Third-quarter Financial Report 2021

Third-quarter results 2021

Summary of the quarter:

- **Continued growth in customer business volumes across Nordics.** Mortgage lending volumes increased by 6%, year on year, supported by market share growth across the region. SME lending growth accelerated to 9%. Assets under management increased by 21% to an all-time high of EUR 393bn, supported by continued high net inflows, with all channels contributing.
- **Strong result, supported by quality income growth and good cost management.** Operating profit increased by 17% to EUR 1,268m, mainly driven by a 9% increase in total income. Net interest income increased by 7% and net fee and commission income increased by 19%. Net fair value result decreased by 13% due to weaker trading conditions in the quarter. Costs increased by 1% due to the inclusion of Nordea Finance Equipment and exchange rate effects. Before these items, costs were down 1%, driven by good cost management. The full-year 2021 cost outlook is unchanged at around EUR 4.6bn.
- **Strong credit quality with very low net loan losses.** Net loan losses and similar net result amounted to a EUR 22m (3bp) reversal in the quarter, compared with a reversal of EUR 19m (2bp) in the third quarter of 2020. Realised net loan losses remained at very low levels. The management judgement buffer was kept unchanged.
- **Cost efficiency and return on equity improving.** Nordea's cost-to-income ratio improved to 49% from 53% a year ago, supported by quality income growth and continued cost discipline. Return on equity for the quarter was 10.8%, up from 10.1% a year ago. Earnings per share increased to EUR 0.25 from EUR 0.21.
- **Unpaid dividends distributed to shareholders and share buy-back initiated.** Nordea has paid out the remaining 2019-20 dividends (totalling EUR 0.72 per share) and is implementing a share buy-back of up to EUR 2bn, in line with its commitment to an efficient capital structure and sustainable shareholder returns. Due to the capital deduction associated with the buy-back, the CET1 ratio decreased to 16.9% from 18.0% in the second quarter. This is 6.7 percentage points above the current regulatory requirement. Excluding the deduction, the CET1 ratio increased by 20bp, quarter on quarter.
- **New financial targets to be announced alongside fourth-quarter 2021 results.** Nordea has progressed well towards its 2022 financial targets. Nordea plans to publish new targets alongside its 2021 full-year and fourth-quarter results on 3 February 2022.

(For further viewpoints, see the CEO comment on page 2. For definitions, see page 54).

Group quarterly results and key ratios Q3 2021

EURm	Q3 2021	Q3 2020	Chg %	Q2 2021	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Net interest income	1,226	1,146	7	1,232	0	3,670	3,346	10
Net fee and commission income	870	729	19	878	-1	2,575	2,167	19
Net fair value result	224	257	-13	278	-19	872	683	28
Other income	24	23	4	30	-20	65	51	27
Total operating income	2,344	2,155	9	2,418	-3	7,182	6,247	15
Total operating expenses excluding resolution fees	-1,098	-1,089	1	-1,131	-3	-3,324	-3,223	3
Total operating expenses	-1,098	-1,089	1	-1,131	-3	-3,548	-3,425	4
Profit before loan losses	1,246	1,066	17	1,287	-3	3,634	2,822	29
Net loan losses and similar net result	22	19		51		21	-832	
Operating profit	1,268	1,085	17	1,338	-5	3,655	1,990	84
Cost-to-income ratio with amortised resolution fees, %	49	53		49		49	54	
Return on equity with amortised resolution fees, %	10.8	10.1		11.4		11.1	6.7	
Diluted earnings per share, EUR	0.25	0.21		0.25		0.69	0.37	

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Nordea is a leading Nordic universal bank. We are helping our customers realise their dreams and aspirations – and we have done that for 200 years. We want to make a real difference for our customers and the communities where we operate – by being a strong and personal financial partner. The Nordea share is listed on the Nasdaq Helsinki, Nasdaq Copenhagen and Nasdaq Stockholm exchanges. Read more about us on nordea.com

CEO comment

"In recent months we have witnessed many encouraging developments. Nordic societies have been reopening, enabling millions to resume a more normal way of life. We have entered a new phase of recovery from the pandemic and, as a bank, we have done so from a position of strength.

In the third quarter we continued to make good progress in implementing our business plan and again delivered a strong performance.

Net interest income and net fee and commission income were the main income drivers during the quarter, increasing by 7% and 19%, respectively, year on year. Operating profit increased by 17%, despite more challenging financial markets.

We maintained our strong customer focus while continuing to develop our omnichannel model, a combination of high-quality digital and in-person services. Mortgage lending volumes increased by 6%, year on year, supported by market share growth across the Nordics. It was especially encouraging to see our lending to small and medium-sized enterprises increase by 9%. Assets under management increased by 21% to an all-time high of EUR 393bn, supported by continued high net inflows, with all channels contributing.

As the year progresses, we continue to develop our digital offering to meet our customers' demand for smooth and relevant service. This quarter, our efforts delivered a 7% increase in mobile bank users and 14% more mobile bank logins than a year ago. This means that we had on average 88 million customer logins per month during the quarter. Savings product sales through digital channels increased to 66% of all retail savings. Our mobile banking app remains popular, particularly among customers aspiring to purchase a property.

We remain focused on growing revenues faster than costs. Strong income growth and continued cost discipline resulted in an improved cost-to-income ratio of 49%, down from 53% a year ago, in line with our promise to improve operational efficiency. Return on equity increased to 10.8% from 10.1%.

Our credit quality remains strong. Early indications show that our customers are, in general, emerging from pandemic restrictions in good shape. As a result, the third-quarter net loan losses were very low and we recorded EUR 22m in net loan loss reversals, demonstrating the strength of our well-diversified lending portfolio. However, we kept our management judgement buffer unchanged. This prudent approach ensures we have the resilience to overcome potential setbacks in the recovery from the pandemic.

All of our business areas continued to deliver strong performances. In Personal Banking we continued to drive business activity, supported by our omnichannel model and new digital functionalities. Mortgage volumes and market shares further increased across the Nordic region. Savings income was up 21% due to very high customer activity and retail fund net inflows. The cost-to-income ratio improved to 50% from 54%.

In Business Banking growth in customer lending volumes accelerated to 9% during the quarter. Business activity was high, with particularly strong momentum in Norway and Sweden. We also continued to see good business momentum within savings and investments. Our sustainability-linked lending grew by 13%, quarter on quarter, and we continued to develop our digital offering. The cost-to-income ratio improved to 47% from 51%.

In Large Corporates & Institutions we maintained our leading market positions across the Nordics and continued to work closely with customers across our focus segments. This was particularly reflected in event-related transactions in Debt Capital Markets and high activity in public offerings and mergers and acquisitions, despite the seasonally slow quarter. Return on capital at risk was 12%, at a similar level to last year.

In Asset & Wealth Management we continued to grow our customer business volumes and increase market shares. Customer activity remained at very high levels across all channels. Net inflows into retail funds were strong, particularly in Denmark and Finland. Sustainability products continued to be the primary driver of our growth, generating high interest among all customer groups. During the quarter we further expanded our offering with alternative investments and launched our new Global Climate and Social Impact Fund. The cost-to-income ratio improved to 47% from 51%.

We are actively implementing our sustainability plan. Since the beginning of 2020 we have reduced our exposure to, and emissions associated with, climate-vulnerable sectors and are working together with our customers to help drive a low-carbon economy. We carry out an ESG assessment for all relevant corporate credit applications, and are seeing increasing numbers of transition financing proposals. Total green corporate lending was up 22% in the quarter. We are determined to support our customers' transition and ensure progress towards our 2030 emissions objectives.

On 30 September the European Central Bank withdrew its recommendation for banks to limit dividends. Accordingly, earlier this month we distributed a total of EUR 2.9bn in dividends to our shareholders, including more than 500,000 private individuals and several pension funds across the Nordic countries. Our dividend payments will give a boost to the Nordic economies and help support the post-pandemic economic recovery.

We continue to generate capital each quarter, reinforcing our strong capital position. Share buy-backs are a tool to maintain an efficient capital structure and distribute excess capital. We received supervisory approval in September for a buy-back of up to EUR 2bn – and were among the first banks in Europe to do so. The Board has now decided to initiate the programme. We are also in dialogue with the ECB about a follow-up programme and expect to make a formal application in early 2022.

Over the past few quarters we have consistently delivered on our key priorities: to create great customer experiences, drive income growth initiatives and optimise operational efficiency. This has led to a solid development in our financial performance, which in turn has enabled us to make decisive progress towards our 2022 financial targets.

Given this progress, we are now preparing updates to our financial targets and business plan. We intend to publish new financial targets alongside our fourth-quarter and full-year results on 3 February 2022."

Frank Vang-Jensen
President and Group CEO

Outlook

Key priorities to meet 2022 financial targets

Nordea's business plan focuses on three key priorities to meet its 2022 financial targets: 1) to optimise operational efficiency, 2) to drive income growth initiatives, and 3) to create great customer experiences**.**

Financial targets for 2022

Nordea's financial targets for 2022 are:

- a return on equity above 10%
- a cost-to-income ratio of 50%

Costs (operating expenses)

Total costs for 2021 are expected to be around EUR 4.6bn.

Capital policy

A management buffer of 150-200bp above the regulatory CET1 requirement, from 1 January 2021.

Dividend policy

Nordea's dividend policy stipulates a dividend payout ratio of 60-70%, applicable to profit generated from 1 January 2021. Nordea will continuously assess the opportunity to use share buy-backs as a tool to distribute excess capital.

Credit quality

Net loan losses in 2021 are expected to be significantly below the 2020 level.

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Income statement

EURm	Q3 2021	Q3 2020	Chg %	Local curr. %	Q2 2021	Chg %	Local curr. %	Jan-Sep 2021	Jan-Sep 2020	Chg %	Local curr. %
Net interest income	1,226	1,146	7	5	1,232	0	0	3,670	3,346	10	6
Net fee and commission income	870	729	19	18	878	-1	0	2,575	2,167	19	17
Net result from items at fair value	224	257	-13	-13	278	-19	-20	872	683	28	31
Profit from associated undertakings and joint ventures accounted for under the equity method	9	6	50	50	3			-2	-6	-67	-67
Other operating income	15	17	-12	-18	27	-44	-48	67	57	18	16
Total operating income	**2,344**	**2,155**	**9**	**7**	**2,418**	**-3**	**-3**	**7,182**	**6,247**	**15**	**13**
Staff costs	-702	-686	2	2	-705	0	0	-2,089	-2,030	3	1
Other expenses	-237	-245	-3	-5	-262	-10	-9	-985	-967	2	-1
Depreciation, amortisation and impairment charges of tangible and intangible assets	-159	-158	1	0	-164	-3	-2	-474	-428	11	9
Total operating expenses	**-1,098**	**-1,089**	**1**	**0**	**-1,131**	**-3**	**-2**	**-3,548**	**-3,425**	**4**	**2**
Profit before loan losses	**1,246**	**1,066**	**17**	**15**	**1,287**	**-3**	**-3**	**3,634**	**2,822**	**29**	**26**
Net loan losses and similar net result	22	19	16	5	51	-57	-55	21	-832		
Operating profit	**1,268**	**1,085**	**17**	**15**	**1,338**	**-5**	**-5**	**3,655**	**1,990**	**84**	**80**
Income tax expense	-267	-248	8	7	-313	-15	-13	-841	-450	87	83
Net profit for the period	**1,001**	**837**	**20**	**18**	**1,025**	**-2**	**-2**	**2,814**	**1,540**	**83**	**79**

Business volumes, key items[1]

EURbn	30 Sep 2021	30 Sep 2020	Chg %	Local curr. %	30 Jun 2021	Chg %	Local curr. %
Loans to the public	342.6	320.5	7	4	338.4	1	1
Loans to the public, excl. repos/securities borrowing	319.5	298.0	7	4	317.2	1	1
Deposits and borrowings from the public	210.8	190.0	11	8	204.6	3	3
Deposits from the public, excl. repos/securities lending	202.1	183.7	10	7	196.2	3	3
Total assets	614.5	574.8	7		586.8	5	
Assets under management	392.9	324.5	21		384.2	2	
Equity	36.6	32.6	12		35.5	3	

Ratios and key figures[2]

	Q3 2021	Q3 2020	Chg %	Q2 2021	Chg %	Jan-Sep 2021	Jan-Sep 2020	Chg %
Diluted earnings per share (DEPS), EUR	0.25	0.21	19	0.25	0	0.69	0.37	86
EPS, rolling 12 months up to period end, EUR	0.87	0.56	55	0.83	5	0.87	0.56	55
Share price[1], EUR	11.24	6.49	73	9.40	20	11.24	6.49	73
Equity per share[1], EUR	9.06	8.06	12	8.79	3	9.06	8.06	12
Potential shares outstanding[1], million	4,050	4,050	0	4,050	0	4,050	4,050	0
Weighted average number of diluted shares, million	4,042	4,040	0	4,041	0	4,041	4,039	0
Return on equity, %	11.3	10.6		11.9		10.9	6.5	
Return on tangible equity, %	12.6	12.0		13.4		12.3	7.4	
Return on risk exposure amount, %	2.6	2.2		2.7		2.4	1.3	
Return on equity with amortised resolution fees, %	10.8	10.1		11.4		11.1	6.7	
Cost-to-income ratio, %	47	51		47		49	55	
Cost-to-income ratio with amortised resolution fees, %	49	53		49		49	54	
Net loan loss ratio, incl. loans held at fair value, bp	-3	-2		-6		-1	35	
Common Equity Tier 1 capital ratio[1,3], %	16.9	16.4		18.0		16.9	16.4	
Tier 1 capital ratio[1,3], %	18.9	18.2		19.5		18.9	18.2	
Total capital ratio[1,3], %	21.0	19.9		21.3		21.0	19.9	
Tier 1 capital[1,3], EURbn	28.8	27.4	5	29.6	-3	28.8	27.4	5
Risk exposure amount[1], EURbn	152.6	150.6	1	152.2	0	152.6	150.6	1
Return on capital at risk, %	17.2	13.9		17.7		16.2	8.2	
Return on capital at risk with amortised resolution fees, %	16.4	13.2		17.0		16.4	8.4	
Number of employees (FTEs)[1]	27,126	27,880	-3	27,510	-1	27,126	27,880	-3
Economic capital[1], EURbn	23.1	23.7	-2	23.2	0	23.1	23.7	-2

[1] End of period.
[2] 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.
[3] Including the result for the period.

Macroeconomy and financial markets[1]

Economic outlook
The global recovery continued in the second quarter, led by the advanced economies where vaccine roll-outs have been most successful. Recently, however, the pace of recovery of global activity has shown signs of slowing. Economic policy remains expansionary and global growth is expected to be around 5.5% in 2021 as a whole.

Global demand for goods remains high, while supply has been restrained by outbreaks of the Delta variant and bottlenecks in various parts of the global value chain. Increasing commodity prices and transportation costs have resulted in significant inflationary pressure, which may become more persistent than previously assumed. Hawkish rhetoric from the US Federal Reserve caused interest rates to increase towards the end of the third quarter. Combined with the uncertainty caused by the debt crisis of Chinese real estate developer Evergrande, this led to increased volatility in equity markets.

The Nordic countries have been among the best performing economies globally during the pandemic. All four countries recovered strongly in the second quarter of 2021, and GDP is now close to or above pre-COVID-19 levels in each of them. Data points to a continued strong recovery in the third quarter, as the Nordic societies have now more or less fully reopened.

Denmark
Danish GDP increased by 2.8%, quarter on quarter, in the second quarter of 2021. Household consumption increased by 5.9% after the lockdown of society at the beginning of the year. On the other hand, exports fell by 1.0% due to a contraction in service exports. The unemployment rate has fallen significantly since April and stood at 3.6% in August. House and apartment prices were 13.4% and 13.8% higher, respectively, in August 2021 than in the same month last year. Consumer price inflation (year on year) stood at 2.2% in September 2021, the highest level since 2012. The Danish krone has appreciated against the euro since the independent interest rate hike in March 2020. This caused Danmarks Nationalbank to cut both the deposit rate and the lending rate by 10bp on 30 September 2021.

Finland
Finnish GDP grew by 2.1%, quarter on quarter, in the second quarter of 2021. Private consumption rose by 1.9%. The service sector in particular has seen brisk growth since COVID-19 restrictions began to be lifted in the spring. The swift economic recovery has also led to a rapid improvement in the labour market situation, with the unemployment rate declining to 7.6% in August and job vacancies reaching a record high. Investments in both construction and machinery grew in the second quarter, reflecting an improved outlook for the industry sector and housing market. Apartment prices increased by 3.9%, year on year, in August. Single-family house prices increased by 8.3% following a decade of stagnant price development. Consumer price inflation (year on year) stood at 2.5% in September. The surge in inflation has mainly been driven by higher energy prices.

Norway
Norwegian mainland GDP grew by 1.4%, quarter on quarter, in the second quarter of 2021. The unemployment rate fell to 2.6% in September and is now close to pre-pandemic levels. House and apartment prices continued to grow moderately in the second quarter and were both up 8%, year on year, in September. Consumer price inflation (year on year) stood at 4.1% in September, driven higher by increased energy prices. Now that the economy has normalised, Norges Bank has begun increasing interest rates. The central bank increased the key rate from 0.0% to 0.25% in September and signalled that it would raise the rate to 0.50% in December. According to Norges Bank's latest rate path, the key interest rate will rise to 1.25% by the end of 2022.

Sweden
Swedish GDP grew by 0.9%, quarter on quarter, in the second quarter of 2021. Domestic demand showed good, broad-based growth, while exports declined from high levels. The situation in the labour market continued to improve, with the unemployment rate falling to 7.5% in September. House and apartment prices have levelled out somewhat, but were still 16% and 9% higher, respectively, in August 2021 than in the same month last year. Consumer price inflation (year on year) stood at 2.5% in September, boosted by the surge in energy prices. Wage increases are picking up but remain contained. Sveriges Riksbank kept its repo rate unchanged at 0.0% and signalled that it would remain unchanged for the coming three years. The quantitative easing programme was maintained and will cover the remainder of 2021. The trade-weighted Swedish krona weakened by 1% in the course of the third quarter.

[1]Source: Nordea Economic Research

Group results and performance

Third quarter 2021

Net interest income

Q3/Q3: Net interest income increased by 7%. The main drivers were increased SME and mortgage lending volumes, and improved deposit margins. Nordea Finance Equipment (NFE) also contributed positively, as did exchange rate effects, which had a positive impact of approximately EUR 19m.

Q3/Q2: Net interest income was stable, quarter on quarter. The main drivers were a lower benefit from the European Central Bank's targeted longer-term refinancing operation (EUR 14m less) than in the previous quarter, lower lending margins and exchange rate effects, which had a negative impact of approximately EUR 11m. These were partly offset by increased SME and mortgage lending volumes, improved deposit margins and the positive impact of a higher day count.

Lending volumes

Q3/Q3: Loans to the public excluding repurchase agreements and securities borrowing were up 4% in local currencies. Lending volumes increased in local currencies in Personal Banking (5%) and Business Banking (9%), and decreased as planned in Large Corporates & Institutions (-7%).

Q3/Q2: Loans to the public excluding repurchase agreements and securities borrowing were up 1% in local currencies. Lending volumes increased in local currencies in Personal Banking (2%) and Business Banking (1%), and decreased as planned in Large Corporates & Institutions (-1%).

Deposit volumes

Q3/Q3: Total deposits from the public excluding repurchase agreements and securities lending were up 7% in local currencies. Deposit volumes increased in local currencies in Personal Banking (4%), Business Banking (8%) and Large Corporates & Institutions (13%).

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

Net interest income per business area

								Local currency	
	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Q3/Q3	Q3/Q2
EURm									
Personal Banking	573	569	561	535	543	6%	1%	4%	2%
Business Banking	397	407	395	384	352	13%	-2%	12%	-2%
Large Corporates & Institutions	226	230	238	226	225	0%	-2%		
Asset & Wealth Management	19	19	19	17	16	19%	0%	19%	0%
Group functions	11	7	-1	7	10				
Total Group	**1,226**	**1,232**	**1,212**	**1,169**	**1,146**	**7%**	**0%**	**5%**	**0%**

Change in net interest income (NII)

	Q3/Q2	Q3/Q3	Jan-Sep 21/20
EURm			
NII beginning of period	**1,232**	**1,146**	**3,346**
Margin-driven NII	**-9**	**48**	**197**
Lending margin	-19	-16	29
Deposit margin	14	29	35
Cost of funds	-4	35	133
Volume-driven NII	**9**	**40**	**95**
Lending volume	11	45	115
Deposit volume	-2	-5	-20
Day count	12	0	-12
Other[1]	-18	-8	44
NII end of period	**1,226**	**1,226**	**3,670**
[1] of which FX	-11	19	107

Net fee and commission income

Q3/Q3: Net fee and commission income increased by 19%. The main driver was growth in net income from savings and investments. Payment and card fee income also contributed positively, having increased from the subdued levels seen in the third quarter of 2020.

Q3/Q2: Net fee and commission income decreased by 1%. The main driver was lower brokerage and advisory fee income in a seasonally slow quarter. This was partly offset by growth in both savings and investment commission income and payment and card fee income.

Savings and investment commissions

Q3/Q3: Net fee and commission income from savings and investments increased by 24%, mainly driven by growth in assets under management (AuM) and higher levels of customer activity in the brokerage and advisory business.

Q3/Q2: Net fee and commission income from savings and investments decreased by 1%, mainly driven by lower brokerage and advisory fee income in a seasonally slow quarter. This was partly offset by growth in AuM. End-of-period AuM increased by 2%, or EUR 9bn, to EUR 393bn, with a net inflow of EUR 4.1bn during the quarter.

Payments and cards and lending-related commissions

Q3/Q3: Net fee and commission income from payments and cards increased by 18%, up from the subdued levels seen in the third quarter of 2020, which were driven by COVID-19. Lending-related net fee and commission income increased by 9%, mainly due to higher levels of customer activity.

Q3/Q2: Net fee and commission income from payments and cards increased by 13%. Lending-related net fee and commission income decreased by 4% due to seasonally slow customer activity.

Net fee and commission income per business area

								Local currency	
	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Q3/Q3	Q3/Q2
EURm									
Personal Banking	332	317	298	291	278	19%	5%	18%	5%
Business Banking	164	157	164	158	134	22%	4%	21%	4%
Large Corporates & Institutions	112	163	137	116	117	-4%	-31%		
Asset & Wealth Management	270	245	236	229	205	32%	10%	31%	11%
Group functions	-8	-4	-8	-2	-5				
Total Group	**870**	**878**	**827**	**792**	**729**	**19%**	**-1%**	**18%**	**0%**

Net fee and commission income per category

								Local currency	
	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Q3/Q3	Q3/Q2
EURm									
Savings and investments, net	613	617	563	552	493	24%	-1%	24%	-1%
Payments and cards, net	130	115	115	110	110	18%	13%	17%	13%
Lending-related, net	138	144	146	140	127	9%	-4%	8%	-4%
Other commissions, net	-11	2	3	-10	-1				
Total Group	**870**	**878**	**827**	**792**	**729**	**19%**	**-1%**	**18%**	**0%**

Assets under management (AuM), volumes and net flow

	Q321	Q221	Q121	Q420	Q320	Net flow Q321
EURbn						
Nordic Retail funds	82.4	80.6	75.7	71.6	64.9	0.8
Private Banking	116.1	114.2	107.2	100.8	92.7	0.7
Institutional sales	128.0	124.6	124.5	121.4	112.7	2.0
Life & Pension	66.3	64.8	61.6	57.6	54.2	0.7
Total	**392.9**	**384.2**	**368.9**	**351.4**	**324.5**	**4.1**

Net result from items at fair value

Q3/Q3: Net result from items at fair value decreased by 13%, driven by lower trading income in Markets. This was partly offset by high activity in customer areas and higher investment valuations in Treasury.

Q3/Q2: Net result from items at fair value decreased by 19%, driven by lower activity in customer areas in a seasonally slow quarter.

Net result from items at fair value per business area

	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2
EURm							
Personal Banking	14	33	15	22	14	0%	-58%
Business Banking	66	74	72	65	52	27%	-11%
Large Corporates & Institutions	96	112	245	100	133	-28%	-14%
Asset & Wealth Mgmt. excl. Life & Pension	8	4	10	3	5	60%	
Life & Pension	20	26	28	13	20	0%	-23%
Group functions	20	29	0	14	33		
Total Group	**224**	**278**	**370**	**217**	**257**	**-13%**	**-19%**

Equity method

Q3/Q3: Income from companies accounted for under the equity method was EUR 9m, up from EUR 6m.

Q3/Q2: Income from companies accounted for under the equity method was EUR 9m, up from EUR 3m, driven by higher income from an associated company.

Other operating income

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

Q3/Q2: Other operating income was EUR 15m, down from EUR 27m, driven by gains on the disposal of minority investments in the previous quarter.

Total operating income per business area

								Local currency	
	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Q3/Q3	Q3/Q2
EURm									
Personal Banking	919	929	878	848	837	10%	-1%	9%	0%
Business Banking	637	647	640	617	543	17%	-2%	16%	-1%
Large Corporates & Institutions	435	505	620	443	475	-8%	-14%		
Asset & Wealth Management	318	294	293	265	249	28%	8%	27%	9%
Group functions	35	43	-11	46	51				
Total Group	**2,344**	**2,418**	**2,420**	**2,219**	**2,155**	**9%**	**-3%**	**7%**	**-3%**

Total operating expenses

Q3/Q3: Total operating expenses were up 1% due to the integration of NFE, higher provisions for variable pay and negative exchange rate effects. These were partly offset by lower consultancy and premises costs. Adjusted for the integration of NFE and approximately EUR 10m from negative exchange rate effects, total costs decreased by 1%.

Q3/Q2: Total operating expenses decreased by 3% due to lower provisions for variable pay, a lower write-down related to premises and approximately EUR 5m from positive exchange rate effects.

Staff costs

Q3/Q3: Staff costs increased by 2%, driven by higher provisions for variable pay related to strong business performance and the integration of NFE.

Q3/Q2: Staff costs were stable, quarter on quarter.

Other expenses

Q3/Q3: Other expenses decreased by 3% due to lower regulatory and premises costs.

Q3/Q2: Other expenses decreased by 10% due to lower regulatory and premises costs.

Depreciation and amortisation

Q3/Q3: Depreciation and amortisation increased by 1%, reflecting a higher run rate of asset and project amortisation.

Q3/Q2: Depreciation and amortisation decreased by 3% to EUR 159m, driven by a lower write-down related to premises.

FTEs

Q3/Q3: The number of employees (FTEs) was 27,126 at the end of the third quarter, a decrease of 3%. In the fourth quarter of 2020 353 FTEs were added as a result of the NFE integration. Excluding NFE, the number of FTEs was down 4%.

Q3/Q2: The number of FTEs was down 1%.

Total operating expenses

								Local currency	
	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Q3/Q3	Q3/Q2
EURm									
Staff costs	-702	-705	-682	-722	-686	2%	0%	2%	0%
Other expenses	-237	-262	-486	-319	-245	-3%	-10%	-5%	-9%
Depreciation and amortisation	-159	-164	-151	-177	-158	1%	-3%	0%	-2%
Total Group	**-1,098**	**-1,131**	**-1,319**	**-1,218**	**-1,089**	**1%**	**-3%**	**0%**	**-2%**

Total operating expenses per business area

								Local currency	
	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Q3/Q3	Q3/Q2
EURm									
Personal Banking	-444	-441	-504	-449	-436	2%	1%	1%	2%
Business Banking	-285	-273	-332	-285	-262	9%	4%	8%	5%
Large Corporates & Institutions	-183	-184	-285	-192	-180	2%	-1%		
Asset & Wealth Management	-148	-119	-126	-136	-127	17%	24%	17%	25%
Group functions	-38	-114	-72	-156	-84				
Total Group	**-1,098**	**-1,131**	**-1,319**	**-1,218**	**-1,089**	**1%**	**-3%**	**0%**	**-2%**

Exchange rate effects

	Q3/Q3	Q3/Q2	Jan-Sep 21/20
percentage points			
Income	1	-1	2
Expenses	1	0	2
Operating profit	2	-1	3
Loan and deposit volumes	3	0	3

Net loan losses and similar net result

The Nordea Group's net loan losses and similar net result for the third quarter amounted to a net reversal of EUR 22m (3bp).

The performance of our credit portfolio remained strong in the quarter, resulting in very low loan losses. We kept our total management judgement allowance unchanged at EUR 610m, thereby ensuring an adequate reserve to cover both potential credit losses related to COVID-19 and expected further changes to provisioning models and processes.

Main drivers of loan losses and similar net result
Net loan losses on individual exposures (stage 3) amounted to EUR 22m (3bp), as new individual provisions and write-offs were low. Collective provisions (stages 1, 2 and 3) were reduced by EUR 18m. Of this, EUR 10m was released to reflect the more favourable macroeconomic outlook and EUR 8m related to further enhanced credit portfolio quality.

A revaluation gain of EUR 26m was recognised in relation to Nordea Kredit's mortgage portfolio reported at fair value, largely driven by increases in house prices. A gain of EUR 21m had been recognised in the second quarter of 2021.

Net loan losses and similar net result amounted to net reversals of EUR 15m in Business Banking and EUR 11m in Large Corporates & Institutions, and net losses of EUR 1m in Personal Banking and EUR 3m in Group functions.

COVID-19 impacts
Portfolio credit quality remained stable and strong throughout the quarter, with slightly positive net rating migration and a continued reduction in new defaults. It can still be expected that some customers will suffer from pandemic-related restrictions, especially where government support measures are no longer available to counter their impact. We continue to closely monitor the evolution of credit risk in the sectors affected by COVID-19 and maintain a close dialogue with affected customers.

Nordea provided COVID-19-related instalment-free periods for more than 100,000 customers, mainly in 2020, equivalent to a total loan amount of EUR 19bn. All of these have now expired and only 3.0% of the customers in question have been classified as forborne or in default.

Management judgement allowance
The total cyclical management judgement allowance of EUR 455m and the total structural management judgement of EUR 155m were kept unchanged. Accordingly, the total management judgement allowance remained at EUR 610m.

During the quarter we reallocated the allowance between the four countries based on the extent to which they had eased pandemic restrictions and reopened the economy.

See Note 8 for further details.

Credit portfolio

Total lending to the public excluding reverse repurchase agreements and securities borrowing increased to EUR 319bn from EUR 317bn in the second 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 were unchanged from the previous quarter at EUR 57bn. At the end of the third quarter of 2021 the fair value portfolio mainly comprised Danish mortgage lending, which amounted to EUR 57bn, unchanged from the second quarter.

Lending to the public measured at amortised cost before allowances increased to EUR 264bn from EUR 263bn in the second quarter of 2021. Of this, 94% was classified as stage 1, 5% was stage 2 and 1% was stage 3, unchanged from the second quarter. Quarter on quarter, stage 1 was stable, stage 2 increased by 3% and stage 3 decreased by 3%. Stage 3 loans at amortised cost decreased by 14%, year on year, to EUR 3.6bn (1.36% of lending measured at amortised cost, down from 1.41% in the second quarter), and decreased by 3%, quarter on quarter. Stage 2 loans amounted to EUR 13.1bn (5.0% of lending measured at amortised cost), up 3%, quarter on quarter.

The coverage ratio was 3.2% for stage 2 (down from 3.4% in the previous quarter) and 45% for stage 3 (up from 44% in the previous quarter). The fair value impairment rate decreased to 0.86% from 1.09% in the previous quarter, driven by a decrease in impaired loans in Nordea Kredit.

Net loan loss ratios

	Q321	Q221	Q121	Q420	Q320
Basis points of loans, amortised cost[1]					
Net loan loss ratios, annualised, Group	1	-5	10	9	0
of which stages 1 and 2	1	-21	-2	1	-10
of which stage 3	0	16	12	8	10
Basis points of loans, total[1,2]					
Net loan loss ratio, including loans held at fair value, annualised, Group	-3	-6	6	3	-2
Personal Banking total	0	0	2	3	-1
PeB Denmark	-17	-30	-12	-10	-3
PeB Finland	11	22	16	15	5
PeB Norway	4	0	2	9	-11
PeB Sweden	2	6	6	2	3
Business Banking total	-6	-13	7	11	-3
BB Denmark	-25	-38	-2	-2	-2
BB Finland	-4	14	22	16	8
BB Norway	12	-21	0	23	-16
BB Sweden	-9	-1	11	8	-3
Large Corporates & Institutions total	-7	-8	17	-1	-6
LC&I Denmark	-32	-16	-59	-5	-23
LC&I Finland	-33	10	0	-5	-22
LC&I Norway	3	-7	109	3	109
LC&I Sweden	3	-19	6	23	-115

[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

Q3/Q3: Operating profit increased by 17% to EUR 1,268m, driven by growth in total income.

Q3/Q2: Operating profit decreased by 5% to EUR 1,268m, driven by lower loan loss reversals and lower total income.

Taxes

Q3/Q3: Income tax expense amounted to EUR 267m, up from EUR 248m, corresponding to a tax rate of 21.1%, compared with 22.9% in the third quarter of 2020.

Q3/Q2: Income tax expense amounted to EUR 267m, down from EUR 313m, corresponding to a tax rate of 21.1%, compared with 23.4% in the previous quarter.

Net profit

Q3/Q3: Net profit increased by 20% to EUR 1,001m. Return on equity was 11.3%, up from 10.6%. With amortised resolution fees, return on equity was 10.8%, up from 10.1%.

Q3/Q2: Net profit decreased by 2% to EUR 1,001m. Return on equity was 11.3%, down from 11.9%. With amortised resolution fees, return on equity was 10.8%, down from 11.4%.

Q3/Q3: Diluted earnings per share were EUR 0.25, compared with EUR 0.21.

Q3/Q2**:** Diluted earnings per share were EUR 0.25, compared with EUR 0.25.

Operating profit per business area

								Local currency	
	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Q3/Q3	Q3/Q2
EURm									
Personal Banking	474	490	367	387	406	17%	-3%	15%	-3%
Business Banking	367	404	292	306	288	27%	-9%	25%	-9%
Large Corporates & Institutions	263	334	308	252	305	-14%	-21%		
Asset & Wealth Management	170	178	164	131	119	43%	-4%	42%	-4%
Group functions	-6	-68	-82	-103	-33				
Total Group	**1,268**	**1,338**	**1,049**	**973**	**1,085**	**17%**	**-5%**	**15%**	**-5%**

Capital position and risk exposure amount

The Nordea Group's Common Equity Tier 1 (CET1) capital ratio decreased to 16.9% at the end of the third quarter from 18.0% the previous quarter end. CET1 capital was EUR 1.7bn lower, mainly due to the EUR 2.0bn capital deduction associated with the upcoming share buy-back. This was partly offset by profit generation net of dividend accrual.

The risk exposure amount (REA) increased by EUR 0.3bn, primarily due to increased counterparty credit risk and increased mortgage lending. Improved credit quality in the retail and corporate portfolios partly offset the REA increase.

The Group's Tier 1 capital ratio decreased to 18.9% at the end of the quarter from 19.5% in the second quarter. The total capital ratio decreased to 21.0% from 21.3%. Although CET1 capital was reduced by the buy-back deduction, this was partly offset in Tier 1 and total capital through the issuance of Additional Tier 1 and Tier 2 capital instruments.

At the end of the third quarter CET1 capital amounted to EUR 25.7bn, Tier 1 capital amounted to EUR 28.8bn and own funds amounted to EUR 32.1bn.

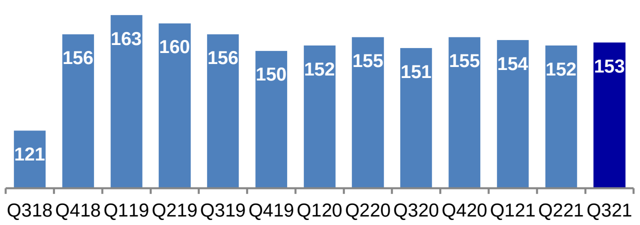
The leverage ratio decreased to 5.0% in the third quarter from 5.3% in the second quarter of 2021. The reduction was mainly driven by an increase in cash balances with central banks. The buy-back capital deduction also impacted.

The Group's economic capital amounted to EUR 23.1bn at the end of the third quarter, stable compared with the second quarter of 2021.

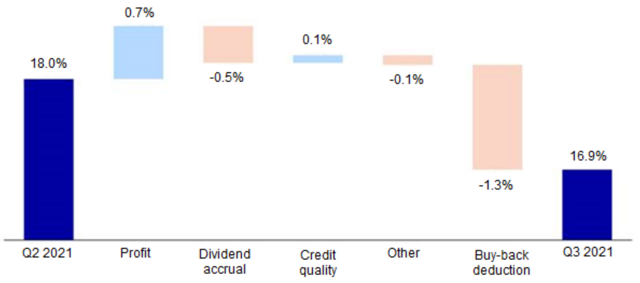
Capital ratios

%	Q321	Q221	Q121	Q420	Q320
CRR/CRD IV					
CET1 capital ratio	16.9	18.0	17.5	17.1	16.4
Tier 1 capital ratio	18.9	19.5	19.2	18.7	18.2
Total capital ratio	21.0	21.3	20.9	20.5	19.9

Risk exposure amount, EURbn, quarterly



Common Equity Tier 1 capital ratio, changes in the quarter



Capital and dividend policy

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.

On 16 September Nordea received approval from the European Central Bank (ECB) for a share buy-back of up to EUR 2.0bn. An inaugural buy-back programme will be launched in October. Nordea is also in dialogue with the ECB regarding a follow-up share buy-back programme.

On 1 October Nordea's Board of Directors decided to distribute the remaining 2019-20 dividends (totalling EUR 0.72 per share).

Regulatory developments

On 23 July the ECB decided not to extend its recommendation for banks to limit dividends. The recommendation accordingly expired on 30 September.

In September Denmark and Sweden decided to increase their respective countercyclical capital buffer rates from 0.0% to 1.0%. The changes will take effect in the third quarter of 2022. In Norway the countercyclical capital buffer rate will change from 1.0% to 1.5% in the second quarter of 2022 following a decision taken in the second quarter of 2021. In Finland the buffer rate was left unchanged at 0.0%.

On 19 August the Board of the Finnish Financial Supervisory Authority (FSA) decided to adopt the average risk weight floors set by the Norwegian macroprudential authority for residential and commercial real estate exposures located in Norway. The floors are 20% for Norwegian residential real estate exposures and 35% for Norwegian commercial real estate exposures. Both have applied from 11 September.

The Finnish FSA also communicated that it would decide whether to reciprocate and thus implement the systemic risk buffer of 4.5% for exposures in Norway at a later stage. Such a decision would enter into force 12 months after being taken, but no earlier than 11 December 2022, i.e. the end of the 18-month transition period stated in the European Systemic Risk Board's recommendation.

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 risk exposure amount (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 third-quarter CBR of 4.73% of the REA are 27.44% and 20.79% of the REA, respectively. Both the MREL and MREL subordination requirements will be binding from 1 January 2022, with no transitional period. These requirements will be assessed and updated annually by the Single Resolution Board.

Risk exposure amount

EURm	30 Sep 2021	30 Jun 2021	30 Sep 2020
Credit risk	**120,572**	**120,285**	**115,586**
IRB	103,015	103,569	102,531
- sovereign			
- corporate	66,886	66,792	66,518
- advanced	*57,123*	*57,481*	*55,965*
- foundation	*9,763*	*9,311*	*10,553*
- institutions	3,930	4,089	5,283
- retail	27,693	27,822	26,927
- items representing securitisation positions	879	878	883
- other	3,627	3,988	2,920
Standardised	17,557	16,716	13,055
- sovereign	1,133	418	685
- retail	5,656	5,562	5,266
- other	10,769	10,736	7,104
Credit valuation adjustment risk	**749**	**645**	**633**
Market risk	**4,171**	**4,409**	**7,537**
- trading book, internal approach	3,016	3,674	4,781
- trading book, standardised approach	745	735	598
- banking book, standardised approach	410		2,158
Settlement risk	**2**	**0**	**106**
Operational risk	**14,306**	**14,306**	**14,701**
Additional risk exposure amount related to Finnish RW floor due to Article 458 of the CRR			**546**
Additional risk exposure amount related to Swedish RW floor due to Article 458 of the CRR	**12,763**	**12,577**	**11,450**
Additional risk exposure amount due to Article 3 of the CRR			
Total	**152,563**	**152,222**	**150,559**

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

EURm	30 Sep 2021	30 Jun 2021	30 Sep 2020
Calculation of own funds			
Equity in the consolidated situation	30,153	30,049	28,046
Profit for the period	2,820	1,814	1,665
Proposed/actual dividend	-1,970	-1,269	-1,078
Common Equity Tier 1 capital before regulatory adjustments	31,003	30,594	28,634
Deferred tax assets	-3	-3	-173
Intangible assets	-2,768	-2,685	-3,377
IRB provisions shortfall (-)			
Pension assets in excess of related liabilities	-197	-170	-56
Other items including buy-back deduction, net[1]	-2,290	-296	-272
Total regulatory adjustments to Common Equity Tier 1 capital	**-5,258**	**-3,154**	**-3,878**
Common Equity Tier 1 capital (net after deduction)	**25,745**	**27,440**	**24,756**
Additional Tier 1 capital before regulatory adjustments	3,108	2,677	2,704
Total regulatory adjustments to Additional Tier 1 capital	-27	-489	-26
Additional Tier 1 capital	**3,081**	**2,188**	**2,678**
Tier 1 capital (net after deduction)	**28,826**	**29,628**	**27,434**
Tier 2 capital before regulatory adjustments	3,486	3,938	3,669
IRB provisions excess (+)	485	520	615
Deductions for investments in insurance companies	-650	-650	-1,000
Other items, net	-64	-1,064	-812
Total regulatory adjustments to Tier 2 capital	**-229**	**-1,194**	**-1,197**
Tier 2 capital	**3,257**	**2,744**	**2,472**
Own funds (net after deduction)	**32,083**	**32,372**	**29,906**
[1] Based on profit inclusion.	-2,292	-296	-272

Own funds excluding profit

EURm	30 Jun[2] 2021	30 Jun 2021	30 Sep 2020
Common Equity Tier 1 capital	25,438	27,132	24,558
Tier 1 capital (net after deduction)	28,519	29,320	27,236
Total own funds	**31,776**	**32,064**	**29,708**

[2] Excluding third-quarter profit (pending application), including first-quarter and second-quarter profit.

Own funds reported to ECB[3]

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

[3] 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

	Q321	Q221	Q121	Q420	Q320
EURbn					
Loans to credit institutions	7	6	10	3	10
Loans to the public	343	338	334	330	320
Derivatives	30	32	36	45	45
Interest-bearing securities	64	65	67	63	68
Other assets	171	146	144	111	132
Total assets	**615**	**587**	**591**	**552**	**575**
Deposits from credit institutions	43	33	43	24	39
Deposits from the public	211	205	198	183	190
Debt securities in issue	191	183	183	174	180
Derivatives	32	32	37	47	45
Other liabilities	101	98	96	90	88
Total equity	37	36	34	34	33
Total liabilities and equity	**615**	**587**	**591**	**552**	**575**

Funding and liquidity operations

Nordea issued approximately EUR 4.2bn in long-term funding in the third quarter of 2021 (excluding Danish covered bonds), of which approximately EUR 1.1bn was issued in the form of covered bonds and EUR 3.1bn was issued as senior debt.

On 1 September Nordea issued USD 1bn in perpetual Additional Tier 1 (AT1) conversion notes under its Global Medium-Term Note Programme. The notes constitute AT1 capital and were issued by Nordea to proactively manage its strong capital position and take advantage of favourable market conditions. If Nordea's CET1 capital ratio (on either a solo or a consolidated group level) decreases to below 5.125%, the notes will automatically be converted into shares in Nordea. The issuance was very well received by the market and has set a new record low for AT1 note coupons in USD for a European bank.

On 9 September Nordea issued GBP 500m in 11.25-year non-call 6.25-year Tier 2 notes under its Euro Medium-Term Note Programme. The issuance, which was very well received, is the most tightly priced GBP Tier 2 transaction since the 2007-08 global financial crisis.

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

Short-term liquidity risk is measured using several metrics, including the liquidity coverage ratio (LCR). The Nordea Group's combined LCR was 168% at the end of the third quarter. The Group's LCR in EUR was 239% and in USD was 269%. The liquidity buffer is composed of highly liquid central bank eligible securities and cash, as defined in the LCR regulation. At the end of the third quarter the liquidity buffer amounted to EUR 130bn, compared with EUR 106bn at the end of the second quarter. The net stable funding ratio (NSFR) measures long-term liquidity risk. At the end of the third quarter Nordea's NSFR was 113.6%, compared with 113.6% at the end of the second quarter.

Nordea maintained a strong liquidity position throughout the third quarter, and was able to continue business-as-usual liquidity management due to the normal market situation.

In the course of 2020 and the first half of 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. Nordea accordingly recognises negative interest expense in connection with its TLTRO III borrowing. In the third quarter of 2021 the negative interest expense added EUR 15m to Nordea's net interest income. The current interest rate on the TLTRO III funding is -0.5%. If Nordea's eligible lending reaches a certain threshold, the interest rate will decrease to -1%, with retroactive impact. Nordea will then alter the effective interest rate under IFRS 9 and recognise the impact under net interest income. In the third quarter Nordea did not alter the effective interest rate, as it could not be assumed with adequate certainty that the threshold would be reached.

Funding and liquidity data

	Q321	Q221	Q121	Q420	Q320
Long-term funding portion	71%	73%	75%	81%	78%
LCR total	168%	159%	159%	158%	172%
LCR EUR	239%	226%	220%	278%	269%
LCR USD	269%	248%	206%	119%	198%

Market risk

Market risk in the trading book measured by value at risk (VaR) was EUR 30.0m. Quarter on quarter, VaR increased by EUR 11.3m, primarily as a result of higher interest rate and equity risk. Interest rate risk was the main driver of VaR at the end of the third quarter. Total trading book VaR continues to be driven by market risk related to Nordic and other Northern European exposures.

Trading book

EURm	Q321	Q221	Q121	Q420	Q320
Total risk, VaR	30	19	27	17	28
Interest rate risk, VaR	27	24	24	18	25
Equity risk, VaR	14	4	4	4	3
Foreign exchange risk, VaR	1	2	2	3	4
Credit spread risk, VaR	7	9	14	12	12
Inflation risk, VaR	2	2	2	3	3
Diversification effect	42%	53%	42%	58%	39%

Market risk in the banking book measured by VaR was EUR 85.6m, a quarter-on-quarter decrease of EUR 12.8m, primarily driven by lower interest rate risk. Total banking book VaR continues to be driven by interest rate risk associated with mortgage and government-related exposures. Foreign exchange (FX) risk in the banking book increased during the quarter, mainly due to USD exposure in Nordea's New York branch and FX derivatives, peaking at the end of August before decreasing in September.

Banking book

EURm	Q321	Q221	Q121	Q420	Q320
Total risk, VaR	86	98	93	88	81
Interest rate risk, VaR	89	100	98	89	82
Equity risk, VaR	5	4	4	7	6
Foreign exchange risk, VaR	8	4	7	5	4
Credit spread risk, VaR	2	2	3	3	3
Diversification effect	18%	11%	17%	15%	15%

Nordea share and ratings

Nordea's share price and ratings as at the end of the third quarter of 2021.

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
30/09/2019	69.81	48.49	6.5
31/12/2019	75.64	54.27	7.24
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

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

Other information

Shareholder capital distributions

In September 2021 Nordea received approval from the European Central Bank for a share buy-back of up to EUR 2.0bn. Nordea will initiate the buy-back after the publication of the third quarter 2021 results. Together with the dividend of EUR 0.72 per share for 2019-2020, which was paid to shareholders in October 2021, the buy-back is expected to result in total shareholder capital distributions of around EUR 4.9bn or EUR 1.20 per share in 2021.

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.

Update on the decision to close down Nordea's operations in Russia

In accordance with its strategy, Nordea is focusing on its business in the Nordic region. Consequently, the Group has decided to wind 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.

As required by the International Financial Reporting Standards (IFRS), 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 in 2007. When Nordea repatriates capital following the finalisation of the liquidation process, IFRS require that accumulated FX losses be recycled from OCI into the income statement on the line "Net result from items at fair value". There will be no impact on equity or own funds, as a corresponding positive item will be recorded in OCI. The final recycling amount will be dependent on FX changes up until the time the capital is repatriated, but is currently expected to be within the range of EUR 0.5-0.6bn. The impact in the income statement will be treated as an item affecting comparability.

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

The COVID-19 situation in the Nordic countries has improved following the successful roll-out of vaccination programmes. Countries are now reopening with limited or no restrictions. Nordea's Global Crisis Management team and country crisis management teams have monitored the situation and taken 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 7 "Net loan losses" and Note 8 "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 12 "Risks and uncertainties".

Issuance of Additional Tier 1 conversion notes

On 1 September 2021 Nordea Bank Abp issued USD 1bn in perpetual Additional Tier 1 (AT1) conversion notes under its Global Medium-Term Note Programme. The notes constitute AT1 capital and were issued by Nordea to proactively manage its strong capital position and take advantage of favourable market conditions. If Nordea's CET1 capital ratio (on either a solo or consolidated group level) decreases to below 5.125%, the notes will automatically be converted into shares in Nordea.

For further information see "Funding and liquidity operations" on page 15.

European Banking Authority stress test

On 30 July 2021 the European Banking Authority published the results of the EU-wide stress test conducted in cooperation with the European Systemic Risk Board, the European Central Bank and the European Commission. The forward-looking analysis covers the period 2021-23 and considers the resilience of financial institutions to adverse economic shocks.

The exercise confirmed Nordea's resilient capital position. Under the adverse stress test scenario, which applied very severe and conservative economic assumptions for the Nordic countries, Nordea's CET1 ratio was estimated to decline from 17.1% at the end of 2020 to 13.4% at the end of 2023. This would still be well above Nordea's capital requirements, including the management buffer.

Quarterly development, Group

EURm	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Jan-Sep 2021	Jan-Sep 2020
Net interest income	1,226	1,232	1,212	1,169	1,146	3,670	3,346
Net fee and commission income	870	878	827	792	729	2,575	2,167
Net result from items at fair value	224	278	370	217	257	872	683
Profit from associated undertakings and joint ventures accounted for under the equity method	9	3	-14	5	6	-2	-6
Other operating income	15	27	25	36	17	67	57
Total operating income	**2,344**	**2,418**	**2,420**	**2,219**	**2,155**	**7,182**	**6,247**
General administrative expenses:							
Staff costs	-702	-705	-682	-722	-686	-2,089	-2,030
Other expenses	-237	-262	-486	-319	-245	-985	-967
Depreciation, amortisation and impairment charges of tangible and intangible assets	-159	-164	-151	-177	-158	-474	-428
Total operating expenses	**-1,098**	**-1,131**	**-1,319**	**-1,218**	**-1,089**	**-3,548**	**-3,425**
Profit before loan losses	**1,246**	**1,287**	**1,101**	**1,001**	**1,066**	**3,634**	**2,822**
Net loan losses and similar net result	22	51	-52	-28	19	21	-832
Operating profit	**1,268**	**1,338**	**1,049**	**973**	**1,085**	**3,655**	**1,990**
Income tax expense	-267	-313	-261	-248	-248	-841	-450
Net profit for the period	**1,001**	**1,025**	**788**	**725**	**837**	**2,814**	**1,540**
Diluted earnings per share (DEPS), EUR	0.25	0.25	0.19	0.18	0.21	0.69	0.37
DEPS, rolling 12 months up to period end, EUR	0.87	0.83	0.64	0.55	0.56	0.87	0.56

Business areas

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group functions		Nordea Group		
	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	Q3 2021	Q2 2021	*Chg*
EURm													
Net interest income	573	569	397	407	226	230	19	19	11	7	1,226	1,232	*0%*
Net fee and commission income	332	317	164	157	112	163	270	245	-8	-4	870	878	*-1%*
Net result from items at fair value	14	33	66	74	96	112	28	30	20	29	224	278	*-19%*
Equity method & other income	0	10	10	9	1	0	1	0	12	11	24	30	*-20%*
Total operating income	**919**	**929**	**637**	**647**	**435**	**505**	**318**	**294**	**35**	**43**	**2,344**	**2,418**	**-3%**
Total operating expenses	**-444**	**-441**	**-285**	**-273**	**-183**	**-184**	**-148**	**-119**	**-38**	**-114**	**-1,098**	**-1,131**	**-3%**
Net loan losses and similar net result	-1	2	15	30	11	13	0	3	-3	3	22	51	
Operating profit	**474**	**490**	**367**	**404**	**263**	**334**	**170**	**178**	**-6**	**-68**	**1,268**	**1,338**	**-5%**
Cost-to-income ratio[1], %	50	49	47	44	48	41	47	41			49	49	
Return on capital at risk[1], %	18	19	16	18	12	16	29	32			16	17	
Economic capital (EC)	7,769	7,759	6,682	6,734	5,728	5,802	1,831	1,731	1,115	1,141	23,125	23,167	*0%*
Risk exposure amount (REA)	46,937	47,008	43,707	44,014	40,509	40,518	8,841	8,552	12,569	12,130	152,563	152,222	*0%*
Number of employees (FTEs)	6,950	7,007	4,351	4,446	1,291	1,326	2,727	2,744	11,807	11,987	27,126	27,510	*-1%*
Volumes, EURbn[2]:													
Total lending	**169.9**	**167.3**	**96.6**	**95.2**	**43.2**	**43.5**	**10.9**	**10.6**	**-1.1**	**0.6**	**319.5**	**317.2**	**1%**
Total deposits	**85.7**	**85.8**	**53.2**	**52.8**	**49.7**	**48.4**	**11.3**	**11.0**	**2.2**	**-1.8**	**202.1**	**196.2**	**3%**

[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		
	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	*Chg*
EURm													
Net interest income	1,703	1,558	1,199	1,038	694	657	57	51	17	42	3,670	3,346	*10%*
Net fee and commission income	947	840	485	407	412	342	751	593	-20	-15	2,575	2,167	*19%*
Net result from items at fair value	62	78	212	196	453	345	96	88	49	-24	872	683	*28%*
Equity method & other income	14	6	28	16	1	0	1	7	21	22	65	51	*27%*
Total operating income	**2,726**	**2,482**	**1,924**	**1,657**	**1,560**	**1,344**	**905**	**739**	**67**	**25**	**7,182**	**6,247**	**15%**
Total operating expenses	**-1,389**	**-1,353**	**-890**	**-840**	**-652**	**-638**	**-393**	**-384**	**-224**	**-210**	**-3,548**	**-3,425**	**4%**
Net loan losses and similar net result	-6	-259	29	-290	-3	-270	0	-5	1	-8	21	-832	
Operating profit	**1,331**	**870**	**1,063**	**527**	**905**	**436**	**512**	**350**	**-156**	**-193**	**3,655**	**1,990**	**84%**
Cost-to-income ratio[1], %	50	54	45	50	40	46	43	52			49	54	
Return on capital at risk[1], %	18	11	16	8	16	6	31	27			16	8	
Economic capital (EC)	7,769	7,739	6,682	6,344	5,728	6,606	1,831	1,301	1,115	1,686	23,125	23,676	*-2%*
Risk exposure amount (REA)	46,937	46,062	43,707	40,055	40,509	45,027	8,841	5,625	12,569	13,790	152,563	150,559	*1%*
Number of employees (FTEs)	6,950	7,087	4,351	4,260	1,291	1,614	2,727	2,737	11,807	12,182	27,126	27,880	*-3%*
Volumes, EURbn[2]:													
Total lending	**169.9**	**156.3**	**96.6**	**85.7**	**43.2**	**46.5**	**10.9**	**9.0**	**-1.1**	**0.5**	**319.5**	**298.0**	**7%**
Total deposits	**85.7**	**80.8**	**53.2**	**47.8**	**49.7**	**43.8**	**11.3**	**10.9**	**2.2**	**0.4**	**202.1**	**183.7**	**10%**

[1] With amortised resolution fees.

[2] Excluding repurchase agreements and security lending/borrowing agreements.

Personal Banking

Introduction

In Personal Banking we strive to deliver great customer experiences to household customers. We offer a full range of financial services and products through a combination of physical and digital channels.

We are a trusted and personal financial partner to our household customers and provide them with easy and convenient ways to fulfil their everyday banking needs, as well as sound advice to support them in the context of key life events.

Business development

In the third quarter we further strengthened our omnichannel model and maintained good momentum in mortgages and savings. Lending volumes increased by 5% in local currencies, year on year, driven by strong mortgage activity: mortgage volumes were up 6%. Our accessibility and timely mortgage handling drove market share growth across the Nordic region for both new sales and stock.

Other lending volumes, including consumer loans, increased by 1% and deposit volumes increased by 4%. Consumer loans and credit card lending picked up during the quarter as pandemic restrictions eased. Payments income was also positively impacted.

We continued to support our customers, providing timely service and adding new functionalities in our digital channels. Customers in Norway can now adjust their mortgage repayments in the mobile bank app and around 45% of all online loan promise applications by customers in Sweden are now approved within minutes.

Our digital offering continues to attract customers: the number of mobile bank users grew by 7%, year on year, mobile bank app logins were up 12% and our mobile bank app is now rated 4.4/5 or higher in all countries. In the third quarter customer satisfaction scores for remote meetings were higher than those for in-person meetings. Remote meetings have remained the preferred medium of interaction for customers amid the reopening of the Nordic societies, comprising 67% of total meetings in the quarter.

We maintained good momentum in savings and investments, supported by customer appreciation for our digital savings offering. Retail fund performance was strong, inflows in connection with mortgage sales increased and monthly savings were up 17%, year on year. We also made it easier for customers to view and use their savings by launching a new savings overview in the netbank and mobile bank app.

Demand for our sustainability-linked investment products, for example the Sustainable Choice family of funds, continues to rise. These products now represent a significant portion of net sales.

Financial outcome

Total income increased by 10%, year on year, due to higher savings income and continued strong mortgage lending growth.

Net interest income increased by 6%, year on year, driven by strong mortgage volume growth across all countries, higher lending margins in Finland and higher deposit margins in Denmark.

Net fee and commission income increased by 19%, year on year, mainly due to higher savings and investment income. Payment and card fee income also improved, in tandem with the reopening of societies.

Net result from items at fair value remained at the same level as last year.

Total expenses increased by 2%, year on year, driven by higher depreciation and amortisation and negative exchange rate effects. The strong business momentum contributed to an improved cost-to-income ratio (with amortised resolution fees) of 50%, down from 54% in the third quarter of 2020.

Total net loan losses and similar net result amounted to EUR 1m (0bp), as net loan losses (EUR 8m or 2bp) were largely offset by the positive impact of the revaluation of Nordea Kredit's mortgage portfolio. Year on year, net loan losses and similar net result increased, as the third quarter of 2020 had included net reversals of management judgements across all four countries.

Operating profit increased by 17%, year on year, to EUR 474m, driven by the strong income growth. Return on capital at risk was 18%, compared with 15% in the same quarter last year.

Personal Banking Denmark

Net interest income increased by 9% 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 24% 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 19m (17bp), a year-on-year improvement, partly driven by the revaluation of Nordea Kredit's mortgage portfolio.

Personal Banking Finland

Net interest income increased by 15%, year on year, driven by mortgage volume growth and improved mortgage margins.

Lending volumes increased by 5%, year on year, driven by a 6% increase in mortgage volumes. Deposit volumes increased by 7%.

Net fee and commission income increased by 13%, 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 EUR 10m (11bp), a slightly higher level than last year, mainly driven by model adjustments.

Personal Banking Norway

Net interest income decreased by 2% in local currency, year on year, due to lower lending margins resulting from an increase in money market rates during the quarter. These were partly offset by mortgage volume growth and higher deposit margins.

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

Net fee and commission income increased by 16%, year on year, mainly due to higher savings and investment income.

Net loan losses and similar net result amounted to EUR 4m (4bp).

Personal Banking Sweden

Net interest income increased by 2% in local currency, year on year, due to mortgage volume growth. This was partly offset by lower lending and deposit margins.

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

Net fee and commission income increased by 20%, 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 EUR 3m (2bp), driven by individual loan losses. Year on year, net loan losses and similar net result remained at a moderate level.

Personal Banking total

								Local curr.		Jan-	Jan-	Jan-Sep 21/20	
	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Q3/Q3	Q3/Q2	Sep 21	Sep 20	EUR	Local
EURm													
Net interest income	573	569	561	535	543	6%	1%	4%	2%	1,703	1,558	9%	7%
Net fee and commission income	332	317	298	291	278	19%	5%	18%	5%	947	840	13%	11%
Net result from items at fair value	14	33	15	22	14	0%	-58%	0%	-55%	62	78	-21%	-23%
Equity method & other income	0	10	4	0	2					14	6		
Total income incl. allocations	**919**	**929**	**878**	**848**	**837**	**10%**	**-1%**	**9%**	**0%**	**2,726**	**2,482**	**10%**	**7%**
Total expenses incl. allocations	**-444**	**-441**	**-504**	**-449**	**-436**	**2%**	**1%**	**1%**	**2%**	**-1,389**	**-1,353**	**3%**	**0%**
Profit before loan losses	**475**	**488**	**374**	**399**	**401**	**18%**	**-3%**	**17%**	**-2%**	**1,337**	**1,129**	**18%**	**16%**
Net loan losses and similar net result	-1	2	-7	-12	5					-6	-259		
Operating profit	**474**	**490**	**367**	**387**	**406**	**17%**	**-3%**	**15%**	**-3%**	**1,331**	**870**	**53%**	**49%**
Cost-to-income ratio[1], %	50	49	52	54	54					50	54		
Return on capital at risk[1], %	18	19	17	14	15					18	11		
Economic capital (EC)	7,769	7,759	7,603	7,652	7,739	0%	0%			7,769	7,739	0%	
Risk exposure amount (REA)	46,937	47,008	46,464	47,200	46,062	2%	0%			46,937	46,062	2%	
Number of employees (FTEs)	6,950	7,007	6,965	7,059	7,087	-2%	-1%			6,950	7,087	-2%	
Volumes, EURbn:													
Mortgage lending	148.5	146.1	143.5	141.4	135.5	10%	2%	6%	2%	148.5	135.5	10%	6%
Other lending	21.4	21.2	21.1	21.1	20.8	3%	1%	1%	1%	21.4	20.8	3%	1%
Total lending	**169.9**	**167.3**	**164.6**	**162.5**	**156.3**	**9%**	**2%**	**5%**	**2%**	**169.9**	**156.3**	**9%**	**5%**
Total deposits	**85.7**	**85.8**	**83.5**	**82.9**	**80.8**	**6%**	**0%**	**4%**	**0%**	**85.7**	**80.8**	**6%**	**4%**

[1] With amortised resolution fees.

Personal Banking

	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Local curr. Q3/Q3	Local curr. Q3/Q2	Jan-Sep 21	Jan-Sep 20	Jan-Sep 21/20 EUR	Jan-Sep 21/20 Local
Net interest income, EURm													
PeB Denmark	153	145	145	139	141	9%	6%	9%	6%	443	419	6%	6%
PeB Finland	101	98	99	87	88	15%	3%	15%	3%	298	268	11%	11%
PeB Norway	121	130	119	115	120	1%	-7%	-2%	-4%	370	336	10%	4%
PeB Sweden	200	198	201	201	192	4%	1%	2%	1%	599	537	12%	7%
Other	-2	-2	-3	-7	2					-7	-2		
Net fee and commission income, EURm													
PeB Denmark	85	83	74	83	68	25%	2%	24%	1%	242	211	15%	14%
PeB Finland	102	95	92	90	90	13%	7%	13%	7%	289	270	7%	7%
PeB Norway	30	29	28	26	25	20%	3%	16%	7%	87	76	14%	8%
PeB Sweden	118	111	104	100	96	23%	6%	20%	7%	333	284	17%	13%
Other	-3	-1	0	-8	-1					-4	-1		
Net loan losses and similar net result, EURm													
PeB Denmark	19	33	13	11	3					65	-60		
PeB Finland	-10	-20	-14	-13	-4					-44	-103		
PeB Norway	-4	0	-2	-8	9					-6	-47		
PeB Sweden	-3	-8	-7	-3	-3					-18	-49		
Other	-3	-3	3	1	0					-3	0		
Volumes, EURbn													
Personal Banking Denmark													
Mortgage lending	35.2	34.5	33.9	33.4	32.9	7%	2%	7%	2%	35.2	32.9	7%	7%
Other lending	8.9	8.8	8.8	8.7	8.6	3%	1%	3%	1%	8.9	8.6	3%	3%
Total lending	**44.1**	**43.3**	**42.7**	**42.1**	**41.5**	**6%**	**2%**	**6%**	**2%**	**44.1**	**41.5**	**6%**	**6%**
Total deposits	**21.5**	**21.9**	**22.1**	**21.9**	**22.0**	**-2%**	**-2%**	**-3%**	**-2%**	**21.5**	**22.0**	**-2%**	**-3%**
Personal Banking Finland													
Mortgage lending	30.0	29.6	29.2	28.7	28.2	6%	1%	6%	1%	30.0	28.2	6%	6%
Other lending	6.3	6.3	6.3	6.3	6.3	0%	0%	0%	0%	6.3	6.3	0%	0%
Total lending	**36.3**	**35.9**	**35.5**	**35.0**	**34.5**	**5%**	**1%**	**5%**	**1%**	**36.3**	**34.5**	**5%**	**5%**
Total deposits	**26.1**	**25.7**	**25.0**	**24.6**	**24.4**	**7%**	**2%**	**7%**	**2%**	**26.1**	**24.4**	**7%**	**7%**
Personal Banking Norway													
Mortgage lending	35.0	34.5	34.5	32.8	30.8	14%	1%	4%	1%	35.0	30.8	14%	4%
Other lending	2.7	2.6	2.6	2.7	2.6	4%	4%	-7%	0%	2.7	2.6	4%	-7%
Total lending	**37.7**	**37.1**	**37.1**	**35.5**	**33.4**	**13%**	**2%**	**3%**	**1%**	**37.7**	**33.4**	**13%**	**3%**
Total deposits	**10.7**	**10.9**	**10.4**	**9.9**	**9.5**	**13%**	**-2%**	**3%**	**-2%**	**10.7**	**9.5**	**13%**	**3%**
Personal Banking Sweden													
Mortgage lending	48.2	47.4	46.0	46.4	43.6	11%	2%	6%	2%	48.2	43.6	11%	6%
Other lending	3.6	3.6	3.4	3.5	3.3	9%	0%	6%	3%	3.6	3.3	9%	6%
Total lending	**51.8**	**51.0**	**49.4**	**49.9**	**46.9**	**10%**	**2%**	**6%**	**2%**	**51.8**	**46.9**	**10%**	**6%**
Total deposits	**27.4**	**27.3**	**26.0**	**26.4**	**24.8**	**10%**	**0%**	**6%**	**1%**	**27.4**	**24.8**	**10%**	**6%**

Business Banking

Introduction

In Business Banking we provide small and medium-sized corporate customers with banking and advisory products and services, both online and in person.

Business Banking also includes Transaction Banking and Nordea Finance. Transaction Banking provides payment and transaction services to customers across the Nordea Group, while Nordea Finance provides asset-based lending, sales finance and receivables finance to both corporate and private customers.

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

Business development

In the third quarter we continued to focus on enhancing customer experience and improving our financial performance. Lending and deposit volumes were up 9% and 8%, respectively, in local currencies, year on year. Momentum in Norway and Sweden remained strong, driven by our extensive advisory capabilities and balance sheet capacity. The increase in volumes was also supported by the acquisition of Nordea Finance Equipment (NFE). Besides good growth in the lending space, we maintained high business momentum within savings and investments.

We continued to improve customer experience by providing personal and proactive service and further developing our digital solutions. More than 290,000 customers in Denmark, Finland and Sweden are now able to use Nordea Business, our new netbank for small and medium-sized businesses. The app version of the netbank continues to receive positive customer feedback. The app is currently available to all customers in Denmark and Finland and the majority of customers in Sweden.

In September we launched Swish Payout, a new service enabling corporate customers in Sweden to make real-time payments to consumers, for example related to claims and reimbursements. We are one of the first banks in the country to offer this service and customer feedback has been very positive. We have offered consumer-to-corporate payments via Swish since the company first launched them in 2014.

Our focus on environmental, social and governance (ESG) areas continues. During the quarter we introduced green corporate loans at reduced rates in Finland and Sweden in cooperation with the European Investment Fund. We have committed to issuing up to EUR 400m in such loans within the next three years. Sustainability-linked loans amounted to EUR 3.1bn in the third quarter, up 13% on the previous quarter. In Norway, we launched the pilot of our green deposits solution, which enables larger corporate customers to invest their excess liquidity while helping to finance our green lending.

Financial outcome

Total income increased by 17%, year on year. Excluding the impact of NFE, which was consolidated in the results from the fourth quarter of 2020, total income increased by 10%.

Net interest income increased by 13%, year on year, driven by higher volumes and deposit margins.

Net fee and commission income increased by 22%, year on year, driven by increases in savings and investment income, lending fee income and payment and card fee income. Equity and debt capital market activity remained relatively high despite the seasonally slow quarter.

Net result from items at fair value increased by 27%, year on year, driven by higher income from foreign exchange products.

Total expenses increased by 9%, year on year, reflecting the consolidation of NFE. Adjusted for the impact of the NFE integration, total expenses increased by 4% due to higher variable pay provisions and restructuring costs. The cost-to-income ratio with amortised resolution fees was 47%, an improvement of 4 percentage points on the same quarter last year.

Net loan losses and similar net result amounted to a net gain of EUR 15m, primarily driven by the revaluation of Nordea Kredit's mortgage portfolio. Underlying credit quality remained strong, with very low net loan losses.

Operating profit increased by 27%, year on year, to EUR 367m. Return on capital at risk was 16%, compared with 13% in the same quarter last year.

Business Banking Denmark

Net interest income increased by 8% in local currency, year on year, driven by higher lending volumes and improved deposit margins following repricing during the quarter.

Lending volumes increased by 4% in local currency, year on year. Excluding the impact of the NFE integration, lending volumes increased by 1%. Deposit volumes were unchanged.

Net fee and commission income increased by 25% in local currency, year on year, driven by mortgage refinancing and higher payment and card fee income.

Net loan losses and similar net result amounted to a net gain of EUR 16m (25bp), compared with a net gain of EUR 1m in the same quarter last year. This was partly due to positive valuation adjustments in the mortgage portfolio, which amounted to EUR 14m in the quarter.

Business Banking Finland

Net interest income increased by 5%, year on year, driven by improved lending margins.

Lending volumes increased by 1%, year on year, while deposit volumes were down 1%.

Net fee and commission income increased by 16%, year on year, driven by high equity capital market activity and an increase in payment and card fee income.

Net loan losses and similar net result amounted to net reversals of EUR 2m (4bp), compared with a net loss of EUR 4m in the same quarter last year.

Business Banking Norway

Net interest income increased by 34% in local currency, year on year, driven by higher volumes, which were partly attributable to NFE.

Lending volumes increased by 23% in local currency, year on year. Excluding the impact of the NFE integration, lending volumes increased by 10%. Deposit volumes increased by 17%.

Net fee and commission income increased by 26% in local currency, year on year, driven by higher lending fee income and higher payment and card fee income.

Net loan losses and similar net result amounted to EUR 7m (12bp), compared with net reversals of EUR 7m in the same quarter last year.

Business Banking Sweden

Net interest income increased by 7% in local currency, year on year, driven by higher volumes.

Lending volumes increased by 12% in local currency, year on year. Excluding the impact of the NFE integration, the increase was 9%. Deposit volumes increased by 17%.

Net fee and commission income increased by 18% in local currency, year on year, due to high equity capital market activity, higher income from Life & Pension products and higher payment and card fee income.

Net loan losses and similar net result amounted to net reversals of EUR 6m (9bp), compared with net reversals of EUR 2m in the same quarter last year.

Business Banking total

								Local curr.		Jan-	Jan-	Jan-Sep 21/20	
	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Q3/Q3	Q3/Q2	Sep 21	Sep 20	EUR	Local
EURm													
Net interest income	397	407	395	384	352	13%	-2%	12%	-2%	1,199	1,038	16%	13%
Net fee and commission income	164	157	164	158	134	22%	4%	21%	4%	485	407	19%	17%
Net result from items at fair value	66	74	72	65	52	27%	-11%	27%	-10%	212	196	8%	6%
Equity method & other income	10	9	9	10	5					28	16		
Total income incl. allocations	**637**	**647**	**640**	**617**	**543**	**17%**	**-2%**	**16%**	**-1%**	**1,924**	**1,657**	**16%**	**14%**
Total expenses incl. allocations	**-285**	**-273**	**-332**	**-285**	**-262**	**9%**	**4%**	**8%**	**5%**	**-890**	**-840**	**6%**	**4%**
Profit before loan losses	**352**	**374**	**308**	**332**	**281**	**25%**	**-6%**	**23%**	**-5%**	**1,034**	**817**	**27%**	**24%**
Net loan losses and similar net result	15	30	-16	-26	7					29	-290		
Operating profit	**367**	**404**	**292**	**306**	**288**	**27%**	**-9%**	**25%**	**-9%**	**1,063**	**527**		**97%**
Cost-to-income ratio[1], %	47	44	45	48	51					45	50		
Return on capital at risk[1], %	16	18	15	13	13					16	8		
Economic capital (EC)	6,682	6,734	6,753	6,614	6,344	5%	-1%			6,682	6,344	5%	
Risk exposure amount (REA)	43,707	44,014	43,698	43,125	40,055	9%	-1%			43,707	40,055	9%	
Number of employees (FTEs)	4,351	4,446	4,572	4,608	4,260	2%	-2%			4,351	4,260	2%	
Volumes, EURbn:													
Total lending	96.6	95.2	94.3	92.3	85.7	13%	1%	9%	1%	96.6	85.7	13%	9%
Total deposits	53.2	52.8	50.6	50.3	47.8	11%	1%	8%	1%	53.2	47.8	11%	8%

[1] With amortised resolution fees.

Business Banking

	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Local curr. Q3/Q3	Local curr. Q3/Q2	Jan-Sep 21	Jan-Sep 20	Jan-Sep 21/20 EUR	Jan-Sep 21/20 Local
Net interest income, EURm													
Business Banking Denmark	91	85	85	88	84	8%	7%	8%	7%	261	258	1%	1%
Business Banking Finland	96	105	108	93	91	5%	-9%	5%	-9%	309	274	13%	13%
Business Banking Norway	105	108	102	95	77	36%	-3%	34%	1%	315	230	37%	31%
Business Banking Sweden	101	101	99	99	92	10%	0%	7%	1%	301	264	14%	10%
Other	4	8	1	9	8					13	12		
Net fee and commission income, EURm													
Business Banking Denmark	30	27	32	30	24	25%	11%	25%	11%	89	81	10%	10%
Business Banking Finland	57	54	53	52	49	16%	6%	16%	6%	164	148	11%	11%
Business Banking Norway	30	29	31	27	23	30%	3%	26%	4%	90	70	29%	23%
Business Banking Sweden	58	61	60	61	48	21%	-5%	18%	-3%	179	140	28%	22%
Other	-11	-14	-12	-12	-10					-37	-32		
Net loan losses and similar net result, EURm													
Business Banking Denmark	16	25	1	1	1					42	-29		
Business Banking Finland	2	-7	-11	-8	-4					-16	-136		
Business Banking Norway	-7	12	0	-12	7					5	-71		
Business Banking Sweden	6	1	-7	-5	2					0	-63		
Other	-2	-1	1	-2	1					-2	9		
Lending, EURbn													
Business Banking Denmark	26.1	26.1	26.5	26.0	25.0	4%	0%	4%	0%	26.1	25.0	4%	4%
Business Banking Finland	19.9	19.8	19.7	19.6	19.8	1%	1%	1%	1%	19.9	19.8	1%	1%
Business Banking Norway	23.3	22.6	22.5	20.9	17.3	35%	3%	23%	3%	23.3	17.3	35%	23%
Business Banking Sweden	27.3	26.7	25.6	25.8	23.6	16%	2%	12%	3%	27.3	23.6	16%	12%
Other	0	0	0	0	0					0	0		
Deposits, EURbn													
Business Banking Denmark	9.6	9.5	9.1	9.5	9.6	0%	1%	0%	1%	9.6	9.6	0%	0%
Business Banking Finland	14.5	14.7	14.4	14.5	14.6	-1%	-1%	-1%	-1%	14.5	14.6	-1%	-1%
Business Banking Norway	10.3	9.9	9.7	8.9	8.1	27%	4%	17%	3%	10.3	8.1	27%	17%
Business Banking Sweden	18.7	18.7	17.4	17.4	15.4	21%	0%	17%	1%	18.7	15.4	21%	17%
Other	0.1	0	0	0	0.1					0.1	0.1		

Large Corporates & Institutions

Introduction

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

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

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

Business development

In the third quarter we took further steps towards creating a more focused and profitable business area. Lending volumes decreased by 7%, year on year, lending margins increased and Nordea-arranged corporate bond volumes increased by 10%, in line with our strategy to focus more on capital-light business selection.

Despite a seasonally slow quarter, we maintained very high levels of customer activity within Investment Banking & Equities. In Debt Capital Markets we saw high numbers of event-related transactions. We also retained our position as the largest arranger of capital markets funding for Nordic issuers year to date. For equity capital markets and mergers and acquisitions, we continue to hold leading market positions across the Nordic region.

This quarter, significant transactions with our involvement included Castellum's public offer for Kungsleden, the initial public offerings of Kjell & Company, EQT's acquisition of Anticimex, and Virala Acquisition Company's merger with Purmo Group – the first definitive agreement for a merger with a special purpose acquisition company in the Nordics.

Following the strong first half of the year, Markets maintained relatively high levels of customer activity in a seasonally slow quarter. While market volatility was lower than earlier in the pandemic, risk management revenues were sound. Markets' results also reflected our continued focus on efficient capital management.

We further increased our focus on environmental, social and governance (ESG) products, integrating ESG ratings into our credit research, and continue to be a leading platform for ESG advisory services. By the end of the third quarter we again ranked first for Nordic sustainable bonds overall and for Nordic corporate sustainable bonds, where we held 15% and 21% market shares, respectively.

During the quarter we continued to engage with clients on sustainability-linked financing and support large corporates in designing low-carbon transition plans. We also updated our Sector Guideline for fossil fuel-based industries with stricter requirements and new recommendations. This is consistent with Nordea's 2030 target to reduce carbon emissions from its lending and investment portfolios by 40-50% relative to 2019 levels.

Our digitalisation efforts further progressed. On our digital platform for corporate financial management we rolled out a new workflow for the know-your-customer process. Since its launch, this simple, user-friendly solution has been used by approximately 90% of our large corporate customers needing to onboard a new subsidiary.

Financial outcome

Net interest income was stable, year on year. Lending volumes decreased by 7% due to our active repositioning of the business and a decrease in lending among corporates driven by high investor demand for corporate bonds.

Net fee and commission income was down 4%, year on year, mainly driven by somewhat lower commitment fees and lower advisory fees.

Net result from items at fair value decreased by 28% due to a lower result from risk management, including valuation adjustments, following the strong quarter last year.

Total income was down 8%, year on year.

Total expenses increased by 2%, year on year, due to slightly higher provisions for variable pay. These were partly offset by our continued focus on cost management.

Net loan losses and similar net result amounted to net reversals of EUR 11m (7bp), reflecting the strong underlying credit quality of our loan book. The total provisioning level now stands at approximately EUR 781m or 1.78% of LC&I lending.

Operating profit decreased by 14%, year on year, to EUR 263m, mainly due to lower income.

Economic capital continued to decrease, standing at EUR 5,728m, a year-on-year reduction of 13%, driven by strong capital discipline, a focus on more capital-light business and lower market risk capital.

Return on capital at risk was 12%, above our 2022 target. This demonstrates the continued effectiveness of our business repositioning, even in a quarter with somewhat weaker market conditions and slightly lower customer activity.

Large Corporates & Institutions total

EURm	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Jan-Sep 21	Jan-Sep 20	Jan-Sep 21/20
Net interest income	226	230	238	226	225	0%	-2%	694	657	6%
Net fee and commission income	112	163	137	116	117	-4%	-31%	412	342	20%
Net result from items at fair value	96	112	245	100	133	-28%	-14%	453	345	31%
Equity method & other income	1	0	0	1	0			1	0	
Total income incl. allocations	**435**	**505**	**620**	**443**	**475**	**-8%**	**-14%**	**1,560**	**1,344**	**16%**
Total expenses incl. allocations	**-183**	**-184**	**-285**	**-192**	**-180**	**2%**	**-1%**	**-652**	**-638**	**2%**
Profit before loan losses	**252**	**321**	**335**	**251**	**295**	**-15%**	**-21%**	**908**	**706**	**29%**
Net loan losses and similar net result	11	13	-27	1	10			-3	-270	
Operating profit	**263**	**334**	**308**	**252**	**305**	**-14%**	**-21%**	**905**	**436**	
Cost-to-income ratio[1], %	48	41	34	48	43			40	46	
Return on capital at risk[1], %	12	16	19	11	13			16	6	
Economic capital (EC)	5,728	5,802	6,089	6,080	6,606	-13%	-1%	5,728	6,606	-13%
Risk exposure amount (REA)	40,509	40,518	42,095	42,280	45,027	-10%	0%	40,509	45,027	-10%
Number of employees (FTEs)	1,291	1,326	1,384	1,461	1,614	-20%	-3%	1,291	1,614	-20%
Volumes, EURbn[2]:										
Total lending	43.2	43.5	44.7	45.8	46.5	-7%	-1%	43.2	46.5	-7%
Total deposits	49.7	48.4	43.5	40.0	43.8	13%	3%	49.7	43.8	13%

[1] With amortised resolution fees.

[2] Excluding repurchase agreements and security lending/borrowing agreements.

Large Corporates & Institutions

	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Jan-Sep 21	Jan-Sep 20	Jan-Sep 21/20
Net interest income, EURm										
Denmark	35	36	35	37	37	-5%	-3%	106	109	-3%
Finland	36	41	50	39	40	-10%	-12%	127	108	18%
Norway	69	72	73	75	73	-5%	-4%	214	224	-4%
Sweden	82	74	70	69	63	30%	11%	226	175	29%
Other	4	7	10	6	12			21	41	
Net fee and commission income, EURm										
Denmark	29	51	35	30	28	4%	-43%	115	80	44%
Finland	29	43	33	27	33	-12%	-33%	105	87	21%
Norway	24	31	35	25	29	-17%	-23%	90	84	7%
Sweden	40	48	40	45	35	14%	-17%	128	110	16%
Other	-10	-10	-6	-11	-8			-26	-19	
Net loan losses and similar net result, EURm										
Denmark	6	3	11	1	5			20	-21	
Finland	6	-2	0	1	5			4	-25	
Norway	-1	2	-35	-1	-35			-34	-201	
Sweden	-1	7	-2	-8	38			4	-25	
Other	1	3	-1	8	-3			3	2	
Lending, EURbn[1]										
Denmark	7.5	7.4	7.5	8.3	8.8	-15%	1%	7.5	8.8	-15%
Finland	7.3	7.8	8.4	8.7	9.3	-22%	-6%	7.3	9.3	-22%
Norway	11.9	12.1	12.9	12.8	12.9	-8%	-2%	11.9	12.9	-8%
Sweden	15.0	14.7	14.4	14.0	13.2	14%	2%	15.0	13.2	14%
Other	1.5	1.5	1.5	2.0	2.3			1.5	2.3	
Deposits, EURbn[1]										
Denmark	8.8	9.4	7.1	7.2	10.0	-12%	-6%	8.8	10.0	-12%
Finland	15.0	13.4	12.5	12.3	11.9	26%	12%	15.0	11.9	26%
Norway	9.2	10.2	8.7	8.1	8.4	10%	-10%	9.2	8.4	10%
Sweden	16.4	15.3	14.8	12.3	13.3	23%	7%	16.4	13.3	23%
Other	0.3	0.1	0.4	0.1	0.2			0.3	0.2	

[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 partners' distribution channels, and provide financial advice to high net worth individuals and corporate and institutional investors.

Our aim is to be acknowledged as the leading wealth manager in each Nordic market and a leading European asset manager, with global reach and capabilities. We are also working towards becoming a leading and transparent provider of sustainability-enhanced investment products.

Business development

In the third quarter we continued to build on our digital distribution capabilities in order to meet customers' expectations. Assets under management (AuM) increased by EUR 8.7bn to a record high of EUR 393bn. Investment return increased AuM by EUR 4.6bn and net flows in the quarter were solid, totalling EUR 4.1bn. Investment performance in Asset Management remained strong, with 93% of composites providing excess return on a three-year basis.

In Asset Management we attracted a total of EUR 3.8bn in net flows in the third quarter. Net flows through our internal channels remained high at EUR 1.8bn, while institutional and third-party channels generated EUR 2.0bn. Net flows from external channels mainly stemmed from customers in Germany and Southern Europe.

Investor demand for our sustainability product offerings was high within all sales channels and continued to be the primary driver of our growth, generating net flows of EUR 3.6bn – around 95% of the net flows in the quarter.

During the quarter we launched our new Global Climate and Social Impact Fund. The fund complements the Nordea 1 – Global Climate & Environment Fund, which is one of the biggest Article 9 funds in Europe. Article 9 funds have the strictest sustainability requirements according to the European Union's Sustainable Finance Disclosure Regulation.

Our alternative investment product offering is gaining interest among investors. We closed the fundraising for Trill Impact, a private equity-focused fund, with EUR 0.9bn in commitments from prominent global institutional investors. We also took EUR 0.3bn in mandates into our private debt Prime Loan Stars Fund.

In Private Banking we continued to generate high net flows (EUR 0.7bn in the quarter) across the Nordic region. In Finland and Sweden, net inflow remained strong due to a combination of high customer acquisition and activity. Net flow development was solid in Norway, mainly driven by continued customer acquisition.

We continued to develop our omnichannel model, combining high-quality digital and in-person services. Our suite of innovative digital services supported strong business momentum and helped drive high Private Banking customer satisfaction again this quarter. Digital fund purchases were up 19%, year on year, and 23% of all fund purchases in Private Banking were made digitally, demonstrating the quality of our digital channels.

In Life & Pension we maintained a strong performance, attracting EUR 0.7bn in net flows in the third quarter, EUR 0.2bn more than in the same period last year. Gross written premiums were up 61% at EUR 1.8bn, with all segments and markets contributing.

We continued to grow our pension business in Norway and Sweden, drawing on new digital capabilities and strong customer relationships. We remain focused on becoming the leading bancassurer in each of our home markets.

Life & Pension is a founding member of the UN's Net-Zero Asset Owner Alliance and has committed to transitioning its investment portfolios to net-zero emissions by 2050 at the latest. A thought leader in sustainability matters, we have been selected to lead one of the workstreams under the Glasgow Financial Alliance for Net-Zero (GFANZ) initiative ahead of the UN's COP26 Climate Change Conference.

Financial outcome

Total income in the third quarter was up 28%, year on year. The increase was mainly driven by higher income due to a 23% increase in average AuM.

Net interest income was up 19%, year on year, driven by increased lending volumes.

Net fee and commission income increased by 32%, year on year, reflecting the positive AuM development.

Net result from items at fair value was up 12%, year on year, mainly due to the sale of Nordea's stake in FundConnect A/S.

Total expenses increased by 17%, year on year, driven by an increase in staff expenses due to higher provisions for variable pay related to year-to-date business performance. The cost-to-income ratio with amortised resolution fees was 47%, an improvement of 4 percentage points on the same quarter last year.

Net loan losses and similar net result amounted to EUR 0m, compared with a net loss of EUR 3m in the same quarter last year.

Operating profit in the third quarter was EUR 170m, a year-on-year increase of 43%. Return on capital at risk was 29%, compared with 28% in the same quarter last year.

Asset & Wealth Management total

	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Local curr. Q3/Q3	Local curr. Q3/Q2	Jan-Sep 21	Jan-Sep 20	Jan-Sep 21/20 EUR	Jan-Sep 21/20 Local
EURm													
Net interest income	19	19	19	17	16	19%	0%	19%	0%	57	51	12%	10%
Net fee and commission income	270	245	236	229	205	32%	10%	31%	11%	751	593	27%	26%
Net result from items at fair value	28	30	38	16	25	12%	-7%	13%	-7%	96	88	9%	8%
Equity method & other income	1	0	0	3	3					1	7		
Total income incl. allocations	**318**	**294**	**293**	**265**	**249**	**28%**	**8%**	**27%**	**9%**	**905**	**739**	**22%**	**22%**
Total expenses incl. allocations	**-148**	**-119**	**-126**	**-136**	**-127**	**17%**	**24%**	**17%**	**25%**	**-393**	**-384**	**2%**	**1%**
Profit before loan losses	**170**	**175**	**167**	**129**	**122**	**39%**	**-3%**	**38%**	**-2%**	**512**	**355**	**44%**	**44%**
Net loan losses and similar net result	0	3	-3	2	-3					0	-5		
Operating profit	**170**	**178**	**164**	**131**	**119**	**43%**	**-4%**	**42%**	**-4%**	**512**	**350**	**46%**	**46%**
Cost-to-income ratio[1], %	47	41	42	52	51					43	52		
Return on capital at risk[1], %	29	32	33	28	28					31	27		
Economic capital (EC)	1,831	1,731	1,639	1,445	1,301	41%	6%			1,831	1,301	41%	
Risk exposure amount (REA)	8,841	8,552	8,294	7,401	5,625	57%	3%			8,841	5,625	57%	
Number of employees (FTEs)	2,727	2,744	2,717	2,741	2,737	0%	-1%			2,727	2,737	0%	
Volumes, EURbn:													
AuM	392.9	384.2	368.9	351.4	324.5	21%	2%			392.9	324.5	21%	
Total lending	10.9	10.6	10.1	9.6	9.0	21%	3%	17%	3%	10.9	9.0	21%	17%
Total deposits	11.3	11.0	10.5	10.7	10.9	4%	3%	1%	3%	11.3	10.9	4%	1%

[1] With amortised resolution fees.

Assets under Management (AuM), volumes and net flow

	Q321	Q221	Q121	Q420	Q320	Net flow Q321
EURbn						
Nordic Retail funds	82.4	80.6	75.7	71.6	64.9	0.8
Private Banking	116.1	114.2	107.2	100.8	92.7	0.7
Institutional sales	128.0	124.6	124.5	121.4	112.7	2.0
Life & Pension	66.3	64.8	61.6	57.6	54.2	0.7
Total	**392.9**	**384.2**	**368.9**	**351.4**	**324.5**	**4.1**

Asset Management

	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Jan-Sep 21	Jan-Sep 20	Jan-Sep 21/20
EURm										
Net interest income	-1	-1	-1	-1	-1			-3	-1	
Net fee and commission income	143	122	120	114	101	42%	17%	385	296	30%
Net result from items at fair value	1	-4	2	-2	-1			-1	-3	
Equity method & other income	1	1	0	2	1			2	0	
Total income incl. allocations	**144**	**118**	**121**	**113**	**100**	**44%**	**22%**	**383**	**292**	**31%**
Total expenses incl. allocations	**-58**	**-41**	**-42**	**-45**	**-41**	**41%**	**41%**	**-141**	**-121**	**17%**
Profit before loan losses	**86**	**77**	**79**	**68**	**59**	**46%**	**12%**	**242**	**171**	**42%**
Net loan losses and similar net result	0	0	0	0	0			0	0	
Operating profit	**86**	**77**	**79**	**68**	**59**	**46%**	**12%**	**242**	**171**	**42%**
Cost-to-income ratio, %	40	35	35	40	41			37	41	
Economic capital (EC)	156	155	157	156	181	-14%	1%	156	181	-14%
Risk exposure amount (REA)	1,211	1,199	1,215	924	915	32%	1%	1,211	915	32%
AuM, Nordic sales channels incl. Life, EURbn	153.2	149.7	141.1	131.5	119.2	28%	2%	153.2	119.2	28%
AuM, ext. Inst. & 3rd part. dist., EURbn	128.0	124.6	124.5	122.3	113.6	13%	3%	128.0	113.6	13%
Net inf., Nordic sales channels incl. Life, EURbn	1.8	3.0	2.9	3.6	1.5			7.7	-0.2	
Net inf., ext. Inst. & 3rd part. dist., EURbn	2.0	-2.2	-1.0	4.4	2.2			-1.2	1.2	
Number of employees (FTEs)	924	905	900	901	878	5%	2%	924	878	5%

Private Banking

	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Jan-Sep 21	Jan-Sep 20	Jan-Sep 21/20
Net fee and commission income, EURm										
PB Denmark	49	52	48	50	40	23%	-6%	149	126	18%
PB Finland	48	46	44	42	40	20%	4%	138	116	19%
PB Norway	11	9	10	8	8	38%	22%	30	116	-74%
PB Sweden	29	27	26	22	22	32%	7%	82	21	
Private Banking	**137**	**134**	**128**	**122**	**110**	**25%**	**2%**	**399**	**63**	
AuM, EURbn										
PB Denmark	34.3	34.0	32.4	30.8	29.0	18%	1%	34.3	29.0	18%
PB Finland	38.6	38.4	36.0	34.2	31.8	21%	0%	38.6	31.8	21%
PB Norway	10.0	9.8	9.3	8.3	7.2	39%	3%	10.0	7.2	39%
PB Sweden	33.2	32.1	29.5	27.5	24.7	34%	3%	33.2	24.7	34%
Private Banking	**116.1**	**114.2**	**107.2**	**100.8**	**92.7**	**25%**	**2%**	**116.1**	**92.7**	**25%**
Lending, EURbn										
PB Denmark	3.9	3.8	3.8	3.7	3.6	8%	3%	3.9	3.6	8%
PB Finland	2.5	2.5	2.3	2.3	2.2	14%	0%	2.5	2.2	14%
PB Norway	1.7	1.7	1.6	1.3	1.2	42%	0%	1.7	1.2	42%
PB Sweden	2.8	2.6	2.4	2.3	2.0	40%	8%	2.8	2.0	40%
Private Banking	**10.9**	**10.6**	**10.1**	**9.6**	**9.0**	**21%**	**3%**	**10.9**	**9.0**	**21%**

Life & Pension

	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Jan-Sep 21	Jan-Sep 20	Jan-Sep 21/20
EURm										
AuM, EURbn	61.6	60.1	57.0	53.2	48.8	26%	2%	61.6	48.8	26%
Premiums	1,764	2,081	1,919	1,852	1,098	61%	-15%	5,764	3,844	50%
Profit drivers										
Profit traditional products	7	6	7	11	8	-12%	7%	20	17	21%
Profit market return products	66	66	63	54	53	25%	0%	195	160	22%
Profit risk products	20	22	21	15	20	1%	-7%	63	55	14%
Total product result	**93**	**94**	**91**	**81**	**81**	**16%**	**-1%**	**278**	**232**	**20%**

Group functions

Introduction

In our Group functions we provide the four business areas with the services, subject matter expertise, data and technology infrastructure needed for Nordea to be a strong and personal financial partner. 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 third quarter we continued with initiatives to further consolidate Operations-related processes across the Group. This will enable more nearshoring and outsourcing, further increase operational efficiency and strengthen our focus on automation.

During the quarter we also updated our green bond framework to enable the issuance of green covered bonds across all our covered bond platforms.

Financial outcome

Total operating income amounted to EUR 35m, down from EUR 51m in the same quarter last year.

Net interest income increased by EUR 1m, year on year, reflecting continued pressure from tighter interbank and overnight spreads.

Net result from items at fair value decreased by EUR 13m, year on year.

Total operating expenses amounted to EUR 38m, a year-on-year decrease of EUR 46m, primarily driven by a reallocation of provisions for variable pay to the business areas.

Group functions

	Q321	Q221	Q121	Q420	Q320	Q3/Q3	Q3/Q2	Jan-Sep 21	Jan-Sep 20
EURm									
Net interest income	11	7	-1	7	10			17	42
Net fee and commission income	-8	-4	-8	-2	-5			-20	-15
Net result from items at fair value	20	29	0	14	33			49	-24
Equity method & other income	12	11	-2	27	13			21	22
Total operating income	**35**	**43**	**-11**	**46**	**51**			**67**	**25**
Total operating expenses	**-38**	**-114**	**-72**	**-156**	**-84**			**-224**	**-210**
Profit before loan losses	**-3**	**-71**	**-83**	**-110**	**-33**			**-157**	**-185**
Net loan losses and similar net result	-3	3	1	7	0			1	-8
Operating profit	**-6**	**-68**	**-82**	**-103**	**-33**			**-156**	**-193**
Economic capital (EC)	1,115	1,141	1,289	1,711	1,686			1,115	1,686
Risk exposure amount (REA)	12,569	12,130	13,486	15,434	13,790			12,569	13,790
Number of employees (FTEs)	11,807	11,987	12,162	12,182	12,182	-3%	-2%	11,807	12,182

Income statement

EURm	Note	Q3 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Operating income						
Interest income calculated using the effective interest rate method		1,275	1,271	3,811	4,187	5,536
Other interest income		259	284	767	869	1,071
Negative yield on financial assets		-72	-73	-158	-198	-280
Interest expense		-339	-384	-1,056	-1,672	-2,013
Negative yield on financial liabilities		103	48	306	160	201
Net interest income		**1,226**	**1,146**	**3,670**	**3,346**	**4,515**
Fee and commission income		1,103	939	3,291	2,817	3,856
Fee and commission expense		-233	-210	-716	-650	-897
Net fee and commission income	**3**	**870**	**729**	**2,575**	**2,167**	**2,959**
Net result from items at fair value	4	224	257	872	683	900
Profit from associated undertakings and joint ventures accounted for under the equity method		9	6	-2	-6	-1
Other operating income		15	17	67	57	93
Total operating income		**2,344**	**2,155**	**7,182**	**6,247**	**8,466**
Operating expenses						
General administrative expenses:						
Staff costs		-702	-686	-2,089	-2,030	-2,752
Other expenses	5	-237	-245	-985	-967	-1,286
Depreciation, amortisation and impairment charges of tangible and intangible assets	6	-159	-158	-474	-428	-605
Total operating expenses		**-1,098**	**-1,089**	**-3,548**	**-3,425**	**-4,643**
Profit before loan losses		**1,246**	**1,066**	**3,634**	**2,822**	**3,823**
Net result on loans in hold portfolios mandatorily held at fair value		26	17	58	18	48
Net loan losses	7	-4	2	-37	-850	-908
Operating profit		**1,268**	**1,085**	**3,655**	**1,990**	**2,963**
Income tax expense		-267	-248	-841	-450	-698
Net profit for the period		**1,001**	**837**	**2,814**	**1,540**	**2,265**
Attributable to:						
Shareholders of Nordea Bank Abp		1,001	837	2,788	1,513	2,238
Additional Tier 1 capital holders		0	0	26	27	27
Total		**1,001**	**837**	**2,814**	**1,540**	**2,265**
Basic earnings per share, EUR		0.25	0.21	0.69	0.37	0.55
Diluted earnings per share, EUR		0.25	0.21	0.69	0.37	0.55

Statement of comprehensive income

EURm	Q3 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Net profit for the period	**1,001**	**837**	**2,814**	**1,540**	**2,265**
Items that may be reclassified subsequently to the income statement					
Currency translation differences	30	-153	142	-701	-196
Hedging of net investments in foreign operations:					
Valuation gains/losses	-16	94	1	415	117
Fair value through other comprehensive income:[1]					
Valuation gains/losses, net of recycling	26	57	14	13	55
Tax on valuation gains/losses	-5	-12	-3	-1	-9
Cash flow hedges:					
Valuation gains/losses, net of recycling	27	4	-24	30	21
Tax on valuation gains/losses	-6	-1	5	-7	-5
Items that may not be reclassified subsequently to the income statement					
Changes in own credit risk related to liabilities classified as fair value option:					
Valuation gains/losses	-1	-4	-4	-7	-9
Tax on valuation gains/losses	1	0	1	2	3
Defined benefit plans:					
Remeasurement of defined benefit plans	39	-15	284	-246	22
Tax on remeasurement of defined benefit plans	-7	3	-55	49	-4
Other comprehensive income from companies accounted for under the equity method	0	-7	0	1	-1
Tax on other comprehensive income from companies accounted for under the equity method	0	2	0	0	0
Other comprehensive income, net of tax	**88**	**-32**	**361**	**-452**	**-6**
Total comprehensive income	**1,089**	**805**	**3,175**	**1,088**	**2,259**
Attributable to:					
Shareholders of Nordea Bank Abp	1,089	805	3,149	1,061	2,232
Additional Tier 1 capital holders	0	0	26	27	27
Total	**1,089**	**805**	**3,175**	**1,088**	**2,259**

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

Balance sheet

EURm	Note	30 Sep 2021	31 Dec 2020	30 Sep 2020
Assets	9			
Cash and balances with central banks		77,086	32,955	48,928
Loans to central banks	8	475	3,123	4,430
Loans to credit institutions	8	6,760	3,123	10,359
Loans to the public	8	342,604	329,765	320,468
Interest-bearing securities		63,917	62,509	68,185
Financial instruments pledged as collateral		2,754	3,795	6,510
Shares		21,825	12,649	12,794
Assets in pooled schemes and unit-linked investment contracts		43,967	36,484	32,730
Derivatives		30,268	44,770	45,434
Fair value changes of the hedged items in portfolio hedge of interest rate risk		92	359	373
Investments in associated undertakings and joint ventures		208	555	549
Intangible assets		3,812	3,771	3,637
Properties and equipment		1,753	1,931	1,908
Investment properties		1,732	1,535	1,573
Deferred tax assets		375	406	394
Current tax assets		391	300	392
Retirement benefit assets		386	144	74
Other assets		14,989	13,349	15,301
Prepaid expenses and accrued income		773	637	735
Assets held for sale		342	-	-
Total assets		**614,509**	**552,160**	**574,774**
Liabilities	9			
Deposits by credit institutions		43,467	23,939	39,076
Deposits and borrowings from the public		210,822	183,431	189,971
Deposits in pooled schemes and unit-linked investment contracts		44,638	37,534	33,811
Liabilities to policyholders		19,175	18,178	17,199
Debt securities in issue		191,074	174,309	180,237
Derivatives		31,726	47,033	45,308
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,402	2,608	2,934
Current tax liabilities		498	305	187
Other liabilities		25,932	21,341	22,663
Accrued expenses and prepaid income		1,218	1,404	1,409
Deferred tax liabilities		555	436	436
Provisions		502	596	615
Retirement benefit obligations		289	365	547
Subordinated liabilities		6,583	6,941	7,828
Total liabilities		**577,881**	**518,420**	**542,221**
Equity				
Additional Tier 1 capital holders		750	748	750
Non-controlling interests		9	9	9
Share capital		4,050	4,050	4,050
Invested unrestricted equity		1,069	1,063	1,070
Other reserves		-1,706	-2,067	-2,515
Retained earnings		32,456	29,937	29,189
Total equity		**36,628**	**33,740**	**32,553**
Total liabilities and equity		**614,509**	**552,160**	**574,774**
Off-balance sheet commitments				
Assets pledged as security for own liabilities		179,420	176,364	175,339
Other assets pledged[1]		253	267	240
Contingent liabilities		21,667	19,347	18,880
Credit commitments[2]		90,269	88,791	87,719
Other commitments		1,545	1,769	1,794

[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 32,394m (31 December 2020: EUR 32,859m; 30 September 2020: EUR 34,277m).

Statement of changes in equity

EURm	Attributable to shareholders of Nordea Bank Abp		Other reserves:									
	Share capital[1]	Invested unrestricted equity	Translation of foreign operations	Cash flow hedges	Fair value through other comprehensive income	Defined benefit plans	Changes in own credit risk related to liabilities classified as fair value option	Retained earnings	Total	Additional Tier 1 capital holders	Non-controlling interests	Total equity
Balance as at 1 Jan 2021	**4,050**	**1,063**	**-2,020**	**-10**	**91**	**-117**	**-11**	**29,937**	**32,983**	**748**	**9**	**33,740**
Net profit for the period	-	-	-	-	-	-	-	2,788	2,788	26	-	2,814
Other comprehensive income, net of tax	-	-	143	-19	11	229	-3	0	361	-	-	361
Total comprehensive income	-	-	143	-19	11	229	-3	2,788	3,149	26	-	3,175
Paid interest on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	2	-	2
Share-based payments	-	-	-	-	-	-	-	14	14	-	-	14
Dividend	-	-	-	-	-	-	-	-283	-283	-	-	-283
Divestment of own shares[2]	-	6	-	-	-	-	-	-	6	-	-	6
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	0	0
Balance as at 30 Sep 2021	**4,050**	**1,069**	**-1,877**	**-29**	**102**	**112**	**-14**	**32,456**	**35,869**	**750**	**9**	**36,628**
Balance as at 1 Jan 2020	**4,050**	**1,080**	**-1,941**	**-26**	**45**	**-135**	**-5**	**27,672**	**30,740**	**748**	**40**	**31,528**
Net profit for the period	-	-	-	-	-	-	-	2,238	2,238	27	-	2,265
Other comprehensive income, net of tax	-	-	-79	16	46	18	-6	-1	-6	-	-	-6
Total comprehensive income	-	-	-79	16	46	18	-6	2,237	2,232	27	-	2,259
Paid interest on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-27	-	-27
Share-based payments	-	-	-	-	-	-	-	6	6	-	-	6
Purchase of own shares[2]	-	-17	-	-	-	-	-	-	-17	-	-	-17
Other changes	-	-	-	-	-	-	-	22	22	-	-	22
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-31	-31
Balance as at 31 Dec 2020	**4,050**	**1,063**	**-2,020**	**-10**	**91**	**-117**	**-11**	**29,937**	**32,983**	**748**	**9**	**33,740**
Balance as at 1 Jan 2020	**4,050**	**1,080**	**-1,941**	**-26**	**45**	**-135**	**-5**	**27,672**	**30,740**	**748**	**40**	**31,528**
Net profit for the period	-	-	-	-	-	-	-	1,513	1,513	27	-	1,540
Other comprehensive income, net of tax	-	-	-286	23	12	-197	-5	1	-452	-	-	-452
Total comprehensive income	-	-	-286	23	12	-197	-5	1,514	1,061	27	-	1,088
Paid interest on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-27	-	-27
Change in Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	2	-	2
Share-based payments	-	-	-	-	-	-	-	3	3	-	-	3
Purchase of own shares[2]	-	-10	-	-	-	-	-	-	-10	-	-	-10
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-31	-31
Balance as at 30 Sep 2020	**4,050**	**1,070**	**-2,227**	**-3**	**57**	**-332**	**-10**	**29,189**	**31,794**	**750**	**9**	**32,553**

[1] Total shares registered were 4,050 million (31 December 2020: 4,050 million; 30 September 2020: 4,050 million). The number of own shares was 10.4 million (31 December 2020: 11.9 million; 30 September 2020: 11.5 million), which represents 0.3% (31 December 2020: 0.3%; 30 September 2020: 0.3%) of the total shares in Nordea. Each share represents one voting right.

[2] Refers to the change in the holding of own shares related to treasury shares held for remuneration purposes and to the trading portfolio. The number of treasury shares held for remuneration purposes was 7.1 million (31 December 2020: 8.2 million; 30 September 2020: 8.2 million).

Cash flow statement, condensed

EURm	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Operating activities			
Operating profit	3,655	1,990	2,963
Adjustments for items not included in cash flow	376	2,124	2,074
Income taxes paid	-639	-910	-987
Cash flow from operating activities before changes in operating assets and liabilities	**3,392**	**3,204**	**4,050**
Changes in operating assets and liabilities	39,582	12,283	-5,393
Cash flow from operating activities	**42,974**	**15,487**	**-1,343**
Investing activities			
Acquisition/sale of business operations	7	-	-552
Acquisition/sale of associated undertakings and joint ventures	-1	-6	10
Acquisition/sale of properties and equipment	-2	-41	-50
Acquisition/sale of intangible assets	-284	-296	-418
Cash flow from investing activities	**-280**	**-343**	**-1,010**
Financing activities			
Issued/amortised subordinated liabilities	-437	-1,709	-2,459
Divestment/repurchase of own shares, including change in trading portfolio	6	-10	-17
Dividend paid	-283	-	-
Paid interest on Additional Tier 1 capital	-26	-27	-27
Amortisation of the principal part of lease liabilities	-106	-108	-143
Cash flow from financing activities	**-846**	**-1,854**	**-2,646**
Cash flow for the period	**41,848**	**13,290**	**-4,999**

Cash and cash equivalents

EURm	30 Sep 2021	30 Sep 2020	31 Dec 2020
Cash and cash equivalents at beginning of the period	36,203	41,164	41,164
Translation difference	612	-547	38
Cash and cash equivalents at end of the period	78,663	53,907	36,203
Change	**41,848**	**13,290**	**-4,999**
The following items are included in cash and cash equivalents:			
Cash and balances with central banks	77,086	48,928	32,955
Loans to central banks	5	4,141	2,426
Loans to credit institutions	1,572	838	822
Total cash and cash equivalents	**78,663**	**53,907**	**36,203**

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 2020. The accounting policies and methods of computation are unchanged from Note G1 in the Annual Report 2020, 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 2020.

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea on 1 January 2021.

Interest Rate Benchmark Reform – Phase 2

In 2020 the International Accounting Standards Board (IASB) published amendments to International Financial Reporting Standard (IFRS) 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in Interest Rate Benchmark Reform – Phase 2. Phase 2 of the interbank offered rate (IBOR) reform includes three major areas: hedge accounting, modifications and disclosures. The amendments were implemented by Nordea on 1 January 2021. Hedge relationships in Nordea can continue as before and no material modification gains or losses have been recognised.

The amendments clarify that hedge accounting does not have to be discontinued in the event that hedged items and hedging instruments are modified due to the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Any valuation adjustments resulting from the amendments are recognised as part of hedge ineffectiveness.

Modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis are not accounted for as modifications to instruments measured at amortised cost. For such modifications, the effective interest rate is amended in line with the modified cash flows.

Other amendments

The following amended standard issued by the IASB was implemented by Nordea on 1 January 2021, but has not had any significant impact on Nordea's financial statements.

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9

Assets held for sale

Nordea owns 19.95% of the associated company Luminor Bank AS, which is conducting business in the Baltics. The company is the result of the merger of Nordea's and DNB's operations in the Baltics. In 2018 the investment was classified as a joint venture, as Nordea held 50% of the voting rights. In 2019 Nordea sold shares in Luminor and the remaining holding was classified as an associated company.

As communicated on 13 September 2018, Nordea and Blackstone have entered into a forward sale agreement for Nordea's remaining holding in Luminor. The holding was reclassified to "Assets held for sale" on 30 September 2021, when Nordea concluded that the requirements in IFRS 5 had been fulfilled as the sale of the remaining shares was expected within one year. Income from Luminor has been recognised using the equity method and was presented as "Profit from associated undertakings and joint ventures accounted for under the equity method" up until 30 September 2021.

Changes in IFRS not yet applied

IFRS 17 Insurance Contracts

The new standard IFRS 17 Insurance Contracts 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 Building Block Approach (BBA), 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 technical provisions in the Solvency II Directive. Unearned future premiums will be recognised as a provision on the balance sheet and released to revenue when the insurance service is provided. Any unprofitable contracts will be recognised in the income statement at the time the contract is signed and approved.

IFRS 17 is 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. Nordea does not currently intend to adopt the standard early. It is not yet possible to conclude on the impact of the new standard on Nordea's financial statements or capital adequacy in the period of initial application.

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 in 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 new standard will not have any significant impact on its capital adequacy in the period of initial application.

Other amendments to IFRS
Other amendments to IFRS 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 and estimation uncertainty
Nordea applied significant critical judgements in the preparation of this interim report due to significant uncertainty concerning the potential long-term impact of COVID-19 on its financial statements (see "Critical judgements emphasised by COVID 19" in section 4 of Note G1 "Accounting policies" in the Annual Report 2020). More 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 2020.

No impairment of goodwill was identified during the third quarter, but significant estimation uncertainty exists in relation to the long-term impact on Nordea's financial statements and the impairment need will be continually reassessed. 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.

Exchange rates

	Jan-Sep 2021	Jan-Dec 2020	Jan-Sep 2020
EUR 1 = SEK			
Income statement (average)	10.1524	10.4889	10.5626
Balance sheet (at end of period)	10.1658	10.0220	10.5448
EUR 1 = DKK			
Income statement (average)	7.4368	7.4543	7.4581
Balance sheet (at end of period)	7.4360	7.4405	7.4458
EUR 1 = NOK			
Income statement (average)	10.2275	10.7291	10.7196
Balance sheet (at end of period)	10.1330	10.4703	11.0665
EUR 1 = RUB			
Income statement (average)	88.5471	82.6596	79.9115
Balance sheet (at end of period)	84.4408	90.8041	91.0017

Note 2 Segment reporting

Jan-Sep 2021	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Recon-ciliation	Total Group
Total operating income, EURm	2,700	1,902	1,544	901	169	7,216	-34	**7,182**
- of which internal transactions[1]	-168	-47	-101	-24	340	0	-	**-**
Operating profit, EURm	1,319	1,051	897	510	184	3,961	-306	**3,655**
Loans to the public[2], EURbn	167	94	43	11	0	315	28	**343**
Deposits and borrowings from the public, EURbn	84	53	47	11	0	195	16	**211**

Jan-Sep 2020								
Total operating income, EURm	2,514	1,674	1,351	741	40	6,320	-73	**6,247**
- of which internal transactions[1]	-345	-149	-238	-17	749	0	-	**-**
Operating profit, EURm	883	534	440	350	32	2,239	-249	**1,990**
Loans to the public[2], EURbn	158	86	48	9	0	301	19	**320**
Deposits and borrowings from the public, EURbn	81	49	43	11	0	184	6	**190**

[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-Sep		**30 Sep**		**30 Sep**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Total operating segments	3,961	2,239	315	301	195	184
Group functions[1]	-16	-189	-	-	-	-
Unallocated items	-329	-37	24	24	14	9
Differences in accounting policies[2]	39	-23	4	-5	2	-3
Total	**3,655**	**1,990**	**343**	**320**	**211**	**190**

[1] Consists of Group Business Support, Group Internal Audit, Chief of Staff Office, Group People, Group Legal and Group Risk & Compliance.
[2] Impact from plan exchange rates used in the segment reporting.

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

EURm	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Asset management commissions	481	441	372	1,338	1,071	1,469
Life and pension commissions	68	68	64	200	193	263
Deposit products	5	6	6	17	19	27
Brokerage, securities issues and corporate finance	49	88	42	214	140	204
Custody and issuer services	9	15	7	24	22	34
Payments	72	73	68	225	214	280
Cards	57	42	41	134	124	168
Lending products	114	121	104	356	307	424
Guarantees	25	23	23	73	66	89
Other	-10	1	2	-6	11	1
Total	**870**	**878**	**729**	**2,575**	**2,167**	**2,959**

Breakdown
Jan-Sep 2021

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Manage-ment	Other operating segments	Other and elimination	Nordea Group
Asset management commissions	489	78	3	768	0	0	1,338
Life and pension commissions	166	62	3	-31	0	0	200
Deposit products	4	13	0	0	0	0	17
Brokerage, securities issues and corporate finance	16	34	151	28	-1	-14	214
Custody and issuer services	2	3	18	2	-7	6	24
Payments	49	123	56	1	0	-4	225
Cards	113	17	4	0	0	0	134
Lending products	92	128	130	5	1	0	356
Guarantees	7	20	45	0	1	0	73
Other	9	7	2	-22	-4	2	-6
Total	**947**	**485**	**412**	**751**	**-10**	**-10**	**2,575**

Breakdown
Jan-Sep 2020

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Manage-ment	Other operating segments	Other and elimination	Nordea Group
Asset management commissions	414	69	5	583	0	0	1,071
Life and pension commissions	141	50	3	-1	0	0	193
Deposit products	5	13	1	0	0	0	19
Brokerage, securities issues and corporate finance	13	19	93	26	0	-11	140
Custody and issuer services	3	2	20	1	-6	2	22
Payments	50	115	51	1	0	-3	214
Cards	105	15	5	-1	0	0	124
Lending products	87	97	117	2	4	0	307
Guarantees	6	19	41	0	0	0	66
Other	16	8	6	-18	-3	2	11
Total	**840**	**407**	**342**	**593**	**-5**	**-10**	**2,167**

Note 4 Net result from items at fair value

EURm	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Equity-related instruments	130	183	28	502	103	177
Interest-related instruments and foreign exchange gains/losses	80	80	74	262	712	667
Other financial instruments (including credit and commodities)	-6	-11	135	35	-199	-24
Life & Pension[1]	20	26	20	73	67	80
Total	**224**	**278**	**257**	**872**	**683**	**900**

[1] Internal transactions not eliminated against other lines in the Note. The line Life & Pension consequently provides the true impact from the life insurance operations.

Breakdown of Life & Pension EURm	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Equity-related instruments	192	448	400	1,184	-91	397
Interest-related instruments and foreign exchange gains/losses	7	38	81	11	137	271
Investment properties	-2	47	55	111	84	94
Change in technical provisions[1]	-124	-319	-346	-623	-365	-792
Change in collective bonus potential	-67	-202	-184	-650	264	60
Insurance risk income	18	19	16	54	48	64
Insurance risk expense	-4	-5	-2	-14	-10	-14
Total	**20**	**26**	**20**	**73**	**67**	**80**

[1] Premium income amounts to EUR 59m for the third quarter of 2021 and EUR 224m for January-September 2021 (third quarter of 2020: EUR 44m; January-September 2020: EUR 144m).

Note 5 Other expenses

EURm	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Information technology	-131	-122	-97	-377	-339	-490
Marketing and representation	-9	-12	-8	-28	-25	-46
Postage, transportation, telephone and office expenses	-12	-13	-13	-39	-41	-57
Rents, premises and real estate	-23	-27	-35	-76	-96	-128
Resolution fee	-	-	-	-224	-202	-202
Other	-62	-88	-92	-241	-264	-363
Total	**-237**	**-262**	**-245**	**-985**	**-967**	**-1,286**

Note 6 Depreciation, amortisation and impairment charges of tangible and intangible assets

EURm	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Depreciation/amortisation						
Properties and equipment	-60	-62	-64	-185	-195	-255
Intangible assets	-92	-89	-80	-267	-214	-298
Total	**-152**	**-151**	**-144**	**-452**	**-409**	**-553**
Impairment charges						
Properties and equipment	-3	-13	-7	-18	-7	-7
Intangible assets	-4	0	-7	-4	-12	-45
Total	**-7**	**-13**	**-14**	**-22**	**-19**	**-52**
Total	**-159**	**-164**	**-158**	**-474**	**-428**	**-605**

Note 7 Net loan losses

EURm	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Net loan losses, stage 1	-4	91	79	81	-144	-155
Net loan losses, stage 2	0	44	-15	60	-203	-200
Net loan losses, non-credit-impaired assets	**-4**	**135**	**64**	**141**	**-347**	**-355**
Stage 3, credit-impaired assets						
Net loan losses, individually assessed, collectively calculated	25	-58	-3	-23	-170	-127
Realised loan losses	-58	-145	-151	-305	-345	-573
Decrease in provisions to cover realised loan losses	17	73	119	154	247	377
Recoveries on previous realised loan losses	20	17	7	44	44	50
Reimbursement right	-3	3	0	0	-1	0
New/increase in provisions	-28	-89	-90	-328	-510	-601
Reversals of provisions	27	94	56	280	232	321
Net loan losses, credit-impaired assets	**0**	**-105**	**-62**	**-178**	**-503**	**-553**
Net loan losses	**-4**	**30**	**2**	**-37**	**-850**	**-908**

Key ratios

	Q3 2021	Q2 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Net loan loss ratio, amortised cost, bp	1	-5	0	2	47	35
- of which stage 1	1	-14	-13	-4	8	6
- of which stage 2	0	-7	3	-3	11	8
- of which stage 3	0	16	10	9	28	21

Note 8 Loans and impairment

EURm	Total 30 Sep 2021	31 Dec 2020	30 Sep 2020
Loans measured at fair value	85,602	74,616	87,533
Loans measured at amortised cost, not impaired (stages 1 and 2)	262,879	259,864	246,039
Impaired loans (stage 3)	3,628	3,979	4,219
- of which servicing	1,580	1,788	1,740
- of which non-servicing	2,048	2,191	2,479
Loans before allowances	**352,109**	**338,459**	**337,791**
- of which central banks and credit institutions	*7,238*	*6,250*	*14,800*
Allowances for individually assessed impaired loans (stage 3)	-1,623	-1,674	-1,816
- of which servicing	-743	-760	-732
- of which non-servicing	-880	-914	-1,084
Allowances for collectively assessed impaired loans (stages 1 and 2)	-647	-774	-718
Allowances	**-2,270**	**-2,448**	**-2,534**
- of which central banks and credit institutions	*-3*	*-4*	*-11*
Loans, carrying amount	**349,839**	**336,011**	**335,257**

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

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

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

EURm	30 Sep 2020 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	232,463	13,576	4,219	250,258
Interest-bearing securities[1]	37,640	-	-	37,640
Total	**270,103**	**13,576**	**4,219**	**287,898**

[1] Of which EUR 774m relates to the balance sheet item Financial instruments pledged as collateral.

Allowances and provisions

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

EURm	30 Sep 2020 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	-255	-463	-1,816	-2,534
Interest-bearing securities	-2	-	-	-2
Provisions for off-balance sheet items	-74	-149	-31	-254
Total allowances and provisions	**-331**	**-612**	**-1,847**	**-2,790**

Movements of allowance accounts for loans measured at amortised cost

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

Note 8 Continued

EURm	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2020	**-153**	**-344**	**-1,686**	**-2,183**
Changes due to origination and acquisition	-47	-18	-10	-75
Transfer from stage 1 to stage 2	7	-137	-	-130
Transfer from stage 1 to stage 3	1	-	-77	-76
Transfer from stage 2 to stage 1	-19	48	-	29
Transfer from stage 2 to stage 3	-	16	-45	-29
Transfer from stage 3 to stage 1	-1	-	6	5
Transfer from stage 3 to stage 2	-	-28	35	7
Changes due to change in credit risk (net)	-60	-26	-327	-413
Changes due to repayments and disposals	12	20	28	60
Write-off through decrease in allowance account	-	-	190	190
Translation differences	5	6	70	81
Balance as at 30 Sep 2020	**-255**	**-463**	**-1,816**	**-2,534**

Key ratios[1]	30 Sep 2021	31 Dec 2020	30 Sep 2020
Impairment rate (stage 3), gross, basis points	136	151	169
Impairment rate (stage 3), net, basis points	75	87	96
Total allowance rate (stages 1, 2 and 3), basis points	85	93	101
Allowances in relation to impaired loans (stage 3), %	45	42	43
Allowances in relation to loans in stages 1 and 2, basis points	25	30	29

[1] For definitions, see Glossary.

Forbearance

Forbearance refers to eased terms or restructuring of credit terms and conditions due to the borrower experiencing financial difficulties. The intention of granting forbearance for a limited period of time is to ensure full repayment of the outstanding debt. Examples of eased terms are changes to amortisation profile, repayment schedule and customer margin, or eased financial covenants. Forbearance is undertaken on an individual basis, according to internal guidelines, and followed by impairment testing. Forborne exposures can be performing or non-performing. Loan loss provisions are recognised if necessary. Customers with forbearance measures are transferred to stage 2, unless already identified as credit impaired (stage 3).

All COVID-19-related instalment-free periods have now expired. Only 3.0% of the customers who were granted instalment-free periods due to the pandemic have been classified as forborne (or in default) following the expiry of their instalment-free period.

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 on 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 133m (EUR 134m at the end of March 2021 and EUR 154m at the end of June 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.

	30 Sep 2021		31 Dec 2020	
EURm	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
Personal Banking	424	550	492	646
Business Banking	1,170	1,289	1,307	1,447
Large Corporates & Institutions	879	911	874	950
Other	22	39	14	29
Group	**2,495**	**2,789**	**2,687**	**3,072**

Note 8 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 third quarter of 2021, the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 60%, adverse 20% and favourable 20% (baseline 50%, adverse 45% and favourable 5% at the end of December 2020 and baseline 60%, adverse 20% and favourable 20% at the end of June 2021). The consistency in weightings between the second and third quarters of 2021 reflects continued reduced uncertainty regarding the impact of the pandemic, reduced downside risks following progress in COVID-19 vaccination programmes, and the easing of restrictions in society and the economy.

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. Activity in the Nordic economies has recovered swiftly, as societies have reopened after COVID-19-related lockdowns. Real GDP is now back at pre-crisis levels in Denmark, Finland, Norway and Sweden. There is still substantial uncertainty surrounding the recovery ahead, but expansionary fiscal and monetary policy, high household savings and pent-up demand provide a sound basis for a solid further increase in activity in 2022. In the long term, however, economic growth is expected to gradually normalise. Following strong housing market activity over the past year, the development of house prices is expected to become more subdued in the future.

Nordea's two alternative macroeconomic scenarios cover a range of plausible impacts of the COVID-19 pandemic on the Nordic economies, reflecting the persisting uncertainty concerning the pandemic's future evolution and economic effects.

At the end of the third quarter of 2021 adjustments to model-based allowances/provisions amounted to EUR 629m, 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 third quarter of 2021 (EUR 455m at the end of the second 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 second quarter of 2021). The cyclical reserve was supported by additional portfolio modelling and was triggered by the substantial uncertainty in the macroeconomic development, as well as the need to account for future rating downgrades potentially underestimated by the IFRS 9 model through the updated macroeconomic scenarios.

The estimation was supported by the use of the internal stress testing model, adjusted for the impact of government support schemes. For the retail portfolio, the most important public sector actions have been the various forms of labour market support schemes, which have significantly decreased expected defaults and losses among households. Due to the wide scope of these schemes, Nordea decreased the modelled development of new defaults originally predicted by the internal stress testing models, leading to lower predicted loan losses. These models are based on historical observations and correlations. Thus, they do not replicate the impact of the current government support schemes.

With regard to the expected rating migration in the corporate portfolio, Nordea took into consideration the positive impact of the various government guarantee and support schemes, primarily addressing the liquidity shock caused by the lockdowns and quarantines. At the same time, additional negative rating migration was assumed for industries affected by COVID-19. This was based on an updated view of particularly sensitive industries (e.g. Retail trade, Accommodation and leisure, and Air transportation), and incorporated the main findings into the scenario projections.

The stress test model-based scenario simulations support the loan loss forecasts made by the business areas, and help Nordea ensure that its loan loss projections are appropriate.

Note 8 Continued

Scenarios and allowances/provisions

30 Sep 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, %	4.6	2.6	2.0	207	20%				
	Unemployment, %	3.3	3.1	3.0						
	Change in household consumption, %	6.9	3.0	2.9						
	Change in house prices, %	7.2	1.8	2.0						
Baseline scenario	GDP growth, %	3.7	2.2	1.9	208	60%	209	180	312	701
	Unemployment, %	3.8	3.7	3.7						
	Change in household consumption, %	6.4	2.5	2.5						
	Change in house prices, %	6.2	0.8	2.2						
Adverse scenario	GDP growth, %	1.5	2.3	2.0	214	20%				
	Unemployment, %	4.8	4.7	4.5						
	Change in household consumption, %	4.8	1.9	2.4						
	Change in house prices, %	-5.4	-0.9	2.4						
Finland										
Favourable scenario	GDP growth, %	3.9	1.8	1.1	248	20%				
	Unemployment, %	6.6	6.4	6.2						
	Change in household consumption, %	5.2	1.9	1.6						
	Change in house prices, %	3.4	2.0	1.7						
Baseline scenario	GDP growth, %	3.0	1.3	1.0	253	60%	255	148	194	597
	Unemployment, %	6.9	6.7	6.6						
	Change in household consumption, %	4.6	1.3	1.2						
	Change in house prices, %	1.4	1.6	1.4						
Adverse scenario	GDP growth, %	1.1	1.3	0.9	267	20%				
	Unemployment, %	7.8	7.5	7.3						
	Change in household consumption, %	3.2	0.8	0.5						
	Change in house prices, %	-4.6	-1.1	0.9						
Norway										
Favourable scenario	GDP growth, %	4.6	1.6	1.0	70	20%				
	Unemployment, %	2.7	2.6	2.7						
	Change in household consumption, %	11.0	3.8	2.3						
	Change in house prices, %	3.5	2.8	2.9						
Baseline scenario	GDP growth, %	3.6	1.2	1.0	72	60%	72	204	429	705
	Unemployment, %	3.1	3.0	3.1						
	Change in household consumption, %	10.1	3.2	2.1						
	Change in house prices, %	1.0	1.3	2.9						
Adverse scenario	GDP growth, %	1.7	1.2	1.1	77	20%				
	Unemployment, %	4.1	3.9	3.8						
	Change in household consumption, %	8.6	2.6	1.6						
	Change in house prices, %	-5.4	-0.9	2.5						
Sweden										
Favourable scenario	GDP growth, %	5.0	2.2	1.9	86	20%				
	Unemployment, %	7.0	6.7	6.6						
	Change in household consumption, %	6.4	2.9	2.2						
	Change in house prices, %	4.1	3.0	2.9						
Baseline scenario	GDP growth, %	3.7	2.1	1.8	89	60%	89	91	87	267
	Unemployment, %	7.4	7.1	7.0						
	Change in household consumption, %	5.2	2.6	1.8						
	Change in house prices, %	1.7	1.8	3.0						
Adverse scenario	GDP growth, %	2.1	2.2	2.0	94	20%				
	Unemployment, %	8.3	7.9	7.7						
	Change in household consumption, %	3.8	1.9	1.3						
	Change in house prices, %	-5.4	-0.9	2.4						
Non-Nordic							2	6	217	225
Total							**627**	**629**	**1,239**	**2,495**

Note 8 Continued

Scenarios and allowances/provisions

31 Dec 2020

Denmark		2021	2022	2023	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
Favourable scenario	GDP growth, %	4.7	2.4	1.9	244	5%				
	Unemployment, %	4.3	3.9	3.5						
	Change in household consumption, %	6.3	2.5	2.0						
	Change in house prices, %	-0.6	0.3	2.4						
Baseline scenario	GDP growth, %	3.0	2.5	2.5	251	50%	262	195	395	852
	Unemployment, %	5.6	4.8	4.2						
	Change in household consumption, %	5.0	1.7	1.8						
	Change in house prices, %	-2.6	0.6	2.7						
Adverse scenario	GDP growth, %	-0.5	3.6	4.0	277	45%				
	Unemployment, %	7.5	6.8	6.0						
	Change in household consumption, %	3.1	2.0	3.0						
	Change in house prices, %	-5.6	-4.6	2.6						
Finland										
Favourable scenario	GDP growth, %	3.5	2.4	1.8	191	5%				
	Unemployment, %	7.2	6.7	6.3						
	Change in household consumption, %	4.3	2.8	2.7						
	Change in house prices, %	-0.9	1.3	2.3						
Baseline scenario	GDP growth, %	2.5	2.0	2.2	201	50%	217	159	262	638
	Unemployment, %	8.0	7.7	7.2						
	Change in household consumption, %	3.8	1.9	2.5						
	Change in house prices, %	-2.5	1.4	2.5						
Adverse scenario	GDP growth, %	-2.3	3.4	3.3	237	45%				
	Unemployment, %	10.0	9.2	8.5						
	Change in household consumption, %	-0.2	3.1	2.8						
	Change in house prices, %	-5.2	-5.5	2.5						
Norway										
Favourable scenario	GDP growth, %	2.9	3.2	2.8	65	5%				
	Unemployment, %	5.1	4.2	3.9						
	Change in household consumption, %	4.3	2.6	2.8						
	Change in house prices, %	-1.0	-0.3	2.5						
Baseline scenario	GDP growth, %	1.9	3.3	2.9	67	50%	72	213	347	632
	Unemployment, %	6.1	5.1	4.3						
	Change in household consumption, %	3.6	2.5	2.3						
	Change in house prices, %	-3.2	0	3.0						
Adverse scenario	GDP growth, %	-0.7	3.1	3.7	78	45%				
	Unemployment, %	7.1	6.7	5.8						
	Change in household consumption, %	2.2	2.4	2.8						
	Change in house prices, %	-10.5	-9.3	3.2						
Sweden										
Favourable scenario	GDP growth, %	4.1	2.1	2.3	100	5%				
	Unemployment, %	8.3	7.7	6.8						
	Change in household consumption, %	2.4	2.2	2.3						
	Change in house prices, %	-2.8	-0.3	2.7						
Baseline scenario	GDP growth, %	1.8	5.0	3.0	109	50%	114	129	71	314
	Unemployment, %	10.0	8.1	7.3						
	Change in household consumption, %	0.1	5.2	2.7						
	Change in house prices, %	-3.5	-0.1	1.6						
Adverse scenario	GDP growth, %	-2.3	3.8	3.7	121	45%				
	Unemployment, %	11.5	11.1	10.2						
	Change in household consumption, %	-3.2	2.9	2.3						
	Change in house prices, %	-13.5	-11.1	3.8						
Non-Nordic							9	1	241	251
Total							**674**	**697**	**1,316**	**2,687**

Note 8 Continued

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

30 Sep 2021

	Gross				Allowances				Loans carrying amount	Net loan losses[1]
EURm	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Financial institutions	13,665	358	67	14,091	12	18	29	59	14,032	19
Agriculture	3,591	208	146	3,945	5	10	78	93	3,852	7
Crops, plantations and hunting	1,034	81	38	1,152	2	5	18	25	1,127	3
Animal husbandry	668	100	105	873	2	5	58	65	808	2
Fishing and aquaculture	1,889	28	3	1,920	1	1	1	3	1,917	3
Natural resources	2,462	204	568	3,233	3	4	341	347	2,886	-21
Paper and forest products	1,507	143	32	1,683	1	3	19	23	1,660	3
Mining and supporting activities	289	27	7	323	1	1	1	3	321	1
Oil, gas and offshore	665	33	529	1,227	1	0	321	322	906	-25
Consumer staples	2,891	252	21	3,164	3	11	11	26	3,139	8
Food processing and beverages	1,263	81	6	1,350	1	3	4	9	1,341	2
Household and personal products	242	18	10	271	0	1	5	6	265	0
Healthcare	1,385	152	5	1,543	2	6	2	10	1,532	6
Consumer discretionary and services	6,673	1,027	249	7,949	9	45	155	209	7,740	-66
Consumer durables	1,339	157	32	1,529	2	10	15	27	1,502	1
Media and entertainment	1,083	89	20	1,192	1	5	10	16	1,176	7
Retail trade	2,716	283	171	3,170	4	17	110	131	3,039	-69
Air transportation	182	66	3	251	0	3	2	5	247	5
Accommodation and leisure	710	425	23	1,158	2	10	18	30	1,128	-12
Telecommunication services	643	6	1	650	0	0	0	1	649	2
Industrials	27,600	2,476	611	30,688	48	101	304	453	30,235	41
Materials	1,142	174	43	1,360	1	4	17	23	1,337	49
Capital goods	2,452	341	103	2,896	3	10	43	56	2,840	-1
Commercial and professional services	8,877	562	130	9,568	16	31	64	112	9,457	-4
Construction	7,038	646	152	7,836	15	28	85	129	7,708	-15
Wholesale trade	4,467	441	60	4,968	6	17	38	61	4,907	21
Land transportation	2,250	232	107	2,589	4	6	49	59	2,530	-11
IT services	1,375	79	17	1,471	3	4	8	14	1,457	2
Maritime	5,881	331	603	6,815	11	5	239	254	6,560	-14
Ship building	280	4	5	289	1	0	5	6	283	5
Shipping	5,294	324	597	6,215	9	4	234	248	5,967	-19
Maritime services	308	3	0	311	0	0	0	1	310	0
Utilities and public service	5,615	85	34	5,735	3	3	20	27	5,708	-2
Utilities distribution	2,629	40	29	2,699	1	1	17	20	2,679	-4
Power production	1,960	23	1	1,984	1	0	0	2	1,981	1
Public services	1,026	23	4	1,053	1	1	3	5	1,048	1
Real estate	36,272	1,133	198	37,603	27	43	102	173	37,430	-9
Other industries and reimbursement rights	646	178	13	838	7	0	0	8	830	0
Total Corporate	**105,297**	**6,252**	**2,511**	**114,060**	**129**	**240**	**1,279**	**1,648**	**112,412**	**-38**
Housing loans	116,698	4,374	493	121,565	17	42	74	133	121,432	-53
Collateralised lending	17,418	1,319	347	19,084	62	55	166	283	18,802	18
Non-collateralised lending	5,862	1,095	241	7,198	22	77	102	201	6,997	38
Household	**139,978**	**6,788**	**1,081**	**147,847**	**101**	**174**	**342**	**617**	**147,230**	**3**
Public sector	**2,316**	**100**	**37**	**2,453**	**0**	**0**	**2**	**2**	**2,451**	**-1**
Lending to the public	**247,592**	**13,140**	**3,628**	**264,360**	**230**	**414**	**1,623**	**2,267**	**262,093**	**-37**
Lending to central banks and credit institutions	**2,133**	**14**	**0**	**2,147**	**3**	**0**	**0**	**3**	**2,143**	**0**
Total	**249,725**	**13,154**	**3,628**	**266,507**	**232**	**415**	**1,623**	**2,270**	**264,237**	**-37**

[1] The table shows net loan losses related to on- and off-balance sheet exposures for September 2021, year to date.

Note 8 Continued

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

31 Dec 2020

	Gross				Allowances				Loans carrying amount	Net loan losses[1]
EURm	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Financial institutions	12,622	509	158	13,289	18	16	150	185	13,105	-25
Agriculture	3,054	265	185	3,504	11	17	95	122	3,381	-13
Crops, plantations and hunting	1,027	112	49	1,188	4	7	23	34	1,154	-3
Animal husbandry	631	123	131	885	3	9	70	82	803	-4
Fishing and aquaculture	1,396	30	5	1,431	4	0	2	7	1,424	-5
Natural resources	2,673	188	564	3,425	5	4	282	291	3,134	-126
Paper and forest products	1,612	132	36	1,780	3	4	21	28	1,752	-15
Mining and supporting activities	330	22	4	356	0	0	2	3	353	-1
Oil, gas and offshore	730	34	524	1,288	1	0	258	260	1,028	-111
Consumer staples	2,821	219	27	3,067	5	20	15	40	3,027	-25
Food processing and beverages	1,083	85	7	1,175	2	5	4	11	1,164	-5
Household and personal products	165	59	11	235	1	2	5	8	227	-5
Healthcare	1,572	75	10	1,657	2	13	5	21	1,636	-15
Consumer discretionary and services	6,336	902	236	7,474	15	42	144	201	7,273	-77
Consumer durables	973	197	61	1,231	1	9	41	51	1,180	-26
Media and entertainment	1,409	79	34	1,522	2	4	25	31	1,492	-13
Retail trade	2,386	367	93	2,846	5	23	46	75	2,771	-21
Air transportation	167	33	14	214	0	1	9	10	204	-2
Accommodation and leisure	751	216	32	998	2	5	22	29	969	-20
Telecommunication services	651	9	1	662	4	0	0	5	657	6
Industrials	27,619	3,020	666	31,304	65	127	254	446	30,858	-160
Materials	1,190	384	63	1,637	3	7	29	38	1,599	9
Capital goods	2,795	403	97	3,295	5	13	51	69	3,226	-17
Commercial and professional services	10,031	605	189	10,825	26	30	0	56	10,768	-28
Construction	6,138	628	139	6,905	16	26	92	133	6,772	-56
Wholesale trade	4,234	556	85	4,874	9	35	43	86	4,788	-41
Land transportation	2,125	338	81	2,544	4	11	31	46	2,498	-19
IT services	1,106	106	12	1,224	3	6	9	18	1,207	-7
Maritime	5,620	362	555	6,537	16	9	226	251	6,286	-87
Ship building	129	4	7	140	0	0	7	7	133	2
Shipping	5,254	357	546	6,157	15	9	218	242	5,915	-88
Maritime services	237	1	1	239	0	0	1	1	238	0
Utilities and public service	5,444	127	32	5,603	4	6	16	26	5,577	-9
Utilities distribution	2,833	60	28	2,921	2	1	13	15	2,906	-2
Power production	1,833	33	1	1,866	1	3	0	4	1,863	-3
Public services	778	34	3	815	1	2	3	7	808	-4
Real estate	36,515	1,570	253	38,338	32	33	111	177	38,161	-81
Other industries and reimbursement rights	549	90	7	646	10	1	1	12	634	55
Total Corporate	**103,253**	**7,249**	**2,684**	**113,186**	**181**	**274**	**1,295**	**1,750**	**111,436**	**-547**
Housing loans	111,086	3,927	561	115,574	16	24	57	97	115,477	-77
Collateralised lending	16,425	1,401	396	18,222	55	70	192	317	17,905	-107
Non-collateralised lending	5,545	1,077	301	6,923	30	120	128	278	6,645	-178
Household	**133,056**	**6,404**	**1,258**	**140,719**	**101**	**214**	**377**	**692**	**140,027**	**-362**
Public sector	**5,363**	**129**	**37**	**5,529**	**0**	**0**	**2**	**2**	**5,526**	**0**
Lending to the public	**241,672**	**13,782**	**3,979**	**259,433**	**282**	**489**	**1,674**	**2,444**	**256,989**	**-908**
Lending to central banks and credit institutions	**4,352**	**58**	**0**	**4,409**	**3**	**1**	**0**	**4**	**4,405**	**0**
Total	**246,023**	**13,840**	**3,979**	**263,843**	**285**	**490**	**1,674**	**2,448**	**261,394**	**-908**

[1] The table shows net loan losses related to on- and off-balance sheet exposures for the full year 2020.

Note 9 Classification of financial instruments

EURm	Amortised cost (AC)	Fair value through profit or loss (FVPL): Mandatorily	Fair value through profit or loss (FVPL): Designated at fair value through profit or loss (fair value option)	Fair value through other comprehensive income (FVOCI)	Total
Financial assets					
Cash and balances with central banks	77,086	-	-	-	77,086
Loans to central banks	6	469	-	-	475
Loans to credit institutions	2,138	4,622	-	-	6,760
Loans to the public	262,093	80,511	-	-	342,604
Interest-bearing securities	3,415	24,462	4,074	31,966	63,917
Financial instruments pledged as collateral	-	2,357	-	397	2,754
Shares	-	21,825	-	-	21,825
Assets in pooled schemes and unit-linked investment contracts	-	43,250	338	-	43,588
Derivatives	-	30,268	-	-	30,268
Fair value changes of the hedged items in portfolio hedge of interest rate risk	92	-	-	-	92
Other assets	3,425	10,926	-	-	14,351
Prepaid expenses and accrued income	320	-	-	-	320
Total 30 Sep 2021	**348,575**	**218,690**	**4,412**	**32,363**	**604,040**
Total 31 Dec 2020	299,719	204,232	4,431	33,726	542,108

EURm	Amortised cost (AC)	Fair value through profit or loss (FVPL): Mandatorily	Fair value through profit or loss (FVPL): Designated at fair value through profit or loss (fair value option)	Total
Financial liabilities				
Deposits by credit institutions	30,245	13,222	-	43,467
Deposits and borrowings from the public	201,985	8,837	-	210,822
Deposits in pooled schemes and unit-linked investment contracts	-	-	44,638	44,638
Liabilities to policyholders	-	-	2,214	2,214
Debt securities in issue	134,717	-	56,357	191,074
Derivatives	-	31,726	-	31,726
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,402	-	-	1,402
Other liabilities[1]	6,318	17,926	-	24,244
Accrued expenses and prepaid income	120	-	-	120
Subordinated liabilities	6,583	-	-	6,583
Total 30 Sep 2021	**381,370**	**71,711**	**103,209**	**556,290**
Total 31 Dec 2020	334,281	67,498	96,127	497,906

[1] Of which lease liabilities classified in the category Amortised cost EUR 1,147m.

Note 10 Fair value of financial assets and liabilities

	30 Sep 2021		31 Dec 2020	
EURm	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	77,086	77,086	32,955	32,955
Loans	349,931	351,761	336,370	344,038
Interest-bearing securities	63,917	64,057	62,509	62,764
Financial instruments pledged as collateral	2,754	2,754	3,795	3,795
Shares	21,825	21,825	12,649	12,649
Assets in pooled schemes and unit-linked investment contracts	43,588	43,588	36,123	36,123
Derivatives	30,268	30,268	44,770	44,770
Other assets	14,351	14,351	12,645	12,645
Prepaid expenses and accrued income	320	320	292	292
Total	**604,040**	**606,010**	**542,108**	**550,031**
Financial liabilities				
Deposits and debt instruments	453,348	454,095	391,228	392,214
Deposits in pooled schemes and unit-linked investment contracts	44,638	44,638	37,534	37,534
Liabilities to policyholders	2,214	2,214	2,386	2,386
Derivatives	31,726	31,726	47,033	47,033
Other liabilities	23,097	23,097	18,270	18,270
Accrued expenses and prepaid income	120	120	222	222
Total	**555,143**	**555,890**	**496,673**	**497,659**

The determination of fair value is described in the Annual Report 2020, Note G41 "Assets and liabilities at fair value".

Note 11 Financial assets and liabilities held at fair value on the balance sheet

Categorisation in the fair value hierarchy

EURm	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
Assets at fair value on the balance sheet[1]							
Loans to central banks	-	-	469	-	-	-	469
Loans to credit institutions	-	-	4,622	-	-	-	4,622
Loans to the public	-	-	80,511	-	-	-	80,511
Interest-bearing securities[2]	24,266	*1,137*	38,260	*2,888*	730	*101*	63,256
Shares	19,222	*10,378*	402	*206*	2,201	*993*	21,825
Assets in pooled schemes and unit-linked investment contracts	42,961	*38,582*	482	*482*	145	*145*	43,588
Derivatives	89	-	28,368	*7*	1,811	-	30,268
Other assets	-	-	10,897	-	29	*28*	10,926
Total 30 Sep 2021	**86,538**	***50,097***	**164,011**	***3,583***	**4,916**	***1,267***	**255,465**
Total 31 Dec 2020	74,689	*42,072*	162,906	*3,733*	4,794	*1,024*	242,389
Liabilities at fair value on the balance sheet[1]							
Deposits by credit institutions	-	-	13,222	-	-	-	13,222
Deposits and borrowings from the public	-	-	8,837	-	-	-	8,837
Deposits in pooled schemes and unit-linked investment contracts	-	-	44,638	*40,348*	-	-	44,638
Liabilities to policyholders	-	-	2,214	*2,214*	-	-	2,214
Debt securities in issue	37,482	-	17,403	-	1,472	-	56,357
Derivatives	129	-	30,170	*23*	1,427	-	31,726
Other liabilities	8,113	-	9,804	-	9	-	17,926
Total 30 Sep 2021	**45,724**	**-**	**126,288**	***42,585***	**2,908**	**-**	**174,920**
Total 31 Dec 2020	50,870	-	109,333	*35,501*	3,422	-	163,625

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.
[2] Of which EUR 2,754m 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 1,153m from Level 1 to Level 2 and of EUR 788m from Level 2 to Level 1 in the fair value hierarchy. Furthermore, Nordea transferred "Debt securities in issue" of EUR 11,522m from Level 1 to Level 2 and of EUR 4,234m from Level 2 to Level 1. Nordea also transferred "Other liabilities" of EUR 65m from Level 1 to Level 2 and of EUR 379m 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 11 Continued

Movements in Level 3

		Fair value gains/losses recognised in the income statement during the year										
	1 Jan	Realised	Unrealised	Recognised in OCI	Purchases/ Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Reclassification[1]	Translation differences	30 Sep
EURm												
Interest-bearing securities	931	-31	20	-	163	-118	-34	224	-434	-	9	730
- of which Life & Pension	*67*	*1*	-	-	*48*	*-3*	*-2*	*40*	*-52*	-	*2*	*101*
Shares	1,969	59	258	-	211	-243	-9	-	-	-	-44	2,201
- of which Life & Pension	*835*	*55*	*88*	-	*118*	*-97*	*-9*	-	-	-	*3*	*993*
Assets in pooled schemes and unit-linked investment contracts	92	7	23	-	28	-11	-6	19	-6	-	-1	145
- of which Life & Pension	*92*	*7*	*23*	-	*28*	*-11*	*-6*	*19*	*-6*	-	*-1*	*145*
Derivatives (net)	162	34	201	-	-	-	-34	21	-	-	-	384
Other assets	31	-	-	-	-	-	-2	-	-	-	-	29
- of which Life & Pension	*30*	-	-	-	-	-	*-2*	-	-	-	-	*28*
Debt securities in issue	1,781	778	-912	-3	593	-	-337	98	-526	-	-	1,472
Other liabilities	32	-	-1	-	8	-30	-	-	-	-	-	9
Total 2021, net	**1,372**	**-709**	**1,415**	**3**	**-199**	**-342**	**252**	**166**	**86**	**-**	**-36**	**2,008**
Total 2020, net	237	-831	852	3	672	-324	1,067	-72	-263	-45	-84	1,212

[1] Reclassification related to early conversion of Visa C shares into Visa A shares.

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

Valuation processes for fair value measurements in Level 3

For information about the valuation processes for fair value measurement in Level 3, see the Annual Report 2020, Note G41 "Assets and liabilities at fair value".

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 the Annual Report 2020, Note G1 "Accounting policies". 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

	2021	2020
EURm		
Opening balance as at 1 Jan	73	125
Deferred profit on new transactions	41	87
Recognised in the income statement during the period[1]	-38	-133
Closing balance as at 30 Sep	**76**	**79**

[1] Of which EUR -4m (EUR -9m) due to transfers of derivatives from Level 3 to Level 2.

Note 11 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	40	-	Discounted cash flows	Credit spread	-4/4
Mortgage and other credit institutions	524	*101*	Discounted cash flows	Credit spread	-44/44
Corporates[2]	166	-	Discounted cash flows	Credit spread	-17/17
Total 30 Sep 2021	**730**	***101***			**-65/65**
Total 31 Dec 2020	931	*67*			-88/88
Shares					
Private equity funds	833	*574*	Net asset value[3]		-100/100
Hedge funds	74	*73*	Net asset value[3]		-7/7
Credit funds	542	*170*	Net asset value/market consensus[3]		-47/47
Other funds	525	*175*	Net asset value/fund prices[3]		-49/49
Other[5]	372	*146*	-		-25/25
Total 30 Sep 2021	**2,346**	***1,138***			**-228/228**
Total 31 Dec 2020	2,061	*927*			-199/199
Derivatives, net					
Interest rate derivatives	339	-	Option model	Correlations Volatilities	-7/7
Equity derivatives	-74	-	Option model	Correlations Volatilities Dividends	-13/9
Foreign exchange derivatives	132	-	Option model	Correlations Volatilities	0/0
Credit derivatives	-16	-	Credit derivative model	Correlations Volatilities Recovery rates	-20/23
Other	3	-	Option model	Correlations Volatilities	-0/0
Total 30 Sep 2021	**384**	**-**			**-40/39**
Total 31 Dec 2020	162	-			-52/55
Debt securities in issue					
Issued structured bonds	1,472	-	Credit derivative model	Correlations Recovery rates Volatilities	-7/7
Total 30 Sep 2021	**1,472**	**-**			**-7/7**
Total 31 Dec 2020	1,781	-			-7/7
Other, net					
Other assets and other liabilities, net	20	*28*	-	-	-3/3
Total 30 Sep 2021	**20**	***28***			**-3/3**
Total 31 Dec 2020	-1	*30*			-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 investments 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 155m is priced at a credit spread (the difference between the discount rate and the LIBOR) 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 on the basis of 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 40% 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 the Annual Report 2020, Note G41 "Assets and liabilities at fair value".

[5] Of which EUR 145m related to assets in pooled schemes and unit-linked investment contracts.

Note 12 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 a culture transformation programme 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 caused by the COVID-19 pandemic given the uncertainty of the economic impact on the markets in which Nordea operates. Depending on future developments, 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 8 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.

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 2020.

Nordea Bank Abp

Income statement

EURm	Q3 2021	Q3 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operating income					
Interest income	888	881	2,639	3,049	3,906
Interest expense	-233	-255	-659	-1,147	-1,390
Net interest income	**655**	**626**	**1,980**	**1,902**	**2,516**
Fee and commission income	582	533	1,814	1,629	2,223
Fee and commission expense	-118	-117	-375	-386	-525
Net fee and commission income	**464**	**416**	**1,439**	**1,243**	**1,698**
Net result from securities trading and foreign exchange dealing	236	227	899	576	785
Net result from securities at fair value through fair value reserve	-16	3	-36	13	13
Net result from hedge accounting	-5	1	-5	6	-8
Net result from investment properties	0	0	0	0	0
Income from equity investments	5	1	472	707	1,681
Other operating income[1]	240	110	722	330	483
Total operating income	**1,579**	**1,384**	**5,471**	**4,777**	**7,168**
Operating expenses					
Staff costs	-568	-575	-1,715	-1,700	-2,285
Other administrative expenses	-197	-165	-589	-559	-799
Other operating expenses	-77	-117	-469	-493	-593
Depreciation, amortisation and impairment charges of tangible and intangible assets	-108	-107	-320	-286	-417
Total operating expenses	**-950**	**-964**	**-3,093**	**-3,038**	**-4,094**
Profit before loan losses	**629**	**420**	**2,378**	**1,739**	**3,074**
Net loan losses	20	29	69	-667	-678
Impairment on other financial assets	-2	0	-3	0	-107
Operating profit	**647**	**449**	**2,444**	**1,072**	**2,289**
Income tax expense	-136	-116	-486	-104	-325
Net profit for period	**511**	**333**	**1,958**	**968**	**1,964**

[1] From 1 January 2021 the transfer pricing method applied to internal sales and distribution services provided by Nordea Bank Abp to the mortgage companies of the Group has been updated to be in line 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 for 2021 was reflected in the second and third quarters, increasing Other operating income by EUR 439m.

Nordea Bank Abp
Balance sheet

EURm	30 Sep 2021	31 Dec 2020	30 Sep 2020
Assets			
Cash and balances with central banks	76,207	32,380	48,358
Debt securities eligible for refinancing with central banks	64,557	67,748	74,873
Loans to credit institutions	82,377	64,364	70,884
Loans to the public	139,167	135,873	138,221
Interest-bearing securities	9,237	9,085	6,180
Shares and participations	13,292	4,864	5,379
Investments in associated undertakings and joint ventures	91	90	92
Investments in group undertakings	15,122	14,686	13,846
Derivatives	30,605	45,155	45,872
Fair value changes of the hedged items in portfolio hedge of interest rate risk	35	85	91
Intangible assets	1,780	1,785	1,756
Tangible assets			
Properties and equipment	252	289	282
Investment properties	1	1	0
Deferred tax assets	338	398	382
Current tax assets	266	193	335
Retirement benefit assets	383	142	74
Other assets	14,667	14,048	14,994
Prepaid expenses and accrued income	1,339	1,012	1,091
Total assets	**449,716**	**392,198**	**422,710**
Liabilities			
Deposits by credit institutions and central banks	52,385	32,278	49,043
Deposits and borrowings from the public	217,748	190,649	197,102
Debt securities in issue	81,796	60,745	68,193
Derivatives	32,648	48,552	46,890
Fair value changes of the hedged items in portfolio hedge of interest rate risk	706	1,408	1,630
Current tax liabilities	292	181	12
Other liabilities	23,968	19,537	21,056
Accrued expenses and prepaid income	829	1,048	1,071
Deferred tax liabilities	89	0	0
Provisions	539	638	684
Retirement benefit obligations	241	296	462
Subordinated liabilities	6,573	6,888	7,811
Total liabilities	**417,814**	**362,220**	**393,954**
Equity			
Share capital	4,050	4,050	4,050
Additional Tier 1 capital holders	750	748	750
Invested unrestricted equity	1,069	1,063	1,070
Other reserves	16	-258	-451
Retained earnings	24,059	22,411	22,369
Profit or loss for the period	1,958	1,964	968
Total equity	**31,902**	**29,978**	**28,756**
Total liabilities and equity	**449,716**	**392,198**	**422,710**
Off-balance sheet commitments			
Commitments given to a third party on behalf of customers			
Guarantees and pledges	49,521	48,007	46,642
Other	824	1,024	1,025
Irrevocable commitments in favour of customers			
Securities repurchase commitments	-	-	-
Other	93,157	90,398	87,607

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 (IFRS) 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 2020, 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 2020.

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea Bank Abp on 1 January 2021.

Interest Rate Benchmark Reform – Phase 2

In 2020 the International Accounting Standards Board (IASB) published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in Interest Rate Benchmark Reform – Phase 2. Phase 2 of the interbank offered rate (IBOR) reform includes three major areas: hedge accounting, modifications and disclosures. The amendments were implemented by Nordea Bank Abp on 1 January 2021. Hedge relationships in Nordea Bank Abp can continue as before and no material modification gains or losses have been recognised.

The amendments clarify that hedge accounting does not have to be discontinued in the event that hedged items and hedging instruments are modified due to the IBOR reform. Hedging relationships (and related documentation) must be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Any valuation adjustments resulting from the amendments are recognised as part of hedge ineffectiveness.

Modifications required as a direct consequence of the IBOR reform and made on an economically equivalent basis are not accounted for as modifications to instruments measured at amortised cost. For such modifications, the effective interest rate is amended in line with the modified cash flows.

For further information

- A webcast for media, investors and equity analysts will be held on 21 October 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: +44 333 300 0804, +46 8 566 426 51, +358 9 8171 03 10, +45 35 44 55 77, confirmation code 63886311#, 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 Q3 2021 report, investor presentations and fact book are available at www.nordea.com.

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Financial calendar

3 February 2022 – Fourth-quarter and full-year report 2021 (silent period starts on 10 January 2022)

Helsinki 20 October 2021

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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Report on review of interim financial information of Nordea Bank Abp for the nine months period ended 30 September 2021

To the Board of Directors of Nordea Bank Abp

Introduction
We have reviewed the condensed interim financial information of Nordea Bank Abp, which comprise the balance sheet as at 30 September 2021, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the nine-month-period then ended and notes, all consolidated, and parent company's balance sheet as at 30 September 2021 and income statement for the nine-month-period then ended. The Board of Directors and the Managing Director are responsible for the preparation of the condensed interim financial information in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”, as adopted by the European Union and with regulations governing the preparation of interim financial information in Finland. We will express a conclusion on this condensed interim financial information based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of Nordea Bank Abp for the nine months period ended on 30 September 2021 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 20 October 2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)