Large Corporates & Institutions

Capital Markets Day
Martin Persson, Head of Large Corporates & Institutions
17 February 2022
Nordea and its businesses are exposed to various risks and uncertainties.

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Large Corporates & Institutions today

**The leading Nordic LC&I business**

- **Strong customer relationships** with a proven **service model**
- **True Nordic coverage** for **customers with multi-product needs**
- **Talented people** delivering **superior advice**
- **Leading risk capacity** supported by **fast decision-making**
- **Nordic leader in sustainable products and services**

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**Market-leading offering and well-diversified income**

FY 2021, %

<table>
<thead>
<tr>
<th>RCF</th>
<th>Green financing</th>
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<tbody>
<tr>
<td>WCM</td>
<td>Loans</td>
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<td>Fixed income</td>
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<td>Securities fin</td>
<td>Derivatives</td>
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<tr>
<td>Cash management</td>
<td>Trade finance</td>
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<td>DCM</td>
<td>ECM</td>
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<tr>
<td>M&amp;A</td>
<td>Equities</td>
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**Country dimension**

**Share of income** FY 2021

- 23%
- 33%
- 20%

**Share of capital** FY 2021

- 17%
- 33%
- 17%
Large Corporates & Institutions 2019–21

We have created a more focused and profitable business

Financial performance 2019–21

Return on capital at risk (%)

Economic capital and operating performance (EURm)

- Reduced low-return assets
- Streamlined Markets business
- Invested in ESG capabilities
- Optimised international footprint

2022 target surpassed in 2021
Large Corporates & Institutions' turnaround

**We are in a stronger position to increase our ambition level**

- Focus on business performance and capital efficiency

**Increased customer profitability** (share of low-returning capital, %)

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Share of Low-Returning Capital (%)</th>
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<tbody>
<tr>
<td>Q2 2019</td>
<td>52%</td>
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<tr>
<td>Q4 2021</td>
<td>17%</td>
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</tbody>
</table>

**Successful Markets streamlining** (Q2 2019 to Q4 2021)

<table>
<thead>
<tr>
<th>Component</th>
<th>Q2 2019</th>
<th>Q4 2021</th>
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<tbody>
<tr>
<td>Income</td>
<td>+48%</td>
<td></td>
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<tr>
<td>Costs</td>
<td>-24%</td>
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</tr>
<tr>
<td>Capital</td>
<td>-31%</td>
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</tbody>
</table>

- Enhanced business selection
  - **Grow ancillary income** including capital-light products
  - **Higher margins** through continued focus on pricing and **business selection**
  - **Lower balance sheet utilisation** through decreased inventories and lower risk
  - **Reduced costs** from trimming of product portfolio and **new country-based organisation**
Large Corporates & Institutions 2022–25

We will deliver best-in-class return in 2025

2025 targets

Return on capital at risk (%)

Cost-to-income ratio (%)

Main drivers for 2025 targets

1. **Sales excellence**
   to increase income per customer through higher intensity

2. **Selective growth and investments**
in capital-light growth and profitable lending

3. **Increase operational efficiency**
front-to-back including outsourcing and partnerships

4. **Accelerate capital excellence**
through improved IRB models, risk-sharing transactions and repricing

5. **Become #1 ESG corporate bank**
in the Nordics by leveraging our strong position
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Focus on selective growth and investments

Focus areas and key activities

Target selective growth and investments
- Invest in capital-light growth in Investment Banking & Equities
- Selectively grow profitable corporate lending and fund financing
- Invest in ESG clean tech sector and transition advice

Accelerate capital excellence
- Improved IRB models and continued repricing
- Risk-sharing transactions and originate-to-distribute
- Full implementation towards Basel IV and FRTB

Profitable growth

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<th>2021</th>
<th>2025</th>
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Bubble size: Income, EURbn
Bubble colour: ROCAR, %
Normalised loan losses used for 2021 numbers
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Significant opportunity to support clients in their transition to a sustainable economy

Sustainability leadership
Accelerate our support for clients’ transitions

Shift to green
Drive change through future-oriented capital allocation

Nordic league table (EURbn)

<table>
<thead>
<tr>
<th></th>
<th>Nordea</th>
<th>Peer 1</th>
<th>Peer 2</th>
<th>Peer 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>All bonds</td>
<td>21</td>
<td>15</td>
<td>14</td>
<td>11</td>
</tr>
<tr>
<td>o.w. Sustainability bonds</td>
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EUR 200bn sustainable finance facilitation

- Leverage #1 position in Nordic sustainable finance
- Invest in ESG sector advisory capabilities
- Strengthen ESG steering and data

Climate-vulnerable exposure

-20%

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<tr>
<th></th>
<th>2019</th>
<th>2021</th>
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- Expand portfolio and services
- Reduce financed emissions by 40-50% by 2030
- Exit offshore sector with EUR ~1bn lending portfolio

90% transition plans¹ by 2025

1. 90% of our exposure to climate-vulnerable sectors to be backed by credible transition plans by 2025
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2025: Preferred financial partner for our selected core Nordic corporates and institutions

- **Drive core income** and strive for continued growth in capital-light services

- **Be the preferred ESG partner** together with our selected core Nordic corporates and institutions

- **Accelerate capital excellence** through efficient balance sheet utilisation, new capital models and risk-sharing transactions

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2025 targets

- **Return on capital at risk**
  ~16%

- **Cost-to-income ratio**
  ~40%