NORDEA

4/23/2026 10:20 am EEST

This is a translated version of "Volyymikasvu ei näytä hyytymisen merkkejä" report, published on 4/22/2026

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

INDERES CORPORATE CUSTOMER

COMPANY REPORT

Volume growth shows no signs of slowing down

Nordea's operational development in Q1 continued as anticipated. The macro concerns we highlighted in our preview comment are not yet visible in the bank's customer base, and demand has developed well also at the beginning of Q2. In addition, the rise in interest rates provides support for earnings development in our forecasts. We revise our target price to EUR 16.5 (was EUR 16.0) and reiterate our Accumulate recommendation.

The Q1 report was in line with expectations regarding operational development

Nordea's result in Q1 developed largely in line with our expectations. Net interest income decreased year-on-year due to lower interest rates, but healthy growth in the credit portfolio offset some of this impact. Net fee and commission income grew significantly from the comparison period, driven by fee income from both asset management and banking operations. However, asset management AUM decreased by ~1% from the previous quarter due to negative value changes. Net subscriptions for customer assets generating recurring fee income were positive. Cost development remained moderate, and actual loan losses also remained quite modest. However, the company released the remainder of its management judgment buffer, which pushed Q1 earnings clearly above our forecast. Nordea also reiterated its profitability guidance for 2026 and expects its return on equity to exceed 15%.

Profitability outlook is strong

We slightly raised our credit portfolio growth forecast for the current year and revised down our loan loss estimates after the company already released the management judgment buffer in Q1. In other respects, the forecast changes were minor. Overall, our earnings forecasts for the next few years rose by 1–2%.

We expect Nordea's comparable earnings to remain broadly flat in 2026 and then turn to steady growth due to increasing income and good cost control. We estimate that the bottom of the net interest margin on a quarterly basis is already behind, so credit portfolio growth and higher interest rates should turn net interest income to growth from Q2 onwards. Growth in fee and commission income is primarily driven by asset management, which we expect will continue to grow faster than other banking activities. We expect loan losses to remain moderate and approximately at the normal level estimated by the company (0.10% of the credit portfolio annually).

Our earnings and profitability estimates are below the company's new targets, which we find very ambitious (~2€ EPS and significantly over 15% return on equity by 2030). However, we expect Nordea's profitability to remain above 15% and gradually improve, which we consider an excellent level in the competitive banking sector. We estimate that shareholder distributions will remain generous, as the bank supplements its dividend distributions with regular share buyback programs (total shareholder distribution ~85% of the result).

Valuation remains attractive

Our forecasts of a 15–16% return on equity and a 9.5% required return lead to a P/B ratio of 1.8–1.9x for Nordea. Applied to the bank's current equity capital (adjusted for dividend distribution), this implies a justified share price of EUR 16–17. Our target price is around the midpoint of the range because our base-case scenario estimates require fairly strong development from the company and the market. In light of the current share price, we consider the expected return attractive. In our projections, the expected annual return for the coming years is a solid 10%, consisting of profit distribution (~8%) and a moderate increase in the share price (~3%). Although Nordea is already valued at a premium to its peer group, we consider this justified, given the better profitability outlook.

Recommendation
Accumulate
(was Accumulate)

Target price:
EUR 16.50
(was EUR 16.00)

Share price:
EUR 16.00

Business risk

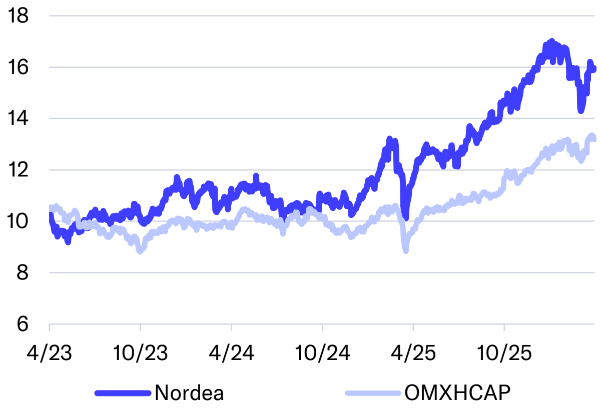
Valuation risk

	2025	2026e	2027e	2028e
Operating income	11,743	11,992	12,555	12,951
Growth-%	-3%	2%	5%	3%
Operating expenses	5,405	5,688	5,570	5,664
Income/cost ratio	46%	47%	44%	44%
Adjusted EBIT	6,316	6,337	6,582	6,871
Net profit	4,840	4,698	5,074	5,298
EPS (adj.)	1.40	1.42	1.51	1.60
Dividend	0.96	0.97	1.02	1.03
Payout ratio	69%	68%	68%	64%
ROE %	16%	15%	15%	15%
P/E (adj.)	11.6	11.2	10.6	10.0
P/B	1.7	1.6	1.6	1.5
Dividend yield-%	6.0%	6.1%	6.4%	6.5%

Guidance (Unchanged)

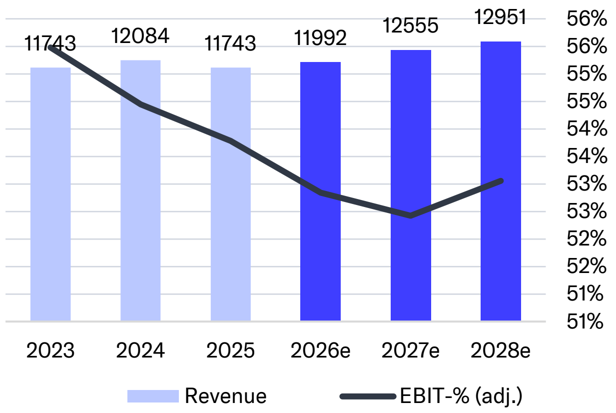
Nordea expects its return on equity to exceed 15% and its cost-to-income ratio, excluding regulatory fees, to be around 45% in 2026.

Share price



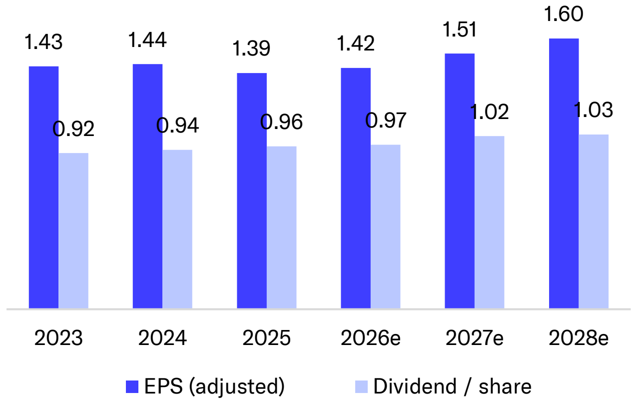
Source: Millistream Market Data AB

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	2026e	2027e	2028e
Share price	16.0	16.0	16.0
Number of shares, millions	3,403	3,369	3,317
Market cap	54,126	53,402	52,461
P/E (adj.)	11.2	10.6	10.0
P/B	1.6	1.6	1.5
Dividend yield-%	6.1 %	6.4 %	6.5 %

Source: Inderes

The Q1 report was in line with expectations regarding operational development

Credit demand continued to be strong

Nordea's net interest income declined in Q1 as expected, in line with interest rate levels, by about 4% year-on-year. The decrease from the previous quarter was only -0.3%, which supports the bank management's assessment that the quarterly decline in net interest income is now behind us. In today's earnings call, management confirmed that net interest income has already started to grow on a daily basis.

Credit demand remained excellent, with Nordea's credit portfolio growing by just over 2% from the previous quarter (+1% excluding exchange rate changes). Demand was strongest among corporate customers, though the household credit portfolio also developed quite well. Geographically, demand for loans was strongest in Sweden and Norway, according to the report. The deposit portfolio, on the other hand, decreased by approximately one percent from the previous quarter.

Nordea's net fee and commission income continued to grow as expected compared to the reference period, driven by both asset management and banking fees. However, asset management AUM decreased by ~1% from the previous quarter due to negative value changes. Net subscriptions for customer assets generating recurring fee income, on the other hand, remained positive. We note that Nordea now reports recurring fee-generating customer assets and other customer assets separately, and in our analysis, we focus on the former.

Overall, Nordea's operating income in Q1 was 2,910 MEUR, which was well in line with our preliminary expectations.

Release of management judgment buffers offers support

Nordea's operating expenses were also well in line with our expectations. Comparable costs were approximately at the level of the comparison period, which is a strong indication of the company's cost efficiency. However, the previously announced restructuring costs of 190 MEUR weighed on the reported result for the first part of the year. These relate to efficiency measures aimed at reducing headcount, among other things. The number of employees at the end of Q1 was about one percent lower than at the turn of the year, continuing the trend that began last year.

Loan losses provided the only clear surprise of the day, as they were a positive 99 MEUR. This was explained by the release of management judgment buffers. The provision was originally made in preparation for the COVID pandemic. In Q1, 116 MEUR of the buffer was reallocated as part of the company's normal loan loss models, and the remaining 160 MEUR was released to the income statement in Q1. Even after adjusting for these, loan losses were a moderate 0.06% of the credit portfolio. The company's estimate for its normal level is around 0.10%. There was also no deterioration in the quality of the credit portfolio during the quarter.

Thanks to positive loan loss entries, Nordea's Q1 operating profit exceeded our forecast by around 10%. Earnings per share were EUR 0.32 (EUR 0.36 adjusted for non-recurring items) and return on equity was 13.4% (15.2% adjusted for non-recurring items).

Estimates	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		Diff-%	2026e
MEUR/EUR	Comparison	Actualized	Inderes	Consensus	High	Low	Act. vs. Inderes	Inderes
Net interest income	1,829	1,759	1,740	1,743	1,727	1,760	1%	7,285
Net commission income	793	842	832	831	803	848	1%	3,410
Insurance income	54	69	62	60	47	67	11%	991
Changes in fair value	289	226	240	232	214	268	-6%	991
Other income	9	14	12	12	9	16	17%	-686
Total income	2,974	2,910	2,887	2,875	2,820	8,930	1%	11,992
Total expenses	-1,354	-1,565	-1,551	-1,572	-1,599	-1,541	1%	-5,688
Credit losses	-13	99	-38	-36	-56	-1	-358%	-157
EBIT	1,607	1,444	1,297	1,268	1,198	1,338	11%	6,147
EPS	0.35	0.32	0.29	0.28	0.27	0.30	10%	1.38
EPS (adjusted)	0.35	0.36	0.33	-	-	-	8%	1.42

Source: Inderes & Infront (consensus)

Nordea first-quarter results 2026

Macroeconomic concerns are not yet reflected in the customer base

Guidance remained unchanged as expected

In connection with the earnings report, Nordea reiterated its profitability guidance for the current year, according to which the bank expects its return on equity to exceed 15% in 2025 (2025: 15.9%). In addition, Nordea expects its cost-to-income ratio, adjusted for regulatory fees to be around 45% this year.

The company did not provide further information on the impact of the restructurings but still expects them to generate annual cost savings of at least 150 MEUR starting in 2028. However, the CEO referred to the efficiency opportunities offered by AI as appearing even more positive now than before, which supports the longer-term efficiency targets.

Regarding the macro concerns we raised in our preview, the message from the earnings call was initially reassuring. Despite the uncertainty created by the war in Iran and rising inflation expectations, the company did not observe a weakening in customer demand during Q1, and management also described activity as remaining strong at the beginning of Q2. The weakening macroeconomic picture remains a relevant risk, but based on the messages from the earnings call, it has not yet materialized within Nordea's customer base.

Estimates	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus			Diff-%	2026e
MEUR/EUR	Comparison	Actualized	Inderes	Consensus	High		Low	Act. vs. Inderes	Inderes
Net interest income	1,829	1,759	1,740	1,743	1,727	–	1,760	1%	7,285
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Other income	9	14	12	12	9	-	16	17%	-686
Total income	2,974	2,910	2,887	2,875	2,820	–	8,930	1%	11,992
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EBIT	1,607	1,444	1,297	1,268	1,198	–	1,338	11%	6,147
EPS	0.35	0.32	0.29	0.28	0.27	–	0.30	10%	1.38
EPS (adjusted)	0.35	0.36	0.33	-	-	–	-	8%	1.42

Source: Inderes & Infront (consensus)

The bottom of net interest income is at hand

Estimate revisions:

- We have slightly raised our credit portfolio growth estimates for the current year, as demand developed more favorably than we expected in the beginning of the year.
- We lowered our loan loss forecast for the current year as management released the buffer faster than estimated.
- In other respects, the forecast changes were minor. Overall, our earnings forecasts for the next few years rose by 1–2%.

The bottom of net interest income is at hand

Our Nordea return forecasts are driven primarily by credit portfolio growth, net interest margin (net interest income/loan portfolio), and the projected development of fee and commission income. We expect the credit portfolio to grow by just over 3% in 2026-2028. We therefore expect the positive sentiment that began in 2025 to continue in both corporate lending and personal loans, as we believe that the demand outlook in Nordea's operating countries is generally favorable despite increased uncertainty. Finland remains the weakest region, as high unemployment and sluggish consumer confidence are clearly hampering demand for lending.

We estimate that Nordea's net interest margin will bottom out in early 2026, after which it will start to rise moderately, in line with interest rate forecasts. Regarding the margin, it should still be noted that forecasting interest rate developments is extremely challenging and the margin of error has historically been large. Thus, the situation will certainly continue to evolve in one direction or another. Overall, we expect Nordea's net interest income to grow slightly faster than its credit portfolio in the coming years, supported by rising interest rates. The most significant component of Nordea's net fee and commission income is asset management fees. We forecast Nordea's annual AUM growth to average at approximately 6%, split between positive value changes (4.5%) and net subscriptions (1.5%). At the same time, we expect the average commission level to continue its downward trend. This is influenced by both the growing popularity of passive investment products and the continued intensification of price competition in traditional asset management (equity and fixed income funds). Thus, our forecast for asset management commission income growth is slightly below the forecast for assets under management growth.

We estimate that other fee and commission income (mainly related to lending and basic banking operations) will develop roughly in line with the growth of the credit portfolio. Of the remaining income lines, only changes in fair value are of material significance. These have historically amounted to approximately 1 BEUR annually, and based on the company's comments, this level is not expected to change.

Estimates	Q1'25	Q1'26	Q1'26e	Q1'26e	Consensus		Diff-%	2026e
MEUR/EUR	**Comparison**	**Actualized**	**Inderes**	**Consensus**	**High**	**Low**	**Act. vs. Inderes**	**Inderes**
Net interest income	1,829	1,759	1,740	1,743	1,727 –	1,760	1%	7,285
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Insurance income	54	69	62	60	47 –	67	11%	991
Changes in fair value	289	226	240	232	214 –	268	-6%	991
Other income	9	14	12	12	9 -	16	17%	-686
Total income	2,974	2,910	2,887	2,875	2,820 –	8,930	1%	11,992
Total expenses	-1,354	-1,565	-1,551	-1,572	-1,599 –	-1,541	1%	-5,688
Credit losses	-13	99	-38	-36	-56 –	-1	-358%	-157
EBIT	1,607	1,444	1,297	1,268	1,198 –	1,338	11%	6,147
EPS	0.35	0.32	0.29	0.28	0.27 –	0.30	10%	1.38
EPS (adjusted)	0.35	0.36	0.33	-	- -	-	8%	1.42

Source: Inderes & Infront (consensus)

Nordea Q1'26: AI benefits the big ones

Profitability outlook has remained excellent

Moderate cost growth expected

Our cost estimates anticipate a slightly more moderate cost growth than Nordea's targeted level (of around 2% average annual growth), as the current management has an excellent track record of improving efficiency. In our estimates, cost growth has been weighted more heavily towards other operating expenses (particularly IT-related costs), as Nordea aims to achieve clear efficiency benefits through AI investments. We estimate that this will keep staffing levels down.

We assess loan loss risks to be moderate

We estimate annual loan losses to average around 0.08% of the credit portfolio, which is in line with the company's own estimate of their normal level. However, despite challenges in the real estate market and sluggish economic development, the actual outcome has been more modest, even in recent years. Thus, we consider the risks of the bank's credit portfolio to be moderate overall. Management judgment buffers were released in Q1 2026, so there will be no further separate support for earnings from these.

Profitability outlook is strong

Overall, We expect Nordea's comparable earnings to remain broadly flat in 2026 and then turn to steady growth due to increasing income and good cost control. However, our profitability estimates are below the company's new targets, which we consider ambitious, especially towards the end of the target period (2026–2030). The difference can be explained by growth assumptions: Nordea aims to grow faster than the overall market, but our estimates anticipate development that is roughly in line with market growth. However, we expect Nordea's return on equity, adjusted for one-time costs, to remain above 15% and gradually improve, which can be considered an excellent level in the competitive banking sector. We note that Nordea calculates its return on equity as a quarterly average. Our estimates, on the other hand, use the average equity at the end of the year, so the profitability estimates presented in the tables in this report differ slightly from the company's calculations.

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. The company complements its dividends with regular share buyback programs.

Estimate revisions MEUR/EUR	2026e Old	2026e New	Change %	2027e Old	2027e New	Change %	2028 Old	2028 New	Change %
Net interest income	7,192	7,285	1%	7,585	7,716	2%	7,862	7,955	1%
Net commission income	3,416	3,410	0%	3,528	3,528	0%	3,675	3,668	0%
Changes in fair value	1,020	991	-3%	1,030	1,001	-3%	1,041	1,011	-3%
Total income	11,924	11,992	1%	12,445	12,555	1%	12,886	12,951	1%
Total expenses	-5,704	-5,688	0%	-5,579	-5,570	0%	-5,672	-5,664	0%
Credit losses	-193	-157	-19%	-397	-403	2%	-409	-416	2%
EBIT	6,027	6,147	2%	6,470	6,582	2%	6,804	6,871	1%
EBIT excluding NRIs	6,217	6,337	2%	6,470	6,582	2%	6,804	6,871	1%
EPS	1.36	1.38	2%	1.49	1.51	1%	1.59	1.60	0%
EPS (adjusted)	1.40	1.42	1%	1.49	1.51	1%	1.59	1.60	0%
Dividend per share	0.97	0.97	0%	1.01	1.02	1%	1.03	1.03	0%

Source: Inderes

High payout creates a good basis for expected returns

In our view, Nordea is well-positioned for stable earnings development and strong profitability in the coming years. Against this backdrop, we believe the stock is still moderately priced, and we consider the expected return sufficient for a positive recommendation. In our calculations, the annual expected return (>10%) is a combination of the distribution yield (~8%) and the share price upside potential (~3%). Due to the stability of Nordea's earnings, the safety margin we require for our 9.5% return requirement is quite moderate in the context of the banking sector. Additionally, we believe the moderately high profit distribution yield will have a supportive effect on the share price, reducing the risk associated with its valuation.

Compared to its peer group, the valuation discount has, after the share price increase, turned into a premium again, which we, however, consider justified given Nordea's better profitability outlook. However, this no longer provides the same kind of support for the earnings outlook.

Good profitability outlook justifies high multiples

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).

We assume that Nordea will sustainably reach a return on equity of about 15–16%, applying a CoE requirement of 9.5% and a growth factor of 2.5%, which results in an acceptable P/B ratio of 1.8–1.9x. Given the current amount of equity on the balance sheet (considering the paid dividend), the value would range between 16 and 17 euros with these multiples.

We consider our estimated profitability level to be very realistic, as rising interest rates support profitability in our forecasts, and the company already reaches the lower end of the range. In the coming years, improved cost efficiency still has the potential to support profitability development, although this also requires a boost from the revenue side.

Valuation in line with peers

Nordea is valued above its peer group of Nordic banks on a price-to-book (P/B) basis. We believe this can be considered justified, given the company's stronger profitability outlook compared to its peers. Also, according to a regression model that accounts for company-specific profitability differences (the relationship between return on equity and P/B ratio), the valuation gap is justified, as a P/B ratio of 1.7x could be justified for Nordea in light of this market model (chart on the right). This is in line with the current pricing.

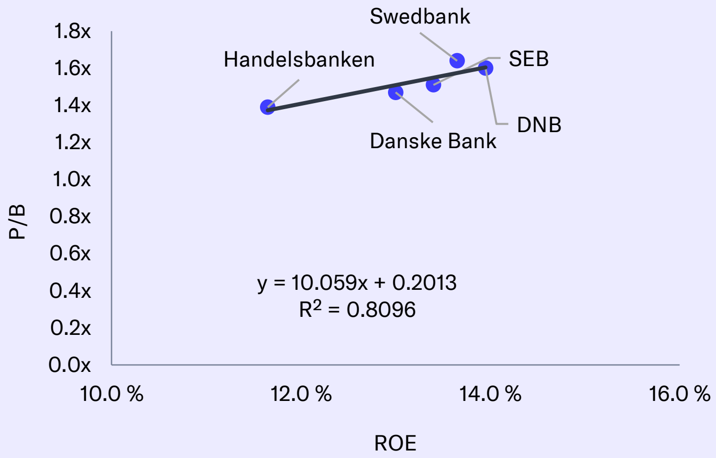
EVA model (Economic Value Added)

We have also reviewed Nordea's valuation using the Economic Value Added (EVA) model, which indicates a fair value for Nordea of just over 17 euros per share (unchanged). Since Nordea's return on equity is higher than its cost, according to our estimates, the bank's business is value-creating. For this reason, the result provided by the EVA model significantly exceeds the book value of equity, as with other valuation methods. We have applied 2.5% as the growth assumption for the terminal period. The EVA model with its assumptions can be found in the report's appendices.

Valuation	2026e	2027e	2028e
Share price	16.0	16.0	16.0
Number of shares, millions	3,403	3,369	3,317
Market cap	54,126	53,402	52,461
P/E (adj.)	11.2	10.6	10.0
P/B	1.6	1.6	1.5
Dividend yield-%	6.1 %	6.4 %	6.5 %

Source: Inderes

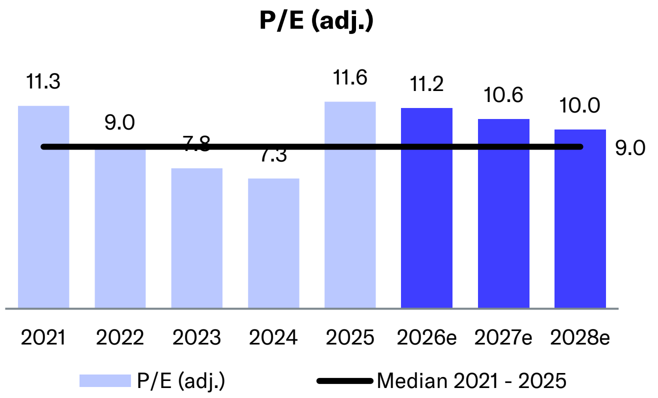
ROE and P/B 2026e

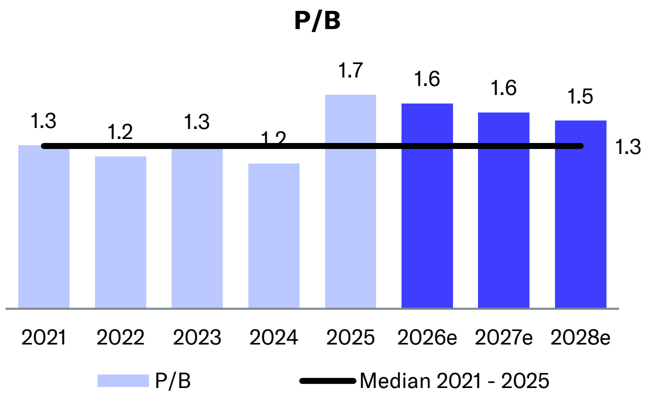


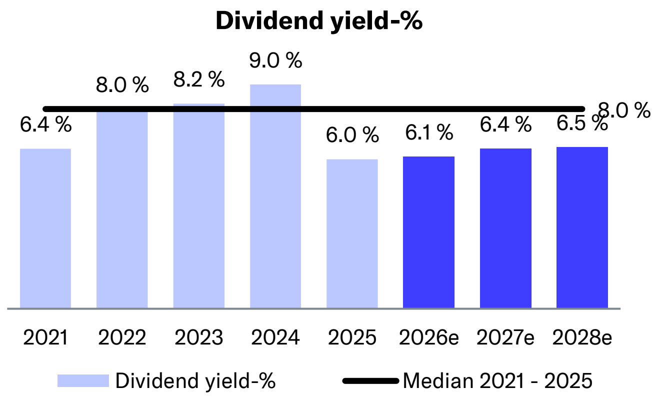
Valuation table

Valuation	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	10.8	10.0	11.2	10.5	16.1	**16.0**	**16.0**	**16.0**	**16.0**
Number of shares, millions	4,025	3,721	3,579	3,505	3,458	**3,403**	**3,369**	**3,317**	**3,258**
Market cap	42,793	36,650	39,619	36,782	55,253	**54,126**	**53,402**	**52,461**	**51,547**
P/E (adj.)	11.3	9.0	7.8	7.3	11.6	**11.2**	**10.6**	**10.0**	**9.4**
P/B	1.3	1.2	1.3	1.2	1.7	**1.6**	**1.6**	**1.5**	**1.4**
Dividend yield-%	6.4 %	8.0 %	8.2 %	9.0 %	6.0 %	**6.1 %**	**6.4 %**	**6.5 %**	**6.6 %**

Source: Inderes







The market cap and enterprise value in the table consider the expected change in the number of shares and net debt for the forecast years.

Peer group valuation

Peer group valuation	Market cap	P/E		Dividend yield-%		P/B
Company	**MEUR**	**2026e**	**2027e**	**2026e**	**2027e**	**2026e**
Danske Bank	36816	11.3	10.6	6.8	6.9	1.5
DNB	41497	11.6	11.0	5.9	6.1	1.6
Handelsbanken	24670	11.6	11.4	7.7	7.4	1.4
SEB	34684	11.6	10.5	5.1	5.5	1.5
Swedbank	34556	12.1	11.4	7.4	7.2	1.6
Nordea (Inderes)	**54126**	**11.2**	**10.6**	**6.1**	**6.4**	**1.6**
Average		**11.6**	**11.0**	**6.6**	**6.6**	**1.5**
Median		**11.6**	**11.0**	**6.8**	**6.9**	**1.5**
Diff-% to median		**-3%**	**-4%**	**-11%**	**-8%**	**9%**

Source: Refinitiv / Inderes

Income statement

Income statement (MEUR)	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26e	Q3'26e	Q4'26e	2026e	2027e	2028e	2029e
Net interest income	7,594	1,829	1,798	1,775	1,765	7,167	1,759	1,805	1,845	1,876	7,285	7,716	7,955	8,210
Net fee and commission income	3,157	793	792	811	853	3,249	842	844	848	877	3,410	3,528	3,668	3,827
Net insurance result	253	54	58	66	64	242	69	62	62	62	255	261	268	275
Net result from items at fair value	1,023	289	254	245	257	1,045	226	255	255	255	991	1,001	1,011	1,021
Other income	57	9	9	13	9	40	14	12	12	12	50	49	49	49
Total operating income	**12,084**	**2,974**	**2,911**	**2,910**	**2,948**	**11,743**	**2,910**	**2,978**	**3,022**	**3,082**	**11,992**	**12,555**	**12,951**	**13,382**
Non-recurring items	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total operating income excl. non-rec. items	**12,084**	**2,974**	**2,911**	**2,910**	**2,948**	**11,743**	**2,910**	**2,978**	**3,022**	**3,082**	**11,992**	**12,555**	**12,951**	**13,382**
Staff costs	-3,106	-792	-809	-806	-827	-3,234	-979	-801	-809	-840	-3,429	-3,248	-3,281	-3,330
Other expenses	-1,647	-413	-373	-372	-399	-1,557	-428	-397	-387	-414	-1,625	-1,668	-1,710	-1,753
Depreciation tangible and intangible assets	-577	-149	-151	-154	-160	-614	-158	-157	-159	-160	-634	-654	-674	-690
Total operating expenses	**-5,330**	**-1,354**	**-1,333**	**-1,332**	**-1,386**	**-5,405**	**-1,565**	**-1,355**	**-1,354**	**-1,414**	**-5,688**	**-5,570**	**-5,664**	**-5,773**
Non-recurring expenses	-32	0	0	0	0	0	-190	0	0	0	-190	0	0	0
Total operating expenses excl. non-rec. expenses	**-5,299**	**-1,354**	**-1,333**	**-1,332**	**-1,386**	**-5,405**	**-1,375**	**-1,355**	**-1,354**	**-1,414**	**-5,498**	**-5,570**	**-5,664**	**-5,773**
Profit before loan losses	**6,754**	**1,620**	**1,578**	**1,578**	**1,562**	**6,338**	**1,345**	**1,623**	**1,667**	**1,668**	**6,304**	**6,985**	**7,287**	**7,609**
Net loan losses	-206	-13	21	19	-49	-22	99	-78	-79	-99	-157	-403	-416	-429
Operating profit	**6,548**	**1,607**	**1,599**	**1,597**	**1,513**	**6,316**	**1,444**	**1,545**	**1,589**	**1,569**	**6,147**	**6,582**	**6,871**	**7,180**
Total non-recurring items	-32	0	0	0	0	0	-190	0	0	0	-190	0	0	0
Operating profit excl. non-rec. items	**6,580**	**1,607**	**1,599**	**1,597**	**1,513**	**6,316**	**1,634**	**1,545**	**1,589**	**1,569**	**6,337**	**6,582**	**6,871**	**7,180**
Taxes	-1,489	-373	-378	-369	-356	-1,476	-344	-363	-373	-369	-1,449	-1,507	-1,574	-1,644
Net profit for the period	**5,059**	**1,234**	**1,221**	**1,228**	**1,157**	**4,840**	**1,100**	**1,182**	**1,215**	**1,201**	**4,698**	**5,074**	**5,298**	**5,536**
Net profit excl. non-rec. Items	**5,083**	**1,234**	**1,221**	**1,228**	**1,157**	**4,840**	**1,245**	**1,182**	**1,215**	**1,201**	**4,842**	**5,074**	**5,298**	**5,536**
EPS (reported)	**1.44**	**0.35**	**0.35**	**0.36**	**0.34**	**1.40**	**0.32**	**0.35**	**0.36**	**0.35**	**1.38**	**1.51**	**1.60**	**1.70**
EPS (adj.)	**1.45**	**0.35**	**0.35**	**0.36**	**0.34**	**1.40**	**0.36**	**0.35**	**0.36**	**0.35**	**1.42**	**1.51**	**1.60**	**1.70**
Dividend per share	**0.94**					**0.96**					**0.97**	**1.02**	**1.03**	**1.06**

Balance sheet

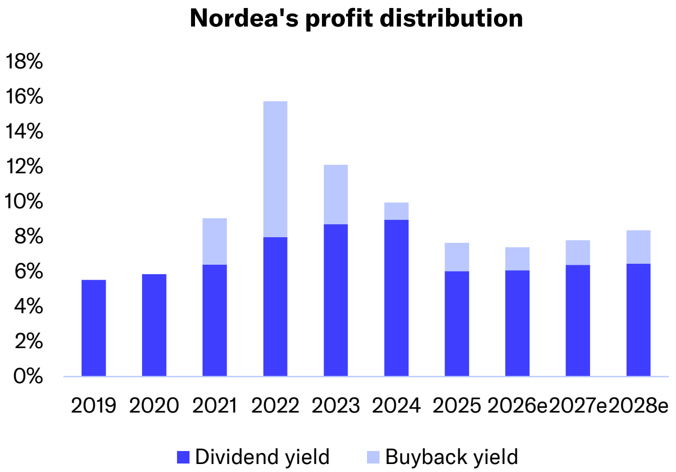
Balance sheet (BEUR)	2024	2025	2026e	2027e	2028e	2029e
Cash and central bank receivables	51	45	47	49	50	52
Credit institution receivables	3	4	3	3	4	4
Loans to the public	358	382	397	409	422	436
Intangible assets	4	4	4	4	4	4
Other assets	208	219	243	250	258	266
Total assets	**623**	**654**	**695**	**715**	**738**	**762**
Equity	32	32	33	34	35	36
Liabilities to credit institutions	29	34	38	39	41	42
Deposits and other liabilities to the public	232	243	248	256	264	272
Debt securities issued to the public	188	196	208	214	221	228
Subordinated liabilities	7	9	8	8	8	9
Other liabilities	134	140	159	164	169	175
Total equity and liabilities	**623**	**654**	**695**	**715**	**738**	**762**

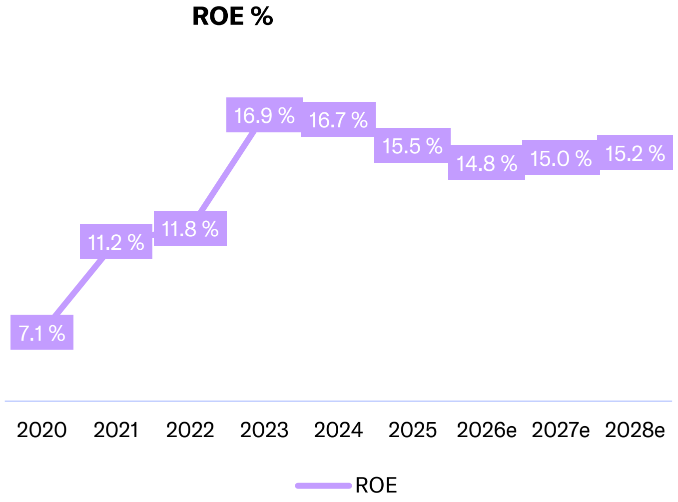
Summary tables 1/2

Income statement (MEUR)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Net interest income	4,318	4,515	4,925	5,664	7,451	7,594	7,167	7,285	7,716	7,955	8,210
Net fee and commision income	3,011	2,959	3,495	3,186	3,021	3,157	3,249	3,410	3,528	3,668	3,827
Net result from items at fair value	1,012	900	1,119	623	1,014	1,023	1,045	991	1,001	1,011	1,021
Other income	282	92	81	248	257	310	282	305	310	317	324
Total operating income	**8,623**	**8,466**	**9,620**	**9,721**	**11,743**	**12,084**	**11,743**	**11,992**	**12,555**	**12,951**	**13,382**
Total operating expenses	**-5,986**	**-4,643**	**-4,649**	**-4,834**	**-5,061**	**-5,299**	**-5,405**	**-5,498**	**-5,570**	**-5,664**	**-5,773**
Profit before loan losses	**2,637**	**3,823**	**4,971**	**4,887**	**6,505**	**6,754**	**6,338**	**6,304**	**6,985**	**7,287**	**7,609**
Net loan losses	-524	-860	-35	-125	-167	-206	-22	-157	-403	-416	-429
Operating profit	**2,113**	**2,963**	**4,936**	**4,762**	**6,338**	**6,548**	**6,316**	**6,147**	**6,582**	**6,871**	**7,180**
Taxes	-571	-698	-1,105	-1,175	-1,404	-1,489	-1,476	-1,449	-1,507	-1,574	-1,644
Net profit from continuing operations	**1,542**	**2,265**	**3,831**	**3,587**	**4,934**	**5,059**	**4,840**	**4,698**	**5,074**	**5,298**	**5,536**
Profit from discontinued operations	0	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**	**4,840**	**4,698**	**5,074**	**5,298**	**5,536**

Balance sheet (BNEUR)	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Loans to the public	323	330	345	346	345	358	382	397	409	422	436
Other assets	232	222	225	249	240	266	272	297	306	316	326
Total assets	**555**	**552**	**570**	**595**	**585**	**623**	**654**	**695**	**715**	**738**	**762**
Deposits	169	183	206	217	210	232	243	248	256	264	272
Other liabilities	355	335	331	346	343	358	379	413	425	439	453
Total equity	32	34	34	31	31	32	32	33	34	35	36
Total equity and liabilities	**555**	**552**	**570**	**595**	**585**	**623**	**654**	**695**	**715**	**738**	**762**

Solvency	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Risk-weighted assets (BNEUR)	150	155	152	145	139	156	160	165	171	177	183
CET1 solvency	16.3 %	17.1 %	17.0 %	16.4 %	17.0 %	15.8 %	15.7 %	15.7 %	15.6 %	15.6 %	15.7 %
Tier 1 solvency	18.3 %	18.7 %	19.1 %	18.7 %	19.4 %	18.4 %	18.4 %	17.7 %	17.5 %	17.4 %	17.5 %
Total capital ratio	20.8 %	20.5 %	21.2 %	20.8 %	22.2 %	21.1 %	21.2 %	20.4 %	20.1 %	20.0 %	20.0 %





Summary tables 2/2

Other key ratios	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Income growth-%	-6%	-2%	14%	1%	21%	3%	-3%	2%	5%	3%	3%
Interest income/loan portfolio	1.37%	1.38%	1.46%	1.64%	2.16%	2.16%	1.94%	1.87%	1.91%	1.91%	1.91%
Loan portfolio growth-%	4.8 %	2.1 %	4.6 %	0.2 %	-0.3 %	3.7 %	6.8 %	4.0 %	3.0 %	3.2 %	3.2 %
Deposit growth -%	2.3 %	8.7 %	12.2 %	5.7 %	-3.4 %	10.7 %	4.5 %	2.2 %	3.0 %	3.2 %	3.2 %
Cost/income ratio excl. non-recurring items	57%	55%	48%	47%	43%	43%	45%	45%	43%	43%	42%
Loan losses/loan portfolio, average	0.17%	0.26%	0.01%	0.04%	0.05%	0.06%	0.01%	0.04%	0.10%	0.10%	0.10%
Return on equity (ROE)	5.0 %	7.1 %	11.2 %	11.8 %	16.9 %	16.7 %	15.5 %	14.8 %	15.0 %	15.2 %	15.4 %
Number of employees	29,000	28,051	26,894	28,268	29,153	30,157	28,989	28,575	28,289	28,148	28,148
Dividends paid in the review period (MEUR)	2,788	0	3,192	2,655	2,876	3,218	3,268	3,263	3,288	3,400	3,391
	0	0	1,136	2,841	1,263	366	896	710	750	1,000	1,000

Share details	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	7.24	6.67	10.79	10.03	10.57	10.50	15.96	15.96	15.96	15.96	15.96
Number of shares at the end of the period	4,050	4,050	3,966	3,654	3,528	3,503	3,434	3,391	3,346	3,287	3,230
Reported EPS	0.38	0.55	0.95	0.96	1.38	1.44	1.40	1.38	1.51	1.60	1.70
EPS excl. non-recurring items	0.61	0.55	0.95	1.11	1.42	1.45	1.40	1.42	1.51	1.60	1.70
Dividend per share	0.40	0.39	0.69	0.80	0.92	0.94	0.96	0.97	1.02	1.03	1.06
Buybacks per share	0.00	0.00	0.29	0.78	0.36	0.10	0.26	0.21	0.22	0.30	0.31
Equity per share	7.80	8.35	8.51	8.62	8.85	9.26	9.44	9.84	10.28	10.74	11.28
Dividend payout ratio	105%	71%	73%	83%	67%	65%	69%	70%	68%	64%	62%
Total profit distribution ratio	66%	71%	103%	142%	90%	72%	87%	85%	83%	84%	81%

Valuation	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Market value	29,322	27,014	42,793	36,650	37,291	36,782	54,807	54,126	53,402	52,461	51,547
P/E (adjusted)	11.9	12.1	11.4	9.0	7.4	7.2	11.3	11.5	10.5	9.9	9.3
P/B	0.9	0.8	1.3	1.2	1.2	1.1	1.7	1.6	1.6	1.5	1.4
Dividend yield	5.5 %	5.8 %	6.4 %	8.0 %	8.7 %	9.0 %	6.0 %	6.1 %	6.4 %	6.5 %	6.6 %
Buyback yield	0.0 %	0.0 %	2.7 %	7.8 %	3.4 %	1.0 %	1.6 %	1.3 %	1.4 %	1.9 %	1.9 %
Total profit distribution yield	5.5 %	5.8 %	9.0 %	15.7 %	12.1 %	9.9 %	7.6 %	7.4 %	7.8 %	8.4 %	8.6 %

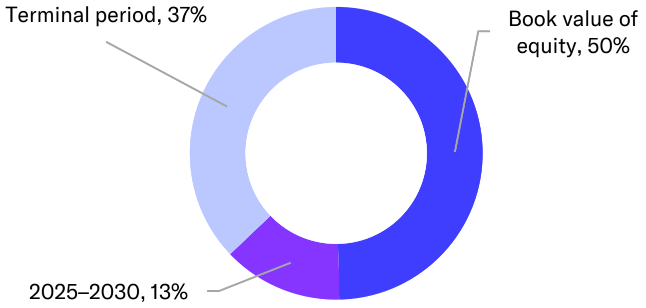
Economic Value Added model (EVA)

EVA calculation	2025	2026e	2027e	2028e	2029e	2030e	TERM
Net profit	**4,814**	**4,698**	**5,074**	**5,298**	**5,536**	**5,763**	
Equity	32,419	33,360	34,396	35,294	36,439	37,770	
Return on equity % (ROE)		14.3%	15.0%	15.2%	15.4%	15.5%	
Economic value added (EVA)		**1,608**	**1,895**	**2,020**	**2,172**	**2,291**	**33,399**
Common Equity Tier 1 capital		25,921	26,785	27,649	28,714	29,916	
Risk-weighted items		164,991	171,440	176,926	182,588	187,153	
Capital adequacy (CET1 %)		**15.7%**	**15.6%**	**15.6%**	**15.7%**	**16.0%**	
Discounted EVA		**1,510**	**1,625**	**1,581**	**1,552**	**1,494**	**21,788**
Discounted cum. EVA		29,550	28,040	26,416	24,835	23,283	21,788

+ Book value of equity	30,092
- Dividend/returned capital	0
+/- Other items	0
Equity value EVA	**59642**
Number of shares outstanding (million)	**3434**
Equity value EVA per share	17.4

Cost of capital	
Risk-free interest	2.5%
Beta	1.5x
Market risk premium	4.75%
Liquidity premium	0.0%
Cost of equity	**9.5%**

Value distribution



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

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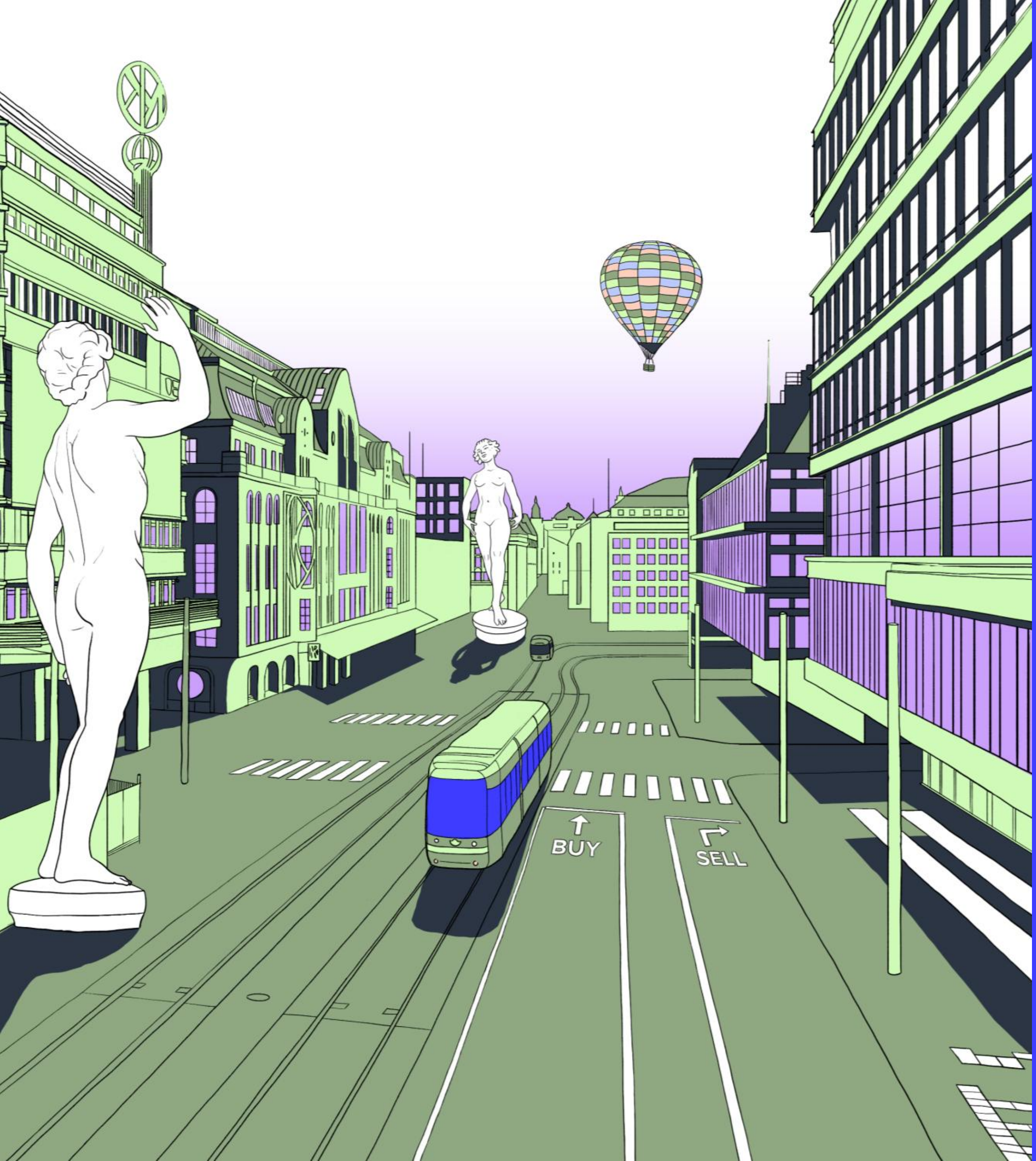
Recommendation history (>12 mo)

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 €
7/18/2025	Accumulate	12.50 €	12.05 €
10/2/2025	Accumulate	15.00 €	13.96 €
10/17/2025	Accumulate	15.00 €	14.63 €
1/23/2026	Reduce	17.50 €	16.95 €
1/30/2026	Accumulate	17.50 €	16.21 €
3/30/2026	Accumulate	16.00 €	14.30 €
4/23/2026	Accumulate	16.50 €	15.96 €



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

inderes.se

Inderes Oyj
Porkkalankatu 5
00180 Helsinki
+358 10 219 4690

inderes.fi