Nordea

Video debt investor presentation Q3 2020

Disclaimer

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

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

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

Nordea

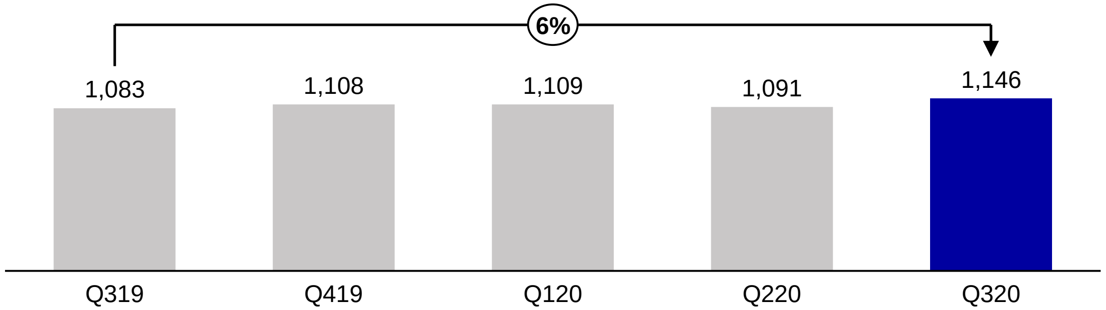
Executive summary

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

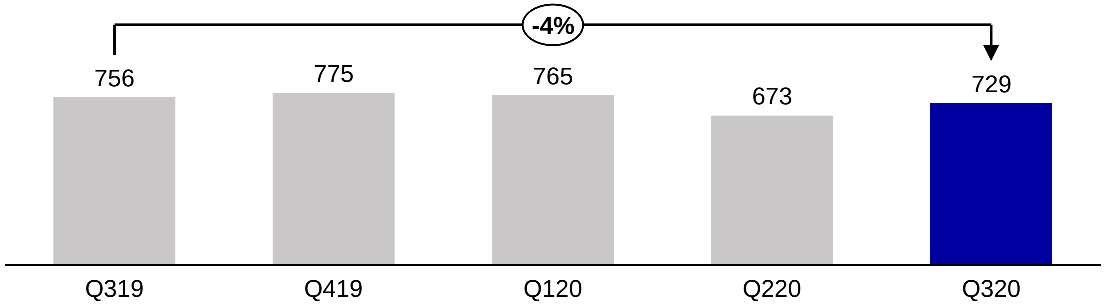
* Cost-to-income (C/I) ratio and return on equity (ROE) with amortised resolution fees and excluding items affecting comparability

Revenues – strong growth in net interest income and net fair value result

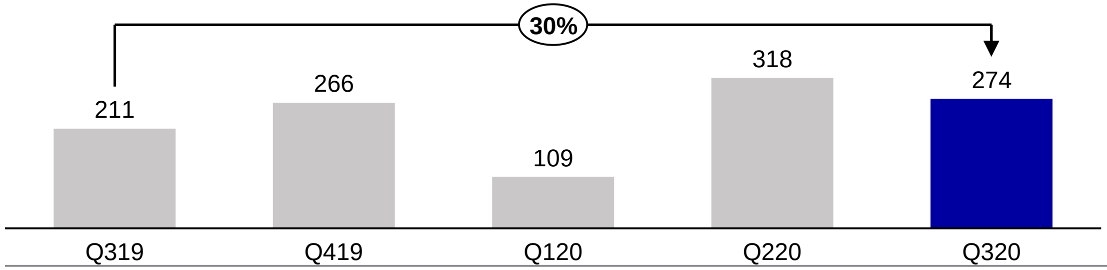
Net interest income, EURm



Net fee and commission income, EURm



Net fair value result, EURm

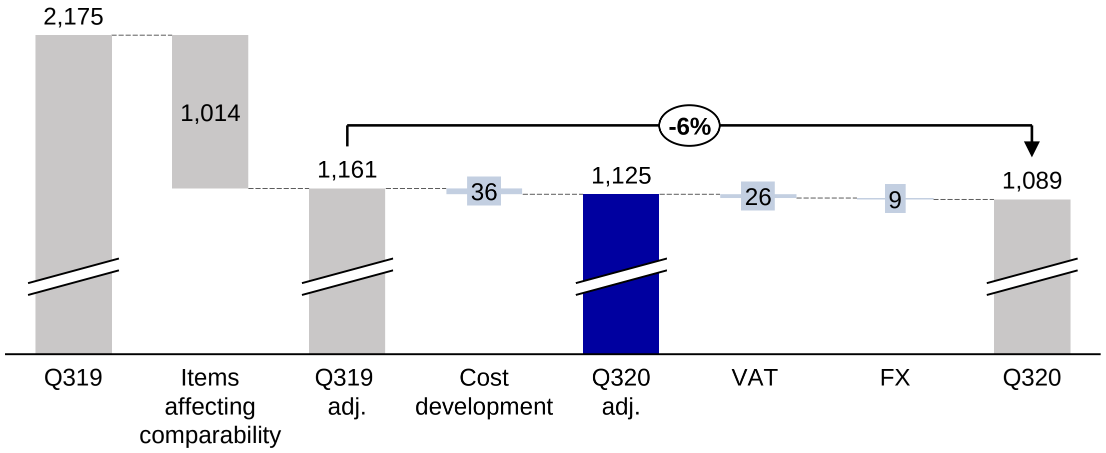


Comments year over year

- Net interest income up 6%
  - Highest growth rate since 2012
  - Increased mortgage market shares
  - Increase in both household and corporate deposits
  - Higher lending margins in all countries for large corporates
- Net fee and commission income down 4%
  - Savings income up 4%, driven by strong asset management net inflows and market performance
  - Card and payment fee income improved from previous quarter, but still below normal levels
- Net fair value up 30%
  - Customer areas broadly in line with previous year
  - Markets result improved due to high level of market activity

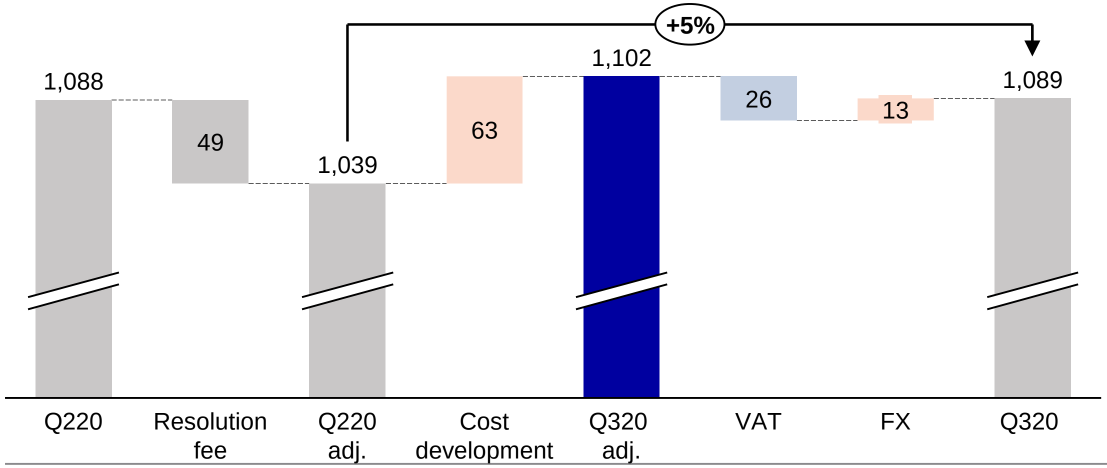
Costs – continued development of strong cost culture and progress on cost plan

Year-over-year bridge, EURm



Comments

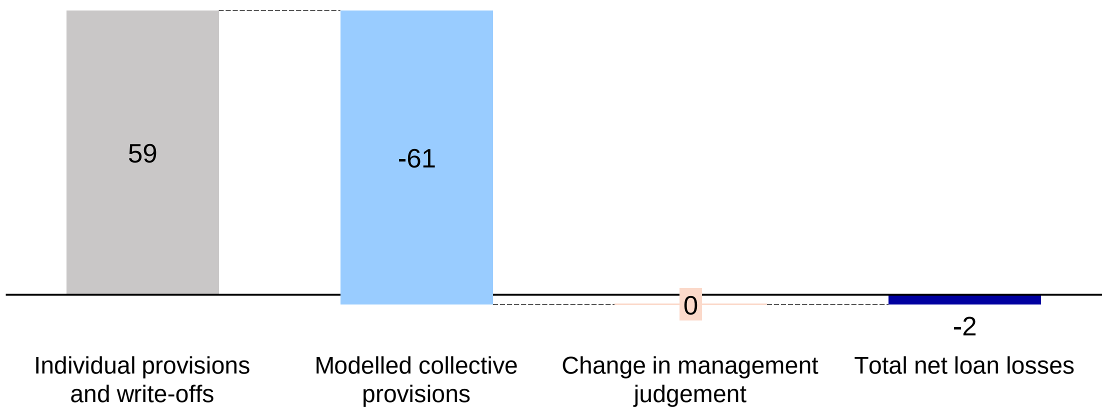
Quarter-over-quarter bridge, EURm



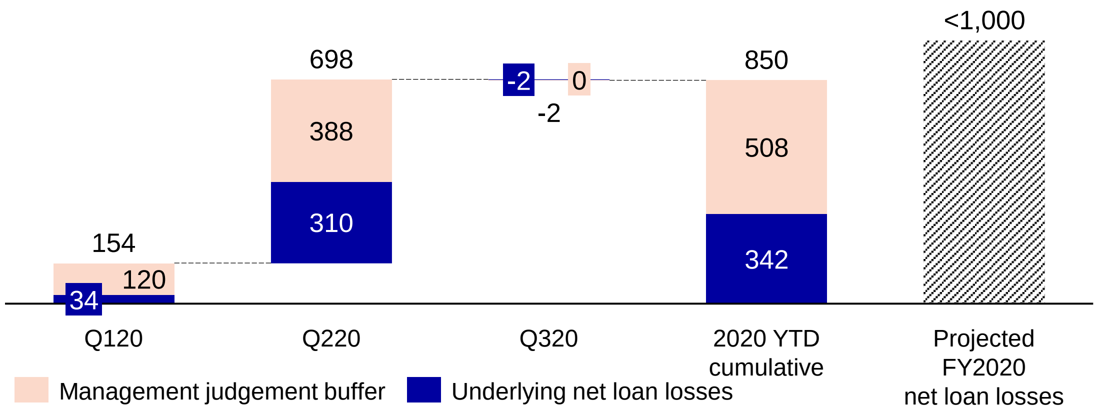
Outlook

Net loan losses – credit quality still strong

Drivers of net loan losses Q320, EURm



Net loan losses, quarters and projection, EURm



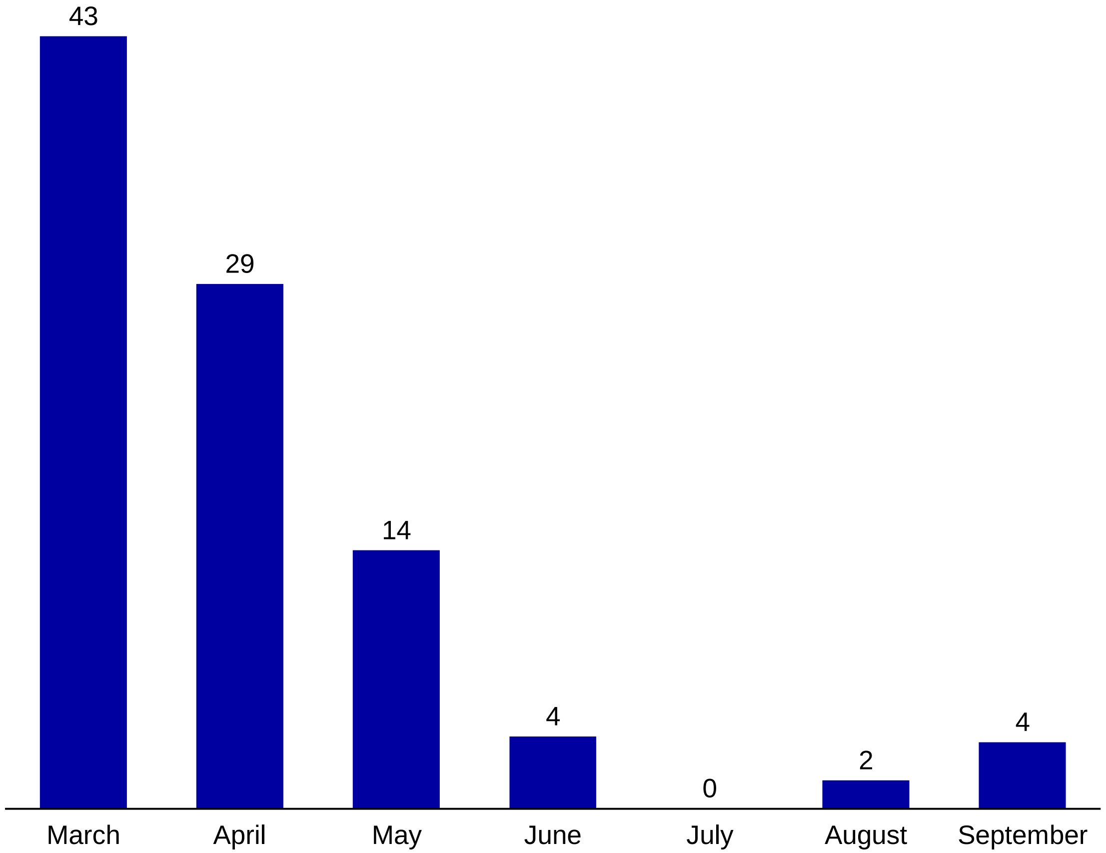
Comments

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

Nordea

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

Customers granted instalment-free periods, 1000s



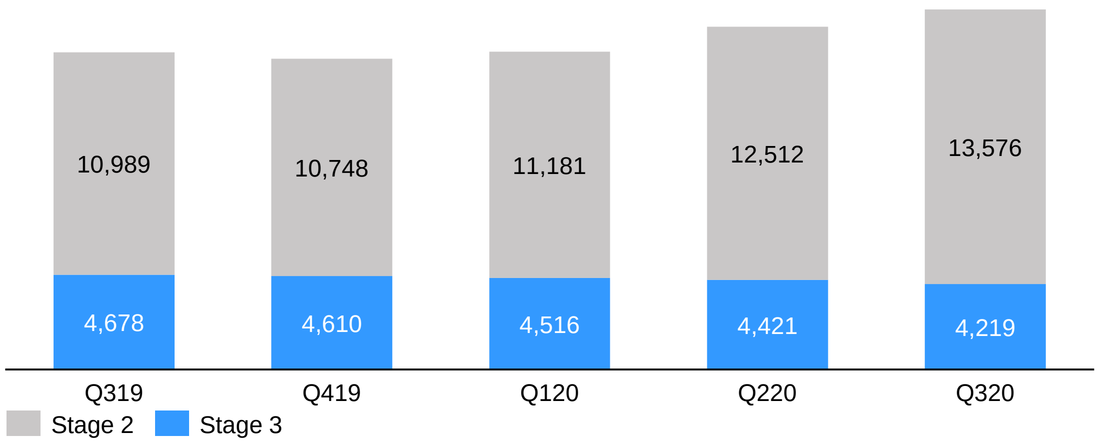
Comments

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

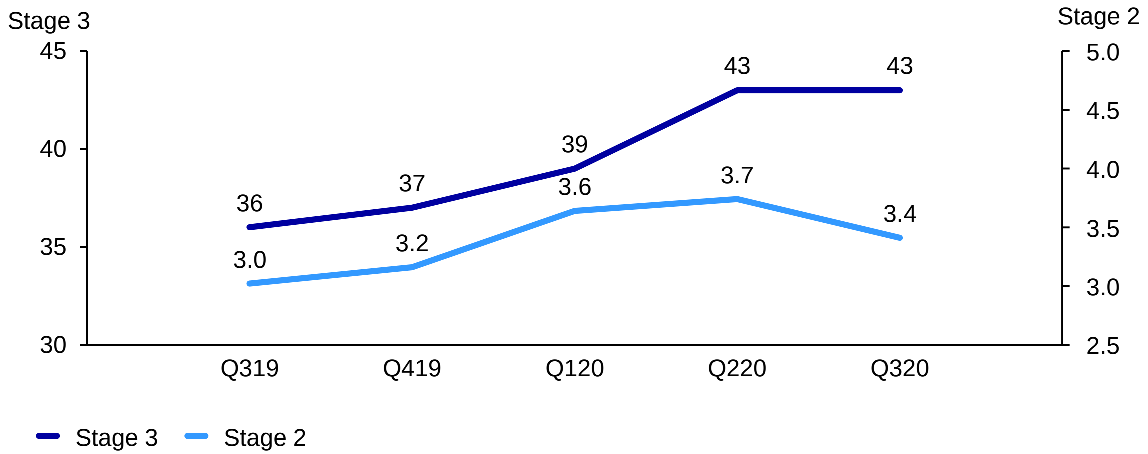
Nordea

Credit quality – impaired loans further reduced

Stage 2 and 3 loans at amortised cost, EURm



Coverage ratio, %

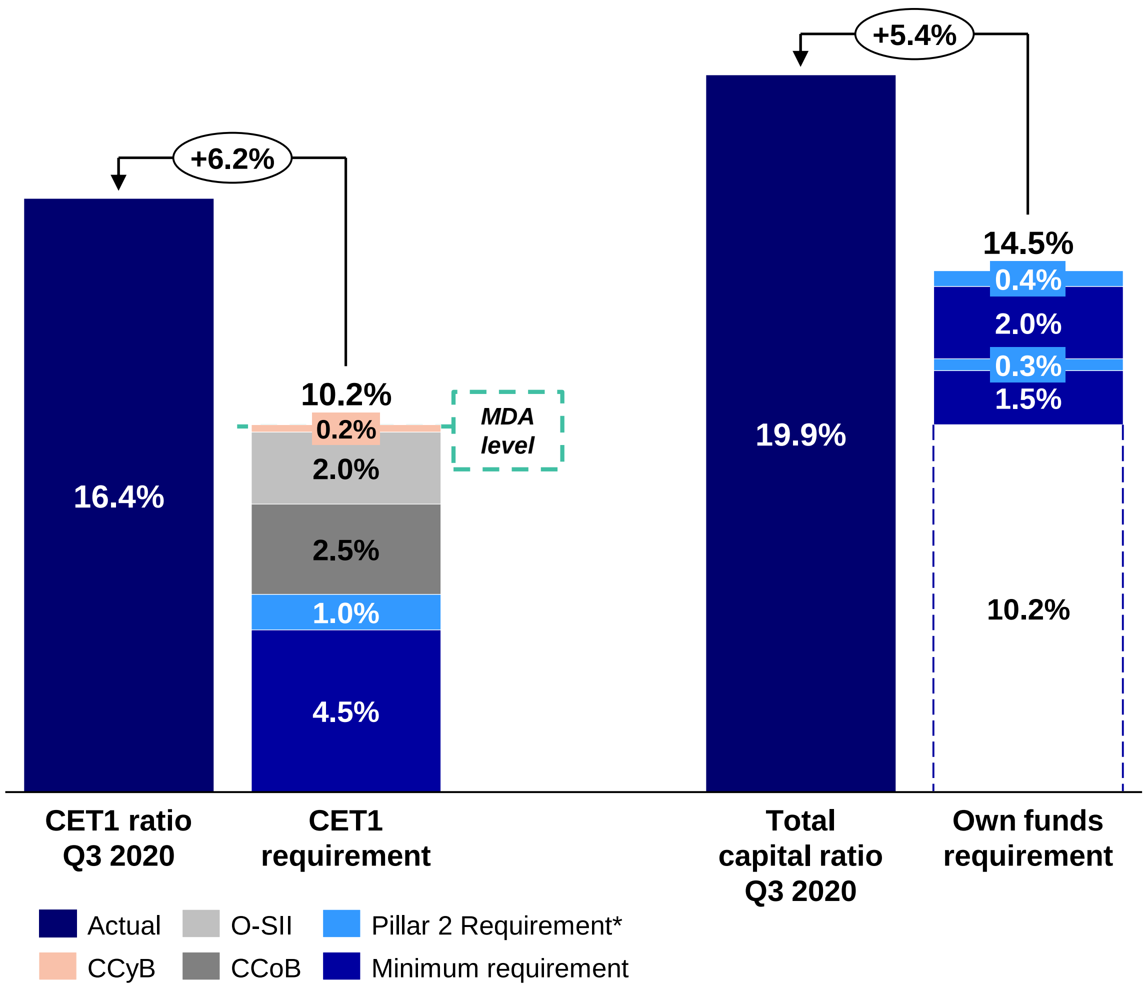


Comments

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

Capital – significant buffer to capital requirements

Capital position and requirements



Comments

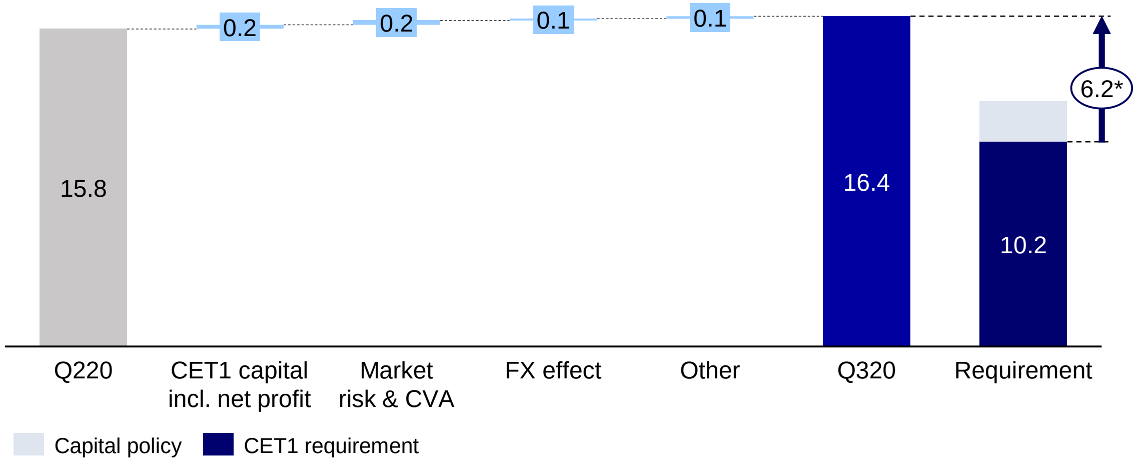
- CET1 ratio at 16.4% compared to the current CET1 requirement of 10.2%
  - Capital policy of 150-200bps above regulatory requirement (MDA level)
- CET1 requirement lowered by ~2.9 %-points since 1 January 2020
- CET1 buffer above requirement of ~6.2 %-points** corresponding to ~EUR 9.4bn
- Nordea has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

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

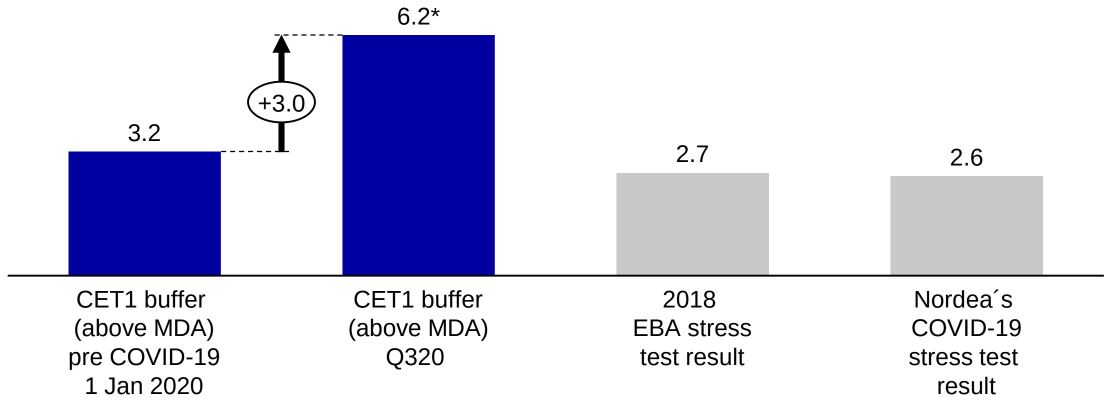
Nordea

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

CET1 capital ratio development, %



CET1 capital buffer, %



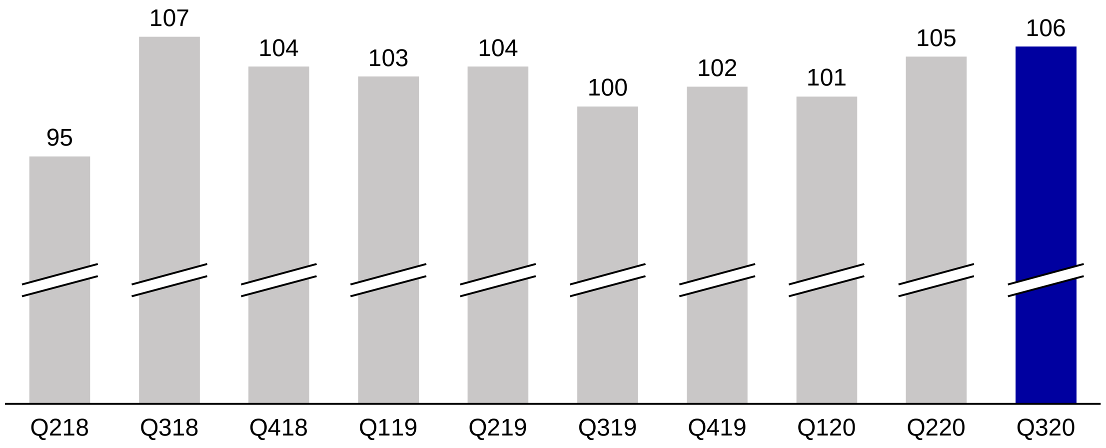
Comments

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

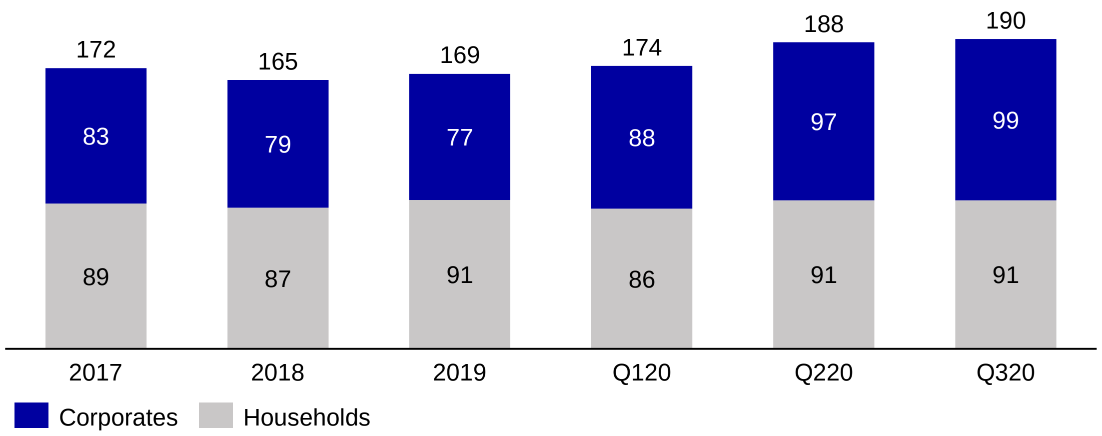
* As of Q320, 0.8%-points of the CET1 buffer have been used to fulfil the AT1/Tier 2 capital requirement

Liquidity – solid position and well-functioning funding markets

Liquidity buffer development, EURbn



Deposits*, EURbn



Comments

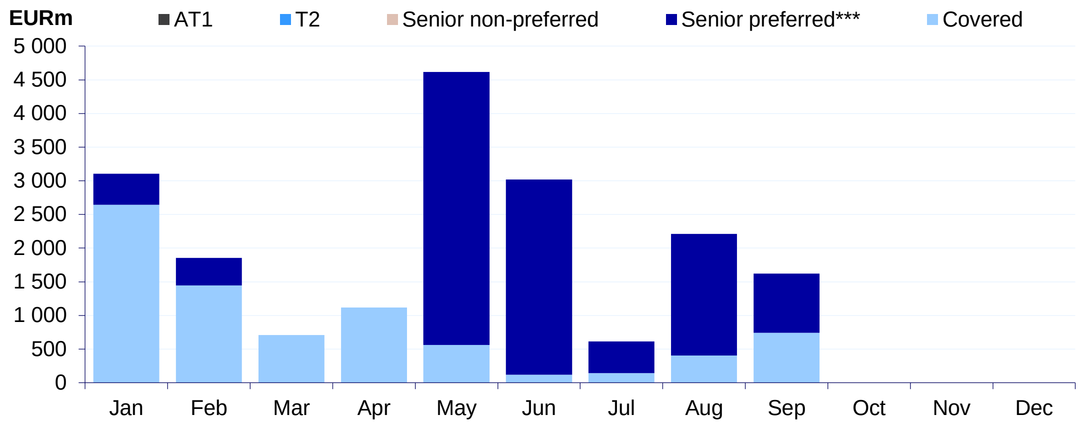
- Robust liquidity position
  - Liquidity buffer over EUR 100bn
  - Liquidity coverage ratio (LCR) of 172%
  - EU net stable funding ratio (NSFR) of 114.9%
- Deposits increased 1% in the quarter in local currencies
- EUR 4.4bn long-term debt issued during Q3 2020
  - All key funding markets are functioning well at tighter spread levels
- During 2020, Nordea has participated in selected central bank liquidity facilities including ECB's TLTRO facility

* Including repos

Nordea

Solid funding operations

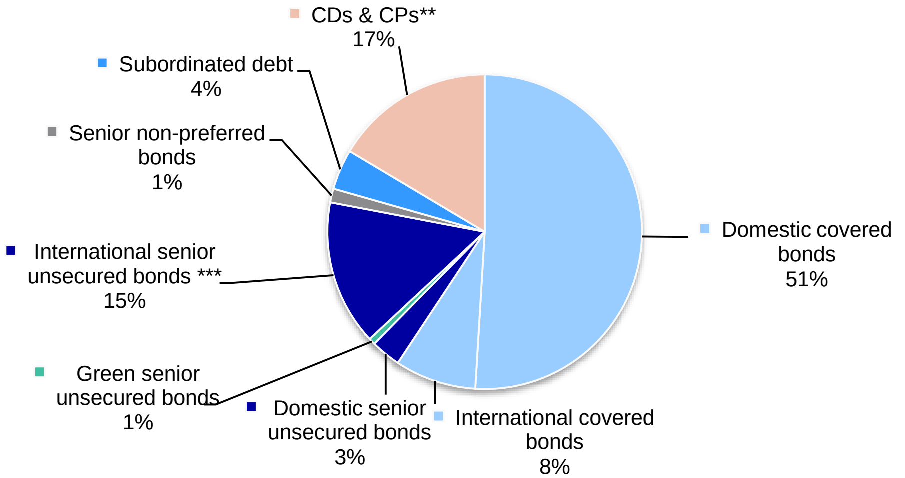
Long-term issuance volumes YTD Q3 2020*, EUR 18.9bn



Strong funding position further improved

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

Long-term and short-term funding outstanding, EUR 188bn



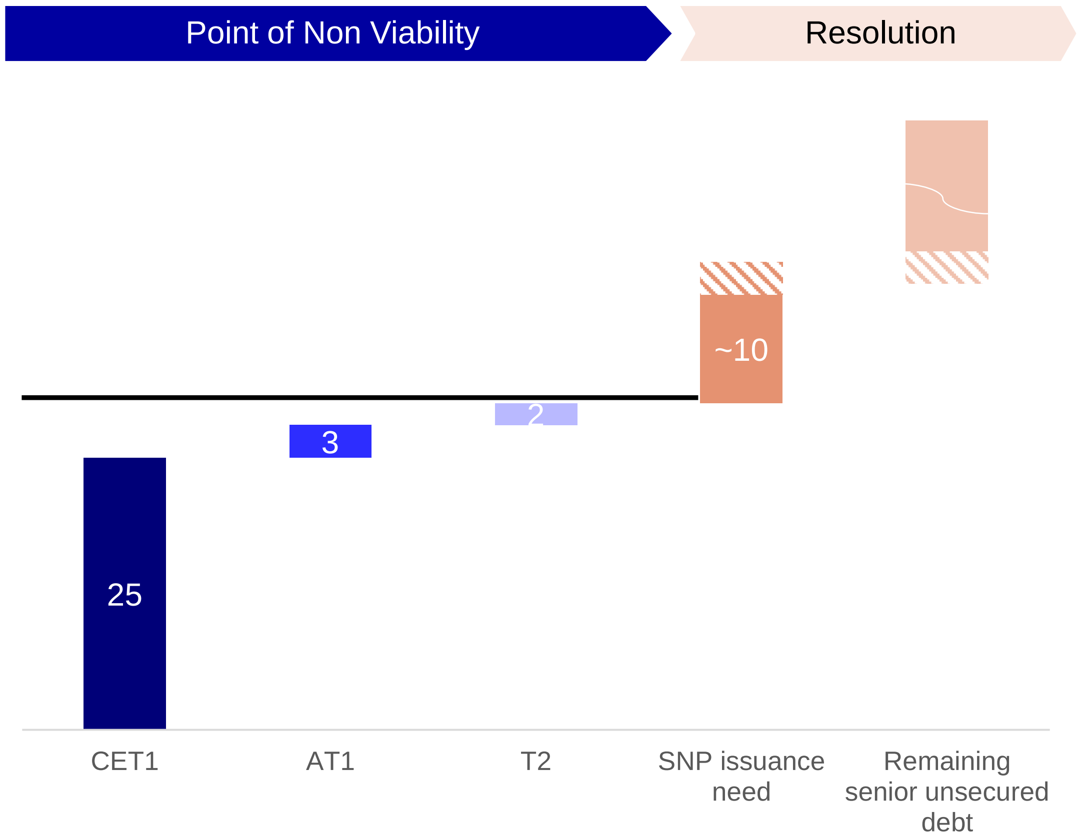
High-level issuance plan for 2020

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

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

Senior non-preferred issuance plan

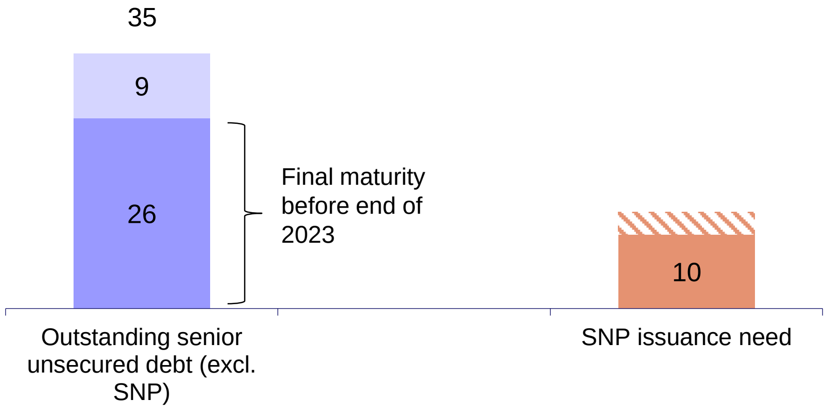
Own funds and bail-in-able debt, EURbn



Comments

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

Senior unsecured available for potential refinancing into SNP, EURbn



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

Contacts

Investor Relations

Matti Ahokas

Head of Investor Relations
Mobile: +358 40 575 91 78

matti.ahokas@nordea.com

Andreas Larsson

Head of Debt Investor Relations
Mobile: +46 709 70 75 55
Tel: +46 10 156 29 61
andreas.larsson@nordea.com

Randie Atto

Debt IR Officer
Mobile: +46 738 66 17 24
Tel: +46 10 156 5458
randie.atto@nordea.com

Maria Caneman (maternity leave)

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

Group Treasury & ALM

Mark Kandborg

Group Treasurer and
Head of Group Treasury & ALM
Tel: +45 33 33 19 09
Mobile: +45 29 25 85 82
mark.kandborg@nordea.com

Ola Littorin

Head of Long Term Funding
Tel: +46 8 407 9005
Mobile: +46 708 400 149
ola.littorin@nordea.com

Petra Mellor

Head of Bank Debt
Tel: +46 8 407 9124
Mobile: +46 70 277 83 72
petra.mellor@nordea.com

Jaana Sulin

Head of Short Term Funding
Tel: +358 9 369 50510
Mobile: +358 50 68503
jaana.sulin@nordea.com