Creditreform Bank Rating
Nordea Bank Abp (Group)

Creditreform Rating

Long-Term Issuer Rating: AA-
Outlook: stable

Short-Term Rating: L1

Preferred Sen. Unsec. Debt: AA-
Non-Preferred Sen. Unsec. Debt: A+
Tier 2 Capital: A-
AT1 Capital: BBB+

02 August 2022

Rating Action:

Creditreform Rating upgrades the long-term issuer rating of Nordea Bank Abp (Group) to 'AA-' from 'A+' (Outlook: stable) and likewise the long-term issuer rating of Nordea Mortgage Bank Plc

Creditreform Rating (CRA) has upgraded the long-term issuer rating of Nordea Bank Abp (in the following: Nordea) long-term issuer rating from 'A+' to 'AA-' and the short-term rating from 'L2' to 'L1'. The rating outlook is stable.
At the same time, we upgrade Nordea's 'preferred senior unsecured' debt instruments to 'AA-' from 'A', its 'non-preferred senior unsecured' debt instruments to 'A+' from 'A-', its 'Tier 2' issues to 'A-' from 'BBB' and its 'AT1' issues to 'BBB+' from 'BBB-'.
Concurrently we confirm the issuer rating of the Nordea Mortgage Bank Plc, which reflects Nordea's issuer rating, in line with our methodology. The rating of 'Tier 2' issues is upgraded in line with that of its parent from 'BBB' to 'A-'.

Please find a complete list of rating actions regarding the bank and its affected subsidiaries at the end of this rating update.

Key Rating Drivers

CRA has revised the rating of Nordea Bank Abp and its bank capital and debt instruments as a result of its periodic monitoring process for the following reasons:

- The bank's status as an O-SII
- Strict cost control paired with increased operating margin and low costs of risk leading to highest net profit in years
- Renewed, robust lending activities
- Excellent, further improving asset quality
- Solid capitalization with sufficient capital buffers
- Uncertain market environment of high inflation, bottlenecks in supply chains and war in Eastern Europe

Company Overview

Nordea Bank Abp (hereafter Nordea) is a full-service universal banking group formed by mergers and acquisitions of Merita Bank (Finland), Nordbanken (Sweden), Unibank A/S (Denmark) and Christiania Bank (Norway) that took place between 1997 and 2000. All operations of these four banks have been conducted under the brand name of Nordea from 2001. Nordea has a presence in 20 countries, primarily in the Scandinavian region (Sweden, Finland, Norway, and Denmark) as well as in Eastern Europe. Moreover, the Group has an international network with banks across the globe in order to support its international business needs.

Nordea re-domiciled the parent company of the Nordea Group from Stockholm (SWE) to Helsinki (FIN) in October 2018 and has been under the supervision of the ECB since then. Nordea is considered as an "Other Systemically Important Institution" (O-SII) and must therefore comply with additional regulatory capital requirements.

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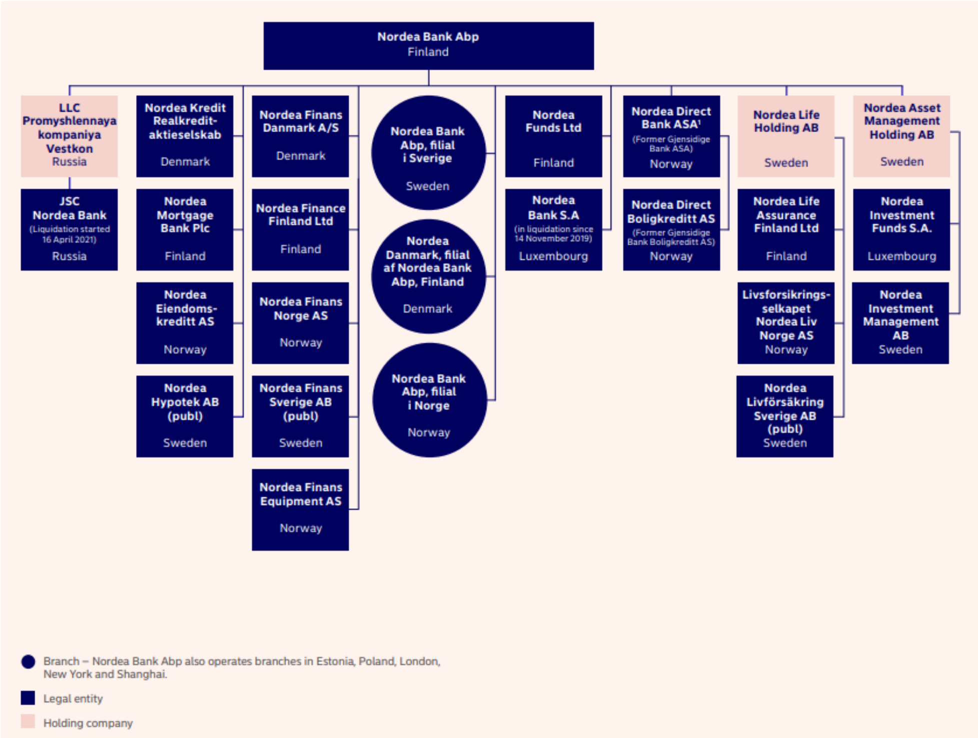
The Group is divided into four main business areas: *Personal Banking*, *Business Banking*, *Large Corporates & Institutions* and *Asset & Wealth Management*. In addition, Nordea maintains a *Group Functions and Other* business unit. *Personal Banking* serves Nordea's household customers through various channels with a range of financial and advisory services. *Business Banking* is responsible for servicing small and medium-sized corporates. Against this, Nordea's *Large Corporates & Institutions* unit provides financial solutions to large and international customers with a diverse range of financing and advisory services. *Asset & Wealth Management* is responsible for Nordea's affluent and high net worth individuals as well as institutional investors, and provides individual investment, savings and pensions solutions. *Group Functions and Other* provides the Group with various management and administrative services such as asset and liability management, treasury operations, strategic frameworks and a common infrastructure.

Nordea's updated business plan (financial target 2025) considers the following three group priorities: optimize operational efficiency, drive income growth initiatives, and create great customer experience. These targets aim to achieve a cost income ratio of 45-47% and a ROE of >13% in FY2020. In addition, the bank aims to maintain a 150-200bp management buffer above the capital requirements and a dividend policy of a targeted payout ratio of 60-70%.

In June 2019, Nordea acquired Nordea Direct Bank ASA (formerly Gjensidige Bank ASA [NOR]), which provides financial services in the area of insurance, savings, funding, online and mobile banking as well as loans and mortgage services. The effective date of the merger is expected for November 2022. Moreover, due to Nordea's intended focus on the Nordic countries, the bank closed its sale of its Baltic operations (Luminor Bank AS) in the end of 2019. Nordea finalized the exit from the Russian market, begun ahead of the Russian invasion of Ukraine in 2019, in the first quarter of 2022. Provisions for this wind-down were € 76 million in Q1 2022.

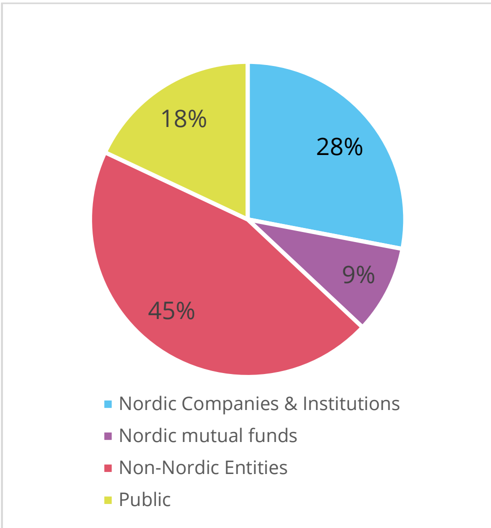
The main legal structure of Nordea 2022 can be found in the following chart:

Chart 1: Legal Structure of Nordea Bank Abp. | Source: Annual Report 2021



In 2021, major shareholder Sampo decreased its position in Nordea Abp from 12% to 6%, yet remains the largest single shareholder of Nordea Abp. The shareholder structure of Nordea as of December 2021 is as follows:

Chart 2: Major shareholders of Nordea Bank Abp as of December 2021. | Source: Own presentation based on data of Nordea Bank Abp.



Rating Considerations and Rationale

Nordea's long-term issuer rating upgrade and outlook confirmation were largely driven by the bank's very good economic performance since the outbreak of the COVID-19 crisis. Earnings are now above average due to very good cost discipline, while asset quality continues to improve at a very high level. At the same time, the capital position is very comfortable despite comparatively high distributions and share buybacks. The new strategic plan envisages further improvements, particularly in the earnings situation. Meanwhile, the targets up to 2025 appear entirely achievable. However, the current inflationary situation worldwide and the ongoing hostilities in Eastern Europe currently harbor considerable risk potential.

Profitability

Nordea achieved a net profit of €3.8 billion in fiscal year 2021; the highest since 2016, where the result was in a similar range but with significantly higher total assets. Compared to previous years, this was mainly achieved through strict cost control with a simultaneous increase in operating income and lower costs of risk.

Net interest income increased significantly in 2021, made possible by the massive decrease in interest expense of almost €0.7 billion. Since 2020, interest expense has even fallen by EUR 2.3 billion. Interest income also fell significantly by EUR 1.7 billion in the same period. A large share of the net increase was attributable to the negative yield on financial liabilities totaling EUR 411 million in 2021, almost a quarter of which was attributable to participation in the ECB's TLTRO III. There was also a strong increase in income from net fees and commissions, which was generated in particular by an outperformance in Asset Management. Net Trading and Securities (ex Insurance Income, which Creditreform Rating reports separately) also achieved good growth, with a very positive fair value result in the Equity unit standing out in particular. Overall, the operating profit increased substantially by almost 14%, after years of stagnation.

In terms of cost, Nordea is very well positioned; operating expenses remained virtually unchanged year-on-year, and there was hardly any change in the individual sub-items either. There was a massive improvement in the cost of risk, which was almost €0.8 billion lower than in the previous year and thus back at the level of the pre-Corona years. Significant reversals in the area of non-defaulted loans and a significant decrease in new provisions in Stage 3 exposures led to this decline. Of new provisions, the sectors of oil gas and off-shore were largely affected, as was retail.

As a result, pre-tax profit was almost EUR 5 billion and net profit EUR 3.8 billion.

The development of the earnings indicators were correspondingly positive. After a cost-income ratio (CIR) of just under 71% in 2019 (albeit driven by special items), the CIR was only 48% in fiscal year 2021. Return on equity (ROE) and return on assets (ROA) were very robust, although net financial margin was comparatively low. Tight cost discipline serves as an interpretation for the otherwise good earnings figures. The new financial target for 2025 envisages ROE of >13% and a CIR of 45-47%. The bank is already very close to these targets.

The turnaround in interest rates by the ECB and other central banks in view of the high inflation in the European economic area could be the catalyst for significantly higher margins in the interest business. Nevertheless, there is a risk that the developed economies could slide into recession this year or next year as a result of these developments and potentially generate significantly higher risk costs.

The first half of 2022 was successful for the bank. Supported by robust lending, net interest income rose strongly compared with the first half of the previous year. Due to the market downturn, commission business was negative on a quarterly basis and stable on a half-year basis. However, the fair value result declined sharply due to the market conditions; overall, operating income was slightly higher than in the first half of the previous year. A positive contribution by risk costs, partly due to the reversal of the COVID-19 management judgement buffer, resulted in a fairly strong increase in pre-tax profit. Combined with a generous dividend payout and share buy-back policy, the return on equity for the first half of the year almost reached the target of 13%. However, the outlook for the full year remains unchanged at an ROE of 11% and a CIR of 49-50%, which would be roughly in line with the prior-year result.

Asset Situation and Asset Quality

After years of stagnating total assets, the 2021 financial year saw slight growth in total assets of 3.3% or €18 billion. The increase was mainly due to robust lending business, mainly in mortgage credits, and an increase in cash and cash equivalents. A decrease in the fair value of derivative assets was largely netted in absolute value by an increase in insurance assets. Similar developments could be observed on the liabilities side.

Nordea's asset quality is excellent. A very low NPL ratio, measured by Stage 3 exposures in relation to loans to the public measured at amortized cost, in addition to a very low potential problem loan ratio (Stage 2) for many years testify to the excellent Nordic business location and very good risk management. At the same time, risk costs can be described as very low, especially in fiscal year 2021. The RWA ratio is very low even compared with other major banks and is continuing to fall.

Asset quality has improved further in the first half of 2022; high inflation and the war in Ukraine are not yet reflected in the data. RWA decreased further in view of improved credit quality.

Refinancing, Capital Quality and Liquidity

Balance sheet growth was refinanced mainly by deposit growth. Debt funding activity levels were healthy, just under €14 billion in senior issues were issued, totaling more than €21 billion. At the same time, the net total debt position remained virtually unchanged from the previous year. Nordea participated in the ECB's TLTRO III program with a total of €12 billion. On-balance sheet equity decreased slightly by €0.2 billion. Net profit and OCI together corresponded to just under €4.1 billion in FY 2021, and dividend payments (€3.2 billion) and a share buyback (€1.2 billion) accounted for the net reduction in equity. In addition, a further €0.6 billion in share buybacks has already been carried out in 2022, and an option for a further €1 billion had been secured in February this year. A third share-buyback program was launched in July 2022 to purchase up to 350 million shares (up to €1.5 billion), with the stated goal of an efficient capital structure and improving shareholder returns.

Nordea's capital situation is comfortable. Although the equity ratio decreased slightly to 5.9% from 6.1% in the previous year, the regulatory equity ratios remained almost unchanged in terms of the CET1 ratio due to the reduction in the RWA ratio, or increased slightly in terms of the Tier 1 and Total Capital ratios, among other things due to an AT1 placement in 2021. The minimum requirement for the CET1 ratio of 10.2% was met very comfortably. The bank can easily afford the ongoing share buybacks and high dividend payments, considering the bank is right on target in terms of regulatory capital ratios as per it’s 2025 strategic plan. Liquidity ratios such as LCR and NSFR showed comfortable buffers to the minimum ratios and were very stable in the past years.

Compared to year-end 2021, the CET1 ratio decreased to 16.6% in the first half of 2022 in view of share buy-backs and dividends and is expected to fall further with the additional share buy-back program. The target remains in sight at 15-16%. Buffer requirements will also be increased for 2023. The Swedish Financial Supervisory Authority is increasing the countercyclical buffer to 2% from the current 0% in Q2 2023, and the Finnish Financial Supervisory Authority is also increasing the O-SII buffer from 2 to 2.5% on 1 January 2023. This means that the capital buffer remains comfortable. In addition, according to the strategic plan, the bank expects a minimum requirement of 13-14% by 2025 and is therefore planning with corresponding buffers.

The ratings of the issues were raised by two notches. This accounts for the upgrade of the long-term issuer rating of Nordea and for the institution's status as an O-SII as well as its improving, outstanding asset quality, necessitating rating action.

Environmental, Social and Governance (ESG) Score Card

Nordea Bank Abp (Group) has two moderate and one significant ESG rating driver

• Corporate Governance is identified as a significant rating driver. The relevance for the credit rating results from the impact of the corporate governance factor on all other ESG factors. This sub-factor is rated positive due to Nordea's strong economic track record, the banks diversity program as well as the implemented ESG policies and targets.

• Corporate Behaviour and Green Financing / Promoting are identified as moderate rating driver. Green Financing / Promoting is rated positive due to the strong growth in green financing volume, Corporate Behaviour is rated neutral due to a recent history of insufficient money laundering prevention. Efforts are since underway to improve due diligence practices.

ESG Score
3,9 / 5

ESG Score Guidance	
> 4,25	Outstanding
>3,5 - 4,25	Above-average
>2,5 - 3,5	Average
>1,75 - 2,5	Substandard
< = 1,75	Poor

Factor	Sub-Factor	Consideration	Relevance Scale 2022	Eval.
Environmental	1.1 Green Financing / Promoting	The sub-factor "Green Financing/Promoting" has a moderate relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	3	(+)
	1.2 Exposure to Environ-mental Factors	The sub-factor "Exposure to Environmental Factors" has a low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	1.3 Resource Efficiency	The sub-factor "Resource Efficiency" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Social	2.1 Human Capital	The sub-factor "Human Capital" has low relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	2	(+)
	2.2 Social Responsibility	The sub-factor "Social Responsibility" has no significant relevance for the credit rating, and is rated positive in terms of the CRA ESG criteria.	1	(+)
Governance	3.1 Corporate Governance	The sub-factor "Corporate Governance" is highly relevant for the credit rating, and is rated positive in terms of the CRA ESG criteria.	4	(+)
	3.2 Corporate Behaviour	The sub-factor "Corporate Behaviour" has a moderate relevance for the credit rating, and is rated neutral in terms of the CRA ESG criteria.	3	( )
	3.3 Corporate Transparency	The sub-factor "Corporate Transparency" has no significant relevance for the credit rating, and is rated very positive in terms of the CRA ESG criteria.	1	(+ +)

ESG Relevance Scale	
5	Highest Relevance
4	High Relevance
3	Moderate Relevance
2	Low Relevance
1	No significant Relevance

ESG Evaluation Guidance	
(+ +)	Strong positive
(+)	Positive
( )	Neutral
(-)	Negative
(- -)	Strong negativ

The ESG Score is based on the Methodology "Environmental, Social and Governance Score of Banken (Version 1.0)" of Creditreform Rating AG, which is available on our homepage https://creditreform-rating.de/en/about-us/regulatory-requirements.html. In addition, we refer to CRA's position paper "Consodering the Impact of ESG Factors".

Outlook

The outlook of Nordea's Long-Term Issuer Rating is confirmed at "stable". The bank's profitability has increased steadily in recent years, with a simultaneous steady improvement in asset quality despite the spread of the COVID-19 crisis. Moreover, despite high distributions and share buybacks, capitalization remains stable and in line with the 2025 strategy plan. The stable outlook is conditional on stabilization of the current inflationary environment and non-expansion of the war beyond Ukraine and no significant negative impact of Sweden and Finland joining NATO.

Scenario Analysis

Best-case scenario: AA

Worst-case scenario: A

Please note:

The scenarios are based on information available at the time of the rating. Within the forecast horizon, circumstances may occur that could lead to a change of the rating out of the indicated range.

In a scenario analysis, the bank could achieve a long-term issuer rating of 'AA' in the best-case scenario and an 'A' in the worst-case scenario. The ratings of bank capital and debt securities would behave similarly. These ratings are particularly sensitive to changes in equity and in the bank capital and debt structure in general.

Creditreform Rating would consider an upgrade if the earnings situation improves sustainably, capitalization remains stable or even improves despite high distributions, and asset quality does not deteriorate noticeably. At the same time, inflation and the current hostilities in Eastern Europe should not have a significant negative impact on asset quality and the economic development of Northern Europe.

On the other hand, Creditreform Rating would consider downgrading the rating if the improvement in earnings proves to be an artifact or if the overall economic environment deteriorates noticeably in the context of the current inflation trend and the hostilities in Eastern Europe. A significant deterioration of the capital situation in the course of an annual loss and/or increased distributions could also lead to a downgrade.

CRA's rating actions at a glance

Nordea Bank Abp (Group):

- Long-Term Issuer Rating upgraded to 'AA-' from 'A+', outlook confirmed at 'stable' from 'stable'
- Short-term rating upgraded to 'L1' from 'L2'
- Preferred senior unsecured debt upgraded to 'AA-' from 'A'
- Non-preferred senior unsecured debt upgraded to 'A+' from 'A-'
- Tier 2 capital upgraded to 'A-' from 'BBB'
- AT1 capital upgraded to 'BBB+' from 'BBB-'

Nordea Mortgage Bank Plc:

- Long-Term Issuer Rating upgraded to 'AA-' from 'A+', outlook confirmed at 'stable'
- Short-term rating upgraded to 'L1' from 'L2'
- Tier 2 capital upgraded to 'A-' from 'BBB'

Ratings Detail

Bank ratings

The bank ratings are dependent on a host of quantitative and qualitative factors. An improvement in either sub-category may result in a higher rating score.

LT Issuer / Outlook / Short-Term **AA- / stable / L1**

Bank Capital and Debt Instruments Ratings

The ratings for bank capital and debt instruments are inter alia dependent on subordination and relative size of the instrument class, based on the long-term issuer rating of the bank.

Preferred senior unsecured debt (PSU):	**AA-**
Non-preferred senior unsecured debt (NPS):	**A+**
Tier 2 (T2):	**A-**
Additional Tier 1 (AT1):	**BBB+**

Rating History

Please consult our website www.creditreform-rating.de for additional information regarding the dates of publication.

Figure 1: Rating History

Bank Issuer Rating	Rating Date	Result
Initialrating	27.04.2018	AA- / stabil / L1
Rating Update	02.07.2019	AA- / stabil / L1
Monitoring	24.03.2020	AA- / NEW / L1
Rating Update	31.08.2020	A+ / stable / L2
Rating Update	19.08.2021	A+ / stable / L2
Rating Update	02.08.2022	AA- / stable / L1
Bank Capital and Debt Instruments	**Rating Date**	**Result**
Senior Unsecured / T2 / AT1 (Initial)	27.04.2018	AA- / BBB+ / BBB
PSU / NPS / T2 / AT1	02.07.2019	AA- / A+ / BBB+ / BBB
PSU / NPS / T2 / AT1	24.03.2020	AA- / A+ / BBB+ / BBB (NEW)
PSU / NPS / T2 / AT1	31.08.2020	A / A- / BBB / BBB-
PSU / NPS / T2 / AT1	19.08.2021	A / A- / BBB / BBB-
PSU / NPS / T2 / AT1	02.08.2022	AA- / A+ / A- / BBB+
Subsidiaries of the Bank	**Rating Date**	**Result**
Nordea Mortgage Bank Plc		
Initialrating	27.04.2018	AA- / stabil / L1
Rating Update	02.07.2019	AA- / stabil / L1
Monitoring	24.03.2020	AA- / NEW / L1
Rating Update	31.08.2020	A+ / stable / L2
Rating Update	19.08.2021	A+ / stable / L2

Rating Update	02.08.2022	AA- / stable / L1
Bank Capital and Debt Instruments of Nordea Mortgage Bank Plc		
Senior Unsecured / T2 / AT1 (Initial)	31.08.2018	AA- / BBB+ / BBB
PSU / NPS / T2 / AT1	02.07.2019	AA- / A+ / BBB+ / BBB
PSU / NPS / T2 / AT1	24.03.2020	AA- / A+ / BBB+ / BBB (NEW)
PSU / NPS / T2 / AT1	31.08.2020	A / A- / BBB / BBB-
PSU / NPS / T2 / AT1	19.08.2021	n.r. / n.r. / BBB / n.r.
PSU / NPS / T2 / AT1	02.08.2022	- / - / A- / -

Appendix

Figure 2: Group income statement | Source: eValueRate / CRA

Income Statement (EUR m)	2021	%	2020	2019	2018
Income					
Net Interest Income	4.925	+9,1	4.515	4.318	4.491
Net Fee & Commission Income	3.495	+18,1	2.959	3.011	2.993
Net Insurance Income	97	+21,3	80	77	123
Net Trading & Fair Value Income	1.105	+27,3	868	947	965
Equity Accounted Results	-6	> +100	-1	50	124
Dividends from Equity Instruments	-	-	-	-	-
Other Income	87	-6,5	93	85	82
Operating Income	**9.703**	**+14,0**	**8.514**	**8.488**	**8.778**
Expense					
Depreciation and Amortisation	664	+9,8	605	1.330	482
Personnel Expense	2.759	+0,3	2.752	3.017	2.998
Tech & Communications Expense	570	+4,2	547	596	567
Marketing and Promotion Expense	44	-4,3	46	59	60
Other Provisions	-	-	-	-	-
Other Expense	612	-11,7	693	984	939
Operating Expense	**4.649**	**+0,1**	**4.643**	**5.986**	**5.046**
Operating Profit & Impairment					
Operating Profit	**5.054**	**+30,6**	**3.871**	**2.502**	**3.732**
Cost of Risk / Impairment	118	-87,0	908	536	173
Net Income					
Non-Recurring Income	-	-	-	147	394
Non-Recurring Expense	-	-	-	-	-
Pre-tax Profit	**4.936**	**+66,6**	**2.963**	**2.113**	**3.953**
Income Tax Expense	1.105	+58,3	698	571	872
Discontinued Operations	-	-	-	-	-
Net Profit	**3.831**	**+69,1**	**2.265**	**1.542**	**3.081**
Attributable to minority interest (non-controlling interest)	-	-	-	-3	4
Attributable to owners of the parent	3.805	+70,0	2.238	1.519	3.070

Figure 3: Group key earnings figures| Source: eValueRate / CRA

Income Ratios (%)	2021	%	2020	2019	2018
Cost Income Ratio (CIR)	47,91	-6,62	54,53	70,52	57,48
Cost Income Ratio ex. Trading (CIRex)	54,07	-6,65	60,72	79,38	64,58
Return on Assets (ROA)	0,67	+0,26	0,41	0,28	0,56
Return on Equity (ROE)	11,43	+4,72	6,71	4,89	9,36
Return on Assets before Taxes (ROAbT)	0,87	+0,33	0,54	0,38	0,72
Return on Equity before Taxes (ROEbT)	14,73	+5,95	8,78	6,70	12,01
Return on Risk-Weighted Assets (RORWA)	2,52	+1,06	1,46	1,03	1,98
Return on Risk-Weighted Assets before Taxes (RORWAbT)	3,25	+1,34	1,91	1,41	2,54
Net Financial Margin (NFM)	1,19	+0,10	1,09	1,05	1,09
Pre-Impairment Operating Profit / Assets	0,89	+0,19	0,70	0,45	0,68
Cost of Funds (COF)	0,31	-0,16	0,47	0,81	0,65
Change in %Points					

Figure 4: Development of assets | Source: eValueRate / CRA

Assets (EUR m)	2021	%	2020	2019	2018
Cash and Balances with Central Banks	47.904	+32,8	36.078	44.716	49.220
Net Loans to Banks	1.983	-36,5	3.123	8.519	11.320
Net Loans to Customers	328.238	+3,4	317.325	304.202	308.304
Total Securities	78.600	+4,6	75.158	79.114	88.674
Total Derivative Assets	30.135	-33,2	45.129	39.328	37.194
Other Financial Assets	18.480	+13,8	16.235	26.040	7.568
Financial Assets	**505.340**	**+2,5**	**493.048**	**501.919**	**502.280**
Equity Accounted Investments	207	-62,7	555	572	1.601
Other Investments	1.764	+14,9	1.535	1.585	1.607
Insurance Assets	46.912	+28,6	36.484	30.799	24.583
Non-current Assets & Discontinued Ops	180	-	-	-	-
Tangible and Intangible Assets	5.529	-3,0	5.702	5.697	4.581
Tax Assets	490	-30,6	706	849	448
Total Other Assets	9.931	-29,7	14.130	13.427	16.308
Total Assets	**570.353**	**+3,3**	**552.160**	**554.848**	**551.408**

Figure 5: Development of asset quality | Source: eValueRate / CRA

Asset Ratios (%)	2021	%	2020	2019	2018
Net Loans/ Assets	57,55	+0,08	57,47	54,83	55,91
Risk-weighted Assets/ Assets	26,63	-1,52	28,15	27,07	28,27
NPLs*/ Net Loans to Customers	1,28	-0,23	1,51	1,86	1,94
NPLs*/ Risk-weighted Assets	2,31	-0,25	2,56	3,07	2,98
Potential Problem Loans**/ Net Loans to Customers	4,65	-0,59	5,25	4,31	6,21
Reserves/ NPLs*	62,73	+1,31	61,42	47,01	43,91
Reserves/ Net Loans	0,67	-0,10	0,77	0,71	0,66
Cost of Risk/ Net Loans	0,04	-0,25	0,29	0,18	0,06
Cost of Risk/ Risk-weighted Assets	0,08	-0,51	0,58	0,36	0,11
Cost of Risk/ Total Assets	0,02	-0,14	0,16	0,10	0,03
Change in % Points					

* NPLs are represented by Stage 3 Loans where available.
** Potential Problem Loans are Stage 2 Loans where available.

Figure 6: Development of refinancing and capital adequacy | Source: eValueRate / CRA

Liabilities (EUR m)	2021	%	2020	2019	2018
Total Deposits from Banks	26.961	+12,6	23.939	32.304	42.419
Total Deposits from Customers	204.496	+12,3	182.064	166.426	160.228
Total Debt	182.511	+0,7	181.250	203.545	199.577
Derivative Liabilities	32.290	-35,0	49.641	44.065	40.820
Securities Sold, not yet Purchased	-	-	-	-	-
Other Financial Liabilities	1.305	-4,5	1.367	2.299	4.730
Total Financial Liabilities	**447.563**	**+2,1**	**438.261**	**448.639**	**447.774**
Insurance Liabilities	67.796	+21,7	55.712	51.105	43.883
Non-current Liabilities & Discontinued Ops	-	-	-	-	-
Tax Liabilities	889	+20,0	741	1.223	1.120
Provisions	783	-18,5	961	570	719
Total Other Liabilities	19.819	-12,9	22.745	21.783	25.011
Total Liabilities	**536.850**	**+3,6**	**518.420**	**523.320**	**518.507**
Total Equity	**33.503**	**-0,7**	**33.740**	**31.528**	**32.901**
Total Liabilities and Equity	**570.353**	**+3,3**	**552.160**	**554.848**	**551.408**

Figure 7: Development of capital ratios and liquidity | Source: eValueRate / CRA

Capital Ratios and Liquidity (%)	2021	%	2020	2019	2018
Total Equity/ Total Assets	5,87	-0,24	6,11	5,68	5,97
Leverage Ratio	5,40	-0,22	5,62	5,27	5,10
Common Equity Tier 1 Ratio (CET1)*	17,00	-0,10	17,10	16,30	-
Tier 1 Ratio (CET1 + AT1)*	19,10	+0,40	18,70	18,30	-
Total Capital Ratio (CET1 + AT1 + T2)*	21,20	+0,70	20,50	20,80	-
SREP/ CET1 Minimum Capital Requirements	10,20	+0,00	10,20	11,40	7,90
MREL / TLAC Ratio	22,71	-	-	-	-
Net Loans/ Deposits (LTD)	160,51	-13,78	174,29	182,79	192,42
Net Stable Funding Ratio (NSFR)	111,10	+0,80	110,30	108,60	-
Liquidity Coverage Ratio (LCR)	160,00	+2,00	158,00	166,00	185,00
Change in % Points					

* Fully-loaded where available

Regulatory

Creditreform Rating AG was neither commissioned by the rating object nor by any other third party for the rating. The analysis took place on a voluntary basis by Creditreform Rating AG and is to be described in the regulatory sense as an unsolicited rating. The following scheme clarifies the level of participation of the rated entity (rating object):

Unsolicited Credit Rating	
With Rated Entity or Related Third Party Participation	No
With Access to Internal Documents	No
With Access to Management	No

The rating is based on publicly available information and internal evaluation methods for the rated bank. The quantitative analysis is based mainly on the latest annual accounts, interim reports, other investor relations information of the bank, and calculated key figures by eValueRate / CRA.

The information and documents processed met the requirements of the rating system of Creditreform Rating AG as published on the website www.creditreform-rating.de. The rating was carried out on the basis of the rating methodology for bank ratings (v3.1), the methodology for the rating of bank capital and unsecured debt instruments (v2.1), as well as the rating methodology for Environmental, Social and Governance Score for Banks (v1.0) in conjunction with Creditreform's basic document Rating Criteria and Definitions (v1.3).

The complete presentation of the rating methodologies used by Creditreform Rating AG and the basic document Rating Criteria and Definitions (v1.3) are published on our homepage:

https://www.creditreform-rating.de/en/about-us/regulatory-requirements.html

On 02 August 2022, the rating was presented by the analysts to the rating committee and adopted in a resolution.

The rating result was communicated to Nordea Bank Abp (Group) and its subsidiaries, and the preliminary rating report was made available to the bank. There was no change in the rating score.

The rating is valid until withdrawal and is subject to monitoring from the rating date (see cover page). The rating will be comprehensively reviewed at least once every year. Within this period, the rating can be updated.

In 2011 Creditreform Rating AG was registered within the European Union according to EU Regulation 1060/2009 (CRA-Regulation). Based on the registration Creditreform Rating AG (CRA) is allowed to issue credit ratings within the EU and is bound to comply with the provisions of the CRA-Regulation. Rating Endorsement Status:

The rating of Nordea Bank Abp (Group) was not endorsed by Creditreform Rating AG from a third country as defined in Article 4 (3) of the CRA-Regulation.

Conflict of Interests

No conflicts of interest were identified during the rating process that might influence the analyses and judgements of the rating analysts involved or any other natural person whose services are placed at the disposal or under the control of Creditreform Rating AG and who are directly involved in credit rating activities or approving credit ratings and rating outlooks.

In case of providing ancillary services to the rated entity, CRA will disclose all ancillary services in the credit rating report.

Rules on the Presentation of Credit Ratings and Rating Outlooks

The approval of credit ratings and rating outlooks follows our internal policies and procedures. In line with our policy "Rating Committee," all credit ratings and rating outlooks are approved by a rating committee based on the principle of unanimity.

To prepare this credit rating, CRA has used following substantially material sources:

1. Aggregated data base by eValueRate

2. Annual Report and interim reports

3. Investors relations information and other publications

4. Website of the rated bank

5. Public and internal market analyses

6. Internet research

There are no other attributes and limitations of the credit rating or rating outlook other than displayed on the CRA website. Furthermore CRA considers satisfactory the quality and extent of information available on the rated entity. In regard to the rated entity Creditreform Rating AG regarded available historical data as sufficient.

Between the disclosure of the credit rating to the rated entity and the public disclosure no amendments were made to the credit rating.

The "Basic data" information card indicates the principal methodology or version of methodology that was used in determining the rating, with a reference to its comprehensive description.

In case where the credit rating is based on more than one methodology or where reference only to the principal methodology might cause investors to overlook other important aspects of the credit rating, including any significant adjustments and deviations, Creditreform Rating AG explains this fact in the credit rating and indicates how the different methodologies or these other aspects are taken into account in the credit rating. This information is integrated in the credit rating report.

The meaning of each rating category, the definition of default or recovery and any appropriate risk warning, including a sensitivity analysis of the relevant key rating assumptions, such as mathematical or correlation assumptions, accompanied by worst-case scenario credit ratings as well as best-case scenario credit ratings are explained in mentioned methodologies and / or in the credit rating report.

The date at which the credit rating was released for distribution for the first time and when it was last updated including any rating outlooks is indicated clearly and prominently in the rating report or in the "Basic data" card as a "Rating action"; first release is indicated as "initial rating", other updates are indicated as an "update", "upgrade or downgrade", "not rated", "confirmed", "selective default" or "default".

In the case of a rating outlook, the time horizon is provided during which a change in the credit rating is expected. This information is available in the rating report or the „Basic data" information card.

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An explanatory statement of the meaning of Creditreform's default rates are available in the credit rating methodologies disclosed on the website.

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