

Nordea



Half-Year Financial Report 2023

Half-year results 2023

Summary of the quarter:

- High income growth and strong operating profit.** Operating profit increased by 26%, year on year, to EUR 1,718m. Total income increased by 22%, mainly driven by a 40% increase in net interest income. Net interest margins improved. Net commission income decreased by 6%, mainly due to subdued capital markets activity and lower savings income. Net fair value result and net insurance result were up 14% and 28%, respectively. Total costs excluding regulatory fees increased by 7%.
- Return on equity 18.4% – earnings per share up 32%.** Nordea's return on equity increased to 18.4% from 13.6% a year ago, driven by strong income growth, improved efficiency and low cost of risk due to a very well diversified credit portfolio. The cost-to-income ratio excluding regulatory fees improved to 40% from 46%. Earnings per share increased by 32% to EUR 0.37.
- Strong profitability and stable business volumes.** Mortgage lending was stable, year on year. Corporate lending grew by 4% and continues to be the main lending growth driver of 2023. Retail deposits grew by 1%, year on year, and corporate deposits decreased by 7%. Assets under management were up 2%, mainly driven by net flows from internal channels.
- Solid credit quality with low net loan losses.** Net loan losses and similar net result amounted to EUR 32m or 4bp. Despite the economy slowing, individual net loan losses remained low at EUR 25m or 3bp. The management judgement buffer was kept unchanged in local currency (translating to EUR 572m).
- Strong capital position.** Nordea's CET1 ratio increased to 16.0% from 15.7% due to good net profit generation. At the end of the quarter the CET1 ratio was 4.0 percentage points above the current regulatory requirement, demonstrating the bank's strong capacity to support customers and society. Nordea continues to implement an efficient capital structure and is progressing with its fourth share buy-back programme, launched on 28 April 2023.
- Upgraded outlook for 2023: return on equity increased to above 15% from above 13%.** Nordea has a resilient business model, enabling it to perform well amid the current high macroeconomic uncertainty and volatile financial markets. Nordea aims to continue to deliver strong profitability and expects a return on equity comfortably above 15% for 2023.

(For further viewpoints, see the CEO comment on page 2. For definitions, see page 58.)

Group quarterly results and key ratios Q2 2023

	Q2 2023	Q2 2022	Chg %	Q1 2023	Chg %	Jan-Jun 2023	Jan-Jun 2022 ¹	Chg %
EURm								
Net interest income	1,831	1,308	40	1,765	4	3,596	2,616	37
Net fee and commission income	751	797	-6	765	-2	1,516	1,626	-7
Net insurance result	68	53	28	46	48	114	88	30
Net fair value result	290	254	14	345	-16	635	526	21
Other income	15	16		0		15	33	
Total operating income	2,955	2,428	22	2,921	1	5,876	4,889	20
Total operating expenses excluding regulatory fees	-1,184	-1,105	7	-1,167	1	-2,351	-2,203	7
Total operating expenses	-1,205	-1,122	7	-1,422	-15	-2,627	-2,492	5
Profit before loan losses	1,750	1,306	34	1,499	17	3,249	2,397	36
Net loan losses and similar net result	-32	56		-19		-51	68	
Operating profit	1,718	1,362	26	1,480	16	3,198	2,465	30
Cost-to-income ratio excluding regulatory fees, %	40.1	45.5		39.9		40.0	45.1	
Cost-to-income ratio with amortised resolution fees, %	42.8	48.8		42.7		42.7	48.4	
Return on equity with amortised resolution fees, %	18.4	13.6		17.1		17.8	13.1	
Diluted earnings per share, EUR	0.37	0.28	32	0.31	19	0.68	0.49	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

This first half year, the geopolitical landscape has remained fragile, and macroeconomic uncertainty and persistently high inflation have put pressure on both private individuals and corporates. We have also seen turbulence in the financial markets.

Nordea is one of the most stable and profitable banks in Europe. Our franchise is resilient: we have a very well diversified pan-Nordic business model, a sound financial risk position and a strong balance sheet. Moreover, the Nordic region is a very stable and profitable banking market. All this gives us a unique position and makes us a safe and strong partner for customers, shareholders and broader society.

Our aim has always been – and remains – to support our customers while delivering stable and predictable financial performance. In the second quarter we continued to drive high levels of customer activity and strong profitability, leading to a return on equity of 18.4%.

In all our divisions, income is growing faster than costs and our aim is to continue to deliver positive jaws. In the second quarter our income grew by 22% despite significant negative effects from the weak Norwegian and Swedish currencies. Our costs increased by 7% as we continued to manage strong inflationary pressures and invest to protect against financial crime, strengthen cyber security and enhance our technological capabilities even further, in line with our plan. We improved our cost-to-income ratio to 40% from 46%.

We have again shown that we can generate stable and sustainable profit growth. Our operating profit increased by 26% to EUR 1.7bn. The second quarter of 2023 marks the tenth quarter in a row for which we were able to grow our operating profit, year on year.

However, it is clear that the economic slowdown and interest rate increases have had a negative impact on our business volume growth, mainly in mortgages. We continue to focus on giving high-quality advice and support, and I am glad to see that our customers have, in general, adapted well to the new interest rate environment. Higher living costs and lower consumer confidence have been reflected in lower demand for housing loans and investment products.

Despite the slower economic growth, our corporate lending volumes continue to grow, particularly in Norway and Sweden. During the quarter we maintained proactive support for our customers and further developed our deposit offering for both retail and corporate customers. On the savings side, our strong momentum in Private Banking continued and we secured net inflows of EUR 1.8bn. Digital customer activity further increased, with private mobile app users and logins up 7% and 9%, respectively, year on year. By consistently adding new products and services, and increasing our use of data, analytics and automation, we have attracted 1.2bn logins to our mobile bank in the past year alone.

Our risk position and credit quality remain solid, supported by a uniquely well diversified pan-Nordic credit portfolio. Our loan portfolio is large and spread evenly across the Nordic region and across different sectors. This is a structural advantage, which enables us to avoid larger concentrations. We see no real signs of stress in our portfolio, but are naturally following the impact of macro developments on our customers very closely. Despite the Nordic economies slowing, quarterly individual net loan losses remained low at EUR 25m or 3bp.

Overall, net loan losses and similar net result for the second quarter was EUR 32m or 4bp. The increase compared with previous quarters was mainly due to lower reversals rather than new provisions. We kept our management judgement buffer unchanged in local currencies, which in euro terms translates to EUR 572m.

In Personal Banking lending volumes were stable, year on year, while deposit volumes grew by 1%, driven by savings deposits. In Sweden we drove a 21% increase in digitally generated leads for mortgage and savings advisers, helping us to continue increasing our market share.

In Business Banking we grew lending volumes by 4%, led by Norway and Sweden. We remain committed to supporting the transition to a more sustainable economy. In May, we introduced a new sustainability guarantee, which makes it easier for customers to obtain financing for sustainable investments, such as solar panels and energy renovations.

In Large Corporates & Institutions we grew lending volumes by 3%, year on year, excluding foreign exchange impacts. We saw strong demand for credit among large corporate customers. We also continued to support our customers in meeting their risk management needs. Deposits returned to more normal levels following the dividend season and the exceptional events in the first quarter.

In Asset & Wealth Management we maintained strong momentum and generated positive net flows of EUR 2.6bn through our internal channels. In Private Banking, we saw continued strong inflows and attracted further new customers, especially in Sweden. Our long-standing focus on ESG was recognised by the 2023 Responsible Investment Brand Index, which awarded us a top ranking in the Nordics.

Our capital strength is among the best in Europe and we continue to deliver market-leading returns for our shareholders. Our CET1 ratio increased to 16.0% from 15.7% during the quarter. This is 4.0 percentage points higher than the current regulatory requirement and demonstrates our strong capacity to support customers and society. We remain focused on capital excellence and launched our fourth share buy-back programme, of EUR 1bn, on 28 April.

Since we launched the repositioning of Nordea in 2019, we have consistently improved our business performance and profitability. We have established a new, sustainably higher level of profitability and are now among the best performing banks in Europe. We have upgraded our outlook for the full year and expect return on equity to be comfortably above 15% in 2023. In addition, we are reassessing our long-term financial target for 2025. We will provide a target update in conjunction with the release of our fourth quarter report.

Building on our current position, we are consistently striving to improve our performance further. We remain committed to delivering great omnichannel customer experiences, driving focused and profitable growth, and improving operational and capital efficiency. We aim for nothing less than to serve our customers to the best of our ability and be the preferred partner for them – now and in the future.

Frank Vang-Jensen
President and Group CEO

Outlook (updated)

Financial target for 2025

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

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

Financial outlook for 2023

Nordea expects a return on equity of above 15% (updated).

Capital policy

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

Dividend policy

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

Outlook (previous)

Financial target for 2025

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

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

Financial outlook for 2023

Nordea expects a return on equity of above 13%.

Capital policy

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Income statement

Excluding items affecting comparability¹

	Q2 2023	Q2 2022	Chg %	Local curr. %	Q1 2023	Chg %	Local curr. %	Jan-Jun 2023	Jan-Jun 2022	Chg %	Local curr. %
EURm											
Net interest income	1,831	1,308	40	53	1,765	4	7	3,596	2,616	37	48
Net fee and commission income	751	797	-6	-1	765	-2	0	1,516	1,626	-7	-3
Net insurance result	68	53	28	34	46	48	51	114	88	30	35
Net result from items at fair value	290	254	14	-2	345	-16	-22	635	526	21	9
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	3	-4			-12			-9	-4		
Other operating income	12	20	-40	-35	12	0	0	24	37	-35	-31
Total operating income	2,955	2,428	22	28	2,921	1	3	5,876	4,889	20	26
Staff costs	-725	-689	5	9	-719	1	2	-1,444	-1,381	5	8
Other expenses	-304	-258	18	28	-287	6	9	-591	-517	14	22
Regulatory fees	-21	-17	24	38	-255	-92	-91	-276	-290	-5	-3
Depreciation, amortisation and impairment charges of tangible and intangible assets	-155	-158	-2	3	-161	-4	-2	-316	-304	4	7
Total operating expenses	-1,205	-1,122	7	13	-1,422	-15	-14	-2,627	-2,492	5	10
Profit before loan losses	1,750	1,306	34	41	1,499	17	18	3,249	2,397	36	42
Net loan losses and similar net result	-32	56			-19	68	74	-51	68		
Operating profit	1,718	1,362	26	33	1,480	16	18	3,198	2,465	30	36
Income tax expense	-383	-308	24	31	-332	15	17	-715	-553	29	36
Net profit for the period	1,335	1,054	27	34	1,148	16	18	2,483	1,912	30	36

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

	Q2 2023	Q2 2022	Chg %	Q1 2023	Chg %	Jan-Jun 2023	Jan-Jun 2022	Chg %
Diluted earnings per share (DEPS), EUR	0.37	0.28	32	0.31	19	0.68	0.49	39
EPS, rolling 12 months up to period end, EUR	1.30	0.99	31	1.21	7	1.30	0.99	31
Return on equity with amortised resolution fees, %	18.4	13.6		17.1		17.8	13.1	
Return on equity, %	19.1	14.3		15.3		17.1	12.4	
Return on tangible equity, %	22.2	16.3		17.6		19.8	14.2	
Return on risk exposure amount, %	3.8	2.8		3.2		3.5	2.5	
Cost-to-income ratio excluding regulatory fees, %	40.1	45.5		39.9		40.0	45.1	
Cost-to-income ratio with amortised resolution fees, %	42.8	48.8		42.7		42.7	48.4	
Cost-to-income ratio, %	40.8	46.2		48.7		44.7	51.0	
Net loan loss ratio, incl. loans held at fair value, bp	4	-6		2		3	-4	
Return on capital at risk with amortised resolution fees, %	23.5	17.3		23.7		23.6	17.4	
Return on capital at risk, %	24.3	18.2		21.2		22.8	16.6	

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 Jun 2023	30 Jun 2022	Chg %	Local curr. %	31 Mar 2023	Chg %	Local curr. %
EURbn							
Loans to the public	340.0	347.6	-2	3	339.7	0	2
Loans to the public, excl. repos/securities borrowing	316.6	328.5	-4	2	319.3	-1	1
Deposits and borrowings from the public	217.9	223.0	-2	3	217.7	0	2
Deposits from the public, excl. repos/securities lending	202.9	210.6	-4	1	210.7	-4	-2
Total assets	602.4	610.9	-1		604.1	0	
Assets under management	363.1	355.5	2		362.4	0	
Equity	29.1	30.1	-3		28.2	3	

¹ End of period.

Income statement

Including items affecting comparability

	Q2 2023	Q2 2022	Chg %	Local curr. %	Q1 2023	Chg %	Local curr. %	Jan-Jun 2023	Jan-Jun 2022	Chg %	Local curr. %
EURm											
Net interest income	1,831	1,308	40	53	1,765	4	7	3,596	2,616	37	48
Net fee and commission income	751	797	-6	-1	765	-2	0	1,516	1,626	-7	-3
Net insurance result	68	53	28	34	46	48	51	114	88	30	35
Net result from items at fair value	290	254	14	-2	345	-16	-22	635	-11		
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	3	-4			-12			-9	-4		
Other operating income	12	20	-40	-35	12	0	0	24	37	-35	-31
Total operating income	2,955	2,428	22	28	2,921	1	3	5,876	4,352	35	41
Staff costs	-725	-689	5	9	-719	1	2	-1,444	-1,381	5	8
Other expenses	-304	-258	18	28	-287	6	9	-591	-517	14	22
Regulatory fees	-21	-17	24	38	-255	-92	-91	-276	-290	-5	-3
Depreciation, amortisation and impairment charges of tangible and intangible assets	-155	-158	-2	3	-161	-4	-2	-316	-304	4	7
Total operating expenses	-1,205	-1,122	7	13	-1,422	-15	-14	-2,627	-2,492	5	10
Profit before loan losses	1,750	1,306	34	41	1,499	17	18	3,249	1,860	75	84
Net loan losses and similar net result	-32	56			-19	68	74	-51	-8		
Operating profit	1,718	1,362	26	33	1,480	16	18	3,198	1,852	73	82
Income tax expense	-383	-308	24	31	-332	15	17	-715	-539	33	39
Net profit for the period	1,335	1,054	27	34	1,148	16	18	2,483	1,313	89	100

Ratios and key figures¹

Including items affecting comparability

	Q2 2023	Q2 2022	Chg %	Q1 2023	Chg %	Jan-Jun 2023	Jan-Jun 2022	Chg %
EURm								
Diluted earnings per share (DEPS), EUR	0.37	0.28	32	0.31	19	0.68	0.33	106
EPS, rolling 12 months up to period end, EUR	1.30	0.85	53	1.21	7	1.30	0.85	53
Share price ² , EUR	9.97	8.40	19	9.84	1	9.97	8.40	19
Equity per share ² , EUR	8.13	8.03	1	7.84	4	8.13	8.03	1
Potential shares outstanding ² , million	3,589	3,753	-4	3,605	0	3,589	3,753	-4
Weighted average number of diluted shares, million	3,588	3,792	-5	3,622	-1	3,607	3,850	-6
Return on equity with amortised resolution fees, %	18.4	13.6		17.1		17.8	9.2	
Return on equity, %	19.1	14.3		15.3		17.1	8.5	
Return on tangible equity, %	22.2	16.3		17.6		19.8	9.7	
Return on risk exposure amount, %	3.8	2.8		3.2		3.5	1.7	
Cost-to-income ratio with amortised resolution fees, %	42.8	48.8		42.7		42.7	54.3	
Cost-to-income ratio, %	40.8	46.2		48.7		44.7	57.3	
Net loan loss ratio, incl. loans held at fair value, bp	4	-6		2		3	0	
Common Equity Tier 1 capital ratio ^{2,3} , %	16.0	16.6		15.7		16.0	16.6	
Tier 1 capital ratio ^{2,3} , %	18.3	18.8		18.0		18.3	18.8	
Total capital ratio ^{2,3} , %	20.5	20.9		20.1		20.5	20.9	
Tier 1 capital ^{2,3} , EURbn	25.6	28.4	-10	25.5	0	25.6	28.4	-10
Risk exposure amount ² , EURbn	140.0	150.8	-7	142.0	-1	140.0	150.8	-7
Return on capital at risk with amortised resolution fees, %	23.5	17.3		23.7		23.6	12.2	
Return on capital at risk, %	24.3	18.2		21.2		22.8	11.4	
Net interest margin, %	1.69	1.14		1.58		1.64	1.15	
Number of employees (FTEs) ²	29,317	27,350	7	28,922	1	29,317	27,350	7
Economic capital ² , EURbn	21.9	22.8	-4	22.2	-1	21.9	22.8	-4

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

² End of period.

³ Including the result for the period.

Macroeconomy and financial markets¹

Global

The recovery of the global economy remains uncertain amid geopolitical risks and tighter monetary conditions. The euro area fell into a technical recession in the first quarter. Survey data point to a robust performance in the services sector, while the manufacturing sector is facing headwinds as world trade remained subdued in the beginning of the year. Although sharply falling energy and commodity prices are bringing headline inflation down, core inflation is proving persistent 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 3.5% in June, while the federal funds rate was increased to 5.25% in the United States in May.

The rapid tightening of monetary policy and uncertain economic environment continued to cause high volatility in the financial markets in the second quarter. However, stock markets showed resilience despite financial sector and geopolitical uncertainty. The S&P 500 index was up 12%, the STOXX Europe 600 was flat and the NASDAQ OMX Nordic 120 index was down 2%. The global aggregate bond index was up 2%.

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

Denmark

Danish GDP increased by 0.6%, quarter on quarter, in the first quarter of 2023. Household consumption and exports increased, while gross fixed investments decreased. Both consumer confidence and business sentiment improved during the second quarter. The labour market has remained strong, with the unemployment rate standing at 2.8% in May. House and apartment prices declined and were both down 6%, year on year, in the first quarter. Year-on-year consumer price inflation stood at 2.5% in June, while core inflation stood at 4.9%. In line with the ECB, Danmarks Nationalbank hiked its monetary policy interest rates by 25bp in both April and June, thereby raising the certificates of deposit rate to 3.10%, the highest level since 2009.

Finland

Finnish GDP increased by 0.4%, quarter on quarter, in the first quarter of 2023. The growth was driven by positive net exports. High inflation and rising interest rates have kept private consumption stagnant and caused investments to decline. The outlook for the construction sector has deteriorated significantly. The labour market has not shown significant signs of weakening: the unemployment rate stood at 6.9% in May. Housing prices fell by 7%, year on year, in May and housing transactions were down 30% compared with the long-term average. Year-on-year harmonised consumer price inflation stood at 4.1% in June. Lower energy prices are pushing overall inflation down but the prices of goods and many services remain at high levels.

Norway

Norwegian mainland GDP increased by 0.2%, quarter on quarter, in the first quarter of 2023. The labour market has remained strong: the seasonally adjusted unemployment rate was stable at 1.8% in June. Housing prices decreased by 0.8%, year on year, in June. Year-on-year consumer price inflation stood at 6.4% in June, driven by broad price increases for both imported and domestic goods and services. Norges Bank continued its rate-hiking cycle due to a highly pressured economy, high inflation and a weak krone. The central bank raised the key rate by 50bp in June, to 3.75%, and signalled that it would raise the rate by 25bp in both August and September. It also indicated that the key rate would peak at 4.25% during the autumn. The Norwegian krone remained weak due to lower energy prices and interest rate differentials.

Sweden

Swedish GDP increased by 0.6%, quarter on quarter, in the first quarter of 2023. Exports rose while domestic demand fell. The unemployment rate declined to 7.1% in May 2023 and demand for labour remained robust. House and apartment prices levelled out in May but were 13% and 7% lower, respectively, than in the same month last year. Year-on-year consumer price inflation (CPIF) declined to 6.7% in May, mainly due to falling energy prices. Sveriges Riksbank raised its policy rate by 25bp to 3.75% in June and signalled that the policy rate could be hiked further in September. The central bank continued to reduce its balance sheet by not reinvesting the proceeds of maturing bonds and by selling government bonds from its holdings. The trade-weighted Swedish krona weakened by 5.5% in the course of the second quarter, mainly driven by lower interest rate differentials and concerns over the Swedish real estate sector.

¹Source: Nordea Economic Research

Group results and performance

Second quarter 2023

Net interest income

Q2/Q2: Net interest income increased by 40%. The main drivers were improved deposit margins 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 145m.

Q2/Q1: Net interest income increased by 4%. The main drivers were improved deposit margins, 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 55m.

Lending volumes

Q2/Q2: Loans to the public excluding repurchase agreements and securities borrowing were up 2% in local currencies. Lending volumes increased in Business Banking (4% in local currencies) and Large Corporates & Institutions (0% in EUR; 3% excluding foreign exchange impacts). Lending volumes were stable in Personal Banking (0% in local currencies).

Q2/Q1: Loans to the public excluding repurchase agreements and securities borrowing were up 1% in local currencies. Lending volumes increased in Business Banking (2% in local currencies) and Large Corporates & Institutions (2% in EUR). In Personal Banking lending volumes remained unchanged (0% in local currencies).

Deposit volumes

Q2/Q2: Total deposits from the public excluding repurchase agreements and securities lending were up 1% in local currencies. Deposit volumes increased in Personal Banking (1% in local currencies) and decreased in Business Banking (-3% in local currencies) and Large Corporates & Institutions (-15% in EUR; -12% excluding foreign exchange impacts).

Q2/Q1: Total deposits from the public excluding repurchase agreements and securities lending were down 2% in local currencies. Deposit volumes decreased in Large Corporates & Institutions (-21% in EUR). Deposit volumes increased in Personal Banking (2% in local currencies) and Business Banking (1% in local currencies).

Net interest income per business area

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local currency	
								Q2/Q2	Q2/Q1
EURm									
Personal Banking	841	811	764	636	571	47%	4%	56%	5%
Business Banking	620	581	556	481	439	41%	7%	51%	9%
Large Corporates & Institutions	356	348	343	289	268	33%	2%		
Asset & Wealth Management	74	73	73	41	29	155%	1%	171%	3%
Group functions	-60	-48	-95	-40	1				
Total Group	1,831	1,765	1,641	1,407	1,308	40%	4%	53%	7%

Change in net interest income (NII)

	Q2/Q1	Q2/Q2	Jan-Jun 23/22
EURm			
NII beginning of period	1,765	1,308	2,616
Margin-driven NII	85	588	1,014
Lending margin	-30	-165	-351
Deposit margin	125	807	1,502
Cost of funds	-10	-54	-137
Volume-driven NII	7	36	107
Lending volume	7	31	88
Deposit volume	0	5	19
Day count	16	0	0
Other ¹	-42	-101	-141
NII end of period	1,831	1,831	3,596
¹ of which foreign exchange.	-55	-145	-235

Net fee and commission income

Q2/Q2: Net fee and commission income decreased by 6%, driven by lower lending-related commissions and lower net income from savings and investments. Exchange rate effects had a negative impact of approximately EUR 36m.

Q2/Q1: Net fee and commission income decreased by 2%, driven by lower lending-related commissions. These were partly offset by higher net income from payments and cards. Exchange rate effects had a negative impact of approximately EUR 11m.

Savings and investment commissions

Q2/Q2: Net fee and commission income from savings and investments decreased by 4%, as financial market turbulence led to a decrease in average assets under management (AuM) and lower customer activity in the brokerage and advisory business. These were partly offset by higher net income from custody and issuer services.

Q2/Q1: Net fee and commission income from savings and investments decreased by 1%, driven by lower customer activity in the brokerage business. This was partly offset by higher net income from custody and issuer services. End-of-period AuM increased by EUR 0.7bn, to EUR 363.1bn, with a net inflow of EUR 0.1bn during the quarter.

Payments and cards commissions

Q2/Q2: Net fee and commission income from payments and cards decreased by 2%, mainly driven by lower card income. This was partly offset by higher income from payments.

Q2/Q1: Net fee and commission income from payments and cards increased by 2%, driven by higher card income and higher income from payments.

Lending-related commissions

Q2/Q2: Lending-related net fee and commission income decreased by 15%, driven by lower income from mortgage refinancing fees and a decrease in commitment fee income related to new facilities for large corporates.

Q2/Q1: Lending-related net fee and commission income decreased by 5%, driven by lower customer activity.

Net fee and commission income per business area

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local currency		
								Q2/Q2	Q2/Q1	
EURm										
Personal Banking	258	257	272	292	287	-10%	0%	-6%	2%	
Business Banking	143	151	158	142	157	-9%	-5%	-5%	-5%	
Large Corporates & Institutions	104	120	111	106	113	-8%	-13%			
Asset & Wealth Management	245	246	255	252	254	-4%	0%	-2%	1%	
Group functions	1	-9	-11	-17	-14					
Total Group	751	765	785	775	797	-6%	-2%	-1%	0%	

Net fee and commission income per category

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local currency		
								Q2/Q2	Q2/Q1	
EURm										
Savings and investments, net	498	501	504	496	518	-4%	-1%	-1%	0%	
Payments and cards, net	138	135	142	144	141	-2%	2%	2%	4%	
Lending-related, net	122	128	145	143	143	-15%	-5%	-8%	-2%	
Other commissions, net	-7	1	-6	-8	-5					
Total Group	751	765	785	775	797	-6%	-2%	-1%	0%	

Assets under management (AuM), volumes and net flow

	Q223	Q123	Q422	Q322	Q222	Net flow
						Q223
EURbn						
Nordic Retail funds	74.5	73.4	71.3	70.3	72.6	0.2
Private Banking	110.1	109.1	107.5	102.4	106.1	1.8
Institutional sales	104.2	106.7	108.6	109.2	115.9	-2.5
Life & Pension	74.4	73.2	71.5	59.5	60.8	0.6
Total	363.1	362.4	358.9	341.4	355.5	0.1

Net insurance result

Q2/Q2: Net insurance result increased by 28% 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.

Q2/Q1: Net insurance result increased by 48%, primarily due to higher interest rates in Norway, and lower claims.

Net insurance result per business area

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1
EURm							
Personal Banking	27	28	27	16	15	80%	-4%
Business Banking	3	4	4	3	3	0%	-25%
Large Corporates & Institutions	1	0	1	0	0		
Asset & Wealth Management	37	14	14	19	35	6%	
Group functions	0	0	1	0	0		
Total Group	68	46	47	38	53	28%	48%

Net result from items at fair value

Q2/Q2: Net result from items at fair value increased by 14%, driven by a higher result in Treasury and continued high customer activity.

Q2/Q1: Net result from items at fair value decreased by 16%, driven by lower trading income in Markets. This was partly offset by a higher result in Treasury and continued high customer activity.

Net result from items at fair value per business area

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1
EURm							
Personal Banking	18	18	13	16	15	20%	0%
Business Banking	93	109	93	95	91	2%	-15%
Large Corporates & Institutions	97	192	155	120	163	-40%	-49%
Asset & Wealth Management	10	23	9	-3	2		-57%
Group functions	72	3	126	10	-17		
Total Group	290	345	396	238	254	14%	-16%

Equity method

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

Q2/Q1: Income from companies accounted for under the equity method was EUR 3m, up from EUR -12m. The first quarter had included an impairment.

Other operating income

Q2/Q2: Other operating income was EUR 12m, down from EUR 20m.

Q2/Q1: Other operating income was stable, quarter on quarter, at EUR 12m.

Total operating income per business area

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local currency	
								Q2/Q2	Q2/Q1
EURm									
Personal Banking	1,146	1,115	1,076	960	891	29%	3%	36%	4%
Business Banking	872	842	821	726	700	25%	4%	33%	6%
Large Corporates & Institutions	559	660	622	515	547	2%	-15%		
Asset & Wealth Management	366	356	350	309	320	14%	3%	17%	4%
Group functions	12	-52	28	-38	-30				
Total Group	2,955	2,921	2,897	2,472	2,428	22%	1%	28%	3%

Total operating expenses

Q2/Q2: Total operating expenses were up 7%, driven by inflation and additional technology and risk management investments (EUR 60m). Exchange rate effects had a positive impact of approximately EUR 58m.

Q2/Q1: Total operating expenses were down 15% due to lower regulatory fees (the first quarter had included the recognition of resolution fees). Excluding the regulatory fees, operating expenses were up 1%, driven by higher other expenses and higher staff expenses. Exchange rate effects had a positive impact of approximately EUR 19m.

Staff costs

Q2/Q2: Staff costs were up 5% due to additional risk management resources and salary increases.

Q2/Q1: Staff costs were up 1% due to salary increases.

Other expenses

Q2/Q2: Other expenses increased by 18% due to additional technology investments, inflation, and higher marketing costs.

Q2/Q1: Other expenses increased by 6% due to additional technology investments and higher marketing costs.

Regulatory fees

Q2/Q2: Regulatory fees amounted to EUR 21m, compared with EUR 17m a year ago, and reflect an increase in the Swedish bank tax.

Q2/Q1: Regulatory fees amounted to EUR 21m, compared with EUR 255m in the first quarter of 2022. The first quarter had included the recognition of EUR 234m in resolution fees.

Depreciation and amortisation

Q2/Q2: Depreciation and amortisation decreased by 2% due to a lower run rate of asset and project amortisation, driven by prior impairments.

Q2/Q1: Depreciation and amortisation decreased by 4%, to EUR 155m, driven by lower impairment charges.

FTEs

Q2/Q2: The number of employees (FTEs) was 29,317 at the end of the second quarter, an increase of 7%, mainly due to the inclusion of Nordea Pension, additional investments in technology and risk management, and investments to drive growth.

Q2/Q1: The number of FTEs was up 1%, mainly due to additional investments in technology and risk management and investments to drive growth.

Total operating expenses

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local currency	
EURm								Q2/Q2	Q2/Q1
Staff costs	-725	-719	-721	-691	-689	5%	1%	9%	2%
Other expenses	-304	-287	-315	-276	-258	18%	6%	28%	9%
Regulatory fees	-21	-255	-16	-16	-17	24%	-92%	38%	-91%
Depreciation and amortisation	-155	-161	-160	-147	-158	-2%	-4%	3%	-2%
Total Group	-1,205	-1,422	-1,212	-1,130	-1,122	7%	-15%	13%	-14%

Total operating expenses per business area

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local currency	
EURm								Q2/Q2	Q2/Q1
Personal Banking	-491	-547	-482	-453	-445	10%	-10%	17%	-9%
Business Banking	-294	-383	-310	-292	-291	1%	-23%	7%	-21%
Large Corporates & Institutions	-180	-290	-192	-179	-190	-5%	-38%		
Asset & Wealth Management	-140	-144	-149	-137	-128	9%	-3%	12%	-3%
Group functions	-100	-58	-79	-69	-68	47%	72%		
Total Group	-1,205	-1,422	-1,212	-1,130	-1,122	7%	-15%	13%	-14%

Exchange rate effects

	Q2/Q2	Q2/Q1	Jan-Jun 23/22
Percentage points			
Income	-7	-2	-5
Expenses	-6	-2	-4
Operating profit	-7	-2	-6
Loan and deposit volumes	-5	-2	-5

Net loan losses and similar net result

Credit quality remained strong in the second quarter of 2023. Despite increased interest rates and reduced economic growth, the Nordic economies have remained resilient, with stable levels of employment.

Net loan losses and similar net result amounted to EUR 32m (4bp) for the quarter, or EUR 38m excluding the model-based fair value calculation of Danish mortgage loans. Realised loan losses remained at a relatively low level compared with the long-term average. In the first quarter of 2023 comparable net losses were EUR 19m (2bp), or EUR 21m.

Main drivers of loan losses and similar net result

New net provisions for individually assessed exposures amounted to EUR 25m and were driven by new provisions and write-offs related to retail and smaller corporate customers. No individual provision exceeded EUR 10m. The provisions were partly offset by reversals related to a few larger corporate exposures. Overall, reversals were at lower levels than in the second quarter of 2022. The net loan losses were not concentrated in any particular industry.

Collectively calculated net provisions increased by EUR 13m, mainly driven by underlying credit portfolio quality evolution.

The revaluation of Nordea Kredit's mortgage portfolio reported at fair value resulted in a EUR 6m reversal.

Net loan losses and similar net result amounted to EUR 17m in Personal Banking, EUR 37m in Business Banking and EUR 1m in Asset & Wealth Management. There were net reversals of EUR 17m in Large Corporates & Institutions and EUR 6m 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 decreased to EUR 572m from EUR 585m in the previous quarter, driven by foreign exchange (FX) effects.

The cyclical management judgement was reassessed based on updated credit portfolio assessments and stress testing. The level was kept unchanged in local currencies, and in euro terms decreased to EUR 418m, driven by FX effects.

The structural management judgement allowance 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 in euro terms decreased to EUR 154m, driven by FX effects.

This level is deemed to ensure adequate allowances to cover expected credit losses, including planned improvements to provisioning models.

See Note 11 for further details.

Credit portfolio

Lending to the public excluding reverse repurchase agreements and securities borrowing amounted to EUR 317bn 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 remained at EUR 52bn. The fair value portfolio mainly comprised Danish mortgage lending, which amounted to EUR 51bn, down from EUR 52bn in the first quarter.

Lending to the public measured at amortised cost before allowances decreased to EUR 267bn from EUR 269bn in the first quarter. Of this, 94% was classified as stage 1, 5% as stage 2 and 1% as stage 3, with the distribution unchanged from the first quarter. Quarter on quarter, stage 1 loans decreased by 1%, stage 2 loans increased by 7% and stage 3 loans increased by 1%. Stage 2 loans amounted to EUR 14bn, up 7%, year on year. Stage 3 loans amounted to EUR 2.2bn, down 16%, year on year.

The coverage ratio was 2.8% for stage 2 (down from 3.0% in the previous quarter) and 44% for stage 3 (down from 46% in the previous quarter). The fair value impairment rate decreased to 0.60% from 0.63% in the previous quarter.

Net loan loss ratio

	Q223	Q123	Q422	Q322	Q222
Basis points of loans, amortised cost¹					
Net loan loss ratios, annualised, Group	6	3	7	4	-6
of which stages 1 and 2	-3	0	1	3	-6
of which stage 3	9	3	6	1	0
Basis points of loans, total^{1,2}					
Net loan loss ratio, including loans held at fair value, annualised, Group					
Personal Banking total	4	8	4	7	-6
PeB Denmark	1	4	13	18	-7
PeB Finland	10	17	4	5	14
PeB Norway	2	5	-8	4	-1
PeB Sweden	5	7	6	1	-9
Business Banking total	15	2	15	15	-14
BB Denmark	-6	-5	14	11	-23
BB Finland	36	21	18	25	-21
BB Norway	17	-5	7	9	-27
BB Sweden	12	9	23	17	4
Large Corporates & Institutions total	-9	-12	2	-9	-8
LC&I Denmark	8	-67	4	4	-7
LC&I Finland	-27	-28	9	-30	0
LC&I Norway	-30	-23	0	-63	-38
LC&I Sweden	-10	14	6	8	9

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

Q2/Q2: Operating profit increased by 26% to EUR 1,718m, driven by higher total income. This was partly offset by higher loan losses and higher total costs.

Q2/Q1: Operating profit increased by 16% to EUR 1,718m, driven by lower regulatory fees and higher total income. These were partly offset by higher loan losses.

Taxes

Q2/Q2: Income tax expense amounted to EUR 383m, up from EUR 308m, corresponding to a tax rate of 22.3%, down from 22.6% a year ago.

Q2/Q1: Income tax expense amounted to EUR 383m, up from EUR 332m, corresponding to a tax rate of 22.3%, down from 22.4% in the previous quarter.

Net profit

Q2/Q2: Net profit increased by 27% to EUR 1,335m. Return on equity was 19.1%, up from 14.3%. Return on equity with amortised resolution fees was 18.4%, up from 13.6%.

Q2/Q1: Net profit increased by 16% to EUR 1,335m. Return on equity was 19.1%, up from 15.3%. Return on equity with amortised resolution fees was 18.4%, up from 17.1%.

Q2/Q2: Comparable diluted earnings per share were EUR 0.37, compared with EUR 0.28.

Q2/Q1: Diluted earnings per share were EUR 0.37, compared with EUR 0.31.

Operating profit per business area

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local currency	
								Q2/Q2	Q2/Q1
EURm									
Personal Banking	638	533	576	476	452	41%	20%	48%	21%
Business Banking	541	454	474	397	444	22%	19%	30%	21%
Large Corporates & Institutions	396	392	426	352	372	6%	1%		
Asset & Wealth Management	225	211	203	172	189	19%	7%	22%	8%
Group functions	-82	-110	-53	-113	-95				
Total Group	1,718	1,480	1,626	1,284	1,362	26%	16%	33%	18%

Capital position and risk exposure amount

The Nordea Group's Common Equity Tier 1 (CET1) capital ratio increased to 16.0% in the second quarter from 15.7% in the first quarter of 2023. CET1 capital increased by EUR 0.1bn, mainly driven by profit generation net of dividend accrual. This was partly offset by exchange rate effects on retained earnings. As previously announced, the countercyclical capital buffer rate (CCyB) rate in Sweden was increased from 1.0% to 2.0% as of 22 June 2023. Consequently, the Nordea Group's current CET1 regulatory capital requirement now stands at 12.0%, compared with 11.7% in the first quarter of 2023.

The risk exposure amount (REA) decreased by EUR 2.0bn, primarily due to exchange rate effects following the depreciation of the Swedish and Norwegian currencies. These were partly offset by an REA increase from higher corporate lending volumes.

The Group's Tier 1 capital ratio increased to 18.3% at the end of the second quarter from 18.0% in the first quarter. The total capital ratio increased to 20.5% from 20.1%.

At the end of the second quarter CET1 capital amounted to EUR 22.4bn, Tier 1 capital amounted to EUR 25.6bn and own funds amounted to EUR 28.6bn.

The Group's subordinated minimum requirements for own funds and eligible liabilities (MREL) ratio was 28.5% of the REA and 7.2% 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 36.0% of the REA and 9.1% of the LRE, compared with the current requirements of 29.3% of the REA and 5.98% of the LRE.

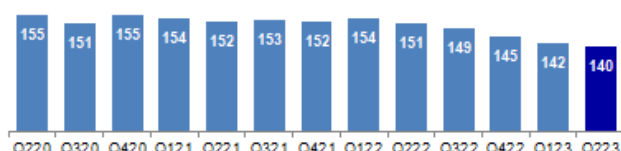
The leverage ratio remained stable, quarter on quarter, at 4.6%, as higher securities financing transaction exposure was offset by a decrease in bonds and exchange rate effects.

The Group's economic capital decreased to EUR 21.9bn in the second quarter of 2023. The decrease was mainly driven by decreased credit risk REA, which was slightly offset by higher market risk.

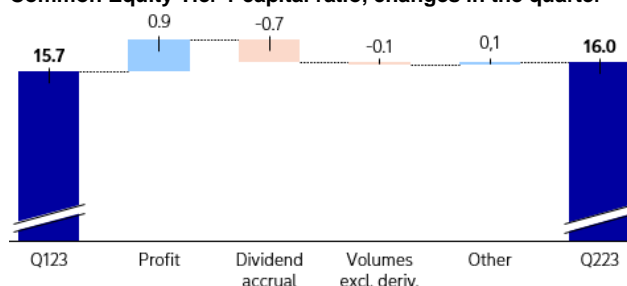
Capital ratios

%	Q223	Q123	Q422	Q322	Q222
CRR/CRD IV					
CET1 capital ratio	16.0	15.7	16.4	15.8	16.6
Tier 1 capital ratio	18.3	18.0	18.7	18.2	18.8
Total capital ratio	20.5	20.1	20.8	20.3	20.9

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.

Capital distributions

On 26 April the Board of Directors approved a new ECB-approved 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.

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

Regulatory developments

The Norwegian Ministry of Finance has implemented a systemic risk buffer (SyRB) of 4.5% for exposures located in Norway. On 28 June the board of the Finnish Financial Supervisory Authority (FSA) decided to partially reciprocate the Norwegian SyRB, at a level of 3.5%, from 1 July 2024. The Finnish FSA previously decided that a SyRB of 1.0% would apply to banks in Finland from 1 April 2024, so the incremental SyRB requirement for exposures located in Norway will be applied at a rate of 2.5%. This is expected to increase Nordea's CET1 requirement by approximately 50bp.

During the second quarter Nordea received the Single Resolution Board's decision on the Group's updated MREL requirements. The current requirements are unchanged. From 1 January 2024 the MREL requirements will be 23.30% of the REA plus the combined buffer requirement (CBR) and 7.19% of the LRE. The subordination requirements will be 20.66% of the REA plus the CBR and 7.19% of the LRE. The Single Resolution Board will assess and update the requirements annually.

Risk exposure amount

	30 Jun 2023	31 Mar 2023	30 Jun 2022
EURm			
Credit risk	107,069	108,808	116,542
IRB	94,617	96,206	101,083
- sovereign			
- corporate	61,369	62,550	65,492
- advanced	54,727	55,333	57,516
- foundation	6,642	7,217	7,976
- institutions	3,915	4,093	4,218
- retail	24,694	24,811	27,016
- items representing securitisation positions	1,628	1,458	1,152
- other	3,011	3,294	3,205
Standardised	12,453	12,602	15,459
- sovereign	239	202	177
- retail	4,248	4,492	5,351
- other	7,966	7,908	9,932
Credit valuation adjustment risk	742	803	1,094
Market risk	5,017	4,803	5,841
- trading book, internal approach	4,028	3,764	5,189
- trading book, standardised approach	989	825	652
- banking book, standardised approach		214	
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	11,146	11,514	12,325
Additional risk exposure amount due to Article 3 of the CRR	-	-	-
Total	140,023	141,976	150,827

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

	30 Jun 2023	31 Mar 2023	30 Jun 2022
EURm			
Calculation of own funds			
Equity in the consolidated situation	25,864	26,288	28,592
Profit for the period	2,469	1,135	1,326
Proposed/actual dividend	-1,738	-804	-1,297
Common Equity Tier 1 capital before regulatory adjustments	26,595	26,620	28,621
Deferred tax assets	-20	-12	-4
Intangible assets	-2,672	-2,690	-2,771
IRB provisions shortfall (-)			
Pension assets in excess of related liabilities	-194	-152	-280
Other items including buy-back deduction, net ¹	-1,316	-1,487	-535
Total regulatory adjustments to Common Equity Tier 1 capital	-4,202	-4,341	-3,590
Common Equity Tier 1 capital (net after deduction)	22,393	22,279	25,031
Additional Tier 1 capital before regulatory adjustments	3,251	3,260	3,375
Total regulatory adjustments to Additional Tier 1 capital	-19	-25	-27
Additional Tier 1 capital	3,233	3,235	3,348
Tier 1 capital (net after deduction)	25,626	25,514	28,379
Tier 2 capital before regulatory adjustments	3,157	3,201	3,334
IRB provisions excess (+)	558	541	531
Deductions for investments in insurance companies	-650	-650	-650
Other items, net	-48	-64	-64
Total regulatory adjustments to Tier 2 capital	-140	-173	-183
Tier 2 capital	3,017	3,028	3,151
Own funds (net after deduction)	28,643	28,542	31,530
¹ Other items, net if reported excluding profit.	-1,308	-1,487	-535

Own funds reported to ECB

	30 Jun ² 2023	31 Mar 2023	30 Jun 2022
EURm			
Common Equity Tier 1 capital	21,652	22,279	25,031
Tier 1 capital (net after deduction)	24,885	25,514	28,379
Total own funds	27,902	28,542	31,530

² Excluding second-quarter profit (pending application).

Balance sheet

Balance sheet data

	Q223	Q123	Q422	Q322	Q222
EURbn					
Loans to credit institutions	10	8	5	10	6
Loans to the public	340	340	346	346	348
Derivatives	32	32	37	48	38
Interest-bearing securities	70	76	68	70	70
Other assets	150	148	139	151	149
Total assets	602	604	595	625	611
Deposits from credit institutions	33	34	33	45	37
Deposits from the public	218	218	217	225	223
Debt securities in issue	190	190	180	185	187
Derivatives	33	33	40	48	39
Other liabilities	99	101	94	92	95
Total equity	29	28	31	30	30
Total liabilities and equity	602	604	595	625	611

Funding and liquidity operations

Nordea issued approximately EUR 5.4bn in long-term funding in the second quarter of 2023 (excluding Danish covered bonds and long-term certificates of deposit), of which approximately EUR 3.3bn was issued in the form of covered bonds and EUR 2.1bn was issued as senior debt. Notable transactions during the quarter included a EUR 1bn 5-year senior non-preferred bond, a CHF 300m 5-year green senior non-preferred bond, a GBP 300m 3NC2 green senior non-preferred bond, a SEK 3bn 3-year green senior non-preferred bond and a NOK 1.8bn 5-year green senior non-preferred bond.

At the end of the second 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 160% at the end of the second 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 second quarter the liquidity buffer amounted to EUR 114bn, compared with EUR 122bn at the end of the first quarter of 2023. The net stable funding ratio (NSFR) measures long-term liquidity risk. At the end of the second quarter Nordea's NSFR was 118.6%, compared with 116.3% at the end of the first quarter.

Nordea maintained a strong liquidity position throughout the second 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 second quarter Nordea had EUR 5bn outstanding under the TLTRO III programme, following a EUR 2bn repayment during the quarter. 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

	Q223	Q123	Q422	Q322	Q222
Long-term funding portion	70%	71%	73%	71%	69%
LCR total	160%	161%	162%	150%	147%
LCR EUR	148%	159%	149%	136%	141%
LCR USD	194%	294%	177%	196%	202%

Market risk

Market risk in the trading book measured by value at risk (VaR) was EUR 39.6m. Quarter on quarter, VaR increased by EUR 3.1m, primarily as a result of higher interest rate risk. Interest rate risk remained the main driver of VaR at the end of the second quarter. Trading book VaR continues to be driven by market risk related to Nordic and other Northern European exposures.

Trading book

	Q223	Q123	Q422	Q322	Q222
EURm					
Total risk, VaR	40	36	33	32	29
Interest rate risk, VaR	40	38	32	32	27
Equity risk, VaR	4	3	2	3	2
Foreign exchange risk, VaR	3	2	2	2	2
Credit spread risk, VaR	6	3	7	6	8
Inflation risk, VaR	5	2	2	2	2
Diversification effect	32%	24%	27%	30%	29%

Nordea share and credit ratings

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

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
6/30/2021	95.26	69.60	9.40
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

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

Other information

Share buy-back programmes

On 26 April 2023 Nordea's Board of Directors decided on a fourth ECB-approved 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. Nordea's share buy-backs are aimed at pursuing an efficient capital structure and generating sustainable shareholder returns by reducing the bank's excess capital.

Share cancellations and share transfers

Nordea cancelled aggregated amounts of 6,558,616 and 8,895,681 treasury shares in May and June, respectively. The shares had been held for capital optimisation purposes and acquired through buy-backs.

On 23 March 2023 the Board of Directors resolved on a directed share issuance of a maximum of 1,500,000 own shares without consideration, pursuant to Nordea's variable remuneration awards. The resolution was based on the authorisation granted to the Board of Directors by the 2022 Annual General Meeting. Based on the resolution, Nordea transferred 1,292,469 own shares held by the company in April and 3,038 own shares held by the company in May to settle its commitments to participants in its variable remuneration programmes. Following the share transfers and a technical adjustment to earlier share deliveries, Nordea held 4,787,315 treasury shares for remuneration purposes at the end of the second quarter.

Impacts from Russia's invasion of Ukraine

During the second quarter of 2023 Nordea continued to closely monitor and assess its direct exposure to Russian counterparties. The direct credit exposure after provisions is less than EUR 50m.

Nordea 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.

Acquisition of Advinans completed

In the first quarter of 2023 Nordea (through Nordea Livförsäkring Sverige AB) entered into an agreement to acquire all shares in Advinans AB, a digital pension broker platform in Sweden. Advinans offers digital solutions for corporate administration, pension advice and employee benefits. The company has 37 employees and approximately 100 corporate customers.

The acquisition was completed in May, after the necessary regulatory approvals had been received. Advinans will be integrated into Nordea and operated under the Nordea brand. The acquisition will strengthen Nordea's life and pension offering in Sweden and accelerate its ambitions to become a digital leader in corporate pensions. See Note 1 "Accounting policies" for more information.

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.

Given its operations and the jurisdictions in which it operates, Nordea does not currently expect to end up in a significant top-up tax position, but 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

	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Jan-Jun 2023	Jan-Jun 2022
EURm							
Net interest income	1,831	1,765	1,641	1,407	1,308	3,596	2,616
Net fee and commission income	751	765	785	775	797	1,516	1,626
Net insurance result	68	46	47	38	53	114	88
Net result from items at fair value	290	345	396	238	254	635	526
Profit from associated undertakings and joint ventures accounted for under the equity method	3	-12	-1	-3	-4	-9	-4
Other operating income	12	12	29	17	20	24	37
Total operating income	2,955	2,921	2,897	2,472	2,428	5,876	4,889
General administrative expenses:							
Staff costs	-725	-719	-721	-691	-689	-1,444	-1,381
Other expenses	-304	-287	-315	-276	-258	-591	-517
Regulatory fees	-21	-255	-16	-16	-17	-276	-290
Depreciation, amortisation and impairment charges of tangible and intangible assets	-155	-161	-160	-147	-158	-316	-304
Total operating expenses	-1,205	-1,422	-1,212	-1,130	-1,122	-2,627	-2,492
Profit before loan losses	1,750	1,499	1,685	1,342	1,306	3,249	2,397
Net loan losses and similar net result	-32	-19	-59	-58	56	-51	68
Operating profit	1,718	1,480	1,626	1,284	1,362	3,198	2,465
Income tax expense	-383	-332	-353	-283	-308	-715	-553
Net profit for the period	1,335	1,148	1,273	1,001	1,054	2,483	1,912
Diluted earnings per share (DEPS), EUR	0.37	0.31	0.35	0.27	0.28	0.68	0.49
DEPS, rolling 12 months up to period end, EUR	1.30	1.21	1.11	1.02	0.99	1.30	0.99

Business areas

Excluding items affecting comparability

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group functions		Nordea Group		Chg
	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	Q2 2023	Q1 2023	
EURm													
Net interest income	841	811	620	581	356	348	74	73	-60	-48	1,831	1,765	4%
Net fee and commission income	258	257	143	151	104	120	245	246	1	-9	751	765	-2%
Net insurance result	27	28	3	4	1	0	37	14	0	0	68	46	48%
Net result from items at fair value	18	18	93	109	97	192	10	23	72	3	290	345	-16%
Other income	2	1	13	-3	1	0	0	0	-1	2	15	0	
Total operating income	1,146	1,115	872	842	559	660	366	356	12	-52	2,955	2,921	1%
Total operating expenses	-491	-547	-294	-383	-180	-290	-140	-144	-100	-58	-1,205	-1,422	-15%
Net loan losses and similar net result	-17	-35	-37	-5	17	22	-1	-1	6	0	-32	-19	
Operating profit	638	533	541	454	396	392	225	211	-82	-110	1,718	1,480	16%
Cost-to-income ratio ¹ , %	45	44	37	38	39	33	39	39			43	43	
Return on capital at risk ¹ , %	27	25	23	23	19	25	60	53			24	24	
Economic capital (EC)	7,138	7,238	6,995	7,191	5,777	5,800	1,149	1,151	793	787	21,852	22,167	-1%
Risk exposure amount (REA)	41,347	42,055	41,490	42,663	40,696	40,452	7,131	6,975	9,359	9,831	140,023	141,976	-1%
Number of employees (FTEs)	6,926	6,955	3,995	3,956	1,261	1,248	3,207	3,150	13,928	13,613	29,317	28,922	1%
Volumes, EURbn²:													
Total lending	163.1	166.0	95.8	96.2	51.5	50.4	11.4	11.7	-5.2	-5.0	316.6	319.3	-1%
Total deposits	84.8	84.3	50.5	50.9	42.5	53.5	12.4	12.3	12.7	9.7	202.9	210.7	-4%

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-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	
EURm													
Net interest income	1,652	1,136	1,201	877	704	537	147	55	-108	11	3,596	2,616	37%
Net fee and commission income	515	573	294	313	224	245	491	519	-8	-24	1,516	1,626	-7%
Net insurance result	55	34	7	6	1	0	51	48	0	0	114	88	30%
Net result from items at fair value	36	54	202	187	289	299	33	-4	75	-10	635	526	21%
Other income	3	5	10	20	1	3	0	0	1	5	15	33	-55%
Total operating income	2,261	1,802	1,714	1,403	1,219	1,084	722	618	-40	-18	5,876	4,889	20%
Total operating expenses	-1,038	-948	-677	-640	-470	-464	-284	-262	-158	-178	-2,627	-2,492	5%
Net loan losses and similar net result	-52	-7	-42	24	39	44	-2	-4	6	11	-51	68	
Operating profit	1,171	847	995	787	788	664	436	352	-192	-185	3,198	2,465	30%
Cost-to-income ratio ¹ , %	44	51	37	43	35	38	39	42			43	48	
Return on capital at risk ¹ , %	26	18	23	19	22	19	56	33			24	17	
Economic capital (EC)	7,138	7,659	6,995	6,790	5,777	5,877	1,149	1,550	793	938	21,852	22,814	-4%
Risk exposure amount (REA)	41,347	45,284	41,490	42,800	40,696	42,979	7,131	8,477	9,359	11,183	140,023	150,723	-7%
Number of employees (FTEs)	6,926	6,937	3,995	3,930	1,261	1,216	3,207	2,799	13,928	12,468	29,317	27,350	7%
Volumes, EURbn²:													
Total lending	163.1	171.7	95.8	97.7	51.5	51.5	11.4	11.8	-5.2	-4.2	316.6	328.5	-4%
Total deposits	84.8	87.9	50.5	54.8	42.5	50.0	12.4	12.9	12.7	5.0	202.9	210.6	-4%

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 and continued to build strong digital relationships with our customers. Our mortgage volume growth followed the slowing housing market. Total lending volumes were stable in local currencies, year on year, while deposit volumes increased by 1% due to savings deposit growth across the countries.

Customer investment activity and demand for new loan promises remained lower than a year ago. We continued to see increased interest in deposits and further expanded our deposit product offering. For example, customers in Sweden can now make recurring transfers into both savings deposits and investment funds through digital channels. In Finland, we introduced interest rate tiers for our basic savings accounts, enabling customers to earn higher interest on larger deposit amounts.

Meeting activity and traffic to our advisers remained at high levels, driven by high customer demand for advice related to personal finances. Digital customer activity further increased, with private mobile app users and logins up 7% and 9%, respectively, year on year. In Sweden we drove a 21% year-on-year increase in digitally generated leads for mortgage and savings advisers, supporting our continued market share growth. To make it easier for customers to manage their savings digitally, we launched additional insights features in the mobile app and net bank.

We also continued to expand our sustainability product offering. In Sweden, we launched a dedicated loan for customers purchasing solar panels from the Swedish energy company Vattenfall. In Denmark, customers can now use our digital adviser Nora to start growing their children's savings via our ESG balanced funds – an offering already available in the other Nordic countries. The ESG share of gross inflows into funds remained high at 31%.

Financial outcome

Total income was up 29%, year on year, mainly due to a 47% year-on-year improvement in net interest income. The latter was driven by deposit volume growth and 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 10%, year on year, mainly driven by lower savings and investment income and lower lending fee income.

Net insurance result increased by 80%, 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.

Net result from items at fair value increased by 20%, year on year, due to the revaluation of an ownership stake.

Total expenses increased by 10%, year on year, due to increased investments in technology and risk management in line with our business plan. The cost-to-income ratio with amortised resolution fees improved to 45% from 51% in the second quarter of 2022, driven by higher income.

Total net loan losses and similar net result amounted to EUR 17m (4bp), in line with our expectations.

Operating profit increased by 41%, year on year, to EUR 638m. Return on capital at risk was 27%, compared with 17% in the same quarter last year.

Personal Banking Denmark

Total income increased by 17% in local currency, year on year.

Net interest income increased by 32% in local currency, year on year, primarily driven by higher deposit volumes and improved deposit margins.

Lending volumes decreased by 1% in local currency, year on year, as decreasing mortgage volumes were only partly offset by increased demand for housing loans in the banking book with shorter interest rate periods. Deposit volumes increased by 6%, driven by higher savings deposit volumes.

Net fee and commission income decreased by 13% in local currency, year on year, mainly driven by lower savings and investment income and lower lending fee income.

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

Personal Banking Finland

Total income increased by 88%, year on year.

Net interest income increased by 156%, year on year, primarily driven by improved deposit margins. These were partly offset by lower mortgage margins.

Lending volumes decreased by 1%, year on year. Deposit volumes decreased by 2%, year on year, 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, mainly driven by higher lending fee income.

Net loan losses and similar net result amounted to EUR 9m (10bp).

Personal Banking Norway

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

Net interest income increased by 17% 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.

Lending volumes increased 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 20% in local currency, year on year, mainly driven by commission expenses not present in the comparative figures.

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

Personal Banking Sweden

Total income increased by 28% in local currency, year on year.

Net interest income increased by 43% 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 the mortgage business. Deposit volumes remained stable.

Net fee and commission income decreased by 5%, year on year, mainly driven by lower payment and card fee income.

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

Personal Banking total

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local curr.		Jan- Jun 23	Jan- Jun 22	Jan-Jun 23/22		
								Q2/Q2	Q2/Q1			EUR	Local	
EURm														
Net interest income	841	811	764	636	571	47%	4%	56%	5%	1,652	1,136	45%	52%	
Net fee and commission income	258	257	272	292	287	-10%	0%	-6%	2%	515	573	-10%	-7%	
Net insurance result	27	28	27	16	15	80%	-4%	80%	-7%	55	34	62%	70%	
Net result from items at fair value	18	18	13	16	15	20%	0%	29%	-5%	36	54	-33%	-29%	
Other income	2	1	0	0	3					3	5			
Total income incl. allocations	1,146	1,115	1,076	960	891	29%	3%	36%	4%	2,261	1,802	25%	31%	
Total expenses incl. allocations	-491	-547	-482	-453	-445	10%	-10%	17%	-9%	-1,038	-948	9%	15%	
Profit before loan losses	655	568	594	507	446	47%	15%	54%	17%	1,223	854	43%	50%	
Net loan losses and similar net result	-17	-35	-18	-31	6					-52	-7			
Operating profit	638	533	576	476	452	41%	20%	48%	21%	1,171	847	38%	44%	
Cost-to-income ratio ¹ , %	45	44	46	49	51					44	51			
Return on capital at risk ¹ , %	27	25	23	19	17					26	18			
Economic capital (EC)	7,138	7,238	7,219	7,369	7,659	-7%	-1%			7,138	7,659	-7%		
Risk exposure amount (REA)	41,347	42,055	42,498	43,552	45,284	-9%	-2%			41,347	45,284	-9%		
Number of employees (FTEs)	6,926	6,955	6,824	6,819	6,937	0%	0%			6,926	6,937	0%		
Volumes, EURbn:														
Mortgage lending	141.9	144.6	148.2	149.5	150.6	-6%	-2%	0%	0%	141.9	150.6	-6%	0%	
Other lending	21.2	21.4	21.3	21.3	21.1	0%	-1%	4%	0%	21.2	21.1	0%	4%	
Total lending	163.1	166.0	169.5	170.8	171.7	-5%	-2%	0%	0%	163.1	171.7	-5%	0%	
Total deposits	84.8	84.3	85.9	87.1	87.9	-4%	1%	1%	2%	84.8	87.9	-4%	1%	

¹ With amortised resolution fees.

Personal Banking

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local curr.		Jan- Jun 23	Jan- Jun 22	Jan-Jun 23/22	
								Q2/Q2	Q2/Q1			EUR	Local
Net interest income, EURm													
PeB Denmark	208	197	183	171	158	32%	6%	32%	6%	405	312	30%	30%
PeB Finland	264	226	192	124	103	156%	17%	156%	17%	490	211	132%	132%
PeB Norway	116	128	113	119	117	-1%	-9%	17%	-3%	244	238	3%	17%
PeB Sweden	254	260	267	222	195	30%	-2%	43%	0%	514	381	35%	46%
Other	-1	0	9	0	-2					-1	-6		
Net fee and commission income, EURm													
PeB Denmark	72	70	83	82	82	-12%	3%	-13%	0%	142	158	-10%	-10%
PeB Finland	79	76	78	77	78	1%	4%	1%	4%	155	156	-1%	-1%
PeB Norway	17	23	25	28	26	-35%	-26%	-20%	-17%	40	51	-22%	-10%
PeB Sweden	90	90	86	104	103	-13%	0%	-5%	1%	180	211	-15%	-8%
Other	0	-2	0	1	-2					-2	-3		
Net loan losses and similar net result, EURm													
PeB Denmark	-1	-5	-15	-21	8					-6	17		
PeB Finland	-9	-16	-4	-5	-13					-25	-27		
PeB Norway	-2	-4	7	-4	1					-6	0		
PeB Sweden	-6	-9	-7	-1	11					-15	5		
Other	1	-1	1	0	-1					0	-2		
Volumes, EURbn													
Personal Banking Denmark													
Mortgage lending	34.9	35.1	35.6	36.3	36.5	-4%	-1%	-4%	-1%	34.9	36.5	-4%	-4%
Other lending	10.0	9.9	9.5	9.2	8.8	14%	1%	14%	1%	10.0	8.8	14%	14%
Total lending	44.9	45.0	45.1	45.5	45.3	-1%	0%	-1%	0%	44.9	45.3	-1%	-1%
Total deposits	22.9	22.2	22.0	21.7	21.7	6%	3%	6%	3%	22.9	21.7	6%	6%
Personal Banking Finland													
Mortgage lending	30.7	30.9	31.2	31.1	31.0	-1%	-1%	-1%	-1%	30.7	31.0	-1%	-1%
Other lending	6.1	6.1	6.1	6.2	6.2	-2%	0%	-2%	0%	6.1	6.2	-2%	-2%
Total lending	36.8	37.0	37.3	37.3	37.2	-1%	-1%	-1%	-1%	36.8	37.2	-1%	-1%
Total deposits	26.3	26.1	26.5	27.0	26.9	-2%	1%	-2%	1%	26.3	26.9	-2%	-2%
Personal Banking Norway													
Mortgage lending	31.2	31.8	34.2	33.9	34.9	-11%	-2%	1%	1%	31.2	34.9	-11%	1%
Other lending	2.1	2.2	2.4	2.5	2.6	-19%	-5%	-4%	0%	2.1	2.6	-19%	-4%
Total lending	33.3	34.0	36.6	36.4	37.5	-11%	-2%	1%	1%	33.3	37.5	-11%	1%
Total deposits	10.1	9.8	10.7	10.7	11.2	-10%	3%	3%	7%	10.1	11.2	-10%	3%
Personal Banking Sweden													
Mortgage lending	45.1	46.9	47.2	48.1	48.2	-6%	-4%	3%	1%	45.1	48.2	-6%	3%
Other lending	3.0	3.1	3.3	3.5	3.5	-14%	-3%	-9%	0%	3.0	3.5	-14%	-9%
Total lending	48.1	50.0	50.5	51.6	51.7	-7%	-4%	2%	1%	48.1	51.7	-7%	2%
Total deposits	25.6	26.2	26.7	27.7	28.1	-9%	-2%	0%	2%	25.6	28.1	-9%	0%

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 second quarter we further enhanced customer experience and maintained a solid financial performance. We continued to grow our lending volumes, especially in Norway and Sweden. Lending volumes increased by 4% in local currencies, year on year. Deposit volumes decreased by 3%, and central bank policy rate hikes continued to drive deposit income growth.

Customer satisfaction increased slightly during the quarter. We increased our proactive support for customers to help them tackle the current macroeconomic challenges. We also continued work to improve service quality, particularly in our contact centres.

To support our aim to be the leading digital bank for SMEs, we continued to develop the Nordea Business net bank and mobile app. During the quarter we added new products to the online store available in Denmark, Finland and Sweden, thus providing customers with more opportunities to manage their products and services online. Customer feedback on the net bank remained stable, and mobile app ratings averaged above 4.4 out of 5 for the quarter.

We remain committed to accelerating the transition to a more sustainable economy. In May, we introduced a new sustainability guarantee for Finnish and Swedish-based SME customers in collaboration with the European Investment Fund. The guarantee offers customers beneficial terms and eased collateral requirements when they make eligible investments, such as solar panels or energy renovations of commercial buildings.

We also continued with the Danish roll-out of our business carbon calculator. Offered in partnership with the carbon accounting software provider Normative, the calculator helps SME customers in Norway, Sweden and parts of Denmark understand their emissions and identify climate transition opportunities. Customers in Sweden can also now benefit from our green deposit offering, which was previously only available in Norway. At the end of the quarter our sustainable financing portfolio accounted for 9% of total lending.

Financial outcome

Total income in the second quarter increased by 25%, year on year, driven by higher lending volumes, improved deposit margins and higher net result from items at fair value.

Net interest income increased by 41%, 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 9%, year on year, due to decreases in equity and debt capital markets income from the high levels of a year ago. These were partly offset by higher lending fee income and higher payment and card fee income.

Net result from items at fair value increased by 2%, year on year, driven by higher trading income.

Total expenses increased by 1%, year on year, driven by investments in technology and risk management. The cost-to-income ratio with amortised resolution fees was 37%, an improvement of 6 percentage points on the same quarter last year.

Net loan losses and similar net result amounted to EUR 37m (15bp), compared with net reversals of EUR 35m in the same quarter last year. Net loan losses were driven by a small number of customers, mainly related to the construction and retail sectors.

Operating profit increased by 22%, year on year, to EUR 541m, driven by higher income. Return on capital at risk was 23%, compared with 19% in the same quarter last year.

Business Banking Denmark

Net interest income increased by 38% in local currency, year on year, driven by higher deposit volumes and improved deposit margins.

Lending volumes increased by 1% in local currency, year on year. Deposit volumes increased by 5%, driven by fixed-term deposits.

Net fee and commission income increased by 4% in local currency, year on year, driven by higher equity capital markets income and higher payment and card fee income. The increase was partly offset by lower mortgage refinancing activity and lower savings income.

Net loan losses and similar net result amounted to net reversals of EUR 4m (6bp), compared with net reversals of EUR 15m in the same quarter last year.

Business Banking Finland

Net interest income increased by 65%, year on year, driven by improved deposit margins. The increase was partly offset by lower lending margins.

Lending volumes decreased by 2%, 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 payment and card fee income.

Net loan losses and similar net result amounted to EUR 18m (36bp), up from net reversals of EUR 11m in the same quarter last year. Net loan losses were driven by a small number of customers.

Business Banking Norway

Net interest income increased by 34% in local currency, year on year, driven by higher lending volumes and improved deposit margins.

Lending volumes increased by 10% in local currency, year on year. Deposit volumes decreased by 6%, driven by a few large depositors.

Net fee and commission income increased by 3% in local currency, year on year, driven by higher payment and card fee income and higher lending fee income.

Net loan losses and similar net result amounted to EUR 10m (17bp), up from net reversals of EUR 16m in the same quarter last year. Net loan losses were mainly driven by a small number of customers.

Business Banking Sweden

Net interest income increased by 63% 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 6% in local currency, year on year. Deposit volumes decreased by 5%.

Net fee and commission income decreased by 12% in local currency, year on year, due to lower equity and debt capital markets income. This was partly offset by higher lending fee income and higher payment and card fee income.

Net loan losses and similar net result amounted to EUR 8m (12bp), up from EUR 3m in the same quarter last year.

Business Banking total

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local curr.		Jan- Jun 23	Jan- Jun 22	Jan-Jun 23/22	
EURm								Q2/Q2	Q2/Q1			EUR	Local
Net interest income	620	581	556	481	439	41%	7%	51%	9%	1,201	877	37%	45%
Net fee and commission income	143	151	158	142	157	-9%	-5%	-5%	-5%	294	313	-6%	-2%
Net insurance result	3	4	4	3	3	0%	-25%	33%	0%	7	6	17%	33%
Net result from items at fair value	93	109	93	95	91	2%	-15%	7%	-14%	202	187	8%	13%
Other income	13	-3	10	5	10					10	20		
Total income incl. allocations	872	842	821	726	700	25%	4%	33%	6%	1,714	1,403	22%	29%
Total expenses incl. allocations	-294	-383	-310	-292	-291	1%	-23%	7%	-21%	-677	-640	6%	11%
Profit before loan losses	578	459	511	434	409	41%	26%	51%	28%	1,037	763	36%	44%
Net loan losses and similar net result	-37	-5	-37	-37	35					-42	24		
Operating profit	541	454	474	397	444	22%	19%	30%	21%	995	787	26%	33%
Cost-to-income ratio ¹ , %	37	38	40	43	43					37	43		
Return on capital at risk ¹ , %	23	23	21	17	19					23	19		
Economic capital (EC)	6,995	7,191	6,684	6,707	6,790	3%	-3%			6,995	6,790	3%	
Risk exposure amount (REA)	41,490	42,663	42,145	42,100	42,800	-3%	-3%			41,490	42,800	-3%	
Number of employees (FTEs)	3,995	3,956	3,930	3,939	3,930	2%	1%			3,995	3,930	2%	
Volumes, EURbn:													
Total lending	95.8	96.2	97.9	97.7	97.7	-2%	0%	4%	2%	95.8	97.7	-2%	4%
Total deposits	50.5	50.9	53.0	53.3	54.8	-8%	-1%	-3%	1%	50.5	54.8	-8%	-3%

¹ With amortised resolution fees.

Business Banking

	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q2/Q2	Q2/Q1	Local curr.		Jan- Jun 23	Jan- Jun 22	Jan-Jun EUR	23/22 Local
								Q2/Q2	Q2/Q1				
Net interest income, EURm													
Business Banking Denmark	127	119	106	100	93	37%	7%	38%	8%	246	184	34%	34%
Business Banking Finland	170	147	132	104	103	65%	16%	65%	16%	317	224	42%	42%
Business Banking Norway	143	141	148	134	124	15%	1%	34%	7%	284	243	17%	33%
Business Banking Sweden	169	166	163	138	114	48%	2%	63%	5%	335	217	54%	67%
Other	11	8	7	5	5					19	9		
Net fee and commission income, EURm													
Business Banking Denmark	29	32	31	32	28	4%	-9%	4%	-9%	61	61	0%	0%
Business Banking Finland	52	56	53	49	52	0%	-7%	0%	-7%	108	103	5%	5%
Business Banking Norway	28	28	29	27	30	-7%	0%	3%	0%	56	61	-8%	3%
Business Banking Sweden	49	48	51	50	60	-18%	2%	-12%	2%	97	115	-16%	-9%
Other	-15	-13	-6	-16	-13					-28	-27		
Net loan losses and similar net result, EURm													
Business Banking Denmark	4	3	-9	-7	15					7	22		
Business Banking Finland	-18	-11	-9	-13	11					-29	-4		
Business Banking Norway	-10	3	-4	-5	16					-7	18		
Business Banking Sweden	-8	-6	-16	-12	-3					-14	-12		
Other	-5	6	1	0	-4					1	0		
Lending, EURbn													
Business Banking Denmark	26.0	25.8	26.1	25.9	25.8	1%	1%	1%	1%	26.0	25.8	1%	1%
Business Banking Finland	20.2	20.5	20.5	20.8	20.6	-2%	-1%	-1%	-1%	20.2	20.6	-2%	-1%
Business Banking Norway	22.9	22.5	23.8	23.4	23.6	-3%	2%	10%	4%	22.9	23.6	-3%	10%
Business Banking Sweden	26.7	27.4	27.5	27.6	27.7	-4%	-3%	6%	2%	26.7	27.7	-4%	6%
Other	0	0	0	0	0					0	0		
Deposits, EURbn													
Business Banking Denmark	10.8	10.5	10.4	10.2	10.3	5%	3%	5%	3%	10.8	10.3	5%	5%
Business Banking Finland	14.6	15.0	15.4	15.0	15.3	-5%	-3%	-4%	-2%	14.6	15.3	-5%	-4%
Business Banking Norway	8.6	8.7	9.8	10.0	10.2	-16%	-1%	-6%	0%	8.6	10.2	-16%	-6%
Business Banking Sweden	16.5	16.7	17.4	18.1	19.0	-13%	-1%	-5%	3%	16.5	19.0	-13%	-5%
Other	0	0	0	0	0					0	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 second quarter we made further solid progress with our strategy execution and towards our financial targets. Our support for our core Nordic customers, many of whom had prolonged their liquidity planning horizon in response to the uncertainty, drove a 3% year-on-year increase in lending volumes, excluding foreign exchange effects. Deposit volumes were down 15%. The decrease was driven by a combination of foreign exchange effects and the normalisation of energy sector customer deposit levels, which had been elevated in 2022.

In Debt Capital Markets activity normalised, with financial institutions emerging as the most active issuers during the quarter. In Equity Capital Markets and Mergers & Acquisitions the uncertainty remained, although activity levels somewhat improved and our project pipeline strengthened. Highlights included a EUR 1.15bn dual-tranche deal for Fortum and an underwritten rights issue for Castellum. We also advised Uponor regarding the public offer from Georg Fischer, and Goldman Sachs Asset Management on the acquisition of Frøy, respectively.

Nordea Markets delivered a solid result in a market with emerging signs of a challenging real economy. Our sound risk management, cost control and capital discipline remain key to enabling continued customer support and solid results.

During the quarter Global Finance Magazine named us the best bank for sustainable finance in Denmark, Finland and Norway and the best for outstanding leadership in transition/sustainability-linked loans in Western Europe. We remain a leading platform for sustainable advisory services and are on track to facilitate EUR 200bn in sustainable financing by 2025. We also continue to improve our staff training, operating processes and data foundation, supported by our newly launched strategic data collection tool for emissions and our climate transition plan maturity ladder. By the end of the quarter we regained the number one position for Nordic corporate sustainable bonds.

Financial outcome

Total income was up 2%, year on year, driven by strong growth in net interest income. This was partly offset by lower net result from items at fair value and foreign exchange effects.

Net interest income increased by 33%, year on year, driven by higher deposit margins, higher average lending volumes and higher treasury-related income.

Net fee and commission income was down 8%, year on year, amid continued weak capital markets and low investor risk appetite.

Net result from items at fair value decreased by 40%, year on year, following the very high level seen in the second quarter of 2022. We continued to drive high levels of customer activity and maintained strong risk management, benefiting from our pan-Nordic diversification.

Total expenses decreased by 5%, year on year, supported by foreign exchange effects. The cost-to-income ratio with amortised resolution fees was 39%, compared with 37% a year ago.

Net loan losses and similar net result amounted to net reversals of EUR 17m (9bp), compared with net reversals of EUR 15m in the same quarter last year, reflecting our strong credit quality.

Operating profit amounted to EUR 396m, a year-on-year increase of 6%, supported by income growth and net loan loss reversals.

We continued to exercise solid capital discipline. Return on capital at risk (ROCAR) was 19%, unchanged from the same quarter last year. In the first half of 2023 ROCAR was 22%, up 3 percentage points compared with the same period last year.

Large Corporates & Institutions total

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Jan-Jun 23	Jan-Jun 22	Jan-Jun 23/22
EURm										
Net interest income	356	348	343	289	268	33%	2%	704	537	31%
Net fee and commission income	104	120	111	106	113	-8%	-13%	224	245	-9%
Net insurance result	1	0	1	0	0			1	0	
Net result from items at fair value	97	192	155	120	163	-40%	-49%	289	299	-3%
Equity method & other income	1	0	12	0	3			1	3	
Total income incl. allocations	559	660	622	515	547	2%	-15%	1,219	1,084	12%
Total expenses incl. allocations	-180	-290	-192	-179	-190	-5%	-38%	-470	-464	1%
Profit before loan losses	379	370	430	336	357	6%	2%	749	620	21%
Net loan losses and similar net result	17	22	-4	16	15			39	44	
Operating profit	396	392	426	352	372	6%	1%	788	664	19%
Cost-to-income ratio ¹ , %	39	33	35	40	37			35	38	
Return on capital at risk ¹ , %	19	25	21	16	19			22	19	
Economic capital (EC)	5,777	5,800	5,669	6,078	5,877	-2%	0%	5,777	5,877	-2%
Risk exposure amount (REA)	40,696	40,452	41,603	44,383	42,979	-5%	1%	40,696	42,979	-5%
Number of employees (FTEs)	1,261	1,248	1,230	1,249	1,216	4%	1%	1,261	1,216	4%
Volumes, EURbn²:										
Total lending	51.5	50.4	51.6	54.2	51.5	0%	2%	51.5	51.5	0%
Total deposits	42.5	53.5	51.2	55.5	50.0	-15%	-21%	42.5	50.0	-15%

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

Large Corporates & Institutions

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Jan-Jun 23	Jan-Jun 22	Jan-Jun 23/22
Net interest income, EURm										
Denmark	64	68	60	53	50	28%	-6%	132	90	47%
Finland	63	59	53	37	39	62%	7%	122	87	40%
Norway	91	90	92	85	80	14%	1%	181	154	18%
Sweden	122	116	123	102	92	33%	5%	238	190	25%
Other	16	15	15	12	7			31	16	
Net fee and commission income, EURm										
Denmark	29	26	27	23	32	-9%	12%	55	63	-13%
Finland	27	34	35	31	30	-10%	-21%	61	64	-5%
Norway	24	26	32	26	23	4%	-8%	50	50	0%
Sweden	37	38	32	29	46	-20%	-3%	75	91	-18%
Other	-13	-4	-15	-3	-18			-17	-23	
Net loan losses and similar net result, EURm										
Denmark	-2	16	-1	-1	2			14	2	
Finland	6	6	-2	7	0			12	5	
Norway	9	7	0	20	12			16	31	
Sweden	5	-7	-3	-4	-4			-2	0	
Other	-1	0	2	-6	5			-1	6	
Lending, EURbn¹										
Denmark	9.8	9.5	10.2	11.2	11.0	-11%	3%	9.8	11.0	-11%
Finland	8.8	8.6	8.6	9.3	8.4	5%	2%	8.8	8.4	5%
Norway	12.0	12.1	12.6	12.8	12.7	-6%	-1%	12.0	12.7	-6%
Sweden	20.1	19.5	19.4	20.0	18.4	9%	3%	20.1	18.4	9%
Other	0.8	0.7	0.8	0.8	1.0			0.8	1.0	
Deposits, EURbn¹										
Denmark	7.8	11.6	10.5	10.2	7.6	3%	-33%	7.8	7.6	3%
Finland	12.4	14.4	15.5	12.8	13.5	-8%	-14%	12.4	13.5	-8%
Norway	9.8	15.1	13.0	14.0	11.0	-11%	-35%	9.8	11.0	-11%
Sweden	12.5	12.4	12.3	18.5	17.9	-30%	1%	12.5	17.9	-30%
Other	0	0	-0.1	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 second quarter we maintained strong momentum in Private Banking and continued to support our customers with high-quality investment advice. In line with our growth plans, we attracted further new customers and secured positive net flows of EUR 1.8bn. Deposit margins continued to improve.

During the quarter assets under management (AuM) increased by EUR 0.7bn to EUR 363.1bn, driven by appreciating stock markets. In internal channels, net flows remained strong at EUR 2.6bn, with Sweden as the biggest contributor. In external channels, as seen throughout the industry, the higher interest rates have led to third-party distribution customers switching from funds to traditional banking products or direct government bond investments – leading to negative net flows and causing the related fund market to reduce in size. We maintained our high level of customer interaction in order to reinforce our market presence and counteract outflows. Despite our efforts, net flows remained negative, ending at EUR -2.5bn. Year on year, AuM increased by 2%.

In Asset Management investment performance remained strong, with 76% of aggregated composites providing excess return on a three-year basis. By the end of the quarter approximately 67% of total AuM were in ESG products. Our long-standing focus on ESG continues to gain recognition among investors. We won the 2023 Environmental Finance sustainable investment award for infrastructure fund of the year with our Global Sustainable Listed Real Assets Fund. We were also ranked highest in the Nordics by the 2023 Responsible Investment Brand Index in its avant-gardist category, signalling above-average brand and commitment ratings.

In Life & Pension we continue to execute our growth plans. During the quarter we launched further new Nordea Pension products and completed the acquisition of the Swedish digital pensions platform Advinans AB, which we will subsequently integrate and operate under our brand. The acquisition has strengthened our life and pension offering in Sweden and accelerated our strategic ambitions within savings. In Norway, we have established a market-leading position in the pension transfer market, one of our focus areas. Gross written premiums in the quarter amounted to EUR 2.2bn, up from EUR 1.4bn a year ago.

We continued to deliver on our strategic objective to be a digital leader within savings and investments. During the quarter, we launched enhanced functionalities for savings and investments in the mobile app, introduced features to facilitate closer customer-adviser interaction, and reduced time-to-market development cycles. In Sweden, we significantly improved operational efficiency by further integrating our digital pensions adviser, Nora Pension, into our advisory process.

Financial outcome

Total income in the second quarter was up 14%, year on year, mainly due to higher deposit income. The increase was partly offset by lower average AuM.

Net interest income was up 155%, 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 6%, year on year, mainly due to the inclusion of Nordea Pension.

Net result from items at fair value amounted to EUR 10m, compared with EUR 2m a year ago, mainly due to gains on shareholders' equity portfolios in Life & Pension and the inclusion of Nordea Pension.

Total expenses increased by 9%, 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 1 percentage point to 39%.

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

Operating profit in the second quarter was EUR 225m, a year-on-year increase of 19%. Return on capital at risk stood at 60%, an improvement of 23 percentage points, driven by improved operating profit and lower economic capital resulting from the implementation of IFRS 17.

Asset & Wealth Management total

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Local curr.		Jan- Jun 23	Jan- Jun 22	Jan-Jun 23/22	
								Q2/Q2	Q2/Q1			EUR	Local
EURm													
Net interest income	74	73	73	41	29	155%	1%	171%	3%	147	55	167%	183%
Net fee and commission income	245	246	255	252	254	-4%	0%	-2%	1%	491	519	-5%	-4%
Net insurance result	37	14	14	19	35	6%		11%		51	48	6%	13%
Net result from items at fair value	10	23	9	-3	2		-57%		-63%	33	-4		
Other income	0	0	-1	0	0					0	0		
Total income incl. allocations	366	356	350	309	320	14%	3%	17%	4%	722	618	17%	19%
Total expenses incl. allocations	-140	-144	-149	-137	-128	9%	-3%	12%	-3%	-284	-262	8%	11%
Profit before loan losses	226	212	201	172	192	18%	7%	21%	8%	438	356	23%	25%
Net loan losses and similar net result	-1	-1	2	0	-3					-2	-4		
Operating profit	225	211	203	172	189	19%	7%	22%	8%	436	352	24%	26%
Cost-to-income ratio ¹ , %	39	39	43	45	40					39	42		
Return on capital at risk ¹ , %	60	53	41	34	37					56	33		
Economic capital (EC)	1,149	1,151	1,498	1,499	1,550	-26%	0%			1,149	1,550	-26%	
Risk exposure amount (REA)	7,131	6,975	8,651	8,464	8,477	-16%	2%			7,131	8,477	-16%	
Number of employees (FTEs)	3,207	3,150	3,172	2,832	2,799	15%	2%			3,207	2,799	15%	
Volumes, EURbn:													
AuM	363.1	362.4	358.9	341.4	355.5	2%	0%			363.1	355.5	2%	
Total lending	11.4	11.7	11.9	11.9	11.8	-3%	-3%	1%	-2%	11.4	11.8	-3%	1%
Total deposits	12.4	12.3	13.3	13.2	12.9	-4%	1%	0%	2%	12.4	12.9	-4%	0%

¹ With amortised resolution fees.

Assets under Management (AuM), volumes and net flow

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Net flow	
								Jan- Jun 23	Jan- Jun 22
EURbn									
Nordic Retail funds	74.5	73.4	71.3	70.3	72.6				0.2
Private Banking	110.1	109.1	107.5	102.4	106.1				1.8
Institutional sales	104.2	106.7	108.6	109.2	115.9				-2.5
Life & Pension	74.4	73.2	71.5	59.5	60.8				0.6
Total	363.1	362.4	358.9	341.4	355.5				0.1

Asset Management - asset under management and net flow¹

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Jan- Jun 23	Jan- Jun 22	Jan- Jun 23/22
EURbn										
AuM, internal channels	136.6	134.0	130.1	128.1	131.8	4%	2%	136.6	131.8	4%
AuM, external channels	104.2	106.7	108.6	109.2	115.9	-10%	-2%	104.2	115.9	-10%
AuM, total	240.7	240.7	238.7	237.3	247.7	-3%	0%	240.7	247.7	-3%
- whereof ESG AuM ²	161.0	159.9	157.4	146.9	150.4	7%	1%	161.0	150.4	7%
Net inflow, internal channels	0.6	0.4	-0.7	-0.5	-0.9			1.0	-2.2	
Net inflow, external channels	-2.5	-3.4	-3.0	-3.4	-0.9			-5.9	-2.9	
Net inflow, total	-1.9	-3.0	-3.7	-3.9	-1.8			-4.9	-5.2	
- whereof ESG net inflow ²	-1.1	-0.2	-1.7	-0.8	-0.4			-1.3	-2.3	

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

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

Net fee and commission income	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Jan-Jun 23	Jan-Jun 22	Jan-Jun 23/22
EURm										
PB Denmark	45	41	43	43	45	0%	10%	86	91	-5%
PB Finland	40	38	37	37	38	5%	5%	78	78	0%
PB Norway	13	11	11	11	13	0%	18%	24	26	-8%
PB Sweden	27	28	27	28	29	-7%	-4%	55	60	-8%
Asset Management	118	116	127	129	131	-10%	2%	234	262	-11%
Other	2	12	10	4	-2		-83%	14	2	
Total	245	246	255	252	254	-4%	0%	491	519	-5%

Private Banking	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Jan-Jun 23	Jan-Jun 22	Jan-Jun 23/22
AuM, EURbn										
PB Denmark	33.9	32.8	31.9	29.8	30.9	10%	3%	33.9	30.9	10%
PB Finland	35.5	35.9	35.7	33.8	35.3	1%	-1%	35.5	35.3	1%
PB Norway	10.0	9.9	10.3	9.7	10.0	-1%	1%	10.0	10.0	-1%
PB Sweden	30.7	30.5	29.6	29.1	29.8	3%	1%	30.7	29.8	3%
Private Banking	110.1	109.1	107.5	102.4	106.1	4%	1%	110.1	106.1	4%
Lending, EURbn										
PB Denmark	4.2	4.3	4.3	4.3	4.2	0%	-2%	4.2	4.2	0%
PB Finland	2.6	2.7	2.8	2.8	2.8	-7%	-4%	2.6	2.8	-7%
PB Norway	1.8	1.8	1.9	1.8	1.8	0%	0%	1.8	1.8	0%
PB Sweden	2.8	2.9	2.9	3.0	3.0	-7%	-3%	2.8	3.0	-7%
Private Banking	11.4	11.7	11.9	11.9	11.8	-3%	-3%	11.4	11.8	-3%

Life & Pension

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Jan-Jun 23	Jan-Jun 22	Jan-Jun 23/22
EURm										
AuM, EURbn	70.2	69.1	67.3	55.4	56.5	24%	2%	70.2	56.5	24%
Premiums	2,178	2,264	1,234	1,266	1,425	53%	-4%	4,441	3,382	31%
Profit drivers										
Profit traditional products	13	14	-9	1	4		-2%	27	8	
Profit market return products	70	74	63	64	65	7%	-5%	143	132	8%
Profit risk products	24	10	17	22	23	9%		34	42	-19%
Total product result	108	97	71	87	91	18%	11%	204	182	12%

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 second 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 second quarter amounted to EUR 12m, up from EUR -30m in the same quarter last year. The increase was mainly driven by higher net result from items at fair value.

Net interest income decreased by EUR 61m, year on year, mainly driven by higher funding costs due to higher issuance spreads in the market.

Net result from items at fair value increased by EUR 89m, year on year, mainly due to positive revaluations and hedging results.

Total operating expenses amounted to EUR 100m, a year-on-year increase of EUR 32m, mainly driven by inflation.

Group functions

	Q223	Q123	Q422	Q322	Q222	Q2/Q2	Q2/Q1	Jan-Jun 23	Jan-Jun 22
EURm									
Net interest income	-60	-48	-95	-40	1			-108	11
Net fee and commission income	1	-9	-11	-17	-14			-8	-24
Net insurance result	0	0	1	0	0			0	0
Net result from items at fair value	72	3	126	10	-17			75	-10
Other income	-1	2	7	9	0			1	5
Total operating income	12	-52	28	-38	-30			-40	-18
Total operating expenses	-100	-58	-79	-69	-68			-158	-178
Profit before loan losses	-88	-110	-51	-107	-98			-198	-196
Net loan losses and similar net result	6	0	-2	-6	3			6	11
Operating profit	-82	-110	-53	-113	-95			-192	-185
Economic capital (EC)	793	787	840	893	938			793	938
Risk exposure amount (REA)	9,359	9,831	10,402	10,878	11,183			9,359	11,183
Number of employees (FTEs)	13,928	13,613	13,112	12,810	12,468	12%	2%	13,928	12,468

Income statement

	Note	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Operating income						
Interest income calculated using the effective interest rate method		4,151	1,519	7,856	2,865	7,937
Other interest income		593	178	1,143	362	1,013
Negative yield on financial assets		-	-47	-	-112	-134
Interest expense		-2,913	-452	-5,403	-771	-3,474
Negative yield on financial liabilities		-	110	-	272	322
Net interest income	3	1,831	1,308	3,596	2,616	5,664
Fee and commission income		986	1,030	1,966	2,091	4,108
Fee and commission expense		-235	-233	-450	-465	-922
Net fee and commission income	4	751	797	1,516	1,626	3,186
Return on assets backing insurance liabilities		440	-930	1,171	-1,605	-1,915
Insurance result		-372	983	-1,057	1,693	2,088
Net insurance result	5	68	53	114	88	173
Net result from items at fair value	6	290	254	635	-11	623
Profit or loss from associated undertakings and joint ventures accounted for under the equity method		3	-4	-9	-4	-8
Other operating income		12	20	24	37	83
Total operating income		2,955	2,428	5,876	4,352	9,721
Operating expenses						
General administrative expenses:						
Staff costs		-725	-689	-1,444	-1,381	-2,793
Other expenses	7	-304	-258	-591	-517	-1,108
Regulatory fees	8	-21	-17	-276	-290	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	9	-155	-158	-316	-304	-611
Total operating expenses		-1,205	-1,122	-2,627	-2,492	-4,834
Profit before loan losses		1,750	1,306	3,249	1,860	4,887
Net result on loans in hold portfolios mandatorily held at fair value		6	16	8	24	-13
Net loan losses	10	-38	40	-59	-32	-112
Operating profit		1,718	1,362	3,198	1,852	4,762
Income tax expense		-383	-308	-715	-539	-1,175
Net profit for the period		1,335	1,054	2,483	1,313	3,587
Attributable to:						
Shareholders of Nordea Bank Abp		1,335	1,055	2,457	1,289	3,563
Additional Tier 1 capital holders		-	-	26	26	26
Non-controlling interests		-	-1	-	-2	-2
Total		1,335	1,054	2,483	1,313	3,587
Basic earnings per share, EUR		0.37	0.28	0.68	0.34	0.94
Diluted earnings per share, EUR		0.37	0.28	0.68	0.33	0.94

Statement of comprehensive income

	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm					
Net profit for the period	1,335	1,054	2,483	1,313	3,587
Items that may be reclassified subsequently to the income statement					
<i>Currency translation:</i>					
Currency translation gains/losses	-426	-515	-1,057	-336	-736
Currency translation gains/losses transferred to the income statement	-	-	-	660	660
Tax on currency translation gains/losses	-	-	-	-	-4
<i>Hedging of net investments in foreign operations:</i>					
Valuation gains/losses	102	130	282	102	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	-5	-121	14	-204	-177
Tax on valuation gains/losses	1	27	-3	42	36
<i>Cash flow hedges:</i>					
Valuation gains/losses, net of recycling	44	99	40	114	42
Tax on valuation gains/losses	-8	-20	-8	-23	-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	10	8	15	17	7
Tax on valuation gains/losses	-4	-3	-5	-5	-2
<i>Defined benefit plans:</i>					
Remeasurement of defined benefit plans	47	38	114	196	-40
Tax on remeasurement of defined benefit plans	-11	-9	-25	-46	8
<i>Companies accounted for under the equity method:</i>					
Other comprehensive income from companies accounted for under the equity method	-1	1	-1	2	1
Tax on other comprehensive income from companies accounted for under the equity	0	0	0	0	0
Other comprehensive income, net of tax	-251	-365	-634	388	-161
Total comprehensive income	1,084	689	1,849	1,701	3,426
Attributable to:					
Shareholders of Nordea Bank Abp	1,084	690	1,823	1,677	3,402
Additional Tier 1 capital holders	-	-	26	26	26
Non-controlling interests	-	-1	-	-2	-2
Total	1,084	689	1,849	1,701	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 Jun 2023	31 Dec 2022	30 Jun 2022
EURm				
Assets				
	12			
Cash and balances with central banks		61,081	61,815	71,134
Loans to central banks	11	386	885	197
Loans to credit institutions	11	10,101	4,561	6,382
Loans to the public	11	339,980	345,743	347,596
Interest-bearing securities		69,674	68,226	69,742
Shares		24,469	16,099	17,671
Assets in pooled schemes and unit-linked investment contracts		46,608	43,639	41,774
Derivatives		32,010	36,578	38,383
Fair value changes of hedged items in portfolio hedges of interest rate risk		-1,764	-2,116	-1,547
Investments in associated undertakings and joint ventures		473	509	216
Intangible assets		3,905	4,005	3,698
Properties and equipment		1,633	1,673	1,698
Investment properties		2,255	2,288	1,610
Deferred tax assets		287	299	203
Current tax assets		150	211	253
Retirement benefit assets		266	165	371
Other assets		9,980	9,364	10,458
Prepaid expenses and accrued income		857	785	874
Assets held for sale		-	-	185
Total assets		602,351	594,729	610,898
Liabilities				
	12			
Deposits by credit institutions		32,565	32,869	37,158
Deposits and borrowings from the public		217,900	217,464	223,038
Deposits in pooled schemes and unit-linked investment contracts		47,533	44,770	43,715
Insurance contract liabilities		26,266	26,110	16,078
Debt securities in issue		190,336	179,803	187,155
Derivatives		33,076	40,102	39,476
Fair value changes of hedged items in portfolio hedges of interest rate risk		-2,023	-2,175	-1,420
Current tax liabilities		369	303	203
Other liabilities		19,652	16,771	26,310
Accrued expenses and prepaid income		1,047	1,224	1,141
Deferred tax liabilities		680	594	545
Provisions		367	351	374
Retirement benefit obligations		243	298	295
Subordinated liabilities		5,255	5,401	6,712
Total liabilities		573,266	563,885	580,780
Equity				
Additional Tier 1 capital holders		750	748	749
Share capital		4,050	4,050	4,050
Invested unrestricted equity		1,065	1,082	1,096
Other reserves		-2,596	-1,963	-1,415
Retained earnings		25,816	26,927	25,638
Total equity		29,085	30,844	30,118
Total liabilities and equity		602,351	594,729	610,898
Off-balance sheet items				
Assets pledged as security for own liabilities		176,853	190,211	185,245
Other assets pledged ¹		246	253	253
Contingent liabilities		20,789	21,163	22,067
Credit commitments ²		82,542	87,003	86,833
Other commitments		2,431	2,605	2,686

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 25,863m (31 December 2022: EUR 26,929m; 30 June 2022: EUR 28,616m).

Statement of changes in equity

Attributable to shareholders of Nordea Bank Abp												
Other reserves:												
EURm	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	-	-	-	-	-	-	-	2,457	2,457	26	-	2,483
Other comprehensive income, net of tax	-	-	-775	32	11	89	10	-1	-634	-	-	-634
Total comprehensive income	-	-	-775	32	11	89	10	2,456	1,823	26	-	1,849
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	-	-	-	-	-	-	-	7	7	-	-	7
Dividend	-	-	-	-	-	-	-	-2,876	-2,876	-	-	-2,876
Purchase of own shares ³	-	-17	-	-	-	-	-	-693	-710	-	-	-710
Other changes	-	-	-	-	-	-	-	-10	-10	-	-	-10
Balance as at 30 Jun 2023	4,050	1,065	-2,666	96	-9	-20	3	25,816	28,335	750	-	29,085
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	-	-	-	-	-	-	-	1,289	1,289	26	-2	1,313
Other comprehensive income, net of tax	-	-	295	91	-162	150	12	2	388	-	-	388
Total comprehensive income	-	-	295	91	-162	150	12	1,291	1,677	26	-2	1,701
Paid interest on Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in Additional Tier 1 capital	-	-	-	-	-	-	-	-	-	-1	-	-1
Share-based payments	-	-	-	-	-	-	-	6	6	-	-	6
Dividend	-	-	-	-	-	-	-	-2,655	-2,655	-	-	-2,655
Sale/purchase of own shares ³	-	6	-	-	-	-	-	-1,836	-1,830	-	-	-1,830
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-7	-7
Balance as at 30 Jun 2022	4,050	1,096	-1,568	121	-41	73	0	25,638	29,369	749	-	30,118

¹ Total shares registered were 3,589 million (31 December 2022: 3,654 million; 30 June 2022: 3,753 million). The number of own shares was 14.0 million (31 December 2022: 13.4 million; 30 June 2022: 6.1 million), which represents 0.4% (31 December 2022: 0.4%; 30 June 2021: 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 June 2022: 6.1 million). The share buy-back amounted to EUR 693m (31 December 2022: EUR 2,839m; 30 June 2022: EUR 1,832m) and was accounted for as a reduction in "Retained earnings". The transaction cost in relation to the share buy-back amounted to EUR 0m (31 December 2022: EUR 5m; 30 June 2022: EUR 4m).

Cash flow statement, condensed

	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm			
Operating activities			
Operating profit	3,198	1,852	4,762
Adjustments for items not included in cash flow	605	-4,942	-7,057
Income taxes paid	-514	-513	-976
Cash flow from operating activities before changes in operating assets and liabilities	3,289	-3,603	-3,271
Changes in operating assets and liabilities	673	31,607	25,246
Cash flow from operating activities	3,962	28,004	21,975
Investing activities			
Acquisition/sale of business operations	-37	-	-254
Acquisition/sale of associated undertakings and joint ventures	0	-16	-19
Acquisition/sale of property and equipment	-32	0	-12
Acquisition/sale of intangible assets	-218	-176	-344
Cash flow from investing activities	-287	-192	-629
Financing activities			
Issued/amortised subordinated liabilities	-	-	-939
Sale/repurchase of own shares, including change in trading portfolio	-710	-1,830	-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	-61	-63	-123
Cash flow from financing activities	-3,673	-4,574	-6,584
Cash flow for the period	2	23,238	14,762
Cash and cash equivalents			
	30 Jun 2023	30 Jun 2022	31 Dec 2022
EURm			
Cash and cash equivalents at beginning of the period	62,877	48,628	48,628
Translation differences	-722	391	-513
Cash and cash equivalents at end of the period	62,157	72,257	62,877
Change	2	23,238	14,762
The following items are included in cash and cash equivalents:			
Cash and balances with central banks	61,081	71,134	61,815
Loans to central banks	4	4	5
Loans to credit institutions	1,072	1,119	1,057
Total cash and cash equivalents	62,157	72,257	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 second quarter of 2022, first half of 2022 and 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 second quarter of 2022, first half of 2022 and 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

	Q2 2022			Jan-Jun 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	1,519	-	1,519	2,865	-	2,865	7,937	-	7,937
Other interest income	178	-	178	362	-	362	1,013	-	1,013
Negative yield on financial assets	-47	-	-47	-112	-	-112	-134	-	-134
Interest expense	-452	-	-452	-771	-	-771	-3,474	-	-3,474
Negative yield on financial liabilities	110	-	110	272	-	272	322	-	322
Net interest income	1,308	-	1,308	2,616	-	2,616	5,664	-	5,664
Fee and commission income	1,077	-47	1,030	2,184	-93	2,091	4,278	-170	4,108
Fee and commission expense	-239	6	-233	-476	11	-465	-942	20	-922
Net fee and commission income	838	-41	797	1,708	-82	1,626	3,336	-150	3,186
Return on assets backing insurance liabilities	-	-930	-930	-	-1,605	-1,605	-	-1,915	-1,915
Insurance result	-	983	983	-	1,693	1,693	-	2,088	2,088
Net insurance result	-	53	53	-	88	88	-	173	173
Net result from items at fair value	282	-28	254	40	-51	-11	721	-98	623
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	-4	-	-4	-4	-	-4	-8	-	-8
Other operating income	20	-	20	37	-	37	83	-	83
Total operating income	2,444	-16	2,428	4,397	-45	4,352	9,796	-75	9,721
Operating expenses									
General administrative expenses:									
Staff costs	-699	10	-689	-1,402	21	-1,381	-2,835	42	-2,793
Other expenses	-265	7	-258	-531	14	-517	-1,135	27	-1,108
Regulatory fees	-17	-	-17	-290	-	-290	-322	-	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	-158	-	-158	-304	-	-304	-611	-	-611
Total operating expenses	-1,139	17	-1,122	-2,527	35	-2,492	-4,903	69	-4,834
Profit before loan losses	1,305	1	1,306	1,870	-10	1,860	4,893	-6	4,887
Net result on loans in hold portfolios mandatorily held at fair value	16	-	16	24	-	24	-13	-	-13
Net loan losses	40	-	40	-32	-	-32	-112	-	-112
Operating profit	1,361	1	1,362	1,862	-10	1,852	4,768	-6	4,762
Income tax expense	-307	-1	-308	-539	-	-539	-1,173	-2	-1,175
Net profit for the period	1,054	0	1,054	1,323	-10	1,313	3,595	-8	3,587
Impact on EPS, EUR		0.00			0.00			-0.01	
Impact on DEPS, EUR		0.00			-0.01			-0.01	

Restatements of the balance sheet

	30 Jun 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	71,134	-	-	-	71,134	61,815	-	-	61,815
Loans to central banks	197	-	-	-	197	885	-	-	885
Loans to credit institutions	6,431	-	-	-49	6,382	4,573	-	-12	4,561
Loans to the public	347,596	-	-	-	347,596	345,743	-	-	345,743
Interest-bearing securities	65,283	-	4,670	-211	69,742	63,524	4,902	-200	68,226
Financial instruments pledged as collateral	4,740	-	-4,740	-	-	4,902	-4,902	-	-
Shares	18,672	-	70	-1,071	17,671	17,924	-	-1,825	16,099
Assets in pooled schemes and unit-linked investment contracts	40,501	-	-	1,273	41,774	41,645	-	1,994	43,639
Derivatives	38,383	-	-	-	38,383	36,578	-	-	36,578
Fair value changes of hedged items in portfolio hedges of interest rate risk	-1,547	-	-	-	-1,547	-2,116	-	-	-2,116
Investments in associated undertakings and joint ventures	216	-	-	-	216	509	-	-	509
Intangible assets	3,698	-	-	-	3,698	4,044	-	-39	4,005
Properties and equipment	1,698	-	-	-	1,698	1,673	-	-	1,673
Investment properties	1,770	-	-	-160	1,610	2,455	-	-167	2,288
Deferred tax assets	58	-	-	145	203	165	-	134	299
Current tax assets	253	-	-	-	253	211	-	-	211
Retirement benefit assets	371	-	-	-	371	165	-	-	165
Other assets	10,463	-	-	-5	10,458	9,380	-	-16	9,364
Prepaid expenses and accrued income	858	-	-	16	874	769	-	16	785
Assets held for sale	185	-	-	-	185	-	-	-	-
Total assets	610,960	-	-	-62	610,898	594,844	-	-115	594,729
Liabilities									
Deposits by credit institutions	37,158	-	-	-	37,158	32,869	-	-	32,869
Deposits and borrowings from the public	223,038	-	-	-	223,038	217,464	-	-	217,464
Deposits in pooled schemes and unit-linked investment contracts	41,800	-	-	1,915	43,715	42,776	-	1,994	44,770
Insurance contract liabilities	17,459	-	-	-1,381	16,078	27,598	-	-1,488	26,110
Debt securities in issue	189,752	-2,597	-	-	187,155	179,803	-	-	179,803
Derivatives	39,476	-	-	-	39,476	40,102	-	-	40,102
Fair value changes of hedged items in portfolio hedges of interest rate risk	-4,298	2,878	-	-	-1,420	-2,175	-	-	-2,175
Current tax liabilities	203	-	-	-	203	303	-	-	303
Other liabilities	26,313	-	-	-3	26,310	16,804	-	-33	16,771
Accrued expenses and prepaid income	1,141	-	-	-	1,141	1,224	-	-	1,224
Deferred tax liabilities	567	-	-	-22	545	622	-	-28	594
Provisions	374	-	-	-	374	351	-	-	351
Retirement benefit obligations	295	-	-	-	295	298	-	-	298
Subordinated liabilities	6,993	-281	-	-	6,712	5,401	-	-	5,401
Total liabilities	580,271	-	-	509	580,780	563,440	-	445	563,885
Equity									
Additional Tier 1 capital holders	749	-	-	-	749	748	-	-	748
Non-controlling interests	-	-	-	-	-	-	-	-	-
Share capital	4,050	-	-	-	4,050	4,050	-	-	4,050
Invested unrestricted equity	1,096	-	-	-	1,096	1,082	-	-	1,082
Other reserves	-1,427	-	-	12	-1,415	-1,984	-	21	-1,963
Retained earnings	26,221	-	-	-583	25,638	27,508	-	-581	26,927
Total equity	30,689	-	-	-571	30,118	31,404	-	-560	30,844
Total liabilities and equity	610,960	-	-	-62	610,898	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 are effective as of their publication. They are not yet 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 second 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 second 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 2,184m at the

end of the second 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 second quarter was 9.1% 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-Jun 2023	Jan-Dec 2022	Jan-Jun 2022
EUR 1 = SEK			
Income statement (average)	11.3326	10.6274	10.4734
Balance sheet (at end of period)	11.7750	11.1202	10.7105
EUR 1 = DKK			
Income statement (average)	7.4463	7.4395	7.4400
Balance sheet (at end of period)	7.4464	7.4365	7.4387
EUR 1 = NOK			
Income statement (average)	11.3199	10.1023	9.9746
Balance sheet (at end of period)	11.6855	10.5180	10.3285

Note 2 Segment reporting

Jan-Jun 2023	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Reconciliation	Total Group
Total operating income, EURm	2,318	1,769	1,255	733	-78	5,997	-121	5,876
– of which internal transactions ¹	-403	-159	7	114	441	0	-	-
Operating profit, EURm	1,198	1,029	814	441	-52	3,430	-232	3,198
Loans to the public ² , EURbn	171	99	54	12	0	336	4	340
Deposits and borrowings from the public, EURbn	87	54	46	13	0	200	18	218

Jan-Jun 2022 ³	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Reconciliation	Total Group
Total operating income, EURm	1,766	1,374	1,068	614	8	4,830	-478	4,352
– of which internal transactions ¹	-196	-45	-48	-4	293	0	-	-
Operating profit, EURm	829	771	652	350	25	2,627	-775	1,852
Loans to the public ² , EURbn	170	96	51	12	0	329	19	348
Deposits and borrowings from the public, EURbn	86	54	49	13	0	202	21	223

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-Jun		30 Jun		30 Jun	
	2023	2022	2023	2022	2023	2022
Total operating segments	3,430	2,627	336	329	200	202
Group functions ¹	22	-8	-	-	-	-
Unallocated items ³	-165	-814	15	12	23	17
Differences in accounting policies ²	-89	47	-11	7	-5	4
Total	3,198	1,852	340	348	218	223

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	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Interest income calculated using the effective interest rate method	4,151	3,705	1,519	7,856	2,865	7,937
Other interest income	593	550	178	1,143	362	1,013
Negative yield on financial assets	-	-	-47	-	-112	-134
Interest expense	-2,913	-2,490	-452	-5,403	-771	-3,474
Negative yield on financial liabilities	-	-	110	-	272	322
Net interest income	1,831	1,765	1,308	3,596	2,616	5,664

Interest income calculated using the effective interest rate method	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Loans to credit institutions	691	655	83	1,346	75	682
Loans to the public	2,862	2,538	1,351	5,400	2,631	6,527
Interest-bearing securities	216	185	68	401	118	325
Yield fees	41	56	64	97	131	242
Net interest paid or received on derivatives in accounting hedges of assets	341	271	-47	612	-90	161
Interest income calculated using the effective interest rate method	4,151	3,705	1,519	7,856	2,865	7,937

Other interest income	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Loans at fair value to the public	380	374	250	754	497	1,064
Interest-bearing securities measured at fair value	101	92	30	193	51	170
Net interest paid or received on derivatives in economic hedges of assets	112	84	-102	196	-186	-221
Other interest income	593	550	178	1,143	362	1,013

Interest expense	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Deposits by credit institutions	-233	-258	-27	-491	-43	-221
Deposits and borrowings from the public	-969	-799	-93	-1,768	-144	-957
Debt securities in issue	-1,231	-1,107	-453	-2,338	-808	-2,376
Subordinated liabilities	-56	-54	-65	-110	-127	-252
Other interest expense	-4	-3	-5	-7	-8	-14
Net interest paid or received on derivatives in hedges of liabilities	-420	-269	191	-689	359	346
Interest expense	-2,913	-2,490	-452	-5,403	-771	-3,474

Note 4 Net fee and commission income

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Asset management commissions	405	404	433	809	884	1,733
Life and pension commissions	33	39	28	72	61	124
Deposit products	6	6	6	12	12	25
Brokerage, securities issues and corporate finance	49	55	51	104	113	173
Custody and issuer services	6	-3	0	3	2	18
Payments	64	63	62	127	125	252
Cards	73	72	79	145	147	306
Lending products	105	110	118	215	237	477
Guarantees	17	18	26	35	53	101
Other	-7	1	-6	-6	-8	-23
Total	751	765	797	1,516	1,626	3,186

Breakdown Jan-Jun 2023

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Other and elimination	Nordea Group
EURm							
Asset management commissions	256	37	3	513	0	0	809
Life and pension commissions	74	31	1	-34	0	0	72
Deposit products	2	10	0	0	0	0	12
Brokerage, securities issues and corporate finance	7	18	67	16	-2	-2	104
Custody and issuer services	1	3	1	2	-9	5	3
Payments	8	81	40	1	0	-3	127
Cards	118	21	5	0	0	1	145
Lending products	48	79	87	2	0	-1	215
Guarantees	3	11	22	0	-1	0	35
Other	-2	3	-2	-9	-2	6	-6
Total	515	294	224	491	-14	6	1,516

Breakdown Jan-Jun 2022

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Other and elimination	Nordea Group
EURm							
Asset management commissions	283	41	3	557	0	0	884
Life and pension commissions	77	36	2	-54	0	0	61
Deposit products	2	10	0	0	0	0	12
Brokerage, securities issues and corporate finance	11	25	66	16	-2	-3	113
Custody and issuer services	2	3	4	1	-4	-4	2
Payments	8	78	41	1	0	-3	125
Cards	121	21	5	1	0	-1	147
Lending products	58	81	96	2	0	0	237
Guarantees	4	13	35	0	0	1	53
Other	7	5	-7	-5	-1	-7	-8
Total	573	313	245	519	-7	-17	1,626

Note 5 Net insurance result

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Insurance revenue	149	146	86	295	161	313
Insurance service expenses	-81	-89	-25	-170	-60	-119
Net reinsurance result	-3	-2	-2	-5	-3	-6
Net insurance revenue	65	55	59	120	98	188
Insurance finance income and expenses	-437	-740	924	-1,177	1,595	1,900
Return on assets backing insurance liabilities	440	731	-930	1,171	-1,605	-1,915
Net insurance finance income and expenses	3	-9	-6	-6	-10	-15
Total	68	46	53	114	88	173

Note 6 Net result from items at fair value

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Equity-related instruments ¹	37	80	110	117	155	431
Interest-related instruments and foreign exchange gains/losses ²	198	192	304	390	17	261
Other financial instruments (including credit and commodities)	54	56	-145	110	-152	-32
Nordea Life & Pension ³	1	17	-15	18	-31	-37
Total	290	345	254	635	-11	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

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Information technology ¹	-165	-150	-128	-315	-253	-569
Marketing and representation	-17	-11	-12	-28	-23	-53
Postage, transportation, telephone and office expenses	-10	-13	-11	-23	-23	-45
Rents, premises and real estate	-28	-22	-25	-50	-56	-101
Professional services ¹	-41	-33	-24	-74	-50	-131
Market data services	-21	-22	-22	-43	-45	-87
Other	-22	-36	-36	-58	-67	-122
Total	-304	-287	-258	-591	-517	-1,108

¹ "Information technology" includes IT consultancy fees.

Note 8 Regulatory fees

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Resolution fees	-	-234	-	-234	-256	-256
Bank tax	-21	-21	-17	-42	-34	-66
Total	-21	-255	-17	-276	-290	-322

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

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Depreciation/amortisation						
Properties and equipment	-53	-59	-54	-112	-109	-215
Intangible assets	-95	-95	-92	-190	-182	-371
Total	-148	-154	-146	-302	-291	-586
Impairment charges, net						
Properties and equipment	-3	-3	-	-6	-	1
Intangible assets	-4	-4	-12	-8	-13	-26
Total	-7	-7	-12	-14	-13	-25
Total	-155	-161	-158	-316	-304	-611

Note 10 Net loan losses

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
EURm						
Net loan losses, stage 1	5	-10	21	-5	1	-29
Net loan losses, stage 2	15	8	18	23	3	-2
Net loan losses, non-credit-impaired assets	20	-2	39	18	4	-31
Stage 3, credit-impaired assets						
Net loan losses, individually assessed, collectively calculated	-30	-10	3	-40	59	88
Realised loan losses	-78	-44	-109	-122	-476	-709
Decrease in provisions to cover realised loan losses	36	11	50	47	373	512
Recoveries on previous realised loan losses	9	10	22	19	38	64
Reimbursement right	-3	6	-4	3	0	1
New/increase in provisions	-64	-46	-34	-110	-200	-281
Reversals of provisions	72	54	73	126	170	244
Net loan losses, credit-impaired assets	-58	-19	1	-77	-36	-81
Net loan losses	-38	-21	40	-59	-32	-112

Key ratios

	Q2 2023	Q1 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Net loan loss ratio, amortised cost, bp	6	3	-6	4	2	4
- of which stage 1	-1	1	-3	0	0	1
- of which stage 2	-2	-1	-3	-2	0	0
- of which stage 3	9	3	0	6	2	3

Note 11 Loans and impairment

	Total		
	30 Jun 2023	31 Dec 2022	30 Jun 2022
EURm			
Loans measured at fair value	82,465	73,248	77,448
Loans measured at amortised cost, not impaired (stages 1 and 2)	267,360	277,359	275,866
Impaired loans (stage 3)	2,238	2,255	2,687
- of which servicing	1,027	1,111	1,378
- of which non-servicing	1,211	1,144	1,309
Loans before allowances	352,063	352,862	356,001
- of which central banks and credit institutions	10,509	5,475	6,617
Allowances for individually assessed impaired loans (stage 3)	-996	-1,045	-1,215
- of which servicing	-492	-556	-553
- of which non-servicing	-504	-489	-662
Allowances for collectively assessed loans (stages 1 and 2)	-600	-628	-611
Allowances	-1,596	-1,673	-1,826
- of which central banks and credit institutions	-22	-29	-38
Loans, carrying amount	350,467	351,189	354,175

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

	30 Jun 2023			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	253,333	14,027	2,238	269,598
Interest-bearing securities	33,553	-	-	33,553
Total	286,886	14,027	2,238	303,151

	30 Jun 2022			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	262,771	13,095	2,687	278,553
Interest-bearing securities	35,580	-	-	35,580
Total	298,351	13,095	2,687	314,133

Allowances and provisions

	30 Jun 2023			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	-214	-386	-996	-1,596
Interest-bearing securities	-3	-	-	-3
Provisions for off-balance sheet items	-50	-100	-19	-169
Total allowances and provisions	-267	-486	-1,015	-1,768

	30 Jun 2022			
	Stage 1	Stage 2	Stage 3	Total
EURm				
Loans to central banks, credit institutions and the public	-202	-409	-1,215	-1,826
Interest-bearing securities	-3	-	-	-3
Provisions for off-balance sheet items	-42	-112	-28	-182
Total allowances and provisions	-247	-521	-1,243	-2,011

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	-39	-4	-2	-45
Transfer from stage 1 to stage 2	6	-94	-	-88
Transfer from stage 1 to stage 3	0	-	-39	-39
Transfer from stage 2 to stage 1	-5	52	-	47
Transfer from stage 2 to stage 3	-	11	-71	-60
Transfer from stage 3 to stage 1	0	-	4	4
Transfer from stage 3 to stage 2	-	-3	16	13
Changes due to change in credit risk (net)	-1	2	7	8
Changes due to repayments and disposals	37	50	65	152
Write-off through decrease in allowance account	-	-	46	46
Translation differences	8	8	23	39
Balance as at 30 Jun 2023	-214	-386	-996	-1,596

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	-43	-21	-9	-73
Transfer from stage 1 to stage 2	8	-159	-	-151
Transfer from stage 1 to stage 3	1	-	-136	-135
Transfer from stage 2 to stage 1	-8	106	-	98
Transfer from stage 2 to stage 3	-	15	-73	-58
Transfer from stage 3 to stage 1	-1	-	26	25
Transfer from stage 3 to stage 2	-	-11	58	47
Changes due to change in credit risk (net)	3	4	34	41
Changes due to repayments and disposals	33	52	97	182
Write-off through decrease in allowance account	-	-	370	370
Translation differences	2	4	28	34
Balance as at 30 Jun 2022	-202	-409	-1,215	-1,826

Key ratios¹

	30 Jun 2023	31 Dec 2022	30 Jun 2022
Impairment rate (stage 3), gross, basis points	83	81	96
Impairment rate (stage 3), net, basis points	46	43	53
Total allowance rate (stages 1, 2 and 3), basis points	59	60	66
Allowances in relation to impaired loans (stage 3), %	45	46	45
Allowances in relation to loans in stages 1 and 2, basis points	23	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 135m (EUR 123m at the end of March 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 Jun 2023		31 Dec 2022	
	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
EURm				
Personal Banking	391	505	387	488
Business Banking	991	1,114	1,036	1,166
Large Corporates & Institutions	358	393	402	441
Other	28	43	35	46
Group	1,768	2,055	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 second 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 first 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. While growth in 2023 weakens in Denmark and Norway, it turns negative in Finland and Sweden. Inflation is expected to remain elevated. Following the strong housing market activity and price appreciation during the COVID-19 pandemic, the downward adjustment in housing prices is expected to continue this year in the Nordics, with the mildest correction in Norway and the strongest in Sweden. 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. Financial instability may lead to a deep and long recession due to falling private consumption and investment. In addition, housing prices may see an even larger decline due to high interest rates, a squeeze in household purchasing power and weak confidence. A stabilisation of energy prices at a low level may on the other hand prevent growth from turning negative in 2023 and support a stronger recovery going forward.

At the end of the second quarter of 2023 adjustments to model-based allowances/provisions amounted to EUR 575m, 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 decreased to EUR 418m (from EUR 430m at the end of the first quarter of 2023) due to foreign exchange effects. The reserve covering issues identified in the IFRS 9 model to be later captured in model updates (structural reserve) was similarly kept unchanged in local currencies, but in euro terms decreased to EUR 154m (from EUR 155m at the end of the first quarter of 2023), with the allocation adjusted to ensure appropriate coverage across portfolios.

Note 11 Continued

Scenarios and allowances/provisions

30 Jun 2023

		2023	2024	2025	Unweighted ECL EURm	Probability weight	Model-based allowances/ provisions EURm	Adjustments to model-based allowances/ provisions EURm	Individual allowances/ provisions EURm	Total allowances/ provisions EURm
Denmark										
Favourable scenario	GDP growth, %	1.4	1.8	1.7	137	10%				
	Unemployment, %	2.9	2.8	2.8						
	Change in household consumption, %	0.4	2.1	1.9						
	Change in house prices, %	-8.7	0.1	3.2						
Baseline scenario	GDP growth, %	0.9	1.2	1.2	139	50%	143	155	223	521
	Unemployment, %	3.0	3.2	3.3						
	Change in household consumption, %	0.2	1.8	1.2						
	Change in house prices, %	-9.4	-0.3	2.9						
Adverse scenario	GDP growth, %	-1.0	-0.6	1.1	149	40%				
	Unemployment, %	3.5	4.5	4.6						
	Change in household consumption, %	-1.3	0	0.7						
	Change in house prices, %	-10.7	-4.7	0.3						
Finland										
Favourable scenario	GDP growth, %	0.8	2.3	1.2	226	10%				
	Unemployment, %	7.3	6.9	6.8						
	Change in household consumption, %	-0.4	1.7	1.1						
	Change in house prices, %	-4.8	0.5	2.5						
Baseline scenario	GDP growth, %	-0.2	0.9	1.5	232	50%	238	167	169	574
	Unemployment, %	7.4	7.2	7.1						
	Change in household consumption, %	-1.3	0.4	1.1						
	Change in house prices, %	-5.3	0	1.9						
Adverse scenario	GDP growth, %	-2.5	-0.7	1.5	249	40%				
	Unemployment, %	8.0	8.3	8.0						
	Change in household consumption, %	-3.4	-1.3	0.5						
	Change in house prices, %	-6.2	-2.1	0.4						
Norway										
Favourable scenario	GDP growth, %	2.2	1.7	1.0	65	10%				
	Unemployment, %	3.2	3.1	3.2						
	Change in household consumption, %	-0.3	2.9	2.7						
	Change in house prices, %	-2.2	1.2	3.9						
Baseline scenario	GDP growth, %	1.4	0.6	0.9	68	50%	70	146	92	308
	Unemployment, %	3.3	3.6	3.7						
	Change in household consumption, %	-1.1	1.7	2.1						
	Change in house prices, %	-2.9	0	4.1						
Adverse scenario	GDP growth, %	0	-0.2	0.4	72	40%				
	Unemployment, %	3.8	4.4	4.5						
	Change in household consumption, %	-1.9	1.1	1.5						
	Change in house prices, %	-6.0	-4.6	1.4						
Sweden										
Favourable scenario	GDP growth, %	0.6	1.5	1.8	94	10%				
	Unemployment, %	7.6	8.0	8.0						
	Change in household consumption, %	-0.1	2.0	2.1						
	Change in house prices, %	-10.7	-1.1	2.5						
Baseline scenario	GDP growth, %	-0.5	0.2	2.0	98	50%	99	105	150	354
	Unemployment, %	7.8	8.5	8.4						
	Change in household consumption, %	-1.2	0.6	2.0						
	Change in house prices, %	-11.2	-2.4	2.5						
Adverse scenario	GDP growth, %	-1.6	-1.0	1.2	102	40%				
	Unemployment, %	8.2	9.3	9.3						
	Change in household consumption, %	-2.2	-0.4	0.5						
	Change in house prices, %	-13.0	-5.3	0.7						
Non-Nordic							9	2	0	11
Total							559	575	634	1,768

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-Nordic¹							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 Jun 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	14,818	317	62	15,197	9	7	37	53	15,144	2
Agriculture	4,189	229	82	4,500	8	10	44	62	4,438	13
Crops, plantations and hunting	941	74	17	1,032	3	3	6	12	1,020	1
Animal husbandry	617	100	61	778	3	6	37	46	732	14
Fishing and aquaculture	2,631	55	4	2,690	2	1	1	4	2,686	-2
Natural resources	2,392	199	19	2,610	3	3	12	18	2,592	4
Paper and forest products	1,636	157	16	1,809	2	2	11	15	1,794	1
Mining and supporting activities	377	39	3	419	0	1	1	2	417	0
Oil, gas and offshore	379	3	0	382	1	0	0	1	381	3
Consumer staples	5,262	260	85	5,607	9	12	28	49	5,558	-5
Food processing and beverages	1,567	162	50	1,779	2	4	14	20	1,759	-1
Household and personal products	743	26	8	777	2	1	4	7	770	0
Healthcare	2,952	72	27	3,051	5	7	10	22	3,029	-4
Consumer discretionary and services	10,674	982	447	12,103	16	46	184	246	11,857	-11
Consumer durables	2,443	195	150	2,788	2	7	39	48	2,740	-17
Media and entertainment	1,837	91	19	1,947	2	3	10	15	1,932	1
Retail trade	4,180	446	238	4,864	8	19	106	133	4,731	4
Air transportation	145	29	12	186	0	1	6	7	179	2
Accommodation and leisure	1,323	215	22	1,560	2	16	18	36	1,524	0
Telecommunication services	746	6	6	758	2	0	5	7	751	-1
Industrials	30,334	3,014	447	33,795	57	99	260	416	33,379	-16
Materials	1,974	203	36	2,213	3	4	12	19	2,194	0
Capital goods	3,210	497	66	3,773	5	11	30	46	3,727	8
Commercial and professional services	5,860	500	37	6,397	9	14	21	44	6,353	-2
Construction	7,873	880	122	8,875	18	37	90	145	8,730	-16
Wholesale trade	6,855	572	77	7,504	9	21	51	81	7,423	-11
Land transportation	2,611	229	44	2,884	7	6	33	46	2,838	13
IT services	1,951	133	65	2,149	6	6	23	35	2,114	-8
Maritime	5,208	179	60	5,447	12	8	42	62	5,385	-11
Ship building	164	7	0	171	0	0	0	0	171	3
Shipping	4,753	171	60	4,984	11	8	42	61	4,923	-14
Maritime services	291	1	0	292	1	0	0	1	291	0
Utilities and public service	6,401	127	16	6,544	5	3	9	17	6,527	-1
Utilities distribution	3,140	76	8	3,224	2	1	3	6	3,218	1
Power production	2,763	21	1	2,785	1	1	1	3	2,782	0
Public services	498	30	7	535	2	1	5	8	527	-2
Real estate	34,689	1,157	127	35,973	22	21	75	118	35,855	-1
Other industries and reimbursement rights	209	189	7	405	3	1	0	4	401	9
Total Corporate	114,176	6,654	1,350	122,180	142	210	691	1,043	121,137	-17
Housing loans	109,872	4,798	446	115,116	14	48	91	153	114,963	-5
Collateralised lending	18,390	1,664	263	20,317	38	53	117	208	20,109	-25
Non-collateralised lending	4,565	809	143	5,517	17	75	76	168	5,349	-12
Household	132,827	7,271	852	140,950	69	176	284	529	140,421	-42
Public sector	3,375	94	33	3,502	0	0	2	2	3,500	0
Lending to the public	250,378	14,019	2,235	266,632	211	386	977	1,574	265,058	-59
Lending to central banks and credit institutions	2,955	8	3	2,966	3	0	19	22	2,944	0
Total	253,333	14,027	2,238	269,598	214	386	996	1,596	268,002	-59

¹ The table shows net loan losses related to on- and off-balance sheet exposures for June 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	61,081	-	-	-	61,081
Loans to central banks	7	379	-	-	386
Loans to credit institutions	2,937	7,164	-	-	10,101
Loans to the public	265,058	74,922	-	-	339,980
Interest-bearing securities	458	26,043	10,081	33,092	69,674
Shares	-	24,469	-	-	24,469
Assets in pooled schemes and unit-linked investment contracts	-	45,067	757	-	45,824
Derivatives	-	32,010	-	-	32,010
Fair value changes of hedged items in portfolio hedge of interest rate risk	-1,764	-	-	-	-1,764
Other assets	1,096	8,259	-	-	9,355
Prepaid expenses and accrued income	453	-	-	-	453
Total 30 Jun 2023	329,326	218,313	10,838	33,092	591,569
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	15,094	17,471	-	32,565
Deposits and borrowings from the public	202,928	14,972	-	217,900
Deposits in pooled schemes and unit-linked investment contracts	-	-	47,533	47,533
Debt securities in issue	138,704	-	51,632	190,336
Derivatives	-	33,076	-	33,076
Fair value changes of hedged items in portfolio hedge of interest rate risk	-2,023	-	-	-2,023
Other liabilities ¹	4,505	13,417	-	17,922
Accrued expenses and prepaid income	14	-	-	14
Subordinated liabilities	5,255	-	-	5,255
Total 30 Jun 2023	364,477	78,936	99,165	542,578
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 1,053m.

Note 13 Fair value of financial assets and liabilities

	30 Jun 2023		31 Dec 2022	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	61,081	61,081	61,815	61,815
Loans	348,703	351,196	349,073	350,220
Interest-bearing securities	69,674	69,667	68,226	68,224
Shares	24,469	24,469	16,099	16,099
Assets in pooled schemes and unit-linked investment contracts	45,824	45,824	42,782	42,782
Derivatives	32,010	32,010	36,578	36,578
Other assets	9,355	9,355	8,600	8,600
Prepaid expenses and accrued income	453	453	475	475
Total	591,569	594,055	583,648	584,793
Financial liabilities				
Deposits and debt instruments	444,033	443,847	433,362	433,372
Deposits in pooled schemes and unit-linked investment contracts	47,533	47,533	44,770	44,770
Derivatives	33,076	33,076	40,102	40,102
Other liabilities	16,869	16,869	14,314	14,314
Accrued expenses and prepaid income	14	14	7	7
Total	541,525	541,339	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	-	-	379	-	-	-	379
Loans to credit institutions	-	-	7,164	-	-	-	7,164
Loans to the public	-	-	74,922	-	-	-	74,922
Interest-bearing securities	27,608	3,372	40,032	6,387	1,576	1,148	69,216
Shares	21,944	11,370	290	99	2,235	995	24,469
Assets in pooled schemes and unit-linked investment contracts	44,529	40,565	829	829	466	466	45,824
Derivatives	78	-	30,292	29	1,640	-	32,010
Other assets	-	-	8,233	-	26	18	8,259
Total 30 Jun 2023	94,159	55,307	162,141	7,344	5,943	2,627	262,243
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	-	-	17,471	-	-	-	17,471
Deposits and borrowings from the public	-	-	14,972	-	-	-	14,972
Deposits in pooled schemes and unit-linked investment contracts	-	-	47,533	43,481	-	-	47,533
Debt securities in issue	38,136	-	12,297	-	1,199	-	51,632
Derivatives	336	-	31,241	71	1,499	-	33,076
Other liabilities	4,086	-	9,210	33	121	-	13,417
Total 30 Jun 2023	42,558	-	132,724	43,585	2,819	-	178,101
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 1,960m from Level 1 to Level 2 and of EUR 2,094m from Level 2 to Level 1 in the fair value hierarchy. Furthermore, Nordea transferred "Debt securities in issue" of EUR 5,553m from Level 1 to Level 2 and of EUR 5,909m from Level 2 to Level 1. Nordea also transferred "Other liabilities" of EUR 310m from Level 1 to Level 2 and of EUR 187m from Level 2 to Level 1. The transfers from Level 1 to Level 2 were due to the instruments ceasing to be actively traded during the period, which meant that fair values were obtained using valuation techniques with observable market inputs. The transfers from Level 2 to Level 1 were due to the instruments again being actively traded during the period, which meant that reliable quoted prices were obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 14 Continued

Movements in Level 3

	1 Jan	Fair value gains/losses recognised in the income statement during the period		Recognised in OCI	Purchases / Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Translation differences	30 Jun
		Realised	Unrealised								
EURm											
Interest-bearing securities	1,589	18	-63	-	163	-47	-5	143	-96	-126	1,576
- of which Life & Pension	1,199	19	-38	-	20	-10	-5	91	-7	-121	1,148
Shares	2,298	56	50	-	107	-294	-31	141	-1	-91	2,235
- of which Life & Pension	979	39	2	-	19	-101	-31	141	-	-53	995
Assets in pooled schemes and unit-linked investment contracts	471	3	12	-	43	-8	-	11	-46	-20	466
- of which Life & Pension	471	3	12	-	43	-8	-	11	-46	-20	466
Derivatives (net)	49	42	-50	-	-	-	-42	8	133	1	141
Other assets	33	-	-	-	-	-	-7	-	-	-	26
- of which Life & Pension	25	-	-	-	-	-	-7	-	-	-	18
Debt securities in issue	1,088	33	-32	-3	154	-	-77	58	-22	-	1,199
Other liabilities	63	-	-63	-	121	-	-	-	-	-	121
Total 2023, net	3,289	86	44	3	38	-349	-8	245	12	-236	3,124
Total 2022, net	3,078	-46	38	-	229	-161	306	255	-207	-54	3,438

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	24	33
Recognised in the income statement during the period ¹	-24	-26
Closing balance as at 30 Jun	84	84

¹ Of which EUR -5m (EUR -m) 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	151	146	Discounted cash flows	Credit spread	-4/4
Mortgage and other credit institutions	903	685	Discounted cash flows	Credit spread	-47/47
Corporates ²	522	317	Discounted cash flows	Credit spread	-10/10
Total 30 Jun 2023	1,576	1,148			-61/61
Total 31 Dec 2022	1,589	1,199			-52/52
Shares					
Private equity funds	1,275	620	Net asset value ³		-145/145
Hedge funds	154	154	Net asset value ³		-14/14
Credit funds	496	49	Net asset value/market consensus ³		-48/48
Other funds	183	161	Net asset value/fund prices ³		-13/13
Other ⁵	593	477	-		-58/58
Total 30 Jun 2023	2,701	1,461			-278/278
Total 31 Dec 2022	2,769	1,450			-290/290
Derivatives, net					
Interest rate derivatives	55	-	Option model	Correlations Volatilities	-12/12
Equity derivatives	-26	-	Option model	Correlations Volatilities Dividends	-4/4
Foreign exchange derivatives	156	-	Option model	Correlations Volatilities	-3/1
Credit derivatives	-44	-	Credit derivative model	Correlations Volatilities Recovery rates	-9/12
Total 30 Jun 2023	141	-			-28/29
Total 31 Dec 2022	49	-			-42/43
Debt securities in issue					
Issued structured bonds	-1,199	-	Credit derivative model	Correlations Recovery rates Volatilities	-6/6
Total 30 Jun 2023	-1,199	-			-6/6
Total 31 Dec 2022	-1,088	-			-5/5
Other, net					
Other assets and other liabilities, net	-95	18	-	-	-10/10
Total 30 Jun 2023	-95	18			-10/10
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 466m 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, external tax rules, competition law, and governance and control. The outcome and timing of these enquiries and investigations are unclear and pending. Accordingly, it cannot be ruled out that these enquiries and investigations could lead to criticism against the bank, reputation loss, fines, sanctions, disputes and/or litigation.

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

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

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

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

There are significant risks related to the macroeconomic environment due to geopolitical developments 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 war in Ukraine. Nordea has made significant investments in its cyber defence capabilities in the past and will continue to do so.

Glossary

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

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

Allowances in relation to loans in stages 1 and 2

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

Economic capital

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

Impairment rate (stage 3), gross

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

Impairment rate (stage 3), net

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

Net 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

	Q2 2023	Q2 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
EURm					
Operating income					
Interest income	3,553	1,083	6,653	2,017	5,870
Interest expense	-2,206	-313	-4,044	-501	-2,325
Net interest income	1,347	770	2,609	1,516	3,545
Fee and commission income	572	587	1,151	1,197	2,331
Fee and commission expense	-144	-130	-285	-257	-515
Net fee and commission income	428	457	866	940	1,816
Net result from securities at fair value through profit or loss ¹	270	298	593	603	1,224
Net result from securities at fair value through fair value reserve	-1	-22	-4	-36	-84
Income from equity investments	200	856	879	1,865	2,516
Other operating income	191	244	393	481	933
Total operating income	2,435	2,603	5,336	5,369	9,950
Operating expenses					
Staff costs	-608	-563	-1,193	-1,122	-2,318
Other administrative expenses ¹	-236	-181	-416	-357	-787
Other operating expenses ¹	-135	-122	-271	-249	-483
Regulatory fees	5	-11	-192	-234	-257
Depreciation, amortisation and impairment charges ¹	-305	-956	-442	-1,177	-1,418
Total operating expenses	-1,279	-1,833	-2,514	-3,139	-5,263
Profit before loan losses	1,156	770	2,822	2,230	4,687
Net loan losses ¹	-12	55	-19	10	9
Operating profit	1,144	825	2,803	2,240	4,696
Income tax expense	-251	-167	-486	-291	-741
Net profit for the period	893	658	2,317	1,949	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 Jun 2023	31 Dec 2022	30 Jun 2022
EURm			
Assets			
Cash and balances with central banks	60,887	61,425	70,502
Debt securities eligible for refinancing with central banks	67,681	60,453	61,503
Loans to credit institutions ¹	74,201	73,488	85,395
Loans to the public ¹	151,412	150,393	146,086
Interest-bearing securities	6,629	14,051	17,784
Shares	14,736	6,765	11,478
Investments in group undertakings	13,860	14,350	14,309
Investments in associated undertakings and joint ventures	63	94	104
Derivatives	34,242	38,870	40,145
Fair value changes of hedged items in portfolio hedges of interest rate risk	-418	-479	-284
Intangible assets	1,614	1,656	1,682
Tangible assets	226	241	247
Deferred tax assets	38	25	20
Current tax assets	53	120	127
Retirement benefit assets	255	159	353
Other assets	9,538	9,653	10,147
Prepaid expenses and accrued income ¹	703	731	835
Total assets	435,720	431,995	460,433
Liabilities			
Deposits by credit institutions and central banks	40,457	40,630	45,456
Deposits and borrowings from the public	225,097	225,231	229,199
Debt securities in issue ¹	85,824	76,932	87,435
Derivatives	34,787	42,049	40,961
Fair value changes of hedged items in portfolio hedges of interest rate risk ¹	-2,023	-2,175	-1,440
Current tax liabilities	229	146	82
Other liabilities	18,849	15,015	23,983
Accrued expenses and prepaid income	711	870	795
Deferred tax liabilities	227	113	105
Provisions	390	376	405
Retirement benefit obligations	199	244	244
Subordinated liabilities ¹	5,255	5,401	6,703
Total liabilities	410,002	404,832	433,928
Equity			
Share capital	4,050	4,050	4,050
Additional Tier 1 capital holders	750	748	749
Invested unrestricted equity	1,065	1,082	1,096
Other reserves	-35	-211	16
Retained earnings	17,571	17,539	18,645
Profit or loss for the period	2,317	3,955	1,949
Total equity	25,718	27,163	26,505
Total liabilities and equity	435,720	431,995	460,433
Off-balance sheet commitments			
Commitments given to a third party on behalf of customers			
Guarantees and pledges	45,608	46,379	48,881
Other	686	661	691
Irrevocable commitments in favour of customers			
Securities repurchase commitments	-	-	-
Other	85,971	96,306	86,813

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	Q2 2023			Q2 2022			Jan-Jun 2023			Jan-Jun 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	-	270	270	-	298	298	-	593	593	-	603	603	-	1,224	1,224
Net result from securities trading and foreign exchange dealing	248	-248	-	324	-324	-	560	-560	-	643	-643	-	1,225	-1,225	-
Net result from hedge accounting	22	-22	-	-26	26	-	33	-33	-	-40	40	-	-1	1	-
Net result from investment properties	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-
Total operating income	2,435	-	2,435	2,603	-	2,603	5,336	-	5,336	5,369	-	5,369	9,950	-	9,950
Other administrative expense	-271	35	-236	-201	20	-181	-479	63	-416	-399	42	-357	-884	97	-787
Other operating expenses	-100	-35	-135	-102	-20	-122	-208	-63	-271	-207	-42	-249	-386	-97	-483
Depreciation, amortisation and impairment charges ¹	-109	-196	-305	-112	-844	-956	-221	-221	-442	-211	-966	-1,177	-427	-991	-1,418
Total operating expenses	-1,083	-196	-1,279	-989	-844	-1,833	-2,293	-221	-2,514	-2,173	-966	-3,139	-4,272	-991	-5,263
Profit before loan losses	1,352	-196	1,156	1,614	-844	770	3,043	-221	2,822	3,196	-966	2,230	5,678	-991	4,687
Net loan losses	-13	1	-12	52	3	55	-20	1	-19	-2	12	10	-3	12	9
Impairment of other financial assets	-195	195	-	-841	841	-	-220	220	-	-954	954	-	-979	979	-
Operating profit	1,144	-	1,144	825	-	825	2,803	-	2,803	2,240	-	2,240	4,696	-	4,696

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

Restatements of the balance sheet

EURm	30 Jun 2023				30 Jun 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	73,984	217	-	74,201	85,343	52	-	85,395	73,314	174	-	73,488
Loans to the public	150,930	482	-	151,412	145,875	211	-	146,086	150,024	369	-	150,393
Prepaid expenses and accrued income	1,402	-699	-	703	1,098	-263	-	835	1,274	-543	-	731
Total assets	435,720	-	-	435,720	460,433	-	-	460,433	431,995	-	-	431,995
Liabilities												
Debt securities in issue	87,398	-	-1,574	85,824	88,412	-	-977	87,435	-	-	-	-
Fair value changes of hedged items in portfolio hedges of interest rate risk	-	-	-2,023	-2,023	-	-	-1,440	-1,440	-	-	-	-
Fair value changes of hedged items in hedges of interest rate risk	-4,119	-	4,119	-	-2,698	-	2,698	-	-	-	-	-
Subordinated liabilities	5,777	-	-522	5,255	6,984	-	-281	6,703	-	-	-	-
Total liabilities	410,002	-	-	410,002	433,928	-	-	433,928	-	-	-	-

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 second 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 17 July 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 Q2 2023 report, investor presentations and fact book are available at www.nordea.com.

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Financial calendar

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

Helsinki 17 July 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 six-month-period ended 30 June 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 June 2023, income statement, statement of comprehensive income, statement of changes in equity and condensed cash flow statement for the six-month-period then ended and notes. The interim financial information also comprises the parent company Nordea Bank Abp's balance sheet as of 30 June 2023 and income statement for the six-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 three months period ended on 30 June 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 17 July 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)