

Nordea



Third-Quarter Financial Report

2023

Third-quarter results 2023

Summary of the quarter:

- Strong operating profit, driven by high income growth.** Operating profit increased by 34% year on year. Total income increased by 19% despite continued negative foreign exchange effects. The growth was driven by a 36% increase in net interest income as net interest margins continued to improve. Net commission income decreased by 4% year on year while net insurance result increased by 66%. Net fair value result decreased by 5%. Costs excluding regulatory fees increased by 5%.
- Return on equity 17.9% – earnings per share up 41%.** Nordea's return on equity increased to 17.9% from 12.7% a year ago. This was driven by continued income growth, which was substantially ahead of cost growth, and lower net loan losses. The cost-to-income ratio excluding regulatory fees improved to 40% from 45%. Earnings per share increased by 41%, to EUR 0.38.
- Continued growth in corporate lending, stable mortgage volumes.** Nordea's corporate lending grew by 2% year on year. Mortgage lending volumes were unchanged as Nordic mortgage market activity remained very low. Retail deposit volumes were stable and corporate deposits decreased by 9%. The lower corporate deposits were mainly due to lower liquidity needs in the energy sector compared with last year, and quarter on quarter corporate deposits grew by 1%. Assets under management increased by 5% and internal net flows remained positive.
- Solid credit quality with low net loan losses.** Net loan losses and similar net result amounted to EUR 33m or 4bp. Despite the slowing economy, new net provisions for individually assessed exposures remained low at EUR 43m or 5bp. The management judgement buffer was kept unchanged in local currencies (translating to EUR 577m).
- Strong capital position supported by continued capital generation.** Nordea's CET1 ratio increased to 16.3% from 16.0% the previous quarter due to solid net profit generation. At the end of the quarter the CET1 ratio was 4.3 percentage points above the current regulatory requirement, demonstrating the bank's capacity to support its customers. Nordea continues to drive an efficient capital structure and is progressing with its fourth share buy-back programme.
- Outlook for 2023 unchanged: return on equity above 15%.** Nordea has a strong and resilient business model, with a very well-diversified loan portfolio across the Nordic region. This will support it in continuing to deliver quality earnings, with high profitability and low income volatility, amid the increased economic uncertainty. Nordea still expects return on equity to be comfortably above 15% for 2023.

(For further viewpoints, see the CEO comment on page 2. For definitions, see page 56.)

Group quarterly results and key ratios Q3 2023

	Q3 2023	Q3 2022	Chg %	Q2 2023	Chg %	Jan-Sep 2023	Jan-Sep 2022 ¹	Chg %
EURm								
Net interest income	1,909	1,407	36	1,831	4	5,505	4,023	37
Net fee and commission income	742	775	-4	751	-1	2,258	2,401	-6
Net insurance result	63	38	66	68	-7	177	126	40
Net fair value result	225	238	-5	290	-22	860	764	13
Other income	13	14	-7	15	-13	28	47	-40
Total operating income	2,952	2,472	19	2,955	0	8,828	7,361	20
Total operating expenses excluding regulatory fees	-1,174	-1,114	5	-1,184	-1	-3,525	-3,316	6
Total operating expenses	-1,194	-1,130	6	-1,205	-1	-3,821	-3,622	5
Profit before loan losses	1,758	1,342	31	1,750	0	5,007	3,739	34
Net loan losses and similar net result	-33	-58		-32		-84	10	
Operating profit	1,725	1,284	34	1,718	0	4,923	3,749	31
Cost-to-income ratio excluding regulatory fees, %	39.8	45.1		40.1		39.9	45.1	
Cost-to-income ratio with amortised resolution fees, %	42.4	48.3		42.8		42.6	48.3	
Return on equity with amortised resolution fees, %	17.9	12.7		18.4		17.8	12.9	
Diluted earnings per share, EUR	0.38	0.27	41	0.37	3	1.06	0.76	39

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

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

CEO comment

The third quarter was – yet again – characterised by a fragile macroeconomic and geopolitical environment. Despite the challenging circumstances, Nordea performed strongly, with high-quality earnings growth and steady business volumes.

In recent years, we have consistently improved our performance and profitability. Our franchise continues to deliver good results. This demonstrates the enduring strength and resilience of our pan-Nordic business model.

The Nordic societies have so far weathered the challenging conditions well, but we have now entered a period of more subdued economic activity. We must all be prepared for interest rates normalising above the levels we have seen during the past ten years, and consequently asset prices and investment opportunities need to adapt to a new reality. This tests the resilience of both households and corporates. While employment rates have held up well, growth prospects will most likely be lower for the coming 12–18 months. We need to live with prolonged uncertainty, but I am encouraged to think that the Nordic economies are in a good position to stand the test of time.

Alongside these developments, banks in Europe have improved their profitability, supported by a return to positive interest rates after a long period of low and negative rates. This has attracted the attention of different stakeholders, but it should be recognised that both societies and markets as well as the financial industry are learning to adjust to rates that are in line with historical norms. It is also important to note that banks' ability to support the needs of society is dependent on investor confidence. Yet the average European bank is still valued below its invested capital due to a variety of concerns related to political and regulatory interventions as well as the economic risks from lower growth. The banking sector turbulence in the spring showed that strong, safe and profitable banks are crucial for societies as they support customers and economic growth in all economic cycles.

In this environment, we continue to fulfil our role and responsibility to ensure that credit is provided to viable business projects and households with the right balance between savings and borrowing. We are investing to further strengthen the bank and drive growth, both organically and through acquisitions – such as those of Topdanmark Life and Danske Bank's personal customer business in Norway. We have a strong market position in the Nordic banking sector, supported by a strong balance sheet. Our broad product offering and prudent approach to interest rate risk management will enable us to sustain our leading position.

In the third quarter these qualities helped us to continue building on our performance. We maintained an active customer approach and delivered solid business volumes, which led to a return on equity of 17.9%. Our income grew by 19% year on year, driven primarily by net interest income, despite the negative effects of the weaker Norwegian and Swedish currencies. Operating profit increased by 34% year on year. While costs rose by 5%, our cost-to-income ratio improved to 42.4%, or 39.8% excluding regulatory fees, compared with 48.3%, or 45.1%, a year ago.

Mortgage lending is holding up well given the softer housing markets. Volumes remained stable year on year. Despite the weaker economic outlook in the Nordic region, demand for corporate loans continued to grow, with lending increasing by 2% year on year. We improved our share of the corporate lending market, particularly in Norway and Sweden.

Our risk position and credit quality remain sound. Net loan losses and similar net result for the third quarter amounted to EUR 33m, corresponding to 4bp, in line with the second quarter. We kept our management judgement buffer unchanged in local currencies (translating to EUR 577m). Our diversification has served us well: our loan portfolio is spread across multiple sectors in our four home markets, which continue to show considerable resilience.

All four business areas grew income faster than costs during the quarter. In Personal Banking lending and deposit volumes were stable year on year. Overall, customer savings activity remained lower than a year ago. However, we saw signs of increasing demand for recurring investments, and strong customer demand for our attractive range of deposit products. Our digital offering continues to attract customers. Customer use of the mobile banking app reached an all-time high, and logins and user numbers were up 11% and 7%, respectively, compared with the same period last year.

In Business Banking we grew lending volumes by 3%, led by Norway and Sweden. Deposits were down 2%. Strong demand for the recently introduced sustainability guarantee helped us further grow our sustainable financing portfolio, which accounted for 10% of total lending at the end of the quarter. Despite the slowing economy and lower disposable household income, customer credit quality remained strong, with continued low loan losses.

In Large Corporates & Institutions lending volumes were stable excluding foreign exchange impacts. Deposits increased by 5% quarter on quarter, but decreased by 16% year on year due to lower liquidity needs in the energy sector.

In Asset & Wealth Management lending volumes were stable and deposit volumes decreased by 7%, while assets under management increased by 5%, to EUR 360bn. Volatility in the capital markets continued. Despite this, net flows from internal channels remained positive at EUR 0.6bn and Private Banking continued to attract new customers.

Our capital position is strong and we continue to take actions to create a more efficient capital structure. At the end of the quarter our Group CET1 ratio was 16.3%, which is 4.3 percentage points above the current regulatory requirement.

Sustainability remains at the core of our strategy – and we are pleased to see that our actions in this area are being acknowledged. In the third quarter we received a 'low risk' rating for ESG risk in the latest of Morningstar Sustainalytics' well-established annual rankings. We also improved our position and ranked best among our Nordic peer banks. Our plans to further invest and develop within the area of sustainability are unchanged.

Looking forward, our direction and position are clear, even amid the continued uncertainty: we have a stable, strong and resilient business model, with high-quality earnings and a well-diversified loan portfolio across the Nordic region. We remain committed to delivering great omnichannel customer experiences, driving focused and profitable growth, and improving operational and capital efficiency.

All this will help us continue to deliver strong support to our customers, high profitability and market-leading shareholder returns.

Frank Vang-Jensen
President and Group CEO

Outlook (unchanged)

Financial target for 2025

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

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

Financial outlook for 2023

Nordea expects a return on equity of above 15%.

Capital policy

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

Dividend policy

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

Table of contents

Income statement	5
Macroeconomy and financial markets	7
Group results and performance	
Third quarter 2023.....	8
Net interest income.....	8
Net fee and commission income.....	9
Net result from items at fair value.....	10
Total operating income.....	10
Total expenses.....	11
Net loan losses and similar net result	12
Credit portfolio	12
Profit	13
Capital position and risk exposure amount.....	14
Balance sheet.....	16
Funding and liquidity operations	16
Market risk.....	16
Other information.....	17
Quarterly development, Group.....	18
Business areas	
Financial overview by business area.....	19
Personal Banking.....	20
Business Banking.....	23
Large Corporates & Institutions.....	26
Asset & Wealth Management	28
Group functions.....	31
Financial statements	
Nordea Group.....	32
Notes to the financial statements	37
Nordea Bank Abp.....	57

Income statement

Excluding items affecting comparability¹

	Q3 2023	Q3 2022	Chg %	Local curr. %	Q2 2023	Chg %	Local curr. %	Jan-Sep 2023	Jan-Sep 2022	Chg %	Local curr. %
EURm											
Net interest income	1,909	1,407	36	48	1,831	4	5	5,505	4,023	37	48
Net fee and commission income	742	775	-4	1	751	-1	-1	2,258	2,401	-6	-2
Net insurance result	63	38	66	74	68	-7	-7	177	126	40	46
Net result from items at fair value	225	238	-5	-24	290	-22	-27	860	764	13	-2
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	4	-3			3	33	33	-5	-7	-29	-29
Other operating income	9	17	-47	-38	12	-25	-23	33	54	-39	-34
Total operating income	2,952	2,472	19	26	2,955	0	0	8,828	7,361	20	26
Staff costs	-729	-691	5	10	-725	1	1	-2,173	-2,072	5	9
Other expenses	-292	-276	6	15	-304	-4	-3	-883	-793	11	20
Regulatory fees	-20	-16	25	38	-21	-5	0	-296	-306	-3	-1
Depreciation, amortisation and impairment charges of tangible and intangible assets	-153	-147	4	8	-155	-1	-1	-469	-451	4	8
Total operating expenses	-1,194	-1,130	6	11	-1,205	-1	-1	-3,821	-3,622	5	10
Profit before loan losses	1,758	1,342	31	38	1,750	0	1	5,007	3,739	34	41
Net loan losses and similar net result	-33	-58	-43	-40	-32	3	3	-84	10		
Operating profit	1,725	1,284	34	42	1,718	0	1	4,923	3,749	31	38
Income tax expense	-380	-283	34	43	-383	-1	0	-1,095	-836	31	38
Net profit for the period	1,345	1,001	34	41	1,335	1	1	3,828	2,913	31	38

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

Ratios and key figures¹

Excluding items affecting comparability²

	Q3 2023	Q3 2022	Chg %	Q2 2023	Chg %	Jan-Sep 2023	Jan-Sep 2022	Chg %
Diluted earnings per share (DEPS), EUR	0.38	0.27	41	0.37	3	1.06	0.76	39
EPS, rolling 12 months up to period end, EUR	1.41	1.02	38	1.30	8	1.41	1.02	38
Return on equity with amortised resolution fees, %	17.9	12.7		18.4		17.8	12.9	
Return on equity, %	18.5	13.3		19.1		17.6	12.7	
Return on tangible equity, %	21.4	15.2		22.2		20.4	14.5	
Return on risk exposure amount, %	3.8	2.7		3.8		3.6	2.6	
Cost-to-income ratio excluding regulatory fees, %	39.8	45.1		40.1		39.9	45.1	
Cost-to-income ratio with amortised resolution fees, %	42.4	48.3		42.8		42.6	48.3	
Cost-to-income ratio, %	40.4	45.7		40.8		43.3	49.2	
Net loan loss ratio, incl. loans held at fair value, bp	4	7		4		3	0	
Return on capital at risk with amortised resolution fees, %	23.5	16.6		23.5		23.6	17.1	
Return on capital at risk, %	24.4	17.5		24.3		23.3	16.9	

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

² For details about items affecting comparability, see footnote 1 in the previous table.

Business volumes, key items¹

	30 Sep 2023	30 Sep 2022	Chg %	Local curr. %	30 Jun 2023	Chg %	Local curr. %
EURbn							
Loans to the public	343.3	345.9	-1	3	340.0	1	0
Loans to the public, excl. repos/securities borrowing	320.3	327.4	-2	1	316.6	1	0
Deposits and borrowings from the public	213.9	225.4	-5	-2	217.9	-2	-3
Deposits from the public, excl. repos/securities lending	202.4	215.7	-6	-3	202.9	0	-1
Total assets	609.8	624.7	-2		602.4	1	
Assets under management	359.7	341.4	5		363.1	-1	
Equity	30.4	30.5	0		29.1	4	

¹ End of period.

Income statement

Including items affecting comparability

	Q3 2023	Q3 2022	Chg %	Local curr. %	Q2 2023	Chg %	Local curr. %	Jan-Sep 2023	Jan-Sep 2022	Chg %	Local curr. %
EURm											
Net interest income	1,909	1,407	36	48	1,831	4	5	5,505	4,023	37	48
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Net insurance result	63	38	66	74	68	-7	-7	177	126	40	46
Net result from items at fair value	225	238	-5	-24	290	-22	-27	860	227		
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	4	-3			3	33	33	-5	-7	-29	-29
Other operating income	9	17	-47	-38	12	-25	-23	33	54	-39	-34
Total operating income	2,952	2,472	19	26	2,955	0	0	8,828	6,824	29	36
Staff costs	-729	-691	5	10	-725	1	1	-2,173	-2,072	5	9
Other expenses	-292	-276	6	15	-304	-4	-3	-883	-793	11	20
Regulatory fees	-20	-16	25	38	-21	-5	0	-296	-306	-3	-1
Depreciation, amortisation and impairment charges of tangible and intangible assets	-153	-147	4	8	-155	-1	-1	-469	-451	4	8
Total operating expenses	-1,194	-1,130	6	11	-1,205	-1	-1	-3,821	-3,622	5	10
Profit before loan losses	1,758	1,342	31	38	1,750	0	1	5,007	3,202	56	65
Net loan losses and similar net result	-33	-58	-43	-40	-32	3	3	-84	-66	27	34
Operating profit	1,725	1,284	34	42	1,718	0	1	4,923	3,136	57	66
Income tax expense	-380	-283	34	43	-383	-1	0	-1,095	-822	33	41
Net profit for the period	1,345	1,001	34	41	1,335	1	1	3,828	2,314	65	75

Ratios and key figures¹

Including items affecting comparability

	Q3 2023	Q3 2022	Chg %	Q2 2023	Chg %	Jan-Sep 2023	Jan-Sep 2022	Chg %
EURm								
Diluted earnings per share (DEPS), EUR	0.38	0.27	41	0.37	3	1.06	0.60	77
EPS, rolling 12 months up to period end, EUR	1.41	0.87	62	1.30	8	1.41	0.87	62
Share price ² , EUR	10.41	8.80	18	9.97	4	10.41	8.80	18
Equity per share ² , EUR	8.56	8.24	4	8.13	5	8.56	8.24	4
Potential shares outstanding ² , million	3,557	3,714	-4	3,589	-1	3,557	3,714	-4
Weighted average number of diluted shares, million	3,566	3,722	-4	3,588	-1	3,593	3,815	-6
Return on equity with amortised resolution fees, %	17.9	12.7		18.4		17.8	10.3	
Return on equity, %	18.5	13.3		19.1		17.6	10.1	
Return on tangible equity, %	21.4	15.2		22.2		20.4	11.5	
Return on risk exposure amount, %	3.8	2.7		3.8		3.6	2.1	
Cost-to-income ratio excluding regulatory fees, %	39.8	45.1		40.1		39.9	48.6	
Cost-to-income ratio with amortised resolution fees, %	42.4	48.3		42.8		42.6	52.1	
Cost-to-income ratio, %	40.4	45.7		40.8		43.3	53.1	
Net loan loss ratio, incl. loans held at fair value, bp	4	7		4		3	3	
Common Equity Tier 1 capital ratio ^{2,3} , %	16.3	15.8		16.0		16.3	15.8	
Tier 1 capital ratio ^{2,3} , %	18.7	18.2		18.3		18.7	18.2	
Total capital ratio ^{2,3} , %	20.7	20.3		20.5		20.7	20.3	
Tier 1 capital ^{2,3} , EURbn	26.3	27.1	-3	25.6	3	26.3	27.1	-3
Risk exposure amount ² , EURbn	140.9	149.4	-6	140.0	1	140.9	149.4	-6
Return on capital at risk with amortised resolution fees, %	23.5	16.6		23.5		23.6	13.7	
Return on capital at risk, %	24.4	17.5		24.3		23.3	13.4	
Net interest margin, %	1.77	1.23		1.69		1.68	1.18	
Number of employees (FTEs) ²	29,266	27,649	6	29,317	0	29,266	27,649	6
Economic capital ² , EURbn	22.0	22.5	-2	21.9	1	22.0	22.5	-2

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

² End of period.

³ Including the result for the period.

Macroeconomy and financial markets¹

Global

The outlook for the global economy remains uncertain amid geopolitical risks and tighter monetary conditions. While the US economy continues to show resilience, China's recovery has lost momentum and growth in the euro area is stagnating. Survey data point to a dampening of activity in the service sector, and the outlook for the manufacturing sector remains weak on the back of a low order intake and a generally weak development in world trade this year.

Large decreases in transport costs and energy and commodity prices have brought headline inflation down substantially. However, core inflation has proven more stubborn and labour markets remain strong. Most central banks around the world have continued to tighten monetary policy in efforts to dampen demand and anchor inflation expectations at around 2%. The European Central Bank (ECB) increased its deposit facility rate to 4% in September, while the federal funds rate was increased to 5.5% in the United States in July.

Expectations for rates to remain higher for longer and the uncertain economic environment caused high volatility in the financial markets in the third quarter. The S&P 500 index was down 2.5% and the STOXX Europe 600 was down 1.4%, while the NASDAQ OMX Nordic 120 index was up 2.0%. The global aggregate bond index was down 3.3%.

The Nordic countries have shown a robust performance but the outlook remains uncertain due to high inflation, tighter financial conditions and weaker global growth.

Denmark

Danish GDP fell by 0.3% quarter on quarter in the second quarter of 2023. Household consumption increased due to higher demand for cars and services, which in turn caused imports to increase markedly. Exports and gross fixed investments also increased. Both consumer confidence and business sentiment declined during the third quarter. The labour market has remained strong, with the unemployment rate standing at 2.9% in August. House and apartment prices were up 1.5% and 2.1%, respectively, quarter on quarter in the second quarter of 2023. Year-on-year consumer price inflation stood at 0.9% in September. In line with the ECB, Danmarks Nationalbank hiked its monetary policy interest rates in September, thereby raising the certificates of deposit rate to 3.60%, the highest level since 2009.

Finland

Finnish GDP increased by 0.6% quarter on quarter in the second quarter of 2023. The growth was driven by positive net exports and public consumption. Weak purchasing power and rising interest rates have held back private consumption. The outlook for the construction sector has deteriorated significantly, causing investments to decline. The labour market is still performing well: the unemployment rate stood at 7.2% in August. Housing prices fell by 6.2% year on year in August and housing transactions were down 30% compared with the long-term average. Year-on-year harmonised consumer price inflation stood at 3.0% in September. Lower energy prices are pushing overall inflation down and price pressures are also easing in many other categories.

Norway

Norwegian mainland GDP was flat in the second quarter of 2023. However, the labour market has been resilient: the seasonally adjusted unemployment rate remained below 2%, having edged up only slightly since the first quarter, primarily in the construction sector. Housing prices have started to come down and were 1.3% lower in September than in the same month last year. While headline consumer price inflation has decreased due to lower energy prices, underlying inflation is proving more sticky. Year-on-year consumer price inflation stood at 3.3% in September. Norges Bank continued its rate-hiking cycle, raising the key rate by 50bp in June and by 25bp in both August and September. The central bank also signalled a final hike in December, to 4.5%. This more hawkish stance has caused the Norwegian krone to strengthen somewhat since the early summer.

Sweden

Swedish GDP fell by 0.8% quarter on quarter in the second quarter of 2023. The downturn was broad based, with both exports and household consumption declining. Labour demand has started to weaken and the unemployment rate rose to 8.0% in August. House and apartment prices rose somewhat over the summer but were still 6% and 1% lower, respectively, in August than in the same month last year. Year-on-year consumer price inflation (CPI) declined to 4.0% in September, mainly due to falling energy prices. Sveriges Riksbank raised its policy rate by 25bp, to 4.00%, in September and signalled that the rate could be hiked further in November or early next year. The trade-weighted Swedish krona strengthened by 2.3% in the third quarter following the central bank's rate decision and the announcement that it would hedge part of its foreign exchange reserves.

¹Source: Nordea Economic Research

Group results and performance

Third quarter 2023

Net interest income

Q3/Q3: Net interest income increased by 36%. The main drivers were improved deposit margins and higher treasury income due to policy rate hikes in all countries, and higher corporate lending volumes. These were partly offset by lower lending margins. Exchange rate effects had a negative impact of approximately EUR 156m.

Q3/Q2: Net interest income increased by 4%. The main drivers were improved deposit margins, higher treasury income, a higher day count and higher corporate lending volumes. The improved deposit margins were mainly driven by further policy rate hikes during the quarter. Exchange rate effects had a negative impact of approximately EUR 13m.

Lending volumes

Q3/Q3: Loans to the public excluding repurchase agreements and securities borrowing were up 1% in local currencies. Lending volumes increased in Business Banking (3% in local currencies) and decreased in Large Corporates & Institutions (-3% in EUR; -1% excluding foreign exchange impacts). Lending volumes were stable in Personal Banking (0% in local currencies).

Q3/Q2: Loans to the public excluding repurchase agreements and securities borrowing were stable in local currencies. Lending volumes were stable in Personal Banking (0% in local currencies) and Business Banking (0% in local currencies), and increased in Large Corporates & Institutions (1% in EUR).

Deposit volumes

Q3/Q3: Total deposits from the public excluding repurchase agreements and securities lending were down 3% in local currencies. Deposit volumes decreased in Business Banking (-2% in local currencies) and Large Corporates & Institutions (-19% in EUR; -16% excluding foreign exchange impacts). Deposit volumes were stable in Personal Banking (0% in local currencies).

Q3/Q2: Total deposits from the public excluding repurchase agreements and securities lending were down 1% in local currencies. Deposit volumes decreased in Personal Banking (-1% in local currencies) and Business Banking (-2% in local currencies). Deposit volumes increased in Large Corporates & Institutions (6% in EUR).

Net interest income per business area

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local currency Q3/Q3	Local currency Q3/Q2
EURm									
Personal Banking	870	842	811	764	636	37%	3%	44%	4%
Business Banking	632	612	573	548	477	32%	3%	41%	3%
Large Corporates & Institutions	368	361	352	345	292	26%	2%		
Asset & Wealth Management	81	74	73	73	41	98%	9%	102%	9%
Group functions	-42	-58	-44	-89	-39				
Total Group	1,909	1,831	1,765	1,641	1,407	36%	4%	48%	5%

Change in net interest income (NII)

	Q3/Q2	Q3/Q3	Jan-Sep 23/22
EURm			
NII beginning of period	1,831	1,407	4,023
Margin-driven NII	73	695	1,945
Lending margin	-35	-132	-482
Deposit margin	77	726	2,223
Cost of funds	1	-31	-168
Equity margin	30	132	372
Volume-driven NII	-1	13	122
Lending volume	6	20	107
Deposit volume	-7	-7	15
Day count	16	0	0
Other ^{1,2}	-10	-206	-585
NII end of period	1,909	1,909	5,505
¹ of which foreign exchange	-13	-156	-391
² of which deposit hedge	-37	-208	-550

Net fee and commission income

Q3/Q3: Net fee and commission income decreased by 4%, driven by lower lending-related commissions and lower net income from savings and investments. Exchange rate effects had a negative impact of approximately EUR 37m.

Q3/Q2: Net fee and commission income decreased by 1%, driven by lower income from savings and investments. This was partly offset by higher net income from payments and cards. Exchange rate effects had a negative impact of approximately EUR 4m.

Savings and investment commissions

Q3/Q3: Net fee and commission income from savings and investments decreased by 2%, driven by lower asset management fees and lower income from custody and issuer services. These were partly offset by higher customer activity in the brokerage and advisory business and higher life and pension commissions.

Q3/Q2: Net fee and commission income from savings and investments decreased by 3%, driven by seasonally lower customer activity in the brokerage business and lower income from custody and issuer services. These were partly offset by higher asset management fees. End-of-period assets under management decreased by EUR 3.4bn, to EUR 359.7bn, with a net outflow of EUR 0.9bn during the quarter.

Payments and cards commissions

Q3/Q3: Net fee and commission income from payments and cards decreased by 3%, mainly driven by lower card income. This was partly offset by higher income from payments.

Q3/Q2: Net fee and commission income from payments and cards increased by 1%, driven by higher card income.

Lending-related commissions

Q3/Q3: Lending-related net fee and commission income decreased by 15%, driven by lower income from mortgage refinancing fees and higher securitisation costs.

Q3/Q2: Lending-related net fee and commission income decreased by 1%, driven by higher securitisation costs.

Net fee and commission income per business area

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Personal Banking	269	258	257	273	290	-7%	4%	-3%	5%
Business Banking	136	142	151	157	142	-4%	-4%	1%	-3%
Large Corporates & Institutions	105	104	120	112	106	-1%	1%		
Asset & Wealth Management	242	245	246	255	252	-4%	-1%	-2%	-1%
Group functions	-10	2	-9	-12	-15				
Total Group	742	751	765	785	775	-4%	-1%	1%	-1%

Net fee and commission income per category

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Savings and investments, net	484	498	501	504	496	-2%	-3%	0%	-3%
Payments and cards, net	139	138	135	142	144	-3%	1%	2%	2%
Lending-related, net	121	122	128	145	143	-15%	-1%	-9%	0%
Other commissions, net	-2	-7	1	-6	-8				
Total Group	742	751	765	785	775	-4%	-1%	1%	-1%

Assets under management (AuM), volumes and net flow

	Q323	Q223	Q123	Q422	Q322	Net flow
						Q323
EURbn						
Nordic Retail funds	74.4	74.5	73.4	71.3	70.3	0.3
Private Banking	108.9	110.1	109.1	107.5	102.4	0.1
Institutional and wholesale distribution	101.9	104.2	106.7	108.6	109.2	-1.5
Life & Pension	74.5	74.4	73.2	71.5	59.5	0.2
Total	359.7	363.1	362.4	358.9	341.4	-0.9

Net insurance result

Q3/Q3: Net insurance result increased by 66% due to guaranteed life insurance products in scope for IFRS 17 benefiting from higher interest rates compared with the same quarter last year and the inclusion of Nordea Pension.

Q3/Q2: Net insurance result decreased by 7%, primarily due to an annual update of risk parameters and an increase in claims.

Net insurance result per business area

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2
EURm							
Personal Banking	28	27	28	27	16	75%	4%
Business Banking	3	4	4	4	3	0%	-25%
Large Corporates & Institutions	1	0	0	0	0		
Asset & Wealth Management	32	37	14	14	19	68%	-14%
Group functions	-1	0	0	2	0		
Total Group	63	68	46	47	38	66%	-7%

Net result from items at fair value

Q3/Q3: Net result from items at fair value decreased by 5%, driven by lower customer activity.

Q3/Q2: Net result from items at fair value decreased by 22%, driven by seasonally lower customer activity and a lower result in Treasury. These were partly offset by higher trading income in Markets.

Net result from items at fair value per business area

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2
EURm							
Personal Banking	20	17	18	13	16	25%	18%
Business Banking	82	93	109	94	94	-13%	-12%
Large Corporates & Institutions	94	99	193	157	120	-22%	-5%
Asset & Wealth Management	-1	9	23	9	-3		
Group functions	30	72	2	123	11		
Total Group	225	290	345	396	238	-5%	-22%

Equity method

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

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

Other operating income

Q3/Q3: Other operating income was EUR 9m, down from EUR 17m.

Q3/Q2: Other operating income was EUR 9m, down from EUR 12m.

Total operating income per business area

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local currency		
								Q3/Q3	Q3/Q2	
EURm										
Personal Banking	1,188	1,146	1,115	1,077	958	24%	4%	30%	4%	
Business Banking	862	864	834	813	721	20%	0%	27%	0%	
Large Corporates & Institutions	569	564	665	626	518	10%	1%			
Asset & Wealth Management	354	365	356	350	309	15%	-3%	18%	-3%	
Group functions	-21	16	-49	31	-34					
Total Group	2,952	2,955	2,921	2,897	2,472	19%	0%	26%	0%	

Total operating expenses

Q3/Q3: Total operating expenses were up 6%, driven by inflation and additional technology and risk management investments (EUR 50m). Exchange rate effects had a positive impact of approximately EUR 58m.

Q3/Q2: Total operating expenses were down 1% due to lower other expenses. Exchange rate effects had a positive impact of approximately EUR 4m.

Staff costs

Q3/Q3: Staff costs were up 5% due to additional risk management resources and salary increases.

Q3/Q2: Staff costs were up 1% due to salary increases.

Other expenses

Q3/Q3: Other expenses increased by 6% due to additional technology investments and inflation.

Q3/Q2: Other expenses decreased by 4% due to seasonally lower marketing costs.

Regulatory fees

Q3/Q3: Regulatory fees amounted to EUR 20m, compared with EUR 16m, and reflect an increase in the Swedish bank tax.

Q3/Q2: Regulatory fees amounted to EUR 20m, compared with EUR 21m.

Depreciation and amortisation

Q3/Q3: Depreciation and amortisation increased by 4% due to a higher run rate of asset and project amortisation.

Q3/Q2: Depreciation and amortisation decreased by 1%, to EUR 153m.

FTEs

Q3/Q3: The number of employees (FTEs) was 29,266 at the end of the third quarter, an increase of 6%, mainly due to the inclusion of Nordea Pension, additional investments in technology and risk management, and investments to drive growth.

Q3/Q2: The number of FTEs was stable.

Total operating expenses

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Staff costs	-729	-725	-719	-721	-691	5%	1%	10%	1%
Other expenses	-292	-304	-287	-315	-276	6%	-4%	15%	-3%
Regulatory fees	-20	-21	-255	-16	-16	25%	-5%	38%	0%
Depreciation and amortisation	-153	-155	-161	-160	-147	4%	-1%	8%	-1%
Total Group	-1,194	-1,205	-1,422	-1,212	-1,130	6%	-1%	11%	-1%

Total operating expenses per business area

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Personal Banking	-476	-491	-547	-483	-452	5%	-3%	10%	-3%
Business Banking	-295	-295	-382	-310	-291	1%	0%	8%	1%
Large Corporates & Institutions	-190	-181	-291	-194	-180	6%	5%		
Asset & Wealth Management	-142	-139	-144	-149	-137	4%	2%	7%	2%
Group functions	-91	-99	-58	-76	-70	30%	-8%		
Total Group	-1,194	-1,205	-1,422	-1,212	-1,130	6%	-1%	11%	-1%

Exchange rate effects

	Q3/Q3	Q3/Q2	Jan-Sep 23/22
Percentage points			
Income	-6	0	-6
Expenses	-5	0	-5
Operating profit	-8	-1	-7
Loan and deposit volumes	-3	1	-3

Net loan losses and similar net result

Credit quality remained strong and loan losses were low in the third quarter of 2023. While increased interest rates, reduced economic growth and declining house prices continue to cause uncertainty, the Nordic countries continue to benefit from solid fiscal foundations and high levels of employment. Nordic societies have so far weathered the challenging conditions well.

Net loan losses and similar net result amounted to EUR 33m (4bp) for the quarter. There was no impact from the model-based fair value calculation of Danish mortgage loans. Realised loan losses remained at a low level compared with the long-term average. In the second quarter of 2023 net losses were EUR 32m (4bp), or EUR 38m excluding the revaluation of Danish mortgage loans held at fair value.

Main drivers of loan losses and similar net result

New net provisions for individually assessed exposures amounted to EUR 43m and were mainly driven by provisions and write-offs related to household and smaller corporate customers. No individual provision exceeded EUR 10m and there were no new provisions among larger customers. Reversals remained at lower levels than a year ago. The net loan losses were not concentrated in any particular industry.

Collectively calculated net provisions decreased by EUR 10m. The reduction was mainly driven by defaulted customers moving from collectively assessed to individually assessed provisions and reduced risk in a few customer cases. Excluding these, the overall portfolio development led to a small increase in collective provisions.

Net loan losses and similar net result amounted to EUR 26m in Personal Banking, EUR 12m in Business Banking and EUR 1m in Asset & Wealth Management. There were net reversals of EUR 3m in Large Corporates & Institutions and EUR 3m in Group functions.

Management judgement allowances

During the quarter the management judgement allowances were assessed to be at appropriate levels and were consequently kept unchanged in local currencies. However, in euro terms, the overall amount increased to EUR 577m from EUR 572m in the previous quarter.

The cyclical management judgement allowance was reassessed, based on updated credit portfolio assessments and stress testing, to ensure that the allowance level was sufficient in view of the current risk outlook. The allowance was kept unchanged in local currencies, and in euro terms increased to EUR 423m.

The structural management judgement allowance held to address modelling deficiencies was also reassessed, with the allocation adjusted to ensure appropriate coverage across portfolios. The total allowance was kept unchanged in local currencies, and remained at EUR 154m.

See Note 11 for further details.

Credit portfolio

Lending to the public excluding reverse repurchase agreements and securities borrowing amounted to EUR 320bn at the end of the quarter, up 1% in local currencies quarter on quarter.

Loans to the public measured at fair value excluding reverse repurchase agreements and securities borrowing decreased to EUR 51bn from EUR 52bn in the second quarter. The fair value portfolio mainly comprised Danish mortgage lending, which amounted to EUR 51bn, unchanged from the second quarter.

Lending to the public measured at amortised cost before allowances increased to EUR 271bn from EUR 267bn in the second quarter. Of this, 94% was classified as stage 1, 5% as stage 2 and 1% as stage 3, with the distribution unchanged from the second quarter. Quarter on quarter, stage 1 loans increased by 2%, and stage 2 and 3 loans were unchanged. Stage 2 loans amounted to EUR 14bn, up 3% year on year. Stage 3 loans amounted to EUR 2.2bn, down 10% year on year.

The coverage ratio was 2.7% for stage 2 (down from 2.8% in the previous quarter) and 44% for stage 3 (unchanged from the previous quarter). The fair value impairment rate decreased to 0.56% from 0.60% in the previous quarter.

Net loan loss ratio

	Q323	Q223	Q123	Q422	Q322
Basis points of loans, amortised cost¹					
Net loan loss ratios, annualised, Group	5	6	3	7	4
of which stages 1 and 2	-1	-3	0	1	3
of which stage 3	6	9	3	6	1
Basis points of loans, total^{1,2}					
Net loan loss ratio, including loans held at fair value, annualised, Group					
Personal Banking total	6	4	8	4	7
PeB Denmark	4	0	4	12	18
PeB Finland	13	9	17	4	5
PeB Norway	5	2	5	-8	4
PeB Sweden	6	5	7	6	1
Business Banking total	5	16	2	15	15
BB Denmark	-5	-5	-5	15	11
BB Finland	10	36	21	18	25
BB Norway	2	19	-5	7	9
BB Sweden	13	12	9	23	17
Large Corporates & Institutions total					
LC&I Denmark	0	7	-59	3	3
LC&I Finland	4	-27	-28	9	-30
LC&I Norway	-3	-30	-23	0	-63
LC&I Sweden	0	-10	14	6	8

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 34%, to EUR 1,725m, driven by higher total income. This was partly offset by higher total costs.

Q3/Q2: Operating profit was stable.

Taxes

Q3/Q3: Income tax expense amounted to EUR 380m, up from EUR 283m, corresponding to a tax rate of 22.0%, unchanged from 22.0% a year ago.

Q3/Q2: Income tax expense amounted to EUR 380m, down from EUR 383m, corresponding to a tax rate of 22.0%, down from 22.3% in the previous quarter.

Net profit

Q3/Q3: Net profit increased by 34%, to EUR 1,345m. Return on equity was 18.5%, up from 13.3%. Return on equity with amortised resolution fees was 17.9%, up from 12.7%.

Q3/Q2: Net profit was stable. Return on equity was 18.5%, down from 19.1%. Return on equity with amortised resolution fees was 17.9%, down from 18.4%.

Q3/Q3: Diluted earnings per share were EUR 0.38, compared with EUR 0.27.

Q3/Q2: Diluted earnings per share were EUR 0.38, compared with EUR 0.37.

Operating profit per business area

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local currency	
								Q3/Q3	Q3/Q2
EURm									
Personal Banking	686	638	533	576	475	44%	8%	52%	8%
Business Banking	555	532	447	466	393	41%	4%	50%	5%
Large Corporates & Institutions	382	401	396	427	355	8%	-5%		
Asset & Wealth Management	211	225	211	203	172	23%	-6%	26%	-6%
Group functions	-109	-78	-107	-46	-111				
Total Group	1,725	1,718	1,480	1,626	1,284	34%	0%	42%	1%

Capital position and risk exposure amount

The Nordea Group's Common Equity Tier 1 (CET1) capital ratio increased to 16.3% in the third quarter from 16.0% in the second quarter of 2023. CET1 capital increased by EUR 0.6bn, mainly driven by profit accumulation net of dividend accrual and foreign exchange effects. The Group's CET1 capital requirement remained stable quarter on quarter at 12.0%.

The risk exposure amount (REA) increased by EUR 0.9bn, primarily driven by exchange rate effects following the appreciation of the Norwegian and Swedish currencies. These were partly offset by decreased market risk REA.

The Group's Tier 1 capital ratio increased to 18.7% at the end of the third quarter from 18.3% in the second quarter. The total capital ratio increased to 20.7% from 20.5%.

At the end of the third quarter CET1 capital amounted to EUR 23.0bn, Tier 1 capital amounted to EUR 26.3bn, and own funds amounted to EUR 29.2bn.

The Group's subordinated minimum requirements for own funds and eligible liabilities (MREL) ratio was 29.6% of the REA and 7.5% of the leverage ratio exposure (LRE), compared with the current requirements of 22.7% of the REA and 5.98% of the LRE. The total MREL ratio was 37.0% of the REA and 9.3% of the LRE, compared with the current requirements of 29.3% of the REA and 5.98% of the LRE.

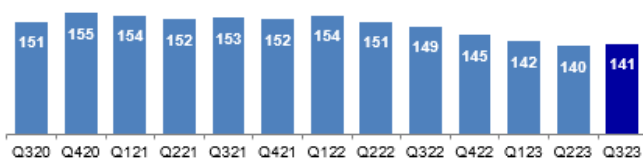
The leverage ratio increased to 4.7% at the end of the third quarter from 4.6% in the second quarter of 2023, mainly driven by the increase in Tier 1 capital.

The Group's economic capital increased to EUR 22.0bn in the third quarter of 2023. The increase was mainly driven by higher credit risk, which was partly offset by lower market risk.

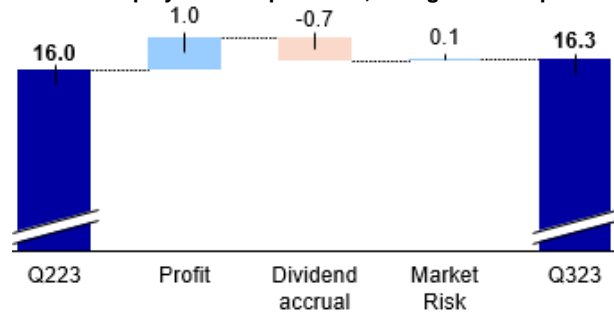
Capital ratios

%	Q323	Q223	Q123	Q422	Q322
CRR/CRD IV					
CET1 capital ratio	16.3	16.0	15.7	16.4	15.8
Tier 1 capital ratio	18.7	18.3	18.0	18.7	18.2
Total capital ratio	20.7	20.5	20.1	20.8	20.3

Risk exposure amount, EURbn, quarterly



Common Equity Tier 1 capital ratio, changes in the quarter



Capital and dividend policies

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

Share buy-backs

On 26 April the Board of Directors approved a new share buy-back programme of up to EUR 1.0bn. The programme commenced on 28 April 2023 and will end no later than 5 March 2024. By the end of the third quarter Nordea had purchased 49.9 million shares for a total of EUR 494m under the programme.

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

Regulatory developments

On 27 September the Board of the Finnish Financial Supervisory Authority (FSA) decided to reciprocate the risk weight floors for corporate credit secured by real estate collateral set by the Swedish FSA in accordance with article 458 of the Capital Requirements Regulation. The risk weight floor was set to 35% for corporate exposures secured by commercial real estate and 25% for corporate exposures secured by residential real estate. The floors have applied since 30 September and are not expected to be constraining for Nordea.

Risk exposure amount

	30 Sep 2023	30 Jun 2023	30 Sep 2022
EURm			
Credit risk	108,403	107,069	115,433
IRB	95,708	94,617	100,676
- sovereign			
- corporate	62,008	61,369	66,128
- advanced	55,686	54,727	58,373
- foundation	6,322	6,642	7,755
- institutions	3,941	3,915	4,510
- retail	25,080	24,694	25,191
- items representing securitisation positions	1,638	1,628	1,159
- other	3,041	3,011	3,688
Standardised	12,695	12,453	14,757
- sovereign	270	239	147
- retail	4,161	4,248	5,177
- other	8,264	7,966	9,432
Credit valuation adjustment risk	654	742	1,047
Market risk	4,470	5,017	5,641
- trading book, internal approach	3,707	4,028	5,108
- trading book, standardised approach	763	989	533
- banking book, standardised approach			
Settlement risk		0	0
Operational risk	16,048	16,048	15,025
Additional risk exposure amount related to Finnish RW floor due to Article 458 of the CRR			
Additional risk exposure amount related to Swedish RW floor due to Article 458 of the CRR	11,350	11,146	12,231
Additional risk exposure amount due to Article 3 of the CRR			
Total	140,925	140,023	149,377

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

	30 Sep 2023	30 Jun 2023	30 Sep 2022
EURm			
Calculation of own funds			
Equity in the consolidated situation	25,797	25,864	27,926
Profit for the period	3,818	2,469	2,339
Proposed/actual dividend	-2,680	-1,738	-2,005
Common Equity Tier 1 capital before regulatory adjustments	26,935	26,595	28,260
Deferred tax assets	-28	-20	-4
Intangible assets	-2,723	-2,672	-2,739
IRB provisions shortfall (-)			
Pension assets in excess of related liabilities	-187	-194	-291
Other items including buy-back deduction, net ¹	-993	-1,316	-1,615
Total regulatory adjustments to Common Equity Tier 1 capital	-3,931	-4,202	-4,649
Common Equity Tier 1 capital (net after deduction)	23,004	22,393	23,611
Additional Tier 1 capital before regulatory adjustments	3,336	3,251	3,548
Total regulatory adjustments to Additional Tier 1 capital	-22	-19	-27
Additional Tier 1 capital	3,314	3,233	3,521
Tier 1 capital (net after deduction)	26,318	25,626	27,132
Tier 2 capital before regulatory adjustments	2,979	3,157	3,295
IRB provisions excess (+)	564	558	559
Deductions for investments in insurance companies	-650	-650	-650
Other items, net	-47	-48	-64
Total regulatory adjustments to Tier 2 capital	-133	-140	-155
Tier 2 capital	2,846	3,017	3,141
Own funds (net after deduction)	29,164	28,643	30,272
¹ Other items, net if reported excluding profit.	-995	-1,316	-1,615

Own funds reported to ECB

	30 Sep ² 2023	30 Jun 2023	30 Sep 2022
EURm			
Common Equity Tier 1 capital	21,864	22,393	23,611
Tier 1 capital (net after deduction)	25,178	25,626	27,132
Total own funds	28,024	28,643	30,272

² Excluding third-quarter profit (pending application).

Balance sheet

Balance sheet data

	Q323	Q223	Q123	Q422	Q322
EURbn					
Loans to credit institutions	7	10	8	5	10
Loans to the public	343	340	340	346	346
Derivatives	34	32	32	37	48
Interest-bearing securities	70	70	76	68	70
Other assets	156	150	148	139	151
Total assets	610	602	604	595	625
Deposits from credit institutions	37	33	34	33	45
Deposits from the public	214	218	218	217	225
Debt securities in issue	191	190	190	180	185
Derivatives	36	33	33	40	48
Other liabilities	102	99	101	94	92
Total equity	30	29	28	31	30
Total liabilities and equity	610	602	604	595	625

Funding and liquidity operations

Nordea issued approximately EUR 5.8bn in long-term funding in the third quarter of 2023 (excluding Danish covered bonds and long-dated certificates of deposit), of which approximately EUR 4.7bn was issued in the form of covered bonds and EUR 1.1bn was issued as senior debt. Notable transactions during the quarter included a EUR 1bn 3-year green covered bond, a EUR 1bn 3NC2 senior non-preferred bond issued under Nordea's sustainability-linked loan funding framework and a SEK 6bn 5-year green covered bond.

At the end of the third quarter long-term funding accounted for approximately 70% of Nordea's total wholesale funding.

Short-term liquidity risk is measured using several metrics, including the liquidity coverage ratio (LCR). The Nordea Group's combined LCR was 162% at the end of the third quarter. The liquidity buffer is composed of highly liquid central bank eligible securities and cash, as defined in the LCR regulation. At the end of the third quarter the liquidity buffer amounted to EUR 114bn, unchanged from the second quarter of 2023. The net stable funding ratio (NSFR) measures long-term liquidity risk. At the end of the third quarter Nordea's NSFR was 118.1%, compared with 118.6% at the end of the second quarter.

Nordea maintained a strong liquidity position throughout the third quarter, despite continued volatility in global markets driven by geopolitical and macroeconomic uncertainty and tightening monetary policies.

Nordea continues to participate in the European Central Bank's targeted longer-term refinancing operations (TLTROs). At the end of the third quarter Nordea had EUR 5bn outstanding under the TLTRO III programme. The interest rate is now equal to the deposit facility rate and is no longer contingent on meeting pre-defined lending thresholds.

Funding and liquidity data

	Q323	Q223	Q123	Q422	Q322
Long-term funding portion	70%	70%	71%	73%	71%
LCR total	162%	160%	161%	162%	150%
LCR EUR	188%	148%	159%	149%	136%
LCR USD	226%	194%	294%	177%	196%

Market risk

Market risk in the trading book measured by value at risk (VaR) was EUR 31.5m. Quarter on quarter, VaR decreased by EUR 8.1m, primarily as a result of lower interest rate risk. Interest rate risk remained the main driver of VaR at the end of the third quarter. Trading book VaR continued to be driven by market risk related to Nordic and other Northern European exposures.

Trading book

	Q323	Q223	Q123	Q422	Q322
EURm					
Total risk, VaR	31	40	36	33	32
Interest rate risk, VaR	32	40	38	32	32
Equity risk, VaR	4	4	3	2	3
Foreign exchange risk, VaR	2	3	2	2	2
Credit spread risk, VaR	4	6	3	7	6
Inflation risk, VaR	5	5	2	2	2
Diversification effect	32%	32%	24%	27%	30%

Nordea share and credit ratings

Nordea's share price and credit ratings as at the end of the third quarter of 2023.

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
9/30/2021	113.10	82.37	11.24
12/31/2021	110.50	80.39	10.79
3/31/2022	97.30	70.20	9.38
6/30/2022	90.00	62.24	8.40
9/30/2022	95.67	65.33	8.80
12/31/2022	111.68	75.12	10.03
3/31/2023	110.64	73.37	9.84
6/30/2023	117.30	74.51	9.97
9/30/2023	120.12	77.41	10.41

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

Other information

Share cancellations

Nordea cancelled aggregated amounts of 9,968,955, 9,635,610 and 12,285,688 treasury shares in July, August and September, respectively. The shares had been held for capital optimisation purposes and acquired through buy-backs.

Impacts from Russia's invasion of Ukraine

During the third quarter of 2023 Nordea continued to closely monitor and assess its direct exposure to Russian counterparties. At the end of the quarter the direct credit exposure after provisions was less than EUR 50m.

Nordea also further assessed the impact of uncertainty after the onset of the war – reflected in higher inflation and higher interest rates, etc. – on the global and Nordic economies. The assessment informed the regular update of the bank's macroeconomic scenarios, which are used to update its financial forecasts and model IFRS 9 expected credit losses. During the quarter the management judgement allowances were assessed to be at appropriate levels and were consequently kept unchanged in local currencies. Nordea will continue to follow developments closely.

Information on the financial and operational impacts of the war in Ukraine, as well as the measures taken to address these impacts, has been provided in this report. See "CEO comment", "Macroeconomy and financial markets", "Net loan losses and similar net result", "Funding and liquidity operations", "Other information", "Business areas", Note 1 "Accounting policies", Note 10 "Net loan losses", Note 11 "Loans and impairment" and Note 15 "Risks and uncertainties".

Closure of Nordea's operations in Russia

In accordance with its strategy, Nordea is focusing on its business in the Nordic region. This has entailed the Group winding down its operations in Russia. The liquidation of the remaining Russian subsidiaries is pending finalisation.

EBA stress test results

On 28 July 2023 the European Banking Authority (EBA) 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 covered the period 2023–2025 and considered the resilience of financial institutions to adverse economic shocks.

The exercise confirmed Nordea's well-managed risk profile and resilient capital position. The methodology and scenario assumptions used were relatively severe for the Nordic countries in which Nordea operates.

Under the severe stress scenario, Nordea's CET1 capital ratio was estimated to decline from 16.4% at the end of 2022 to a low of 13.0% at the end of 2023, remaining well above capital and internal buffers.

The 2023 EBA stress test is not expected to result in changes to Nordea's risk management or capital strategy.

Acquisition of Danske Bank's personal customer and private banking business in Norway

Nordea has entered into an agreement with Danske Bank to acquire its Norwegian personal customer and private banking business and associated asset management portfolios. At the end of 2022 the business to be transferred comprised approximately 285,000 customers, lending and deposit volumes of EUR 18bn and EUR 4bn, respectively, and approximately EUR 2bn in assets under management. The acquisition fits well into Nordea's strategy to grow in the Nordic region both organically and through bolt-on acquisitions.

The acquired business will be integrated into Nordea after the closing of the transaction. The closing is expected late 2024 and is subject to regulatory approvals.

Any movement in the net carrying amount of assets and liabilities between the signing and the closing of the transaction will be reflected in the consideration paid at the closing. The expectation is that the transaction will improve the cost-to-income ratio and return on capital at risk of Nordea's Personal Banking business in Norway, and positively impact Nordea's earnings per share and return on equity. The gross impact on the CET1 ratio resulting from the increase in risk exposure amount is currently expected to amount to approximately 40bp.

Pillar 2 Global Anti-Base-Erosion tax reform

In October 2021 the OECD countries agreed to implement rules to ensure multinational companies pay a minimum effective tax rate of 15% in all jurisdictions where they operate. In December 2022 the European Union member states adopted a directive to implement the Global Anti-Base-Erosion (GloBE) Rules as of 1 January 2024.

The definitions of taxable income and tax expense differ between the GLoBE Rules and the local tax/accounting requirements in the jurisdictions where Nordea operates. Nordea will therefore be required to make new tax calculations based on the IFRS adjusted result under the GLoBE rules. If the GloBE effective tax rate ends up below 15% in any jurisdiction, Nordea will have to pay a top-up tax.

Statutory tax rates in the Nordics are clearly above 15% and therefore Nordea does not expect to end up in any significant top-up tax position, although this remains to be confirmed. See Note 1 "Accounting policies" for more information on new disclosure requirements for the 2023 Annual Report.

Quarterly development, Group

Excluding items affecting comparability

	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Jan-Sep 2023	Jan-Sep 2022
EURm							
Net interest income	1,909	1,831	1,765	1,641	1,407	5,505	4,023
Net fee and commission income	742	751	765	785	775	2,258	2,401
Net insurance result	63	68	46	47	38	177	126
Net result from items at fair value	225	290	345	396	238	860	764
Profit from associated undertakings and joint ventures accounted for under the equity method	4	3	-12	-1	-3	-5	-7
Other operating income	9	12	12	29	17	33	54
Total operating income	2,952	2,955	2,921	2,897	2,472	8,828	7,361
General administrative expenses:							
Staff costs	-729	-725	-719	-721	-691	-2,173	-2,072
Other expenses	-292	-304	-287	-315	-276	-883	-793
Regulatory fees	-20	-21	-255	-16	-16	-296	-306
Depreciation, amortisation and impairment charges of tangible and intangible assets	-153	-155	-161	-160	-147	-469	-451
Total operating expenses	-1,194	-1,205	-1,422	-1,212	-1,130	-3,821	-3,622
Profit before loan losses	1,758	1,750	1,499	1,685	1,342	5,007	3,739
Net loan losses and similar net result	-33	-32	-19	-59	-58	-84	10
Operating profit	1,725	1,718	1,480	1,626	1,284	4,923	3,749
Income tax expense	-380	-383	-332	-353	-283	-1,095	-836
Net profit for the period	1,345	1,335	1,148	1,273	1,001	3,828	2,913
Diluted earnings per share (DEPS), EUR	0.38	0.37	0.31	0.35	0.27	1.06	0.76
DEPS, rolling 12 months up to period end, EUR	1.41	1.30	1.21	1.11	1.02	1.41	1.02

Business areas

Excluding items affecting comparability

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group functions		Nordea Group		Chg
	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2	Q3	Q2	
	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	2023	
EURm													
Net interest income	870	842	632	612	368	361	81	74	-42	-58	1,909	1,831	4%
Net fee and commission income	269	258	136	142	105	104	242	245	-10	2	742	751	-1%
Net insurance result	28	27	3	4	1	0	32	37	-1	0	63	68	-7%
Net result from items at fair value	20	17	82	93	94	99	-1	9	30	72	225	290	-22%
Other income	1	2	9	13	1	0	0	0	2	0	13	15	-13%
Total operating income	1,188	1,146	862	864	569	564	354	365	-21	16	2,952	2,955	0%
Total operating expenses	-476	-491	-295	-295	-190	-181	-142	-139	-91	-99	-1,194	-1,205	-1%
Net loan losses and similar net result	-26	-17	-12	-37	3	18	-1	-1	3	5	-33	-32	
Operating profit	686	638	555	532	382	401	211	225	-109	-78	1,725	1,718	0%
Cost-to-income ratio ¹ , %	42	45	36	37	37	38	40	39			42	43	
Return on capital at risk ¹ , %	29	27	24	22	19	19	55	60			24	24	
Economic capital (EC)	7,204	7,138	7,029	6,926	5,790	5,846	1,185	1,149	776	793	21,984	21,852	1%
Risk exposure amount (REA)	41,759	41,347	41,625	41,490	40,692	40,696	7,452	7,131	9,396	9,359	140,924	140,023	1%
Number of employees (FTEs)	6,787	6,950	3,970	4,021	1,255	1,261	3,139	3,207	14,115	13,878	29,266	29,317	0%
Volumes, EURbn²:													
Total lending	165.0	163.1	95.8	94.4	53.6	52.9	11.5	11.4	-5.6	-5.2	320.3	316.6	1%
Total deposits	85.1	84.8	50.3	50.4	45.2	42.6	11.9	12.4	9.9	12.7	202.4	202.9	0%

Restatements due to organisational changes and new accounting principles; see Note 1 "Accounting policies" for further information.

¹ With amortised resolution fees.

² Excluding repurchase agreements and security lending/borrowing agreements.

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group functions		Nordea Group		Chg
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
EURm													
Net interest income	2,523	1,772	1,817	1,348	1,081	835	228	96	-144	-28	5,505	4,023	37%
Net fee and commission income	784	862	429	453	329	354	733	771	-17	-39	2,258	2,401	-6%
Net insurance result	83	50	11	9	1	0	83	67	-1	0	177	126	40%
Net result from items at fair value	55	70	284	280	386	418	31	-7	104	3	860	764	13%
Other income	4	5	19	25	1	4	0	0	4	13	28	47	-40%
Total operating income	3,449	2,759	2,560	2,115	1,798	1,611	1,075	927	-54	-51	8,828	7,361	20%
Total operating expenses	-1,514	-1,399	-972	-931	-662	-646	-425	-399	-248	-247	-3,821	-3,622	5%
Net loan losses and similar net result	-78	-38	-54	-13	43	61	-3	-4	8	4	-84	10	
Operating profit	1,857	1,322	1,534	1,171	1,179	1,026	647	524	-294	-294	4,923	3,749	31%
Cost-to-income ratio ¹ , %	43	50	37	43	36	38	39	43			43	48	
Return on capital at risk ¹ , %	27	18	23	18	21	18	56	33			24	17	
Economic capital (EC)	7,204	7,369	7,029	6,637	5,790	6,142	1,185	1,499	776	899	21,984	22,546	-2%
Risk exposure amount (REA)	41,759	43,552	41,625	42,100	40,692	44,383	7,452	8,464	9,396	10,878	140,924	149,377	-6%
Number of employees (FTEs)	6,787	6,785	3,970	3,962	1,255	1,251	3,139	2,832	14,115	12,819	29,266	27,649	6%
Volumes, EURbn²:													
Total lending	165.0	170.8	95.8	96.5	53.6	55.4	11.5	11.9	-5.6	-7.2	320.3	327.4	-2%
Total deposits	85.1	87.2	50.3	53.2	45.2	55.6	11.9	13.2	9.9	6.5	202.4	215.7	-6%

Restatements due to organisational changes and new accounting principles; see Note 1 "Accounting policies" for further information.

¹ With amortised resolution fees.

² Excluding repurchase agreements and security lending/borrowing agreements.

Personal Banking

Introduction

In Personal Banking we offer household customers easy and convenient everyday banking and advice for all stages of life.

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

Business development

This quarter, we grew our business volumes in line with the market. Our mortgage volume growth followed the slowing housing market. Total lending and deposit volumes were stable in local currencies year on year.

To strengthen our market position in Norway, we entered into an agreement to acquire Danske Bank's Norwegian personal customer business. The transaction is expected to increase our mortgage market share in Norway to around 16% from the current 11%.

Customer investment activity and demand for new loan promises remain lower than a year ago. However, we saw signs of increasing activity in recurring investments, and customer demand for savings deposits continued to increase. As expected, there were some further transfers from transaction deposits to savings deposits. To ensure a competitive deposit product offering, we increased the interest paid on all our savings accounts and announced that we were starting to pay interest on transaction accounts in Denmark, Finland and Sweden.

Customer interaction and meeting activity remained at high levels, driven by high demand for advice related to personal finances. We continued to see a steady increase in digital customer activity, with private mobile app user numbers and logins up 7% and 11%, respectively, year on year. In Sweden, we drove a 60% year-on-year increase in digitally generated leads for mortgage and savings advisers.

In September, we won six of Global Finance Magazine's 2023 World's Best Digital Bank Awards, including the award for Best User Experience in Western Europe. During the quarter we further enhanced our digital services and launched additional insight tools to make it easier for customers to manage their savings digitally. For example, to meet increased customer demand, we introduced self-service bond trading in a new digital channel in Denmark.

We also continued to expand our ESG product offering. In Norway, we launched a dedicated loan to support customers in making energy efficiency improvements to their homes. In Finland, we became the largest green covered bond issuer in the country when we issued our second green covered bond, amounting to EUR 1bn. The ESG share of gross inflows into funds remained high at 29%.

Financial outcome

Total income was up 24% year on year, mainly due to a 37% year-on-year improvement in net interest income. The latter was driven by improved deposit margins linked to higher policy rates in all markets. These were partly offset by lower lending margins.

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

Net insurance result increased by 75% year on year due to guaranteed life insurance products in scope for IFRS 17 benefiting from higher interest rates compared with the same quarter last year.

Total expenses increased by 5% year on year due to salary inflation and investments in technology and risk management in line with our business plan. The cost-to-income ratio with amortised resolution fees improved to 42% from 49% a year ago, driven by higher income.

Total net loan losses and similar net result amounted to EUR 26m (6bp), compared with EUR 31m in the same quarter last year, and was in line with our expectations. Net loan losses were mainly driven by net write-offs in consumer finance portfolios, while modelled provisions increased only slightly, reflecting stable underlying credit quality.

Operating profit increased by 44% year on year, to EUR 686m. Return on capital at risk was 29%, compared with 19% in the same quarter last year.

Personal Banking Denmark

Total income increased by 23% in local currency year on year.

Net interest income increased by 36% in local currency year on year, primarily driven by higher deposit volumes and improved deposit margins.

Lending volumes decreased by 2% in local currency year on year, as decreasing mortgage volumes were only partly offset by increased demand for housing loans in the banking book. Deposit volumes increased by 6%, driven by higher savings deposit volumes.

Net fee and commission income decreased by 8% in local currency year on year, mainly driven by lower lending fee income.

Net loan losses and similar net result amounted to EUR 5m (4bp).

Personal Banking Finland

Total income increased by 77% year on year.

Net interest income increased by 128% year on year, primarily driven by improved deposit margins. These were partly offset by lower mortgage margins.

Lending volumes decreased by 2% year on year, driven by lower mortgage volumes. Deposit volumes decreased by 4%, driven by lower transaction deposit volumes. These were partly offset by increased savings deposit volumes.

Net fee and commission income increased by 1% year on year, driven by all income lines

Net loan losses and similar net result amounted to EUR 12m (13bp), mainly driven by net write-offs in consumer finance portfolios.

Personal Banking Norway

Total income increased by 4% in local currency year on year.

Net interest income increased by 4% in local currency year on year, primarily driven by higher mortgage and deposit volumes and improved deposit margins. These were partly offset by lower mortgage margins, driven by the impact of notice periods following central bank rate hikes, and higher funding costs.

Lending volumes increased by 1% in local currency year on year, driven by higher mortgage volumes. These were partly offset by lower demand for other lending. Deposit volumes increased by 3%, driven by higher savings deposit volumes.

Net fee and commission income decreased by 4% in local currency year on year, mainly driven by lower payment and card fee income.

Net loan losses and similar net result amounted to EUR 4m (5bp).

Personal Banking Sweden

Total income increased by 18% in local currency year on year.

Net interest income increased by 25% in local currency year on year due to higher mortgage volumes and improved deposit margins. These were partly offset by lower lending margins, driven by higher funding costs.

Lending volumes increased by 2% in local currency year on year, driven by higher mortgage volumes. Deposit volumes decreased by 1% year on year, driven by lower transaction deposit volumes.

Net fee and commission income remained stable year on year.

Net loan losses and similar net result amounted to EUR 8m (6bp).

Personal Banking total

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local curr.		Jan-Sep 23	Jan-Sep 22	Jan-Sep 23/22	
								Q3/Q3	Q3/Q2			EUR	Local
EURm													
Net interest income	870	842	811	764	636	37%	3%	44%	4%	2,523	1,772	42%	49%
Net fee and commission income	269	258	257	273	290	-7%	4%	-3%	5%	784	862	-9%	-5%
Net insurance result	28	27	28	27	16	75%	4%	75%	0%	83	50	66%	73%
Net result from items at fair value	20	17	18	13	16	25%	18%	19%	6%	55	70	-21%	-20%
Other income	1	2	1	0	0					4	5		
Total income incl. allocations	1,188	1,146	1,115	1,077	958	24%	4%	30%	4%	3,449	2,759	25%	31%
Total expenses incl. allocations	-476	-491	-547	-483	-452	5%	-3%	10%	-3%	-1,514	-1,399	8%	13%
Profit before loan losses	712	655	568	594	506	41%	9%	48%	9%	1,935	1,360	42%	49%
Net loan losses and similar net result	-26	-17	-35	-18	-31					-78	-38		
Operating profit	686	638	533	576	475	44%	8%	52%	8%	1,857	1,322	40%	47%
Cost-to-income ratio ¹ , %	42	45	44	46	49					43	50		
Return on capital at risk ¹ , %	29	27	25	23	19					27	18		
Economic capital (EC)	7,204	7,138	7,238	7,219	7,369	-2%	1%			7,204	7,369	-2%	
Risk exposure amount (REA)	41,759	41,347	42,055	42,498	43,552	-4%	1%			41,759	43,552	-4%	
Number of employees (FTEs)	6,787	6,950	6,981	6,847	6,785	0%	-2%			6,787	6,785	0%	
Volumes, EURbn:													
Mortgage lending	143.7	141.9	144.6	148.2	149.5	-4%	1%	0%	0%	143.7	149.5	-4%	0%
Other lending	21.3	21.2	21.4	21.4	21.3	0%	0%	1%	0%	21.3	21.3	0%	1%
Total lending	165.0	163.1	166.0	169.6	170.8	-3%	1%	0%	0%	165.0	170.8	-3%	0%
Total deposits	85.1	84.8	84.3	85.9	87.2	-2%	0%	0%	-1%	85.1	87.2	-2%	0%

¹ With amortised resolution fees.

Personal Banking

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local curr.		Jan- Sep 23	Jan- Sep 22	Jan-Sep 23/22	
								Q3/Q3	Q3/Q2			EUR	Local
Net interest income, EURm													
PeB Denmark	232	208	197	183	171	36%	12%	36%	12%	637	483	32%	32%
PeB Finland	283	264	226	192	124	128%	7%	128%	7%	773	335	131%	131%
PeB Norway	109	116	128	113	119	-8%	-6%	4%	-7%	353	357	-1%	13%
PeB Sweden	249	255	260	267	222	12%	-2%	25%	1%	764	603	27%	38%
Other	-3	-1	0	9	0					-4	-6		
Net fee and commission income, EURm													
PeB Denmark	75	72	70	84	80	-6%	4%	-8%	3%	217	237	-8%	-8%
PeB Finland	78	79	76	79	77	1%	-1%	1%	-1%	233	233	0%	0%
PeB Norway	24	17	23	25	28	-14%	41%	-4%	30%	64	79	-19%	-8%
PeB Sweden	93	90	90	86	104	-11%	3%	0%	7%	273	315	-13%	-5%
Other	-1	0	-2	-1	1					-3	-2		
Net loan losses and similar net result, EURm													
PeB Denmark	-5	0	-5	-14	-21					-10	-5		
PeB Finland	-12	-8	-16	-4	-5					-36	-32		
PeB Norway	-4	-2	-4	7	-4					-10	-4		
PeB Sweden	-8	-6	-9	-7	-1					-23	4		
Other	3	-1	-1	0	0					1	-1		
Volumes, EURbn													
Personal Banking Denmark													
Mortgage lending	34.4	34.9	35.1	35.6	36.3	-5%	-1%	-5%	-1%	34.4	36.3	-5%	-5%
Other lending	10.1	10.0	9.9	9.5	9.2	10%	1%	10%	1%	10.1	9.2	10%	10%
Total lending	44.5	44.9	45.0	45.1	45.5	-2%	-1%	-2%	-1%	44.5	45.5	-2%	-2%
Total deposits	22.8	22.9	22.2	22.0	21.7	5%	0%	6%	0%	22.8	21.7	5%	6%
Personal Banking Finland													
Mortgage lending	30.6	30.7	30.9	31.2	31.1	-2%	0%	-2%	0%	30.6	31.1	-2%	-2%
Other lending	6.1	6.1	6.1	6.1	6.2	-2%	0%	-2%	0%	6.1	6.2	-2%	-2%
Total lending	36.7	36.8	37.0	37.3	37.3	-2%	0%	-2%	0%	36.7	37.3	-2%	-2%
Total deposits	26.0	26.3	26.1	26.5	27.0	-4%	-1%	-4%	-1%	26.0	27.0	-4%	-4%
Personal Banking Norway													
Mortgage lending	32.3	31.2	31.8	34.2	33.9	-5%	4%	1%	0%	32.3	33.9	-5%	1%
Other lending	2.1	2.1	2.3	2.5	2.5	-16%	0%	-8%	-4%	2.1	2.5	-16%	-8%
Total lending	34.4	33.3	34.1	36.7	36.4	-5%	3%	1%	-1%	34.4	36.4	-5%	1%
Total deposits	10.3	10.1	9.8	10.7	10.7	-4%	2%	3%	-2%	10.3	10.7	-4%	3%
Personal Banking Sweden													
Mortgage lending	46.3	45.1	46.9	47.2	48.1	-4%	3%	2%	0%	46.3	48.1	-4%	2%
Other lending	3.0	3.0	3.1	3.3	3.5	-14%	0%	-9%	0%	3.0	3.5	-14%	-9%
Total lending	49.3	48.1	50.0	50.5	51.6	-4%	2%	2%	0%	49.3	51.6	-4%	2%
Total deposits	25.9	25.6	26.2	26.7	27.7	-6%	1%	-1%	-1%	25.9	27.7	-6%	-1%

Business Banking

Introduction

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

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

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 develop our services and maintained a solid financial performance. Despite the weakening economic outlook, lending volumes grew by 3% in local currencies year on year, driven by Norway and Sweden. Deposit volumes decreased by 2%, in line with the market, while central bank policy rate hikes continued to drive deposit income growth. We maintained a high level of proactive engagement to support customers in tackling the current economic challenges.

In September, we won six of Global Finance Magazine's 2023 World's Best Digital Bank Awards, including those for Best Mobile Banking App and Best SME Banking in Denmark, Finland and Sweden. The winners were chosen based on the breadth of their product offerings and their success in migrating customers to and retaining them on digital platforms and delivering benefits through the latter.

To further improve our digital services for SMEs, we continued to develop the Nordea Business internet bank and mobile app. During the quarter, we introduced a new version of the app to enable customers in Denmark, Finland and Sweden to purchase products through their mobile. In Norway, where we currently only offer the internet bank, we launched a pilot of the app – an important step towards achieving full Nordic coverage for the platform.

We remain focused on driving the transition to a more sustainable economy. During the quarter we saw strong demand for the new sustainability guarantee launched in May in collaboration with the European Investment Fund. We have now granted over EUR 30m in loans under the scheme, which offers customers in Finland and Sweden beneficial terms for eligible investments, such as solar panels or energy renovations of commercial buildings. At the end of the quarter green and sustainability-linked loans accounted for 10% of total lending.

We continued to grow our green deposits portfolio, which almost doubled in volume quarter on quarter. The deposits, currently available in Norway and Sweden, enable customers to invest their excess liquidity while helping to finance our green lending. We also completed the Nordic roll-out of our business carbon calculator.

Financial outcome

Total income in the third quarter increased by 20% year on year, driven by higher lending volumes and improved deposit margins.

Net interest income increased by 32% year on year, driven by higher lending volumes and improved deposit margins linked to higher interest rates in all markets. These were partly offset by lower lending margins.

Net fee and commission income decreased by 4% year on year, primarily driven by lower mortgage refinancing activity. This was partly offset by higher payment and card fee income.

Net result from items at fair value was stable compared with the same quarter last year.

Total expenses increased by 1% year on year, driven by investments in technology and risk management in line with our business plan. The cost-to-income ratio with amortised resolution fees was 36%, an improvement of 7 percentage points on the same quarter last year.

Net loan losses and similar net result amounted to EUR 12m (5bp), compared with EUR 37m in the same quarter last year.

Operating profit increased by 41% year on year, to EUR 555m, driven by higher income and lower net loan losses. Return on capital at risk was 24%, compared with 17% in the same quarter last year.

Business Banking Denmark

Net interest income increased by 36% in local currency year on year, driven by higher deposit volumes and improved deposit margins.

Lending volumes were stable in local currency year on year. Deposit volumes increased by 8%, driven by fixed-term deposits.

Net fee and commission income decreased by 16% in local currency year on year, driven by lower mortgage refinancing activity and lower savings income. These were partly offset by higher equity capital markets income.

Net loan losses and similar net result amounted to net reversals of EUR 3m (5bp), compared with a loss of EUR 7m in the same quarter last year.

Business Banking Finland

Net interest income increased by 63% year on year, driven by improved deposit margins. The increase was partly offset by lower lending volumes and margins.

Lending volumes decreased by 3% year on year, while deposit volumes decreased by 5%.

Net fee and commission income was stable year on year, as higher savings income was offset by lower lending fee income.

Net loan losses and similar net result amounted to EUR 5m (10bp), down from EUR 13m in the same quarter last year.

Business Banking Norway

Net interest income increased by 33% in local currency year on year, driven by higher lending volumes and improved deposit margins.

Lending volumes increased by 8% in local currency year on year. Deposit volumes decreased by 6%.

Net fee and commission income increased by 15% in local currency year on year, driven by higher equity and debt capital markets income and higher payment and card fee income. These were partly offset by lower savings income.

Net loan losses and similar net result amounted EUR 1m (2bp), down from EUR 5m in the same quarter last year.

Business Banking Sweden

Net interest income increased by 37% in local currency year on year. The increase was driven by higher lending volumes and improved deposit margins, which were partly offset by lower lending margins.

Lending volumes increased by 5% in local currency year on year. Deposit volumes decreased by 4%.

Net fee and commission income was stable in local currency year on year as higher payment and card fee income and higher savings income were offset by lower equity capital markets income.

Net loan losses and similar net result amounted to EUR 9m (13bp), down from EUR 12m in the same quarter last year.

Business Banking total

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local curr.		Jan-Sep 23	Jan-Sep 22	Jan-Sep 23/22	
								Q3/Q3	Q3/Q2			EUR	Local
EURm													
Net interest income	632	612	573	548	477	32%	3%	41%	3%	1,817	1,348	35%	43%
Net fee and commission income	136	142	151	157	142	-4%	-4%	1%	-3%	429	453	-5%	-1%
Net insurance result	3	4	4	4	3	0%	-25%	0%	-25%	11	9	22%	22%
Net result from items at fair value	82	93	109	94	94	-13%	-12%	-6%	-9%	284	280	1%	7%
Other income	9	13	-3	10	5					19	25		
Total income incl. allocations	862	864	834	813	721	20%	0%	27%	0%	2,560	2,115	21%	28%
Total expenses incl. allocations	-295	-295	-382	-310	-291	1%	0%	8%	1%	-972	-931	4%	10%
Profit before loan losses	567	569	452	503	430	32%	0%	40%	0%	1,588	1,184	34%	42%
Net loan losses and similar net result	-12	-37	-5	-37	-37					-54	-13		
Operating profit	555	532	447	466	393	41%	4%	50%	5%	1,534	1,171	31%	39%
Cost-to-income ratio ¹ , %	36	37	38	40	43					37	43		
Return on capital at risk ¹ , %	24	22	22	21	17					23	18		
Economic capital (EC)	7,029	6,926	7,117	6,606	6,637	6%	1%			7,029	6,637	6%	
Risk exposure amount (REA)	41,625	41,490	42,663	42,145	42,100	-1%	0%			41,625	42,100	-1%	
Number of employees (FTEs)	3,970	4,021	3,983	3,956	3,962	0%	-1%			3,970	3,962	0%	
Volumes, EURbn:													
Total lending	95.8	94.4	94.8	96.5	96.5	-1%	1%	3%	0%	95.8	96.5	-1%	3%
Total deposits	50.3	50.4	50.9	53.0	53.2	-5%	0%	-2%	-2%	50.3	53.2	-5%	-2%

¹ With amortised resolution fees.

Business Banking

	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q3/Q3	Q3/Q2	Local curr.		Jan-Sep 23	Jan-Sep 22	Jan-Sep EUR	23/22 Local
								Q3/Q3	Q3/Q2				
Net interest income, EURm													
Business Banking Denmark	132	123	114	102	97	36%	7%	36%	7%	369	275	34%	35%
Business Banking Finland	170	170	147	132	104	63%	0%	63%	0%	487	328	48%	48%
Business Banking Norway	156	143	141	148	134	16%	9%	33%	7%	440	377	17%	33%
Business Banking Sweden	170	170	166	161	138	23%	0%	37%	3%	506	355	43%	55%
Other	4	6	5	5	4					15	13		
Net fee and commission income, EURm													
Business Banking Denmark	26	28	32	31	31	-16%	-7%	-16%	-7%	86	90	-4%	-4%
Business Banking Finland	49	52	56	53	49	0%	-6%	0%	-6%	157	152	3%	3%
Business Banking Norway	28	28	28	29	27	4%	0%	15%	-3%	84	88	-5%	8%
Business Banking Sweden	46	49	48	51	50	-8%	-6%	0%	-6%	143	165	-13%	-6%
Other	-13	-15	-13	-7	-15					-41	-42		
Net loan losses and similar net result, EURm													
Business Banking Denmark	3	3	3	-9	-7					9	15		
Business Banking Finland	-5	-18	-11	-9	-13					-34	-17		
Business Banking Norway	-1	-11	3	-4	-5					-9	13		
Business Banking Sweden	-9	-8	-6	-16	-12					-23	-24		
Other	0	-3	6	1	0					3	0		
Lending, EURbn													
Business Banking Denmark	24.4	24.5	24.4	24.7	24.6	-1%	0%	0%	0%	24.4	24.6	-1%	0%
Business Banking Finland	20.2	20.2	20.5	20.5	20.8	-3%	0%	-3%	0%	20.2	20.8	-3%	-3%
Business Banking Norway	23.7	22.9	22.5	23.8	23.4	1%	3%	8%	0%	23.7	23.4	1%	8%
Business Banking Sweden	27.5	26.7	27.4	27.5	27.7	-1%	3%	5%	1%	27.5	27.7	-1%	5%
Other	0	0.1	0	0	0					0	0		
Deposits, EURbn													
Business Banking Denmark	10.9	10.7	10.4	10.3	10.2	7%	2%	8%	2%	10.9	10.2	7%	8%
Business Banking Finland	14.3	14.6	15.0	15.4	15.0	-5%	-2%	-5%	-3%	14.3	15.0	-5%	-5%
Business Banking Norway	8.7	8.6	8.8	9.9	9.9	-12%	1%	-6%	-1%	8.7	9.9	-12%	-6%
Business Banking Sweden	16.3	16.5	16.7	17.4	18.1	-10%	-1%	-4%	-3%	16.3	18.1	-10%	-4%
Other	0.1	0	0	0	0					0.1	0		

Large Corporates & Institutions

Introduction

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

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

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

Business development

In the third quarter we made further progress with our strategy execution. We also continued to actively support our core Nordic customers in the uncertain market environment. Excluding foreign exchange effects, lending and deposit volumes decreased by 1% and 16%, respectively, year on year. Quarter on quarter, both lending and deposit growth turned positive at 1% and 6%, respectively.

Debt Capital Markets activity continued to recover following the volatility in the spring. We saw a gradual increase in investor demand for bonds on the back of the current interest rate and spread environment, and financial institutions continued to drive issuance activity. In Equity Capital Markets and Mergers & Acquisitions market conditions remained challenging, although activity levels somewhat improved. At the end of the quarter we were the number one Nordic equity capital markets provider year to date. Highlights of the quarter included a EUR 1.3bn dual-tranche Eurobond for Carlsberg and directed share issues for Embracer and Coloplast. We also acted as a bookrunner for the USD 1.2bn bridge in Coloplast's acquisition of Kerecis.

Nordea Markets delivered a satisfactory result in a quarter characterised by lower market volatility. Our sound risk management, cost control and capital discipline remain key to enabling continued customer support and solid results.

We continue to be a leading platform for sustainable advisory services and remain on track to facilitate EUR 200bn in sustainable financing by 2025. We also continue to improve our staff training, operating processes and data foundation within ESG areas. By the end of the quarter we again ranked first for Nordic corporate sustainable bonds.

Financial outcome

Total income was up 10% year on year, driven by strong growth in net interest income.

Net interest income increased by 26% year on year, driven by positive margin development.

Net fee and commission income was down 1% year on year amid continued weak capital markets and low investor risk appetite.

Net result from items at fair value decreased by 22% year on year, mainly driven by negative valuation adjustments.

Total expenses increased by 6% year on year, mainly driven by additional technology and risk management investments. The cost-to-income ratio with amortised resolution fees was 37%, compared with 40% a year ago.

Net loan losses and similar net result amounted to net reversals of EUR 3m (2bp), compared with net reversals of EUR 16m in the same quarter last year, reflecting our strong credit quality.

Operating profit amounted to EUR 382m, a year-on-year increase of 8%, driven by income growth.

We continued to exercise solid capital discipline. Return on capital at risk (ROCAR) was 19%, up 3 percentage points on the same quarter last year. Year-to-date ROCAR was 21%, driven by strong income.

Large Corporates & Institutions total

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Jan-Sep 23	Jan-Sep 22	Jan-Sep 23/22
EURm										
Net interest income	368	361	352	345	292	26%	2%	1,081	835	29%
Net fee and commission income	105	104	120	112	106	-1%	1%	329	354	-7%
Net insurance result	1	0	0	0	0			1	0	
Net result from items at fair value	94	99	193	157	120	-22%	-5%	386	418	-8%
Other income	1	0	0	12	0			1	4	
Total income incl. allocations	569	564	665	626	518	10%	1%	1,798	1,611	12%
Total expenses incl. allocations	-190	-181	-291	-194	-180	6%	5%	-662	-646	2%
Profit before loan losses	379	383	374	432	338	12%	-1%	1,136	965	18%
Net loan losses and similar net result	3	18	22	-5	17			43	61	
Operating profit	382	401	396	427	355	8%	-5%	1,179	1,026	15%
Cost-to-income ratio ¹ , %	37	38	32	36	40			36	38	
Return on capital at risk ¹ , %	19	19	25	21	16			21	18	
Economic capital (EC)	5,790	5,846	5,874	5,735	6,142	-6%	-1%	5,790	6,142	-6%
Risk exposure amount (REA)	40,692	40,696	40,452	41,603	44,383	-8%	0%	40,692	44,383	-8%
Number of employees (FTEs)	1,255	1,261	1,248	1,230	1,251	0%	0%	1,255	1,251	0%
Volumes, EURbn²:										
Total lending	53.6	52.9	51.8	53.0	55.4	-3%	1%	53.6	55.4	-3%
Total deposits	45.2	42.6	53.5	51.3	55.6	-19%	6%	45.2	55.6	-19%

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

Large Corporates & Institutions

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Jan-Sep 23	Jan-Sep 22	Jan-Sep 23/22
Net interest income, EURm										
Denmark	72	68	72	64	56	29%	6%	212	152	39%
Finland	64	63	58	53	37	73%	2%	185	124	49%
Norway	91	90	90	92	85	7%	1%	271	239	13%
Sweden	126	122	116	121	102	24%	3%	364	292	25%
Other	15	18	16	15	12			49	28	
Net fee and commission income, EURm										
Denmark	29	29	27	28	23	26%	0%	85	88	-3%
Finland	23	28	34	35	31	-26%	-18%	85	95	-11%
Norway	22	24	26	32	26	-15%	-8%	72	76	-5%
Sweden	29	37	38	32	29	0%	-22%	104	120	-13%
Other	2	-14	-5	-15	-3			-17	-25	
Net loan losses and similar net result, EURm										
Denmark	0	-2	16	-1	-1			14	1	
Finland	-1	6	6	-2	7			11	12	
Norway	1	9	7	0	20			17	51	
Sweden	0	5	-7	-3	-4			-2	-4	
Other	3	0	0	1	-5			3	1	
Lending, EURbn¹										
Denmark	10.8	11.2	10.9	11.7	12.5	-14%	-4%	10.8	12.5	-14%
Finland	9.1	8.8	8.6	8.6	9.3	-2%	3%	9.1	9.3	-2%
Norway	12.1	12.0	12.1	12.6	12.8	-5%	1%	12.1	12.8	-5%
Sweden	19.5	20.1	19.5	19.4	20.0	-3%	-3%	19.5	20.0	-3%
Other	2.1	0.8	0.7	0.7	0.8			2.1	0.8	
Deposits, EURbn¹										
Denmark	8.6	7.9	11.7	10.5	10.3	-17%	9%	8.6	10.3	-17%
Finland	10.4	12.4	14.4	15.5	12.8	-19%	-16%	10.4	12.8	-19%
Norway	14.0	9.8	15.0	13.0	14.0	0%	43%	14.0	14.0	0%
Sweden	12.2	12.5	12.4	12.3	18.5	-34%	-2%	12.2	18.5	-34%
Other	0	0	0	0	0			0	0	

¹ Excluding repurchase agreements and security lending/borrowing agreements.

Asset & Wealth Management

Introduction

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

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

Business development

In the third quarter we further strengthened Private Banking by entering into an agreement to acquire Danske Bank's Norwegian private banking business as part of our bolt-on acquisition strategy. We also further grew our business and supported customers with high-quality investment advice. While we continue to attract new customers, inflation has taken a toll, reducing investment appetite among certain customers. Total net flows in this seasonally weaker quarter thus amounted to EUR 0.1bn. Deposit margins continued to improve following continued interest rate increases.

During the quarter assets under management (AuM) decreased by EUR 3.4bn, to EUR 359.7bn, driven by weaker stock markets. In internal channels net flows were seasonally weaker at EUR 0.6bn, while in external channels net flows were negative at EUR 1.5bn. Excluding an outflow of EUR 0.6bn from mandates related to the divestment of Nordea Life & Pensions Denmark in 2018, net flows in institutional distribution turned positive at EUR 0.9bn. The net flows were supported in part by the award of a large mandate within an ESG strategy. In third-party wholesale distribution net flows remained negative at EUR 1.8bn, as further interest rate increases continued to prompt clients to switch from low-risk funds to traditional banking products and direct government bond investments.

In Asset Management investment performance remained strong, with 76% of aggregated composites providing excess return on a three-year basis. In an Ignites Europe analysis on the best performing fund firms in Europe, we were the only Nordic firm named in the top 10. By the end of the quarter approximately 69% of total AuM were in ESG products.

In Life & Pension we continued to implement our growth plans. In Sweden, we launched our new Nordea/Advinsans corporate offering and prepared for the ITP occupational pension product launch. In both Sweden and Norway, we continued to strengthen our position in the pension transfer market to support our strategic ambitions within the savings area. In Denmark, we significantly expanded our fund offering for personal and private banking customers and rolled out our occupational pension offering for SME customers. We also began transferring the management of the recently acquired Nordea Pension AuM to Nordea Asset Management.

Gross written premiums in the quarter amounted to EUR 1.8bn, up from EUR 1.3bn a year ago. Year-to-date gross written premiums reached an all-time high of EUR 6.2bn.

We continued to deliver on our strategic objective to be a digital leader within savings and investments. During the quarter we launched an improved portfolio performance page in the mobile app, allowing our Private Banking customers to evaluate their discretionary portfolios. In addition, we enhanced customer experience by further integrating Nordea equity research and recommendations as well as promotional content regarding our products and services.

Financial outcome

Total income in the third quarter was up 15% year on year, mainly due to higher deposit income.

Net interest income was up 98% year on year, driven by improved deposit margins.

Net fee and commission income decreased by 4% year on year, driven by lower asset management commissions.

Net insurance result was up 68% year on year, mainly due to the inclusion of Nordea Pension.

Net result from items at fair value amounted to EUR -1m, compared with EUR -3m a year ago, mainly due to the inclusion of Nordea Pension.

Total expenses increased by 4% year on year, mainly driven by the inclusion of Nordea Pension and business support costs. The cost-to-income ratio with amortised resolution fees improved by 5 percentage points, to 40%.

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

Operating profit in the third quarter was EUR 211m, a year-on-year increase of 23%. Return on capital at risk stood at 55%, a year-on-year improvement of 21 percentage points, driven by improved operating profit and lower economic capital resulting from the implementation of IFRS 17.

Asset & Wealth Management total

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Local curr. Q3/Q3	Q3/Q2	Jan- Sep 23	Jan- Sep 22	Jan-Sep 23/22 EUR	Local
EURm													
Net interest income	81	74	73	73	41	98%	9%	102%	9%	228	96	138%	148%
Net fee and commission income	242	245	246	255	252	-4%	-1%	-2%	-1%	733	771	-5%	-3%
Net insurance result	32	37	14	14	19	68%	-14%	68%	-20%	83	67	24%	30%
Net result from items at fair value	-1	9	23	9	-3	-67%			-88%	31	-7		
Other income	0	0	0	-1	0					0	0		
Total income incl. allocations	354	365	356	350	309	15%	-3%	18%	-3%	1,075	927	16%	19%
Total expenses incl. allocations	-142	-139	-144	-149	-137	4%	2%	7%	2%	-425	-399	7%	10%
Profit before loan losses	212	226	212	201	172	23%	-6%	26%	-6%	650	528	23%	26%
Net loan losses and similar net result	-1	-1	-1	2	0					-3	-4		
Operating profit	211	225	211	203	172	23%	-6%	26%	-6%	647	524	23%	26%
Cost-to-income ratio ¹ , %	40	39	39	43	45					39	43		
Return on capital at risk ¹ , %	55	60	53	41	34					56	33		
Economic capital (EC)	1,185	1,149	1,151	1,498	1,499	-21%	3%			1,185	1,499	-21%	
Risk exposure amount (REA)	7,452	7,131	6,975	8,651	8,464	-12%	5%			7,452	8,464	-12%	
Number of employees (FTEs)	3,139	3,207	3,150	3,172	2,832	11%	-2%			3,139	2,832	11%	
Volumes, EURbn:													
AuM	359.7	363.1	362.4	358.9	341.4	5%	-1%			359.7	341.4	5%	
Total lending	11.5	11.4	11.7	11.9	11.9	-3%	1%	0%	1%	11.5	11.9	-3%	0%
Total deposits	11.9	12.4	12.3	13.3	13.2	-10%	-4%	-7%	-5%	11.9	13.2	-10%	-7%

¹ With amortised resolution fees.

Assets under Management (AuM), volumes and net flow

	Q323	Q223	Q123	Q422	Q322	Net flow Q323
EURbn						
Nordic Retail funds	74.4	74.5	73.4	71.3	70.3	0.3
Private Banking	108.9	110.1	109.1	107.5	102.4	0.1
Institutional and wholesale distribution	101.9	104.2	106.7	108.6	109.2	-1.5
Life & Pension	74.5	74.4	73.2	71.5	59.5	0.2
Total	359.7	363.1	362.4	358.9	341.4	-0.9

Net fee and commission income	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Jan-Sep 23	Jan-Sep 22	Jan-Sep 23/22
EURm										
PB Denmark	42	45	41	43	43	-2%	-7%	128	134	-4%
PB Finland	40	39	38	37	37	8%	3%	117	115	2%
PB Norway	10	14	11	11	11	-9%	-29%	35	37	-5%
PB Sweden	29	28	28	27	28	4%	4%	85	88	-3%
Institutional and wholesale distribution	113	117	116	127	129	-12%	-3%	346	391	-12%
Other	8	2	12	10	4			22	6	
Total	242	245	246	255	252	-4%	-1%	733	771	-5%

Private Banking	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Jan-Sep 23	Jan-Sep 22	Jan-Sep 23/22
AuM, EURbn										
PB Denmark	33.6	33.9	32.8	31.9	29.8	13%	-1%	33.6	29.8	13%
PB Finland	34.9	35.5	35.9	35.7	33.8	3%	-2%	34.9	33.8	3%
PB Norway	10.1	10.0	9.9	10.3	9.7	4%	1%	10.1	9.7	4%
PB Sweden	30.3	30.7	30.5	29.6	29.1	4%	-1%	30.3	29.1	4%
Private Banking	108.9	110.1	109.1	107.5	102.4	6%	-1%	108.9	102.4	6%
Lending, EURbn										
PB Denmark	4.2	4.2	4.3	4.3	4.3	-2%	0%	4.2	4.3	-2%
PB Finland	2.6	2.6	2.7	2.8	2.8	-7%	0%	2.6	2.8	-7%
PB Norway	1.8	1.8	1.8	1.9	1.8	0%	0%	1.8	1.8	0%
PB Sweden	2.9	2.8	2.9	2.9	3.0	-3%	4%	2.9	3.0	-3%
Private Banking	11.5	11.4	11.7	11.9	11.9	-3%	1%	11.5	11.9	-3%

Asset Management - AuM and net flow¹

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Jan-Sep 23	Jan-Sep 22	Jan-Sep 23/22
EURbn										
AuM, internal channels	138.4	136.6	134.0	130.1	128.1	8%	1%	138.4	128.1	8%
AuM, external channels	101.9	104.2	106.7	108.6	109.2	-7%	-2%	101.9	109.2	-7%
AuM, total	240.3	240.7	240.7	238.7	237.3	1%	0%	240.3	237.3	1%
- whereof ESG AuM ²	164.9	161.0	159.9	157.4	146.9	12%	2%	164.9	146.9	12%
Net inflow, internal channels	2.2	0.6	0.4	-0.7	-0.5			3.2	-2.8	
Net inflow, external channels	-1.5	-2.5	-3.4	-3.0	-3.4			-7.3	-6.3	
Net inflow, total	0.8	-1.9	-3.0	-3.7	-3.9			-4.1	-9.1	
- whereof ESG net inflow ²	2.4	-1.1	-0.2	-1.7	-0.8			1.1	-3.2	

¹ External channels include "Institutional and wholesale distribution", while internal channels include all other assets managed by Asset Management.

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

Life & Pension

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Jan-Sep 23	Jan-Sep 22	Jan-Sep 23/22
EURm										
AuM, EURbn	70.4	70.2	69.1	67.3	55.4	27%	0%	70.4	55.4	27%
Premiums	1,773	2,178	2,264	1,234	1,266	40%	-19%	6,214	4,648	34%
Profit drivers										
Profit traditional products	11	13	14	-9	1		-19%	38	8	
Profit market return products	70	70	74	63	64	10%	1%	213	196	9%
Profit risk products	22	24	10	17	22	-3%	-11%	56	65	-14%
Total product result	103	108	97	71	87	18%	-4%	307	269	14%

Group functions

Introduction

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

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

Business development

In the third quarter we continued with additional technology investments and investments related to financial crime prevention and operational risk reduction.

The year-on-year increase in employee numbers was primarily driven by significant technology and risk management investments. We remain focused on maintaining strict cost control and growing revenues faster than costs while continuing to invest to strengthen the bank.

Financial outcome

Total operating income in the third quarter amounted to EUR -21m, up from EUR -34m in the same quarter last year. The increase was mainly driven by higher net result from items at fair value.

Net result from items at fair value increased by EUR 19m year on year, mainly due to an improved result from liquid bond holdings and associated hedges.

Total operating expenses amounted to EUR 91m, a year-on-year increase of EUR 21m, mainly driven by inflation.

Group functions

	Q323	Q223	Q123	Q422	Q322	Q3/Q3	Q3/Q2	Jan-Sep 23	Jan-Sep 22
EURm									
Net interest income	-42	-58	-44	-89	-39			-144	-28
Net fee and commission income	-10	2	-9	-12	-15			-17	-39
Net insurance result	-1	0	0	2	0			-1	0
Net result from items at fair value	30	72	2	123	11			104	3
Other income	2	0	2	7	9			4	13
Total operating income	-21	16	-49	31	-34			-54	-51
Total operating expenses	-91	-99	-58	-76	-70			-248	-247
Profit before loan losses	-112	-83	-107	-45	-104			-302	-298
Net loan losses and similar net result	3	5	0	-1	-7			8	4
Operating profit	-109	-78	-107	-46	-111			-294	-294
Economic capital (EC)	776	793	787	852	899			776	899
Risk exposure amount (REA)	9,396	9,359	9,831	10,402	10,878			9,396	10,878
Number of employees (FTEs)	14,115	13,878	13,560	13,063	12,819	10%	2%	14,115	12,819

Income statement

	Note	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Operating income						
Interest income calculated using the effective interest rate method		4,642	2,037	12,498	4,902	7,937
Other interest income		640	258	1,783	620	1,013
Negative yield on financial assets		-	-22	-	-134	-134
Interest expense		-3,373	-916	-8,776	-1,687	-3,474
Negative yield on financial liabilities		-	50	-	322	322
Net interest income	3	1,909	1,407	5,505	4,023	5,664
Fee and commission income		956	1,006	2,922	3,097	4,108
Fee and commission expense		-214	-231	-664	-696	-922
Net fee and commission income	4	742	775	2,258	2,401	3,186
Return on assets backing insurance liabilities		-203	-227	968	-1,832	-1,915
Insurance result		266	265	-791	1,958	2,088
Net insurance result	5	63	38	177	126	173
Net result from items at fair value	6	225	238	860	227	623
Profit or loss from associated undertakings and joint ventures accounted for under the equity method		4	-3	-5	-7	-8
Other operating income		9	17	33	54	83
Total operating income		2,952	2,472	8,828	6,824	9,721
Operating expenses						
General administrative expenses:						
Staff costs		-729	-691	-2,173	-2,072	-2,793
Other expenses	7	-292	-276	-883	-793	-1,108
Regulatory fees	8	-20	-16	-296	-306	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	9	-153	-147	-469	-451	-611
Total operating expenses		-1,194	-1,130	-3,821	-3,622	-4,834
Profit before loan losses		1,758	1,342	5,007	3,202	4,887
Net result on loans in hold portfolios mandatorily held at fair value		0	-29	8	-5	-13
Net loan losses	10	-33	-29	-92	-61	-112
Operating profit		1,725	1,284	4,923	3,136	4,762
Income tax expense		-380	-283	-1,095	-822	-1,175
Net profit for the period		1,345	1,001	3,828	2,314	3,587
Attributable to:						
Shareholders of Nordea Bank Abp		1,345	1,001	3,802	2,290	3,563
Additional Tier 1 capital holders		-	-	26	26	26
Non-controlling interests		-	-	-	-2	-2
Total		1,345	1,001	3,828	2,314	3,587
Basic earnings per share, EUR		0.38	0.27	1.06	0.60	0.94
Diluted earnings per share, EUR		0.38	0.27	1.06	0.60	0.94

Statement of comprehensive income

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm					
Net profit for the period	1,345	1,001	3,828	2,314	3,587
Items that may be reclassified subsequently to the income statement					
<i>Currency translation:</i>					
Currency translation differences	381	-193	-676	-529	-736
Currency translation differences transferred to the income statement	-	-	-	660	660
Tax on currency translation differences	-	-	-	-	-4
<i>Hedging of net investments in foreign operations:</i>					
Valuation gains/losses	-137	50	145	152	183
Valuation gains/losses transferred to the income statement, net of tax	-	-	-	-131	-131
<i>Fair value through other comprehensive income:¹</i>					
Valuation gains/losses, net of recycling	18	-34	32	-238	-177
Tax on valuation gains/losses	-4	7	-7	49	36
<i>Cash flow hedges:</i>					
Valuation gains/losses, net of recycling	-26	89	14	203	42
Tax on valuation gains/losses	5	-18	-3	-41	-8
Items that may not be reclassified subsequently to the income statement					
<i>Changes in own credit risk related to liabilities classified as fair value option:</i>					
Valuation gains/losses	-4	-4	11	13	7
Tax on valuation gains/losses	3	2	-2	-3	-2
<i>Defined benefit plans:</i>					
Remeasurement of defined benefit plans	-14	-69	100	127	-40
Tax on remeasurement of defined benefit plans	2	15	-23	-31	8
<i>Companies accounted for under the equity method:</i>					
Other comprehensive income from companies accounted for under the equity method	-1	0	-2	2	1
Tax on other comprehensive income from companies accounted for under the equity method	0	0	0	0	0
Other comprehensive income, net of tax	223	-155	-411	233	-161
Total comprehensive income	1,568	846	3,417	2,547	3,426
Attributable to:					
Shareholders of Nordea Bank Abp	1,568	846	3,391	2,523	3,402
Additional Tier 1 capital holders	-	-	26	26	26
Non-controlling interests	-	-	-	-2	-2
Total	1,568	846	3,417	2,547	3,426

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

Balance sheet

	Note	30 Sep 2023	31 Dec 2022	30 Sep 2022
EURm				
Assets				
	12			
Cash and balances with central banks		59,759	61,815	71,885
Loans to central banks	11	2,647	885	1,488
Loans to credit institutions	11	6,860	4,561	9,730
Loans to the public	11	343,292	345,743	345,949
Interest-bearing securities		70,225	68,226	69,526
Shares		27,272	16,099	16,246
Assets in pooled schemes and unit-linked investment contracts		46,744	43,639	41,077
Derivatives		33,677	36,578	48,399
Fair value changes of hedged items in portfolio hedges of interest rate risk		-1,590	-2,116	-2,185
Investments in associated undertakings and joint ventures		478	509	206
Intangible assets		3,958	4,005	3,645
Properties and equipment		1,623	1,673	1,662
Investment properties		2,211	2,288	1,552
Deferred tax assets		310	299	189
Current tax assets		179	211	247
Retirement benefit assets		264	165	382
Other assets		11,006	9,364	13,852
Prepaid expenses and accrued income		909	785	856
Total assets		609,824	594,729	624,706
Liabilities				
	12			
Deposits by credit institutions		37,298	32,869	44,571
Deposits and borrowings from the public		213,893	217,464	225,406
Deposits in pooled schemes and unit-linked investment contracts		47,662	44,770	42,938
Insurance contract liabilities		26,139	26,110	15,476
Debt securities in issue		191,180	179,803	185,191
Derivatives		35,607	40,102	48,307
Fair value changes of hedged items in portfolio hedges of interest rate risk		-2,076	-2,175	-2,172
Current tax liabilities		601	303	262
Other liabilities		21,543	16,771	26,115
Accrued expenses and prepaid income		1,164	1,224	1,167
Deferred tax liabilities		728	594	625
Provisions		373	351	366
Retirement benefit obligations		239	298	362
Subordinated liabilities		5,103	5,401	5,636
Total liabilities		579,454	563,885	594,250
Equity				
Additional Tier 1 capital holders		750	748	750
Share capital		4,050	4,050	4,050
Invested unrestricted equity		1,070	1,082	1,087
Other reserves		-2,372	-1,963	-1,570
Retained earnings		26,872	26,927	26,139
Total equity		30,370	30,844	30,456
Total liabilities and equity		609,824	594,729	624,706
Off-balance sheet items				
Assets pledged as security for own liabilities		179,116	190,211	184,380
Other assets pledged ¹		236	253	253
Contingent liabilities		20,636	21,163	22,523
Credit commitments ²		83,734	87,003	91,441
Other commitments		2,551	2,605	2,593

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 26,272m (31 December 2022: EUR 26,929m; 30 September 2022: EUR 27,040m).

Statement of changes in equity

EURm	Attributable to shareholders of Nordea Bank Abp											
	Share capital ¹	Invested un-restricted equity	Trans-lation of foreign operations	Cash flow hedges	Fair value through other comprehensive income	Defined benefit plans	Changes in own credit risk related to liabilities classified as fair value option	Retained earnings	Total	Additional Tier 1 capital holders	Non-controlling interests	Total equity
Balance as at 1 Jan 2023	4,050	1,082	-1,891	64	-20	-109	-7	26,927	30,096	748	-	30,844
Net profit for the period	-	-	-	-	-	-	-	3,802	3,802	26	-	3,828
Other comprehensive income, net of tax	-	-	-531	11	25	77	9	-2	-411	-	-	-411
Total comprehensive income	-	-	-531	11	25	77	9	3,800	3,391	26	-	3,417
Paid interest on Additional Tier 1 capital, net of tax	-	-	-	-	-	-	-	5	5	-26	-	-21
Change in Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	2	-	2
Share-based payments	-	-	-	-	-	-	-	12	12	-	-	12
Dividend	-	-	-	-	-	-	-	-2,876	-2,876	-	-	-2,876
Purchase of own shares ³	-	-12	-	-	-	-	-	-987	-999	-	-	-999
Other changes	-	-	-	-	-	-	-	-9	-9	-	-	-9
Balance as at 30 Sep 2023	4,050	1,070	-2,422	75	5	-32	2	26,872	29,620	750	-	30,370
Balance as at 31 Dec 2021	4,050	1,090	-1,863	30	121	-77	-12	29,405	32,744	750	9	33,503
Change in accounting policy ²	-	-	-	-	-	-	-	-573	-573	-	-	-573
Balance as at 1 Jan 2022	4,050	1,090	-1,863	30	121	-77	-12	28,832	32,171	750	9	32,930
Net profit for the period	-	-	-	-	-	-	-	3,563	3,563	26	-2	3,587
Other comprehensive income, net of tax	-	-	-28	34	-141	-32	5	1	-161	-	-	-161
Total comprehensive income	-	-	-28	34	-141	-32	5	3,564	3,402	26	-2	3,426
Paid interest on Additional Tier 1 capital, net of tax	-	-	-	-	-	-	-	5	5	-26	-	-21
Change in Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-2	-	-2
Share-based payments	-	-	-	-	-	-	-	14	14	-	-	14
Dividend	-	-	-	-	-	-	-	-2,655	-2,655	-	-	-2,655
Sale/purchase of own shares ³	-	3	-	-	-	-	-	-2,844	-2,841	-	-	-2,841
Other changes	-	-11	-	-	-	-	-	11	0	-	-	0
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-7	-7
Balance as at 31 Dec 2022	4,050	1,082	-1,891	64	-20	-109	-7	26,927	30,096	748	-	30,844
Balance as at 31 Dec 2021	4,050	1,090	-1,863	30	121	-77	-12	29,405	32,744	750	9	33,503
Change in accounting policy ²	-	-	-	-	-	-	-	-573	-573	-	-	-573
Balance as at 1 Jan 2022	4,050	1,090	-1,863	30	121	-77	-12	28,832	32,171	750	9	32,930
Net profit for the period	-	-	-	-	-	-	-	2,290	2,290	26	-2	2,314
Other comprehensive income, net of tax	-	-	152	162	-189	96	10	2	233	-	-	233
Total comprehensive income	-	-	152	162	-189	96	10	2,292	2,523	26	-2	2,547
Paid interest on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	0	-	0
Share-based payments	-	-	-	-	-	-	-	10	10	-	-	10
Dividend	-	-	-	-	-	-	-	-2,655	-2,655	-	-	-2,655
Purchase of own shares ³	-	-3	-	-	-	-	-	-2,340	-2,343	-	-	-2,343
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-7	-7
Balance as at 30 Sep 2022	4,050	1,087	-1,711	192	-68	19	-2	26,139	29,706	750	-	30,456

¹ Total shares registered were 3,557 million (31 December 2022: 3,654 million; 30 September 2022: 3,714 million). The number of own shares was 10.7 million (31 December 2022: 13.4 million; 30 September 2022: 7.0 million), which represents 0.3% (31 December 2022: 0.4%; 30 September 2022: 0.2%) of the total shares in Nordea. Each share represents one voting right.

² Refers to the implementation of IFRS 17 Insurance Contracts. For more information, see Note 1 "Accounting policies".

³ The change in the holding of own shares related to treasury shares held for remuneration purposes and to the trading portfolio was accounted for as a decrease/increase in "Invested unrestricted equity". The number of treasury shares held for remuneration purposes was 4.8 million (31 December 2022: 6.1 million; 30 September 2022: 6.1 million). The share buy-back amounted to EUR 986m (31 December 2022: EUR 2,839m; 30 September 2022: EUR 2,336m) and was accounted for as a reduction in "Retained earnings". The transaction cost in relation to the share buy-back amounted to EUR 1m (31 December 2022: EUR 5m; 30 September 2022: EUR 4m).

Cash flow statement, condensed

	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm			
Operating activities			
Operating profit	4,923	3,136	4,762
Adjustments for items not included in cash flow	68	-6,966	-7,057
Income taxes paid	-663	-660	-976
Cash flow from operating activities before changes in operating assets and liabilities	4,328	-4,490	-3,271
Changes in operating assets and liabilities	-1,914	34,444	25,246
Cash flow from operating activities	2,414	29,954	21,975
Investing activities			
Acquisition/sale of business operations	-37	-	-254
Acquisition/sale of associated undertakings and joint ventures	0	-18	-19
Acquisition/sale of property and equipment	-46	-12	-12
Acquisition/sale of intangible assets	-324	-254	-344
Cash flow from investing activities	-407	-284	-629
Financing activities			
Issued/amortised subordinated liabilities	-205	-939	-939
Sale/repurchase of own shares, including change in trading portfolio	-999	-2,343	-2,841
Dividend paid	-2,876	-2,655	-2,655
Paid interest on Additional Tier 1 capital	-26	-26	-26
Amortisation of the principal part of lease liabilities	-90	-126	-123
Cash flow from financing activities	-4,196	-6,089	-6,584
Cash flow for the period	-2,189	23,581	14,762
Cash and cash equivalents			
	30 Sep 2023	30 Sep 2022	31 Dec 2022
EURm			
Cash and cash equivalents at beginning of the period	62,877	48,628	48,628
Translation differences	-250	1,142	-513
Cash and cash equivalents at end of the period	60,438	73,351	62,877
Change	-2,189	23,581	14,762
The following items are included in cash and cash equivalents:			
Cash and balances with central banks	59,759	71,885	61,815
Loans to central banks	3	5	5
Loans to credit institutions	676	1,461	1,057
Total cash and cash equivalents	60,438	73,351	62,877

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 2022. The accounting policies and methods of computation are unchanged from the 2022 Annual Report, except for those relating to the items presented in the section "Changed accounting policies and presentation" below. For more information, see the accounting policies in the 2022 Annual Report.

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea on 1 January 2023.

IFRS 17 Insurance Contracts

The new standard IFRS 17 Insurance Contracts has changed the accounting requirements for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 was implemented by Nordea on 1 January 2023 and comparative figures for 2022 have been restated.

The total negative impact of IFRS 17 on Nordea's equity at the time of transition amounted to EUR 573m after tax, which was recognised as an adjustment to the opening balance on 1 January 2022. The impact on Nordea's Common Equity Tier 1 ratio was a reduction of 23bp.

See Note G1 "Accounting policies" and Note G10.6 "Transition to IFRS 17 Insurance Contracts" in the 2022 Annual Report for more information on the transition impact and the accounting principles applied by Nordea for insurance contracts under IFRS 17.

The impacts on the comparative figures for the third quarter of 2022, the first three quarters of 2022 and the full year 2022 can be found in the tables below.

Changed presentation of financial assets pledged as collateral

On 1 January 2023 Nordea started presenting financial instruments pledged as collateral together with financial instruments not pledged as collateral on the balance sheet. The former were previously presented separately as "Financial instruments pledged as collateral". The amendment ensures a consistent presentation of instruments with similar characteristics and is assessed to increase the usefulness of the financial statements.

Comparative figures have been restated accordingly and the impacts on the third quarter of 2022, the first three quarters of 2022 and the full year 2022 can be found in the tables below.

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

On 1 January 2023 Nordea started applying the amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction.

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

The amendments have not had any significant impact on Nordea's financial statements in the period of initial application.

Other amendments

The following amended standards issued by the International Accounting Standards Board (IASB) were implemented by Nordea on 1 January 2023 but have not had any significant impact on its financial statements.

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies.

Restatements of the income statement

	Q3 2022			Jan-Sep 2022			Full year 2022		
	Old policy	IFRS 17	New policy	Old policy	IFRS 17	New policy	Old policy	IFRS 17	New policy
EURm									
Operating income									
Interest income calculated using the effective interest rate method	2,037	-	2,037	4,902	-	4,902	7,937	-	7,937
Other interest income	258	-	258	620	-	620	1,013	-	1,013
Negative yield on financial assets	-22	-	-22	-134	-	-134	-134	-	-134
Interest expense	-916	-	-916	-1,687	-	-1,687	-3,474	-	-3,474
Negative yield on financial liabilities	50	-	50	322	-	322	322	-	322
Net interest income	1,407	-	1,407	4,023	-	4,023	5,664	-	5,664
Fee and commission income	1,050	-44	1,006	3,234	-137	3,097	4,278	-170	4,108
Fee and commission expense	-234	3	-231	-710	14	-696	-942	20	-922
Net fee and commission income	816	-41	775	2,524	-123	2,401	3,336	-150	3,186
Return on assets backing insurance liabilities	-	-227	-227	-	-1,832	-1,832	-	-1,915	-1,915
Insurance result	-	265	265	-	1,958	1,958	-	2,088	2,088
Net insurance result	-	38	38	-	126	126	-	173	173
Net result from items at fair value	264	-26	238	304	-77	227	721	-98	623
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	-3	-	-3	-7	-	-7	-8	-	-8
Other operating income	17	-	17	54	-	54	83	-	83
Total operating income	2,501	-29	2,472	6,898	-74	6,824	9,796	-75	9,721
Operating expenses									
General administrative expenses:									
Staff costs	-701	10	-691	-2,103	31	-2,072	-2,835	42	-2,793
Other expenses	-282	6	-276	-813	20	-793	-1,135	27	-1,108
Regulatory fees	-16	-	-16	-306	-	-306	-322	-	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	-147	-	-147	-451	-	-451	-611	-	-611
Total operating expenses	-1,146	16	-1,130	-3,673	51	-3,622	-4,903	69	-4,834
Profit before loan losses	1,355	-13	1,342	3,225	-23	3,202	4,893	-6	4,887
Net result on loans in hold portfolios mandatorily held at fair value	-29	-	-29	-5	-	-5	-13	-	-13
Net loan losses	-29	-	-29	-61	-	-61	-112	-	-112
Operating profit	1,297	-13	1,284	3,159	-23	3,136	4,768	-6	4,762
Income tax expense	-285	2	-283	-824	2	-822	-1,173	-2	-1,175
Net profit for the period	1,012	-11	1,001	2,335	-21	2,314	3,595	-8	3,587
Impact on EPS, EUR	0.27	0	0.27	0.61	-0.01	0.60	0.95	-0.01	0.94
Impact on DEPS, EUR	0.27	0	0.27	0.61	-0.01	0.60	0.95	-0.01	0.94

Restatements of the balance sheet

	30 Sep 2022				31 Dec 2022				
	Old policy	Micro hedges ¹	Pledged assets	IFRS 17	New policy	Old policy	Pledged assets	IFRS 17	New policy
EURm									
Assets									
Cash and balances with central banks	71,885	-	-	-	71,885	61,815	-	-	61,815
Loans to central banks	1,488	-	-	-	1,488	885	-	-	885
Loans to credit institutions	9,743	-	-	-13	9,730	4,573	-	-12	4,561
Loans to the public	345,949	-	-	-	345,949	345,743	-	-	345,743
Interest-bearing securities	65,928	-	3,878	-280	69,526	63,524	4,902	-200	68,226
Financial instruments pledged as collateral	3,928	-	-3,928	-	-	4,902	-4,902	-	-
Shares	17,311	-	50	-1,115	16,246	17,924	-	-1,825	16,099
Assets in pooled schemes and unit-linked investment contracts	39,805	-	-	1,272	41,077	41,645	-	1,994	43,639
Derivatives	48,399	-	-	-	48,399	36,578	-	-	36,578
Fair value changes of hedged items in portfolio hedges of interest rate risk	-2,185	-	-	-	-2,185	-2,116	-	-	-2,116
Investments in associated undertakings and joint ventures	206	-	-	-	206	509	-	-	509
Intangible assets	3,645	-	-	-	3,645	4,044	-	-39	4,005
Properties and equipment	1,662	-	-	-	1,662	1,673	-	-	1,673
Investment properties	1,703	-	-	-151	1,552	2,455	-	-167	2,288
Deferred tax assets	49	-	-	140	189	165	-	134	299
Current tax assets	247	-	-	-	247	211	-	-	211
Retirement benefit assets	382	-	-	-	382	165	-	-	165
Other assets	13,862	-	-	-10	13,852	9,380	-	-16	9,364
Prepaid expenses and accrued income	842	-	-	14	856	769	-	16	785
Total assets	624,849	-	-	-143	624,706	594,844	-	-115	594,729
Liabilities									
Deposits by credit institutions	44,571	-	-	-	44,571	32,869	-	-	32,869
Deposits and borrowings from the public	225,406	-	-	-	225,406	217,464	-	-	217,464
Deposits in pooled schemes and unit-linked investment contracts	41,043	-	-	1,895	42,938	42,776	-	1,994	44,770
Insurance contract liabilities	16,914	-	-	-1,438	15,476	27,598	-	-1,488	26,110
Debt securities in issue	189,233	-4,042	-	-	185,191	179,803	-	-	179,803
Derivatives	48,307	-	-	-	48,307	40,102	-	-	40,102
Fair value changes of hedged items in portfolio hedges of interest rate risk	-6,738	4,566	-	-	-2,172	-2,175	-	-	-2,175
Current tax liabilities	262	-	-	-	262	303	-	-	303
Other liabilities	26,120	-	-	-5	26,115	16,804	-	-33	16,771
Accrued expenses and prepaid income	1,167	-	-	-	1,167	1,224	-	-	1,224
Deferred tax liabilities	650	-	-	-25	625	622	-	-28	594
Provisions	366	-	-	-	366	351	-	-	351
Retirement benefit obligations	362	-	-	-	362	298	-	-	298
Subordinated liabilities	6,160	-524	-	-	5,636	5,401	-	-	5,401
Total liabilities	593,823	-	-	427	594,250	563,440	-	445	563,885
Equity									
Additional Tier 1 capital holders	750	-	-	-	750	748	-	-	748
Share capital	4,050	-	-	-	4,050	4,050	-	-	4,050
Invested unrestricted equity	1,087	-	-	-	1,087	1,082	-	-	1,082
Other reserves	-1,594	-	-	24	-1,570	-1,984	-	21	-1,963
Retained earnings	26,733	-	-	-594	26,139	27,508	-	-581	26,927
Total equity	31,026	-	-	-570	30,456	31,404	-	-560	30,844
Total liabilities and equity	624,849	-	-	-143	624,706	594,844	-	-115	594,729

¹ As of the fourth quarter of 2022 Nordea has presented the fair value changes of hedged items under fair value hedge accounting at the micro level on the same balance sheet line as hedged items instead of, as earlier, on the balance sheet line "Fair value changes of hedged items in hedges of interest rate risk". Comparative figures have been restated accordingly. For more information, see Note G1 "Accounting policies" in the 2022 Annual Report.

Changes in IFRSs not yet applied

Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules

In May 2023 the IASB published amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules. The amendments include a temporary exception to the accounting for deferred taxes arising from the implementation of the Pillar 2 model rules. They also include disclosure requirements for periods in which the Pillar 2 legislation is enacted or substantively enacted, but not yet in effect. Known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar 2 income taxes arising from that legislation should be disclosed.

The amendments have been effective since their publication. They have not yet been endorsed by the EU. Nordea's current assessment is that the amendments will not have any significant impact on its financial statements or capital adequacy in the period of initial application, but disclosures will be required in the annual report if the amendments are endorsed in 2023. For more information on the Pillar 2 model rules, see "Other information" on page 17.

Other amendments to IFRSs

The following changes in IFRSs not yet applied by Nordea are not assessed to have any significant impact on its financial statements or capital adequacy in the period of their initial application.

- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current as well as Classification of Liabilities as Current or Non-current – Deferral of Effective Date; and Non-current Liabilities with Covenants.
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.

Critical judgements affected by continued high levels of inflation, increased interest rates and reduced economic growth

Nordea applied critical judgements in the preparation of this interim report due to the uncertainty concerning the potential long-term impact of continued high levels of inflation, increased interest rates and reduced economic growth in various economic sectors on Nordea's financial statements. Areas particularly important during the third quarter of 2023 were the impairment testing of goodwill and loans to the public/credit institutions. Information on where critical judgements are generally applied and where estimation uncertainty exists can be found in Note G1 "Accounting policies" in the 2022 Annual Report.

No impairment of goodwill was identified during the third quarter of 2023, but estimation uncertainty exists in relation to the long-term impact on Nordea's financial statements and the impairment need will be continuously reassessed. Nordea's total goodwill amounted to EUR 2,215m at the end of the third quarter of 2023 and EUR 2,262m at the end of 2022. Cash flows were projected up until the end of 2025 and the long-term growth assumption was used for subsequent periods. The discount rate used for the test in the third quarter was 9.6% post tax and the long-term

growth was 2.2%. Both an increase in the discount rate of 1 percentage point and a reduction in the future growth rate of 1 percentage point are considered to be reasonably possible changes in key assumptions. Such changes would not result in any impairment.

Critical judgement was also applied in the assessment of when loans had experienced a significant increase in credit risk (staging) and in the application of macro scenarios when estimating the increase in expected credit losses. When calculating allowances for individually significant impaired loans, critical judgement was exercised to estimate the amount and timing of the expected cash flows to be received from the customers under different scenarios, and to value any collateral received. Critical judgement was further applied when assigning the likelihood of the different scenarios occurring. More information on the impairment testing of loans to the public/credit institutions can be found under "Net loan losses and similar net result" on page 12, in Note 11 "Loans and impairment" and under "Other information" on page 17. Information on sensitivities to rating and scoring migrations can be found in the section "Sensitivities" in Note 11.

Acquisition of Advinans

On 15 May 2023 Nordea completed the acquisition of 100% of the shares in the digital pension broker platform Advinans. A purchase price of EUR 38m was paid to the seller at the closing. Total assets in the company amounted to EUR 2m and the acquired net assets amounted to EUR 1m, resulting in a surplus value of EUR 37m. The preliminary purchase price allocation is disclosed below.

EURm	15 May 2023
Acquired net assets ¹	1
Cost of combination	38
Surplus value	37
<i>Allocation of surplus value:</i>	
IT software intangible asset	11
Customer relationship intangible asset	5
Deferred tax asset	2
Deferred tax liability	-3
Goodwill	22

¹ Excluding fair value adjustments to the IT software intangible asset.

Exchange rates

	Jan-Sep 2023	Jan-Dec 2022	Jan-Sep 2022
EUR 1 = SEK			
Income statement (average)	11.4779	10.6274	10.5224
Balance sheet (at end of period)	11.5375	11.1202	10.8510
EUR 1 = DKK			
Income statement (average)	7.4485	7.4395	7.4398
Balance sheet (at end of period)	7.4578	7.4365	7.4364
EUR 1 = NOK			
Income statement (average)	11.3507	10.1023	10.0032
Balance sheet (at end of period)	11.2780	10.5180	10.5945

Note 2 Segment reporting

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Reconciliation	Total Group
Jan-Sep 2023								
Total operating income, EURm	3,548	2,655	1,859	1,095	-93	9,064	-236	8,828
– of which internal transactions ¹	-750	-305	-36	179	912	0	-	-
Operating profit, EURm	1,908	1,594	1,222	659	-71	5,312	-389	4,923
Loans to the public ² , EURbn	171	98	57	12	0	338	5	343
Deposits and borrowings from the public, EURbn	86	53	47	12	0	198	16	214

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Reconciliation	Total Group
Jan-Sep 2022³								
Total operating income, EURm	2,709	2,075	1,587	921	-49	7,243	-419	6,824
– of which internal transactions ¹	-321	-88	-59	8	460	0	-	-
Operating profit, EURm	1,294	1,149	1,009	521	-45	3,928	-792	3,136
Loans to the public ² , EURbn	171	95	55	12	0	333	13	346
Deposits and borrowings from the public, EURbn	86	54	54	13	0	207	18	225

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

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

³ Comparable figures have been restated to reflect updated plan exchange rates in the reporting to the CODM. See Note G2.1 in the 2022 Annual Report for further information.

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Sep		30 Sep		30 Sep	
	2023	2022	2023	2022	2023	2022
Total operating segments	5,312	3,928	338	333	198	207
Group functions ¹	11	-17	-	-	-	-
Unallocated items ³	-242	-844	17	6	22	14
Differences in accounting policies ²	-158	69	-12	7	-6	4
Total	4,923	3,136	343	346	214	225

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

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

³ Operating segments are presented excluding items affecting comparability (IAC). IAC of EUR 613m are included in "Unallocated items" in 2022.

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 interest income

Net interest income	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Interest income calculated using the effective interest rate method	4,642	4,151	2,037	12,498	4,902	7,937
Other interest income	640	593	258	1,783	620	1,013
Negative yield on financial assets	-	-	-22	-	-134	-134
Interest expense	-3,373	-2,913	-916	-8,776	-1,687	-3,474
Negative yield on financial liabilities	-	-	50	-	322	322
Net interest income	1,909	1,831	1,407	5,505	4,023	5,664

Interest income calculated using the effective interest rate method	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Loans to credit institutions	693	691	200	2,039	275	682
Loans to the public	3,240	2,862	1,657	8,640	4,288	6,527
Interest-bearing securities	250	216	90	651	208	325
Yield fees	47	41	58	144	189	242
Net interest paid or received on derivatives in accounting hedges of assets	412	341	32	1,024	-58	161
Interest income calculated using the effective interest rate method	4,642	4,151	2,037	12,498	4,902	7,937

Other interest income	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Loans at fair value to the public	425	380	280	1,179	777	1,064
Interest-bearing securities measured at fair value	122	101	46	315	97	170
Net interest paid or received on derivatives in economic hedges of assets	93	112	-68	289	-254	-221
Other interest income	640	593	258	1,783	620	1,013

Interest expense	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Deposits by credit institutions	-179	-233	-57	-670	-100	-221
Deposits and borrowings from the public	-1,122	-969	-246	-2,890	-390	-957
Debt securities in issue	-1,417	-1,231	-677	-3,755	-1,485	-2,376
Subordinated liabilities	-57	-56	-71	-167	-198	-252
Other interest expense	-4	-4	-3	-11	-11	-14
Net interest paid or received on derivatives in hedges of liabilities	-594	-420	138	-1,283	497	346
Interest expense	-3,373	-2,913	-916	-8,776	-1,687	-3,474

Note 4 Net fee and commission income

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Asset management commissions	410	405	431	1,219	1,315	1,733
Life and pension commissions	35	33	27	107	88	124
Deposit products	5	6	5	17	17	25
Brokerage, securities issues and corporate finance	34	49	27	138	140	173
Custody and issuer services	-2	6	6	1	8	18
Payments	64	64	61	191	186	252
Cards	75	73	82	220	229	306
Lending products	109	105	118	324	355	477
Guarantees	13	17	24	48	77	101
Other	-1	-7	-6	-7	-14	-23
Total	742	751	775	2,258	2,401	3,186

Breakdown

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Other and elimination	Nordea Group
Jan-Sep 2023							
EURm							
Asset management commissions	385	56	4	774	0	0	1,219
Life and pension commissions	113	47	2	-55	0	0	107
Deposit products	2	14	1	0	0	0	17
Brokerage, securities issues and corporate finance	10	24	89	21	-4	-2	138
Custody and issuer services	1	3	6	2	-11	0	1
Payments	15	120	59	1	0	-4	191
Cards	180	32	7	0	0	1	220
Lending products	74	117	130	3	0	0	324
Guarantees	4	13	35	0	-5	1	48
Other	0	3	-4	-13	-2	9	-7
Total	784	429	329	733	-22	5	2,258

Jan-Sep 2022

EURm							
Asset management commissions	418	61	5	831	0	0	1,315
Life and pension commissions	114	53	2	-81	0	0	88
Deposit products	3	14	0	0	0	0	17
Brokerage, securities issues and corporate finance	17	28	83	21	-4	-5	140
Custody and issuer services	2	3	14	1	-10	-2	8
Payments	11	117	61	1	0	-4	186
Cards	192	30	7	1	0	-1	229
Lending products	91	123	138	4	0	-1	355
Guarantees	6	19	51	0	0	1	77
Other	8	5	-7	-7	-1	-12	-14
Total	862	453	354	771	-15	-24	2,401

Note 5 Net insurance result

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Insurance revenue	166	149	72	461	233	313
Insurance service expenses	-103	-81	-27	-273	-87	-119
Net reinsurance result	-2	-3	-1	-7	-4	-6
Net insurance revenue	61	65	44	181	142	188
Insurance finance income and expenses	205	-437	221	-972	1,816	1,900
Return on assets backing insurance liabilities	-203	440	-227	968	-1,832	-1,915
Net insurance finance income and expenses	2	3	-6	-4	-16	-15
Total	63	68	38	177	126	173

Note 6 Net result from items at fair value

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Equity-related instruments ¹	33	37	13	150	168	431
Interest-related instruments and foreign exchange gains/losses ²	155	198	250	545	267	261
Other financial instruments (including credit and commodities)	39	54	-14	149	-166	-32
Nordea Life & Pension ³	-2	1	-11	16	-42	-37
Total	225	290	238	860	227	623

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

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

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

Note 7 Other expenses

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Information technology ¹	-162	-165	-146	-477	-399	-569
Marketing and representation	-13	-17	-11	-41	-34	-53
Postage, transportation, telephone and office expenses	-11	-10	-11	-34	-34	-45
Rents, premises and real estate	-31	-28	-25	-81	-81	-101
Professional services ¹	-37	-41	-28	-111	-78	-131
Market data services	-23	-21	-24	-66	-69	-87
Other	-15	-22	-31	-73	-98	-122
Total	-292	-304	-276	-883	-793	-1,108

¹ "Information technology" includes IT consultancy fees.

Note 8 Regulatory fees

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Resolution fees	-	-	-	-234	-256	-256
Bank tax	-20	-21	-16	-62	-50	-66
Total	-20	-21	-16	-296	-306	-322

Note 9 Depreciation, amortisation and impairment charges of tangible and intangible assets

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Depreciation/amortisation						
Properties and equipment	-53	-53	-54	-165	-163	-215
Intangible assets	-100	-95	-93	-290	-275	-371
Total	-153	-148	-147	-455	-438	-586
Impairment charges, net						
Properties and equipment	1	-3	-	-5	-	1
Intangible assets	-1	-4	-	-9	-13	-26
Total	0	-7	-	-14	-13	-25
Total	-153	-155	-147	-469	-451	-611

Note 10 Net loan losses

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
EURm						
Net loan losses, stage 1	-9	5	-21	-14	-20	-29
Net loan losses, stage 2	13	15	-3	36	0	-2
Net loan losses, non-credit-impaired assets	4	20	-24	22	-20	-31
Stage 3, credit-impaired assets						
Net loan losses, individually assessed, collectively calculated	7	-30	29	-33	88	88
Realised loan losses	-55	-78	-131	-177	-607	-709
Decrease in provisions to cover realised loan losses	25	36	90	72	463	512
Recoveries on previous realised loan losses	6	9	9	25	47	64
Reimbursement right	-1	-3	1	2	1	1
New/increase in provisions	-45	-64	-23	-155	-223	-281
Reversals of provisions	26	72	20	152	190	244
Net loan losses, credit-impaired assets	-37	-58	-5	-114	-41	-81
Net loan losses	-33	-38	-29	-92	-61	-112

Key ratios

	Q3 2023	Q2 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Full year 2022
Net loan loss ratio, amortised cost, bp	5	6	4	5	3	4
- of which stage 1	1	-1	3	1	1	1
- of which stage 2	-2	-2	0	-2	0	0
- of which stage 3	6	9	1	6	2	3

Note 11 Loans and impairment

	Total		
	30 Sep 2023	31 Dec 2022	30 Sep 2022
EURm			
Loans measured at fair value	80,835	73,248	77,692
Loans measured at amortised cost, not impaired (stages 1 and 2)	271,321	277,359	278,718
Impaired loans (stage 3)	2,234	2,255	2,481
- of which servicing	959	1,111	1,183
- of which non-servicing	1,275	1,144	1,298
Loans before allowances	354,390	352,862	358,891
- of which central banks and credit institutions	9,528	5,475	11,253
Allowances for individually assessed impaired loans (stage 3)	-991	-1,045	-1,104
- of which servicing	-437	-556	-530
- of which non-servicing	-554	-489	-574
Allowances for collectively assessed loans (stages 1 and 2)	-600	-628	-620
Allowances	-1,591	-1,673	-1,724
- of which central banks and credit institutions	-21	-29	-35
Loans, carrying amount	352,799	351,189	357,167

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

	30 Sep 2023			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	257,333	13,988	2,234	273,555
Interest-bearing securities	34,432	-	-	34,432
Total	291,765	13,988	2,234	307,987

	30 Sep 2022			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	265,106	13,612	2,481	281,199
Interest-bearing securities	39,281	-	-	39,281
Total	304,387	13,612	2,481	320,480

Allowances and provisions

	30 Sep 2023			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	-224	-376	-991	-1,591
Interest-bearing securities	-2	-	-	-2
Provisions for off-balance sheet items	-55	-104	-19	-178
Total allowances and provisions	-281	-480	-1,010	-1,771

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

Movements of allowance accounts for loans measured at amortised cost

	Stage 1	Stage 2	Stage 3	Total
EURm				
Balance as at 1 Jan 2023	-220	-408	-1,045	-1,673
Changes due to origination and acquisition	-63	-18	-6	-87
Transfer from stage 1 to stage 2	6	-124	-	-118
Transfer from stage 1 to stage 3	0	-	-57	-57
Transfer from stage 2 to stage 1	-7	64	-	57
Transfer from stage 2 to stage 3	-	17	-103	-86
Transfer from stage 3 to stage 1	-1	-	9	8
Transfer from stage 3 to stage 2	-	-4	22	18
Changes due to change in credit risk (net)	13	37	34	84
Changes due to repayments and disposals	42	56	70	168
Write-off through decrease in allowance account	-	-	71	71
Translation differences	6	4	14	24
Balance as at 30 Sep 2023	-224	-376	-991	-1,591

Note 11 Continued

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

Key ratios¹

	30 Sep 2023	31 Dec 2022	30 Sep 2022
Impairment rate (stage 3), gross, basis points	82	81	88
Impairment rate (stage 3), net, basis points	45	43	49
Total allowance rate (stages 1, 2 and 3), basis points	58	60	61
Allowances in relation to impaired loans (stage 3), %	44	46	45
Allowances in relation to loans in stages 1 and 2, basis points	22	23	22

¹ For definitions, see Glossary.

Sensitivities

The provisions are sensitive to rating migration even if staging triggers are not reached. The table below shows the impact on provisions of a one-notch downgrade of all exposures in the bank. It includes both the impact of the higher risk for all exposures and the impact of transferring exposures that reach the trigger from stage 1 to stage 2. It also includes the impact of exposures with one rating grade above default becoming default, which is estimated at EUR 127m (EUR 135m at the end of June 2023). 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 2023		31 Dec 2022	
	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
EURm				
Personal Banking	400	515	387	488
Business Banking	972	1,090	1,036	1,166
Large Corporates & Institutions	359	393	402	441
Other	40	56	35	46
Group	1,771	2,054	1,860	2,141

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 2023, the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 50%, adverse 40% and favourable 10% (baseline 50%, adverse 40% and favourable 10% at the end of the second quarter of 2023). The weight of the adverse scenario was kept at an elevated level, reflecting continued uncertainty regarding the macroeconomic outlook.

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

The macroeconomic scenarios reflect Nordea's view of how the Nordic economies might develop in the light of the war in Ukraine and the associated sanctions and countersanctions on trade with Russia. They take into consideration the possibility of continued high inflation and the potential impact of significantly higher interest rates on financial markets and economic activity. When developing the scenarios and determining the relative weighting between them, Nordea took into account projections made by Nordic central banks, Nordea Research and the European Central Bank.

The baseline scenario for the Nordic economies foresees modest growth and slightly higher unemployment in the coming years as the pass-through of higher rates and elevated inflation continues to weigh on economic activity. Growth in 2024 remains moderate in Denmark, Finland and Norway, and negative in Sweden. Core inflation is expected to remain elevated. Home prices have stabilised after the downward adjustment in 2023. In 2024 prices are expected to rise slowly before picking up further in 2025. The risks around the baseline forecast are tilted to the downside.

Nordea's two alternative macroeconomic scenarios cover a range of plausible risk factors which may cause growth to deviate from the baseline scenario. Persistent and high inflation may lead central banks to adopt a higher-for-longer strategy, triggering a deep recession due to falling private consumption and investment. In addition, home prices may see an even larger decline due to higher interest rates, a squeeze in household purchasing power and weak confidence. Normalising inflation, on the other hand, may aid growth in 2024 and support a stronger recovery going forward.

At the end of the third quarter of 2023 adjustments to model-based allowances/provisions amounted to EUR 574m, including management judgements. The management judgements cover expected credit losses not yet adequately captured by the IFRS 9 modelled outcomes. The cyclical management judgement allowance was reassessed based on updated credit portfolio assessments and stress testing. The allowance was kept unchanged in local currencies but in euro terms increased to EUR 423m (from EUR 418m at the end of the second quarter of 2023). The reserve covering issues identified in the IFRS 9 model to be later captured in model updates (structural reserve) was kept unchanged in local currencies and in euro terms remained at EUR 154m, unchanged from the second quarter of 2023, with the allocation adjusted to ensure appropriate coverage across portfolios.

Note 11 Continued

Scenarios and allowances/provisions

30 Sep 2023

		2024	2025	2026	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, %	2.1	1.7	1.7	123	10%				
	Unemployment, %	2.8	2.8	2.6						
	Change in household consumption, %	2.0	1.9	2.0						
	Change in house prices, %	1.3	2.8	3.5						
Baseline scenario	GDP growth, %	1.4	1.2	1.2	125	50%	130	161	210	501
	Unemployment, %	3.2	3.3	3.3						
	Change in household consumption, %	1.8	1.2	1.2						
	Change in house prices, %	0.6	2.9	2.9						
Adverse scenario	GDP growth, %	-1.0	0.5	0.8	139	40%				
	Unemployment, %	4.1	4.6	4.6						
	Change in household consumption, %	0.1	0	0.4						
	Change in house prices, %	-3.9	0.3	0.8						
Finland										
Favourable scenario	GDP growth, %	2.8	1.2	1.2	215	10%				
	Unemployment, %	6.7	6.7	6.8						
	Change in household consumption, %	2.3	1.1	1.1						
	Change in house prices, %	1.3	2.8	2.7						
Baseline scenario	GDP growth, %	1.1	1.5	1.5	222	50%	229	181	172	582
	Unemployment, %	7.1	7.0	7.0						
	Change in household consumption, %	0.8	1.1	1.1						
	Change in house prices, %	1.5	1.8	2.0						
Adverse scenario	GDP growth, %	-1.6	1.3	1.5	241	40%				
	Unemployment, %	8.2	8.1	8.0						
	Change in household consumption, %	-1.7	0.5	0.5						
	Change in house prices, %	-1.2	0.6	0.8						
Norway										
Favourable scenario	GDP growth, %	2.2	1.0	0.8	92	10%				
	Unemployment, %	3.1	3.2	3.5						
	Change in household consumption, %	1.7	2.5	2.9						
	Change in house prices, %	1.4	3.8	6.0						
Baseline scenario	GDP growth, %	0.5	1.1	1.0	96	50%	99	114	96	309
	Unemployment, %	3.7	3.8	3.8						
	Change in household consumption, %	0.1	2.1	2.6						
	Change in house prices, %	0.6	3.5	4.9						
Adverse scenario	GDP growth, %	-1.4	0.4	0.4	103	40%				
	Unemployment, %	4.7	4.8	4.9						
	Change in household consumption, %	-0.9	1.3	1.5						
	Change in house prices, %	-4.2	1.2	2.0						
Sweden										
Favourable scenario	GDP growth, %	1.4	2.1	1.7	92	10%				
	Unemployment, %	7.6	7.7	8.0						
	Change in household consumption, %	2.4	2.4	1.6						
	Change in house prices, %	0.8	2.4	3.1						
Baseline scenario	GDP growth, %	-0.3	2.0	2.3	96	50%	97	116	155	368
	Unemployment, %	8.2	8.3	8.3						
	Change in household consumption, %	0.7	1.9	1.9						
	Change in house prices, %	-1.1	2.6	3.8						
Adverse scenario	GDP growth, %	-1.8	1.2	1.2	100	40%				
	Unemployment, %	8.9	9.2	9.4						
	Change in household consumption, %	-0.4	0.6	-0.2						
	Change in house prices, %	-3.0	0.9	0.4						
Non-Nordic							9	2	0	11
Total							564	574	633	1,771

Note 11 Continued

Scenarios and allowances/provisions

31 Dec 2022

		2023	2024	2025	Unweighted ECL EURm	Probability weight	Model-based allowances/ provisions EURm	Adjustments to model-based allowances/ provisions EURm	Individual allowances/ provisions EURm	Total allowances/ provisions EURm
Denmark										
Favourable scenario	GDP growth, %	0.7	1.9	1.4	168	10%				
	Unemployment, %	2.7	2.7	2.6						
	Change in household consumption, %	0.8	1.5	2.0						
	Change in house prices, %	-5.0	-1.2	2.6						
Baseline scenario	GDP growth, %	-0.1	1.2	1.0	173	50%	178	120	250	548
	Unemployment, %	3.0	3.3	3.3						
	Change in household consumption, %	0.4	1.1	1.5						
	Change in house prices, %	-5.6	-1.8	2.0						
Adverse scenario	GDP growth, %	-3.0	0.5	1.1	186	40%				
	Unemployment, %	4.0	4.8	4.7						
	Change in household consumption, %	-1.9	-0.4	1.0						
	Change in house prices, %	-10.7	-5.4	0.9						
Finland										
Favourable scenario	GDP growth, %	0.7	1.5	1.2	233	10%				
	Unemployment, %	7.2	7.4	7.4						
	Change in household consumption, %	0.5	0.9	1.3						
	Change in house prices, %	-4.4	0.7	2.6						
Baseline scenario	GDP growth, %	-0.3	1.1	1.0	237	50%	243	178	200	621
	Unemployment, %	7.4	7.7	7.7						
	Change in household consumption, %	-0.3	0.6	0.9						
	Change in house prices, %	-5.0	0	1.9						
Adverse scenario	GDP growth, %	-3.0	0.1	0.9	252	40%				
	Unemployment, %	8.2	8.5	8.4						
	Change in household consumption, %	-2.7	-0.8	0.1						
	Change in house prices, %	-7.2	-1.5	0.4						
Norway										
Favourable scenario	GDP growth, %	1.6	1.2	1.0	70	10%				
	Unemployment, %	3.1	3.3	3.2						
	Change in household consumption, %	-0.4	0.6	3.0						
	Change in house prices, %	-1.8	1.9	4.7						
Baseline scenario	GDP growth, %	0.8	0.8	0.3	72	50%	75	143	119	337
	Unemployment, %	3.3	3.6	3.6						
	Change in household consumption, %	-1.1	0.3	1.9						
	Change in house prices, %	-2.4	1.3	4.1						
Adverse scenario	GDP growth, %	-1.5	0.3	0.4	79	40%				
	Unemployment, %	4.2	4.4	4.4						
	Change in household consumption, %	-2.6	-0.9	1.0						
	Change in house prices, %	-7.2	-3.0	1.3						
Sweden										
Favourable scenario	GDP growth, %	0.7	1.7	1.9	83	10%				
	Unemployment, %	7.6	7.7	7.9						
	Change in household consumption, %	0.5	2.3	2.5						
	Change in house prices, %	-10.4	-1.0	3.1						
Baseline scenario	GDP growth, %	-0.5	1.1	1.9	86	50%	88	111	150	349
	Unemployment, %	7.9	8.2	8.3						
	Change in household consumption, %	-0.6	1.8	2.2						
	Change in house prices, %	-10.5	-1.8	2.0						
Adverse scenario	GDP growth, %	-3.0	0.3	1.4	91	40%				
	Unemployment, %	8.7	9.1	9.2						
	Change in household consumption, %	-2.9	0.4	1.0						
	Change in house prices, %	-13.1	-5.0	0.2						
Non-Nordic ¹							3	2	0	5
Total							587	554	719	1,860

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

Note 11 Continued

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

30 Sep 2023

EURm	Gross				Allowances				Loans carrying amount	Net loan losses ¹
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Financial institutions	14,491	242	60	14,793	10	8	32	50	14,743	-2
Agriculture	4,185	171	71	4,427	7	8	42	57	4,370	16
Crops, plantations and hunting	988	69	17	1,074	3	3	7	13	1,061	1
Animal husbandry	631	82	51	764	3	4	34	41	723	16
Fishing and aquaculture	2,566	20	3	2,589	1	1	1	3	2,586	-1
Natural resources	2,589	182	20	2,791	3	3	13	19	2,772	2
Paper and forest products	1,844	148	18	2,010	2	2	12	16	1,994	-1
Mining and supporting activities	376	32	2	410	0	1	1	2	408	1
Oil, gas and offshore	369	2	0	371	1	0	0	1	370	2
Consumer staples	5,052	263	85	5,400	11	10	28	49	5,351	-5
Food processing and beverages	1,616	154	48	1,818	3	5	14	22	1,796	-3
Household and personal products	606	30	9	645	2	1	4	7	638	1
Healthcare	2,830	79	28	2,937	6	4	10	20	2,917	-3
Consumer discretionary and services	10,648	1,024	417	12,089	16	44	207	267	11,822	-26
Consumer durables	2,351	194	100	2,645	2	5	57	64	2,581	-25
Media and entertainment	1,842	183	20	2,045	3	4	11	18	2,027	-1
Retail trade	4,082	451	251	4,784	8	25	105	138	4,646	-3
Air transportation	227	22	9	258	0	1	6	7	251	3
Accommodation and leisure	1,355	162	31	1,548	3	9	22	34	1,514	1
Telecommunication services	791	12	6	809	0	0	6	6	803	-1
Industrials	29,878	3,109	412	33,399	57	97	236	390	33,009	-10
Materials	1,916	178	25	2,119	3	4	12	19	2,100	0
Capital goods	3,224	557	43	3,824	5	16	18	39	3,785	3
Commercial and professional services	5,820	404	36	6,260	9	13	20	42	6,218	-5
Construction	8,009	863	115	8,987	17	30	80	127	8,860	-1
Wholesale trade	6,391	701	82	7,174	10	21	51	82	7,092	-15
Land transportation	2,627	251	42	2,920	7	6	30	43	2,877	16
IT services	1,891	155	69	2,115	6	7	25	38	2,077	-8
Maritime	5,382	183	62	5,627	8	9	41	58	5,569	-2
Ship building	171	19	0	190	1	0	0	1	189	2
Shipping	4,872	163	62	5,097	7	8	40	55	5,042	-5
Maritime services	339	1	0	340	0	1	1	2	338	1
Utilities and public service	6,460	170	13	6,643	6	3	8	17	6,626	-1
Utilities distribution	3,281	63	8	3,352	2	1	4	7	3,345	0
Power production	2,641	76	1	2,718	3	0	1	4	2,714	-1
Public services	538	31	4	573	1	2	3	6	567	0
Real estate	36,097	1,214	133	37,444	25	20	76	121	37,323	-2
Other industries and reimbursement rights	1,432	183	8	1,623	2	1	0	3	1,620	11
Total Corporate	116,212	6,741	1,282	124,235	144	203	682	1,029	123,206	-19
Housing loans	112,375	4,670	485	117,530	14	46	97	157	117,373	4
Collateralised lending	18,560	1,629	273	20,462	37	52	118	207	20,255	-27
Non-collateralised lending	4,583	845	154	5,582	23	75	76	174	5,408	-50
Household	135,518	7,144	912	143,574	74	173	291	538	143,036	-73
Public sector	2,899	98	34	3,031	1	0	2	3	3,028	0
Lending to the public	254,629	13,983	2,228	270,840	219	376	975	1,570	269,270	-92
Lending to central banks and credit institutions	2,704	5	6	2,715	5	0	16	21	2,694	0
Total	257,333	13,988	2,234	273,555	224	376	991	1,591	271,964	-92

¹ The table shows net loan losses related to on- and off-balance sheet exposures for September 2023 year to date.

Note 11 Continued

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

31 Dec 2022

EURm	Gross				Allowances				Loans carrying amount	Net loan losses ¹
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Financial institutions	14,197	322	62	14,581	8	10	29	47	14,534	-49
Agriculture	4,343	232	107	4,682	7	15	56	78	4,604	-3
Crops, plantations and hunting	949	75	20	1,044	3	4	8	15	1,029	5
Animal husbandry	619	117	86	822	2	10	48	60	762	-6
Fishing and aquaculture	2,775	40	1	2,816	2	1	0	3	2,813	-2
Natural resources	2,765	216	39	3,020	2	4	18	24	2,996	26
Paper and forest products	1,874	161	22	2,057	1	3	14	18	2,039	2
Mining and supporting activities	382	30	3	415	0	1	1	2	413	-1
Oil, gas and offshore	509	25	14	548	1	0	3	4	544	25
Consumer staples	4,882	201	87	5,170	8	8	35	51	5,119	-26
Food processing and beverages	1,685	114	52	1,851	2	3	17	22	1,829	-13
Household and personal products	592	25	10	627	2	1	5	8	619	-1
Healthcare	2,605	62	25	2,692	4	4	13	21	2,671	-12
Consumer discretionary and services	10,589	913	287	11,789	14	48	187	249	11,540	-31
Consumer durables	2,382	192	44	2,618	2	6	24	32	2,586	-12
Media and entertainment	1,763	135	20	1,918	2	6	11	19	1,899	-2
Retail trade	4,156	272	180	4,608	8	20	118	146	4,462	-18
Air transportation	96	35	12	143	0	2	8	10	133	-6
Accommodation and leisure	1,421	263	25	1,709	2	14	20	36	1,673	4
Telecommunication services	771	16	6	793	0	0	6	6	787	3
Industrials	31,090	2,900	542	34,532	53	100	293	446	34,086	-52
Materials	2,406	166	39	2,611	4	4	13	21	2,590	7
Capital goods	3,370	436	71	3,877	5	11	39	55	3,822	11
Commercial and professional services	5,950	434	44	6,428	10	15	20	45	6,383	2
Construction	8,142	825	164	9,131	15	34	106	155	8,976	-37
Wholesale trade	6,801	696	64	7,561	8	24	40	72	7,489	-9
Land transportation	2,535	243	94	2,872	6	6	55	67	2,805	-17
IT services	1,886	100	66	2,052	5	6	20	31	2,021	-9
Maritime	5,521	360	66	5,947	19	5	31	55	5,892	23
Ship building	119	6	3	128	1	0	3	4	124	1
Shipping	5,116	353	63	5,532	17	5	28	50	5,482	22
Maritime services	286	1	0	287	1	0	0	1	286	0
Utilities and public service	6,896	117	16	7,029	5	4	7	16	7,013	8
Utilities distribution	3,413	78	6	3,497	2	2	3	7	3,490	8
Power production	2,962	11	1	2,974	2	0	1	3	2,971	-2
Public services	521	28	9	558	1	2	3	6	552	2
Real estate	36,325	745	145	37,215	23	18	85	126	37,089	32
Other industries and reimbursement rights	169	117	7	293	4	20	2	26	267	-3
Total Corporate	116,777	6,123	1,358	124,258	143	232	743	1,118	123,140	-75
Housing loans	116,404	4,248	435	121,087	15	45	86	146	120,941	-29
Collateralised lending	18,488	1,543	264	20,295	38	50	115	203	20,092	46
Non-collateralised lending	4,910	795	146	5,851	19	81	74	174	5,677	-62
Household	139,802	6,586	845	147,233	72	176	275	523	146,710	-45
Public sector	5,161	69	39	5,269	1	0	2	3	5,266	8
Lending to the public	261,740	12,778	2,242	276,760	216	408	1,020	1,644	275,116	-112
Lending to central banks and credit institutions	2,833	8	13	2,854	4	0	25	29	2,825	0
Total	264,573	12,786	2,255	279,614	220	408	1,045	1,673	277,941	-112

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

Note 12 Classification of financial instruments

	Fair value through profit or loss (FVPL)			Fair value through other comprehensive income (FVOCI)	Total
	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (fair value option)		
EURm					
Financial assets					
Cash and balances with central banks	59,759	-	-	-	59,759
Loans to central banks	1,492	1,155	-	-	2,647
Loans to credit institutions	1,202	5,658	-	-	6,860
Loans to the public	269,270	74,022	-	-	343,292
Interest-bearing securities	743	27,433	8,362	33,687	70,225
Shares	-	27,272	-	-	27,272
Assets in pooled schemes and unit-linked investment contracts	-	45,228	745	-	45,973
Derivatives	-	33,677	-	-	33,677
Fair value changes of hedged items in portfolio hedge of interest rate risk	-1,590	-	-	-	-1,590
Other assets	1,353	8,921	-	-	10,274
Prepaid expenses and accrued income	504	-	-	-	504
Total 30 Sep 2023	332,733	223,366	9,107	33,687	598,893
Total 31 Dec 2022	340,395	198,478	12,280	32,495	583,648

	Fair value through profit or loss (FVPL)			Total
	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (fair value option)	
EURm				
Financial liabilities				
Deposits by credit institutions	14,699	22,599	-	37,298
Deposits and borrowings from the public	202,399	11,494	-	213,893
Deposits in pooled schemes and unit-linked investment contracts	-	-	47,662	47,662
Debt securities in issue	139,433	-	51,747	191,180
Derivatives	-	35,607	-	35,607
Fair value changes of hedged items in portfolio hedge of interest rate risk	-2,076	-	-	-2,076
Other liabilities ¹	3,721	15,768	-	19,489
Accrued expenses and prepaid income	8	-	-	8
Subordinated liabilities	5,103	-	-	5,103
Total 30 Sep 2023	363,287	85,468	99,409	548,164
Total 31 Dec 2022	370,150	67,400	96,085	533,635

¹ Of which lease liabilities classified in the category "Amortised cost" amount to EUR 1,056m.

Note 13 Fair value of financial assets and liabilities

	30 Sep 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	59,759	59,759	61,815	61,815
Loans	351,209	353,953	349,073	350,220
Interest-bearing securities	70,225	70,218	68,226	68,224
Shares	27,272	27,272	16,099	16,099
Assets in pooled schemes and unit-linked investment contracts	45,973	45,973	42,782	42,782
Derivatives	33,677	33,677	36,578	36,578
Other assets	10,274	10,274	8,600	8,600
Prepaid expenses and accrued income	504	504	475	475
Total	598,893	601,630	583,648	584,793
Financial liabilities				
Deposits and debt instruments	445,398	445,423	433,362	433,372
Deposits in pooled schemes and unit-linked investment contracts	47,662	47,662	44,770	44,770
Derivatives	35,607	35,607	40,102	40,102
Other liabilities	18,433	18,433	14,314	14,314
Accrued expenses and prepaid income	8	8	7	7
Total	547,108	547,133	532,555	532,565

The determination of fair value is described in Note G3.4 "Fair value" in the 2022 Annual Report.

Note 14 Financial assets and liabilities held at fair value on the balance sheet

Categorisation in the fair value hierarchy

	Quoted prices in active markets for the same instruments (Level 1)	Of which Life & Pension	Valuation technique using observable data (Level 2)	Of which Life & Pension	Valuation technique using non- observable data (Level 3)	Of which Life & Pension	Total
EURm							
Assets at fair value on the balance sheet¹							
Loans to central banks	-	-	1,155	-	-	-	1,155
Loans to credit institutions	-	-	5,658	-	-	-	5,658
Loans to the public	-	-	74,022	-	-	-	74,022
Interest-bearing securities	21,248	2,347	46,400	5,653	1,834	1,187	69,482
Shares	24,721	13,201	224	64	2,327	1,053	27,272
Assets in pooled schemes and unit-linked investment contracts	44,568	40,700	906	906	499	499	45,973
Derivatives	78	-	31,913	23	1,686	-	33,677
Other assets	-	-	8,902	-	19	18	8,921
Total 30 Sep 2023	90,615	56,248	169,180	6,646	6,365	2,757	266,160
Total 31 Dec 2022	81,235	51,943	155,758	8,671	6,260	2,674	243,253
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	-	-	22,599	69	-	-	22,599
Deposits and borrowings from the public	-	-	11,494	-	-	-	11,494
Deposits in pooled schemes and unit-linked investment contracts	-	-	47,662	43,676	-	-	47,662
Debt securities in issue	14,193	-	36,308	-	1,246	-	51,747
Derivatives	183	-	33,684	106	1,740	-	35,607
Other liabilities	6,203	-	9,271	41	294	-	15,768
Total 30 Sep 2023	20,579	-	161,018	43,892	3,280	-	184,877
Total 31 Dec 2022	42,865	-	117,649	40,866	2,971	-	163,485

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

Transfers between Levels 1 and 2

During the period Nordea transferred "Interest-bearing securities" of EUR 7,791m from Level 1 to Level 2 and of EUR 1,214m from Level 2 to Level 1 in the fair value hierarchy. Furthermore, Nordea transferred "Debt securities in issue" of EUR 21,452m from Level 1 to Level 2 and of EUR 151m from Level 2 to Level 1. Nordea also transferred "Other liabilities" of EUR 287m from Level 1 to Level 2 and of EUR 142m from Level 2 to Level 1. The transfer of "Interest-bearing securities" and "Debt securities in issue" from Level 1 to Level 2 were mainly due to a reassessment of trading activity. Other 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 14 Continued

Movements in Level 3

	Fair value gains/losses recognised in the income statement during the period											
	1 Jan	Rea- lised	Un- realised	Recog- nised in OCI	Purchases / Issues	Sales	Settle- ments	Transfers into Level 3	Transfers out of Level 3	Reclass- ification ¹	Transla- tion diff- erences	30 Sep
EURm												
Interest-bearing securities	1,589	52	-57	-	433	-75	-13	135	-144	-	-86	1,834
- of which Life & Pension	1,199	40	-48	-	20	-24	-1	90	-6	-	-83	1,187
Shares	2,298	76	45	-	355	-524	-37	182	-1	-	-67	2,327
- of which Life & Pension	979	43	-6	-	185	-256	-37	180	-	-	-35	1,053
Assets in pooled schemes and unit-linked investment contracts	471	19	13	-	50	-10	-	18	-47	-	-15	499
- of which Life & Pension	471	19	13	-	50	-10	-	18	-47	-	-15	499
Derivatives (net)	49	25	97	-	-	-	-25	29	-230	-	1	-54
Other assets	33	-	-	-	-	-	-14	-	-	-	-	19
- of which Life & Pension	25	-	-	-	-	-	-7	-	-	-	-	18
Debt securities in issue	1,088	48	-49	-	256	-	-130	55	-22	-	-	1,246
Other liabilities	63	-	-61	-	292	-	-	-	-	-	-	294
Total 2023, net	3,289	124	208	-	290	-609	41	309	-400	-	-167	3,085
Total 2022, net	3,078	-67	309	10	439	-634	615	113	3	-15	-81	3,770

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

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

Valuation processes for fair value measurements in Level 3

For information about the valuation processes for fair value measurement in Level 3, see Note G3.4 "Fair value" in the 2022 Annual Report.

Deferred Day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to the fact that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information, see Note G3.4 "Fair value" in the 2022 Annual Report. 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

	2023	2022
EURm		
Opening balance as at 1 Jan	84	77
Deferred profit on new transactions	31	46
Recognised in the income statement during the period ¹	-36	-40
Closing balance as at 30 Sep	79	83

¹ Of which EUR -7m (EUR -5m) is due to transfers of derivatives from Level 3 to Level 2.

Note 14 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	157	150	Discounted cash flows	Credit spread	-4/4
Mortgage and other credit institutions	1,151	698	Discounted cash flows	Credit spread	-74/74
Corporates ²	526	339	Discounted cash flows	Credit spread	-8/8
Total 30 Sep 2023	1,834	1,187			-86/86
Total 31 Dec 2022	1,589	1,199			-52/52
Shares					
Private equity funds	1,332	639	Net asset value ³		-152/152
Hedge funds	157	157	Net asset value ³		-14/14
Credit funds	498	49	Net asset value/market consensus ³		-48/48
Other funds	209	198	Net asset value/fund prices ³		-14/14
Other ⁵	630	509	-		-62/62
Total 30 Sep 2023	2,826	1,552			-290/290
Total 31 Dec 2022	2,769	1,450			-290/290
Derivatives, net					
Interest rate derivatives	-93	-	Option model	Correlations Volatilities	-11/10
Equity derivatives	-24	-	Option model	Correlations Volatilities Dividends	-4/4
Foreign exchange derivatives	129	-	Option model	Correlations Volatilities	-2/2
Credit derivatives	-66	-	Credit derivative model	Correlations Volatilities Recovery rates	-11/12
Total 30 Sep 2023	-54	-			-28/28
Total 31 Dec 2022	49	-			-42/43
Debt securities in issue					
Issued structured bonds	-1,246	-	Credit derivative model	Correlations Recovery rates Volatilities	-6/6
Total 30 Sep 2023	-1,246	-			-6/6
Total 31 Dec 2022	-1,088	-			-5/5
Other, net					
Other assets and other liabilities, net	-275	18	-	-	-27/27
Total 30 Sep 2023	-275	18			-27/27
Total 31 Dec 2022	-30	25			-3/3

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

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

³ The fair values are based on prices and net asset values provided by external suppliers/custodians. The prices are fixed by the suppliers/custodians based on the development in the assets behind the investments. For private equity funds, the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by Invest Europe (formerly EVCA). Approximately 60% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in a range of 1% to 100% compared with the values received from suppliers/custodians.

⁴ The column "Range of fair value" shows the sensitivity of Level 3 financial instruments to changes in key assumptions. For more information, see Note G3.4 "Fair value" in the 2022 Annual Report.

⁵ Of which EUR 499m relates to assets in pooled schemes and unit-linked investment contracts.

Note 15 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 may include investment advice, anti-money laundering (AML), trade regulation and sanctions adherence, tax rules, competition law, governance, risk management 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.

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

There are significant risks related to the macroeconomic environment due to geopolitical developments and broader inflationary pressures. Reduced consumer spending and cost increases may particularly impact small and medium-sized enterprises in certain industries. Depending on future developments, there may be increased credit risk in Nordea's portfolio. Furthermore, potential adverse impacts on income could arise due to financial market volatility and reduced banking activity impacting transaction volumes and customer activity. Potential future credit risks are addressed in Note 11 and the section "Net loan losses and similar net result". Depending on the duration and magnitude of the situation, there is a possibility that Nordea will not be able to meet its financial targets in very adverse scenarios. In addition, Nordea recognises an increase in cyber risk as a consequence of the geopolitical situation.

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 interest margin

Net interest income for the period as a percentage of average interest-earning assets, excluding Life & Pension and Markets where return on assets is reported under Net result from items at fair value.

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 2022 Annual Report.

Nordea Bank Abp

Income statement

	Q3 2023	Q3 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
EURm					
Operating income					
Interest income	4,024	1,453	10,677	3,470	5,870
Interest expense	-2,571	-575	-6,616	-1,076	-2,325
Net interest income	1,453	878	4,061	2,394	3,545
Fee and commission income	543	553	1,694	1,752	2,331
Fee and commission expense	-133	-126	-419	-384	-515
Net fee and commission income	410	427	1,275	1,368	1,816
Net result from securities at fair value through profit or loss ¹	292	230	885	834	1,224
Net result from securities at fair value through fair value reserve	-34	-26	-38	-62	-84
Income from equity investments	-2	0	877	1,865	2,516
Other operating income	154	236	548	715	933
Total operating income	2,273	1,745	7,608	7,114	9,950
Operating expenses					
Staff costs	-610	-593	-1,803	-1,715	-2,318
Other administrative expenses ¹	-217	-198	-633	-554	-787
Other operating expenses ¹	-132	-124	-402	-373	-483
Regulatory fees	-15	-12	-207	-246	-257
Depreciation, amortisation and impairment charges ¹	-108	-106	-549	-1,284	-1,418
Total operating expenses	-1,082	-1,033	-3,594	-4,172	-5,263
Profit before loan losses	1,191	712	4,014	2,942	4,687
Net loan losses ¹	-27	-9	-46	2	9
Operating profit	1,164	703	3,968	2,944	4,696
Income tax expense	-267	-154	-754	-446	-741
Net profit for the period	897	549	3,214	2,498	3,955

¹ For more information on the changes in presentation, see the section "Changed accounting policies and presentation" in Note 1 "Accounting policies".

Nordea Bank Abp

Balance sheet

	30 Sep 2023	31 Dec 2022	30 Sep 2022
EURm			
Assets			
Cash and balances with central banks	59,538	61,425	71,062
Debt securities eligible for refinancing with central banks	53,033	60,453	61,468
Loans to credit institutions ¹	76,768	73,488	85,743
Loans to the public ¹	152,782	150,393	148,383
Interest-bearing securities	20,047	14,051	18,146
Shares	15,647	6,765	10,159
Investments in group undertakings	13,980	14,350	14,238
Investments in associated undertakings and joint ventures	63	94	100
Derivatives	35,931	38,870	50,862
Fair value changes of hedged items in portfolio hedges of interest rate risk	-393	-479	-468
Intangible assets	1,632	1,656	1,654
Tangible assets	223	241	241
Deferred tax assets	50	25	6
Current tax assets	71	120	142
Retirement benefit assets	253	159	364
Other assets	10,430	9,653	13,665
Prepaid expenses and accrued income ¹	763	731	867
Total assets	440,818	431,995	476,632
Liabilities			
Deposits by credit institutions and central banks	45,137	40,630	53,705
Deposits and borrowings from the public	221,075	225,231	232,075
Debt securities in issue ¹	86,012	76,932	83,638
Derivatives	37,067	42,049	50,267
Fair value changes of hedged items in portfolio hedges of interest rate risk ¹	-2,076	-2,175	-2,172
Current tax liabilities	376	146	72
Other liabilities	20,018	15,015	25,168
Accrued expenses and prepaid income	811	870	835
Deferred tax liabilities	269	113	194
Provisions	398	376	397
Retirement benefit obligations	195	244	307
Subordinated liabilities ¹	5,103	5,401	5,626
Total liabilities	414,385	404,832	450,112
Equity			
Share capital	4,050	4,050	4,050
Additional Tier 1 capital holders	750	748	750
Invested unrestricted equity	1,070	1,082	1,086
Other reserves	-43	-211	54
Retained earnings	17,392	17,539	18,082
Profit or loss for the period	3,214	3,955	2,498
Total equity	26,433	27,163	26,520
Total liabilities and equity	440,818	431,995	476,632
Off-balance sheet commitments			
Commitments given to a third party on behalf of customers			
Guarantees and pledges	45,539	46,379	49,182
Other	672	661	715
Irrevocable commitments in favour of customers			
Securities repurchase commitments	-	-	-
Other	91,777	96,306	96,852

¹ For more information on the changes in presentation, see the section "Changed accounting policies and presentation" in Note 1 "Accounting policies".

Nordea Bank Abp

Note 1 Accounting policies

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

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

The accounting policies and methods of computation are unchanged from the 2022 Annual Report, except for those relating to the items presented in the section "Changed accounting policies and presentation" below. For more information, see the accounting policies in the 2022 Annual Report.

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea Bank Abp in 2023.

Changed presentation of income statement and balance sheet

The Finnish Financial Supervisory Authority has made amendments to Regulations and Guidelines 2/2016 concerning financial sector accounting, financial statements and board of directors' reports. The amendments entered into force on 1 January 2023 and impact the presentation of income statements and balance sheets prepared in accordance with the Finnish accounting standards (FIN GAAP). The main purpose of the amendments is allow the presentation of financial statements to be more aligned with IFRS reporting.

Nordea Bank Abp has implemented the changes in its income statement and balance sheet, and comparative figures have been restated accordingly. The impact can be found in the tables below.

Restatements of the income statement

EURm	Q3 2023			Q3 2022			Jan-Sep 2023			Jan-Sep 2022			Jan-Dec 2022		
	Old policy	FIN GAAP chg	New policy	Old policy	FIN GAAP chg	New policy	Old policy	FIN GAAP chg	New policy	Old policy	FIN GAAP chg	New policy	Old policy	FIN GAAP chg	New policy
Net result from securities at fair value through profit or loss	-	292	292	-	230	230	-	885	885	-	834	834	-	1,224	1,224
Net result from securities trading and foreign exchange dealing	293	-293	-	232	-232	-	853	-853	-	875	-875	-	1,225	-1,225	-
Net result from hedge accounting	-1	1	-	-2	2	-	32	-32	-	-41	41	-	-1	1	-
Net result from investment properties	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-
Total operating income	2,273	-	2,273	1,745	-	1,745	7 608	-	7 608	7 114	-	7 114	9,950	-	9,950
Other administrative expense	-250	33	-217	-220	22	-198	-728	95	-633	-618	64	-554	-884	97	-787
Other operating expenses	-99	-33	-132	-102	-22	-124	-307	-95	-402	-309	-64	-373	-386	-97	-483
Depreciation, amortisation and impairment charges ¹	-108	0	-108	-101	-5	-106	-328	-221	-549	-313	-971	-1 284	-427	-991	-1,418
Total operating expenses	-1,082	0	-1,082	-1 028	-5	-1 033	-3 373	-221	-3 594	-3 201	-971	-4 172	-4,272	-991	-5,263
Profit before loan losses	1 191	0	1 191	717	-5	712	4 235	-221	4 014	3 913	-971	2 942	5,678	-991	4,687
Net loan losses	-28	1	-27	-8	-1	-9	-47	1	-46	-9	11	2	-3	12	9
Impairment of other financial assets	1	-1	-	-6	6	-	-220	220	-	-960	960	-	-979	979	-
Operating profit	1 164	-	1 164	703	-	703	3 968	-	3 968	2 944	-	2 944	4,696	-	4,696

¹ Earlier, "Depreciation, amortisation and impairment charges of tangible and intangible assets".

Restatements of the balance sheet

EURm	30 Sep 2023				30 Sep 2022				31 Dec 2022			
	Old policy	FIN GAAP chg	Micro hedges ¹	New policy	Old policy	FIN GAAP chg	Micro hedges ¹	New policy	Old policy	FIN GAAP chg	Micro hedges ¹	New policy
Assets												
Loans to credit institutions	76 501	267	-	76 768	85 647	96	-	85 743	73 314	174	-	73 488
Loans to the public	152 159	623	-	152 782	148 091	292	-	148 383	150 024	369	-	150 393
Prepaid expenses and accrued income	1 653	-890	-	763	1 255	-388	-	867	1 274	-543	-	731
Total assets	440 818	-	-	440 818	476 632	0	-	476 632	431 995	-	-	431 995
Liabilities												
Debt securities in issue	87 596	-	-1 584	86 012	85 323	-	-1 685	83 638	-	-	-	-
Fair value changes of hedged items in portfolio hedges of interest rate risk	-	-	-2 076	-2 076	-	-	-2 172	-2 172	-	-	-	-
Fair value changes of hedged items in hedges of interest rate risk	-4 187	-	4 187	-	-4 381	-	4 381	-	-	-	-	-
Subordinated liabilities	5 630	-	-527	5 103	6 151	-	-525	5 626	-	-	-	-
Total liabilities	414 385	-	-	414 385	450 112	-	-	450 112	-	-	-	-

¹ As of the fourth quarter of 2022 Nordea Bank Abp has presented the fair value changes of hedged items under fair value hedge accounting at the micro level on the same balance sheet line item as hedged items instead of, as earlier, on the balance sheet line item "Fair value changes of hedged items in hedges of interest rate risk".

Comparative figures for the third quarter of 2022 have been restated accordingly. For more information, see Note P1 "Accounting policies" in the 2022 Annual Report.

For further information

- A webcast will be held on 19 October at 11.00 EET (10.00 CET), during which Frank Vang-Jensen, President and Group CEO, will present the results, followed by a Q&A audio session for investors and analysts with Frank Vang-Jensen, Ian Smith, Group CFO, and Matti Ahokas, Head of Investor Relations.
- The event will be webcast live and the presentation slides will be posted on www.nordea.com/ir.
- The Q3 2023 report, investor presentations and fact book are available at www.nordea.com.

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Financial calendar

5 February 2024 – Fourth-quarter and full-year results 2023

Week 9 2024 – Annual Report published

21 March 2024 – Annual General Meeting

18 April 2024 – First-quarter results 2024

15 July 2024 – Second-quarter and half-year results 2024

17 October 2024 – Third-quarter and January-September results 2024

Helsinki 18 October 2023

Nordea Bank Abp

Board of Directors

This report contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward-looking statements as a result of various factors. Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels. This report does not imply that Nordea has undertaken to revise these forward-looking statements, beyond what is required by applicable law or applicable stock exchange regulations if and when circumstances arise that will lead to changes compared to the date when these statements were provided.

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Auditor's report on review of interim financial information of Nordea Bank Abp for the nine-month-period ended 30 September 2023

To the Board of Directors of Nordea Bank Abp

Introduction

We have reviewed the condensed interim financial information of Nordea Bank Group, which comprise the balance sheet as of 30 September 2023, income statement, statement of comprehensive income, statement of changes in equity and condensed cash flow statement for the nine-month-period then ended and notes. The interim financial information also comprises the parent company Nordea Bank Abp's balance sheet as of 30 September 2023 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", 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 2023 is not prepared, in all material respects, as regards the Group financial information, in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", 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 18 October 2023

PricewaterhouseCoopers Oy

Authorised Public Accountants

Jukka Paunonen

Authorised Public Accountant (KHT)