

Nordea

Debt investor presentation Q1 2024



Disclaimer

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

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

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1. Quarterly update

First-quarter highlights 2024

Executive summary

Continued high-quality income growth

- Net interest income up 11%, net fee and commission income stable and net fair value result down 16%. Total income up 6%
- Operating profit up 19% to EUR 1,763m

Return on equity* 18.1% and earnings per share up 23% to EUR 0.38

Volumes stable in slow markets

- Mortgage lending stable and corporate lending up 2% y/y. Retail deposits up 1% y/y and corporate deposits down 6%. AuM up 8% y/y

Stable cost-to-income ratio excluding regulatory fees: 40%

Strong credit quality, continued low net loan losses – overall provisioning levels and coverage maintained

- Net loan losses and similar net result EUR 33m or 4bp
- Management judgement buffer at EUR 505m (unchanged in local currencies)

Continued strong capital position

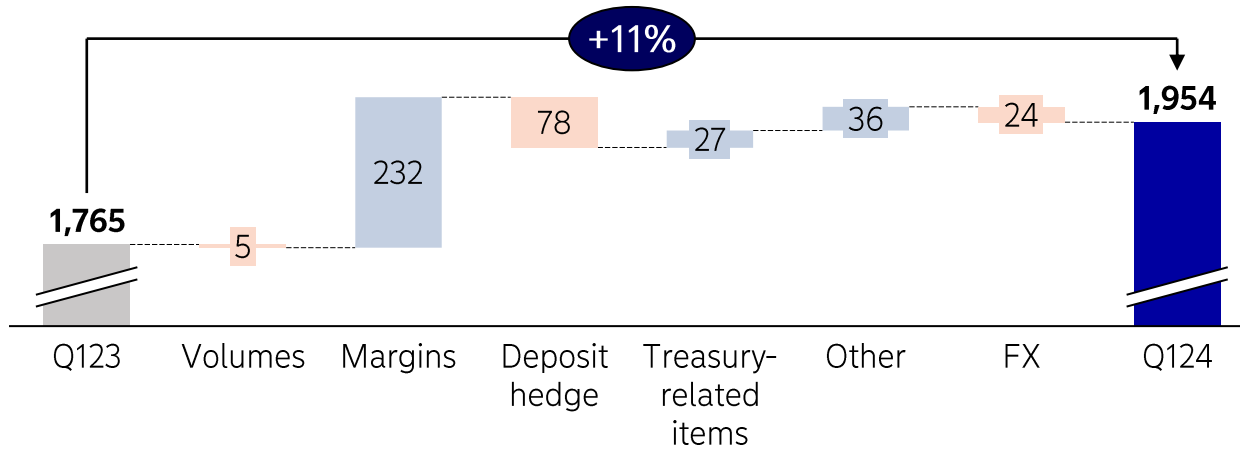
- CET1 ratio 17.2% – 5.1pp above current regulatory requirement. Dividend of EUR 0.92 per share for 2023

2024 outlook unchanged: return on equity above 15%

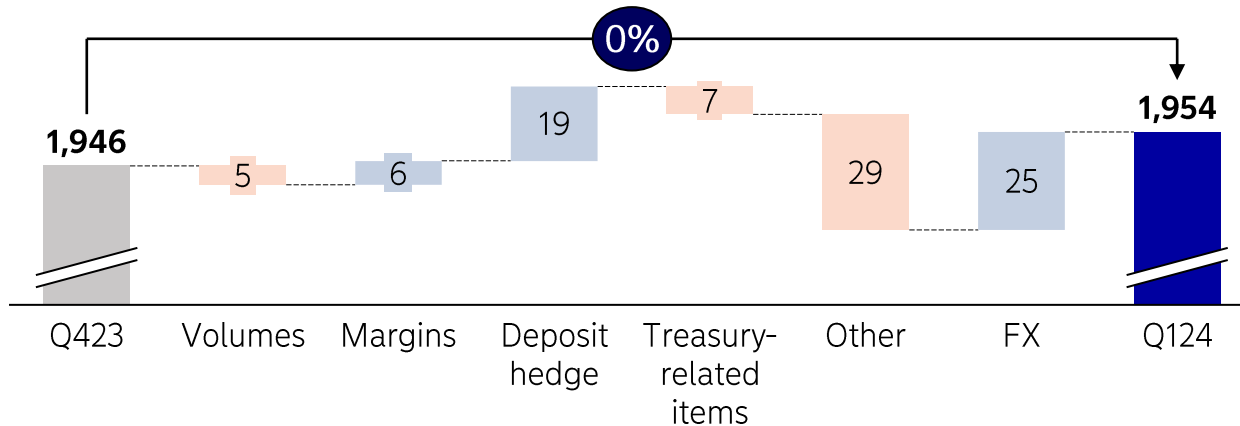
Net interest income

Stable volumes, improved margins

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm

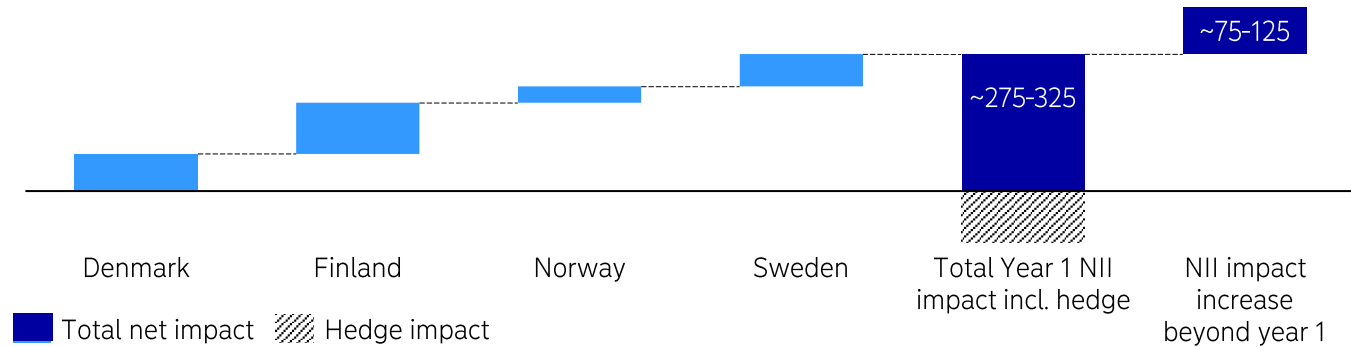


- **Net interest income up 11%**
- **Lending growth**
 - Mortgage volumes stable
 - Corporate lending up 2%
 - Retail deposits up 1%
 - Corporate deposits down 6%
- **Net interest margin 1.83%, up 25bp**
 - Household lending margins down
 - Further increases in deposit margins across business areas

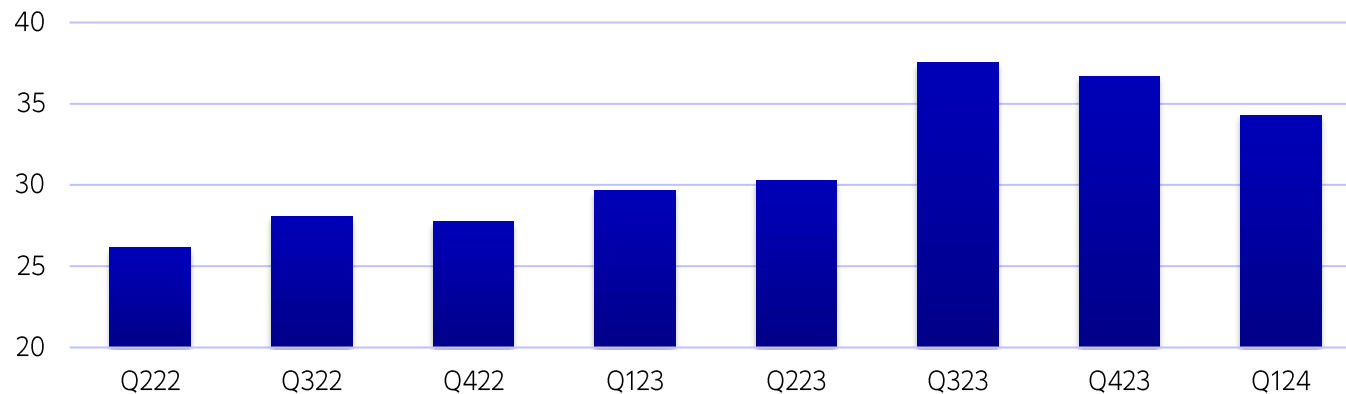
Net interest income sensitivity

Net interest income sensitivity to policy rate changes

Sensitivity to +50bp parallel rate shift in policy rates*, EURm



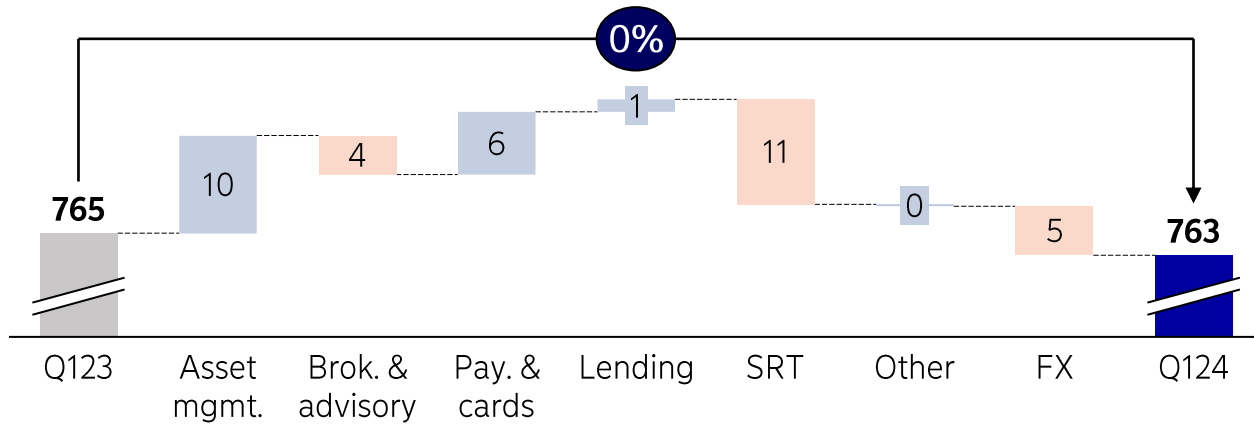
Structural hedge – nominal volume, EURbn



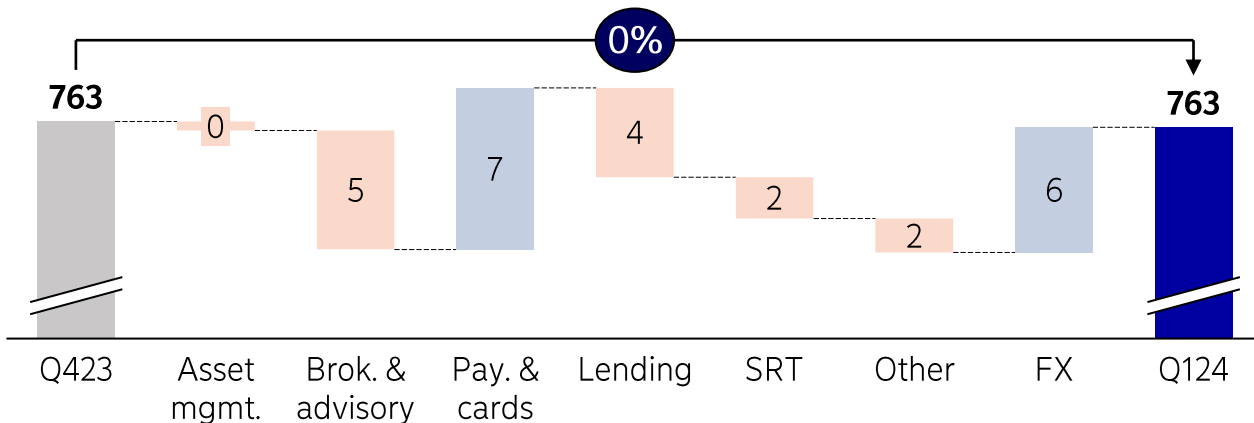
- **NII impact largely driven by policy rates and pass-through**
 - Actual pass-through to vary between account types and countries, and throughout rate hike cycle
 - Sensitivity reflecting modelled risk over cycle – NII impact higher following initial rate increases and lower thereafter
- **Group NII also impacted by other drivers**
 - Volumes and asset pricing
 - Wholesale funding costs
 - Deposit hedges
- **Increased deposit hedging reducing sensitivity to interest rate changes**
 - Hedge volume up ~15% YoY
 - Average hedge maturity ~3 years
 - Additional NII impact in Y2–Y3 as assets repriced and hedges rolled over

Net fee and commission income
Solid and stable income

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm

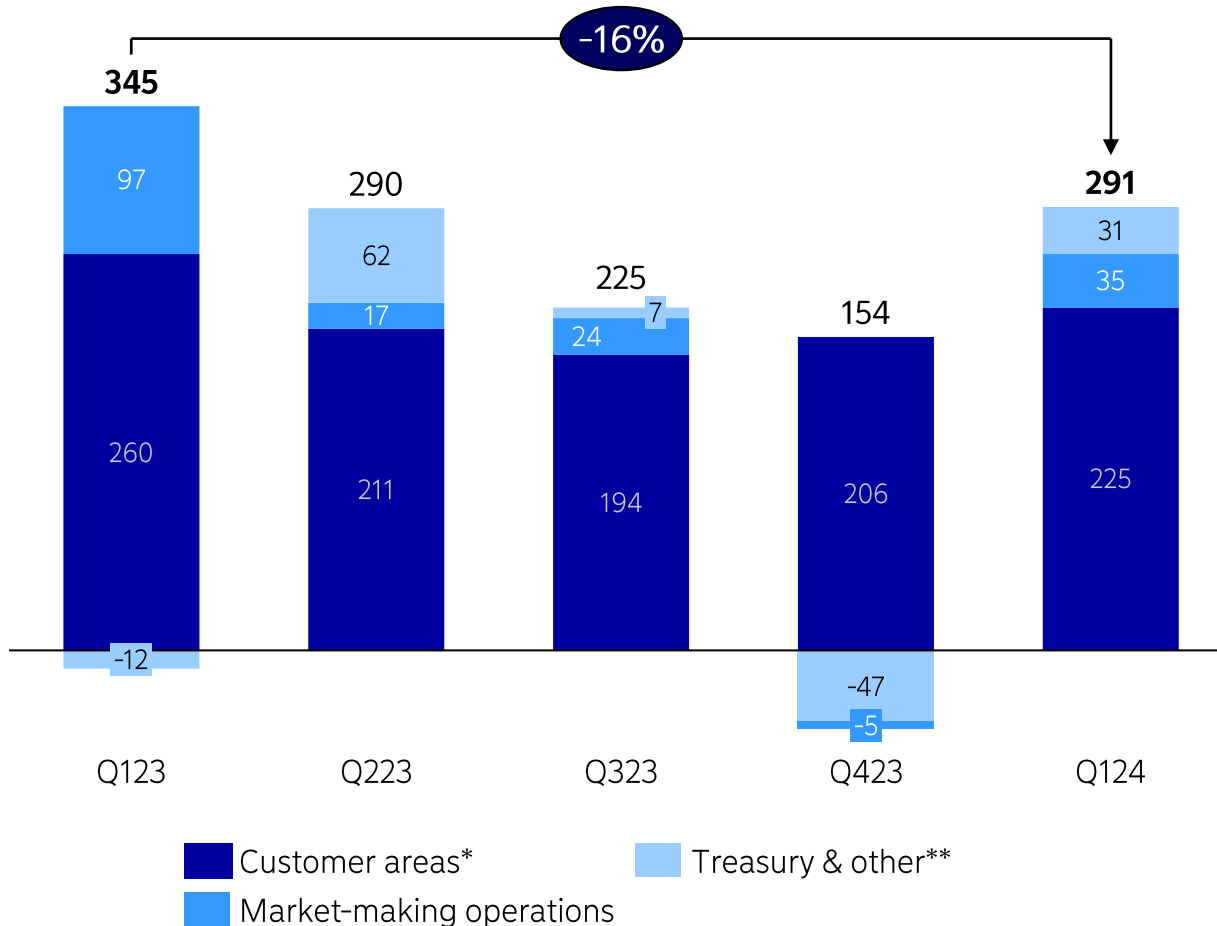


- **Net fee and commission income stable**
- **Savings fee income up due to higher assets under management**
 - AuM up 8% to EUR 391bn
 - Net flows from Nordic channels (86% of AuM) EUR 1.1bn
 - International channels (14% of AuM) net outflows EUR 2.1bn, mainly Wholesale Distribution, in line with market
- **Brokerage and advisory fee income down due to lower activity**
- **Higher significant risk transfer (SRT) impact, driven by new transactions**

Net fair value result

High business activity in customer areas

Net fair value result, EURm

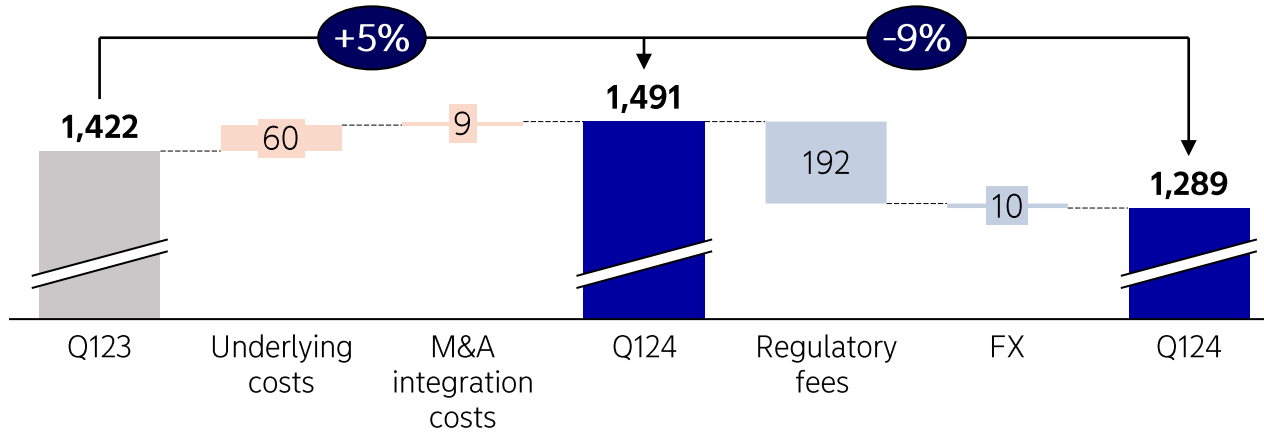


- High customer risk management activity, mainly in FX and rates products
- Market-making at more normal levels versus extraordinarily strong Q1 2023 that saw high activity in interest rate swaps

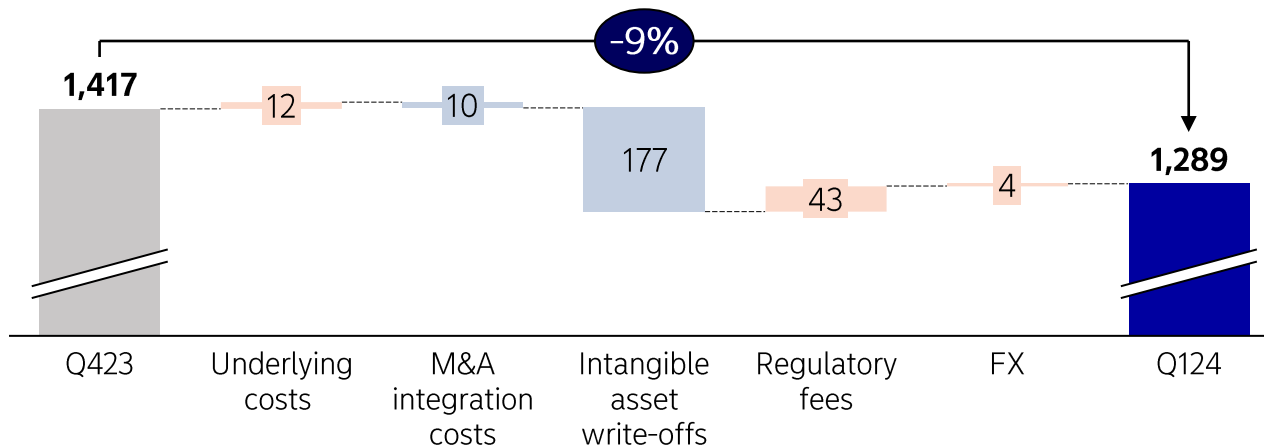
Costs

Costs in line with plan

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm




- **Costs up 5%, excluding regulatory fees, in line with plan**
 - Costs driven by salary inflation, higher business activity and continued investments in technology and risk management
 - M&A integration costs related to acquisition of Danske Bank's personal customer business in Norway
- **Costs down 9% due to significantly lower resolution fees**

Sustainability at the core

Our long-term sustainability objectives supported by short term targets

Our sustainability objectives

 Become a **net-zero** emissions bank by 2050 at the latest

 **40-50%**

reduction in emissions across investment and lending portfolios by 2030¹

 **50%**

reduction in emissions from internal operations by 2030¹

Gender balance

Supported by our 2025 sustainability targets²:

€ **EUR >200bn**

Sustainable financing facilitation
2022-2025

 **90%**

of exposure to large corporates
in climate-vulnerable sectors to
be covered by transition plans

 **80%**

of the top 200 financed emissions
contributors in Nordea Asset
Management's portfolios are either
aligned with the Paris Agreement or
subject to active engagement

 **Double**


the share of net-zero committed
AUM

 **At least 40%**

representation of each gender at
the top three leadership levels³
combined

Sustainability at the core

Further strengthened climate targets in our lending portfolio

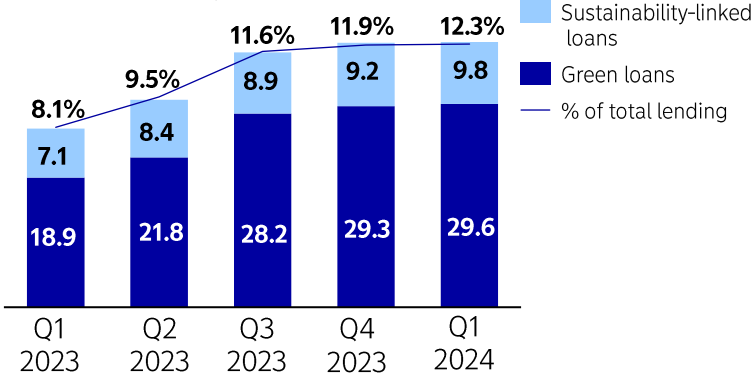
 40-50% reduction in financed emissions in our lending portfolio by 2030 ¹								Progress
Sector	Sub-sector	Emissions scope	Metric	Base year	Baseline	Target year	Target	Current status
Residential real estate	Households and tenant-owner associations	1 and 2	kgCO ₂ e/m ²	2019	17.6	2030	-40–50%	16.6 kgCO ₂ e/m ² (2023)
Shipping	Vessels	1	AER, gCO ₂ /dwt-nm	2019	8.3	2030	-30%	8.1 AER (2022)
Motor vehicles	Cars and vans	1	gCO ₂ e/km	2022	117	2030	-40%	116 gCO ₂ e/km (2023)
Agriculture	Crops, plantation and hunting, and animal husbandry	1 and 2	tCO ₂ e/EURm	2021	738	2030	-40-50%	681 tCO ₂ e/EURm (2023)
Power production	Electricity generation	1 and 2	gCO ₂ e/kWh	2021	220	2030	-70%	117 gCO ₂ e/kWh (2022)
Oil & gas	Exploration and production	1, 2 and 3	MtCO ₂ e	2019	3.0	2030	-55%	0.4 MtCO ₂ e (2023)
Offshore	Drilling rigs and offshore service vessels within oil & gas and shipping	-	EURm	2019	1,885	2025	-100%	127 EURm (2023)
Mining	Thermal peat	-	EURm	2022	52	2025	-100%	51 EURm (2023)
	Thermal coal	-	EURm	<i>Restrictive policy, full phase-out achieved in 2021</i>				

Sustainability at the core

Actively engaging to drive transition and capture growth

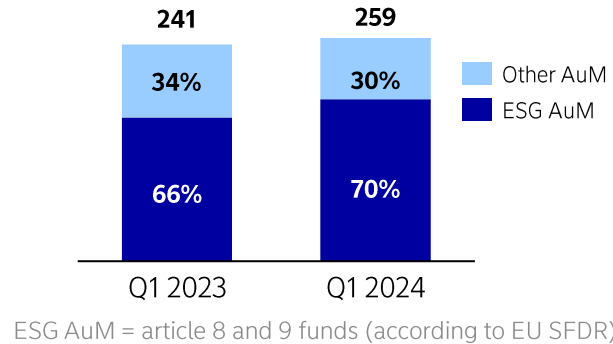
Green and sustainability-linked loans

Total volumes, EURbn

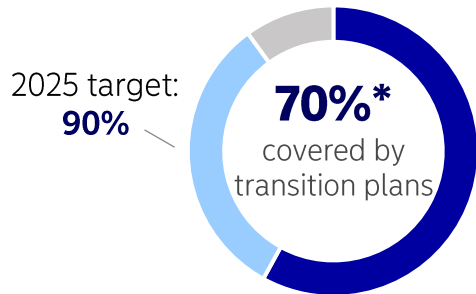


Nordea Asset Management

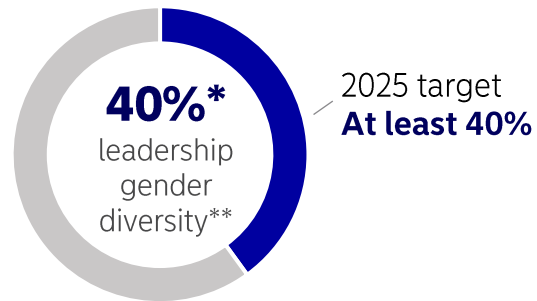
Assets under management, EURbn



Transition plan for large corporates



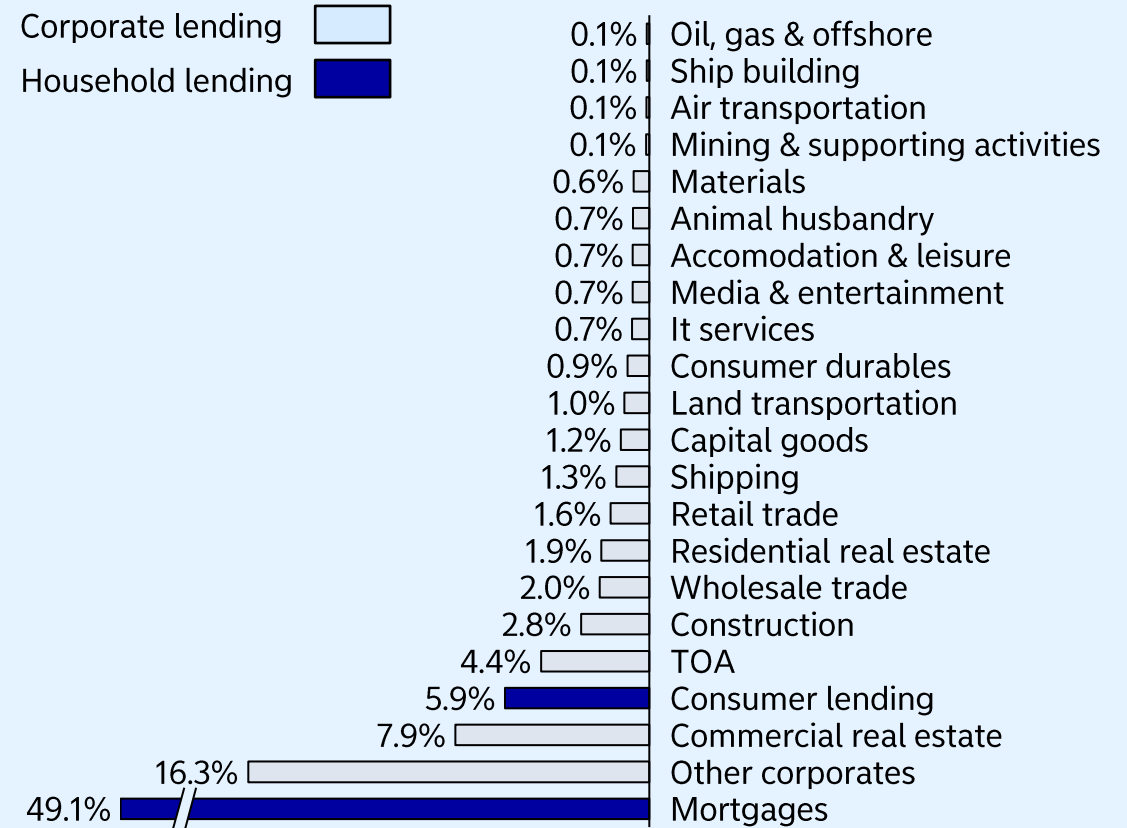
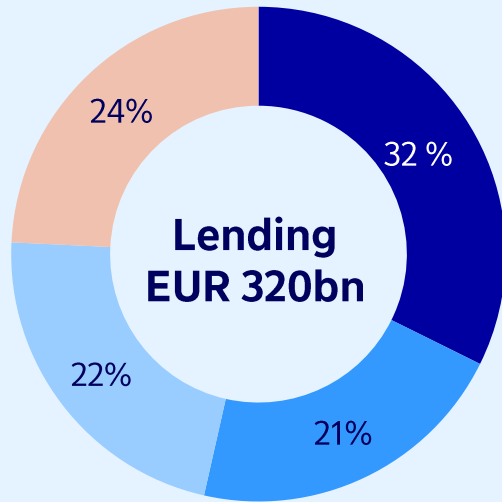
Leadership gender diversity



- **Facilitated EUR 144bn in sustainable financing**
Compared to target EUR >200bn by 2025
- **#1 Best bank in the world for sustainability-linked bonds (Global Finance)**
- **#1 Nordic corporate sustainable bonds and loans*****
- **#1 in active ownership in the Nordics (ShareAction)**
- **Included in the S&P Global Sustainability Yearbook for second year running**

2. Credit quality

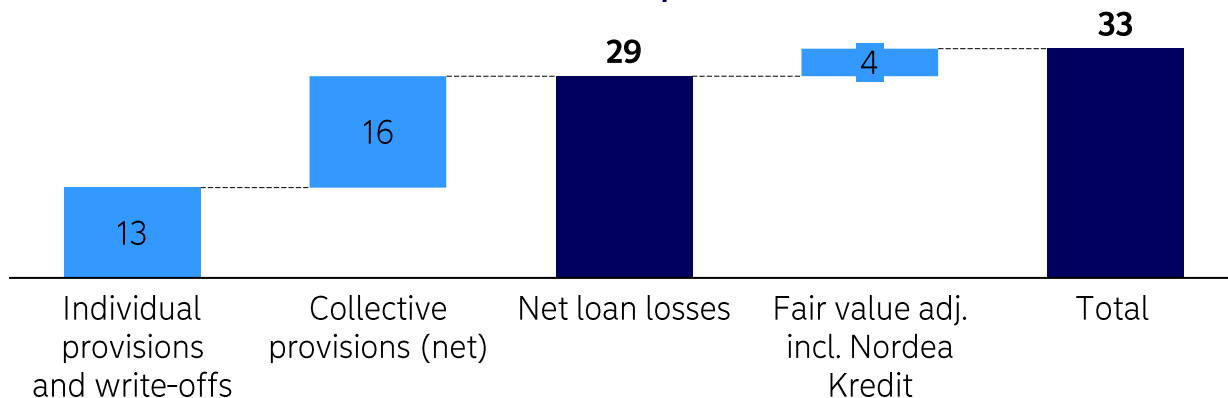
Well diversified pan-Nordic financial service provider with stable and sustainable returns



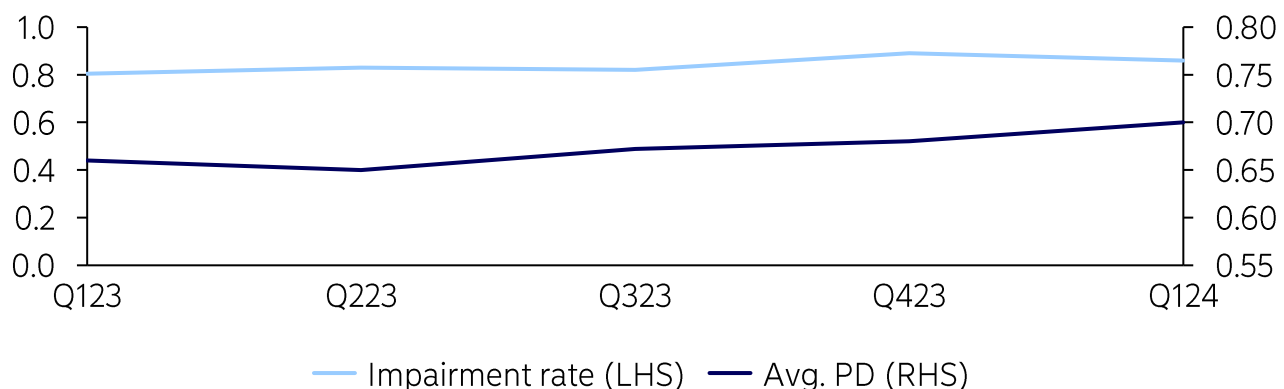
Net loan losses and similar net result

Continued strong credit quality

Net loan losses and similar net result, EURm



Impaired (Stage 3) loans and PD of total loans, %



- **Total net loan losses and similar net result EUR 33m (4bp)**

- Continued strong credit quality while some migration to stage 2 observed as expected given higher interest rates and macroeconomic slowdown
- Low level of new individual provisions
- Collective provisions increased, reflecting credit quality
- EUR 13m reduction from SRT

- **Overall levels of provisions and coverage unchanged**

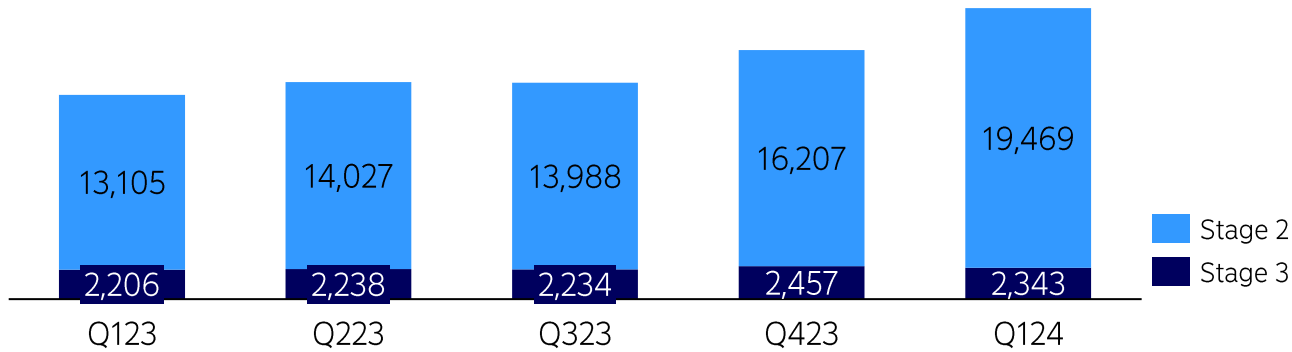
- Management judgement buffer at EUR 505m (unchanged in local currencies)

- **Continued low level of defaulted loans**

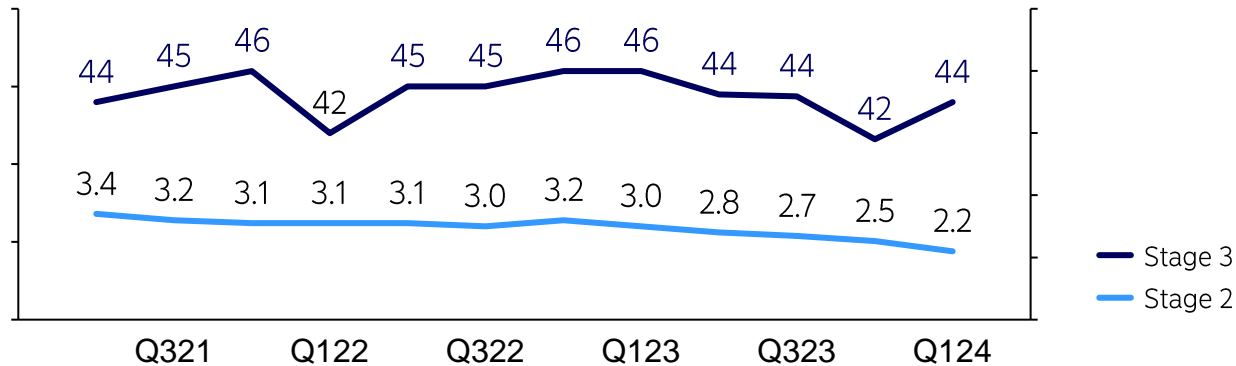
- Stage 3 loans at 0.86% (0.89% in Q4)
- Average PD increased 2bp to 0.70

Stage 2 increased as expected; strong credit quality

Stage 2 and 3 loans at amortised cost, EURm



Coverage ratio, %

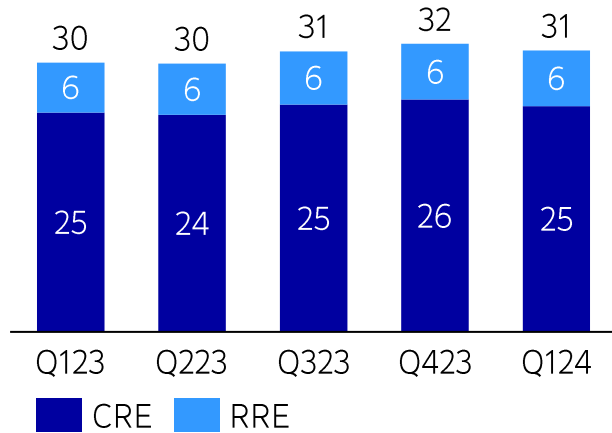


- Continued strong portfolio credit quality
- Coverage ratio for stage 3 portfolio up to 44%
- Stage 2 loans up EUR 3.3bn to 7% from 6% in Q4, mostly driven by credit downgrades
- Stage 3 (impaired) loans down EUR 113m to 0.86% from 0.89% in Q4 due to reduced exposure

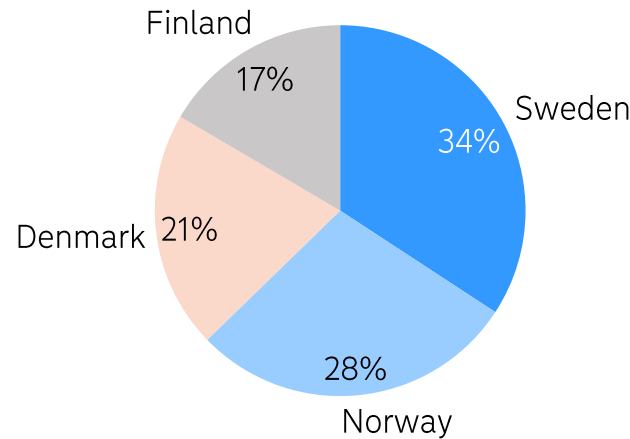
Credit portfolio – real estate management industry (REMI)*

Well-diversified portfolio, high-quality lending

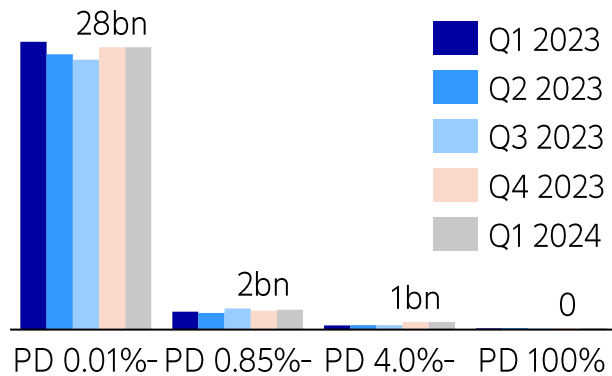
Lending volumes stable



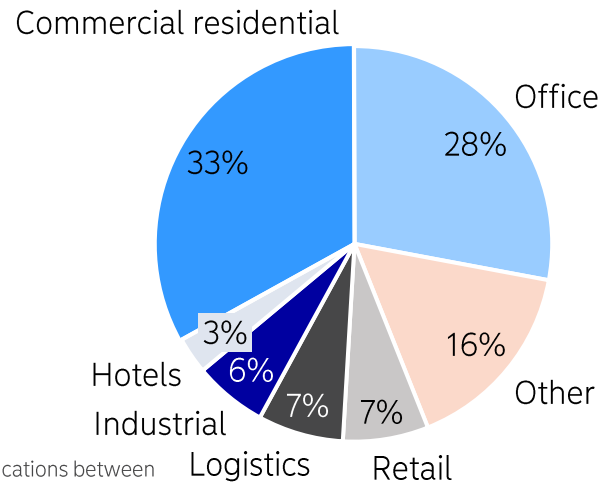
Diversified across countries



91% of portfolio with low probability of default (PD)



Diversified across types**



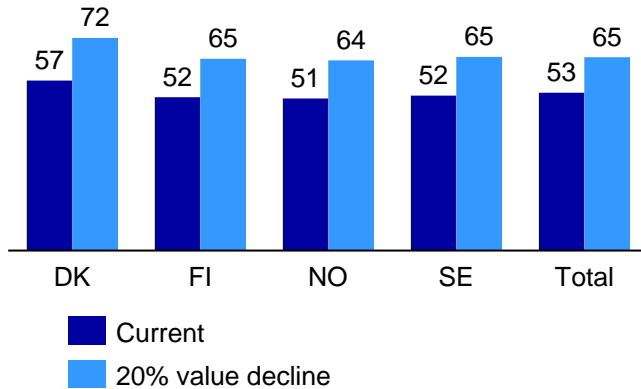
- Well-diversified portfolio across Nordic markets
- 91% of exposure towards low-risk customers, 6% towards increased risk, only 2% towards high risk and less than 1% in default
- Portfolio mainly comprising central, modern office and residential properties
- Strict underwriting standards: conservative credit policy with focus on cash flow

* Excluding tenant-owner associations (TOAs)

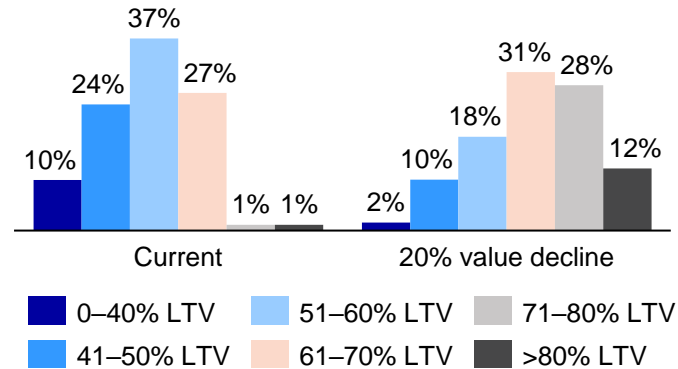
** Improved consolidation data quality as of Q1 2024 resulting in reclassifications between property types. Portfolio composition and credit risk profile has not changed.

Solid LTVs, resilient interest coverage, high occupancy

Solid LTV levels for all countries



Majority of portfolio with low LTV



- **71% of exposures with LTV below 60%**

- In event of 20% decline in market value, 61% of portfolio still with LTV below 70%

- **Average interest coverage ratio (ICR) at 3.3x**

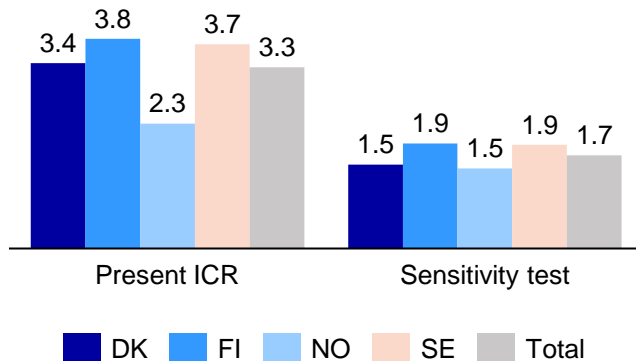
- Average ICR 1.7x in stress scenario
- Stress scenario: all debt refinanced day one at 5Y swap rates plus margins (5.5–6.5%); no hedging

- **Strict interest rate hedging requirements**

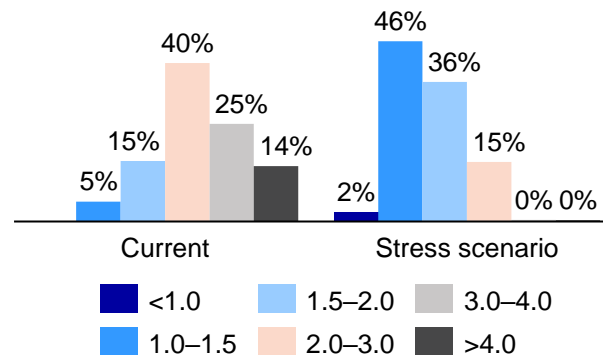
- 61% of customer debt hedged with average maturity of 4.1 years

- **Low vacancy rates, with average letting ratio 95%**

High ICR in all countries

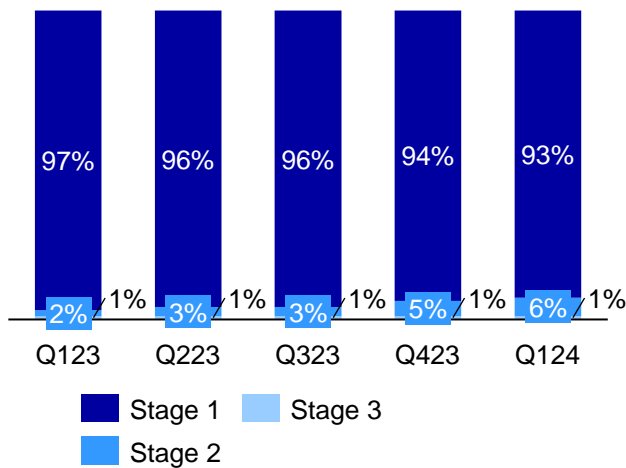


ICR above 1.0 for 98% of portfolio in stress scenario

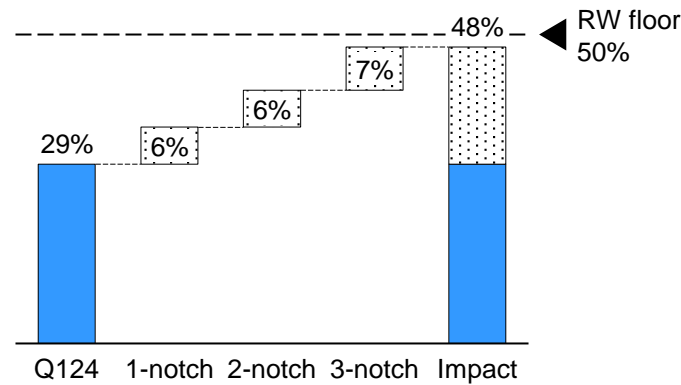


Low levels of risk exposure

Strong credit quality, with 93% of IFRS 9 portfolio in stage 1

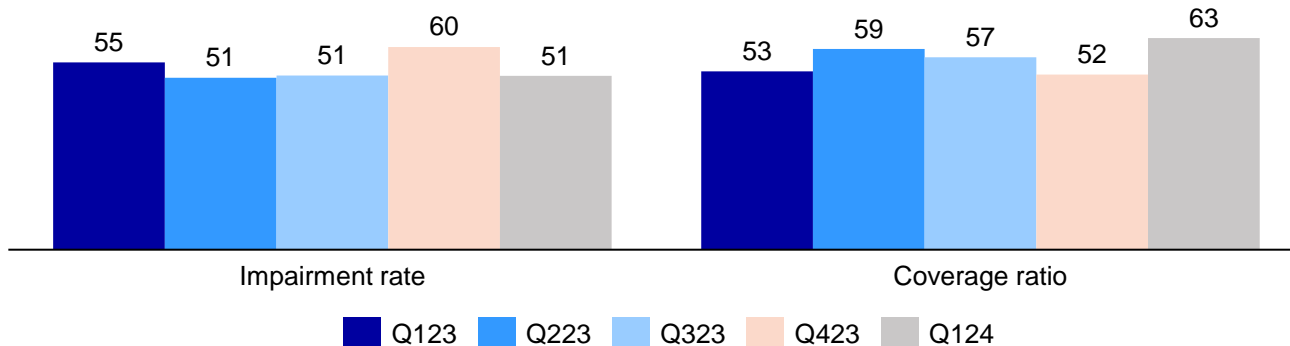


No REA impact even from 3-notch downgrade due to risk weight floors



- Continued strong credit quality, with slight deterioration as expected
- Only 6% of portfolio in stage 2
- 0.5% of portfolio impaired in Q1, with decrease related to lower level of impaired loans
- Provision coverage above 60% – high for collateralised assets
- REA protected by risk weight floors

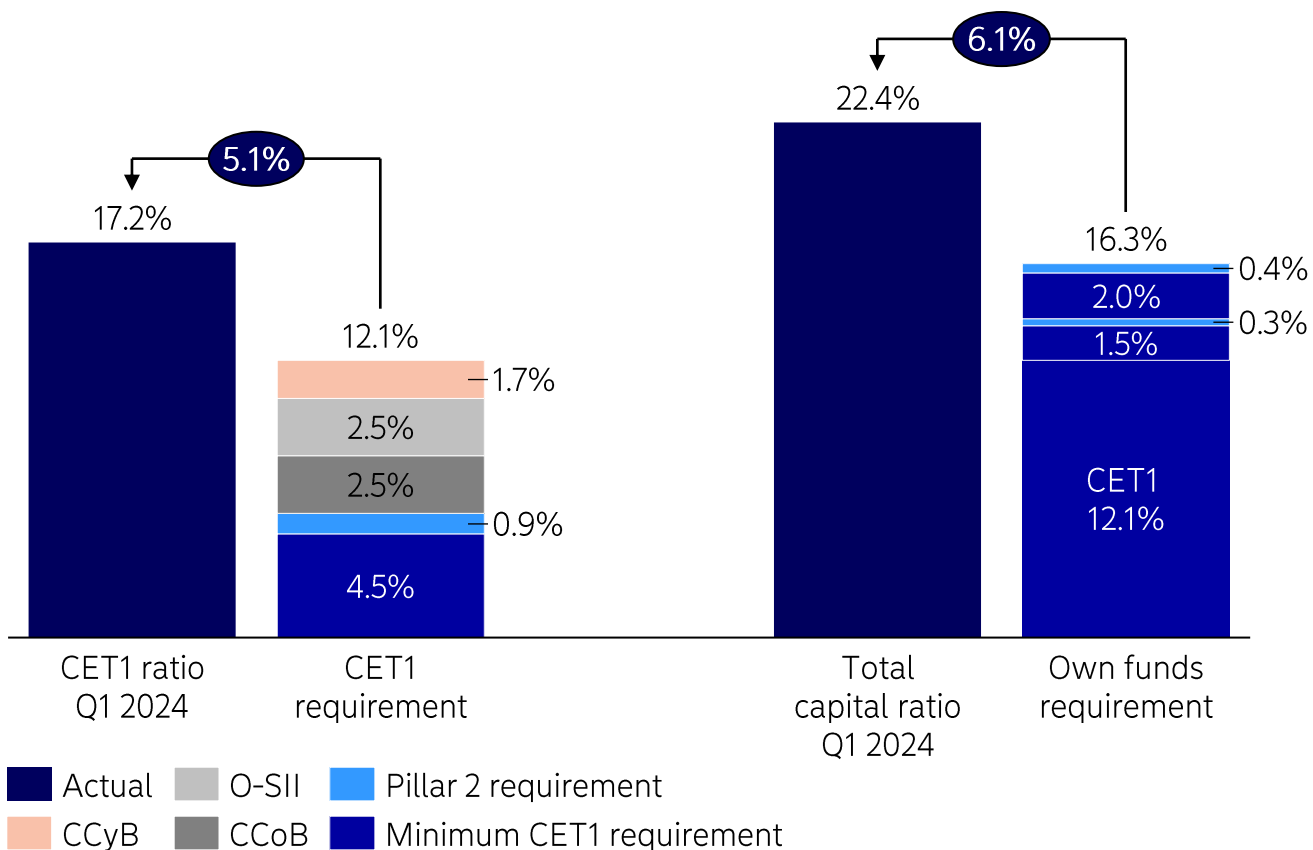
Low impairment rate and high coverage for impaired portfolio



3. Capital, liquidity and funding

Significant buffer to capital requirements

Capital position and requirements (%)

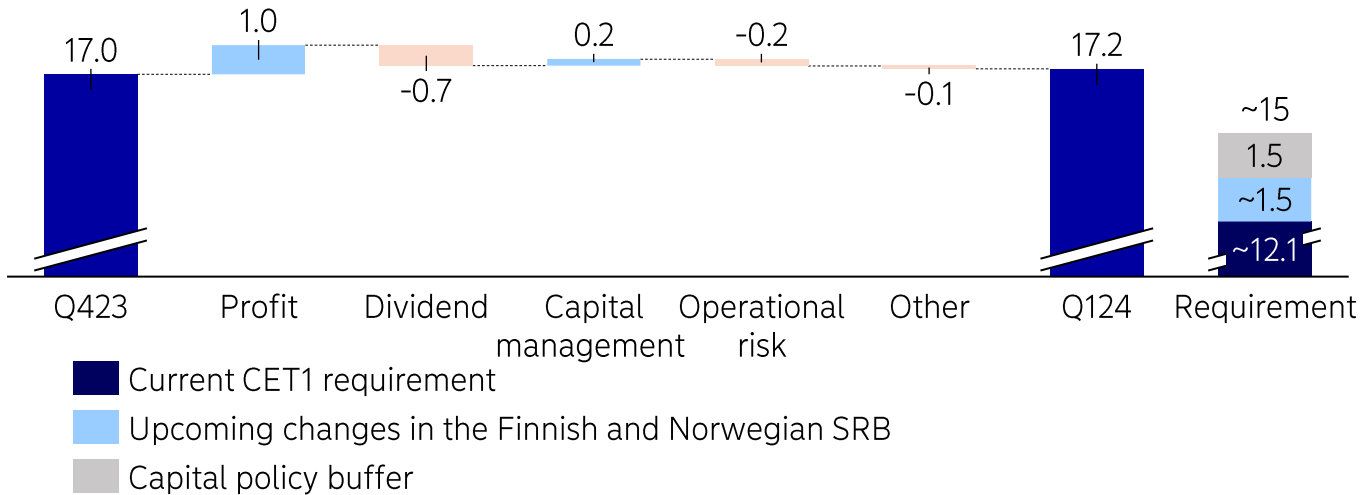


- **CET1 capital ratio 17.2%**
 - 5.1 percentage points above regulatory requirement, corresponding to a CET1 buffer of EUR 7.1bn
- **MDA level expected to increase to ~13.5% following decided increases in Finnish and Norwegian SyRB***
- **Potential sector-specific SyRB of 7% on real estate companies in Denmark**
 - Pending decision in Denmark and reciprocation from the Finnish FSA, could increase CET1 requirement with approx. 10bp

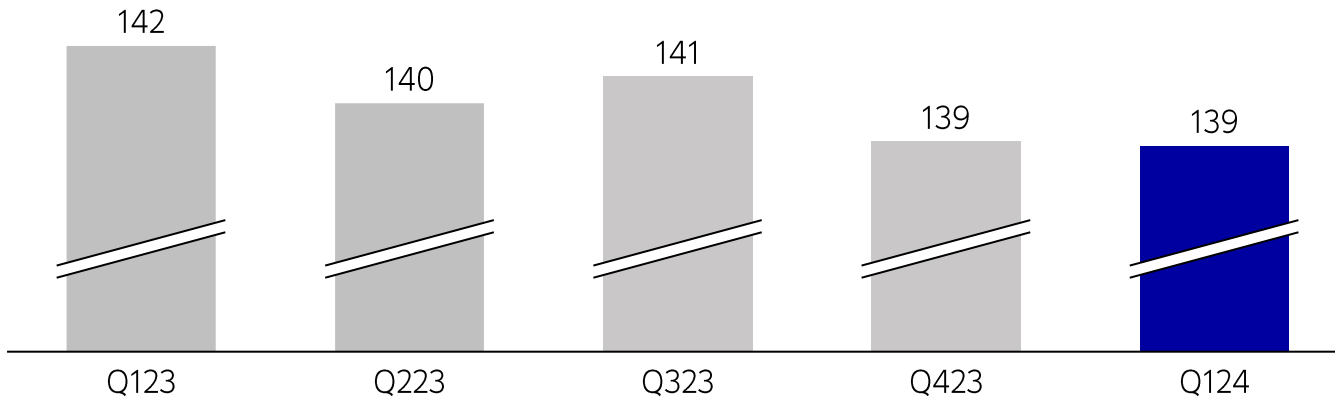
Capital

Strong position; continued focus on capital management

CET1 capital ratio development, %



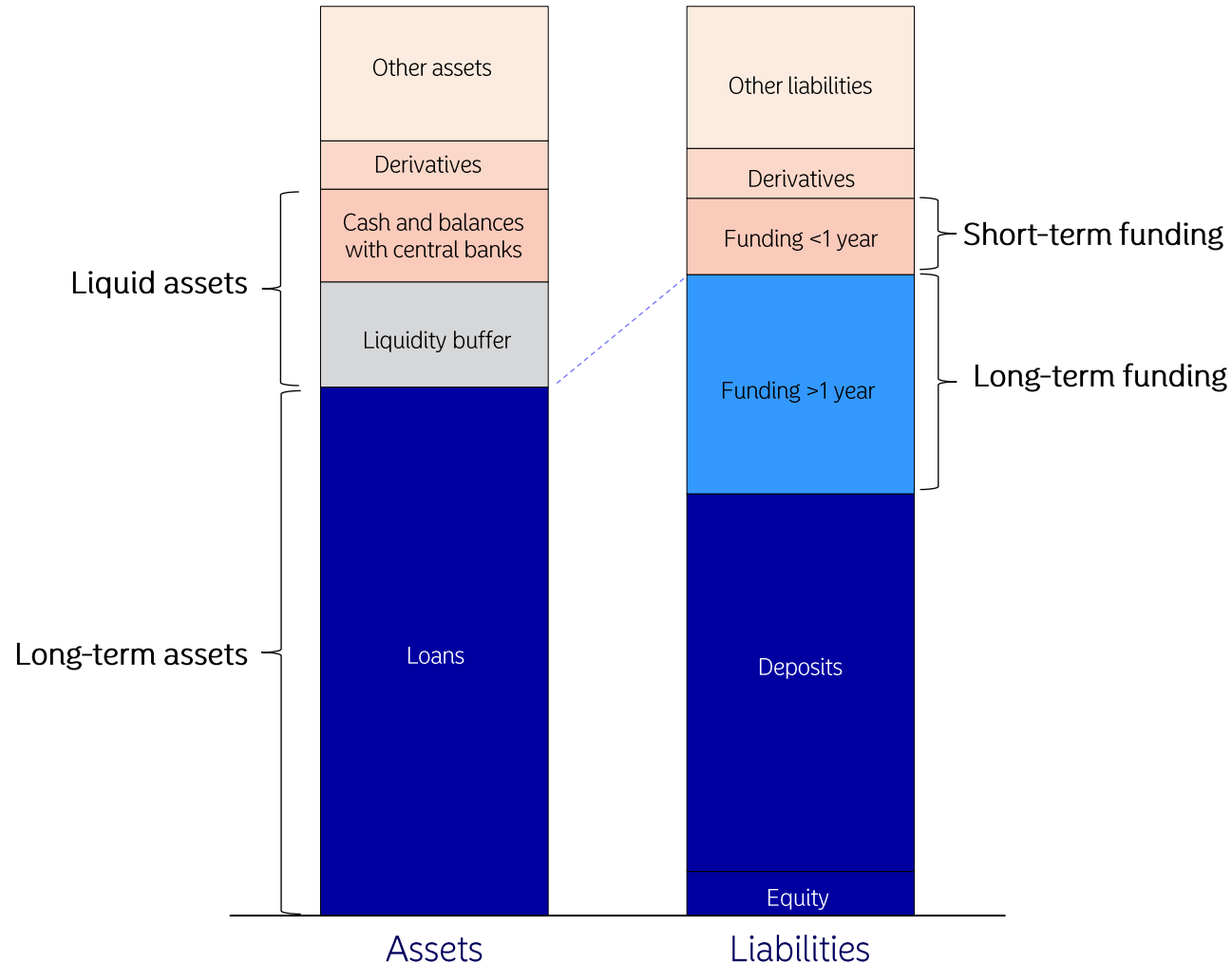
REA development, EURbn



- **CET1 capital ratio up at 17.2%**
 - CET1 capital increased EUR 0.2bn due to profit accumulation net of dividend accrual partly offset by foreign exchange effects
 - Risk exposure amount stable, mainly due to active capital management offset by annual update of operational risk
- **Capital well above requirement**
 - Management buffer of 150bp above CET1 requirement
 - Implied target CET1 ratio of ~15%

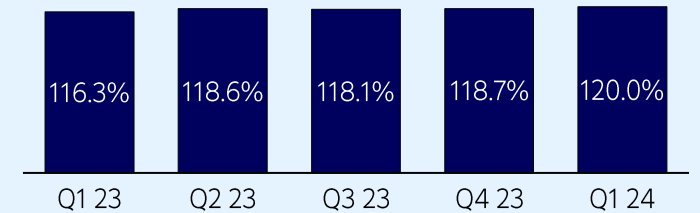
Strong balance sheet structure

Q1 2024



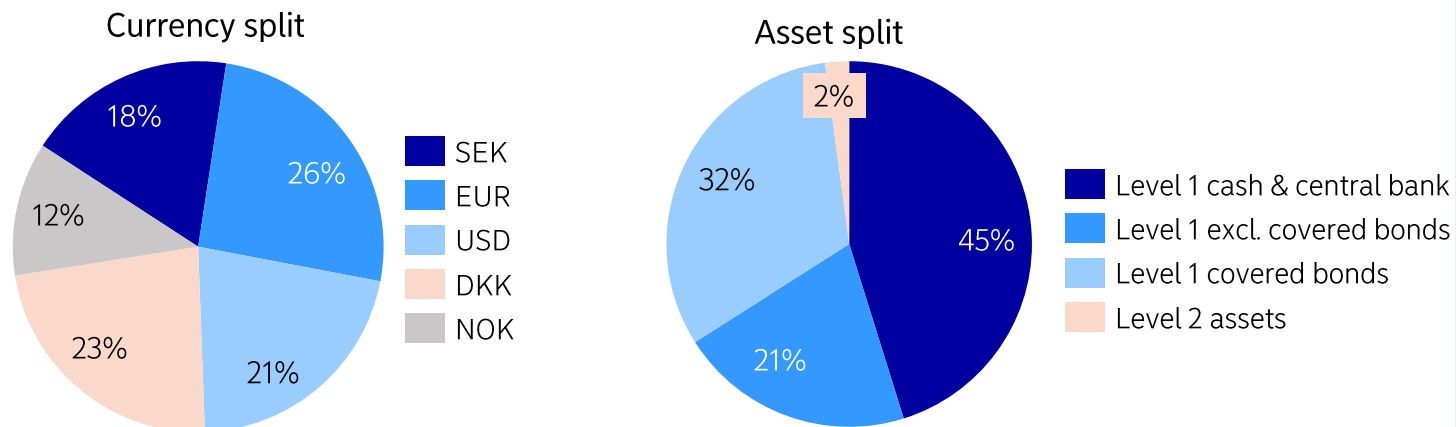
- Total assets EUR 605bn at end of Q1 2024**

- Strong balance sheet with deposits as primary source of funding
- Long-term funding 76% of total wholesale funding
- Nordea's net stable funding ratio (NSFR) is stable over time:

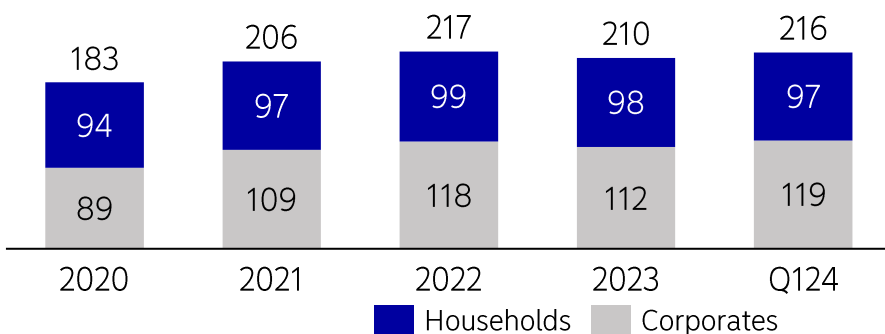


Strong liquidity position

Liquidity buffer composition, EUR 108bn



Deposits and borrowings from the public*, EURbn



- **Robust liquidity position**

- Liquidity coverage ratio (LCR) 157%
- Net stable funding ratio (NSFR) 120%

- **Well diversified liquidity buffer of EUR 108bn**

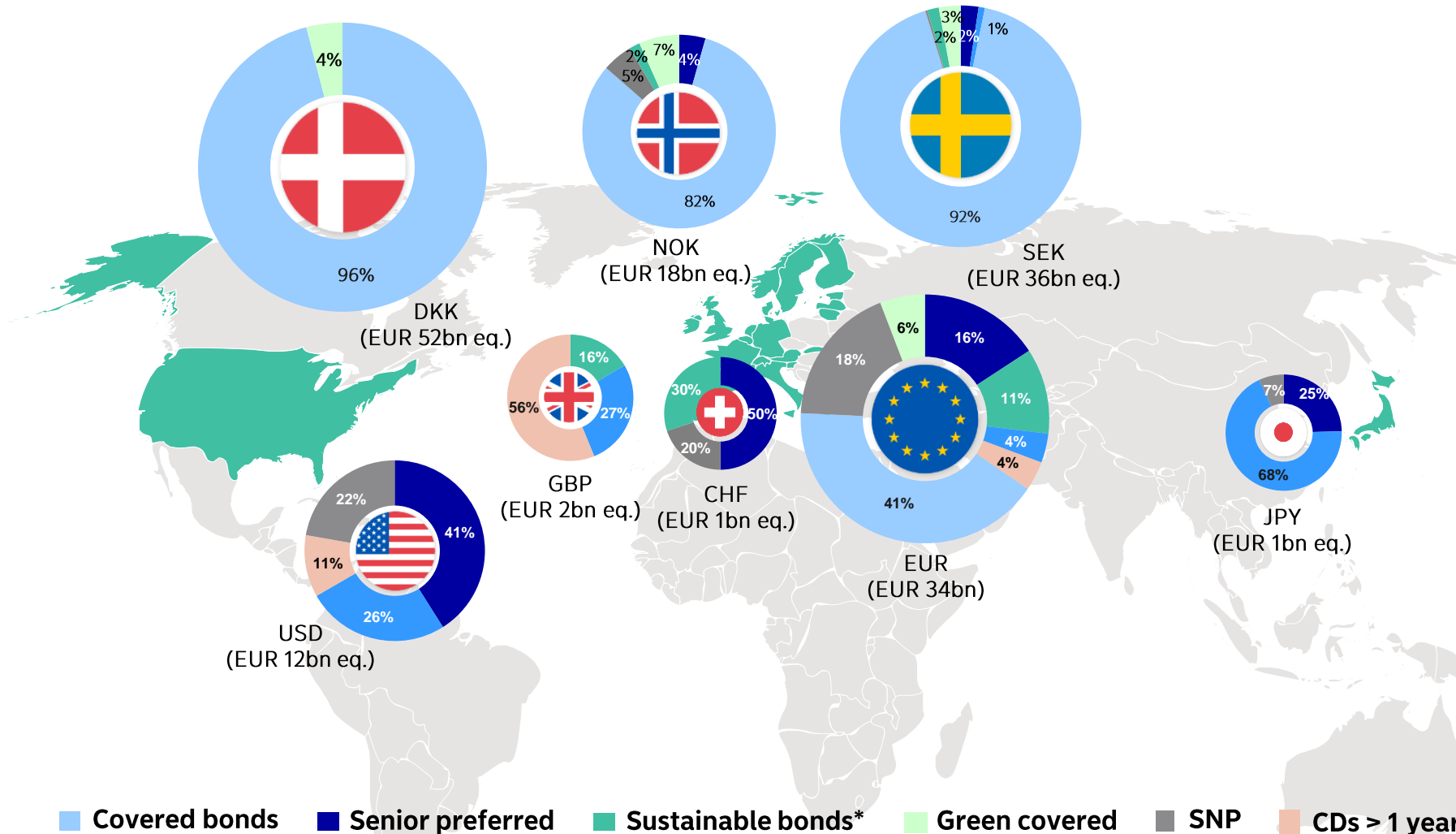
- EUR 49bn in central bank cash and reserves
- EUR 59bn in bonds
- Conservative hedging approach and no single name concentration

- **Deposits**

- 44% of deposits covered by deposit guarantee scheme

Long term funding

Nordea global issuance



AA-level credit ratings

Nordea Bank Abp

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

Nordea covered bonds

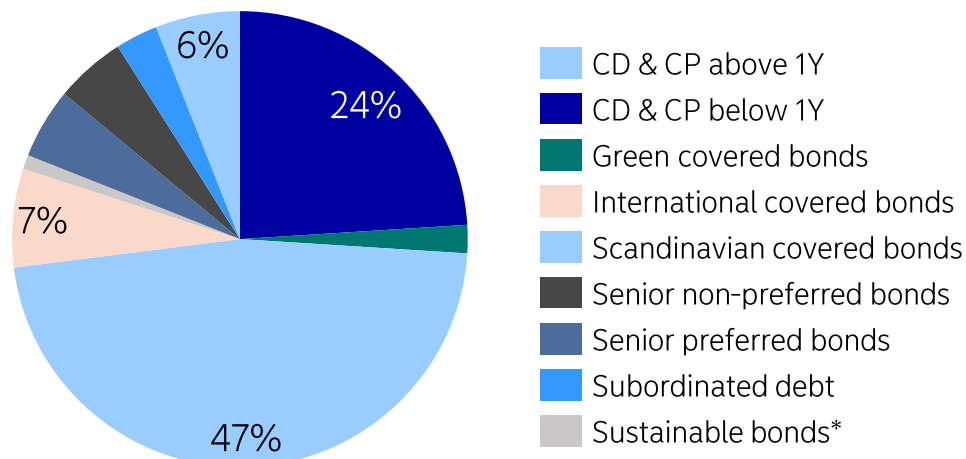
- Moody's Aaa (stable outlook)
- S&P AAA (stable outlook)

■ Covered bonds
 ■ Senior preferred
 ■ Sustainable bonds*
 ■ Green covered
 ■ SNP
 ■ CDs > 1 year
 ■ Capital instruments

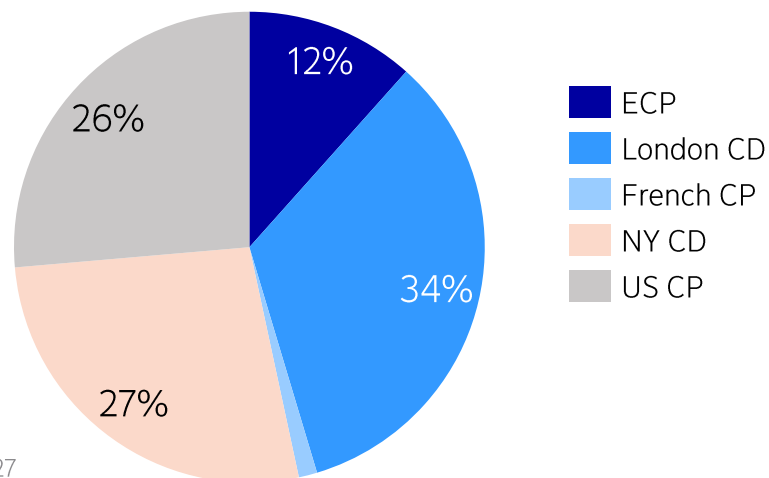
Wholesale funding

Solid funding operations

Total wholesale funding, EUR 196bn



Short-term funding, EUR 43bn



* Including green & SLL SP/SNP/Tier 2 bonds



IFR
Sustainable
Issuer of the
Year



- **Long-term issuance**

- EUR 10.4bn issued* during Q1
 - EUR 8.4bn in covered bonds and EUR 1.9bn in senior format
- EUR 21bn issued* during 2023

- **Short-term issuance**

- EUR 43bn total outstanding per end Q1
- Globally diversified funding with strong market access

- **Issuance plans 2024**

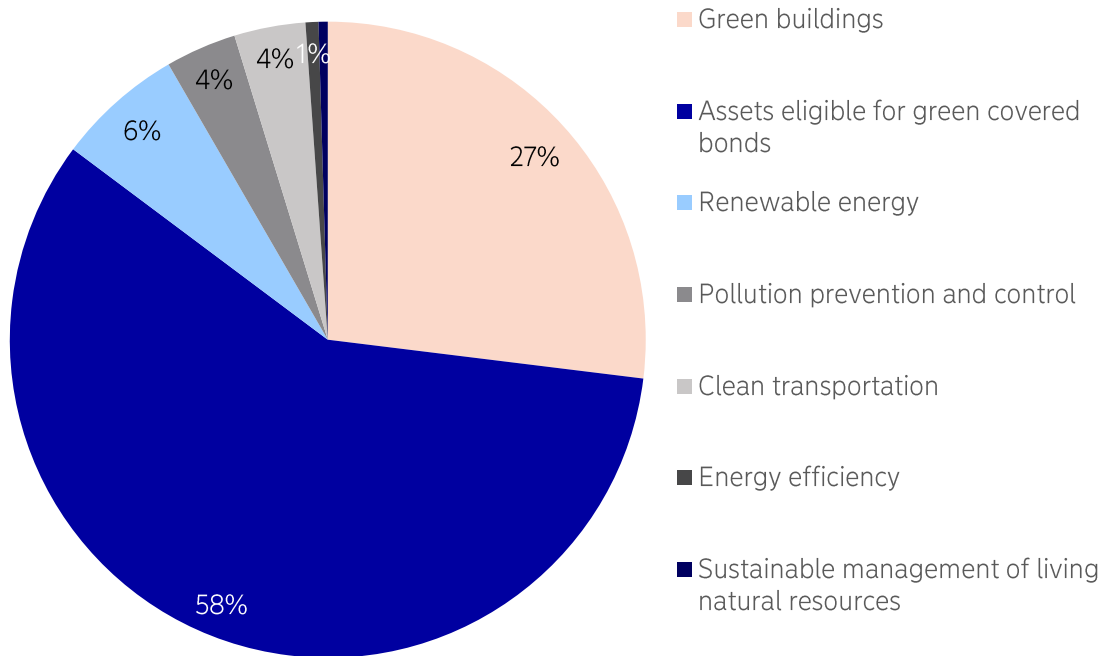
- EUR 20-25bn* estimated in total long-term issuance
 - More than half expected in Scandinavian currencies, most of which in covered bonds
 - Remaining volume in international currencies incorporating senior debt and covered bonds
 - EUR 13bn target of senior non-preferred outstanding by year end 2023 reached. Next MREL decision to be received from SRB in Q2

*Excluding DKK covered bonds, CD/CPs above 1Y and subordinated debt

Sustainability at the core

Enhanced focus on sustainable funding

Nordea's green bond asset portfolio*



- **EUR 18bn assets available for green funding**
 - ~EUR 7.5bn in NBAbp green bond asset portfolio
 - EUR 10.5bn available assets for green covered bonds
- **EUR 3.8bn green bonds from NBAbp outstanding**
- **EUR 6.4bn green covered bonds outstanding**
- **Deposits with climate focus offered in Norway and Sweden**
- **EUR 1.4bn issued under sustainability linked loan (SLL) funding framework**
 - EUR 1bn in senior non-preferred
 - SEK 2.8bn and NOK 1.3bn in senior preferred



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



ESG score:
15.8 (0 to 100)***

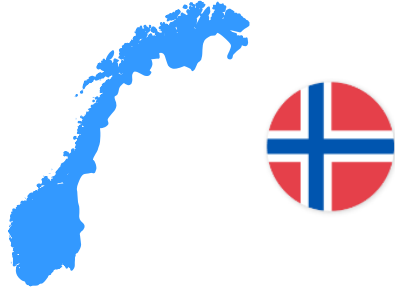
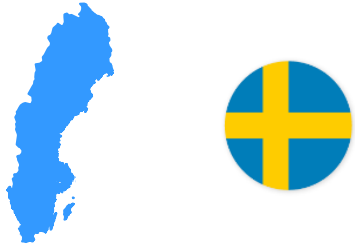

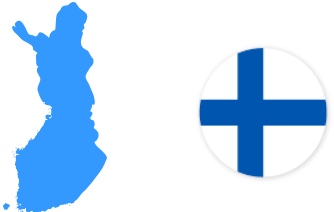


ESG rating:
AA (AAA to CCC)



CSA score:
66 (0 to 100)****


















Nordea covered bond operations

	Nordea Eiendomsrett 	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 28.0bn (eq.)	EUR 61.7bn (eq.)	Balanced principle	Pool 1: EUR 16.7bn/ Pool 2: EUR 8.4bn
Covered bonds outstanding*	EUR 17.5bn (eq.)	EUR 34.5bn (eq.)	EUR 57.4bn (eq.)*	Pool 1: EUR 14.5bn/ Pool 2: EUR 5bn
OC*	60%	79%	7%**	Pool 1: 15% / Pool 2: 68%
Issuance currencies	NOK	SEK	DKK, EUR	EUR
Rating (Moody's / S&P)	Aaa / -	Aaa / -	- / AAA	Aaa / -
Outstanding green covered bonds	EUR 1.25bn	EUR 1.1bn	EUR 2.1bn	EUR 2.0bn



Funding transactions

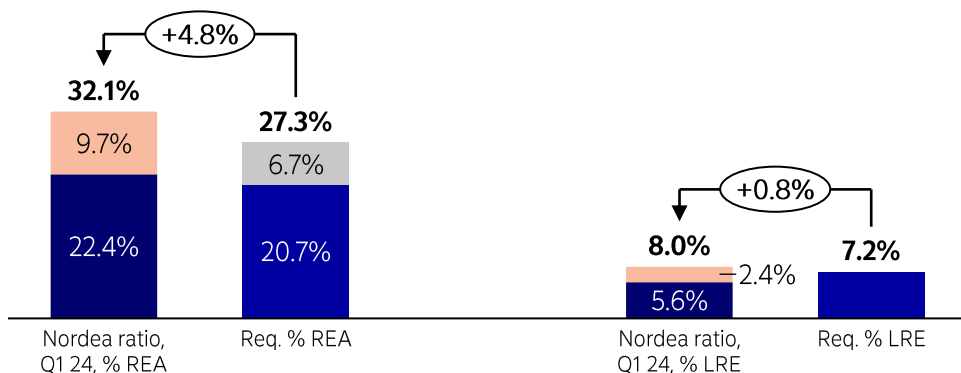
Nordea recent benchmark transactions

Issuer	Type	Currency	Amount (m)	FRN / Fixed	Issue date	Maturity date	Callable
Nordea Mortgage Bank	Covered	 EUR	1,000	Fixed	Apr-24	Apr-34	
Nordea Bank	Senior preferred	 USD	1,000	FRN/Fixed	Mar-24	Mar-27	
Nordea Bank	Senior non-preferred	 EUR	1,000	Fixed	Mar-24	Mar-34	
Nordea Mortgage Bank	Covered	 EUR	750	Float	Jan-24	Jan-27	
Nordea Mortgage Bank	Covered	 EUR	1,000	Fixed	Jan-24	Jan-31	
Nordea Hypotek	Covered	 SEK	6,000	Fixed	Jan-24	Oct-29	
Nordea Eiendomskreditt	Covered	 NOK	10,000	Float	Jan-24	Jan-29	
Nordea Bank	Tier 2, Green	 EUR	500	Fixed to Float	Nov-23	Feb-34	Feb-29
Nordea Eiendomskreditt	Covered, Green	 NOK	7,000	Float	Nov-23	Nov-28	
Nordea Mortgage Bank	Covered	 EUR	1,000	Fixed	Oct-23	Oct-28	
Nordea Hypotek	Covered, Green	 SEK	6,000	Fixed	Sep-23	Oct-28	
Nordea Bank	Senior non-preferred, SLL	 EUR	1,000	Fixed to Float	Aug-23	Sep-26	Sep-25
Nordea Mortgage Bank	Covered, Green	 EUR	1,000	Fixed	Aug-23	Aug-26	
Nordea Bank	Senior non-preferred, Green	 NOK	1,800	FRN/Fixed	May-23	Jun-28	
Nordea Bank	Senior non-preferred, Green	 SEK	3,000	FRN/Fixed	May-23	Jun-26	
Nordea Bank	Senior non-preferred, Green	 GBP	300	Fixed to Float	May-23	Jun-26	Jun-25
Nordea Bank	Senior non-preferred, Green	 CHF	300	Fixed	May-23	May-28	

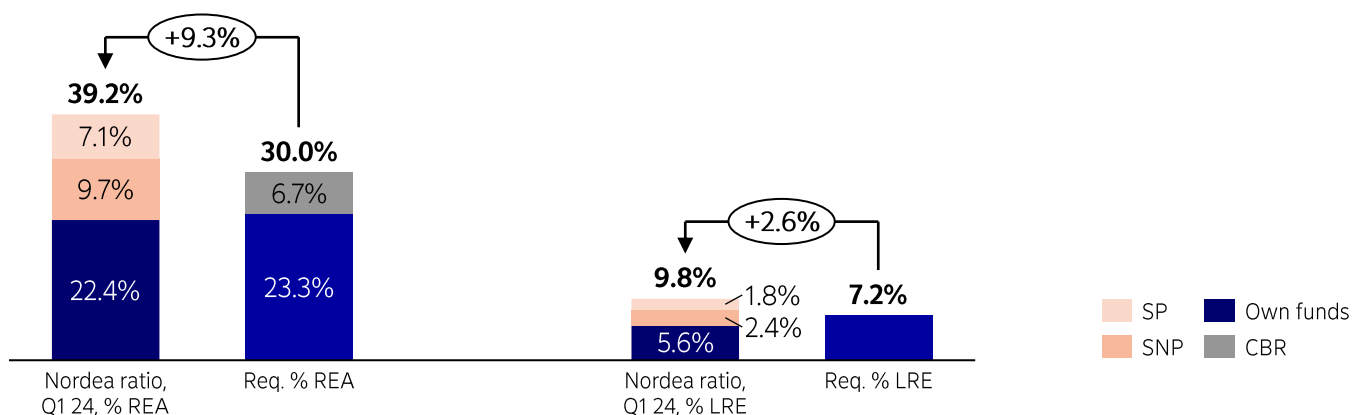
Minimum requirements for own funds and eligible liabilities

MREL positions and requirements

Subordinated MREL



Total MREL



■ SP ■ Own funds
■ SNP ■ CBR

Subordinated MREL

- 4.8 pp above requirement % REA
- Outstanding senior non-preferred (SNP) of EUR 13.8bn

Total MREL

- 9.3 pp above requirement % REA
- Outstanding senior preferred (SP) of EUR 12.6bn

Requirements set by Single Resolution Board annually

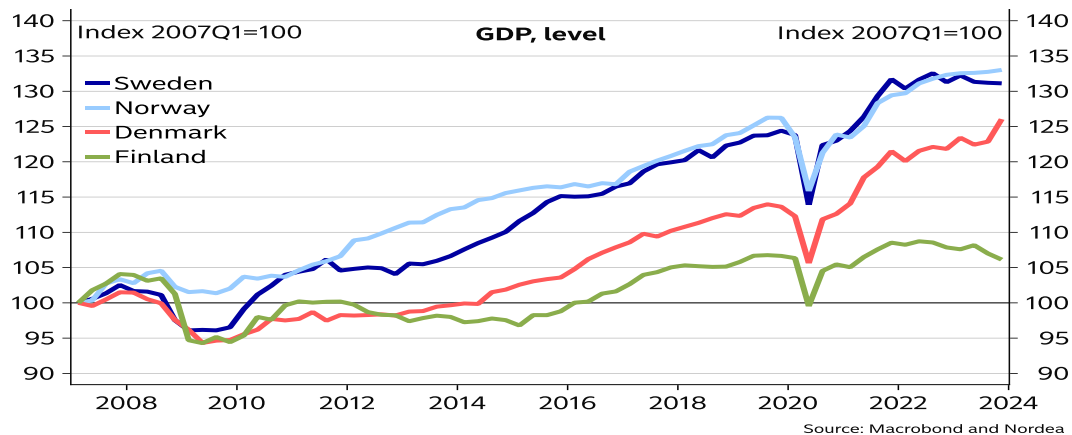
- Subordinated MREL, the higher of:
 - 20.66% REA + CBR*
 - 7.19% LRE**
- Total MREL, the higher of
 - 23.30% REA + CBR
 - 7.19% LRE
- Applicable from 1 January 2024 (to be updated in Q2 2024)

4. Macroeconomy

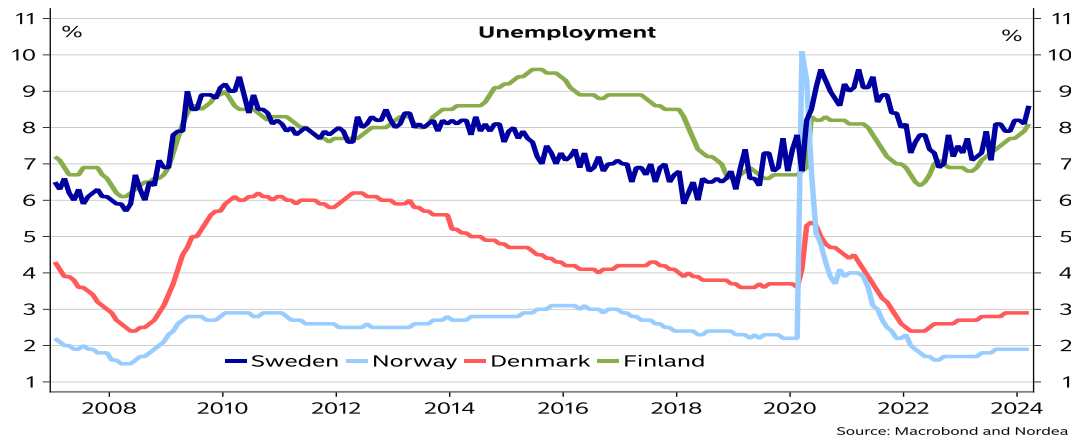
Nordic economic development

Recovery continues

GDP



Unemployment rate



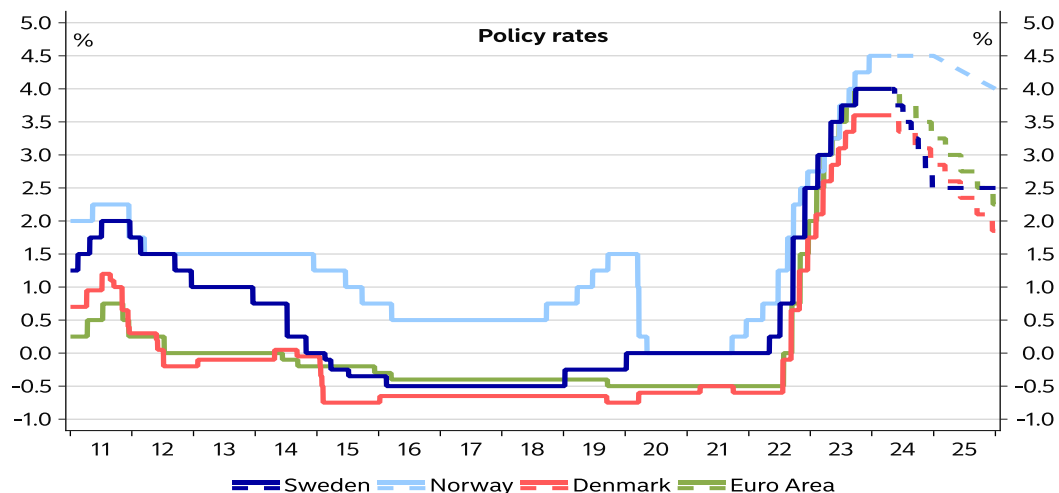
- The Nordic economies have shown mixed trends on the back of surging inflation and higher interest rates. However, the economic development in most of the countries have been better than previously anticipated
- Normalising inflation and lower policy rates in the second half of this year should ease financial conditions
- The labour market is expected to further weaken before stabilising during the latter part of this year

GDP, % y/y, Economic Outlook April 2024

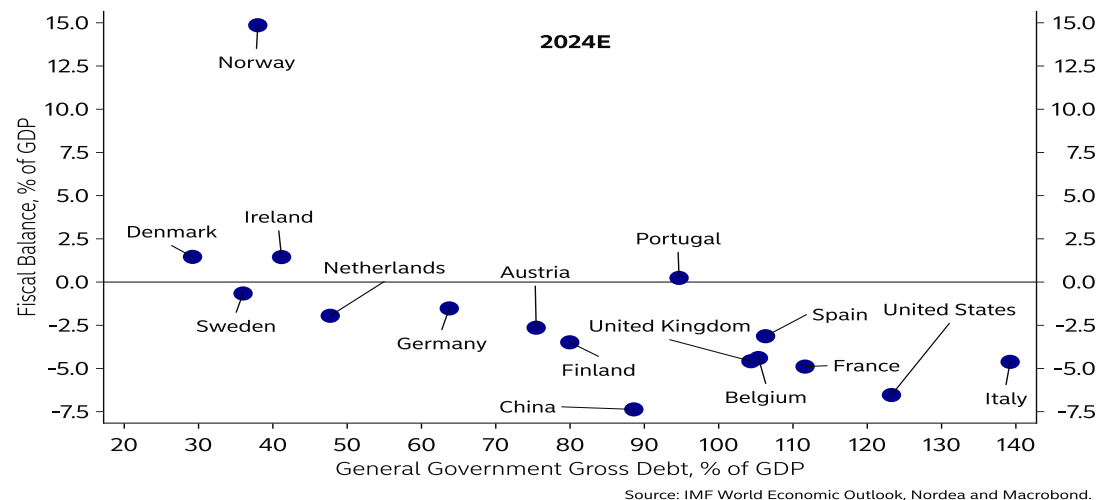
Country	2022	2023	2024E	2025E
Denmark	2.7	1.9	2.5	1.5
Finland	1.3	-1.0	-1.0	1.5
Norway (mainland)	3.7	0.7	1.0	1.7
Sweden	2.7	0.0	0.4	2.1

Central banks moving closer to cutting policy rates

Policy rates



Public balance/debt, % of GDP, 2024E (IMF)



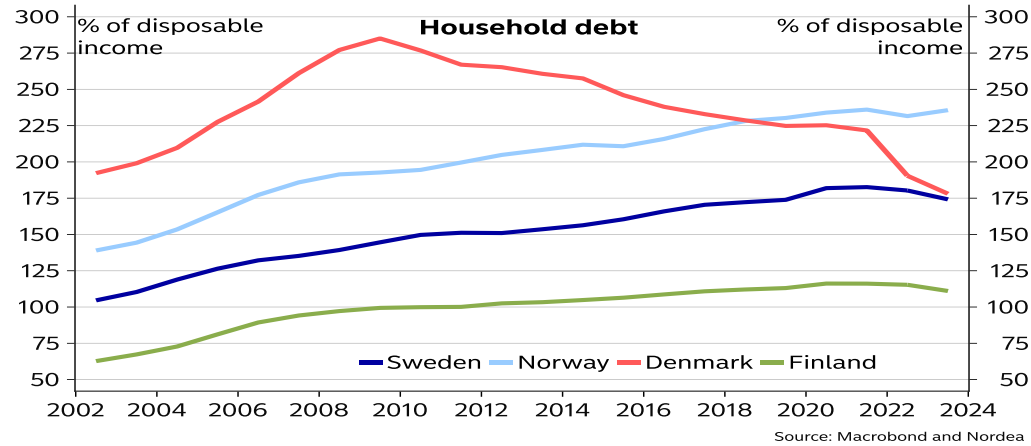
Source: IMF World Economic Outlook, Nordea and Macrobond.

- The Swedish Riksbank, ECB, Danmarks Nationalbank and Norges Bank are not expected to raise policy rates any further
- The Riksbank is expected to start cutting the policy rate in May, by 0.25 percentage points to 3.75%, and cut five additional times during this year to 2.50% in December, according to Nordea Market's forecast. The ECB will start cutting the policy rates in June and thereafter lower the level by 0.25 percentage points each quarter until they reach 2.25%
- Norges Bank is expected to stay on hold this year but cut the policy rate by 0.50 percentage points next year, from 4.50 to 4.00%
- The ECB and the Riksbank are reducing their balance sheets
- Policy rates are expected to remain well above pre-pandemic levels, despite the expected rate cuts
- Solid public finances will help Nordic governments to support the economic recovery ahead

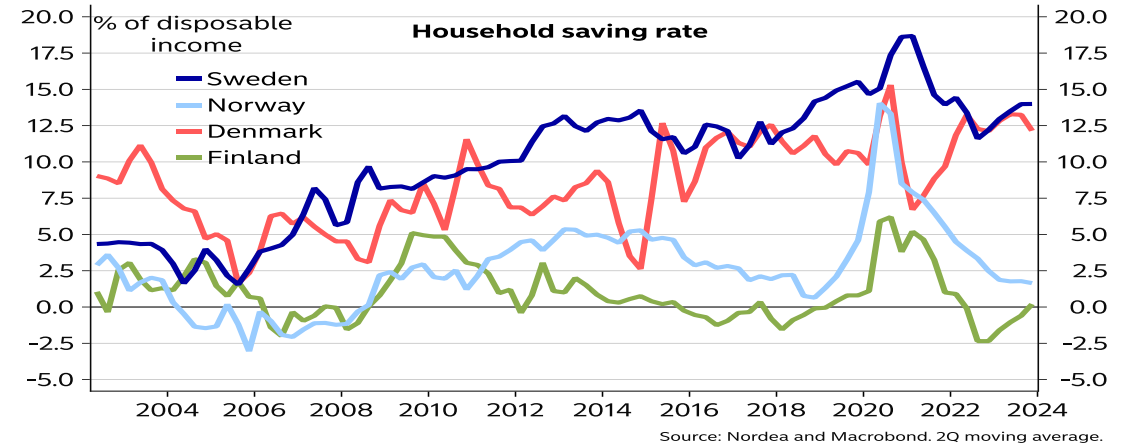
Source: Nordea Markets and Macrobond

High savings rates and sluggish consumption

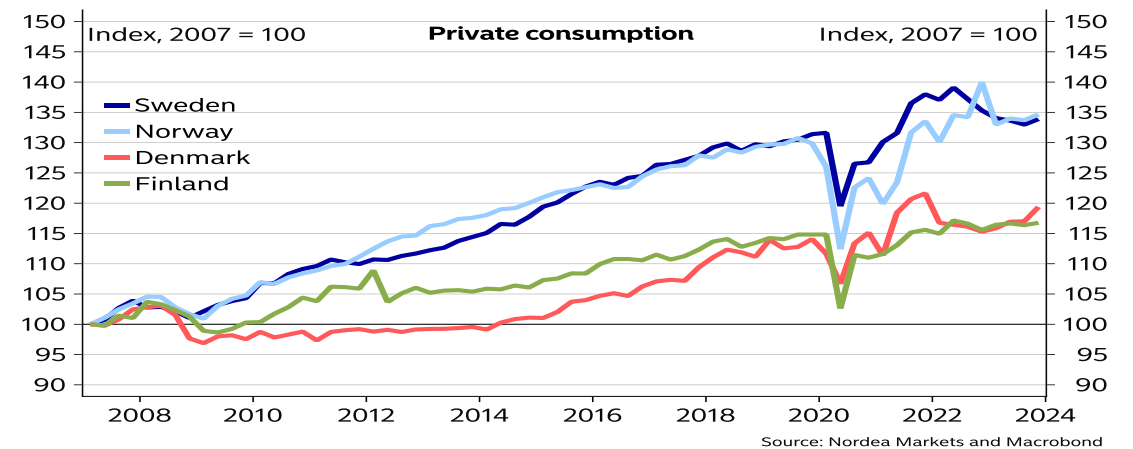
Household debt



Household savings



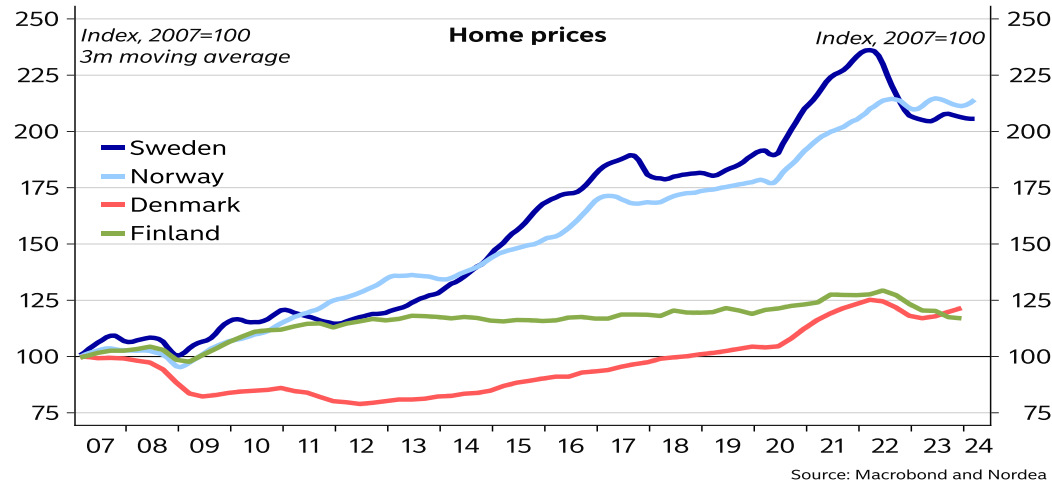
Private consumption



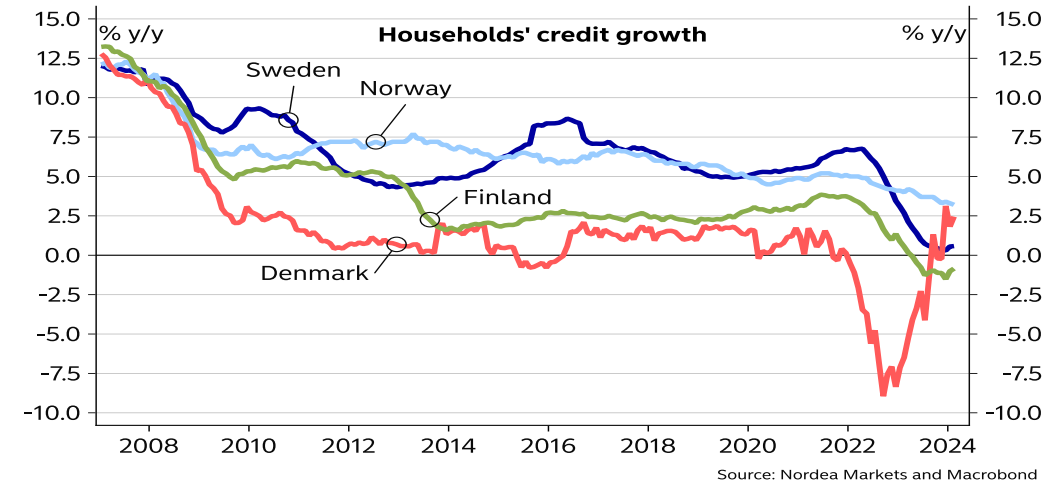
- Household consumption will remain sluggish due to high interest expenses. Denmark is expected, however, to recover better this year than their Nordic counterparts. Sweden and Norway will also rebound, but from very low levels last year
- Households' purchasing power will continue to improve as inflation normalises and wage growth remains higher than before the pandemic
- In most of the Nordics, households' debt ratios have decreased whilst savings rates have increased

Stabilisation across the Nordic countries

Home prices



Households' credit growth



- Home prices have stabilised in Sweden and Norway at the start of this year, possibly attributed to households' expectations of lower interest rates. Developments were mixed last year in the Nordics after rising to record-high levels in 2022
- Monetary policy will remain restrictive for the better part of 2024 despite central banks starting to cut rates
- Accordingly, home prices are expected to bottom out during the summer and gradually recover towards the year-end
- Households' credit growth has stabilised close to zero in Sweden and Finland. In Norway credit growth continues to slow down, but from higher levels. In Denmark credit growth has bounced back from record low year-on-year figures

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