

## **Disclaimer**

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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. Nordea second-quarter 2022 update

#### Nordea today

## The largest financial services group in the Nordics



#### **Business position**

- Universal bank with a 200-year history of supporting and growing the Nordic economies
- Leading market position in all four Nordic countries
- Well-diversified mix of net interest income, net fee and commission income and capital markets income

### Broad customer base and strong distribution power

- Approx. 320 branch office locations
- Enhanced digitalisation of business for customers
- Sustainability an integrated part of our business strategy
- Income evenly distributed between business areas

#### Financial strength (Q2 2022)

- FUR 24bn in total income
- EUR 1.3bn profit before loan losses; EUR 1.1bn net profit
- EUR 611bn in assets
- EUR 30.7bn in equity capital
- CET1 ratio 16.6%
- Leverage ratio 4.9%

#### **AA level credit ratings** (senior preferred bonds)

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

#### **EUR 31.5bn in market capitalisation** (Q2 2022)

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



#### Second-quarter highlights 2022

## **Executive summary**

### Continued growth in lending volumes, strong performance in corporate sector

- Mortgage volumes up 6% y/y, SME lending up 7% y/y and large corporate lending up 16% y/y. Assets under management down 9% q/q

## Higher income and increased operating profit despite market turbulence

- Net interest income up 6%, net fee and commission income down 5% and net fair value result up 1%
- Operating profit up 2% compared with record levels in Q2 2021

Cost-to-income ratio\* 49% – costs excluding regulatory fees down 1%

Strong credit quality – EUR 45m released from COVID-19 management judgement buffer

- Net loan losses and similar net result amounting to reversals of EUR 56m or 6bp during quarter

Return on equity\* 13.3% and earnings per share EUR 0.28

EUR 4.5bn distributed to shareholders YTD and new EUR 1.5bn share buy-back programme launched

- CET1 ratio increased to 16.6% – 6.3pp above regulatory requirement

Outlook maintained: return on equity above 11% expected for 2022, supported by cost-to-income ratio of 49-50%

## Key financials

# Second-quarter results 2022

| Income statement and key ratios<br>EURm        | Q222   | Q221   | Q2/Q2 | Q122*  | Q2/Q1 |
|--|--------|--------|-------|--------|-------|
| Net interest income                            | 1,308  | 1,232  | 6%    | 1,308  | 0%    |
| Net fee and commission income                  | 838    | 878    | -5%   | 870    | -4%   |
| Net fair value result                          | 282    | 278    | 1%    | 295    | -4%   |
| Other income                                   | 16     | 30     |       | 17     |       |
| Total operating income                         | 2,444  | 2,418  | 1%    | 2,490  | -2%   |
| Total operating expenses excl. regulatory fees | -1,122 | -1,131 | -1%   | -1,116 | 1%    |
| Total operating expenses                       | -1,139 | -1,131 | 1%    | -1,388 | -18%  |
| Profit before loan losses                      | 1,305  | 1,287  | 1%    | 1,102  | 18%   |
| Net loan losses and similar net result         | 56     | 51     |       | 12     |       |
| Operating profit                               | 1,361  | 1,338  | 2%    | 1,114  | 22%   |
| Cost-to-income ratio excl. regulatory fees, %  | 45.9   | 46.8   |       | 44.8   |       |
| Cost-to-income ratio**, %                      | 49.2   | 49.1   |       | 48.0   |       |
| Return on equity**, %                          | 13.3   | 11.4   |       | 12.5   |       |
| Diluted earnings per share, EUR                | 0.28   | 0.25   | 12%   | 0.22   | 27%   |

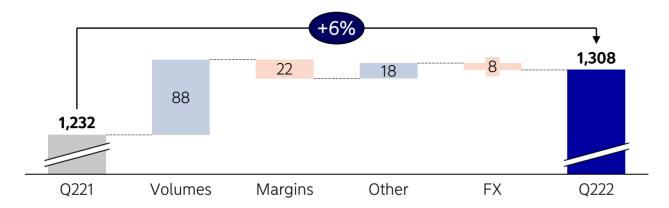
<sup>\*</sup> Excluding IAC; see page 5 in half-year 2022 interim report for details \*\* With amortised resolution fees



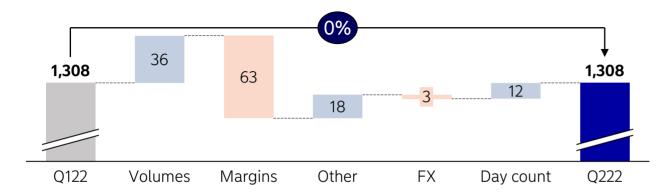
#### Net interest income

## Continued strong volume growth, lower lending margins

#### Year-over-year bridge, EURm



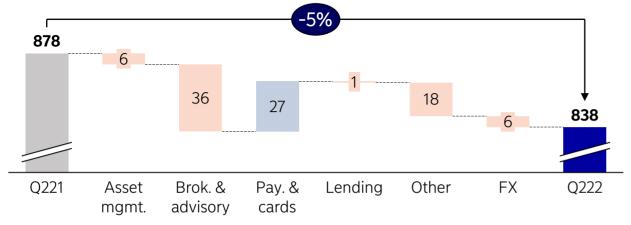
#### Quarter-over-quarter bridge, EURm



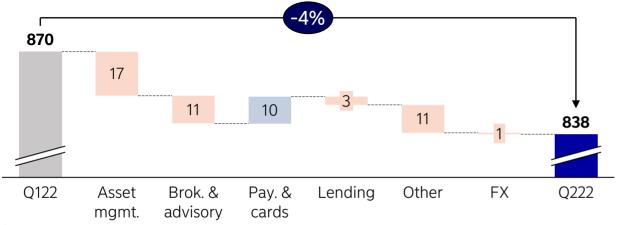
- Net interest income up 6%
- Strong lending volume growth across business areas
  - Strong performance in corporate sector with large corporate lending up 16%
- Lending margins down across business areas and countries
  - Margins pressured by increased funding costs
- Deposit margins up, driven by higher policy rates in Norway and Sweden

# Higher payment and card income partly offsetting lower asset management, brokerage and advisory income

#### Year-over-year bridge, EURm



#### Quarter-over-quarter bridge, EURm

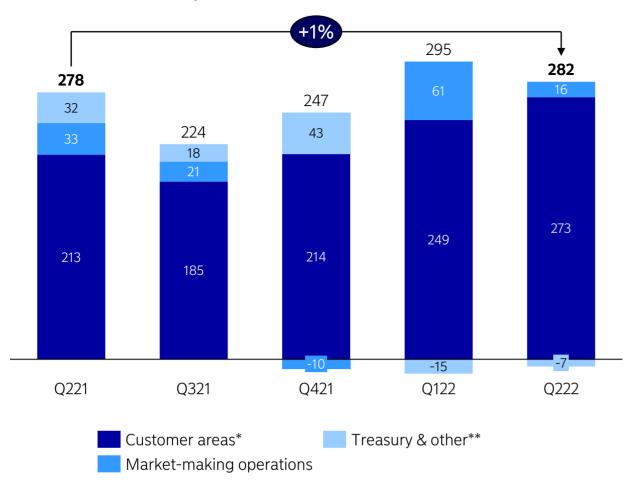


- Net fee and commission income down 5%
- Savings fees down following lower assets under management
  - Assets under management down 7% but net flow was positive
- Brokerage and advisory fee income down from record levels of Q2 2021
  - Customer activity negatively impacted by volatile market conditions
- Payment and card fee income up due to higher customer activity

#### Net fair value result

## High customer activity driving net fair value result

#### Net fair value result, EURm



- High customer activity
  - Strong interest in FX and rates products
- Gains related to restructuring of Offshore portfolio
- Market-making subdued challenging market conditions for fixed income

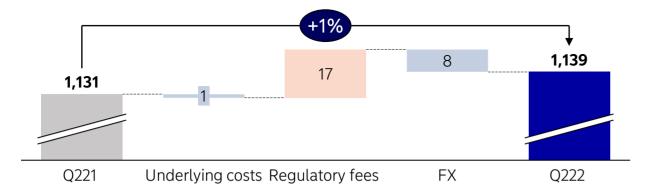
<sup>\*</sup> Excludes fair value adjustments to loans held at fair value in Nordea Kredit

<sup>\*\*</sup> Includes valuation adjustments and FX

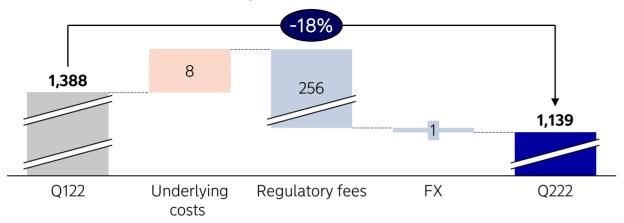
#### Costs

# **Underlying costs stable**

#### Year-over-year bridge, EURm



#### **Quarter-over-quarter bridge, EURm**



## Costs up 1% from Swedish bank tax

- Costs excluding regulatory fees down 1%



# Nordea

2025: The preferred financial partner in the Nordics

Raising the bar on financial performance

Driving best-in-class omnichannel customer experiences and further value creation for shareholders

Well equipped for the future

## 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

## Long term commitments and objectives supported by short term targets 💙



### Our long-term commitment and objective:



emissions bank by 2050 at the latest



40-50%

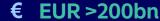
reduction in emissions across investment and lending portfolios by 2030<sup>1</sup>



50%

reduction in emissions from internal operations by 2030<sup>1</sup>

## Supported by our 2025 targets<sup>2</sup>:



Sustainable Financing facilitation 2022-2025



**90%** 

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



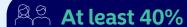
80%

of top 200 emitters in NAM portfolios to be aligned with the Paris agreement or else subject to active engagement to become aligned



x2) Double

the share of net-zerocommitted AUM



representation of each gender at the top three leadership levels<sup>3</sup> combined

<sup>13 1)</sup> compared to 2019 baseline

<sup>2)</sup> Selection of our medium-term targets – <u>link</u> to full list of targets

<sup>3)</sup> Group Leadership Team (GLT), GLT-1 and GLT-2

#### Sustainability at the core

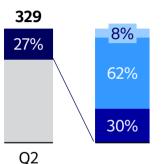
# Key strategic priority

#### Actively engaging to drive transition and capturing growth opportunities

#### Climate-vulnerable exposure

Sector assessment (total lending, EURbn)

Climate-vulnerable sectors



- Assessment completed Oil, gas and offshore, Shipping, Mining
- Assessment under wav Power, Utilities. Real estate management
- Assessment planned Other climate-vulnerable sectors

# 9.7 2,6 1.1

2020

**Green lending** 

Total volumes, FURbn

12.7

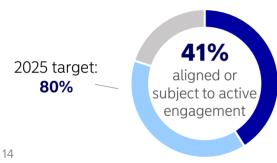
02 2022

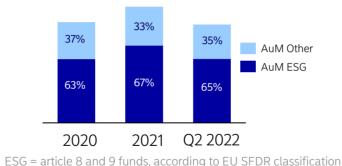
# **ESG** share of AuM

2019



O2 2022. Portfolios in Asset Management





2021

## Q2 key highlights

- By O2 facilitated EUR 31.5bn in sustainable financing (target EUR >200bn by 2025)
- Published our new sustainability-linked loan funding framework
- New sustainable choice products launched Nordea Finance:
  - Circular IT Leasing
  - Financing of electrical vehicle chargers
  - Financing of solar panels

#### Asset & Wealth Management:

- Sustainable balanced fund family in DK
- Sustainable balanced return fund in FI, NO and SF
- Nordea wins Global Finance's 2022 Sustainable Finance Award in all Nordic countries where the award is given – DK, Fl and SF

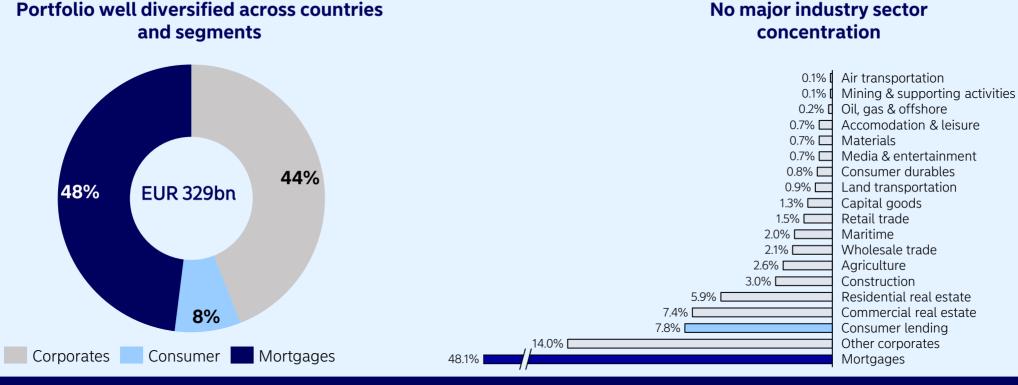


2022

# 2. Credit quality

#### Credit portfolio

## Well diversified with strong credit quality



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

Lending by country

1%



21%



24%



22%



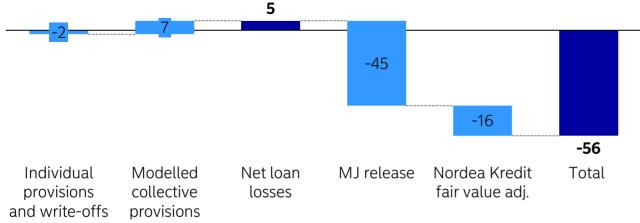
32%



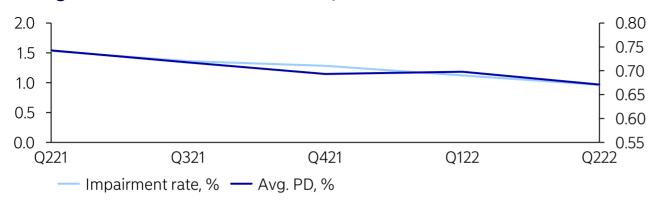
#### Net loan losses and similar net result

## Net reversals and lower non-performing loans

## Net loan losses and similar net result Q2 2022, EURm



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



## Net loan losses and similar net result amounting to reversals of EUR 56m (6bp)

- Very low new provisions
- Continued reversals from Shipping and Oil, gas and offshore portfolio restructuring
- Weaker macro-economic outlook incorporated in provisioning models

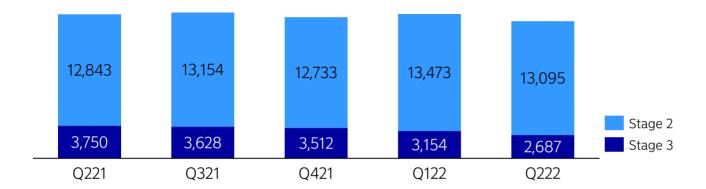
## Management judgement buffer reduced by EUR 45m to EUR 565m

- Credit risk related to COVID-19 assessed as reduced
- Continued strong credit quality and further decrease in nonperforming loans

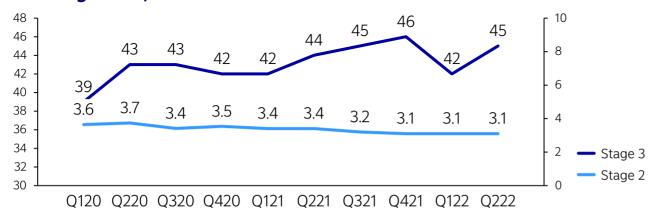
#### Impairments and provisioning coverage

# **Continued strong credit quality**

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



#### Coverage ratio, %



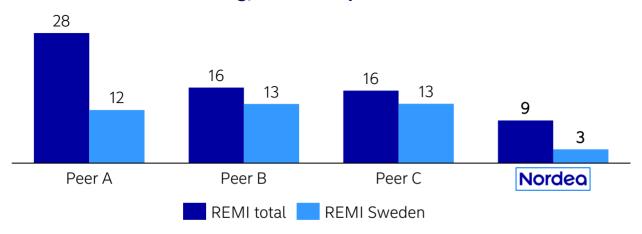
- Stage 3 impaired loans further reduced, to 0.96% from 1.12% in Q1
- Stage 2 loans down 3% q/q
- Coverage ratio for remaining
   Stage 3 portfolio improved from
   42% to 45%
- Weaker macro-economic outlook offset by continued improvement in portfolio credit quality



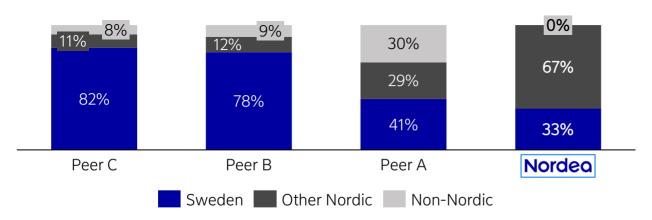
Real estate management industry (REMI)

## Low relative exposure and well-diversified REMI portfolio

#### REMI as % of total lending, Q1 2022 reports\*



#### **REMI** geographic diversification



- Nordea has low share of total lending towards REMI compared with peers
- Nordea REMI portfolio (EUR 30bn\*) is well diversified with low exposure to Swedish REMI lending compared with peers
  - Nordea exposure 3% vs. Swedish peer average of 13%

## High-quality portfolio

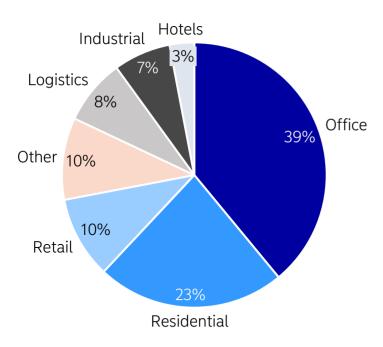
- Our stress tests suggest very limited provisions even from potential large price decreases
- Strict underwriting standards with focus on cash flows, diversified businesses in favourable locations and interest rate risk hedging requirements



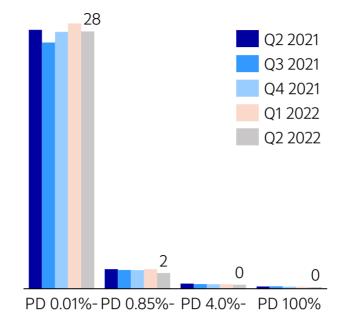
Real estate management industry (REMI)

# Well diversified with high quality

# Distribution of REMI property types, EUR 30bn\*



# Distribution of REMI by probability of default (PD), EURbn\*

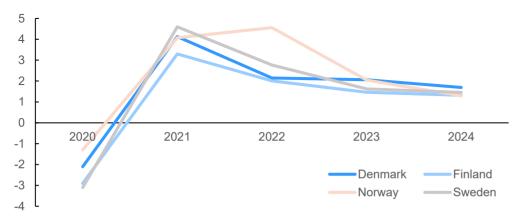


- Diversified portfolio
- Nearly two-thirds of portfolio consists of resilient office and residential properties
- Growing demand for properties supporting e-commerce and lastmile logistics
- 92% of exposure towards lowrisk customers in Q2

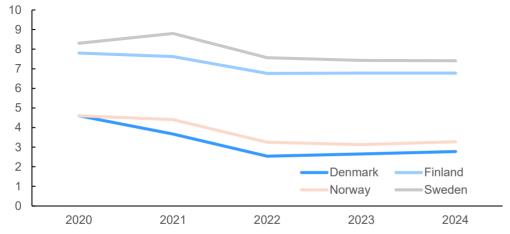
#### IFRS 9 model update

## Macroeconomic assumptions for scenarios

#### Baseline annual GDP growth, %



#### Baseline unemployment rate, %

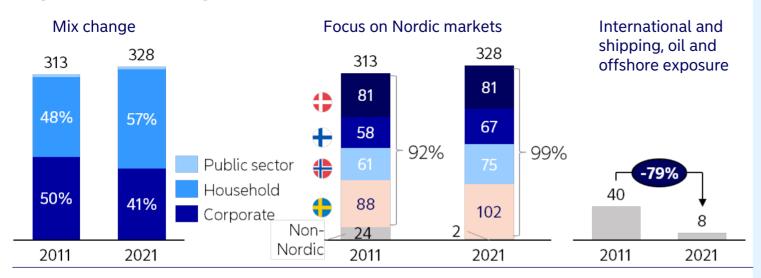


- Economic forecasts from Nordic central banks and the ECB are used as basis for baseline scenarios
- Scenarios are less positive in Q2
- Base scenario, 50% weight
  - The war in Ukraine is weighing on the outlook through higher energy and food prices, shocks to business and consumer confidence and significantly higher interest rates
  - The starting point is quite robust as the Nordic economies have fully recovered after the COVID-19 pandemic
- Adverse scenario, 40% weight
  - The conflict between Russia and Ukraine could potentially cause energy prices to move even higher, providing a further negative impulse to private consumption and investments
- Upside scenario, 10% weight
  - Energy prices decrease and uncertainty is reversed prompting a stronger recovery
     Nordeo

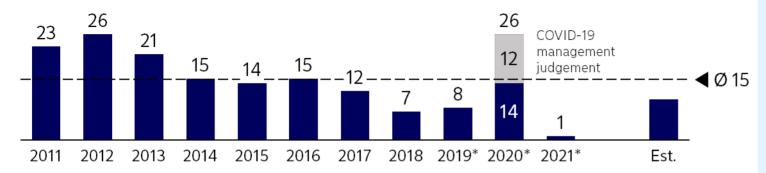
#### Credit quality

## Portfolio significantly de-risked over past 10 years

#### Significant de-risking (EURbn)



#### Loan loss ratios (bp)



## Significant portfolio de-risking

- Increased share of household lending
- Focus on our four Nordic home markets
- Reduced international exposure
  - Divested business in Poland, Luxembourg and Baltics
- Exit from Russia ongoing
- Reduced shipping, oil and offshore portfolio by half; further actions ongoing

#### Future loan loss levels rebased

- 2020-21 resilient credit quality
- 2022–23 unwinding the COVID-19 buffer
- 2024–25 new normal, de-risked portfolio
- Normalised run rate from 2025 ~10bp

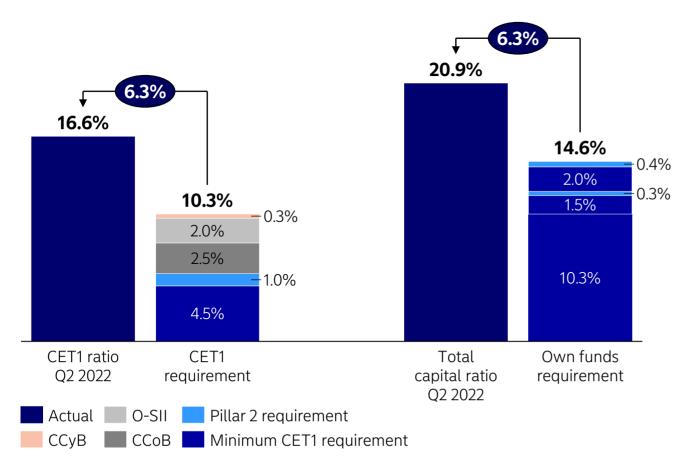


# 3. Capital

#### Capital

## Significant buffer to capital requirements

#### Capital position and requirements (%)



## • CET1 capital ratio 16.6%

- 6.3 percentage points above regulatory requirement
- Capital policy of 150-200bp management buffer above regulatory requirement (MDA level)

# CET1 buffer of 6.3 percentage points

- Corresponds to EUR 9.5bn
- MDA level expected to increase in 2022 and 2023 following decided increases in countercyclical capital buffer rates and O-SII buffer\*

## Good progress on share buybacks

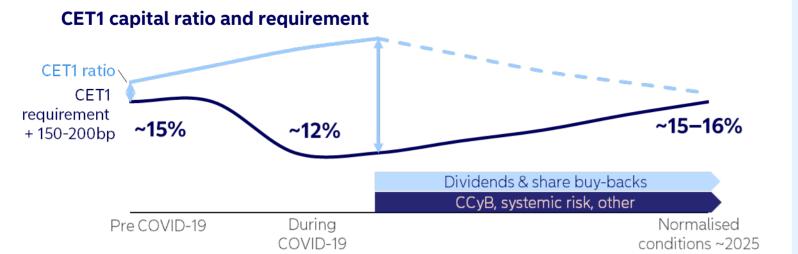
 Third EUR 1.5bn program approved by the ECB in July



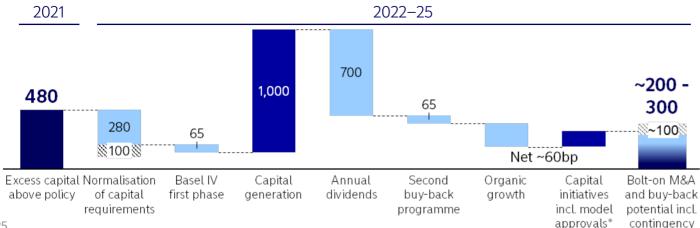
<sup>24 \*</sup>Decided increases of CCyB buffer rates: Norway from 1.5% to 2.0% in Q4 2022 and 2.5% in Q1 2023, Denmark from 0% to 1.0% in Q3 2022, to 2.0% in Q4 2022 and 2.5% in Q1 2023 and Sweden from 0% to 1.0% in Q3 2022 and to 2.0% in Q2 2023. OSII buffer to increase from 2.0% to 2.5% in O1 2023

#### Capital excellence

## Reducing capital excess - path to normalisation



#### **Capital generation and uses of capital (bp)**



### Normalised CET1 requirement

- Continued reactivation of countercyclical capital buffers and buffers for systemic risk
- Regulatory requirement expected to settle around 13%; up to additional 1% allowance for prudence
- Management buffer of 150–200bp above regulatory requirement
- Implied CET1 ratio of 15–16%

## Focus on capital excellence

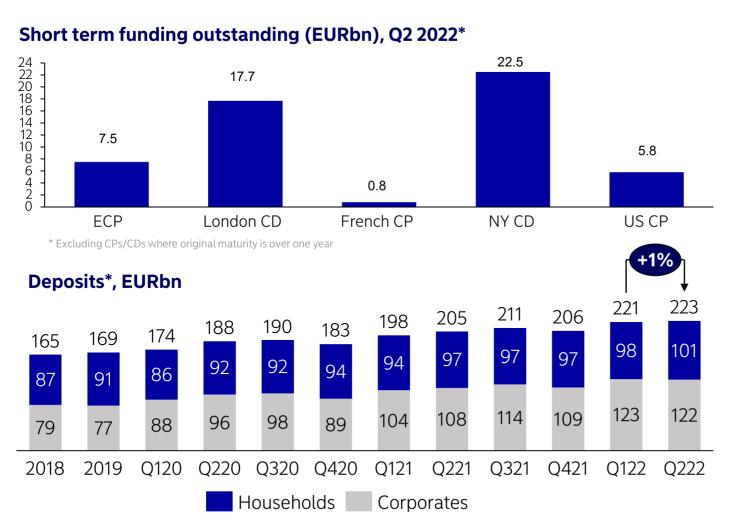
- Capital deployment for profitable growth
- Capital efficiency initiatives
- Excess capital returned to shareholders

Nordea

# 4. Funding

#### Liquidity

## **Strong liquidity position**



## Robust liquidity position

- Liquidity coverage ratio (LCR) 147%
- Net stable funding ratio (NSFR) 113%
- Liquidity buffer EUR 124bn

#### Short term issuance

- Total outstanding EUR 54bn per end Q2
- Globally diversified funding with strong market access

## Deposits

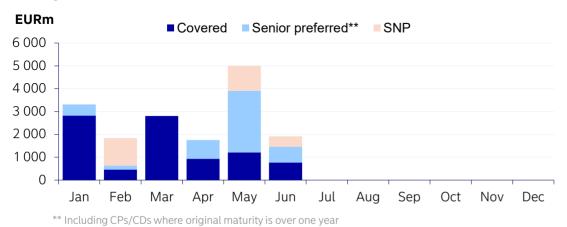
 Deposits up 1% q/q, higher deposits in PeB and BB offset by lower deposits in LC&I

Nordea

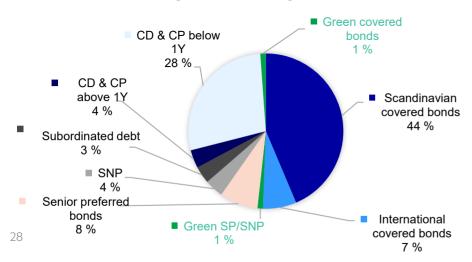
#### Long Term Funding

## Solid funding operations

#### Long term issuance H1 2022, EUR 16.6bn



#### Wholesale funding outstanding, EUR 197bn



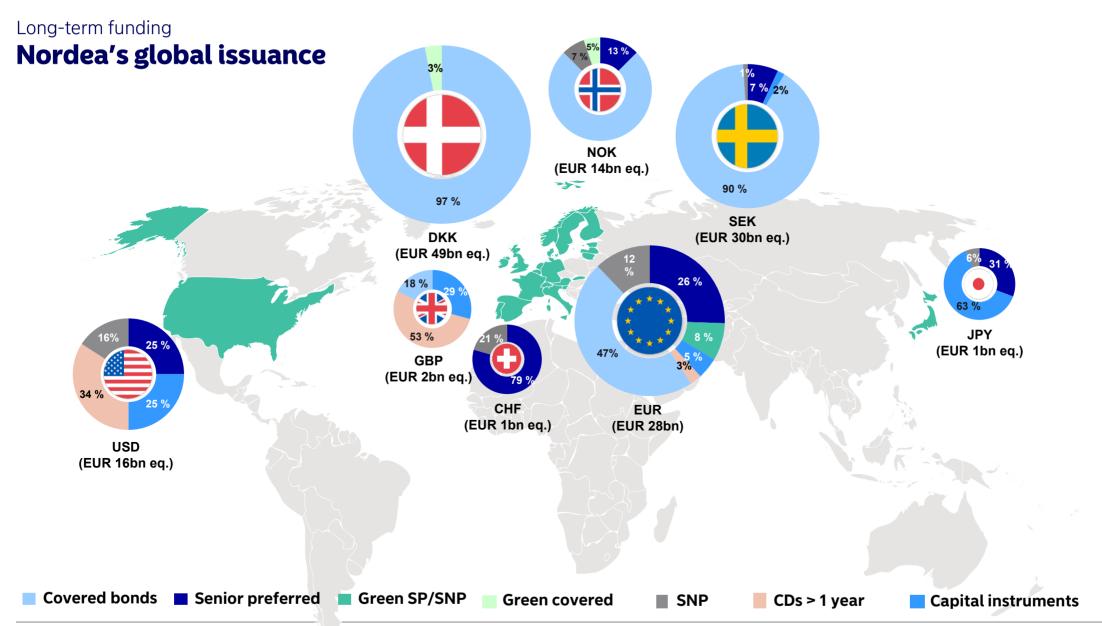
## Long Term Funding

- EUR 8.7bn in long term debt issued during Q2
  - EUR 2.9bn covered bonds and EUR 5.8bn in senior format
- Long term funding 69% of total funding at end of Q2
- Ordinary funding supplemented by TLTRO III participation

### Issuance plans 2022

- Total issuance EUR 20-25bn\*
  - Around half expected to be issued in Scandinavian markets, primarily in covered bond format
- Target of ~EUR 13bn outstanding in SNP by end of 2023
  - EUR 9.1bn SNP issued in total



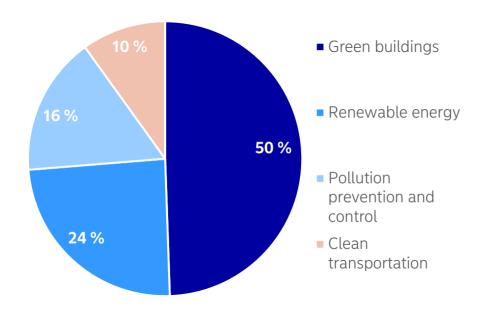




#### Sustainability at the core

## **Enhanced focus on sustainable funding**

## Nordea Bank Abp's green bond asset portfolio



## Inaugural green bond from NBAbp launched in 2017

- EUR 2.25bn currently outstanding of green bonds from NBAbp
- Inaugural green covered bond launched in 2019
  - EUR 2.3bn outstanding of green covered bonds
- Green bond asset portfolios totalling EUR 6.7bn
  - EUR 3.8bn from NBAbp
  - EUR 2.9bn from Nordea Kredit and Nordea Eiendomskreditt
- Green deposits offered in Norway
- Sustainability linked loan funding framework launched



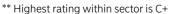
Company rating: C (A+ to D-)\*\*

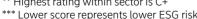


ESG score: 21.7 (0 to 100)\*\*\*



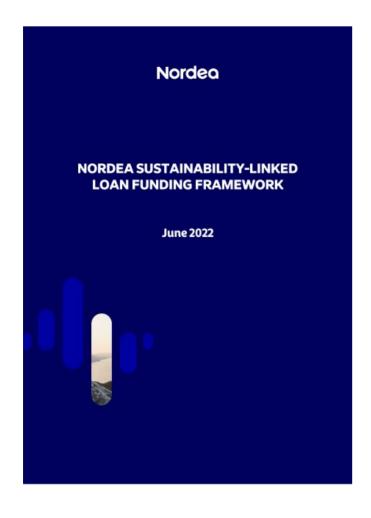
ESG rating: AA (AAA to CCC)







## Sustainability linked loan funding framework

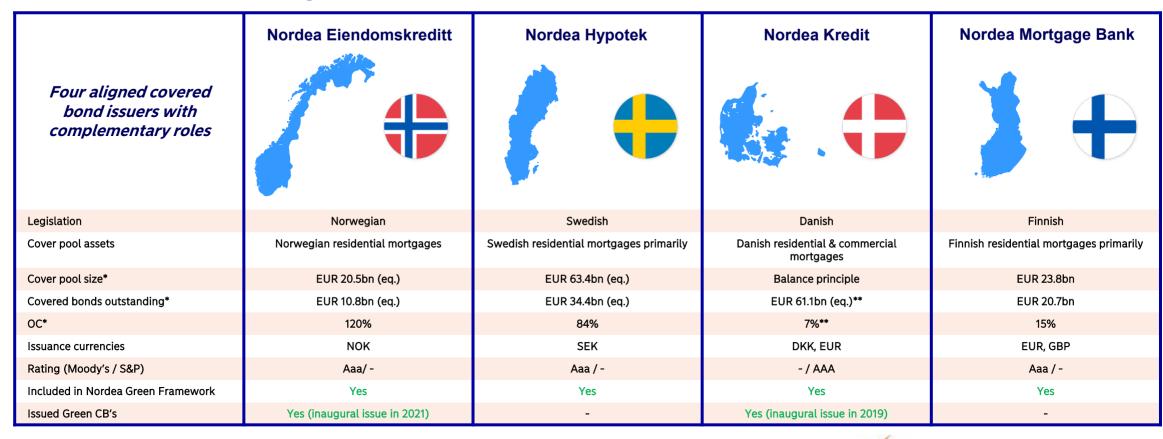


- The SLL funding framework will allow Nordea Bank Abp to issue bonds with reference to the impact of the SLLs on Nordea's balance sheet in a Use-of-Proceeds format
- The assets in scope will initially target corporates with KPIs and sustainability performance targets (SPTs) related to climate change mitigation
- The framework has been reviewed by ISS ESG\*, which includes an asset review of eligible SLLs
- The framework is <u>not</u> to be considered green or linked to green issuance
  - The framework has been developed to cater for the transition assets not included in our green bond asset portfolio, but that still hold strong ESG target alignment
- Issuance under the framework will <u>not</u> include sustainable KPIs and SPTs linked to Nordea Bank Abp or have any variable coupons/redemptions

<sup>\*</sup> ISS ESG is also providing the Second Party Opinion for Nordea's Green Bond Framework



## Nordea covered bond operations



- Covered bonds are an integral part of Nordea's long term funding operations
- Issuance in Scandinavian and international currencies
- · All Nordea covered bond issuance entities (MCI's) are covered by Nordea's updated 2021 green bond framework





<sup>\*</sup> Reported values as per Q1 2022

<sup>\*\*</sup> The figures in Nordea Kredit only include capital centre 2 (SDRO). Nordea Kredit no longer reports for CC1 (RO), as this capital centre only accounts for a minor part (<1%) of the outstanding volume of loans and bonds

## Funding transactions

# Nordea recent benchmark transactions

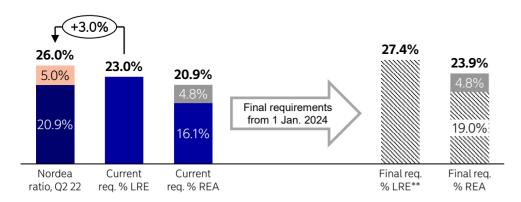
| Issuer                 | Туре                        | Currency     | Amount (m)  | FRN / Fixed | Issue<br>date | Maturity<br>date | Callable    |
|------------------------|-----------------------------|--------------|-------------|-------------|---------------|------------------|-------------|
| Nordea Bank            | Senior non-preferred        | <b>○</b> CHF | 200         | Fixed       | June-22       | June-27          |             |
| Nordea Bank            | Senior preferred            | USD          | 1,000       | FRN/Fixed   | June-22       | June-25          |             |
| Nordea Bank            | Senior non-preferred        | ₩ NOK        | 1,600       | FRN/Fixed   | June-22       | June-27          |             |
| Nordea Bank            | Senior non-preferred        | EUR          | 1,000       | Fixed       | May-22        | May-29           |             |
| Nordea Eiendomskreditt | Covered                     | ₩ NOK        | 6,000       | FRN         | Apr-22        | Mar-27           |             |
| Nordea Mortgage Bank   | Covered                     | EUR          | 1,500       | Fixed       | Mar-22        | Mar-29           |             |
| Nordea Bank            | Senior non-preferred, Green | EUR          | 1,000       | Fixed       | Feb-22        | Feb-27           |             |
| Nordea Eiendomskreditt | Covered, Green              | ♣ NOK        | 7,000       | FRN         | Nov-21        | Sep-26           |             |
| Nordea Bank            | Senior non-preferred        | EUR          | 1,000       | Fixed       | Nov-21        | Nov-28           |             |
| Nordea Bank            | Senior non-preferred        | USD          | 1,500       | Fixed       | Sep-21        | Sep-26           |             |
| Nordea Bank            | Tier 2                      | <b>╬</b> GBP | 500         | Fixed       | Sep-21        | Dec-27           | 11.25NC6.25 |
| Nordea Bank            | AT1                         | USD          | 1,000       | Fixed       | Aug-21        | Sep-29           | 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, Green | EUR          | 500         | Fixed       | Mar-21        | Mar-31           |             |

Nordea

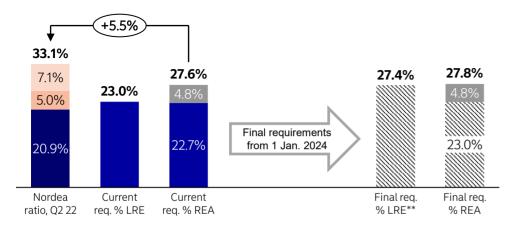
#### Minimum requirements for own funds and eligible liabilities

## **Updated MREL requirements**

#### **Subordinated MREL**



#### **Total MREL**



- Solid buffers above current requirements for both subordinated and total MREL
- Updated final requirements set by Single Resolution Board (SRB)
  - Subordinated MREL, the higher of
    - 19.03% REA + CBR\*
    - 7.12% LRE\*\* (corresponding to 27.4% REA)
  - Total MREL, the higher of
    - 22.97% REA + CBR

Own funds

CBR

SNP

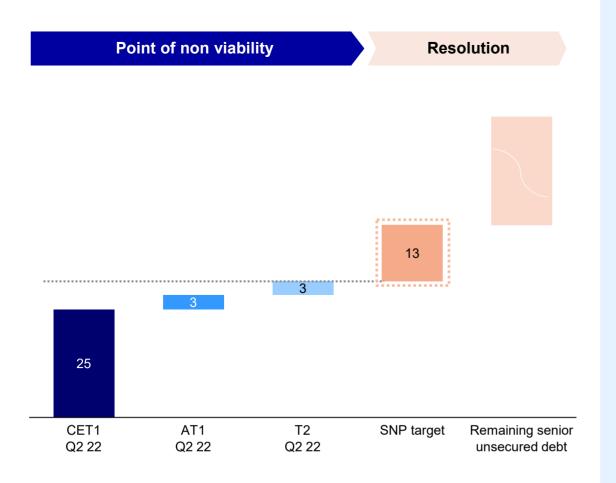
- 7.12% LRE (corresponding to 27.4% REA)
- Applicable <u>from 1 January 2024</u>, to be assessed and updated annually
- Funding plan for senior nonpreferred adjusted due to updated final requirements for subordinated MREL

Nordea

- \* Combined buffer requirement: CCoB 2.5%, O-SII 2% and CCyB 0.34% as of Q2 22
- \*\* Leverage ratio exposure

#### Own funds and bail-in-able debt position

# **Updated senior non-preferred target**



## Target by YE 2023: eligible SNP of ~EUR 13bn

- Issuance plan to cover;
  - Increased future subordination requirements
  - Refinancing needs
  - Buffer

#### EUR 9.1bn in SNP issued

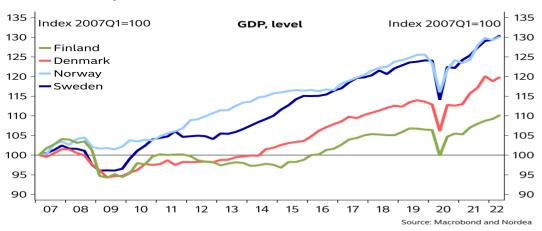
- Of which ~EUR 6.6bn eligible by YE 2023
- Nordea's own funds of ~EUR 32bn in Q2 2022 rank junior to SNP instruments

# 5. Macroeconomy

#### Nordic economic development

## Hot economies are facing a "cold" winter

#### **GDP** development



- The Nordic economies recovered quickly from the pandemic and even showed signs of overheating
- With surging inflation and energy prices, the economic development in the Nordic countries will most likely slow down in the following quarters
- Unemployment rate in the Nordic countries have continuously declined since the pandemic

#### **Unemployment rate**



**GDP**, % y/y (Economic Outlook September 2022)

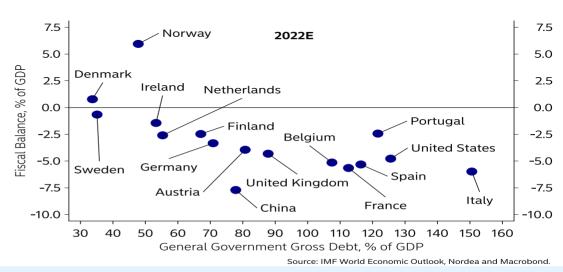
| Country | 2021 | 2022E | 2023E | 2024E |
|---------|------|-------|-------|-------|
| Denmark | 4.9  | 2.5   | 0.5   | 1.8   |
| Finland | 3.0  | 2.5   | 0.0   | 1.5   |
| Norway  | 4.1  | 3.2   | 1.0   | 1.3   |
| Sweden  | 4.9  | 3.0   | -0.5  | 1.0   |

## Interest rates are increasing rapidly throughout the Nordics

#### **Policy rates**

#### 3.5 Policy rates 3.0 2.5 2.0 1.5 1.0 0.5 0.5 0.0 0.0 -0.5 -0.5 -1.0 11 12 22 23 Sweden Norway Euro Area Denmark

#### Public balance/debt, % of GDP, 2022E (IMF)

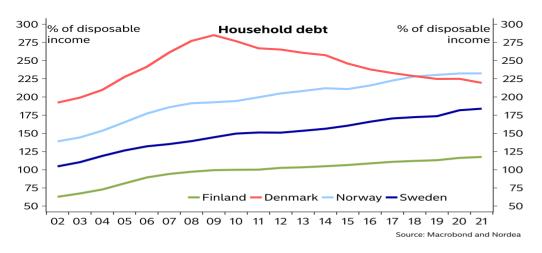


- Central banks are rapidly hiking interest rates to combat high inflation
- Norges Bank has hiked from 0 to 1.75% since last fall, and are expected to continue until they reach 3.25% at the end of 2023
- The Swedish Riksbank raised the policy rate to 0.75% in June. It is expected to hike to 2.5% by February 2023, and stay put until 2024
- The ECB exited its negative interest rate policy era with an unexpected 50bp hike in July. We predict that policy rates will rise by a total of 2.75 percentage points in the Euro Area and Denmark
- The ECB and the Riksbank are reducing the size of their balance sheets
- · Solid public finances helped Nordic governments during the pandemic, which will help them handle the economic difficulties ahead

#### Households

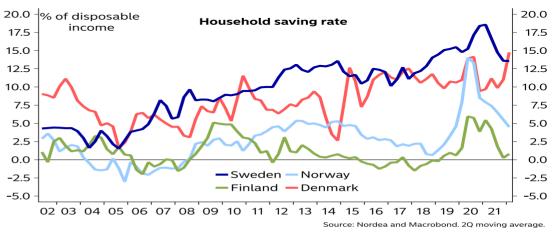
## Households facing high inflation and rising interest rates

#### Household debt

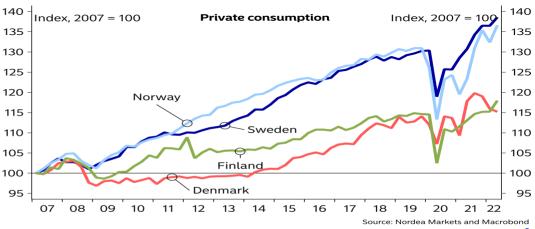


- Household savings increased dramatically during the pandemic, but have since returned to more normal levels as consumption has increased
- However, purchasing power is decreasing rapidly.
   Rising interest rates as well as high inflation implies downside risks for private consumption moving forward

#### **Household savings**



#### **Private consumption**

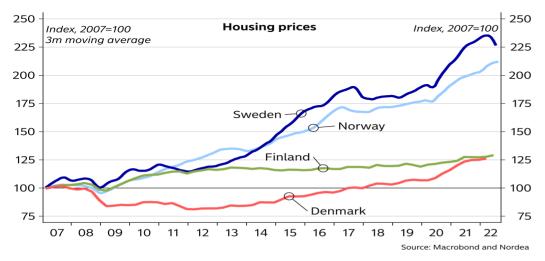




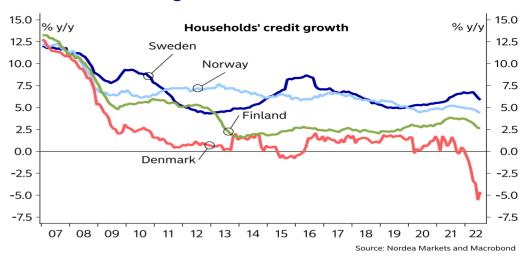
#### Housing markets

## Rising interest rates is cooling off hot Nordic housing markets

#### **Housing prices**



#### Households' credit growth

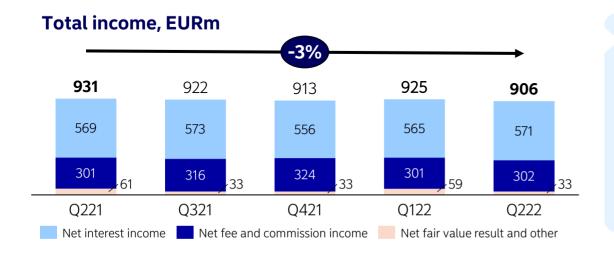


- Housing prices increased to record-high levels in all the Nordic countries during the pandemic
- However, with inflation and interest rates quickly increasing, there are now more downside risks to housing prices
- These risks are especially pronounced in Sweden, and home prices are down 6% since March this year
- Households' credit growth in the Nordic countries have continuously declined since April 2022 except for Denmark in July 2022.

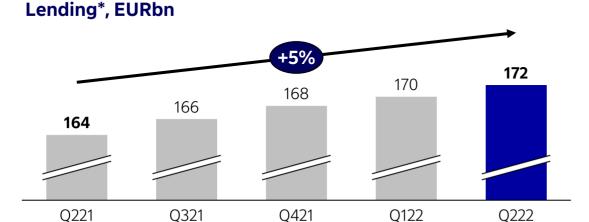
# 6. Appendix

#### Personal Banking

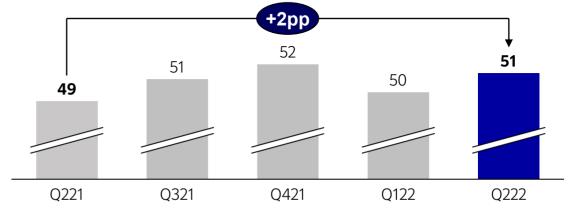
## Strong growth in mortgage lending volumes and increased funding costs



- Total income excluding one-offs up 1%
- Increased mortgage market shares across Nordics
- Strong volume growth and higher deposit margins partly offset by mortgage margin pressure
- Higher payment and card fee income partly offset by lower savings and investment income
- Cost-to-income ratio 51% higher regulatory fees







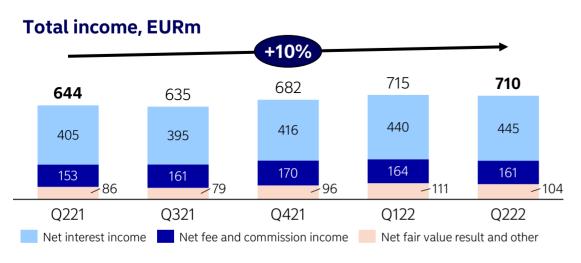


<sup>42 \*</sup> Excluding FX effects

<sup>\*\*</sup> With amortised resolution fees

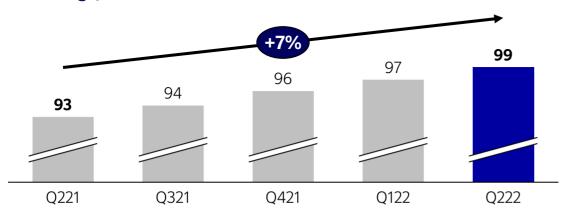
#### **Business Banking**

## Continued strong income growth driven by high customer activity

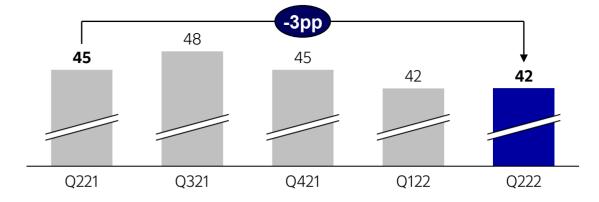


- Total income up 10%
- Lending volumes up 7%, driven by Sweden and Norway
- Strong growth in net fair value result, driven by high customer demand for FX and IR hedging products
- Continued strong credit quality
- Improvement in cost-to-income ratio, now 42%

#### Lending\*, EURbn



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



<sup>43 \* |</sup> 

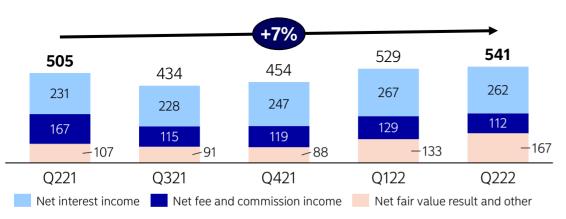
<sup>\*</sup> Excluding FX effects

<sup>\*\*</sup> With amortised resolution fees

#### Large Corporates & Institutions

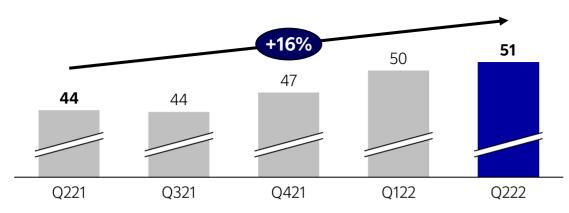
## Very strong lending growth and high customer activity in volatile markets

#### Total income, EURm

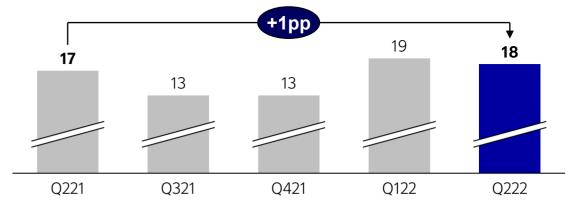


- Total income up 7%
  - Net interest income up 13% and lending volumes up 16%
  - Commission income lower following weaker capital markets
  - High customer activity and gains related to restructurings driving significant net fair value increase
- Net loan loss reversals of EUR 14m
- Return on capital at risk 18% and cost-to-income ratio 38%

#### Lending\*, EURbn



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

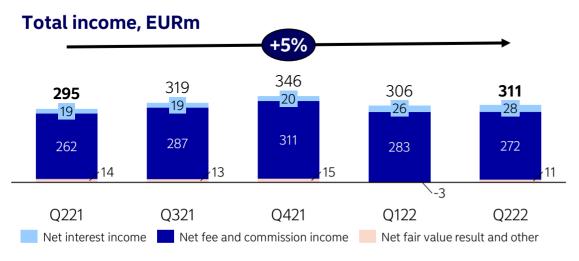




<sup>\*</sup> Excluding repos

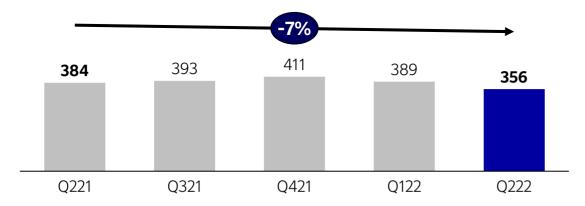
<sup>\*\*</sup> With amortised resolution fees

## Total income up despite market turbulence and lower assets under management

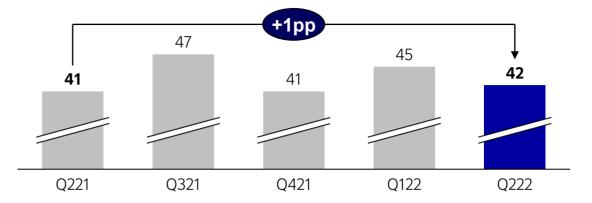


- Total income up 5%, driven by better asset management margins and higher net interest income
- Assets under management down 7% to EUR 356bn
  - Net inflow of EUR 1.3bn (annualised 1%) during guarter
- Record-high net flows in Private Banking across Nordics despite market turbulence
- Cost-to-income ratio 42%

#### Assets under management, EURbn



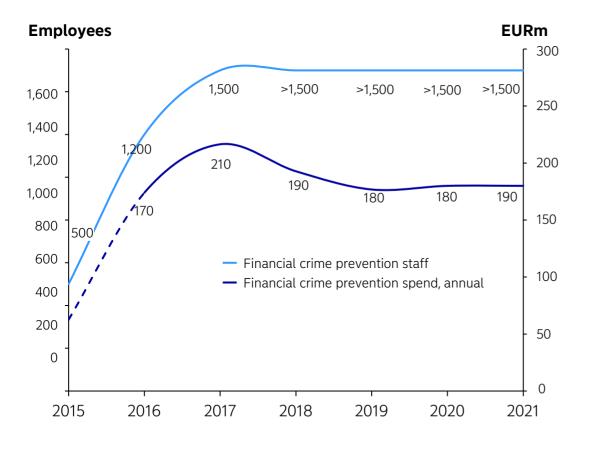
#### Cost-to-income ratio\*, %



#### Financial crime prevention

# **Significant investments**

#### Financial crime prevention spending, annual



## 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 1.1bn 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 O1 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



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