

Nordea

Case Nordea

FIRS IR Day, 4 October 2022

Ilkka Ottoila, Investor Relations



Largest financial services group in the Nordics



Personal Banking
1¹

Business Banking
1¹

Large Corporates & Institutions
#1-2¹

Asset & Wealth Management
1¹

Total assets, EUR²

611bn

Assets under management, EUR²

356bn

Loans to the public, EUR²

348bn

Return on equity²

13.3%

Customers

~10 million

Employees

~27,000

Retail investors

~500,000

Market cap, EUR²

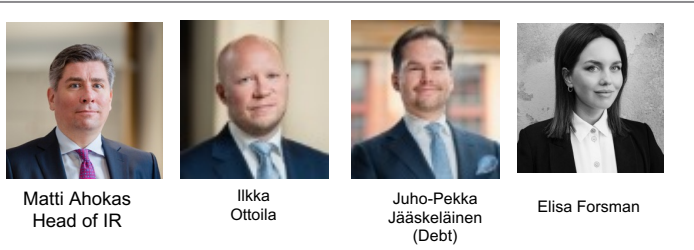
31.5bn



Investor Relations is a strategic function for communication to the financial community



Ian Smith
Group CFO

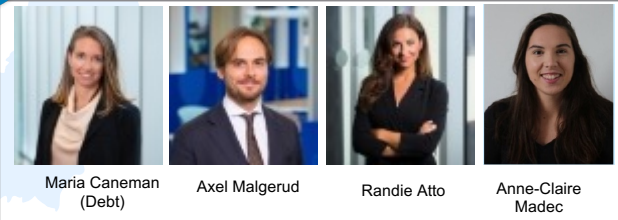


Matti Ahokas
Head of IR

Ilkka
Ottoila

Juho-Pekka
Jääskeläinen
(Debt)

Elisa Forsman



Maria Caneman
(Debt)

Axel Malgerud

Randie Atto

Anne-Claire
Madec

A group of four business professionals are seated around a wooden table in a bright, modern office setting. They appear to be in a meeting or discussion. The woman on the left is looking towards the man on the right. The man in the background is looking at the woman in the center. The woman in the center is looking towards the man on the right. The man on the right is looking towards the woman in the center. The text is overlaid on the left side of the image.

1. Capital Markets Day

2. Investor Engagement

CMD 2022 – Feedback

Morgan Stanley | RESEARCH

February 17, 2022 03:07 PM GMT

Nordea Bank Abp | Europe

1st Take CMD: **More of the Same**

📄 Stock Rating
Equal-weight

👁 Industry View
Attractive

🎯 Price Target
SKr 123.00

Nordea has presented its strategic plan targets for the 2022-25e business plan. This was followed up with a more detailed presentation, from the main targets that had already been published. The main commitment is to distribute €15-17bn to shareholders over 2022-25e, which is equivalent to c.40% of the market cap. Nordea has already bought back shares for €1.2bn (out of its €2bn initial program), announced a €1bn buyback last Feb. 8th and today the CFO mentioned there's another €1bn to come on top, which is pending ECB approval. That's a total of €2.8bn buyback for 2022. Nordea also reiterated its dividend policy at 60-70%.

ABG Sundal Collier, Equity research

Nordea

BUY, NDAFI.HE: SP, SEK 107.70; TP, SEK 120.00

CMD **It doesn't get more clear-cut than this**

- Nordea outlined exactly where it is going...
- ...and how it is going to get there
- Credible, transparent and underappreciated – BUY

Danske Bank

18 February 2022

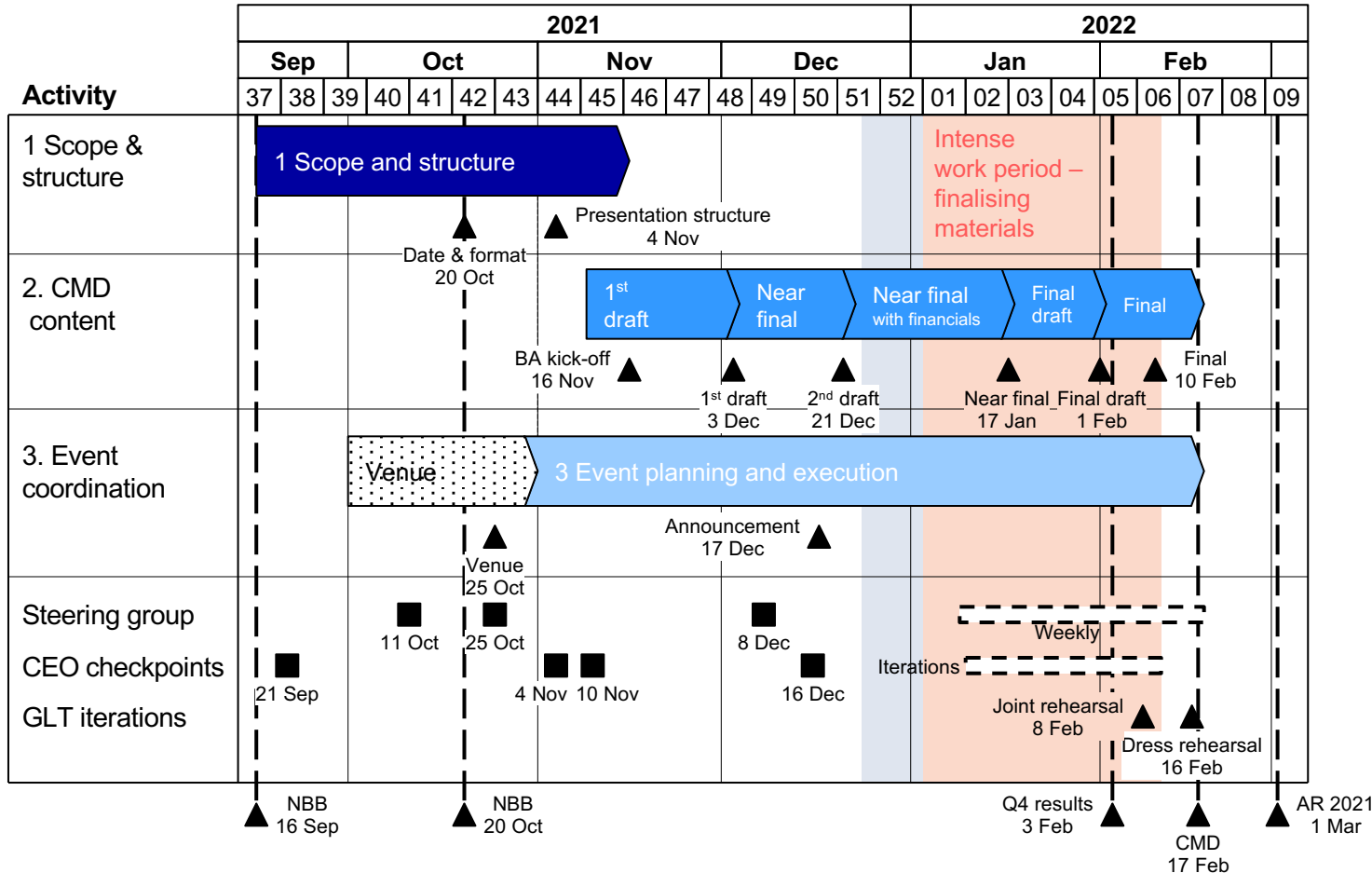


Morning Ilkka,

I have not seen such a solid presentation from a Nordic bank in a very long time. They were clear, confident and they gave enough details to make it easy for the market to understand how they expect to reach what I still argue to be an ambitious target given its geographic split. Of course some southern European banks have a larger impact on the bottom line from rate hikes (since they hardly generate any bottom line) but I think Nordea with its improving ROE and very large capital distribution should be very high up on the preference list among European banks. It is our top pick in the Nordic region.

CMD 2022 – The Plan

High-level time plan



Milestones and key activities

Key dependencies

- Group and BA strategy
- Financial plan and targets – NBB approval (Feb)
- Q421 results & Annual report 2021

1 Scope and structure

- CEO confirmation on agenda, time and overall structure (Sep)
- Board update on format and timing (Oct/Nov)
- CMD presentation structure & storyline – CEO confirmation (Oct/Nov)

2 CMD content

- On-boarding of input providers (mid-Nov)
- CMD presentation drafts – iterations (Nov-Jan)
- Branding and layout (Nov)
- Legal review (Jan/Feb)
- Sign-off (Feb)

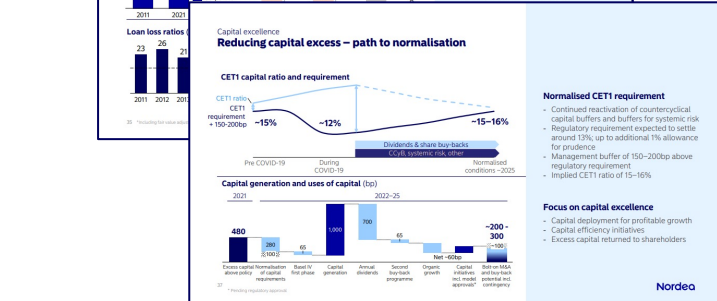
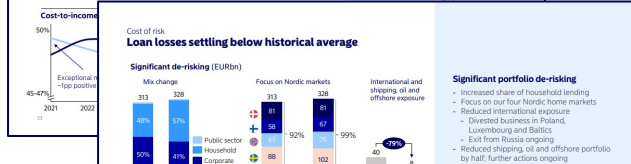
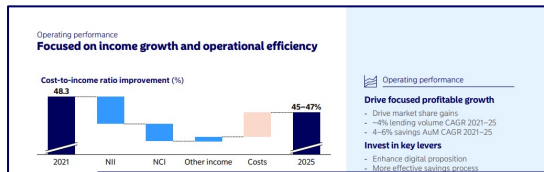
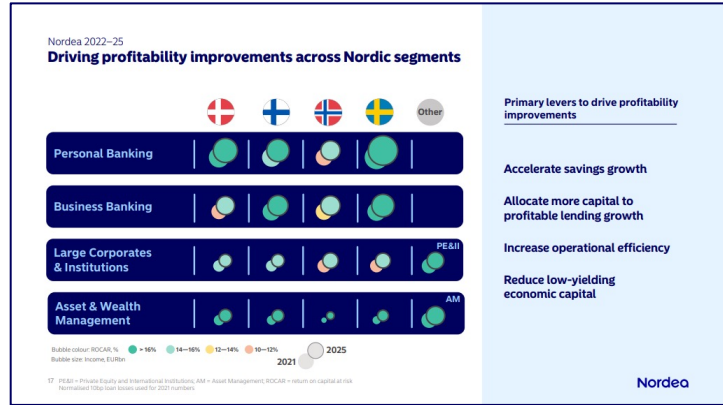
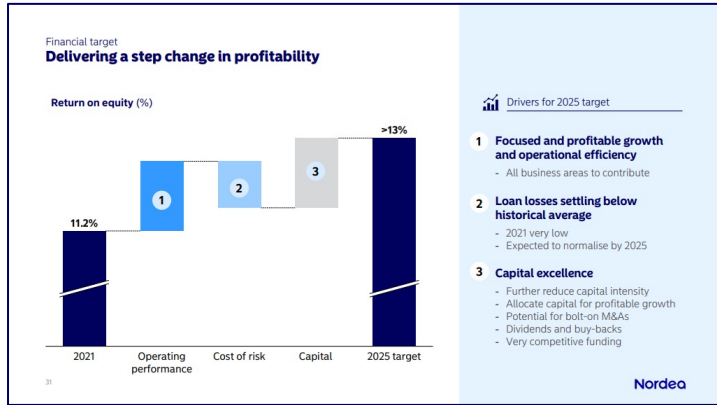
3 Event planning and execution

- Venue and hotels incl. technical support
- Invitations to investors/analysts
- Press releases & media coordination
- Presentation and dress rehearsals (Feb)
- On-site execution: Hour-by-hour schedule for CMD (Jan/Feb)

CMD 2022 – Setting the structure

Section	Main message & objective	Content	Total ~60 pages
Title & agenda			~2 pages
1 CEO – strategic direction 40min	<ul style="list-style-type: none"> • Build credibility based on track record • Introduce new targets • Introduce strategic priorities, and how we will approach them, structured around our equity story 	<ol style="list-style-type: none"> 1. Intro 2. Nordea today 3. Close old targets 4. Next step for Nordea - New financial targets 5. Key strategic priorities / 1 slide each and why it matters 6. Key messages 	~11-12 pages
2 CFO – financials 30min	<ul style="list-style-type: none"> • Coming from a position of strength • Dive deeper into new financial targets • Dive deeper into cost and capital efficiency 	<ol style="list-style-type: none"> 1. Nordea today - financial 2. New financial targets – deep dive 3. Continued focus on efficiency - structural cost savings 4. Strong credit quality – de-risking 5. Basel IV 6. Capital excellence 7. Key messages 	~9-10 pages
Divider: Q&A			~1 page
3 Business area 4 x 20min	<ul style="list-style-type: none"> • Build credibility based on track record • Introduce relevant strategic priorities for each BA, how they link to the targets, and how we will approach them 	<ol style="list-style-type: none"> 1. PeB/ BB/ LCI/ AWM today 2. Close old targets 3. New financial targets 4. Strategic priorities 5. Deep dive to main focus 6. Other key activities 7. Key messages 	~8 pages x4
Divider: Q&A			~1 page
Closing			~1 page

CMD 2022 – Double-clicks, 4x4+2, “brothers and sisters”



Personal Banking

Business Banking

Large Corporates & Institutions

Asset & Wealth Management

CMD 2022 – Clear target and transparent underlying assumptions

Nordea 2022–25

Updated business plan with higher target

2019–21
A strong and personal financial partner
New strategic direction and targets
Grow credibility and retake lost ground in business

2022–25
The preferred financial partner in the Nordics

Raising the bar
Firm financial target bringing us to best-in-class in the Nordic and European markets

Best-in-class omnichannel customer experiences and further value creation for shareholders
Meet and exceed customers' expectations and deliver competitive shareholder returns with firm focus on capital excellence

Well equipped for the future
Accelerate development of focus areas and ensure stable and well-diversified credit portfolio

2025 financial target

Return on equity >13%
Assumes CET1 requirement of 15–16%, including management buffer

Supported in 2025 by

Cost-to-income ratio 45–47%

Loan losses Normalised ~10bp

Capital and dividend policy
60–70% dividend payout ratio; excess capital distributed through buy-backs
Management buffer of 150–200bp above regulatory CET1 requirement

Financial target

Key assumptions underpinning our plans

GDP growth (%)

Interest rates (%)

Inflation (%)

Unemployment rates (%)

Nordic lending market growth ~3% CAGR 2021–25

Equity market return +6% CAGR 2021–25

Fixed income market return -0.5% CAGR 2021–25

Foreign exchange rates
EUR/SEK 10.24
EUR/NOK 10.64
EUR/DKK 7.44

A group of four business professionals are seated around a wooden table in a bright, modern office setting. They appear to be in a meeting or collaborative work session. The woman in the foreground on the left is smiling and looking towards the man on the right. The man on the right is seen from the back, holding a pen. The woman in the background is looking towards the camera. The man in the background is looking down at a document. The scene is well-lit with natural light from windows in the background.

1. Capital Markets Day

2. Investor Engagement

Investor engagement – Basic principles

1. Treat existing shareholders fairly

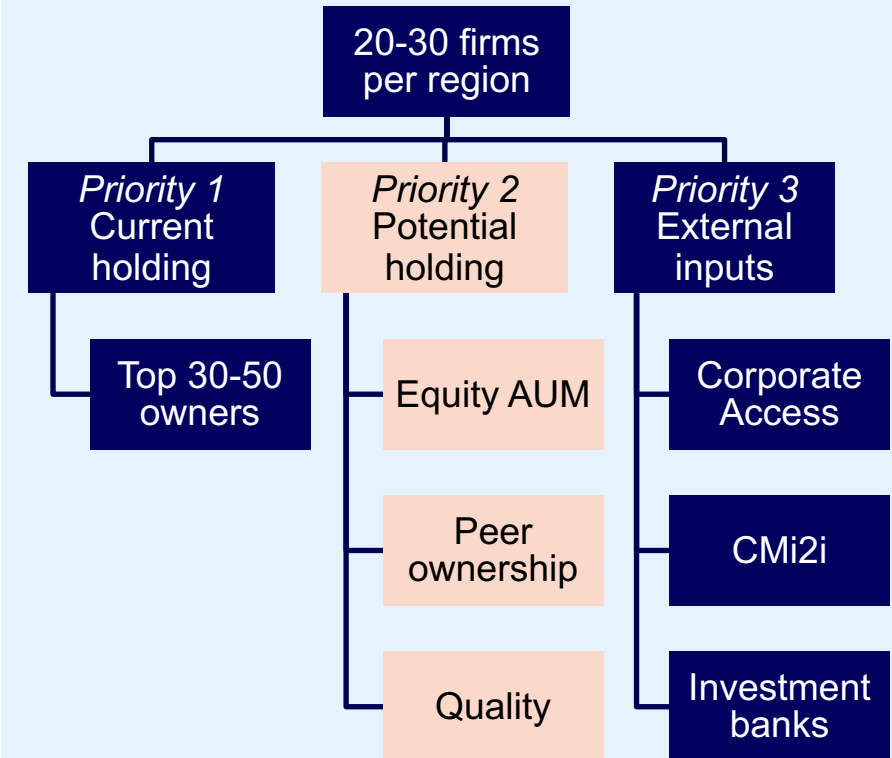
- Rule of thumb - Largest owners must have management access
- Rotate quarterly between 1:1 meetings and group meetings
- Ensure other relevant shareholders have access to at least group meetings

2. Prioritise targets – spend management time effectively

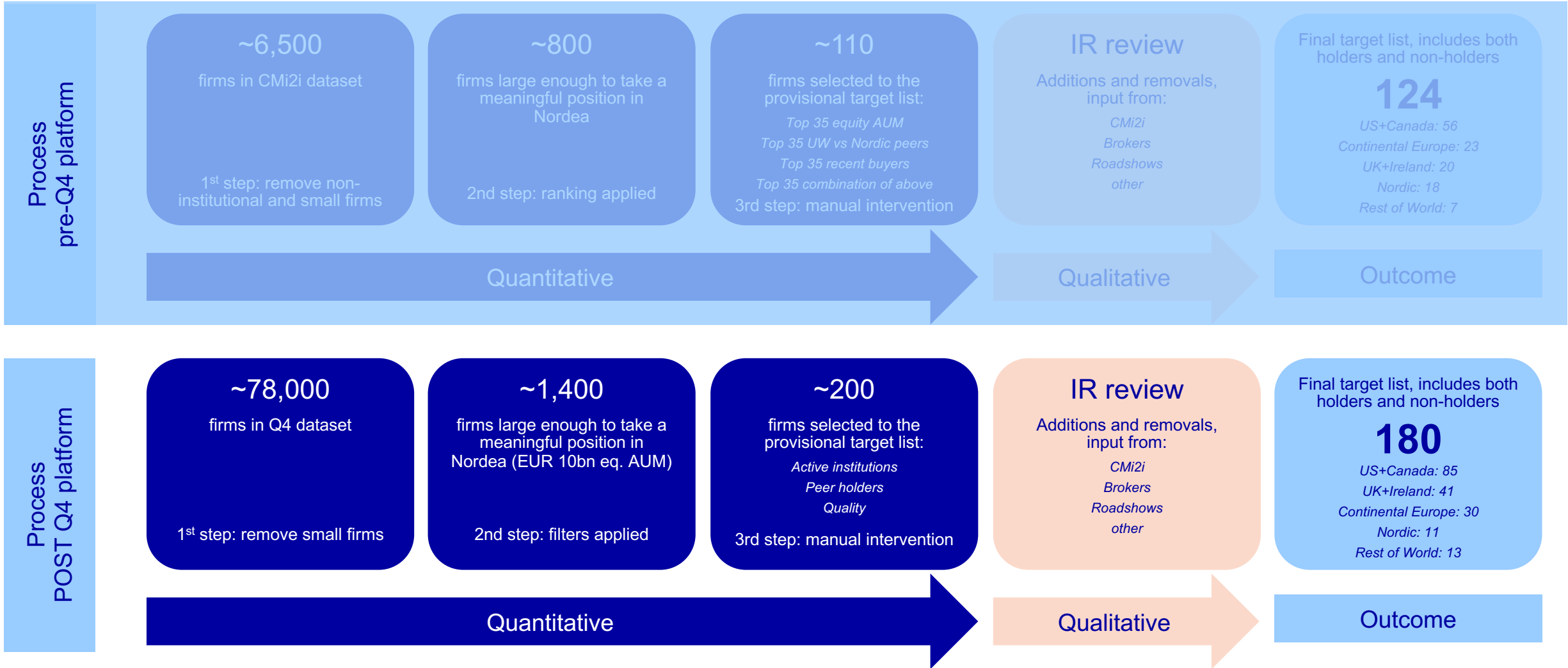
- Prioritise potential new investors with highest impact
- Investors filtered using the targeting framework:
 - a) AUM
 - b) Peer ownership
 - c) Quality
- Include both (minor) holders and current non-holders
- Prioritise 1:1 vs group meetings based on equity assets under management

3. Maintain good relationships with corporate access etc

- Consider targets suggested by third parties – it’s a two-way street
- Helps ensure we don’t miss any potential investors that are active in the sector

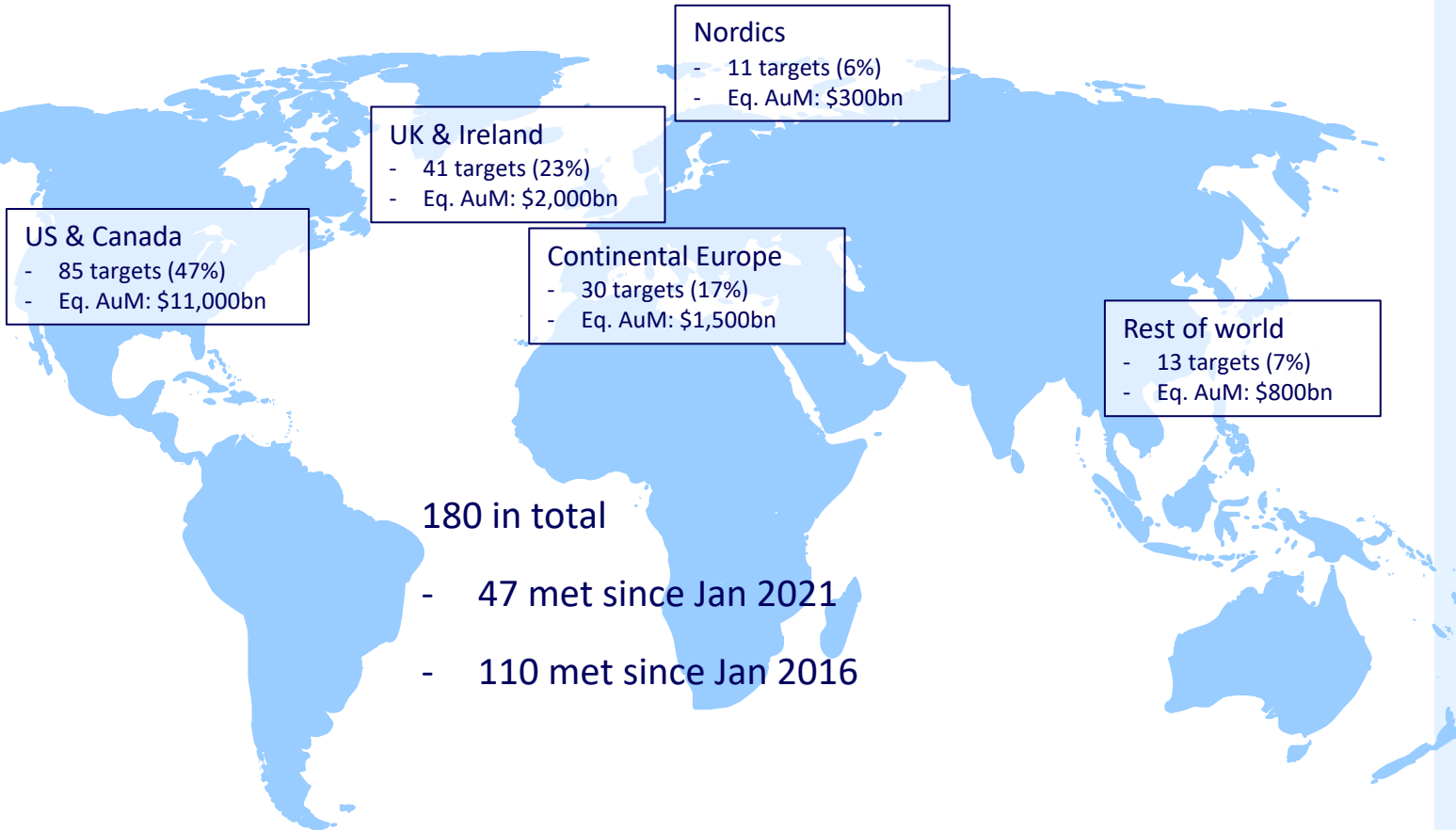


Investor engagement – Targeting framework

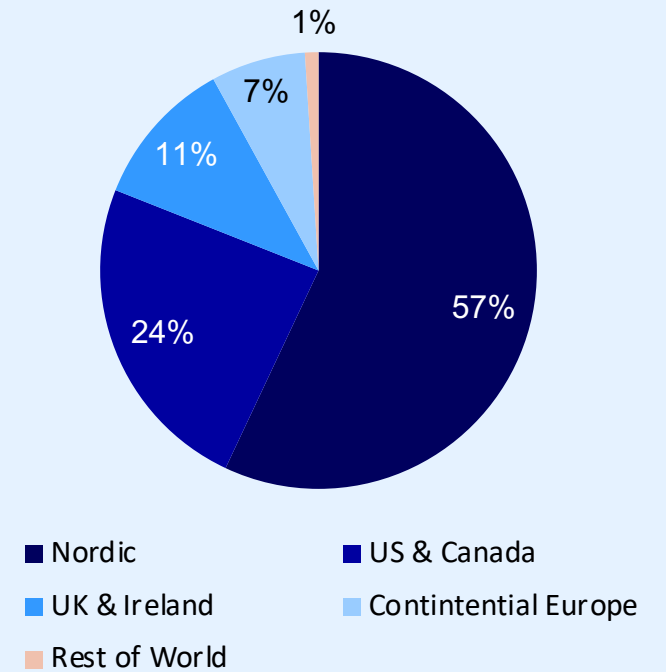


Investor engagement – Targeting results

Targets by region (priority 2)



Top 50 holders



Investor engagement – In real life

Case study: UK roadshow

6 steps approach

- Step 1 – Nordea shares proposed targets
- Step 2 – Broker reviews and proposes adjustments
- Step 3 – Tier 1/2/group target lists agreed
- Step 4 – Broker reaches out to Tier 1 targets and then provides us with an update
- Step 5 – Broker reaches out to Tier 2 targets following our approval
- Step 6 – Fill schedule 8 days before start of event, to share with management

UK roadshow in figures

- 13 investors (6 in 1x1s, 7 in group meeting)
- Of which 5 large holders, 4 potential holders (priority 2) and 4 through external inputs
- Declines: 16 | No response: 11

Tier 1

Confirmed - 1on1 in person
 Confirmed - 1on1 VC
 Confirmed - 1on1 VC
 Declined, does not require a meeting this time round
 Confirmed - 1on1 in person
 Final chaser done, assume no thank you on this occasion
 Confirmed - 1on1 in person
 Final chaser done, assume no thank you on this occasion

Tier 2

Confirmed - group - prefers to stay in group
 Final chaser done, assume no thank you on this occasion
 Final chaser done, assume no thank you on this occasion
 Declined, no thank you on this occasion
 Final chaser done, assume no thank you on this occasion
 Confirmed - 1on1 in person
 Final chaser done, assume no thank you on this occasion
 Declined, no thank you on this occasion
 Declined, no thank you on this occasion
 Declined

Group

Confirmed - group
 Final chaser done, assume no thank you on this occasion
 Confirmed - group
 Confirmed - group
 Declined, no thank you on this occasion
 Confirmed - group
 Declined, no thank you on this occasion
 Declined, no thank you on this occasion
 Declined, no thank you on this occasion
 Declined, no thank you on this occasion
 Declined, no thank you on this occasion
 Declined, no thank you on this occasion
 Declined, currently only generalist coverage
 Declined, no thank you on this occasion - in South Africa at the moment
 Final chaser done, assume no thank you on this occasion
 Final chaser done, assume no thank you on this occasion
 Confirmed - group
 Declined, no thank you on this occasion

Nordea

Q&A

