

Nordea



First-Quarter Financial Report 2022

First-quarter results 2022

Summary of the quarter¹:

- Resilient performance, continued lending growth.** Mortgage lending volumes increased by 7%, year on year, supported by market share growth across the Nordics. SME lending grew by 6% and large corporate lending by 11%. Assets under management decreased by 5% from the record levels of the previous quarter. This was due to financial market turbulence and seasonal net outflows.
 - Increased income and higher operating profit.** First-quarter operating profit increased by 6%, year on year, to EUR 1,114m, supported by lower loan losses. Total income increased by 3% despite the very strong comparison quarter. Net interest income increased by 8% and net fee and commission income by 5%. Net fair value result decreased by 20% following the exceptionally strong first quarter of 2021. Costs increased by 5%, mainly due to regulatory fees, including higher resolution fees and the new Swedish bank tax.
 - Continued strong credit quality.** Net loan losses and similar net result amounted to reversals of EUR 12m or 1bp in the quarter, compared with net loan losses of 7bp in the first quarter of 2021. Realised net loan losses remained low, consistent with previous periods. The management judgement buffer was unchanged at EUR 610m.
 - Cost-to-income ratio 48% and return on equity 12.5%.** Nordea's cost-to-income ratio was 48% (48% in the first quarter of 2021). Return on equity (RoE) increased to 12.5% from 11.0%. Earnings per share increased by 16%, to EUR 0.22 from EUR 0.19.
 - Strong capital enabling high dividends and continued share buy-backs.** Nordea's CET1 ratio decreased to 16.3% from 17.0% in the previous quarter due to the capital optimisation associated with the share buy-backs. The CET1 ratio remains very strong at 6.1 percentage points above the regulatory requirement.

Nordea's Annual General Meeting of 24 March approved the dividend of EUR 0.69 per share for 2021, in line with the bank's dividend policy. Nordea is committed to implementing an efficient capital structure and commenced a new EUR 1bn share buy-back programme on 14 March. Nordea is also in discussions with the European Central Bank regarding potential follow-on share buy-backs in the second half of 2022.
 - Russia exit completed.** In line with previously communicated plans, Nordea initiated the final steps to liquidate its subsidiaries in Russia. During the quarter Nordea also made loan loss provisions for its direct financial exposure to Russian counterparties. The impacts have been classified as items affecting comparability.
 - Outlook maintained.** Despite increased macroeconomic uncertainty, Nordea confirms its outlook for 2022: RoE above 11% and a cost-to-income ratio of 49–50%. During the quarter the Group presented its new key priorities at its Capital Markets Day. Nordea is committed to reaching its 2025 financial target – RoE above 13%.
- (For further viewpoints, see the CEO comment on page 2. For definitions, see page 55)

Group quarterly results and key ratios Q1 2022¹

| | Q1 2022 | Q1 2021 | Chg % | Q4 2021 | Chg % |
|--|--------------|--------------|----------|--------------|------------|
| EURm | | | | | |
| Net interest income | 1,308 | 1,212 | 8 | 1,255 | 4 |
| Net fee and commission income | 870 | 827 | 5 | 920 | -5 |
| Net fair value result | 295 | 370 | -20 | 247 | 19 |
| Other income | 17 | 11 | | 16 | |
| Total operating income | 2,490 | 2,420 | 3 | 2,438 | 2 |
| Total operating expenses excluding resolution fees | -1,132 | -1,095 | 3 | -1,101 | 3 |
| Total operating expenses | -1,388 | -1,319 | 5 | -1,101 | 26 |
| Profit before loan losses | 1,102 | 1,101 | 0 | 1,337 | -18 |
| Net loan losses and similar net result | 12 | -52 | | -56 | |
| Operating profit | 1,114 | 1,049 | 6 | 1,281 | -13 |
| Cost-to-income ratio with amortised resolution fees, % | 48 | 48 | | 47 | |
| Return on equity with amortised resolution fees, % | 12.5 | 11.0 | | 11.3 | |
| Diluted earnings per share, EUR | 0.22 | 0.19 | 16 | 0.26 | -15 |

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

The start of 2022 has been truly extraordinary. Within the first couple of months we witnessed a new wave of the pandemic, followed by a peak in cases and a rapid lifting of restrictions. And then the war started in late February, shaking our societal building blocks – peace, security and stability – and bringing turbulence to financial markets.

We strongly condemn Russia's invasion of Ukraine. Our thoughts are with all who are suffering, fearing for their lives and worried for their loved ones. We are carrying out our role in society, supporting our people and customers, helping the people of Ukraine and ensuring business continuity. We are also ensuring that we comply with all imposed sanctions.

We decided to exit our Russian operations in 2019 and have been winding down our business there since then. This means that our direct exposure to Russia is very low. In the first quarter we assessed the recoverability of this exposure and made provisions of EUR 76m. We also initiated the final steps to liquidate our subsidiaries in Russia. In accordance with accounting requirements, we transferred to the income statement accumulated foreign exchange translation differences of EUR 529m previously recognised in "Other comprehensive income". This is a technical item that has no impact on our CET1 capital, equity, or dividend and buy-back capacity. These two items related to the exceptional Russia situation are regarded as items affecting comparability. Furthermore, Nordea Asset Management decided to exit all fund investments connected to Russia.

Nordea is a strong bank and continues to be a safe and trusted partner for customers, employees, shareholders and broader society. In these turbulent times, this is more important than ever. The bank's resilience has been tested and proven in many crises and our strong business momentum continues.

In the first quarter we continued to make steady progress, building on the strong foundation and business development of 2021. We grew our business, customer activity was high and loan losses were close to zero. This enabled us to achieve a return of equity of 12.5% and an operating profit of EUR 1,114m.

Our mortgage lending increased by 7%, following the positive trend seen in previous quarters, and our market shares continued to increase across the Nordics. Our SME lending volumes increased by 6%, driven by growth in Sweden and Norway in particular. Meanwhile, our large corporate lending grew for the second quarter in a row, increasing by 11%, year on year. Our assets under management grew by 6% despite the negative impact from stock markets in the first quarter of 2022.

Our cost-to-income ratio was 48% – unchanged from the first quarter of 2021. Income was up 3% despite an unusually strong comparison quarter. Income growth was mainly driven by an 8% growth in net interest income. Net interest income increased in all business areas, with the largest contributions from SME and large corporate lending. Our operating costs increased, mainly due to higher regulatory costs, including higher resolution fees and the Swedish bank tax. However, costs excluding regulatory fees were up only 2% despite the higher business activity.

While our performance during the quarter was solid, the war in Ukraine has had an impact on our business. Our assets under management decreased by 5%, quarter on quarter, due to market turbulence and seasonal net outflows. The underlying net flow from our internal channels was positive despite the very turbulent markets. In addition, many corporate finance transactions were postponed due to the increased economic uncertainty. Customer activity is picking up again but there is no doubt that economic uncertainty remains high and business and consumer confidence is more fragile than in 2021.

Our credit quality remains strong, with net loan losses amounting to reversals of 1bp during the quarter. There continues to be uncertainty regarding the broader impact of the conflict – including higher energy, food and commodity prices. With our COVID-19 management judgement provisions of EUR 610m, we are well protected against credit losses. We expect to get a clearer picture of the potential effect of the macroeconomic impacts on our customers during the second quarter.

Our capital strength is among the best in Europe, with a CET1 ratio of 16.3%, 6.1 percentage points above the current regulatory requirement.

All in all, Nordea remains stable and strong and continues to grow market shares despite the turbulent external environment. In 2022 we continue to expect to reach a return on equity above 11% and a cost-to-income ratio of 49–50%.

Our Annual General Meeting in March approved the 2021 dividend of EUR 0.69 per share. Including the share buy-backs, we have distributed almost EUR 4bn to our shareholders so far in 2022. We remain highly committed to implementing an efficient capital structure and continue to distribute excess capital to our shareholders, most recently through a new EUR 1bn share buy-back programme launched in March. Moreover, we are in discussions with the European Central Bank regarding potential follow-on share buy-backs in the second half of the year.

We have now entered the new strategy period, 2022–25. We presented our plans at our Capital Markets Day in February. Our new financial target for 2025, a return on equity above 13%, is a firm target that we are committed to meeting. In order to do so, we have reshaped our key priorities, which are: to create the best omnichannel customer experience, to drive focused and profitable growth, and to increase operational and capital efficiency. We are also focusing on two key levers cutting across the entire bank: being a digital leader among our peers and integrating sustainability into the core of our business.

That is our way forward – to be the preferred partner for Nordic customers in need of a broad range of financial services. In both good and challenging times.

Frank Vang-Jensen
President and Group CEO

Outlook (unchanged)

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

| | Q1 2022 | Q1 2021 | Chg % | Local curr. % | Q4 2021 | Chg % | Local curr. % |
|--|---------------|---------------|------------|---------------|---------------|------------|---------------|
| EURm | | | | | | | |
| Net interest income | 1,308 | 1,212 | 8 | 8 | 1,255 | 4 | 5 |
| Net fee and commission income | 870 | 827 | 5 | 6 | 920 | -5 | -5 |
| Net result from items at fair value | -242 | 370 | | | 247 | | |
| Profit or loss from associated undertakings and joint ventures accounted for under the equity method | 0 | -14 | | | -4 | | |
| Other operating income | 17 | 25 | -32 | -32 | 20 | -15 | -15 |
| Total operating income | 1,953 | 2,420 | -19 | -19 | 2,438 | -20 | -19 |
| Staff costs | -703 | -682 | 3 | 4 | -670 | 5 | 6 |
| Other expenses | -266 | -262 | 2 | 2 | -241 | 10 | 11 |
| Regulatory fees | -273 | -224 | 22 | 22 | - | | |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -146 | -151 | -3 | -2 | -190 | -23 | -22 |
| Total operating expenses | -1,388 | -1,319 | 5 | 6 | -1,101 | 26 | 27 |
| Profit before loan losses | 565 | 1,101 | -49 | -49 | 1,337 | -58 | -58 |
| Net loan losses and similar net result | -64 | -52 | 23 | 23 | -56 | 14 | 16 |
| Operating profit | 501 | 1,049 | -52 | -52 | 1,281 | -61 | -61 |
| Income tax expense | -232 | -261 | -11 | -11 | -264 | -12 | -11 |
| Net profit for the period | 269 | 788 | -66 | -66 | 1,017 | -74 | -74 |

Excluding items affecting comparability¹

| | Q1 2022 | Q1 2021 | Chg % | Local curr. % | Q4 2021 | Chg % | Local curr. % |
|--|---------------|---------------|-----------|---------------|---------------|------------|---------------|
| EURm | | | | | | | |
| Net interest income | 1,308 | 1,212 | 8 | 8 | 1,255 | 4 | 5 |
| Net fee and commission income | 870 | 827 | 5 | 6 | 920 | -5 | -5 |
| Net result from items at fair value | 295 | 370 | -20 | -19 | 247 | 19 | 21 |
| Profit or loss from associated undertakings and joint ventures accounted for under the equity method | 0 | -14 | | | -4 | | |
| Other operating income | 17 | 25 | -32 | -32 | 20 | -15 | -15 |
| Total operating income | 2,490 | 2,420 | 3 | 3 | 2,438 | 2 | 3 |
| Staff costs | -703 | -682 | 3 | 4 | -670 | 5 | 6 |
| Other expenses | -266 | -262 | 2 | 2 | -241 | 10 | 11 |
| Regulatory fees | -273 | -224 | 22 | 22 | - | | |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -146 | -151 | -3 | -2 | -190 | -23 | -22 |
| Total operating expenses | -1,388 | -1,319 | 5 | 6 | -1,101 | 26 | 27 |
| Profit before loan losses | 1,102 | 1,101 | 0 | 0 | 1,337 | -18 | -17 |
| Net loan losses and similar net result | 12 | -52 | | | -56 | | |
| Operating profit | 1,114 | 1,049 | 6 | 6 | 1,281 | -13 | -12 |
| Income tax expense | -246 | -261 | -6 | -6 | -264 | -7 | -6 |
| Net profit for the period | 868 | 788 | 10 | 10 | 1,017 | -15 | -14 |

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.

Business volumes, key items¹

| | 31 Mar 2022 | 31 Mar 2021 | Chg % | Local curr. % | 31 Dec 2021 | Chg % | Local curr. % |
|--|-------------|-------------|-------|---------------|-------------|-------|---------------|
| EURbn | | | | | | | |
| Loans to the public | 351.9 | 333.6 | 5 | 5 | 345.0 | 2 | 1 |
| Loans to the public, excl. repos/securities borrowing | 333.1 | 314.5 | 6 | 5 | 328.3 | 1 | 1 |
| Deposits and borrowings from the public | 221.1 | 198.2 | 12 | 11 | 205.8 | 7 | 7 |
| Deposits from the public, excl. repos/securities lending | 212.0 | 191.5 | 11 | 10 | 203.2 | 4 | 4 |
| Total assets | 624.5 | 591.1 | 6 | | 570.4 | 9 | |
| Assets under management | 389.4 | 368.9 | 6 | | 411.3 | -5 | |
| Equity | 30.9 | 34.5 | -10 | | 33.5 | -8 | |

¹ End of period.

Ratios and key figures¹

| | Q1 2022 | Q1 2021 | Chg % | Q4 2021 | Chg % |
|---|---------|---------|-------|---------|-------|
| Diluted earnings per share (DEPS), EUR | 0.06 | 0.19 | -68 | 0.26 | -77 |
| EPS, rolling 12 months up to period end, EUR | 0.82 | 0.64 | 28 | 0.95 | -14 |
| Share price ² , EUR | 9.38 | 8.41 | 12 | 10.79 | -13 |
| Equity per share ² , EUR | 8.04 | 8.53 | -6 | 8.51 | -6 |
| Potential shares outstanding ² , million | 3,860 | 4,050 | -5 | 3,966 | -3 |
| Weighted average number of diluted shares, million | 3,894 | 4,040 | -4 | 3,978 | -2 |
| Return on equity, % | 3.3 | 9.4 | | 11.8 | |
| Return on tangible equity, % | 3.7 | 10.6 | | 13.2 | |
| Return on risk exposure amount, % | 0.7 | 2.0 | | 2.7 | |
| Return on equity with amortised resolution fees, % | 5.1 | 11.0 | | 11.3 | |
| Cost-to-income ratio, % | 71 | 55 | | 45 | |
| Cost-to-income ratio with amortised resolution fees, % | 61 | 48 | | 47 | |
| Net loan loss ratio, incl. loans held at fair value, bp | 7 | 6 | | 7 | |
| Common Equity Tier 1 capital ratio ^{2,3} , % | 16.3 | 17.5 | | 17.0 | |
| Tier 1 capital ratio ^{2,3} , % | 18.4 | 19.2 | | 19.1 | |
| Total capital ratio ^{2,3} , % | 20.5 | 20.9 | | 21.2 | |
| Tier 1 capital ^{2,3} , EURbn | 28.3 | 29.6 | -4 | 29.0 | -2 |
| Risk exposure amount ² , EURbn | 154.0 | 154.0 | 0 | 151.9 | 1 |
| Return on capital at risk, % | 4.7 | 13.6 | | 17.3 | |
| Return on capital at risk with amortised resolution fees, % | 7.2 | 15.8 | | 16.6 | |
| Number of employees (FTEs) ² | 27,076 | 27,800 | -3 | 26,894 | 1 |
| Economic capital ² , EURbn | 23.4 | 23.4 | 0 | 23.2 | 1 |

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.

Excluding items affecting comparability⁴

| | Q1 2022 | Q1 2021 | Chg % | Q4 2021 | Chg % |
|---|---------|---------|-------|---------|-------|
| Diluted earnings per share (DEPS), EUR | 0.22 | 0.19 | 16 | 0.26 | -15 |
| EPS, rolling 12 months up to period end, EUR | 0.98 | 0.64 | 53 | 0.95 | 3 |
| Return on equity, % | 10.7 | 9.4 | | 11.8 | |
| Return on tangible equity, % | 12.1 | 10.6 | | 13.2 | |
| Return on risk exposure amount, % | 2.2 | 2.0 | | 2.7 | |
| Return on equity with amortised resolution fees, % | 12.5 | 11.0 | | 11.3 | |
| Cost-to-income ratio, % | 56 | 55 | | 45 | |
| Cost-to-income ratio with amortised resolution fees, % | 48 | 48 | | 47 | |
| Net loan loss ratio, incl. loans held at fair value, bp | -1 | 6 | | 7 | |
| Return on capital at risk, % | 15.1 | 13.6 | | 17.3 | |
| Return on capital at risk with amortised resolution fees, % | 17.7 | 15.8 | | 16.6 | |

⁴ 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.

Macroeconomy and financial markets¹

Economic outlook

The global economy recovered strongly in 2021, led by the advanced economies where vaccine roll-outs have been most successful and supported by expansionary economic policy. Global GDP growth in 2021 as a whole is expected to have been close to 6%, the highest since 1973. 2022 began on a strong note, although outbreaks of new COVID-19 variants and Russia's invasion of Ukraine have made the recovery less certain. The OECD has estimated that the war in Ukraine could reduce global growth by 1 percentage point in 2022, with the largest impact expected in European countries due to their proximity to the war zone.

Strong demand in combination with COVID-19-related supply disruptions has led to elevated transport costs and increasing energy and commodity prices. The war in Ukraine has added to the cost pressure. Producer and consumer price inflation figures stand at their highest in 40 years. Many central banks have already begun to tighten monetary policy in order to dampen the development and anchor inflation expectations at around 2%.

The Nordic countries have been among the best performing economies globally during the pandemic. All four countries' GDP levels are now well above pre-pandemic levels. Before the outbreak of the war in Ukraine, the biggest economic concerns in the Nordics were a lack of materials and a lack of qualified labour. The Nordic countries' dependence on Russia is limited, and has decreased significantly over the past ten years.

Denmark

Danish GDP increased by 3%, quarter on quarter, in the fourth quarter of 2021. In 2021 as a whole, GDP increased by 4.7%, the highest annual growth since 1994. The growth in GDP has caused employment to reach a record high, with the unemployment rate falling to 2.5% in February 2022. House and apartment prices were 12.3% and 6.0% higher, respectively, in January 2022 than in the same month last year. Year-on-year consumer price inflation stood at 5.4% in March, the highest since 1985. The Danish krone remained strong against the euro in the first quarter, but Danmarks Nationalbank did not intervene in the foreign exchange market.

According to scenarios developed by the Danish Ministry of Finance, the war in Ukraine could reduce GDP growth by around 0.5–3.0 percentage points in 2022 and may cause a stagnation or fall in employment. The Ministry had previously forecast GDP growth of 2.8%.

Finland

Finnish GDP grew by 0.6% during the fourth quarter of 2021. In 2021 as a whole, GDP grew by 3.5%. Private consumption rose by 3.1%, driven by the recovering service sector. The swift economic recovery has also led to a rapid improvement in the labour market situation, with the unemployment rate declining to 6.8% in February 2022. Apartment prices increased by 3.2%, year on year, in February. Higher energy and other import prices are expected to slow down private consumption as the purchasing power of households weakens. In March year-on-year consumer price inflation stood at 5.6%, half of which was due to higher energy prices.

Finland is more exposed to the Russian economy than the other Nordic countries, with a 5.4% export share and an 11.7% import share in 2021. Sanctions and boycotts on trade with Russia will have a direct negative impact on the Finnish export sector. Despite the higher exposure, the expected impact on GDP is limited. Due to the war, we now estimate that Finnish GDP will grow by 0.5–2.0%, having previously forecast growth of 3.0%. The estimate is highly dependent on the duration of the war and the sanctions imposed.

Norway

Norwegian mainland GDP grew by 1.4% during the fourth quarter of 2021. In 2021 as a whole, GDP grew by 4.2%. The seasonally adjusted unemployment rate stood at 1.9% in March, lower than the pre-pandemic level. Housing prices rose at the beginning of the year and were 6.2% higher in March 2022 than in the same month last year. Year-on-year consumer price inflation stood at 4.5% in March, driven higher by increased energy prices. Norges Bank is hiking interest rates due to the strong developments in the Norwegian economy and rising wage growth. The central bank increased the key rate to 0.75% in March 2022 and signalled that it would continue with quarterly hikes of 25bp until the rate reached 2.5% (by the end of 2023). The Norwegian krone appreciated against the euro on the back of higher oil and gas prices.

The war in Ukraine should have only a minor direct impact on the Norwegian economy. The resulting rises in oil and gas prices will be positive for the country's GDP.

Sweden

Swedish GDP grew by 1.1% during the fourth quarter of 2021. Both domestic demand and exports increased. In 2021 as a whole, GDP increased by 4.8%. The situation in the labour market continued to improve, with the unemployment rate falling to 7.0% in March 2022. House and apartment prices continued to rise and were 10% and 9% higher, respectively, in February 2022 than in the same month last year. Year-on-year consumer price inflation stood at 6.1% in March, boosted by the surge in energy prices and higher core inflation. Going forward, inflation is expected to rise further. Wage increases remain modest, though. Sveriges Riksbank kept its repo rate unchanged at 0.0% in February, but we expect it to raise the rate several times this year. The quantitative easing programme ended in December 2021 and we expect the central bank to begin decreasing its balance sheet in the second half of 2022. The trade-weighted Swedish krona weakened by 1.0% in the course of the first quarter.

The war in Ukraine will probably weigh on Swedish GDP growth, but any dampening will be from a high level.

¹Source: Nordea Economic Research

Group results and performance

First quarter 2022

Net interest income

Q1/Q1: Net interest income increased by 8%. The main drivers were increased lending volumes in all business areas and improved deposit margins. Exchange rate effects had a positive impact of approximately EUR 1m.

Q1/Q4: Net interest income increased by 4%. The main drivers were increased lending volumes in all business areas and improved lending margins, which included a EUR 47m benefit from the European Central Bank's targeted longer-term refinancing operation (TLTRO). These were partly offset by a lower day count. Exchange rate effects had a negative impact of approximately EUR 11m.

Lending volumes

Q1/Q1: Loans to the public excluding repurchase agreements and securities borrowing were up 5% in local currencies. Lending volumes increased in Personal Banking (5% in local currencies), Business Banking (6% in local currencies) and Large Corporates & Institutions (11% in EUR).

Q1/Q4: Loans to the public excluding repurchase agreements and securities borrowing were up 1% in local currencies. Lending volumes increased in Personal Banking (1% in local currencies), Business Banking (1% in local currencies) and Large Corporates & Institutions (7% in EUR).

Deposit volumes

Q1/Q1: Total deposits from the public excluding repurchase agreements and securities lending were up 10% in local currencies. Deposit volumes increased in Personal Banking (4% in local currencies), Business Banking (6% in local currencies) and Large Corporates & Institutions (31% in EUR).

Q1/Q4: Total deposits from the public excluding repurchase agreements and securities lending were up 4% in local currencies. Deposit volumes increased in Personal Banking (1% in local currencies) and Large Corporates & Institutions (14% in EUR). Deposit volumes decreased in Business Banking (-4% in local currencies).

Net interest income per business area

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local currency | |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|-----------|-----------|----------------|-----------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Personal Banking | 565 | 556 | 573 | 569 | 561 | 1% | 2% | 1% | 3% |
| Business Banking | 440 | 416 | 395 | 405 | 394 | 12% | 6% | 12% | 6% |
| Large Corporates & Institutions | 267 | 247 | 228 | 231 | 240 | 11% | 8% | | |
| Asset & Wealth Management | 26 | 20 | 19 | 19 | 19 | 37% | 30% | 37% | 37% |
| Group functions | 10 | 16 | 11 | 8 | -2 | | | | |
| Total Group | 1,308 | 1,255 | 1,226 | 1,232 | 1,212 | 8% | 4% | 8% | 5% |

Change in net interest income (NII)

| | Q1/Q4 | Q1/Q1 |
|---|--------------|--------------|
| EURm | | |
| NII beginning of period | 1,255 | 1,212 |
| Margin-driven NII | 76 | 28 |
| Lending margin | 8 | -55 |
| Deposit margin | 15 | 44 |
| Cost of funds | 53 | 39 |
| Volume-driven NII | 25 | 59 |
| Lending volume | 25 | 65 |
| Deposit volume | 0 | -6 |
| Day count | -24 | 0 |
| Other ¹ | -24 | 9 |
| NII end of period | 1,308 | 1,308 |
| ¹ of which foreign exchange. | -11 | 1 |

Net fee and commission income

Q1/Q1: Net fee and commission income increased by 5%. The main drivers were growth in net income from savings and investments and payments and cards, which increased from the subdued levels seen in the first quarter of 2021.

Q1/Q4: Net fee and commission income decreased by 5%. The main driver was a decrease in net income from savings and investments.

Savings and investment commissions

Q1/Q1: Net fee and commission income from savings and investments increased by 6%, mainly driven by growth in assets under management (AuM). This was partly offset by lower brokerage and advisory fee income.

Q1/Q4: Net fee and commission income from savings and investments decreased by 9%, mainly driven by a decrease in AuM. This was due to financial market turbulence and seasonal net outflows. End-of-period AuM decreased by 5%, or EUR 22bn, to EUR 389bn, with a net outflow of EUR 2.4bn during the quarter.

Payments and cards and lending-related commissions

Q1/Q1: Net fee and commission income from payments and cards increased by 14%, up from the subdued levels seen in the first quarter of 2021, which were driven by COVID-19. Lending-related net fee and commission income increased by 1%.

Q1/Q4: Net fee and commission income from payments and cards increased by 3%. Lending-related net fee and commission income decreased by 3% due to lower levels of customer activity.

Net fee and commission income per business area

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local currency | |
|---------------------------------|------------|------------|------------|------------|------------|-----------|------------|----------------|------------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Personal Banking | 301 | 324 | 316 | 301 | 282 | 7% | -7% | 8% | -6% |
| Business Banking | 164 | 170 | 161 | 153 | 160 | 3% | -4% | 3% | -2% |
| Large Corporates & Institutions | 129 | 119 | 115 | 167 | 140 | -8% | 8% | | |
| Asset & Wealth Management | 283 | 311 | 287 | 262 | 252 | 12% | -9% | 12% | -9% |
| Group functions | -7 | -4 | -9 | -5 | -7 | | | | |
| Total Group | 870 | 920 | 870 | 878 | 827 | 5% | -5% | 6% | -5% |

Net fee and commission income per category

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local currency | |
|------------------------------|------------|------------|------------|------------|------------|-----------|------------|----------------|------------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Savings and investments, net | 595 | 654 | 613 | 617 | 563 | 6% | -9% | 6% | -9% |
| Payments and cards, net | 131 | 127 | 130 | 115 | 115 | 14% | 3% | 15% | 4% |
| Lending-related, net | 147 | 151 | 138 | 144 | 146 | 1% | -3% | 1% | -2% |
| Other commissions, net | -3 | -12 | -11 | 2 | 3 | | | | |
| Total Group | 870 | 920 | 870 | 878 | 827 | 5% | -5% | 6% | -5% |

Assets under management (AuM), volumes and net flow

| | Q122 | Q421 | Q321 | Q221 | Q121 | Net flow |
|---------------------|--------------|--------------|--------------|--------------|--------------|-------------|
| | | | | | | Q122 |
| EURbn | | | | | | |
| Nordic Retail funds | 81.7 | 87.4 | 82.4 | 80.6 | 75.7 | -1.4 |
| Private Banking | 115.4 | 122.7 | 116.1 | 114.2 | 107.2 | 0.3 |
| Institutional sales | 124.8 | 131.3 | 128.0 | 124.6 | 124.5 | -2.1 |
| Life & Pension | 67.4 | 69.9 | 66.3 | 64.8 | 61.6 | 0.7 |
| Total | 389.4 | 411.3 | 392.9 | 384.2 | 368.9 | -2.4 |

Net result from items at fair value

Q1/Q1: Comparable (excluding items affecting comparability) net result from items at fair value decreased by 20% due to lower trading income in Markets following the exceptionally strong first quarter of 2021. This was partly offset by higher activity in customer areas. The first quarter of 2022 included two items affecting comparability: the recycling of accumulated foreign exchange translation differences of EUR 529m previously recognised in "Other comprehensive income" and EUR 8m related to a write-down of Russia-related fund investments.

Q1/Q4: Comparable net result from items at fair value increased by 19%, driven by higher activity in customer areas and higher trading income in Markets. The first quarter of 2022 included two items affecting comparability: the recycling of accumulated foreign exchange translation differences of EUR 529m previously recognised in "Other comprehensive income" and EUR 8m related to a write-down of Russia-related fund investments.

Net result from items at fair value per business area

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 |
|---|-------------|------------|------------|------------|------------|-------------|------------|
| EURm | | | | | | | |
| Personal Banking | 57 | 34 | 32 | 51 | 32 | 78% | 68% |
| Business Banking | 101 | 89 | 70 | 77 | 74 | 36% | 13% |
| Large Corporates & Institutions | 133 | 86 | 91 | 107 | 238 | -44% | 55% |
| Asset & Wealth Mgmt. excl. Life & Pension | -10 | -12 | -7 | -12 | -5 | | |
| Life & Pension | 7 | 24 | 20 | 26 | 28 | -75% | -70% |
| Group functions | 7 | 26 | 18 | 29 | 3 | | |
| Total Group | 295 | 247 | 224 | 278 | 370 | -20% | 19% |
| Total, incl. items affecting comparability¹ | -242 | 247 | 224 | 278 | 370 | | |

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".

Equity method

Q1/Q1: Income from companies accounted for under the equity method was approximately EUR 0m, up from EUR -14m. The first quarter of 2021 had been negatively affected by an impairment charge.

Q1/Q4: Income from companies accounted for under the equity method was approximately EUR 0m, up from EUR -4m. The fourth quarter of 2021 had been negatively affected by the impairment of an equity holding.

Other operating income

Q1/Q1: Other operating income was EUR 17m, down from EUR 25m.

Q1/Q4: Other operating income was EUR 17m, down from EUR 20m.

Total operating income per business area

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local currency | |
|---|--------------|--------------|--------------|--------------|--------------|-------------|-------------|----------------|-------------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Personal Banking | 925 | 913 | 922 | 931 | 879 | 5% | 1% | 6% | 3% |
| Business Banking | 715 | 682 | 635 | 644 | 637 | 12% | 5% | 12% | 5% |
| Large Corporates & Institutions | 529 | 454 | 434 | 505 | 619 | -15% | 17% | | |
| Asset & Wealth Management | 306 | 346 | 319 | 295 | 294 | 4% | -12% | 4% | -11% |
| Group functions | 15 | 43 | 34 | 43 | -9 | | | | |
| Total Group | 2,490 | 2,438 | 2,344 | 2,418 | 2,420 | 3% | 2% | 3% | 3% |
| Total, incl. items affecting comparability¹ | 1,953 | 2,438 | 2,344 | 2,418 | 2,420 | -19% | -20% | -19% | -19% |

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

Q1/Q1: Total operating expenses were up 5% due to higher regulatory fees, including resolution fees and the Swedish bank tax. Adjusted for these, total operating expenses increased by 2%, driven by higher staff costs. Exchange rate effects had a positive impact of approximately EUR 5m.

Q1/Q4: Total operating expenses were up 26% due to higher regulatory fees, including resolution fees and the Swedish bank tax. Adjusted for these, total operating expenses increased by 1%, as higher staff costs were partly offset by lower impairment charges. Exchange rate effects had a positive impact of approximately EUR 11m.

Staff costs

Q1/Q1: Staff costs increased by 3%, driven by lower capitalisation of staff costs related to IT projects and higher provisions for variable pay.

Q1/Q4: Staff costs increased by 5%, quarter on quarter, due to higher restructuring costs.

Other expenses

Q1/Q1: Other expenses increased by 2% due to higher marketing and travel expenses.

Q1/Q4: Other expenses increased by 10%. The fourth quarter of 2021 had included a VAT refund.

Regulatory fees

Q1/Q1: Regulatory fees increased by 22% due to higher resolution fees and the Swedish bank tax.

Q1/Q4: Regulatory fees amounted to EUR 273m, compared with EUR 0m in the fourth quarter of 2021, and included the recognition of resolution fees and the introduction of the Swedish bank tax.

Depreciation and amortisation

Q1/Q1: Depreciation and amortisation decreased by 3% due to a lower run rate of asset and project amortisation.

Q1/Q4: Depreciation and amortisation decreased by 23% to EUR 146m, driven by lower impairment charges. The fourth quarter of 2021 had been negatively affected by impairment charges.

FTEs

Q1/Q1: The number of employees (FTEs) was 27,076 at the end of the first quarter, a decrease of 3%.

Q1/Q4: The number of FTEs was up 1%.

Total operating expenses

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local currency | |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|-----------|------------|----------------|------------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Staff costs | -703 | -670 | -702 | -705 | -682 | 3% | 5% | 4% | 6% |
| Other expenses | -266 | -241 | -237 | -262 | -262 | 2% | 10% | 2% | 11% |
| Regulatory fees | -273 | 0 | 0 | 0 | -224 | 22% | | 22% | |
| Depreciation and amortisation | -146 | -190 | -159 | -164 | -151 | -3% | -23% | -2% | -22% |
| Total Group | -1,388 | -1,101 | -1,098 | -1,131 | -1,319 | 5% | 26% | 6% | 27% |

Total operating expenses per business area

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local currency | |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|-----------|------------|----------------|------------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Personal Banking | -509 | -455 | -451 | -447 | -509 | 0% | 12% | 0% | 13% |
| Business Banking | -350 | -295 | -290 | -278 | -336 | 4% | 19% | 4% | 20% |
| Large Corporates & Institutions | -275 | -175 | -173 | -174 | -274 | 0% | 57% | | |
| Asset & Wealth Management | -139 | -143 | -149 | -120 | -127 | 9% | -3% | 9% | -2% |
| Group functions | -115 | -33 | -35 | -112 | -73 | | | | |
| Total Group | -1,388 | -1,101 | -1,098 | -1,131 | -1,319 | 5% | 26% | 6% | 27% |

Exchange rate effects

| | Q1/Q1 | Q1/Q4 |
|--------------------------|-------|-------|
| Percentage points | | |
| Income | 0 | -1 |
| Expenses | 0 | -1 |
| Operating profit | 0 | -1 |
| Loan and deposit volumes | 0 | 0 |

Net loan losses and similar net result

The Nordea Group's credit portfolio continued to perform strongly in the first quarter of 2022. Comparable net loan losses and similar net result amounted to net reversals of EUR 12m (1bp), or EUR 4m excluding gains on loans held at fair value (Net loan losses and similar net result of EUR 56m (7bp), or EUR 81m excluding gains on loans held at fair value, in the fourth quarter of 2021).

Main drivers of comparable loan losses and similar net result

Limited additional provisions were made for individual corporate exposures in the quarter and impacts stemming from the COVID-19 pandemic were minor. Losses on retail exposures were also at a low level. The additional provisions were more than offset by reversals of provisions in the Oil, gas & offshore portfolio combined with a EUR 27m reduction in collective provisions.

During the quarter Nordea exited several offshore exposures. The resulting write-offs were fully covered by existing allowances on the balance sheet. As a result, the defaulted assets in the Oil, gas & offshore portfolio were reduced from EUR 541m to EUR 135m.

A revaluation gain of EUR 8m was recognised in relation to Nordea Kredit's mortgage portfolio reported at fair value, mostly stemming from increases in house prices.

Comparable net loan losses and similar net result amounted to net reversals of EUR 29m in Large Corporates & Institutions and EUR 8m in Group functions. These were partly offset by net loan losses of EUR 13m in Personal Banking, EUR 11m in Business Banking and EUR 1m in Asset & Wealth Management.

Management judgement allowance

The cyclical management judgement allowance of EUR 455m and the structural management judgement allowance of EUR 155m were both kept unchanged. Accordingly, the total management judgement allowance remained at EUR 610m. These allowances continue to ensure a strong reserve to cover both potential additional loan losses related to the COVID-19 pandemic and planned improvements to provisioning models and processes.

Items affecting comparability

During the quarter provisions were increased by EUR 76m as a consequence of Russia's invasion of Ukraine. These provisions resulted from the individual assessment of all Nordea's Russian customers, i.e. corporates and trade finance-related exposure to Russian banks. The assessment was triggered when Russia's credit rating was set to default. The provisions were defined as items affecting comparability (IAC).

Nordea's direct credit exposure to Russian counterparties, after provisions, totalled approximately EUR 100m at the end of the first quarter. Exposure to Ukraine was limited at under EUR 2m.

Analysis of Nordea's Nordic customers with direct links¹ to Russia, Ukraine or Belarus has so far resulted in few rating downgrades and new provisions. Nordea will continue to assess the situation, which will include reviewing the macroeconomic scenarios in the second quarter.

See Note 9 for further details.

¹ Includes Nordic customers with credit limits exceeding EUR 1m and with significant turnover, EBITDA or assets located in Russia, Ukraine or Belarus. Customers potentially impacted by supply chain and sourcing disruptions were also included.

Credit portfolio

Total lending to the public excluding reverse repurchase agreements and securities borrowing increased to EUR 333bn from EUR 328bn in the fourth quarter of 2021, 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 57bn from EUR 58bn in the fourth quarter of 2021. At the end of the first quarter of 2022 the fair value portfolio mainly comprised Danish mortgage lending, which amounted to EUR 56bn, down from EUR 58bn in the fourth quarter of 2021.

Lending to the public measured at amortised cost before allowances increased to EUR 279bn from EUR 272bn in the fourth quarter of 2021. Of this, 94% was classified as stage 1, 5% was stage 2 and 1% was stage 3, with the distribution unchanged from the fourth quarter. Quarter on quarter, stage 1 loans increased by 2%, stage 2 loans increased by 6% and stage 3 loans decreased by 11%. Stage 2 loans amounted to EUR 13.5bn, down 6%, year on year. Stage 3 loans amounted to EUR 3.1bn, down 22%, year on year.

The coverage ratio was 3.1% for stage 2 (unchanged from the previous quarter) and 42% for stage 3 (down from 46% in the previous quarter, mainly due to write-offs and reversals related to large Oil, gas & offshore exposures fully covered by provisions). The fair value impairment rate decreased to 0.85% from 0.89% in the previous quarter, driven by a decrease in impaired Danish mortgage lending.

Nordea continued to reduce the stock of older non-performing loans via write-offs and repayments, mainly in the Oil, gas & offshore portfolio. In the first quarter of 2022 a gross total of EUR 367m was written off (EUR 188m in the fourth quarter of 2021 and EUR 493m in 2021 as a whole).

Net loan loss ratio, excluding IAC

| | Q122 | Q421 | Q321 | Q221 | Q121 |
|--|------|------|------|------|------|
| Basis points of loans, amortised cost¹ | | | | | |
| Net loan loss ratios, annualised, Group | 0 | 12 | 1 | -5 | 10 |
| of which stages 1 and 2 | 5 | -11 | 1 | -21 | -2 |
| of which stage 3 | -5 | 23 | 0 | 16 | 12 |
| Basis points of loans, total^{1,2} | | | | | |
| Net loan loss ratio, including loans held at fair value, annualised, Group | -1 | 7 | -3 | -6 | 6 |
| Personal Banking total | 3 | 2 | 0 | 0 | 2 |
| PeB Denmark | -8 | -18 | -16 | -31 | -12 |
| PeB Finland | 15 | 22 | 10 | 22 | 16 |
| PeB Norway | 1 | 5 | 4 | 0 | 2 |
| PeB Sweden | 5 | 3 | 3 | 6 | 6 |
| Business Banking total | 4 | 11 | -7 | -13 | 6 |
| BB Denmark | -11 | 3 | -23 | -39 | -2 |
| BB Finland | 29 | 54 | -4 | 14 | 22 |
| BB Norway | -3 | -8 | 10 | -21 | 0 |
| BB Sweden | 13 | 1 | -9 | -2 | 11 |
| Large Corporates & Institutions total | -17 | 7 | -6 | -7 | 17 |
| LC&I Denmark | 0 | -27 | -27 | -16 | -59 |
| LC&I Finland | -30 | 48 | -33 | 10 | 0 |
| LC&I Norway | -58 | 7 | 3 | -3 | 107 |
| LC&I Sweden | -9 | 7 | 3 | -19 | 5 |

¹ Negative amounts are net reversals.

² 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

Q1/Q1: Comparable operating profit increased by 6% to EUR 1,114m, driven by growth in total income and lower loan losses. These were partly offset by higher total costs, driven by higher regulatory fees. The first quarter of 2022 included items affecting comparability (IAC) totalling EUR 613m, of which EUR 537m was recognised in “Net result from items at fair value” and EUR 76m in “Net loan losses and similar net result”.

Q1/Q4: Comparable operating profit decreased by 13% to EUR 1,114m, due to higher total costs, which were driven by higher regulatory fees. These were partly offset by higher total income and lower loan losses. The first quarter of 2022 included IAC totalling EUR 613m, of which EUR 537m was recognised in “Net result from items at fair value” and EUR 76m in “Net loan losses and similar net result”.

Taxes

Q1/Q1: Comparable income tax expense amounted to EUR 246m, down from EUR 261m, corresponding to a tax rate of 22.1%, down from 24.9% in the first quarter of 2021. The first quarter of 2022 included IAC, which reduced income tax expense by EUR 14m.

Q1/Q4: Comparable income tax expense amounted to EUR 246m, down from EUR 264m, corresponding to a tax rate of 22.1%, up from 20.6% in the previous quarter. The first quarter of 2022 included IAC, which reduced income tax expense by EUR 14m.

Net profit

Q1/Q1: Comparable net profit increased by 10% to EUR 868m. Comparable return on equity was 10.7%, up from 9.4%. Comparable return on equity with amortised resolution fees was 12.5%, up from 11.0%.

Q1/Q4: Comparable net profit decreased by 15% to EUR 868m. Comparable return on equity was 10.7%, down from 11.8%. Comparable return on equity with amortised resolution fees was 12.5%, up from 11.3%.

Q1/Q1: Diluted earnings per share excluding IAC were EUR 0.22, compared with EUR 0.19.

Q1/Q4: Diluted earnings per share excluding IAC were EUR 0.22, compared with EUR 0.26.

Operating profit per business area

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local currency | |
|---|--------------|--------------|--------------|--------------|--------------|-------------|-------------|----------------|-------------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Personal Banking | 403 | 448 | 470 | 486 | 363 | 11% | -10% | 12% | -9% |
| Business Banking | 354 | 360 | 361 | 396 | 286 | 24% | -2% | 24% | -1% |
| Large Corporates & Institutions | 283 | 267 | 271 | 343 | 318 | -11% | 6% | | |
| Asset & Wealth Management | 166 | 203 | 170 | 178 | 164 | 1% | -18% | 1% | -18% |
| Group functions | -92 | 3 | -4 | -65 | -82 | | | | |
| Total Group | 1,114 | 1,281 | 1,268 | 1,338 | 1,049 | 6% | -13% | 6% | -12% |
| Total, incl. items affecting comparability¹ | 501 | 1,281 | 1,268 | 1,338 | 1,049 | -52% | -61% | -52% | -61% |

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 16.3% at the end of the first quarter of 2022 from 17.0% in the fourth quarter of 2021. CET1 capital decreased by EUR 0.8bn, mainly due to the EUR 1.0bn capital deduction associated with the share buy-back programme announced on 14 March 2022. This was partly offset by profit generation net of dividend accrual. The recycling of accumulated foreign exchange losses related to the closure of the Group's operations in Russia had no impact on CET1 capital. The impact on net profit was excluded from the basis for dividend accrual.

The risk exposure amount (REA) increased by EUR 2.1bn, primarily driven by continued business momentum in the corporate and retail segments, and increased market risk. The REA increase was partly offset by lower counterparty credit risk exposure and improved credit quality in the retail and corporate portfolios.

The Group's Tier 1 capital ratio decreased to 18.4% at the end of the first quarter from 19.1% in the fourth quarter of 2021. The total capital ratio decreased to 20.5% from 21.2%.

At the end of the first quarter CET1 capital amounted to EUR 25.1bn, Tier 1 capital amounted to EUR 28.3bn and own funds amounted to EUR 31.6bn.

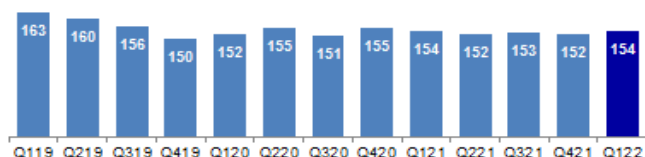
The leverage ratio decreased to 4.8% at the end of the first quarter from 5.4% in the fourth quarter of 2021. The decrease was mainly driven by an increase in cash balances with central banks. The buy-back deduction further contributed to the decrease.

The Group's economic capital increased to EUR 23.4bn in the first quarter, primarily due to increased credit risk driven by continued business momentum in the corporate and retail segments.

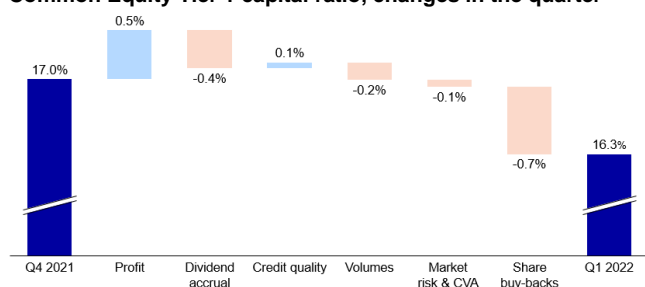
Capital ratios

| | Q122 | Q421 | Q321 | Q221 | Q121 |
|----------------------|------|------|------|------|------|
| % | | | | | |
| CRR/CRD IV | | | | | |
| CET1 capital ratio | 16.3 | 17.0 | 16.9 | 18.0 | 17.5 |
| Tier 1 capital ratio | 18.4 | 19.1 | 18.9 | 19.5 | 19.2 |
| Total capital ratio | 20.5 | 21.2 | 21.0 | 21.3 | 20.9 |

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 (restriction level for maximum distributable amount, MDA). 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 and dividend decision

The EUR 2.0bn inaugural share buy-back programme launched in October 2021 ended on 4 March 2022. On 14 March, following the European Central Bank's approval on 8 February, Nordea's Board of Directors decided to launch a follow-on programme of EUR 1.0bn.

On 24 March 2022 Nordea's Board of Directors decided to distribute an ordinary dividend of EUR 0.69 per share to shareholders. The decision was made in accordance with the mandate received from the Annual General Meeting held earlier that day.

Regulatory developments

On 2 February 2022 Nordea received the European Central Bank's Supervisory Review and Evaluation Process (SREP) decision, which upholds the current Pillar 2 requirement of 1.75% (of which 0.98% is to be met with CET1 capital).

In December 2021 the Swedish Financial Supervisory Authority (FSA) decided to extend the 25% risk weight floor for Swedish mortgage exposures until 30 December 2023. On 22 February 2022 the Finnish FSA decided to reciprocate the Swedish risk weight floor. Hence the floor will continue to be applicable for Nordea, as it has been since 2018.

In March both Denmark and Norway decided to further increase their respective countercyclical capital buffer rates. The current Danish buffer of 0% will be increased to 1.0% in the third quarter of 2022, then to 2.0% from the fourth quarter, then to 2.5% from the first quarter of 2023. The current Norwegian buffer of 1.0% will be increased to 1.5% in the second quarter of 2022, then to 2.0% from the fourth quarter, then to 2.5% from the first quarter of 2023.

Nordea has received the Single Resolution Board's decision on the Nordea Group's minimum requirements for own funds and eligible liabilities (MREL). According to the decision, Nordea's MREL requirements are 22.71% of the REA and 5.98% of the leverage ratio exposure (LRE). Nordea's MREL subordination requirements are 16.06% of the REA and 5.98% of the LRE. The own funds used by Nordea to comply with its combined buffer requirement (CBR) are not eligible to meet the MREL and MREL subordination requirements expressed as a percentage of the REA. As a result, the MREL and MREL subordination requirements including the first-quarter CBR of 4.74% of the REA are 27.45% and 20.80% of the REA, respectively. Both requirements became binding from 1 January 2022, with no transitional period. The requirements will be assessed and updated annually by the Single Resolution Board.

Risk exposure amount

| | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2021 |
|--|----------------|----------------|----------------|
| EURm | | | |
| Credit risk | 120,143 | 119,483 | 122,321 |
| IRB | 103,431 | 102,818 | 106,082 |
| - sovereign | - | - | - |
| - corporate | 67,327 | 66,994 | 68,381 |
| - advanced | 59,499 | 58,281 | 58,474 |
| - foundation | 7,828 | 8,713 | 9,907 |
| - institutions | 4,148 | 3,862 | 3,977 |
| - retail | 27,686 | 27,610 | 27,612 |
| - items representing securitisation positions | 878 | 880 | 882 |
| - other | 3,392 | 3,472 | 5,230 |
| Standardised | 16,712 | 16,665 | 16,239 |
| - sovereign | 1,015 | 671 | 560 |
| - retail | 5,590 | 5,548 | 5,522 |
| - other | 10,108 | 10,447 | 10,157 |
| Credit valuation adjustment risk | 1,008 | 773 | 696 |
| Market risk | 5,334 | 4,972 | 4,720 |
| - trading book, internal approach | 4,663 | 3,908 | 4,044 |
| - trading book, standardised approach | 671 | 637 | 676 |
| - banking book, standardised approach | - | 427 | - |
| Settlement risk | 0 | 0 | 1 |
| Operational risk | 15,025 | 14,306 | 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 | 12,529 | 12,372 | 11,993 |
| Additional risk exposure amount due to Article 3 of the CRR | - | - | - |
| Total | 154,039 | 151,906 | 154,037 |

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

| | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2021 |
|---|----------------|----------------|----------------|
| EURm | | | |
| Calculation of own funds | | | |
| Equity in the consolidated situation ² | 29,889 | 28,900 | 30,033 |
| Profit for the period ² | 271 | 3,835 | 789 |
| Proposed/actual dividend | -559 | -2,682 | -552 |
| Common Equity Tier 1 capital before regulatory adjustments | 29,602 | 30,054 | 30,270 |
| Deferred tax assets | -4 | -4 | -173 |
| Intangible assets | -2,905 | -2,804 | -2,666 |
| IRB provisions shortfall (-) | | | |
| Pension assets in excess of related liabilities | -251 | -169 | -160 |
| Other items including buy-back deduction, net ¹ | -1,312 | -1,197 | -307 |
| Total regulatory adjustments to Common Equity Tier 1 capital | -4,472 | -4,174 | -3,306 |
| Common Equity Tier 1 capital (net after deduction) | 25,130 | 25,880 | 26,964 |
| Additional Tier 1 capital before regulatory adjustments | 3,214 | 3,159 | 2,699 |
| Total regulatory adjustments to Additional Tier 1 capital | -27 | -27 | -27 |
| Additional Tier 1 capital | 3,187 | 3,132 | 2,672 |
| Tier 1 capital (net after deduction) | 28,317 | 29,012 | 29,636 |
| Tier 2 capital before regulatory adjustments | 3,400 | 3,454 | 2,631 |
| IRB provisions excess (+) | 589 | 523 | 604 |
| Deductions for investments in insurance companies | -650 | -650 | -650 |
| Other items, net | -64 | -64 | -63 |
| Total regulatory adjustments to Tier 2 capital | -125 | -191 | -109 |
| Tier 2 capital | 3,275 | 3,263 | 2,522 |
| Own funds (net after deduction) | 31,592 | 32,275 | 32,158 |
| ¹ Other items, net if reported excluding profit. | -1,277 | -1,191 | -307 |

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

| | 31 Mar ³ 2022 | 31 Dec 2021 | 31 Mar 2021 |
|--------------------------------------|-----------------------------|----------------|----------------|
| EURm | | | |
| Common Equity Tier 1 capital | 25,453 | 25,582 | 26,728 |
| Tier 1 capital (net after deduction) | 28,640 | 28,714 | 29,401 |
| Total own funds | 31,915 | 31,977 | 31,923 |

³ Excluding first-quarter profit (pending application).

Own funds reported to ECB⁴

| Profit inclusion | Excluding Q1 profit (pending application) | Including profit | Including profit |
|------------------|--|---------------------|---------------------|
| | | | |

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

| | Q122 | Q421 | Q321 | Q221 | Q121 |
|-------------------------------------|------------|------------|------------|------------|------------|
| EURbn | | | | | |
| Loans to credit institutions | 13 | 2 | 7 | 6 | 10 |
| Loans to the public | 352 | 345 | 343 | 338 | 334 |
| Derivatives | 31 | 30 | 30 | 32 | 36 |
| Interest-bearing securities | 68 | 63 | 64 | 65 | 67 |
| Other assets | 160 | 130 | 171 | 146 | 144 |
| Total assets | 624 | 570 | 615 | 587 | 591 |
| Deposits from credit institutions | 45 | 27 | 43 | 33 | 43 |
| Deposits from the public | 221 | 206 | 211 | 205 | 198 |
| Debt securities in issue | 193 | 176 | 191 | 183 | 183 |
| Derivatives | 35 | 31 | 32 | 32 | 37 |
| Other liabilities | 99 | 96 | 101 | 98 | 96 |
| Total equity | 31 | 34 | 37 | 36 | 34 |
| Total liabilities and equity | 624 | 570 | 615 | 587 | 591 |

Funding and liquidity operations

Nordea issued approximately EUR 8.0bn in long-term funding in the first quarter of 2022 (excluding Danish covered bonds), of which approximately EUR 6.1bn was issued in the form of covered bonds and EUR 1.9bn was issued as senior debt.

At the end of the first 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 153% at the end of the first 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 first quarter the liquidity buffer amounted to EUR 124bn, compared with EUR 100bn at the end of the fourth quarter of 2021. The net stable funding ratio (NSFR) measures long-term liquidity risk. At the end of the first quarter Nordea's NSFR was 112.4%, compared with 111.1% at the end of the fourth quarter.

Nordea maintained a strong liquidity position throughout the first 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, for example 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. In the first quarter of 2022 the negative interest expense added EUR 62m to Nordea's net interest income. Of this, EUR 47m 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. The interest rate used for accruing negative interest during the second quarter will be -1.0%.

Funding and liquidity data

| | Q122 | Q421 | Q321 | Q221 | Q121 |
|---------------------------|------|------|------|------|------|
| Long-term funding portion | 71% | 79% | 71% | 73% | 75% |
| LCR total | 153% | 160% | 168% | 159% | 159% |
| LCR EUR | 194% | 143% | 239% | 226% | 220% |
| LCR USD | 239% | 169% | 269% | 248% | 206% |

Market risk

Market risk in the trading book measured by value at risk (VaR) was EUR 24.9m. Quarter on quarter, VaR decreased by EUR 10.3m, primarily as a result of lower interest rate risk. Interest rate risk was the main driver of VaR at the end of the quarter. Trading book VaR continues to be driven by market risk related to Nordic and other Northern European exposures.

Trading book

| | Q122 | Q421 | Q321 | Q221 | Q121 |
|----------------------------|------|------|------|------|------|
| EURm | | | | | |
| Total risk, VaR | 25 | 35 | 30 | 19 | 27 |
| Interest rate risk, VaR | 23 | 37 | 27 | 24 | 24 |
| Equity risk, VaR | 3 | 3 | 14 | 4 | 4 |
| Foreign exchange risk, VaR | 1 | 1 | 1 | 2 | 2 |
| Credit spread risk, VaR | 9 | 4 | 7 | 9 | 14 |
| Inflation risk, VaR | 2 | 2 | 2 | 2 | 2 |
| Diversification effect | 35% | 24% | 42% | 53% | 42% |

Market risk in the banking book measured by VaR was EUR 55.3m, a quarter-on-quarter decrease of EUR 14.2m. The decrease was driven by lower interest rate risk, which was mainly due to reduced government bond positions in DKK. Foreign exchange risk in the banking book decreased during the quarter, mainly due to reduced USD exposure.

Banking book

| | Q122 | Q421 | Q321 | Q221 | Q121 |
|----------------------------|------|------|------|------|------|
| EURm | | | | | |
| Total risk, VaR | 55 | 69 | 86 | 98 | 93 |
| Interest rate risk, VaR | 52 | 75 | 89 | 100 | 98 |
| Equity risk, VaR | 6 | 6 | 5 | 4 | 4 |
| Foreign exchange risk, VaR | 8 | 10 | 8 | 4 | 7 |
| Credit spread risk, VaR | 1 | 2 | 2 | 2 | 3 |
| Diversification effect | 18% | 25% | 18% | 11% | 17% |

Nordea share and ratings

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

| | Nasdaq STO (SEK) | Nasdaq COP (DKK) | Nasdaq HEL (EUR) |
|------------|---------------------|---------------------|---------------------|
| 31/03/2020 | 56.08 | 38.06 | 5.13 |
| 30/06/2020 | 64.31 | 45.80 | 6.15 |
| 30/09/2020 | 68.31 | 48.60 | 6.49 |
| 31/12/2020 | 67.22 | 49.38 | 6.67 |
| 31/03/2021 | 86.00 | 62.47 | 8.41 |
| 30/06/2021 | 95.26 | 69.60 | 9.40 |
| 30/09/2021 | 113.10 | 82.37 | 11.24 |
| 31/12/2021 | 110.50 | 80.39 | 10.79 |
| 31/03/2022 | 97.30 | 70.20 | 9.38 |

| 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 the Nordea Group's earnings per share and return on equity.

The transaction is subject to regulatory approval and is expected to be completed in the second half 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. On 22 December 2021 Nordea and Blackstone closed the first transaction under the forward sale agreement, whereupon Blackstone acquired approximately 8.3% of Nordea's share capital and voting rights in Luminor, subject to final adjustments. Nordea's current holding in Luminor is approximately 11.6%.

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 1 November 2022. The completion is subject to regulatory approval.

Impacts from Russia's invasion of Ukraine

During the first quarter of 2022 Nordea assessed the recoverability of its direct exposure to Russian counterparties and made provisions of EUR 76m, which were recognised in "Net loan losses and similar net result". The remaining direct credit exposure, after provisions, is approximately EUR 100m. The first quarter also included a EUR 8m write-down of Russia-related fund investments. In March Nordea Asset Management decided to exit all fund investments connected to Russia.

The uncertainty regarding the broader impact of the war – including higher energy, food and commodity prices – on the global and Nordic economies may result in increased credit risk in Nordea's portfolio. Nordea will continue to follow developments closely and expects to get a clearer picture during the second quarter.

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 voluntary liquidation process of LLC Nordea Leasing commenced on 16 February 2022.

As required by International Financial Reporting Standards (IFRSs), Nordea has 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 ended up on the line "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.

Decisions of Nordea's Annual General Meeting 2022

The Annual General Meeting (AGM) of Nordea Bank Abp was held on 24 March 2022 and applied extraordinary meeting procedures due to the COVID-19 pandemic. The AGM supported all the proposals of the Board of Directors and the Shareholders' Nomination Board, with at least 84.7% of the votes cast in support.

The AGM approved the annual accounts for the financial period ending 31 December 2021 and decided to authorise the Board of Directors to decide on a dividend payment of a maximum of EUR 0.69 per share. The AGM also adopted the 2021 Remuneration Report for Governing Bodies via an advisory resolution and approved the revised Charter of the Shareholders' Nomination Board.

The persons who in 2021 had served as members of the Board of Directors, President and Group CEO, and Deputy Managing Director were discharged from liability for the financial period ending 31 December 2021. Torbjörn Magnusson was re-elected as Chair of the Board of Directors until 30 September 2022 and Stephen Hester was elected as Chair of the Board of Directors from 1 October 2022 until the end of the 2023 AGM. Stephen Hester, Lene Skole, Arja Talma and Kjersti Wiklund were elected as new Board members for the period until the end of the next AGM, replacing Kari Jordan, Claudia Dill, Nigel Hinshelwood and Sarah Russel.

Furthermore, the AGM decided to authorise the Board of Directors to decide on repurchases of own shares, issuances of special rights entitling to shares (convertibles), and share issuances or transfers of own shares, in accordance with the terms of the AGM decisions.

Dividend payment

The Board of Directors decided on 24 March 2022 to distribute an ordinary dividend of EUR 0.69 per share to shareholders, in accordance with the mandate received from the 2022 AGM. The dividend of EUR 0.69 per share was paid in April 2022 to those shareholders who, on the record date for the dividend payment (28 March 2022), were recorded in Nordea's shareholders' register maintained by Euroclear Finland Oy in Finland, Euroclear Sweden AB in Sweden and VP Securities A/S in Denmark.

Share buy-back programmes

Nordea has completed its inaugural share buy-back programme. The repurchases of shares began on 22 October 2021 and ended on 4 March 2022. During that period Nordea repurchased 189,634,586 of its own shares at an average price per share of EUR 10.50. The inaugural programme reduced the company's unrestricted equity by EUR 1,997m and the repurchased shares were cancelled on a monthly basis.

The Board of Directors of Nordea decided on 14 March 2022 to launch a follow-on share buy-back programme of up to EUR 1,002m. The programme commenced on 16 March 2022 and will end no later than 31 August 2022.

Nordea's share buy-backs are aimed at achieving an efficient capital structure and improving shareholder returns for the benefit of all shareholders by reducing the bank's capital. They are carried out in accordance with the authorisation granted to the Board of Directors by the 2021 AGM.

Share cancellations

Nordea cancelled aggregated amounts of 34,726,349, 37,851,662 and 32,665,816 treasury shares in January, February and March, respectively. The shares were held for capital optimisation purposes and acquired through buy-backs.

COVID-19 pandemic – governance, operational risk measures and further disclosures

The winter brought further developments in the COVID-19 situation, with varying restrictions introduced and subsequently gradually lifted across the Nordic countries. Nordea's Global Crisis Management team and country crisis management teams monitored the situation in the first quarter and took necessary action.

Information on the financial and operational impacts of the COVID-19 pandemic on Nordea, as well as the measures taken to address these impacts, has been provided in this report. See "CEO comment", "Outlook", "Net loan losses and similar net result", "Funding and liquidity operations", "Other information", "Business areas", Note 1 "Accounting policies", Note 8 "Net loan losses" and Note 9 "Loans and impairment".

Nordea has also identified risks caused by the COVID-19 pandemic given the uncertainty of the economic impact on the markets in which the Group operates. See Note 13 "Risks and uncertainties".

Quarterly development, Group

| | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 |
|--|---------------|---------------|---------------|---------------|---------------|
| EURm | | | | | |
| Net interest income | 1,308 | 1,255 | 1,226 | 1,232 | 1,212 |
| Net fee and commission income | 870 | 920 | 870 | 878 | 827 |
| Net result from items at fair value | -242 | 247 | 224 | 278 | 370 |
| Profit or loss from associated undertakings and joint ventures accounted for under the equity method | 0 | -4 | 9 | 3 | -14 |
| Other operating income | 17 | 20 | 15 | 27 | 25 |
| Total operating income | 1,953 | 2,438 | 2,344 | 2,418 | 2,420 |
| General administrative expenses: | | | | | |
| Staff costs | -703 | -670 | -702 | -705 | -682 |
| Other expenses | -266 | -241 | -237 | -262 | -262 |
| Regulatory fees | -273 | - | - | - | -224 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -146 | -190 | -159 | -164 | -151 |
| Total operating expenses | -1,388 | -1,101 | -1,098 | -1,131 | -1,319 |
| Profit before loan losses | 565 | 1,337 | 1,246 | 1,287 | 1,101 |
| Net loan losses and similar net result | -64 | -56 | 22 | 51 | -52 |
| Operating profit | 501 | 1,281 | 1,268 | 1,338 | 1,049 |
| Income tax expense | -232 | -264 | -267 | -313 | -261 |
| Net profit for the period | 269 | 1,017 | 1,001 | 1,025 | 788 |
| Diluted earnings per share (DEPS), EUR | 0.06 | 0.26 | 0.25 | 0.25 | 0.19 |
| DEPS, rolling 12 months up to period end, EUR | 0.82 | 0.95 | 0.87 | 0.83 | 0.64 |

Business areas

Excluding items affecting comparability

| | Personal Banking | | Business Banking | | Large Corporates & Institutions | | Asset & Wealth Management | | Group functions | | Nordea Group | | Chg |
|--|------------------|--------------|------------------|-------------|---------------------------------|-------------|---------------------------|-------------|-----------------|------------|---------------|---------------|-------------|
| | Q1 2022 | Q4 2021 | Q1 2022 | Q4 2021 | Q1 2022 | Q4 2021 | Q1 2022 | Q4 2021 | Q1 2022 | Q4 2021 | Q1 2022 | Q4 2021 | |
| EURm | | | | | | | | | | | | | |
| Net interest income | 565 | 556 | 440 | 416 | 267 | 247 | 26 | 20 | 10 | 16 | 1,308 | 1,255 | 4% |
| Net fee and commission income | 301 | 324 | 164 | 170 | 129 | 119 | 283 | 311 | -7 | -4 | 870 | 920 | -5% |
| Net result from items at fair value | 57 | 34 | 101 | 89 | 133 | 86 | -3 | 12 | 7 | 26 | 295 | 247 | 19% |
| Equity method & other income | 2 | -1 | 10 | 7 | 0 | 2 | 0 | 3 | 5 | 5 | 17 | 16 | 6% |
| Total operating income | 925 | 913 | 715 | 682 | 529 | 454 | 306 | 346 | 15 | 43 | 2,490 | 2,438 | 2% |
| Total operating expenses | -509 | -455 | -350 | -295 | -275 | -175 | -139 | -143 | -115 | -33 | -1,388 | -1,101 | 26% |
| Net loan losses and similar net result | -13 | -10 | -11 | -27 | 29 | -12 | -1 | 0 | 8 | -7 | 12 | -56 | |
| Operating profit | 403 | 448 | 354 | 360 | 283 | 267 | 166 | 203 | -92 | 3 | 1,114 | 1,281 | -13% |
| Cost-to-income ratio ¹ , % | 50 | 52 | 42 | 45 | 38 | 44 | 45 | 41 | | | 48 | 47 | |
| Return on capital at risk ¹ , % | 18 | 17 | 18 | 15 | 19 | 13 | 30 | 31 | | | 18 | 17 | |
| Economic capital (EC) | 7,909 | 7,750 | 6,894 | 6,867 | 5,942 | 5,655 | 1,606 | 2,003 | 1,065 | 942 | 23,416 | 23,217 | 1% |
| Risk exposure amount (REA) | 46,968 | 46,603 | 43,424 | 43,200 | 43,477 | 41,333 | 8,335 | 9,251 | 11,835 | 11,519 | 154,039 | 151,906 | 1% |
| Number of employees (FTEs) | 6,893 | 6,839 | 4,037 | 4,070 | 1,213 | 1,210 | 2,725 | 2,711 | 12,208 | 12,064 | 27,076 | 26,894 | 1% |
| Volumes, EURbn²: | | | | | | | | | | | | | |
| Total lending | 174.0 | 171.5 | 99.9 | 97.8 | 49.8 | 46.5 | 11.7 | 11.3 | -2.3 | 1.2 | 333.1 | 328.3 | 1% |
| Total deposits | 86.8 | 85.5 | 53.9 | 55.9 | 56.9 | 49.8 | 11.6 | 11.6 | 2.8 | 0.4 | 212.0 | 203.2 | 4% |

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-Mar 2022 | 2021 | Jan-Mar 2022 | 2021 | Jan-Mar 2022 | 2021 | Jan-Mar 2022 | 2021 | Jan-Mar 2022 | 2021 | Jan-Mar 2022 | 2021 | |
| EURm | | | | | | | | | | | | | |
| Net interest income | 565 | 561 | 440 | 394 | 267 | 240 | 26 | 19 | 10 | -2 | 1,308 | 1,212 | 8% |
| Net fee and commission income | 301 | 282 | 164 | 160 | 129 | 140 | 283 | 252 | -7 | -7 | 870 | 827 | 5% |
| Net result from items at fair value | 57 | 32 | 101 | 74 | 133 | 238 | -3 | 23 | 7 | 3 | 295 | 370 | -20% |
| Equity method & other income | 2 | 4 | 10 | 9 | 0 | 1 | 0 | 0 | 5 | -3 | 17 | 11 | 55% |
| Total operating income | 925 | 879 | 715 | 637 | 529 | 619 | 306 | 294 | 15 | -9 | 2,490 | 2,420 | 3% |
| Total operating expenses | -509 | -509 | -350 | -336 | -275 | -274 | -139 | -127 | -115 | -73 | -1,388 | -1,319 | 5% |
| Net loan losses and similar net result | -13 | -7 | -11 | -15 | 29 | -27 | -1 | -3 | 8 | 0 | 12 | -52 | |
| Operating profit | 403 | 363 | 354 | 286 | 283 | 318 | 166 | 164 | -92 | -82 | 1,114 | 1,049 | 6% |
| Cost-to-income ratio ¹ , % | 50 | 53 | 42 | 46 | 38 | 32 | 45 | 43 | | | 48 | 48 | |
| Return on capital at risk ¹ , % | 18 | 16 | 18 | 15 | 19 | 21 | 30 | 32 | | | 18 | 16 | |
| Economic capital (EC) | 7,909 | 7,603 | 6,894 | 6,856 | 5,942 | 5,866 | 1,606 | 1,693 | 1,065 | 1,355 | 23,416 | 23,373 | 0% |
| Risk exposure amount (REA) | 46,968 | 46,464 | 43,424 | 43,698 | 43,477 | 42,095 | 8,335 | 8,294 | 11,835 | 13,486 | 154,039 | 154,037 | 0% |
| Number of employees (FTEs) | 6,893 | 6,965 | 4,037 | 4,337 | 1,213 | 1,384 | 2,725 | 2,717 | 12,208 | 12,397 | 27,076 | 27,800 | -3% |
| Volumes, EURbn²: | | | | | | | | | | | | | |
| Total lending | 174.0 | 164.3 | 99.9 | 93.7 | 49.8 | 45.0 | 11.7 | 10.1 | -2.3 | 1.4 | 333.1 | 314.5 | 6% |
| Total deposits | 86.8 | 83.5 | 53.9 | 50.5 | 56.9 | 43.6 | 11.6 | 10.5 | 2.8 | 3.4 | 212.0 | 191.5 | 11% |

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 first quarter we supported our customers amid the market turbulence linked to the war in Ukraine, for example by providing information on market developments. Customer activity and volume growth remained high despite negative impacts from higher market uncertainty and seasonal effects. Our availability and digital capabilities continued to drive market share gains in the Nordics. Lending volumes increased by 5% in local currencies, year on year, driven by a 6% increase in mortgage volumes. Other lending volumes, including consumer loans, increased by 1% and deposit volumes increased by 4%.

Monthly savings maintained their momentum, increasing by 3%, year on year. During the quarter we made it even easier for customers to manage their savings by expanding the product offering in our digital channels.

We continued to build on our digital services, expanding our digital offering and improving customer experience. In Sweden, we were named Digital Coach of the Year 2021 by the business magazine Privata Affärer, which highlighted our efforts to help tackle digital exclusion. The mobile bank app continues to increase in popularity, with the number of users up 7%, year on year.

We continued to support customers wishing to make a positive sustainability impact. In Finland, Norway and Sweden, we launched a focused-growth balanced fund, providing a solution for customers with a high equity preference. We also concluded the ESG training of 3,000 advisers across the Nordics, enabling them to better support our customers in making sustainable savings choices.

At Nordea's Capital Markets Day in February we presented Personal Banking's updated business plan, strategic priorities and financial targets. Our 2025 targets are a return on capital at risk (ROCAR) of around 18% and a cost-to-income ratio of around 45%.

Financial outcome

Total income in the first quarter increased by 5%, year on year, driven by savings and investment income, payment and card fee income and the sale of an ownership stake.

Net interest income increased by 1%, year on year, driven by strong mortgage volume growth across all countries and higher deposit margins in Denmark and Norway. We continued to see mortgage margin pressure in Norway and Sweden.

Net fee and commission income increased by 7%, year on year, due to higher savings and investment income and improved payment and card fee income.

Net result from items at fair value increased by 78%, year on year, due to an ownership stake being sold and another being revalued during the quarter.

Total expenses were unchanged, year on year, as the introduction of the Swedish bank tax and higher resolution fees were offset by strong cost performance. Due to the higher income level and strict cost management, the cost-to-income ratio with amortised resolution fees improved to 50%, down from 53% in the first quarter of 2021.

Total net loan losses and similar net result amounted to EUR 13m (3bp), a low level reflecting our high-quality lending book. Compared with a year ago, loan losses increased slightly, as the first quarter of 2021 had included a positive impact from the revaluation of Nordea Kredit's mortgage portfolio.

Operating profit increased by 11%, year on year, to EUR 403m, driven by the income growth. ROCAR was 18%, compared with 16% 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 7% in local currency, year on year, driven by mortgage volume growth and higher deposit margins.

Lending volumes increased by 6% in local currency, year on year, driven by a 7% increase in mortgage lending. Deposit volumes decreased by 3%.

Net fee and commission income increased by 1% in local currency, year on year, mainly due to higher savings and investment income. Improved payment and card fee income also contributed.

Net loan losses and similar net result amounted to net reversals of EUR 9m (8bp), primarily due to a reversal of collective loan loss provisions.

Personal Banking Finland

Total income increased by 8%, year on year.

Net interest income increased by 9%, year on year, driven by mortgage volume growth and higher mortgage margins.

Lending volumes increased by 4%, year on year, driven by a 5% increase in mortgage volumes. Deposit volumes increased by 5%.

Net fee and commission income increased by 7%, year on year, due to higher savings and investment income and improved payment and card fee income.

Net loan losses and similar net result amounted to EUR 14m (15bp), driven by write-offs and consumer lending losses.

Personal Banking Norway

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

Net interest income decreased by 1% in local currency, year on year. Lending margins declined due to a higher NIBOR combined with the notification period for changing customer prices after Norges Bank's interest rate hikes. The decrease in lending margins was partly offset by mortgage volume growth and higher deposit margins.

Lending volumes increased by 4% in local currency, year on year, driven by a 4% increase in mortgage volumes. Deposit volumes increased by 5%.

Net fee and commission income increased by 9% in local currency, year on year, due to higher savings and investment income and improved payment and card fee income.

Net loan losses and similar net result amounted to EUR 1m (1bp).

Personal Banking Sweden

Total income increased by 2% in local currency, year on year.

Net interest income decreased by 4% in local currency, year on year, due to margin pressure, which was mainly driven by higher funding costs. This was partly offset by mortgage volume growth.

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

Net fee and commission income increased by 12% in local currency, year on year, due to higher savings and investment income and improved payment and card fee income.

Net loan losses and similar net result amounted to EUR 6m (5bp).

Personal Banking total

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local curr. | |
|--|--------------|--------------|--------------|--------------|--------------|------------|-------------|-------------|------------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Net interest income | 565 | 556 | 573 | 569 | 561 | 1% | 2% | 1% | 3% |
| Net fee and commission income | 301 | 324 | 316 | 301 | 282 | 7% | -7% | 8% | -6% |
| Net result from items at fair value | 57 | 34 | 32 | 51 | 32 | 78% | 68% | 70% | 81% |
| Equity method & other income | 2 | -1 | 1 | 10 | 4 | | | | |
| Total income incl. allocations | 925 | 913 | 922 | 931 | 879 | 5% | 1% | 6% | 3% |
| Total expenses incl. allocations | -509 | -455 | -451 | -447 | -509 | 0% | 12% | 0% | 13% |
| Profit before loan losses | 416 | 458 | 471 | 484 | 370 | 12% | -9% | 13% | -8% |
| Net loan losses and similar net result | -13 | -10 | -1 | 2 | -7 | | | | |
| Operating profit | 403 | 448 | 470 | 486 | 363 | 11% | -10% | 12% | -9% |
| Cost-to-income ratio ¹ , % | 50 | 52 | 51 | 49 | 53 | | | | |
| Return on capital at risk ¹ , % | 18 | 17 | 18 | 19 | 16 | | | | |
| Economic capital (EC) | 7,909 | 7,750 | 7,769 | 7,759 | 7,603 | 4% | 2% | | |
| Risk exposure amount (REA) | 46,968 | 46,603 | 46,937 | 47,008 | 46,464 | 1% | 1% | | |
| Number of employees (FTEs) | 6,893 | 6,839 | 6,950 | 7,007 | 6,965 | -1% | 1% | | |
| Volumes, EURbn: | | | | | | | | | |
| Mortgage lending | 152.9 | 150.6 | 148.5 | 146.1 | 143.6 | 6% | 2% | 6% | 1% |
| Other lending | 21.1 | 20.9 | 21.1 | 20.9 | 20.7 | 2% | 1% | 1% | 0% |
| Total lending | 174.0 | 171.5 | 169.6 | 167.0 | 164.3 | 6% | 1% | 5% | 1% |
| Total deposits | 86.8 | 85.5 | 85.7 | 85.8 | 83.5 | 4% | 2% | 4% | 1% |

Restatements due to organisational changes.

¹ With amortised resolution fees.

Personal Banking

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local curr. | |
|---|-------------|-------------|-------------|-------------|-------------|------------|-----------|-------------|-----------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| Net interest income, EURm | | | | | | | | | |
| PeB Denmark | 155 | 153 | 153 | 145 | 145 | 7% | 1% | 7% | 1% |
| PeB Finland | 108 | 97 | 101 | 98 | 99 | 9% | 11% | 9% | 11% |
| PeB Norway | 121 | 109 | 121 | 130 | 119 | 2% | 11% | -1% | 10% |
| PeB Sweden | 186 | 202 | 199 | 198 | 201 | -7% | -8% | -4% | -4% |
| Other | -5 | -5 | -1 | -2 | -3 | | | | |
| Net fee and commission income, EURm | | | | | | | | | |
| PeB Denmark | 75 | 83 | 84 | 83 | 74 | 1% | -10% | 1% | -11% |
| PeB Finland | 94 | 98 | 97 | 90 | 88 | 7% | -4% | 7% | -4% |
| PeB Norway | 25 | 27 | 23 | 23 | 22 | 14% | -7% | 9% | -11% |
| PeB Sweden | 107 | 116 | 113 | 106 | 99 | 8% | -8% | 12% | -4% |
| Other | 0 | 0 | -1 | -1 | -1 | | | | |
| Net loan losses and similar net result, EURm | | | | | | | | | |
| PeB Denmark | 9 | 20 | 18 | 33 | 13 | | | | |
| PeB Finland | -14 | -20 | -9 | -20 | -14 | | | | |
| PeB Norway | -1 | -5 | -4 | 0 | -2 | | | | |
| PeB Sweden | -6 | -4 | -4 | -8 | -7 | | | | |
| Other | -1 | -1 | -2 | -3 | 3 | | | | |
| Volumes, EURbn | | | | | | | | | |
| Personal Banking Denmark | | | | | | | | | |
| Mortgage lending | 36.3 | 35.9 | 35.2 | 34.5 | 33.9 | 7% | 1% | 7% | 1% |
| Other lending | 8.6 | 8.5 | 8.6 | 8.5 | 8.5 | 1% | 1% | 1% | 1% |
| Total lending | 44.9 | 44.4 | 43.8 | 43.0 | 42.4 | 6% | 1% | 6% | 1% |
| Total deposits | 21.4 | 21.4 | 21.5 | 21.9 | 22.1 | -3% | 0% | -3% | 0% |
| Personal Banking Finland | | | | | | | | | |
| Mortgage lending | 30.7 | 30.4 | 30.0 | 29.6 | 29.2 | 5% | 1% | 5% | 1% |
| Other lending | 6.2 | 6.2 | 6.3 | 6.3 | 6.3 | -2% | 0% | -2% | 0% |
| Total lending | 36.9 | 36.6 | 36.3 | 35.9 | 35.5 | 4% | 1% | 4% | 1% |
| Total deposits | 26.3 | 25.9 | 26.1 | 25.7 | 25.0 | 5% | 2% | 5% | 2% |
| Personal Banking Norway | | | | | | | | | |
| Mortgage lending | 37.0 | 35.7 | 35.0 | 34.5 | 34.5 | 7% | 4% | 4% | 0% |
| Other lending | 2.7 | 2.7 | 2.7 | 2.6 | 2.6 | 4% | 0% | 0% | 0% |
| Total lending | 39.7 | 38.4 | 37.7 | 37.1 | 37.1 | 7% | 3% | 4% | 0% |
| Total deposits | 11.3 | 10.8 | 10.7 | 10.9 | 10.4 | 9% | 5% | 5% | 2% |
| Personal Banking Sweden | | | | | | | | | |
| Mortgage lending | 49.0 | 48.5 | 48.2 | 47.4 | 46.0 | 7% | 1% | 8% | 2% |
| Other lending | 3.6 | 3.6 | 3.6 | 3.6 | 3.4 | 6% | 0% | 9% | 0% |
| Total lending | 52.6 | 52.1 | 51.8 | 51.0 | 49.4 | 6% | 1% | 8% | 2% |
| Total deposits | 27.9 | 27.4 | 27.4 | 27.3 | 26.0 | 7% | 2% | 8% | 3% |

Restatements due to organisational changes.

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 first quarter we continued our efforts to improve customer experience and maintained a strong financial performance despite the uncertainty and market turbulence linked to the war in Ukraine. Lending and deposit volumes were both up 6% in local currencies, year on year. Volume growth was driven by our growth markets Sweden and Norway.

The quarter started with high levels of customer activity in equity and debt capital markets. However, equity capital markets activity in particular came to a halt due to the market turbulence. Towards the end of the quarter the uncertainty also resulted in increased demand for our hedging products.

In Prospera's 2022 customer satisfaction survey we ranked first in the Nordics for "Overall Performance" in trade finance based on feedback from 340 large organisations. The result continues an upward trend from third place in 2020 to second place in 2021, and reflects our focus areas: knowledge, expertise and timely support and advice in relation to both sales and service. We will continue our efforts to improve customer experience.

During the quarter we onboarded 10,000 new customers to Nordea Business, the new netbank for SMEs, and discontinued access to the remaining legacy netbank in Sweden. Our mobile app user base grew by 30%, year on year, we had a 43% increase in SME customers using the mobile bank only, and app store ratings improved across the Nordics.

To provide customers with more choice and support the shift towards contactless payments, in Transaction Banking we continued to roll out our wearables payments solution. The solution is now also available in Norway, having previously been launched in Finland and Sweden.

Our focus on sustainability continues. At the end of the quarter green loans had more than doubled, year on year, to EUR 5.3bn, and now represent 5% of our total portfolio. We are also contributing towards Nordea's sustainability targets by performing deep dive assessments, where we engage with customers in sectors potentially vulnerable to transition risks. This quarter, we focused on the utilities distribution and power production sectors.

At Nordea's Capital Markets Day in February we presented Business Banking's updated business plan, strategic priorities and financial targets. Our 2025 targets are a return on capital at risk (ROCAR) of around 16% and a cost-to-income ratio of around 40%.

Financial outcome

Total income in the first quarter increased by 12%, year on year, due to higher lending volumes, improved deposit margins and higher net result from items at fair value.

Net interest income increased by 12%, year on year, driven by higher lending volumes, improved deposit margins in Norway and Denmark, and a higher benefit from the European Central Bank's targeted longer-term refinancing operation (TLTRO).

Net fee and commission income grew by 3%, year on year, driven by increases in lending fee income and payment and card fee income. Savings fee income was also higher, year on year, although lower than in the previous quarter due to the market turbulence related to the war in Ukraine. Market uncertainty also led to slower capital markets activity from February onwards.

Net result from items at fair value increased by 36%, year on year, driven by higher income from interest rate and foreign exchange products. The growth was partly linked to the market turbulence, which increased customer demand for hedging solutions.

Total expenses increased by 4%, year on year, due to the introduction of the Swedish bank tax and higher resolution fees. Excluding these, total expenses were unchanged. The cost-to-income ratio with amortised resolution fees was 42%, an improvement of 4 percentage points on the same quarter last year.

Net loan losses and similar net result amounted to EUR 11m (4bp), compared with EUR 15m in the same quarter last year. Our exposure to customers with material trade with Russia or Ukraine is very limited, and is mainly confined to Finland.

Operating profit increased by 24%, year on year, to EUR 354m, driven by higher income. ROCAR was 18%, compared with 15% in the same quarter last year.

Business Banking Denmark

Net interest income increased by 7% in local currency, year on year, driven by improved deposit margins following repricing in 2021.

Lending volumes decreased by 2% in local currency, year on year. Deposit volumes increased by 1%.

Net fee and commission income was unchanged in local currency, year on year, as higher payment and card fee income was offset by lower lending fee income.

Net loan losses and similar net result amounted to net reversals of EUR 7m (11bp), compared with net reversals of EUR 1m in the same quarter last year.

Business Banking Finland

Net interest income increased by 12%, year on year, mainly driven by the higher TLTRO benefit.

Lending volumes increased by 4%, year on year, while deposit volumes increased by 8%.

Net fee and commission income increased by 4%, year on year, driven by increased income from savings and investment products and higher payment and card fee income.

Net loan losses and similar net result amounted to EUR 15m (31bp), up from EUR 11m in the same quarter last year.

Business Banking Norway

Net interest income increased by 15% in local currency, year on year. The increase was driven by higher volumes and improved deposit margins following Norges Bank's interest rate hikes during the second half of 2021.

Lending volumes increased by 9% in local currency, year on year. Deposit volumes increased by 6%.

Net fee and commission income was unchanged in local currency, year on year, as higher lending fee income was offset by the normalisation of equity capital markets income from the high level seen in the same quarter last year.

Net loan losses and similar net result amounted to net reversals of EUR 2m (3bp), compared with EUR 0m in the same quarter last year.

Business Banking Sweden

Net interest income increased by 9% in local currency, year on year, driven by higher lending volumes.

Lending volumes increased by 13% 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. Equity capital markets activity was similar to a year ago, but slowed towards the end of the quarter due to the uncertainty caused by the war in Ukraine.

Net loan losses and similar net result amounted to EUR 9m (13bp), up from EUR 7m in the same quarter last year.

Business Banking total

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local curr. | |
|--|-------------|-------------|-------------|-------------|-------------|------------|------------|-------------|------------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Net interest income | 440 | 416 | 395 | 405 | 394 | 12% | 6% | 12% | 6% |
| Net fee and commission income | 164 | 170 | 161 | 153 | 160 | 3% | -4% | 3% | -2% |
| Net result from items at fair value | 101 | 89 | 70 | 77 | 74 | 36% | 13% | 36% | 13% |
| Equity method & other income | 10 | 7 | 9 | 9 | 9 | | | | |
| Total income incl. allocations | 715 | 682 | 635 | 644 | 637 | 12% | 5% | 12% | 5% |
| Total expenses incl. allocations | -350 | -295 | -290 | -278 | -336 | 4% | 19% | 4% | 20% |
| Profit before loan losses | 365 | 387 | 345 | 366 | 301 | 21% | -6% | 21% | -5% |
| Net loan losses and similar net result | -11 | -27 | 16 | 30 | -15 | | | | |
| Operating profit | 354 | 360 | 361 | 396 | 286 | 24% | -2% | 24% | -1% |
| Cost-to-income ratio ¹ , % | 42 | 45 | 48 | 45 | 46 | | | | |
| Return on capital at risk ¹ , % | 18 | 15 | 15 | 17 | 15 | | | | |
| Economic capital (EC) | 6,894 | 6,867 | 6,785 | 6,838 | 6,856 | 1% | 0% | | |
| Risk exposure amount (REA) | 43,424 | 43,200 | 43,707 | 44,014 | 43,698 | -1% | 1% | | |
| Number of employees (FTEs) | 4,037 | 4,070 | 4,124 | 4,213 | 4,337 | -7% | -1% | | |
| Volumes, EURbn: | | | | | | | | | |
| Total lending | 99.9 | 97.8 | 96.0 | 94.5 | 93.7 | 7% | 2% | 6% | 1% |
| Total deposits | 53.9 | 55.9 | 53.1 | 52.7 | 50.5 | 7% | -4% | 6% | -4% |

Restatements due to organisational changes.

¹ With amortised resolution fees.

Business Banking

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local curr. | |
|---|------|------|------|------|------|-------|-------|-------------|-------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| Net interest income, EURm | | | | | | | | | |
| Business Banking Denmark | 91 | 92 | 91 | 85 | 85 | 7% | -1% | 7% | 0% |
| Business Banking Finland | 121 | 98 | 96 | 105 | 108 | 12% | 23% | 12% | 23% |
| Business Banking Norway | 120 | 115 | 104 | 107 | 101 | 19% | 4% | 15% | 4% |
| Business Banking Sweden | 104 | 108 | 100 | 100 | 98 | 6% | -4% | 9% | 0% |
| Other | 4 | 3 | 4 | 8 | 2 | | | | |
| Net fee and commission income, EURm | | | | | | | | | |
| Business Banking Denmark | 33 | 31 | 30 | 27 | 33 | 0% | 6% | 0% | 6% |
| Business Banking Finland | 53 | 55 | 55 | 52 | 51 | 4% | -4% | 4% | -4% |
| Business Banking Norway | 32 | 31 | 29 | 29 | 31 | 3% | 3% | 0% | 7% |
| Business Banking Sweden | 60 | 64 | 57 | 58 | 58 | 3% | -6% | 7% | -2% |
| Other | -14 | -11 | -10 | -13 | -13 | | | | |
| Net loan losses and similar net result, EURm | | | | | | | | | |
| Business Banking Denmark | 7 | -2 | 15 | 25 | 1 | | | | |
| Business Banking Finland | -15 | -27 | 2 | -7 | -11 | | | | |
| Business Banking Norway | 2 | 5 | -6 | 12 | 0 | | | | |
| Business Banking Sweden | -9 | -1 | 6 | 1 | -7 | | | | |
| Other | 4 | -2 | -1 | -1 | 2 | | | | |
| Lending, EURbn | | | | | | | | | |
| Business Banking Denmark | 25.7 | 26.3 | 25.9 | 25.8 | 26.2 | -2% | -2% | -2% | -2% |
| Business Banking Finland | 20.4 | 20.1 | 19.9 | 19.8 | 19.7 | 4% | 1% | 4% | 1% |
| Business Banking Norway | 25.1 | 24.0 | 23.1 | 22.4 | 22.4 | 12% | 5% | 9% | 1% |
| Business Banking Sweden | 28.6 | 27.4 | 27.1 | 26.5 | 25.4 | 13% | 4% | 13% | 5% |
| Other | 0.1 | 0 | 0 | 0 | 0 | | | | |
| Deposits, EURbn | | | | | | | | | |
| Business Banking Denmark | 9.2 | 9.6 | 9.6 | 9.6 | 9.1 | 1% | -4% | 1% | -4% |
| Business Banking Finland | 15.5 | 15.5 | 14.5 | 14.7 | 14.4 | 8% | 0% | 8% | 0% |
| Business Banking Norway | 10.8 | 10.8 | 10.3 | 9.8 | 9.7 | 11% | 0% | 6% | -4% |
| Business Banking Sweden | 18.4 | 19.9 | 18.6 | 18.6 | 17.3 | 6% | -8% | 8% | -7% |
| Other | 0 | 0.1 | 0.1 | 0 | 0 | | | | |

Restatements due to organisational changes.

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

The first quarter was characterised by high volatility, initially due to higher interest rate expectations and later due to the war in Ukraine. In LC&I we have a well-diversified business portfolio across the Nordic region.

On the back of continued dislocations in global energy markets, capital market turbulence and rising geopolitical tensions, we have seen an increase in the number of Nordic corporates contemplating additional liquidity facilities and/or mergers and acquisitions.

Debt Capital Markets had an active start to the quarter, with a more muted end. Highlights included a EUR 7bn bond issue by the European Union (EU) – the first time a Nordic bank has acted as a bookrunner on a EU deal – and a EUR 3bn 20-year bond for the Republic of Finland.

In Mergers & Acquisitions and Equity Capital Markets we experienced a strong start to the quarter, with a more muted end. Equity markets weakened following the strong end to 2021, resulting in lower customer activity. In equity capital markets we supported a number of significant transactions, including the merger of Kronans Apotek and Apoteksgruppen, Capio's recommended offer for GHP Specialty Care, rights issues in Svedbergs and Stillfront, and EMK Capital's sale of its remaining shares in Lumi Gruppen, among many others.

During the quarter Nordea Markets saw high customer activity, widening credit spreads, increasing rates and inflation – market conditions that were significantly amplified by the war in Ukraine. Due to our strong diversification and supported by prudent risk management, we delivered a solid performance across all major product groups.

At Nordea's Capital Markets Day in February we presented LC&I's updated business plan, strategic priorities and financial targets. Our 2025 targets are a return on capital at risk (ROCAR) of around 16% and a cost-to-income ratio of around 40%.

We are also further raising the bar on our sustainability leadership. Our goals include being recognised as the Nordic thought leader in ESG matters and remaining the leading provider of ESG-related services and advice. In the period 2022–25 we aim to facilitate more than EUR 200bn in sustainable financing. This quarter, notable transactions in support of this target included the World Bank's SEK 5bn sustainability bond, for which we were the sole bookrunner. We also served as a joint bookrunner for Sparebanken Sør's NOK 2bn dual-tranche green bond and Corem Property Group's SEK 2.35bn green bond. This quarter, we again ranked first for Nordic sustainable bonds overall.

Financial outcome

Total income decreased, year on year, primarily due to lower net fair value result. This was partly offset by strong growth in net interest income.

Net interest income increased by 11%, year on year, due to increased lending volumes in Denmark and Sweden, higher yield fees, increased deposit income and a higher benefit from the European Central Bank's targeted longer-term refinancing operation.

Net fee and commission income decreased by 8%, year on year. The decrease was driven by a weakening of debt and equity capital markets, primarily due to the war in Ukraine.

Net result from items at fair value decreased by 44% due to a lower result from risk management compared with the exceptionally strong first quarter of 2021.

Total expenses were largely unchanged, reflecting strict cost control.

Net loan losses and similar net result amounted to net reversals of EUR 29m (17bp), improving from a year ago following certain reversals. The total provisioning level has decreased to approximately EUR 500m or 1% of LC&I lending following restructuring within the Offshore portfolio.

Operating profit amounted to EUR 283m, a year-on-year decrease of 11%, due to reduced capital markets activity and lower net result from items at fair value.

Economic capital increased by only 1%, year on year, despite lending volumes that were 11% higher, supported by strong capital discipline and a focus on more capital-light business.

ROCAR was 19%, underlining our successful repositioning of the business.

Large Corporates & Institutions total

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|------------|
| EURm | | | | | | | |
| Net interest income | 267 | 247 | 228 | 231 | 240 | 11% | 8% |
| Net fee and commission income | 129 | 119 | 115 | 167 | 140 | -8% | 8% |
| Net result from items at fair value | 133 | 86 | 91 | 107 | 238 | -44% | 55% |
| Equity method & other income | 0 | 2 | 0 | 0 | 1 | | |
| Total income incl. allocations | 529 | 454 | 434 | 505 | 619 | -15% | 17% |
| Total expenses incl. allocations | -275 | -175 | -173 | -174 | -274 | 0% | 57% |
| Profit before loan losses | 254 | 279 | 261 | 331 | 345 | -26% | -9% |
| Net loan losses and similar net result | 29 | -12 | 10 | 12 | -27 | | |
| Operating profit | 283 | 267 | 271 | 343 | 318 | -11% | 6% |
| Cost-to-income ratio ¹ , % | 38 | 44 | 46 | 39 | 32 | | |
| Return on capital at risk ¹ , % | 19 | 13 | 13 | 17 | 21 | | |
| Economic capital (EC) | 5,942 | 5,655 | 5,505 | 5,580 | 5,866 | 1% | 5% |
| Risk exposure amount (REA) | 43,477 | 41,333 | 40,509 | 40,518 | 42,095 | 3% | 5% |
| Number of employees (FTEs) | 1,213 | 1,210 | 1,291 | 1,326 | 1,384 | -12% | 0% |
| Volumes, EURbn²: | | | | | | | |
| Total lending | 49.8 | 46.5 | 43.7 | 43.9 | 45.0 | 11% | 7% |
| Total deposits | 56.9 | 49.8 | 49.8 | 48.5 | 43.6 | 31% | 14% |

Restatements due to organisational changes.

¹ With amortised resolution fees.

² Excluding repurchase agreements and security lending/borrowing agreements.

Large Corporates & Institutions

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 |
|---|------|------|------|------|------|-------|-------|
| Net interest income, EURm | | | | | | | |
| Denmark | 39 | 38 | 34 | 36 | 35 | 11% | 3% |
| Finland | 48 | 36 | 36 | 41 | 50 | -4% | 33% |
| Norway | 72 | 73 | 71 | 73 | 74 | -3% | -1% |
| Sweden | 97 | 89 | 83 | 75 | 71 | 37% | 9% |
| Other | 11 | 11 | 4 | 6 | 10 | | |
| Net fee and commission income, EURm | | | | | | | |
| Denmark | 31 | 33 | 23 | 51 | 31 | 0% | -6% |
| Finland | 35 | 29 | 29 | 43 | 34 | 3% | 21% |
| Norway | 26 | 26 | 23 | 28 | 36 | -28% | 0% |
| Sweden | 41 | 54 | 37 | 50 | 40 | 3% | -24% |
| Other | -4 | -23 | 3 | -5 | -1 | | |
| Net loan losses and similar net result, EURm | | | | | | | |
| Denmark | 0 | 5 | 5 | 3 | 11 | | |
| Finland | 6 | -10 | 6 | -2 | 0 | | |
| Norway | 18 | -2 | -1 | 1 | -35 | | |
| Sweden | 4 | -3 | -1 | 7 | -2 | | |
| Other | 1 | -2 | 1 | 3 | -1 | | |
| Lending, EURbn¹ | | | | | | | |
| Denmark | 10.7 | 7.4 | 7.5 | 7.4 | 7.5 | 43% | 45% |
| Finland | 7.9 | 8.4 | 7.3 | 7.8 | 8.4 | -6% | -6% |
| Norway | 12.4 | 12.1 | 12.1 | 12.2 | 13.1 | -5% | 2% |
| Sweden | 17.3 | 16.9 | 15.3 | 14.9 | 14.6 | 18% | 2% |
| Other | 1.5 | 1.7 | 1.5 | 1.6 | 1.4 | | |
| Deposits, EURbn¹ | | | | | | | |
| Denmark | 8.0 | 7.8 | 8.8 | 9.4 | 7.1 | 13% | 3% |
| Finland | 15.5 | 16.1 | 15.0 | 13.4 | 12.5 | 24% | -4% |
| Norway | 12.3 | 10.7 | 9.2 | 10.2 | 8.7 | 41% | 15% |
| Sweden | 20.7 | 15.2 | 16.5 | 15.4 | 14.9 | 39% | 36% |
| Other | 0.4 | 0 | 0.3 | 0.1 | 0.4 | | |

Restatements due to organisational changes.

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 first quarter we continued to build on our digital distribution capabilities in order to meet customers' expectations. Assets under management (AuM) decreased by 5% to EUR 389bn, having been impacted by the negative stock markets. Investment return decreased AuM by EUR 19.5bn and net flows amounted to EUR -2.4bn. While net flows were negatively affected by seasonal outflows related to annual dividend payments in Denmark, the underlying net flows from our internal channels were positive, despite the very turbulent markets. Investment performance in Asset Management remained strong, with 93% of aggregated composites providing excess return on a three-year basis.

The increased uncertainty linked to the war in Ukraine and macro concerns drove equity prices down and impacted net flows in Asset Management. Net flows in the first quarter were negative at EUR -3.4bn, with EUR -1.3bn stemming from internal channels and EUR -2.1bn from external channels (including an outflow of EUR 1.6bn from mandates related to the divestment of Nordea Life & Pensions Denmark in 2018). The net outflow from internal channels mainly stemmed from seasonal dividend payments.

In Asset Management we signed two large mandates with institutional investors in Asia and the US for ESG strategies. At the end of the quarter approximately 64% of total AuM were in ESG products.

Our investment funds received several awards in Nordic and European countries, including from Morningstar, MainStreet Partners, Lipper, Camradata and Rankia. The Alpha 15 fund was also named the best performing alternative risk premia fund over periods of three, four, five and ten years by the Hedge Fund Journal. In Broadridge's Fund Brand 50 survey we ranked tenth among European third-party asset managers and second within sustainability.

In Private Banking we generated net flows of EUR 0.3bn across the Nordic region during the quarter, despite the market turbulence. In Finland and Sweden net inflow remained solid.

Private Banking customer satisfaction remained high, driven by our proactivity, personal customer relationships and innovative digital services. In the first quarter 19% of all fund purchases in Private Banking were made digitally.

In Life & Pension we remain 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 March we agreed with Topdanmark Forsikring to acquire Topdanmark's life and pensions business. The acquisition completes our life and pension product offering in the Nordics and accelerates our strategic ambitions within savings. The transaction is subject to regulatory approval and is expected to be completed in the second half of 2022.

Gross written premiums amounted to EUR 2.0bn, a slight increase compared with the same period last year. Net flows were down 32%, year on year, at EUR 0.7bn, due to an increase in claims payments.

At Nordea's Capital Markets Day in February we presented Asset & Wealth Management's updated business plan, strategic priorities and financial targets. Our 2025 targets are a return on capital at risk (ROCAR) of around 38% and a cost-to-income ratio of around 40%.

We also underlined our commitment to be a leading and transparent ESG provider. In the period 2022–25 we will further improve and integrate ESG aspects into our product offerings. This year, we plan to initiate engagement with the top 200 emitters in our portfolios regarding their alignment with the Paris Agreement. In doing so, we will advance our aim to double the share of net-zero-committed AuM by 2025.

Financial outcome

Total income in the first quarter was up 4%, year on year. The increase was mainly driven by an 11% increase in average AuM.

Net interest income was up 37%, year on year, mainly driven by increased lending volumes.

Net fee and commission income increased by 12%, year on year. The increase reflected the positive year-on-year AuM development, which was driven by net inflows, strong investment performance and market development.

Net result from items at fair value amounted to EUR -3m, down from EUR 23m, mainly due to losses in shareholders' equity portfolios in Life & Pension.

Total expenses increased by 9%, year on year, driven by higher provisions for variable pay and higher regulatory fees. The cost-to-income ratio with amortised resolution fees was up 2 percentage points, year on year, at 45%.

Net loan losses and similar net result amounted to EUR 1m, compared with EUR 3m in the same quarter last year.

Operating profit in the first quarter was EUR 166m, a year-on-year increase of 1%. ROCAR was 30%, compared with 32% in the same quarter last year, due to higher average economic capital.

Asset & Wealth Management total

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 | Local curr. | |
|--|-------------|-------------|-------------|-------------|-------------|-----------|-------------|-------------|-------------|
| | | | | | | | | Q1/Q1 | Q1/Q4 |
| EURm | | | | | | | | | |
| Net interest income | 26 | 20 | 19 | 19 | 19 | 37% | 30% | 37% | 37% |
| Net fee and commission income | 283 | 311 | 287 | 262 | 252 | 12% | -9% | 12% | -9% |
| Net result from items at fair value | -3 | 12 | 13 | 14 | 23 | | | | |
| Equity method & other income | 0 | 3 | 0 | 0 | 0 | | | | |
| Total income incl. allocations | 306 | 346 | 319 | 295 | 294 | 4% | -12% | 4% | -11% |
| Total expenses incl. allocations | -139 | -143 | -149 | -120 | -127 | 9% | -3% | 9% | -2% |
| Profit before loan losses | 167 | 203 | 170 | 175 | 167 | 0% | -18% | 0% | -18% |
| Net loan losses and similar net result | -1 | 0 | 0 | 3 | -3 | | | | |
| Operating profit | 166 | 203 | 170 | 178 | 164 | 1% | -18% | 1% | -18% |
| Cost-to-income ratio ¹ , % | 45 | 41 | 47 | 41 | 43 | | | | |
| Return on capital at risk ¹ , % | 30 | 31 | 28 | 31 | 32 | | | | |
| Economic capital (EC) | 1,606 | 2,003 | 1,885 | 1,785 | 1,693 | -5% | -20% | | |
| Risk exposure amount (REA) | 8,335 | 9,251 | 8,841 | 8,552 | 8,294 | 0% | -10% | | |
| Number of employees (FTEs) | 2,725 | 2,711 | 2,727 | 2,744 | 2,717 | 0% | 1% | | |
| Volumes, EURbn: | | | | | | | | | |
| AuM | 389.4 | 411.3 | 392.9 | 384.2 | 368.9 | 6% | -5% | | |
| Total lending | 11.7 | 11.3 | 10.9 | 10.5 | 10.1 | 16% | 4% | 17% | 4% |
| Total deposits | 11.6 | 11.6 | 11.3 | 11.0 | 10.5 | 10% | 0% | 11% | 0% |

Restatements due to organisational changes.

¹ With amortised resolution fees.**Assets under Management (AuM), volumes and net flow**

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q122 | Net flow | |
|---------------------|--------------|--------------|--------------|--------------|--------------|-------------|----------|--|
| | | | | | | | | |
| EURbn | | | | | | | | |
| Nordic Retail funds | 81.7 | 87.4 | 82.4 | 80.6 | 75.7 | -1.4 | | |
| Private Banking | 115.4 | 122.7 | 116.1 | 114.2 | 107.2 | 0.3 | | |
| Institutional sales | 124.8 | 131.3 | 128.0 | 124.6 | 124.5 | -2.1 | | |
| Life & Pension | 67.4 | 69.9 | 66.3 | 64.8 | 61.6 | 0.7 | | |
| Total | 389.4 | 411.3 | 392.9 | 384.2 | 368.9 | -2.4 | | |

Asset Management - Asset under management and Net flow¹

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 |
|---|-------|-------|-------|-------|-------|-------|-------|
| EURbn | | | | | | | |
| AuM, internal channels | 148.2 | 161.2 | 153.2 | 149.7 | 141.1 | 5% | -8% |
| AuM, external channels | 124.8 | 131.3 | 128.0 | 124.6 | 124.5 | 0% | -5% |
| AuM, total | 273.0 | 292.5 | 281.2 | 274.3 | 265.6 | 3% | -7% |
| - <i>whereof ESG AuM²</i> | 175.2 | 194.6 | 176.9 | 173.9 | 167.8 | 4% | -10% |
| Net inflow, internal channels | -1.3 | 2.5 | 1.8 | 3.0 | 2.9 | | |
| Net inflow, external channels | -2.1 | 0.4 | 2.0 | -2.2 | -1.0 | | |
| Net inflow, total | -3.4 | 2.9 | 3.8 | 0.9 | 1.9 | | |
| - <i>whereof ESG net inflow²</i> | -2.0 | 2.9 | 3.9 | 2.4 | 2.4 | | |

¹ External channels include "Institutional sale" 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 | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 |
|-------------------------------|------------|------------|------------|------------|------------|------------|------------|
| EURm | | | | | | | |
| PB Denmark | 46 | 54 | 48 | 52 | 48 | -4% | -15% |
| PB Finland | 46 | 48 | 48 | 46 | 44 | 5% | -4% |
| PB Norway | 14 | 12 | 11 | 9 | 10 | 40% | 17% |
| PB Sweden | 28 | 32 | 29 | 27 | 25 | 12% | -13% |
| Asset Management | 131 | 154 | 143 | 122 | 120 | 9% | -15% |
| Other | 18 | 11 | 8 | 6 | 5 | | 64% |
| Total | 283 | 311 | 287 | 262 | 252 | 12% | -9% |

| Private Banking | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 |
|------------------------|--------------|--------------|--------------|--------------|--------------|-----------|------------|
| AuM, EURbn | | | | | | | |
| PB Denmark | 33.7 | 35.8 | 34.3 | 34.0 | 32.4 | 4% | -6% |
| PB Finland | 37.9 | 40.4 | 38.6 | 38.4 | 36.0 | 5% | -6% |
| PB Norway | 11.0 | 10.9 | 10.0 | 9.8 | 9.3 | 18% | 1% |
| PB Sweden | 32.9 | 35.7 | 33.2 | 32.1 | 29.5 | 11% | -8% |
| Private Banking | 115.4 | 122.7 | 116.1 | 114.2 | 107.2 | 8% | -6% |

| Lending, EURbn | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 |
|------------------------|-------------|-------------|-------------|-------------|-------------|------------|-----------|
| PB Denmark | 4.1 | 4.0 | 3.8 | 3.8 | 3.8 | 8% | 2% |
| PB Finland | 2.7 | 2.6 | 2.5 | 2.5 | 2.3 | 17% | 4% |
| PB Norway | 1.9 | 1.8 | 1.8 | 1.6 | 1.6 | 19% | 6% |
| PB Sweden | 3.0 | 2.9 | 2.8 | 2.6 | 2.4 | 25% | 3% |
| Private Banking | 11.7 | 11.3 | 10.9 | 10.5 | 10.1 | 16% | 4% |

Restatements due to organisational changes.

Life & Pension

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 |
|-------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|
| EURm | | | | | | | |
| AuM, EURbn | 62.8 | 65.1 | 61.6 | 60.1 | 57.0 | 10% | -3% |
| Premiums | 1,957 | 2,242 | 1,764 | 2,081 | 1,919 | 2% | -13% |
| Profit drivers | | | | | | | |
| Profit traditional products | 4 | 9 | 7 | 6 | 7 | -45% | -58% |
| Profit market return products | 67 | 70 | 66 | 66 | 63 | 7% | -4% |
| Profit risk products | 20 | 19 | 20 | 22 | 21 | -4% | 2% |
| Total product result | 91 | 99 | 93 | 94 | 91 | 0% | -8% |

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.

Financial outcome

Total operating income in the first quarter amounted to EUR 15m, up from EUR -9m in the same quarter last year.

Net interest income increased by EUR 12m, year on year.

Net result from items at fair value increased by EUR 4m, year on year.

Total operating expenses amounted to EUR 115m, a year-on-year increase of EUR 42m, primarily due to higher regulatory fees and one-time effects.

Group functions

| | Q122 | Q421 | Q321 | Q221 | Q121 | Q1/Q1 | Q1/Q4 |
|--|-------------|------------|------------|-------------|------------|-------|-------|
| EURm | | | | | | | |
| Net interest income | 10 | 16 | 11 | 8 | -2 | | |
| Net fee and commission income | -7 | -4 | -9 | -5 | -7 | | |
| Net result from items at fair value | 7 | 26 | 18 | 29 | 3 | | |
| Equity method & other income | 5 | 5 | 14 | 11 | -3 | | |
| Total operating income | 15 | 43 | 34 | 43 | -9 | | |
| Total operating expenses | -115 | -33 | -35 | -112 | -73 | | |
| Profit before loan losses | -100 | 10 | -1 | -69 | -82 | | |
| Net loan losses and similar net result | 8 | -7 | -3 | 4 | 0 | | |
| Operating profit | -92 | 3 | -4 | -65 | -82 | | |
| Economic capital (EC) | 1,065 | 942 | 1,181 | 1,205 | 1,355 | | |
| Risk exposure amount (REA) | 11,835 | 11,519 | 12,569 | 12,130 | 13,486 | | |
| Number of employees (FTEs) | 12,208 | 12,064 | 12,034 | 12,220 | 12,397 | -2% | 1% |

Restatements due to organisational changes.

Income statement

| | Note | Q1 2022 | Q1 2021 | Full year 2021 |
|--|----------|---------------|---------------|-------------------|
| EURm | | | | |
| Operating income | | | | |
| Interest income calculated using the effective interest rate method | | 1,346 | 1,309 | 5,116 |
| Other interest income ¹ | | 184 | 193 | 784 |
| Negative yield on financial assets | | -65 | -82 | -219 |
| Interest expense ¹ | | -319 | -328 | -1,167 |
| Negative yield on financial liabilities | | 162 | 120 | 411 |
| Net interest income | | 1,308 | 1,212 | 4,925 |
| Fee and commission income | | 1,107 | 1,058 | 4,472 |
| Fee and commission expense | | -237 | -231 | -977 |
| Net fee and commission income | 3 | 870 | 827 | 3,495 |
| Net result from items at fair value | 4 | -242 | 370 | 1,119 |
| Profit or loss from associated undertakings and joint ventures accounted for under the equity method | | 0 | -14 | -6 |
| Other operating income | | 17 | 25 | 87 |
| Total operating income | | 1,953 | 2,420 | 9,620 |
| Operating expenses | | | | |
| General administrative expenses: | | | | |
| Staff costs | | -703 | -682 | -2,759 |
| Other expenses | 5 | -266 | -262 | -1,002 |
| Regulatory fees | 6 | -273 | -224 | -224 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | 7 | -146 | -151 | -664 |
| Total operating expenses | | -1,388 | -1,319 | -4,649 |
| Profit before loan losses | | 565 | 1,101 | 4,971 |
| Net result on loans in hold portfolios mandatorily held at fair value | | 8 | 11 | 83 |
| Net loan losses | 8 | -72 | -63 | -118 |
| Operating profit | | 501 | 1,049 | 4,936 |
| Income tax expense | | -232 | -261 | -1,105 |
| Net profit for the period | | 269 | 788 | 3,831 |
| Attributable to: | | | | |
| Shareholders of Nordea Bank Abp | | 244 | 762 | 3,805 |
| Additional Tier 1 capital holders | | 26 | 26 | 26 |
| Non-controlling interests | | -1 | - | - |
| Total | | 269 | 788 | 3,831 |
| Basic earnings per share, EUR | | 0.06 | 0.19 | 0.95 |
| Diluted earnings per share, EUR | | 0.06 | 0.19 | 0.95 |

¹ Comparative figures for the first quarter of 2021 have been restated. See Note G1 "Accounting policies" in the Annual Report 2021 for more information.

Statement of comprehensive income

| | Q1 2022 | Q1 2021 | Full year 2021 |
|---|--------------|--------------|-------------------|
| EURm | | | |
| Net profit for the period | 269 | 788 | 3,831 |
| Items that may be reclassified subsequently to the income statement | | | |
| Currency translation differences | 192 | 150 | 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 | -28 | 1 | -1 |
| Valuation gains/losses transferred to the income statement, net of tax | -131 | - | - |
| <i>Fair value through other comprehensive income¹:</i> | | | |
| Valuation gains/losses, net of recycling | -83 | -25 | 38 |
| Tax on valuation gains/losses | 15 | 5 | -8 |
| <i>Cash flow hedges:</i> | | | |
| Valuation gains/losses, net of recycling | 15 | -41 | 50 |
| Tax on valuation gains/losses | -3 | 8 | -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 | 9 | -1 | -2 |
| Tax on valuation gains/losses | -2 | 0 | 1 |
| <i>Defined benefit plans:</i> | | | |
| Remeasurement of defined benefit plans | 158 | 198 | 49 |
| Tax on remeasurement of defined benefit plans | -37 | -38 | -9 |
| Other comprehensive income from companies accounted for under the equity method | 1 | 0 | 0 |
| Tax on other comprehensive income from companies accounted for under the equity method | 0 | 0 | 0 |
| Other comprehensive income, net of tax | 766 | 257 | 266 |
| Total comprehensive income | 1,035 | 1,045 | 4,097 |
| Attributable to: | | | |
| Shareholders of Nordea Bank Abp | 1,010 | 1,019 | 4,071 |
| Additional Tier 1 capital holders | 26 | 26 | 26 |
| Non-controlling interests | -1 | - | - |
| Total | 1,035 | 1,045 | 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 | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2021 |
|---|------|----------------|----------------|----------------|
| EURm | | | | |
| Assets | | | | |
| | 10 | | | |
| Cash and balances with central banks | | 71,147 | 47,495 | 56,843 |
| Loans to central banks | 9 | 263 | 409 | 27 |
| Loans to credit institutions | 9 | 12,545 | 1,983 | 10,478 |
| Loans to the public | 9 | 351,902 | 345,050 | 333,622 |
| Interest-bearing securities | | 67,781 | 63,383 | 66,739 |
| Financial instruments pledged as collateral | | 4,327 | 1,668 | 3,948 |
| Shares | | 20,001 | 15,217 | 19,324 |
| Assets in pooled schemes and unit-linked investment contracts | | 45,358 | 46,912 | 39,783 |
| Derivatives | | 30,654 | 30,200 | 36,000 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | | -912 | -65 | 222 |
| Investments in associated undertakings and joint ventures | | 215 | 207 | 545 |
| Intangible assets | | 3,809 | 3,784 | 3,817 |
| Properties and equipment | | 1,749 | 1,745 | 1,875 |
| Investment properties | | 1,787 | 1,764 | 1,596 |
| Deferred tax assets | | 388 | 218 | 340 |
| Current tax assets | | 289 | 272 | 355 |
| Retirement benefit assets | | 333 | 221 | 283 |
| Other assets | | 11,899 | 8,830 | 14,557 |
| Prepaid expenses and accrued income | | 781 | 880 | 747 |
| Assets held for sale | | 182 | 180 | - |
| Total assets | | 624,498 | 570,353 | 591,101 |
| Liabilities | | | | |
| | 10 | | | |
| Deposits by credit institutions | | 45,472 | 26,961 | 43,431 |
| Deposits and borrowings from the public | | 221,095 | 205,801 | 198,169 |
| Deposits in pooled schemes and unit-linked investment contracts | | 46,704 | 48,201 | 40,824 |
| Liabilities to policyholders | | 19,116 | 19,595 | 18,805 |
| Debt securities in issue | | 193,003 | 175,792 | 183,101 |
| Derivatives | | 35,093 | 31,485 | 36,786 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | | -2,106 | 805 | 1,893 |
| Current tax liabilities | | 506 | 354 | 186 |
| Other liabilities | | 25,126 | 18,485 | 24,182 |
| Accrued expenses and prepaid income | | 1,565 | 1,334 | 1,624 |
| Deferred tax liabilities | | 543 | 535 | 458 |
| Provisions | | 406 | 414 | 559 |
| Retirement benefit obligations | | 310 | 369 | 295 |
| Subordinated liabilities | | 6,744 | 6,719 | 6,299 |
| Total liabilities | | 593,577 | 536,850 | 556,612 |
| Equity | | | | |
| Additional Tier 1 capital holders | | 750 | 750 | 749 |
| Non-controlling interests | | 8 | 9 | 9 |
| Share capital | | 4,050 | 4,050 | 4,050 |
| Invested unrestricted equity | | 1,088 | 1,090 | 1,072 |
| Other reserves | | -1,036 | -1,801 | -1,810 |
| Retained earnings | | 26,061 | 29,405 | 30,419 |
| Total equity | | 30,921 | 33,503 | 34,489 |
| Total liabilities and equity | | 624,498 | 570,353 | 591,101 |
| Off-balance sheet commitments | | | | |
| Assets pledged as security for own liabilities | | 195,115 | 183,984 | 178,895 |
| Other assets pledged ¹ | | 253 | 253 | 348 |
| Contingent liabilities | | 22,067 | 22,786 | 20,316 |
| Credit commitments ² | | 87,454 | 86,238 | 88,275 |
| Other commitments | | 2,578 | 2,747 | 1,755 |

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 28,474m (31 December 2021: EUR 28,263m; 31 March 2021: EUR 31,806m).

Statement of changes in equity

| EURm | Attributable to shareholders of Nordea Bank Abp | | | | | | | | | | | |
|--|---|-------------------------------|------------------------------------|------------------|---|-----------------------|---|-------------------|---------------|-----------------------------------|---------------------------|---------------|
| | Share capital ¹ | Invested un-restricted equity | Trans-lation 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 | - | - | - | - | - | - | - | 244 | 244 | 26 | -1 | 269 |
| Other comprehensive income, net of tax | - | - | 693 | 12 | -68 | 121 | 7 | 1 | 766 | - | - | 766 |
| Total comprehensive income | - | - | 693 | 12 | -68 | 121 | 7 | 245 | 1,010 | 26 | -1 | 1,035 |
| Paid interest on Additional Tier 1 capital | - | - | - | - | - | - | - | - | - | -26 | - | -26 |
| Change in Additional Tier 1 capital | - | - | - | - | - | - | - | - | - | 0 | - | 0 |
| Share-based payments | - | - | - | - | - | - | - | 3 | 3 | - | - | 3 |
| Dividend | - | - | - | - | - | - | - | -2,655 | -2,655 | - | - | -2,655 |
| Purchase of own shares ² | - | -2 | - | - | - | - | - | -937 | -939 | - | - | -939 |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | 0 | 0 |
| Balance as at 31 Mar 2022 | 4,050 | 1,088 | -1,170 | 42 | 53 | 44 | -5 | 26,061 | 30,163 | 750 | 8 | 30,921 |
| 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 | - | - | - | - | - | - | - | 762 | 762 | 26 | - | 788 |
| Other comprehensive income, net of tax | - | - | 151 | -33 | -20 | 160 | -1 | 0 | 257 | - | - | 257 |
| Total comprehensive income | - | - | 151 | -33 | -20 | 160 | -1 | 762 | 1,019 | 26 | - | 1,045 |
| Paid interest on Additional Tier 1 capital | - | - | - | - | - | - | - | - | - | -26 | - | -26 |
| Change in Additional Tier 1 capital | - | - | - | - | - | - | - | - | - | 1 | - | 1 |
| Share-based payments | - | - | - | - | - | - | - | 3 | 3 | - | - | 3 |
| Dividend | - | - | - | - | - | - | - | -283 | -283 | - | - | -283 |
| Sale of own shares ² | - | 9 | - | - | - | - | - | - | 9 | - | - | 9 |
| Change in non-controlling interests | - | - | - | - | - | - | - | - | - | - | 0 | 0 |
| Balance as at 31 Mar 2021 | 4,050 | 1,072 | -1,869 | -43 | 71 | 43 | -12 | 30,419 | 33,731 | 749 | 9 | 34,489 |

¹ Total shares registered were 3,860 million (31 December 2021: 3,966 million; 31 March 2021: 4,050 million). The number of own shares was 18.4 million (31 December 2021: 32.8 million; 31 March 2021: 10.9 million), which represents 0.5% (31 December 2021: 0.8%; 31 March 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 7.1 million (31 December 2021: 7.1 million; 31 March 2021: 8.2 million). The share buy-back amounted to EUR 933m (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-Mar 2022 | Jan-Mar 2021 | Full year 2021 |
|---|-----------------|-----------------|-------------------|
| EURm | | | |
| Operating activities | | | |
| Operating profit | 501 | 1,049 | 4,936 |
| Adjustments for items not included in cash flow | -1,472 | 517 | 2,263 |
| Income taxes paid | -304 | -376 | -759 |
| Cash flow from operating activities before changes in operating assets and liabilities | -1,275 | 1,190 | 6,440 |
| Changes in operating assets and liabilities | 25,844 | 21,551 | 11,152 |
| Cash flow from operating activities | 24,569 | 22,741 | 17,592 |
| Investing activities | | | |
| Acquisition/sale of business operations | - | - | 7 |
| Acquisition/sale of associated undertakings and joint ventures | -1 | - | 2 |
| Acquisition/sale of property and equipment | 1 | -1 | -5 |
| Acquisition/sale of intangible assets | -83 | -97 | -384 |
| Cash flow from investing activities | -83 | -98 | -380 |
| Financing activities | | | |
| Issued/amortised subordinated liabilities | - | -750 | -437 |
| Sale/repurchase of own shares, including change in trading portfolio | -939 | 9 | -1,136 |
| Dividend paid | - | -283 | -3,192 |
| Paid interest on Additional Tier 1 capital | -26 | -26 | -26 |
| Amortisation of the principal part of lease liabilities | -32 | -32 | -140 |
| Cash flow from financing activities | -997 | -1,082 | -4,931 |
| Cash flow for the period | 23,489 | 21,561 | 12,281 |

| Cash and cash equivalents | 31 Mar 2022 | 31 Mar 2021 | 31 Dec 2021 |
|---------------------------|----------------|----------------|----------------|
|---------------------------|----------------|----------------|----------------|

| | | | |
|--|---------------|---------------|---------------|
| EURm | | | |
| Cash and cash equivalents at beginning of the period | 48,628 | 36,203 | 36,203 |
| Translation differences | 154 | 336 | 144 |
| Cash and cash equivalents at end of the period | 72,271 | 58,100 | 48,628 |
| Change | 23,489 | 21,561 | 12,281 |

The following items are included in cash and cash equivalents:

| | | | |
|--|---------------|---------------|---------------|
| Cash and balances with central banks | 71,147 | 56,843 | 47,495 |
| Loans to central banks | 6 | 4 | 6 |
| Loans to credit institutions | 1,118 | 1,253 | 1,127 |
| Total cash and cash equivalents | 72,271 | 58,100 | 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

In the first quarter of 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 first quarter of 2022 can be found in the table below.

| EURm | Q1 2022 | | Q1 2021 | | | |
|----------------------------------|------------|------------|------------|--------|------------|--------|
| | Old policy | New policy | Old policy | Chg | New policy | Chg |
| General administrative expenses: | | | | | | |
| Other expenses | -539 | 273 | -266 | -486 | 224 | -262 |
| Regulatory fees | - | -273 | -273 | - | -224 | -224 |
| Total operating expenses | -1,388 | - | -1,388 | -1,319 | - | -1,319 |
| Impact on EPS/DEPS, EUR | | | | | | |

| EURm | Full year 2021 | | |
|----------------------------------|----------------|------|------------|
| | Old policy | Chg | New policy |
| 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 future premiums from profitable contracts will be recognised as a provision on the balance sheet and released to revenue when the insurance service is provided. Losses related to unprofitable contracts will be recognised in the income statement at the time the contract is approved.

Nordea is in the process of implementing the changes required by IFRS 17. It is currently expected that some products will be reclassified from insurance to investment contracts, but the impact on the financial statements remains to be confirmed.

Nordea will apply all three measurements models, but currently expects that the VFA will be applied for the majority of the insurance contracts.

Different transition methods will be applied based on the data available at the time of transition. Nordea expects to use the fair value method for most contracts and the full retrospective method for the remaining portion.

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. Nordea does not currently intend to adopt the standard early. It is not yet possible to conclude on the impact on Nordea's financial statements or capital adequacy, but it is currently expected that the impacts on equity and the CET1 ratio will be negative at the time of transition.

The above description is valid for the insurance contracts currently held by Nordea. As explained on page 17, Nordea is in the process of acquiring Topdanmark Life. If the transaction is closed before the IFRS 17 transition date, the insurance contracts in Topdanmark Life will be covered in Nordea's transition to the new standard. Nordea currently has no information on how these contracts will be impacted by 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 are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The standard is not yet endorsed by the EU and Nordea does not currently intend to adopt it early. 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 first 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 first 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 2,005m at the end of the first quarter of 2022 and EUR 1,975m at the end of 2021. Nordea updated the cash flow projections in the first quarter to reflect the best estimate of the future cash flow development. 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 first quarter was 7.8% post tax and the long-term growth was 2.3%. 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-Mar 2022 | Jan-Dec 2021 | Jan-Mar 2021 |
|----------------------------------|-----------------|-----------------|-----------------|
| EUR 1 = SEK | | | |
| Income statement (average) | 10.4788 | 10.1460 | 10.1189 |
| Balance sheet (at end of period) | 10.3490 | 10.2913 | 10.2408 |
| EUR 1 = DKK | | | |
| Income statement (average) | 7.4406 | 7.4370 | 7.4372 |
| Balance sheet (at end of period) | 7.4380 | 7.4364 | 7.4377 |
| EUR 1 = NOK | | | |
| Income statement (average) | 9.9279 | 10.1655 | 10.2638 |
| Balance sheet (at end of period) | 9.7006 | 10.0185 | 10.0195 |
| EUR 1 = RUB | | | |
| Income statement (average) | 99.4263 | 87.1828 | 89.6807 |
| Balance sheet (at end of period) | 92.1261 | 85.0140 | 88.4305 |

Note 2 Segment reporting

| | Personal Banking | Business Banking | Large Corporates & Institutions | Asset & Wealth Management | Other operating segments | Total operating segments | Reconciliation | Total Group |
|--|------------------|------------------|---------------------------------|---------------------------|--------------------------|--------------------------|----------------|--------------|
| Jan-Mar 2022 | | | | | | | | |
| Total operating income, EURm | 926 | 713 | 529 | 306 | 27 | 2,501 | -548 | 1,953 |
| – of which internal transactions ¹ | -87 | -9 | -20 | -2 | 118 | 0 | - | - |
| Operating profit, EURm | 404 | 352 | 282 | 166 | 13 | 1,217 | -716 | 501 |
| Loans to the public ² , EURbn | 172 | 98 | 48 | 12 | 0 | 330 | 22 | 352 |
| Deposits and borrowings from the public, EURbn | 85 | 54 | 53 | 11 | 0 | 203 | 18 | 221 |

| | Personal Banking | Business Banking | Large Corporates & Institutions | Asset & Wealth Management | Other operating segments | Total operating segments | Reconciliation | Total Group |
|--|------------------|------------------|---------------------------------|---------------------------|--------------------------|--------------------------|----------------|--------------|
| Jan-Mar 2021 | | | | | | | | |
| Total operating income, EURm | 875 | 634 | 619 | 294 | 61 | 2,483 | -63 | 2,420 |
| – of which internal transactions ¹ | -61 | -11 | -34 | -7 | 113 | 0 | - | - |
| Operating profit, EURm | 362 | 285 | 315 | 165 | 57 | 1,184 | -135 | 1,049 |
| Loans to the public ² , EURbn | 163 | 92 | 45 | 10 | 0 | 310 | 24 | 334 |
| Deposits and borrowings from the public, EURbn | 81 | 51 | 42 | 10 | 0 | 184 | 14 | 198 |

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.

Reconciliation between total operating segments and financial statements

| | Operating profit, EURm | | Loans to the public, EURbn | | Deposits and borrowings from the public, EURbn | |
|---|------------------------|--------------|----------------------------|------------|--|------------|
| | Jan-Mar | | 31 Mar | | 31 Mar | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Total operating segments | 1,217 | 1,184 | 330 | 310 | 203 | 184 |
| Group functions ¹ | 1 | 11 | - | - | - | - |
| Unallocated items ³ | -720 | -151 | 18 | 22 | 17 | 13 |
| Differences in accounting policies ² | 3 | 5 | 4 | 2 | 1 | 1 |
| Total | 501 | 1,049 | 352 | 334 | 221 | 198 |

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

| | Q1 2022 | Q4 2021 | Q1 2021 | Full year 2021 |
|--|------------|------------|------------|-------------------|
| EURm | | | | |
| Asset management commissions | 451 | 507 | 416 | 1,845 |
| Life and pension commissions | 74 | 73 | 64 | 273 |
| Deposit products | 6 | 8 | 6 | 25 |
| Brokerage, securities issues and corporate finance | 62 | 55 | 77 | 269 |
| Custody and issuer services | 2 | 11 | 0 | 35 |
| Payments | 63 | 54 | 64 | 236 |
| Cards | 68 | 73 | 51 | 250 |
| Lending products | 119 | 122 | 121 | 478 |
| Guarantees | 27 | 29 | 25 | 102 |
| Other | -2 | -12 | 3 | -18 |
| Total | 870 | 920 | 827 | 3,495 |

Breakdown Jan-Mar 2022

| | Personal Banking | Business Banking | Large Corporates & Institutions | Asset & Wealth Management | Other operating segments | Other and eliminations | Nordea Group |
|--|---------------------|---------------------|---------------------------------------|---------------------------------|--------------------------------|---------------------------|-----------------|
| EURm | | | | | | | |
| Asset management commissions | 147 | 23 | 2 | 279 | 0 | 0 | 451 |
| Life and pension commissions | 52 | 21 | 1 | 0 | 0 | 0 | 74 |
| Deposit products | 1 | 5 | 0 | 0 | 0 | 0 | 6 |
| Brokerage, securities issues and corporate finance | 6 | 14 | 34 | 9 | 2 | -3 | 62 |
| Custody and issuer services | 1 | 0 | 6 | 0 | -1 | -4 | 2 |
| Payments | 4 | 39 | 20 | 0 | 0 | 0 | 63 |
| Cards | 56 | 10 | 2 | 0 | 0 | 0 | 68 |
| Lending products | 28 | 42 | 48 | 1 | 0 | 0 | 119 |
| Guarantees | 2 | 7 | 18 | 0 | 0 | 0 | 27 |
| Other | 4 | 3 | -2 | -6 | -1 | 0 | -2 |
| Total | 301 | 164 | 129 | 283 | 0 | -7 | 870 |

Breakdown Jan-Mar 2021

| | Personal Banking | Business Banking | Large Corporates & Institutions | Asset & Wealth Management | Other operating segments | Other and eliminations | Nordea Group |
|--|---------------------|---------------------|---------------------------------------|---------------------------------|--------------------------------|---------------------------|-----------------|
| EURm | | | | | | | |
| Asset management commissions | 137 | 24 | 1 | 254 | 0 | 0 | 416 |
| Life and pension commissions | 53 | 19 | 1 | -9 | 0 | 0 | 64 |
| Deposit products | 1 | 5 | 0 | 0 | 0 | 0 | 6 |
| Brokerage, securities issues and corporate finance | 5 | 16 | 49 | 11 | 1 | -5 | 77 |
| Custody and issuer services | 0 | 0 | 2 | 0 | -4 | 2 | 0 |
| Payments | 7 | 39 | 18 | 0 | 0 | 0 | 64 |
| Cards | 42 | 8 | 1 | 0 | 0 | 0 | 51 |
| Lending products | 33 | 37 | 51 | 2 | 0 | -2 | 121 |
| Guarantees | 2 | 7 | 16 | 0 | 0 | 0 | 25 |
| Other | 2 | 5 | 1 | -6 | 0 | 1 | 3 |
| Total | 282 | 160 | 140 | 252 | -3 | -4 | 827 |

Note 4 Net result from items at fair value

| | Q1 2022 | Q4 2021 | Q1 2021 | Full year 2021 |
|---|-------------|------------|------------|-------------------|
| EURm | | | | |
| Equity-related instruments ¹ | 45 | 68 | 189 | 570 |
| Interest-related instruments and foreign exchange gains/losses ² | -287 | 133 | 102 | 395 |
| Other financial instruments (including credit and commodities) | -7 | 22 | 52 | 57 |
| Nordea Life & Pension ³ | 7 | 24 | 27 | 97 |
| Total | -242 | 247 | 370 | 1,119 |

¹ Includes EUR 8m in losses on fund investments in Russia.

² Includes EUR 529m in recycled accumulated foreign exchange losses related to operations in Russia.

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

| | Q1 2022 | Q4 2021 | Q1 2021 | Full year 2021 |
|--|------------|------------|------------|-------------------|
| EURm | | | | |
| Equity-related instruments | -527 | 540 | 544 | 1,724 |
| Interest-related instruments and foreign exchange gains/losses | -120 | -41 | -34 | -29 |
| Investment properties | 37 | 87 | 66 | 198 |
| Change in technical provisions ¹ | 514 | -240 | -180 | -863 |
| Change in collective bonus potential | 88 | -337 | -381 | -987 |
| Insurance risk income | 19 | 19 | 17 | 73 |
| Insurance risk expense | -4 | -4 | -5 | -19 |
| Total | 7 | 24 | 27 | 97 |

¹ Premium income amounts to EUR 69m for the first quarter of 2022 (fourth quarter of 2021: EUR 82m; first quarter of 2021: EUR 95m).

Note 5 Other expenses

| | Q1 2022 | Q4 2021 | Q1 2021 | Full year 2021 |
|--|-------------|-------------|-------------|-------------------|
| EURm | | | | |
| Information technology ¹ | -125 | -145 | -124 | -522 |
| Marketing and representation | -11 | -16 | -7 | -44 |
| Postage, transportation, telephone and office expenses | -12 | -9 | -14 | -48 |
| Rents, premises and real estate | -31 | -21 | -26 | -97 |
| Professional services ¹ | -26 | -31 | -31 | -104 |
| Market data services | -23 | -18 | -22 | -84 |
| Other ² | -38 | -1 | -38 | -103 |
| Total | -266 | -241 | -262 | -1,002 |

¹ "Information technology" includes IT consultancy fees.

² VAT refund recognised in the fourth quarter of 2021.

Note 6 Regulatory fees

| | Q1 2022 | Q4 2021 | Q1 2021 | Full year 2021 |
|-----------------|-------------|------------|-------------|-------------------|
| EURm | | | | |
| Resolution fees | -256 | - | -224 | -224 |
| Bank tax | -17 | - | - | - |
| Total | -273 | - | -224 | -224 |

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

| | Q1 2022 | Q4 2021 | Q1 2021 | Full year 2021 |
|----------------------------------|-------------|-------------|-------------|-------------------|
| EURm | | | | |
| Depreciation/amortisation | | | | |
| Properties and equipment | -55 | -59 | -63 | -244 |
| Intangible assets | -90 | -94 | -86 | -361 |
| Total | -145 | -153 | -149 | -605 |
| Impairment charges | | | | |
| Properties and equipment | 0 | -1 | -2 | -19 |
| Intangible assets | -1 | -36 | 0 | -40 |
| Total | -1 | -37 | -2 | -59 |
| Total | -146 | -190 | -151 | -664 |

Note 8 Net loan losses

| | Q1 2022 | Q4 2021 | Q1 2021 | Full year 2021 |
|---|------------|-------------|------------|-------------------|
| EURm | | | | |
| Net loan losses, stage 1 | -20 | 31 | -6 | 112 |
| Net loan losses, stage 2 | -15 | 43 | 16 | 103 |
| Net loan losses, non-credit-impaired assets | -35 | 74 | 10 | 215 |
| Stage 3, credit-impaired assets | | | | |
| Net loan losses, individually assessed, collectively calculated | 56 | -45 | 10 | -68 |
| Realised loan losses | -367 | -188 | -102 | -493 |
| Decrease in provisions to cover realised loan losses | 323 | 110 | 64 | 264 |
| Recoveries on previous realised loan losses | 16 | 9 | 7 | 53 |
| Reimbursement right | 4 | 1 | 0 | 1 |
| New/increase in provisions | -166 | -81 | -211 | -409 |
| Reversals of provisions | 97 | 39 | 159 | 319 |
| Net loan losses, credit-impaired assets | -37 | -155 | -73 | -333 |
| Net loan losses | -72 | -81 | -63 | -118 |

Key ratios

| | Q1 2022 | Q4 2021 | Q1 2021 | Full year 2021 |
|---|------------|------------|------------|-------------------|
| Net loan loss ratio, amortised cost, bp | 10 | 12 | 10 | 4 |
| - of which stage 1 | 3 | -5 | 1 | -4 |
| - of which stage 2 | 2 | -6 | -3 | -4 |
| - of which stage 3 | 5 | 23 | 12 | 12 |

Note 9 Loans and impairment

| | Total | | |
|--|----------------|----------------|----------------|
| | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2021 |
| EURm | | | |
| Loans measured at fair value | 85,897 | 75,772 | 84,381 |
| Loans measured at amortised cost, not impaired (stages 1 and 2) | 277,611 | 270,364 | 258,184 |
| Impaired loans (stage 3) | 3,154 | 3,512 | 4,023 |
| - of which servicing | 1,602 | 1,642 | 1,803 |
| - of which non-servicing | 1,552 | 1,870 | 2,220 |
| Loans before allowances | 366,662 | 349,648 | 346,588 |
| - of which central banks and credit institutions | 12,830 | 2,395 | 10,508 |
| Allowances for individually assessed impaired loans (stage 3) | -1,309 | -1,610 | -1,676 |
| - of which servicing | -547 | -800 | -677 |
| - of which non-servicing | -762 | -810 | -999 |
| Allowances for collectively assessed impaired loans (stages 1 and 2) | -643 | -596 | -785 |
| Allowances | -1,952 | -2,206 | -2,461 |
| - of which central banks and credit institutions | -22 | -3 | -3 |
| Loans, carrying amount | 364,710 | 347,442 | 344,127 |

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

| | 31 Mar 2022 | | | |
|--|----------------|---------------|--------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| EURm | | | | |
| Loans to central banks, credit institutions and the public | 264,138 | 13,473 | 3,154 | 280,765 |
| Interest-bearing securities ¹ | 37,959 | - | - | 37,959 |
| Total | 302,097 | 13,473 | 3,154 | 318,724 |

¹ Of which EUR 360m relates to the balance sheet item "Financial instruments pledged as collateral".

| | 31 Mar 2021 | | | |
|--|----------------|---------------|--------------|----------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| EURm | | | | |
| Loans to central banks, credit institutions and the public | 243,801 | 14,383 | 4,023 | 262,207 |
| Interest-bearing securities ¹ | 38,202 | - | - | 38,202 |
| Total | 282,003 | 14,383 | 4,023 | 300,409 |

¹ Of which EUR 469m relates to the balance sheet item "Financial instruments pledged as collateral".

Allowances and provisions

| | 31 Mar 2022 | | | |
|--|-------------|-------------|---------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| EURm | | | | |
| Loans to central banks, credit institutions and the public | -224 | -419 | -1,309 | -1,952 |
| Interest-bearing securities | -6 | - | - | -6 |
| Provisions for off-balance sheet items | -42 | -125 | -28 | -195 |
| Total allowances and provisions | -272 | -544 | -1,337 | -2,153 |

| | 31 Mar 2021 | | | |
|--|-------------|-------------|---------------|---------------|
| | Stage 1 | Stage 2 | Stage 3 | Total |
| EURm | | | | |
| Loans to central banks, credit institutions and the public | -300 | -485 | -1,676 | -2,461 |
| Interest-bearing securities | -3 | -1 | - | -4 |
| Provisions for off-balance sheet items | -67 | -129 | -29 | -225 |
| Total allowances and provisions | -370 | -615 | -1,705 | -2,690 |

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 | -14 | - | -1 | -15 |
| Transfer from stage 1 to stage 2 | 3 | -49 | - | -46 |
| Transfer from stage 1 to stage 3 | 0 | - | -53 | -53 |
| Transfer from stage 2 to stage 1 | -4 | 39 | - | 35 |
| Transfer from stage 2 to stage 3 | - | 5 | -16 | -11 |
| Transfer from stage 3 to stage 1 | 0 | - | 8 | 8 |
| Transfer from stage 3 to stage 2 | - | -2 | 9 | 7 |
| Changes due to change in credit risk (net) | -21 | -29 | 8 | -42 |
| Changes due to repayments and disposals | 12 | 18 | 35 | 65 |
| Write-off through decrease in allowance account | - | - | 323 | 323 |
| Translation differences | -3 | -2 | -12 | -17 |
| Balance as at 31 Mar 2022 | -224 | -419 | -1,309 | -1,952 |

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 | -16 | -1 | -1 | -18 |
| Transfer from stage 1 to stage 2 | 10 | -65 | - | -55 |
| Transfer from stage 1 to stage 3 | 0 | - | -5 | -5 |
| Transfer from stage 2 to stage 1 | -2 | 47 | - | 45 |
| Transfer from stage 2 to stage 3 | - | 18 | -126 | -108 |
| Transfer from stage 3 to stage 1 | -1 | - | 4 | 3 |
| Transfer from stage 3 to stage 2 | - | -3 | 11 | 8 |
| Changes due to change in credit risk (net) | -23 | -24 | 44 | -3 |
| Changes due to repayments and disposals | 20 | 36 | 22 | 78 |
| Write-off through decrease in allowance account | - | - | 63 | 63 |
| Translation differences | -4 | -3 | -14 | -21 |
| Balance as at 31 Mar 2021 | -300 | -485 | -1,676 | -2,461 |

Key ratios¹

| | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2021 |
|---|----------------|----------------|----------------|
| Impairment rate (stage 3), gross, basis points | 112 | 128 | 153 |
| Impairment rate (stage 3), net, basis points | 66 | 70 | 90 |
| Total allowance rate (stages 1, 2 and 3), basis points | 70 | 81 | 94 |
| Allowances in relation to impaired loans (stage 3), % | 42 | 46 | 42 |
| Allowances in relation to loans in stages 1 and 2, basis points | 23 | 22 | 30 |

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 147m (EUR 152m at the end of December 2021). 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.

| | 31 Mar 2022 | | 31 Dec 2021 | |
|---------------------------------|-----------------------|-----------------------------------|-----------------------|-----------------------------------|
| | Recognised provisions | Provisions if one notch downgrade | Recognised provisions | Provisions if one notch downgrade |
| EURm | | | | |
| Personal Banking | 405 | 524 | 409 | 532 |
| Business Banking | 1,134 | 1,247 | 1,148 | 1,265 |
| Large Corporates & Institutions | 560 | 591 | 813 | 846 |
| Other | 54 | 98 | 34 | 75 |
| Group | 2,153 | 2,460 | 2,404 | 2,718 |

Note 9 Continued**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 first quarter of 2022, the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 60%, adverse 20% and favourable 20% (baseline 60%, adverse 20% and favourable 20% at the end of December 2021). The weightings were considered appropriate even in the light of Russia's invasion of Ukraine, as uncertainty regarding the impact of the pandemic had decreased.

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 will potentially develop following the reopening of societies after COVID-19-related lockdowns. The scenarios take into account the macroeconomic effects of government and central bank support measures. When developing the scenarios, Nordea took into account projections made by Nordic governments and central banks, Nordea Research and the European Central Bank's macroeconomic forecasts for the euro area.

Economic projections from the Nordic central banks and the European Central Bank are used as a basis for the baseline scenario. In Denmark, Finland, Norway and Sweden, real GDP has more than recovered from the fall in economic activity caused by the lockdowns of the past two years. The war in Ukraine has led to heightened uncertainty regarding the economic outlook, but there is still the prospect of a continued upswing. Large household savings provide a sound basis for a further increase in activity in 2022, although the recovery will be tempered by the negative effects of the war in Ukraine. The Omicron wave is expected to have only a short-term impact on economic activity. Economic growth is expected to be lower than in recent quarters due to capacity constraints and higher interest rates. Following strong housing market activity over the past year, the development in house prices is expected to become more subdued going forward.

Nordea's two alternative macroeconomic scenarios cover a range of plausible risk factors which may cause growth to deviate from the baseline projection. The recent surge in energy prices may depress growth through lower consumption, while the conflict between Russia and Ukraine could potentially cause energy prices to rise even higher, leading to further decreases in private consumption and investments. A reversal of these risk factors could on the other hand lead to a more positive outcome.

At the end of the first quarter of 2022 adjustments to model-based allowances/provisions amounted to EUR 601m, including management judgements. The management judgements cover expected credit losses not yet covered by the IFRS 9 model. The cyclical reserve amounted to EUR 455m at the end of the first quarter of 2022 (EUR 455m at the end of the fourth quarter of 2021) 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 fourth quarter of 2021). The cyclical reserve was triggered by the substantial uncertainty in the macroeconomic development related to COVID-19, as well as the need to account for future rating downgrades potentially underestimated by the IFRS 9 model through the updated macroeconomic scenarios.

Note 9 Continued

Scenarios and allowances/provisions

31 Mar 2022

| | | 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, % | 4.2 | 2.5 | 2.1 | 183 | 20% | | | | |
| | Unemployment, % | 2.9 | 2.6 | 2.6 | | | | | | |
| | Change in household consumption, % | 6.9 | 2.1 | 2.1 | | | | | | |
| | Change in house prices, % | 4.8 | 2.3 | 2.1 | | | | | | |
| Baseline scenario | GDP growth, % | 3.1 | 2.4 | 1.7 | 183 | 60% | 184 | 164 | 278 | 626 |
| | Unemployment, % | 3.2 | 3.1 | 3.1 | | | | | | |
| | Change in household consumption, % | 6.1 | 2.1 | 1.8 | | | | | | |
| | Change in house prices, % | 4.6 | 1.2 | 1.5 | | | | | | |
| Adverse scenario | GDP growth, % | -0.1 | 2.0 | 2.1 | 189 | 20% | | | | |
| | Unemployment, % | 4.2 | 4.4 | 4.2 | | | | | | |
| | Change in household consumption, % | 3.7 | 1.1 | 1.6 | | | | | | |
| | Change in house prices, % | -3.7 | -3.8 | 0.5 | | | | | | |
| Finland | | | | | | | | | | |
| Favourable scenario | GDP growth, % | 3.8 | 2.2 | 1.4 | 232 | 20% | | | | |
| | Unemployment, % | 6.9 | 6.3 | 6.2 | | | | | | |
| | Change in household consumption, % | 4.4 | 2.3 | 1.5 | | | | | | |
| | Change in house prices, % | 3.3 | 3.0 | 2.3 | | | | | | |
| Baseline scenario | GDP growth, % | 2.6 | 1.5 | 1.3 | 237 | 60% | 239 | 190 | 213 | 642 |
| | Unemployment, % | 7.1 | 6.6 | 6.6 | | | | | | |
| | Change in household consumption, % | 3.3 | 1.7 | 1.2 | | | | | | |
| | Change in house prices, % | 2.4 | 1.5 | 1.8 | | | | | | |
| Adverse scenario | GDP growth, % | 0.3 | 1.3 | 0.9 | 249 | 20% | | | | |
| | Unemployment, % | 7.8 | 7.3 | 7.3 | | | | | | |
| | Change in household consumption, % | 1.6 | 1.3 | 0.2 | | | | | | |
| | Change in house prices, % | -0.9 | -0.7 | 1.0 | | | | | | |
| Norway | | | | | | | | | | |
| Favourable scenario | GDP growth, % | 6.2 | 2.4 | 1.3 | 94 | 20% | | | | |
| | Unemployment, % | 3.3 | 3.0 | 2.9 | | | | | | |
| | Change in household consumption, % | 7.8 | 5.7 | 2.3 | | | | | | |
| | Change in house prices, % | 3.3 | 2.5 | 2.4 | | | | | | |
| Baseline scenario | GDP growth, % | 4.3 | 2.5 | 1.3 | 96 | 60% | 97 | 162 | 308 | 567 |
| | Unemployment, % | 3.7 | 3.4 | 3.3 | | | | | | |
| | Change in household consumption, % | 6.0 | 6.0 | 2.0 | | | | | | |
| | Change in house prices, % | 2.8 | 0.7 | 2.4 | | | | | | |
| Adverse scenario | GDP growth, % | 2.6 | 1.5 | 1.0 | 102 | 20% | | | | |
| | Unemployment, % | 4.4 | 4.3 | 4.2 | | | | | | |
| | Change in household consumption, % | 5.3 | 4.9 | 1.0 | | | | | | |
| | Change in house prices, % | -2.6 | -4.4 | 0.3 | | | | | | |
| Sweden | | | | | | | | | | |
| Favourable scenario | GDP growth, % | 4.6 | 3.0 | 1.9 | 85 | 20% | | | | |
| | Unemployment, % | 7.6 | 6.9 | 6.6 | | | | | | |
| | Change in household consumption, % | 5.4 | 3.1 | 2.7 | | | | | | |
| | Change in house prices, % | 5.4 | 2.1 | 2.4 | | | | | | |
| Baseline scenario | GDP growth, % | 3.8 | 2.3 | 1.5 | 87 | 60% | 88 | 77 | 142 | 307 |
| | Unemployment, % | 7.7 | 7.2 | 7.1 | | | | | | |
| | Change in household consumption, % | 4.8 | 2.4 | 2.0 | | | | | | |
| | Change in house prices, % | 4.5 | 1.9 | 2.2 | | | | | | |
| Adverse scenario | GDP growth, % | 0.5 | 2.1 | 1.7 | 92 | 20% | | | | |
| | Unemployment, % | 8.5 | 8.3 | 7.9 | | | | | | |
| | Change in household consumption, % | 1.7 | 1.7 | 1.2 | | | | | | |
| | Change in house prices, % | -0.8 | -5.9 | 0 | | | | | | |
| Non-Nordic ¹ | | | | | | | 3 | 8 | 0 | 11 |
| Total | | | | | | | 611 | 601 | 941 | 2,153 |

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, 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

31 Mar 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 | 14,212 | 366 | 60 | 14,638 | 7 | 9 | 23 | 39 | 14,599 | -23 |
| Agriculture | 4,306 | 194 | 124 | 4,624 | 6 | 13 | 66 | 85 | 4,539 | -1 |
| Crops, plantations and hunting | 989 | 67 | 25 | 1,081 | 1 | 5 | 12 | 18 | 1,063 | 3 |
| Animal husbandry | 668 | 109 | 99 | 876 | 2 | 8 | 54 | 64 | 812 | -4 |
| Fishing and aquaculture | 2,649 | 18 | 0 | 2,667 | 3 | 0 | 0 | 3 | 2,664 | 0 |
| Natural resources | 2,419 | 169 | 162 | 2,750 | 3 | 3 | 59 | 65 | 2,685 | 8 |
| Paper and forest products | 1,616 | 140 | 30 | 1,786 | 1 | 2 | 18 | 21 | 1,765 | 1 |
| Mining and supporting activities | 365 | 25 | 3 | 393 | 1 | 0 | 1 | 2 | 391 | -1 |
| Oil, gas and offshore | 438 | 4 | 129 | 571 | 1 | 1 | 40 | 42 | 529 | 8 |
| Consumer staples | 5,355 | 173 | 18 | 5,546 | 6 | 9 | 11 | 26 | 5,520 | 0 |
| Food processing and beverages | 1,796 | 98 | 6 | 1,900 | 2 | 3 | 5 | 10 | 1,890 | -1 |
| Household and personal products | 609 | 22 | 10 | 641 | 1 | 1 | 4 | 6 | 635 | 0 |
| Healthcare | 2,950 | 53 | 2 | 3,005 | 3 | 5 | 2 | 10 | 2,995 | 1 |
| Consumer discretionary and services | 10,491 | 1,086 | 298 | 11,875 | 12 | 58 | 181 | 251 | 11,624 | -19 |
| Consumer durables | 2,179 | 112 | 57 | 2,348 | 2 | 6 | 24 | 32 | 2,316 | -11 |
| Media and entertainment | 1,929 | 131 | 16 | 2,076 | 1 | 8 | 10 | 19 | 2,057 | 0 |
| Retail trade | 4,300 | 278 | 184 | 4,762 | 6 | 18 | 116 | 140 | 4,622 | -2 |
| Air transportation | 137 | 60 | 10 | 207 | 0 | 2 | 7 | 9 | 198 | -4 |
| Accommodation and leisure | 1,255 | 501 | 24 | 1,780 | 1 | 24 | 18 | 43 | 1,737 | -3 |
| Telecommunication services | 691 | 4 | 7 | 702 | 2 | 0 | 6 | 8 | 694 | 1 |
| Industrials | 28,961 | 2,534 | 740 | 32,235 | 45 | 94 | 336 | 475 | 31,760 | -36 |
| Materials | 1,721 | 190 | 119 | 2,030 | 4 | 6 | 48 | 58 | 1,972 | -29 |
| Capital goods | 3,643 | 421 | 108 | 4,172 | 5 | 16 | 44 | 65 | 4,107 | 11 |
| Commercial and professional services | 5,046 | 442 | 47 | 5,535 | 6 | 15 | 26 | 47 | 5,488 | 0 |
| Construction | 8,220 | 724 | 178 | 9,122 | 14 | 29 | 104 | 147 | 8,975 | -10 |
| Wholesale trade | 6,016 | 453 | 76 | 6,545 | 8 | 17 | 47 | 72 | 6,473 | -7 |
| Land transportation | 2,483 | 235 | 144 | 2,862 | 5 | 6 | 50 | 61 | 2,801 | -4 |
| IT services | 1,832 | 69 | 68 | 1,969 | 3 | 5 | 17 | 25 | 1,944 | 3 |
| Maritime | 5,757 | 459 | 508 | 6,724 | 12 | 8 | 160 | 180 | 6,544 | -8 |
| Ship building | 265 | 5 | 0 | 270 | 1 | 0 | 0 | 1 | 269 | 1 |
| Shipping | 4,986 | 452 | 508 | 5,946 | 10 | 8 | 160 | 178 | 5,768 | -9 |
| Maritime services | 506 | 2 | 0 | 508 | 1 | 0 | 0 | 1 | 507 | 0 |
| Utilities and public service | 7,107 | 75 | 45 | 7,227 | 7 | 3 | 20 | 30 | 7,197 | 9 |
| Utilities distribution | 3,748 | 47 | 30 | 3,825 | 4 | 2 | 8 | 14 | 3,811 | 10 |
| Power production | 2,643 | 10 | 1 | 2,654 | 3 | 0 | 1 | 4 | 2,650 | -1 |
| Public services | 716 | 18 | 14 | 748 | 0 | 1 | 11 | 12 | 736 | 0 |
| Real estate | 36,200 | 988 | 168 | 37,356 | 29 | 43 | 110 | 182 | 37,174 | -2 |
| Other industries and reimbursement rights | 413 | 202 | 10 | 625 | 6 | 0 | 0 | 6 | 619 | 5 |
| Total Corporate | 115,221 | 6,246 | 2,133 | 123,600 | 133 | 240 | 966 | 1,339 | 122,261 | -67 |
| Housing loans | 120,191 | 4,651 | 465 | 125,307 | 17 | 47 | 80 | 144 | 125,163 | -5 |
| Collateralised lending | 17,874 | 1,576 | 317 | 19,767 | 51 | 48 | 150 | 249 | 19,518 | 7 |
| Non-collateralised lending | 5,170 | 892 | 193 | 6,255 | 20 | 83 | 93 | 196 | 6,059 | -9 |
| Household | 143,235 | 7,119 | 975 | 151,329 | 88 | 178 | 323 | 589 | 150,740 | -7 |
| Public sector | 3,458 | 98 | 36 | 3,592 | 0 | 0 | 2 | 2 | 3,590 | 2 |
| Lending to the public | 261,914 | 13,463 | 3,144 | 278,521 | 221 | 418 | 1,291 | 1,930 | 276,591 | -72 |
| Lending to central banks and credit institutions | 2,224 | 10 | 10 | 2,244 | 3 | 1 | 18 | 22 | 2,222 | 0 |
| Total | 264,138 | 13,473 | 3,154 | 280,765 | 224 | 419 | 1,309 | 1,952 | 278,813 | -72 |

¹ The table shows net loan losses related to on- and off-balance sheet exposures for March 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 | 71,147 | - | - | - | 71,147 |
| Loans to central banks | 6 | 257 | - | - | 263 |
| Loans to credit institutions | 2,216 | 10,329 | - | - | 12,545 |
| Loans to the public | 276,591 | 75,311 | - | - | 351,902 |
| Interest-bearing securities | 3,652 | 26,248 | 3,940 | 33,941 | 67,781 |
| Financial instruments pledged as collateral | - | 3,967 | - | 360 | 4,327 |
| Shares | - | 20,001 | - | - | 20,001 |
| Assets in pooled schemes and unit-linked investment contracts | - | 44,400 | 268 | - | 44,668 |
| Derivatives | - | 30,654 | - | - | 30,654 |
| Fair value changes of hedged items in portfolio hedge of interest rate risk | -912 | - | - | - | -912 |
| Other assets | 2,071 | 9,128 | - | - | 11,199 |
| Prepaid expenses and accrued income | 454 | - | - | - | 454 |
| Total 31 Mar 2022 | 355,225 | 220,295 | 4,208 | 34,301 | 614,029 |
| 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 liabilities | | | | |
| Deposits by credit institutions | 28,449 | 17,023 | - | 45,472 |
| Deposits and borrowings from the public | 211,978 | 9,117 | - | 221,095 |
| Deposits in pooled schemes and unit-linked investment contracts | - | - | 46,704 | 46,704 |
| Liabilities to policyholders | - | - | 2,001 | 2,001 |
| Debt securities in issue | 137,553 | - | 55,450 | 193,003 |
| Derivatives | - | 35,093 | - | 35,093 |
| Fair value changes of hedged items in portfolio hedge of interest rate risk | -2,106 | - | - | -2,106 |
| Other liabilities ¹ | 5,128 | 15,236 | - | 20,364 |
| Accrued expenses and prepaid income | 14 | - | - | 14 |
| Subordinated liabilities | 6,744 | - | - | 6,744 |
| Total 31 Mar 2022 | 387,760 | 76,469 | 104,155 | 568,384 |
| Total 31 Dec 2021 | 356,432 | 49,312 | 108,366 | 514,110 |

¹ Of which lease liabilities classified in the category "Amortised cost" EUR 1,126m.

Note 11 Fair value of financial assets and liabilities

| | 31 Mar 2022 | | 31 Dec 2021 | |
|---|-----------------|----------------|-----------------|----------------|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| EURm | | | | |
| Financial assets | | | | |
| Cash and balances with central banks | 71,147 | 71,147 | 47,495 | 47,495 |
| Loans | 363,798 | 366,030 | 347,377 | 349,382 |
| Interest-bearing securities | 67,781 | 67,676 | 63,383 | 63,495 |
| Financial instruments pledged as collateral | 4,327 | 4,327 | 1,668 | 1,668 |
| Shares | 20,001 | 20,001 | 15,217 | 15,217 |
| Assets in pooled schemes and unit-linked investment contracts | 44,668 | 44,668 | 46,310 | 46,310 |
| Derivatives | 30,654 | 30,654 | 30,200 | 30,200 |
| Other assets | 11,199 | 11,199 | 8,094 | 8,094 |
| Prepaid expenses and accrued income | 454 | 454 | 609 | 609 |
| Total | 614,029 | 616,156 | 560,353 | 562,470 |
| Financial liabilities | | | | |
| Deposits and debt instruments | 464,208 | 464,744 | 416,078 | 416,770 |
| Deposits in pooled schemes and unit-linked investment contracts | 46,704 | 46,704 | 48,201 | 48,201 |
| Liabilities to policyholders | 2,001 | 2,001 | 2,158 | 2,158 |
| Derivatives | 35,093 | 35,093 | 31,485 | 31,485 |
| Other liabilities | 19,238 | 19,238 | 15,033 | 15,033 |
| Accrued expenses and prepaid income | 14 | 14 | 8 | 8 |
| Total | 567,258 | 567,794 | 512,963 | 513,655 |

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 | - | - | 257 | - | - | - | 257 |
| Loans to credit institutions | - | - | 10,329 | - | - | - | 10,329 |
| Loans to the public | - | - | 75,311 | - | - | - | 75,311 |
| Interest-bearing securities ² | 35,903 | 1,086 | 31,906 | 2,842 | 642 | 78 | 68,451 |
| Shares ³ | 17,299 | 10,028 | 379 | 201 | 2,328 | 1,042 | 20,006 |
| Assets in pooled schemes and unit-linked investment contracts | 44,108 | 39,818 | 399 | 399 | 161 | 161 | 44,668 |
| Derivatives | 210 | - | 29,375 | 56 | 1,069 | - | 30,654 |
| Other assets | - | - | 9,100 | - | 28 | 28 | 9,128 |
| Total 31 Mar 2022 | 97,520 | 50,932 | 157,056 | 3,498 | 4,228 | 1,309 | 258,804 |
| 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 | - | - | 17,023 | - | - | - | 17,023 |
| Deposits and borrowings from the public | - | - | 9,117 | - | - | - | 9,117 |
| Deposits in pooled schemes and unit-linked investment contracts | - | - | 46,704 | 42,076 | - | - | 46,704 |
| Liabilities to policyholders | - | - | 2,001 | 2,000 | - | - | 2,001 |
| Debt securities in issue | 43,392 | - | 10,777 | - | 1,281 | - | 55,450 |
| Derivatives | 475 | - | 33,615 | 37 | 1,003 | - | 35,093 |
| Other liabilities | 6,415 | - | 8,741 | - | 80 | - | 15,236 |
| Total 31 Mar 2022 | 50,282 | - | 127,978 | 44,113 | 2,364 | - | 180,624 |
| Total 31 Dec 2021 | 42,952 | - | 112,075 | 45,529 | 2,651 | - | 157,678 |

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

² Of which EUR 4,322m relates to the balance sheet item "Financial instruments pledged as collateral".

³ Of which EUR 5m 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 1,131m from Level 1 to Level 2 and of EUR 4,090m from Level 2 to Level 1 and "Shares" of EUR 27m from Level 1 to Level 2 in the fair value hierarchy. Furthermore, Nordea transferred "Debt securities in issue" of EUR 4,694m from Level 1 to Level 2 and of EUR 9,070m from Level 2 to Level 1. Nordea also transferred "Other liabilities" of EUR 610m from Level 1 to Level 2 and of EUR 799m 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 year | | | | | | | | | | |
|---|--|---------------|----------------------|---------------------------|----------------------|-----------|------------------|------------------------------|--------------------------------|-----------------------------------|--------------|
| | 1 Jan | Rea- lised | Un- reali- sed | Recog- nised in OCI | Purchases/ Issues | Sales | Settle- ments | Transfers into Level 3 | Transfers out of Level 3 | Transla- tion diff- erences | 31 Mar |
| EURm | | | | | | | | | | | |
| Interest-bearing securities | 703 | 19 | -18 | - | 41 | -108 | -29 | 138 | -109 | 5 | 642 |
| - of which Life & Pension | 97 | - | -1 | - | 9 | - | - | 8 | -38 | 3 | 78 |
| Shares | 2,246 | 19 | 9 | - | 125 | -86 | 1 | - | -1 | 15 | 2,328 |
| - of which Life & Pension | 1,001 | 15 | 18 | - | 33 | -33 | 1 | - | - | 7 | 1,042 |
| Assets in pooled schemes and unit-linked investment contracts | 156 | 2 | 5 | - | 11 | -4 | 1 | - | -9 | -1 | 161 |
| - of which Life & Pension | 156 | 2 | 5 | - | 11 | -4 | 1 | - | -9 | -1 | 161 |
| Derivatives (net) | 167 | -44 | -192 | - | - | - | 44 | 47 | 44 | - | 66 |
| Other assets | 29 | - | -1 | - | - | - | - | - | - | - | 28 |
| - of which Life & Pension | 28 | - | - | - | - | - | - | - | - | - | 28 |
| Debt securities in issue | 1,588 | 22 | -124 | -8 | 101 | -174 | -147 | 23 | - | - | 1,281 |
| Other liabilities | 46 | - | 46 | - | 7 | -19 | - | - | - | - | 80 |
| Total 2022, net | 1,667 | -26 | -119 | 8 | 69 | -5 | 164 | 162 | -75 | 19 | 1,864 |
| Total 2021, net | 1,372 | 101 | 242 | - | 178 | -57 | 63 | 58 | -457 | 47 | 1,547 |

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 | 14 | 16 |
| Recognised in the income statement during the period ¹ | -11 | -15 |
| Closing balance as at 31 Mar | 80 | 74 |

¹ Of which EUR -m (EUR -3m) 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 | 32 | - | Discounted cash flows | Credit spread | 0/0 |
| Mortgage and other credit institutions | 431 | 70 | Discounted cash flows | Credit spread | -37/37 |
| Corporates ² | 179 | 8 | Discounted cash flows | Credit spread | -2/2 |
| Total 31 Mar 2022 | 642 | 78 | | | -54/54 |
| Total 31 Dec 2021 | 703 | 97 | | | -62/62 |
| Shares | | | | | |
| Private equity funds | 1,278 | 657 | Net asset value ³ | | -147/147 |
| Hedge funds | 70 | 68 | Net asset value ³ | | -6/6 |
| Credit funds | 525 | 115 | Net asset value/market consensus ³ | | -48/48 |
| Other funds | 293 | 187 | Net asset value/fund prices ³ | | -24/24 |
| Other ⁵ | 323 | 176 | - | | -31/31 |
| Total 31 Mar 2022 | 2,489 | 1,203 | | | -256/256 |
| Total 31 Dec 2021 | 2,402 | 1,157 | | | -247/247 |
| Derivatives, net | | | | | |
| Interest rate derivatives | 233 | - | Option model | Correlations Volatilities | -15/15 |
| Equity derivatives | -54 | - | Option model | Correlations Volatilities Dividends | -15/12 |
| Foreign exchange derivatives | -19 | - | Option model | Correlations Volatilities | 0/0 |
| Credit derivatives | -87 | - | Credit derivative model | Correlations Volatilities Recovery rates | -20/28 |
| Other | -7 | - | Option model | Correlations Volatilities | -0/0 |
| Total 31 Mar 2022 | 66 | - | | | -50/55 |
| Total 31 Dec 2021 | 167 | - | | | -43/47 |
| Debt securities in issue | | | | | |
| Issued structured bonds | -1,281 | - | Credit derivative model | Correlations Recovery rates Volatilities | -6/6 |
| Total 31 Mar 2022 | -1,281 | - | | | -6/6 |
| Total 31 Dec 2021 | -1,588 | - | | | -7/7 |
| Other, net | | | | | |
| Other assets and other liabilities, net | -52 | 28 | - | - | -5/5 |
| Total 31 Mar 2022 | -52 | 28 | | | -5/5 |
| 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 161m 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

| | Q1 2022 | Q1 2021 | Full year 2021 |
|---|---------------|---------------|-------------------|
| EURm | | | |
| Operating income | | | |
| Interest income ¹ | 934 | 871 | 3,351 |
| Interest expense ¹ | -188 | -213 | -659 |
| Net interest income | 746 | 658 | 2,692 |
| Fee and commission income | 610 | 596 | 2,435 |
| Fee and commission expense | -127 | -126 | -521 |
| Net fee and commission income | 483 | 470 | 1,914 |
| Net result from securities trading and foreign exchange dealing | 319 | 376 | 1,110 |
| Net result from securities at fair value through fair value reserve | -14 | 9 | -28 |
| Net result from hedge accounting | -14 | 4 | -12 |
| Net result from investment properties | 0 | 0 | 0 |
| Income from equity investments | 1,009 | 462 | 1,347 |
| Other operating income ² | 237 | 111 | 966 |
| Total operating income | 2,766 | 2,090 | 7,989 |
| Operating expenses | | | |
| Staff costs | -559 | -562 | -2,256 |
| Other administrative expenses | -198 | -197 | -813 |
| Other operating expenses | -106 | -103 | -354 |
| Regulatory fees | -222 | -182 | -181 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -99 | -99 | -463 |
| Total operating expenses | -1,184 | -1,143 | -4,067 |
| Profit before loan losses | 1,582 | 947 | 3,922 |
| Net loan losses | -54 | -40 | 17 |
| Impairment of other financial assets | -113 | -1 | -26 |
| Operating profit | 1,415 | 906 | 3,913 |
| Income tax expense | -125 | -130 | -681 |
| Net profit for period | 1,290 | 776 | 3,232 |

¹ Comparative figures for the first 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 2021.

² From 1 January 2021 the transfer pricing method applied to internal sales and distribution services provided by Nordea Bank Abp to the mortgage banks of the Group has been updated to align with the development of OECD guidelines on transfer pricing and local tax practice. The updated methodology has entailed pricing adjustments to sales and distribution fees. Accrued income was reflected from the second quarter of 2021 onwards, increasing "Other operating income" by EUR 569.0m in 2021 as a whole and by EUR 193.2m in the first quarter of 2022.

Nordea Bank Abp

Balance sheet

| | 31 Mar 2022 | 31 Dec 2021 | 31 Mar 2021 |
|--|----------------|----------------|----------------|
| EURm | | | |
| Assets | | | |
| Cash and balances with central banks | 70,392 | 45,256 | 55,925 |
| Debt securities eligible for refinancing with central banks | 68,516 | 62,654 | 72,103 |
| Loans to credit institutions | 92,451 | 78,274 | 71,168 |
| Loans to the public | 145,033 | 139,086 | 137,488 |
| Interest-bearing securities | 11,770 | 9,813 | 14,808 |
| Shares and participations | 11,738 | 6,314 | 11,124 |
| Investments in associated undertakings and joint ventures | 90 | 88 | 90 |
| Investments in group undertakings | 15,001 | 15,101 | 15,022 |
| Derivatives | 31,544 | 30,514 | 36,370 |
| Fair value changes of hedged items in hedges of interest rate risk | -159 | 1 | 60 |
| Intangible assets | 1,728 | 1,736 | 1,785 |
| Tangible assets | 255 | 253 | 281 |
| Deferred tax assets | 347 | 165 | 336 |
| Current tax assets | 160 | 166 | 239 |
| Retirement benefit assets | 322 | 218 | 281 |
| Other assets | 11,758 | 9,448 | 14,110 |
| Prepaid expenses and accrued income | 1,130 | 1,165 | 1,034 |
| Total assets | 462,076 | 400,252 | 432,224 |
| Liabilities | | | |
| Deposits by credit institutions and central banks | 57,179 | 35,532 | 55,668 |
| Deposits and borrowings from the public | 228,344 | 213,547 | 205,124 |
| Debt securities in issue | 83,161 | 64,264 | 71,484 |
| Derivatives | 36,073 | 32,347 | 37,983 |
| Fair value changes of hedged items in hedges of interest rate risk | -1,377 | 342 | 953 |
| Current tax liabilities | 360 | 201 | 66 |
| Other liabilities | 22,911 | 16,518 | 21,939 |
| Accrued expenses and prepaid income | 1,114 | 927 | 1,284 |
| Deferred tax liabilities | 69 | 60 | 21 |
| Provisions | 444 | 463 | 603 |
| Retirement benefit obligations | 253 | 300 | 244 |
| Subordinated liabilities | 6,733 | 6,709 | 6,279 |
| Total liabilities | 435,264 | 371,210 | 401,648 |
| Equity | | | |
| Share capital | 4,050 | 4,050 | 4,050 |
| Additional Tier 1 capital holders | 750 | 750 | 749 |
| Invested unrestricted equity | 1,088 | 1,090 | 1,072 |
| Other reserves | -35 | -65 | -115 |
| Retained earnings | 19,669 | 19,985 | 24,044 |
| Profit or loss for the period | 1,290 | 3,232 | 776 |
| Total equity | 26,812 | 29,042 | 30,576 |
| Total liabilities and equity | 462,076 | 400,252 | 432,224 |
| Off-balance sheet commitments | | | |
| Commitments given to a third party on behalf of customers | | | |
| Guarantees and pledges | 49,564 | 49,959 | 48,128 |
| Other | 684 | 846 | 1,065 |
| Irrevocable commitments in favour of customers | | | |
| Securities repurchase commitments | - | - | - |
| Other | 88,094 | 91,056 | 86,952 |

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 first quarter of 2022 can be found in the table below.

| EURm | Q1 2022 | | | Q1 2021 | | |
|---------------------------------|---------------|----------|---------------|---------------|----------|---------------|
| | Old policy | Chg | New policy | Old policy | Chg | New policy |
| Other operating expenses | -328 | 222 | -106 | -285 | 182 | -103 |
| Regulatory fees | | -222 | -222 | | -182 | -182 |
| Total operating expenses | -1,184 | - | -1,184 | -1,143 | - | -1,143 |

| EURm | Full year 2021 | | |
|---------------------------------|----------------|----------|---------------|
| | Old policy | Chg | New policy |
| 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 28 April at 11.00 EET (10.00 CET), during which Frank Vang-Jensen, President and Group CEO, will present the results.
- To participate in the webcast, please use the [webcast link](#) or dial one of the following numbers: +44 330 165 3641, +46 8 5664 2754, +358 9 7479 0572, +45 35 15 81 82, confirmation code 383746, no later than 10.50 EET (09.50 CET).
- The webcast will be directly 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.
- The event will be webcast live and the presentation slides will be posted on www.nordea.com/ir.
- The Q1 2022 report, investor presentations and fact book are available at www.nordea.com.

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Financial calendar

18 July 2022 – Second-quarter and half-year results 2022

20 October 2022 – Third-quarter and January to September results 2022

Helsinki 27 April 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 three months period ended 31 March 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 31 March 2022, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the three-month-period then ended and notes. The interim financial information also comprises the parent company Nordea Bank Abp's balance sheet as of 31 March 2021 and income statement for the three-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 three months period ended on 31 March 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 27 April 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)