Nordea

# Debt investor presentation Q4 2024

# Disclaimer

This presentation contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors.

Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels.

This presentation does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

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# 1. Quarterly update

Fourth-quarter highlights 2024

# Executive summary

## Continued income growth

- Total income up 1%. Net interest income down 5%, net fee and commission income up 8% and net fair value result up 31%
- Operating profit up 4%, to EUR 1.5bn

## RoE* 14.3% (14.1% Q423) and EPS EUR 0.32 (0.31 Q423). FY24 RoE 16.7% (16.9% FY23) and EPS EUR 1.44 (1.37 FY23)

## Good growth in lending and deposit volumes and assets under management

- Mortgage lending up 6% y/y and corporate lending up 1%. Retail deposits up 5% y/y and corporate deposits up 8%. AuM up 11% y/y

## Cost-to-income ratio with amortised resolution fees 48.9% (50.6% Q423)

## Solid credit quality – net loan losses again below long-term expectation

- Net loan losses and similar net result EUR 54m or 6bp
- Management judgement buffer revised, reflecting reduced need and improved outlook

## Continued strong capital generation; dialogue on new share buy-back programme initiated

- CET1 ratio 15.8% – 2.2pp above current regulatory requirement
- Impact of Norwegian acquisition and share buy-backs offset by strong capital generation
- Dividend of EUR 0.94 per share proposed for 2024 – increase of 2%

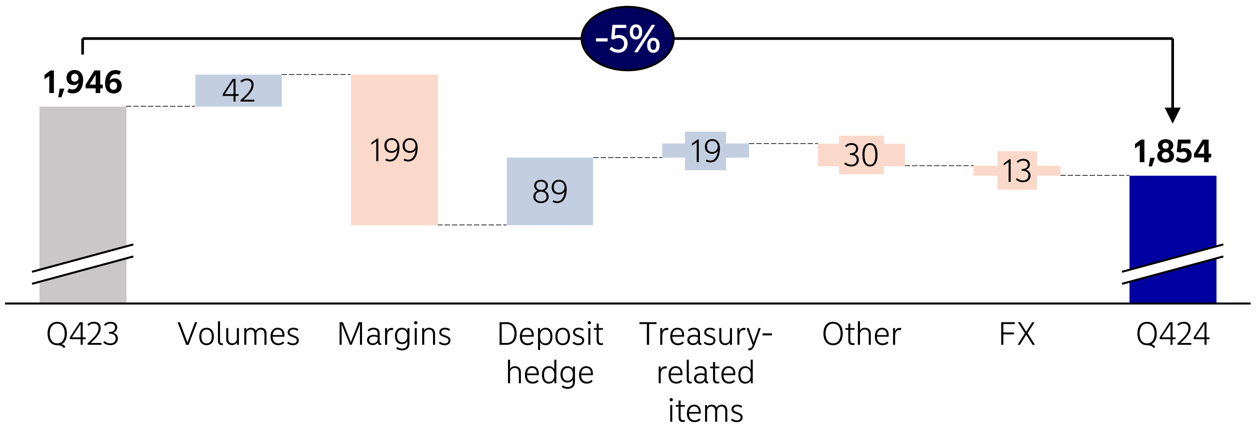
## 2025 outlook: return on equity to stay above 15%

* With amortised resolution fees

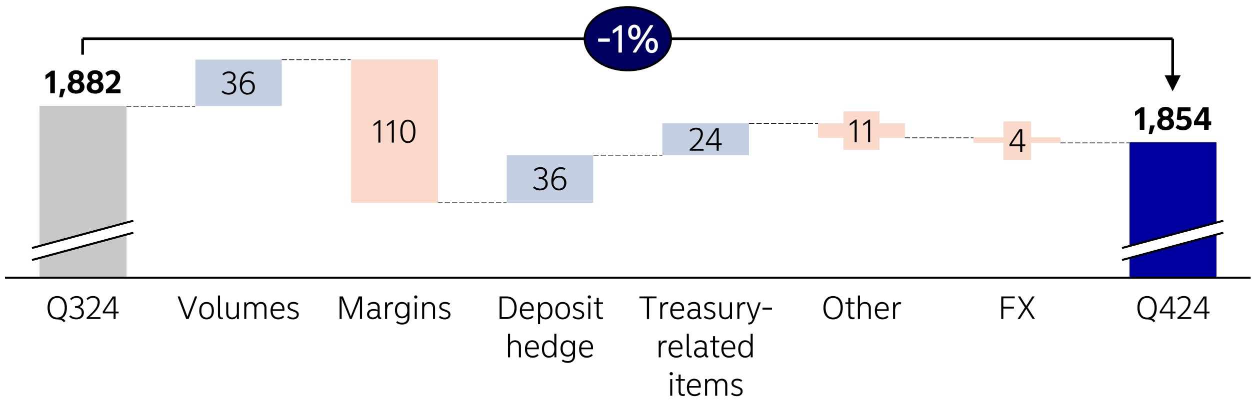
Net interest income

# Higher volumes and lower deposit margins, as expected

### Year-over-year bridge, EURm




### Quarter-over-quarter bridge, EURm




- **Net interest income down 5%**
- **Lending and deposits up**
  - Mortgages up 6% (1% excluding Norwegian acquisition)
  - Corporate lending up 1%
  - Retail deposits up 5% (2% excluding Norwegian acquisition)
  - Corporate deposits up 8%
- **Net interest margin 1.73% (1.83% Q423)**
  - Lower deposit margins, improved lending margins, and support from deposit hedge



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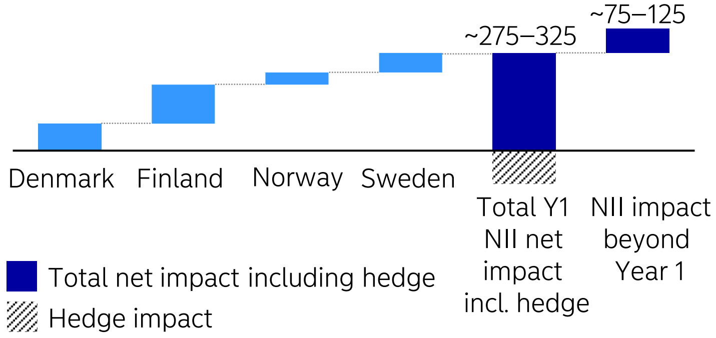
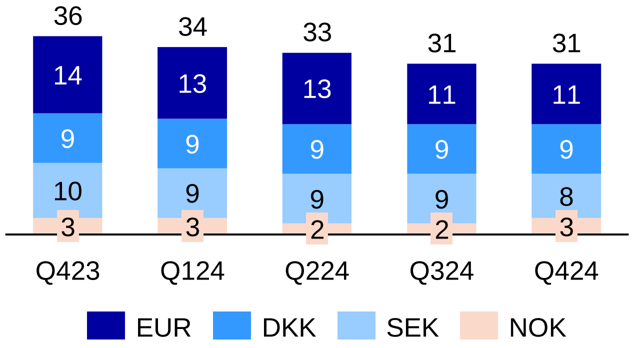
# Net interest income sensitivity to policy rate changes

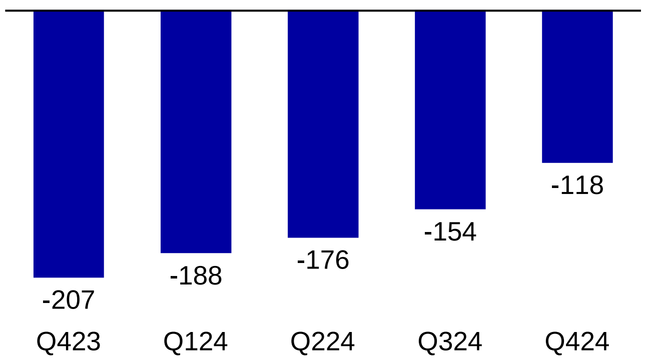
## Sensitivity to +50bp parallel shift in policy rates*, EURm



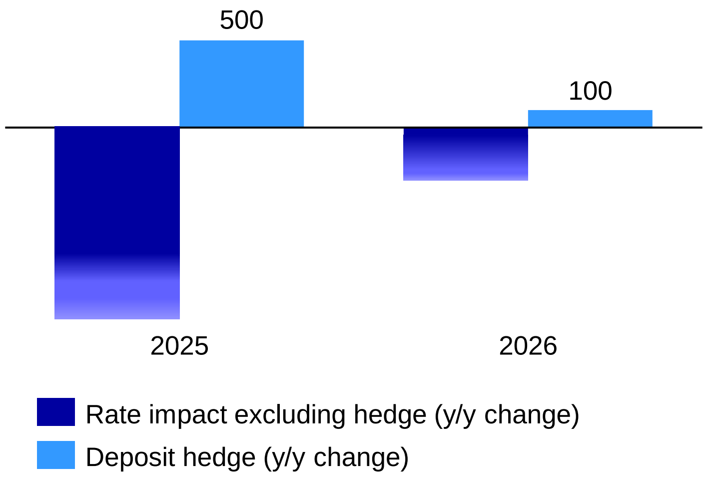

## Deposit hedge – nominal volume, EURbn




## Quarterly NII impact from deposit hedge (absolute), EURm




## Deposit hedge to partially offset NII impact from lower policy rates, EURm**




- **NII impact largely driven by policy rates and pass-through**
  - Actual pass-through varying between account types and countries, and throughout rate cycles
  - Sensitivity reflecting modelled risk over cycle – actual NII impact expected to be lower following initial rate cuts and higher thereafter
- **Group NII also impacted by other drivers**
  - Volumes and loan/deposit pricing
  - Wholesale funding costs
- **Deposit hedging reducing sensitivity to interest rate changes**
  - Average hedge maturity ~3 years
  - Additional NII impact in Y2–Y3 as assets repriced and hedges rolled over

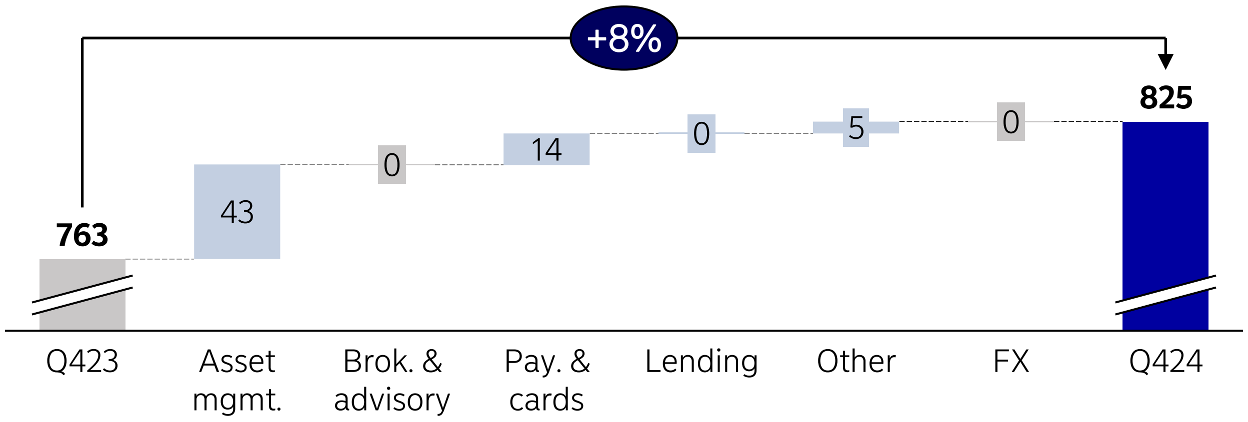


* Symmetrical for -50bp parallel shift
**Assumes following rate path: YE 2025 FI 2.25%, DK 1.85%, SE 2.00% and NO 4.00%; YE 2026 FI 2.25%, DK 1.85%, SE 2.00% and NO 3.75%

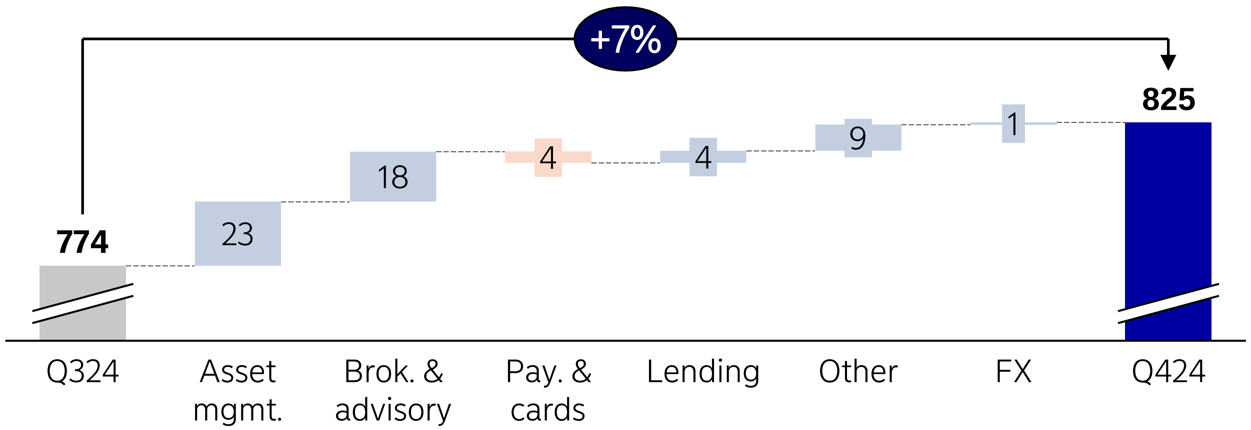
Net fee and commission income

# Continued growth; higher savings and payment & card income

### Year-over-year bridge, EURm




### Quarter-over-quarter bridge, EURm




- **Net fee and commission income up 8%**
- **Savings fee income up with higher assets under management**
  - AuM up 11%, to EUR 422bn
  - Net flows in Nordic channels (86% of AuM) EUR 6.1bn
  - Net flows in international channels (14% of AuM) back positive at EUR 2.4bn, driven by several large new mandates
- **Brokerage & advisory fee income stable**
- **Payment & card fee income up due to higher activity**



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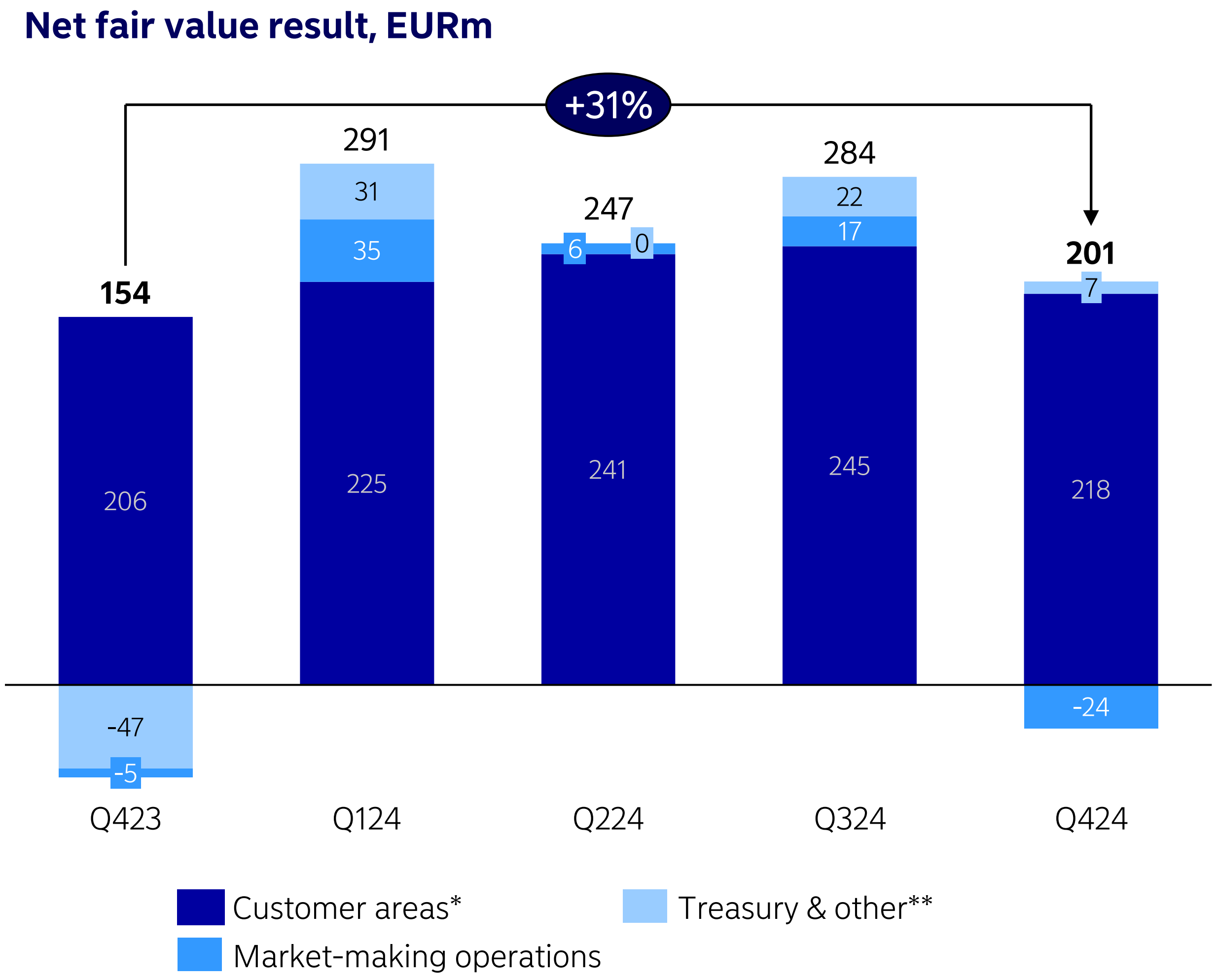
Net fair value result

# Higher customer activity and valuations



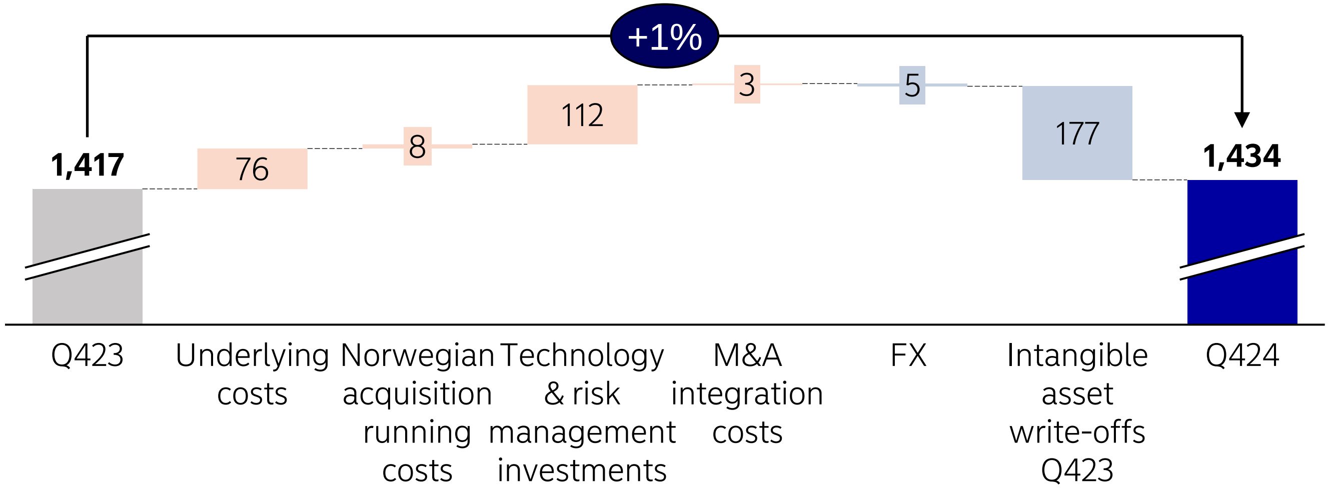

- **Strong customer risk management activity, mainly in FX and rates products**
- **Market-making down, driven by wider spreads and higher bond market volatility**
- **Treasury & other up, driven by revaluation gains from holdings and reduced hedge volatility**

* Excluding fair value adjustments to loans held at fair value in Nordea Kredit
** Including valuation adjustments and FX

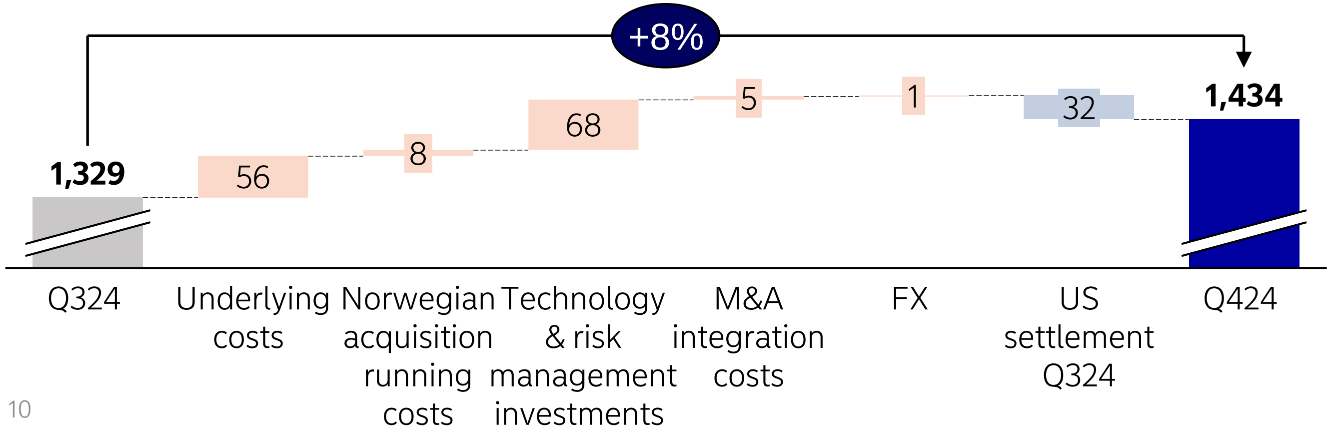
Costs

# Costs in line with plan

## Year-over-year bridge, EURm




## Quarter-over-quarter bridge, EURm




- **Total costs up 1%, driven by investments and inflation**
  - Underlying costs up 5%, driven by salary reviews, technology running costs, and marketing activities
  - Investments in technology infrastructure, data and AI, digital offering, and non-financial risk management increasing costs by 8%
  - Level of investment spend to stabilise in 2025
- **Total full-year costs expected to increase by 2.0–2.5% in 2025***

* Assuming constant FX rates



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# Our long-term sustainability objectives supported by short term targets

## Our sustainability objectives

Become a **net-zero** emissions bank by 2050 at the latest

**40-50%**
reduction in emissions across investment and lending portfolios by 2030[1]

**50%**
reduction in emissions from internal operations by 2030[1]

**Gender balance**

## Supported by our 2025 sustainability targets[2]:

**EUR >200bn**
Sustainable financing facilitation 2022-2025

**90%**
of exposure to large corporates in climate-vulnerable sectors to be covered by transition plans

**80%**
of the top 200 financed emissions contributors in Nordea Asset Management's portfolios are either aligned with the Paris Agreement or subject to active engagement

**x2 Double**
the share of net-zero committed AUM

**At least 40%**
representation of each gender at the top three leadership levels[3] combined


1) compared to 2019 baseline
2) Selection of our medium-term targets – link to full list of targets
3) Group Leadership Team (GLT), GLT-1 and GLT-2

Sustainability at the core

# Continued progress on climate targets in our lending portfolio

| | 2024 progress |
|---|---|
| **40-50%** reduction in financed emissions in our lending portfolio by 2030[1] | **-36%** |

| Sector | Sub-sector | Emissions scope | Metric | Base year | Baseline | Target year | **Target** | 2024 progress |
|---|---|---|---|---|---|---|---|---|
| **Residential real estate** | Households and tenant-owner associations | 1 and 2 | kgCO2e/m2 | 2019 | 17.4 | 2030 | **-40–50%** | -5% |
| **Shipping** | Vessels | 1 | AER, gCO2/dwt-nm | 2019 | 8.3 | 2030 | **-30%** | -10%[2] |
| **Motor vehicles** | Cars and vans | 1 | $gCO_2e$/km | 2022 | 113 | 2030 | **-40%** | -6% |
| **Agriculture** | Crops, plantation and hunting, and animal husbandry | 1 and 2 | tCOe2/EURm | 2021 | 758 | 2030 | **-40-50%** | -7% |
| **Power production** | Electricity generation | 1 and 2 | gCO2e/kWh | 2021 | 220 | 2030 | **-70%** | -90%[2] |
| **Oil & gas** | Exploration and production | 1, 2 and 3 | MtCO2e | 2019 | 2.8 | 2030 | **-55%** | -74% |
| **Offshore** | Drilling rigs and offshore service vessels within oil and gas, and shipping | - | EURm | 2019 | 1,872 | 2025 | **-100%** | -96% |
| **Mining** | Thermal peat | - | EURm | 2022 | 52 | 2025 | **-100%** | -64% |
| | Thermal coal | - | EURm | *Restrictive policy, full phase-out achieved in 2021* | | | | |



1) compared to 2019 baseline and covering lending to corporates and households for business loans, motor vehicles, commercial and residential real estate and shipping
2) Shipping and Power production are based on 2023 actuals

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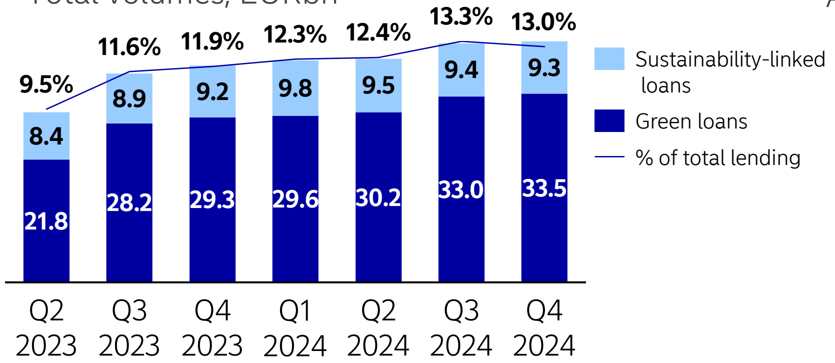
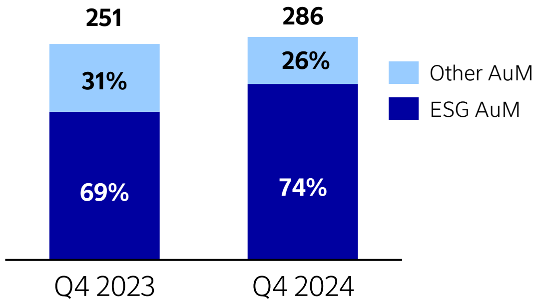
# Actively engaging to drive transition and capture growth opportunities

## Channelling capital towards sustainable solutions

### Green and sustainability-linked loans
Total volumes, EURbn



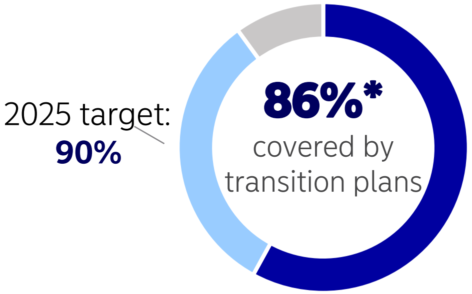

### Nordea Asset Management
Assets under management, EURbn



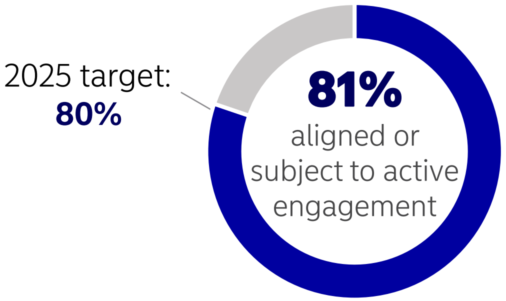

ESG AuM = article 8 and 9 funds (according to EU SFDR)

## Engaging to support green transition

### Transition plan for large corporates




### Alignment with Paris agreement for top 200 emission contributors



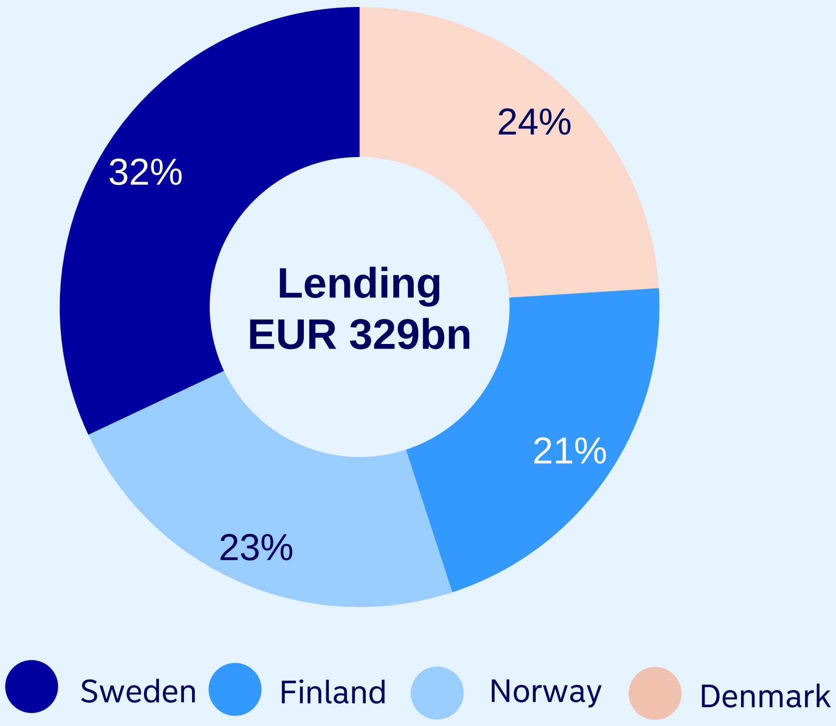

- **Facilitated EUR 185bn in sustainable financing**
  Compared to target EUR >200bn by 2025
- **Nordea 1 – Global Impact Fund won the Environmental Finance IMPACT Award for Fund of the Year in the listed equity category**
- **Largest Nordic arranger of Nordic green and sustainable bonds**
- **#1 Nordic corporate sustainable loans**

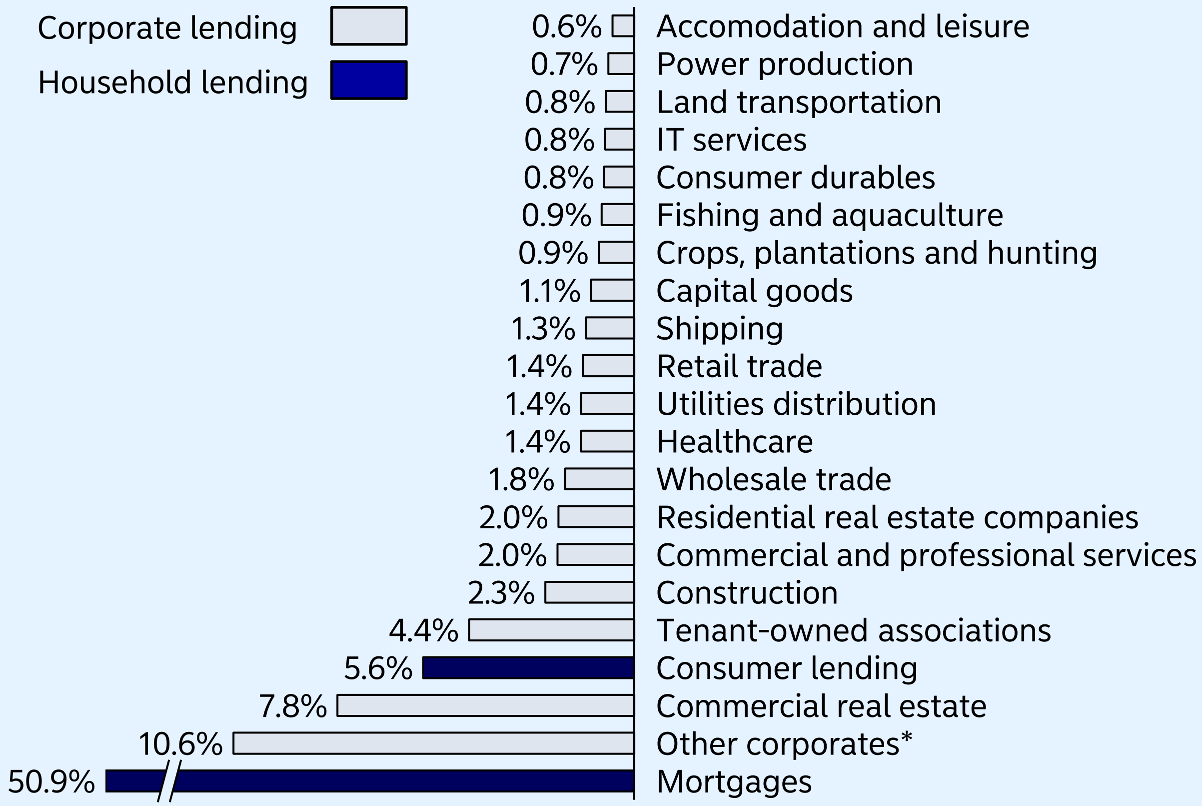
*) Q3 2024

# 2. Credit quality

Credit portfolio

# Well diversified pan-Nordic financial service provider



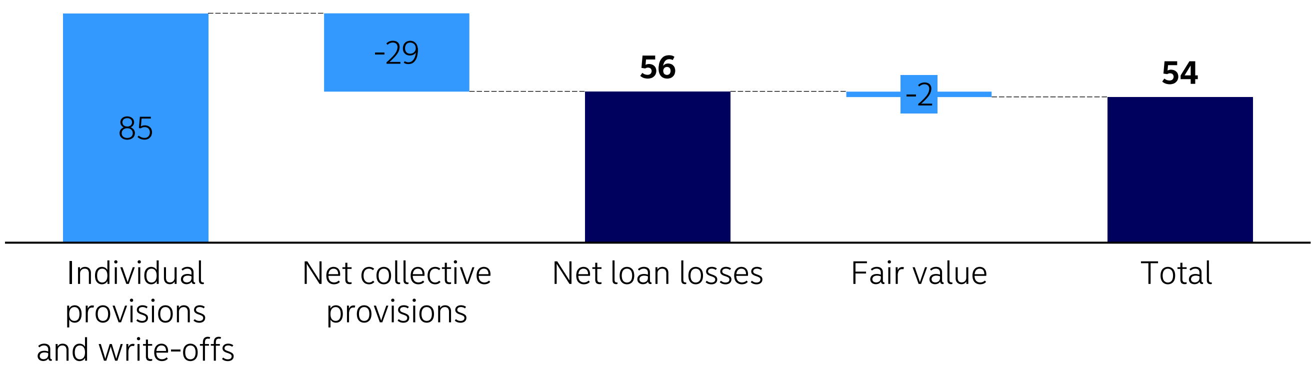




*Other corporates includes several categories of which the largest is financial institutions consisting mostly of various investment funds.

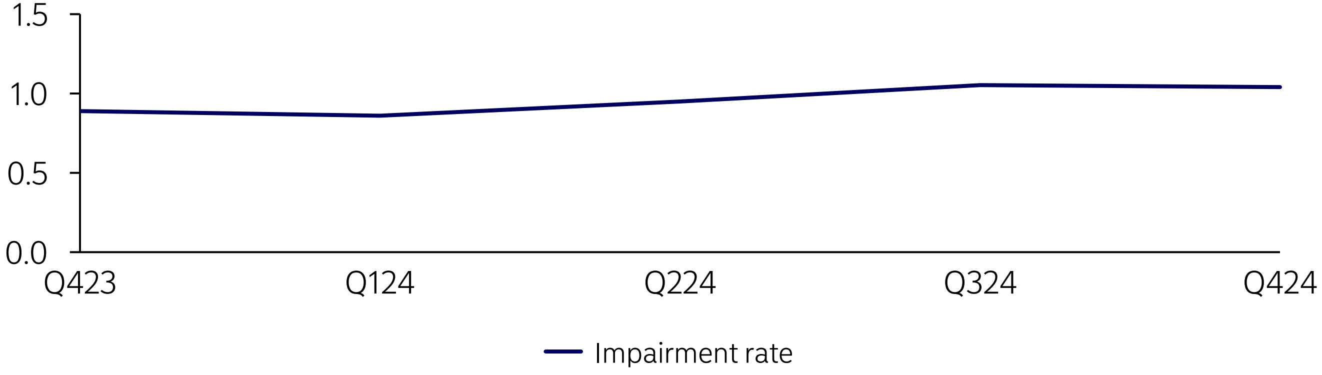
Net loan losses and similar net result

# Continued strong credit quality

**Net loan losses and similar net result, EURm**




**Impaired (stage 3) loans, %**

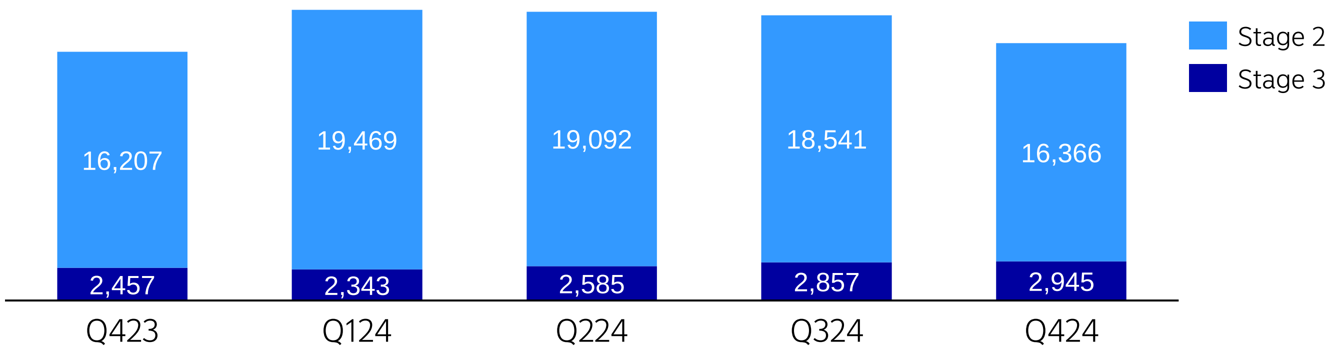



- **Total net loan losses and similar net result EUR 54m (6bp)**
  - Continued moderate level of loan losses
  - Individual provisions and write-offs driven by small number of corporates, with no specific industry concentration
  - Decrease in collective provisions, reflecting improved macroeconomic forecasts
- **Overall level of provisions unchanged at EUR 1.8bn**
  - Management judgement buffer reduced to EUR 414m from EUR 435m due to improved credit risk outlook
  - Solid coverage against uncertainties in economic outlook
- **Continued low level of non-performing loans**
  - Stage 3 loans stable at 1.04%

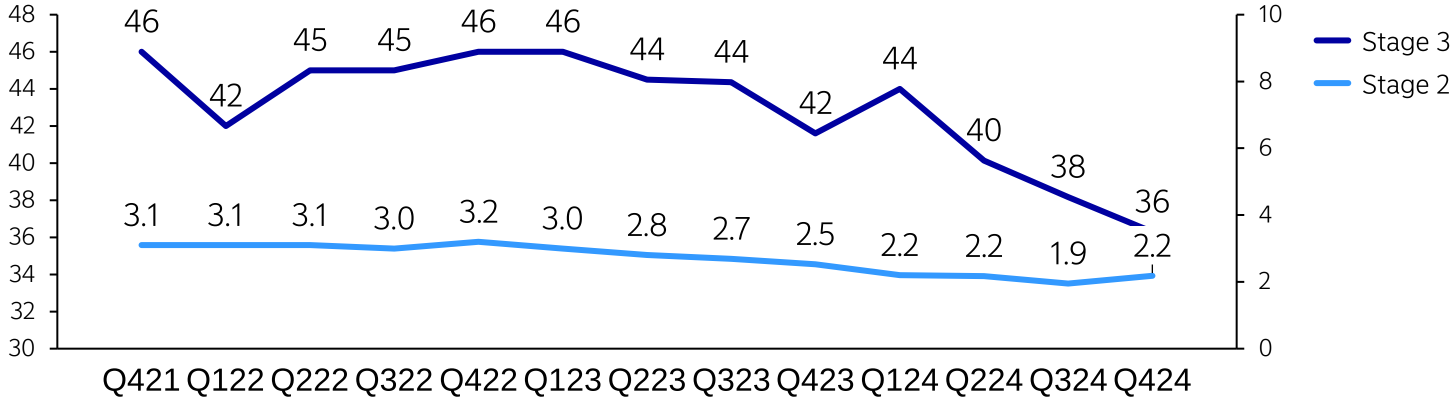
Impairments and provisioning coverage

# Positive evolution in strong credit portfolio

## Stage 2 and 3 loans at amortised cost, EURm




## Coverage ratio, %




- **Stage 2 loans down EUR 2.2bn, to 6%**
  - Driven by favourable macro development
- **Stage 3 loans slightly up (+EUR 88m), but share in total lending stable at 1.04%**
- **Coverage ratio for stage 3 portfolio down to 36% due to model change**
  - More retail loans with lower provisioning requirements categorised as stage 3 due to model change



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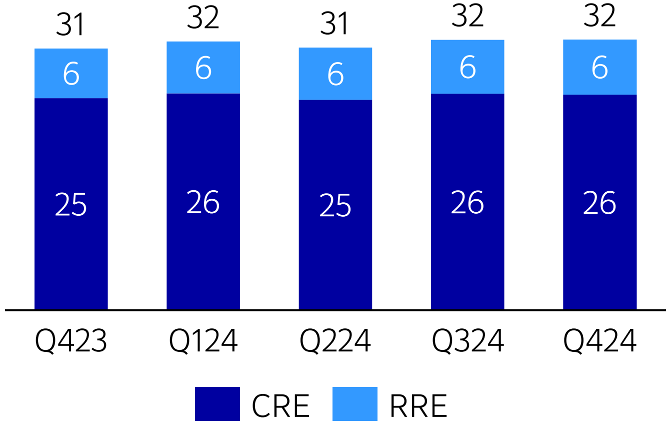
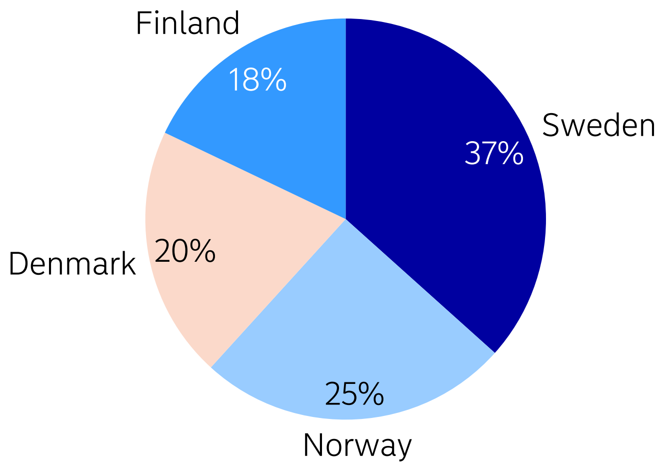
Credit portfolio – real estate management industry (REMI)*

# Well-diversified portfolio, high-quality lending

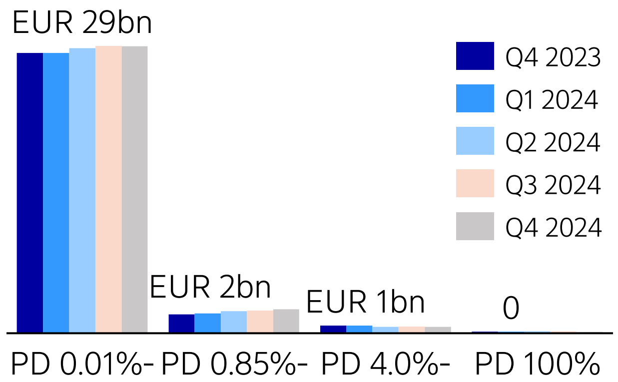
## Lending volumes stable



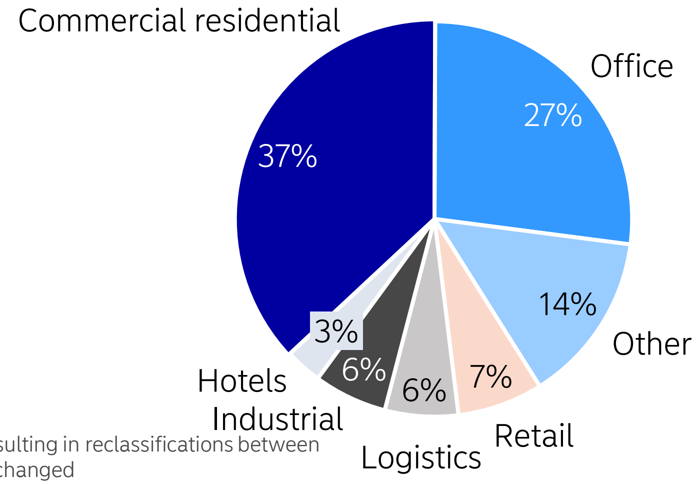

## Diversified across countries




## 90% of portfolio with low probability of default (PD)




## Diversified across types**




- **Well-diversified portfolio across Nordic markets**
- **90% of exposure towards low-risk customers, 7% towards increased risk, only 2% towards high risk and less than 1% impaired**
- **Portfolio mainly comprising central, modern office and residential properties**
- **Strict underwriting standards: conservative credit policy with focus on cash flow**



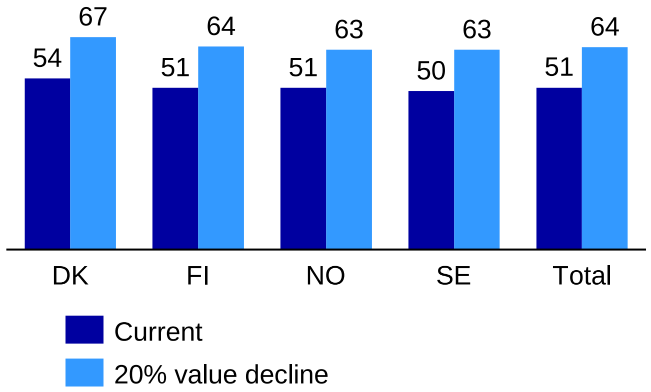
* Excluding tenant-owner associations (TOAs)

** Improved consolidation data quality from Q1 2024 onwards resulting in reclassifications between property types. Portfolio composition and credit risk profile unchanged

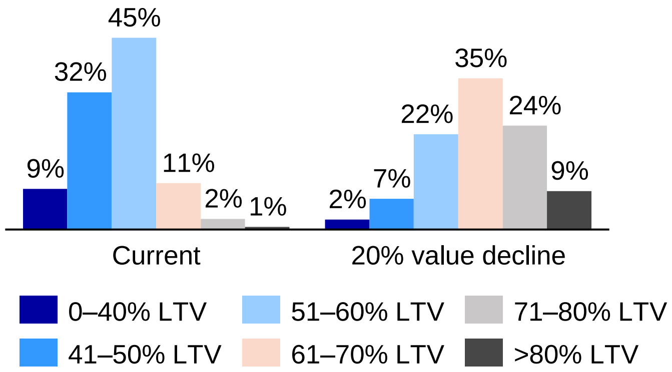
Credit portfolio – real estate management industry (REMI)*

# Solid LTVs, resilient interest coverage, high occupancy

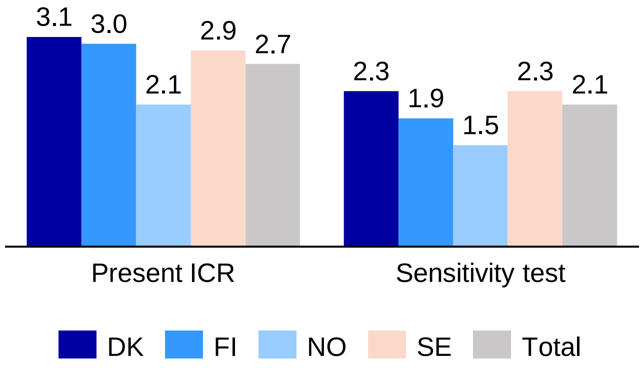
### Solid LTV levels for all countries



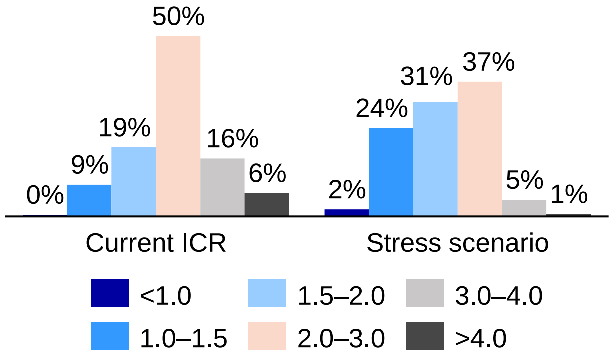

### Majority of portfolio with low LTV




### High ICR in all countries




### ICR above 1.0 in stress scenario for 98% of portfolio




- **86% of exposures with LTV below 60%**
  - In event of 20% decline in market value, 67% of portfolio still with LTV below 70%
- **Average interest coverage ratio (ICR) 2.7x**
  - Average ICR 2.1x in stress scenario
  - Stress scenario: all debt refinanced day one at 5Y swap rates plus margins (4.0–5.0%); no hedging
- **Strict interest rate hedging requirements**
  - 64% of customer debt hedged, with average maturity 4.3 years
- **Low vacancy rates, with average letting ratio 95%**

*Based on analysis of largest customers in portfolio in Q3 2024, corresponding to 50% of EAD (excl. TOAs). For smaller customers in portfolio, corresponding to other 50% of EAD (excl. TOAs), credit quality is monitored through various credit risk indicators, such as PD and IFRS 9 stages



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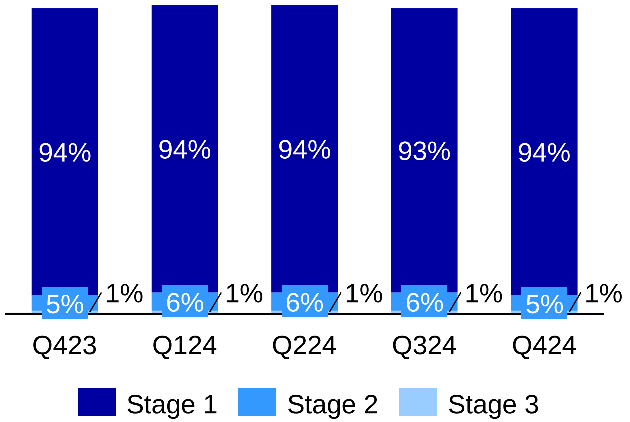
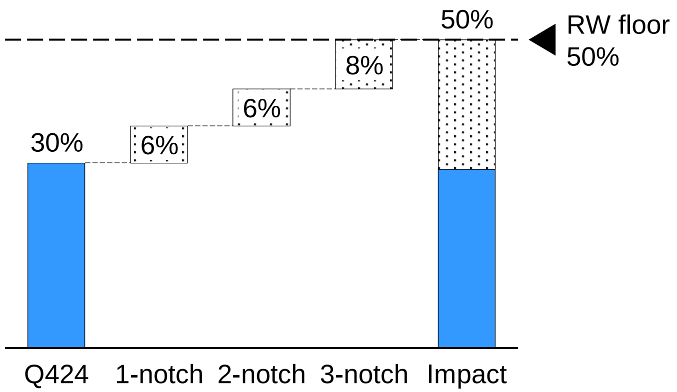
Credit portfolio – real estate management industry (REMI)*

# Low levels of risk exposure

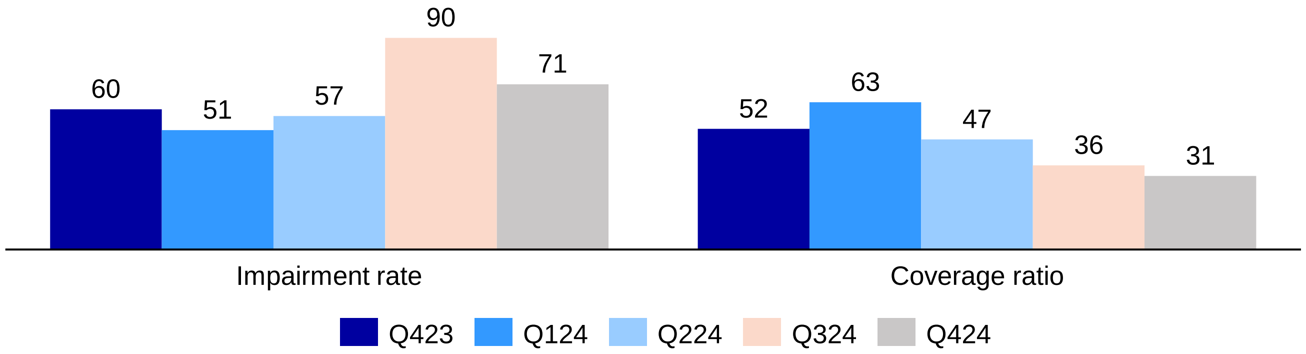
## Strong credit quality, with 93% of IFRS 9 portfolio in stage 1




## No REA impact even from 3-notch downgrade due to risk weight floors




## Low impairment rate and strong coverage for impaired portfolio




- **Continued strong credit quality, with slight improvement**
- **Only 5% of portfolio in stage 2**
- **0.7% of portfolio impaired: slight decrease, driven by small number of individual customers**
- **Provision coverage 31%, reflecting high collateralisation**
- **REA protected by risk weight floors**

* Excluding TOAs



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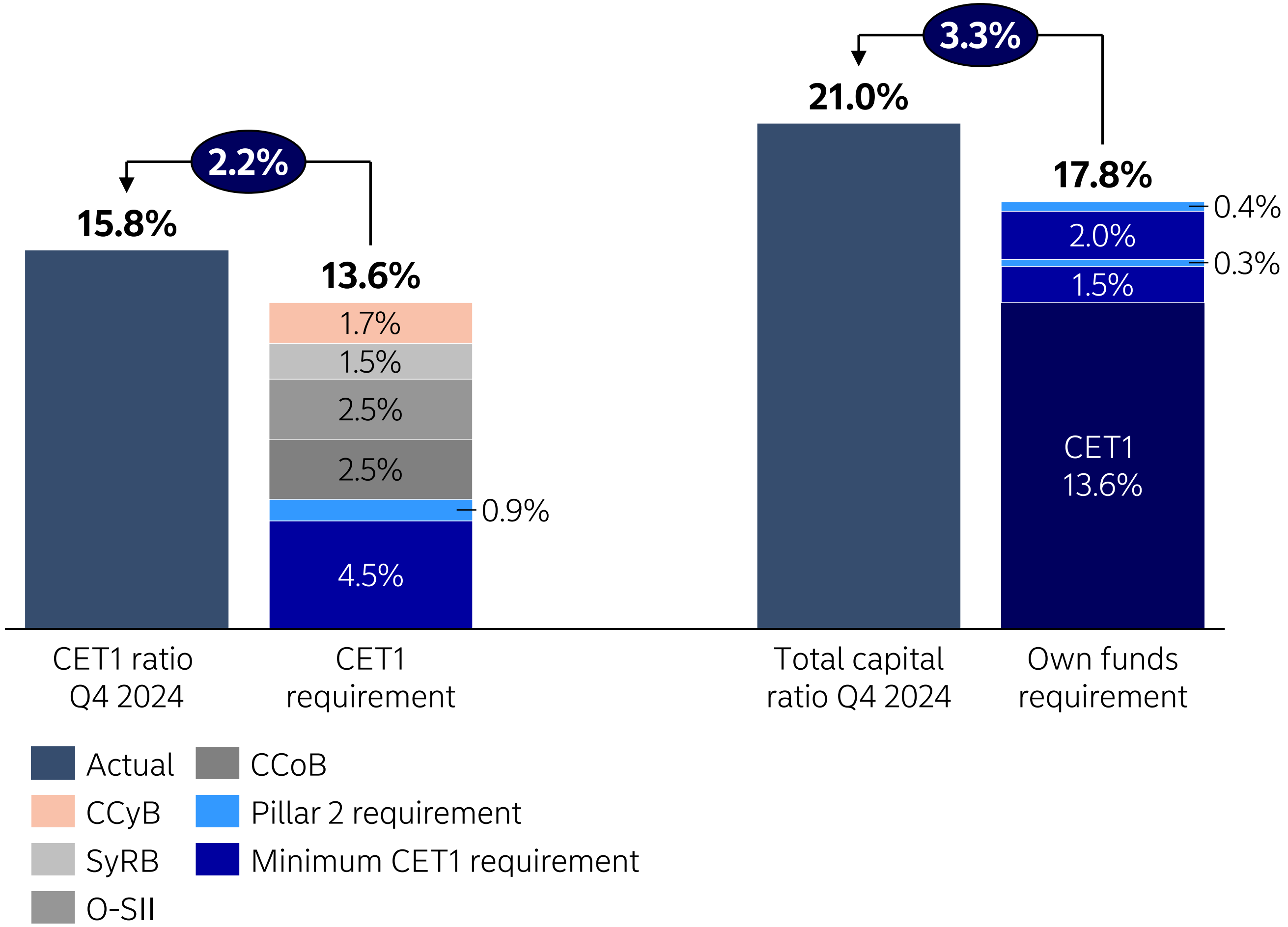
# 3. Capital, liquidity and funding

# Significant buffer to capital requirements

## Capital position and requirements (%)




- **CET1 capital ratio 15.8%**
  - 2.2 percentage points above regulatory requirement, corresponding to a CET1 buffer of EUR 3.4bn
- **CET1 requirement**
  - CET1 requirement increased with ~10bp due to increased CCyB and SyRB following the acquisition of Danske Bank's Norwegian portfolio in Q4 2024
  - Nordea received final SREP confirming that the P2R is maintained at the current level of 1.6% (of which 0.9% in CET1)
- **Coming increase to the CET1 requirement**
  - In Q1 2025 the CET1 requirement will increase with ~10bp since the reciprocation of the Danish sector-specific SyRB of 7% on real estate companies in Denmark applies from 1 January 2025



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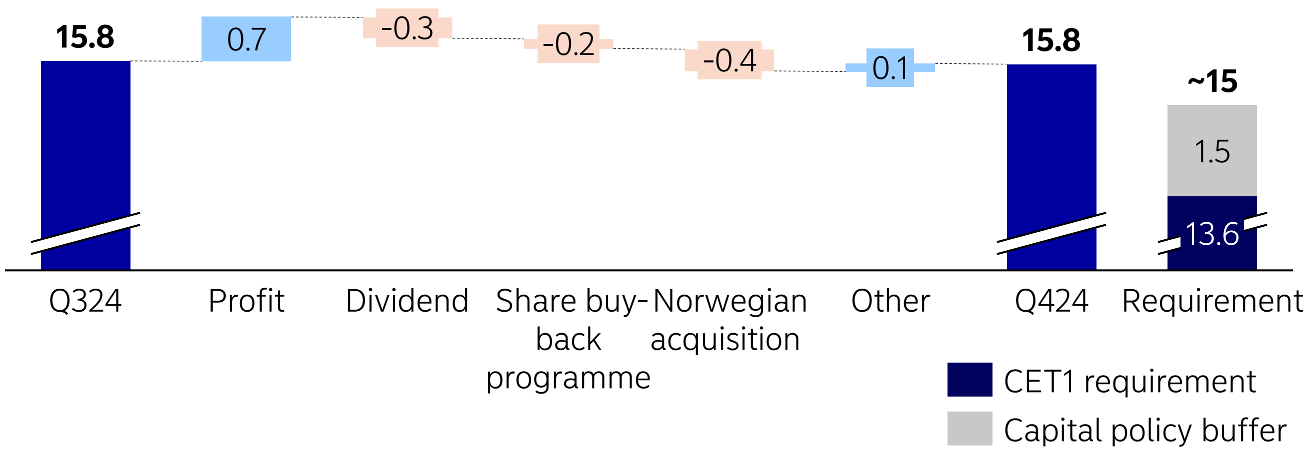
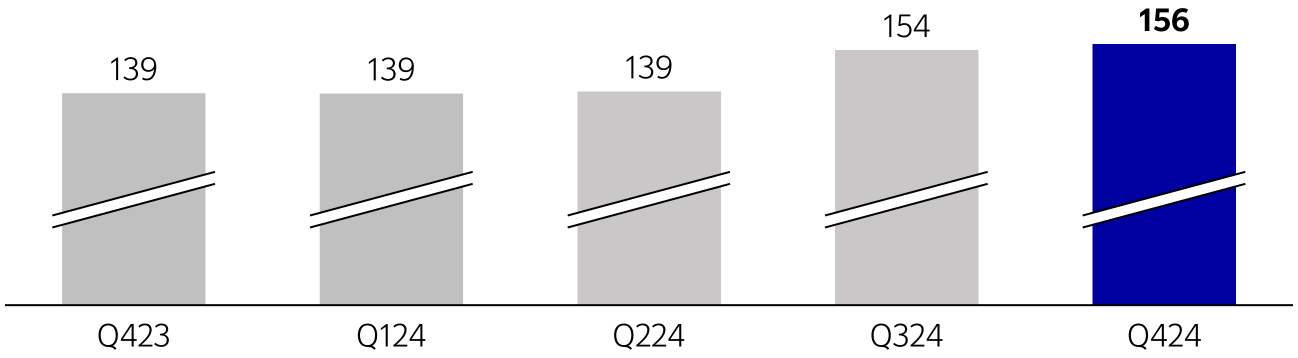
# Strong capital position; share buy-backs in progress

## CET1 capital ratio development, %




## REA development, EURbn

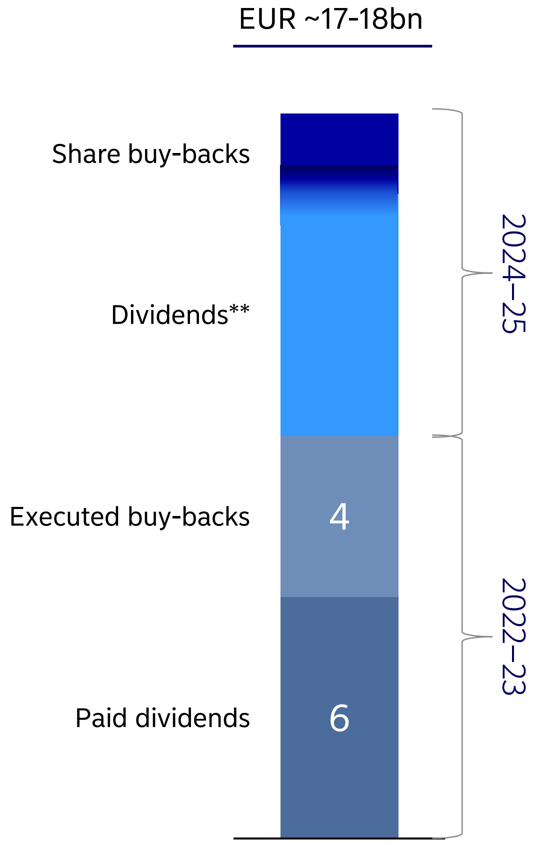


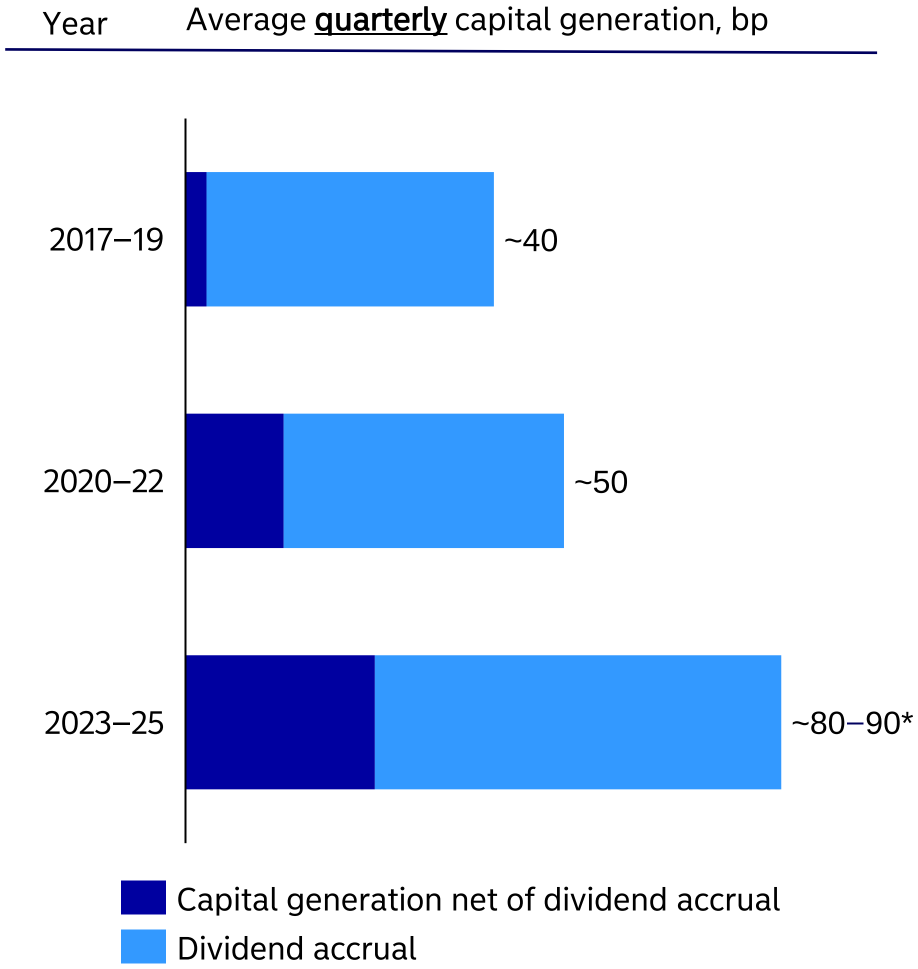

- **CET1 capital ratio 15.8%**
  - 2.2 percentage points above regulatory requirement
  - EUR 0.3bn increase in CET1 capital, mainly driven by profit net of dividend, partly offset by share buy-back programme launched in October
  - EUR ~2.2bn increase in risk exposure amount, mainly due to Norwegian acquisition
- **CET1 requirement expected to increase by ~10bp**
  - ~10bp increase in CET1 requirement in Q424 due to increased CCyB and SyRB following Norwegian acquisition
  - ~10bp increase in CET1 requirement from 1 Jan 2025 due to Finnish FSA’s reciprocation of sector-specific Danish SyRB
- **Ongoing share buy-back programme to end no later than 28 Feb; close dialogue on new programme already initiated**

Capital excellence

# Strong capital generation supporting returns

## Shareholder returns supported by continued strong capital generation




- **Capital return commitment reaffirmed**
  - Strong capital generation
  - Unchanged dividend policy
  - Share buy-backs to distribute excess capital
- **EUR 250m share buy-back programme launched in October 2024, to end no later than 28 February 2025**
- **Continued use of share buy-backs to trim generated excess capital**

* Indicative, based on 15% RoE and current dividend policy
** EUR 3.2bn paid in dividends in 2024



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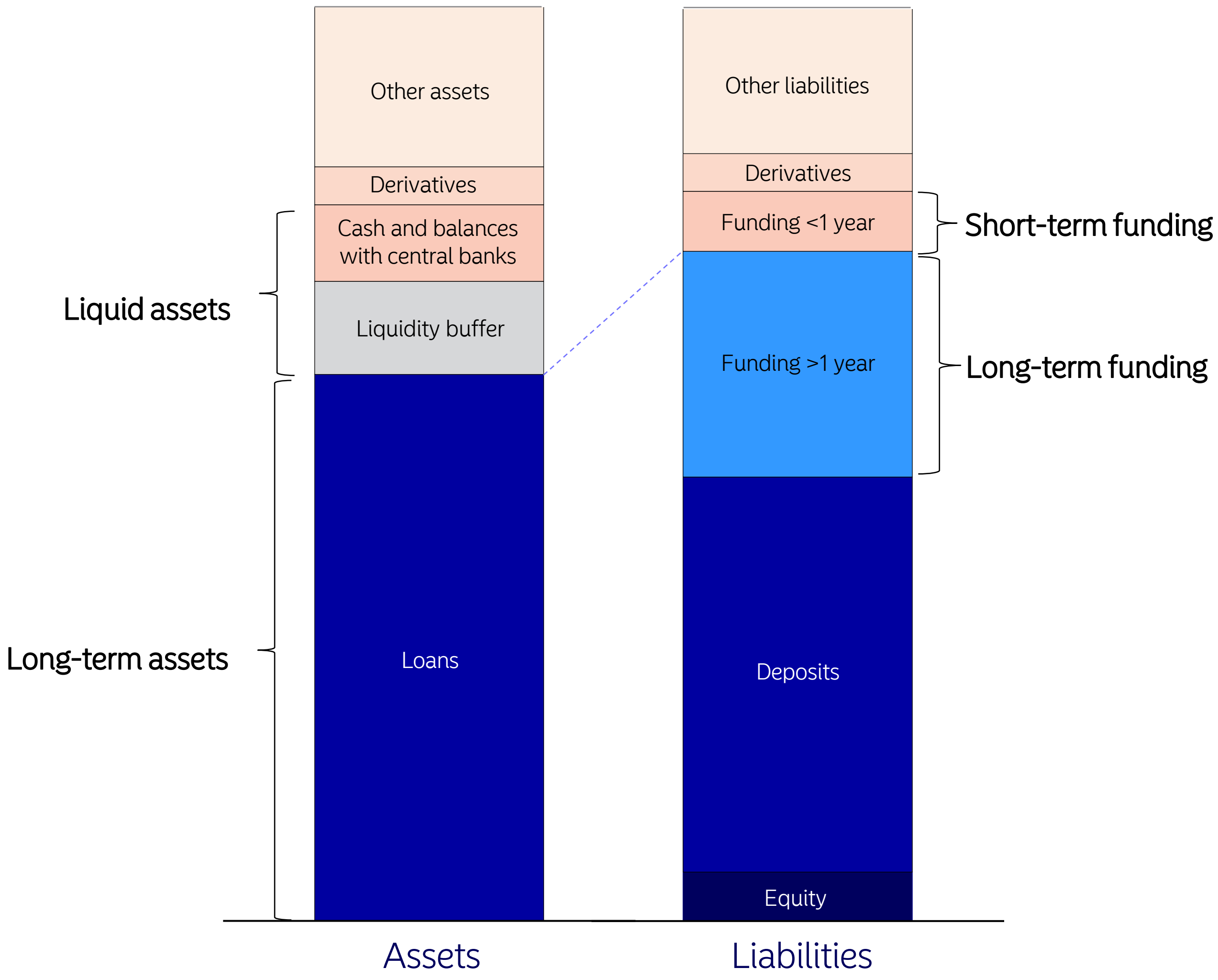
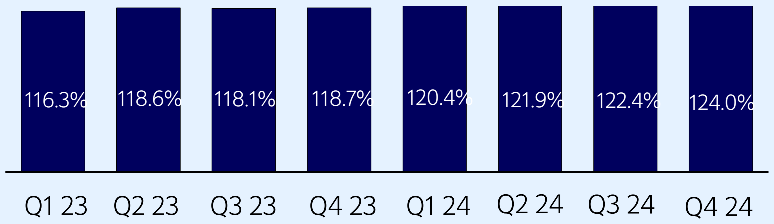
# Strong balance sheet structure

Q4 2024




- **Total assets EUR 623bn Q4 2024**
  - Strong balance sheet with deposits as primary source of funding
  - Long-term funding 80% of total wholesale funding
  - Nordea's net stable funding ratio (NSFR) is stable over time:

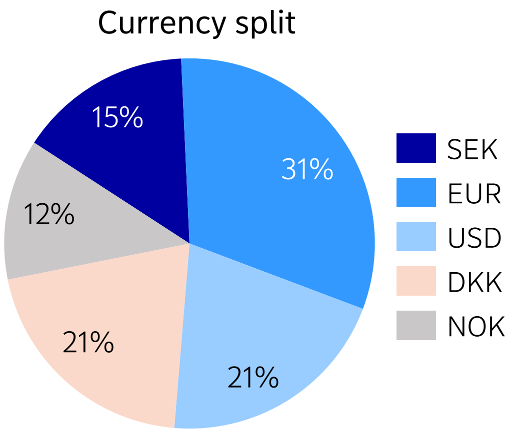


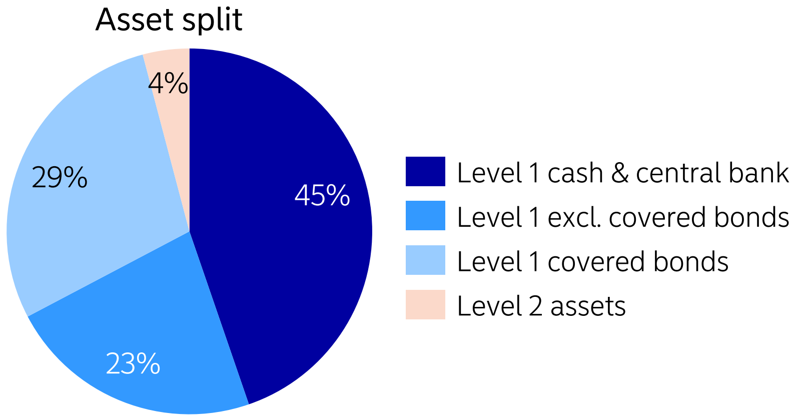



Nordea

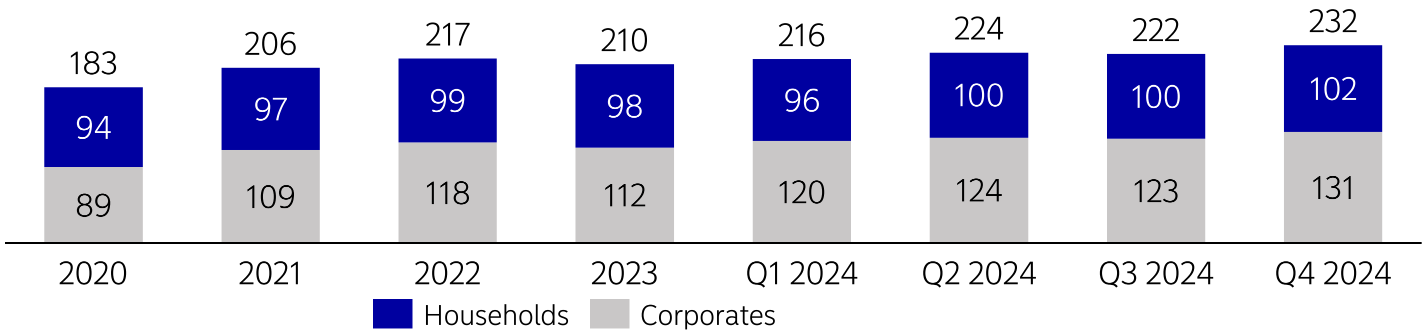
# Strong liquidity position

## Liquidity buffer composition, EUR 112bn




## Deposits and borrowings from the public*, EURbn




* Including repos/securities lending

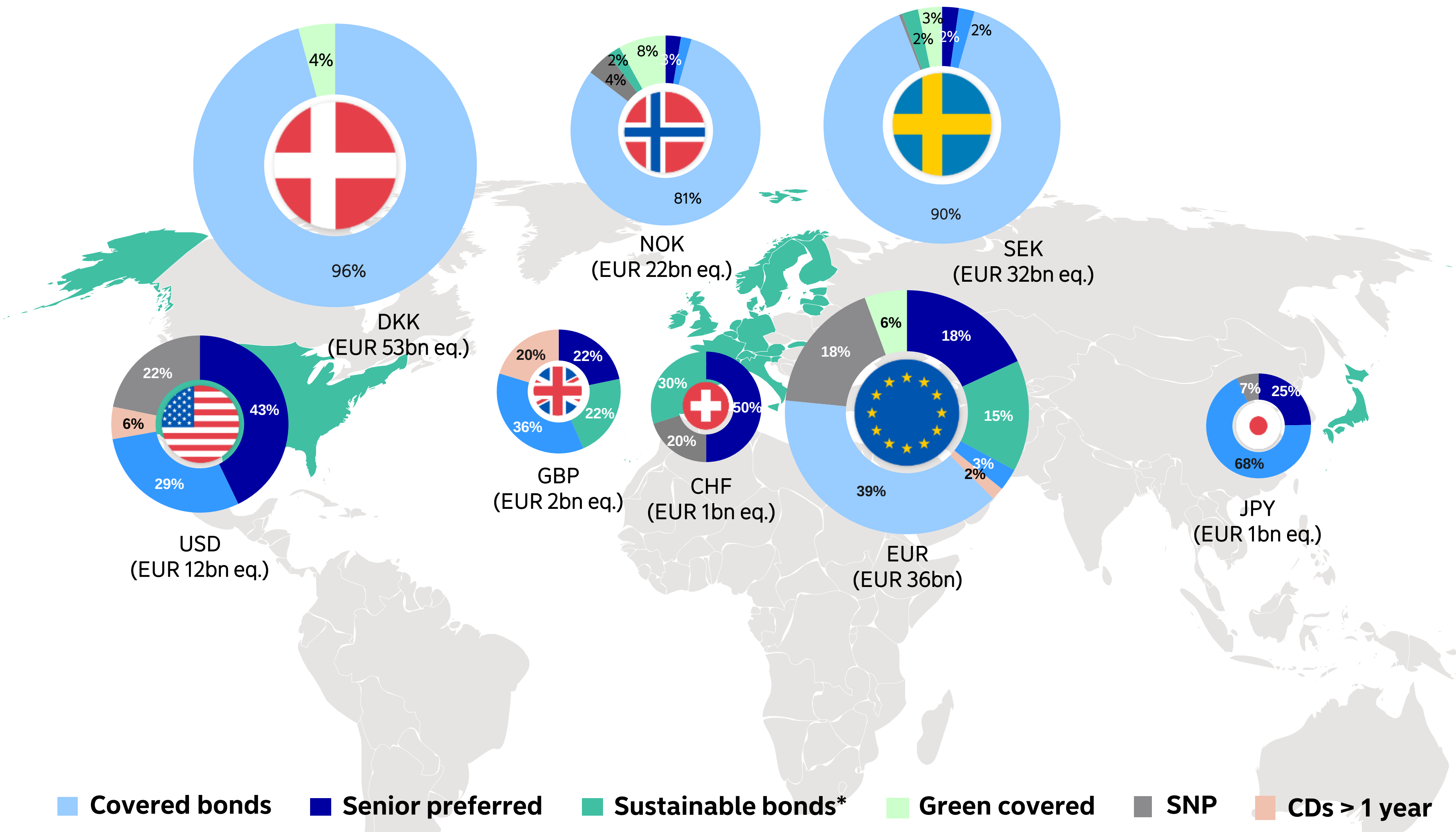
- **Robust liquidity position**
  - Liquidity coverage ratio (LCR) 157%
  - Net stable funding ratio (NSFR) 124%
- **Well diversified liquidity buffer of EUR 112bn**
  - EUR 50bn in central bank cash and reserves
  - EUR 62bn in bonds
  - Conservative hedging approach and no single name concentration
- **Deposits**
  - 41% of deposits covered by deposit guarantee scheme



Nordea

Long term funding

# Nordea global issuance




## Strong ratings

### Nordea Bank Abp

- Moody's Aa3 (positive outlook)
- S&P AA- (stable outlook)
- Fitch AA- (stable outlook)

### Nordea covered bonds

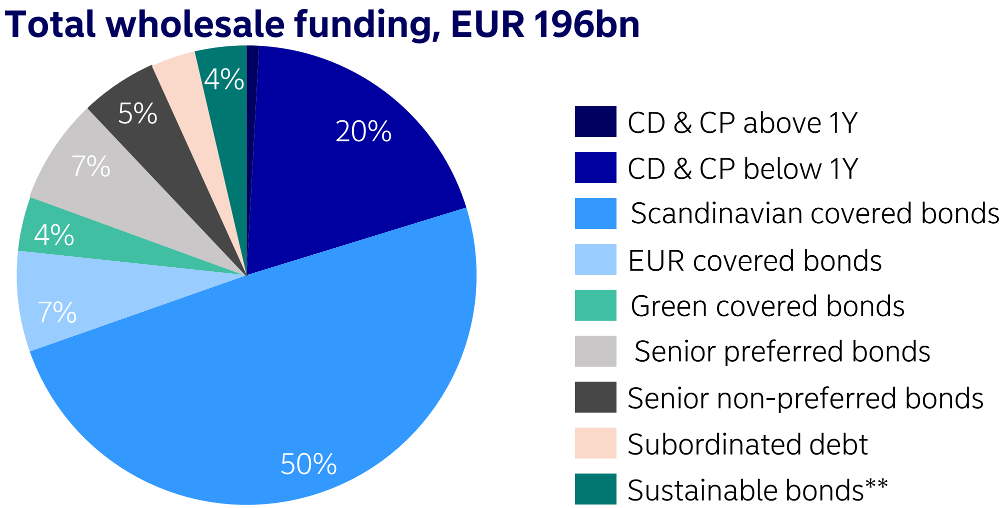
- Moody's Aaa (stable outlook)
- S&P AAA (stable outlook)

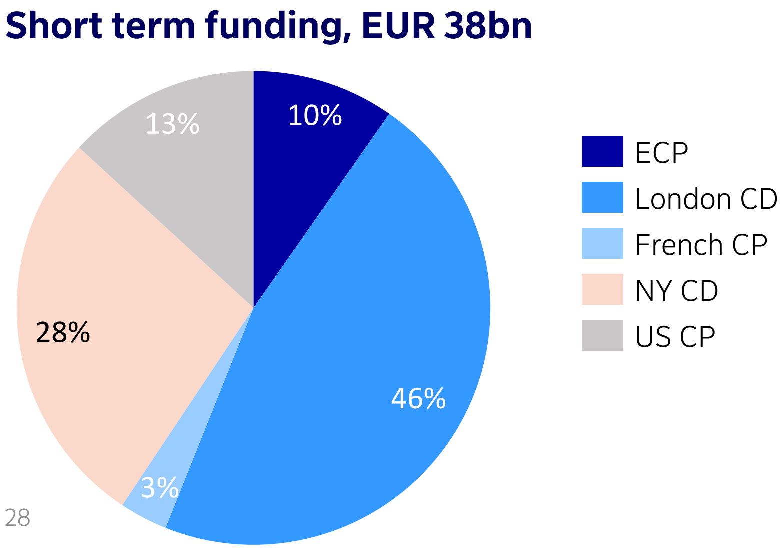
* Including green and SLL SP/SNP/Tier 2 bonds



Nordea

# Solid funding operations




- **Long-term issuance***
  - EUR 2.5bn issued during Q4
    - EUR 1.7bn in covered bonds and EUR 0.8bn in senior format
  - EUR 19.4bn issued during 2024
- **Short term issuance**
  - EUR 38bn total outstanding per end Q4
- **Issuance plans 2025***
  - EUR 20bn estimated in total long-term issuance
    - Around half expected in Scandinavian currencies, most of which in covered bonds
    - Remaining volume in international currencies incorporating senior debt and covered bonds

**Including green & SLL SP/SNP/Tier 2 bonds

*Excluding DKK covered bonds, CD/CPs and subordinated debt

Sustainability at the core

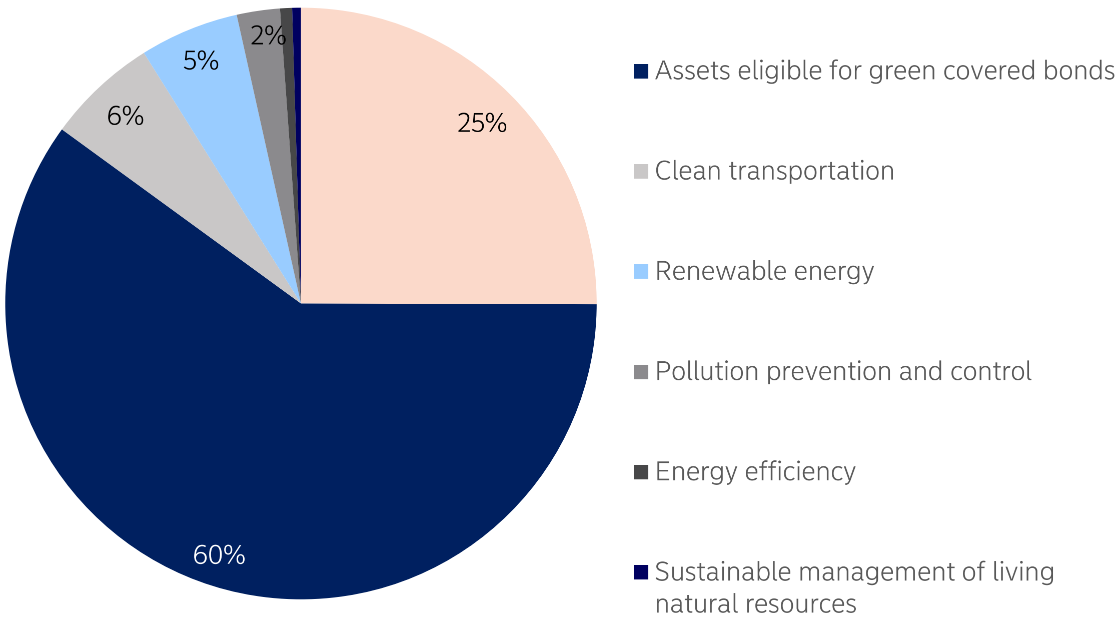
# Enhanced focus on sustainable funding

IFR Sustainable Issuer of the Year

2024 Best ESG Issuer Nordea cmdportal

2024 Best FIG ESG Issuer Nordea cmdportal

## Nordea's green bond asset portfolio




- **EUR 22.7bn assets available for green funding****
  - EUR 9.1bn in NBAbp green bond asset portfolio
  - EUR 13.6bn available assets for green covered bonds
- **EUR 5.3bn green bonds from NBAbp outstanding**
- **EUR 7.6bn green covered bonds outstanding**
- **Deposits with climate focus offered in Norway and Sweden**
- **EUR 1.8bn issued under sustainability linked loan (SLL) funding framework**
  - EUR 1bn in senior non-preferred
  - SEK 5.2bn and NOK 3.8bn in senior preferred

cmdportal TOP DEAL WINNER

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| ISS ESG | **Company rating: C (A+ to D-)*** | SUSTAINALYTICS | **ESG score: 12.3 (0 to 100)**** | MSCI | **ESG rating: AA (AAA to CCC)** | S&P Global | **CSA score: 70 (0 to 100)***** |

*Highest rating within sector is C+, **Lower score represents lower ESG risk, ***Higher score represents better sustainability practices



Nordea

# Nordea covered bond operations

***Four aligned covered bond issuers with complementary roles***

***Data as per Q3***

| | Nordea Eiendomskreditt | Nordea Hypotek | Nordea Kredit | Nordea Mortgage Bank |
|---|---|---|---|---|
| Legislation | Norwegian | Swedish | Danish | Finnish |
| Cover pool assets | Norwegian residential mortgages | Swedish residential mortgages primarily | Danish residential & commercial mortgages | Finnish residential mortgages primarily |
| Cover pool size | EUR 28.2bn (eq.) | EUR 62.2bn (eq.) | Balance principle | Pool 1: EUR 14.9bn<br>Pool 2: EUR 11.9bn |
| Covered bonds outstanding | EUR 19.1bn (eq.) | EUR 30.8bn (eq.) | EUR 57.8bn (eq.)* | Pool 1: EUR 11.4bn<br>Pool 2: EUR 7.8bn |
| OC | 48% | 102% | 8%* | Pool 1: 30% / Pool 2: 53% |
| Issuance currencies | NOK | SEK | DKK, EUR | EUR |
| Rating (Moody's / S&P) | Aaa/ - | Aaa / - | - / AAA | Aaa / - |
| Outstanding green covered bonds | EUR  1.2bn | EUR 1.1bn | EUR 2.2bn | EUR 2.0bn |

COVERED BOND LABEL

[1)] The figures in Nordea Kredit only include capital center 2 (SDRO). Nordea Kredit no longer reports for CC1 (RO), as this capital center only accounts for a minor part (<0.5%) of the outstanding volume of loans and bonds

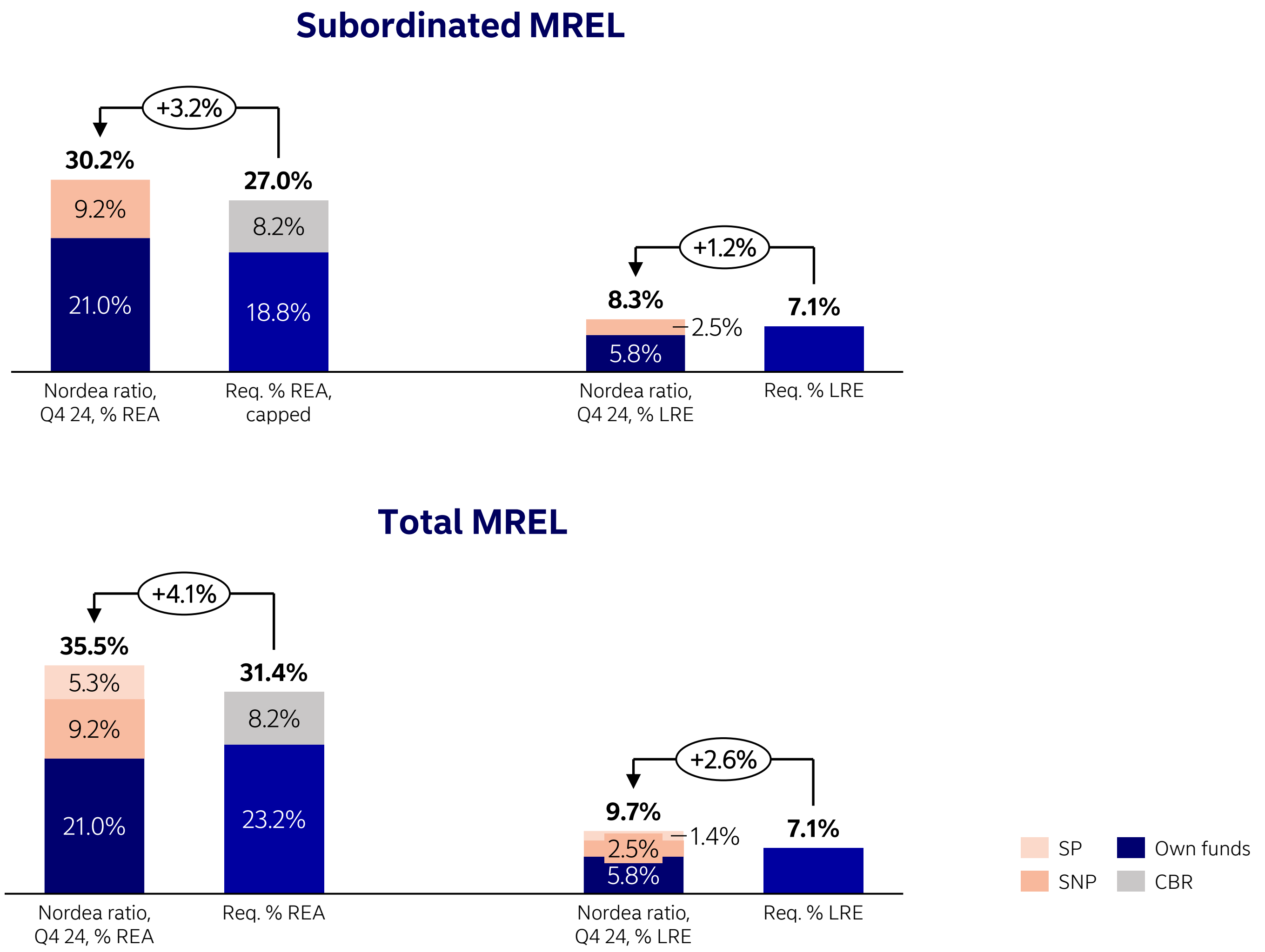
Funding transactions

# Nordea 2024 benchmark transactions

| Issuer | Type | Currency | Amount (m) | FRN / Fixed | Issue date | Maturity date | First call date |
|---|---|---|---|---|---|---|---|
| Nordea Bank | Tier 2 | NOK | 2,750 | FRN | Nov-24 | May-35 | Feb-30 |
| Nordea Eiendomskreditt | Covered, Green | NOK | 7,000 | FRN | Nov-24 | Nov-29 | |
| Nordea Bank | Senior non-preferred, Green | EUR | 750 | Fixed | Oct-24 | Oct-31 | |
| Nordea Hypotek | Covered, Green | SEK | 6000 | Fixed | Oct-24 | Oct-29 | |
| Nordea Bank | Additional Tier 1 | USD | 800 | Fixed | Sep-24 | Perpetual | Sep-31 |
| Nordea Bank | Senior preferred, SLL | NOK | 2,500 | FRN/Fixed | Sep-24 | Mar-30 | |
| Nordea Bank | Senior preferred, SLL | SEK | 2,400 | FRN/Fixed | Sep-24 | Sep-27 | |
| Nordea Eiendomskreditt | Covered | NOK | 7,000 | FRN | Sep-24 | Sep-29 | |
| Nordea Bank | Senior preferred | GBP | 300 | Fixed | Sep-24 | Oct-29 | |
| Nordea Bank | Senior preferred | USD | 1,000 | FRN/Fixed | Sep-24 | Sep-29 | |
| Nordea Bank | Additional Tier 1 | NOK | 1,600 | FRN | Sep-24 | Perpetual | Sep-29 |
| Nordea Bank | Additional Tier 1 | SEK | 3,750 | FRN | Sep-24 | Perpetual | Sep-29 |
| Nordea Bank | Senior preferred | EUR | 1,000 | Fixed | Jun-24 | Jun-29 | |
| Nordea Bank | Tier 2, Green | EUR | 750 | Fixed | May-24 | May-35 | Feb-30 |
| Nordea Mortgage Bank | Covered | EUR | 1,000 | Fixed | Apr-24 | Apr-34 | |
| Nordea Bank | Senior preferred | USD | 1,000 | FRN/Fixed | Mar-24 | Mar-27 | |
| Nordea Bank | Senior non-preferred | EUR | 1,000 | Fixed | Mar-24 | Mar-34 | |
| Nordea Mortgage Bank | Covered | EUR | 750 | Float | Jan-24 | Jan-27 | |
| Nordea Mortgage Bank | Covered | EUR | 1,000 | Fixed | Jan-24 | Jan-31 | |
| Nordea Hypotek | Covered | SEK | 6,000 | Fixed | Jan-24 | Oct-29 | |
| Nordea Eiendomskreditt | Covered | NOK | 10,000 | Float | Jan-24 | Jan-29 | |

Minimum requirements for own funds and eligible liabilities

# MREL positions and requirements




## Subordinated MREL

- 3.2 pp above requirement % REA
- Outstanding senior non-preferred (SNP) of EUR 14.7bn

## Total MREL

- 4.1 pp above requirement % REA
- Outstanding senior preferred (SP) of EUR 14.5bn

## Requirements set by Single Resolution Board (SRB) in 2024 MREL decision

- Subordinated MREL, the higher of:
- 21.40% REA (capped at 27% REA minus CBR*) + CBR
- 7.14% LRE**
- Total MREL, the higher of
- 23.18% REA + CBR
- 7.14% LRE
- To be updated by the SRB in Q2 2025



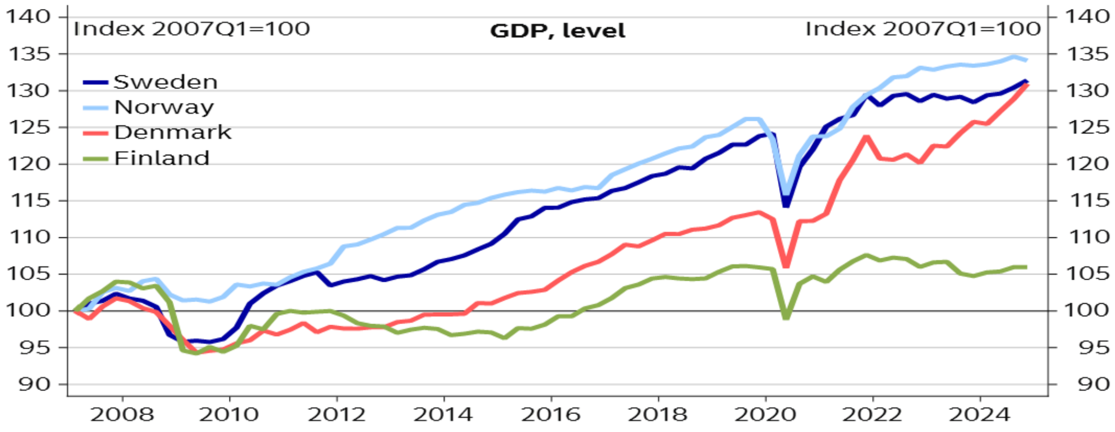
* Combined buffer requirement: CCoB 2.5%, O-SII 2.5%, SyRB 1.5% and CCyB 1.7%
** Leverage ratio exposure

Nordea

# 4. Macroeconomy

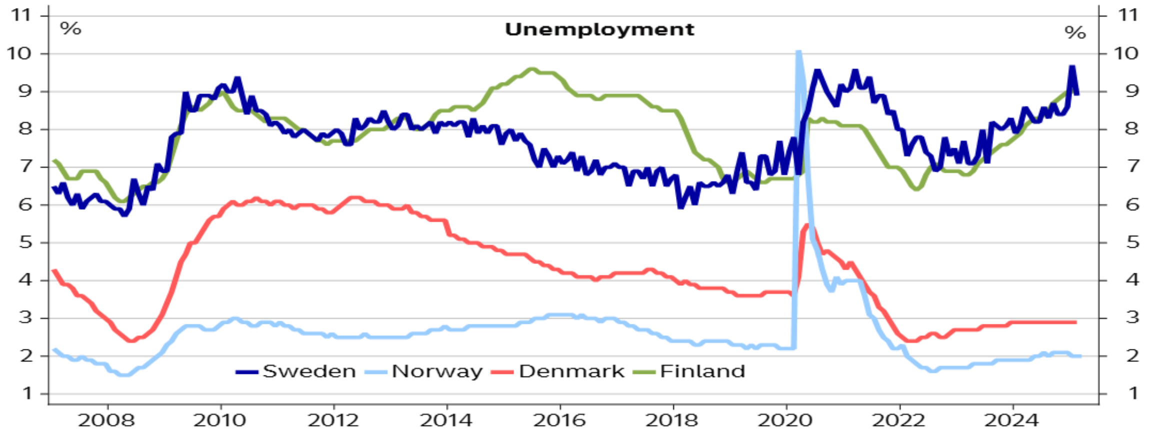
# Better outlook ahead

## GDP




- The Nordic economies have shown mixed trends on the back of surging inflation and higher interest rates
- Lower interest rates are expected to support economic activity going forward. GDP-growth in the Nordics will be positive in 2025 and 2026, according to Nordea's forecast
- Labour markets are still under pressure but are expected to stabilise soon

## Unemployment rate




## GDP, % y/y, Economic Outlook January 2025

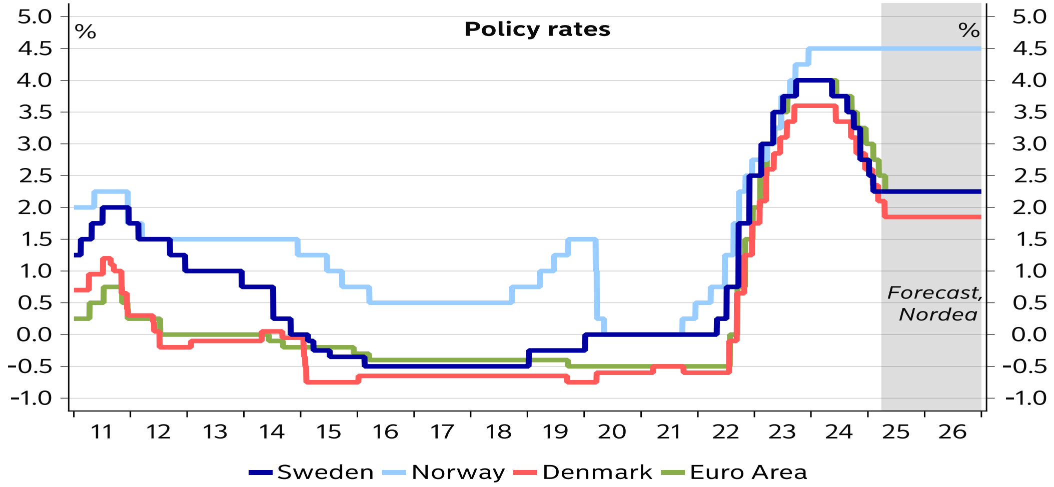
| Country | 2023 | 2024 | 2025E | 2026E |
|---|---|---|---|---|
| **Denmark** | 2.5 | 3.6 | 2.8 | 1.7 |
| **Finland** | -0.9 | -0.1 | 1.0 | 2.0 |
| **Norway (mainland)** | 0.7 | 0.6 | 1.8 | 1.8 |
| **Sweden** | 0.1 | 1.0 | 1.6 | 2.6 |



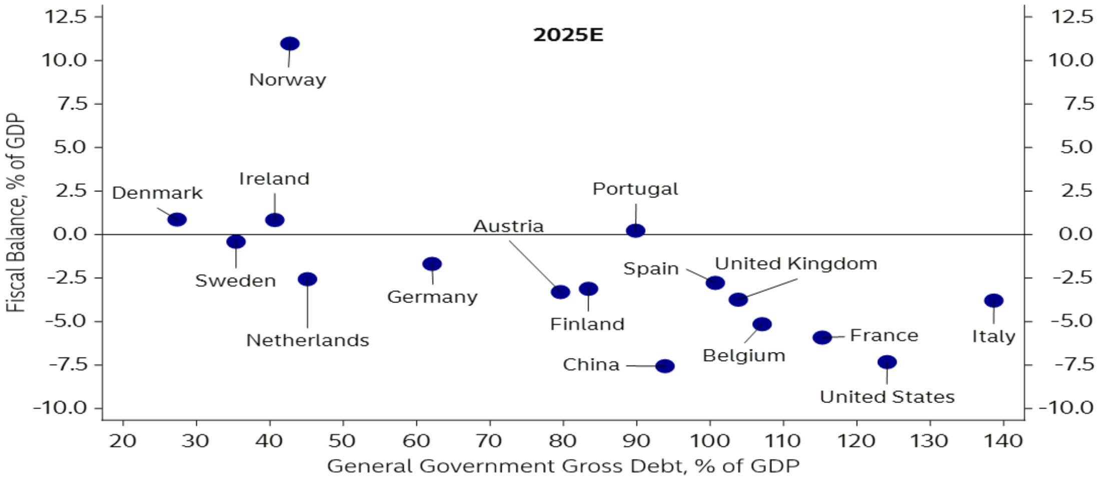
Source: Nordea Markets and Macrobond

# Less restrictive monetary policy

## Policy rates




## Public balance/debt, % of GDP, 2025E (IMF)



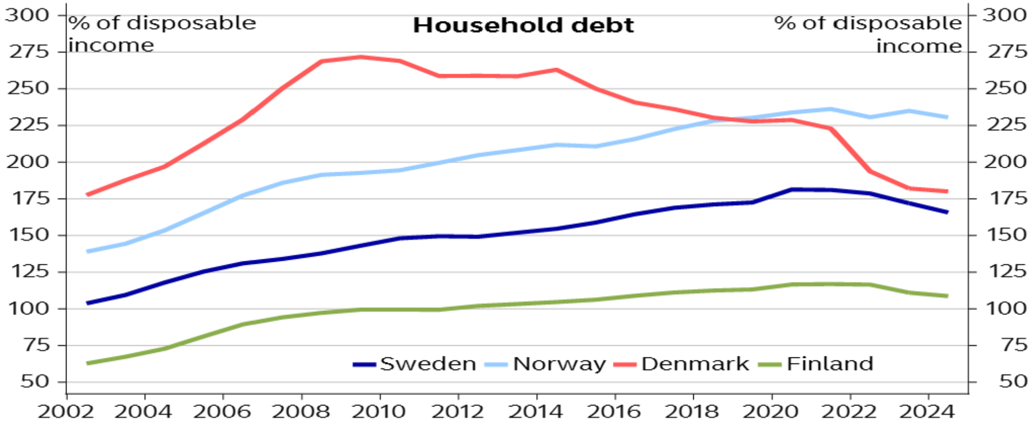

- The ECB and Danmarks Nationalbank lowered their policy rates by 0.25 percentage points in March. The Riksbank and Norges Bank left their policy rates unchanged
- The Riksbank is expected to leave their policy rate unchanged at 2.25% this year, according to Nordea's forecast
- Norges Bank is expected to leave their policy rate unchanged at 4.50% this year, according to Nordea's forecast
- The ECB is expected to lower their policy rate by 0.25 percentage points in April, down to 2.25%
- The central banks are expected to stay on hold in 2026, leaving their policy rates unchanged, according to Nordea's forecast
- Solid public finances will help most of the Nordic governments to support the economic recovery ahead



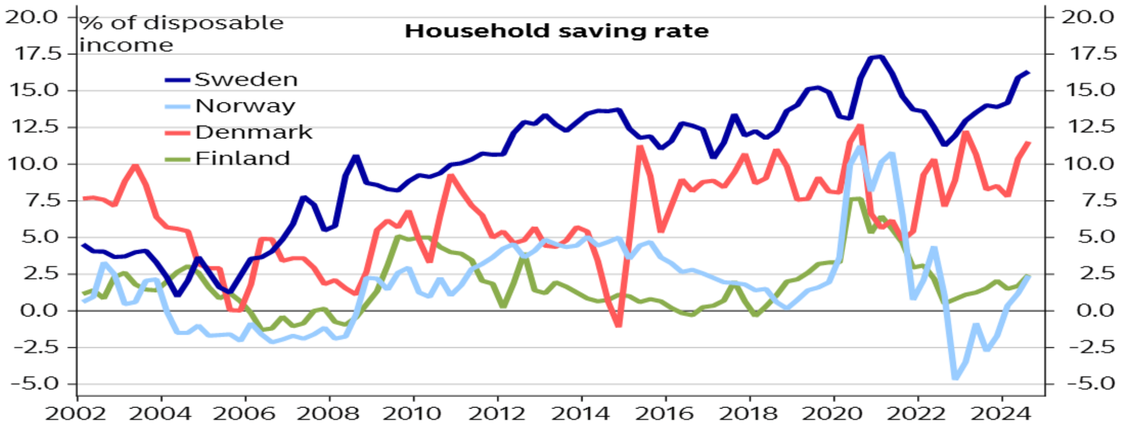
Source: Nordea Markets and Macrobond

# Increasing purchasing power

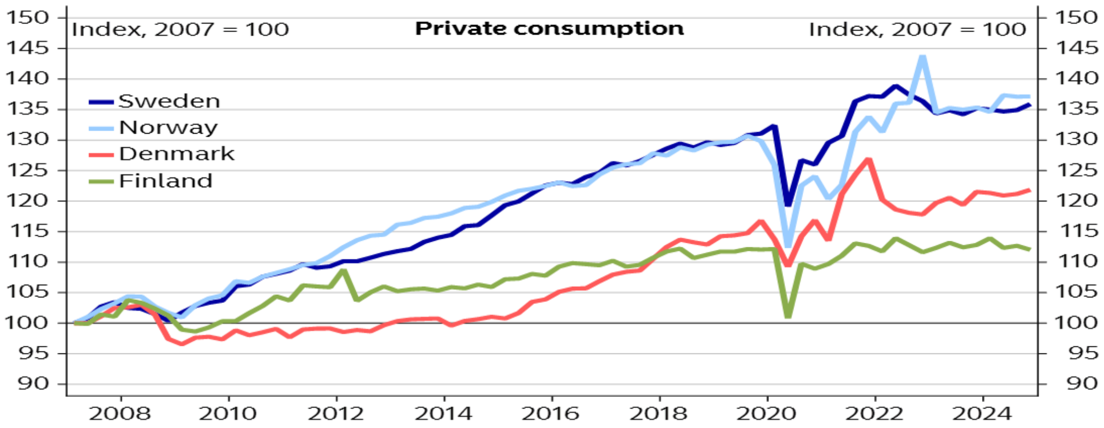
## Household debt




## Household savings




## Private consumption



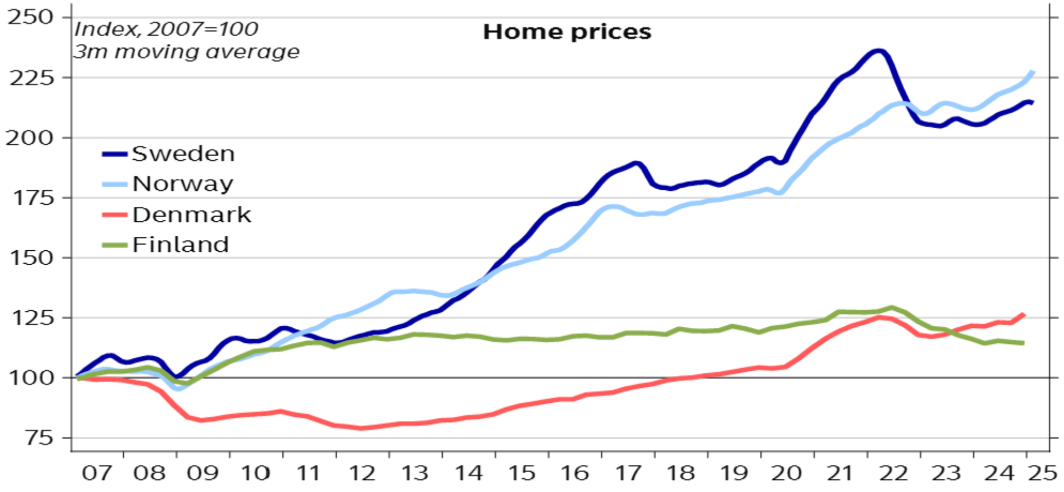

- Households' purchasing power and consumption are expected to improve as real disposable income continues to increase
- Consumer confidence have risen from very low levels but remains subdued, indicating caution among households
- Households' debt ratios have decreased whilst the savings rates have increased



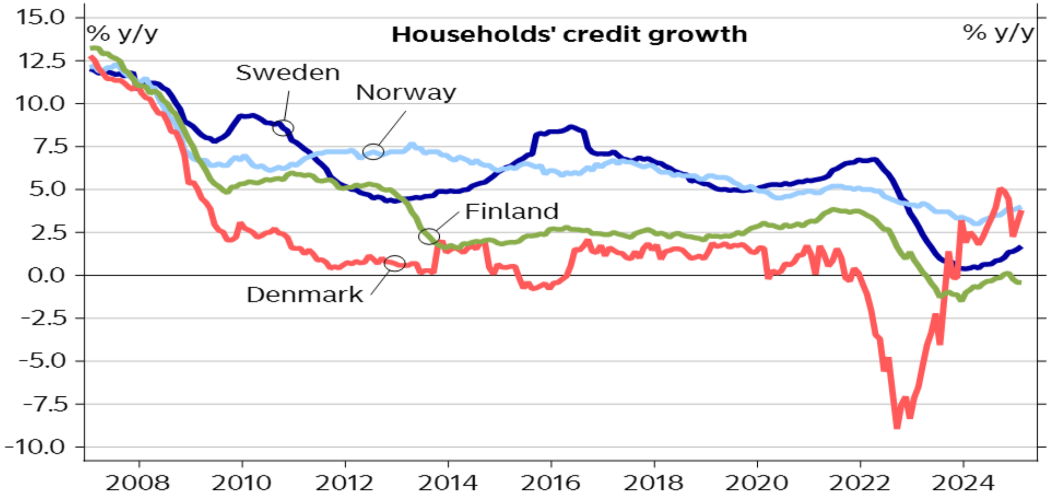
Source: Nordea Markets and Macrobond

## Housing markets
# Increased activity

### Home prices




### Households' credit growth




- Home prices have stabilised and modestly started to increase in most of the Nordic countries. Norwegian home prices have developed better than their Nordic counterparts and rose by 7.6% year-on-year in February 2025
- Monetary policy has become less restrictive in most of the Nordics which should support a recovery in home prices
- Transaction volumes are picking up from low levels. However, imbalances remain, and the higher-than-normal supply of homes suggests the markets can absorb a higher demand without sharp price increases
- Households' credit growth have turned positive in all the Nordic countries except for Finland. Credit growth is expected to increase as central banks continue to lower their policy rates



Source: Nordea Markets and Macrobond

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