

NORDEA

01/30/2025 19:50 EET

This is a translated version of the "Tuottoja on vielä pöydällä" report, published on 1/30/2025



Kasper Mellas
+358 45 6717 150
kasper.mellas@inderes.fi

INDERES CORPORATE CUSTOMER

COMPANY REPORT



There are still returns to be taken

Nordea published a stronger Q4 result than we expected, which was explained by net interest income decreasing less than forecasted and strongly developed commission income. The forecast changes are moderate, although we revised our estimates for net interest income slightly downward. In light of the relatively stable earnings outlook, we believe the share valuation remains attractive, but we lower our recommendation to Accumulate (was Buy) following the recent share price increase. Our target price remains unchanged at EUR 12.5.

Year wrapped up with a good result

Nordea's operating expenses were quite well known based on previously released information, so the Q4 forecast overshoot came from the revenue side. Net interest income decreased less than we expected and commission income grew more strongly than anticipated, so Nordea's Q4 result exceeded our estimates by some 5%. The bank's guidance also offered a positive signal, as Nordea expects its ROE to exceed 15% this year.

As expected, a new share buyback program was not published, but the bank announced that it had already started a dialog with the supervisor to start the next program. We expect this to take place in H2'25. In 2026-2028, we expect some 3.5 BNEUR in share buybacks. In addition to share buybacks, we expect Nordea to distribute 65-70% of its earnings as dividends, in line with its dividend policy.

Guidance is challenging, but not impossible

We made moderate changes to our earnings forecasts after the Q4 report. We lowered our 2025 growth estimate for the loan portfolio due to persistently weak credit demand. Correspondingly, we raised our 2026 growth forecast, so the net impact of these was close to zero. We made a slightly larger

change to our interest margin estimates, which are now more in line with the bank's estimates. As a result, our net interest income estimates decreased by around 2%, and the impact on our EBIT forecasts was similar.

Overall, we expect Nordea's EBIT to decline in line with interest rates in the coming years, but ROE to remain slightly below the company's target level of around 15% this year. We still consider negative surprises possible, e.g., from bigger central bank interest rate cuts than the market expects or a deteriorating economic situation. Therefore, we consider our caution toward the company's target level justified at this stage of the year. We note that the profitability level based on our estimates is still excellent and clearly exceeds the bank's cost of capital.

Next year, we forecast Nordea's ROE to decline to around 14%, which we consider to be a sustainable level for Nordea even in a lower market rate environment. As the net interest income declines, the bank's results will be supported by an increase in commission income, especially in asset and wealth management. In addition, the decline in interest rates should gradually support credit demand and return the bank to organic growth.

The bank is still available below its value on the stock market

Looking at the balance sheet, Nordea is valued at a P/B ratio of 1.2x. The valuation is moderate and, in our view, paints an overly pessimistic picture of the company's outlook. In our calculations, an acceptable valuation range for Nordea is around 1.3-1.5x, which would correspond to a value of EUR 11.8-13.6 per share. Similarly, relative to a peer group with a lower return on capital, the valuation can be considered unduly low. We therefore see clear upside in the valuation levels, which together with the profit distribution of some 10% offer investors a good expected return at the current share price with a moderate risk level.

Recommendation

Accumulate

(was Buy)

Target price:

12.50 EUR

(was EUR 12.50)

Share price:

11.69

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	12084.0	11860.6	11920.2	12216.6
growth-%	3%	-2%	1%	2%
EBIT adj.	6579.5	6083.2	5946.7	6081.7
EBIT-% adj.	54.4 %	51.3 %	49.9 %	49.8 %
Net Income	5059.0	4685.9	4579.0	4682.9
EPS (adj.)	1.45	1.35	1.35	1.42
P/E (adj.)	7.2	8.7	8.7	8.3
P/B	1.2	1.2	1.2	1.1
Dividend yield-%	9.0 %	8.1 %	8.2 %	8.3 %
EV/EBIT (adj.)	6.2	7.2	6.9	6.4
EV/EBITDA	6.3	7.2	6.9	6.4
EV/S	3.4	3.7	3.4	3.2

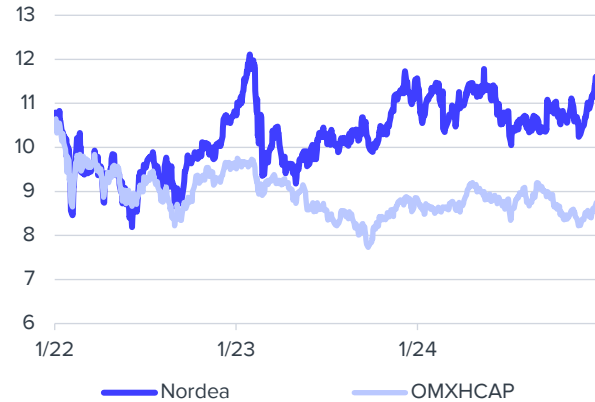
Source: Inderes

Guidance

(New guidance)

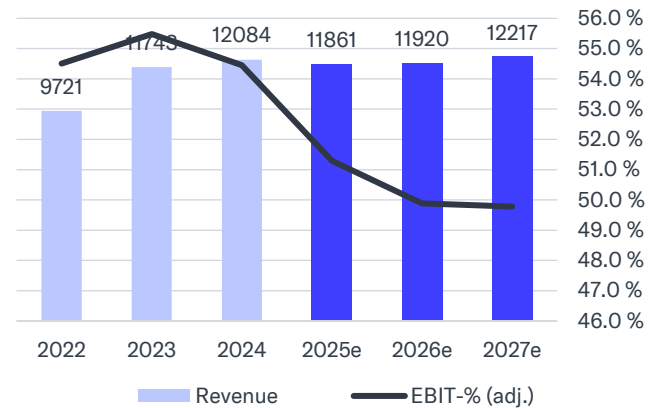
Nordea expects its return on equity to exceed 15 % in 2025.

Share price



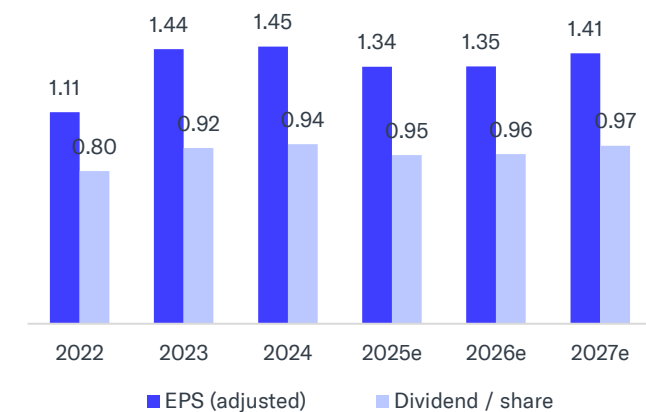
Source: Millstream Market Data AB

Revenue and EBIT-%



Source: Inderes

EPS and dividend



Source: Inderes

Value drivers

- Rising interest rates and net interest income
- Winning market share
- Growth in asset management
- Maintaining improved cost efficiency
- Efficient use of capital and generous profit distribution

Risk factors

- Risks related to general economic development in the Nordic region
- Falling interest rates
- Development of housing and real estate markets
- Regulatory risks
- General capital market development

Valuation	2025e	2026e	2027e
Share price	11.7	11.7	11.7
Number of shares, million	3484	3403	3311
Market cap	40342	39211	38206
P/E (adj.)	8.7	8.7	8.3
P/B	1.2	1.2	1.1
Dividend yield %	8.1 %	8.2 %	8.3 %

Source: Inderes

Year wrapped up with a good result

Nordea announced a Q4 result that was better than we expected. The expenses of the quarter were quite well-known based on the company's earlier information, so the forecast overshoot came entirely from the revenue side. In particular, net interest income and commission income developed better than we expected, which resulted in Nordea's Q4 result exceeding our forecast by some 5%. The bank's guidance also offered a positive signal, as Nordea expects its ROE to exceed 15% this year.

Income developed better than we expected

Nordea's net interest income continued to decrease less than expected. As in previous quarters, the biggest negative impact came from the increase in deposit costs, but hedging activities and loan volume growth compensated for this impact more than we estimated. Most of the increase in the loan portfolio is explained by the acquisition of Danske Bank's Norwegian private customer business, as general credit demand has remained

subdued. However, the bank commented that new loan applications continued to grow, which should anticipate a pick-up in mortgage demand.

The growth in net commission income also exceeded our forecast. The increase came from asset management, where both the assets under management and the fee level increased from the previous quarter. The development was particularly strong in new sales of investment products. Nordea's total operating income in Q4 increased by 1% year-on-year to 1,955 MEUR.

No surprises on the expense side

In addition to wage inflation, Nordea's cost level was increased last year by the company's investments in risk management and the bank's technological development. In addition, the integration of the acquired Danske Bank business in Norway has resulted in more one-off costs. This was known beforehand, so the operating cost level was in line with expectations in Q4. Net loan losses for the quarter

amounted to 54 MEUR (0.06% of the credit portfolio), which was slightly below our expectations. According to Nordea, these mainly came from a few corporate loans. The management judgment buffer was again reduced by 21 MEUR, as the bank sees a positive trend in the risk level of the loans. The size of the remaining judgment buffer is now 414 MEUR. There was no significant deterioration in the quality of the credit portfolio in Q4.

Driven by higher-than-expected returns, Nordea's Q4 EBIT exceeded our estimate by roughly 5%. Earnings per share were EUR 0.32 and return on equity was 14.5%.

The bank proposes a dividend of EUR 0.94 per share, which was slightly below our EUR 0.96 forecast. As expected, a new share buyback program was not published, but the bank announced that it had already started a dialog with the supervisor to start the next program. We expect this to take place in H2'25. The current program will end during Q1.

Estimates	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus	Difference (%)	2024
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Net interest income	1946	1854	1814	1835	1802 - 1876	2 %	7594
Net commission income	763	825	802	806	793 - 833	3 %	3157
Insurance result	40	69	57	57	50 - 65	21 %	1023
Changes in fair value	154	201	230	239	204 - 270	-13 %	1023
Total income	2915	2955	2918	2955	2908 - 3007	1 %	12084
Total expenses	-1417	-1434	-1434	-1238	-980 - -1458	0 %	-5330
Credit losses	-83	-54	-88	-73	-31 - -99	-39 %	-206
EBIT	1415	1467	1 396	1484	1404 - 1585	5 %	6548
EPS	0.31	0.32	0.31	0.32	0.29 - 0.34	4 %	1.44
Dividend per share	0.92	0.94	0.96	0.95	0.93 - 0.99	-2 %	0.94

Source: Inderes & Bloomberg (consensus)

Nordea Q4'24: Declining Interest Income Offset by Loan Portfolio Growth



Nordea expects its profitability to remain excellent

Strong profitability guidance for this year

In connection with the earnings report, Nordea also updated its profitability guidance for the current year and expects its ROE to exceed 15% in 2025. This can be considered a positive signal, as we saw a clear risk of the guidance being even a percentage point lower.

Our estimates, however, still expect the 2025 ROE to be below 15%. We have assumed a credit loss level of 0.1%, the normalized level estimated by the company, which would mean a clear increase from the previous year. Credit losses corresponding to last year would already lift our ROE forecast to 15%. Furthermore, a faster-than-expected recovery in lending would also improve the bank's result, so we by no means consider the target impossible.

In the earnings call, management said it expects the activity to improve in both lending and investment product sales during the year, which, we believe explains the

difference between the profitability guidance and our forecasts. We estimate that economic development will only properly support Nordea's organic growth next year. There is no uncertainty related to cost expectations, as according to the company's published estimate, total costs will grow by approximately 2.0-2.5%.

However, negative surprises may arise during the year, e.g., from bigger central bank interest rate cuts than the market expects or a deteriorating economic situation, so we consider our caution towards the company's target level justified. We note that the profitability level based on our estimates is still excellent and clearly exceeds the bank's cost of capital.

CMD to be held in late 2025

On the earnings day, Nordea announced that it will host a CMD in the last quarter of 2025. Then, the company will update its strategy priorities for the new strategy period

starting in 2026. A small preview was already served in the earnings call when the CEO stated that the focus is strongly on organically increasing the bank's income.

Naturally, this was not surprising per se after a period focused on improving efficiency and strengthening business infrastructure but new complementary acquisitions were also mentioned as a way to grow the business.

Estimates	Q4'23	Q4'24	Q4'24e	Q4'24e	Consensus	Difference (%)	2024
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Net interest income	1946	1854	1814	1835	1802 - 1876	2 %	7594
Net commission income	763	825	802	806	793 - 833	3 %	3157
Insurance result	40	69	57	57	50 - 65	21 %	1023
Changes in fair value	154	201	230	239	204 - 270	-13 %	1023
Total income	2915	2955	2918	2955	2908 - 3007	1 %	12084
Total expenses	-1417	-1434	-1434	-1238	-980 - -1458	0 %	-5330
Credit losses	-83	-54	-88	-73	-31 - -99	-39 %	-206
EBIT	1415	1467	1 396	1484	1404 - 1585	5 %	6548
EPS	0.31	0.32	0.31	0.32	0.29 - 0.34	4 %	1.44
Dividend per share	0.92	0.94	0.96	0.95	0.93 - 0.99	-2 %	0.94

Source: Inderes & Bloomberg (consensus)

Nordea Fourth-quarter and full-year results 2024



Net interest income expectations cut slightly

Estimate revisions

- We made small revisions to our forecasts for the coming years after the Q4 report. We lowered our 2025 growth estimate for the loan portfolio due to persistently weak credit demand. Correspondingly, we raised our 2026 growth forecast, so the net impact of these will be close to zero. We made a slightly larger change to our interest margin estimates, which are now more in line with the bank's estimates. This explains the small forecast cuts in the net interest income.
- We did not touch our cost forecasts, as these were well in line with the company's updated guidance. In recent years, management's estimates have been accurate, so we see no reason to take a different view. We expect costs to increase by 2-3% in the coming years.
- At the same time, we cut our credit loss forecast for this year, and we expect them to be around 0.1% of the credit portfolio. This corresponds to the normal level estimated by the company. With this in mind, Nordea has a judgment buffer of over 400 MEUR, which it can dismantle if necessary.
- Due to the slight decrease in revenue forecasts, our EBIT forecasts for the coming years decreased moderately by some 2%. We now expect a ROE of slightly below 15% for the current year.
- Nordea's current share buyback program will end during Q1. In addition, we expect a new program of some 500 MEUR for the rest of the year. In 2027-2028, we expect some 3.0 BNEUR in share buybacks. In addition to share buybacks, we expect Nordea to distribute 65-70% of its earnings as dividends, in line with its dividend policy. We believe the company aims for steadily growing dividends, so we raised our dividend forecasts slightly for the coming years.

Estimate revisions MEUR / EUR	2024e Estimate	2024e Outcome	Change %	2025e Old	2025e New	Change %	2026e Old	2026e New	Change %
Net interest income	7 616	7 594	0 %	7 332	7 168	-2 %	7 184	7 102	-1 %
Net commission income	3 129	3 157	1 %	3 339	3 344	0 %	3 460	3 466	0 %
Changes in fair value	1 085	1 023	-6 %	1 040	1 040	0 %	1 050	1 050	0 %
Total income	12 136	12 084	0 %	12 019	11 861	-1 %	11 997	11 920	-1 %
Total expenses	-5 330	-5 330	0 %	-5 454	-5 453	0 %	-5 588	-5 605	0 %
Credit losses	-249	-206	-17 %	-379	-325	-14 %	-368	-369	0 %
EBIT	6 557	6 548	0 %	6 186	6 083	-2 %	6 041	5 947	-2 %
EBIT excl. NRIs	6 588	6 580	0 %	6 186	6 083	-2 %	6 041	5 947	-2 %
EPS	1,45	1,44	0 %	1,37	1,34	-2 %	1,37	1,35	-2 %
EPS (adj.)	1,45	1,45	0 %	1,37	1,34	-2 %	1,37	1,35	-2 %
Dividend per share	0,96	0,94	-2 %	0,92	0,95	4 %	0,90	0,96	6 %

Source: Inderes

The bank is still available below its value on the stock market

Nordea's valuation is moderate like in the rest of the Nordic banking sector, so the stock markets are currently still rather skeptical about the earnings outlook of the Nordic banking sector. In our opinion, Nordea is well positioned to maintain a relatively stable performance in the years ahead, as hedging measures will stabilize the development of net interest income. We also expect the determined reduction of risk levels in the balance sheet in previous years to keep credit losses in check, even if the economic situation turns sourer than it currently is. In view of the relatively stable earnings outlook, we feel the share valuation is still attractive.

Valuation is below the peer group

Nordea is priced below its peer group of Nordic banks on a price-to-book (P/B) basis. We do not think this is justified given the company's stronger profitability outlook than its peers. The regression model that considers company-specific profitability differences (the correlation between the ROE and the P/B ratio) also tells the same story about moderate pricing. In light of this market-based model (graph on the right), a P/B ratio of 1.3-1.4x could be justified for the company, which would correspond to a price level of just over EUR 12.

The balance sheet-based valuation is moderate

Nordea's acceptable fundamentals-based P/B valuation can be examined by making assumptions about a sustainable long-term return on equity (ROE), the cost of equity requirement (CoE) and a sustainable growth factor (g). If we assume that Nordea will sustainably reach a long-term ROE level of about 12-14% (cf. current financial target +15%, average over the last 20 years 12.6%) and apply a CoE

requirement of 9.75-10.25% and a growth factor of 2.5% (relative to the normalized earnings level), the acceptable P/B ratio would be around 1.2x-1.6x. At the equity level of the end of 2024, the value at these multiples would range between EUR 10.9 and EUR 14.3. Conversely, this means that the current share price is already heavily burdened with the expectation of a significant deterioration in earnings.

We estimate that a corresponding decline in profitability would require both 1) a decline in interest rates to below 2% and 2) an increase in normalized loan losses above our current projections (~0.10% of the loan portfolio). Although 2023 and 2024 will be the peak years for profitability, our view on normalized ROE for the bank is rosier than current market pricing.

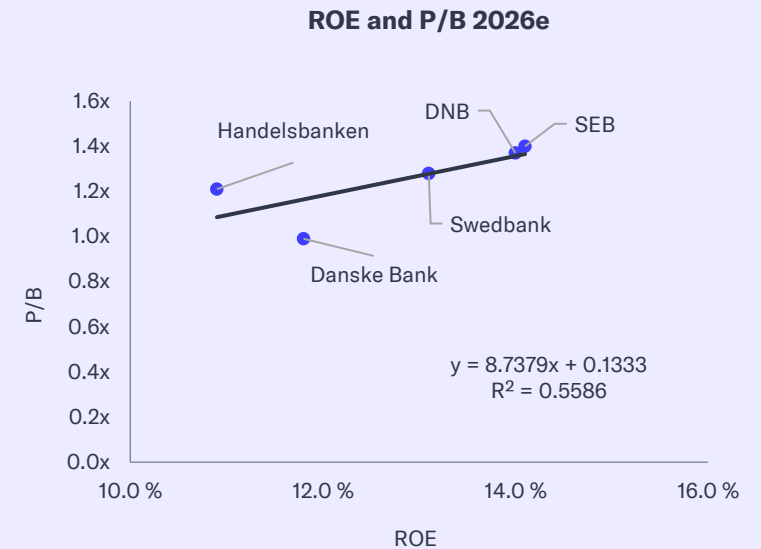
In addition, with our estimates, Nordea's dividend yield rises to approximately 8% in the next few years and the total distributed profits that considers share buybacks to around 10%. Distributed profits in itself have no impact on the company's value, but we believe that the strong profit distribution in the coming years is a supportive element for the expected return and the share price, which lowers the valuation risk.

EVA model (Economic Value Added)

We have also looked at Nordea's valuation using an Economic Value Added (EVA) model, which gives Nordea a value of just over EUR 14 per share. The difference between the EVA model and the fundamental multiples is that it takes better account of the impact of the current high level of profitability on the bank's value. The growth assumption used for the terminal period is 2.5%. The EVA model with its assumptions can be found in the report's appendices.

Valuation	2025e	2026e	2027e
Share price	11.7	11.7	11.7
Number of shares, million	3484	3403	3311
Market cap	40342	39211	38206
P/E (adj.)	8.7	8.7	8.3
P/B	1.2	1.2	1.1
Dividend yield %	8.1 %	8.2 %	8.3 %

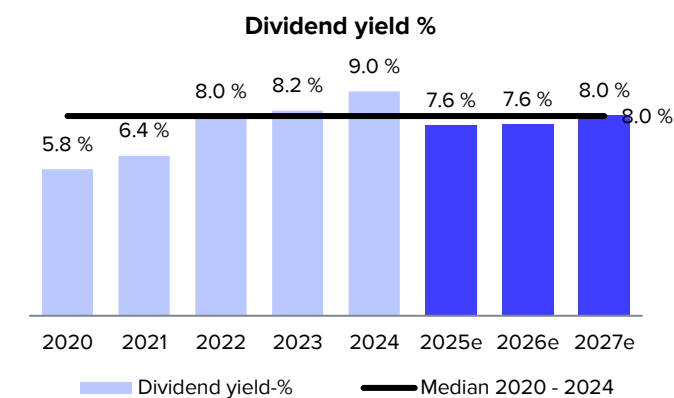
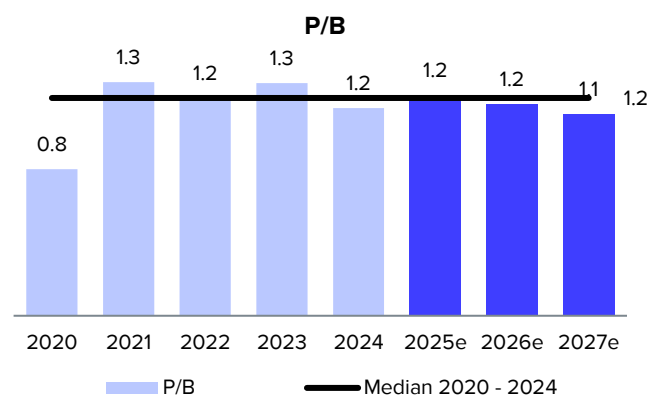
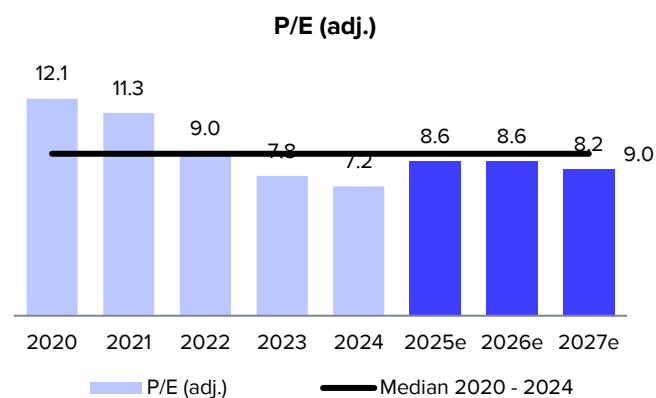
Source: Inderes



Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	6.67	10.8	10.0	11.2	10.5	11.7	11.7	11.7	11.7
Number of shares, millions	4,118	4,025	3,721	3,579	3,505	3,448	3,403	3,311	3,182
Market cap	27,014	42,793	36,650	39,619	36,782	40,342	39,211	38,206	37,201
P/E (adj.)	12.1	11.3	9.0	7.8	7.2	8.7	8.7	8.3	6.0
P/B	0.8	1.3	1.2	1.3	1.2	1.2	1.2	1.1	3.4
Dividend yield-%	5.8 %	6.4 %	8.0 %	8.2 %	9.0 %	8.1 %	8.2 %	8.3 %	8.4 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	P/E		Dividend yield-%		P/B
		2025e	2026e	2025e	2026e	2025e
Danske Bank	25290	8.5	8.2	7.3	7.5	1.0
DNB	31142	9.7	9.8	7.0	7.2	1.4
Handelsbanken	21626	10.9	11.0	8.7	7.8	1.2
SEB	29483	10.1	9.5	6.0	6.2	1.4
Swedbank	23969	9.5	9.5	8.0	8.2	1.3
Nordea (Inderes)	40675	8.8	8.8	7.5	7.5	1.3
Average		9.7	9.6	7.4	7.4	1.3
Median		9.7	9.5	7.3	7.5	1.3
Diff-% to median		-10%	-8%	3%	1%	-2%

Source: Refinitiv / Inderes

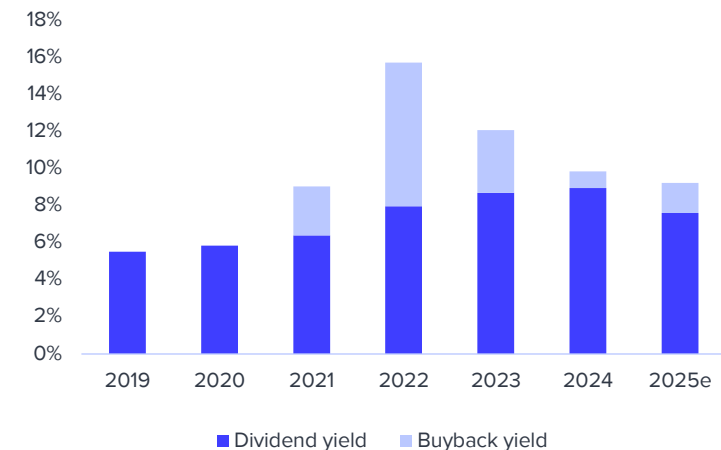
Summary tables 1/2

Income statement (MEUR)	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Net interest income	4,318	4,515	4,925	5,664	7,451	7,594	7,168	7,102	7,261	7,407
Net fee and commission income	3,011	2,959	3,495	3,186	3,021	3,157	3,344	3,466	3,590	3,724
Net result from items at fair value	1,012	900	1,119	623	1,014	1,023	1,040	1,050	1,061	1,072
Other income	282	92	81	248	257	310	308	302	305	307
Total operating income	8,623	8,466	9,620	9,721	11,743	12,084	11,861	11,920	12,217	12,509
Total operating expenses	-5,986	-4,643	-4,649	-4,834	-5,061	-5,299	-5,453	-5,605	-5,758	-5,914
Profit before loan losses	2,637	3,823	4,971	4,887	6,505	6,754	6,408	6,315	6,459	6,595
Net loan losses	-524	-860	-35	-125	-167	-206	-325	-369	-377	-384
Operating profit	2,113	2,963	4,936	4,762	6,338	6,548	6,083	5,947	6,082	6,211
Taxes	-571	-698	-1,105	-1,175	-1,404	-1,489	-1,397	-1,368	-1,399	-1,428
Net profit from continuing operations	1,542	2,265	3,831	3,587	4,934	5,059	4,686	4,579	4,683	4,782
Profit from discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit for the period	1,542	2,265	3,831	3,587	4,934	5,059	4,686	4,579	4,683	4,782

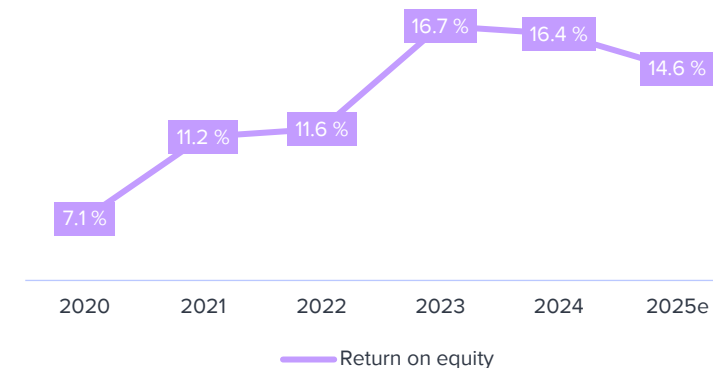
Balance sheet (BNEUR)	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Loans to the public	323	330	345	346	345	358	364	373	381	388
Other assets	232	222	225	249	240	266	270	276	282	288
Total assets	555	552	570	595	585	623	634	650	663	676
Deposits	169	183	206	217	210	232	235	233	238	243
Other liabilities	355	335	331	346	343	358	366	383	390	399
Total equity	32	34	34	31	31	32	33	34	34	35
Total equity and liabilities	555	552	570	595	585	623	634	650	663	676

Solvency	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Risk-weighted assets (BNEUR)	150	155	152	145	139	156	160	162	161	163
CET1 solvency	16.3 %	17.1 %	17.0 %	16.4 %	17.0 %	15.8 %	15.6 %	15.7 %	16.1 %	16.0 %
Tier 1 solvency	18.3 %	18.7 %	19.1 %	18.7 %	19.4 %	18.4 %	18.2 %	18.3 %	18.7 %	18.5 %
Total capital ratio	20.8 %	20.5 %	21.2 %	20.8 %	22.2 %	21.0 %	20.7 %	20.8 %	21.2 %	21.0 %

Nordea's total yield



Return on equity (ROE)



Summary tables 2/2

Other key ratios	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Income growth-%	-6%	-2%	14%	1%	21%	3%	-2%	1%	2%	2%
Interest income/loan portfolio	1.37%	1.38%	1.46%	1.64%	2.16%	2.16%	1.99%	1.93%	1.93%	1.93%
Loan portfolio growth-%	4.8 %	2.1 %	4.6 %	0.2 %	-0.3 %	3.7 %	1.8 %	2.5 %	2.0 %	2.0 %
Deposit growth -%	2.3 %	8.7 %	12.2 %	5.7 %	-3.4 %	10.7 %	1.1 %	-0.7 %	2.0 %	2.0 %
Cost/income ratio excl. non-recurring items	57%	55%	48%	47%	43%	44%	46%	47%	47%	47%
Loan losses/loan portfolio, average	0.17%	0.26%	0.01%	0.04%	0.05%	0.06%	0.09%	0.10%	0.10%	0.10%
Return on equity (ROE)	5.0 %	7.1 %	11.2 %	11.6 %	16.7 %	16.4 %	14.6 %	14.0 %	14.1 %	14.2 %
Number of employees	29,000	28,051	26,894	28,268	29,153	30,157	30,612	30,918	31,382	31,853
Dividends paid in the review period (MEUR)	2,788	0	3,192	2,655	2,876	3,218	3,293	3,046	2,976	3,044
	0	0	1,136	2,841	1,263	332	651	1,057	988	1,508
Share details	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	7.24	6.67	10.79	10.03	10.57	10.50	11.62	11.62	11.62	11.62
Number of shares at the end of the period	4,050	4,050	3,966	3,654	3,528	3,503	3,447	3,349	3,264	3,134
Reported EPS	0.38	0.55	0.95	0.96	1.38	1.44	1.35	1.35	1.42	1.49
EPS excl. non-recurring items	0.61	0.55	0.95	1.11	1.42	1.45	1.35	1.35	1.42	1.49
Dividend per share	0.40	0.39	0.69	0.80	0.92	0.94	0.88	0.89	0.93	0.99
Buybacks per share	0.00	0.00	0.29	0.78	0.36	0.09	0.19	0.32	0.30	0.48
Equity per share	7.80	8.35	8.51	8.62	8.85	9.26	9.63	10.05	10.53	11.04
Dividend payout ratio	105%	71%	73%	83%	67%	65%	66%	66%	66%	66%
Total profit distribution ratio	66%	71%	103%	142%	90%	72%	80%	89%	87%	99%
Valuation	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Market value	29,322	27,014	42,793	36,650	37,291	36,782	40,054	38,917	37,929	36,418
P/E (adjusted)	11.9	12.1	11.4	9.0	7.4	7.2	8.6	8.6	8.2	7.8
P/B	0.9	0.8	1.3	1.2	1.2	1.1	1.2	1.2	1.1	1.1
Dividend yield	5.5 %	5.8 %	6.4 %	8.0 %	8.7 %	9.0 %	7.6 %	7.6 %	8.0 %	8.5 %
Buyback yield	0.0 %	0.0 %	2.7 %	7.8 %	3.4 %	0.9 %	1.6 %	2.7 %	2.6 %	4.1 %
Total profit distribution yield	5.5 %	5.8 %	9.0 %	15.7 %	12.1 %	9.9 %	9.2 %	10.4 %	10.6 %	12.7 %

Income statement

Income statement (MEUR)	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Net interest income	7,451	1,954	1,904	1,882	1,854	7,594	1,825	1,797	1,778	1,768	7,168	7,102	7,261	7,407
Net fee and commission income	3,021	763	795	774	825	3,157	829	846	825	844	3,344	3,466	3,590	3,724
Net insurance result	217	61	63	60	69	253	60	60	60	60	240	242	245	247
Net result from items at fair value	1,014	291	247	284	201	1,023	260	260	260	260	1,040	1,050	1,061	1,072
Other income	40	16	21	14	6	57	17	17	17	17	68	60	60	60
Total operating income	11,743	3,085	3,030	3,014	2,955	12,084	2,991	2,980	2,940	2,950	11,861	11,920	12,217	12,509
Non-recurring items	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating income excl. non-rec. items	11,743	3,085	3,030	3,014	2,955	12,084	2,991	2,980	2,940	2,950	11,861	11,920	12,217	12,509
Staff costs	-2,908	-749	-761	-779	-817	-3,106	-785	-795	-810	-846	-3,236	-3,335	-3,436	-3,540
Other expenses	-1,522	-401	-379	-398	-469	-1,647	-420	-380	-375	-430	-1,606	-1,638	-1,670	-1,704
Depreciation tangible and intangible assets	-808	-139	-138	-152	-148	-577	-150	-152	-154	-155	-611	-632	-651	-670
Total operating expenses	-5,238	-1,289	-1,278	-1,329	-1,434	-5,330	-1,355	-1,327	-1,339	-1,431	-5,453	-5,605	-5,758	-5,914
Non-recurring expenses	-177	0	0	-32	0	-32	0	0	0	0	0	0	0	0
Total operating expenses excl. non-rec. expenses	-5,061	-1,289	-1,278	-1,298	-1,434	-5,299	-1,355	-1,327	-1,339	-1,431	-5,453	-5,605	-5,758	-5,914
Profit before loan losses	6,505	1,796	1,752	1,685	1,521	6,754	1,636	1,653	1,601	1,518	6,408	6,315	6,459	6,595
Net loan losses	-167	-33	-68	-51	-54	-206	-54	-90	-90	-91	-325	-369	-377	-384
Operating profit	6,338	1,763	1,684	1,634	1,467	6,548	1,582	1,563	1,510	1,428	6,083	5,947	6,082	6,211
Total non-recurring items	-177	0	0	-32	0	-32	0	0	0	0	0	0	0	0
Operating profit excl. non-rec. items	6,515	1,763	1,684	1,666	1,467	6,580	1,582	1,563	1,510	1,428	6,083	5,947	6,082	6,211
Taxes	-1,404	-402	-381	-368	-338	-1,489	-363	-359	-347	-328	-1,397	-1,368	-1,399	-1,428
Net profit for the period	4,934	1,361	1,303	1,266	1,129	5,059	1,219	1,204	1,163	1,100	4,686	4,579	4,683	4,782
Net profit excl. non-rec. Items	5,072	1,361	1,303	1,290	1,129	5,083	1,219	1,204	1,163	1,100	4,686	4,579	4,683	4,782
EPS (reported)	1.38	0.39	0.37	0.36	0.32	1.44	0.35	0.35	0.33	0.32	1.35	1.35	1.42	1.49
EPS (adj.)	1.42	0.39	0.37	0.37	0.32	1.45	0.35	0.35	0.33	0.32	1.35	1.35	1.42	1.49
Dividend per share	0.92					0.94					0.88	0.89	0.93	0.99

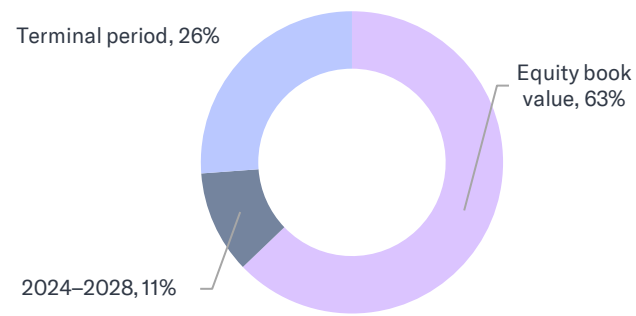
Balance sheet

Balance sheet (EURbn)	2023	2024	2025e	2026e	2027e	2028e
Cash and loans to central banks	53	51	51	52	53	54
Loans to credit institutions	2	3	3	3	3	3
Loans to the public	345	358	364	373	381	388
Intangibles	4	4	4	4	4	4
Other assets	181	208	212	217	222	226
Total assets	585	623	634	650	663	676
Equity	31	32	33	34	34	35
Deposits by credit institutions	30	29	30	39	39	41
Deposits and borrowings from the public	210	232	235	233	238	243
Debt securities in issue	183	188	192	196	200	204
Subordinated liabilities	6	7	8	8	8	8
Other liabilities	126	134	137	140	143	146
Total equity and liabilities	585	623	634	650	663	676

Economic value added model (EVA)

EVA calculation	2024	2025e	2026e	2027e	2028e	2029e	TERM
Net profit	5059	4686	4579	4683	4782	4902	
Equity	31686	32428	32904	33623	33853	34700	
Return on equity % (ROE)		14.6 %	14.0 %	14.1 %	14.2 %	14.3 %	
Economic value added (EVA)		1531	1350	1406	1434	1531	21040
Common Equity Tier 1 capital		24958	25444	26021	26118	26771	
RWA		159950	161689	161500	163309	167391	
CET1-%		15.6 %	15.7 %	16.1 %	16.0 %	16.0 %	
Discounted EVA		1404	1126	1067	989	960	13196
Discounted cumulative EVA		18741	17337	16212	15145	14156	13196
+ Book value of equity		31686					
-Dividend/returned capital		0					
+/-Other items		0					
Equity value EVA		50427					
Number of shares outstanding (million)		3503					
Equity value EVA per share		14.4					
Cost of capital							
Risk-free interest		2.5 %					
Beta		1.6					
Market risk premium		4.75%					
Liquidity premium		0.0 %					
Cost of equity		10.0 %					

Value distribution



Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

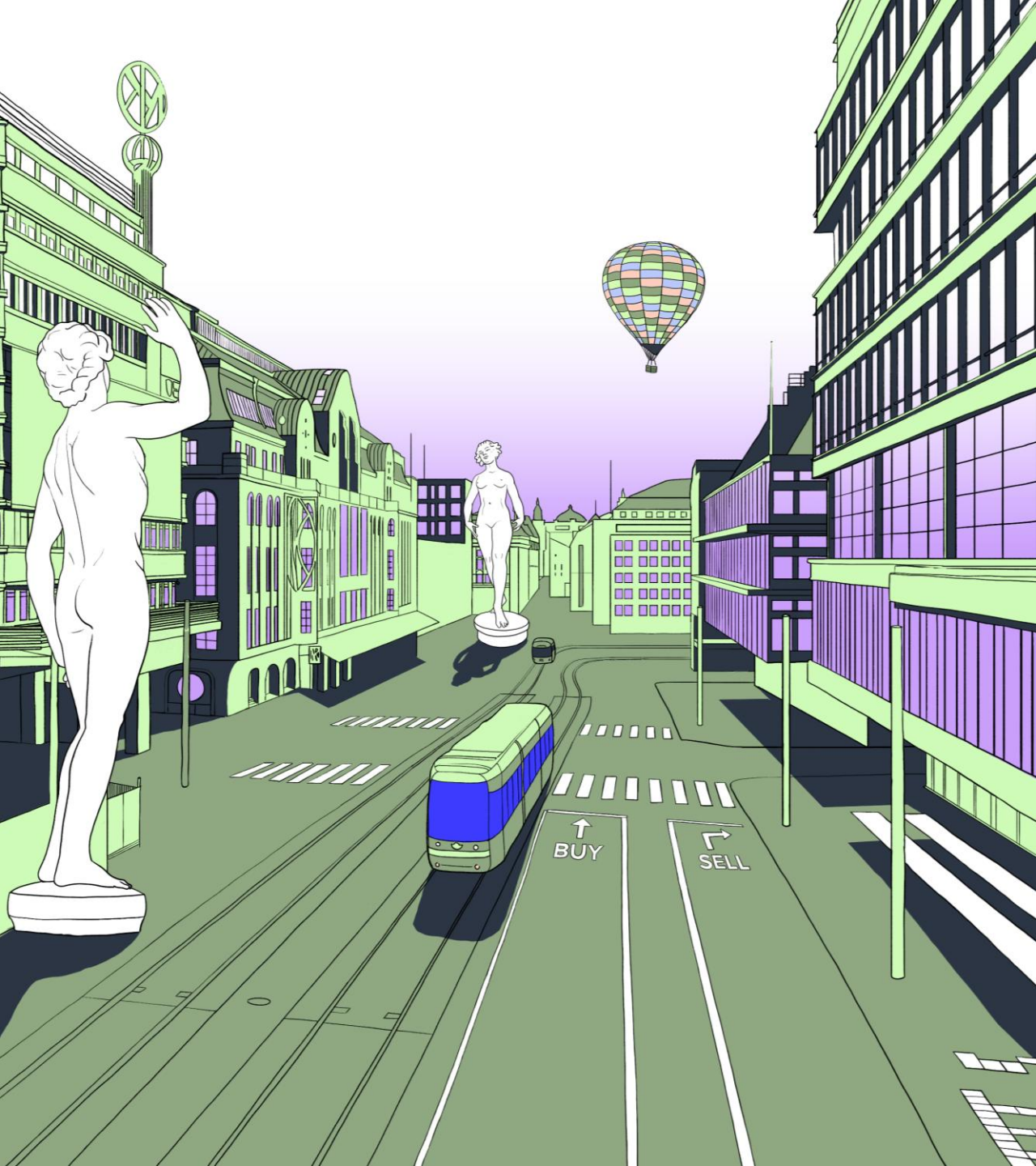
Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
6/9/2023	Buy	12.50 €	9.73 €
7/18/2023	Buy	12.50 €	10.33 €
10/20/2023	Buy	12.50 €	10.42 €
2/7/2024	Buy	12.50 €	10.81 €
4/19/2024	Buy	12.50 €	10.74 €
7/16/2024	Buy	12.50 €	10.57 €
10/18/2024	Buy	12.50 €	11.05 €
11/20/2024	Buy	12.50 €	10.73 €
1/31/2025	Accumulate	12.50 €	11.62 €



CONNECTING INVESTORS AND COMPANIES.

Inderes connects investors and listed companies.

We serve over 400 Nordic listed companies that want to better serve investors. The Inderes community is home to over 70,000 active investors.

We provide listed companies with solutions that enable seamless and effective investor relations. The Inderes service is built on four cornerstones for high-quality investor relations: Equity Research, Events, IR Software, and Annual General Meetings (AGM).

Inderes operates in Finland, Sweden, Norway, and Denmark and is listed on the Nasdaq First North Growth Market.

Inderes was created by investors, for investors.

Inderes Ab

Vattugatan 17, 5tr
Stockholm
+46 8 411 43 80

Inderes Oyj

Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.se

inderes.fi

**inde
res.**