



Nordea

# Business Banking

## Capital Markets Day

Nina Arkilahti, Head of Business Banking

17 February 2022

# Disclaimer

- Nordea and its businesses are exposed to various risks and uncertainties.
- This presentation contain certain statements which are not historical facts, including, without limitation, statements communicating expectations regarding, among other things, the results of operations, the bank's financial condition, liquidity, prospects, growth and strategies; and statements preceded by "believes", "expects", "anticipates", "foresees" or similar expressions.
- Such statements are forward-looking statements that reflect management's current views and best assumptions 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 environment, (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 and its directors have undertaken to publicly update or revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that lead to changes compared with the date when these statements were provided.

Business Banking today

# Leading SME bank and business partner in the Nordics



**Nordic scale leveraged to service SMEs' local needs**



**Wide customer reach and strong deal inflow**



**Extensive product offering and sector specialists**

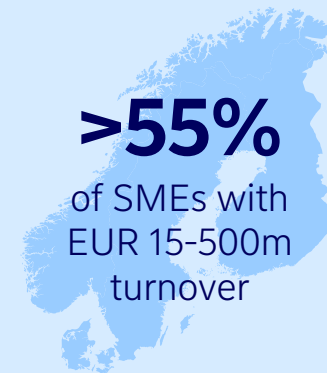


**Easy to deal with via one Nordic digital platform**

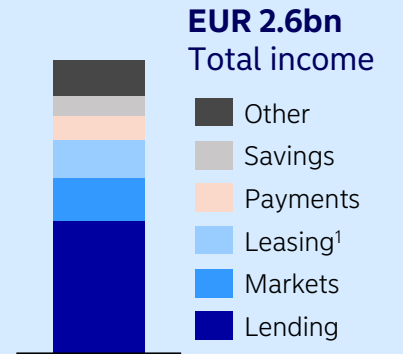


**Strong sustainable offering and products**

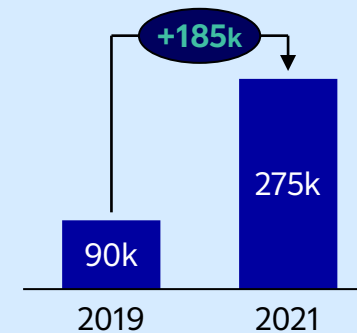
**Customer relationships with**



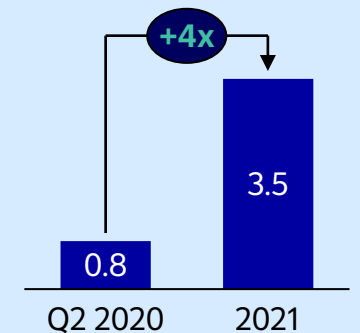
**Broad income distribution**



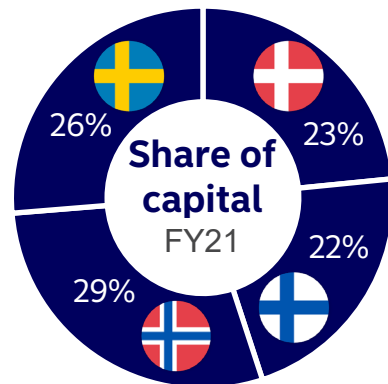
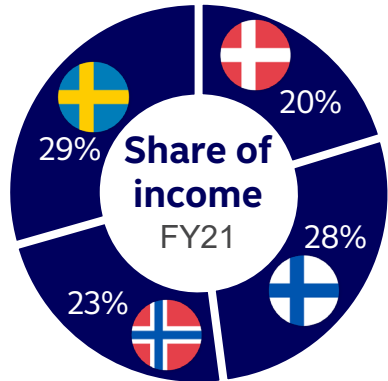
**Customers on digital platform**



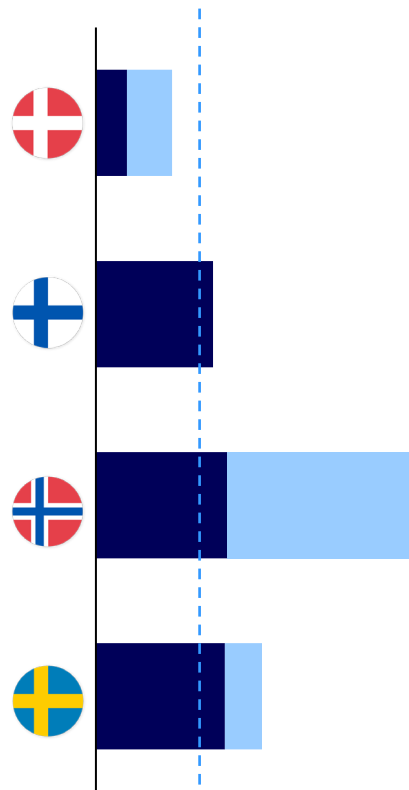
**Sustainable financing<sup>2</sup>**  
EURbn



## Delivered good income growth and improved profitability

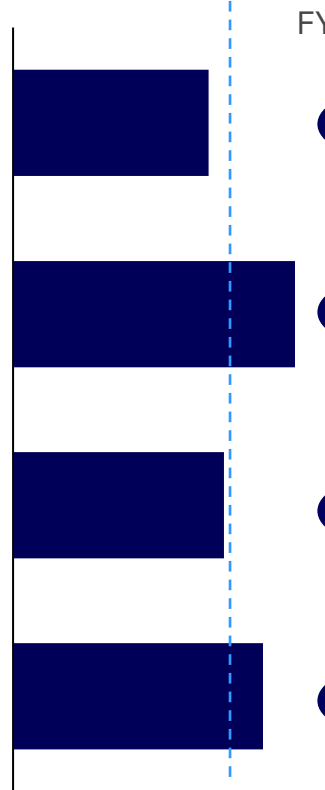


**Income growth**  
2021, y/y% ■ NFE<sup>1</sup>



Business Banking  
total of ~8%<sup>2</sup>

**ROCAR**  
FY21, %



Business Banking  
total of 16%

**ROCAR change**  
FY21/20, pp



**Strong position across all markets with highest growth in Sweden and Norway**

**Good income growth supported by NFE<sup>1</sup> acquisition**

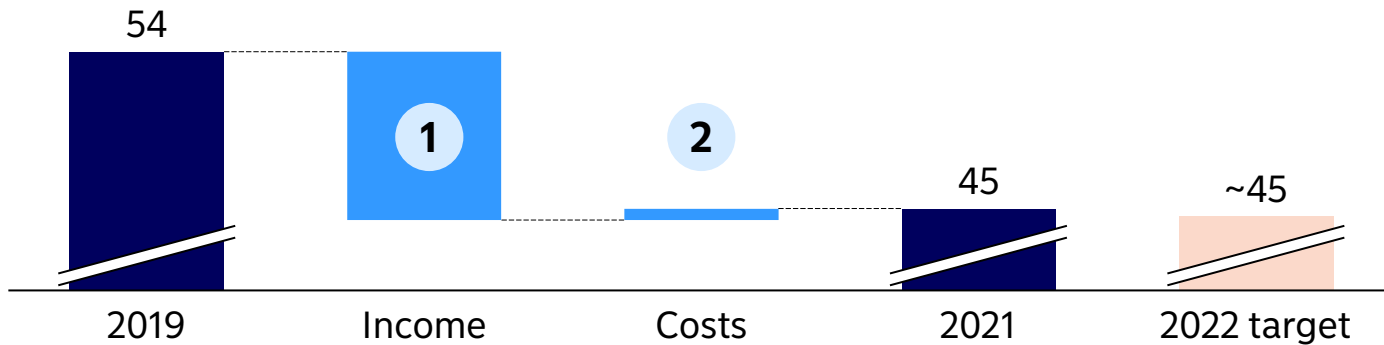
**Solid credit portfolio and strict capital discipline**

4 1. Nordea Finance Equipment  
2. Average income growth excluding Nordea Finance Equipment

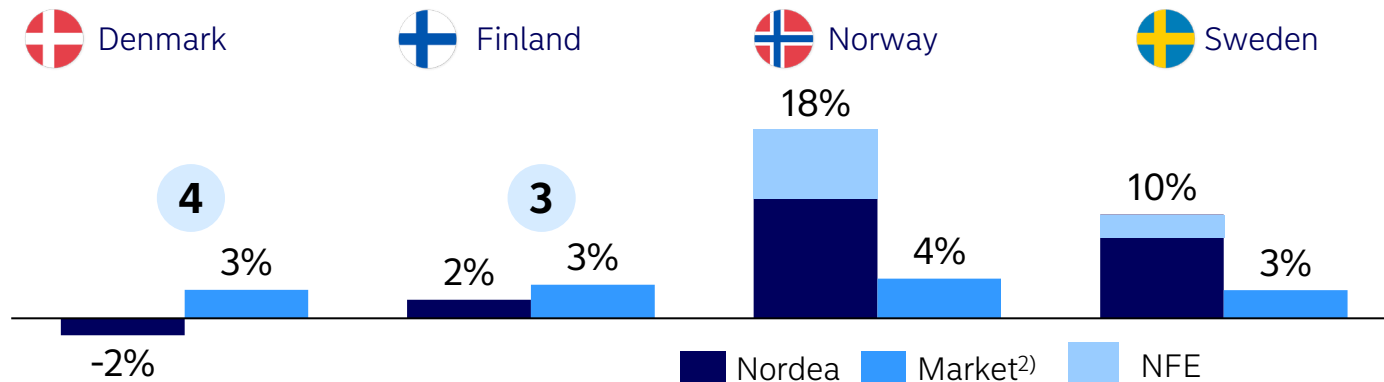
# Strong growth and performance in Sweden and Norway

## Financial performance 2019–21

### Cost-to-income ratio (%)



### Lending growth 2019–21 CAGR (%)



✓ 2022 target met ahead of time

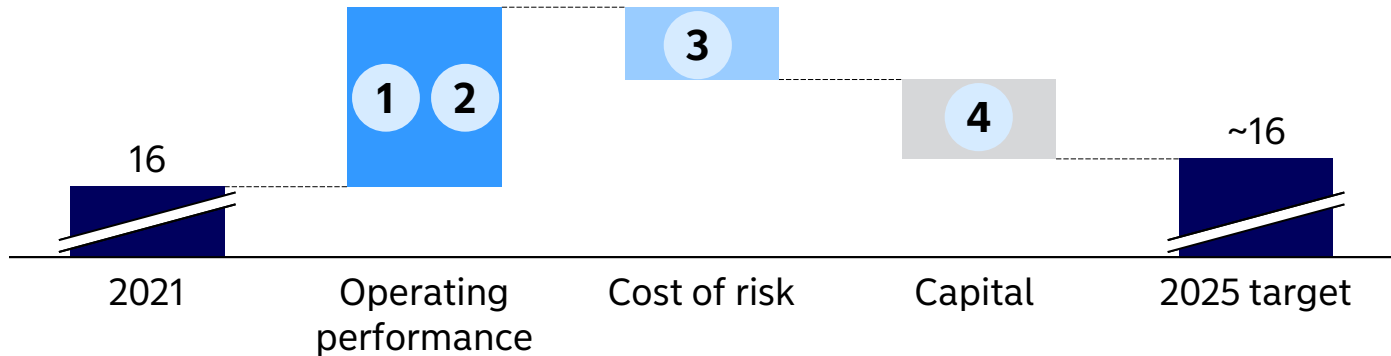
- 1 Income growth CAGR of +7%<sup>1</sup>**  
via high customer inflow and activity in Sweden and Norway
- 2 Costs reduced by 4%<sup>1</sup>**  
through headcount reductions and strict cost focus
- 3 Strong position in Finland**  
via profitability steering and focused customer selection
- 4 Profitability turnaround in Denmark**  
through disciplined customer selection and pricing

<sup>5</sup> 1. Excluding Nordea Finance Equipment acquisition  
2. Corporate lending including all corporates

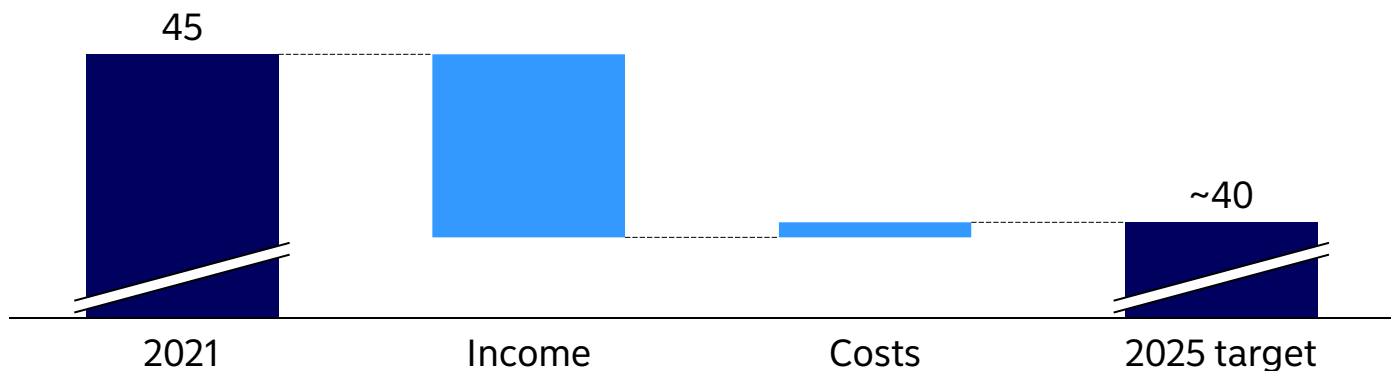
## Continued growth, cost at risk & capital headwinds

🎯 2025 targets

### Return on capital at risk (%)



### Cost-to-income ratio (%)



Main drivers for 2025 targets

- 1 Drive income growth CAGR of +3%**  
by increasing market share in Sweden and Norway
- 2 Improve cost efficiency**  
via streamlined processes and elimination of manual activities
- 3 Loan losses normalising**  
after unusually low levels in 2021
- 4 Reinstatement of regulatory capital buffers**



## Well-positioned to deliver on our growth plan

### SME customer preferences<sup>1</sup>

**~60%** Mid enterprises value personal service & expertise

**>50%** Require external ESG support

**~80%** Expect efficient daily services

**+75%** Increase in mobile users for small enterprises

### Our response to deliver on the growth plan

#### Leading advisory services

Strengthen specialist & industry advisory to build deep relationships

#### Capture customers across the Group

Cooperate across business areas to leverage the full franchise

#### Best-in-class digital banking

Deliver effortless digital services for everyday business

#### Preferred sustainability partner

Drive sustainable transition via broad ESG product offering & expertise

#### Highly efficient distribution model

Improve key customer processes via front-to-back automation

#### Focused and efficient product offering

Simplified product portfolio aligned to core customer needs

# Selective growth and customer acquisition in all markets with profitability as the core focus

## Our focus areas



### Accelerate growth



### Continue growth



### Transform to profitable growth



### Maintain strong position

## How we are doing it

- › Focus resources on **key locations and sectors**
- › Use **product expertise** as **competitive edge**
- › Increase **scalability of specialist advisory**
  
- › **Invest in acquisition & specialist advisory** teams
- › **Target growth companies & industries**
- › **Focus cross-sales** efforts via data usage
  
- › Apply systematic **customer right-pricing**
- › **Grow in mid-enterprise** & key niches
  
- › Selective **customer acquisition**
- › **Profitability steering** on existing portfolio

## Profitable growth

2021

2025



Bubble colour: ROCAR, % > 16% 14–16% 12–14% 10–12%  
Bubble size: Income, EURbn Normalised loan losses used for 2021 numbers



## Leading SME digital bank: Building on strong foundation to deliver effortless banking

### 2019–21: Significant progress

#### SME digital foundation

Implemented a **modern & scalable digital platform**

**7 of 9**

legacy channels replaced since 2019

Supported **SME digital uptake**

**+75%**

y/y increase in # of users of Nordea Business mobile app

Significant **uplift in digital functionality**

**+25**

more features than on legacy platforms

**Delivering advice** via remote capabilities

**85%**

of meetings with small enterprises are remote

### 2022–25: Accelerating the journey

#### Effortless banking for SMEs



**Full breadth SME digital offering with leading functionality**



**Simple and quick SME lending via automation and digital delivery**



**Wider API proposition to support deeper customer integration**



**Data-enabled relationship managers to improve customer interactions**

# Business Banking

2025: The preferred bank for Nordic SMEs

- Deepen customer relationships and focus on profitability
- Accelerate growth in Sweden and Norway
- Be the leading digital SME bank and preferred sustainability partner

## 2025 targets

Return on capital at risk  
~16%

Cost-to-income ratio  
~40%