# Fourth-quarter and full-year results 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.

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# 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

Key financials

# Fourth-quarter results 2024

| Income statement and key ratios<br>EURm | Q424 | Q423 | Q4/Q4 | Q324 | Q4/Q3 |
|---|---|---|---|---|---|
| Net interest income | 1,854 | 1,946 | -5% | 1,882 | -1% |
| Net fee and commission income | 825 | 763 | 8% | 774 | 7% |
| Net insurance result | 69 | 40 | 73% | 60 | 15% |
| Net fair value result | 201 | 154 | 31% | 284 | -29% |
| Other income | 6 | 12 | -50% | 14 | -57% |
| **Total operating income** | **2,955** | **2,915** | **1%** | **3,014** | **-2%** |
| Total operating expenses excl. regulatory fees | -1,416 | -1,397 | 1% | -1,311 | 8% |
| Total operating expenses | -1,434 | -1,417 | 1% | -1,329 | 8% |
| **Profit before loan losses** | **1,521** | **1,498** | **2%** | **1,685** | **-10%** |
| Net loan losses and similar net result | -54 | -83 | | -51 | |
| **Operating profit** | **1,467** | **1,415** | **4%** | **1,634** | **-10%** |
| Cost-to-income ratio excl. regulatory fees, % | 47.9 | 47.9 | | 43.5 | |
| Cost-to-income ratio*, % | 48.9 | 50.6 | | 44.5 | |
| Return on equity*, % | 14.3 | 14.1 | | 16.7 | |
| Diluted earnings per share, EUR | 0.32 | 0.31 | 3% | 0.36 | -11% |

* With amortised resolution fees

Key financials

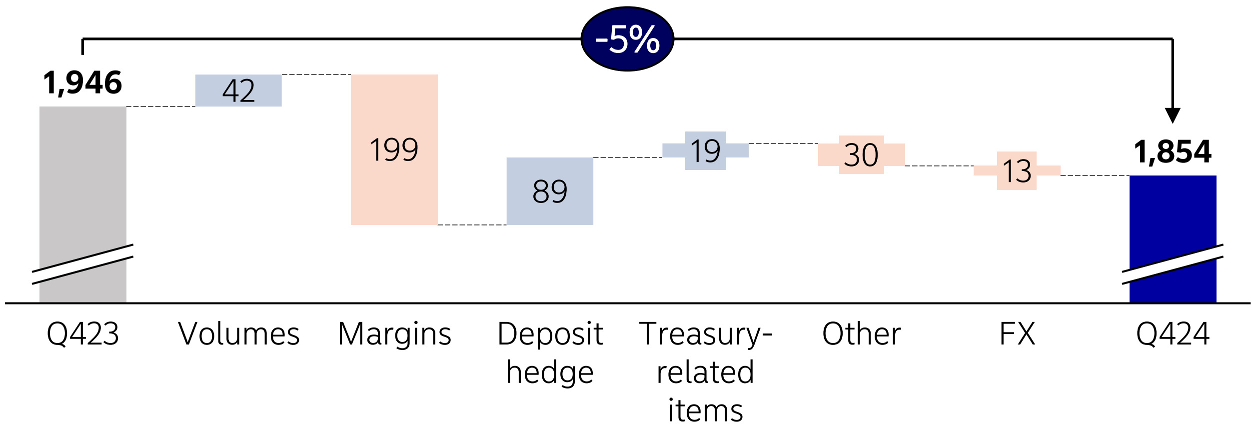
# Full-year results 2024

| Income statement and key ratios<br>EURm | FY24 | FY23 | FY/FY |
|---|---|---|---|
| Net interest income | 7,594 | 7,451 | 2% |
| Net fee and commission income | 3,157 | 3,021 | 5% |
| Net insurance result | 253 | 217 | 17% |
| Net fair value result | 1,023 | 1014 | 1% |
| Other income | 57 | 40 | 43% |
| **Total operating income** | **12,084** | **11,743** | **3%** |
| Total operating expenses excl. regulatory fees | -5,213 | -4,922 | 6% |
| Total operating expenses | -5,330 | -5,238 | 2% |
| **Profit before loan losses** | **6,754** | **6,505** | **4%** |
| Net loan losses and similar net result | -206 | -167 | |
| **Operating profit** | **6,548** | **6,338** | **3%** |
| Cost-to-income ratio excl. regulatory fees, % | 43.1 | 41.9 | |
| Cost-to-income ratio, % | 44.1 | 44.6 | |
| Return on equity, % | 16.7 | 16.9 | |
| Diluted earnings per share, EUR | 1.44 | 1.37 | 5% |

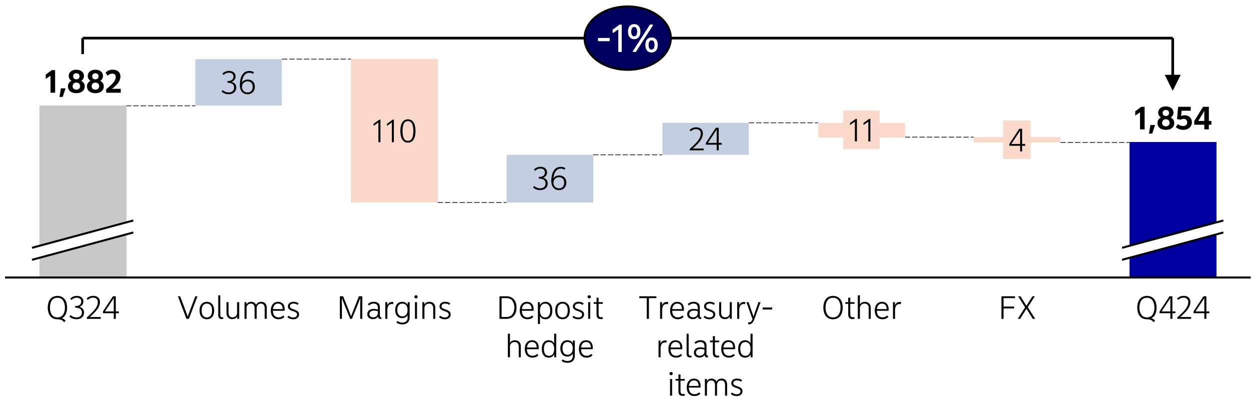
Net interest income

# Higher volumes and lower deposit margins, as expected

**Year-over-year bridge, EURm**




**Quarter-over-quarter bridge, EURm**

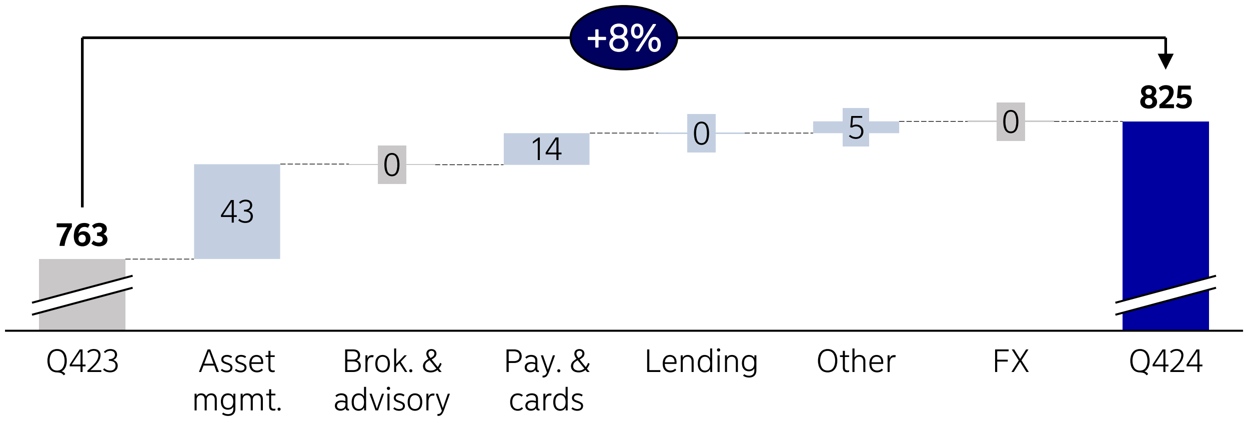



- **Net interest income down 5%**
- **Lending and deposits up**
  - Mortgages up 6% (1% excluding Norwegian acquisition)
  - Corporate lending up 1%
  - Retail deposits up 5% (2% excluding Norwegian acquisition)
  - Corporate deposits up 8%
- **Net interest margin 1.73% (1.83% Q423)**
  - Lower deposit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

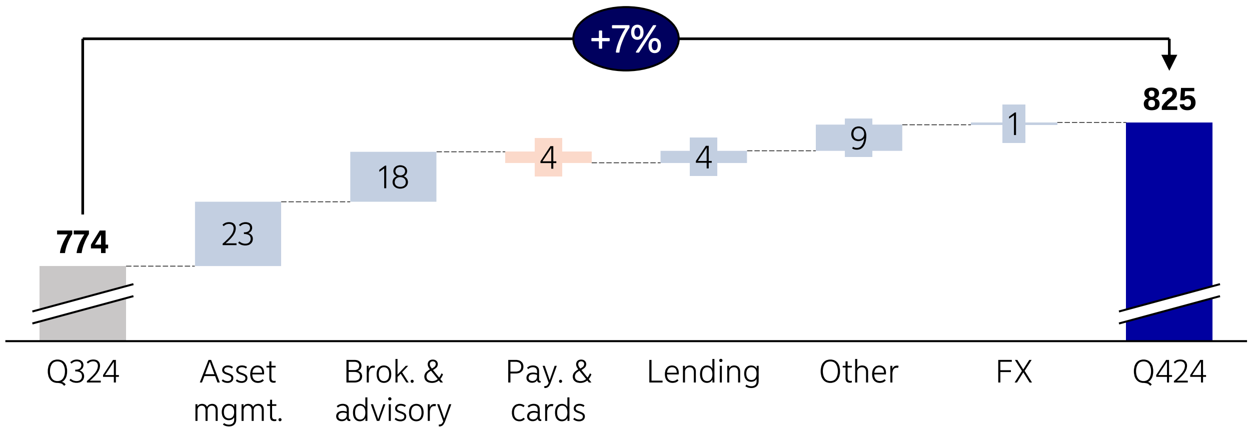
Net fee and commission income

# 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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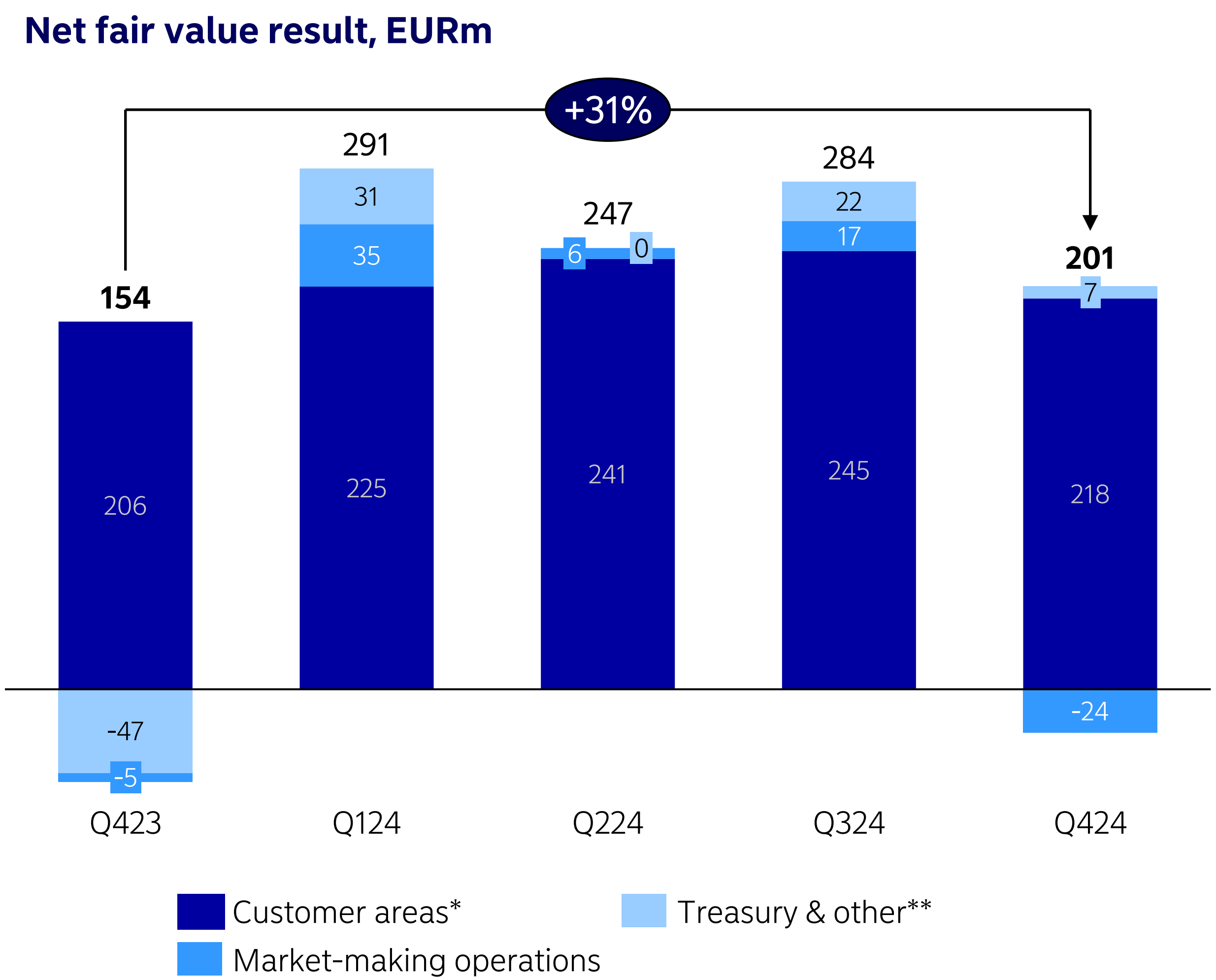
Net fair value result

# Higher customer activity and valuations



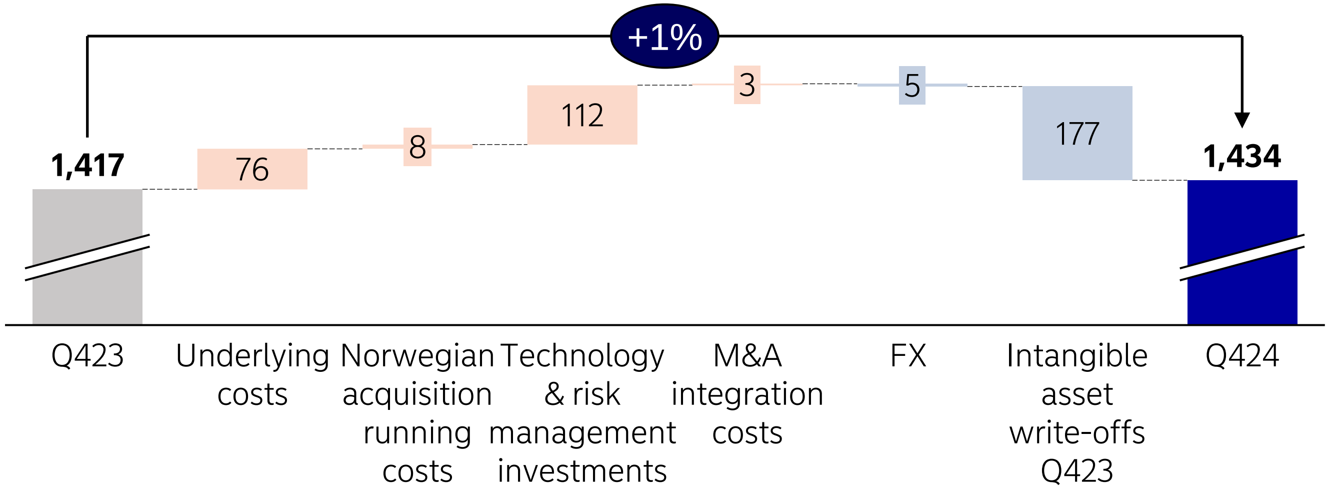

- **Strong customer risk management activity, mainly in FX and rates products**
- **Market-making down, driven by wider spreads and higher bond market volatility**
- **Treasury & other up, driven by revaluation gains from holdings and reduced hedge volatility**



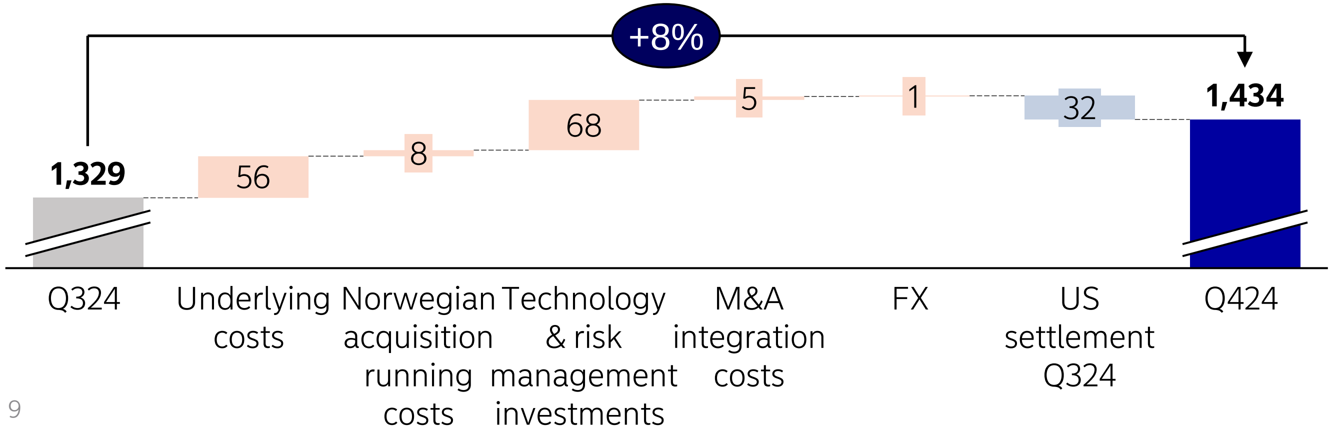
* Excluding fair value adjustments to loans held at fair value in Nordea Kredit
** Including valuation adjustments and FX

# Costs 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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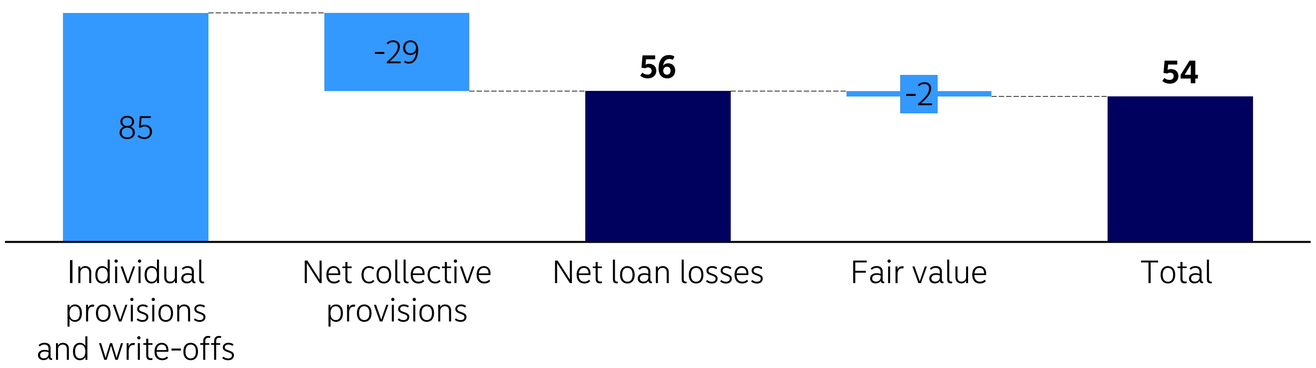
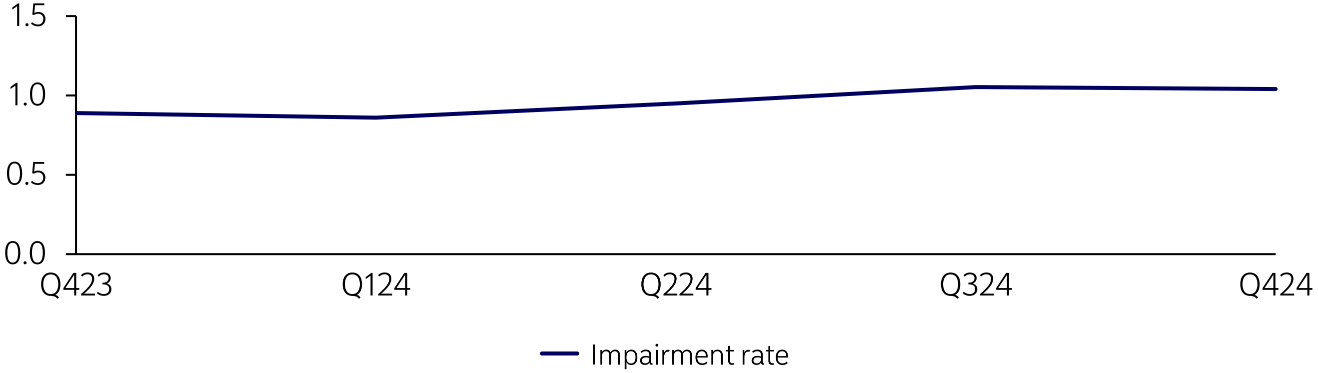
Net loan losses and similar net result

# 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%



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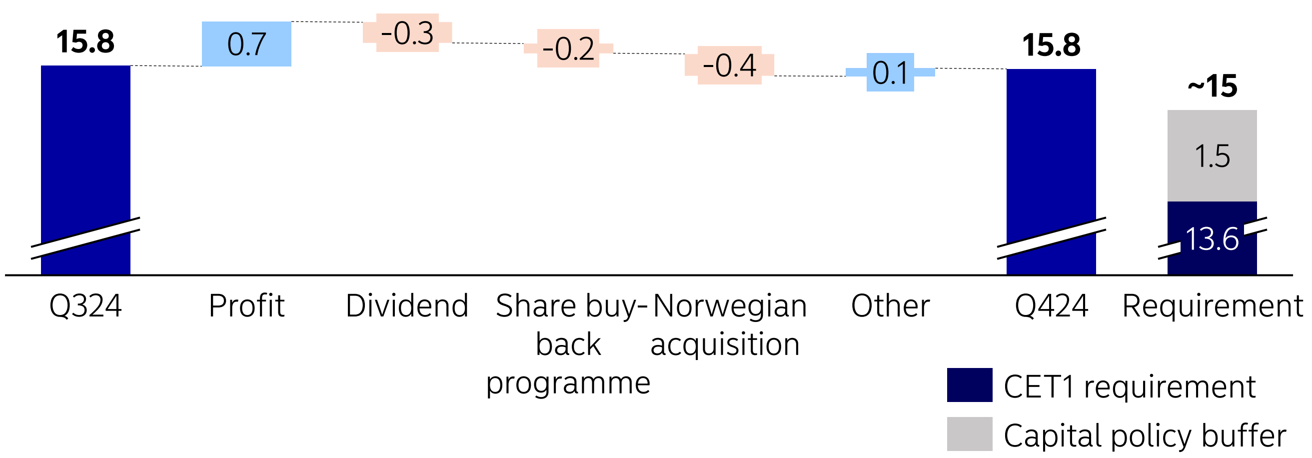
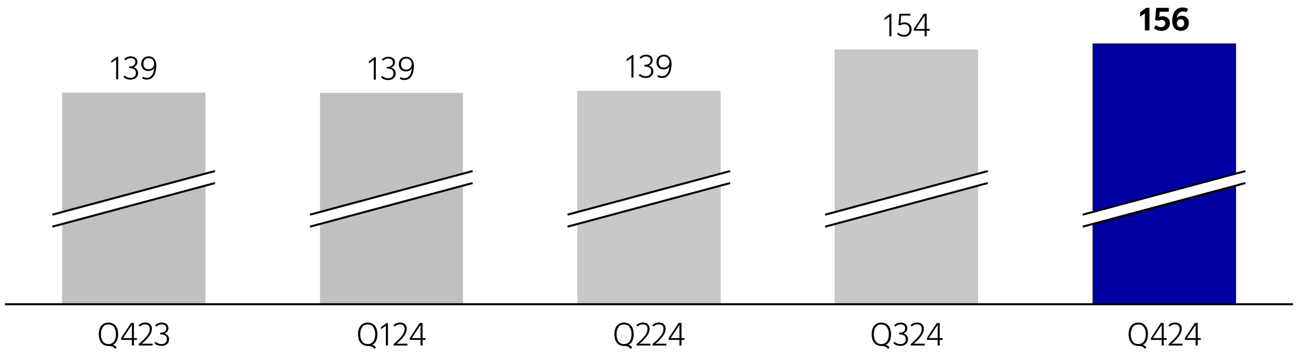
# Strong capital position; share buy-backs in progress

## CET1 capital ratio development, %



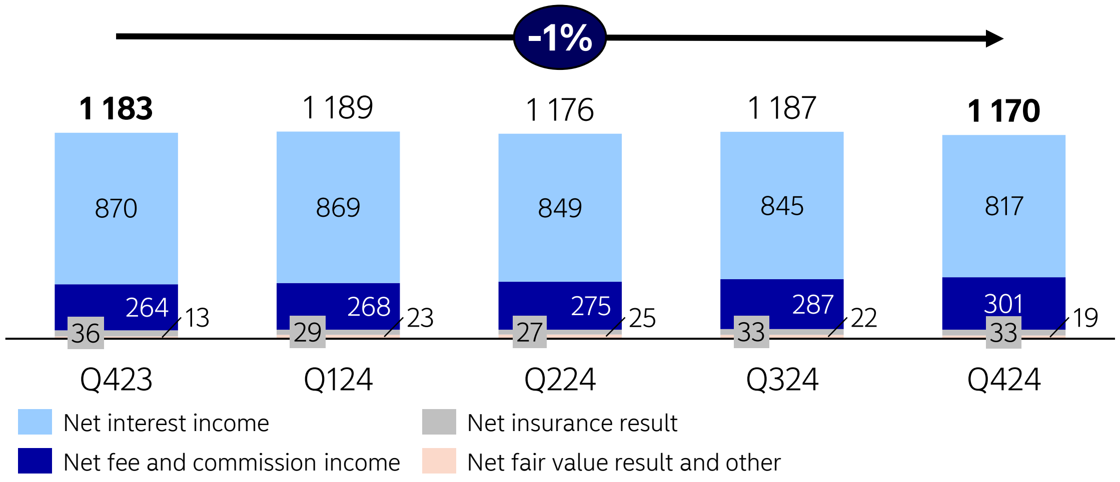

## REA development, EURbn




- **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**

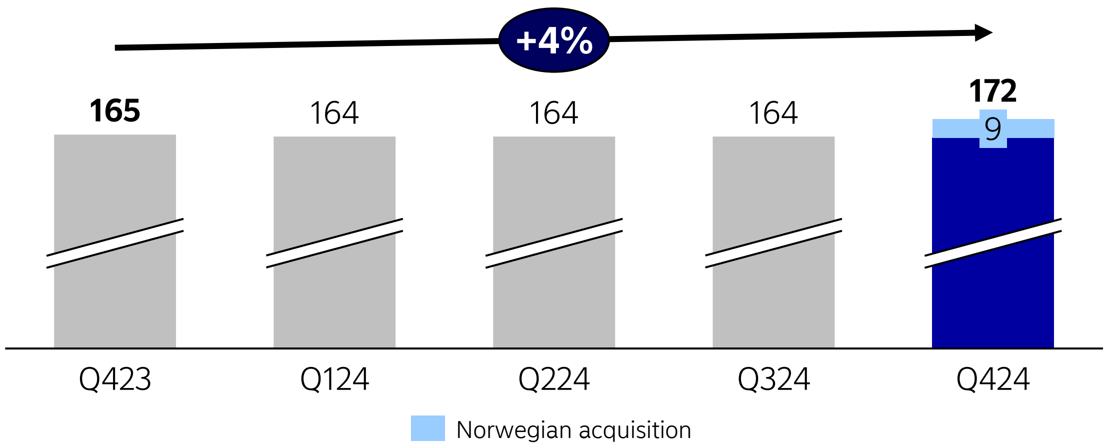
# Income supported by increased mortgage and deposit volumes, and savings growth

## Total income, EURm

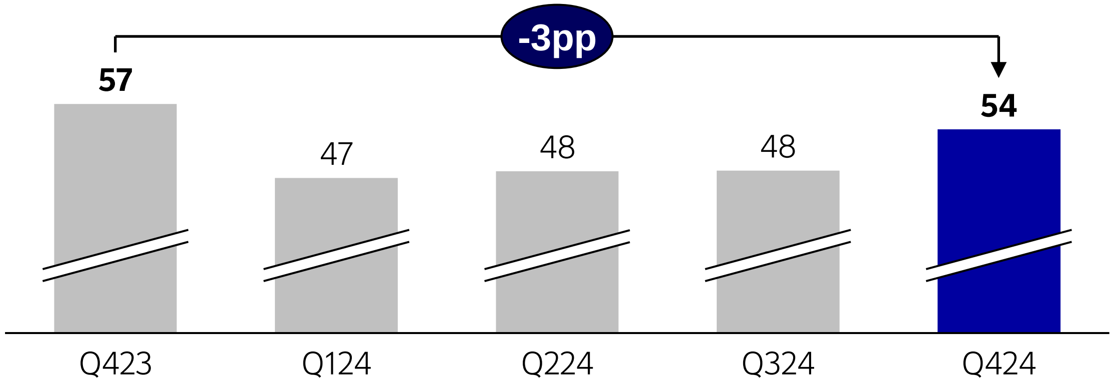



- Total income down 1%
- Net interest income down 6%; mortgage volumes up 5% and deposit volumes up 5%
- Net fee and commission income up 14%, driven by savings and payment & card income
- Improved cost-to-income ratio: 54% (57% Q423)– lower total expenses partly offset by integration costs related to Norwegian acquisition

## Lending*, EURbn




## Cost-to-income ratio**, %

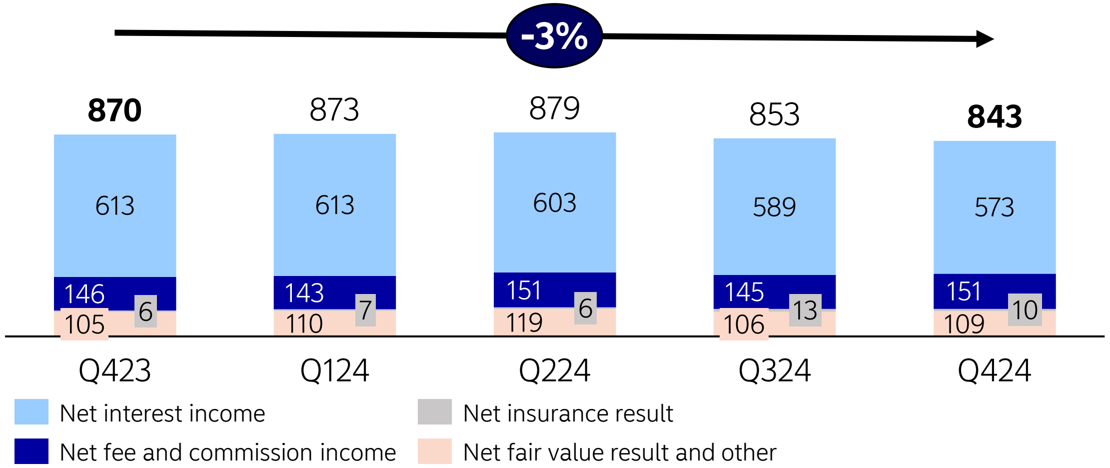





* Excluding FX effects
** With amortised resolution fees

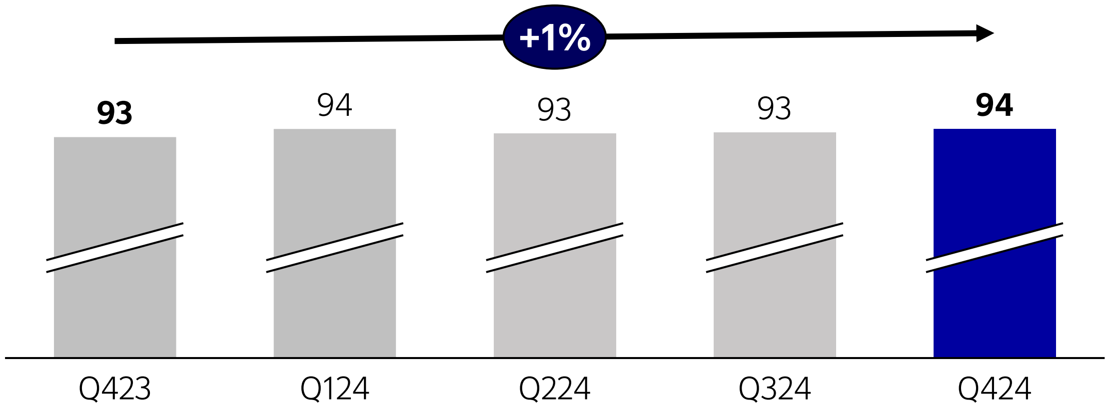
# Solid volume and ancillary income growth, offset by lower deposit margins

## Total income*, EURm

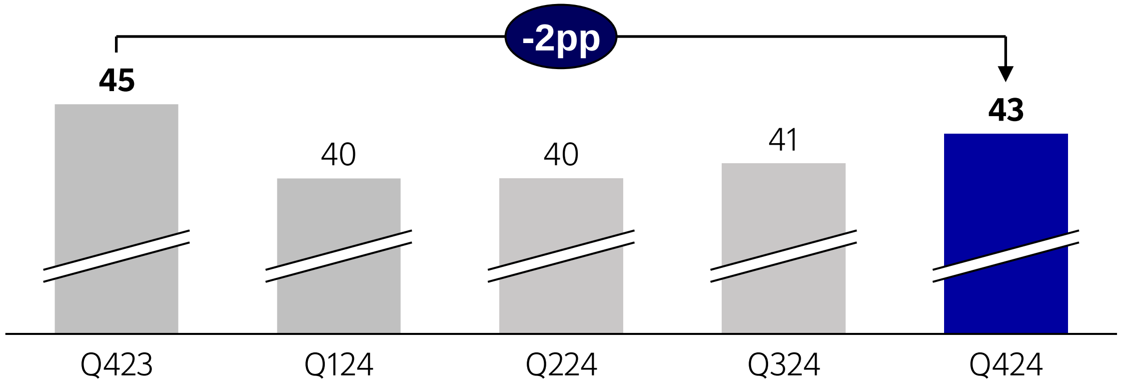



- Total income down 3%
- Net interest income down 7%; lending volumes up 1% and deposit volumes up 4%
- Net fee and commission income up 3%, driven by higher savings and payment & card income and higher income from debt capital market transactions
- Net fair value up 7%; strong activity in FX products
- Improved cost-to-income ratio: 43% (45% Q423)

## Lending*, EURbn




## Cost-to-income ratio**, %






* Excluding FX effects
** With amortised resolution fees

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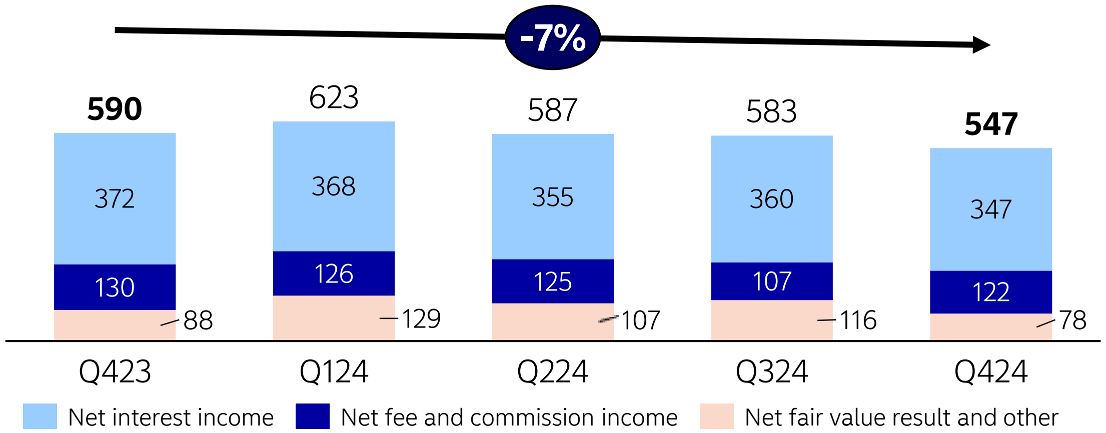
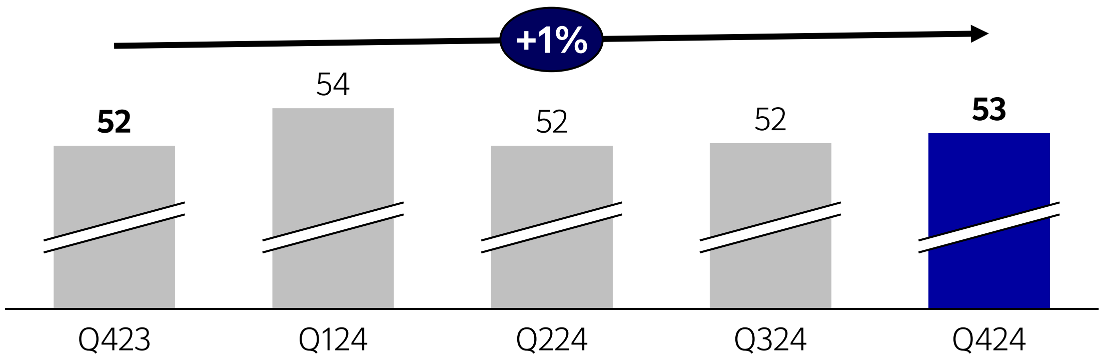
# Solid customer activity, with lending and deposit growth

## Total income, EURm

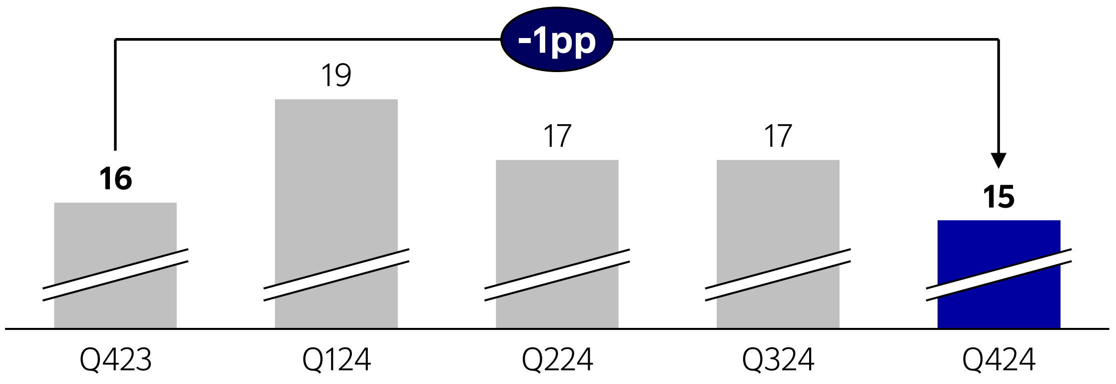



- Total income down 7%
- Net interest income down 7%; lending volumes up 1% and deposit volumes up 12%
- Net fee and commission income down 6%, mainly driven by lower corporate finance income compared with Q423
- Net fair value income down 10%: continued high customer activity offset by negative impact from fixed income market-making, driven by wider spreads and high volatility
- Return on allocated equity 15%

## Lending*, EURbn




## Return on allocated equity**, %

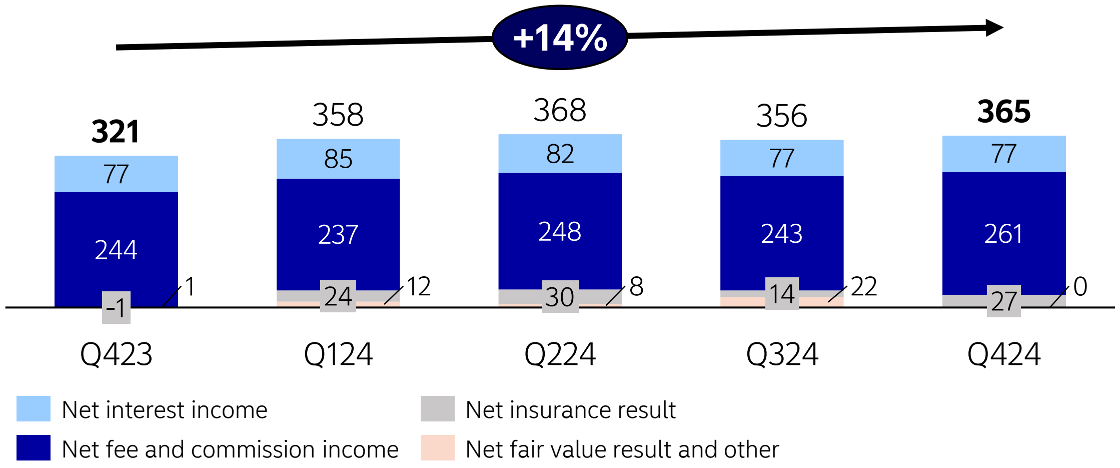





* Excluding repos
** With amortised resolution fees

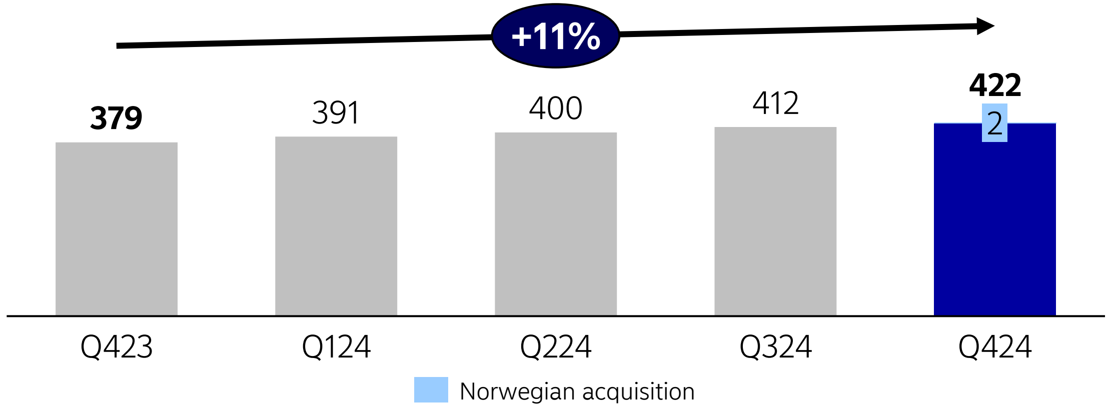
# Strong inflow of new customers in Private Banking and strong net flows in all channels

## Total income, EURm

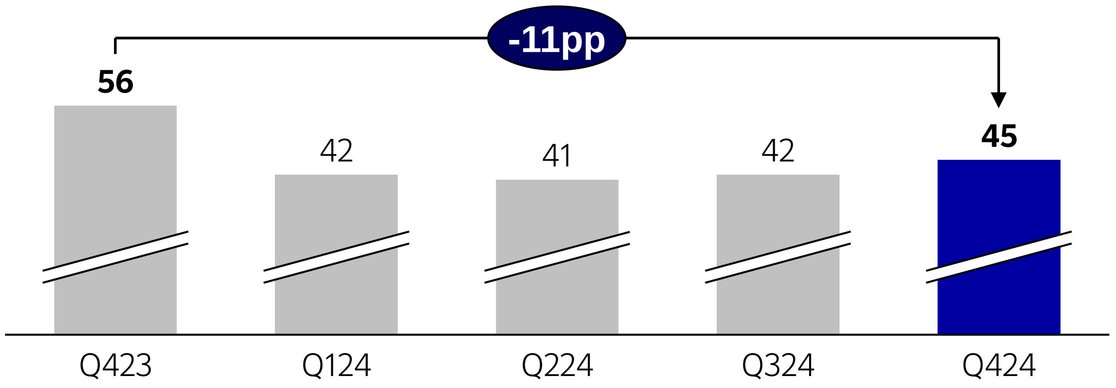



- Total income up 14%
- Net interest income stable; lending volumes up 5% and deposit volumes up 3%
- Net fee and commission income up 7% – assets under management up 11%, to EUR 422bn
  - Nordic channels net inflows EUR 6.1bn during quarter
  - International channels net inflows EUR 2.4bn during quarter
- Net fair value stable
- Improved cost-to-income ratio: 45% (56% Q423)

## Assets under management, EURbn




## Cost-to-income ratio*, %




* With amortised resolution fees



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# 2025: The preferred financial partner in the Nordics

- **Unique Nordic diversification and scale**
- **Profitable growth and high capital efficiency**
- **Continued high profitability and capital generation**
- **Outlook for 2025: return on equity to stay above 15%**

## 2025 financial target

**Return on equity**

**>15%**

Assumes CET1 requirement of 15%, including management buffer

Rates assumed to normalise at ~2%

Supported in 2025 by

**Cost-to-income ratio**
44–46%

**Loan losses**
Normalised ~10bp annually

**Capital and dividend policies**

60–70% dividend payout ratio; excess capital distributed through buy-backs

Management buffer of 150bp above regulatory CET1 requirement

# Taking Nordea to the next level

## Leveraging the unique power of our Nordic scale

Best-in-class customer experiences

Market-leading growth, cost efficiency and long-term value creation

## Outgrowing the market

Targeting focused organic growth opportunities

Nordic bolt-on acquisitions to further drive growth

## Delivering superior financial performance

Continued market-leading return on equity

Superior earnings per share growth

**Capital excellence – generate, deploy, distribute**

**Nordea Capital Markets Day Q4 2025**


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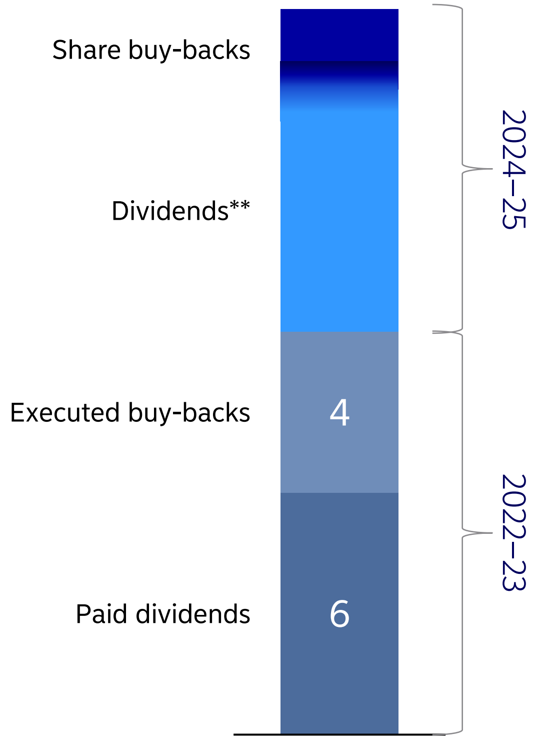
Capital excellence

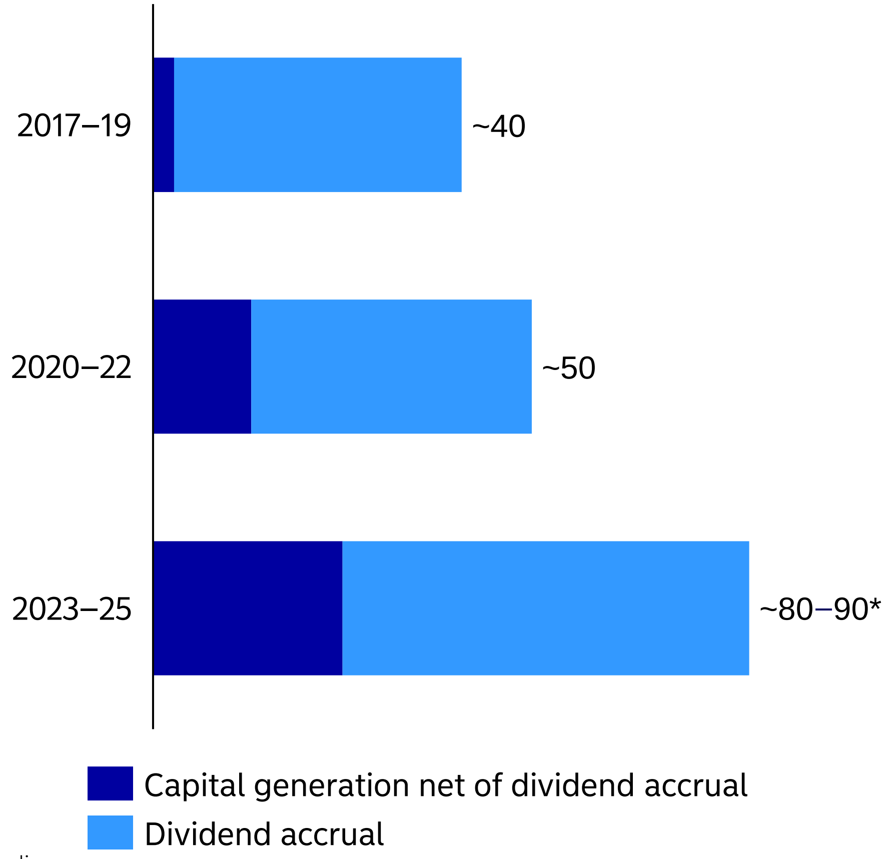
# Strong capital generation supporting returns

## Shareholder returns supported by continued strong capital generation

EUR ~17-18bn




Year Average **quarterly** capital generation, bp




- **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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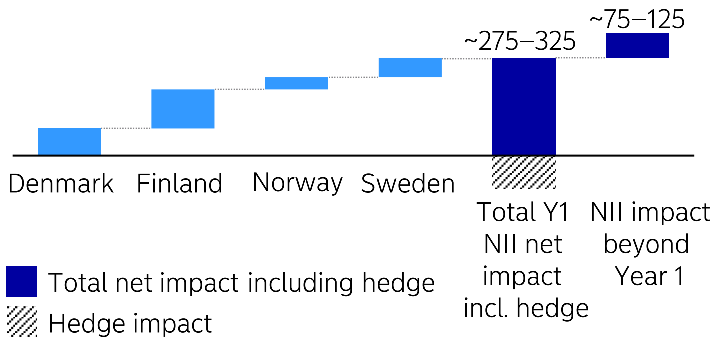
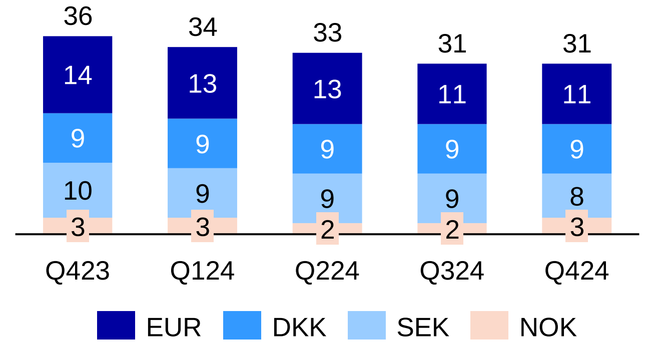
Net interest income sensitivity

# Net interest income sensitivity to policy rate changes

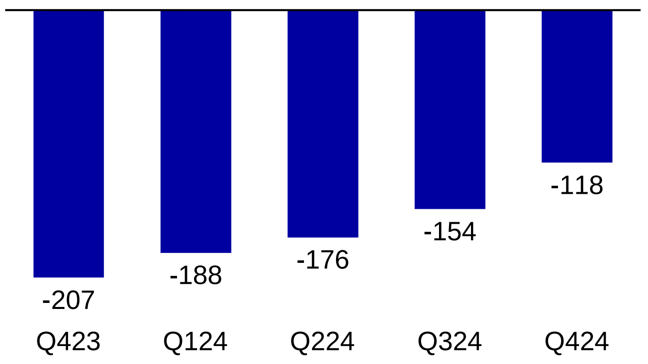
### Sensitivity to +50bp parallel shift in policy rates*, EURm



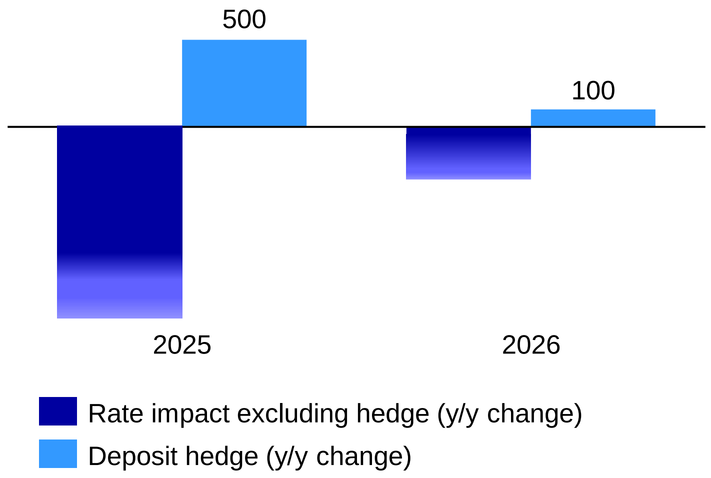

### Deposit hedge – nominal volume, EURbn




### 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



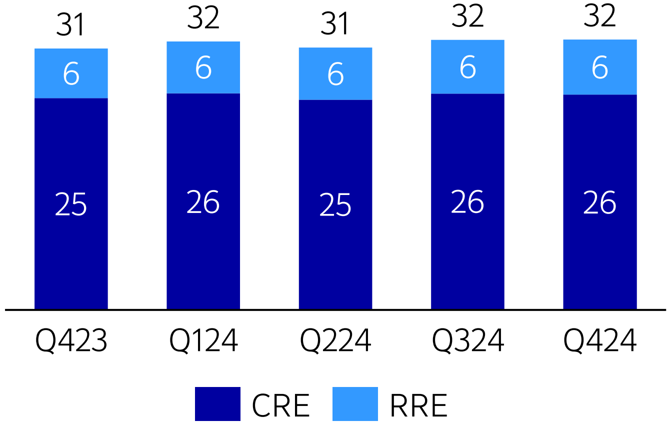
* Symmetrical for -50bp parallel shift

**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%

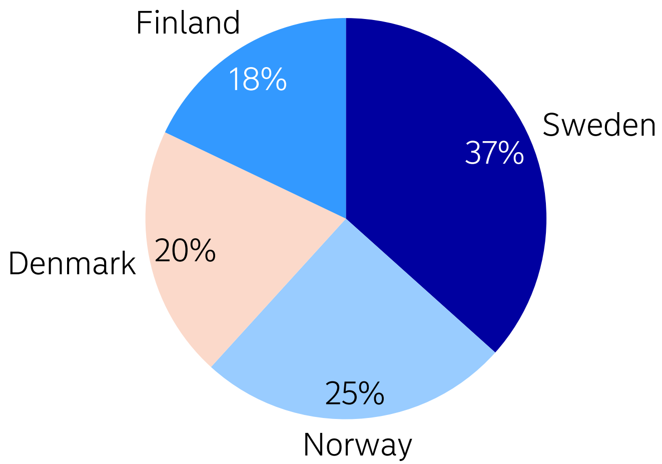
## Credit portfolio – real estate management industry (REMI)*

# Well-diversified portfolio, high-quality lending

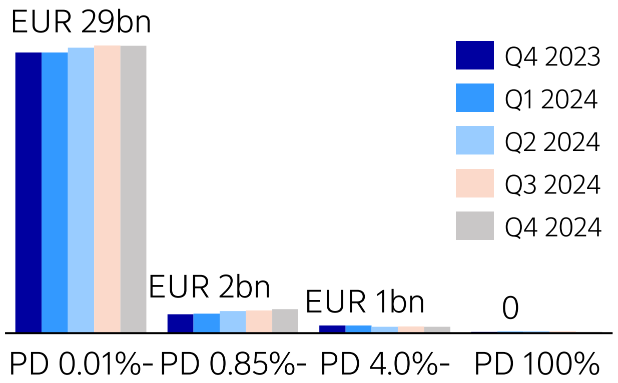
### Lending volumes stable



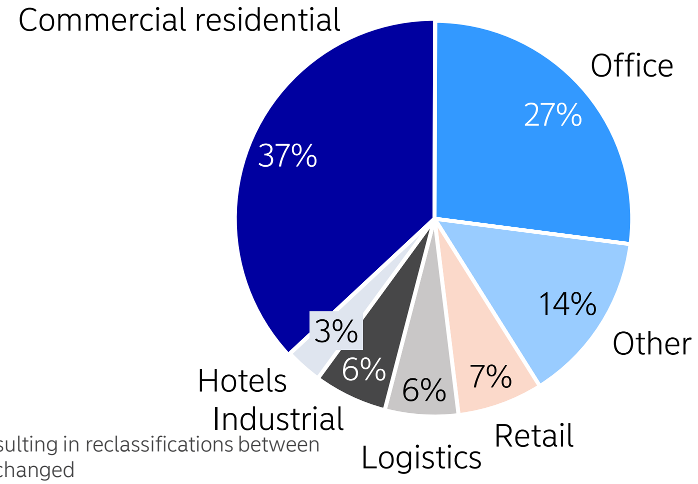

### Diversified across countries




### 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**

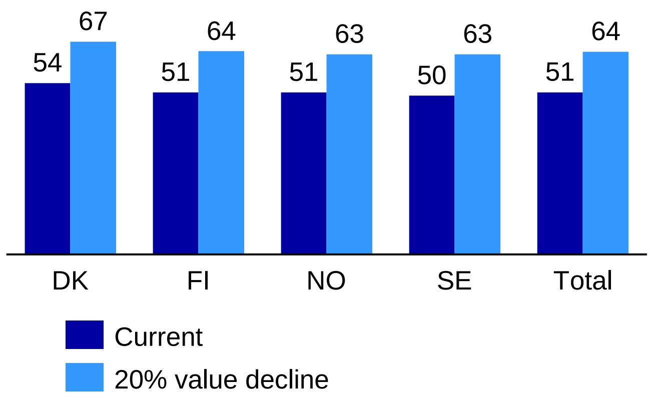
* Excluding tenant-owner associations (TOAs)

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

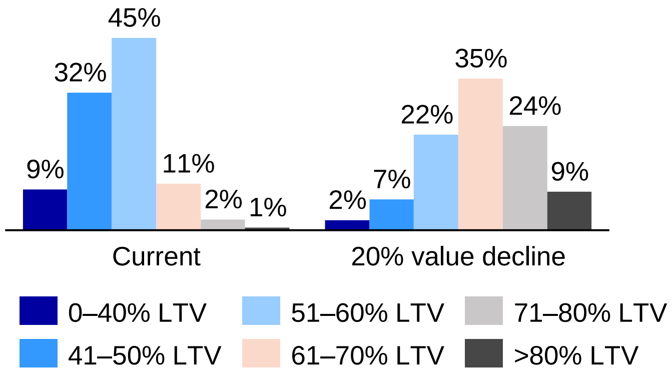
Credit portfolio – real estate management industry (REMI)*

# Solid LTVs, resilient interest coverage, high occupancy

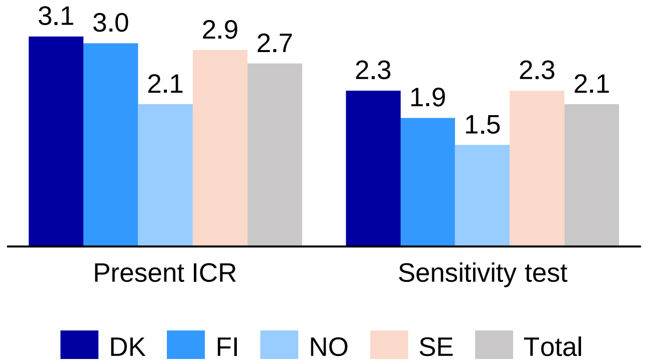
### Solid LTV levels for all countries



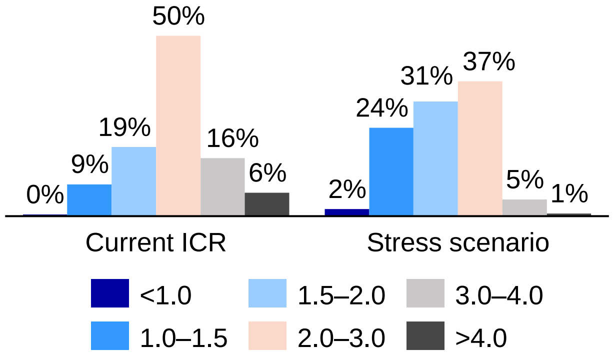

### Majority of portfolio with low LTV




### 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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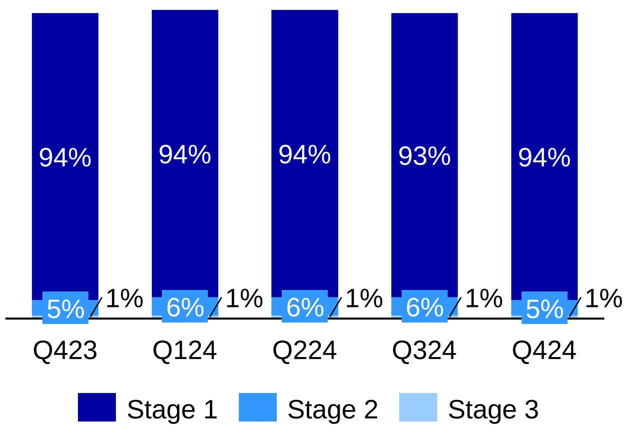
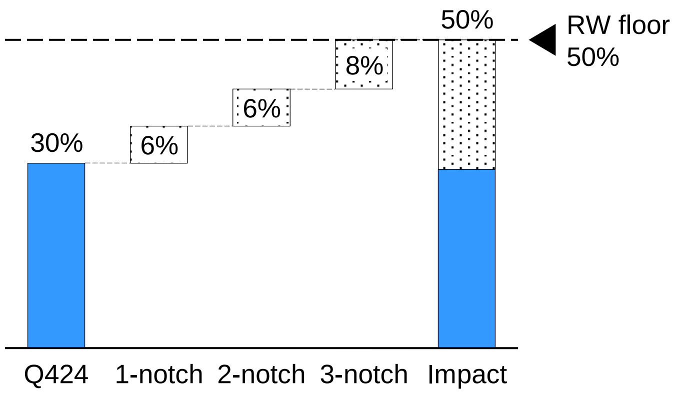
Credit portfolio – real estate management industry (REMI)*

# Low levels of risk exposure

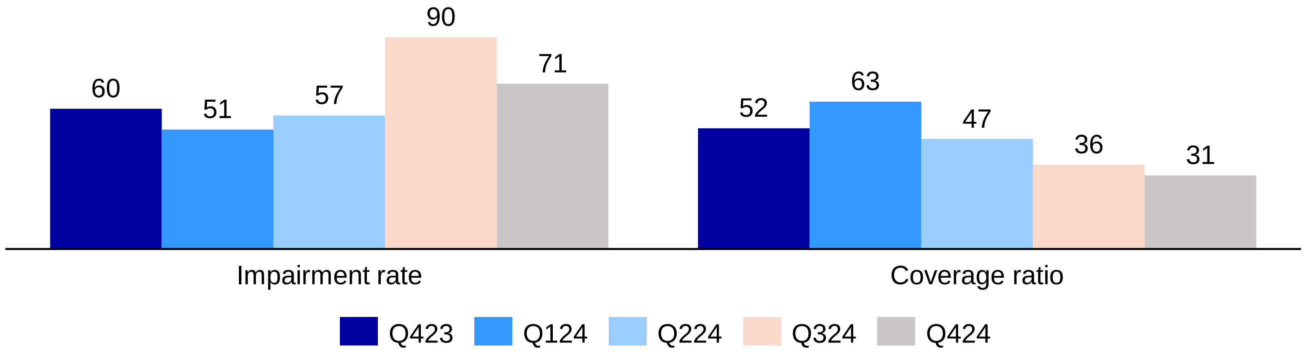
### Strong credit quality, with 93% of IFRS 9 portfolio in stage 1




### 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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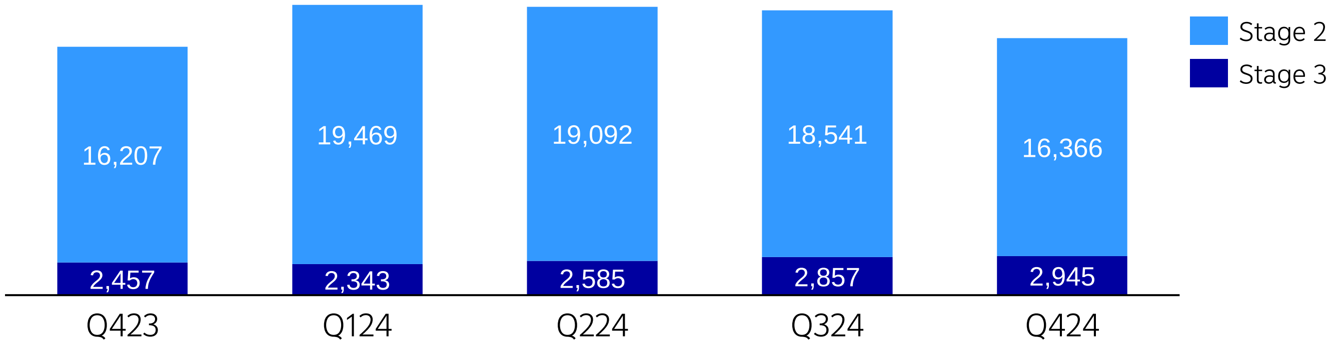
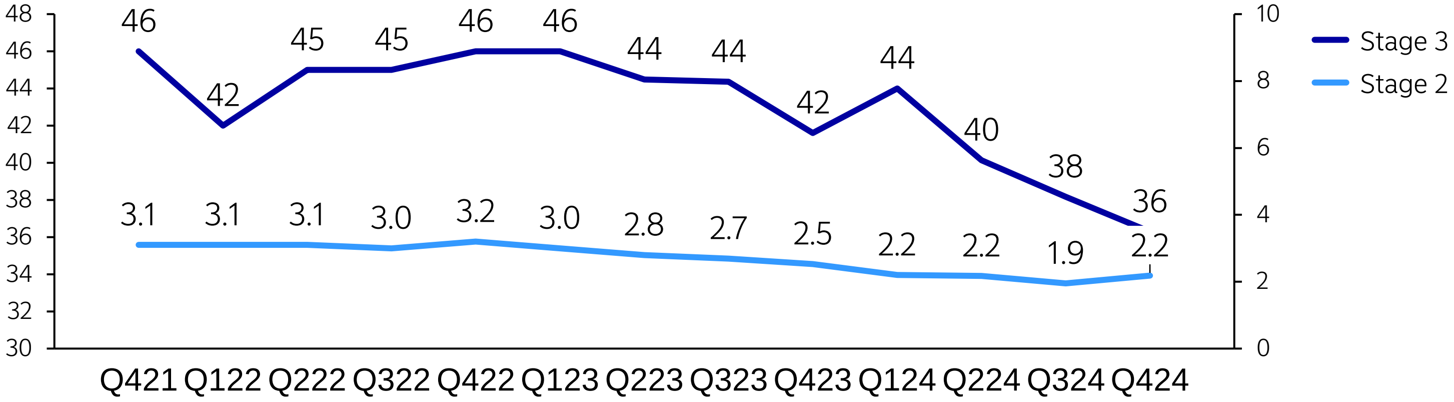
Impairments and provisioning coverage

# 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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