Nordea

Half-year results 2025

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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Second-quarter highlights 2025

Executive summary

Strong performance and high profitability in volatile markets

- Return on equity* 16.2% and earnings per share EUR 0.35

Return to growth in corporate lending; continued growth in mortgage and deposit volumes and assets under management

- Mortgage lending up 6% y/y, corporate lending up 5%. Retail deposits up 8% y/y, corporate deposits up 5%. AuM up 9% y/y

Income resilient

- Total income 4% lower y/y. Net interest income down 6% as expected, net commission income stable and net fair value result up 3%

Cost-to-income ratio with amortised resolution fees 46.1%

Exceptionally strong credit quality – net loan losses again well below long-term expectation

- Net loan losses and similar net result reversal of EUR 21m or 2bp (EUR 39m or 4bp excluding management buffer release)

Capital generation robust; new share buy-back programme launched

- CET1 ratio 15.6% – 1.9pp above current regulatory requirement
- Additional EUR 250m share buy-back programme launched in June

2025 outlook unchanged: on track to deliver return on equity of above 15%

* With amortised resolution fees

Key financials

Second-quarter results 2025

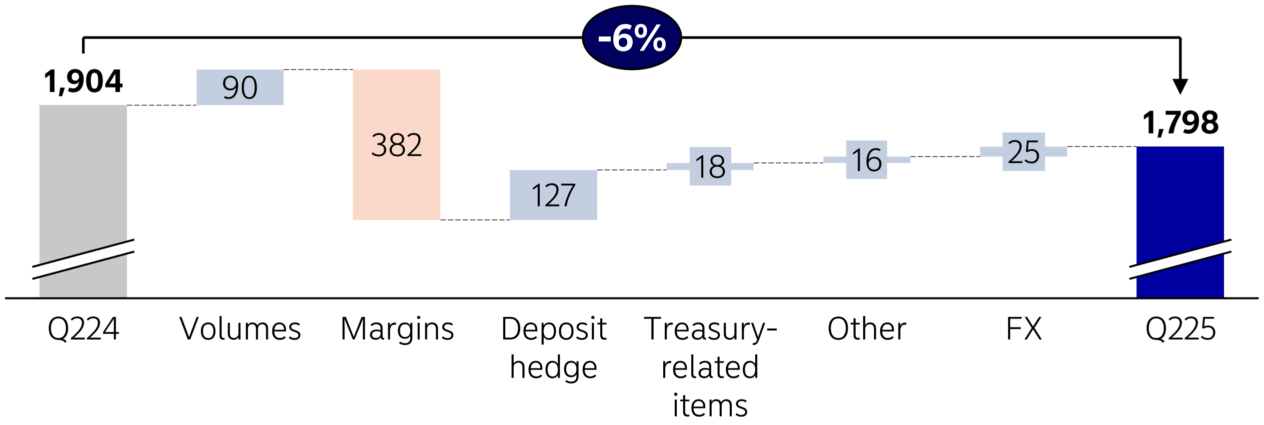
Income statement and key ratios EURm	Q225	Q224	Q2/Q2	Q125	Q2/Q1
Net interest income	1,798	1,904	-6%	1,829	-2%
Net fee and commission income	792	795	0%	793	0%
Net insurance result	58	63	-8%	54	7%
Net fair value result	254	247	3%	289	-12%
Other income	9	21	-57%	9	0%
Total operating income	**2,911**	**3,030**	**-4%**	**2,974**	**-2%**
Total operating expenses excl. regulatory fees	-1,314	-1,260	4%	-1,300	1%
Total operating expenses	-1,333	-1,278	4%	-1,354	-2%
Profit before loan losses	**1,578**	**1,752**	**-10%**	**1,620**	**-3%**
Net loan losses and similar net result	21	-68		-13	
Operating profit	**1,599**	**1,684**	**-5%**	**1,607**	**0%**
Cost-to-income ratio excl. regulatory fees, %	45.1	41.6		43.7	
Cost-to-income ratio*, %	46.1	42.6		44.6	
Return on equity*, %	16.2	17.9		15.7	
Diluted earnings per share, EUR	0.35	0.37	-5%	0.35	0%

* With amortised resolution fees

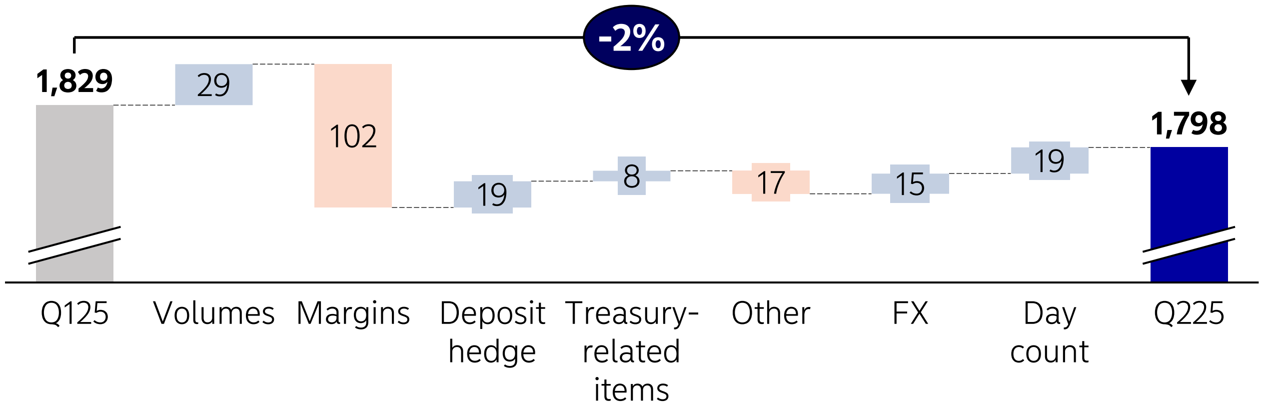
Net interest income

Higher business volumes, lower margins as expected

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm



- **Net interest income down 6% y/y, as expected**
- **Lending and deposit growth**
  - Mortgages up 6% (1% excluding Norwegian acquisition)
  - Corporate lending up 5%
  - Retail deposits up 8% (5% excluding Norwegian acquisition)
  - Corporate deposits up 5%
- **Net interest margin 1.63% (1.83% Q224)**
  - Lower deposit and equity margins, driven by lower policy rates, and lower lending margins – offset by positive contribution from deposit hedge

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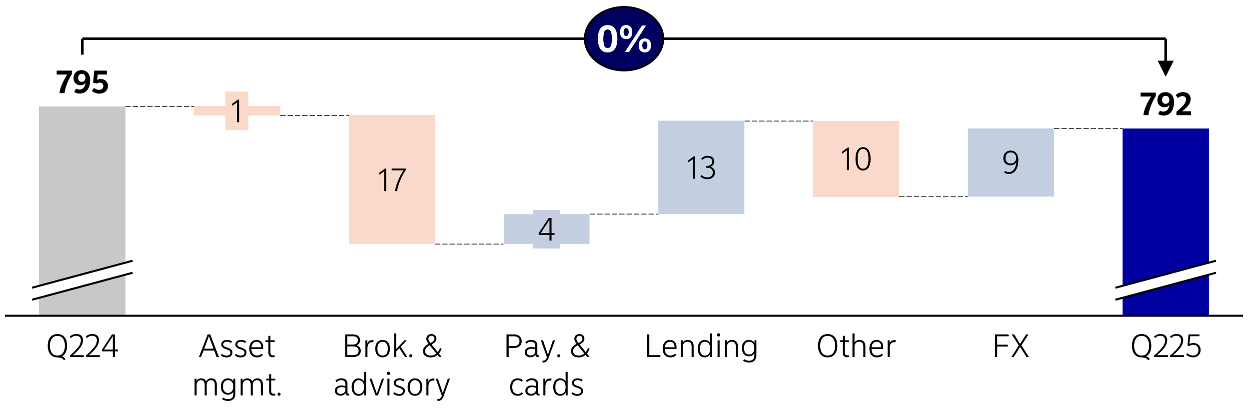
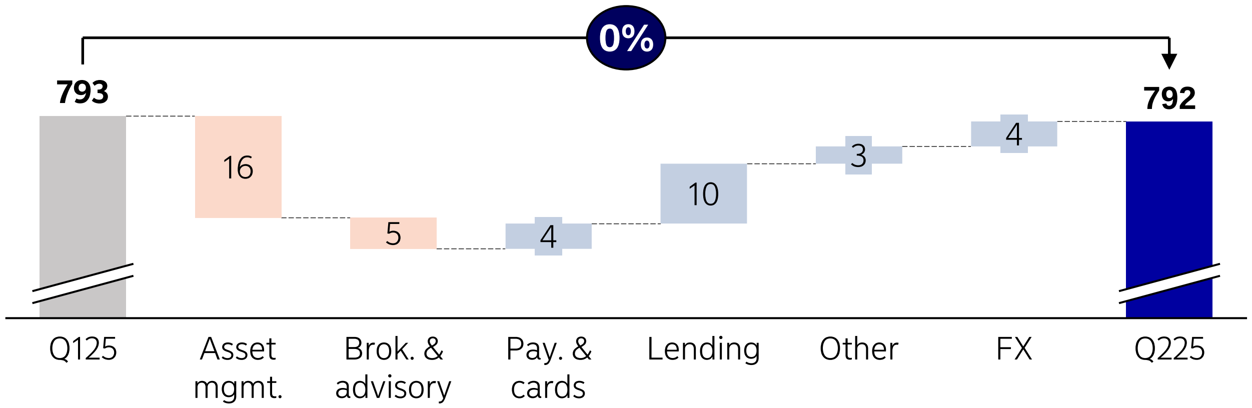
Net fee and commission income

Fees impacted by market volatility early in quarter

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm



- **Net fee and commission income stable**
- **Savings fee income stable**
  - AuM up 9%, to EUR 437bn
  - Net flows in Nordic channels (86% of AuM) EUR 4.5bn
  - Net flows in international channels (14% of AuM) EUR -0.4bn
- **Brokerage & advisory fee income down, driven by uncertainty**
- **Higher customer activity driving payment and card fee income**
- **Lending growth driving fee income higher**

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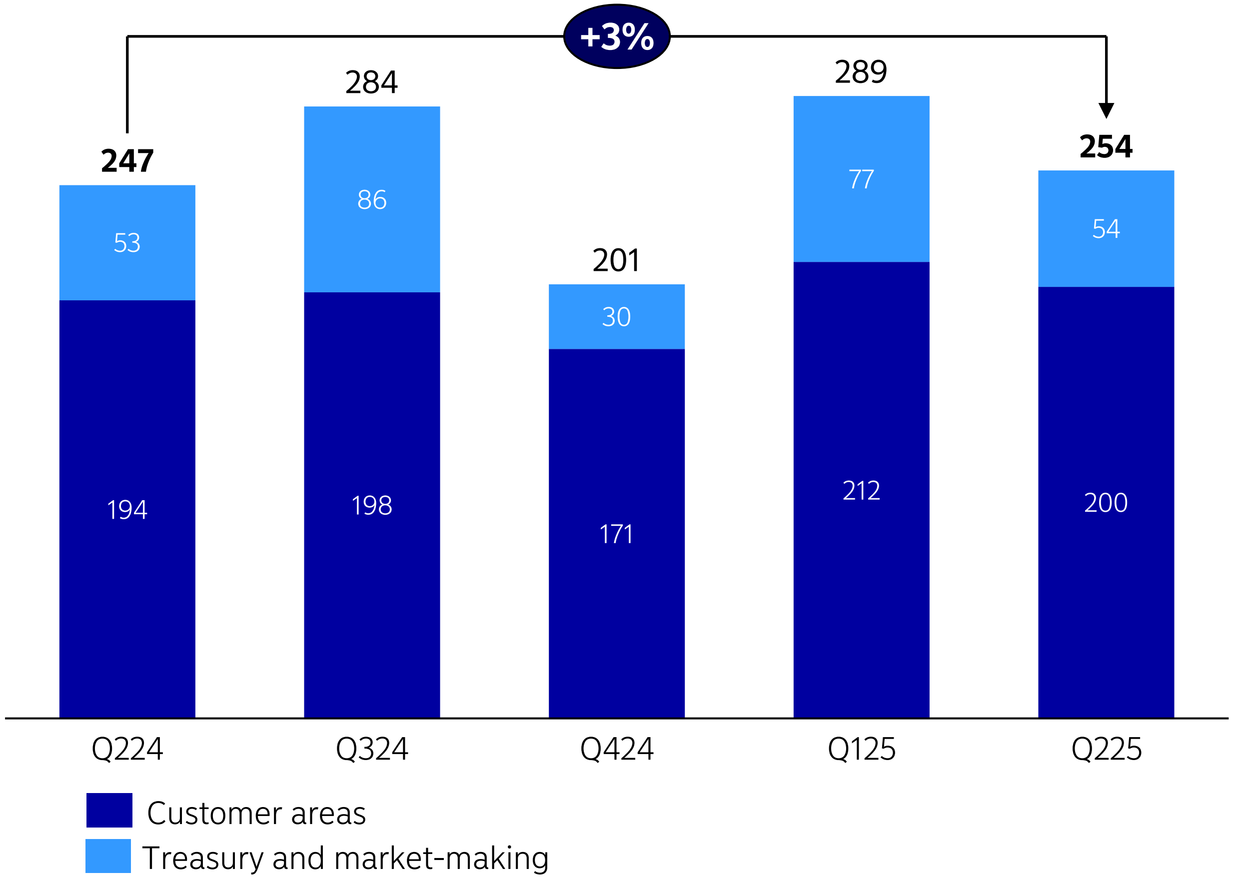
Net fair value result

Continued high customer activity

Net fair value result, EURm*



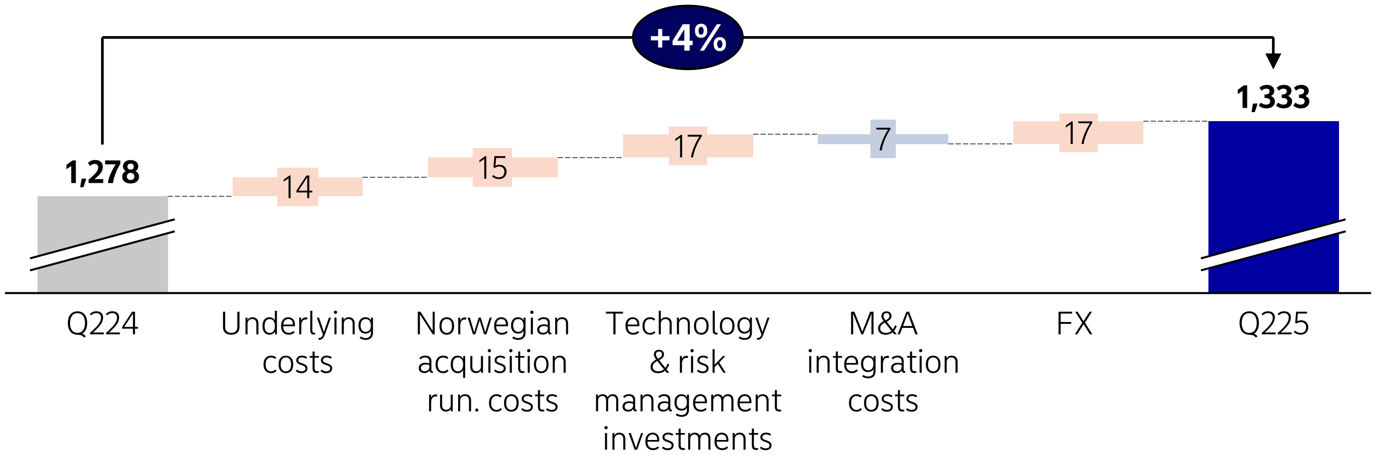
- **High activity in customer risk management, particularly in FX and rates products**
- **Higher treasury result offset by lower market-making, impacted by volatility due to tariff uncertainty**

* Net fair value split adjusted to clarify contributions of (i) customer-facing business and (ii) Nordea's own market-making, funding and risk management activity

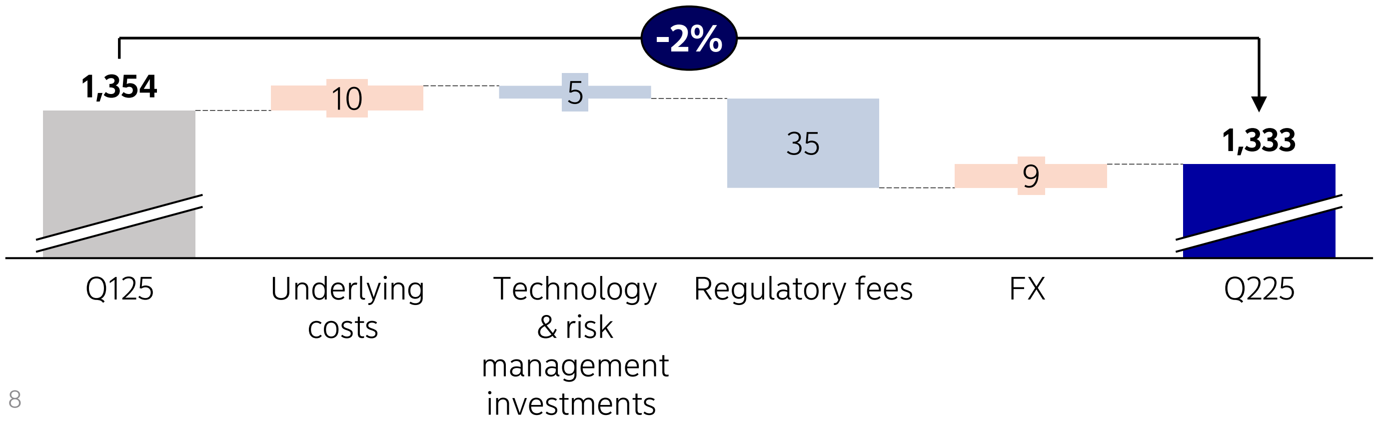
Costs

Costs in line with plan

Year-over-year bridge, EURm



Quarter-over-quarter bridge, EURm

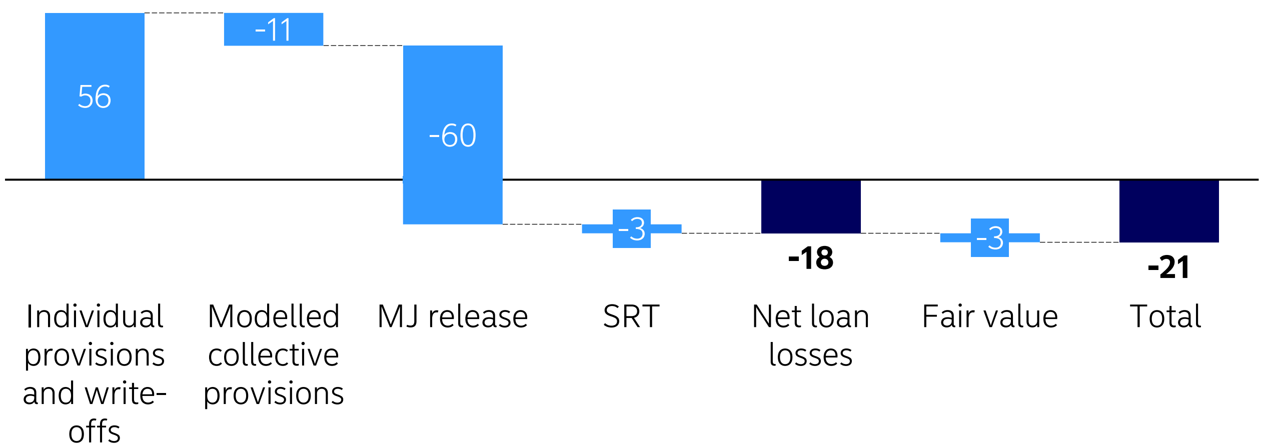


- **Total costs up 3% y/y (excl. FX), driven by strategic investments and inflation**
  - More than half of increase due to strategic initiatives, including Norwegian acquisition and investments in technology, data and AI
  - 1pp of increase due to underlying costs, driven by annual salary increases
- **Total full-year costs expected to increase by 2.0–2.5% in 2025, excluding FX**

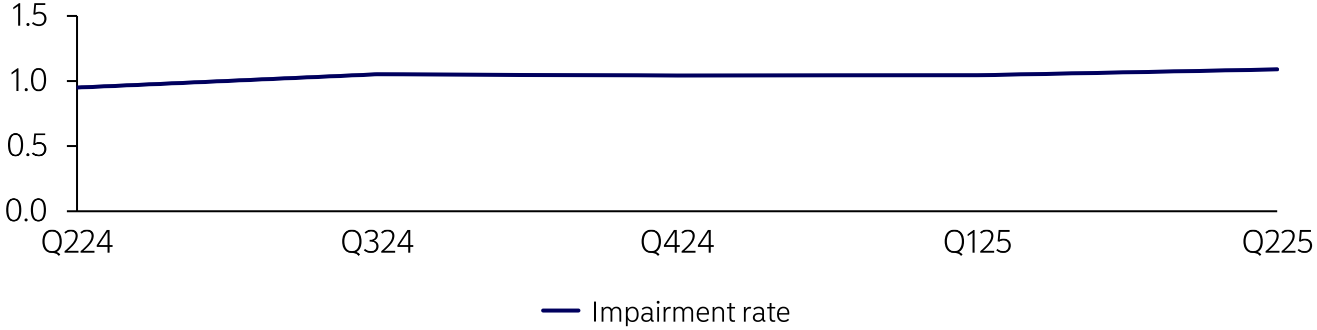
Net loan losses and similar net result

Exceptionally strong credit quality

Net loan losses and similar net result, EURm



Impaired (stage 3) loans, %

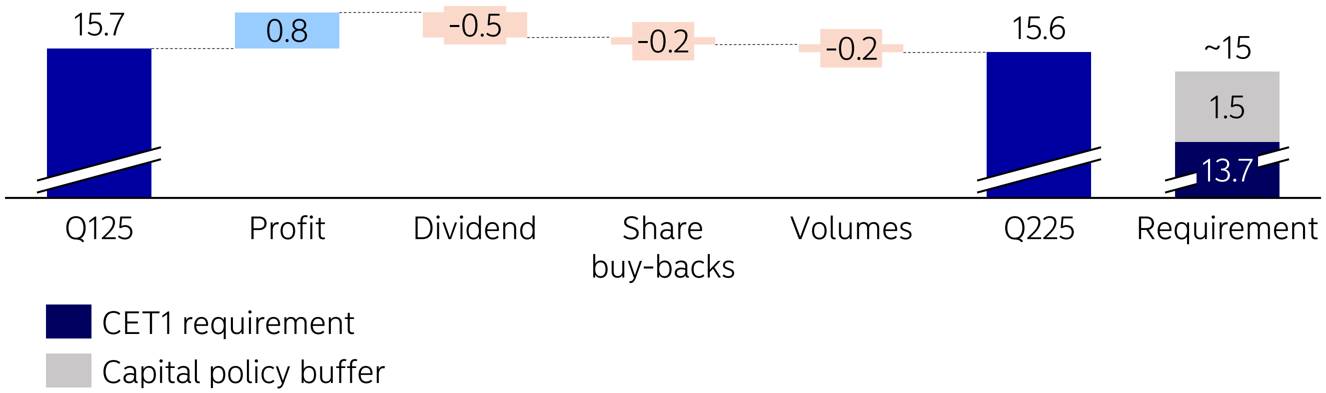


- **Net loan losses and similar net result reversal of EUR 21m (2bp)**
  - Low individual provisions and write-offs, driven by corporate customers, with no specific industry concentration
  - Reduced need for collective provisioning for households
  - Management judgement buffer reduced by EUR 60m (now at EUR 341m), given continued strength of credit portfolio
- **Provision levels strong at EUR 1.7bn**
  - Solid coverage reflecting high levels of collateral
- **Low level of non-performing loans**
  - Slight increase in stage 3 loans (to 1.09%)

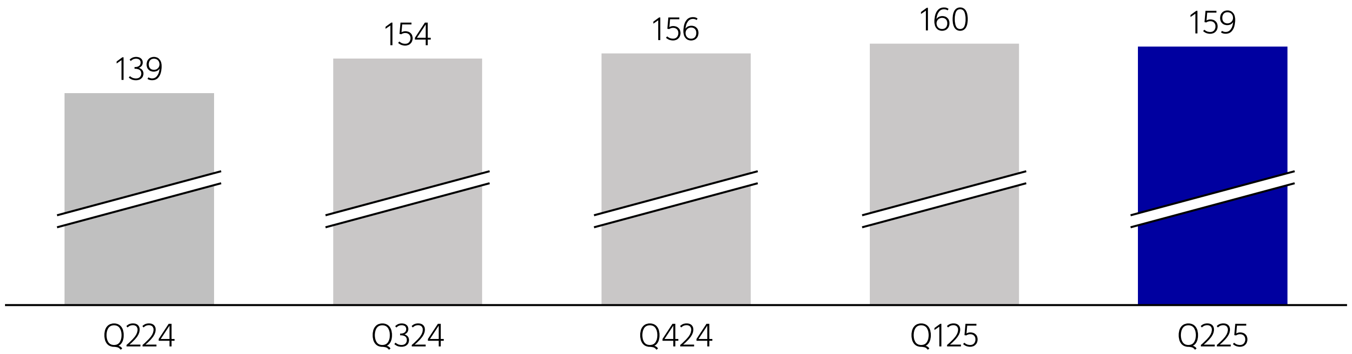
Capital

Strong capital position; share buy-backs ongoing

CET1 capital ratio development, %



REA development, EURbn



- **CET1 capital ratio 15.6%**
  - 1.9pp above regulatory requirement
  - CET1 capital ratio 7bp lower, mainly due to launch of new share buy-back programme and increased corporate lending, offset by continued strong capital generation
  - EUR 1.1bn decrease in risk exposure amount due to FX effects, partly offset by increased corporate lending and changed capital treatment for certain corporate portfolios
- **CET1 requirements**
  - Full reciprocation of Norwegian systemic risk buffer (SyRB) of 4.5% from Q425, increasing Nordea's CET1 requirement by ~20bp. Nordea disagrees with decision
  - Finnish SyRB of 1.0% maintained for all exposures and O-SII buffer of 2.5% maintained for Nordea

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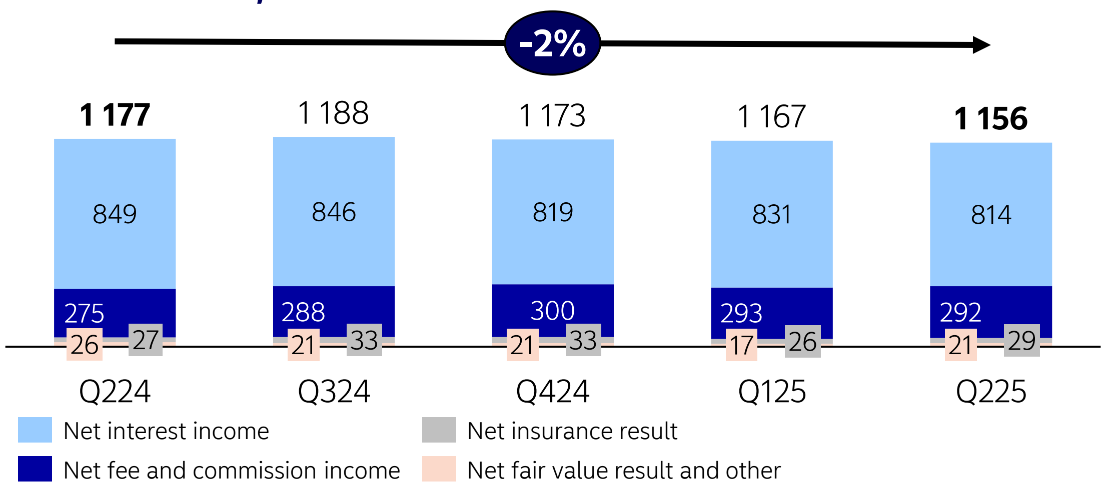
Personal Banking

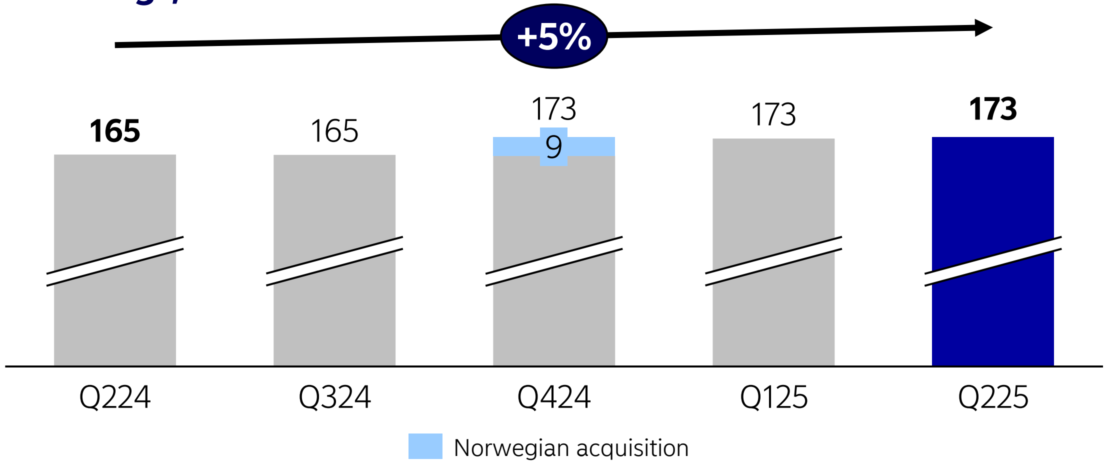
Volume growth and fee income largely offset impact of lower deposit margins

Total income, EURm

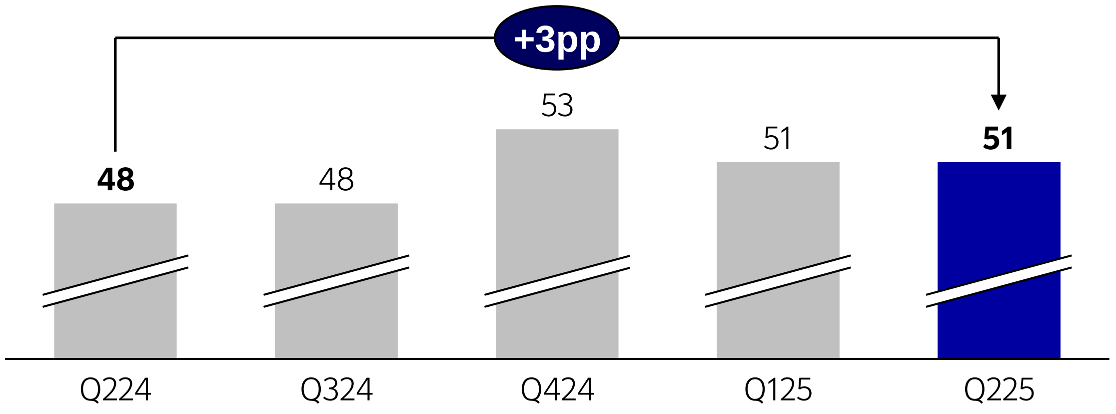


- Mortgage volumes up 6% and deposit volumes up 7%
- Net interest income down 4% – lower deposit margins
- Net fee and commission income up 6%, driven by savings and cards
- Cost-to-income ratio 51% (48% Q224)

Lending*, EURbn



Cost-to-income ratio**, %



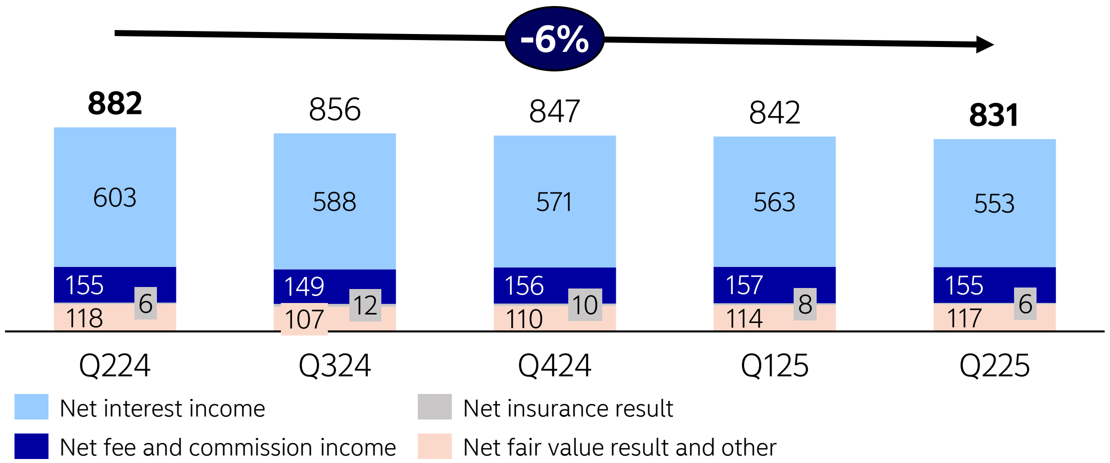
* Excluding FX effects
** With amortised resolution fees

Nordea

Business Banking

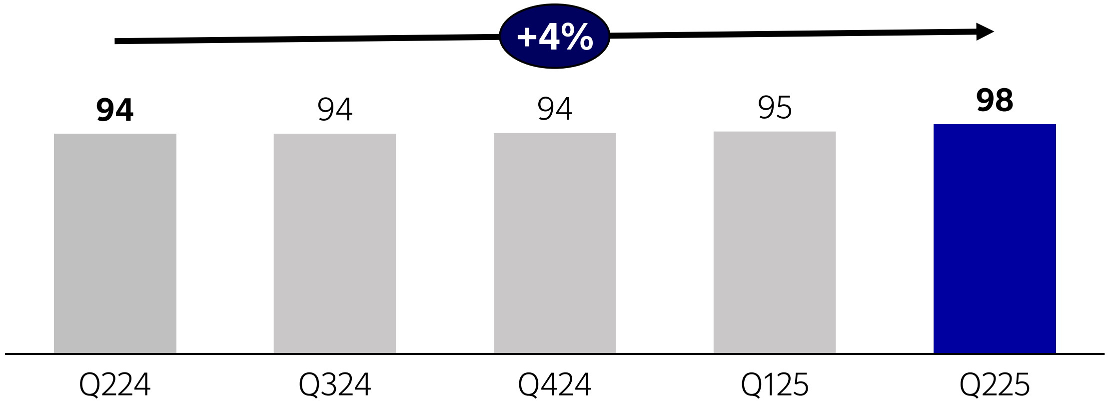
Solid volume growth; headwind from lower margins

Total income, EURm

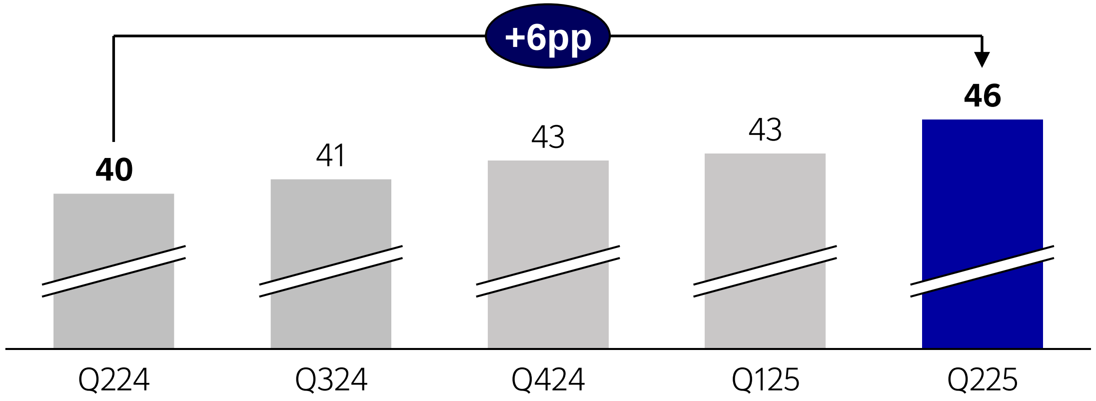


- Lending volumes up 4% and deposit volumes up 10%
- Net interest income down 8% – lower deposit margins
- Net fee and commission income stable; growth in lending and savings fee income offset by muted equity markets
- Cost-to-income ratio 46% (40% Q224) – impacted by higher investments

Lending*, EURbn



Cost-to-income ratio**, %



* Excluding FX effects
** With amortised resolution fees

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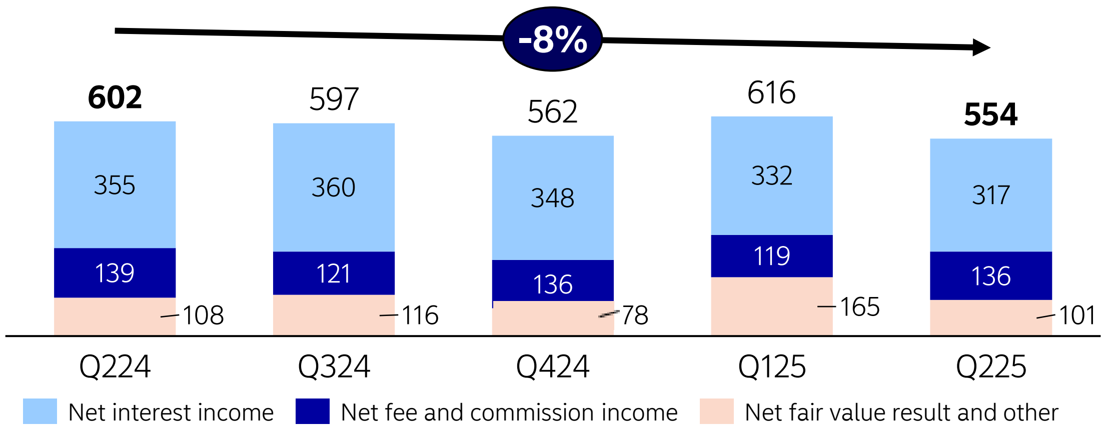
Large Corporates & Institutions

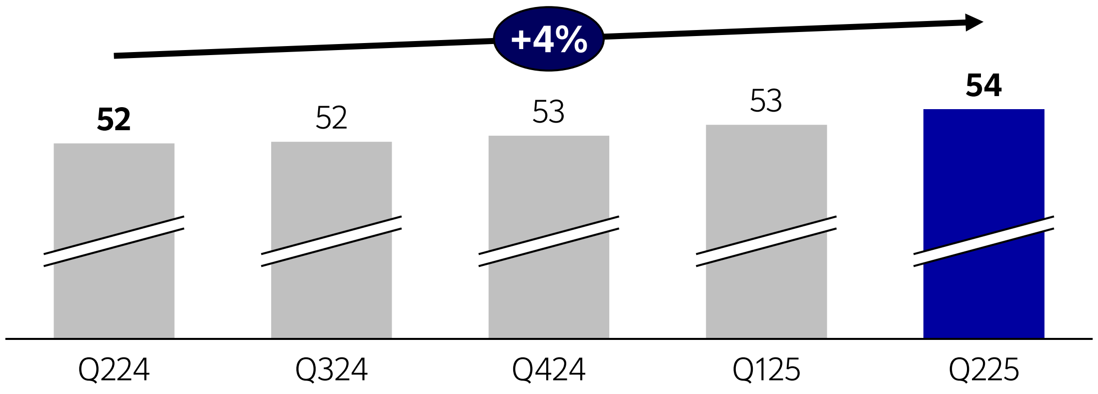
Lending volume growth; income lower, driven by rate reductions

Total income, EURm

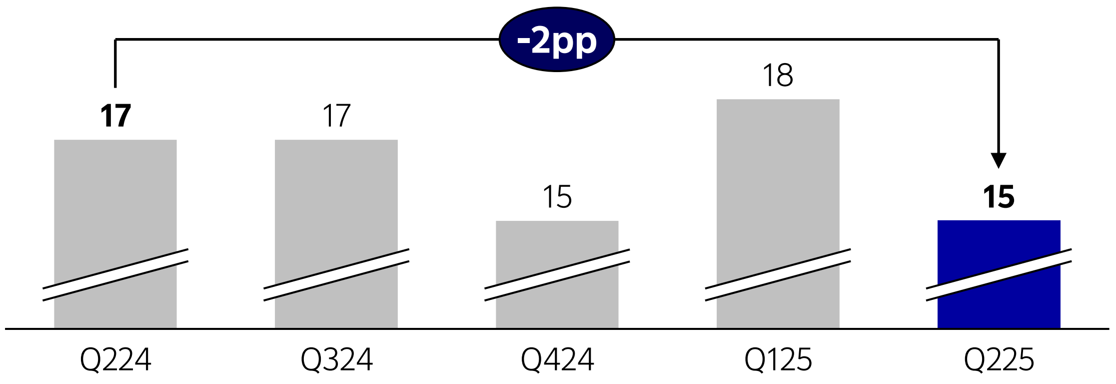


- Lending volumes up 6%, adjusted for FX, and deposit volumes largely stable
- Net interest income down 11% due to lower rates
- Net fee and commission income down 2%, driven by continued slow market activity
- Net fair value income down 6%; customer activity high while market-making income lower
- Return on allocated equity 15% (17% Q224)

Lending*, EURbn



Return on allocated equity**, %



* Excluding repos

** With amortised resolution fees

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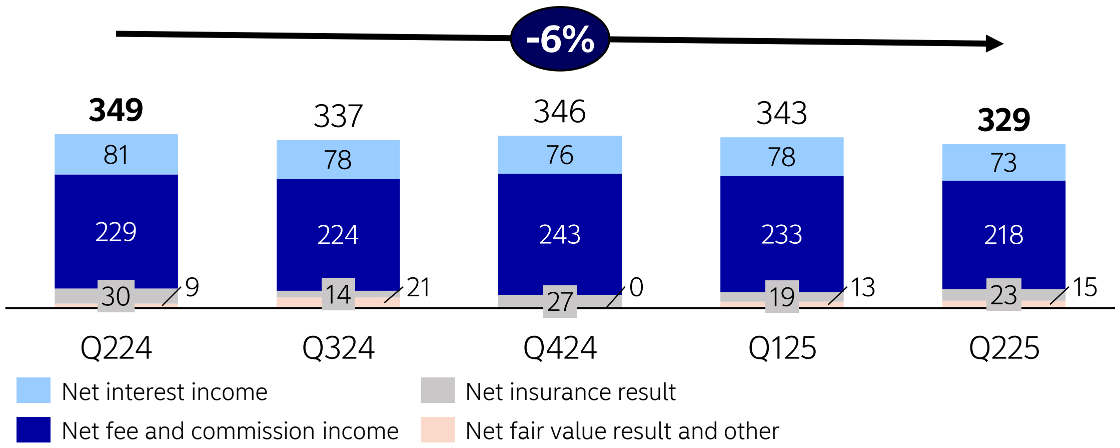
Asset & Wealth Management

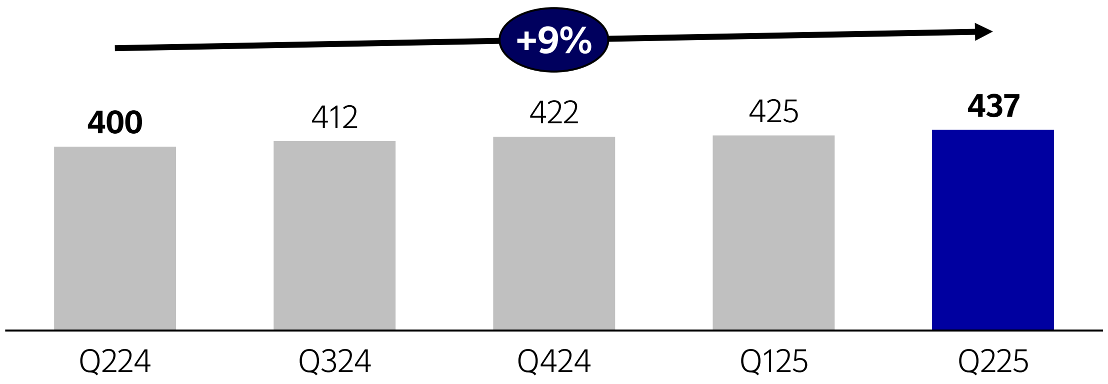
Solid customer acquisition in Private Banking

Total income, EURm

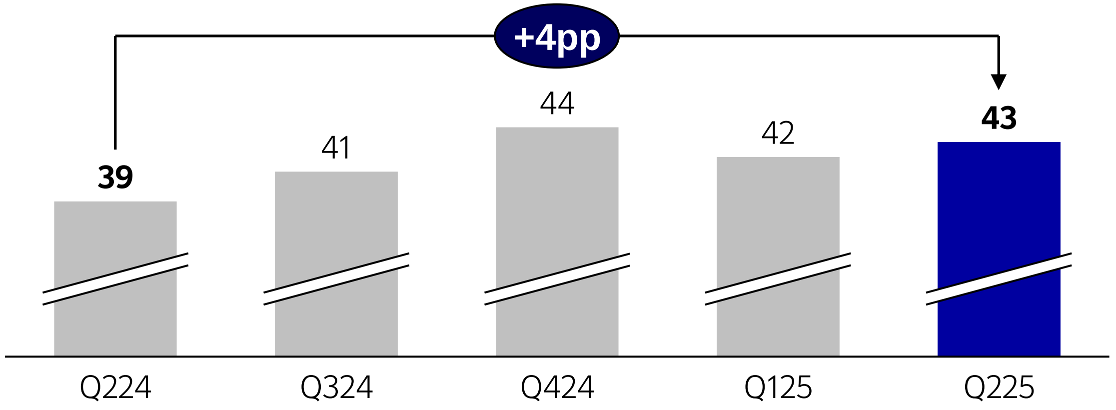


- Solid customer acquisition, with net flows of EUR 2bn in Private Banking, driven by Finland and Sweden
- Flows in higher margin wholesale distribution stabilising
- Assets under management up 9%
  - Nordic channels net flows EUR 4.5bn during quarter
  - International channels net flows EUR -0.4bn during quarter
- Cost-to-income ratio 43% (39% Q224)

Assets under management, EURbn



Cost-to-income ratio*, %



* With amortised resolution fees

Nordea

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: on track to deliver return on equity of 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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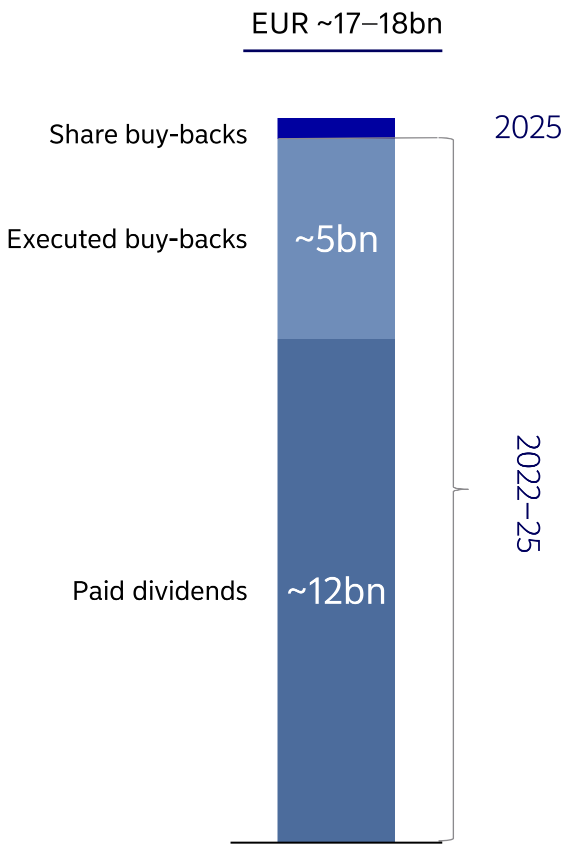
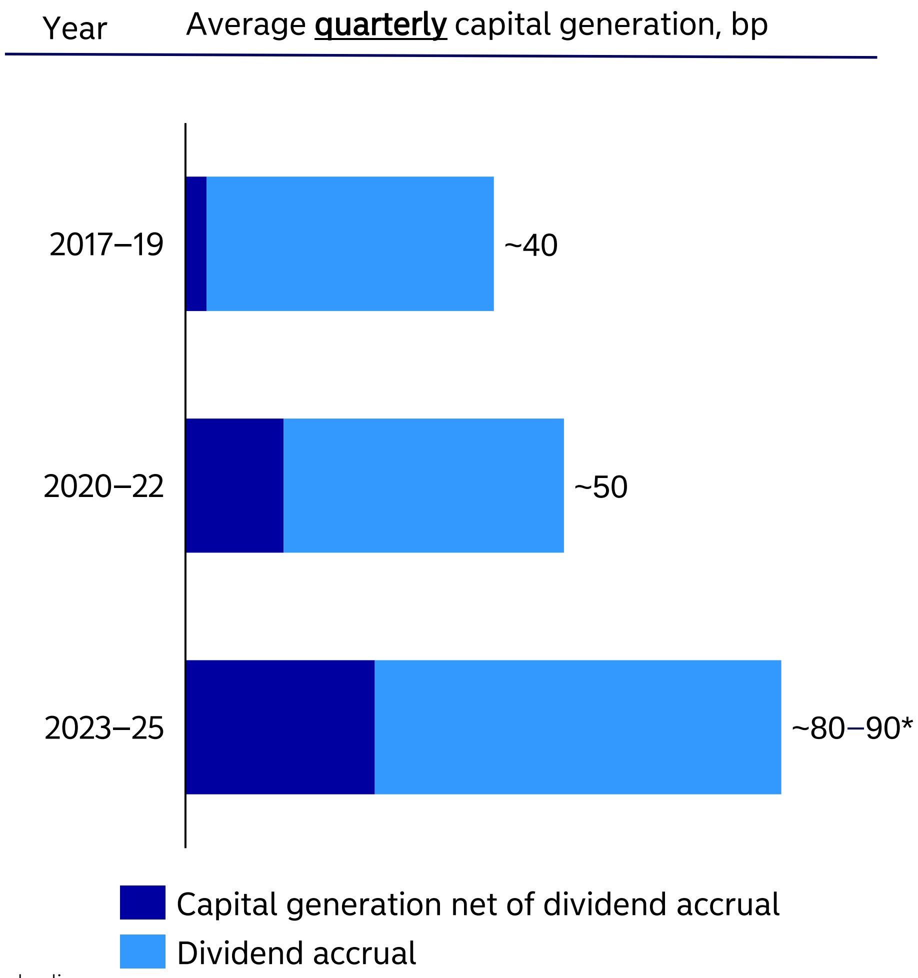
Capital excellence

Strong capital generation supporting returns

Shareholder returns supported by continued strong capital generation





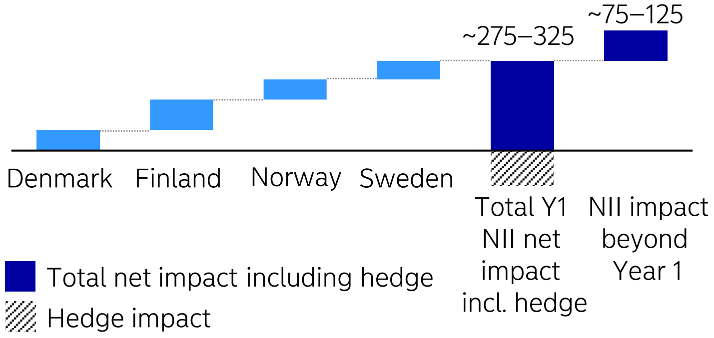
- **Capital return commitment reaffirmed**
  - Strong capital generation
  - Unchanged dividend policy
  - Share buy-backs to distribute excess capital
- **EUR 250m share buy-back programme launched in June 2025, expected to be completed by 30 September 2025 at latest**
- **Continued use of share buy-backs to trim excess capital**

* Indicative, based on 15% RoE and current dividend policy

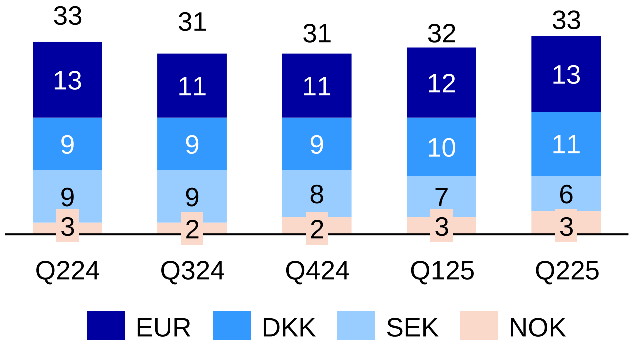
Net interest income sensitivity

Net interest income sensitivity to policy rate changes

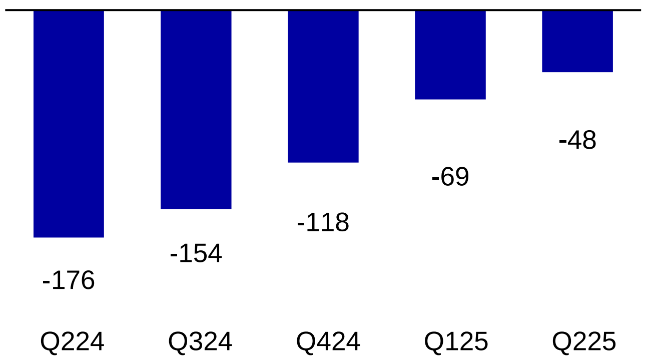
Sensitivity to +50bp parallel shift in policy rates*, EURm



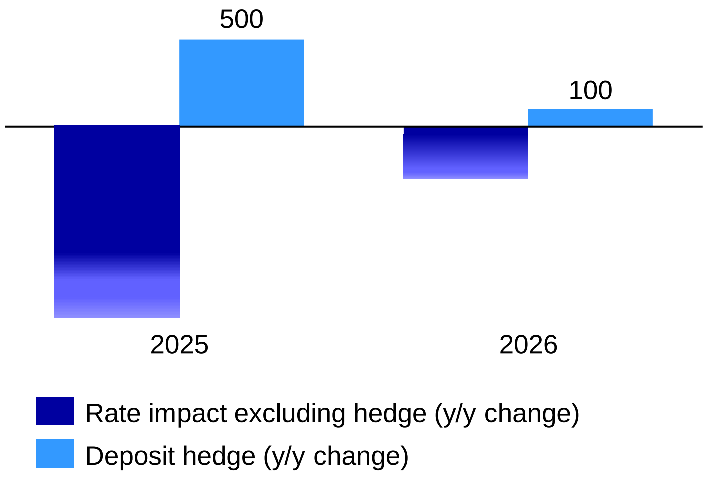
Deposit hedge – nominal volume, EURbn



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
- **Group NII also impacted by other drivers**
  - Volumes and loan/deposit pricing
  - Wholesale funding costs
- **Deposit hedging reduces 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
** Based on end-Q2 market rates

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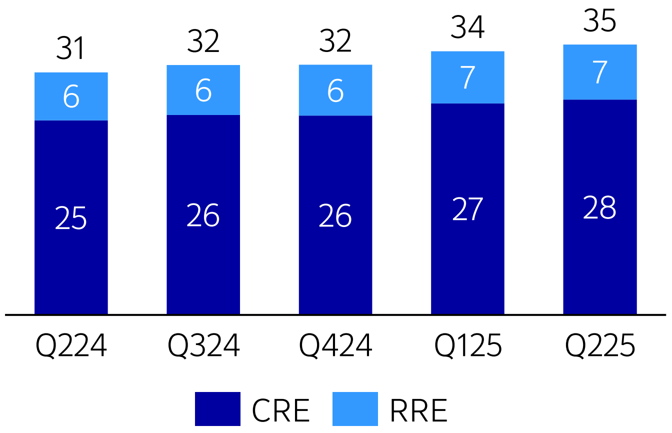
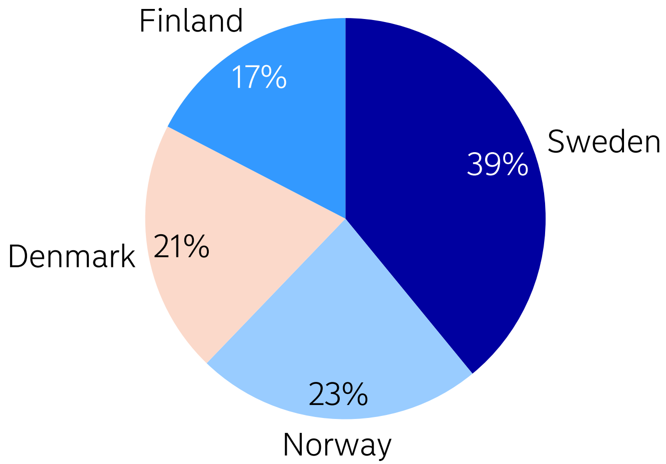
Credit portfolio – real estate management industry (REMI)*

Well-diversified portfolio, high-quality lending

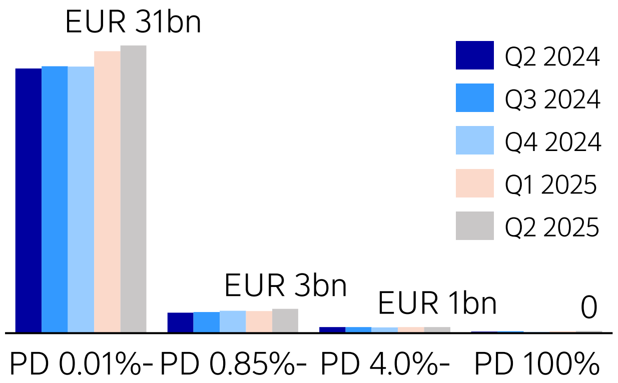
Lending volumes stable



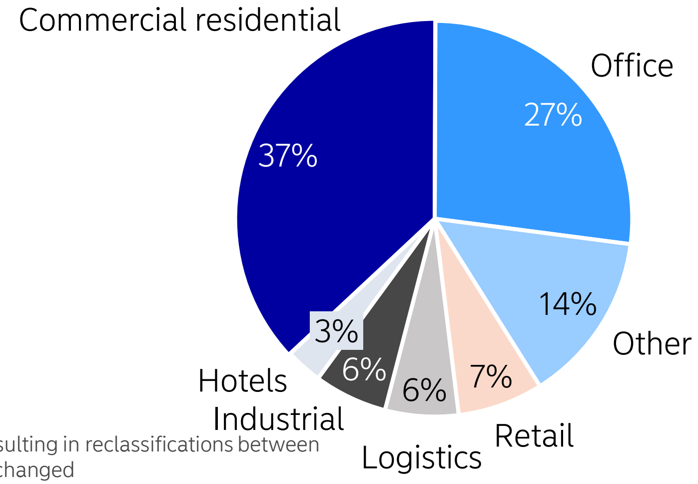
Diversified across countries



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



Diversified across types**



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

* Excluding tenant-owner associations (TOAs)

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

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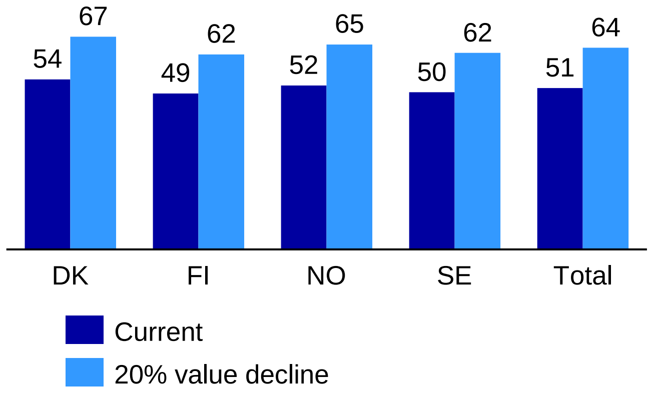
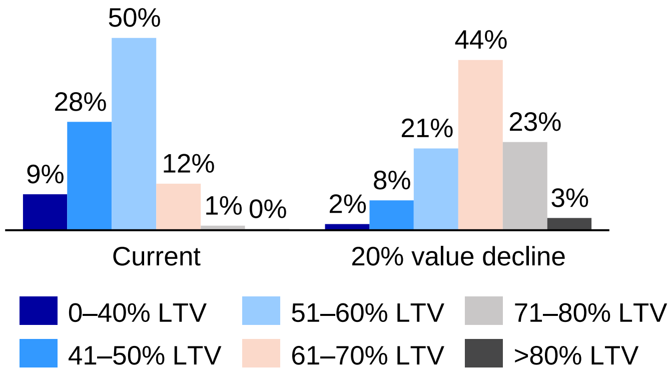
Credit portfolio – real estate management industry (REMI)*

Solid LTVs, resilient interest coverage, high occupancy

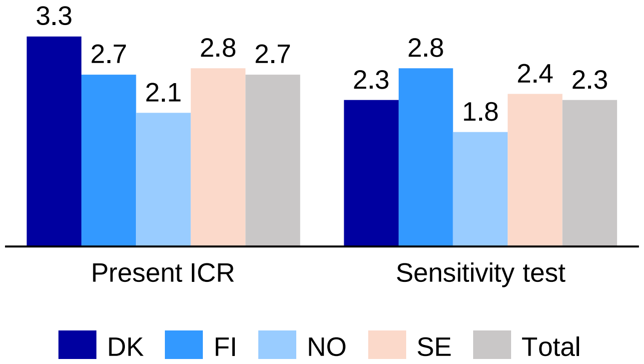
Solid LTV levels for all countries



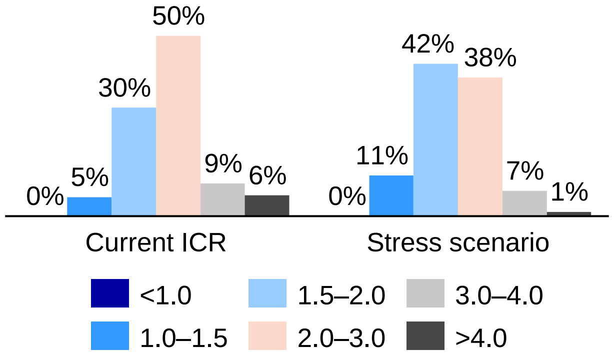
Majority of portfolio with low LTV



High ICR in all countries



ICR above 1.0 in stress scenario for 100% of portfolio



- **87% of exposures with LTV below 60%**
  - In event of 20% decline in market value, 74% of portfolio still with LTV below 70%
- **Average interest coverage ratio (ICR) 2.7x**
  - Average ICR 2.3x in stress scenario
  - Stress scenario: all debt refinanced day one at 5Y swap rates plus margins (4.0–5.6%); no hedging
- **Strict interest rate hedging requirements**
  - 66% 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 Q1 2025, 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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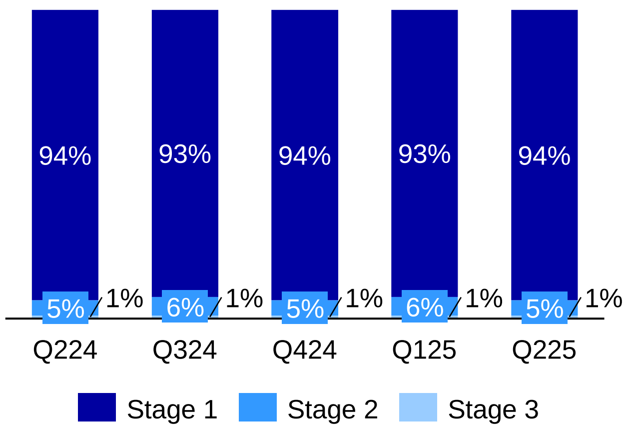
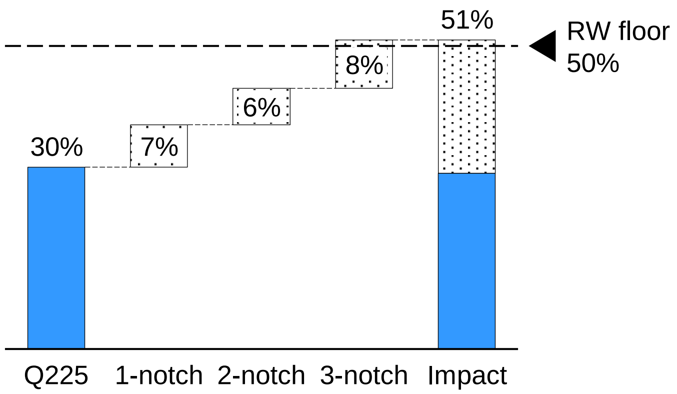
Credit portfolio – real estate management industry (REMI)*

Low levels of risk exposure

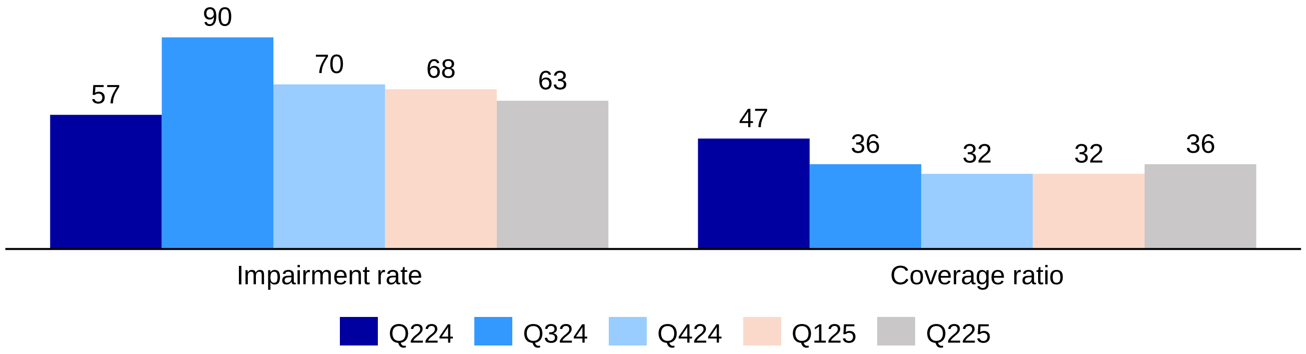
Strong credit quality, with 94% of IFRS 9 portfolio in stage 1



Minimal 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**
- **Only 5% of portfolio in stage 2**
- **0.6% of portfolio impaired: slight decrease**
- **Provision coverage 36%, reflecting high collateralisation**
- **REA protected by risk weight floors**

* Excluding TOAs

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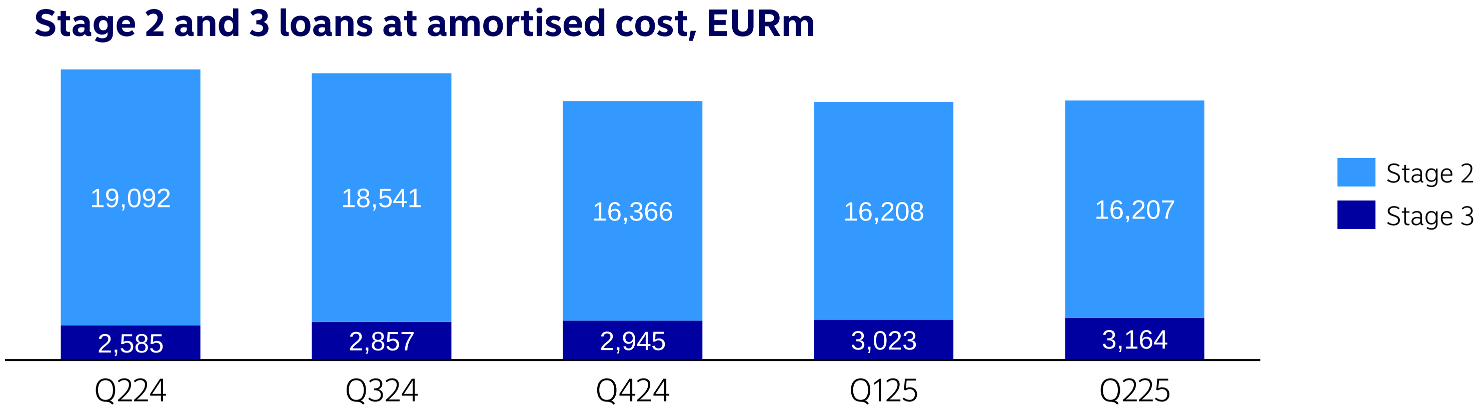
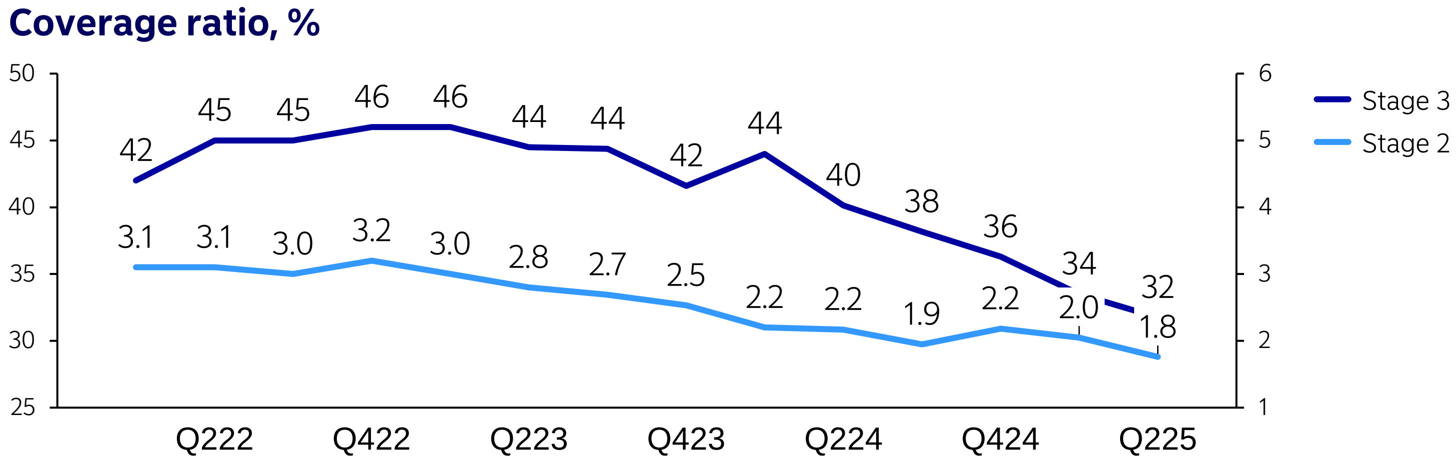
Impairments and provisioning coverage

Continued resilience in strong credit portfolio





- **Stage 2 loans stable at 6% of total loans**
- **Stage 3 loans slightly up at 1.09% of total loans (1.04% Q125)**
- **Coverage ratio for stage 3 portfolio slightly down at 32%**
  - Reduction driven by larger exposures in stage 3 for few customers with strong collateral
  - Stage 2 coverage ratio down due to release of management judgement allowances allocated to stage 2