First-quarter results 2024
Disclaimer

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First-quarter highlights 2024

Executive summary

Continued high-quality income growth
- Net interest income up 11%, net fee and commission income stable and net fair value result down 16%. Total income up 6%
- Operating profit up 19% to EUR 1,763m

Return on equity* 18.1% and earnings per share up 23% to EUR 0.38

Volumes stable in slow markets
- Mortgage lending stable and corporate lending up 2% y/y. Retail deposits up 1% y/y and corporate deposits down 6%. AuM up 8% y/y

Stable cost-to-income ratio excluding regulatory fees: 40%

Strong credit quality, continued low net loan losses – overall provisioning levels and coverage maintained
- Net loan losses and similar net result EUR 33m or 4bp
- Management judgement buffer at EUR 505m (unchanged in local currencies)

Continued strong capital position
- CET1 ratio 17.2% – 5.1pp above current regulatory requirement. Dividend of EUR 0.92 per share for 2023

2024 outlook unchanged: return on equity above 15%

* With amortised resolution fees
### Key financials

#### First-quarter results 2024

<table>
<thead>
<tr>
<th>Income statement and key ratios EURm</th>
<th>Q124</th>
<th>Q123</th>
<th>Q1/Q1</th>
<th>Q423</th>
<th>Q1/Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net interest income</td>
<td>1,954</td>
<td>1,765</td>
<td>11%</td>
<td>1,946</td>
<td>0%</td>
</tr>
<tr>
<td>Net fee and commission income</td>
<td>763</td>
<td>765</td>
<td>0%</td>
<td>763</td>
<td>0%</td>
</tr>
<tr>
<td>Net insurance result</td>
<td>61</td>
<td>46</td>
<td>33%</td>
<td>40</td>
<td>53%</td>
</tr>
<tr>
<td>Net fair value result</td>
<td>291</td>
<td>345</td>
<td>-16%</td>
<td>154</td>
<td>89%</td>
</tr>
<tr>
<td>Other income</td>
<td>16</td>
<td>0</td>
<td></td>
<td>12</td>
<td>33%</td>
</tr>
<tr>
<td><strong>Total operating income</strong></td>
<td>3,085</td>
<td>2,921</td>
<td>6%</td>
<td>2,915</td>
<td>6%</td>
</tr>
<tr>
<td>Total operating expenses excl. reg. fees and write-offs**</td>
<td>-1,226</td>
<td>-1,167</td>
<td>5%</td>
<td>-1,220</td>
<td>0%</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>-1,289</td>
<td>-1,422</td>
<td>-9%</td>
<td>-1,417</td>
<td>-9%</td>
</tr>
<tr>
<td><strong>Profit before loan losses</strong></td>
<td>1,796</td>
<td>1,499</td>
<td>20%</td>
<td>1,498</td>
<td>20%</td>
</tr>
<tr>
<td>Net loan losses and similar net result</td>
<td>-33</td>
<td>-19</td>
<td></td>
<td>-83</td>
<td></td>
</tr>
<tr>
<td><strong>Operating profit</strong></td>
<td>1,763</td>
<td>1,480</td>
<td>19%</td>
<td>1,415</td>
<td>25%</td>
</tr>
<tr>
<td>Cost-to-income ratio excl. regulatory fees, %</td>
<td>39.7</td>
<td>39.9</td>
<td></td>
<td>47.9</td>
<td></td>
</tr>
<tr>
<td>Cost-to-income ratio*, %</td>
<td>40.7</td>
<td>42.7</td>
<td></td>
<td>50.6</td>
<td></td>
</tr>
<tr>
<td>Return on equity*, %</td>
<td>18.1</td>
<td>17.1</td>
<td></td>
<td>14.1</td>
<td></td>
</tr>
<tr>
<td>Diluted earnings per share, EUR</td>
<td>0.38</td>
<td>0.31</td>
<td>23%</td>
<td>0.31</td>
<td>23%</td>
</tr>
</tbody>
</table>

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* With amortised resolution fees
** EUR 177m in intangible asset write-offs in Q4 2023, primarily due to change in treatment of development costs related to digital services
Stable volumes, improved margins

Year-over-year bridge, EURm

1,765 232 78 27 36 24 1,954
Q123 Volumes Margins Deposit hedge Treasury-related items Other FX Q124

Quarter-over-quarter bridge, EURm

1,946 19 7 29 25 1,954
Q423 Volumes Margins Deposit hedge Treasury-related items Other FX Q124

- **Net interest income up 11%**
- **Lending growth**
  - Mortgage volumes stable
  - Corporate lending up 2%
  - Retail deposits up 1%
  - Corporate deposits down 6%
- **Net interest margin 1.83%, up 25bp**
  - Household lending margins down
  - Further increases in deposit margins across business areas
Net fee and commission income

**Solid and stable income**

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

- 0% growth
- Q123: 765
- Q124: 763
- Changes:
  - Asset mgmt.: -10
  - Brok. & advisory: -4
  - Pay. & cards: -6
  - Lending: +11
  - SRT: -0
  - Other: +5
  - FX: +0

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

- 0% growth
- Q423: 763
- Q124: 763
- Changes:
  - Asset mgmt.: +0
  - Brok. & advisory: +5
  - Pay. & cards: +7
  - Lending: +4
  - SRT: -2
  - Other: -2
  - FX: +6

- **Net fee and commission income stable**
- **Savings fee income up due to higher assets under management**
  - AuM up 8% to EUR 391bn
  - Net flows from Nordic channels (86% of AuM) EUR 1.1bn
  - International channels (14% of AuM) net outflows EUR 2.1bn, mainly Wholesale Distribution, in line with market
- **Brokerage and advisory fee income down due to lower activity**
- **Higher significant risk transfer (SRT) impact, driven by new transactions**

Nordea
Net fair value result

**High business activity in customer areas**

Net fair value result, EURm

<table>
<thead>
<tr>
<th></th>
<th>Customer areas*</th>
<th>Treasury &amp; other**</th>
<th>Market-making operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q123</td>
<td>345</td>
<td>97</td>
<td>-12</td>
</tr>
<tr>
<td>Q223</td>
<td>260</td>
<td>211</td>
<td>-17</td>
</tr>
<tr>
<td>Q323</td>
<td>290</td>
<td>225</td>
<td>24</td>
</tr>
<tr>
<td>Q423</td>
<td>31</td>
<td>206</td>
<td>194</td>
</tr>
<tr>
<td>Q124</td>
<td>291</td>
<td>35</td>
<td>225</td>
</tr>
</tbody>
</table>

-16%

- High customer risk management activity, mainly in FX and rates products
- Market-making at more normal levels versus extraordinarily strong Q1 2023 that saw high activity in interest rate swaps

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* Excludes fair value adjustments to loans held at fair value in Nordea Kredit
** Includes valuation adjustments and FX
Costs in line with plan

Year-over-year bridge, EURm

Costs up 5%, excluding regulatory fees, in line with plan
- Costs driven by salary inflation, higher business activity and continued investments in technology and risk management
- M&A integration costs related to acquisition of Danske Bank’s personal customer business in Norway

Quarter-over-quarter bridge, EURm

Costs down 9% due to significantly lower resolution fees
Net loan losses and similar net result

**Continued strong credit quality**

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

<table>
<thead>
<tr>
<th></th>
<th>Individual provisions and write-offs</th>
<th>Collective provisions (net)</th>
<th>Net loan losses</th>
<th>Fair value adj. incl. Nordea Kredit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>13</td>
<td>16</td>
<td>29</td>
<td>4</td>
<td>33</td>
</tr>
</tbody>
</table>

**Impaired (Stage 3) loans and PD of total loans, %**

- **Total net loan losses and similar net result EUR 33m (4bp)**
  - Continued strong credit quality while some migration to stage 2 observed as expected given higher interest rates and macroeconomic slowdown
  - Low level of new individual provisions
  - Collective provisions increased, reflecting credit quality
  - EUR 13m reduction from SRT

- **Overall levels of provisions and coverage unchanged**
  - Management judgement buffer at EUR 505m (unchanged in local currencies)

- **Continued low level of defaulted loans**
  - Stage 3 loans at 0.86% (0.89% in Q4)
  - Average PD increased 2bp to 0.70
Capital

Strong position; continued focus on capital management

CET1 capital ratio development, %

- CET1 capital ratio up at 172%
  - 5.1 percentage points above regulatory requirement
  - CET1 capital increased EUR 0.2bn due to profit accumulation net of dividend accrual partly offset by foreign exchange effects
  - Risk exposure amount stable, mainly due to active capital management offset by annual update of operational risk

- Capital well above requirement
  - Management buffer of 150bp above CET1 requirement
  - Implied target CET1 ratio of ~15%
Personal Banking

Strong customer demand for competitive deposit and savings products

Total income, EURm

- Total income up 8%
- Net interest income up 9%, driven by deposit margins
- Deposit volumes up 2%
- Mortgage volumes stable
- Net fee and commission income up 3%, driven by savings
- Improved cost-to-income ratio: 47%

Lending*, EURbn

Cost-to-income ratio**, %

* Excluding FX effects
** With amortised resolution fees
Business Banking

**Solid business growth in slower markets**

- Total income up 7%
- Net interest income up 11%, supported by improved deposit margins and lending volume growth
- Lending volumes up 1% despite slowing corporate market
- Continued strong credit quality; net loan losses at 9bp
- Improved cost-to-income ratio: 40%

**Total income, EURm**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Total Income (EURm)</th>
<th>Net Interest Income</th>
<th>Net Fee and Commission Income</th>
<th>Net Insurance Result</th>
<th>Net Fair Value Result and Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q123</td>
<td>817</td>
<td>553</td>
<td>153</td>
<td>106</td>
<td>95</td>
</tr>
<tr>
<td>Q223</td>
<td>847</td>
<td>592</td>
<td>144</td>
<td>106</td>
<td>5</td>
</tr>
<tr>
<td>Q323</td>
<td>844</td>
<td>610</td>
<td>92</td>
<td>137</td>
<td>5</td>
</tr>
<tr>
<td>Q423</td>
<td>870</td>
<td>613</td>
<td>146</td>
<td>105</td>
<td>8</td>
</tr>
<tr>
<td>Q124</td>
<td>873</td>
<td>613</td>
<td>143</td>
<td>110</td>
<td>7</td>
</tr>
</tbody>
</table>

**Lending*, EURbn**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Lending (EURbn)</th>
<th>Net Interest Income</th>
<th>Net Fee and Commission Income</th>
<th>Net Insurance Result</th>
<th>Net Fair Value Result and Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q123</td>
<td>92</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Q223</td>
<td>94</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Q323</td>
<td>94</td>
<td></td>
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<tr>
<td>Q423</td>
<td>93</td>
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<tr>
<td>Q124</td>
<td>94</td>
<td></td>
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</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Cost-to-income Ratio (%)</th>
<th>Net Interest Income</th>
<th>Net Fee and Commission Income</th>
<th>Net Insurance Result</th>
<th>Net Fair Value Result and Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q123</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q223</td>
<td>41</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q323</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q423</td>
<td>45</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Q124</td>
<td>40</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Excluding FX effects
** With amortised resolution fees

Nordea
High advisory activity combined with lending growth

**Total income, EURm**

- Total income down 5%
- Net interest income up 7%, driven by positive margin development and higher lending volumes
- Net fee and commission income up 5%, driven by strong performance in debt and equity capital markets
- Net fair value income down 32% due to extraordinarily high levels in Q123; customer activity solid
- Return on allocated equity 19% and cost-to-income ratio 35%

**Lending*, EURbn**

- Including FX effects
- Excluding FX effects

**Return on allocated equity**, %

- -2pp

* Excluding repos
** With amortised resolution fees
Asset & Wealth Management

Strong momentum in private banking and continued positive net flow in Nordic channels

- Total income up 2%, driven by higher net insurance result from improved result from insurance products in Life & Pension coupled with higher net interest income from improved deposit margins
- Assets under management up 8%, to EUR 391bn
  - Nordic channels inflows of EUR 1.1bn during quarter
  - International channels outflows of EUR 2.1bn
- Cost-to-income ratio stable at 42%

*With amortised resolution fees*
2025: The preferred financial partner in the Nordics

- Creating the best omnichannel customer experience
- Driving focused and profitable growth
- Increasing operational and capital efficiency
- Unchanged outlook for 2024

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.
Supplementary information

Nordea today

**Very well diversified pan-Nordic financial service provider with stable and sustainable returns**

Income and loan portfolio very well spread across Nordic countries, currencies, business areas and industries*

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Very well diversified portfolio – no significant industry sector concentration

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil, gas &amp; offshore</td>
<td>0.1%</td>
</tr>
<tr>
<td>Ship building</td>
<td>0.1%</td>
</tr>
<tr>
<td>Air transportation</td>
<td>0.1%</td>
</tr>
<tr>
<td>Mining &amp; supporting activities</td>
<td>0.1%</td>
</tr>
<tr>
<td>Materials</td>
<td>0.6%</td>
</tr>
<tr>
<td>Animal husbandry</td>
<td>0.7%</td>
</tr>
<tr>
<td>Accomodation &amp; leisure</td>
<td>0.7%</td>
</tr>
<tr>
<td>Media &amp; entertainment</td>
<td>0.7%</td>
</tr>
<tr>
<td>It services</td>
<td>0.7%</td>
</tr>
<tr>
<td>Consumer durables</td>
<td>0.9%</td>
</tr>
<tr>
<td>Land transportation</td>
<td>1.0%</td>
</tr>
<tr>
<td>Capital goods</td>
<td>1.2%</td>
</tr>
<tr>
<td>Shipping</td>
<td>1.3%</td>
</tr>
<tr>
<td>Retail trade</td>
<td>1.6%</td>
</tr>
<tr>
<td>Residential real estate</td>
<td>1.9%</td>
</tr>
<tr>
<td>Wholesale trade</td>
<td>2.0%</td>
</tr>
<tr>
<td>Construction</td>
<td>2.8%</td>
</tr>
<tr>
<td>TOA</td>
<td>4.4%</td>
</tr>
<tr>
<td>Consumer lending</td>
<td>5.9%</td>
</tr>
<tr>
<td>Commercial real estate</td>
<td>7.9%</td>
</tr>
<tr>
<td>Other corporates</td>
<td>16.3%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>49.1%</td>
</tr>
</tbody>
</table>

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* Operating income

** Lending

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* FY 2023
** REA: risk exposure amount
*** Other income mainly Luxembourg, Poland, United States, United Kingdom and Estonia
Supplementary information

Net interest income sensitivity

Net interest income sensitivity to policy rate changes

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

- **NII impact largely driven by policy rates and pass-through**
  - Actual pass-through to vary between account types and countries, and throughout rate hike cycle
  - Sensitivity reflecting modelled risk over cycle – NII impact higher following initial rate increases and lower thereafter

- **Group NII also impacted by other drivers**
  - Volumes and asset pricing
  - Wholesale funding costs
  - Deposit hedges

- **Increased deposit hedging reducing sensitivity to interest rate changes**
  - Hedge volume up ~15% YoY
  - Average hedge maturity ~3 years
  - Additional NII impact in Y2–Y3 as assets repriced and hedges rolled over

* Symmetrical for -50bp parallel shift

Structural hedge – nominal volume, EURbn
Supplementary information

Net fee and commission income

**Strong performance in Nordic channels; outflows in International channels in line with market**

Nordea cumulative net flows Q123 to Q124

- Nordic channels (86% of AuM)
  - Continued positive net flows
  - Some mix shift into lower fee passive funds
  - ~1/3 of income related to NLP AuM recognised in net insurance result (NIR)

- International channels (14% of AuM)
  - Outflows mainly in Wholesale Distribution, mostly driven by market developments
  - Reduced international market demand for low-rate environment and ESG products
  - Actions underway to attract new assets in fixed income

*Proprietary survey of European sales (gross inflow) of third-party investment funds by leading asset managers*
Supplementary information

Credit portfolio – real estate management industry (REMI)*

Well-diversified portfolio, high-quality lending

Lending volumes stable

<table>
<thead>
<tr>
<th>Period</th>
<th>CRE</th>
<th>RRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q123</td>
<td>30</td>
<td>6</td>
</tr>
<tr>
<td>Q223</td>
<td>30</td>
<td>6</td>
</tr>
<tr>
<td>Q323</td>
<td>31</td>
<td>6</td>
</tr>
<tr>
<td>Q423</td>
<td>32</td>
<td>6</td>
</tr>
<tr>
<td>Q124</td>
<td>31</td>
<td>6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Period</th>
<th>CRE</th>
<th>RRE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q123</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td>Q223</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>Q323</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>Q423</td>
<td>25</td>
<td>26</td>
</tr>
<tr>
<td>Q124</td>
<td>25</td>
<td>26</td>
</tr>
</tbody>
</table>

91% of portfolio with low probability of default (PD)

- **Well-diversified portfolio across Nordic markets**
- **91% of exposure towards low-risk customers, 6% towards increased risk, only 2% towards high risk and less than 1% in default**
- **Portfolio mainly comprising central, modern office and residential properties**
- **Strict underwriting standards: conservative credit policy with focus on cash flow and current customers. All new lending fully collateralised**

* Excluding tenant-owner associations (TOAs)
** Improved consolidation data quality as of Q1 2024 resulted in reclassifications between property types. Portfolio composition and credit risk profile has not changed.
Supplementary information

Credit portfolio – real estate management industry (REMI)*

**Solid LTVs, resilient interest coverage, high occupancy**

- **Solid LTV levels for all countries**
- **ICR high for all countries**
- **ICR above 1.0 for 98% of portfolio in stress scenario**

- **71% of exposures with LTV below 60%**
  - In event of 20% decline in market value, 61% of portfolio still with LTV below 70%

- **Average interest coverage ratio (ICR) at 3.3x**
  - Average ICR at 1.7x in stress scenario
  - Stress scenario: all debt refinanced day one at 5Y swap rates plus margins (5.5–6.5%); no hedging

- **Strict interest rate hedging requirements**
  - 61% of customer debt hedged with average maturity of 4.1 years

- **Low vacancy rates, with average letting ratio 95%**

*Based on analysis of largest customers in portfolio in Q4 2023 corresponding to 50% of EAD (excl. TOAs). For smaller customers in portfolio corresponding to 50% of EAD (excl. TOAs), credit quality is monitored through various credit risk indicators, such as PD and IFRS 9 stages.
Supplementary information

Credit portfolio – real estate management industry (REMI)*

**Low levels of risk exposure**

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

- Q123: 97%
- Q223: 96%
- Q323: 96%
- Q423: 94%
- Q124: 93%

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

- Q124: 29%
- 1-notch: 6%
- 2-notch: 6%
- 3-notch: 7%
- Impact: 48%

**Low impairment rate and high coverage for impaired portfolio**

- **Impairment rate**
  - Q123: 55%
  - Q223: 51%
  - Q323: 60%
  - Q423: 51%

- **Coverage ratio**
  - Q123: 53
  - Q223: 59
  - Q323: 57
  - Q423: 52
  - Q124: 63

- Stage 1: 2%
- Stage 2: 3%
- Stage 3: 5%

- **Impact**
  - RW floor: 50%

**Key points**

- Continued strong credit quality, with slight deterioration as expected
- Only 6% of portfolio in stage 2
- 0.5% of portfolio impaired in Q1, with decrease related to lower level of impaired loans
- Provision coverage above 60% – high for collateralised assets
- REA protected by risk weight floors

*Excluding TOAs*
Supplementary information

Impairments and provisioning coverage

**Stage 2 increased, as expected; strong credit quality**

Stage 2 and 3 loans at amortised cost, EURm

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Stage 2</th>
<th>Stage 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q123</td>
<td>13,105</td>
<td>2,206</td>
</tr>
<tr>
<td>Q223</td>
<td>14,027</td>
<td>2,238</td>
</tr>
<tr>
<td>Q323</td>
<td>13,988</td>
<td>2,234</td>
</tr>
<tr>
<td>Q423</td>
<td>16,207</td>
<td>2,457</td>
</tr>
<tr>
<td>Q124</td>
<td>19,469</td>
<td>2,343</td>
</tr>
</tbody>
</table>

Coverage ratio, %

- Continued strong portfolio credit quality
- Coverage ratio for stage 3 portfolio up to 44%
- Stage 2 loans up EUR 3.3bn to 7% from 6% in Q4, mostly driven by credit downgrades
- Stage 3 (impaired) loans down EUR 113m to 0.86% from 0.89% in Q4 due to reduced exposure