NORDEA

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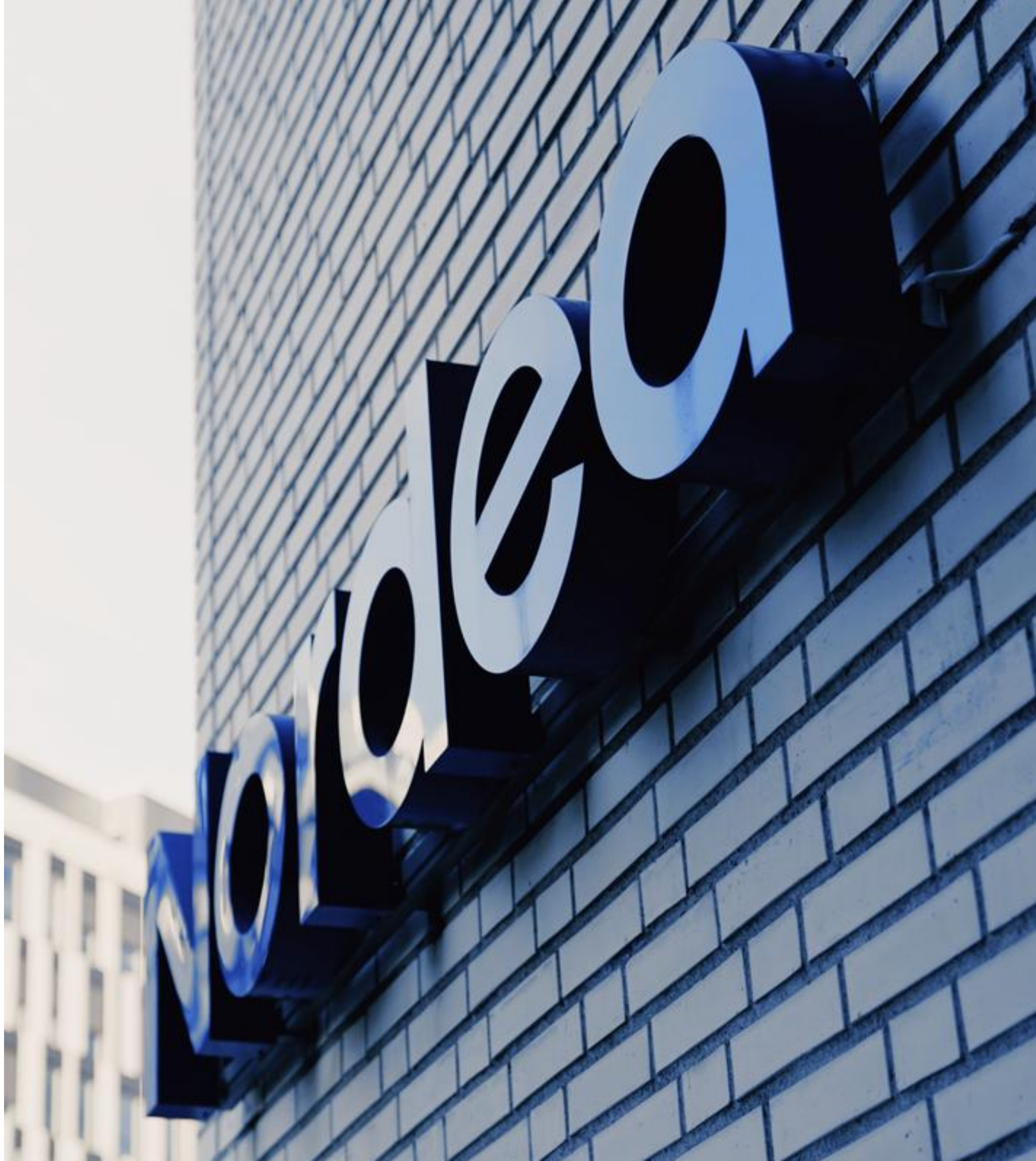
INDERES CORPORATE CUSTOMER

COMPANY REPORT



Tighter valuation is no longer attractive

Nordea's Q2 went well, with both the credit portfolio and assets under management continuing to grow. The outlook is also good, which is why we slightly raised our earnings estimates for the next few years. We revise our target price to EUR 17.5 (was 16.5) in line with our earnings estimates, but lower our recommendation to Reduce (was Accumulate) as the share price increase has eaten up the best of the expected returns.

Bottom of net interest income is, as expected, in the rearview mirror

Nordea reported better-than-expected Q2 earnings. As anticipated, net interest income turned to quarterly growth due to the increase in the credit portfolio. Fee and commission income also developed strongly, with assets under management increasing by almost 10%. However, the largest income beat compared to our estimates came from insurance operations and fair value changes. Operating expenses, on the other hand, grew in line with our expectations, as wage inflation and technology investments offset the impact of the decrease in personnel. Ultimately, due to higher-than-expected returns and more moderate loan losses than we anticipated, Nordea's result exceeded our estimate by approximately 5%. In connection with the earnings report, Nordea made a small positive revision to its 2026 earnings guidance and now expects its cost-to-income ratio to be 44–45% (was "around 45%").

Profitability outlook is strong

We have revised our fee and commission income estimates upwards following the strong growth in assets under management. We also slightly raised our credit portfolio growth estimate. Our loan loss estimates for the current year, in turn, decreased. Overall, our earnings forecasts for the next few years rose by 2–3%.

We expect Nordea's comparable earnings to return to growth in 2026, particularly driven by fee and commission income. Going forward, our estimates anticipate stable earnings growth (averaging ~4% annually) due to increasing incomes and good cost control. We believe that the bottom of net interest income has been seen on a quarterly basis, in addition to which we expect fee and commission income to continue growing. 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 Nordea's targets, which we find ambitious (EUR ~2 EPS and clealry over 15% return on equity by 2030). 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).

The best returns are now behind us

Based on our forecasts of a 15–16% return on equity and a required return of 9.5%, we have approved a P/B ratio of 1.8–1.9x for Nordea, which, given the bank's current equity capital, justifies a share price of EUR 16–18. Our target price is closer to the upper end of the range, as the outlook for both loan demand and asset management is generally positive despite geopolitical uncertainty. However, in our view, the pricing of the share has turned neutral after the share price increase, and the expected return for the coming years is roughly at the level of the required return in our calculations. While the expected return is not bad, we believe waiting for a better entry point is warranted at this stage. Compared to its peer group, Nordea's valuation is not tight, considering its better profitability outlook, but in our view, the significantly increased valuation levels in the banking sector already warrant caution.

Recommendation
Reduce
(was Accumulate)

Target price:
EUR 17.50
(was EUR 16.50)

Share price:
EUR 17.02

Business risk

Valuation risk

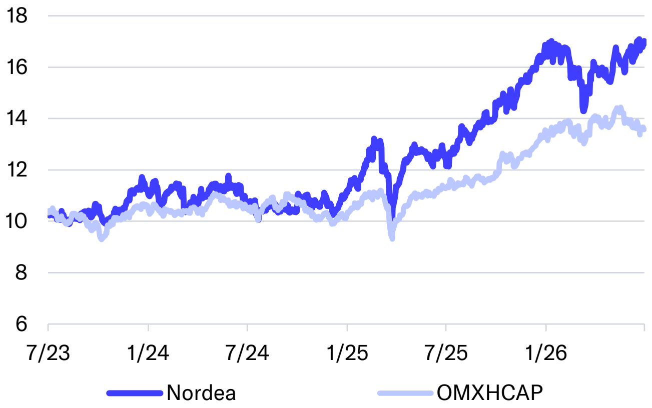
	2025	2026e	2027e	2028e
Revenue	11743.0	12093.7	12748.1	13120.4
growth-%	-3%	3%	5%	3%
EBIT adj.	6316.0	6467.0	6768.3	7033.4
EBIT-% adj.	53.8 %	53.5 %	53.1 %	53.6 %
Net Income	4814.0	4789.5	5225.1	5415.7
EPS (adj.)	1.39	1.45	1.55	1.64
P/E (adj.)	11.6	11.7	11.0	10.4
P/B	1.7	1.7	1.7	1.6
Dividend yield-%	6.0 %	5.8 %	6.1 %	6.3 %
EV/EBIT (adj.)	8.7	8.9	8.4	7.9
EV/EBITDA	8.7	9.2	8.4	7.9
EV/S	4.7	4.8	4.5	4.3

Source: Inderes

Guidance (Upgraded)

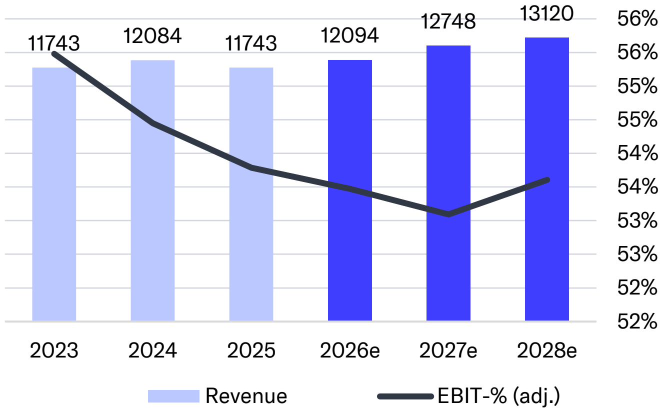
Nordea expects its return on equity to exceed 15% and its cost-to-income ratio, excluding non-recurring items and regulatory fees, to be 44–45% in 2026.

Share price



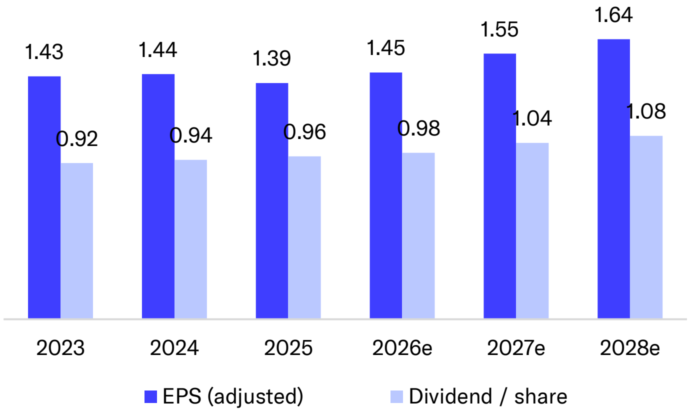
Source: Millistream Market Data AB

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 level	2026e	2027e	2028e
Share price	17.0	17.0	17.0
Number of shares, millions	3,404	3,366	3,311
Market cap	57,742	56,840	55,865
P/E (adj.)	11.7	11.0	10.4
P/B	1.7	1.7	1.6
Dividend yield-%	5.8%	6.1%	6.3%

Source: Inderes

Q2 was exemplary in all respects

The bottom of net interest income is behind us

Nordea's net interest income turned to moderate quarterly growth, as we expected, bringing an end to a decline that lasted just over two years. With the increased interest rate level, the outlook for net interest income is also good. However, there was still a moderate decrease from the comparison period.

Net interest income was supported by continued strong credit demand, with the credit portfolio growing by about 1% from the previous quarter. Demand was strongest among corporate customers, while the household credit portfolio remained at the previous quarter's level. Thus, Nordea's performance was largely in line with the performance of other Nordic banks that have already reported their earnings and with public market data.

Nordea's net fee and commission income continued to grow more rapidly than we expected. Assets under management, which generate a continuous fee stream for asset management, increased by a whopping nearly 10% from the previous quarter due to strong market development. Net subscriptions, on the other hand, turned slightly negative, which can be considered the only weakness in an otherwise strong earnings report.

The net result of insurance operations and the quarterly volatile fair value changes also exceeded our estimates, pushing Nordea's total operating income slightly above our expectations to 3,032 MEUR (Q2'26e: 2972 MEUR).

Higher income and moderate loan losses drove earnings above estimates

Nordea's operating expenses were largely in line with our expectations. Costs increased by some 2% from the comparison period, mainly due to exchange rate changes. However, the underlying cost level also grew moderately in personnel expenses and depreciation, which were inflated by, e.g., technology investments. Although Nordea has managed to decrease its number of employees, wage inflation has so far offset this effect. However, personnel costs should be on a downward trend, as the company has announced change negotiations concerning 1,500 employees. Nordea aims for cost savings of 150 MEUR from fiscal year 2028 onwards and 600 MEUR by 2030 by leveraging scale and improving operational efficiency. Correspondingly, the bank intends to continue its investments in developing its digital services and technological capabilities.

Loan losses in the second quarter were more moderate than our estimate, and in addition, the quality of the credit portfolio showed a slight improvement from already very healthy levels. Thanks to higher-than-expected income and lower loan losses, Nordea's Q2 earnings exceeded our estimate by around 5%. Earnings per share were EUR 0.36 and return on equity was an excellent 15.9%. The company's board decided to distribute a mid-year dividend of EUR 0.34 (50% of the first half's earnings), which exceeded our estimate by one cent due to slightly higher earnings per share.

Estimates	Q2'25	Q2'26	Q2'26e	Q2'26e	Consensus			Diff-%	2026e
MEUR/EUR	Comparison	Actualized	Inderes	Consensus	High		Low	Act. vs. Inderes	Inderes
Net interest income	1,798	1,779	1,789	1,785	1,770	–	1,797	-1%	7,225
Net commission income	792	880	856	861	834	–	874	3%	3,529
Insurance income	58	78	60	61	55	–	65	30%	1,017
Changes in fair value	254	281	255	256	244	–	275	10%	1,017
Other income	9	14	12	13	10	-	16	17%	-694
Total income	2,911	3,032	2,972	2,976	2,935	–	2,996	2%	12,094
Total expenses	-1,333	-1,363	-1,355	-1,365	-1,383	–	-1,328	1%	-5,695
Credit losses	21	-61	-78	-61	-78	–	-34	-22%	-121
EBIT	1,599	1,608	1,539	1,550	1,501	–	1,586	5%	6,277
EPS	0.35	0.36	0.34	0.35	0.34	–	0.36	5%	1.41

Source: Inderes & Infront (consensus)

Nordea Q2'26: Companies Are Investing

The loan demand outlook looks good

Guidance refined a notch

In connection with its earnings report, Nordea slightly revised its earnings guidance for the current year. The bank still expects the return on equity to exceed 15%, but it slightly downgraded its outlook for the cost-to-income ratio, adjusted for one-off costs and regulatory fees, to 44–45% (was "around 45 %"). However, this is naturally not a significant positive revision.

Nordea did not launch a new share buyback program in connection with its Q2 earnings, but commented that it would re-evaluate the profit-sharing situation later. According to management, it is currently prioritizing the use of capital for growth, and the Danish Public Prosecutor's Office's sanction claim of around 900 MEUR did not affect the decision. Nordea still considers the claim unfounded and continues to estimate that the 100 MEUR expense provision it previously made is sufficient. However, we consider larger sanctions as a realistic risk.

While these would not shake Nordea's balance sheet position, they would impact the amount of future profit distribution negatively.

On the other hand, management commented on the outlook for loan demand in a positive tone. On the corporate side, activity is either good or picking up in all operating countries, supported by investments in, e.g., the defense industry, infrastructure, energy, and technology. On the household side, loan commitments are increasing, so private customer activity may also be recovering. However, tight competition in mortgages has kept loan margins under pressure. In our view, the weakening macro image remains a relevant risk due to elevated geopolitical risks, but so far, these have not been reflected in the bank's customer base.

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Source: Inderes & Infront (consensus)

The bottom of net interest income is over

Estimate revisions:

- We have revised our fee and commission income estimates upwards following strong growth in assets under management. We also slightly raised our credit portfolio growth estimates, as the outlook is positive based on the company's comments.
- At the same time, we reviewed our credit loss forecasts for the current year downwards. Overall, our earnings forecasts for the next few years rose by 2–3%.
- We also slightly raised our profit distribution estimates to reflect our updated solvency and earnings estimates.

Rising interest rates support net interest income outlook

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 nearly4% in 2026-2028. We therefore expect the positive sentiment that began in 2025 to continue, as we believe that the demand outlook in Nordea's operating countries is generally favorable, despite elevated uncertainty. Finland remains the weakest region, as high unemployment and sluggish consumer confidence are clearly hampering demand for lending.

We estimate that Nordea's quarterly net interest income has already bottomed out, and that the trend in this income item will henceforth be upward, supported by the increased interest rate level. Regarding the longer-term outlook for net interest income, it should 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.

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%). In the coming years, however, we expect faster growth, mainly due to the excellent performance in early 2026.

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.

Estimate revisions	2026e	2026e	Change	2027e	2027e	Change	2028	2028	Change
MEUR/EUR	Old	New	%	Old	New	%	Old	New	%
Net interest income	7,285	7,225	-1%	7,716	7,690	0%	7,955	7,978	0%
Net commission income	3,410	3,529	3%	3,528	3,731	6%	3,668	3,798	4%
Changes in fair value	991	1,017	3%	1,001	1,000	0%	1,011	1,010	0%
Total income	11,992	12,094	1%	12,555	12,748	2%	12,951	13,120	1%
Total expenses	-5,688	-5,695	0%	-5,570	-5,572	0%	-5,664	-5,666	0%
Credit losses	-157	-121	-23%	-403	-408	1%	-416	-421	1%
EBIT	6,147	6,277	2%	6,582	6,768	3%	6,871	7,033	2%
EBIT excluding NRIs	6,337	6,467	2%	6,582	6,768	3%	6,871	7,033	2%
EPS	1.38	1.41	2%	1.51	1.55	3%	1.60	1.64	3%
EPS (adjusted)	1.42	1.45	2%	1.51	1.55	3%	1.60	1.64	3%
Dividend per share	0.97	0.98	1%	1.02	1.04	2%	1.03	1.08	5%

Source: Inderes

Nordea half-year results 2026 webcast

Profitability outlook has remained strong

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 0.10% 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 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 turn to moderate growth in 2026. Going forward, our estimates anticipate stable earnings growth (averaging ~4% annually) due to increasing revenues 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 closer to 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 consider our estimated profitability level to be very realistic, as rising interest rates support profitability, and in addition, there is still potential for improved cost efficiency to support profitability development. 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	7,285	7,225	-1%	7,716	7,690	0%	7,955	7,978	0%
Net commission income	3,410	3,529	3%	3,528	3,731	6%	3,668	3,798	4%
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Credit losses	-157	-121	-23%	-403	-408	1%	-416	-421	1%
EBIT	6,147	6,277	2%	6,582	6,768	3%	6,871	7,033	2%
EBIT excluding NRIs	6,337	6,467	2%	6,582	6,768	3%	6,871	7,033	2%
EPS	1.38	1.41	2%	1.51	1.55	3%	1.60	1.64	3%
EPS (adjusted)	1.42	1.45	2%	1.51	1.55	3%	1.60	1.64	3%
Dividend per share	0.97	0.98	1%	1.02	1.04	2%	1.03	1.08	5%

Source: Inderes

The best returns are now behind us

In our view, Nordea is well-positioned for stable earnings growth and strong profitability in the coming years. However, we believe that the share's valuation has turned neutral after the price increase, as the bar required for earnings growth is higher than before. In our calculations, the expected annual return (~10%) is approximately at the level of the required return, and this consists of a combination of profit distribution (~7–8%) and share price growth potential (~2–3%). While the stock's expected return is not bad, we believe it is justified to wait for a better entry point at this stage. However, we believe that a moderately high profit distribution supports the share price, which decreases the risk associated with the share's valuation.

Compared to the peer group, the valuation is moderate, considering Nordea's better profitability outlook, but we feel the significantly increased valuation levels in the banking sector already warrant caution. In our view, the biggest risk factors are related to a decrease in interest rates and tightening price competition.

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. With the current balance sheet equity, the value would be EUR 16-18 with these multiples.

Valuation in line with peers

Nordea trades roughly in line with its peer group of Nordic banks on a price-to-book (P/B) basis. In our view, Nordea deserves a premium, 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 the P/B ratio), there would be upside in the share, as a P/B ratio of 1.8–1.9x could be justified for Nordea in light of this market model (chart on the right). However, the valuation levels of the Nordic banking sector have tightened significantly during 2026, so overall, we no longer find the sector moderately priced. Thus, peer analysis no longer provides clear support for the expected return.

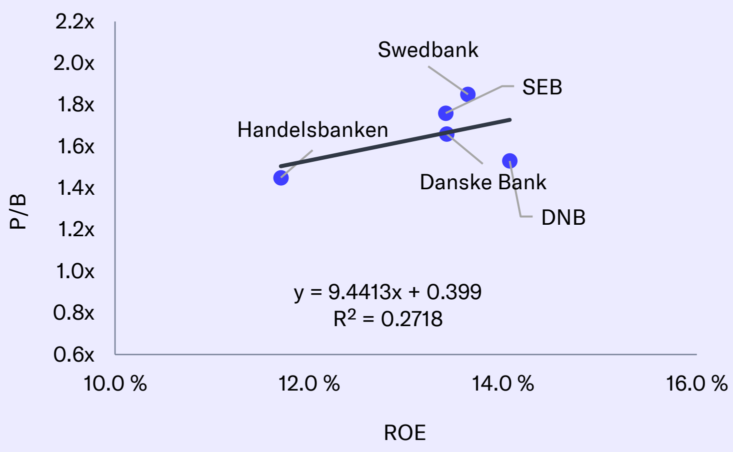
EVA model (Economic Value Added)

We have also looked at Nordea's valuation using an Economic Value Added (EVA) model, which gives Nordea a value of around EUR 18 per share (was EUR 17.5). The increase from the previous update is explained by the rise in our earnings estimates. 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 a growth assumption of 2.5% for the terminal period due to the industry's mature stage and moderately intense competitive situation. The EVA model with its assumptions can be found in the report's appendices.

Valuation level	2026e	2027e	2028e
Share price	17.0	17.0	17.0
Number of shares, millions	3,404	3,366	3,311
Market cap	57,742	56,840	55,865
P/E (adj.)	11.7	11.0	10.4
P/B	1.7	1.7	1.6
Dividend yield-%	5.8%	6.1%	6.3%

Source: Inderes

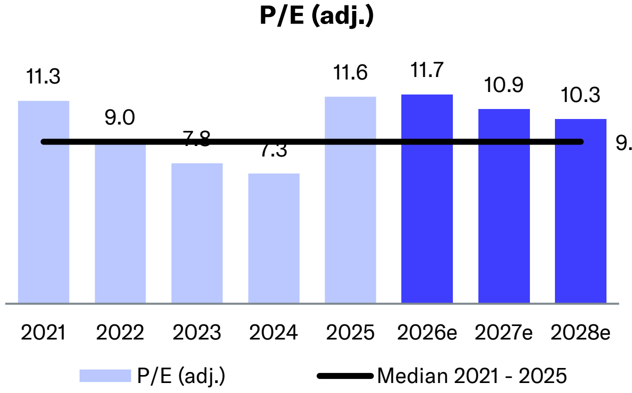
ROE and P/B 2026e

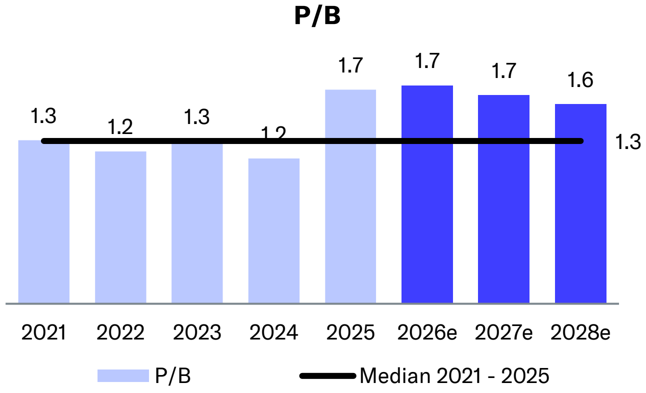


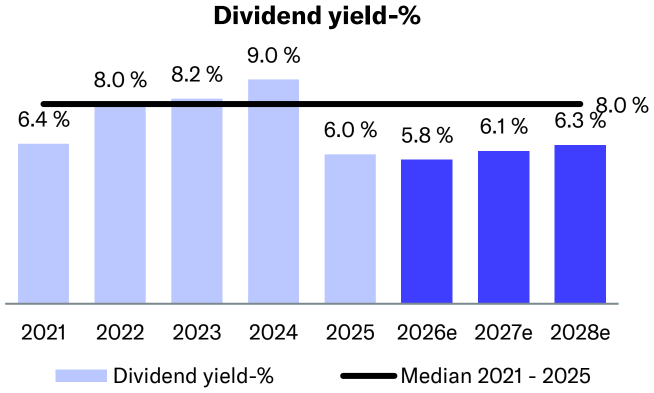
Valuation table

Valuation level	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Share price	10.8	10.0	11.2	10.5	16.1	**17.0**	**17.0**	**17.0**	**17.0**
Number of shares, millions	4,025	3,721	3,579	3,505	3,458	**3,404**	**3,366**	**3,311**	**3,255**
Market cap	42,793	36,650	39,619	36,782	55,253	**57,742**	**56,840**	**55,865**	**54,919**
P/E (adj.)	11.3	9.0	7.8	7.3	11.6	**11.7**	**11.0**	**10.4**	**9.8**
P/B	1.3	1.2	1.3	1.2	1.7	**1.7**	**1.7**	**1.6**	**1.5**
Dividend yield-%	6.4%	8.0%	8.2%	9.0%	6.0%	**5.8%**	**6.1%**	**6.3%**	**6.7%**

Source: Inderes







The market value and enterprise value in the table take into account the projected 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	40509	12.5	11.7	6.7	6.5	1.7
DNB	38497	11.1	10.5	6.2	6.4	1.5
Handelsbanken	25217	12.2	11.8	7.3	7.0	1.5
SEB	38182	13.5	12.1	4.5	4.8	1.8
Swedbank	37640	13.5	12.2	6.5	6.8	1.9
Nordea (Inderes)	**57742**	**11.7**	**11.0**	**5.8**	**6.1**	**1.7**
Average		**12.5**	**11.6**	**6.2**	**6.3**	**1.7**
Median		**12.5**	**11.8**	**6.5**	**6.5**	**1.7**
Diff-% to median		***-6%***	***-7%***	***-12%***	***-5%***	***5%***

Source: Refinitiv / Inderes

Income statement

Income statement (MEUR)	2024	Q1'25	Q2'25	Q3'25	Q4'25	2025	Q1'26	Q2'26	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	1,779	1,827	1,860	7,225	7,690	7,978	8,226
Net commission income	3,157	793	792	811	853	3,249	842	880	889	917	3,529	3,731	3,798	3,965
Net result of insurance operations	253	54	58	66	64	242	69	78	62	62	271	278	285	292
Changes in fair value	1,023	289	254	245	257	1,045	226	281	255	255	1,017	1,000	1,010	1,020
Other income	57	9	9	13	9	40	14	14	12	12	52	49	49	49
Total income	**12,084**	**2,974**	**2,911**	**2,910**	**2,948**	**11,743**	**2,910**	**3,032**	**3,045**	**3,106**	**12,094**	**12,748**	**13,120**	**13,551**
Non-recurring income	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net operating income excl. NRIs	**12,084**	**2,974**	**2,911**	**2,910**	**2,948**	**11,743**	**2,910**	**3,032**	**3,045**	**3,106**	**12,094**	**12,748**	**13,120**	**13,551**
Personnel expenses	-3,106	-792	-809	-806	-827	-3,234	-979	-818	-801	-832	-3,430	-3,240	-3,272	-3,322
Other costs	-1,647	-413	-373	-372	-399	-1,557	-428	-384	-392	-418	-1,622	-1,668	-1,710	-1,753
Depreciation, amortization and impairments	-577	-149	-151	-154	-160	-614	-158	-161	-162	-163	-644	-664	-684	-700
Total operating expenses	**-5,330**	**-1,354**	**-1,333**	**-1,332**	**-1,386**	**-5,405**	**-1,565**	**-1,363**	**-1,355**	**-1,413**	**-5,695**	**-5,572**	**-5,666**	**-5,775**
Non-recurring expenses	-32	0	0	0	0	0	-190	0	0	0	-190	0	0	0
Operating expenses excl. NRIs	**-5,299**	**-1,354**	**-1,333**	**-1,332**	**-1,386**	**-5,405**	**-1,375**	**-1,363**	**-1,355**	**-1,413**	**-5,505**	**-5,572**	**-5,666**	**-5,775**
Profit before loan losses	**6,754**	**1,620**	**1,578**	**1,578**	**1,562**	**6,338**	**1,345**	**1,669**	**1,691**	**1,694**	**6,398**	**7,176**	**7,454**	**7,776**
Credit losses	-206	-13	21	19	-49	-22	99	-61	-79	-80	-121	-408	-421	-434
EBIT	**6,548**	**1,607**	**1,599**	**1,597**	**1,513**	**6,316**	**1,444**	**1,608**	**1,611**	**1,614**	**6,277**	**6,768**	**7,033**	**7,342**
Total NRIs	-32	0	0	0	0	0	-190	0	0	0	-190	0	0	0
EBIT excluding NRIs	**6,580**	**1,607**	**1,599**	**1,597**	**1,513**	**6,316**	**1,634**	**1,608**	**1,611**	**1,614**	**6,467**	**6,768**	**7,033**	**7,342**
Taxes	-1,489	-373	-378	-369	-356	-1,476	-344	-376	-384	-384	-1,488	-1,543	-1,604	-1,674
Net profit	**5,059**	**1,234**	**1,221**	**1,228**	**1,157**	**4,840**	**1,100**	**1,232**	**1,228**	**1,230**	**4,789**	**5,225**	**5,430**	**5,668**
Net profit excl. NRIs	**5,083**	**1,234**	**1,221**	**1,228**	**1,157**	**4,840**	**1,245**	**1,232**	**1,228**	**1,230**	**4,934**	**5,225**	**5,430**	**5,668**
EPS (reported)	**1.44**	**0.35**	**0.35**	**0.36**	**0.34**	**1.40**	**0.32**	**0.36**	**0.36**	**0.36**	**1.41**	**1.55**	**1.64**	**1.74**
EPS (adjusted)	**1.45**	**0.35**	**0.35**	**0.36**	**0.34**	**1.40**	**0.36**	**0.36**	**0.36**	**0.36**	**1.45**	**1.55**	**1.64**	**1.74**
Dividend per share	**0.94**					**0.96**					**0.98**	**1.04**	**1.08**	**1.14**

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

Balance sheet

Balance sheet (BEUR)	2024	2025	2026e	2027e	2028e	2029e
Cash and central bank receivables	51	45	48	49	51	52
Credit institution receivables	3	4	4	4	4	5
Loans to the public	358	382	401	414	427	440
Intangible assets	4	4	4	4	4	4
Other assets	208	219	265	274	282	291
Total assets	**623**	**654**	**722**	**745**	**769**	**792**
Equity	32	32	33	34	35	36
Liabilities to credit institutions	29	34	47	48	50	51
Deposits and other liabilities to the public	232	243	251	259	267	275
Debt securities issued to the public	188	196	214	221	228	235
Subordinated liabilities	7	9	9	9	9	9
Other liabilities	134	140	168	174	179	184
Total equity and liabilities	**623**	**654**	**722**	**745**	**769**	**792**

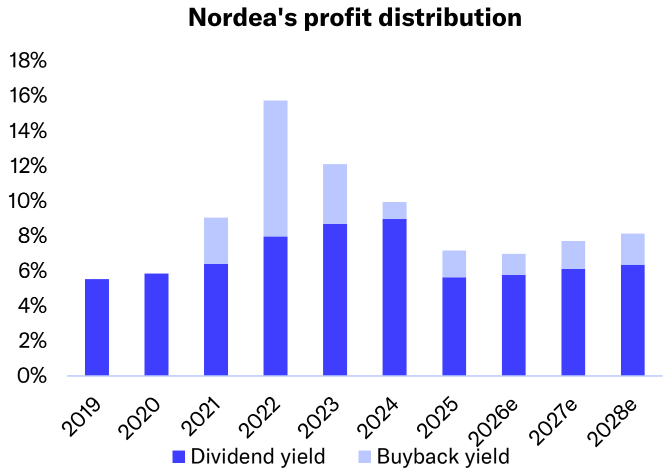
Summary table

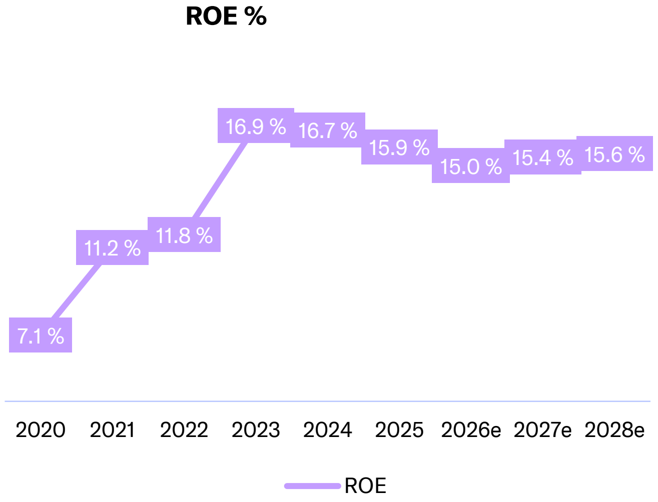
Operational key figures	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Income growth-%	-6%	-2%	14%	1%	21%	3%	-3%	3%	5%	3%	3%
Net interest income/loan portfolio	1.37%	1.38%	1.46%	1.64%	2.16%	2.16%	1.94%	1.85%	1.89%	1.90%	1.90%
Credit portfolio growth %	4.8%	2.1%	4.6%	0.2%	-0.3%	3.7%	6.8%	5.1%	3.2%	3.2%	3.0%
Deposit portfolio growth %	2.3%	8.7%	12.2%	5.7%	-3.4%	10.7%	4.5%	3.2%	3.2%	3.2%	3.0%
Cost/income ratio excl. NRIs	57%	55%	48%	47%	43%	43%	45%	44%	43%	42%	42%
Loan losses/credit portfolio on average	0.17%	0.26%	0.01%	0.04%	0.05%	0.06%	0.01%	0.03%	0.10%	0.10%	0.10%
ROE	5.0%	7.1%	11.2%	11.8%	16.9%	16.7%	15.9%	15.0%	15.4%	15.6%	15.8%
Headcount	29,000	28,051	26,894	28,268	29,153	30,157	28,989	28,298	28,015	27,875	27,875
Dividends paid during the review period (MEUR)	2,788	0	3,192	2,655	2,876	3,218	3,268	3,263	3,314	3,459	3,529
Share buybacks (MEUR)	0	0	1,136	2,841	1,263	366	896	710	900	1,000	1,000

Per share indicators	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	17.02	17.02	17.02	17.02	17.02
Number of shares at the end of the period	4,050	4,050	3,966	3,654	3,528	3,503	3,434	3,393	3,340	3,282	3,227
Dividend per share	0.40	0.39	0.69	0.80	0.92	0.94	0.96	0.98	1.04	1.08	1.14
Buybacks per share	0.00	0.00	0.29	0.78	0.36	0.10	0.26	0.21	0.27	0.30	0.31
Equity per share	7.80	8.35	8.51	8.62	8.85	9.26	9.44	9.83	10.29	10.76	11.30
Payout ratio	105%	71%	73%	83%	67%	65%	69%	70%	67%	66%	65%
Total payout ratio	66%	71%	103%	142%	90%	72%	87%	85%	84%	84%	83%

Valuation	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
P/E (adj.)	11.9	12.1	11.4	9.0	7.4	7.2	12.2	11.7	11.0	10.4	9.8
P/B	0.9	0.8	1.3	1.2	1.2	1.1	1.8	1.7	1.7	1.6	1.5
Dividend yield	5.5%	5.8%	6.4%	8.0%	8.7%	9.0%	5.6%	5.8%	6.1%	6.3%	6.7%
Buyback yield	0.0%	0.0%	2.7%	7.8%	3.4%	1.0%	1.5%	1.2%	1.6%	1.8%	1.8%
Total profit distribution yield	5.5%	5.8%	9.0%	15.7%	12.1%	9.9%	7.2%	7.0%	7.7%	8.1%	8.5%

Solvency	2019	2020	2021	2022	2023	2024	2025	2026e	2027e	2028e	2029e
Risk-weighted items (BEUR EUR)	150	155	152	145	139	156	160	165	170	175	181
CET1 solvency	16.3%	17.1%	17.0%	16.4%	17.0%	15.8%	15.7%	15.7%	15.7%	15.7%	15.8%
Tier I solvency	18.3%	18.7%	19.1%	18.7%	19.4%	18.4%	18.4%	17.6%	17.6%	17.5%	17.5%
Total solvency (TC)	20.8%	20.5%	21.2%	20.8%	22.2%	21.1%	21.2%	20.8%	20.7%	20.5%	20.5%
Equity ratio	5.7%	6.1%	5.9%	5.2%	5.3%	5.2%	5.0%	4.6%	4.6%	4.6%	4.6%



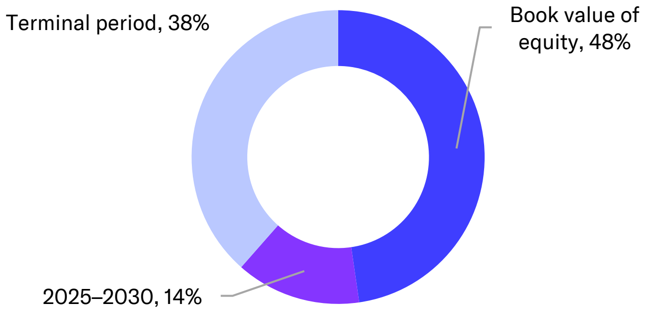


Economic Value Added model (EVA)

EVA calculation	2025	2026e	2027e	2028e	2029e	2030e	TERM
Net profit	**4,814**	**4,789**	**5,225**	**5,430**	**5,668**	**5,897**	
Equity	32,419	33,351	34,362	35,333	36,472	37,684	
Return on equity % (ROE)		14.6%	15.4%	15.6%	15.8%	15.9%	
Economic value added (EVA)		**1,700**	**2,047**	**2,155**	**2,301**	**2,421**	**35,299**
Common Equity Tier 1 capital		25,850	26,696	27,554	28,500	29,548	
Risk-weighted items		164,744	170,016	175,456	180,720	185,238	
Capital adequacy (CET1 %)		**15.7%**	**15.7%**	**15.7%**	**15.8%**	**16.0%**	
Discounted EVA		**1,631**	**1,793**	**1,723**	**1,680**	**1,614**	**23,527**
Discounted cum. EVA		31,967	30,336	28,544	26,821	25,141	23,527
+ Book value of equity		32,419					
- Dividend/returned capital		-3268					
+/- Other items		0					
Equity value EVA		**61118**					
Number of shares outstanding (million)		**3403**					
Equity value EVA per share		18.0					

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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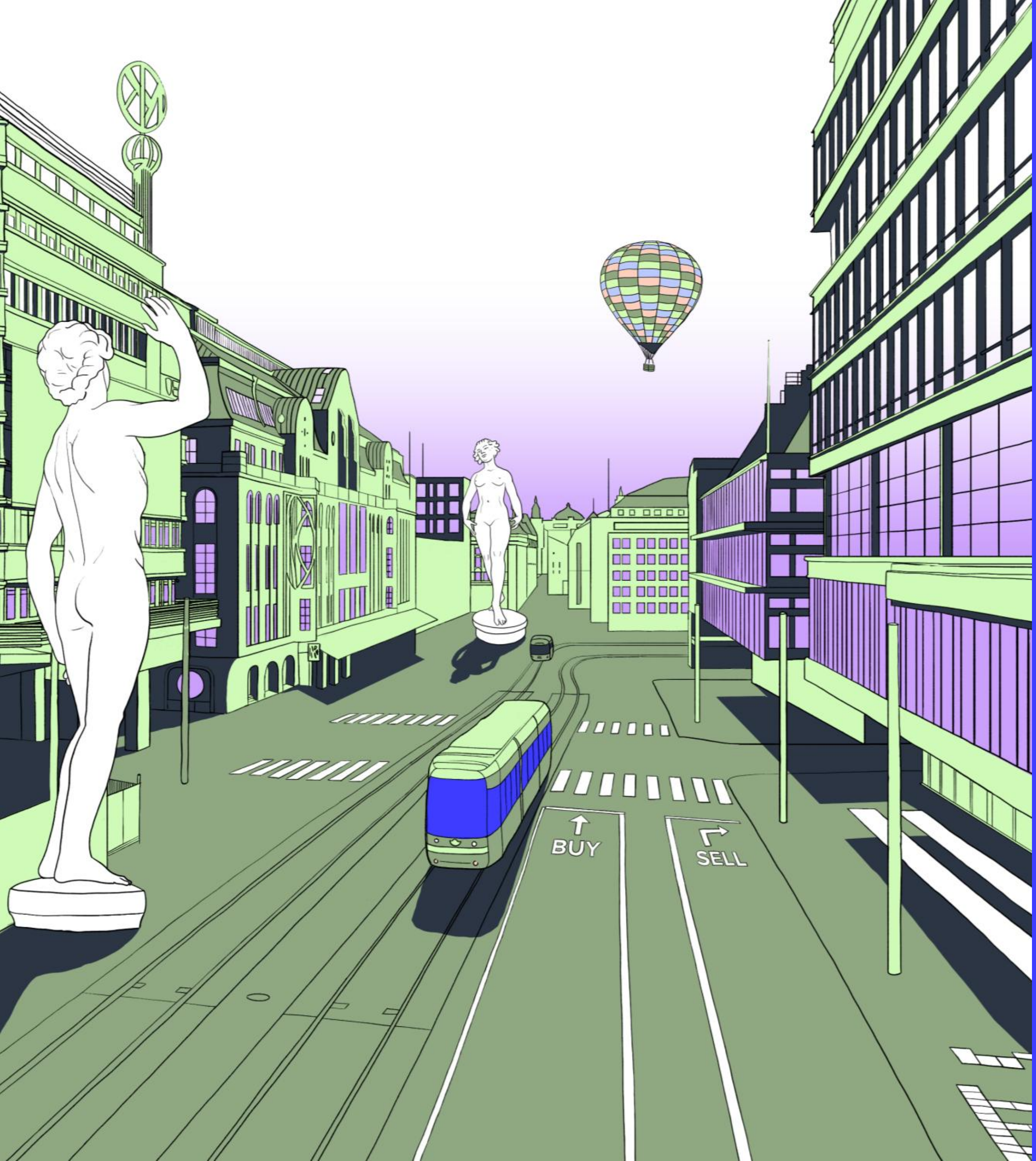
Recommendation history (>12 mo)

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 €
7/17/2026	Reduce	17.50 €	17.02 €



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