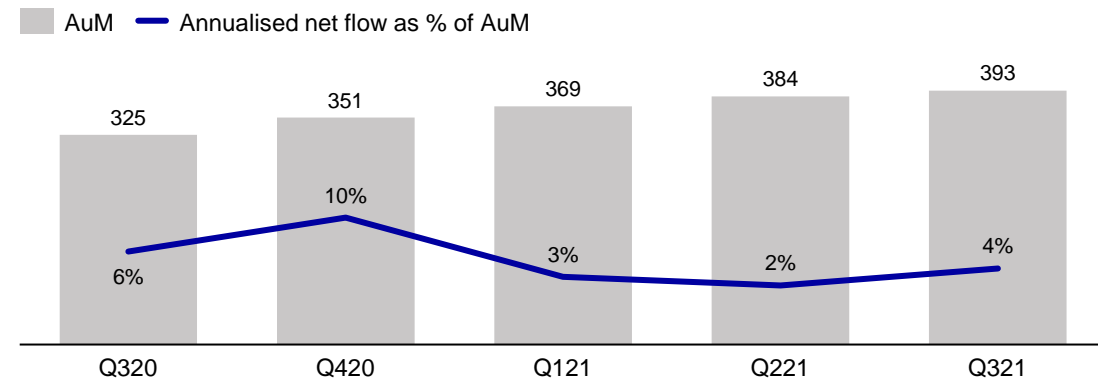
## Total income, EURm



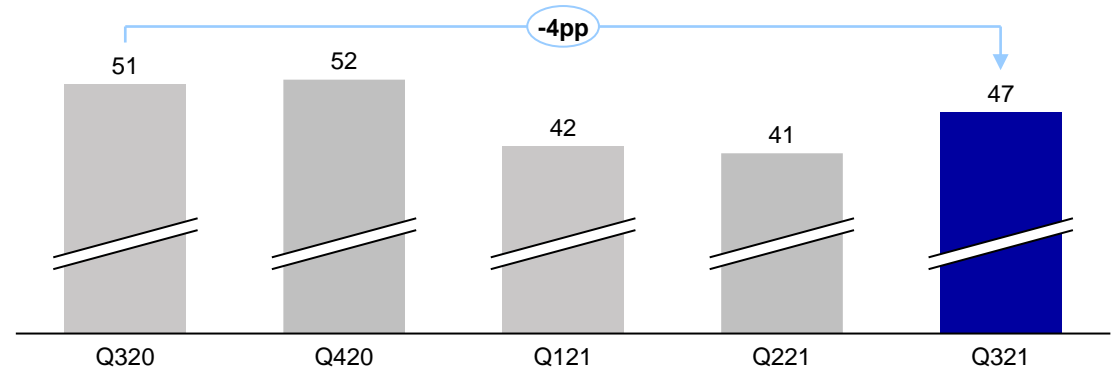
## Comments

- 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)

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



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



# 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

# 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



Nordea





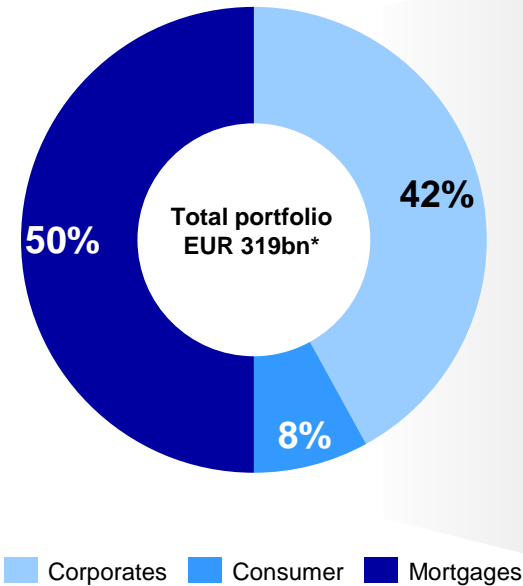
**Nordea**

## **Appendix**

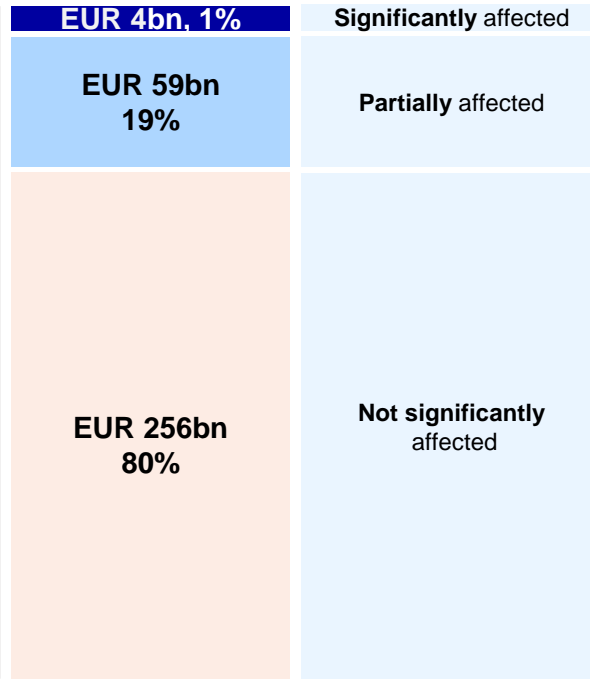


# Loan book – well diversified with strong credit quality

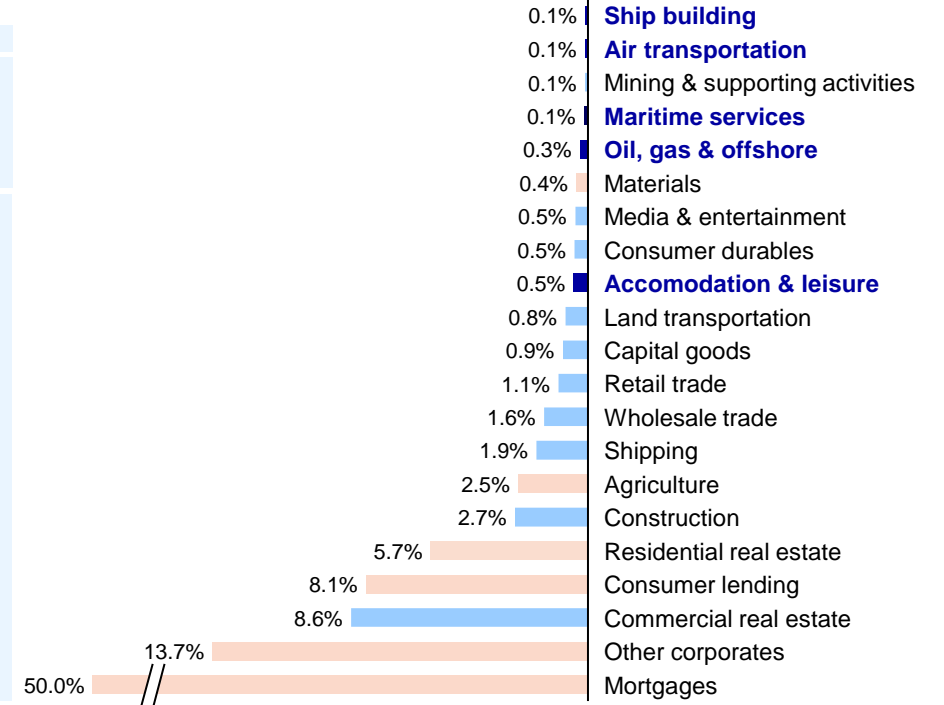
Portfolio well diversified across countries and segments



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



Five segments with 1% of total exposures still significantly affected



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

Lending by country

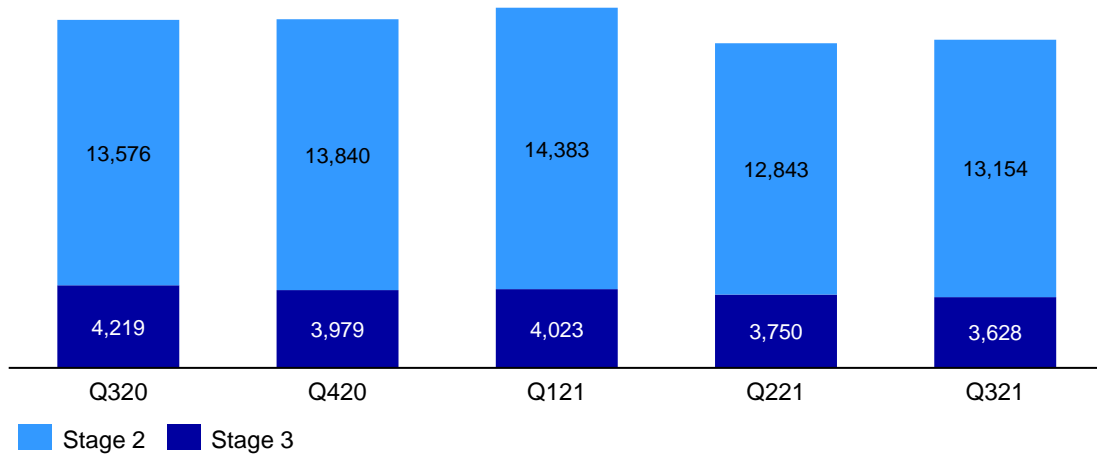


\* Excluding reverse repos and securities borrowing

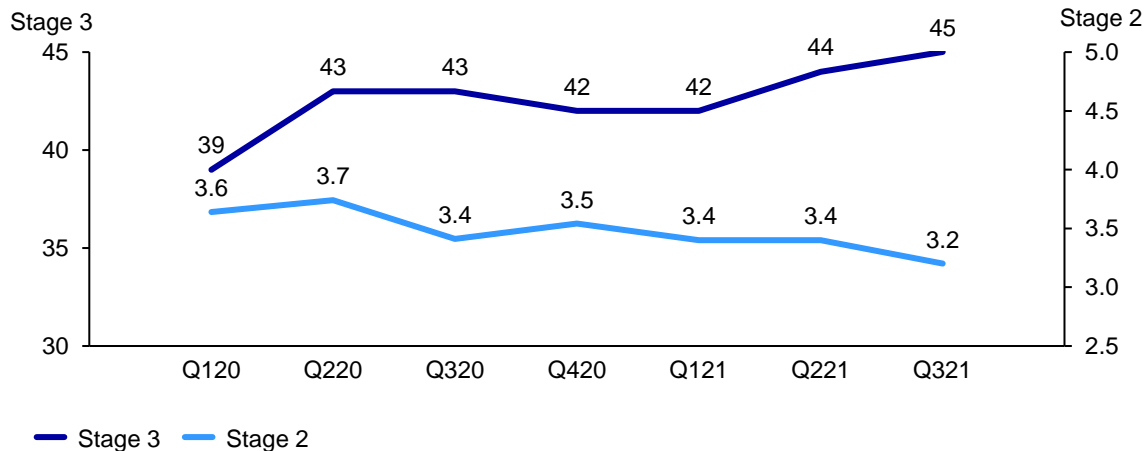
\*\* In Q3 2021 Maritime was split into Shipping, Ship building and Maritime services. In addition, Retail Trade and Shipping are now assessed as “partially affected” rather than “significantly affected”. Construction is now assessed to be “partially affected” rather than “not significantly affected”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

# 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 lending), with small increase due to technical reasons (e.g. annual calibration of PDs)



# Coverage ratios – well provisioned for potential losses

## Coverage ratios

Significantly affected segments

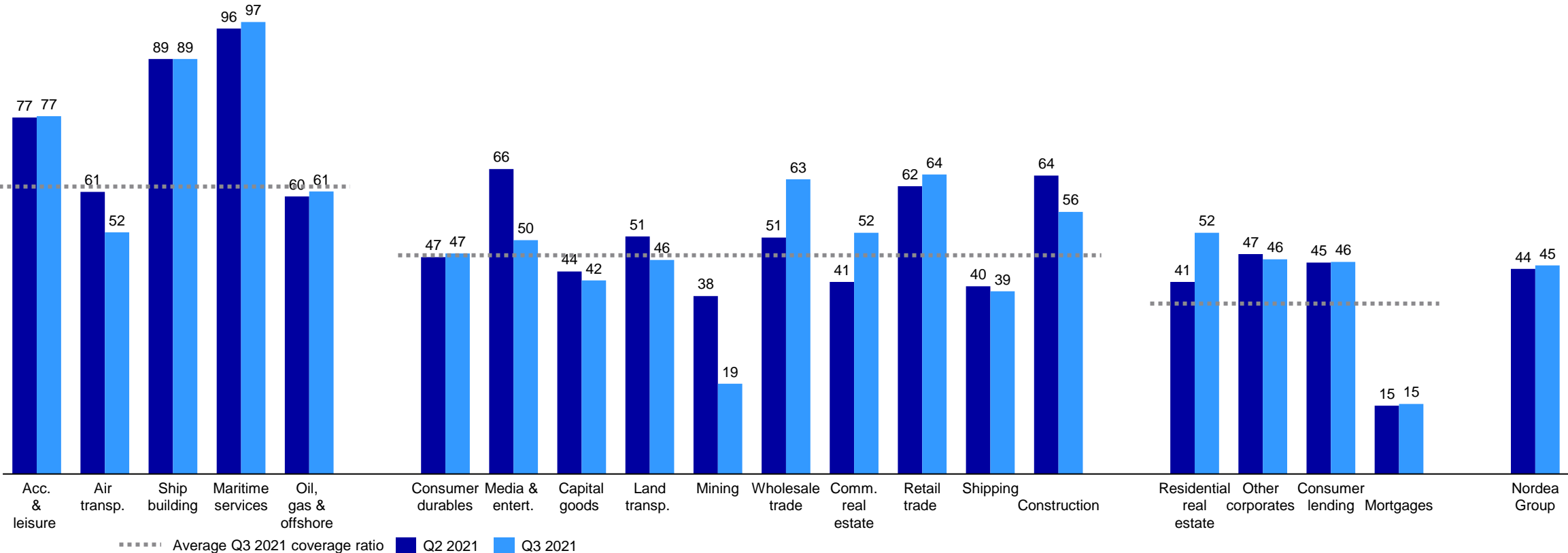
Avg. 62%

Partially affected segments

Avg. 47%

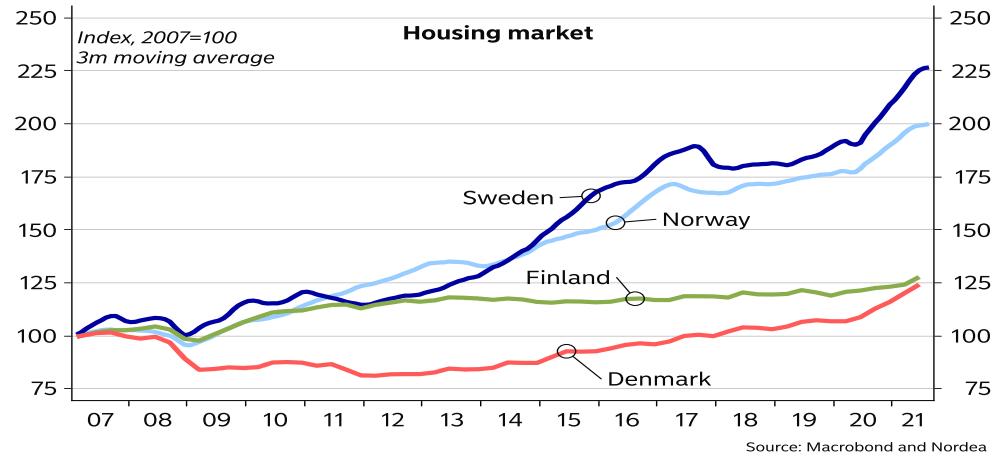
Non-significantly affected segments

Avg. 37%

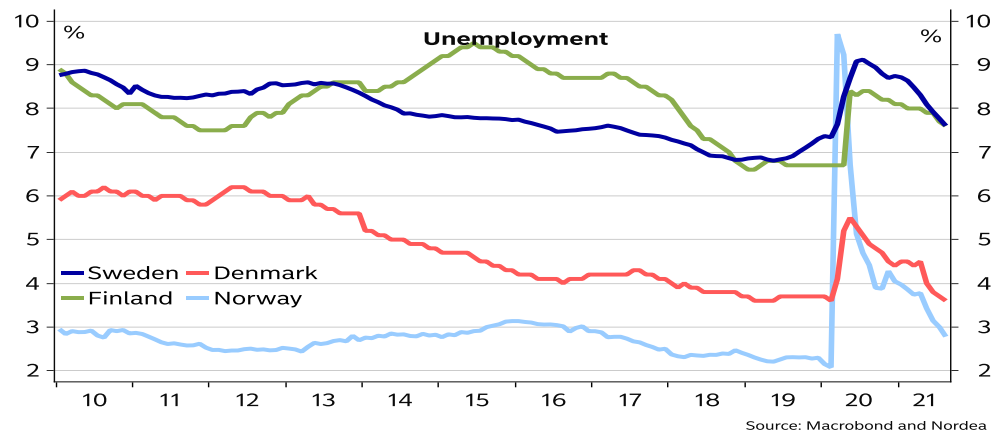


# Nordic economic development – resilient economies back on track

## Housing prices



## Unemployment rate



## Nordics – among best performing countries during COVID-19

- Danish GDP up 2.8% q/q in Q2. Unemployment down to 3.6% in August. House prices up 13.4% y/y and apartment prices up 13.8% y/y in August.
- Finnish GDP up 2.1% q/q in Q2. Unemployment down to 7.6% in August and housing prices up 4.4% y/y in August.
- Norwegian mainland GDP up 1.4% q/q in Q2. Unemployment down to 2.6% in September and housing prices up 8.0% y/y in September.
- Swedish GDP up 0.9% q/q in Q2. Unemployment down to 7.5% in September and housing prices up 13.4% y/y in August.

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

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