

Nordea



Third-Quarter Financial Report

2022

Third-quarter results 2022

Summary of the quarter:

- Corporate sector driving continued lending volume growth, despite economic slowdown.** Greater economic uncertainty and increased interest rates had a negative impact on mortgage and SME lending volume growth during the quarter. Despite this, Nordea continued to win market shares across the region with mortgage lending up 4% and corporate lending up 12%. Due to the financial market turmoil, assets under management (AuM) decreased by 4% compared with the previous quarter. However, net flows from internal channels were positive.
- Increased income and operating profit.** Third-quarter operating profit was EUR 1,297m and total income was up 7%, year on year. Net interest income increased by 15%, supported by higher deposit margins and strong growth in large corporate lending volumes. Net commission income decreased by 6%, due to lower AuM and subdued capital market activity. Net fair value increased by 18% driven by strong customer activity. Year on year, costs increased by 4%. Costs excluding regulatory fees increased by 3% driven by higher investments in line with our business plan.
- Strong credit quality with low net loan losses.** Net loan losses and similar net result amounted to EUR 58m in the quarter. The increase this quarter was mainly driven by lower house prices. These resulted in a model-based adjustment in the fair value of the Danish mortgage book, amounting to EUR 29m or 3bp. Realised loan losses were low and new net provisions for loan losses increased slightly to EUR 29m or 4bp (EUR 4m or 1bp a year ago).
- Return on equity at 12.7% and earnings per share up 8%, year on year.** Nordea's return on equity (RoE) increased to 12.7% from 10.8%, year on year. The cost-to-income ratio improved to 48% from 49%. Excluding regulatory fees, the cost-to-income ratio improved to 45% from 47%. Earnings per share increased by 8% to EUR 0.27 from EUR 0.25.
- Strong underlying capital generation.** Nordea's CET1 ratio decreased to 15.8% from 16.6% in the previous quarter following the reductions due to the third share buy-back programme. Nordea's capital position is strong and 5.0 percentage points above the regulatory requirement. Capital generation continued, and excluding the buy-back programme, the CET1 ratio increased by 20bp from the previous quarter. This was driven by high profitability and low risk migration despite strong lending volume growth during the quarter.
- 2022 outlook improved – Nordea remains strong and well positioned for the future.** The Nordic countries face increased macroeconomic uncertainty following higher inflation and lowered GDP forecasts. However, Nordea has a resilient business model and is well positioned to reach its 2025 financial target of a RoE above 13%. The outlook for 2022 is improved. The full-year 2022 RoE is expected to be above 11% (unchanged) while the cost-to-income ratio is expected to be 48–49% (previously 49–50%).

(For further viewpoints, see the CEO comment on page 2. For definitions, see page 53.)

Group quarterly results and key ratios Q3 2022

	Q3 2022	Q3 2021	Chg %	Q2 2022	Chg %	Jan-Sep 2022 ¹	Jan-Sep 2021	Chg %
EURm								
Net interest income	1,407	1,226	15	1,308	8	4,023	3,670	10
Net fee and commission income	816	870	-6	838	-3	2,524	2,575	-2
Net fair value result	264	224	18	282	-6	841	872	-4
Other income	14	24		16		47	65	
Total operating income	2,501	2,344	7	2,444	2	7,435	7,182	4
Total operating expenses excluding regulatory fees	-1,130	-1,098	3	-1,122	1	-3,367	-3,324	1
Total operating expenses	-1,146	-1,098	4	-1,139	1	-3,673	-3,548	4
Profit before loan losses	1,355	1,246	9	1,305	4	3,762	3,634	4
Net loan losses and similar net result	-58	22		56		10	21	
Operating profit	1,297	1,268	2	1,361	-5	3,772	3,655	3
Cost-to-income ratio excluding regulatory fees, %	45	47		46		45	46	
Cost-to-income ratio with amortised resolution fees, %	48	49		49		49	49	
Return on equity with amortised resolution fees, %	12.7	10.8		13.3		12.8	11.1	
Diluted earnings per share, EUR	0.27	0.25	8	0.28	-4	0.76	0.69	10

¹ Excluding items affecting comparability. See page 5 for further details.

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We are a universal bank with a 200-year history of supporting and growing the Nordic economies – enabling dreams and aspirations for a greater good. Every day, we work to support our customers' financial development, delivering best-in-class omnichannel customer experiences and driving sustainable change. The Nordea share is listed on the Nasdaq Helsinki, Nasdaq Copenhagen and Nasdaq Stockholm exchanges. Read more about us at nordea.com.

CEO comment

In the third quarter we maintained strong momentum and business volume growth – in line with our business plan and key priorities. Our operating profit increased by 2% to EUR 1,297m. Although the third quarter is typically seasonally quieter, we delivered 7% income growth. Our cost-to-income ratio excluding regulatory fees improved to 45% from 47% a year ago. Including the fees, it was 48%. Return on equity (RoE) was 12.7%, up from 10.8% last year.

Lower consumer activity was clearly seen in the Nordic housing market. The slowdown was most pronounced in Sweden, where house prices declined by around 5% compared with last year. Despite this, we grew our mortgage lending volumes by 4% and again increased our market shares across the Nordics. At the same time the demand for corporate loans – especially among larger corporates – continued to increase, and we are well positioned to meet this demand. Corporate lending grew by 12% compared with the previous year.

In the third quarter, central bank policy rates in Denmark and Finland turned positive, following Norway and Sweden. Although the higher interest rates will dampen economic activity, in the long term they should also be seen as a healthy adjustment that gradually returns us to more normalised market conditions. Improved deposit margins supported our income. We expect this trend to continue in the coming quarters as interest rates are likely to continue to increase in all four countries.

Our credit quality remains strong. We have the most diversified portfolio among the banks in the Nordic region – both in terms of countries and sectors. In the third quarter net loan losses and similar net result amounted to 7 basis points. Individual losses remained very low across sectors and the increase was mainly attributable to the model-based impact of lower house prices on our mortgage loans in Denmark. Our management judgement buffer was kept unchanged at EUR 565m in the third quarter.

Our business areas continued to deliver strong performances. In Personal Banking mortgage lending volumes grew by 4% – despite the lower housing market transaction volumes across the region. The rate hikes improved our deposit margins, but mortgage margins in especially Norway and Sweden remained under pressure due to higher funding costs. Credit quality remained strong. We continued to engage extensively with our customers through our omnichannel model to drive activity, and also completed the launch of our updated mobile bank app.

Business Banking continued to grow solidly especially in Norway and Sweden. Lending volumes increased by 6%, with good growth in green loans, which were up by 80%. Credit quality remained strong. Our deposit margins improved after the rate hikes, and we continued to see high customer demand for hedging solutions. Capital markets activity remained subdued.

Large Corporates & Institutions grew lending volumes by 25% as corporates increasingly turned to us for their financing needs. This was mainly driven by customers strengthening liquidity in the power production sector as well as in order to support a number of large deals in Mergers & Acquisitions. Credit quality remained strong with net reversals in the quarter. We were once again ranked first for Nordic sustainable bonds.

In Asset & Wealth Management, assets under management (AuM) were EUR 341bn, down 4% during the quarter. The macroeconomic uncertainty and interest rate increases continued to cause high volatility in both the equity and fixed income markets. However, net flows in our internal channels continued to be positive, mainly driven by the positive momentum in Private Banking. We continued to show ESG market leadership and expanded our ESG product range with a new Article 9 real assets fund, one of the first of its kind in Europe.

Our capital position continues to be among the strongest in Europe. Our CET1 ratio was 15.8%. During the quarter our CET1 requirement increased to 10.8%, as expected, due to increased counter-cyclical buffers in Denmark and Sweden. Our CET1 ratio was 5.0 percentage points above the regulatory requirement. We continue to implement an efficient capital structure and distribute excess capital to our shareholders through our third share buy-back programme.

We will continue to deliver on our key priorities in order to continuously improve our performance and reach our financial target. The three key priorities are to create the best omnichannel customer experience, drive focused and profitable growth and increase operational and capital efficiency. We are also focusing on two key levers across the entire bank: being a digital leader among our peers and integrating sustainability into the core of our business.

The Nordic countries face increased macroeconomic uncertainty following the higher inflation and lowered GDP forecasts. The visibility is currently low and we expect the challenging environment to continue during the coming quarters. However, we are well positioned to weather this environment and have a resilient business model. We are committed to reaching our 2025 financial target of a RoE above 13%. For 2022, our outlook for the cost-to-income ratio is improved to 48–49% (previously 49–50%). Our RoE guidance of above 11% remains unchanged.

Nordea's role is the same as it has been for 200 years: we are here to support our customers and the societies where we operate. And that is our way forward – to be the preferred partner for our customers. In both good and challenging times.

Frank Vang-Jensen
President and Group CEO

Outlook (updated)

Financial target for 2025

Nordea's financial target for 2025 is a return on equity above 13%.

The target will be supported by a cost-to-income ratio of 45–47%, an annual net loan loss ratio of around 10bp and the continuation of Nordea's well-established capital and dividend policies.

Financial outlook for 2022

Nordea expects a return on equity of above 11% and a cost-to-income ratio of 48–49% for 2022 (updated).

Capital policy

A management buffer of 150–200bp above the regulatory CET1 requirement.

Dividend policy

Nordea's dividend policy stipulates a dividend payout ratio of 60–70%, applicable to profit for the financial year. Nordea will continuously assess the opportunity to use share buy-backs as a tool to distribute excess capital.

Outlook (previous)

Financial target for 2025

Nordea's financial target for 2025 is a return on equity above 13%.

The target will be supported by a cost-to-income ratio of 45–47%, an annual net loan loss ratio of around 10bp and the continuation of Nordea's well-established capital and dividend policies.

Financial outlook for 2022

Nordea expects a return on equity of above 11% and a cost-to-income ratio of 49–50% for 2022.

Capital policy

A management buffer of 150–200bp above the regulatory CET1 requirement.

Dividend policy

Nordea's dividend policy stipulates a dividend payout ratio of 60–70%, applicable to profit for the financial year. Nordea will continuously assess the opportunity to use share buy-backs as a tool to distribute excess capital.

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Income statement

Excluding items affecting comparability¹

	Q3 2022	Q3 2021	Chg %	Local curr. %	Q2 2022	Chg %	Local curr. %	Jan-Sep 2022	Jan-Sep 2021	Chg %	Local curr. %
EURm											
Net interest income	1,407	1,226	15	16	1,308	8	9	4,023	3,670	10	10
Net fee and commission income	816	870	-6	-6	838	-3	-2	2,524	2,575	-2	-1
Net result from items at fair value	264	224	18	16	282	-6	-8	841	872	-4	-4
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	-3	9			-4	-25	-25	-7	-2		
Other operating income	17	15	13	7	20	-15	-20	54	67	-19	-20
Total operating income	2,501	2,344	7	7	2,444	2	3	7,435	7,182	4	4
Staff costs	-701	-702	0	1	-699	0	1	-2,103	-2,089	1	1
Other expenses	-282	-237	19	19	-265	6	6	-813	-761	7	7
Regulatory fees	-16	-			-17	-6	0	-306	-224	37	37
Depreciation, amortisation and impairment charges of tangible and intangible assets	-147	-159	-8	-7	-158	-7	-6	-451	-474	-5	-4
Total operating expenses	-1,146	-1,098	4	5	-1,139	1	1	-3,673	-3,548	4	4
Profit before loan losses	1,355	1,246	9	9	1,305	4	4	3,762	3,634	4	4
Net loan losses and similar net result	-58	22			56			10	21	-52	-65
Operating profit	1,297	1,268	2	3	1,361	-5	-4	3,772	3,655	3	3
Income tax expense	-285	-267	7	7	-307	-7	-7	-838	-841	0	0
Net profit for the period	1,012	1,001	1	1	1,054	-4	-3	2,934	2,814	4	5

¹ Excluding the following items affecting comparability in the first quarter of 2022: a non-deductible loss from the recycling of EUR 529m in accumulated foreign exchange losses related to operations in Russia and EUR 8m (EUR 6m after tax) in losses on fund investments in Russia, recognised in "Net result from items at fair value"; and EUR 76m (EUR 64m after tax) in credit losses on direct exposures to Russian counterparties, recognised in "Net loan losses and similar net result". There was no impact on equity, own funds or capital from the recycling of the accumulated foreign exchange losses, as a corresponding positive item was recorded in "Other comprehensive income". Consequently, this item has no impact on Nordea's dividend or share buy-back capacity.

Ratios and key figures¹

Excluding items affecting comparability²

	Q3 2022	Q3 2021	Chg %	Q2 2022	Chg %	Jan-Sep 2022	Jan-Sep 2021	Chg %
Diluted earnings per share (DEPS), EUR	0.27	0.25	8	0.28	-4	0.76	0.69	10
EPS, rolling 12 months up to period end, EUR	1.03	0.87	18	1.00	3	1.03	0.87	18
Return on equity, %	13.4	11.3		14.0		12.6	10.9	
Return on tangible equity, %	15.2	12.6		15.9		14.3	12.3	
Return on risk exposure amount, %	2.7	2.6		2.8		2.6	2.4	
Return on equity with amortised resolution fees, %	12.7	10.8		13.3		12.8	11.1	
Cost-to-income ratio, %	46	47		47		49	49	
Cost-to-income ratio with amortised resolution fees, %	48	49		49		49	49	
Cost-to-income ratio excluding regulatory fees, %	45	47		46		45	46	
Net loan loss ratio, incl. loans held at fair value, bp	7	-3		-6		0	-1	
Return on capital at risk, %	17.7	17.2		18.2		17.0	16.2	
Return on capital at risk with amortised resolution fees, %	16.8	16.4		17.3		17.3	16.4	

¹ For more detailed information regarding ratios and key figures defined as alternative performance measures, see <https://www.nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports>.

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Business volumes, key items¹

	30 Sep 2022	30 Sep 2021	Chg %	Local curr. %	30 Jun 2022	Chg %	Local curr. %
EURbn							
Loans to the public	345.9	342.6	1	4	347.6	0	0
Loans to the public, excl. repos/securities borrowing	327.4	319.5	2	6	328.5	0	1
Deposits and borrowings from the public	225.4	210.8	7	9	223.0	1	2
Deposits from the public, excl. repos/securities lending	215.7	202.1	7	9	210.6	2	3
Total assets	624.8	614.5	2		611.0	2	
Assets under management	341.4	392.9	-13		355.5	-4	
Equity	31.0	36.6	-15		30.7	1	

¹ End of period.

Income statement

Including items affecting comparability

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Staff costs	-701	-702	0	1	-699	0	1	-2,103	-2,089	1	1
Other expenses	-282	-237	19	19	-265	6	6	-813	-761	7	7
Regulatory fees	-16	-			-17	-6	0	-306	-224	37	37
Depreciation, amortisation and impairment charges of tangible and intangible assets	-147	-159	-8	-7	-158	-7	-6	-451	-474	-5	-4
Total operating expenses	-1,146	-1,098	4	5	-1,139	1	1	-3,673	-3,548	4	4
Profit before loan losses	1,355	1,246	9	9	1,305	4	4	3,225	3,634	-11	-11
Net loan losses and similar net result	-58	22			56			-66	21		
Operating profit	1,297	1,268	2	3	1,361	-5	-4	3,159	3,655	-14	-13
Income tax expense	-285	-267	7	7	-307	-7	-7	-824	-841	-2	-2
Net profit for the period	1,012	1,001	1	1	1,054	-4	-3	2,335	2,814	-17	-17

Ratios and key figures¹

Including items affecting comparability

	Q3 2022	Q3 2021	Chg %	Q2 2022	Chg %	Jan-Sep 2022	Jan-Sep 2021	Chg %
EURm								
Diluted earnings per share (DEPS), EUR	0.27	0.25	8	0.28	-4	0.61	0.69	-12
EPS, rolling 12 months up to period end, EUR	0.87	0.87	0	0.84	4	0.87	0.87	0
Share price ² , EUR	8.80	11.24	-22	8.40	5	8.80	11.24	-22
Equity per share ² , EUR	8.40	9.06	-7	8.18	3	8.40	9.06	-7
Potential shares outstanding ² , million	3,714	4,050	-8	3,753	-1	3,714	4,050	-8
Weighted average number of diluted shares, million	3,722	4,042	-8	3,792	-2	3,815	4,041	-6
Return on equity, %	13.4	11.3		14.0		10.0	10.9	
Return on tangible equity, %	15.2	12.6		15.9		11.3	12.3	
Return on risk exposure amount, %	2.7	2.6		2.8		2.1	2.4	
Return on equity with amortised resolution fees, %	12.7	10.8		13.3		10.2	11.1	
Cost-to-income ratio, %	46	47		47		53	49	
Cost-to-income ratio with amortised resolution fees, %	48	49		49		52	49	
Net loan loss ratio, incl. loans held at fair value, bp	7	-3		-6		3	-1	
Common Equity Tier 1 capital ratio ^{2,3} , %	15.8	16.9		16.6		15.8	16.9	
Tier 1 capital ratio ^{2,3} , %	18.2	18.9		18.8		18.2	18.9	
Total capital ratio ^{2,3} , %	20.3	21.0		20.9		20.3	21.0	
Tier 1 capital ^{2,3} , EURbn	27.1	28.8	-6	28.4	-5	27.1	28.8	-6
Risk exposure amount ² , EURbn	149.4	152.6	-2	150.8	-1	149.4	152.6	-2
Return on capital at risk, %	17.7	17.2		18.2		13.5	16.2	
Return on capital at risk with amortised resolution fees, %	16.8	16.4		17.3		13.8	16.4	
Number of employees (FTEs) ²	27,649	27,126	2	27,350	1	27,649	27,126	2
Economic capital ² , EURbn	22.5	23.1	-3	22.8	-1	22.5	23.1	-3

¹ For more detailed information regarding ratios and key figures defined as alternative performance measures, see <https://www.nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports>.

² End of period.

³ Including the result for the period.

Macroeconomy and financial markets¹

Global

Prospects for the global economy have deteriorated over the summer. Europe in particular has been hit hard by the energy crisis and high inflation on the back of the war in Ukraine. Central banks around the world have sharpened their rhetoric and tightened monetary policy significantly in efforts to dampen demand and anchor inflation expectations to around 2%. The European Central Bank (ECB) emerged from negative interest rate territory in July and again increased the monetary policy rate to 0.75% in September, while the federal funds rate has been increased to 3.25% in the United States.

The sudden and sharp tightening of monetary policy and the uncertain economic environment have led to high volatility in the financial markets. Interest rates have risen sharply, while stock markets have seen a marked decline. S&P 500 and STOXX Europe 600 indices were both down by around 25% during the first three quarters of the year, while the global aggregate bond index was down by 20%.

The Nordic countries have been among the best-performing economies globally during the pandemic. GDP and employment levels are now well above pre-pandemic levels in all four countries. However, the outlook has weakened due to the high inflation, higher interest rates and lower global growth.

Denmark

Danish GDP expanded by 0.9% during the second quarter of 2022. Inventories and exports increased in the second quarter, while household consumption was unchanged. During the third quarter consumer sentiment dropped and business sentiment fell. However, the labour market remained strong and the unemployment rate stood at 2.7% in August, almost the lowest it has been since 2008. Wage growth has remained subdued. House and apartment prices were 3–5% higher than in the same quarter last year, but started to decline during the third quarter. Year-on-year consumer price inflation stood at 10% in September, the highest level since late 1982. The Danish krone remained strong against the euro in the third quarter. Nationalbanken hiked its monetary policy rates in line with the ECB in July and September.

Finland

Finnish GDP grew by 0.9% during the second quarter of 2022. Despite the war in Ukraine, high inflation and rising interest rates, the economic performance remained robust in the first half of the year. However, the sentiment has deteriorated and the outlook for the second half of the year is weaker. The earlier rapid improvement in the labour market partly reversed and the unemployment rate increased to 7.1% in August 2022. Apartment prices declined during August, but were still 0.4% higher, year on year. Housing transaction volumes are decreasing from the record-high levels seen last year. In September year-on-year consumer price inflation stood at 8.4%, driven by higher energy and other import prices.

Norway

Norwegian mainland GDP increased by 0.7% during the second quarter of 2022. So far, economic development has been strong this year with the seasonally adjusted unemployment rate dropping from 2.3% at the start of the year to a record low of 1.6% in September. Housing prices declined during the quarter, but were still 4% higher in September 2022 than in the same month last year. Year-on-year consumer price inflation stood at 7% in September, driven by increased energy prices but also by broad price increases of both imported goods and domestic goods and services. Norges Bank continues to hike its interest rates due to a highly pressured economy and high inflation. The key rate was increased by 50bp in June, August and September, bringing it up to 2.25% in September, and Norges Bank signalled that it would be raised further going forward. The Norwegian krone has continued to weaken during the third quarter on the back of high financial market uncertainty.

Sweden

Swedish GDP rose by 0.9% during the second quarter of 2022. Both domestic demand and exports were up. The labour market continued to improve, with the unemployment rate falling to 6.6% in September 2022 according to the Swedish Public Employment Service. House and apartment prices continued to decline and were 5% and 3% lower, respectively, in August 2022 than in the same month last year. Year-on-year consumer price inflation stood at 10% in September and was broad-based. Wages are rising, albeit gradually. Sveriges Riksbank hiked its policy rate by 100bp to 1.75% in September 2022 and signalled that it would be raised further going forward. The Riksbank started to reduce its balance sheet during the third quarter of 2022. The trade-weighted Swedish krona weakened by 3.2% over the course of the third quarter.

¹Source: Nordea Economic Research

Group results and performance

Third quarter 2022

Net interest income

Q3/Q3: Net interest income increased by 15%. The main drivers were improved deposit margins and increased lending volumes in all business areas. These were partly offset by lower lending margins. Exchange rate effects had a negative impact of approximately EUR 11m.

Q3/Q2: Net interest income increased by 8%. The main drivers were improved deposit margins, increased lending volumes and a higher day count. These were offset by lower lending margins, including a lower benefit from the European Central Bank's targeted longer-term refinancing operations. Exchange rate effects had a negative impact of approximately EUR 14m.

Lending volumes

Q3/Q3: Loans to the public excluding repurchase agreements and securities borrowing were up 6% in local currencies. Lending volumes increased in Personal Banking (4% in local currencies), Business Banking (6% in local currencies) and Large Corporates & Institutions (25% in EUR).

Q3/Q2: Loans to the public excluding repurchase agreements and securities borrowing were up 1% in local currencies. Lending volumes increased in Business Banking (1% in local currencies) and Large Corporates & Institutions (7% in EUR). Personal Banking was stable.

Deposit volumes

Q3/Q3: Total deposits from the public excluding repurchase agreements and securities lending were up 9% in local currencies. Deposit volumes increased in Personal Banking (5% in local currencies), Business Banking (7% in local currencies) and Large Corporates & Institutions (13% in EUR).

Q3/Q2: Total deposits from the public excluding repurchase agreements and securities lending were up 3% in local currencies. Deposit volumes increased in Large Corporates & Institutions (11% in EUR), were stable in Personal Banking and decreased in Business Banking (-1% in local currencies).

Net interest income per business area

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Personal Banking	636	571	565	556	573	11%	11%	12%	12%
Business Banking	487	444	440	417	396	23%	10%	23%	10%
Large Corporates & Institutions	284	263	267	247	228	25%	8%		
Asset & Wealth Management	41	29	26	20	19		41%		41%
Group functions	-41	1	10	15	10				
Total Group	1,407	1,308	1,308	1,255	1,226	15%	8%	16%	9%

Change in net interest income (NII)

	Q3/Q2	Q3/Q3	Jan-Sep 22/21
EURm			
NII beginning of period	1,308	1,226	3,670
Margin-driven NII	84	73	81
Lending margin	-72	-146	-301
Deposit margin	177	233	354
Cost of funds	-21	-14	28
Volume-driven NII	19	97	242
Lending volume	19	103	261
Deposit volume	0	-6	-19
Day count	12	0	0
Other ¹	-16	11	30
NII end of period	1,407	1,407	4,023
¹ of which foreign exchange.	-14	-11	-18

Net fee and commission income

Q3/Q3: Net fee and commission income decreased by 6%, driven by lower net income from savings and investments. This was partly offset by higher income from payments and cards.

Q3/Q2: Net fee and commission income decreased by 3%, driven by lower net income from savings and investments.

Savings and investment commissions

Q3/Q3: Net fee and commission income from savings and investments decreased by 12%, as financial market turbulence led to a decrease in assets under management (AuM) and lower customer activity in the brokerage and advisory business.

Q3/Q2: Net fee and commission income from savings and investments decreased by 4%, mainly driven by lower brokerage and advisory fee income. End-of-period AuM decreased by 4%, or EUR 14bn, to EUR 341bn, with a net flow of EUR -2.5bn during the quarter.

Payments and cards commissions

Q3/Q3: Net fee and commission income from payments and cards increased by 11%, mainly driven by increased card usage.

Q3/Q2: Net fee and commission income from payments and cards increased by 2%.

Lending-related commissions

Q3/Q3: Lending-related net fee and commission income increased by 4%.

Q3/Q2: Lending-related net fee and commission income was stable.

Net fee and commission income per business area

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Personal Banking	308	304	303	324	316	-3%	1%	-1%	2%
Business Banking	149	162	165	169	161	-7%	-8%	-7%	-9%
Large Corporates & Institutions	105	113	129	120	115	-9%	-7%		
Asset & Wealth Management	268	269	279	311	287	-7%	0%	-6%	0%
Group functions	-14	-10	-6	-4	-9				
Total Group	816	838	870	920	870	-6%	-3%	-6%	-2%

Net fee and commission income per category

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Savings and investments, net	537	559	595	654	613	-12%	-4%	-12%	-4%
Payments and cards, net	144	141	131	127	130	11%	2%	12%	2%
Lending-related, net	143	143	147	151	138	4%	0%	3%	0%
Other commissions, net	-8	-5	-3	-12	-11				
Total Group	816	838	870	920	870	-6%	-3%	-6%	-2%

Assets under management (AuM), volumes and net flow

	Q322	Q222	Q122	Q421	Q321	Net flow
						Q322
EURbn						
Nordic Retail funds	70.3	72.6	81.7	87.4	82.4	-0.5
Private Banking	102.4	106.1	115.4	122.7	116.1	1.1
Institutional sales	109.2	115.9	124.8	131.3	128.0	-3.4
Life & Pension	59.5	60.8	67.4	69.9	66.3	0.2
Total	341.4	355.5	389.4	411.3	392.9	-2.5

Net result from items at fair value

Q3/Q3: Net result from items at fair value increased by 18% due to high customer activity and higher trading income in Markets. These were partly offset by lower investment valuation increases in Treasury.

Q3/Q2: Net result from items at fair value decreased by 6%, driven by lower gains related to the restructuring of our Offshore portfolio and unusually high market volatility that resulted in losses in certain derivatives positions. These were partly offset by higher trading income in Markets and high customer activity.

Net result from items at fair value per business area

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2
EURm							
Personal Banking	30	28	55	34	32	-6%	7%
Business Banking	96	93	99	88	69	39%	3%
Large Corporates & Institutions	118	162	134	85	90	31%	-27%
Asset & Wealth Mgmt. excl. Life & Pension	10	12	7	6	10	-3%	-16%
Life & Pension	-2	1	-6	6	3		
Group functions	12	-14	6	28	20		
Total Group	264	282	295	247	224	18%	-6%
Total, incl. items affecting comparability¹	264	282	-242	247	224	18%	-6%

¹ Items affecting comparability in the first quarter of 2022: a non-deductible loss from the recycling of EUR 529m in accumulated exchange losses related to operations in Russia and EUR 8m (EUR 6m after tax) in losses on fund investments in Russia, recognised in "Net result from items at fair value".

Equity method

Q3/Q3: Income from companies accounted for under the equity method was EUR -3m, down from EUR 9m, driven by lower income from an associated company.

Q3/Q2: Income from companies accounted for under the equity method was EUR -3m, up from EUR -4m.

Other operating income

Q3/Q3: Other operating income was EUR 17m, up from EUR 15m.

Q3/Q2: Other operating income was EUR 17m, down from EUR 20m.

Total operating income per business area

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Personal Banking	974	906	925	913	922	6%	8%	7%	8%
Business Banking	737	709	714	681	635	16%	4%	17%	5%
Large Corporates & Institutions	508	541	530	454	433	17%	-6%		
Asset & Wealth Management	317	311	306	346	319	-1%	2%	-1%	2%
Group functions	-35	-23	15	44	35				
Total Group	2,501	2,444	2,490	2,438	2,344	7%	2%	7%	3%
Total, incl. items affecting comparability¹	2,501	2,444	1,953	2,438	2,344	7%	2%	7%	3%

¹ Items affecting comparability in the first quarter of 2022: a non-deductible loss from the recycling of EUR 529m in accumulated foreign exchange losses related to operations in Russia and EUR 8m (EUR 6m after tax) in losses on fund investments in Russia, recognised in "Net result from items at fair value".

Total operating expenses

Q3/Q3: Total operating expenses were up 4% due to higher other expenses and higher regulatory fees, which included the Swedish bank tax. These were partly offset by lower depreciation and amortisation. Exchange rate effects had a positive impact of approximately EUR 7m.

Q3/Q2: Total operating expenses were up 1% due to higher other expenses, partly offset by lower depreciation and amortisation. Exchange rate effects had a positive impact of approximately EUR 5m.

Staff costs

Q3/Q3: Staff costs were stable.

Q3/Q2: Staff costs were stable.

Other expenses

Q3/Q3: Other expenses increased by 19% due to higher IT investments in line with our business plan and more normalised marketing costs.

Q3/Q2: Other expenses increased by 6% due to higher IT investments in line with our business plan.

Regulatory fees

Q3/Q3: Regulatory fees amounted to EUR 16m, compared with EUR 0m, and primarily related to the Swedish bank tax.

Q3/Q2: Regulatory fees amounted to EUR 16m, compared with EUR 17m in the second quarter of 2022.

Depreciation and amortisation

Q3/Q3: Depreciation and amortisation decreased by 8% due to lower impairment charges and a lower run rate of asset and project amortisation. The lower run rate is due to earlier impairments.

Q3/Q2: Depreciation and amortisation decreased by 7% to EUR 147m due to lower impairment charges.

FTEs

Q3/Q3: The number of employees (FTEs) was 27,649 at the end of the third quarter, an increase of 2%, mainly due to regulatory IT projects and investments to drive growth.

Q3/Q2: The number of FTEs was up 1%, mainly due to regulatory IT projects and investments to drive growth.

Total operating expenses

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Staff costs	-701	-699	-703	-670	-702	0%	0%	1%	1%
Other expenses	-282	-265	-266	-241	-237	19%	6%	19%	6%
Regulatory fees	-16	-17	-273	0	0		-6%		0%
Depreciation and amortisation	-147	-158	-146	-190	-159	-8%	-7%	-7%	-6%
Total Group	-1,146	-1,139	-1,388	-1,101	-1,098	4%	1%	5%	1%

Total operating expenses per business area

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Personal Banking	-458	-449	-509	-453	-450	2%	2%	2%	2%
Business Banking	-292	-291	-350	-296	-291	0%	0%	1%	1%
Large Corporates & Institutions	-179	-189	-275	-174	-172	4%	-5%		
Asset & Wealth Management	-142	-131	-139	-143	-149	-5%	8%	-5%	8%
Group functions	-75	-79	-115	-35	-36	108%	-5%		
Total Group	-1,146	-1,139	-1,388	-1,101	-1,098	4%	1%	5%	1%

Exchange rate effects

	Q3/Q3	Q3/Q2	Jan-Sep 22/21
Percentage points			
Income	0	0	0
Expenses	-1	0	-1
Operating profit	0	0	0
Loan and deposit volumes	-3	-1	-3

Net loan losses and similar net result

Nordea Group's credit performance remained strong in the third quarter of 2022, while the risk outlook deteriorated due to the adverse macroeconomic developments following Russia's continued invasion of Ukraine. Net loan losses and similar net result amounted to EUR 58m (7bp), or EUR 29m excluding the model-based revaluation of Danish mortgage loans held at fair value. Realised loan losses were very low. In the second quarter of 2022 comparable net reversals were EUR 56m (6bp), or EUR 40m excluding the model-based revaluation of Danish mortgage loans held at fair value.

Main drivers of loan losses and similar net result

Realised loan losses were very low. New net provisioning on individually assessed exposures amounted to EUR 35m. These were driven by new provisions for individual corporate exposures, mostly related to small and medium-sized customers and not concentrated in any particular industry. These provisions were partly offset by reversals in the Shipping and Oil, gas & offshore segments and in the Agriculture portfolio. Individual provisions on retail exposures were at a low level.

Collectively calculated provisions decreased by EUR 6m, driven by favourable credit portfolio development. This was partly offset by the impact of the worsened macroeconomic scenarios. The weight of the adverse scenario remained at an elevated level (40% compared with 20% in the first quarter of 2022), reflecting the continued uncertainty about the macroeconomic outlook.

In Business Banking net loan losses and similar net result amounted to EUR 37m and in Personal Banking to EUR 30m. In Large Corporates & Institutions net reversals amounted to EUR 16m. Net loan losses and similar net result amounted to EUR 7m for other portfolios.

A decrease in house prices in Denmark resulted in a EUR 29m negative model-based revaluation of Nordea Kredit's mortgage portfolio.

Management judgement allowance

Both the cyclical and structural management judgement allowances were kept unchanged at EUR 410m and EUR 155m, respectively. Accordingly, the total management judgement allowance remained at EUR 565m. This allowance continues to ensure a strong reserve to cover both credit losses and planned improvements to provisioning models and processes.

See Note 9 for further details.

Credit portfolio

Lending to the public excluding reverse repurchase agreements and securities borrowing decreased to EUR 327bn from EUR 329bn in the second quarter of 2022, corresponding to an increase of 1% in local currencies.

Loans to the public measured at fair value excluding reverse repurchase agreements and securities borrowing decreased to EUR 51bn from EUR 54bn. The fair value portfolio mainly comprised Danish mortgage lending, which amounted to EUR 51bn, down from EUR 54bn in the second quarter of 2022.

Lending to the public measured at amortised cost before allowances increased to EUR 278bn from EUR 276bn in the second quarter of 2022. Of this, 94% was classified as stage 1, 5% as stage 2 and 1% as stage 3, with the distribution unchanged from the second quarter. Quarter on quarter, stage 1 loans were unchanged, stage 2 loans increased by 4% and stage 3 loans decreased by 7%. Stage 2 loans amounted to EUR 13.6bn, up 3%, year on year. Stage 3 loans amounted to EUR 2.5bn, down 32%, year on year.

The coverage ratio was 3.0% for stage 2 (down from 3.1% in the previous quarter) and 45% for stage 3 (unchanged at 45% in the previous quarter). The fair value impairment rate decreased to 0.72% from 0.76% in the previous quarter, driven by a decrease in impaired Danish mortgage lending.

Net loan loss ratio, excluding IAC¹

	Q322	Q222	Q122	Q421	Q321
Basis points of loans, amortised cost²					
Net loan loss ratios, annualised, Group	4	-6	0	12	1
of which stages 1 and 2	3	-6	5	-11	1
of which stage 3	1	0	-5	23	0
Basis points of loans, total^{2,3}					
Net loan loss ratio, including loans held at fair value, annualised, Group	7	-6	-1	7	-3
Personal Banking total	7	-1	3	2	0
PeB Denmark	18	-7	-8	-18	-16
PeB Finland	6	14	15	22	10
PeB Norway	2	-2	1	5	4
PeB Sweden	0	-9	5	3	3
Business Banking total	15	-14	4	11	-7
BB Denmark	12	-23	-11	3	-23
BB Finland	25	-21	29	54	-4
BB Norway	8	-27	-3	-8	10
BB Sweden	16	4	13	1	-9
Large Corporates & Institutions total	-9	-9	-17	7	-6
LC&I Denmark	7	-7	0	-25	-27
LC&I Finland	-30	0	-25	48	-33
LC&I Norway	-65	-39	-61	7	3
LC&I Sweden	8	9	-9	7	3

¹ Information about IAC is available on page 5.

² Negative amounts are net reversals.

³ Net loan losses and net result on loans in hold portfolios mandatorily held at fair value divided by total lending at amortised cost and at fair value, basis points.

Profit

Operating profit

Q3/Q3: Operating profit increased by 2% to EUR 1,297m due to growth in total income. This was partly offset by higher loan losses and total costs.

Q3/Q2: Operating profit decreased by 5% to EUR 1,297m due to higher loan losses and total costs. These were partly offset by growth in total income.

Taxes

Q3/Q3: Income tax expense amounted to EUR 285m, up from EUR 267m, corresponding to a tax rate of 22.0%, up from 21.1% in the third quarter of 2021.

Q3/Q2: Income tax expense amounted to EUR 285m, down from EUR 307m, corresponding to a tax rate of 22.0%, down from 22.6% in the previous quarter.

Net profit

Q3/Q3: Net profit increased by 1% to EUR 1,012m. Return on equity was 13.4%, up from 11.3%. Return on equity with amortised resolution fees was 12.7%, up from 10.8%.

Q3/Q2: Net profit decreased by 4% to EUR 1,012m. Return on equity was 13.4%, down from 14.0%. Return on equity with amortised resolution fees was 12.7%, down from 13.3%.

Q3/Q3: Diluted earnings per share were EUR 0.27, compared with EUR 0.25.

Q3/Q2: Diluted earnings per share were EUR 0.27, compared with EUR 0.28.

Operating profit per business area

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Personal Banking	486	463	403	450	471	3%	5%	5%	6%
Business Banking	408	453	353	358	360	13%	-10%	14%	-10%
Large Corporates & Institutions	345	367	284	268	271	27%	-6%		
Asset & Wealth Management	174	177	166	203	170	2%	-2%	2%	-2%
Group functions	-116	-99	-92	2	-4				
Total Group	1,297	1,361	1,114	1,281	1,268	2%	-5%	3%	-4%
Total, incl. items affecting comparability¹	1,297	1,361	501	1,281	1,268	2%	-5%	3%	-4%

¹ Items affecting comparability in the first quarter of 2022: a non-deductible loss from the recycling of EUR 529m in accumulated foreign exchange losses related to operations in Russia and EUR 8m (EUR 6m after tax) in losses on fund investments in Russia, recognised in "Net result from items at fair value"; and EUR 76m (EUR 64m after tax) in credit losses on direct exposures to Russian counterparties, recognised in "Net loan losses and similar net result".

Capital position and risk exposure amount

The Nordea Group's Common Equity Tier 1 (CET1) capital ratio decreased to 15.8% at the end of the third quarter from 16.6% in the second quarter of 2022. CET1 capital decreased by EUR 1.4bn, mainly due to the EUR 1.5bn capital deduction associated with the share buy-back programme announced on 8 July 2022. This was partly offset by profit generation net of dividend accrual. Following increases of the Swedish and Danish countercyclical buffers from 0% to 1.0%, Nordea Group's CET1 capital requirement now stands at 10.8%, compared with 10.3% in the second quarter of 2022.

The risk exposure amount (REA) decreased by EUR 1.3bn, primarily driven by the sale of remaining shares in Luminor Bank AS and foreign exchange effects from the depreciating Norwegian krone and Swedish krona. These were partly offset by increased corporate and mortgage lending.

The Group's Tier 1 capital ratio decreased to 18.2% at the end of the third quarter from 18.8% in the second quarter. The total capital ratio decreased to 20.3% from 20.9%.

At the end of the third quarter CET1 capital amounted to EUR 23.6bn, Tier 1 capital amounted to EUR 27.1bn and own funds amounted to EUR 30.3bn.

The Group's subordinated minimum requirements for own funds and eligible liabilities (MREL) ratio was 26.0% of REA and 6.6% of leverage ratio exposure (LRE), compared with the current subordination requirements of 21.36% of REA and 5.98% of LRE. The MREL ratio was 34.0% of REA and 8.7% of LRE, compared with the current requirements of 28.01% of REA and 5.98% of LRE.

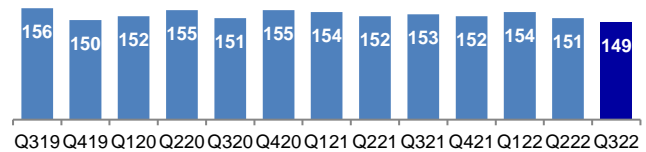
The leverage ratio decreased to 4.6% during the third quarter from 4.9% in the second quarter of 2022. The decrease was mainly driven by lower Tier 1 capital following the buy-back deduction.

The Group's economic capital amounted to EUR 22.5bn, down 1% from the end of the second quarter, mainly due to decreased credit risk.

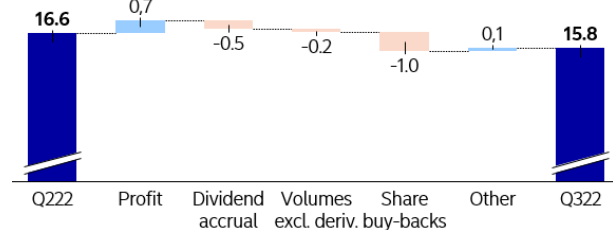
Capital ratios

	Q322	Q222	Q122	Q421	Q321
%					
CRR/CRD IV					
CET1 capital ratio	15.8	16.6	16.3	17.0	16.9
Tier 1 capital ratio	18.2	18.8	18.4	19.1	18.9
Total capital ratio	20.3	20.9	20.5	21.2	21.0

Risk exposure amount, EURbn, quarterly



Common Equity Tier 1 capital ratio, changes in the quarter



Capital and dividend policies

Nordea strives to maintain a strong capital position in line with its capital policy. Nordea's policy is to hold a CET1 capital management buffer of 150–200bp above the CET1 capital ratio requirement. Nordea's ambition is to distribute 60–70% of the net profit for the year to shareholders. Excess capital in relation to capital targets will be used for organic growth and strategic business acquisitions, as well as being subject to buy-back considerations.

Share buy-backs

The share buy-back programme of EUR 1.0bn that was launched in March 2022 was completed on 14 June 2022. A new share buy-back programme of up to EUR 1.5bn was launched on 20 July 2022. The new programme is expected to end no later than 29 March 2023.

Nordea's share buy-backs are aimed at pursuing an efficient capital structure and improving shareholder returns by reducing the bank's capital. Nordea will continue to distribute excess capital to shareholders in the future in line with its capital and dividend policy.

Risk exposure amount

	30 Sep 2022	30 Jun 2022	30 Sep 2021
EURm			
Credit risk	115,433	116,542	120,572
IRB	100,676	101,083	103,015
- sovereign	-	-	-
- corporate	66,128	65,492	66,886
- advanced	58,373	57,516	57,123
- foundation	7,755	7,976	9,763
- institutions	4,510	4,218	3,930
- retail	25,191	27,016	27,693
- items representing securitisation positions	1,159	1,152	879
- other	3,688	3,205	3,627
Standardised	14,757	15,459	17,557
- sovereign	147	177	1,133
- retail	5,177	5,351	5,656
- other	9,432	9,932	10,769
Credit valuation adjustment risk¹	1,047	1,094	749
Market risk	5,641	5,841	4,171
- trading book, internal approach	5,108	5,189	3,016
- trading book, standardised approach	533	652	745
- banking book, standardised approach	-	-	410
Settlement risk	0	0	2
Operational risk	15,025	15,025	14,306
Additional risk exposure amount related to Finnish RW floor due to Article 458 of the CRR		-	-
Additional risk exposure amount related to Swedish RW floor due to Article 458 of the CRR	12,231	12,325	12,763
Additional risk exposure amount due to Article 3 of the CRR		-	-
Total	149,377	150,827	152,563

¹ The CVA REA figure for Q2 2022 has been restated, affecting total REA but with no material impact on ratios.

Summary of items included in own funds including result (Banking Group)

	30 Sep 2022	30 Jun 2022	30 Sep 2021
EURm			
Calculation of own funds			
Equity in the consolidated situation ²	27,926	28,592	30,153
Profit for the period ²	2,339	1,326	2,820
Proposed/actual dividend	-2,005	-1,297	-1,970
Common Equity Tier 1 capital before regulatory adjustments	28,260	28,621	31,003
Deferred tax assets	-4	-4	-3
Intangible assets	-2,739	-2,771	-2,768
IRB provisions shortfall (-)			
Pension assets in excess of related liabilities	-291	-280	-197
Other items including buy-back deduction, net ¹	-1,615	-535	-2,290
Total regulatory adjustments to Common Equity Tier 1 capital	-4,649	-3,590	-5,258
Common Equity Tier 1 capital (net after deduction)	23,611	25,031	25,745
Additional Tier 1 capital before regulatory adjustments	3,548	3,375	3,108
Total regulatory adjustments to Additional Tier 1 capital	-27	-27	-27
Additional Tier 1 capital	3,521	3,348	3,081
Tier 1 capital (net after deduction)	27,132	28,379	28,826
Tier 2 capital before regulatory adjustments	3,295	3,334	3,486
IRB provisions excess (+)	559	531	485
Deductions for investments in insurance companies	-650	-650	-650
Other items, net	-64	-64	-64
Total regulatory adjustments to Tier 2 capital	-155	-183	-229
Tier 2 capital	3,141	3,151	3,257
Own funds (net after deduction)	30,272	31,530	32,083
	-488	-488	-2,292

¹ Other items, net if reported excluding profit.

² "Profit for the period" includes a non-deductible loss from the recycling of EUR 529m in accumulated foreign exchange losses related to operations in Russia. There was no impact on capital, as a corresponding positive item was recorded in "Equity in the consolidated situation". Consequently, this item has no impact on Nordea's dividend or share buy-back capacity.

Own funds excluding profit

	30 Sep ³ 2022	30 Jun 2022	30 Sep 2021
EURm			
Common Equity Tier 1 capital	23,286	25,049	25,438
Tier 1 capital (net after deduction)	26,806	28,397	28,519
Total own funds	29,947	31,548	31,776

³ Excluding third-quarter profit (pending application), including first- and second-quarter profit.

Own funds reported to ECB⁴

	Including Q1 and Q2 profit, excluding Q3 profit (pending application)	Including profit	Including profit
Profit inclusion			

⁴ Summary of items included in own funds is presented including result. This table describes in text how profit has been included in the regulatory reporting of own funds to the ECB for the relevant reporting period, and might be updated for later publication if application is approved.

Balance sheet

Balance sheet data

	Q322	Q222	Q122	Q421	Q321
EURbn					
Loans to credit institutions	10	6	13	2	7
Loans to the public	346	348	352	345	343
Derivatives	48	38	31	30	30
Interest-bearing securities	66	65	68	63	64
Other assets	155	154	160	130	171
Total assets	625	611	624	570	615
Deposits from credit institutions	45	37	45	27	43
Deposits from the public	225	223	221	206	211
Debt securities in issue	189	190	193	176	191
Derivatives	48	39	35	31	32
Other liabilities	87	91	99	96	101
Total equity	31	31	31	34	37
Total liabilities and equity	625	611	624	570	615

Funding and liquidity operations

Nordea issued approximately EUR 11.4bn in long-term funding in the third quarter of 2022 (excluding Danish covered bonds), of which approximately EUR 3.7bn was issued in the form of covered bonds and EUR 7.7bn was issued as senior debt. Notable transactions during the quarter included a EUR 0.75bn 10-year senior non-preferred bond in August. In September notable transactions included a EUR 1bn 10-year covered bond, a USD 2bn dual tranche transaction (consisting of a USD 1bn 3-year senior preferred bond and a USD 1bn 5-year senior non-preferred bond), a SEK 2.8bn 3-year senior preferred bond and a NOK 1.3bn 5-year senior preferred bond. The last two transactions were issued under the recently launched Sustainability-Linked Loan Funding Framework.

At the end of the third quarter long-term funding accounted for approximately 71% of Nordea's total wholesale funding.

Short-term liquidity risk is measured using several metrics, including the liquidity coverage ratio (LCR). The Nordea Group's combined LCR was 150% at the end of the third quarter. The liquidity buffer is composed of highly liquid central-bank-eligible securities and cash, as defined in the LCR regulation. At the end of the third quarter the liquidity buffer amounted to EUR 126bn, compared with EUR 124bn at the end of the second quarter of 2022. The net stable funding ratio (NSFR) measures long-term liquidity risk. At the end of the third quarter Nordea's NSFR was 117.7%, compared with 112.8% at the end of the second quarter.

Nordea maintained a strong liquidity position throughout the third quarter despite increased volatility in global markets, driven by Russia's invasion of Ukraine, macroeconomic uncertainties and tightening monetary policies.

During 2021 Nordea participated in European Central Bank (ECB) and local central bank facilities, including the ECB's targeted longer-term refinancing operations (TLTROs). To date, Nordea has borrowed EUR 12bn under the TLTRO III programme.

The ECB applies a negative interest rate to the TLTRO III funding, and Nordea accordingly recognises negative interest expense in connection with its TLTRO III borrowing. The interest rate used for accruing negative interest during the third quarter is -0.43% and added EUR 13m to Nordea's net interest income. In the first half of 2022 the negative interest expense added EUR 91m to Nordea's net interest income. Of this, EUR 61m was released when Nordea was able to conclude with adequate certainty that the 2021 lending threshold had been reached. Nordea altered the effective interest rate accordingly, and retroactively applied the additional 0.5% discount on the interest rate paid as of 24 June 2021.

Funding and liquidity data

	Q322	Q222	Q122	Q421	Q321
Long-term funding portion	71%	69%	71%	79%	71%
LCR total	150%	147%	153%	160%	168%
LCR EUR	136%	141%	194%	143%	239%
LCR USD	196%	202%	239%	169%	269%

Market risk

Market risk in the trading book measured by value at risk (VaR) was EUR 31.6m. Quarter on quarter, VaR increased by EUR 2.1m, primarily as a result of higher interest rate risk. Interest rate risk was also the main driver of VaR at the end of the third quarter. Trading book VaR continues to be driven by market risk related to Nordic and other Northern European exposures.

Trading book

	Q322	Q222	Q122	Q421	Q321
EURm					
Total risk, VaR	32	29	25	35	30
Interest rate risk, VaR	32	27	23	37	27
Equity risk, VaR	3	2	3	3	14
Foreign exchange risk, VaR	2	2	1	1	1
Credit spread risk, VaR	6	8	9	4	7
Inflation risk, VaR	2	2	2	2	2
Diversification effect	30%	29%	35%	24%	42%

Nordea share and ratings

Nordea's share price and ratings as at the end of the third quarter of 2022.

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
09/30/2020	68.31	48.60	6.49
12/31/2020	67.22	49.38	6.67
03/31/2021	86.00	62.47	8.41
06/30/2021	95.26	69.60	9.40
09/30/2021	113.10	82.37	11.24
12/31/2021	110.50	80.39	10.79
03/31/2022	97.30	70.20	9.38
06/30/2022	90.00	62.24	8.40
09/30/2022	95.67	65.33	8.80

Moody's		Standard & Poor's		Fitch	
Short	Long	Short	Long	Short	Long
P-1	Aa3	A-1+	AA-	F1+	AA-

Other information

Nordea to acquire Topdanmark Life

Nordea has entered into an agreement with Topdanmark Forsikring to acquire all shares in Topdanmark Liv Holding A/S. Topdanmark Life is a life and pensions company operating in Denmark. At the end of 2021 the company had assets under management of around EUR 12bn and approximately 225,000 customers.

The agreed price for Topdanmark Life is approximately EUR 270m. The price will be adjusted for earnings accrued up to closing. The transaction is expected to absorb up to 2bp of CET1 capital and will deliver a small increase in Nordea Group's earnings per share and return on equity. The transaction is subject to regulatory approval and the aim is to complete it in the fourth quarter of 2022.

Sale of shares in Luminor

In 2018, when Nordea and DNB sold around 60% of their combined interest in Luminor to Blackstone, Nordea entered into a forward sale agreement with Blackstone to sell its remaining 19.95% holding over the coming years, subject to certain conditions. Under the forward sale agreement, Nordea and Blackstone closed the first transaction (c. 8.4% of Luminor) on 22 December 2021 and the final transaction (c. 11.6% of Luminor) on 1 September 2022. The transaction had no impact on Nordea's income statement and had a small positive impact on the CET1 ratio. The final transaction completes Nordea's exit from Luminor.

Nordea Direct merger process ongoing

The merger between Nordea Direct Bank ASA (formerly Gjensidige Bank ASA) and Nordea Bank Abp is ongoing, with the target completion date of 1 November 2022.

Increase to the Danish corporate income tax for financial institutions enacted in June

In June 2022 the Danish Parliament enacted an increase in the Danish corporate income tax (CIT) rate for financial institutions to 25.2% in 2023 and to 26% in 2024. The new CIT rate is, all other variables unchanged, expected to add approximately one percentage point to the annual effective tax rate (ETR) of the Nordea Group from 2023 onwards. Deferred taxes on the balance sheet were remeasured to the new CIT rate in the second quarter of 2022.

Impact from IFRS 17 "Insurance contracts"

Nordea is currently implementing International Financial Reporting Standard (IFRS) 17, which will be effective as of 1 January 2023. The quantitative impact at transition on 1 January 2022 will be accounted for directly in equity (after tax) and is expected to reduce equity by EUR 0.5bn to 0.7bn. The impact on the Common Equity Tier 1 capital ratio is expected to be a reduction of 15 to 25 basis points, while the impact on return on equity is expected to be marginally positive.

The above descriptions are valid for the insurance contracts held by Nordea at transition on 1 January 2022. Contracts in Topdanmark Life will thus not impact Nordea's transition to IFRS 17.

More information can be found in Note 1.

Impacts from Russia's invasion of Ukraine

During the third quarter of 2022 Nordea continued to closely monitor and assess its direct exposure to Russian counterparties. The direct credit exposure is currently fully provisioned after a larger repayment in the quarter.

The uncertainty regarding the broader impact of the war – including higher energy, food and commodity prices – on the global and Nordic economies has been further assessed in the third quarter. These developments have been reflected in the regular update of Nordea's macroeconomic scenarios, which have been used in the updated financial forecasts and IFRS 9 expected credit loss modelling. Nordea will continue to follow developments closely in the coming quarters.

Information on the financial and operational impacts of the war in Ukraine, as well as the measures taken to address these impacts, has been provided in this report. See "CEO comment", "Macroeconomy and financial markets", "Net loan losses and similar net result", "Funding and liquidity operations", "Other information", "Business areas", Note 1 "Accounting policies", Note 8 "Net loan losses", Note 9 "Loans and impairment" and Note 13 "Risks and uncertainties".

Closure of Nordea's operations in Russia

In accordance with its strategy, Nordea is focusing on its business in the Nordic region. This has entailed the Group winding down its operations in Russia. On 24 March 2021 the Extraordinary General Meeting of JSC Nordea Bank decided to initiate the voluntary liquidation process, which was approved by the Central Bank of Russia on 16 April 2021. The voluntary liquidation process of JSC Nordea Bank was completed on 21 April 2022, following its deregistration from the trade register by the Russian tax authorities. The final steps to liquidate the remaining Russian subsidiaries are pending.

As required by International Financial Reporting Standards (IFRSs), Nordea had accumulated foreign exchange (FX) losses on the investment in its banking operations in Russia in equity through "Other comprehensive income" (OCI) since the acquisition of JSC Nordea Bank in 2007. In the first quarter of 2022 Nordea repatriated capital and in substance ceased all operations in Russia. In accordance with the IFRSs, Nordea recycled the accumulated FX losses from OCI into the income statement. The recycling impact was recognised in "Net result from items at fair value" and was treated as an item affecting comparability. There was no impact on equity, own funds or capital, as a corresponding positive item was recorded in OCI. Consequently, this item has no impact on Nordea's dividend or share buy-back capacity.

Share buy-back programme

Nordea's Board of Directors approved a share buy-back programme of up to EUR 1.5bn on 18 July 2022 in accordance with the authorisation granted to the Board by the 2022 Annual General Meeting. The programme commenced on 20 July 2022 and will end no later than 29 March 2023. The purpose of the buy-backs is to pursue an efficient capital structure and improve shareholder returns by reducing Nordea's capital.

Share cancellations

Nordea cancelled aggregated amounts of 17,520,108 and 21,299,414 treasury shares in August and September, respectively. The shares cancelled during the quarter were held for capital optimisation purposes and acquired through buy-backs.

Quarterly development, Group

Excluding items affecting comparability

	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Jan-Sep 2022	Jan-Sep 2021
EURm							
Net interest income	1,407	1,308	1,308	1,255	1,226	4,023	3,670
Net fee and commission income	816	838	870	920	870	2,524	2,575
Net result from items at fair value	264	282	295	247	224	841	872
Profit from associated undertakings and joint ventures accounted for under the equity method	-3	-4	0	-4	9	-7	-2
Other operating income	17	20	17	20	15	54	67
Total operating income	2,501	2,444	2,490	2,438	2,344	7,435	7,182
General administrative expenses:							
Staff costs	-701	-699	-703	-670	-702	-2,103	-2,089
Other expenses	-282	-265	-266	-241	-237	-813	-761
Regulatory fees	-16	-17	-273	-	-	-306	-224
Depreciation, amortisation and impairment charges of tangible and intangible assets	-147	-158	-146	-190	-159	-451	-474
Total operating expenses	-1,146	-1,139	-1,388	-1,101	-1,098	-3,673	-3,548
Profit before loan losses	1,355	1,305	1,102	1,337	1,246	3,762	3,634
Net loan losses and similar net result	-58	56	12	-56	22	10	21
Operating profit	1,297	1,361	1,114	1,281	1,268	3,772	3,655
Income tax expense	-285	-307	-246	-264	-267	-838	-841
Net profit for the period	1,012	1,054	868	1,017	1,001	2,934	2,814
Diluted earnings per share (DEPS), EUR	0.27	0.28	0.22	0.26	0.25	0.76	0.69
DEPS, rolling 12 months up to period end, EUR	1.03	1.00	0.98	0.95	0.87	1.03	0.87

Business areas

Excluding items affecting comparability

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group functions		Nordea Group		Chg
	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	Q3 2022	Q2 2022	
EURm													
Net interest income	636	571	487	444	284	263	41	29	-41	1	1,407	1,308	8%
Net fee and commission income	308	304	149	162	105	113	268	269	-14	-10	816	838	-3%
Net result from items at fair value	30	28	96	93	118	162	8	13	12	-14	264	282	-6%
Other income	0	3	5	10	1	3	0	0	8	0	14	16	-13%
Total operating income	974	906	737	709	508	541	317	311	-35	-23	2,501	2,444	2%
Total operating expenses	-458	-449	-292	-291	-179	-189	-142	-131	-75	-79	-1,146	-1,139	1%
Net loan losses and similar net result	-30	6	-37	35	16	15	-1	-3	-6	3	-58	56	
Operating profit	486	463	408	453	345	367	174	177	-116	-99	1,297	1,361	-5%
Cost-to-income ratio ¹ , %	49	51	42	43	41	38	45	42			48	49	
Return on capital at risk ¹ , %	19	18	18	20	16	18	34	34			17	17	
Economic capital (EC)	7,369	7,659	6,707	6,790	6,078	5,877	1,499	1,550	893	938	22,546	22,814	-1%
Risk exposure amount (REA)	43,552	45,284	42,100	42,800	44,383	42,979	8,464	8,477	10,878	11,183	149,377	150,723	-1%
Number of employees (FTEs)	6,820	6,937	3,845	3,845	1,251	1,216	2,832	2,799	12,901	12,553	27,649	27,350	1%
Volumes, EURbn²:													
Total lending	170.8	171.7	98.6	98.8	54.6	51.2	11.9	11.8	-8.5	-5.0	327.4	328.5	0%
Total deposits	87.3	88.1	55.1	55.9	56.6	50.8	13.0	12.8	3.7	3.0	215.7	210.6	2%

Business areas restated due to organisational changes.

¹ With amortised resolution fees.

² Excluding repurchase agreements and security lending/borrowing agreements.

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group functions		Nordea Group		Chg
	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	
EURm													
Net interest income	1,772	1,703	1,371	1,193	814	700	96	57	-30	17	4,023	3,670	10%
Net fee and commission income	915	899	476	474	347	422	816	801	-30	-21	2,524	2,575	-2%
Net result from items at fair value	113	115	288	220	414	438	22	50	4	49	841	872	-4%
Other income	5	15	25	27	4	1	0	0	13	22	47	65	-28%
Total operating income	2,805	2,732	2,160	1,914	1,579	1,561	934	908	-43	67	7,435	7,182	4%
Total operating expenses	-1,416	-1,402	-933	-907	-643	-622	-412	-398	-269	-219	-3,673	-3,548	4%
Net loan losses and similar net result	-37	-6	-13	31	60	-5	-5	0	5	1	10	21	
Operating profit	1,352	1,324	1,214	1,038	996	934	517	510	-307	-151	3,772	3,655	3%
Cost-to-income ratio ¹ , %	50	51	42	47	39	38	44	44			49	49	
Return on capital at risk ¹ , %	18	18	19	16	18	17	33	30			17	16	
Economic capital (EC)	7,369	7,769	6,707	6,777	6,078	5,514	1,499	1,885	893	1,180	22,546	23,125	-3%
Risk exposure amount (REA)	43,552	46,937	42,100	43,707	44,383	40,509	8,464	8,841	10,878	12,569	149,377	152,563	-2%
Number of employees (FTEs)	6,820	6,950	3,845	3,957	1,251	1,291	2,832	2,761	12,901	12,167	27,649	27,126	2%
Volumes, EURbn²:													
Total lending	170.8	169.6	98.6	95.9	54.6	43.7	11.9	10.9	-8.5	-0.6	327.4	319.5	2%
Total deposits	87.3	85.7	55.1	53.0	56.6	49.9	13.0	11.3	3.7	2.2	215.7	202.1	7%

Business areas restated due to organisational changes.

¹ With amortised resolution fees.

² Excluding repurchase agreements and security lending/borrowing agreements.

Personal Banking

Introduction

In Personal Banking we offer household customers easy and convenient everyday banking and advice.

We strive to create great omnichannel experiences by providing a full range of financial services and products through a combination of digital channels and in-person interactions.

Business development

In the third quarter we continued to grow mortgage lending, up 4% despite the continued slowdown in market activity. We also continued to grow our market shares across the Nordics. Total lending volumes increased by 4% in local currencies, driven by the mortgage growth. Other lending volumes, including consumer loans, increased by 3% and deposit volumes increased by 5%. Central bank policy rate hikes accelerated during the quarter, which increased deposit income. As a reaction to the rate hikes, we removed the negative interest rates for customers in Denmark and introduced new pricing tiers in order to ensure a competitive product offering.

We continued to provide proactive advice and support to our customers amid the financial market turbulence caused by Russia's invasion of Ukraine. Due to the turbulence, our customers' investment activity decreased while their interest in deposit products increased. During the quarter we expanded our self-service features, making it easier for our customers to manage their savings digitally. For example, our customers in Sweden are now able to use our digital robot advisor Nora for their children's savings.

During the quarter we launched a new version of our mobile bank app in Finland, completing a full Nordic roll-out. The new app was created based on customer feedback, and provides an even more personalised experience and further tools for customers' financial well-being. Overall, feedback on the new app has been very positive. We have also continued to see a steady increase in the number of mobile users, up 6%, year on year.

The ESG share of gross inflows to funds hit an all-time high at 31% in the third quarter, indicating an ever-increasing customer demand for our ESG products. We also extended our ESG balanced fund products to our customers in Denmark, following launches in Finland, Norway and Sweden earlier this year.

The latest external customer satisfaction survey by EPSI Ratings confirmed that we have strengthened our position relative to peers in all countries. We are seeing improved customer perception on our proactivity, service quality, advisory capabilities and ability to meet expectations.

Financial outcome

Total income increased by 6%, year on year, mainly driven by mortgage volume growth, improved deposit margins and higher payment and card fee income. These were partly offset by lower savings and investment income and lower mortgage margins resulting from higher funding costs.

Net interest income increased by 11%, year on year, mainly driven by solid mortgage volume growth and improved deposit margins across all countries. These were partly offset by lower mortgage margins, mainly in Norway and Sweden.

Net fee and commission income decreased by 3%, year on year, mainly driven by lower savings and investment income due to market turbulence. This was partly offset by improved payment and card fee income.

Net result from items at fair value was down 6%, year on year.

Total expenses increased by 2%, year on year, due to higher regulatory fees, which primarily related to the Swedish bank tax. The improved level of income led to a cost-to-income ratio with amortised resolution fees of 49%, down from 51% in the third quarter of 2021.

Total net loan losses and similar net result amounted to EUR 30m (7bp), mainly driven by the model-based revaluation of Nordea Kredit's mortgage portfolio, which reflected the decrease in house prices in Denmark. Loan losses remained low across the countries.

Operating profit increased by 3%, year on year, to EUR 486m. Return on capital at risk was 19%, compared with 18% in the same quarter last year.

Personal Banking Denmark

Total income increased by 6% in local currency, year on year.

Net interest income increased by 12% in local currency, year on year, primarily driven by mortgage volume growth and improved deposit margins.

Lending volumes increased by 4% in local currency, year on year, driven by a 3% increase in mortgage lending and increased demand for housing loans within other lending. Deposit volumes increased by 1%.

Net fee and commission income decreased by 4%, year on year, mainly driven by lower savings and investment income due to market turbulence. This was partly offset by higher lending fees and higher payment and card fee income.

Net loan losses and similar net result amounted to EUR 21m (18bp), driven by the model-based revaluation of Nordea Kredit's mortgage portfolio, which reflected the decrease in house prices in Denmark.

Personal Banking Finland

Total income increased by 8%, year on year.

Net interest income increased by 23%, year on year, primarily driven by mortgage volume growth and improved deposit margins. These were partly offset by lower mortgage margins.

Lending volumes increased by 3%, year on year, driven by a 4% increase in mortgage volumes. Deposit volumes increased by 3%.

Net fee and commission income decreased by 6%, year on year, mainly driven by lower savings and investment income due to market turbulence. This was partly offset by improved payment and card fee income.

Net loan losses and similar net result amounted to EUR 6m (6bp) due to low underlying loan losses.

Personal Banking Norway

Total income increased by 1% in local currency, year on year.

Net interest income decreased by 5% in local currency, year on year. As expected, lending margins declined due to a higher NIBOR and the notification period for changing customer prices following Norges Bank's interest rate hikes. The decrease in lending margins was partly offset by mortgage volume growth and improved deposit margins.

Lending volumes increased by 1% in local currency, year on year, driven by a 1% increase in mortgage volumes. Deposit volumes increased by 5%.

Net fee and commission income increased by 22%, year on year, due to improved payment and card fee income. Savings and investment income was stable.

Net loan losses and similar net result amounted to EUR 2m (2bp) due to low underlying loan losses.

Personal Banking Sweden

Total income increased by 9% in local currency, year on year.

Net interest income increased by 16% in local currency, year on year, due to mortgage volume growth and improved deposit margins. These were partly offset by lower lending margins driven by higher funding costs.

Lending volumes increased by 6% in local currency, year on year, driven by a 7% increase in mortgage volumes. Deposit volumes increased by 8%.

Net fee and commission income decreased by 3%, year on year, mainly driven by lower savings and investment income due to market turbulence. This was partly offset by improved payment and card fee income.

Net loan losses and similar net result amounted to EUR 0m (0bp).

Personal Banking total

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local curr.		Jan-Sep 22	Jan-Sep 21	Jan-Sep 22/21	
								Q3/Q3	Q3/Q2			EUR	Local
EURm													
Net interest income	636	571	565	556	573	11%	11%	12%	12%	1,772	1,703	4%	5%
Net fee and commission income	308	304	303	324	316	-3%	1%	-1%	2%	915	899	2%	3%
Net result from items at fair value	30	28	55	34	32	-6%	7%	-6%	7%	113	115	-2%	-3%
Other income	0	3	2	-1	1					5	15		
Total income incl. allocations	974	906	925	913	922	6%	8%	7%	8%	2,805	2,732	3%	4%
Total expenses incl. allocations	-458	-449	-509	-453	-450	2%	2%	2%	2%	-1,416	-1,402	1%	2%
Profit before loan losses	516	457	416	460	472	9%	13%	11%	14%	1,389	1,330	4%	6%
Net loan losses and similar net result	-30	6	-13	-10	-1					-37	-6		
Operating profit	486	463	403	450	471	3%	5%	5%	6%	1,352	1,324	2%	3%
Cost-to-income ratio ¹ , %	49	51	50	51	51					50	51		
Return on capital at risk ¹ , %	19	18	18	17	18					18	18		
Economic capital (EC)	7,369	7,659	7,909	7,750	7,769	-5%	-4%			7,369	7,769	-5%	
Risk exposure amount (REA)	43,552	45,284	46,968	46,603	46,937	-7%	-4%			43,552	46,937	-7%	
Number of employees (FTEs)	6,820	6,937	6,893	6,839	6,950	-2%	-2%			6,820	6,950	-2%	
Volumes, EURbn:													
Mortgage lending	149.5	150.6	152.9	150.6	148.5	1%	-1%	4%	0%	149.5	148.5	1%	4%
Other lending	21.3	21.1	21.1	20.9	21.1	1%	1%	3%	2%	21.3	21.1	1%	3%
Total lending	170.8	171.7	174.0	171.5	169.6	1%	-1%	4%	0%	170.8	169.6	1%	4%
Total deposits	87.3	88.1	86.8	85.5	85.7	2%	-1%	5%	0%	87.3	85.7	2%	5%

¹ With amortised resolution fees.

Personal Banking

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local curr.		Jan- Sep 22	Jan- Sep 21	Jan-Sep 22/21	
								Q3/Q3	Q3/Q2			EUR	Local
Net interest income, EURm													
PeB Denmark	171	158	155	153	153	12%	8%	12%	8%	484	443	9%	9%
PeB Finland	124	103	108	97	101	23%	20%	23%	20%	335	298	12%	12%
PeB Norway	119	117	121	109	121	-2%	2%	-5%	2%	357	370	-4%	-6%
PeB Sweden	222	195	186	202	199	12%	14%	16%	15%	603	598	1%	4%
Other	0	-2	-5	-5	-1					-7	-6		
Net fee and commission income, EURm													
PeB Denmark	81	82	75	83	84	-4%	-1%	-4%	-1%	238	241	-1%	-1%
PeB Finland	91	93	94	98	97	-6%	-2%	-6%	-2%	278	275	1%	1%
PeB Norway	29	27	25	27	23	26%	7%	22%	8%	81	68	19%	16%
PeB Sweden	105	105	110	116	113	-7%	0%	-3%	2%	320	318	1%	4%
Other	2	-3	-1	0	-1					-2	-3		
Net loan losses and similar net result, EURm													
PeB Denmark	-21	8	9	20	18					-4	64		
PeB Finland	-6	-13	-14	-20	-9					-33	-43		
PeB Norway	-2	2	-1	-5	-4					-1	-6		
PeB Sweden	0	11	-6	-4	-4					5	-19		
Other	-1	-2	-1	-1	-2					-4	-2		
Volumes, EURbn													
Personal Banking Denmark													
Mortgage lending	36.3	36.5	36.3	35.9	35.2	3%	-1%	3%	-1%	36.3	35.2	3%	3%
Other lending	9.2	8.8	8.6	8.5	8.6	7%	5%	7%	5%	9.2	8.6	7%	7%
Total lending	45.5	45.3	44.9	44.4	43.8	4%	0%	4%	0%	45.5	43.8	4%	4%
Total deposits	21.8	21.9	21.4	21.4	21.5	1%	0%	1%	0%	21.8	21.5	1%	1%
Personal Banking Finland													
Mortgage lending	31.1	31.0	30.7	30.4	30.0	4%	0%	4%	0%	31.1	30.0	4%	4%
Other lending	6.2	6.2	6.2	6.2	6.3	-2%	0%	-2%	0%	6.2	6.3	-2%	-2%
Total lending	37.3	37.2	36.9	36.6	36.3	3%	0%	3%	0%	37.3	36.3	3%	3%
Total deposits	27.0	26.9	26.3	25.9	26.1	3%	0%	3%	0%	27.0	26.1	3%	3%
Personal Banking Norway													
Mortgage lending	33.9	34.9	37.0	35.7	35.0	-3%	-3%	1%	0%	33.9	35.0	-3%	1%
Other lending	2.5	2.6	2.7	2.7	2.7	-7%	-4%	-4%	-4%	2.5	2.7	-7%	-4%
Total lending	36.4	37.5	39.7	38.4	37.7	-3%	-3%	1%	0%	36.4	37.7	-3%	1%
Total deposits	10.7	11.2	11.3	10.8	10.7	0%	-4%	5%	-2%	10.7	10.7	0%	5%
Personal Banking Sweden													
Mortgage lending	48.1	48.2	49.0	48.5	48.2	0%	0%	7%	1%	48.1	48.2	0%	7%
Other lending	3.5	3.5	3.6	3.6	3.6	-3%	0%	3%	0%	3.5	3.6	-3%	3%
Total lending	51.6	51.7	52.6	52.1	51.8	0%	0%	6%	1%	51.6	51.8	0%	6%
Total deposits	27.7	28.1	27.9	27.4	27.4	1%	-1%	8%	0%	27.7	27.4	1%	8%

Business Banking

Introduction

In Business Banking we provide small and medium-sized enterprises (SMEs) with banking and advisory products and services, both online and in person.

Business Banking also includes the product and specialist units Transaction Banking, which provides payment and transaction services, and Nordea Finance, which provides asset-based lending and receivables finance.

We are a trusted financial partner, providing competent advice and developing digital solutions to support sustainable growth for our customers.

Business development

In the third quarter we further enhanced customer experience and maintained a strong performance despite continued financial market turbulence. Lending and deposit volumes in local currencies were up 6% and 7%, respectively, year on year. Central banks increased their policy rates, which accelerated deposit income growth across the markets. Meanwhile, equity and debt capital markets income remained subdued due to the macroeconomic uncertainty.

Customer satisfaction remains our key priority. In the EPSI Rating Group's annual corporate customer satisfaction survey, we reduced our gap to the industry average in Sweden, Norway and Finland. To further support our customers, we are focused on improving service quality, particularly in our call centres. We are also working on increasing advisory time in all segments.

During the quarter we continued our efforts to develop the Nordea Business mobile app and netbank to deliver on our ambition to be the leading digital bank for SMEs. With the netbank, we improved customer satisfaction in all markets and reached an all-time-high net promoter score in Finland. With the mobile app, we maintained high app store ratings and grew our user base by 19%, year on year.

We are also developing digital cash management within Corporate Netbank in order to provide SME customers with easier everyday banking. In September the project reached an important milestone when we launched the pilot in Finland. The service enables our customers to speed up, streamline and simplify their internal treasury and payment processes.

Our focus on driving the transition to a more sustainable future continues. Our green loan portfolio increased by 80%, year on year, and green deposits more than doubled from the previous quarter. We are also contributing towards Nordea's sustainability targets by performing deep-dive assessments where we engage with customers in vulnerable sectors. This quarter we focused on the commercial real estate sector.

Financial outcome

Total income in the third quarter increased by 16%, year on year, driven by improved deposit margins, higher volumes and higher net result from items at fair value.

Net interest income increased by 23%, year on year, driven by higher volumes and improved deposit margins. These were partly offset by lower lending margins. Deposit margin increases were linked to interest rate hikes in all markets.

Net fee and commission income decreased by 7%, year on year, due to the lower capital markets activity and lower savings income that were attributable to continued market turbulence. The decreases were partly offset by higher payment and card fee income and lending fee income.

Net result from items at fair value increased by 39%, year on year, driven by higher income from interest rate and foreign exchange products. The growth was driven by continued high customer demand for our hedging solutions.

Total expenses were unchanged, year on year. Excluding regulatory fees, which primarily related to the Swedish bank tax, total expenses decreased by 1%. The cost-to-income ratio with amortised resolution fees was 42%, an improvement of 6 percentage points on the same quarter last year.

Net loan losses and similar net result amounted to EUR 37m (15bp) and included a negative impact of EUR 9m (4bp) from the model-based revaluation of Nordea Kredit's mortgage portfolio, which reflected the decrease in house prices in Denmark. Net loan losses were driven by individual provisions and lower reversals, which were due to the weakening macroeconomic outlook. Our portfolio remains robust and well diversified across segments and countries.

Operating profit increased by 13%, year on year, to EUR 408m, driven by higher income. Return on capital at risk was 18%, compared with 15% in the same quarter last year.

Business Banking Denmark

Net interest income increased by 10% in local currency, year on year, driven by improved deposit margins and higher deposit volumes.

Lending volumes increased by 1% in local currency, year on year. Deposit volumes increased by 8%.

Net fee and commission income increased by 7% in local currency, year on year, driven by higher lending fee income and payment and card fee income. These were partly offset by lower savings income.

Net loan losses and similar net result amounted to EUR 8m (12bp), primarily driven by the model-based revaluation of Nordea Kredit's mortgage portfolio, which reflected the decrease in house prices in Denmark.

Business Banking Finland

Net interest income increased by 8%, year on year, driven by higher volumes and improved deposit margins. These were partly offset by lower lending margins.

Lending volumes increased by 5%, year on year, while deposit volumes increased by 12%.

Net fee and commission income decreased by 9%, year on year, due to lower capital markets income and savings income.

Net loan losses and similar net result amounted to EUR 13m (25bp), up from net reversals of EUR 2m in the same quarter last year. Net loan losses were driven by individual provisions and lower reversals, which were due to the weakening macroeconomic outlook. We maintained close dialogue with customers to proactively support those in sectors vulnerable to macroeconomic conditions.

Business Banking Norway

Net interest income increased by 27% in local currency, year on year, driven by higher volumes and improved deposit margins.

Lending volumes increased by 7% in local currency, year on year. Deposit volumes increased by 1%.

Net fee and commission income decreased by 10% in local currency, year on year, driven by lower lending fee income and capital markets income.

Net loan losses and similar net result amounted to EUR 5m (8bp), down from EUR 6m in the same quarter last year. Net loan losses were driven by IFRS 9 collective provisions.

Business Banking Sweden

Net interest income increased by 46% in local currency, year on year. The increase was driven by higher volumes and improved deposit margins.

Lending volumes increased by 11% in local currency, year on year. Deposit volumes increased by 6%.

Net fee and commission income decreased by 2% in local currency, year on year, as increases in payment and card fee income and lending fee income were offset by lower capital markets income and savings income.

Net loan losses and similar net result amounted to EUR 11m (16bp), up from net reversals of EUR 6m in the same quarter last year. Net loan losses were driven by individual provisions being limited to few customer cases.

Business Banking total

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local curr.		Jan-Sep 22	Jan-Sep 21	Jan-Sep 22/21	
								Q3/Q3	Q3/Q2			EUR	Local
EURm													
Net interest income	487	444	440	417	396	23%	10%	23%	10%	1,371	1,193	15%	15%
Net fee and commission income	149	162	165	169	161	-7%	-8%	-7%	-9%	476	474	0%	1%
Net result from items at fair value	96	93	99	88	69	39%	3%	44%	5%	288	220	31%	33%
Other income	5	10	10	7	9					25	27		
Total income incl. allocations	737	709	714	681	635	16%	4%	17%	5%	2,160	1,914	13%	13%
Total expenses incl. allocations	-292	-291	-350	-296	-291	0%	0%	1%	1%	-933	-907	3%	3%
Profit before loan losses	445	418	364	385	344	29%	6%	30%	7%	1,227	1,007	22%	23%
Net loan losses and similar net result	-37	35	-11	-27	16					-13	31		
Operating profit	408	453	353	358	360	13%	-10%	14%	-10%	1,214	1,038	17%	18%
Cost-to-income ratio ¹ , %	42	43	42	46	48					42	47		
Return on capital at risk ¹ , %	18	20	18	15	15					19	16		
Economic capital (EC)	6,707	6,790	6,883	6,844	6,777	-1%	-1%			6,707	6,777	-1%	
Risk exposure amount (REA)	42,100	42,800	43,424	43,200	43,707	-4%	-2%			42,100	43,707	-4%	
Number of employees (FTEs)	3,845	3,845	3,879	3,910	3,957	-3%	0%			3,845	3,957	-3%	
Volumes, EURbn:													
Total lending	98.6	98.8	99.8	97.4	95.9	3%	0%	6%	1%	98.6	95.9	3%	6%
Total deposits	55.1	55.9	53.9	55.8	53.0	4%	-1%	7%	-1%	55.1	53.0	4%	7%

¹ With amortised resolution fees.

Business Banking

	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q3/Q3	Q3/Q2	Local curr.		Jan-Sep 22	Jan-Sep 21	Jan-Sep 22/21	Local
								Q3/Q3	Q3/Q2			EUR	
Net interest income, EURm													
Business Banking Denmark	100	93	91	91	91	10%	8%	10%	8%	284	261	9%	9%
Business Banking Finland	104	103	121	98	96	8%	1%	8%	1%	328	309	6%	6%
Business Banking Norway	135	126	120	115	104	30%	7%	27%	9%	381	312	22%	19%
Business Banking Sweden	141	118	104	107	101	40%	19%	46%	22%	363	299	21%	27%
Other	7	4	4	6	4					15	12		
Net fee and commission income, EURm													
Business Banking Denmark	32	28	33	31	30	7%	14%	7%	14%	93	89	4%	4%
Business Banking Finland	50	54	53	55	55	-9%	-7%	-9%	-7%	157	158	-1%	-1%
Business Banking Norway	28	31	32	31	29	-3%	-10%	-10%	-13%	91	89	2%	0%
Business Banking Sweden	54	63	61	64	57	-5%	-14%	-2%	-13%	178	173	3%	6%
Other	-15	-14	-14	-12	-10					-43	-35		
Net loan losses and similar net result, EURm													
Business Banking Denmark	-8	15	7	-2	15					14	41		
Business Banking Finland	-13	11	-15	-27	2					-17	-16		
Business Banking Norway	-5	16	2	5	-6					13	6		
Business Banking Sweden	-11	-3	-9	-1	6					-23	0		
Other	0	-4	4	-2	-1					0	0		
Lending, EURbn													
Business Banking Denmark	26.0	25.8	25.6	25.9	25.8	1%	1%	1%	1%	26.0	25.8	1%	1%
Business Banking Finland	20.8	20.6	20.4	20.1	19.9	5%	1%	5%	1%	20.8	19.9	5%	5%
Business Banking Norway	23.7	24.1	25.1	24.0	23.1	3%	-2%	7%	1%	23.7	23.1	3%	7%
Business Banking Sweden	28.1	28.3	28.6	27.4	27.1	4%	-1%	11%	1%	28.1	27.1	4%	11%
Other	0	0	0.1	0	0					0	0		
Deposits, EURbn													
Business Banking Denmark	10.2	10.2	9.1	9.5	9.5	7%	0%	8%	1%	10.2	9.5	7%	8%
Business Banking Finland	16.2	15.7	15.5	15.5	14.5	12%	3%	12%	3%	16.2	14.5	12%	12%
Business Banking Norway	10.0	10.3	10.8	10.8	10.3	-3%	-3%	1%	-1%	10.0	10.3	-3%	1%
Business Banking Sweden	18.6	19.7	18.4	19.9	18.6	0%	-6%	6%	-4%	18.6	18.6	0%	6%
Other	0.1	0	0.1	0.1	0.1					0.1	0.1		

Large Corporates & Institutions

Introduction

In Large Corporates & Institutions (LC&I) we provide financial solutions to large Nordic corporate and institutional customers. We also provide services to customers across the Nordea Group through the product and specialist units Markets and Investment Banking & Equities, and our international corporate branches.

We are a leading player within sustainable finance and a leading bank for large corporate and institutional customers in the Nordics.

We offer a focused and dedicated range of products and services covering financing, cash management and payments, as well as investment banking and capital markets solutions.

Business development

In the third quarter we continued to support our core Nordic customers. We saw an uptick in event-driven financing from corporates seeking to capitalise on current valuations and a significant increase in short-term liquidity financing needs, for example in the energy sector. These developments, including bond-to-bank flows, drove strong lending growth of 25%. Capital market activity remained slow amid high volatility caused by the higher interest rates, energy crisis and geopolitical risks.

Debt capital market activity varied among different segments. Financial institutions and large corporate Eurobond issuers have been active following the summer break, while high-yield market activity remains muted given the high volatility. We are still seeing a continuous deal flow, and highlights of the quarter included a EUR 3bn 5-year government bond for the Republic of Finland and a EUR 700m 3-year corporate bond, guaranteed by AB Volvo (publ).

For Mergers & Acquisitions and Equity Capital Markets, the activity level clearly weakened compared with a strong last year. Market conditions remained challenging, particularly in relation to initial public offerings and secondary equity offerings. Acquisition-related fund raising held up slightly better.

Nordea Markets delivered a strong performance overall, mainly driven by continued high client demand, particularly in hedging activities. Risk management was satisfactory against a backdrop of macro uncertainty and market volatility.

We remain on track with our target to facilitate EUR 200bn in sustainable financing by 2025 and continue to improve our operating processes, data foundation and staff training. Notable transactions during the quarter included Nordea's first-of-its-kind bond issue under the Sustainability-Linked Loan Funding Framework and the EUR 2bn triple-tranche green bond issue by Ørsted. At the end of the quarter we again ranked first for Nordic sustainable bonds overall.

Financial outcome

Total income was up 17%, year on year, driven by strong growth in net interest income as well as items at net fair value.

Net interest income increased by 25%, year on year, primarily driven by higher lending and deposit volumes and improved deposit margins. Lending volumes increased by 25%, mainly due to event-driven financing and short-term liquidity financing needs, including bond-to-bank flows. Deposit volumes were up 13%, mainly due to the energy sector's current need for strong liquidity buffers.

Net fee and commission income was down 9%, year on year. The decrease was primarily due to weaker capital markets as investor risk appetite continued to decline.

Net result from items at fair value increased by 31%, primarily due to high customer activity and solid risk management income.

Total expenses were up 4% year on year, mainly due to higher regulatory fees, which were primarily related to the Swedish bank tax. Excluding these, total expenses were stable, driven by strict cost management and high operational efficiency.

Net loan losses and similar net result amounted to net reversals of EUR 16m (9bp). The total provisioning level has decreased to approximately EUR 396m or 0.7% of LC&I lending, following restructuring within the Offshore portfolio.

Operating profit amounted to EUR 345m, a year-on-year increase of 27%, supported by solid income growth and loan loss reversals.

Economic capital increase was limited to 10%, year on year, despite lending volumes that were 25% higher, supported by strong capital discipline.

Return on capital at risk (ROCAR) was 16% in the third quarter, up 3 percentage points from last year. Year-to-date ROCAR was 18%, reflecting Nordea's focus, diversification and strong franchise. This continued solid performance was supported by significant bridge financing, the gains related to the restructuring of our Offshore portfolio and generally high customer activity.

Large Corporates & Institutions total

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Jan-Sep 22	Jan-Sep 21	Jan-Sep 22/21
EURm										
Net interest income	284	263	267	247	228	25%	8%	814	700	16%
Net fee and commission income	105	113	129	120	115	-9%	-7%	347	422	-18%
Net result from items at fair value	118	162	134	85	90	31%	-27%	414	438	-5%
Other income	1	3	0	2	0			4	1	
Total income incl. allocations	508	541	530	454	433	17%	-6%	1,579	1,561	1%
Total expenses incl. allocations	-179	-189	-275	-174	-172	4%	-5%	-643	-622	3%
Profit before loan losses	329	352	255	280	261	26%	-7%	936	939	0%
Net loan losses and similar net result	16	15	29	-12	10			60	-5	
Operating profit	345	367	284	268	271	27%	-6%	996	934	7%
Cost-to-income ratio ¹ , %	41	38	38	44	46			39	38	
Return on capital at risk ¹ , %	16	18	19	13	13			18	17	
Economic capital (EC)	6,078	5,877	5,952	5,678	5,514	10%	3%	6,078	5,514	10%
Risk exposure amount (REA)	44,383	42,979	43,477	41,333	40,509	10%	3%	44,383	40,509	10%
Number of employees (FTEs)	1,251	1,216	1,213	1,210	1,291	-3%	3%	1,251	1,291	-3%
Volumes, EURbn²:										
Total lending	54.6	51.2	49.9	47.0	43.7	25%	7%	54.6	43.7	25%
Total deposits	56.6	50.8	56.9	49.9	49.9	13%	11%	56.6	49.9	13%

¹ With amortised resolution fees.² Excluding repurchase agreements and security lending/borrowing agreements.

Large Corporates & Institutions

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Jan-Sep 22	Jan-Sep 21	Jan-Sep 22/21
Net interest income, EURm										
Denmark	52	50	40	38	35	49%	4%	142	106	34%
Finland	37	39	48	36	36	3%	-5%	124	127	-2%
Norway	83	78	72	73	71	17%	6%	233	218	7%
Sweden	99	89	97	89	82	21%	11%	285	229	24%
Other	13	7	10	11	4			30	20	
Net fee and commission income, EURm										
Denmark	23	32	31	34	24	-4%	-28%	86	106	-19%
Finland	32	30	34	28	28	14%	7%	96	104	-8%
Norway	26	24	27	25	24	8%	8%	77	90	-14%
Sweden	28	46	41	54	37	-24%	-39%	115	127	-9%
Other	-4	-19	-4	-21	2			-27	-5	
Net loan losses and similar net result, EURm										
Denmark	-2	2	0	5	5			0	19	
Finland	7	0	5	-10	6			12	4	
Norway	20	12	19	-2	-1			51	-35	
Sweden	-4	-4	4	-3	-1			-4	4	
Other	-5	5	1	-2	1			1	3	
Lending, EURbn¹										
Denmark	11.2	11.0	10.8	7.9	7.5	49%	2%	11.2	7.5	49%
Finland	9.4	8.4	7.9	8.4	7.3	29%	12%	9.4	7.3	29%
Norway	12.4	12.3	12.4	12.1	12.1	2%	1%	12.4	12.1	2%
Sweden	19.6	17.9	17.3	16.9	15.3	28%	9%	19.6	15.3	28%
Other	2.0	1.6	1.5	1.7	1.5			2.0	1.5	
Deposits, EURbn¹										
Denmark	10.0	7.4	8.1	7.9	8.9	12%	35%	10.0	8.9	12%
Finland	13.1	13.7	15.5	16.1	15.0	-13%	-4%	13.1	15.0	-13%
Norway	14.3	11.2	12.3	10.7	9.2	55%	28%	14.3	9.2	55%
Sweden	19.1	18.3	20.7	15.2	16.5	16%	4%	19.1	16.5	16%
Other	0.1	0.2	0.3	0	0.3			0.1	0.3	

¹ Excluding repurchase agreements and security lending/borrowing agreements.

Asset & Wealth Management

Introduction

In Asset & Wealth Management we offer an extensive range of award-winning savings products through internal and external distribution channels, and provide financial advice to high net worth individuals and corporate and institutional investors.

We are the leading Nordic private bank, asset manager and life and pensions business, with global reach and a globally competitive sustainability offering.

Business development

In the third quarter our strong momentum in Private Banking continued. Net flows were at their highest level ever for the seasonally weaker third quarter (EUR 1.1bn), driven by increased customer acquisition. Sweden was the main driver, with net flows of EUR 0.5bn and affluent customers in Stockholm seeing all-time-high flows during the quarter. This also contributed to 9% and 15% increases in lending and deposit volumes, respectively. Our private assets offering had an inflow of around EUR 0.5bn in the first nine months, gaining further traction during the third quarter with the launch of our Global Private Markets Fund. We also continued to work on our digital capabilities, and in the third quarter 16% of all fund purchases in Private Banking were made digitally.

During the quarter the macroeconomic uncertainty continued. Further increases in interest rates and recession concerns put a strain on the financial markets, resulting in continued high volatility in both equity and fixed income markets. Following a volatile third quarter, S&P 500 and STOXX Europe 600 indices ended the first nine months down by around 25%. The global aggregate bond index continued to decline in the quarter, and was down by 20% in the first nine months of 2022.

As a result of the turbulence, assets under management (AuM) decreased by 13%, year on year, to EUR 341bn. In the third quarter net flows amounted to EUR -2.5bn, driven by outflows in institutional and wholesale distribution. Net flows from internal channels continued to be positive and amounted to EUR 0.9bn. The third quarter included an outflow of EUR 0.1bn from mandates related to the divestment of Nordea Life & Pensions Denmark in 2018. Investment return decreased AuM by EUR 11.7bn in line with market performance.

In Asset Management we continued to broaden our range of products with ESG strategies and launched one of Europe's first Article 9 global sustainable listed real assets funds. At the end of the quarter approximately 66% of total assets under management were in ESG products. Net flows in the third quarter were negative at EUR -3.9bn. Investment performance in Asset Management remained strong, with 83% of aggregated composites providing excess return on a 3-year basis.

In Life & Pension we remained focused on becoming the leading bancassurer in each of our home markets. We continued to grow our pension business in Norway and Sweden, drawing on new digital capabilities and strong customer relationships. In Sweden, the robot advisor Nora Pension was further extended, offering fully digital pension advice on private and occupational pensions, both in and outside Nordea.

To accelerate our strategic ambitions within the savings area, this quarter we continued to work towards the completion of the acquisition of Topdanmark's life and pensions business in Denmark, which we announced in March. The process is progressing as planned and we expect it to be completed in the fourth quarter of 2022, subject to regulatory approval.

Gross written premiums amounted to EUR 1.3bn. Despite the market volatility, net flows in the quarter remained positive at EUR 0.2bn but were 68% lower, year on year.

Financial outcome

Total income in the third quarter was down 1%, year on year. This was mainly due to lower AuM. The decrease was partly offset by higher deposit income.

Net interest income was up 116%, year on year, driven by increased lending volumes and improved deposit margins.

Net fee and commission income decreased by 7%, year on year, driven by lower AuM.

Net result from items at fair value amounted to EUR 8m, down 38%, year on year, mainly due to losses on shareholders' equity portfolios in Life & Pension.

Total expenses decreased by 5%, year on year, driven by lower variable pay provisions. The cost-to-income ratio with amortised resolution fees was down 2 percentage points, year on year, at 45%.

Net loan losses and similar net result amounted to EUR 1m, compared with EUR 0m in same quarter last year.

Operating profit in the third quarter was EUR 174m, a year-on-year increase of 2%. Our return on capital at risk improved 6 percentage points, year on year, and stood at 34%.

Asset & Wealth Management total

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Local curr.		Jan-Sep 22	Jan-Sep 21	Jan-Sep 22/21	
								Q3/Q3	Q3/Q2			EUR	Local
EURm													
Net interest income	41	29	26	20	19	116%	41%	116%	41%	96	57	68%	68%
Net fee and commission income	268	269	279	311	287	-7%	0%	-6%	0%	816	801	2%	2%
Net result from items at fair value	8	13	1	12	13	-38%	-38%	-54%	-57%	22	50	-56%	-56%
Other income	0	0	0	3	0					0	0		
Total income incl. allocations	317	311	306	346	319	-1%	2%	-1%	2%	934	908	3%	3%
Total expenses incl. allocations	-142	-131	-139	-143	-149	-5%	8%	-5%	8%	-412	-398	4%	4%
Profit before loan losses	175	180	167	203	170	3%	-3%	2%	-3%	522	510	2%	2%
Net loan losses and similar net result	-1	-3	-1	0	0					-5	0		
Operating profit	174	177	166	203	170	2%	-2%	2%	-2%	517	510	1%	1%
Cost-to-income ratio ¹ , %	45	42	45	41	47					44	44		
Return on capital at risk ¹ , %	34	34	30	31	28					33	30		
Economic capital (EC)	1,499	1,550	1,606	2,003	1,885	-20%	-3%			1,499	1,885	-20%	
Risk exposure amount (REA)	8,464	8,477	8,335	9,251	8,841	-4%	0%			8,464	8,841	-4%	
Number of employees (FTEs)	2,832	2,799	2,756	2,747	2,761	3%	1%			2,832	2,761	3%	
Volumes, EURbn:													
AuM	341.4	355.5	389.4	411.3	392.9	-13%	-4%			341.4	392.9	-13%	
Total lending	11.9	11.8	11.7	11.3	10.9	9%	1%	12%	2%	11.9	10.9	9%	12%
Total deposits	13.0	12.8	11.6	11.6	11.3	15%	2%	19%	2%	13.0	11.3	15%	19%

¹ With amortised resolution fees.

Assets under Management (AuM), volumes and net flow

	Q322	Q222	Q122	Q421	Q321	Net flow Q322
EURbn						
Nordic Retail funds	70.3	72.6	81.7	87.4	82.4	-0.5
Private Banking	102.4	106.1	115.4	122.7	116.1	1.1
Institutional sales	109.2	115.9	124.8	131.3	128.0	-3.4
Life & Pension	59.5	60.8	67.4	69.9	66.3	0.2
Total	341.4	355.5	389.4	411.3	392.9	-2.5

Asset Management - Asset under management and Net flow¹

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Jan-Sep 22	Jan-Sep 21	Jan-Sep 22/21
EURbn										
AuM, internal channels	128.1	131.8	148.2	161.2	153.2	-16%	-3%	128.1	153.2	-16%
AuM, external channels	109.2	115.9	124.8	131.3	128.0	-15%	-6%	109.2	128.0	-15%
AuM, total	237.3	247.7	273.0	292.5	281.2	-16%	-4%	237.3	281.2	-16%
- whereof ESG AuM ²	157.1	161.1	175.2	194.6	176.9	-11%	-3%	157.1	176.9	-11%
Net inflow, internal channels	-0.5	-0.9	-1.3	2.5	1.8		-44%	-2.8	7.7	
Net inflow, external channels	-3.4	-0.9	-2.1	0.4	2.0			-6.3	-1.2	
Net inflow, total	-3.9	-1.8	-3.4	2.9	3.8			-9.1	6.6	
- whereof ESG net inflow ²	-1.0	-1.1	-2.0	2.9	3.9		-9%	-4.1	8.7	

¹ External channels include "Institutional sales" while internal channels include all other assets management by Asset Management.

² Articles 8 and 9 of the Sustainable Finance Disclosure Regulation.

Net fee and commission income	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Jan-Sep 22	Jan-Sep 21	Jan-Sep 22/21
EURm										
PB Denmark	44	45	46	54	48	-8%	-2%	135	148	-9%
PB Finland	43	43	46	48	48	-10%	0%	132	138	-4%
PB Norway	11	13	14	12	11	0%	-15%	38	30	27%
PB Sweden	27	28	29	32	29	-7%	-4%	84	81	4%
Asset Management	129	131	131	154	143	-10%	-2%	391	385	2%
Other	14	9	13	11	8	75%	56%	36	19	89%
Total	268	269	279	311	287	-7%	0%	816	801	2%

Private Banking	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Jan-Sep 22	Jan-Sep 21	22/21
AuM, EURbn										
PB Denmark	29.8	30.9	33.7	35.8	34.3	-13%	-4%	29.8	34.3	-13%
PB Finland	33.8	35.3	37.9	40.4	38.6	-13%	-4%	33.8	38.6	-13%
PB Norway	9.7	10.0	11.0	10.9	10.0	-3%	-3%	9.7	10.0	-3%
PB Sweden	29.1	29.8	32.9	35.7	33.2	-12%	-3%	29.1	33.2	-12%
Private Banking	102.4	106.1	115.4	122.7	116.1	-12%	-4%	102.4	116.1	-12%
Lending, EURbn										
PB Denmark	4.3	4.2	4.1	4.0	3.8	13%	2%	4.3	3.8	13%
PB Finland	2.8	2.8	2.7	2.6	2.5	12%	0%	2.8	2.5	12%
PB Norway	1.8	1.8	1.9	1.8	1.8	0%	0%	1.8	1.8	0%
PB Sweden	3.0	3.0	3.0	2.9	2.8	7%	0%	3.0	2.8	7%
Private Banking	11.9	11.8	11.7	11.3	10.9	9%	1%	11.9	10.9	9%

Life & Pension

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Jan-Sep 22	Jan-Sep 21	Jan-Sep 22/21
EURm										
AuM, EURbn	55.4	56.5	62.8	65.1	61.6	-10%	-2%	55.4	61.6	-10%
Premiums	1,266	1,425	1,957	2,242	1,764	-28%	-11%	4,648	5,764	-19%
Profit drivers										
Profit traditional products	1	4	4	9	7	-93%	-86%	8	20	-60%
Profit market return products	64	65	67	70	66	-3%	-1%	196	195	1%
Profit risk products	22	23	20	19	20	10%	0%	65	63	3%
Total product result	87	91	91	99	93	-7%	-5%	269	278	-3%

Group functions

Introduction

Our Group functions provide the four business areas with the services, subject matter expertise, data and technology infrastructure needed for Nordea to be the preferred financial partner in the Nordics. The Group functions consist of Group Business Support; Chief of Staff Office; Group Brand, Communication and Marketing; Group Risk; Group Compliance; Group People; Group Legal; Group Finance; and Group Internal Audit.

Together with the results of the business areas, the results of the Group functions add up to the reported result for the Group. The income primarily originates from Group Treasury. The majority of both costs and income are distributed to the business areas.

Business development

In the first quarter we continued with initiatives to further consolidate Operations-related processes across the Group. This will enable more nearshoring and outsourcing, further increase operational efficiency and strengthen our focus on automation.

During the quarter we issued an inaugural bond under our new Sustainability-Linked Loan Funding Framework, which was published in the second quarter of 2022.

Financial outcome

Total operating income in the third quarter amounted to EUR -35m, down from EUR 35m in the same quarter last year, driven by lower net interest income.

Net interest income decreased by EUR 51m, year on year, driven by higher short-term interest rates and wider funding spreads.

Net result from items at fair value decreased by EUR 8m, year on year.

Total operating expenses amounted to EUR 75m, a year-on-year increase of EUR 39m, primarily due to higher IT investments in line with our business plan and one-time effects.

Group functions

	Q322	Q222	Q122	Q421	Q321	Q3/Q3	Q3/Q2	Jan-Sep 22	Jan-Sep 21
EURm									
Net interest income	-41	1	10	15	10			-30	17
Net fee and commission income	-14	-10	-6	-4	-9			-30	-21
Net result from items at fair value	12	-14	6	28	20			4	49
Other income	8	0	5	5	14			13	22
Total operating income	-35	-23	15	44	35			-43	67
Total operating expenses	-75	-79	-115	-35	-36			-269	-219
Profit before loan losses	-110	-102	-100	9	-1			-312	-152
Net loan losses and similar net result	-6	3	8	-7	-3			5	1
Operating profit	-116	-99	-92	2	-4			-307	-151
Economic capital (EC)	893	938	1,066	942	1,180			893	1,180
Risk exposure amount (REA)	10,878	11,183	11,835	11,519	12,569			10,878	12,569
Number of employees (FTEs)	12,901	12,553	12,335	12,188	12,167	6%	3%	12,901	12,167

Income statement

	Note	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm						
Operating income						
Interest income calculated using the effective interest rate method		2,037	1,275	4,902	3,811	5,116
Other interest income		258	208	620	605	784
Negative yield on financial assets		-22	-72	-134	-158	-219
Interest expense		-916	-288	-1,687	-894	-1,167
Negative yield on financial liabilities		50	103	322	306	411
Net interest income		1,407	1,226	4,023	3,670	4,925
Fee and commission income		1,050	1,103	3,234	3,291	4,472
Fee and commission expense		-234	-233	-710	-716	-977
Net fee and commission income	3	816	870	2,524	2,575	3,495
Net result from items at fair value	4	264	224	304	872	1,119
Profit or loss from associated undertakings and joint ventures accounted for under the equity method		-3	9	-7	-2	-6
Other operating income		17	15	54	67	87
Total operating income		2,501	2,344	6,898	7,182	9,620
Operating expenses						
General administrative expenses:						
Staff costs		-701	-702	-2,103	-2,089	-2,759
Other expenses	5	-282	-237	-813	-761	-1,002
Regulatory fees	6	-16	-	-306	-224	-224
Depreciation, amortisation and impairment charges of tangible and intangible assets	7	-147	-159	-451	-474	-664
Total operating expenses		-1,146	-1,098	-3,673	-3,548	-4,649
Profit before loan losses		1,355	1,246	3,225	3,634	4,971
Net result on loans in hold portfolios mandatorily held at fair value		-29	26	-5	58	83
Net loan losses	8	-29	-4	-61	-37	-118
Operating profit		1,297	1,268	3,159	3,655	4,936
Income tax expense		-285	-267	-824	-841	-1,105
Net profit for the period		1,012	1,001	2,335	2,814	3,831
Attributable to:						
Shareholders of Nordea Bank Abp		1,012	1,001	2,311	2,788	3,805
Additional Tier 1 capital holders		0	0	26	26	26
Non-controlling interests		0	-	-2	-	-
Total		1,012	1,001	2,335	2,814	3,831
Basic earnings per share, EUR		0.27	0.25	0.61	0.69	0.95
Diluted earnings per share, EUR		0.27	0.25	0.61	0.69	0.95

Statement of comprehensive income

	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm					
Net profit for the period	1,012	1,001	2,335	2,814	3,831
Items that may be reclassified subsequently to the income statement					
Currency translation differences	-204	30	-552	142	160
Currency translation differences transferred to the income statement	-	-	660	-	-
Tax on currency translation differences	-	-	-	-	-2
<i>Hedging of net investments in foreign operations:</i>					
Valuation gains/losses	50	-16	152	1	-1
Valuation gains/losses transferred to the income statement, net of tax	-	-	-131	-	-
<i>Fair value through other comprehensive income:¹</i>					
Valuation gains/losses, net of recycling	-34	26	-238	14	38
Tax on valuation gains/losses	7	-5	49	-3	-8
<i>Cash flow hedges:</i>					
Valuation gains/losses, net of recycling	89	27	203	-24	50
Tax on valuation gains/losses	-18	-6	-41	5	-10
Items that may not be reclassified subsequently to the income statement					
<i>Changes in own credit risk related to liabilities classified as fair value option:</i>					
Valuation gains/losses	-4	-1	13	-4	-2
Tax on valuation gains/losses	2	1	-3	1	1
<i>Defined benefit plans:</i>					
Remeasurement of defined benefit plans	-69	39	127	284	49
Tax on remeasurement of defined benefit plans	15	-7	-31	-55	-9
Other comprehensive income from companies accounted for under the equity method	0	0	2	0	0
Tax on other comprehensive income from companies accounted for under the equity method	0	0	0	0	0
Other comprehensive income, net of tax	-166	88	210	361	266
Total comprehensive income	846	1,089	2,545	3,175	4,097
Attributable to:					
Shareholders of Nordea Bank Abp	846	1,089	2,521	3,149	4,071
Additional Tier 1 capital holders	0	0	26	26	26
Non-controlling interests	0	-	-2	-	-
Total	846	1,089	2,545	3,175	4,097

¹ Valuation gains/losses related to hedged risks under fair value hedge accounting are accounted for directly in the income statement.

Balance sheet

	Note	30 Sep 2022	31 Dec 2021	30 Sep 2021
EURm				
Assets				
	10			
Cash and balances with central banks		71,885	47,495	77,086
Loans to central banks	9	1,488	409	475
Loans to credit institutions	9	9,743	1,983	6,760
Loans to the public	9	345,949	345,050	342,604
Interest-bearing securities		65,928	63,383	63,917
Financial instruments pledged as collateral		3,928	1,668	2,754
Shares		17,311	15,217	21,825
Assets in pooled schemes and unit-linked investment contracts		39,805	46,912	43,967
Derivatives		48,399	30,200	30,268
Fair value changes of hedged items in hedges of interest rate risk		-2,185	-65	92
Investments in associated undertakings and joint ventures		206	207	208
Intangible assets		3,645	3,784	3,812
Properties and equipment		1,662	1,745	1,753
Investment properties		1,703	1,764	1,732
Deferred tax assets		49	218	375
Current tax assets		247	272	391
Retirement benefit assets		382	221	386
Other assets		13,862	8,830	14,989
Prepaid expenses and accrued income		842	880	773
Assets held for sale		-	180	342
Total assets		624,849	570,353	614,509
Liabilities				
	10			
Deposits by credit institutions		44,571	26,961	43,467
Deposits and borrowings from the public		225,406	205,801	210,822
Deposits in pooled schemes and unit-linked investment contracts		41,043	48,201	44,638
Liabilities to policyholders		16,914	19,595	19,175
Debt securities in issue		189,233	175,792	191,074
Derivatives		48,307	31,485	31,726
Fair value changes of hedged items in hedges of interest rate risk		-6,738	805	1,402
Current tax liabilities		262	354	498
Other liabilities		26,120	18,485	25,932
Accrued expenses and prepaid income		1,167	1,334	1,218
Deferred tax liabilities		650	535	555
Provisions		366	414	502
Retirement benefit obligations		362	369	289
Subordinated liabilities		6,160	6,719	6,583
Total liabilities		593,823	536,850	577,881
Equity				
Additional Tier 1 capital holders		749	750	750
Non-controlling interests		-	9	9
Share capital		4,050	4,050	4,050
Invested unrestricted equity		1,087	1,090	1,069
Other reserves		-1,593	-1,801	-1,706
Retained earnings		26,733	29,405	32,456
Total equity		31,026	33,503	36,628
Total liabilities and equity		624,849	570,353	614,509
Off-balance sheet items				
Assets pledged as security for own liabilities		184,380	183,984	179,420
Other assets pledged ¹		253	253	253
Contingent liabilities		22,523	22,786	21,667
Credit commitments ²		91,441	86,238	90,269
Other commitments		2,593	2,747	1,545

¹ Includes interest-bearing securities pledged as security for payment settlements with central banks and clearing institutions.

² Including unutilised portion of approved overdraft facilities of EUR 27,040m (31 December 2021: EUR 28,263m; 30 September 2021: EUR 32,394m).

Statement of changes in equity

Attributable to shareholders of Nordea Bank Abp												
Other reserves:												
EURm	Share capital ¹	Invested un-restricted equity	Translation of foreign operations	Cash flow hedges	Fair value through other comprehensive income	Defined benefit plans	Changes in own credit risk related to liabilities classified as fair value option	Retained earnings	Total	Additional Tier 1 capital holders	Non-controlling interests	Total equity
Balance as at 1 Jan 2022	4,050	1,090	-1,863	30	121	-77	-12	29,405	32,744	750	9	33,503
Net profit for the period	-	-	-	-	-	-	-	2,311	2,311	26	-2	2,335
Other comprehensive income, net of tax	-	-	129	162	-189	96	10	2	210	-	-	210
Total comprehensive income	-	-	129	162	-189	96	10	2,313	2,521	26	-2	2,545
Paid interest on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-1	-	-1
Share-based payments	-	-	-	-	-	-	-	10	10	-	-	10
Dividend	-	-	-	-	-	-	-	-2,655	-2,655	-	-	-2,655
Purchase of own shares ²	-	-3	-	-	-	-	-	-2,340	-2,343	-	-	-2,343
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-7	-7
Balance as at 30 Sep 2022	4,050	1,087	-1,734	192	-68	19	-2	26,733	30,277	749	-	31,026
Balance as at 1 Jan 2021	4,050	1,063	-2,020	-10	91	-117	-11	29,937	32,983	748	9	33,740
Net profit for the period	-	-	-	-	-	-	-	3,805	3,805	26	-	3,831
Other comprehensive income, net of tax	-	-	157	40	30	40	-1	0	266	-	-	266
Total comprehensive income	-	-	157	40	30	40	-1	3,805	4,071	26	-	4,097
Paid interest on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	2	-	2
Share-based payments	-	-	-	-	-	-	-	18	18	-	-	18
Dividend	-	-	-	-	-	-	-	-3,192	-3,192	-	-	-3,192
Sale/purchase of own shares ²	-	27	-	-	-	-	-	-1,163	-1,136	-	-	-1,136
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	0	0
Balance as at 31 Dec 2021	4,050	1,090	-1,863	30	121	-77	-12	29,405	32,744	750	9	33,503
Balance as at 1 Jan 2021	4,050	1,063	-2,020	-10	91	-117	-11	29,937	32,983	748	9	33,740
Net profit for the period	-	-	-	-	-	-	-	2,788	2,788	26	-	2,814
Other comprehensive income, net of tax	-	-	143	-19	11	229	-3	0	361	-	-	361
Total comprehensive income	-	-	143	-19	11	229	-3	2,788	3,149	26	-	3,175
Paid interest on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	2	-	2
Share-based payments	-	-	-	-	-	-	-	14	14	-	-	14
Dividend	-	-	-	-	-	-	-	-283	-283	-	-	-283
Sale of own shares ²	-	6	-	-	-	-	-	-	6	-	-	6
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	0	0
Balance as at 30 Sep 2021	4,050	1,069	-1,877	-29	102	112	-14	32,456	35,869	750	9	36,628

¹ Total shares registered were 3,714 million (31 December 2021: 3,966 million; 30 September 2021: 4,050 million). The number of own shares was 7.0 million (31 December 2021: 32.8 million; 30 September 2021: 10.4 million), which represents 0.2% (31 December 2021: 0.8%; 30 September 2021: 0.3%) of the total shares in Nordea. Each share represents one voting right.

² The change in the holding of own shares related to treasury shares held for remuneration purposes and to the trading portfolio was accounted for as an increase in "Invested unrestricted equity". The number of treasury shares held for remuneration purposes was 6.1 million (31 December 2021: 7.1 million; 30 September 2021: 7.1 million). The share buy-back amounted to EUR 2,336m (31 December 2021: EUR 1,160m) and was accounted for as a reduction in "Retained earnings". The transaction cost in relation to the share buy-back amounted to EUR 4m (31 December 2021: EUR 3m).

Cash flow statement, condensed

	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm			
Operating activities			
Operating profit	3,159	3,655	4,936
Adjustments for items not included in cash flow	-6,989	376	2,263
Income taxes paid	-660	-639	-759
Cash flow from operating activities before changes in operating assets and liabilities	-4,490	3,392	6,440
Changes in operating assets and liabilities	34,444	39,582	11,152
Cash flow from operating activities	29,954	42,974	17,592
Investing activities			
Acquisition/sale of business operations	-	7	7
Acquisition/sale of associated undertakings and joint ventures	-18	-1	2
Acquisition/sale of property and equipment	-12	-2	-5
Acquisition/sale of intangible assets	-254	-284	-384
Cash flow from investing activities	-284	-280	-380
Financing activities			
Issued/amortised subordinated liabilities	-939	-437	-437
Sale/repurchase of own shares, including change in trading portfolio	-2,343	6	-1,136
Dividend paid	-2,655	-283	-3,192
Paid interest on Additional Tier 1 capital	-26	-26	-26
Amortisation of the principal part of lease liabilities	-126	-106	-140
Cash flow from financing activities	-6,089	-846	-4,931
Cash flow for the period	23,581	41,848	12,281

Cash and cash equivalents	30 Sep 2022	30 Sep 2021	31 Dec 2021
EURm			
Cash and cash equivalents at beginning of the period	48,628	36,203	36,203
Translation differences	1,142	612	144
Cash and cash equivalents at end of the period	73,351	78,663	48,628
Change	23,581	41,848	12,281
The following items are included in cash and cash equivalents:			
Cash and balances with central banks	71,885	77,086	47,495
Loans to central banks	5	5	6
Loans to credit institutions	1,461	1,572	1,127
Total cash and cash equivalents	73,351	78,663	48,628

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority where the following conditions are fulfilled:

- the central bank or postal giro system is domiciled in the country where the institution is established,
- the balance on the account is readily available at any time.

Loans to credit institutions payable on demand include liquid assets not represented by bonds or other interest-bearing securities.

Notes to the financial statements

Note 1 Accounting policies

The consolidated interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34 Interim Financial Reporting, as endorsed by the European Union (EU).

The report includes a condensed set of financial statements and is to be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2021. The accounting policies and methods of computation are unchanged from Note G1 in the Annual Report 2021, except for those relating to the items presented in the section "Changed accounting policies and presentation" below. For more information, see Note G1 in the Annual Report 2021.

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea on 1 January 2022.

Changed presentation of regulatory fees

As of 1 January 2022 Nordea began presenting resolution fees and the Swedish bank tax separately on the new row "Regulatory fees" in the income statement. The earlier policy was to present similar expenses on the row "Other expenses". The new presentation provides a more transparent view of Nordea's underlying performance and the impact of regulatory fees. Resolution fees will continue to be recognised in full in the first quarter, while the Swedish bank tax will be amortised linearly over the course of the year.

Comparative figures have been restated accordingly and the impact in the third quarter of 2022 can be found in the table below.

	Q3 2022			Q3 2021		
	Old policy	New policy	Chg	Old policy	New policy	Chg
EURm						
General administrative expenses:						
Other expenses	-298	16	-282	-237	-	-237
Regulatory fees	-	-16	-16	-	-	-
Total operating expenses	-1,146	-	-1,146	-1,098	-	-1,098
Impact on EPS/DEPS, EUR			-			-

	Jan-Sep 2022			Jan-Sep 2021		
	Old policy	New policy	Chg	Old policy	New policy	Chg
EURm						
General administrative expenses:						
Other expenses	-1,119	306	-813	-985	224	-761
Regulatory fees	-	-306	-306	-	-224	-224
Total operating expenses	-3,673	-	-3,673	-3,548	-	-3,548
Impact on EPS/DEPS, EUR			-			-

	Full year 2021		
	Old policy	New policy	Chg
EURm			
General administrative expenses:			
Other expenses	-1,226	224	-1,002
Regulatory fees	-	-224	-224
Total operating expenses	-4,649	-	-4,649
Impact on EPS/DEPS, EUR			-

Other amendments

The following amended standards issued by the International Accounting Standards Board (IASB) were implemented by Nordea on 1 January 2022, but have not had any significant impact on Nordea's financial statements.

- Amendments to International Financial Reporting Standard (IFRS) 3 Business Combinations: Reference to the Conceptual Framework
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract
- Annual improvements to IFRS Standards 2018–2020

Changes in IFRSs not yet applied

IFRS 17 Insurance Contracts

The IASB has published the new standard IFRS 17 Insurance Contracts. The new standard will change the accounting requirements for the recognition, measurement, presentation and disclosure of insurance contracts.

The measurement principles will change from a non-uniform accounting policy based on the local accounting policies in the life insurance subsidiaries to a uniform accounting policy based on three measurement models: the General Measurement Model (GMM), the Variable Fee Approach (VFA) and the Premium Allocation Approach (PAA). The model application depends on the terms of the contract (long term, long term with a variable fee or short term). The three measurement models include consistent definitions of contractual cash flows, the risk adjustment margin and discounting. These definitions are based on principles similar to those for calculating the technical provisions in the Solvency II Directive. Unearned margins related to premiums from profitable contracts will be recognised as a provision on the balance sheet and released to revenue when the service is provided. Losses related to unprofitable contracts will be recognised in the income statement at initial recognition.

Nordea is in the process of implementing the changes required by IFRS 17. It is currently expected that approximately EUR 2bn will be reclassified from insurance to investment contracts at transition (based on insurance liabilities as per year-end 2021). This relates mainly to newer unit-linked endowment contracts where the insurance risk has been assessed to be insignificant.

Nordea will apply all three measurements models, but currently expects that the VFA model will be applied for more than 95% of the insurance contracts at transition (based on liabilities as per year-end 2021).

Nordea plans to use the EU carve-out for annual cohorts for two portfolios of approximately EUR 6bn. Nordea does currently not expect to use the option to disaggregate insurance finance income and expense between profit and loss and other comprehensive income.

Different transition methods will be applied based on the data available at the time of transition. Nordea does not have enough information to be able to apply the full or modified retrospective approach for the majority of the contracts, and will thus apply the fair value approach. The modified retrospective approaches will be applied for the majority of the remaining contracts. Nordea expects to use the fair value approach for approximately 90% of the insurance contracts (based on liabilities as per year-end 2021). The application of the fair value approach in Nordea is expected to result in a higher contractual service margin compared with the retrospective approaches, and consequently a larger reduction in equity at transition, as the fair value approach generally requires an additional margin that a potential third-party acquirer would require. This margin is not required in the retrospective approaches. It also means that the contractual service margin to be amortised in the future is higher under the fair value approach compared with the retrospective approaches.

IFRS 17 has been endorsed by the EU and is effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The quantitative impact on Nordea's financial statements at transition on 1 January 2022 from implementing IFRS 17 is expected to be an increase in insurance liabilities within the range of EUR 0.7bn–0.9bn. The increase of insurance liabilities will be accounted for directly in equity (after tax) at transition and is expected to reduce equity by EUR 0.5bn–0.7bn. The impact on the Common Equity Tier 1 capital ratio is expected to be a reduction of 15 to 25 basis points.

The above descriptions are valid for the insurance contracts held by Nordea at transition on 1 January 2022. Contracts in Topdanmark Life will thus not impact Nordea's transition to IFRS 17.

Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

In 2021 the IASB published amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

The amendments require companies to recognise deferred tax on particular transactions that, on initial recognition, give rise to taxable and deductible temporary differences of equal amounts. Such a requirement may apply on the initial recognition of a lease liability and the corresponding right-of-use asset at the commencement of a lease. The requirement also applies in the context of decommissioning, restoration and similar liabilities where the corresponding amounts are recognised as part of the cost of the related asset.

The amendments has been endorsed by the EU and are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The gross deferred tax assets and liabilities will be disclosed, but will be set off on the balance sheet if such requirements are met. Nordea's current assessment is that the amendments will not have any significant impact on its financial statements or capital adequacy in the period of initial application.

Other amendments to IFRSs

Other amendments to IFRSs are not assessed to have any significant impact on Nordea's financial statements or capital adequacy in the period of their initial application.

Critical judgements affected by the war in Ukraine

Nordea applied critical judgements in the preparation of this interim report due to the uncertainty concerning the potential long-term impact of the war in Ukraine on Nordea's financial statements. Areas particularly important during the third quarter of 2022 were the impairment testing of goodwill and loans to the public/credit institutions. Information on where critical judgements are generally applied and where estimation uncertainty exists can be found in section 4 of Note G1 "Accounting policies" in the Annual Report 2021.

No impairment of goodwill was identified during the third quarter of 2022, but estimation uncertainty exists in relation to the long-term impact on Nordea's financial statements and the impairment need will be continuously reassessed. Nordea's total goodwill amounted to EUR 1,915m at the end of the third quarter of 2022 and EUR 1,975m at the end of 2021. Cash flows were projected up until the end of 2025 and the long-term growth assumption was used for subsequent periods. The discount rate used for the test in the third quarter was 8.6% post tax and the long-term growth was 2.5%. Both an increase in the discount rate of 1 percentage point and a reduction in the future growth rate of 1 percentage point are considered to be reasonably possible changes in key assumptions. Such changes would not result in any impairment.

Critical judgement was also applied in the assessment of when loans had experienced a significant increase in credit risk (staging) and in the application of macro scenarios when estimating the increase in expected credit losses. When calculating allowances for individually significant impaired loans, critical judgement was exercised to estimate the amount and timing of the expected cash flows to be received from the customers under different scenarios, and to value any collateral received. Critical judgement was further applied when assigning the likelihood of the different scenarios occurring. More information on the impairment testing of loans to the public/credit institutions can be found under "Net loan losses and similar net result" on page 12, in Note 9 "Loans and impairment", and under "Other information" on page 17. Information on sensitivities to rating and scoring migrations can be found in the section "Sensitivities" in Note 9.

Exchange rates

	Jan-Sep 2022	Jan-Dec 2021	Jan-Sep 2021
EUR 1 = SEK			
Income statement (average)	10.5224	10.1460	10.1524
Balance sheet (at end of period)	10.8510	10.2913	10.1658
EUR 1 = DKK			
Income statement (average)	7.4398	7.4370	7.4368
Balance sheet (at end of period)	7.4364	7.4364	7.4360
EUR 1 = NOK			
Income statement (average)	10.0032	10.1655	10.2275
Balance sheet (at end of period)	10.5945	10.0185	10.1330
EUR 1 = RUB			
Income statement (average)	77.1665	87.1828	88.5471
Balance sheet (at end of period)	59.3802	85.0140	84.4408

Note 2 Segment reporting

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Reconciliation	Total Group
Jan-Sep 2022								
Total operating income, EURm	2,817	2,162	1,578	933	-52	7,438	-540	6,898
– of which internal transactions ¹	-330	-90	-57	8	469	0	-	-
Operating profit, EURm	1,359	1,215	992	515	-46	4,035	-876	3,159
Loans to the public ² , EURbn	175	100	55	12	0	342	4	346
Deposits and borrowings from the public, EURbn	88	57	57	13	0	215	10	225

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Reconciliation	Total Group
Jan-Sep 2021³								
Total operating income, EURm	2,719	1,905	1,559	907	173	7,263	-81	7,182
– of which internal transactions ¹	-171	-48	-104	-24	347	0	-	-
Operating profit, EURm	1,318	1,032	934	511	190	3,985	-330	3,655
Loans to the public ² , EURbn	168	94	43	11	0	316	27	343
Deposits and borrowings from the public, EURbn	84	53	47	11	0	195	16	211

¹ IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest related to the funding of the reportable operating segments by the internal bank in Group Finance, included in "Other operating segments".

² The volumes are only disclosed separately for operating segments if separately reported to the Chief Operating Decision-Maker (CODM).

³ Comparable figures have been restated to reflect updated plan exchange rates in the reporting to CODM. See Annual Report 2021 Note G3 for further information.

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Sep		30 Sep		30 Sep	
	2022	2021	2022	2021	2022	2021
Total operating segments	4,035	3,985	342	316	215	195
Group functions ¹	-33	-13	-	-	-	-
Unallocated items ³	-848	-330	12	25	14	15
Differences in accounting policies ²	5	13	-8	2	-4	1
Total	3,159	3,655	346	343	225	211

¹ Consists of Group Business Support, Group Internal Audit, Chief of Staff Office, Group People, Group Legal, Group Risk, Group Compliance and Group Brand, Communication and Marketing.

² Impact from plan exchange rates used in the segment reporting.

³ Operating segments are presented excluding items affecting comparability (IAC). IAC of EUR 613m are included in "Unallocated items".

Measurement of operating segments' performance

The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision-Maker (CODM), as required by IFRS 8. In Nordea the CODM has been defined as the Chief Executive Officer, who is supported by the other members of the Group Leadership Team. The main difference compared with the section "Business areas" in this report is that the information in Note 2 is prepared using plan exchange rates, as this is the basis used in the reporting to the CODM.

Financial results are presented for the main business areas Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management. These are identified as reportable operating segments and are reported separately, as they are above the quantitative thresholds in IFRS 8. Other operating segments below the thresholds are included in "Other operating segments". Group functions (and eliminations), as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

There have been no changes in the basis of segmentation during the year.

Note 3 Net fee and commission income

	Q3 2022	Q2 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm						
Asset management commissions	431	433	481	1,315	1,338	1,845
Life and pension commissions	68	69	68	211	200	273
Deposit products	5	6	5	17	17	25
Brokerage, securities issues and corporate finance	27	51	49	140	214	269
Custody and issuer services	6	0	9	8	24	35
Payments	61	62	59	186	182	236
Cards	82	79	70	229	177	250
Lending products	118	118	114	355	356	478
Guarantees	24	26	25	77	73	102
Other	-6	-6	-10	-14	-6	-18
Total	816	838	870	2,524	2,575	3,495

Breakdown Jan-Sep 2022

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Other and elimination	Nordea Group
EURm							
Asset management commissions	425	66	5	819	0	0	1,315
Life and pension commissions	157	63	3	-12	0	0	211
Deposit products	3	14	0	0	0	0	17
Brokerage, securities issues and corporate finance	17	32	78	21	-4	-4	140
Custody and issuer services	2	3	14	1	-10	-2	8
Payments	13	117	61	1	0	-6	186
Cards	192	30	7	0	0	0	229
Lending products	92	125	135	4	0	-1	355
Guarantees	6	20	50	0	0	1	77
Other	8	6	-6	-18	-1	-3	-14
Total	915	476	347	816	-15	-15	2,524

Breakdown Jan-Sep 2021

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Other and elimination	Nordea Group
EURm							
Asset management commissions	442	72	3	821	0	0	1,338
Life and pension commissions	165	62	3	-30	0	0	200
Deposit products	4	13	0	0	0	0	17
Brokerage, securities issues and corporate finance	14	44	145	27	-1	-15	214
Custody and issuer services	2	3	18	2	-7	6	24
Payments	17	112	56	1	0	-4	182
Cards	145	28	4	1	0	-1	177
Lending products	92	114	147	4	1	-2	356
Guarantees	7	20	45	0	1	0	73
Other	11	6	1	-25	-2	3	-6
Total	899	474	422	801	-8	-13	2,575

Note 4 Net result from items at fair value

	Q3 2022	Q2 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm						
Equity-related instruments ¹	12	110	130	167	502	570
Interest-related instruments and foreign exchange gains/losses ²	250	304	80	267	262	395
Other financial instruments (including credit and commodities)	-13	-145	-6	-165	35	57
Nordea Life & Pension ³	15	13	20	35	73	97
Total	264	282	224	304	872	1,119

¹ Includes EUR 8m in losses on fund investments in Russia in the first quarter of 2022.

² Includes EUR 529m in recycled accumulated foreign exchange losses related to operations in Russia in the first quarter of 2022.

³ Internal transactions not eliminated against other lines in the Note. The line item "Nordea Life & Pension" consequently provides the true impact from the life insurance operations.

Breakdown of Nordea Life & Pension

	Q3 2022	Q2 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm						
Equity-related instruments	-65	-825	192	-1,417	1,184	1,724
Interest-related instruments and foreign exchange gains/losses	-108	-212	7	-440	11	-29
Investment properties	-29	15	-2	23	111	198
Change in technical provisions ¹	125	715	-124	1,354	-623	-863
Change in collective bonus potential	80	307	-67	475	-650	-987
Insurance risk income	21	20	18	60	54	73
Insurance risk expense	-9	-7	-4	-20	-14	-19
Total	15	13	20	35	73	97

¹ Premium income amounts to EUR 37m for the third quarter of 2022 and EUR 157m for January-September 2022 (third quarter of 2021: EUR 59m; January-September 2021: EUR 224m).

Note 5 Other expenses

	Q3 2022	Q2 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm						
Information technology ¹	-146	-128	-131	-399	-377	-522
Marketing and representation	-11	-12	-9	-34	-28	-44
Postage, transportation, telephone and office expenses	-11	-11	-12	-34	-39	-48
Rents, premises and real estate	-25	-25	-23	-81	-76	-97
Professional services ¹	-28	-24	-13	-78	-73	-104
Market data services	-24	-22	-21	-69	-66	-84
Other	-37	-43	-28	-118	-102	-103
Total	-282	-265	-237	-813	-761	-1,002

¹ "Information technology" includes IT consultancy fees.

Note 6 Regulatory fees

	Q3 2022	Q2 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm						
Resolution fees	-	-	-	-256	-224	-224
Bank tax	-16	-17	-	-50	-	-
Total	-16	-17	-	-306	-224	-224

Note 7 Depreciation, amortisation and impairment charges of tangible and intangible assets

	Q3 2022	Q2 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm						
Depreciation/amortisation						
Properties and equipment	-54	-54	-60	-163	-185	-244
Intangible assets	-93	-92	-92	-275	-267	-361
Total	-147	-146	-152	-438	-452	-605
Impairment charges						
Properties and equipment	-	-	-3	-	-18	-19
Intangible assets	0	-12	-4	-13	-4	-40
Total	0	-12	-7	-13	-22	-59
Total	-147	-158	-159	-451	-474	-664

Note 8 Net loan losses

	Q3 2022	Q2 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
EURm						
Net loan losses, stage 1	-21	21	-4	-20	81	112
Net loan losses, stage 2	-3	18	0	0	60	103
Net loan losses, non-credit-impaired assets	-24	39	-4	-20	141	215
Stage 3, credit-impaired assets						
Net loan losses, individually assessed, collectively calculated	29	3	25	88	-23	-68
Realised loan losses	-131	-109	-58	-607	-305	-493
Decrease in provisions to cover realised loan losses	90	50	17	463	154	264
Recoveries on previous realised loan losses	9	22	20	47	44	53
Reimbursement right	1	-4	-3	1	0	1
New/increase in provisions	-23	-34	-28	-223	-328	-409
Reversals of provisions	20	73	27	190	280	319
Net loan losses, credit-impaired assets	-5	1	0	-41	-178	-333
Net loan losses	-29	40	-4	-61	-37	-118

Key ratios

	Q3 2022	Q2 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Net loan loss ratio, amortised cost, bp	4	-6	1	3	2	4
- of which stage 1	3	-3	1	1	-4	-4
- of which stage 2	0	-3	0	0	-3	-4
- of which stage 3	1	0	0	2	9	12

Note 9 Loans and impairment

	Total		
	30 Sep 2022	31 Dec 2021	30 Sep 2021
EURm			
Loans measured at fair value	77,692	75,772	85,602
Loans measured at amortised cost, not impaired (stages 1 and 2)	278,731	270,364	262,879
Impaired loans (stage 3)	2,481	3,512	3,628
- of which servicing	1,183	1,642	1,580
- of which non-servicing	1,298	1,870	2,048
Loans before allowances	358,904	349,648	352,109
- of which central banks and credit institutions	11,266	2,395	7,238
Allowances for individually assessed impaired loans (stage 3)	-1,104	-1,610	-1,623
- of which servicing	-530	-800	-743
- of which non-servicing	-574	-810	-880
Allowances for collectively assessed impaired loans (stages 1 and 2)	-620	-596	-647
Allowances	-1,724	-2,206	-2,270
- of which central banks and credit institutions	-35	-3	-3
Loans, carrying amount	357,180	347,442	349,839

Exposures measured at amortised cost and fair value through OCI, before allowances

	30 Sep 2022			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	265,119	13,612	2,481	281,212
Interest-bearing securities ¹	39,281	-	-	39,281
Total	304,400	13,612	2,481	320,493

¹ Of which EUR 1,325m relates to the balance sheet item "Financial instruments pledged as collateral".

	30 Sep 2021			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	249,725	13,154	3,628	266,507
Interest-bearing securities ¹	35,783	-	-	35,783
Total	285,508	13,154	3,628	302,290

¹ Of which EUR 397m relates to the balance sheet item "Financial instruments pledged as collateral".

Allowances and provisions

	30 Sep 2022			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	-213	-407	-1,104	-1,724
Interest-bearing securities	-3	-	-	-3
Provisions for off-balance sheet items	-49	-114	-23	-186
Total allowances and provisions	-265	-521	-1,127	-1,913

	30 Sep 2021			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	-232	-415	-1,623	-2,270
Interest-bearing securities	-3	-3	-	-6
Provisions for off-balance sheet items	-44	-151	-24	-219
Total allowances and provisions	-279	-569	-1,647	-2,495

Movements of allowance accounts for loans measured at amortised cost

	Stage 1	Stage 2	Stage 3	Total
EURm				
Balance as at 1 Jan 2022	-197	-399	-1,610	-2,206
Changes due to origination and acquisition	-54	-17	-5	-76
Transfer from stage 1 to stage 2	5	-79	-	-74
Transfer from stage 1 to stage 3	1	-	-89	-88
Transfer from stage 2 to stage 1	-4	60	-	56
Transfer from stage 2 to stage 3	-	9	-32	-23
Transfer from stage 3 to stage 1	0	-	27	27
Transfer from stage 3 to stage 2	-	-6	32	26
Changes due to change in credit risk (net)	12	-11	14	15
Changes due to repayments and disposals	21	33	73	127
Write-off through decrease in allowance account	-	-	460	460
Translation differences	3	3	26	32
Balance as at 30 Sep 2022	-213	-407	-1,104	-1,724

Note 9 Continued

	Stage 1	Stage 2	Stage 3	Total
EURm				
Balance as at 1 Jan 2021	-284	-490	-1,674	-2,448
Changes due to origination and acquisition	-55	-28	-7	-90
Transfer from stage 1 to stage 2	9	-96	-	-87
Transfer from stage 1 to stage 3	1	-	-9	-8
Transfer from stage 2 to stage 1	-5	98	-	93
Transfer from stage 2 to stage 3	-	23	-112	-89
Transfer from stage 3 to stage 1	-1	-	18	17
Transfer from stage 3 to stage 2	-	-5	32	27
Changes due to change in credit risk (net)	71	20	-77	14
Changes due to repayments and disposals	34	65	69	168
Write-off through decrease in allowance account	-	-	151	151
Translation differences	-2	-2	-14	-18
Balance as at 30 Sep 2021	-232	-415	-1,623	-2,270

Key ratios¹

	30 Sep 2022	31 Dec 2021	30 Sep 2021
Impairment rate (stage 3), gross, basis points	88	128	136
Impairment rate (stage 3), net, basis points	49	70	75
Total allowance rate (stages 1, 2 and 3), basis points	61	81	85
Allowances in relation to impaired loans (stage 3), %	45	46	45
Allowances in relation to loans in stages 1 and 2, basis points	22	22	25

¹ For definitions, see Glossary.

Sensitivities

The provisions are sensitive to rating migration even if staging triggers are not reached. The table below shows the impact on provisions of a one-notch downgrade of all exposures in the bank. It includes both the impact of the higher risk for all exposures and the impact of transferring exposures that reach the trigger from stage 1 to stage 2. It also includes the impact of exposures with one rating grade above default becoming default, which is estimated at EUR 119m (EUR 111m at the end of June 2022). This figure is based on calculations using the statistical model rather than individual estimates as would be the case in reality for material defaulted loans.

	30 Sep 2022		31 Dec 2021	
	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
EURm				
Personal Banking	405	526	409	532
Business Banking	1,021	1,148	1,148	1,265
Large Corporates & Institutions	440	469	813	846
Other	47	60	34	75
Group	1,913	2,203	2,404	2,718

Forward-looking information

Forward-looking information is used for both assessing significant increases in credit risk and calculating expected credit losses. Nordea uses three macroeconomic scenarios: a baseline scenario, a favourable scenario and an adverse scenario. For the third quarter of 2022, the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 50%, adverse 40% and favourable 10% (baseline 50%, adverse 40% and favourable 10% at the end of June 2022). The weightings reflected increasing downside risks to the macroeconomic projections during the third quarter.

The macroeconomic scenarios are provided by Group Risk in Nordea, based on the Oxford Economics Model. The forecast is a combination of modelling and expert judgement, subject to thorough checks and quality control processes. The model has been built to give a good description of the historical relationships between economic variables and to capture the key linkages between those variables. The forecast period in the model is ten years. For periods beyond, a long-term average is used in the ECL calculations.

The macroeconomic scenarios reflect Nordea's view of how the Nordic economies might develop in light of Russia's invasion of Ukraine and the associated sanctions and countersanctions on trade with Russia. This includes consideration of the high level of energy prices seen after the invasion, continued supply chain disruptions and an expectation of significantly higher interest rates in response to the strong inflationary pressures. When developing the scenarios and determining the relative weighting between the scenarios Nordea took into account projections made by Nordic central banks, Nordea Research and the European Central Bank.

The risks around the baseline forecast are clearly tilted towards the downside. The scenarios generally predict continued growth, although at a considerably slower pace than in 2021, when the Nordic economies were recovering from COVID-19. The slower growth is driven by the squeeze on household purchasing power from high energy and food prices, the general uncertainty related to the war and the effect of higher interest rates. In housing markets the significant increase in interest rates is expected to lead to falling prices in all of the Nordic countries over the coming year, with the price fall in Sweden being particularly pronounced.

Nordea's two alternative macroeconomic scenarios cover a range of plausible risk factors which may cause growth to deviate from the baseline projection. The development in energy prices may lead to an outright recession over the coming quarters due to weaker growth in private consumption and investments. In addition, house prices may see an even larger fall due to the high level of interest rates and squeeze in household purchasing power. A stabilisation of energy prices at a lower level and a resolution of the supply chain problems may on the other hand lead to a more positive outcome.

At the end of the third quarter of 2022 adjustments to model-based allowances/provisions amounted to EUR 532m, including management judgements. The management judgements cover expected credit losses not yet covered by the IFRS 9 model. The cyclical reserve amounted to EUR 410m at the end of the third quarter of 2022 (EUR 410m at the end of the second quarter of 2022) and the reserve covering issues identified in the IFRS 9 model to be later covered in model updates (structural reserve) amounted to EUR 155m (EUR 155m at the end of the second quarter of 2022). During the third quarter the macroeconomic conditions and outlook deteriorated driven by high inflation, higher interest rates and lower global growth. As a result, the cyclical management judgement allowance was kept unchanged at EUR 410m.

Note 9 Continued

Scenarios and allowances/provisions

30 Sep 2022

		2023	2024	2025	Unweighted ECL EURm	Probability weight	Model-based allowances/ provisions EURm	Adjustments to model-based allowances/ provisions EURm	Individual allowances/ provisions EURm	Total allowances/ provisions EURm
Denmark										
Favourable scenario	GDP growth, %	1.1	1.8	2.4	184	10%				
	Unemployment, %	3.0	3.2	3.1						
	Change in household consumption, %	2.9	2.5	2.6						
	Change in house prices, %	-3.6	0.4	2.7						
Baseline scenario	GDP growth, %	0.4	1.3	1.6	187	50%	191	148	248	587
	Unemployment, %	3.3	3.6	3.8						
	Change in household consumption, %	2.4	2.0	1.8						
	Change in house prices, %	-4.2	-0.3	2.0						
Adverse scenario	GDP growth, %	-2.3	1.2	1.7	198	40%				
	Unemployment, %	4.7	5.1	5.1						
	Change in household consumption, %	0.2	0.8	1.0						
	Change in house prices, %	-8.7	-4.6	0.9						
Finland										
Favourable scenario	GDP growth, %	1.2	1.9	1.9	231	10%				
	Unemployment, %	6.4	6.2	6.1						
	Change in household consumption, %	1.3	1.4	2.1						
	Change in house prices, %	-1.9	1.1	2.7						
Baseline scenario	GDP growth, %	0.5	1.5	1.0	233	50%	239	170	207	616
	Unemployment, %	6.5	6.4	6.4						
	Change in household consumption, %	0.6	1.0	1.3						
	Change in house prices, %	-2.6	0.5	2.0						
Adverse scenario	GDP growth, %	-2.8	1.3	1.9	249	40%				
	Unemployment, %	7.4	7.3	7.0						
	Change in household consumption, %	-2.4	-0.1	1.2						
	Change in house prices, %	-4.6	-1.4	0.4						
Norway										
Favourable scenario	GDP growth, %	2.2	1.6	1.1	74	10%				
	Unemployment, %	2.9	3.0	2.9						
	Change in household consumption, %	1.9	1.7	2.8						
	Change in house prices, %	-0.4	2.6	5.0						
Baseline scenario	GDP growth, %	1.6	1.1	0.2	75	50%	79	140	159	378
	Unemployment, %	3.1	3.3	3.4						
	Change in household consumption, %	1.3	0.8	1.5						
	Change in house prices, %	-1.0	2.0	4.3						
Adverse scenario	GDP growth, %	-1.6	1.5	1.9	86	40%				
	Unemployment, %	4.4	4.4	3.9						
	Change in household consumption, %	-0.9	-0.7	1.0						
	Change in house prices, %	-5.7	-2.5	1.3						
Sweden										
Favourable scenario	GDP growth, %	1.7	1.8	2.4	87	10%				
	Unemployment, %	7.5	7.6	7.6						
	Change in household consumption, %	1.1	1.9	2.4						
	Change in house prices, %	-7.9	-1.4	3.1						
Baseline scenario	GDP growth, %	1.0	1.3	1.7	88	50%	91	65	162	318
	Unemployment, %	7.7	7.9	8.0						
	Change in household consumption, %	0.5	1.3	1.5						
	Change in house prices, %	-8.9	-2.5	2.0						
Adverse scenario	GDP growth, %	-1.7	1.2	1.7	95	40%				
	Unemployment, %	8.8	8.9	8.9						
	Change in household consumption, %	-1.8	0.2	0.5						
	Change in house prices, %	-10.5	-4.4	0						
Non-Nordic¹							5	9	0	14
Total							605	532	776	1,913

¹ Defined as allowances/provisions accounted for in legal entities/branches outside the Nordics. Provisions/allowances defined as items affecting comparability, EUR 76m in the first quarter of 2022, are presented within the Nordic-based entities.

Note 9 Continued

Scenarios and allowances/provisions

31 Dec 2021

		2022	2023	2024	Unweighted ECL EURm	Probability weight	Model-based allowances/ provisions EURm	Adjustments to model-based allowances/ provisions EURm	Individual allowances/ provisions EURm	Total allowances/ provisions EURm
Denmark										
Favourable scenario	GDP growth, %	4.7	2.7	2.3	198	20%				
	Unemployment, %	2.7	2.4	2.4						
	Change in household consumption, %	7.3	2.5	2.1						
	Change in house prices, %	5.3	3.3	2.3						
Baseline scenario	GDP growth, %	3.1	2.4	2.4	200	60%	200	163	303	666
	Unemployment, %	3.2	3.1	3.1						
	Change in household consumption, %	6.1	2.1	2.0						
	Change in house prices, %	4.6	1.2	3.0						
Adverse scenario	GDP growth, %	1.3	2.3	2.0	205	20%				
	Unemployment, %	4.1	4.0	4.0						
	Change in household consumption, %	5.1	1.5	1.3						
	Change in house prices, %	-4.4	-1.9	1.4						
Finland										
Favourable scenario	GDP growth, %	4.0	1.8	1.2	238	20%				
	Unemployment, %	6.7	6.4	6.2						
	Change in household consumption, %	5.5	1.7	1.6						
	Change in house prices, %	3.1	2.7	2.0						
Baseline scenario	GDP growth, %	2.8	1.3	1.0	242	60%	244	177	197	618
	Unemployment, %	6.9	6.7	6.6						
	Change in household consumption, %	4.6	1.3	1.2						
	Change in house prices, %	1.5	1.6	1.4						
Adverse scenario	GDP growth, %	0.6	1.2	0.9	255	20%				
	Unemployment, %	7.7	7.5	7.2						
	Change in household consumption, %	2.9	0.6	0.6						
	Change in house prices, %	-2.0	-0.3	0.5						
Norway										
Favourable scenario	GDP growth, %	4.6	1.7	1.4	82	20%				
	Unemployment, %	3.5	3.3	3.3						
	Change in household consumption, %	10.2	4.0	2.3						
	Change in house prices, %	3.9	2.5	2.4						
Baseline scenario	GDP growth, %	3.8	1.3	0.9	84	60%	84	180	360	624
	Unemployment, %	3.7	3.6	3.7						
	Change in household consumption, %	9.6	3.6	1.5						
	Change in house prices, %	1.7	1.2	3.0						
Adverse scenario	GDP growth, %	1.2	1.2	1.1	89	20%				
	Unemployment, %	4.8	4.6	4.5						
	Change in household consumption, %	8.0	2.7	1.1						
	Change in house prices, %	-4.6	-3.0	1.4						
Sweden										
Favourable scenario	GDP growth, %	5.2	2.4	1.8	93	20%				
	Unemployment, %	7.2	6.7	6.7						
	Change in household consumption, %	6.2	2.8	2.4						
	Change in house prices, %	4.6	2.5	2.4						
Baseline scenario	GDP growth, %	3.6	2.2	1.8	96	60%	96	70	98	264
	Unemployment, %	7.6	7.2	7.1						
	Change in household consumption, %	4.6	2.6	2.1						
	Change in house prices, %	2.1	1.8	3.0						
Adverse scenario	GDP growth, %	1.4	1.7	2.0	101	20%				
	Unemployment, %	8.3	8.1	7.9						
	Change in household consumption, %	2.9	1.2	1.6						
	Change in house prices, %	-4.7	-3.7	1.2						
Non-Nordic							4	6	222	232
Total							628	596	1,180	2,404

Note 9 Continued

Loans to the public measured at amortised cost, broken down by sector and industry

30 Sep 2022

EURm	Gross				Allowances				Loans carrying amount	Net loan losses ¹
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Financial institutions	16,191	189	68	16,448	5	8	23	36	16,412	-32
Agriculture	4,260	237	101	4,598	6	15	57	78	4,520	0
Crops, plantations and hunting	967	75	17	1,059	2	4	10	16	1,043	5
Animal husbandry	662	134	84	880	2	10	47	59	821	-4
Fishing and aquaculture	2,631	28	0	2,659	2	1	0	3	2,656	-1
Natural resources	3,097	237	28	3,362	3	4	15	22	3,340	28
Paper and forest products	2,254	178	24	2,456	2	3	13	18	2,438	4
Mining and supporting activities	382	31	3	416	0	1	1	2	414	0
Oil, gas and offshore	461	28	1	490	1	0	1	2	488	24
Consumer staples	5,085	186	48	5,319	7	13	22	42	5,277	-17
Food processing and beverages	1,971	94	10	2,075	3	3	6	12	2,063	-2
Household and personal products	621	26	10	657	1	1	4	6	651	0
Healthcare	2,493	66	28	2,587	3	9	12	24	2,563	-15
Consumer discretionary and services	10,830	905	336	12,071	13	47	182	242	11,829	-19
Consumer durables	2,541	133	53	2,727	3	4	24	31	2,696	-10
Media and entertainment	1,760	140	18	1,918	1	7	12	20	1,898	-3
Retail trade	4,357	259	222	4,838	6	17	116	139	4,699	-8
Air transportation	101	47	12	160	0	2	6	8	152	-2
Accommodation and leisure	1,384	311	25	1,720	2	17	18	37	1,683	2
Telecommunication services	687	15	6	708	1	0	6	7	701	2
Industrials	30,758	2,571	632	33,961	46	91	324	461	33,500	-54
Materials	1,946	212	59	2,217	3	6	52	61	2,156	-34
Capital goods	3,681	417	100	4,198	5	13	40	58	4,140	10
Commercial and professional services	5,707	415	68	6,190	8	16	28	52	6,138	-1
Construction	8,098	720	168	8,986	14	27	100	141	8,845	-15
Wholesale trade	6,404	499	64	6,967	9	18	42	69	6,898	-5
Land transportation	2,773	230	103	3,106	4	6	40	50	3,056	-4
IT services	2,149	78	70	2,297	3	5	22	30	2,267	-5
Maritime	5,996	511	185	6,692	24	10	71	105	6,587	16
Ship building	242	5	3	250	1	0	3	4	246	1
Shipping	5,395	505	182	6,082	22	10	68	100	5,982	15
Maritime services	359	1	0	360	1	0	0	1	359	0
Utilities and public service	7,189	107	10	7,306	6	3	4	13	7,293	13
Utilities distribution	3,349	63	2	3,414	3	2	0	5	3,409	12
Power production	3,261	11	1	3,273	2	0	1	3	3,270	-1
Public services	579	33	7	619	1	1	3	5	614	2
Real estate	35,491	910	152	36,553	24	32	86	142	36,411	18
Other industries and reimbursement rights	1	161	8	170	4	0	0	4	166	6
Total Corporate	118,898	6,014	1,568	126,480	138	223	784	1,145	125,335	-41
Housing loans	116,490	4,948	437	121,875	15	44	87	146	121,729	-12
Collateralised lending	18,254	1,645	283	20,182	37	57	122	216	19,966	30
Non-collateralised lending	5,377	899	153	6,429	19	83	78	180	6,249	-41
Household	140,120	7,493	873	148,486	71	184	287	542	147,944	-23
Public sector	2,932	89	37	3,058	0	0	2	2	3,056	3
Lending to the public	261,950	13,596	2,478	278,024	209	407	1,073	1,689	276,335	-61
Lending to central banks and credit institutions	3,169	16	3	3,188	4	0	31	35	3,153	0
Total	265,119	13,612	2,481	281,212	213	407	1,104	1,724	279,488	-61

¹ The table shows net loan losses related to on- and off-balance sheet exposures for September 2022, year to date.

Note 9 Continued

Loans to the public measured at amortised cost, broken down by sector and industry¹

31 Dec 2021

EURm	Gross				Allowances				Loans carrying amount	Net loan losses ²
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Financial institutions	12,972	186	59	13,217	6	8	24	38	13,179	29
Agriculture	4,124	204	136	4,464	5	12	82	99	4,365	16
Crops, plantations and hunting	970	79	25	1,074	2	5	15	22	1,052	2
Animal husbandry	670	101	109	880	1	7	66	74	806	8
Fishing and aquaculture	2,484	24	2	2,510	2	0	1	3	2,507	6
Natural resources	2,606	184	575	3,365	4	4	345	353	3,012	-15
Paper and forest products	1,777	155	32	1,964	2	4	16	22	1,942	8
Mining and supporting activities	329	26	3	358	1	0	1	2	356	2
Oil, gas and offshore	500	3	540	1,043	1	0	328	329	714	-25
Consumer staples	4,239	142	17	4,398	4	11	10	25	4,373	13
Food processing and beverages	1,131	76	5	1,212	2	3	4	9	1,203	4
Household and personal products	701	18	10	729	1	1	4	6	723	1
Healthcare	2,407	48	2	2,457	1	7	2	10	2,447	8
Consumer discretionary and services	9,376	1,075	263	10,714	11	55	166	232	10,482	-81
Consumer durables	2,166	126	30	2,322	2	6	13	21	2,301	6
Media and entertainment	1,394	127	18	1,539	1	8	10	19	1,520	6
Retail trade	3,796	256	178	4,230	5	17	118	140	4,090	-74
Air transportation	131	62	5	198	1	2	2	5	193	6
Accommodation and leisure	1,242	499	25	1,766	2	22	16	40	1,726	-25
Telecommunication services	647	5	7	659	0	0	7	7	652	0
Industrials	27,346	2,333	682	30,361	41	95	324	460	29,901	32
Materials	1,722	156	59	1,937	3	5	30	38	1,899	35
Capital goods	3,148	415	124	3,687	3	16	58	77	3,610	-7
Commercial and professional services	4,779	353	48	5,180	7	15	27	49	5,131	18
Construction	7,837	685	200	8,722	13	30	101	144	8,578	-19
Wholesale trade	5,452	434	77	5,963	7	17	43	67	5,896	29
Land transportation	2,596	218	106	2,920	4	6	48	58	2,862	-15
IT services	1,812	72	68	1,952	4	6	17	27	1,925	-9
Maritime	5,757	480	505	6,742	7	7	152	166	6,576	-12
Ship building	248	6	0	254	2	0	0	2	252	4
Shipping	5,043	472	505	6,020	5	7	151	163	5,857	-17
Maritime services	466	2	0	468	0	0	1	1	467	1
Utilities and public service	7,546	154	45	7,745	4	7	29	40	7,705	-11
Utilities distribution	3,540	116	29	3,685	2	5	17	24	3,661	-6
Power production	3,326	20	1	3,347	0	1	1	2	3,345	2
Public services	680	18	15	713	2	1	11	14	699	-7
Real estate	35,664	1,029	182	36,875	24	42	117	183	36,692	-44
Other industries and reimbursement rights	427	196	8	631	5	1	0	6	625	0
Total Corporate	110,057	5,983	2,472	118,512	111	242	1,249	1,602	116,910	-73
Housing loans	118,361	4,287	477	123,125	15	38	88	141	122,984	-72
Collateralised lending	17,270	1,308	310	18,888	47	48	161	256	18,632	27
Non-collateralised lending	5,708	1,054	219	6,981	21	71	110	202	6,779	4
Household	141,339	6,649	1,006	148,994	83	157	359	599	148,395	-41
Public sector	4,436	101	34	4,571	0	0	2	2	4,569	-4
Lending to the public	255,832	12,733	3,512	272,077	194	399	1,610	2,203	269,874	-118
Lending to central banks and credit institutions	1,785	14	0	1,799	3	0	0	3	1,796	0
Total	257,617	12,747	3,512	273,876	197	399	1,610	2,206	271,670	-118

¹ The segmentation was improved in the first quarter of 2022. Comparative figures have been restated to ensure comparability.

² The table shows net loan losses related to on- and off-balance sheet exposures for the full year 2021.

Note 10 Classification of financial instruments

	Fair value through profit or loss (FVPL)			Fair value through other comprehensive income (FVOCI)	Total
	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (fair value option)		
EURm					
Financial assets					
Cash and balances with central banks	71,885	-	-	-	71,885
Loans to central banks	5	1,483	-	-	1,488
Loans to credit institutions	3,148	6,595	-	-	9,743
Loans to the public	276,335	69,614	-	-	345,949
Interest-bearing securities	3,478	24,603	3,372	34,475	65,928
Financial instruments pledged as collateral	-	2,603	-	1,325	3,928
Shares	-	17,311	-	-	17,311
Assets in pooled schemes and unit-linked investment contracts	-	38,778	331	-	39,109
Derivatives	-	48,399	-	-	48,399
Fair value changes of hedged items in portfolio hedge of interest rate risk	-2,185	-	-	-	-2,185
Other assets	2,339	11,001	-	-	13,340
Prepaid expenses and accrued income	540	-	-	-	540
Total 30 Sep 2022	355,545	220,387	3,703	35,800	615,435
Total 31 Dec 2021	323,986	198,032	4,363	33,972	560,353

	Fair value through profit or loss (FVPL)			Total
	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (fair value option)	
EURm				
Financial liabilities¹				
Deposits by credit institutions	28,591	15,980	-	44,571
Deposits and borrowings from the public	215,714	9,692	-	225,406
Deposits in pooled schemes and unit-linked investment contracts	-	-	41,043	41,043
Debt securities in issue	138,376	-	50,857	189,233
Derivatives	-	48,307	-	48,307
Fair value changes of hedged items in portfolio hedge of interest rate risk	-6,738	-	-	-6,738
Other liabilities ²	5,069	19,215	-	24,284
Accrued expenses and prepaid income	2	-	-	2
Subordinated liabilities	6,160	-	-	6,160
Total 30 Sep 2022	387,174	93,194	91,900	572,268
Total 31 Dec 2021	356,432	49,312	106,208	511,952

¹ Liabilities to policyholders are as from the second quarter classified as insurance contracts and excluded from the disclosure. Comparative figures have been restated accordingly.

² Of which lease liabilities classified in the category "Amortised cost" EUR 1,068m.

Note 11 Fair value of financial assets and liabilities

	30 Sep 2022		31 Dec 2021	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	71,885	71,885	47,495	47,495
Loans	354,995	355,952	347,377	349,382
Interest-bearing securities	65,928	65,640	63,383	63,495
Financial instruments pledged as collateral	3,928	3,928	1,668	1,668
Shares	17,311	17,311	15,217	15,217
Assets in pooled schemes and unit-linked investment contracts	39,109	39,109	46,310	46,310
Derivatives	48,399	48,399	30,200	30,200
Other assets	13,340	13,340	8,094	8,094
Prepaid expenses and accrued income	540	540	609	609
Total	615,435	616,104	560,353	562,470
Financial liabilities				
Deposits and debt instruments	458,632	458,336	416,078	416,770
Deposits in pooled schemes and unit-linked investment contracts	41,043	41,043	48,201	48,201
Derivatives	48,307	48,307	31,485	31,485
Other liabilities	23,216	23,216	15,033	15,033
Accrued expenses and prepaid income	2	2	8	8
Total	571,200	570,904	510,805	511,497

The determination of fair value is described in Note G41 "Assets and liabilities at fair value" in the Annual Report 2021.

Note 12 Financial assets and liabilities held at fair value on the balance sheet

Categorisation in the fair value hierarchy

	Quoted prices in active markets for the same instruments (Level 1)	Of which Life & Pension	Valuation technique using observable data (Level 2)	Of which Life & Pension	Valuation technique using non-observable data (Level 3)	Of which Life & Pension	Total
EURm							
Assets at fair value on the balance sheet¹							
Loans to central banks	-	-	1,483	-	-	-	1,483
Loans to credit institutions	-	-	6,595	-	-	-	6,595
Loans to the public	-	-	69,614	-	-	-	69,614
Interest-bearing securities ²	23,235	1,029	42,369	2,386	724	38	66,328
Shares ³	14,528	8,505	359	118	2,474	1,124	17,361
Assets in pooled schemes and unit-linked investment contracts	38,387	34,546	461	461	261	261	39,109
Derivatives	257	-	46,691	7	1,451	-	48,399
Other assets	-	-	10,965	-	36	28	11,001
Total 30 Sep 2022	76,407	44,080	178,537	2,972	4,946	1,451	259,890
Total 31 Dec 2021	79,031	53,165	153,018	3,665	4,318	1,282	236,367
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	-	-	15,980	-	-	-	15,980
Deposits and borrowings from the public	-	-	9,692	-	-	-	9,692
Deposits in pooled schemes and unit-linked investment contracts	-	-	41,043	36,881	-	-	41,043
Debt securities in issue	34,422	-	15,494	-	941	-	50,857
Derivatives	724	-	46,159	133	1,424	-	48,307
Other liabilities	4,854	-	14,346	-	15	-	19,215
Total 30 Sep 2022	40,000	-	142,714	37,014	2,380	-	185,094
Total 31 Dec 2021	42,952	-	109,917	43,371	2,651	-	155,520

¹ All items are measured at fair value on a recurring basis at the end of each reporting period.

² Of which EUR 3,878m relates to the balance sheet item "Financial instruments pledged as collateral".

³ Of which EUR 50m relates to the balance sheet item "Financial instruments pledged as collateral".

Transfers between Levels 1 and 2

During the period Nordea transferred "Interest-bearing securities" (including such financial instruments pledged as collateral) of EUR 2,007m from Level 1 to Level 2 and of EUR 4,306m from Level 2 to Level 1 in the fair value hierarchy. Furthermore, Nordea transferred "Debt securities in issue" of EUR 7,370m from Level 1 to Level 2 and of EUR 5,561m from Level 2 to Level 1. Nordea also transferred "Other liabilities" of EUR 403m from Level 1 to Level 2 and of EUR 415m from Level 2 to Level 1. The transfers from Level 1 to Level 2 were due to the instruments ceasing to be actively traded during the period, which meant that fair values were obtained using valuation techniques with observable market inputs. The transfers from Level 2 to Level 1 were due to the instruments again being actively traded during the period, which meant that reliable quoted prices were obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 12 Continued

Movements in Level 3

	Fair value gains/losses recognised in the income statement during the period			Recognised in OCI	Purchases / Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Reclassification ¹	Translation differences	30 Sep
	1 Jan	Rea-lised	Un-realised									
EURm												
Interest-bearing securities	703	0	1	-	160	-223	-9	108	-9	-	-7	724
- of which Life & Pension	97	1	-1	-	-	-48	-	7	-13	-	-5	38
Shares	2,246	44	111	-	379	-283	-15	2	-	-15	5	2,474
- of which Life & Pension	1,001	26	73	-	139	-60	-15	-	-	-	-40	1,124
Assets in pooled schemes and unit-linked investment contracts	156	12	22	-	111	-35	-	3	-2	-	-6	261
- of which Life & Pension	156	12	22	-	111	-35	-	3	-2	-	-6	261
Derivatives (net)	167	-78	-151	-	14	-	97	-	-22	-	-	27
Other assets	29	-	-1	-	8	-	-	-	-	-	-	36
- of which Life & Pension	28	-	-	-	-	-	-	-	-	-	-	28
Debt securities in issue	1,588	44	-319	-10	213	-	-543	4	-36	-	-	941
Other liabilities	46	-	-114	-	83	-3	-	3	-	-	-	15
Total 2022, net	1,667	-66	415	10	376	-538	616	106	3	-15	-8	2,566
Total 2021, net	1,372	28	678	3	-199	-342	252	166	86	-	-36	2,008

¹ Reclassification related to conversion of Visa C-shares to Visa A-shares.

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. The transfers out of Level 3 were due to observable market data becoming available. The transfers into Level 3 were due to observable market data no longer being available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

Valuation processes for fair value measurements in Level 3

For information about the valuation processes for fair value measurement in Level 3, see Note G41 "Assets and liabilities at fair value" in the Annual Report 2021.

Deferred Day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to the fact that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information, see Note G1 "Accounting policies" in the Annual Report 2021. The table below shows the aggregated difference yet to be recognised in the income statement at the beginning and end of the period. The table also shows a reconciliation of how this aggregated difference changed during the period (movement of deferred Day 1 profit).

Deferred Day 1 profit – derivatives, net

	2022	2021
EURm		
Opening balance as at 1 Jan	77	73
Deferred profit on new transactions	46	41
Recognised in the income statement during the period ¹	-40	-38
Closing balance as at 30 Sep	83	76

¹ Of which EUR -5m (EUR -4m) due to transfers of derivatives from Level 3 to Level 2.

Note 12 Continued

Valuation techniques and inputs used in the fair value measurements in Level 3

	Fair value	Of which Life & Pension ¹	Valuation techniques	Unobservable input	Range of fair value ⁴
EURm					
Interest-bearing securities					
Public bodies	108	-	Discounted cash flows	Credit spread	-11/11
Mortgage and other credit institutions	317	38	Discounted cash flows	Credit spread	-24/24
Corporates ²	299	-	Discounted cash flows	Credit spread	-15/15
Total 30 Sep 2022	724	38			-50/50
Total 31 Dec 2021	703	97			-62/62
Shares					
Private equity funds	1,361	729	Net asset value ³		-156/156
Hedge funds	71	69	Net asset value ³		-6/6
Credit funds	572	113	Net asset value/market consensus ³		-53/53
Other funds	327	199	Net asset value/fund prices ³		-27/27
Other ⁵	404	275	-		-44/44
Total 30 Sep 2022	2,735	1,385			-286/286
Total 31 Dec 2021	2,402	1,157			-247/247
Derivatives, net					
Interest rate derivatives	123	-	Option model	Correlations Volatilities	-11/13
Equity derivatives	24	-	Option model	Correlations Volatilities Dividends	-6/4
Foreign exchange derivatives	168	-	Option model	Correlations Volatilities	-3/2
Credit derivatives	-284	-	Credit derivative model	Correlations Volatilities Recovery rates	-17/27
Other	-4	-	Option model	Correlations Volatilities	-0/0
Total 30 Sep 2022	27	-			-37/46
Total 31 Dec 2021	167	-			-43/47
Debt securities in issue					
Issued structured bonds	-941	-	Credit derivative model	Correlations Recovery rates Volatilities	-4/4
Total 30 Sep 2022	-941	-			-4/4
Total 31 Dec 2021	-1,588	-			-7/7
Other, net					
Other assets and other liabilities, net	21	28	-	-	-2/2
Total 30 Sep 2022	21	28			-2/2
Total 31 Dec 2021	-17	28			-1/1

¹ Investments in financial instruments are a major part of the life insurance business, acquired to fulfil the obligations behind the insurance and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and consequently do not affect Nordea's equity.

² Of which EUR 150m is priced at a credit spread (the difference between the discount rate and the EURIBOR) of 1.45%. A reasonable change in this credit spread would not affect the fair value due to callability features.

³ The fair values are based on prices and net asset values provided by external suppliers/custodians. The prices are fixed by the suppliers/custodians based on the development in the assets behind the investments. For private equity funds, the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by Invest Europe (formerly EVCA). Approximately 50% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in a range of 1% to 100% compared with the values received from suppliers/custodians.

⁴ The column "Range of fair value" shows the sensitivity of Level 3 financial instruments to changes in key assumptions. For more information, see Note G41 "Assets and liabilities at fair value" in the Annual Report 2021.

⁵ Of which EUR 261m relates to assets in pooled schemes and unit-linked investment contracts.

Note 13 Risks and uncertainties

Nordea is subject to various legal regimes and requirements, including but not limited to those of the Nordic countries, the European Union and the United States. The supervisory and governmental authorities administering and enforcing these regimes make regular enquiries and conduct investigations with regard to Nordea's compliance. Areas subject to investigation include investment advice, anti-money laundering (AML), trade regulation and sanctions adherence, external tax rules, competition law, and governance and control. The outcome and timing of these enquiries and investigations are unclear and pending. Accordingly, it cannot be ruled out that these enquiries and investigations could lead to criticism against the bank, reputation loss, fines, sanctions, disputes and/or litigation.

In June 2015 the Danish Financial Supervisory Authority investigated how Nordea Bank Danmark A/S had followed the regulations regarding AML. The outcome resulted in criticism and, in accordance with Danish administrative practice, the matter was handed over to the police for further handling and possible sanctions. As previously stated, Nordea expects to be fined in Denmark for weak AML processes and procedures in the past and has made a provision for ongoing AML-related matters.

There is a risk that, in the event the authorities issue fines, these could be higher (or potentially lower) than the current provision, and this could also impact Nordea's financial performance. In addition, some of these proceedings could lead to litigation. Given this uncertainty, Nordea will maintain a sufficient level of provision for ongoing AML-related matters while continuing the dialogue with the Danish Authorities regarding their allegations concerning historical AML weaknesses.

Nordea has made significant investments to address the deficiencies highlighted by the investigations. Among other actions, Nordea established in 2015 the Financial Crime Change Programme, and has strengthened its organisation significantly to enhance its AML and sanction management risk frameworks. Nordea also established the Sustainability and Ethics Committee and has worked to embed stronger ethical standards into its corporate culture. The Group is also investing in enhanced compliance standards, processes and resources in both the first and second lines of defence.

Within the framework of normal business operations, Nordea faces a number of claims related to the provision of banking and investment services and other areas in which it operates. Some of these claims have led or could lead to disputes and/or litigation. Currently, such claims are mainly related to lending and insolvency situations, various investment services, and sub-custody and withholding taxation matters. At present, none of the current claims are considered likely to have any significant adverse effect on Nordea or its financial position.

There are significant risks related to the macroeconomic environment due to geopolitical developments (including the impact of higher energy, food and commodity prices), broader inflationary pressures and continuing uncertainty regarding the long-term impact of the COVID-19 pandemic. Depending on future developments, there may be increased credit risk in Nordea's portfolio. Furthermore, potential adverse impacts on income could arise due to lower net interest income, market volatility and reduced business activity impacting transaction volumes and customer activity. Potential future credit risks are addressed in Note 9 and the section "Net loan losses and similar net result". Depending on the duration and magnitude of the situation, there is a possibility that Nordea will not be able to meet its financial targets in very adverse scenarios.

In addition, Nordea recognises an increase in cyber risk as a consequence of the war in Ukraine. Nordea has made significant investments in its cyber defence capabilities in the past and will continue to do so.

Glossary

Allowances in relation to credit-impaired loans (stage 3)

Allowances for impaired loans (stage 3) divided by impaired loans measured at amortised cost (stage 3) before allowances.

Allowances in relation to loans in stages 1 and 2

Allowances for non-impaired loans (stages 1 and 2) divided by non-impaired loans measured at amortised cost (stages 1 and 2) before allowances.

Economic capital

Economic capital is Nordea's internal estimate of required capital. It measures the capital required to cover unexpected losses in the course of Nordea's business with a certain probability. Economic capital uses advanced internal models to provide a consistent measurement for credit risk, market risk, operational risk, business risk and life insurance risk arising from activities in Nordea's various business areas. The aggregation of risks across the Group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

Impairment rate (stage 3), gross

Impaired loans (stage 3) before allowances divided by total loans measured at amortised cost before allowances.

Impairment rate (stage 3), net

Impaired loans (stage 3) after allowances divided by total loans measured at amortised cost before allowances.

Net loan loss ratio, amortised cost

Net loan losses (annualised) divided by the quarterly closing balance of the carrying amount of loans to the public (lending) measured at amortised cost.

Return on capital at risk

Return on capital at risk (ROCAR) is defined as net profit excluding items affecting comparability as a percentage of economic capital. For the business areas it is defined as operating profit after standard tax as a percentage of economic capital.

Return on capital at risk with amortised resolution fees

ROCAR with amortised resolution fees is defined as net profit adjusted for the effect of resolution fees on an amortised basis after tax and excluding items affecting comparability as a percentage of economic capital. For the business areas it is defined as operating profit adjusted for the effect of resolution fees on an amortised basis after standard tax as a percentage of economic capital.

Return on equity

Net profit for the period as a percentage of average equity for the period. Additional Tier 1 capital, accounted for in equity, is classified as a financial liability in the calculation. Net profit for the period excludes non-controlling interests and interest expense on Additional Tier 1 capital (discretionary interest accrued). Average equity includes net profit for the period and dividend until paid, and excludes non-controlling interests and Additional Tier 1 capital.

Return on equity with amortised resolution fees

Net profit for the period as a percentage of average equity for the period. Additional Tier 1 capital, accounted for in equity, is classified as a financial liability in the calculation. Net profit for the period excludes non-controlling interests and interest expense on Additional Tier 1 capital (discretionary interest accrued), and is adjusted for the effect of resolution fees on an amortised basis after tax. Average equity includes net profit for the period and dividend until paid, and excludes non-controlling interests and Additional Tier 1 capital.

Return on risk exposure amount

Net profit for the period as a percentage of average risk exposure amount for the period. Net profit for the period excludes non-controlling interests and interest expense on Additional Tier 1 capital (discretionary interest accrued).

Return on tangible equity

Net profit for the period as a percentage of average equity for the period. Additional Tier 1 capital, accounted for in equity, is classified as a financial liability in the calculation. Net profit for the period excludes non-controlling interests and interest expense on Additional Tier 1 capital (discretionary interest accrued). Average equity includes net profit for the period and dividend until paid, excludes non-controlling interests and Additional Tier 1 capital, and is reduced with intangible assets.

Tier 1 capital

The Tier 1 capital of an institution consists of the sum of its Common Equity Tier 1 capital and Additional Tier 1 capital. Common Equity Tier 1 capital includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations, the full expected shortfall deduction (the negative difference between expected losses and provisions) and other deductions, such as cash flow hedges.

Tier 1 capital ratio

Tier 1 capital as a percentage of the risk exposure amount. The Common Equity Tier 1 capital ratio is defined as Common Equity Tier 1 capital as a percentage of the risk exposure amount.

Total allowance rate (stages 1, 2 and 3)

Total allowances divided by total loans measured at amortised cost before allowances.

For a list of further alternative performance measures and business definitions, please see <https://www.nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports/> and the Annual Report 2021.

Nordea Bank Abp

Income statement

	Q3 2022	Q3 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
EURm					
Operating income					
Interest income ¹	1,453	838	3,470	2,475	3,351
Interest expense ¹	-575	-183	-1,076	-495	-659
Net interest income	878	655	2,394	1,980	2,692
Fee and commission income	553	582	1,752	1,814	2,435
Fee and commission expense	-126	-118	-384	-375	-521
Net fee and commission income	427	464	1,368	1,439	1,914
Net result from securities trading and foreign exchange dealing	232	236	875	899	1,110
Net result from securities at fair value through fair value reserve	-26	-16	-62	-36	-28
Net result from hedge accounting	-2	-5	-41	-5	-12
Net result from investment properties	0	0	0	0	0
Income from equity investments	0	5	1,865	472	1,347
Other operating income	236	240	715	722	966
Total operating income	1,745	1,579	7,114	5,471	7,989
Operating expenses					
Staff costs	-593	-568	-1,715	-1,715	-2,256
Other administrative expenses	-220	-197	-618	-589	-813
Other operating expenses	-102	-77	-309	-288	-354
Regulatory fees	-12	-	-246	-181	-181
Depreciation, amortisation and impairment charges of tangible and intangible assets	-101	-108	-313	-320	-463
Total operating expenses	-1,028	-950	-3,201	-3,093	-4,067
Profit before loan losses	717	629	3,913	2,378	3,922
Net loan losses	-8	20	-9	69	17
Impairment of other financial assets	-6	-2	-960	-3	-26
Operating profit	703	647	2,944	2,444	3,913
Income tax expense	-154	-136	-446	-486	-681
Net profit for period	549	511	2,498	1,958	3,232

¹ Comparative figures for the first, second and third quarter of 2021 have been restated. For more information see the section "Changed accounting policies and presentation" in Note P1 "Accounting policies" in the Annual Report

Nordea Bank Abp

Balance sheet

	30 Sep 2022	31 Dec 2021	30 Sep 2021
EURm			
Assets			
Cash and balances with central banks	71,062	45,256	76,207
Debt securities eligible for refinancing with central banks	61,468	62,654	64,557
Loans to credit institutions	85,647	78,274	82,377
Loans to the public	148,091	139,086	139,167
Interest-bearing securities	18,146	9,813	9,237
Shares and participations	10,159	6,314	13,292
Investments in associated undertakings and joint ventures	100	88	91
Investments in group undertakings	14,238	15,101	15,122
Derivatives	50,862	30,514	30,605
Fair value changes of hedged items in hedges of interest rate risk	-468	1	35
Intangible assets	1,654	1,736	1,780
Tangible assets	241	253	253
Deferred tax assets	6	165	338
Current tax assets	142	166	266
Retirement benefit assets	364	218	383
Other assets	13,665	9,448	14,667
Prepaid expenses and accrued income	1,255	1,165	1,339
Total assets	476,632	400,252	449,716
Liabilities			
Deposits by credit institutions and central banks	53,705	35,532	52,385
Deposits and borrowings from the public	232,075	213,547	217,748
Debt securities in issue	85,323	64,264	81,796
Derivatives	50,267	32,347	32,648
Fair value changes of hedged items in hedges of interest rate risk	-4,381	342	706
Current tax liabilities	72	201	292
Other liabilities	25,168	16,518	23,968
Accrued expenses and prepaid income	834	927	829
Deferred tax liabilities	194	60	89
Provisions	397	463	539
Retirement benefit obligations	307	300	241
Subordinated liabilities	6,151	6,709	6,573
Total liabilities	450,112	371,210	417,814
Equity			
Share capital	4,050	4,050	4,050
Additional Tier 1 capital holders	750	750	750
Invested unrestricted equity	1,086	1,090	1,069
Other reserves	54	-65	16
Retained earnings	18,082	19,985	24,059
Profit or loss for the period	2,498	3,232	1,958
Total equity	26,520	29,042	31,902
Total liabilities and equity	476,632	400,252	449,716
Off-balance sheet commitments			
Commitments given to a third party on behalf of customers			
Guarantees and pledges	49,182	49,959	49,521
Other	715	846	824
Irrevocable commitments in favour of customers			
Securities repurchase commitments	-	-	-
Other	96,852	91,738	93,157

Nordea Bank Abp

Note 1 Accounting policies

The financial statements for the parent company, Nordea Bank Abp, are prepared in accordance with the Finnish Accounting Act, the Finnish Act on Credit Institutions, the Decree of the Finnish Ministry of Finance on the financial statements and consolidated financial statements of credit institutions and investment firms, and the regulations and guidelines of the Finnish Financial Supervisory Authority.

International Financial Reporting Standards (IFRSs) as endorsed by the European Commission have been applied to the extent possible within the framework of Finnish accounting legislation and considering the close tie between financial reporting and taxation.

The accounting policies and methods of computation are unchanged in comparison with Note P1 in the Annual Report 2021, except for those relating to the items presented in the section "Changed accounting policies and presentation" below. For more information, see Note P1 in the Annual Report 2021.

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea Bank Abp on 1 January 2022.

Changed presentation of regulatory fees

In the first quarter of 2022 Nordea Bank Abp began presenting resolution fees and the Swedish bank tax separately on the new row "Regulatory fees" in the income statement. The earlier policy was to present similar expenses on the row "Other operating expenses". The new presentation provides a more transparent view of Nordea Bank Abp's underlying performance and the impact of regulatory fees. Resolution fees will continue to be recognised in full in the first quarter, while the Swedish bank tax will be amortised linearly over the course of the year.

Comparative figures have been restated accordingly. The impact in the third quarter of 2022 can be found in the table below.

	Q3 2022			Q3 2021		
	Old policy	Chg	New policy	Old policy	Chg	New policy
EURm						
Other operating expenses	-114	12	-102	-77	-	-77
Regulatory fees	-	-12	-12	-	-	-
Total operating expenses	-1,028	-	-1,028	-950	-	-950

	Jan-Sep 2022			Jan-Sep 2021		
	Old policy	Chg	New policy	Old policy	Chg	New policy
EURm						
Other operating expenses	-555	246	-309	-469	181	-288
Regulatory fees	-	-246	-246	-	-181	-181
Total operating expenses	-3,201	-	-3,201	-3,093	-	-3,093

	Full year 2021		
	Old policy	Chg	New policy
EURm			
Other operating expenses	-535	181	-354
Regulatory fees	-	-181	-181
Total operating expenses	-4,067	-	-4,067

For further information

- A webcast for media, investors and equity analysts will be held on 20 October at 11.00 EET (10.00 CET), during which Frank Vang-Jensen, President and Group CEO, will present the results followed by a Q&A audio session for investors and analysts with Frank Vang-Jensen, Ian Smith, Group CFO, and Matti Ahokas, Head of Investor Relations.
- To participate in the webcast, please use the [webcast link](#) or dial one of the following numbers: +44 (0) 33 0551 0211, +46 (0) 8 5051 0086, +358 9 2319 5436, +1 646 843 4609, confirmation code 4130473, no later than 10.50 EET (09.50 CET).
- The event will be webcast live and the presentation slides will be posted on www.nordea.com/ir.
- The Q3 2022 report, investor presentations and fact book are available at www.nordea.com.

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Financial calendar

2 February 2023 – Fourth-quarter and full-year report 2022

Week 9 2023 – Annual report published

23 March 2023 – Annual General Meeting

27 April 2023 – First-quarter results 2023

17 July 2023 – Second-quarter and half-year results 2023

19 October 2023 – Third-quarter and January-September results 2023

Helsinki 19 October 2022

Nordea Bank Abp

Board of Directors

This report 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. This report does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

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Auditor's report on review of interim financial information of Nordea Bank Abp for the nine-month-period ended 30 September 2022

To the Board of Directors of Nordea Bank Abp

Introduction

We have reviewed the condensed interim financial information of Nordea Bank Group, which comprise the balance sheet as of 30 September 2022, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the nine-month-period then ended and notes. The interim financial information also comprises the parent company Nordea Bank Abp's balance sheet as of 30 September 2022 and income statement for the nine-month-period then ended. The Board of Directors and the Managing Director are responsible for the preparation of the condensed interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union and with regulations governing the preparation of interim financial information in Finland. We will express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (ISRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope, than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of Nordea Bank Abp for the nine months period ended on 30 September 2022 is not prepared, in all material respects, as regards the Group financial information, in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union and other regulation governing the presentation of interim financial information in Finland, and as regards the parent company financial information, in accordance with regulations governing the preparation of interim financial information in Finland.

Helsinki 19 October 2022

PricewaterhouseCoopers Oy

Authorised Public Accountants

Jukka Paunonen

Authorised Public Accountant (KHT)