

NORDEA

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INDERES CORPORATE CUSTOMER

COMPANY REPORT



Clouded economic outlook not a concern

Nordea reported a better-than-expected Q1 result. However, the forecast beat was mainly explained by quarterly fluctuations in fair value, and the decline in net interest income kept the result down as expected. At the same time, increased uncertainty has weakened the outlook for credit demand, which together with lower interest rate forecasts lowered our earnings estimates. In light of the relatively stable earnings outlook, however, the stock's expected return is still sufficient, so we reiterate our Accumulate recommendation. We are revising our target price down to EUR 12.0 (was EUR 12.5) in line with our lower earnings estimates.

The quarter's development was largely expected

Nordea's operational figures for Q1 did not offer any major surprises, but the result was stronger than expected thanks to fair value changes and very modest credit losses. Net fee and commission income increased year-on-year and asset management sales performed well, but this was not enough to offset the negative impact of the decline in interest income. Consequently, the result decreased by around 9% year-on-year. However, profitability was still at a strong level (Q1'25 ROE 15.7%). Credit volumes, on the other hand, remained moderately subdued, as the increase in uncertainty has kept customers cautious. The bank did not touch this year's earnings guidance (ROE > 15%), although increased uncertainty is clouding the outlook.

Weaker interest rate outlook lowered earnings forecasts

Following the Q1 report, we revised our earnings forecasts moderately downwards. This was mainly due to lower interest rate forecasts and increased uncertainty, which weakens the demand outlook for credit. However, this did not lead to significant changes, as our overall EBIT forecast for the current year was reduced by 1% and our forecast for 2026-2027 by 2-3%.

Overall, we expect Nordea's EBIT to decline in line with interest rates in the coming years. Our forecasts indicate that the bank's return on equity will fall below the guided 15% this year. Although the reversal of existing loan loss provisions may provide support for the development towards the end of the year, we see the risk of a negative profit warning as higher than before. On the other hand, the easing of economic uncertainty could improve the growth outlook for the loan portfolio and asset management's AUM, but we believe caution is warranted given the exceptionally high level of general uncertainty. We note that the profitability level based on our estimates is still excellent and clearly exceeds the bank's cost of capital. Our view of the bank's earnings performance has also not changed materially. Therefore, we wouldn't see a potential small downgrade in the outlook as a cause for concern.

From next year onwards, we forecast Nordea's ROE to stabilize in the 13-14% range, which we consider to be a sustainable level for Nordea even in a lower market rate environment. The distribution of profits will remain generous, as the bank supplements the dividend with regular share buyback programs.

Expected return is still sufficient

Looking at the balance sheet, Nordea is valued at a P/B ratio of 1.3x. 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 11.1-12.8 per share. Similarly, relative to a peer group with a lower return on capital, the valuation can be considered unduly low. We therefore see moderate upside in the valuation levels, which together with the profit distribution of some 10% still offer investors a sufficient expected return at the current share price with a moderate risk level.

Recommendation

Accumulate

(was Accumulate)

Target price:

EUR 12.00

(was EUR 12.50)

Share price:

EUR 11.36

Business risk



Valuation risk



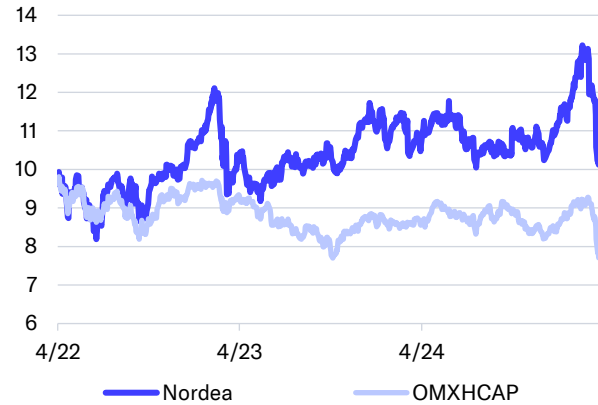
Key figures	2024	2025e	2026e	2027e
Operating income	12,084	11,684	11,700	11,967
growth-%	3%	-3%	0%	2%
Operating expenses	5,330	5,451	5,605	5,759
Income/cost ratio	44%	47%	48%	48%
Adjusted EBIT	6,580	6,028	5,799	5,905
Net profit	5,059	4,639	4,465	4,547
EPS (adj.)	1.45	1.34	1.31	1.38
Dividend	0.94	0.95	0.96	0.97
Payout ratio	65%	71%	73%	70%
ROE-%	16%	14%	14%	14%
P/E (adj.)	7.3	8.6	8.6	8.2
P/B	1.3	1.3	1.2	1.1
Dividend yield-%	9.0%	8.4%	8.5%	8.5%

Guidance

(Unchanged)

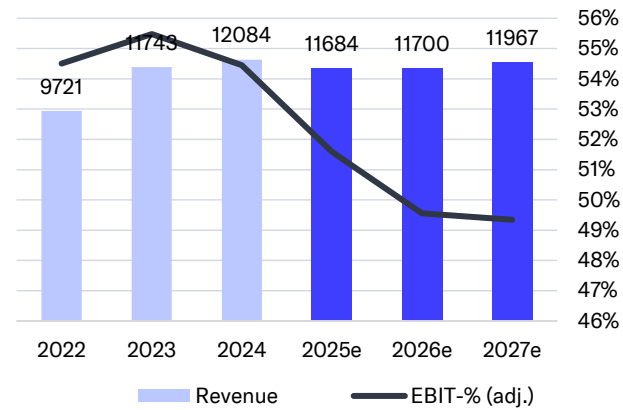
Nordea expects its return on equity to exceed 15 % in 2025.

Share price



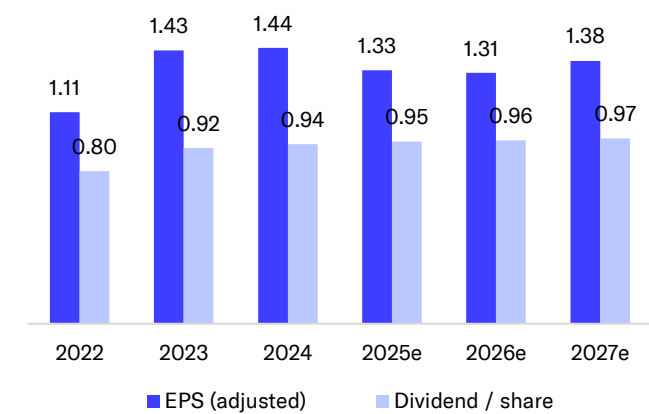
Source: Millstream Market Data AB

Revenue and EBIT-% (adj.)



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 level	2025e	2026e	2027e
Share price	11.36	11.36	11.36
Number of shares, million	3,473	3,399	3,301
Market cap	38,894	37,717	36,695
P/E (adj.)	8.6	8.6	8.2
P/B	1.3	1.2	1.1
Dividend yield-%	8.4%	8.5%	8.5%

Source: Inderes

The quarter's development was largely expected

Quarterly fluctuating income items were stronger than expected

As expected, Nordea's net interest income continued on a downward trend in Q1, albeit slightly more moderately than we had estimated. The largest negative impact on net interest income came from the decline in central bank interest rates and the number of interest days (Q1 has fewer days than other months), while hedging and the acquired Danske Bank's Norwegian personal customer business mitigated the decline.

Credit volumes remained fairly sluggish again, as, based on the company's comments, increased uncertainty has kept customers cautious. This will at the very least delay major investments and purchases, which in turn will negatively affect the demand for credit among both corporate and private customers. However, loan commitments were growing, but in this respect, it should be noted that concerns about the trade war have mainly increased after the end of the quarter.

Similarly, there were no significant surprises in the development of net fee and commission income. However, client assets under management developed better than expected after Nordea won several international asset management mandates of significant size. This is naturally positive, as sales to international asset management clients in particular have been sluggish in recent years. Similarly, the fee margin (fee income/client assets) decreased slightly more than expected, which in our view is explained by the increased share of low-fee mandates.

In terms of income, the largest forecast deviations were seen in fair value changes, which were clearly stronger than our expectations. Despite this, Nordea's total operating income decreased by 4% year-on-year in Q1 to 2,974 MEUR, pulled down by declining net interest income.

Credit losses remained very moderate

Nordea's operating expenses were well in line with expectations. Expenses again grew strongly year-on-year,

but the impact should level off in the second half of the year. This is because the bank's investments in risk management and technology development were concentrated in the second half of last year.

Credit losses recognized through profit or loss, in turn, were at their lowest level since Q1 2023, which was clearly less than we expected. Credit loss buffers were reduced again by roughly 20 MEUR, but even adjusted for this, loan losses remained very moderate. The remaining management judgment buffer is now 397 MEUR, and the company will continue to dismantle this in the coming years. No significant deterioration was seen in the quality of the loan portfolio in the first half of the year.

Nordea's Q1 EBIT exceeded our forecast by about 7% due to higher-than-expected fair value changes. Earnings per share were EUR 0.35 and return on equity was again strong at 15.7%.

Estimates MEUR / EUR	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus		Difference (%)	2025e
	Comparison	Actualized	Inderes	Consensus	Low	High	Act. vs. Inderes	Inderes
Net interest income	1,954	1,829	1,818	1,790	1,763	- 1,828	1%	7,052
Net commission income	763	793	799	812	787	- 829	-1%	3,294
Net result from items at fair value	291	289	230	257	237	- 309	26%	1,044
Other income	16	9	17			-	-47%	-750
Total operating income	3,085	2,974	2,924	2,926	2,866	- 2,991	2%	11,684
Total operating expenses	-1,289	-1,354	-1,355	-1,367	-1,336	- -1,390	0%	-5,451
Net loan losses	-33	-13	-63	-61	-35	- -93	-79%	-206
Operating profit	1,763	1,607	1,506	1,509	1,426	- 1,582	7%	6,028
Operating profit excl. non-rec. items	1,763	1,607	1,506	1,509	1,426	- 1,582	7%	6,028
EPS (reported)	0.39	0.35	0.33	0.32	0.29	- 0.35	6%	1.34

Source: Inderes & Bloomberg (consensus)

How does trade war affect Nordea?



Strong performance required for the rest of the year to meet guidance

No changes to earnings guidance

As expected, there were no changes to the guidance anticipating a return on equity of over 15% in the Q1 report. However, Nordea has a tough job reaching its guidance for the current year, as the rising cost level and falling interest rate level are weighing on earnings development towards the end of the year. In our view, exceeding the return on equity target of over 15% requires at least the dismantling of existing loan loss buffers, and the company seems to be continuing this at the previous pace despite increased uncertainty. However, our own forecasts are below this, as we estimate that uncertainty will weigh particularly on credit demand, in addition to the decline in the interest income.

As such, we see the risk of a negative profit warning as higher than before, although a more perky sales performance in asset management than expected may compensate for the weakened outlook for net interest

income. In addition, it should be noted that a further decline in interest rates would support the market values of the AUM invested in fixed income products (~40% of Nordea's customer assets) and, consequently, Nordea's fee income, which would slightly dampen the impact of the decline in net interest income on earnings.

Regarding the lowered interest rate forecasts and the weakening macroeconomic picture, the management, for its part, reined in the worst fears and stated that there are also factors supporting the current interest rate level. If interest rates fall below 2% in line with current forecasts, the impact on the bank's earnings development would be negative in principle.

There were no significant changes in solvency in Q1 either, as the effects of the Basel IV regulation, which came into force at the turn of the year, were largely in line with what had been communicated previously. Nordea's CET1 ratio was 15.7% at the end of Q1 (Q1'24: 15.8%), while the

regulatory requirement is 13.7%. Nordea's goal is to maintain solvency that is 1.5% above the required level.

Estimates	Q1'24	Q1'25	Q1'25e	Q1'25e	Consensus	Difference (%)	2025e
MEUR / EUR	Comparison	Actualized	Inderes	Consensus	Low High	Act. vs. Inderes	Inderes
Net interest income	1,954	1,829	1,818	1,790	1,763 - 1,828	1%	7,052
Net commission income	763	793	799	812	787 - 829	-1%	3,294
Net result from items at fair value	291	289	230	257	237 - 309	26%	1,044
Other income	16	9	17		-	-47%	-750
Total operating income	3,085	2,974	2,924	2,926	2,866 - 2,991	2%	11,684
Total operating expenses	-1,289	-1,354	-1,355	-1,367	-1,336 - -1,390	0%	-5,451
Net loan losses	-33	-13	-63	-61	-35 - -93	-79%	-206
Operating profit	1,763	1,607	1,506	1,509	1,426 - 1,582	7%	6,028
Operating profit excl. non-rec. items	1,763	1,607	1,506	1,509	1,426 - 1,582	7%	6,028
EPS (reported)	0.39	0.35	0.33	0.32	0.29 - 0.35	6%	1.34

Source: Inderes & Bloomberg (consensus)

Nordea first-quarter results 2025



Moderate decline in earnings forecasts on macroeconomic concerns

Weaker interest rate outlook lowered earnings forecasts

We lowered our credit portfolio growth projections for the coming years to reflect the weaker macroeconomic picture and increased uncertainty. However, the positive exchange rate effects in Q1 increased the credit portfolio, which offset this effect for the current year. The decline in volume forecasts is therefore only visible in our projections from 2026 onwards. A larger impact on our earnings forecasts was due to the clearly lower interest rate forecasts, which negatively affect Nordea's earnings through interest income. As regards interest rate forecasts, it should of course be noted that forecasting interest rate developments is extremely challenging and the margin of error has historically been large. The situation will certainly continue to live in one direction or another. However, we believe that current interest rate forecasts are already loaded with a fair amount of assumptions about the impact of a possible trade war.

We also revised downwards our estimate of the asset management fee margin, as our interpretation is that low-paying mandates eroded the earning potential slightly more than seasonal factors. This moderately decreased our net fee and commission income forecasts.

Overall, our EBIT forecast for the current year fell by 1% and our EBIT forecast for 2026-2027 fell by 2-3%. We forecast Nordea's return on equity to fall below 15% this year and then level off at around 13-14%. As a result, we expect the bank's profitability to remain well above the required return despite the decline, which can still be considered a strong level in a competitive banking market.

Buffers cushion credit losses

In terms of credit losses, we expect actual loan losses to be above the average level estimated by the bank (0.1% of the loan portfolio per year) in the coming years. However, the bank still has around 400 MEUR of management

judgment buffers against increasing credit losses, which, based on the comments, are intended to be gradually reduced in the coming years. Thanks to this, we expect impairment losses to remain moderate in our forecasts (0.07-0.10% of the loan portfolio annually).

Profit distribution remains abundant

We continue to forecast generous dividend distributions as in previous years, and we expect Nordea to distribute 65-70% of its profits as dividends in accordance with its dividend policy. We believe that the company is aiming for a steadily increasing dividend, which is also in line with our own forecasts. Dividends are supplemented by regular share buyback programs, the latest of which of around 250 MEUR was launched in Q1. In addition, we expect another program of similar size for the rest of the year. In 2026-2028, we expect some 3.0 BNEUR in share buybacks.

Estimate revisions	2025e	2025e	Change	2026e	2026e	Change	2027e	2027e	Change
MEUR / EUR	Old	New	%	Old	New	%	Old	New	%
Net interest income	7,168	7,052	-2%	7,102	6,949	-2%	7,261	7,081	-2%
Net commission income	3,344	3,294	-2%	3,466	3,404	-2%	3,590	3,526	-2%
Net result from items at fair value	1,040	1,044	0%	1,050	1,054	0%	1,061	1,065	0%
Total operating income	11,861	11,684	-1%	11,920	11,700	-2%	12,217	11,967	-2%
Total operating expenses	-5,453	-5,451	0%	-5,605	-5,605	0%	-5,758	-5,759	0%
Net loan losses	-325	-206	-37%	-369	-297	-19%	-377	-303	-20%
Operating profit	6,083	6,028	-1%	5,947	5,799	-2%	6,082	5,905	-3%
Operating profit excl. non-rec. items	6,083	6,028	-1%	5,947	5,799	-2%	6,082	5,905	-3%
EPS (reported)	1.34	1.34	-1%	1.35	1.31	-2%	1.41	1.38	-3%
EPS (adj.)	1.34	1.34	-1%	1.35	1.31	-2%	1.41	1.38	-3%
Dividend per share	0.95	0.95	0%	0.96	0.96	1%	0.97	0.97	0%

Source: Inderes

Expected return is still sufficient

Nordea's valuation is moderate relative to its earnings outlook, as we believe that the bank has good prospects for maintaining relatively stable earnings in the coming years, with hedging activities stabilizing the development of net interest income. We also expect that the systematic decrease in the risk level of the balance sheet made in the past will keep credit loss rates in check, even if the economic situation turns sourer again with tariff fears.

In light of the relatively stable earnings outlook, we believe that the stock's expected return is still sufficient, even though there is greater uncertainty regarding interest rate developments and the economic outlook. However, this cannot be considered an exceptionally good buying opportunity due to increased uncertainty and lowered earnings estimates.

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 the light of this market-based model (graph on the right), a P/B ratio of 1.4x could be justified for the company, which would correspond to a price level of around 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. With the latest balance sheet equity, the value would be EUR 10.3-13.2 with these multiples (midpoint EUR ~12). Although we believe that the current share price already heavily reflects expectations of a clearly weakening earnings level, the expected return has narrowed slightly due to the decline in the interest rate and economic outlook. However, our estimate of the bank's normalized return on equity (forecast at > 13%) is rosier than current market pricing.

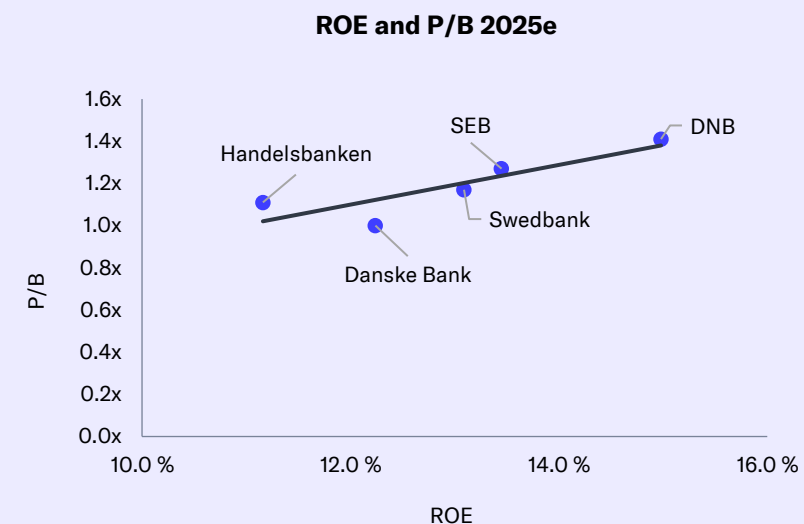
In addition, with our estimates, Nordea's dividend yield rises to 8-9% in the next few years and the total distributed profits that considers share buybacks will rise to over 10%. Distributed profits in itself have no impact on the company's value, but we believe that the strong profit distribution in 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 slightly over EUR 13 per share, taking into account the dividend distribution. 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 level	2025e	2026e	2027e
Share price	11.36	11.36	11.36
Number of shares, million	3,473	3,399	3,301
Market cap	38,894	37,717	36,695
P/E (adj.)	8.6	8.6	8.2
P/B	1.3	1.2	1.1
Dividend yield-%	8.4%	8.5%	8.5%

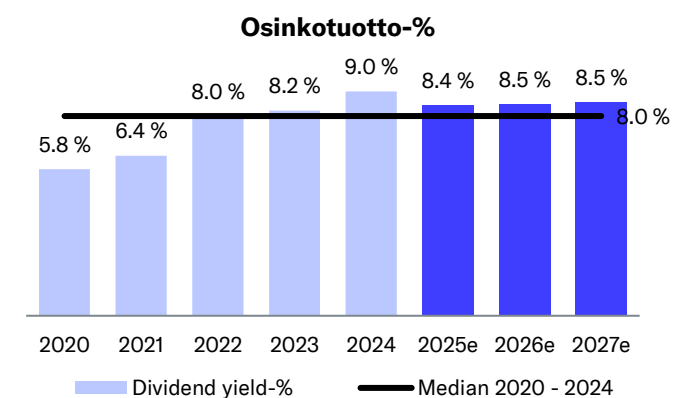
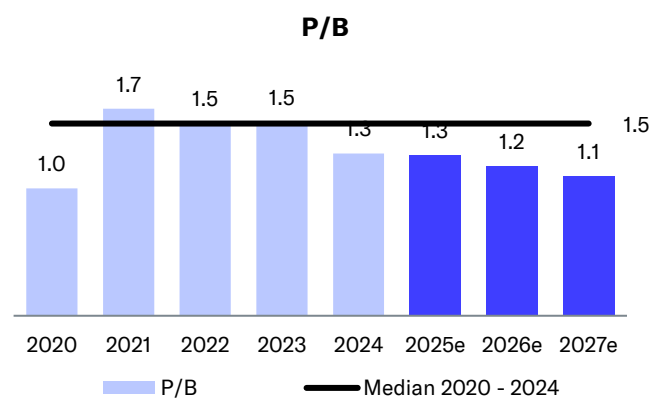
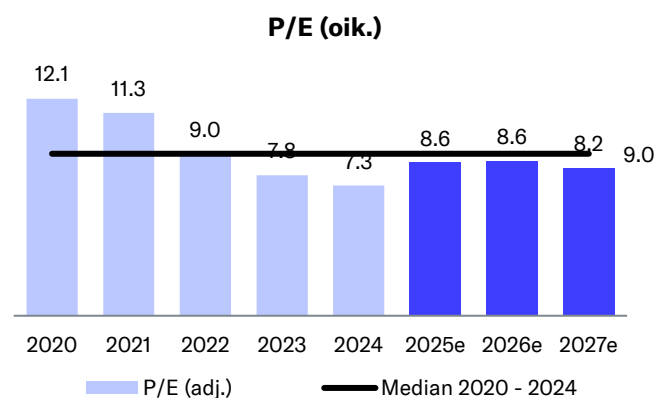
Source: Inderes



Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price	6.67	10.8	10.0	11.2	10.5	11.4	11.4	11.4	11.4
Number of shares, millions	4,118	4,025	3,721	3,579	3,505	3,473	3,399	3,301	3,165
Market cap	27,014	42,793	36,650	39,619	36,782	39,204	38,018	36,988	35,957
P/E (adj.)	12.1	11.3	9.0	7.8	7.3	8.6	8.6	8.2	7.8
P/B	1.0	1.7	1.5	1.5	1.3	1.3	1.2	1.1	1.0
Dividend yield-%	5.8 %	6.4 %	8.0 %	8.2 %	9.0 %	8.4 %	8.5 %	8.5 %	8.6 %

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	24831	8.2	7.9	8.7	8.7	1.0
DNB	32351	9.5	9.7	6.6	6.8	1.4
Handelsbanken	20480	9.9	10.0	8.9	8.5	1.1
SEB	28195	9.6	9.0	6.6	6.7	1.3
Swedbank	22579	8.8	8.7	8.6	9.1	1.2
Nordea (Inderes)	39204	8.6	8.6	8.4	8.5	1.3
Average		9.2	9.1	7.9	8.0	1.2
Median		9.5	9.0	8.6	8.5	1.2
Diff-% to median		-10%	-3%	-3%	-1%	10%

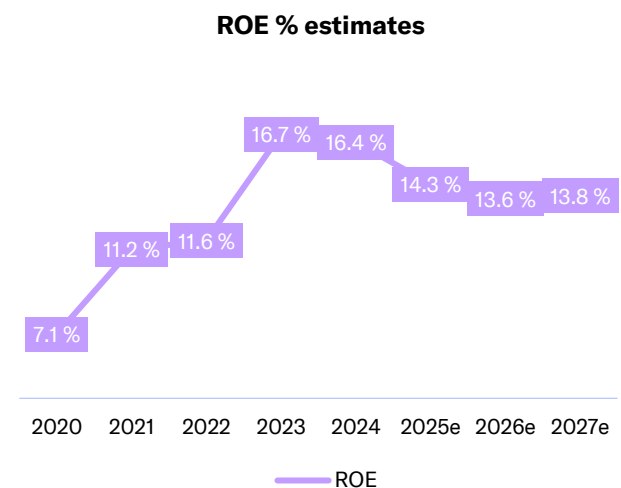
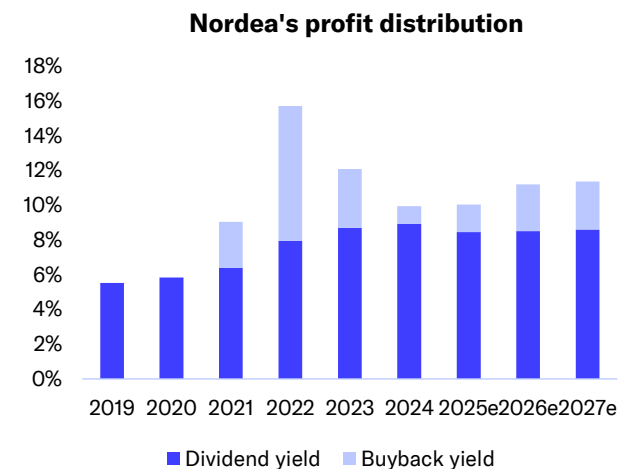
Source: Refinitiv / Inderes

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	7,052	6,949	7,081	7,222
Net fee and commission income	3,011	2,959	3,495	3,186	3,021	3,157	3,294	3,404	3,526	3,657
Net result from items at fair value	1,012	900	1,119	623	1,014	1,023	1,044	1,054	1,065	1,075
Other income	282	92	81	248	257	310	294	293	296	298
Total operating income	8,623	8,466	9,620	9,721	11,743	12,084	11,684	11,700	11,967	12,253
Total operating expenses	-5,986	-4,643	-4,649	-4,834	-5,061	-5,299	-5,451	-5,605	-5,759	-5,916
Profit before loan losses	2,637	3,823	4,971	4,887	6,505	6,754	6,233	6,096	6,208	6,337
Net loan losses	-524	-860	-35	-125	-167	-206	-206	-297	-303	-386
Operating profit	2,113	2,963	4,936	4,762	6,338	6,548	6,028	5,799	5,905	5,951
Taxes	-571	-698	-1,105	-1,175	-1,404	-1,489	-1,388	-1,334	-1,358	-1,369
Net profit from continuing operations	1,542	2,265	3,831	3,587	4,934	5,059	4,639	4,465	4,547	4,582
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	4,639	4,465	4,547	4,582

Balance sheet (BNEUR)	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Loans to the public	323	330	345	346	345	358	368	375	382	390
Other assets	232	222	225	249	240	266	279	284	289	295
Total assets	555	552	570	595	585	623	647	658	671	685
Deposits	169	183	206	217	210	232	240	242	246	251
Other liabilities	355	335	331	346	343	358	373	383	391	399
Total equity	32	34	34	31	31	32	33	34	34	34
Total equity and liabilities	555	552	570	595	585	623	647	658	671	685

Solvency	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Risk-weighted assets (BNEUR)	150	155	152	145	139	156	160	161	161	163
CET1 solvency	16.3 %	17.1 %	17.0 %	16.4 %	17.0 %	15.8 %	15.9 %	15.8 %	15.9 %	15.9 %
Tier 1 solvency	18.3 %	18.7 %	19.1 %	18.7 %	19.4 %	18.4 %	17.8 %	17.7 %	17.9 %	17.9 %
Total capital ratio	20.8 %	20.5 %	21.2 %	20.8 %	22.2 %	21.0 %	20.4 %	20.3 %	20.4 %	20.4 %



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%	-3%	0%	2%	2%
Interest income/loan portfolio	1.37%	1.38%	1.46%	1.64%	2.16%	2.16%	1.94%	1.87%	1.87%	1.87%
Loan portfolio growth-%	4.8 %	2.1 %	4.6 %	0.2 %	-0.3 %	3.7 %	2.9 %	1.8 %	2.0 %	2.0 %
Deposit growth -%	2.3 %	8.7 %	12.2 %	5.7 %	-3.4 %	10.7 %	3.5 %	0.5 %	2.0 %	2.0 %
Cost/income ratio excl. non-recurring items	57%	55%	48%	47%	43%	44%	47%	48%	48%	48%
Loan losses/loan portfolio, average	0.17%	0.26%	0.01%	0.04%	0.05%	0.06%	0.06%	0.08%	0.08%	0.10%
Return on equity (ROE)	5.0 %	7.1 %	11.2 %	11.6 %	16.7 %	16.4 %	14.3 %	13.6 %	13.8 %	13.7 %
Number of employees	29,000	28,051	26,894	28,268	29,153	30,157	30,678	30,985	31,450	31,921
Dividends paid in the review period (MEUR)	2,788	0	3,192	2,655	2,876	3,218	3,268	3,294	3,215	3,160
	0	0	1,136	2,841	1,263	372	619	1,023	1,023	1,023
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	11.36	11.36	11.36	11.36
Number of shares at the end of the period	4,050	4,050	3,966	3,654	3,528	3,503	3,451	3,347	3,256	3,165
Reported EPS	0.38	0.55	0.95	0.96	1.38	1.44	1.34	1.31	1.38	1.43
EPS excl. non-recurring items	0.61	0.55	0.95	1.11	1.42	1.45	1.34	1.31	1.38	1.43
Dividend per share	0.40	0.39	0.69	0.80	0.92	0.94	0.95	0.96	0.97	0.98
Buybacks per share	0.00	0.00	0.29	0.78	0.36	0.11	0.18	0.31	0.31	0.32
Equity per share	7.80	8.35	8.51	8.62	8.85	9.26	9.69	10.04	10.41	10.84
Dividend payout ratio	105%	71%	73%	83%	67%	65%	71%	73%	70%	68%
Total profit distribution ratio	66%	71%	103%	142%	90%	72%	85%	96%	93%	91%
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	39,204	38,018	36,988	35,957
P/E (adjusted)	11.9	12.1	11.4	9.0	7.4	7.2	8.5	8.6	8.2	8.0
P/B	0.9	0.8	1.3	1.2	1.2	1.1	1.2	1.1	1.1	1.0
Dividend yield	5.5 %	5.8 %	6.4 %	8.0 %	8.7 %	9.0 %	8.4 %	8.5 %	8.5 %	8.6 %
Buyback yield	0.0 %	0.0 %	2.7 %	7.8 %	3.4 %	1.0 %	1.6 %	2.7 %	2.8 %	2.8 %
Total profit distribution yield	5.5 %	5.8 %	9.0 %	15.7 %	12.1 %	10.0 %	10.0 %	11.1 %	11.3 %	11.4 %

The full-year EPS was calculated using the number of shares at the end of the year.

Income statement

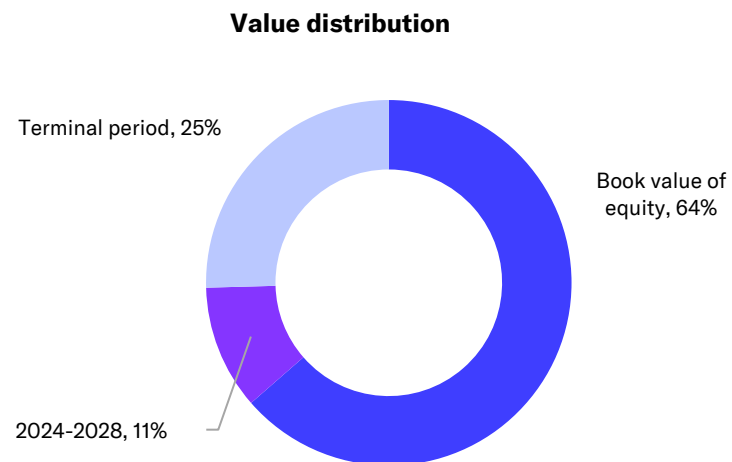
Income statement (MEUR)	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25e	Q2'25e	Q3'25e	Q4'25e	2025e	2026e	2027e	2028e
Net interest income	7,451	1,954	1,904	1,882	1,854	7,594	1,829	1,795	1,759	1,669	7,052	6,949	7,081	7,222
Net fee and commission income	3,021	763	795	774	825	3,157	793	820	817	863	3,294	3,404	3,526	3,657
Net insurance result	217	61	63	60	69	253	54	60	60	60	234	236	239	241
Net result from items at fair value	1,014	291	247	284	201	1,023	289	250	250	255	1,044	1,054	1,065	1,075
Other income	40	16	21	14	6	57	9	17	17	17	60	57	57	57
Total operating income	11,743	3,085	3,030	3,014	2,955	12,084	2,974	2,943	2,903	2,864	11,684	11,700	11,967	12,253
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	2,974	2,943	2,903	2,864	11,684	11,700	11,967	12,253
Staff costs	-2,908	-749	-761	-779	-817	-3,106	-792	-798	-814	-849	-3,253	-3,353	-3,455	-3,559
Other expenses	-1,522	-401	-379	-398	-469	-1,647	-413	-382	-386	-412	-1,593	-1,625	-1,658	-1,691
Depreciation tangible and intangible assets	-808	-139	-138	-152	-148	-577	-149	-150	-152	-153	-604	-626	-647	-666
Total operating expenses	-5,238	-1,289	-1,278	-1,329	-1,434	-5,330	-1,354	-1,330	-1,352	-1,415	-5,451	-5,605	-5,759	-5,916
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	-1,354	-1,330	-1,352	-1,415	-5,451	-5,605	-5,759	-5,916
Profit before loan losses	6,505	1,796	1,752	1,685	1,521	6,754	1,620	1,612	1,551	1,450	6,233	6,096	6,208	6,337
Net loan losses	-167	-33	-68	-51	-54	-206	-13	-64	-64	-64	-206	-297	-303	-386
Operating profit	6,338	1,763	1,684	1,634	1,467	6,548	1,607	1,548	1,487	1,385	6,028	5,799	5,905	5,951
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	1,607	1,548	1,487	1,385	6,028	5,799	5,905	5,951
Taxes	-1,404	-402	-381	-368	-338	-1,489	-373	-356	-342	-318	-1,388	-1,334	-1,358	-1,369
Net profit for the period	4,934	1,361	1,303	1,266	1,129	5,059	1,234	1,193	1,146	1,067	4,639	4,465	4,547	4,582
Net profit excl. non-rec. Items	5,072	1,361	1,303	1,290	1,129	5,083	1,234	1,193	1,146	1,067	4,639	4,465	4,547	4,582
EPS (reported)	1.38	0.39	0.37	0.36	0.32	1.44	0.35	0.34	0.33	0.31	1.34	1.31	1.38	1.43
EPS (adj.)	1.42	0.39	0.37	0.37	0.32	1.45	0.35	0.34	0.33	0.31	1.34	1.31	1.38	1.43
Dividend per share	0.92					0.94					0.95	0.96	0.97	0.98

Balance sheet

Balance sheet (BNEUR)	2023	2024	2025e	2026e	2027e	2028e
Cash and central bank receivables	53	51	52	53	54	55
Credit institution receivables	2	3	5	5	6	6
Loans to the public	345	358	368	375	382	390
Intangible assets	4	4	4	4	4	4
Other assets	181	208	218	222	226	230
Total assets	585	623	647	658	671	685
Equity	31	32	33	34	34	34
Liabilities to credit institutions	30	29	35	40	41	42
Deposits and other liabilities to the public	210	232	240	242	246	251
Debt securities issued to the public	183	188	195	199	203	207
Subordinated liabilities	6	7	7	7	8	8
Other liabilities	126	134	134	137	140	142
Total equity and liabilities	585	623	647	658	671	685

Economic Value Added model (EVA)

EVA calculation	2024	2025e	2026e	2027e	2028e	2029e	TERM
Net profit	5057	4613	4465	4547	4582	4697	
Equity	31686	32702	32856	33171	33575	34415	
Return on equity % (ROE)		14.3%	13.6%	13.8%	13.7%	13.8%	
Economic value added (EVA)		1458	1209	1275	1279	1353	18601
Common Equity Tier 1 capital		25391	25464	25648	25962	26611	
RWA		159960	161072	160876	162678	166745	
CET1-%		15.9%	15.8%	15.9%	16.0%	16.0%	
Discounted EVA		1363	1028	986	900	866	11896
Discounted cum. EVA		17039	15675	14648	13661	12762	11896
+ Book value of equity		29746					
- Dividend/returned capital		0					
+/- Other items		0					
Equity value EVA		46785					
Number of shares outstanding (million)		3503					
Equity value EVA per share		13.4					
Cost of capital							
Risk-free interest		2.5%					
Beta		1.6x					
Market risk premium		4.75%					
Liquidity premium		0.0%					
Cost of equity		10.0%					



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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

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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 €	11.69 €
4/17/2025	Accumulate	12.00 €	11.36 €



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