Nordea

Fourth-Quarter and Full-Year Financial Report

2023

Fourth-quarter and full-year results 2023

Summary of the quarter:

- **Continued high-quality income growth.** Total income was up 1% despite continued negative foreign exchange effects. The growth was driven by a 19% increase in net interest income as net interest margins continued to improve. Net fee and commission income decreased by 3% year on year and net insurance result was 15% lower. Net fair value result was very low following a strong quarter last year. Excluding regulatory fees and EUR 177m in write-offs of intangible assets, underlying costs increased by 2%, in line with Nordea's plan.
- **Return on equity 15.9% – excluding write-offs.** Nordea's return on equity excluding write-offs was 15.9% in the fourth quarter, compared with 16.3% a year ago. The decrease was driven by the very low net fair value result, impacted by interest rate volatility and negative revaluations in the liquidity portfolio. The cost-to-income ratio excluding regulatory fees and write-offs was 42%, up from 41%. Earnings per share were EUR 0.31, down from EUR 0.35, driven by the write-offs and lower net fair value result.
- **Volumes stable in a slow market.** Nordea's corporate lending increased by 1% year on year. Mortgage lending volumes were unchanged as mortgage markets remained slow. Retail deposit volumes were stable. Corporate deposits decreased by 3% year on year, but grew by 4% quarter on quarter. Assets under management increased by 5% and internal net flows amounted to EUR 1.9bn.
- **Strong credit quality, continued low net loan losses.** Net loan losses and similar net result amounted to EUR 83m or 10bp, a year-on-year increase mainly attributable to lower reversals and a small increase in new provisions. The requirement to automatically provide in full for aged non-performing retail loans was implemented in the quarter. As a result, EUR 74m was transferred from the structural management judgement buffer to collective provisions, as planned. Overall provisioning levels and coverage were maintained, and the total management judgement buffer now stands at EUR 495m.
- **Continued strong capital generation and increased dividend.** Nordea's CET1 ratio increased to 17.0% from 16.3% the previous quarter, supported by solid net profit generation. This is 4.9 percentage points above the current regulatory requirement, which demonstrates the bank's strong capacity to support its customers. Nordea continues to drive an efficient capital structure and is progressing with its fourth share buy-back programme. Nordea's Board has proposed a dividend of EUR 0.92 per share for 2023, an increase of 15% compared with 2022.
- **Outlook for 2025 updated: return on equity above 15%.** Nordea has a strong and resilient business model, with a very well-diversified loan portfolio across the Nordic region. This enables the bank to support its customers and deliver high-quality earnings, with high profitability and low volatility, through the economic cycle. For 2024, Nordea expects a return on equity above 15%.

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

Group quarterly results and key ratios Q4 2023

EURm	Q4 2023	Q4 2022	Chg %	Q3 2023	Chg %	Jan-Dec 2023	Jan-Dec 2022[1]	Chg %
Net interest income	1,946	1,641	19	1,909	2	7,451	5,664	32
Net fee and commission income	763	785	-3	742	3	3,021	3,186	-5
Net insurance result	40	47	-15	63	-37	217	173	25
Net fair value result	154	396	-61	225	-32	1,014	1,160	-13
Other income	12	28	-57	13	-8	40	75	-47
Total operating income	2,915	2,897	1	2,952	-1	11,743	10,258	14
Total operating expenses excluding regulatory fees	-1,397	-1,196	17	-1,174	19	-4,922	-4,512	9
Total operating expenses	-1,417	-1,212	17	-1,194	19	-5,238	-4,834	8
Profit before loan losses	1,498	1,685	-11	1,758	-15	6,505	5,424	20
Net loan losses and similar net result	-83	-59		-33		-167	-49	
Operating profit	1,415	1,626	-13	1,725	-18	6,338	5,375	18
Cost-to-income ratio excluding regulatory fees, %	47.9	41.3		39.8		41.9	44.0	
Cost-to-income ratio with amortised resolution fees, %	50.6	44.0		42.4		44.6	47.1	
Return on equity with amortised resolution fees, %	14.1	16.3		17.9		16.9	13.8	
Diluted earnings per share, EUR	0.31	0.35	-11	0.38	-18	1.37	1.10	25

[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

2023 was another strong year for Nordea. Despite the weakening economic environment, we maintained good business momentum, made continued progress in line with our business plan and delivered solid financial results. Full-year return on equity increased to 16.9% from 13.8% in 2022.

In the current economic climate, many households and businesses understandably feel more uncertain about the future. Rising prices and higher interest rates have dampened economic activity. In general, our customers have adjusted well to the new environment and the Nordic economies have shown considerable resilience.

Our priority is always to proactively support our customers. As one of the strongest and most profitable banks in Europe, we have demonstrated a great capacity to do this. At the same time, we have seen that our customers continue to show trust and confidence in Nordea as their financial partner. Our engagement resulted in improved customer satisfaction scores in 2023.

Our omnichannel customer experience, combining excellent digital solutions and high-quality advice, continues to be effective and appreciated by our customers. The use of our digital services again rose significantly – 13% year on year – reaching a record high of 1.4 billion logins. We also held more than one million advisory meetings, up 9% on 2022.

We continue to work with our customers to reduce environmental risk and since our baseline year of 2019 we have lowered our financed emissions by approximately 25%, clearly demonstrating our commitment to reach our 40–50% reduction target by 2030.

In the fourth quarter we continued our proactive approach to supporting our customers and maintained solid underlying profitability despite the very low net fair value result. This was supported by a 19% year-on-year increase in net interest income and continued robust levels of lending. Our underlying costs were up 2% year on year. During the quarter we wrote off intangible assets of EUR 177m, primarily due to a change in the treatment of development costs related to digital services (now expensed as incurred). Without these write-offs, our return on equity was 15.9%.

The housing market remained subdued in the quarter, though we maintained a stable level of mortgage lending. In Denmark, Finland and Norway, we maintained our market shares in mortgage lending, and we continued to grow in Sweden. Corporate lending increased by 1% year on year, with market shares increasing in our prioritised segments.

Our credit quality remains strong. As expected, impacts from higher interest rates and inflation are now materialising to some degree and we have made a small number of specific provisions against lending to corporate customers. Net loan losses and similar net result was EUR 83m, or 10bp. Our loan portfolio is diversified across multiple sectors in our four Nordic markets, which continue to show considerable resilience. Moreover, we have a substantial management judgement buffer to cover additional potential losses.

Each of our four business areas performed well in the fourth quarter. In Personal Banking we supported our customers proactively through our market-leading digital offering and advisory services. We continued to see increases in recurring investments and monthly savings top-ups. Deposit volumes increased by 1%. Customer use of the mobile banking app grew, with private users and logins up 8% and 12%, respectively, compared with the fourth quarter of 2022.

In Business Banking we continued to enhance our services and delivered a strong financial performance. Despite the slowing corporate market, lending volumes grew by 1%, driven by Norway and Sweden. In the 2023 Prospera customer satisfaction survey we ranked first for both SME and mid corporate banking in Sweden, indicating solid progress with our strategy. Deposit volumes grew by 1% and we saw increasing demand for our savings and fixed-term deposit products. In November we expanded our sustainability offering by launching a Net-Zero Commitment Loan together with the non-profit global initiative SME Climate Hub.

In Large Corporates & Institutions we continued to actively support our Nordic customers in a more challenging environment. Lending was broadly stable and customer activity remained high. Market-making result was lower, particularly compared with the very high level seen a year ago. In the Prospera survey we ranked first for large corporate banking in Denmark for the fifth time and maintained a high corporate banking score at the Nordic level.

In Asset & Wealth Management we grew our private banking business, a key focus in our savings strategy. Our efforts have gained widespread recognition: we were named the best private bank in the Nordics by Prospera, Professional Wealth Management and Global Finance in their respective rankings. We further broadened our product range, and assets under management increased by 5% year on year, to EUR 378.5bn, supported by net flows of EUR 1.9bn from internal channels.

In December the Norwegian Competition Authority approved our acquisition of Danske Bank's Norwegian personal customer business. Subject to regulatory approval, the transaction is expected to close in late 2024.

Our strategy, pan-Nordic business model and well-diversified business portfolio are serving us well. We continue to drive high capital generation. Given our strong financial position and full-year results, our Board of Directors has proposed a dividend of EUR 0.92 per share for 2023, a year-on-year increase of 15%. Including our share buy-backs over the past year, the total distribution to our shareholders will amount to approximately EUR 1.27 per share, or 11% of our market capitalisation. During the fourth quarter we increased our CET1 ratio to 17.0% – 4.9 percentage points above the current regulatory requirement.

As previously communicated, we have updated our financial target for 2025: we are now targeting a return on equity of above 15%, against our original target of above 13%. Our upgraded 2025 target reflects the significant structural improvements made across the Group over the past four years, which support the delivery of high-quality earnings, with high profitability and low volatility.

In 2024 we aim to again grow our income faster than our costs – albeit with narrower positive jaws than in 2023 – and to deliver a return on equity above 15% for the full year. Every day, we work to earn the trust and loyalty of our customers and shareholders. I would like to thank them for their support, and also all our employees for their great efforts and relentless drive forward during 2023. Our focus is unchanged – to be the preferred partner for customers in need of a broad range of financial services.

Frank Vang-Jensen
President and Group CEO

Outlook (new)

Financial target for 2025

Nordea's financial target for 2025 is a return on equity of above 15%.

The target will be supported by a cost-to-income ratio of 44–46%, an annual net loan loss ratio of around 10bp and the continuation of Nordea's well-established capital and dividend policies.

Financial outlook for 2024

Nordea expects a return on equity of above 15%.

Capital policy

A management buffer of 150bp 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 (old)

Financial target for 2025

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

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

Financial outlook for 2023

Nordea expects a return on equity of above 15%.

Capital policy

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

Dividend policy

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

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Income statement

Excluding items affecting comparability[1]

EURm	Q4 2023	Q4 2022	Chg %	Local curr. %	Q3 2023	Chg %	Local curr. %	Jan-Dec 2023	Jan-Dec 2022	Chg %	Local curr. %
Net interest income	1,946	1,641	19	24	1,909	2	1	7,451	5,664	32	39
Net fee and commission income	763	785	-3	0	742	3	2	3,021	3,186	-5	-1
Net insurance result	40	47	-15	-11	63	-37	-36	217	173	25	31
Net result from items at fair value	154	396	-61	-61	225	-32	-32	1,014	1,160	-13	-14
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	2	-1			4	-50	-50	-3	-8	-63	-63
Other operating income	10	29	-66	-62	9	11	10	43	83	-48	-43
Total operating income	**2,915**	**2,897**	**1**	**4**	**2,952**	**-1**	**-2**	**11,743**	**10,258**	**14**	**20**
Staff costs	-735	-721	2	4	-729	1	1	-2,908	-2,793	4	8
Other expenses	-323	-315	3	10	-292	11	12	-1,206	-1,108	9	17
Regulatory fees	-20	-16	25	31	-20	0	-5	-316	-322	-2	1
Depreciation, amortisation and impairment charges of tangible and intangible assets	-339	-160			-153			-808	-611	32	37
Total operating expenses	**-1,417**	**-1,212**	**17**	**21**	**-1,194**	**19**	**18**	**-5,238**	**-4,834**	**8**	**13**
Profit before loan losses	**1,498**	**1,685**	**-11**	**-8**	**1,758**	**-15**	**-15**	**6,505**	**5,424**	**20**	**25**
Net loan losses and similar net result	-83	-59	41	48	-33			-167	-49		
Operating profit	**1,415**	**1,626**	**-13**	**-10**	**1,725**	**-18**	**-19**	**6,338**	**5,375**	**18**	**23**
Income tax expense	-309	-353	-12	-9	-380	-19	-20	-1,404	-1,189	18	24
Net profit for the period	**1,106**	**1,273**	**-13**	**-10**	**1,345**	**-18**	**-18**	**4,934**	**4,186**	**18**	**23**

[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 figures[1]

Excluding items affecting comparability[2]

	Q4 2023	Q4 2022	Chg %	Q3 2023	Chg %	Jan-Dec 2023	Jan-Dec 2022	Chg %
Diluted earnings per share (DEPS), EUR	0.31	0.35	-11	0.38	-18	1.37	1.10	25
EPS, rolling 12 months up to period end, EUR	1.37	1.11	23	1.41	-3	1.37	1.11	23
Return on equity with amortised resolution fees, %	14.1	16.3		17.9		16.9	13.8	
Return on equity, %	14.7	16.9		18.5		16.9	13.8	
Return on tangible equity, %	16.9	19.5		21.4		19.4	15.9	
Return on risk exposure amount, %	3.2	3.5		3.8		3.5	2.9	
Cost-to-income ratio excluding regulatory fees, %	47.9	41.3		39.8		41.9	44.0	
Cost-to-income ratio with amortised resolution fees, %	50.6	44.0		42.4		44.6	47.1	
Cost-to-income ratio, %	48.6	41.8		40.4		44.6	47.1	
Net loan loss ratio, incl. loans held at fair value, bp	10	7		4		5	1	
Return on capital at risk with amortised resolution fees, %	19.2	21.7		23.5		22.5	18.3	
Return on capital at risk, %	20.0	22.6		24.4		22.5	18.3	

[1] For more detailed information regarding ratios and key figures defined as alternative performance measures, see https://www.nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports.
[2] For details about items affecting comparability, see footnote 1 in the previous table.

Business volumes, key items[1]

EURbn	31 Dec 2023	31 Dec 2022	Chg %	Local curr. %	30 Sep 2023	Chg %	Local curr. %
Loans to the public	344.8	345.7	0	1	343.3	0	-1
Loans to the public, excl. repos/securities borrowing	324.0	327.3	-1	1	320.3	1	0
Deposits and borrowings from the public	210.1	217.5	-3	-2	213.9	-2	-3
Deposits from the public, excl. repos/securities lending	202.6	210.8	-4	-3	202.4	0	-1
Total assets	584.7	594.7	-2		609.8	-4	
Assets under management	378.5	358.9	5		359.7	5	
Equity	31.2	30.8	1		30.4	3	

[1] End of period.

Income statement

Including items affecting comparability

	Q4 2023	Q4 2022	Chg %	Local curr. %	Q3 2023	Chg %	Local curr. %	Jan-Dec 2023	Jan-Dec 2022	Chg %	Local curr. %
EURm											
Net interest income	1,946	1,641	19	24	1,909	2	1	7,451	5,664	32	39
Net fee and commission income	763	785	-3	0	742	3	2	3,021	3,186	-5	-1
Net insurance result	40	47	-15	-11	63	-37	-36	217	173	25	31
Net result from items at fair value	154	396	-61	-61	225	-32	-32	1,014	623	63	57
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	2	-1			4	-50	-50	-3	-8	-63	-63
Other operating income	10	29	-66	-62	9	11	10	43	83	-48	-43
Total operating income	**2,915**	**2,897**	**1**	**4**	**2,952**	**-1**	**-2**	**11,743**	**9,721**	**21**	**26**
Staff costs	-735	-721	2	4	-729	1	1	-2,908	-2,793	4	8
Other expenses	-323	-315	3	10	-292	11	12	-1,206	-1,108	9	17
Regulatory fees	-20	-16	25	31	-20	0	-5	-316	-322	-2	1
Depreciation, amortisation and impairment charges of tangible and intangible assets	-339	-160			-153			-808	-611	32	37
Total operating expenses	**-1,417**	**-1,212**	**17**	**21**	**-1,194**	**19**	**18**	**-5,238**	**-4,834**	**8**	**13**
Profit before loan losses	**1,498**	**1,685**	**-11**	**-8**	**1,758**	**-15**	**-15**	**6,505**	**4,887**	**33**	**39**
Net loan losses and similar net result	-83	-59	41	48	-33			-167	-125	34	40
Operating profit	**1,415**	**1,626**	**-13**	**-10**	**1,725**	**-18**	**-19**	**6,338**	**4,762**	**33**	**39**
Income tax expense	-309	-353	-12	-9	-380	-19	-20	-1,404	-1,175	19	25
Net profit for the period	**1,106**	**1,273**	**-13**	**-10**	**1,345**	**-18**	**-18**	**4,934**	**3,587**	**38**	**44**

Ratios and key figures[1]

Including items affecting comparability

	Q4 2023	Q4 2022	Chg %	Q3 2023	Chg %	Jan-Dec 2023	Jan-Dec 2022	Chg %
EURm								
Diluted earnings per share (DEPS), EUR	0.31	0.35	-11	0.38	-18	1.37	0.94	46
EPS, rolling 12 months up to period end, EUR	1.37	0.96	43	1.41	-3	1.37	0.96	43
Share price[2], EUR	11.23	10.03	12	10.41	8	11.23	10.03	12
Proposed/actual dividend per share, EUR						0.92	0.80	15
Equity per share[2], EUR	8.86	8.46	5	8.56	4	8.86	8.46	5
Potential shares outstanding[2], million	3,528	3,654	-3	3,557	-1	3,528	3,654	-3
Weighted average number of diluted shares, million	3,534	3,674	-4	3,566	-1	3,579	3,782	-5
Return on equity with amortised resolution fees, %	14.1	16.3		17.9		16.9	11.8	
Return on equity, %	14.7	16.9		18.5		16.9	11.8	
Return on tangible equity, %	16.9	19.5		21.4		19.4	13.6	
Return on risk exposure amount, %	3.2	3.5		3.8		3.5	2.5	
Cost-to-income ratio excluding regulatory fees, %	47.9	41.3		39.8		41.9	46.4	
Cost-to-income ratio with amortised resolution fees, %	50.6	44.0		42.4		44.6	49.7	
Cost-to-income ratio, %	48.6	41.8		40.4		44.6	49.7	
Net loan loss ratio, incl. loans held at fair value, bp	10	7		4		5	4	
Common Equity Tier 1 capital ratio[2,3], %	17.0	16.4		16.3		17.0	16.4	
Tier 1 capital ratio[2,3], %	19.4	18.7		18.7		19.4	18.7	
Total capital ratio[2,3], %	22.2	20.8		20.7		22.2	20.8	
Tier 1 capital[2,3], EURbn	26.8	27.2	-1	26.3	2	26.8	27.2	-1
Risk exposure amount[2], EURbn	138.7	145.3	-5	140.9	-2	138.7	145.3	-5
Return on capital at risk with amortised resolution fees, %	19.2	21.7		23.5		22.5	15.7	
Return on capital at risk, %	20.0	22.6		24.4		22.5	15.7	
Net interest margin, %	1.83	1.45		1.77		1.72	1.25	
Number of employees (FTEs)[2]	29,153	28,268	3	29,266	0	29,153	28,268	3
Economic capital[2], EURbn	21.9	21.9	0	22.0	0	21.9	21.9	0

[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 markets[1]

Global

The global economy performed better than expected in 2023, but the outlook continues to be uncertain amid geopolitical risks and tighter monetary conditions. Towards the end of the year the US economy remained strong and China's recovery was ongoing, while Europe stagnated. Survey data point to a dampening of activity in the service sector, and the outlook for the manufacturing sector remains bleak on the back of a low order intake and a generally weak development in world trade this year. However, labour markets remain strong.

While headline inflation has come down substantially, core inflation has proven more stubborn. Most central banks around the world have tightened monetary policy significantly in efforts to dampen demand and anchor inflation expectations at around 2%. The European Central Bank's deposit facility rate now stands at a record high of 4%, while the federal funds rate stands at 5.5% in the United States.

Risk sentiment in the financial markets improved dramatically during the fourth quarter amid a sharp drop in inflation and softer central bank rhetoric. The S&P 500 index was up 10.9%, the STOXX Europe 600 was up 6.8% and the NASDAQ OMX Nordic 120 was up 10.4%. The global aggregate bond index was up 8%.

The Nordic economies have started to slow due to weaker global growth and financial tightening, and the outlook remains uncertain.

Denmark

Danish GDP fell by 0.7% quarter on quarter in the third quarter of 2023, primarily due to a decline in production in the pharmaceutical industry. Household consumption increased due to higher demand for services. Exports and gross fixed investments also increased. Both consumer confidence and business sentiment were broadly unchanged in the fourth quarter. The labour market has remained strong, with employment in both the public and private sectors reaching an all-time high in the third quarter. The unemployment rate increased slightly, to 2.9%, in December 2023. House and apartment prices were up 3.0% and 2.4%, respectively, quarter on quarter in the third quarter. Year-on-year consumer price inflation stood at 0.7% in December. In line with the European Central Bank, Danmarks Nationalbank has kept its monetary policy interest rate unchanged since September 2023. The central bank's deposit rate now stands at 3.60%, the highest level since 2009.

Finland

Finnish GDP decreased by 0.9% quarter on quarter in the third quarter of 2023. The decline was driven by negative household consumption and investments. Net exports remained positive. Weak purchasing power and high interest rates have held back private consumption. The outlook for the construction sector has deteriorated further, causing investments to decline. The labour market has started to weaken, with the unemployment rate standing at 7.6% in December. Housing transactions picked up in the fourth quarter ahead of upcoming tax changes for first-time home buyers, but housing prices were still 4.9% lower in December than in the same month last year. Year-on-year harmonised consumer price inflation stood at 1.6% in December. Price pressures have eased in all main price categories.

Norway

Norwegian mainland GDP increased by 0.1% quarter on quarter during the third quarter of 2023. Registered unemployment was low at 1.9% in December, and employment was high. Consumer price inflation has decreased while core inflation remains high. Headline CPI inflation stood at 4.8% in December and underlying inflation stood at 5.5%, excluding energy and taxes. Norges Bank has increased its policy rate 14 times since 2021, bringing it to 4.5% as of December 2023. The central bank's latest forecast is that the rate will probably be kept unchanged until after the autumn of 2024. Housing prices were broadly stable during 2023. The Norwegian krone generally weakened against most currencies, but gained ground in the last two weeks of the year.

Sweden

Swedish GDP fell by 0.3% quarter on quarter during the third quarter of 2023. Domestic demand was down while exports rose. Demand for labour weakened and the unemployment rate remained high at 8.2% in December according to Statistics Sweden. House and apartment prices remained under pressure and were 0.5% lower and 0.7% higher, respectively, in December 2023 than in the same month the year before. Year-on-year consumer price inflation stood at 2.3% in December. Sveriges Riksbank kept its policy rate unchanged at 4.00% in November and continued to scale back its balance sheet. The trade-weighted Swedish krona strengthened by 3.9% in the course of the fourth quarter.

[1]Source: Nordea Economic Research

Group results and performance

Fourth quarter 2023

Net interest income

Q4/Q4: Net interest income increased by 19%. The main drivers were improved deposit margins and higher treasury income due to policy rate hikes in all countries, and higher corporate lending volumes. These were partly offset by lower lending margins. Exchange rate effects had a negative impact of approximately EUR 128m.

Q4/Q3: Net interest income increased by 2%. The main drivers were higher treasury income and improved deposit margins. The improved deposit margins were mainly driven by policy rate hikes. Exchange rate effects had a negative impact of approximately EUR 1m.

Lending volumes

Q4/Q4: Loans to the public excluding repurchase agreements and securities borrowing were up 1% in local currencies. Lending volumes increased in Business Banking (1% in local currencies) and decreased in Large Corporates & Institutions (-2% in EUR; -1% excluding foreign exchange impacts). Lending volumes were stable in Personal Banking (0% in local currencies).

Q4/Q3: Loans to the public excluding repurchase agreements and securities borrowing were stable in local currencies. Lending volumes were stable in Personal Banking (0% in local currencies) and decreased in Business Banking (-1% in local currencies) and Large Corporates & Institutions (-3% in EUR).

Deposit volumes

Q4/Q4: Total deposits from the public excluding repurchase agreements and securities lending were down 3% in local currencies. Deposit volumes increased in Personal Banking (1% in local currencies) and Business Banking (1% in local currencies) and decreased in Large Corporates & Institutions (-8% in EUR).

Q4/Q3: Total deposits from the public excluding repurchase agreements and securities lending were down 1% in local currencies, driven by lower Treasury volumes. Deposit volumes were stable in Personal Banking (0% in local currencies) and increased in Business Banking (4% in local currencies) and Large Corporates & Institutions (4% in EUR).

Net interest income per business area

								Local currency	
	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
EURm									
Personal Banking	887	870	842	811	764	16%	2%	20%	1%
Business Banking	636	632	612	573	548	16%	1%	22%	0%
Large Corporates & Institutions	380	368	361	352	345	10%	3%		
Asset & Wealth Management	80	81	74	73	73	10%	-1%	14%	0%
Group functions	-37	-42	-58	-44	-89				
Total Group	**1,946**	**1,909**	**1,831**	**1,765**	**1,641**	**19%**	**2%**	**24%**	**1%**

Change in net interest income (NII)

	Q4/Q3	Q4/Q4	Jan-Dec 23/22
EURm			
NII beginning of period	**1,909**	**1,641**	**5,664**
Margin-driven NII	**20**	**401**	**2,344**
Lending margin	3	-79	-556
Deposit margin	9	408	2,624
Cost of funds	-3	-23	-191
Equity margin	11	95	467
Volume-driven NII	**-5**	**-3**	**125**
Lending volume	-3	9	115
Deposit volume	-2	-12	10
Day count	0	0	0
Other[1,2]	22	-93	-682
NII end of period	**1,946**	**1,946**	**7,451**
[1] of which foreign exchange	-1	-128	-519
[2] of which deposit hedge	-22	-159	-709

Net fee and commission income

Q4/Q4: Net fee and commission income decreased by 3%, driven by lower lending-related commissions and lower net income from payments and cards. These were partly offset by higher income from savings and investments. Exchange rate effects had a negative impact of approximately EUR 23m.

Q4/Q3: Net fee and commission income increased by 3%, driven by higher income from savings and investments. This was partly offset by lower net income from payments and cards. Exchange rate effects had a positive impact of approximately EUR 4m.

Savings and investment commissions

Q4/Q4: Net fee and commission income from savings and investments increased by 1%, driven by higher customer activity in the brokerage and advisory business. This was partly offset by lower asset management fee income, lower life and pension commissions and lower income from custody and issuer services.

Q4/Q3: Net fee and commission income from savings and investments increased by 5%, driven by higher customer activity in the brokerage business, higher income from custody and issuer services and higher asset management fee income. These were partly offset by lower life and pension commissions. End-of-period assets under management increased by EUR 18.8bn, to EUR 378.5bn, with a net outflow of EUR 2.1bn during the quarter.

Payments and cards commissions

Q4/Q4: Net fee and commission income from payments and cards decreased by 7%, mainly driven by lower card income.

Q4/Q3: Net fee and commission income from payments and cards decreased by 5%, mainly driven by lower card income.

Lending-related commissions

Q4/Q4: Lending-related net fee and commission income decreased by 16%, driven by lower income from mortgage refinancing fees and higher securitisation costs.

Q4/Q3: Lending-related net fee and commission income was unchanged.

Net fee and commission income per business area

	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Local currency Q4/Q4	Local currency Q4/Q3
EURm									
Personal Banking	255	269	258	257	273	-7%	-5%	-4%	-6%
Business Banking	149	136	142	151	157	-5%	10%	-2%	9%
Large Corporates & Institutions	130	105	104	120	111	17%	24%		
Asset & Wealth Management	244	242	245	246	255	-4%	1%	-3%	0%
Group functions	-15	-10	2	-9	-11				
Total Group	**763**	**742**	**751**	**765**	**785**	**-3%**	**3%**	**0%**	**2%**

Net fee and commission income per category

	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Local currency Q4/Q4	Local currency Q4/Q3
EURm									
Savings and investments, net	509	484	498	501	504	1%	5%	3%	5%
Payments and cards, net	132	139	138	135	142	-7%	-5%	-5%	-6%
Lending-related, net	122	121	122	128	145	-16%	0%	-12%	0%
Other commissions, net	0	-2	-7	1	-6				
Total Group	**763**	**742**	**751**	**765**	**785**	**-3%**	**3%**	**0%**	**2%**

Assets under management (AuM), volumes and net flow

	Q423	Q323	Q223	Q123	Q422	Net flow Q423
EURbn						
Nordic Retail funds	80.0	74.4	74.5	73.4	71.3	0.4
Private Banking	116.1	108.9	110.1	109.1	107.5	0.6
Life & Pension	79.6	74.5	74.4	73.2	71.5	0.8
Institutional and wholesale distribution	102.8	101.9	104.2	106.7	108.6	-3.9
Total	**378.5**	**359.7**	**363.1**	**362.4**	**358.9**	**-2.1**

Net insurance result

Q4/Q4: Net insurance result decreased by 15% due to lower medium-to-long interest rates negatively affecting guaranteed life insurance products in scope for IFRS 17. This was partly offset by the inclusion of Nordea Pension from December 2022.

Q4/Q3: Net insurance result decreased by 37%, primarily due to lower medium-to-long interest rates negatively affecting guaranteed life insurance products in scope for IFRS 17, and higher claims.

Net insurance result per business area

EURm	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3
Personal Banking	33	28	27	28	27	22%	18%
Business Banking	4	3	4	4	4	0%	33%
Large Corporates & Institutions	0	1	0	0	1		
Asset & Wealth Management	2	32	37	14	14	-86%	-94%
Group functions	1	-1	0	0	1		
Total Group	**40**	**63**	**68**	**46**	**47**	**-15%**	**-37%**

Net result from items at fair value

Q4/Q4: Net result from items at fair value decreased by 61%, driven by lower result in Treasury and lower market-making result in Markets. The lower result in Treasury was mainly due to negative revaluations in the liquidity portfolio and hedge inefficiencies driven by interest rate volatility.

Q4/Q3: Net result from items at fair value decreased by 32%, driven by lower result in Treasury and lower market-making result in Markets. The lower result in Treasury was mainly due to negative revaluations in the liquidity portfolio and hedge inefficiencies driven by interest rate volatility.

Net result from items at fair value per business area

EURm	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3
Personal Banking	15	20	17	18	13	15%	-25%
Business Banking	95	82	93	109	94	1%	16%
Large Corporates & Institutions	88	94	99	193	157	-44%	-6%
Asset & Wealth Management	4	-1	9	23	9	-56%	
Group functions	-48	30	72	2	123		
Total Group	**154**	**225**	**290**	**345**	**396**	**-61%**	**-32%**

Equity method

Q4/Q4: Income from companies accounted for under the equity method was EUR 2m, up from EUR -1m.

Q4/Q3: Income from companies accounted for under the equity method was EUR 2m, down from EUR 4m.

Other operating income

Q4/Q4: Other operating income was EUR 10m, down from EUR 29m. The fourth quarter of 2022 had included a gain on a divestment.

Q4/Q3: Other operating income was EUR 10m, up from EUR 9m.

Total operating income per business area

								Local currency	
EURm	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
Personal Banking	1,190	1,188	1,146	1,115	1,077	10%	0%	14%	0%
Business Banking	894	862	864	834	813	10%	4%	15%	3%
Large Corporates & Institutions	599	569	564	665	626	-4%	5%		
Asset & Wealth Management	328	354	365	356	350	-6%	-7%	-4%	-7%
Group functions	-96	-21	16	-49	31				
Total Group	**2,915**	**2,952**	**2,955**	**2,921**	**2,897**	**1%**	**-1%**	**4%**	**-2%**

Total operating expenses

Q4/Q4: Total operating expenses increased, mainly due to write-offs of intangible assets not present in the comparative figures. Excluding these, operating expenses were up 2%, driven by inflation and costs related to bolt-on acquisitions. Exchange rate effects had a positive impact of approximately EUR 51m.

Q4/Q3: Total operating expenses increased, mainly due to write-offs of intangible assets not present in the comparative figures. Excluding these, operating expenses were up 4%, driven by costs related to bolt-on acquisitions. Exchange rate effects had a positive impact of approximately EUR 7m.

Staff costs

Q4/Q4: Staff costs were up 2% due to additional risk management resources and salary increases.

Q4/Q3: Staff costs were up 1%, mainly due to higher provisions for variable pay.

Other expenses

Q4/Q4: Other expenses increased by 3%, mainly due to transaction and integration costs related to the acquisition of Danske Bank's Norwegian personal customer business.

Q4/Q3: Other expenses increased by 11%, mainly due to transaction and integration costs related to the acquisition of Danske Bank's Norwegian personal customer business and seasonally higher marketing costs.

Regulatory fees

Q4/Q4: Regulatory fees amounted to EUR 20m, compared with EUR 16m, and reflect an increase in the Swedish bank tax.

Q4/Q3: Regulatory fees amounted to EUR 20m, compared with EUR 20m.

Depreciation and amortisation

Q4/Q4: Depreciation and amortisation increased by EUR 179m, mainly due to EUR 177m in write-offs of intangible assets not present in the comparative figures.

Q4/Q3: Depreciation and amortisation increased by EUR 186m, to EUR 339m, mainly due to EUR 177m in write-offs of intangible assets not present in the comparative figures.

FTEs

Q4/Q4: The number of employees (FTEs) was 29,153 at the end of the fourth quarter, an increase of 3%, mainly due to additional investments in technology and risk management, and investments to drive growth.

Q4/Q3: The number of FTEs was stable.

Total operating expenses

								Local currency	
	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
EURm									
Staff costs	-735	-729	-725	-719	-721	2%	1%	4%	1%
Other expenses	-323	-292	-304	-287	-315	3%	11%	10%	12%
Regulatory fees	-20	-20	-21	-255	-16	25%	0%	31%	-5%
Depreciation and amortisation	-339	-153	-155	-161	-160				
Total Group	**-1,417**	**-1,194**	**-1,205**	**-1,422**	**-1,212**	**17%**	**19%**	**21%**	**18%**

Total operating expenses per business area

								Local currency	
	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
EURm									
Personal Banking	-516	-476	-491	-547	-483	7%	8%	11%	9%
Business Banking	-335	-295	-295	-382	-310	8%	14%	12%	13%
Large Corporates & Institutions	-204	-190	-181	-291	-194	5%	7%		
Asset & Wealth Management	-163	-142	-139	-144	-149	9%	15%	11%	15%
Group functions	-199	-91	-99	-58	-76	162%	119%		
Total Group	**-1,417**	**-1,194**	**-1,205**	**-1,422**	**-1,212**	**17%**	**19%**	**21%**	**18%**

Exchange rate effects

	Q4/Q4	Q4/Q3	Jan-Dec 23/22
Percentage points			
Income	-4	0	-5
Expenses	-4	0	-5
Operating profit	-3	1	-5
Loan and deposit volumes	-1	1	-1

Net loan losses and similar net result

Credit quality remained strong and loan losses were in line with historical levels in the fourth quarter of 2023.

Net loan losses and similar net result amounted to EUR 83m (10bp) for the quarter and EUR 167m (5bp) for 2023 as a whole. Net loan losses and similar net result was higher than in the previous quarters of 2023 (EUR 33m, or 4bp, in the third quarter) due to higher new individual provisions.

Main drivers of loan losses and similar net result

Net loan losses relating to individually assessed exposures amounted to EUR 108m, mainly due to the effects of cost increases and lower consumer demand on the construction and consumer-related industries. Credit quality in the retail lending portfolio remained solid and realised loan losses continued to be stable.

Collectively calculated net provisions decreased by EUR 13m.

The revaluation of the portfolio reported at fair value, including Nordea Kredit's mortgage portfolio, resulted in a reversal of EUR 12m.

Net loan losses and similar net result amounted to EUR 34m in Personal Banking, EUR 26m in Business Banking, EUR 21m in Large Corporates & Institutions and EUR 3m in Group functions. There were net reversals of EUR 1m in Asset & Wealth Management.

Management judgement allowances

During the quarter the management judgement allowances were assessed to be at appropriate levels. The cyclical management judgement allowance was kept unchanged in local currencies, supported by updated portfolio assessments, including stress tests.

This quarter, the requirement to automatically provide in full for aged non-performing retail loans was implemented. As a result, EUR 74m was transferred from the structural management judgement buffer to collective provisions, as planned. Overall provisioning levels and coverage were maintained.

The overall management judgement allowance now amounts to EUR 495m.

See Note 11 for further details.

Credit portfolio

Lending to the public excluding reverse repurchase agreements and securities borrowing amounted to EUR 324bn at the end of the quarter, unchanged in local currencies quarter on quarter.

Loans to the public measured at fair value excluding reverse repurchase agreements and securities borrowing increased to EUR 53bn from EUR 51bn in the third quarter, and mainly comprised Danish mortgage lending.

Lending to the public measured at amortised cost before allowances increased to EUR 273bn from EUR 271bn in the third quarter. Of this, 93% was classified as stage 1 (down from 94%), 6% as stage 2 (up from 5%) and 1% as stage 3. Quarter on quarter, stage 1 loan loans were unchanged, stage 2 loans increased by 16%, mainly driven by changes in IFRS 9 models, and stage 3 loans increased by 10% due to a small number of new impaired corporate customers. Stage 2 loans amounted to EUR 16.2bn, up 27% year on year. Stage 3 loans amounted to EUR 2.5bn, up 9% year on year.

The coverage ratio was 2.5% for stage 2 (down from 2.7% in the previous quarter) and 42% for stage 3 (down from 44% in the previous quarter). The fair value impairment rate decreased to 0.54% from 0.56% in the previous quarter.

Net loan loss ratio

	Q423	Q323	Q223	Q123	Q422
Basis points of loans, amortised cost[1]					
Net loan loss ratios, annualised, Group	14	5	6	3	7
of which stages 1 and 2	-1	-1	-3	0	1
of which stage 3	15	6	9	3	6
Basis points of loans, total[1,2]					
Net loan loss ratio, including loans held at fair value, annualised, Group	10	4	4	2	7
Personal Banking total	8	6	4	8	4
PeB Denmark	5	4	0	4	12
PeB Finland	14	13	9	17	4
PeB Norway	3	5	2	5	-8
PeB Sweden	9	6	5	7	6
Business Banking total	11	5	16	2	15
BB Denmark	0	-5	-5	-5	15
BB Finland	4	10	36	21	18
BB Norway	17	2	19	-5	7
BB Sweden	19	13	12	9	23
Large Corporates & Institutions total	12	-2	-9	-12	3
LC&I Denmark	22	0	7	-59	3
LC&I Finland	5	4	-27	-28	9
LC&I Norway	-81	-3	-30	-23	0
LC&I Sweden	77	0	-10	14	6

[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

Q4/Q4: Operating profit decreased by 13%, to EUR 1,415m, mainly driven by write-offs of intangible assets.

Q4/Q3: Operating profit decreased by 18%, to EUR 1,415m, mainly driven by write-offs of intangible assets.

Taxes

Q4/Q4: Income tax expense amounted to EUR 309m, down from EUR 353m, corresponding to a tax rate of 21.8%, similar to a year ago (21.7%).

Q4/Q3: Income tax expense amounted to EUR 309m, down from EUR 380m, corresponding to a tax rate of 21.8%, similar to the previous quarter (22.0%).

Net profit

Q4/Q4: Net profit decreased by 13%, to EUR 1,106m. Return on equity was 14.7%, down from 16.9%. Return on equity with amortised resolution fees was 14.1%, down from 16.3%.

Q4/Q3: Net profit decreased by 18%, to EUR 1,106m. Return on equity was 14.7%, down from 18.5%. Return on equity with amortised resolution fees was 14.1%, down from 17.9%.

Q4/Q4: Diluted earnings per share were EUR 0.31, compared with EUR 0.35.

Q4/Q3**:** Diluted earnings per share were EUR 0.31, compared with EUR 0.38.

Operating profit per business area

								Local currency	
	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
EURm									
Personal Banking	640	686	638	533	576	11%	-7%	14%	-7%
Business Banking	533	555	532	447	466	14%	-4%	20%	-4%
Large Corporates & Institutions	374	382	401	396	427	-12%	-2%		
Asset & Wealth Management	166	211	225	211	203	-18%	-21%	-16%	-22%
Group functions	-298	-109	-78	-107	-46				
Total Group	**1,415**	**1,725**	**1,718**	**1,480**	**1,626**	**-13%**	**-18%**	**-10%**	**-19%**

Capital position and risk exposure amount

The Nordea Group's Common Equity Tier 1 (CET1) capital ratio increased to 17.0% in the fourth quarter from 16.3% in the third quarter of 2023. CET1 capital increased by EUR 0.6bn, mainly driven by profit generation net of dividend. The Group's CET1 capital requirement increased to 12.1% in the fourth quarter from 12.0% in the third quarter of 2023.

The risk exposure amount (REA) decreased by EUR 2.2bn, primarily driven by increased credit protection following the launch of a new securitisation transaction and the receipt of regulatory approval to align the capital treatment of Nordea Life & Pension (NLP). These were partly offset by increased average risk weights in the corporate portfolio.

The Group's Tier 1 capital ratio increased to 19.4% at the end of the fourth quarter from 18.7% in the third quarter. The total capital ratio increased to 22.2% from 20.7%.

At the end of the fourth quarter CET1 capital amounted to EUR 23.6bn, Tier 1 capital amounted to EUR 26.8bn, and own funds amounted to EUR 30.8bn.

The Group's subordinated minimum requirements for own funds and eligible liabilities (MREL) ratio was 31.2% of the REA and 8.1% 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 38.6% of the REA and 10.0% of the LRE, compared with the current requirements of 29.4% of the REA and 5.98% of the LRE.

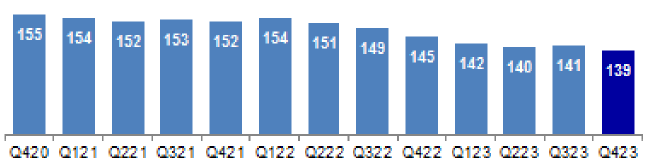
The leverage ratio increased to 5.0% at the end of the fourth quarter from 4.7% in the third quarter of 2023, mainly driven by decreased leverage exposure and increased Tier 1 capital.

The Group's economic capital decreased to EUR 21.9bn in the fourth quarter of 2023. The decrease was mainly driven by reduced credit risk.

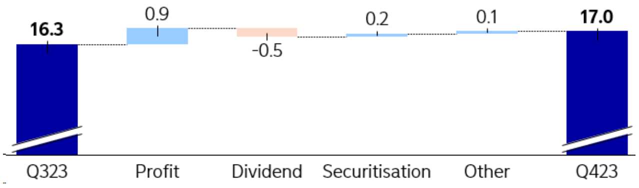
Capital ratios

%	Q423	Q323	Q223	Q123	Q422
CRR/CRD IV					
CET1 capital ratio	17.0	16.3	16.0	15.7	16.4
Tier 1 capital ratio	19.4	18.7	18.3	18.0	18.7
Total capital ratio	22.2	20.7	20.5	20.1	20.8

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 now targets a management buffer of 150bp above the regulatory CET1 requirement. This is an adjustment compared with the previous policy and reflects the bank's strong capital generation. The new target enables Nordea to manage capital efficiently while maintaining a solid buffer above requirements. Nordea's ambition is to distribute 60–70% of the net profit for the year as dividends to shareholders. Excess capital will be used for organic growth and strategic business acquisitions, as well as being subject to buy-back considerations.

Share buy-backs and dividend proposal

On 26 April 2023 the Board of Directors approved a new share buy-back programme of up to EUR 1.0bn. The programme commenced on 28 April 2023 and will end no later than 5 March 2024.

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

On 31 December 2023 Nordea Bank Abp's distributable earnings, including profit for the financial year − after subtracting capitalised development expenses − were EUR 17,855m and other unrestricted equity amounted to EUR 4,575m.

Nordea's Board of Directors has decided to propose that the Annual General Meeting (AGM) of 21 March 2024 authorise it to decide on a dividend payment of a maximum of EUR 0.92 per share. This corresponds to approximately 66% of the net profit for the year. The intention is for the Board to decide on a dividend payment in a single instalment based on the authorisation immediately after the AGM. The dividend will not be paid for shares held by Nordea on the dividend record date.

Regulatory developments

Nordea received the European Central Bank's final Supervisory Review and Evaluation Process decision on 30 November 2023. The decision maintains the P2R at 1.60%, of which 0.90% must be met with CET1 capital.

Nordea expects its new capital models for retail exposures to be approved during the first half of 2024 and implemented during the second half. On being implemented, the new models are currently estimated to increase the REA by approximately EUR 10bn. The final impact is subject to the approval of the relevant supervisors and includes estimated regulatory add-ons that will be removed following remedial actions on Nordea's part.

On 19 December the Board of the Finnish Financial Supervisory Authority (FSA) decided to maintain the reciprocation of the Swedish 25% risk weight floor for residential real estate until 30 December 2025 in accordance with the decision of the Swedish FSA.

Risk exposure amount

EURm	31 Dec 2023	31 Dec 2022
Credit risk	**105,678**	**113,156**
IRB	94,502	98,589
- sovereign		
- corporate	59,993	65,346
- advanced	*53,628*	*58,438*
- foundation	*6,365*	*6,908*
- institutions	3,868	3,888
- retail	25,519	25,021
- items representing securitisation positions	2,162	1,195
- other	2,960	3,139
Standardised	11,176	14,567
- sovereign	241	207
- retail	3,993	4,972
- other	6,942	9,389
Credit valuation adjustment risk	**596**	**675**
Market risk	**4,805**	**4,750**
- trading book, internal approach	4,072	4,110
- trading book, standardised approach	733	640
- banking book, standardised approach		
Settlement risk	**0**	
Operational risk	**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	**11,592**	**11,693**
Additional risk exposure amount due to Article 3 of the CRR	**-**	**-**
Total	**138,719**	**145,299**

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

EURm	31 Dec 2023	31 Dec 2022
Calculation of own funds		
Equity in the consolidated situation	25,534	27,048
Profit for the period	4,927	3,598
Proposed/actual dividend	-3,240	-2,887
Common Equity Tier 1 capital before regulatory adjustments	27,221	27,758
Deferred tax assets	-34	-4
Intangible assets	-2,678	-2,776
IRB provisions shortfall (-)		
Pension assets in excess of related liabilities	-160	-126
Other items including buy-back deduction, net[1]	-704	-980
Total regulatory adjustments to Common Equity Tier 1 capital	**-3,576**	**-3,886**
Common Equity Tier 1 capital (net after deduction)	**23,645**	**23,872**
Additional Tier 1 capital before regulatory adjustments	3,225	3,307
Total regulatory adjustments to Additional Tier 1 capital	**-25**	**-25**
Additional Tier 1 capital	**3,200**	**3,282**
Tier 1 capital (net after deduction)	**26,845**	**27,154**
Tier 2 capital before regulatory adjustments	3,466	3,231
IRB provisions excess (+)	554	542
Deductions for investments in insurance companies		-650
Other items, net	-50	-64
Total regulatory adjustments to Tier 2 capital	**504**	**-172**
Tier 2 capital	**3,970**	**3,059**
Own funds (net after deduction)	**30,815**	**30,213**
[1] Other items, net if reported excluding profit.	-726	-980

Own funds reported to ECB

EURm	31 Dec[2] 2023	31 Dec 2022
Common Equity Tier 1 capital	21,937	23,872
Tier 1 capital (net after deduction)	25,137	27,154
Total own funds	**29,107**	**30,213**

[2] Excluding fourth-quarter profit (pending application).

Balance sheet

Balance sheet data

	Q423	Q323	Q223	Q123	Q422
EURbn					
Loans to credit institutions	2	7	10	8	5
Loans to the public	345	343	340	340	346
Derivatives	27	34	32	32	37
Interest-bearing securities	68	70	70	76	68
Other assets	143	156	150	148	139
Total assets	**585**	**610**	**602**	**604**	**595**
Deposits from credit institutions	30	37	33	34	33
Deposits from the public	210	214	218	218	217
Debt securities in issue	183	191	190	190	180
Derivatives	31	36	33	33	40
Other liabilities	100	102	99	101	94
Total equity	31	30	29	28	31
Total liabilities and equity	**585**	**610**	**602**	**604**	**595**

Funding and liquidity operations

Nordea issued approximately EUR 2.7bn in long-term funding in the fourth quarter of 2023 (excluding Danish covered bonds and long-dated certificates of deposit), of which approximately EUR 2.2bn was issued in the form of covered bonds and EUR 0.5bn was issued as Tier 2 debt. Notable transactions during the quarter included a EUR 1bn 5-year covered bond, a NOK 7bn 5-year green covered bond and a EUR 0.5bn 10.25NC5.25 green Tier 2 bond.

At the end of the fourth quarter long-term funding accounted for approximately 76% 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 165% at the end of the fourth 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 fourth quarter the liquidity buffer amounted to EUR 104bn, compared with EUR 114bn at the end of the third quarter of 2023. The net stable funding ratio (NSFR) measures long-term liquidity risk. At the end of the fourth quarter Nordea's NSFR was 118.7%, compared with 118.1% at the end of the third quarter.

Nordea maintained a strong liquidity position throughout the fourth quarter amid 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 fourth quarter Nordea had EUR 3bn outstanding under the TLTRO III programme. The interest rate is now equal to the deposit facility rate.

Funding and liquidity data

	Q423	Q323	Q223	Q123	Q422
Long-term funding portion	76%	70%	70%	71%	73%
LCR total	165%	162%	160%	161%	162%
LCR EUR	231%	188%	148%	159%	149%
LCR USD	207%	226%	194%	294%	177%

Market risk

Market risk in the trading book measured by value at risk (VaR) was EUR 32.7m. Quarter on quarter, VaR increased by EUR 1.2m, primarily as a result of higher interest rate risk. Interest rate risk remained the main driver of VaR at the end of the fourth quarter of 2023. Trading book VaR continues to be driven by market risk related to Nordic and other Northern European exposures.

Trading book

	Q423	Q323	Q223	Q123	Q422
EURm					
Total risk, VaR	33	31	40	36	33
Interest rate risk, VaR	33	32	40	38	32
Equity risk, VaR	3	4	4	3	2
Foreign exchange risk, VaR	1	2	3	2	2
Credit spread risk, VaR	5	4	6	3	7
Inflation risk, VaR	4	5	5	2	2
Diversification effect	30%	32%	32%	24%	27%

Nordea share and credit ratings

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

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
12/31/2021	110.50	80.39	10.79
3/31/2022	97.30	70.20	9.38
6/30/2022	90.00	62.24	8.40
9/30/2022	95.67	65.33	8.80
12/31/2022	111.68	75.12	10.03
3/31/2023	110.64	73.37	9.84
6/30/2023	117.30	74.51	9.97
9/30/2023	120.12	77.41	10.41
12/31/2023	124.72	83.99	11.23

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

Other information

Share cancellations

Nordea cancelled aggregated amounts of 8,569,610, 13,500,394 and 7,109,818 treasury shares in October, November and December, respectively. The shares had been held for capital optimisation purposes and acquired through buy-backs.

Impacts from Russia's invasion of Ukraine

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

Nordea also further assessed the impact of uncertainty after the onset of the war – reflected in higher inflation and higher interest rates, etc. – on the global and Nordic economies. The assessment informed the regular update of the bank's macroeconomic scenarios, which are used to update its financial forecasts and model IFRS 9 expected credit losses. 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".

Change in treatment of development costs related to customer-facing digital services

Nordea's accounting policies, based on the IFRSs, require IT development costs to be capitalised when development initiatives are expected to provide benefits over a longer period of time.

During the fourth quarter, as part of its ordinary impairment testing, Nordea reviewed its portfolio of current development initiatives supporting customer-facing digital services. Nordea concluded that the rapid pace of digital development in this portfolio, including the continuous and agile introduction of new features and implementation of new cloud-based solutions, was making it more difficult to evidence such benefits for accounting purposes. Accordingly, the bank has changed its treatment of development costs related to digital services, and, as a result, an impairment charge of EUR 130m was recognised in the fourth quarter.

The total impairment charge amounted to EUR 184m for the quarter and included individually insignificant impairments identified in the course of the ordinary impairment testing. Nordea holds EUR 1.5bn in internally developed intangible IT assets on its balance sheet where no significant impairment needs were identified during the fourth quarter and where capitalisation is currently expected to continue.

The impact of the change on Nordea's earnings per share from 1 January 2024 is not significant.

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 subsidiary is pending finalisation.

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

Nordea has entered into an agreement with Danske Bank to acquire its Norwegian personal customer and private banking business and associated asset management portfolios. The Norwegian Competition Authority announced its approval of the acquisition on 15 December 2023. Subject to regulatory approval, Nordea expects to close the acquisition in late 2024.

At the end of 2022 the business to be transferred comprised approximately 285,000 customers, lending and deposit volumes of EUR 18bn and EUR 4bn, respectively, and approximately EUR 2bn in assets under management. The acquisition fits well into Nordea's strategy to grow in the Nordic region both organically and through bolt-on acquisitions. The acquired business will be integrated into Nordea after the closing of the transaction.

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

Pillar 2 Global Anti-Base-Erosion tax reform

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

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

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

Joint venture with OP Financial Group to improve payment services in Finland

Nordea is establishing a joint venture with OP Financial Group to support payment-related needs in Finland. The joint venture will develop solutions for paying with phone numbers and managing e-invoices that benefit both consumers and businesses. The solutions will be designed so as to be open to other market participants as well.

Nordea and OP plan to move the existing merchant services of Siirto to Siirto Brand Oy, in which they already own equal shares, and to expand the operations of the latter. The planned changes are scheduled to be implemented in 2024, pending the approval of the relevant competition authorities.

Quarterly development, Group

Excluding items affecting comparability

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
EURm							
Net interest income	1,946	1,909	1,831	1,765	1,641	7,451	5,664
Net fee and commission income	763	742	751	765	785	3,021	3,186
Net insurance result	40	63	68	46	47	217	173
Net result from items at fair value	154	225	290	345	396	1,014	1,160
Profit from associated undertakings and joint ventures accounted for under the equity method	2	4	3	-12	-1	-3	-8
Other operating income	10	9	12	12	29	43	83
Total operating income	**2,915**	**2,952**	**2,955**	**2,921**	**2,897**	**11,743**	**10,258**
General administrative expenses:							
Staff costs	-735	-729	-725	-719	-721	-2,908	-2,793
Other expenses	-323	-292	-304	-287	-315	-1,206	-1,108
Regulatory fees	-20	-20	-21	-255	-16	-316	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	-339	-153	-155	-161	-160	-808	-611
Total operating expenses	**-1,417**	**-1,194**	**-1,205**	**-1,422**	**-1,212**	**-5,238**	**-4,834**
Profit before loan losses	**1,498**	**1,758**	**1,750**	**1,499**	**1,685**	**6,505**	**5,424**
Net loan losses and similar net result	-83	-33	-32	-19	-59	-167	-49
Operating profit	**1,415**	**1,725**	**1,718**	**1,480**	**1,626**	**6,338**	**5,375**
Income tax expense	-309	-380	-383	-332	-353	-1,404	-1,189
Net profit for the period	**1,106**	**1,345**	**1,335**	**1,148**	**1,273**	**4,934**	**4,186**
Diluted earnings per share (DEPS), EUR	0.31	0.38	0.37	0.31	0.35	1.37	1.10
DEPS, rolling 12 months up to period end, EUR	1.37	1.41	1.30	1.21	1.11	1.37	1.11

Business areas

Excluding items affecting comparability

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group functions		Nordea Group		
	Q4 2023	Q3 2023	Q4 2023	Q3 2023	Q4 2023	Q3 2023	Q4 2023	Q3 2023	Q4 2023	Q3 2023	Q4 2023	Q3 2023	*Chg*
EURm													
Net interest income	887	870	636	632	380	368	80	81	-37	-42	1,946	1,909	*2%*
Net fee and commission income	255	269	149	136	130	105	244	242	-15	-10	763	742	*3%*
Net insurance result	33	28	4	3	0	1	2	32	1	-1	40	63	*-37%*
Net result from items at fair value	15	20	95	82	88	94	4	-1	-48	30	154	225	*-32%*
Other income	0	1	10	9	1	1	-2	0	3	2	12	13	*-8%*
Total operating income	**1,190**	**1,188**	**894**	**862**	**599**	**569**	**328**	**354**	**-96**	**-21**	**2,915**	**2,952**	**-1%**
Total operating expenses	**-516**	**-476**	**-335**	**-295**	**-204**	**-190**	**-163**	**-142**	**-199**	**-91**	**-1,417**	**-1,194**	**19%**
Net loan losses and similar net result	-34	-26	-26	-12	-21	3	1	-1	-3	3	-83	-33	
Operating profit	**640**	**686**	**533**	**555**	**374**	**382**	**166**	**211**	**-298**	**-109**	**1,415**	**1,725**	**-18%**
Cost-to-income ratio[1], %	45	42	39	36	38	37	50	40			51	42	
Return on capital at risk[1], %	26	29	23	24	19	19	44	55			19	24	
Economic capital (EC)	7,290	7,204	6,982	7,029	5,655	5,790	1,169	1,185	817	776	21,913	21,984	*0%*
Risk exposure amount (REA)	42,262	41,759	41,294	41,625	39,695	40,692	6,072	7,452	9,396	9,396	138,719	140,924	*-2%*
Number of employees (FTEs)	6,708	6,787	3,960	3,970	1,225	1,255	3,098	3,139	14,162	14,115	29,153	29,266	*0%*
Volumes, EURbn[2]:													
Total lending	**166.6**	**165.0**	**96.2**	**95.8**	**52.1**	**53.6**	**11.7**	**11.5**	**-2.6**	**-5.6**	**324.0**	**320.3**	**1%**
Total deposits	**85.8**	**85.1**	**52.9**	**50.3**	**47.0**	**45.2**	**12.2**	**11.9**	**4.7**	**9.9**	**202.6**	**202.4**	**0%**

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

[1] With amortised resolution fees.

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

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group functions		Nordea Group		
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	*Chg*
EURm													
Net interest income	3,410	2,536	2,453	1,896	1,461	1,180	308	169	-181	-117	7,451	5,664	*32%*
Net fee and commission income	1,039	1,135	578	610	459	465	977	1,026	-32	-50	3,021	3,186	*-5%*
Net insurance result	116	77	15	13	1	1	85	81	0	1	217	173	*25%*
Net result from items at fair value	70	83	379	374	474	575	35	2	56	126	1,014	1,160	*-13%*
Other income	4	5	29	35	2	16	-2	-1	7	20	40	75	*-47%*
Total operating income	**4,639**	**3,836**	**3,454**	**2,928**	**2,397**	**2,237**	**1,403**	**1,277**	**-150**	**-20**	**11,743**	**10,258**	**14%**
Total operating expenses	**-2,030**	**-1,882**	**-1,307**	**-1,241**	**-866**	**-840**	**-588**	**-548**	**-447**	**-323**	**-5,238**	**-4,834**	**8%**
Net loan losses and similar net result	-112	-56	-80	-50	22	56	-2	-2	5	3	-167	-49	
Operating profit	**2,497**	**1,898**	**2,067**	**1,637**	**1,553**	**1,453**	**813**	**727**	**-592**	**-340**	**6,338**	**5,375**	**18%**
Cost-to-income ratio, %	44	49	38	42	36	38	42	43			45	47	
Return on capital at risk, %	27	19	23	19	20	19	53	35			22	18	
Economic capital (EC)	7,290	7,219	6,982	6,606	5,655	5,735	1,169	1,498	817	852	21,913	21,910	*0%*
Risk exposure amount (REA)	42,262	42,498	41,294	42,145	39,695	41,603	6,072	8,651	9,396	10,402	138,719	145,299	*-5%*
Number of employees (FTEs)	6,708	6,847	3,960	3,956	1,225	1,230	3,098	3,172	14,162	13,063	29,153	28,268	*3%*
Volumes, EURbn[1]:													
Total lending	**166.6**	**169.6**	**96.2**	**96.5**	**52.1**	**53.0**	**11.7**	**11.9**	**-2.6**	**-3.7**	**324.0**	**327.3**	**-1%**
Total deposits	**85.8**	**85.9**	**52.9**	**53.0**	**47.0**	**51.3**	**12.2**	**13.3**	**4.7**	**7.3**	**202.6**	**210.8**	**-4%**

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

[1] 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, lending volumes developed in line with the market. Total lending volumes were stable in local currencies year on year, while deposit volumes increased by 1%.

During the quarter we secured approval from the Norwegian Competition Authority to acquire Danske Bank's Norwegian personal customer business. The acquisition will strengthen our market position in Norway and is expected to be closed in the fourth quarter of 2024.

While customer investment activity and demand for new loan promises remained lower than a year ago, we continued to see increasing activity in recurring investments and higher demand for savings deposits. As expected, there was some further migration from transaction deposits to savings deposits.

We further enhanced our savings product offering. In Sweden, we implemented our ITP occupational pension solution and launched a new ESG discretionary offering. In Denmark, we launched a gift savings account enabling customers to set aside money for loved ones, with a fixed release date. Following market trends, we introduced interest on transaction accounts in Denmark and Finland, having already done so in Sweden earlier in the year.

Customer interaction and meeting activity remained at high levels, driven by our proactiveness and high customer demand for advice related to personal finances. We continued to support our customers proactively through digital channels and saw a steady increase in digital customer engagement, with private mobile app users and logins up 8% and 12%, respectively, year on year. In Sweden, we drove a 78% year-on-year increase in digitally generated leads for mortgage and savings advisers.

We also further enhanced our digital services and launched new insights and features in the app for a better customer experience. For example, we introduced new search tools making it easier for customers to manage their savings and transactions digitally, and quick actions to help them navigate to the most popular features with a single tap.

Our ESG savings products continued to perform well, accounting for 34% of quarterly gross inflows into funds.

Financial outcome

Total income in the fourth quarter increased by 10% year on year, mainly due to a 16% year-on-year improvement in net interest income. The latter was driven by improved deposit margins linked to higher policy rates in all markets. These were partly offset by lower lending margins.

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

Net insurance result increased by 22% year on year, driven by a decrease in claims.

Total expenses increased by 7% year on year due to salary inflation and investments in technology and risk management in line with our business plan. The cost-to-income ratio with amortised resolution fees improved to 45% from 46% a year ago.

Total net loan losses and similar net result amounted to EUR 34m (8bp), compared with EUR 19m in the same quarter last year, and was in line with our expectations.

Operating profit increased by 11% year on year, to EUR 640m. Return on capital at risk was 26%, compared with 23% in the same quarter last year.

Personal Banking Denmark

Total income increased by 13% in local currency year on year.

Net interest income increased by 24% in local currency year on year, primarily driven by higher deposit volumes and improved deposit margins.

Lending volumes decreased by 2% in local currency year on year due to continued low demand for mortgage lending. Deposit volumes increased by 5%, driven by higher savings deposit volumes.

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

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

Personal Banking Finland

Total income increased by 29% year on year.

Net interest income increased by 46% year on year, primarily driven by improved deposit margins. These were partly offset by lower mortgage margins.

Lending volumes decreased by 2% year on year, driven by lower mortgage volumes. Deposit volumes decreased by 3%, driven by lower transaction deposit volumes. These were partly offset by increased savings deposit volumes.

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

Net loan losses and similar net result amounted to EUR 13m (14bp).

Personal Banking Norway

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

Net interest income increased by 6% in local currency year on year, primarily driven by higher mortgage and deposit volumes and improved deposit margins. These were partly offset by lower mortgage margins, driven by higher funding costs and notice periods related to policy rate increases.

Lending volumes remained stable in local currency year on year. Deposit volumes increased by 7%, driven by higher savings deposit volumes.

Net fee and commission income decreased by 24% in local currency year on year, driven by business changes.

Net loan losses and similar net result amounted to EUR 3m (3bp).

Personal Banking Sweden

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

Net interest income increased by 8% in local currency year on year due to higher mortgage volumes and improved deposit margins. These were partly offset by lower lending margins, which were driven by higher funding costs.

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

Net fee and commission income increased by 9% year on year, driven by higher payment and card fee income.

Net loan losses and similar net result amounted to EUR 11m (9bp).

Personal Banking total

								Local curr.				Jan-Dec 23/22	
	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3	Jan-Dec 23	Jan-Dec 22	EUR	Local
EURm													
Net interest income	887	870	842	811	764	16%	2%	20%	1%	3,410	2,536	34%	40%
Net fee and commission income	255	269	258	257	273	-7%	-5%	-4%	-6%	1,039	1,135	-8%	-5%
Net insurance result	33	28	27	28	27	22%	18%	30%	25%	116	77	51%	58%
Net result from items at fair value	15	20	17	18	13	15%	-25%	15%	-21%	70	83	-16%	-14%
Other income	0	1	2	1	0					4	5		
Total income incl. allocations	**1,190**	**1,188**	**1,146**	**1,115**	**1,077**	**10%**	**0%**	**14%**	**0%**	**4,639**	**3,836**	**21%**	**26%**
Total expenses incl. allocations	**-516**	**-476**	**-491**	**-547**	**-483**	**7%**	**8%**	**11%**	**9%**	**-2,030**	**-1,882**	**8%**	**13%**
Profit before loan losses	**674**	**712**	**655**	**568**	**594**	**13%**	**-5%**	**16%**	**-6%**	**2,609**	**1,954**	**34%**	**39%**
Net loan losses and similar net result	-34	-26	-17	-35	-18					-112	-56		
Operating profit	**640**	**686**	**638**	**533**	**576**	**11%**	**-7%**	**14%**	**-7%**	**2,497**	**1,898**	**32%**	**37%**
Cost-to-income ratio[1], %	45	42	45	44	46					44	49		
Return on capital at risk[1], %	26	29	27	25	23					27	19		
Economic capital (EC)	7,290	7,204	7,138	7,238	7,219	1%	1%			7,290	7,219	1%	
Risk exposure amount (REA)	42,262	41,759	41,347	42,055	42,498	-1%	1%			42,262	42,498	-1%	
Number of employees (FTEs)	6,708	6,787	6,950	6,981	6,847	-2%	-1%			6,708	6,847	-2%	
Volumes, EURbn:													
Mortgage lending	145.4	143.7	141.9	144.6	148.2	-2%	1%	0%	0%	145.4	148.2	-2%	0%
Other lending	21.2	21.3	21.2	21.4	21.4	-1%	0%	0%	-1%	21.2	21.4	-1%	0%
Total lending	**166.6**	**165.0**	**163.1**	**166.0**	**169.6**	**-2%**	**1%**	**0%**	**0%**	**166.6**	**169.6**	**-2%**	**0%**
Total deposits	**85.8**	**85.1**	**84.8**	**84.3**	**85.9**	**0%**	**1%**	**1%**	**0%**	**85.8**	**85.9**	**0%**	**1%**

[1] With amortised resolution fees.

Personal Banking

	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Local curr. Q4/Q4	Local curr. Q4/Q3	Jan-Dec 23	Jan-Dec 22	Jan-Dec 23/22 EUR	Jan-Dec 23/22 Local
Net interest income, EURm													
PeB Denmark	227	232	208	197	183	24%	-2%	24%	-3%	864	666	30%	30%
PeB Finland	280	283	264	226	192	46%	-1%	46%	-1%	1,053	527	100%	100%
PeB Norway	108	109	116	128	113	-4%	-1%	7%	1%	461	470	-2%	11%
PeB Sweden	273	249	255	260	267	2%	10%	8%	6%	1,037	870	19%	29%
Other	-1	-3	-1	0	9					-5	3		
Net fee and commission income, EURm													
PeB Denmark	75	75	72	70	84	-11%	0%	-10%	3%	292	321	-9%	-9%
PeB Finland	76	78	79	76	79	-4%	-3%	-3%	-3%	309	312	-1%	-1%
PeB Norway	17	24	17	23	25	-32%	-29%	-24%	-27%	81	104	-22%	-12%
PeB Sweden	90	93	90	90	86	5%	-3%	9%	-6%	363	401	-9%	-2%
Other	-3	-1	0	-2	-1					-6	-3		
Net loan losses and similar net result, EURm													
PeB Denmark	-5	-5	0	-5	-14					-15	-19		
PeB Finland	-13	-12	-8	-16	-4					-49	-36		
PeB Norway	-3	-4	-2	-4	7					-13	3		
PeB Sweden	-11	-8	-6	-9	-7					-34	-3		
Other	-2	3	-1	-1	0					-1	-1		
Volumes, EURbn													
Personal Banking Denmark													
Mortgage lending	34.1	34.4	34.9	35.1	35.6	-4%	-1%	-4%	-1%	34.1	35.6	-4%	-4%
Other lending	10.1	10.1	10.0	9.9	9.5	6%	0%	7%	1%	10.1	9.5	6%	7%
Total lending	**44.2**	**44.5**	**44.9**	**45.0**	**45.1**	**-2%**	**-1%**	**-2%**	**-1%**	**44.2**	**45.1**	**-2%**	**-2%**
Total deposits	**23.1**	**22.8**	**22.9**	**22.2**	**22.0**	**5%**	**1%**	**5%**	**1%**	**23.1**	**22.0**	**5%**	**5%**
Personal Banking Finland													
Mortgage lending	30.7	30.6	30.7	30.9	31.2	-2%	0%	-2%	0%	30.7	31.2	-2%	-2%
Other lending	6.0	6.1	6.1	6.1	6.1	-2%	-2%	-2%	-2%	6.0	6.1	-2%	-2%
Total lending	**36.7**	**36.7**	**36.8**	**37.0**	**37.3**	**-2%**	**0%**	**-2%**	**0%**	**36.7**	**37.3**	**-2%**	**-2%**
Total deposits	**25.6**	**26.0**	**26.3**	**26.1**	**26.5**	**-3%**	**-2%**	**-3%**	**-2%**	**25.6**	**26.5**	**-3%**	**-3%**
Personal Banking Norway													
Mortgage lending	32.4	32.3	31.2	31.8	34.2	-5%	0%	1%	0%	32.4	34.2	-5%	1%
Other lending	2.0	2.1	2.1	2.3	2.5	-20%	-5%	-12%	-4%	2.0	2.5	-20%	-12%
Total lending	**34.4**	**34.4**	**33.3**	**34.1**	**36.7**	**-6%**	**0%**	**0%**	**-1%**	**34.4**	**36.7**	**-6%**	**0%**
Total deposits	**10.7**	**10.3**	**10.1**	**9.8**	**10.7**	**0%**	**4%**	**7%**	**4%**	**10.7**	**10.7**	**0%**	**7%**
Personal Banking Sweden													
Mortgage lending	48.3	46.3	45.1	46.9	47.2	2%	4%	2%	1%	48.3	47.2	2%	2%
Other lending	3.0	3.0	3.0	3.1	3.3	-9%	0%	-9%	-3%	3.0	3.3	-9%	-9%
Total lending	**51.3**	**49.3**	**48.1**	**50.0**	**50.5**	**2%**	**4%**	**2%**	**0%**	**51.3**	**50.5**	**2%**	**2%**
Total deposits	**26.4**	**25.9**	**25.6**	**26.2**	**26.7**	**-1%**	**2%**	**-1%**	**-2%**	**26.4**	**26.7**	**-1%**	**-1%**

Business Banking

Introduction

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

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

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

Business development

In the fourth quarter we continued to enhance our services and delivered a solid financial performance. Despite the slowing corporate market, lending volumes grew by 1% in local currencies year on year, driven by Norway and Sweden. Deposit volumes grew by 1% and we saw increasing demand for our savings and fixed-term deposit products.

Customer satisfaction increased in all countries and segments. We maintained strong meeting activity to help customers tackle the current economic challenges. We also continued to improve service quality in digital channels, enhancing our online self-support pages and broadening the offering of our digital adviser.

To support our aim to be the leading digital bank for SMEs, we further developed the Nordea Business internet bank and mobile app. In Sweden, we launched an improved file management service to enable even more convenient daily banking. In Finland, we began onboarding customers to a new user management system providing a more efficient and secure way for them to use the internet bank and mobile app. Customer feedback on our digital services remained very positive, with ratings for the mobile app averaging above 4 out of 5 in all markets.

We remain focused on driving the transition to a more sustainable economy. In November we expanded our sustainability offering by launching a Net-Zero Commitment Loan in collaboration with the non-profit global initiative SME Climate Hub. The new loan offers favourable terms for customers that commit to halving their emissions by 2030 and becoming net zero by 2050, and report their progress via the SME Climate Hub. The product, the first of its kind in the Nordics, is initially being piloted in Denmark and Sweden.

During the quarter our green asset portfolio increased to 11% of total lending. We also continued to see strong demand for our climate-focused deposits, which enable customers to invest their excess liquidity while helping to finance green assets. While the deposits are currently available in Norway and Sweden, we plan to introduce them in Denmark and Finland in early 2024.

Financial outcome

Total income in the fourth quarter increased by 10% year on year, driven by higher lending and deposit volumes and improved deposit margins.

Net interest income increased by 16% year on year, driven by higher lending and deposit volumes and improved deposit margins linked to higher policy rates across the markets. These were partly offset by lower lending margins.

Net fee and commission income decreased by 5% year on year, driven by lower mortgage refinancing activity and lower savings income. These were partly offset by higher debt capital markets income.

Net result from items at fair value increased by 1% year on year, driven by higher trading income.

Total expenses increased by 8% year on year, driven by investments in technology and risk management in line with our business plan. The cost-to-income ratio with amortised resolution fees was 39%, an improvement of 1 percentage point on the same quarter last year.

Net loan losses and similar net result amounted to EUR 26m (11bp), compared with EUR 37m in the same quarter last year. New provisions were concentrated in the construction and retail sectors.

Operating profit increased by 14% year on year, to EUR 533m, driven by higher income and lower net loan losses. Return on capital at risk was 23%, compared with 21% in the same quarter last year.

Business Banking Denmark

Net interest income increased by 30% in local currency year on year, driven by higher deposit volumes and improved deposit margins.

Lending volumes decreased by 1% in local currency year on year. Deposit volumes increased by 8%, driven by fixed-term deposits.

Net fee and commission income decreased by 10% in local currency year on year, driven by lower mortgage refinancing activity, lower savings income and lower equity capital markets income. These were partly offset by higher payment and card fee income.

Net loan losses and similar net result amounted to EUR 0m (0bp), down from EUR 9m in the same quarter last year.

Business Banking Finland

Net interest income increased by 33% year on year, driven by improved deposit margins. The increase was partly offset by lower lending and deposit volumes and lower lending margins.

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

Net fee and commission income was stable year on year as higher savings income and higher debt capital markets income were offset by lower lending fee income.

Net loan losses and similar net result amounted to EUR 2m (4bp), down from EUR 9m in the same quarter last year.

Business Banking Norway

Net interest income increased by 16% in local currency year on year, driven by higher lending volumes and improved deposit margins.

Lending volumes increased by 7% in local currency year on year. Deposit volumes increased by 2%.

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

Net loan losses and similar net result amounted to EUR 10m (17bp), up from EUR 4m in the same quarter last year. The net loan losses were driven by a small number of individual cases.

Business Banking Sweden

Net interest income increased by 14% 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 2% in local currency year on year. Deposit volumes decreased by 1%.

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

Net loan losses and similar net result amounted to EUR 13m (19bp), compared with EUR 16m in the same quarter last year. The net loan losses were driven by a small number of individual cases.

Business Banking total

								Local curr.		Jan-	Jan-	Jan-Dec 23/22	
	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3	Dec 23	Dec 22	EUR	Local
EURm													
Net interest income	636	632	612	573	548	16%	1%	22%	0%	2,453	1,896	29%	37%
Net fee and commission income	149	136	142	151	157	-5%	10%	-2%	9%	578	610	-5%	-1%
Net insurance result	4	3	4	4	4	0%	33%	0%	33%	15	13	15%	15%
Net result from items at fair value	95	82	93	109	94	1%	16%	8%	14%	379	374	1%	7%
Other income	10	9	13	-3	10					29	35		
Total income incl. allocations	**894**	**862**	**864**	**834**	**813**	**10%**	**4%**	**15%**	**3%**	**3,454**	**2,928**	**18%**	**24%**
Total expenses incl. allocations	**-335**	**-295**	**-295**	**-382**	**-310**	**8%**	**14%**	**12%**	**13%**	**-1,307**	**-1,241**	**5%**	**11%**
Profit before loan losses	**559**	**567**	**569**	**452**	**503**	**11%**	**-1%**	**17%**	**-2%**	**2,147**	**1,687**	**27%**	**34%**
Net loan losses and similar net result	-26	-12	-37	-5	-37					-80	-50		
Operating profit	**533**	**555**	**532**	**447**	**466**	**14%**	**-4%**	**20%**	**-4%**	**2,067**	**1,637**	**26%**	**33%**
Cost-to-income ratio[1], %	39	36	37	38	40					38	42		
Return on capital at risk[1], %	23	24	22	22	21					23	19		
Economic capital (EC)	6,982	7,029	6,926	7,117	6,606	6%	-1%			6,982	6,606	6%	
Risk exposure amount (REA)	41,294	41,625	41,490	42,663	42,145	-2%	-1%			41,294	42,145	-2%	
Number of employees (FTEs)	3,960	3,970	4,021	3,983	3,956	0%	0%			3,960	3,956	0%	
Volumes, EURbn:													
Total lending	96.2	95.8	94.4	94.8	96.5	0%	0%	1%	-1%	96.2	96.5	0%	1%
Total deposits	52.9	50.3	50.4	50.9	53.0	0%	5%	1%	4%	52.9	53.0	0%	1%

[1] With amortised resolution fees.

Business Banking

	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Local curr. Q4/Q4	Local curr. Q4/Q3	Jan-Dec 23	Jan-Dec 22	Jan-Dec 23/22 EUR	Jan-Dec 23/22 Local
Net interest income, EURm													
Business Banking Denmark	133	132	123	114	102	30%	1%	30%	1%	502	377	33%	33%
Business Banking Finland	175	170	170	147	132	33%	3%	33%	3%	662	460	44%	44%
Business Banking Norway	152	156	143	141	148	3%	-3%	16%	0%	592	525	13%	28%
Business Banking Sweden	174	170	170	166	161	8%	2%	14%	-1%	680	516	32%	42%
Other	2	4	6	5	5					17	18		
Net fee and commission income, EURm													
Business Banking Denmark	28	26	28	32	31	-10%	8%	-10%	8%	114	121	-6%	-6%
Business Banking Finland	53	49	52	56	53	0%	8%	0%	8%	210	205	2%	2%
Business Banking Norway	28	28	28	28	29	-3%	0%	7%	7%	112	117	-4%	8%
Business Banking Sweden	48	46	49	48	51	-6%	4%	0%	2%	191	216	-12%	-4%
Other	-8	-13	-15	-13	-7					-49	-49		
Net loan losses and similar net result, EURm													
Business Banking Denmark	0	3	3	3	-9					9	6		
Business Banking Finland	-2	-5	-18	-11	-9					-36	-26		
Business Banking Norway	-10	-1	-11	3	-4					-19	9		
Business Banking Sweden	-13	-9	-8	-6	-16					-36	-40		
Other	-1	0	-3	6	1					2	1		
Lending, EURbn													
Business Banking Denmark	24.4	24.4	24.5	24.4	24.7	-1%	0%	-1%	0%	24.4	24.7	-1%	-1%
Business Banking Finland	19.7	20.2	20.2	20.5	20.5	-4%	-2%	-3%	-2%	19.7	20.5	-4%	-3%
Business Banking Norway	24.0	23.7	22.9	22.5	23.8	1%	1%	7%	0%	24.0	23.8	1%	7%
Business Banking Sweden	28.0	27.5	26.7	27.4	27.5	2%	2%	2%	-2%	28.0	27.5	2%	2%
Other	0.1	0	0.1	0	0					0.1	0		
Deposits, EURbn													
Business Banking Denmark	11.0	10.9	10.7	10.4	10.3	7%	1%	8%	1%	11.0	10.3	7%	8%
Business Banking Finland	15.0	14.3	14.6	15.0	15.4	-3%	5%	-3%	5%	15.0	15.4	-3%	-3%
Business Banking Norway	9.5	8.7	8.6	8.8	9.9	-4%	9%	2%	7%	9.5	9.9	-4%	2%
Business Banking Sweden	17.3	16.3	16.5	16.7	17.4	-1%	6%	-1%	2%	17.3	17.4	-1%	-1%
Other	0.1	0.1	0	0	0					0.1	0		

Large Corporates & Institutions

Introduction

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

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

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

Business development

In the fourth quarter we made further progress with our strategy execution. We continued to actively support our Nordic customers, many of whom were adapting their investment activities amid higher interest rates and heightened geopolitical risks. Excluding foreign exchange effects, lending volumes were broadly unchanged year on year, while deposit volumes decreased by 7%. Quarter on quarter, we continued to see a pick-up in deposit volumes following a drop in the second quarter. Deposit volumes have been volatile throughout the year due to measures taken by our customers to handle the market turbulence.

In the 2023 Prospera customer satisfaction survey we ranked first for large corporate banking in Denmark for the fifth time in six years and maintained a high corporate banking score at the Nordic level.

Debt Capital Markets activity continued at good levels in a tighter credit spread environment, with primary bond volumes in particular increasing across market segments. In Equity Capital Markets and Mergers & Acquisitions market conditions remained challenging, although activity levels somewhat improved, particularly in private equity. Investment Banking and Equities delivered its second strongest performance to date and secured a number one Nordic equity capital markets ranking at the end of the year. Transaction highlights of the quarter included a EUR 5bn bond and a EUR 3bn green bond dual tranche transaction for the European Union and an underwritten rights issue for Finnair. We also advised Sampo on the demerger and listing of Mandatum.

Nordea Markets delivered a satisfactory result in the fourth quarter, supported by a rebound in equity and credit market activity. We maintained our intense focus on cost control and capital footprint optimisation, enabling continued customer support and solid results.

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

Financial outcome

Total income in the fourth quarter decreased by 4% year on year. Strong growth in net interest income and net fee and commission income was offset by significantly lower net result from items at fair value.

Net interest income increased by 10% year on year, driven by positive margin development.

Net fee and commission income was up 17% year on year, driven by higher primary bond and advisory fee income despite continued weak capital markets.

Net result from items at fair value decreased by 44% year on year, mainly driven by lower market-making result amid challenging market conditions. The decrease also followed the very high level seen in the fourth quarter of 2022. We continued to drive solid levels of customer activity and maintained our risk management focus, benefiting from our pan-Nordic diversification.

Total expenses increased by 5% year on year, mainly driven by investments in technology and risk management. The cost-to-income ratio with amortised resolution fees was 38%, compared with 36% a year ago.

Net loan losses and similar net result amounted to EUR 21m (12bp), compared with EUR 4m in the same quarter last year.

Operating profit amounted to EUR 374m, a year-on-year decrease of 12%, driven by slightly lower income, higher costs and increased loan loss provisions.

We continued to exercise solid capital discipline. Return on capital at risk (ROCAR) was 19%, down 2 percentage points on the same quarter last year. Full-year ROCAR was 20%, driven by strong income development compared with 2022.

Large Corporates & Institutions total

EURm	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Jan-Dec 23	Jan-Dec 22	Jan-Dec 23/22
Net interest income	380	368	361	352	345	10%	3%	1,461	1,180	24%
Net fee and commission income	130	105	104	120	111	17%	24%	459	465	-1%
Net insurance result	0	1	0	0	1			1	1	
Net result from items at fair value	88	94	99	193	157	-44%	-6%	474	575	-18%
Other income	1	1	0	0	12			2	16	
Total income incl. allocations	**599**	**569**	**564**	**665**	**626**	**-4%**	**5%**	**2,397**	**2,237**	**7%**
Total expenses incl. allocations	**-204**	**-190**	**-181**	**-291**	**-194**	**5%**	**7%**	**-866**	**-840**	**3%**
Profit before loan losses	**395**	**379**	**383**	**374**	**432**	**-9%**	**4%**	**1,531**	**1,397**	**10%**
Net loan losses and similar net result	-21	3	18	22	-5			22	56	
Operating profit	**374**	**382**	**401**	**396**	**427**	**-12%**	**-2%**	**1,553**	**1,453**	**7%**
Cost-to-income ratio[1], %	38	37	38	32	36			36	38	
Return on capital at risk[1], %	19	19	19	25	21			20	19	
Economic capital (EC)	5,655	5,790	5,846	5,874	5,735	-1%	-2%	5,655	5,735	-1%
Risk exposure amount (REA)	39,695	40,692	40,696	40,452	41,603	-5%	-2%	39,695	41,603	-5%
Number of employees (FTEs)	1,225	1,255	1,261	1,248	1,230	0%	-2%	1,225	1,230	0%
Volumes, EURbn[2]:										
Total lending	52.1	53.6	52.9	51.8	53.0	-2%	-3%	52.1	53.0	-2%
Total deposits	47.0	45.2	42.6	53.5	51.3	-8%	4%	47.0	51.3	-8%

[1] With amortised resolution fees.

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

Large Corporates & Institutions

	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Jan-Dec 23	Jan-Dec 22	Jan-Dec 23/22
Net interest income, EURm										
Denmark	77	72	68	72	64	20%	7%	289	216	34%
Finland	67	64	63	58	53	26%	5%	252	177	42%
Norway	94	91	90	90	92	2%	3%	365	331	10%
Sweden	127	126	122	116	121	5%	1%	491	413	19%
Other	15	15	18	16	15			64	43	
Net fee and commission income, EURm										
Denmark	28	29	29	27	28	0%	-3%	113	116	-3%
Finland	45	23	28	34	35	29%	96%	130	130	0%
Norway	28	22	24	26	32	-13%	27%	100	108	-7%
Sweden	34	29	37	38	32	6%	17%	138	152	-9%
Other	-5	2	-14	-5	-15			-22	-40	
Net loan losses and similar net result, EURm										
Denmark	-6	0	-2	16	-1			8	0	
Finland	-1	-1	6	6	-2			10	10	
Norway	24	1	9	7	0			41	51	
Sweden	-36	0	5	-7	-3			-38	-7	
Other	-2	3	0	0	1			1	2	
Lending, EURbn[1]										
Denmark	10.7	10.8	11.2	10.9	11.7	-9%	-1%	10.7	11.7	-9%
Finland	8.8	9.1	8.8	8.6	8.6	2%	-3%	8.8	8.6	2%
Norway	11.8	12.1	12.0	12.1	12.6	-6%	-2%	11.8	12.6	-6%
Sweden	18.6	19.5	20.1	19.5	19.4	-4%	-5%	18.6	19.4	-4%
Other	2.2	2.1	0.8	0.7	0.7			2.2	0.7	
Deposits, EURbn[1]										
Denmark	8.7	8.6	7.9	11.7	10.5	-17%	1%	8.7	10.5	-17%
Finland	12.8	10.4	12.4	14.4	15.5	-17%	23%	12.8	15.5	-17%
Norway	13.0	14.0	9.8	15.0	13.0	0%	-7%	13.0	13.0	0%
Sweden	12.5	12.2	12.5	12.4	12.3	2%	2%	12.5	12.3	2%
Other	0	0	0	0	0			0	0	

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

Asset & Wealth Management

Introduction

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

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

Business development

In the fourth quarter we further grew our private banking business, supported by continued customer acquisition, and provided customers with high-quality investment advice amid inflationary pressures. Our private banking offering has gained widespread recognition: we ranked first in the Nordics for overall performance in the 2023 Prospera customer satisfaction survey and were recognised as the best private bank in the Nordics and Finland in Professional Wealth Management's 2023 Global Private Banking Awards. We were also named Best Private Bank in each of our four home markets by Global Finance. We remain dedicated to supporting our customers amid the market uncertainty. Net flows totalled EUR 0.6bn in the quarter, with Norway being the main contributor.

During the quarter assets under management (AuM) increased by EUR 18.8bn, to EUR 378.5bn, driven by a rebound in stock markets. In internal channels net flows maintained their positive momentum, totalling EUR 1.9bn despite the market uncertainty. In external channels net flows were negative at EUR 3.9bn as interest rate levels continued to put pressure on the asset management market. Net flows in institutional distribution were negative at EUR 0.8bn. In third-party wholesale distribution net flows remained negative at EUR 3.1bn as clients continued to favour fixed-term or money market funds, traditional banking products and direct government bond investments. In line with our strategy, we increased our product range within illiquid assets, and were pleased to see a large institutional investor commit EUR 100m to our Nordic senior loan product.

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 69% of total AuM were in ESG products.

In Life & Pension we continued to implement our growth plans. We hold leading positions in the pension transfer market in both Norway and Sweden, supporting our strategic ambitions within the savings area. In Sweden, our market share for signed transfers to the ITP occupational pension solution was above 50% by the end of the quarter. Our bancassurance sales in Denmark have also gained momentum. In Finland, we reached an agreement with Kesko Ltd, a Finnish retail conglomerate with three million loyalty programme customers, to begin cooperating in protection product sales in the second half of 2024.

Gross written premiums in the quarter amounted to EUR 2.3bn, up from EUR 1.2bn a year ago. Year-to-date gross written premiums reached an all-time high at EUR 8.5bn.

We continued to deliver on our strategic objective to be a digital leader within savings and investments. During the quarter we launched additional new features and enhancements to make it even easier for our customers to manage their savings and investments digitally. In particular, we focused on improving the trading experience, providing customers with more options for executing their orders.

Financial outcome

Total income in the fourth quarter decreased by 6% year on year, mainly due to lower net insurance result.

Net interest income was up 10% 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 down 86% year on year, mainly due to decreasing forward interest rates and higher income allocations to other business areas.

Net result from items at fair value amounted to EUR 4m, compared with EUR 9m a year ago, mainly due to lower return on shareholders' equity portfolios in Life & Pension.

Total expenses increased by 9% year on year, driven by the inclusion of Nordea Pension and investments in nearshoring and risk management. The cost-to-income ratio with amortised resolution fees increased by 7 percentage points, to 50%.

Net loan losses and similar net result amounted to net reversals of EUR 1m, compared with net reversals of EUR 2m in the same quarter last year.

Operating profit in the fourth quarter was EUR 166m, a year-on-year decrease of 18%. Return on capital at risk stood at 44%, a year-on-year increase of 3 percentage points, driven by lower economic capital resulting from the implementation of IFRS 17.

Asset & Wealth Management total

	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Local curr. Q4/Q4	Local curr. Q4/Q3	Jan-Dec 23	Jan-Dec 22	Jan-Dec 23/22 EUR	Jan-Dec 23/22 Local
EURm													
Net interest income	80	81	74	73	73	10%	-1%	14%	0%	308	169	82%	89%
Net fee and commission income	244	242	245	246	255	-4%	1%	-3%	0%	977	1,026	-5%	-3%
Net insurance result	2	32	37	14	14	-86%	-94%	-80%	-91%	85	81	5%	10%
Net result from items at fair value	4	-1	9	23	9	-56%		-33%		35	2		0%
Other income	-2	0	0	0	-1					-2	-1		
Total income incl. allocations	**328**	**354**	**365**	**356**	**350**	**-6%**	**-7%**	**-4%**	**-7%**	**1,403**	**1,277**	**10%**	**13%**
Total expenses incl. allocations	**-163**	**-142**	**-139**	**-144**	**-149**	**9%**	**15%**	**11%**	**15%**	**-588**	**-548**	**7%**	**10%**
Profit before loan losses	**165**	**212**	**226**	**212**	**201**	**-18%**	**-22%**	**-15%**	**-23%**	**815**	**729**	**12%**	**14%**
Net loan losses and similar net result	1	-1	-1	-1	2					-2	-2		
Operating profit	**166**	**211**	**225**	**211**	**203**	**-18%**	**-21%**	**-16%**	**-22%**	**813**	**727**	**12%**	**15%**
Cost-to-income ratio[1], %	50	40	39	39	43					42	43		
Return on capital at risk[1], %	44	55	60	53	41					53	35		
Economic capital (EC)	1,169	1,185	1,149	1,151	1,498	-22%	-1%			1,169	1,498	-22%	
Risk exposure amount (REA)	6,072	7,452	7,131	6,975	8,651	-30%	-19%			6,072	8,651	-30%	
Number of employees (FTEs)	3,098	3,139	3,207	3,150	3,172	-2%	-1%			3,098	3,172	-2%	
Volumes, EURbn:													
AuM	378.5	359.7	363.1	362.4	358.9	5%	5%			378.5	358.9	5%	
Total lending	11.7	11.5	11.4	11.7	11.9	-2%	2%	-1%	0%	11.7	11.9	-2%	-1%
Total deposits	12.2	11.9	12.4	12.3	13.3	-8%	3%	-7%	2%	12.2	13.3	-8%	-7%

[1] With amortised resolution fees.

Assets under Management (AuM), volumes and net flow

	Q423	Q323	Q223	Q123	Q422	Net flow Q423
EURbn						
Nordic Retail funds	80.0	74.4	74.5	73.4	71.3	0.4
Private Banking	116.1	108.9	110.1	109.1	107.5	0.6
Life & Pension	79.6	74.5	74.4	73.2	71.5	0.8
Institutional and wholesale distribution	102.8	101.9	104.2	106.7	108.6	-3.9
Total	**378.5**	**359.7**	**363.1**	**362.4**	**358.9**	**-2.1**

Net fee and commission income	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Jan-Dec 23	Jan-Dec 22	Jan-Dec 23/22
EURm										
PB Denmark	48	42	45	41	43	12%	14%	176	177	-1%
PB Finland	40	40	39	38	37	8%	0%	157	152	3%
PB Norway	10	10	14	11	11	-9%	0%	45	48	-6%
PB Sweden	29	29	28	28	27	7%	0%	114	115	-1%
Institutional and wholesale distribution	112	113	117	116	127	-12%	-1%	458	518	-12%
Other	5	8	2	12	10	-50%	-38%	27	16	69%
Total	**244**	**242**	**245**	**246**	**255**	**-4%**	**1%**	**977**	**1,026**	**-5%**

Private Banking	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Jan-Dec 23	Jan-Dec 22	Jan-Dec 23/22
AuM, EURbn										
PB Denmark	34.7	33.6	33.9	32.8	31.9	9%	3%	34.7	31.9	9%
PB Finland	36.5	34.9	35.5	35.9	35.7	2%	5%	36.5	35.7	2%
PB Norway	11.1	10.1	10.0	9.9	10.3	8%	11%	11.1	10.3	8%
PB Sweden	33.8	30.3	30.7	30.5	29.6	14%	12%	33.8	29.6	14%
Private Banking	**116.1**	**108.9**	**110.1**	**109.1**	**107.5**	**8%**	**7%**	**116.1**	**107.5**	**8%**
Lending, EURbn										
PB Denmark	4.2	4.2	4.2	4.3	4.3	-2%	0%	4.2	4.3	-2%
PB Finland	2.5	2.6	2.6	2.7	2.8	-11%	-4%	2.5	2.8	-11%
PB Norway	2.0	1.8	1.8	1.8	1.9	5%	11%	2.0	1.9	5%
PB Sweden	3.0	2.9	2.8	2.9	2.9	3%	3%	3.0	2.9	3%
Private Banking	**11.7**	**11.5**	**11.4**	**11.7**	**11.9**	**-2%**	**2%**	**11.7**	**11.9**	**-2%**

Asset Management - AuM and net flow[1]

	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Jan-Dec 23	Jan-Dec 22	Jan-Dec 23/22
EURbn										
AuM, internal channels	148.2	138.4	136.6	134.0	130.1	14%	7%	148.2	130.1	14%
AuM, external channels	102.8	101.9	104.2	106.7	108.6	-5%	1%	102.8	108.6	-5%
AuM, total	251.0	240.3	240.7	240.7	238.7	5%	4%	251.0	238.7	5%
- whereof ESG AuM[2]	*174.0*	*164.9*	*161.0*	*159.9*	*157.4*	*11%*	*5%*	*174.0*	*157.4*	*11%*
Net inflow, internal channels	0.8	2.2	0.6	0.4	-0.7			4.0	-3.4	
Net inflow, external channels	-3.9	-1.5	-2.5	-3.4	-3.0			-11.3	-9.3	
Net inflow, total	-3.1	0.8	-1.9	-3.0	-3.7			-7.3	-12.8	
- whereof ESG net inflow[2]	*-1.5*	*2.4*	*-1.1*	*-0.2*	*-1.7*			*-0.3*	*-4.8*	

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

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

Life & Pension

	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Jan-Dec 23	Jan-Dec 22	Jan-Dec 23/22
EURm										
AuM, EURbn	75.4	70.4	70.2	69.1	67.3	12%	7%	75.4	67.3	12%
Premiums	2,328	1,773	2,178	2,264	1,234	89%	31%	8,542	5,882	45%
Profit drivers										
Profit traditional products	6	11	13	14	-9		-46%	44	-1	
Profit market return products	68	70	70	74	63	7%	-3%	281	260	8%
Profit risk products	8	22	24	10	17	-56%	-65%	64	82	-23%
Total product result	**81**	**103**	**108**	**97**	**71**	**14%**	**-21%**	**388**	**341**	**14%**

Group functions

Introduction

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

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

Business development

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

Employee numbers increased year-on-year, 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 fourth quarter amounted to EUR -96m, down from EUR 31m in the same quarter last year. The decrease was mainly driven by lower net result from items at fair value.

Net result from items at fair value decreased by EUR 171m year on year, mainly due to negative revaluations in the liquidity portfolio and hedge inefficiencies driven by interest rate volatility.

Total operating expenses amounted to EUR 199m, a year-on-year increase of EUR 123m, mainly due to write-offs of intangible assets, including EUR 130m related to a change in the treatment of development costs related to digital services.

Group functions

	Q423	Q323	Q223	Q123	Q422	Q4/Q4	Q4/Q3	Jan-Dec 23	Jan-Dec 22
EURm									
Net interest income	-37	-42	-58	-44	-89			-181	-117
Net fee and commission income	-15	-10	2	-9	-11			-32	-50
Net insurance result	1	-1	0	0	1			0	1
Net result from items at fair value	-48	30	72	2	123			56	126
Other income	3	2	0	2	7			7	20
Total operating income	**-96**	**-21**	**16**	**-49**	**31**			**-150**	**-20**
Total operating expenses	**-199**	**-91**	**-99**	**-58**	**-76**			**-447**	**-323**
Profit before loan losses	**-295**	**-112**	**-83**	**-107**	**-45**			**-597**	**-343**
Net loan losses and similar net result	-3	3	5	0	-1			5	3
Operating profit	**-298**	**-109**	**-78**	**-107**	**-46**			**-592**	**-340**
Economic capital (EC)	817	776	793	787	852			817	852
Risk exposure amount (REA)	9,396	9,396	9,359	9,831	10,402			9,396	10,402
Number of employees (FTEs)	14,162	14,115	13,878	13,560	13,063	8%	0%	14,162	13,063

Income statement

EURm	Note	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Operating income					
Interest income calculated using the effective interest rate method		4,805	3,035	17,303	7,937
Other interest income		643	393	2,426	1,013
Negative yield on financial assets		-	-	-	-134
Interest expense		-3,502	-1,787	-12,278	-3,474
Negative yield on financial liabilities		-	-	-	322
Net interest income	**3**	**1,946**	**1,641**	**7,451**	**5,664**
Fee and commission income		1,001	1,011	3,923	4,108
Fee and commission expense		-238	-226	-902	-922
Net fee and commission income	**4**	**763**	**785**	**3,021**	**3,186**
Return on assets backing insurance liabilities		1,256	-83	2,224	-1,915
Insurance result		-1,216	130	-2,007	2,088
Net insurance result	**5**	**40**	**47**	**217**	**173**
Net result from items at fair value	6	154	396	1,014	623
Profit or loss from associated undertakings and joint ventures accounted for under the equity method		2	-1	-3	-8
Other operating income		10	29	43	83
Total operating income		**2,915**	**2,897**	**11,743**	**9,721**
Operating expenses					
General administrative expenses:					
Staff costs		-735	-721	-2,908	-2,793
Other expenses	7	-323	-315	-1,206	-1,108
Regulatory fees	8	-20	-16	-316	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	9	-339	-160	-808	-611
Total operating expenses		**-1,417**	**-1,212**	**-5,238**	**-4,834**
Profit before loan losses		**1,498**	**1,685**	**6,505**	**4,887**
Net result on loans in hold portfolios mandatorily held at fair value		12	-8	20	-13
Net loan losses	10	-95	-51	-187	-112
Operating profit		**1,415**	**1,626**	**6,338**	**4,762**
Income tax expense		-309	-353	-1,404	-1,175
Net profit for the period		**1,106**	**1,273**	**4,934**	**3,587**
Attributable to:					
Shareholders of Nordea Bank Abp		1,106	1,273	4,908	3,563
Additional Tier 1 capital holders		-	-	26	26
Non-controlling interests		-	-	-	-2
Total		**1,106**	**1,273**	**4,934**	**3,587**
Basic earnings per share, EUR		0.31	0.35	1.37	0.94
Diluted earnings per share, EUR		0.31	0.35	1.37	0.94

Statement of comprehensive income

EURm	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Net profit for the period	**1,106**	**1,273**	**4,934**	**3,587**
Items that may be reclassified subsequently to the income statement				
Currency translation:				
Currency translation gains/losses	240	-207	-436	-736
Currency translation gains/losses transferred to the income statement	-	-	-	660
Tax on currency translation gains/losses	0	-4	0	-4
Hedging of net investments in foreign operations:				
Valuation gains/losses	-90	31	55	183
Valuation gains/losses transferred to the income statement, net of tax	-	-	-	-131
Fair value through other comprehensive income:[1]				
Valuation gains/losses, net of recycling	-13	61	19	-177
Tax on valuation gains/losses	2	-13	-5	36
Cash flow hedges:				
Valuation gains/losses, net of recycling	-12	-161	2	42
Tax on valuation gains/losses	3	33	0	-8
Items that may not be reclassified subsequently to the income statement				
Changes in own credit risk related to liabilities classified as fair value option:				
Valuation gains/losses	2	-6	13	7
Tax on valuation gains/losses	-1	1	-3	-2
Defined benefit plans:				
Remeasurement of defined benefit plans	-136	-167	-36	-40
Tax on remeasurement of defined benefit plans	32	39	9	8
Companies accounted for under the equity method:				
Other comprehensive income from companies accounted for under the equity method	-2	-1	-4	1
Tax on other comprehensive income from companies accounted for under the equity method	1	0	1	0
Other comprehensive income, net of tax	**26**	**-394**	**-385**	**-161**
Total comprehensive income	**1,132**	**879**	**4,549**	**3,426**
Attributable to:				
Shareholders of Nordea Bank Abp	1,132	879	4,523	3,402
Additional Tier 1 capital holders	-	-	26	26
Non-controlling interests	-	-	-	-2
Total	**1,132**	**879**	**4,549**	**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

EURm	Note	31 Dec 2023	31 Dec 2022
Assets	12		
Cash and balances with central banks		50,622	61,815
Loans to central banks	11	1,909	885
Loans to credit institutions	11	2,363	4,561
Loans to the public	11	344,828	345,743
Interest-bearing securities		68,000	68,226
Shares		22,158	16,099
Assets in pooled schemes and unit-linked investment contracts		50,531	43,639
Derivatives		26,525	36,578
Fair value changes of hedged items in portfolio hedges of interest rate risk		-871	-2,116
Investments in associated undertakings and joint ventures		481	509
Intangible assets		3,826	4,005
Properties and equipment		1,653	1,673
Investment properties		2,199	2,288
Deferred tax assets		254	299
Current tax assets		217	211
Retirement benefit assets		225	165
Other assets		8,921	9,364
Prepaid expenses and accrued income		755	785
Assets held for sale		106	-
Total assets		**584,702**	**594,729**
Liabilities	12		
Deposits by credit institutions		29,504	32,869
Deposits and borrowings from the public		210,062	217,464
Deposits in pooled schemes and unit-linked investment contracts		51,573	44,770
Insurance contract liabilities		27,568	26,110
Debt securities in issue		182,548	179,803
Derivatives		30,794	40,102
Fair value changes of hedged items in portfolio hedges of interest rate risk		-869	-2,175
Current tax liabilities		413	303
Other liabilities		13,727	16,771
Accrued expenses and prepaid income		1,274	1,224
Deferred tax liabilities		505	594
Provisions		371	351
Retirement benefit obligations		287	298
Subordinated liabilities		5,720	5,401
Total liabilities		**553,477**	**563,885**
Equity			
Additional Tier 1 capital holders		750	748
Share capital		4,050	4,050
Invested unrestricted equity		1,063	1,082
Other reserves		-2,345	-1,963
Retained earnings		27,707	26,927
Total equity		**31,225**	**30,844**
Total liabilities and equity		**584,702**	**594,729**
Off-balance sheet items			
Assets pledged as security for own liabilities		185,339	190,211
Other assets pledged[1]		236	253
Contingent liabilities		20,489	21,163
Credit commitments[2]		82,773	87,003
Other commitments		2,611	2,605

[1] Includes interest-bearing securities pledged as security for payment settlements with central banks and clearing institutions.
[2] Including unutilised portion of approved overdraft facilities of EUR 27,411m (31 December 2022: EUR 26,929m).

Statement of changes in equity

	Attributable to shareholders of Nordea Bank Abp											
			Other reserves:									
EURm	Share capital[1]	Invested unrestricted equity	Translation of foreign operations	Cash flow hedges	Fair value through other comprehensive income	Defined benefit plans	Changes in own credit risk related to liabilities classified as fair value option	Retained earnings	Total	Additional Tier 1 capital holders	Non-controlling interests	Total equity
Balance as at 1 Jan 2023	**4,050**	**1,082**	**-1,891**	**64**	**-20**	**-109**	**-7**	**26,927**	**30,096**	**748**	**-**	**30,844**
Net profit for the period	-	-	-	-	-	-	-	4,908	4,908	26	-	4,934
Other comprehensive income, net of tax	-	-	-381	2	14	-27	10	-3	-385	-	-	-385
Total comprehensive income	-	-	-381	2	14	-27	10	4,905	4,523	26	-	4,549
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	-	-	-	-	-	-	-	19	19	-	-	19
Dividend	-	-	-	-	-	-	-	-2,876	-2,876	-	-	-2,876
Purchase of own shares[3]	-	-19	-	-	-	-	-	-1,264	-1,283	-	-	-1,283
Other changes	-	-	-	-	-	-	-	-9	-9	-	-	-9
Balance as at 31 Dec 2023	**4,050**	**1,063**	**-2,272**	**66**	**-6**	**-136**	**3**	**27,707**	**30,475**	**750**	**-**	**31,225**
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**

[1] The total number of shares registered was 3,528 million (31 December 2022: 3,654 million). The number of own shares was 9.1 million (31 December 2022: 13.4 million), representing 0.3% (31 December 2022: 0.4%) of the total number of shares in Nordea. Each share carries 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). The share buy-back amounted to EUR 1,263m (31 December 2022: EUR 2,839m) and was accounted for as a reduction in “Retained earnings”. The transaction cost in relation to the share buy-back amounted to EUR 1m (31 December 2022: EUR 5m).

Cash flow statement, condensed

EURm	Jan-Dec 2023	Jan-Dec 2022
Operating activities		
Operating profit	6,338	4,762
Adjustments for items not included in cash flow	5,899	-7,057
Income taxes paid	-1,480	-976
Cash flow from operating activities before changes in operating assets and liabilities	**10,757**	**-3,271**
Changes in operating assets and liabilities	-17,229	25,246
Cash flow from operating activities	**-6,472**	**21,975**
Investing activities		
Acquisition/sale of business operations	-37	-254
Acquisition/sale of associated undertakings and joint ventures	-1	-19
Acquisition/sale of property and equipment	-53	-12
Acquisition/sale of intangible assets	-444	-344
Cash flow from investing activities	**-535**	**-629**
Financing activities		
Issued/amortised subordinated liabilities	295	-939
Sale/repurchase of own shares including change in trading portfolio	-1,283	-2,841
Dividend paid	-2,876	-2,655
Paid interest on Additional tier 1 capital	-26	-26
Principal portion of lease payments	-118	-123
Cash flow from financing activities	**-4,008**	**-6,584**
Cash flow for the period	**-11,015**	**14,762**

Cash and cash equivalents EURm	31 Dec 2023	31 Dec 2022
Cash and cash equivalents at beginning of the period	62,877	48,628
Translation differences	-500	-513
Cash and cash equivalents at end of the period	51,362	62,877
Change	**-11,015**	**14,762**
The following items are included in cash and cash equivalents:		
Cash and balances with central banks	50,622	61,815
Loans to central banks	3	5
Loans to credit institutions	737	1,057
Total cash and cash equivalents	**51,362**	**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 fourth quarter of 2022 and the full year 2022 can be found in the tables below.

Changed presentation of financial assets pledged as collateral

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

Comparative figures have been restated accordingly and the impacts on the fourth quarter of 2022 and the full year 2022 can be found in the tables below.

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

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

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

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

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

In May 2023 the International Accounting Standards Board (IASB) published amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules. The amendments were effective as of their publication and have been endorsed by the EU. They were implemented by Nordea in the course of 2023. The amendments include a mandatory temporary exemption, which applies retrospectively, from recognising and disclosing information on deferred tax assets and liabilities related to the implementation of the Pillar 2 model rules.

At the time this report was published, it was not possible to comment on the impact of the amendments on Nordea's financial statements. This is because Nordea had not completed its full assessment of the financial impact of the enacted Pillar 2 legislation that the amendments provide relief from. However, disclosures will be required in the Annual Report. For more information on the Pillar 2 model rules, see "Other information" on page 17.

Other amendments

The following amended standards issued by the 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

	Q4 2022			Full year 2022		
	Old policy	IFRS 17	New policy	Old policy	IFRS 17	New policy
EURm						
Operating income						
Interest income calculated using the effective interest rate method	3,035	-	3,035	7,937	-	7,937
Other interest income	393	-	393	1,013	-	1,013
Negative yield on financial assets	-	-	-	-134	-	-134
Interest expense	-1,787	-	-1,787	-3,474	-	-3,474
Negative yield on financial liabilities	-	-	-	322	-	322
Net interest income	**1,641**	**-**	**1,641**	**5,664**	**-**	**5,664**
Fee and commission income	1,044	-33	1,011	4,278	-170	4,108
Fee and commission expense	-232	6	-226	-942	20	-922
Net fee and commission income	**812**	**-27**	**785**	**3,336**	**-150**	**3,186**
Return on assets backing insurance liabilities	-	-83	-83	-	-1,915	-1,915
Insurance result	-	130	130	-	2,088	2,088
Net insurance result	**-**	**47**	**47**	**-**	**173**	**173**
Net result from items at fair value	417	-21	396	721	-98	623
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	-1	-	-1	-8	-	-8
Other operating income	29	-	29	83	-	83
Total operating income	**2,898**	**-1**	**2,897**	**9,796**	**-75**	**9,721**
Operating expenses						
General administrative expenses:						
Staff costs	-732	11	-721	-2,835	42	-2,793
Other expenses	-322	7	-315	-1,135	27	-1,108
Regulatory fees	-16	-	-16	-322	-	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	-160	-	-160	-611	-	-611
Total operating expenses	**-1,230**	**18**	**-1,212**	**-4,903**	**69**	**-4,834**
Profit before loan losses	**1,668**	**17**	**1,685**	**4,893**	**-6**	**4,887**
Net result on loans in hold portfolios mandatorily held at fair value	-8	-	-8	-13	-	-13
Net loan losses	-51	-	-51	-112	-	-112
Operating profit	**1,609**	**17**	**1,626**	**4,768**	**-6**	**4,762**
Income tax expense	-349	-4	-353	-1,173	-2	-1,175
Net profit for the period	**1,260**	**13**	**1,273**	**3,595**	**-8**	**3,587**
Impact on EPS, EUR	0.34	0.01	0.35	0.95	-0.01	0.94
Impact on DEPS, EUR	0.34	0.01	0.35	0.95	-0.01	0.94

Restatements of the balance sheet

	31 Dec 2022			
EURm	Old policy	Pledged assets	IFRS 17	New policy
Assets				
Cash and balances with central banks	61,815	-	-	61,815
Loans to central banks	885	-	-	885
Loans to credit institutions	4,573	-	-12	4,561
Loans to the public	345,743	-	-	345,743
Interest-bearing securities	63,524	4,902	-200	68,226
Financial instruments pledged as collateral	4,902	-4,902	-	-
Shares	17,924	-	-1,825	16,099
Assets in pooled schemes and unit-linked investment contracts	41,645	-	1,994	43,639
Derivatives	36,578	-	-	36,578
Fair value changes of hedged items in portfolio hedges of interest rate risk	-2,116	-	-	-2,116
Investments in associated undertakings and joint ventures	509	-	-	509
Intangible assets	4,044	-	-39	4,005
Properties and equipment	1,673	-	-	1,673
Investment properties	2,455	-	-167	2,288
Deferred tax assets	165	-	134	299
Current tax assets	211	-	-	211
Retirement benefit assets	165	-	-	165
Other assets	9,380	-	-16	9,364
Prepaid expenses and accrued income	769	-	16	785
Total assets	**594,844**	**-**	**-115**	**594,729**
Liabilities				
Deposits by credit institutions	32,869	-	-	32,869
Deposits and borrowings from the public	217,464	-	-	217,464
Deposits in pooled schemes and unit-linked investment contracts	42,776	-	1,994	44,770
Insurance contract liabilities	27,598	-	-1,488	26,110
Debt securities in issue	179,803	-	-	179,803
Derivatives	40,102	-	-	40,102
Fair value changes of hedged items in portfolio hedges of interest rate risk	-2,175	-	-	-2,175
Current tax liabilities	303	-	-	303
Other liabilities	16,804	-	-33	16,771
Accrued expenses and prepaid income	1,224	-	-	1,224
Deferred tax liabilities	622	-	-28	594
Provisions	351	-	-	351
Retirement benefit obligations	298	-	-	298
Subordinated liabilities	5,401	-	-	5,401
Total liabilities	**563,440**	**-**	**445**	**563,885**
Equity				
Additional Tier 1 capital holders	748	-	-	748
Share capital	4,050	-	-	4,050
Invested unrestricted equity	1,082	-	-	1,082
Other reserves	-1,984	-	21	-1,963
Retained earnings	27,508	-	-581	26,927
Total equity	**31,404**	**-**	**-560**	**30,844**
Total liabilities and equity	**594,844**	**-**	**-115**	**594,729**

Changes in IFRSs not yet applied

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.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

Critical judgements affected by higher energy and raw material prices and reduced consumer spending

Nordea applied critical judgements in the preparation of this interim report due to the uncertainty concerning the potential long-term impact of higher energy and raw material prices and reduced consumer spending in various economic sectors on Nordea's financial statements. Areas particularly important during the fourth 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 fourth 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 2,227m at the end of 2023 and EUR 2,262m at the end of 2022. Cash flows were projected up until the end of 2026 and the long-term growth assumption was used for subsequent periods. The discount rate used for the test in the fourth quarter was 9.8% post tax and the long-term growth was 2.1%. 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
Allocation of surplus value:	
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-Dec 2023	Jan-Dec 2022
EUR 1 = SEK		
Income statement (average)	11.4740	10.6274
Balance sheet (at end of period)	11.1275	11.1202
EUR 1 = DKK		
Income statement (average)	7.4509	7.4395
Balance sheet (at end of period)	7.4527	7.4365
EUR 1 = NOK		
Income statement (average)	11.4238	10.1023
Balance sheet (at end of period)	11.2120	10.5180

Note 2 Segment reporting

Jan-Dec 2023	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Recon-ciliation	**Total Group**
Total operating income, EURm	4,775	3,587	2,482	1,430	-193	12,081	-338	**11,743**
– of which internal transactions[1]	-1,138	-457	-10	243	1,362	0	-	**-**
Operating profit, EURm	2,565	2,149	1,614	828	-331	6,825	-487	**6,338**
Loans to the public[2], EURbn	171	98	54	12	0	335	10	**345**
Deposits and borrowings from the public, EURbn	86	54	48	12	0	200	10	**210**

Jan-Dec 2022[3]	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Recon-ciliation	**Total Group**
Total operating income, EURm	3,786	2,886	2,211	1,270	-19	10,134	-413	**9,721**
– of which internal transactions[1]	-448	-133	-43	57	567	0	-	**-**
Operating profit, EURm	1,871	1,614	1,435	724	1	5,645	-883	**4,762**
Loans to the public[2], EURbn	171	96	54	12	0	333	13	**346**
Deposits and borrowings from the public, EURbn	86	54	50	13	0	203	14	**217**

[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-Dec		31 Dec		31 Dec	
	2023	2022	2023	2022	2023	2022
Total operating segments	6,825	5,645	335	333	200	203
Group functions[1]	-100	-46	-	-	-	-
Unallocated items[3]	-182	-907	22	8	17	11
Differences in accounting policies[2]	-205	70	-12	5	-7	3
Total	**6,338**	**4,762**	**345**	**346**	**210**	**217**

[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	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
EURm					
Interest income calculated using the effective interest rate method	4,805	4,642	3,035	17,303	7,937
Other interest income	643	640	393	2,426	1,013
Negative yield on financial assets	-	-	-	-	-134
Interest expense	-3,502	-3,373	-1,787	-12,278	-3,474
Negative yield on financial liabilities	-	-	-	-	322
Net interest income	**1,946**	**1,909**	**1,641**	**7,451**	**5,664**

Interest income calculated using the effective interest rate method	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
EURm					
Loans to credit institutions	603	693	407	2,642	682
Loans to the public	3,455	3,240	2,239	12,095	6,527
Interest-bearing securities	280	250	117	931	325
Yield fees	57	47	53	201	242
Net interest paid or received on derivatives in accounting hedges of assets	410	412	219	1,434	161
Interest income calculated using the effective interest rate method	**4,805**	**4,642**	**3,035**	**17,303**	**7,937**

Other interest income	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
EURm					
Loans at fair value to the public	429	425	287	1,608	1,064
Interest-bearing securities measured at fair value	127	122	73	442	170
Net interest paid or received on derivatives in economic hedges of assets	87	93	33	376	-221
Other interest income	**643**	**640**	**393**	**2,426**	**1,013**

Interest expense	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
EURm					
Deposits by credit institutions	-195	-179	-121	-865	-221
Deposits and borrowings from the public	-1,249	-1,102	-547	-4,079	-878
Deposit guarantee fees	-20	-20	-20	-80	-79
Debt securities in issue	-1,363	-1,417	-891	-5,118	-2,376
Subordinated liabilities	-55	-57	-54	-222	-252
Other interest expense	-4	-4	-3	-15	-14
Net interest paid or received on derivatives in hedges of liabilities	-616	-594	-151	-1,899	346
Interest expense	**-3,502**	**-3,373**	**-1,787**	**-12,278**	**-3,474**

Note 4 Net fee and commission income

EURm	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Asset management commissions	412	410	418	1,631	1,733
Life and pension commissions	31	35	36	138	124
Deposit products	6	5	8	23	25
Brokerage, securities issues and corporate finance	56	34	33	194	173
Custody and issuer services	5	-2	10	6	18
Payments	62	64	66	253	252
Cards	71	75	77	291	306
Lending products	113	109	122	437	477
Guarantees	8	13	24	56	101
Other	-1	-1	-9	-8	-23
Total	**763**	**742**	**785**	**3,021**	**3,186**

Breakdown

Jan-Dec 2023 EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segment	Other and elimination	Nordea Group
Asset management commissions	518	77	5	1,031	0	0	1,631
Life and pension commissions	153	63	2	-68	0	-12	138
Deposit products	3	19	1	0	0	0	23
Brokerage, securities issues and corporate finance	13	32	129	28	-5	-3	194
Custody and issuer services	3	4	10	4	-14	-1	6
Payments	15	161	80	1	0	-4	253
Cards	231	49	10	0	1	0	291
Lending products	99	157	178	4	1	-2	437
Guarantees	5	13	49	0	-12	1	56
Other	-1	3	-5	-23	-5	23	-8
Total	**1,039**	**578**	**459**	**977**	**-34**	**2**	**3,021**

Jan-Dec 2022 EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segment	Other and elimination	Nordea Group
Asset management commissions	552	82	7	1,092	0	0	1,733
Life and pension commissions	151	71	3	-83	0	-18	124
Deposit products	6	18	1	0	0	0	25
Brokerage, securities issues and corporate finance	23	33	103	26	-6	-6	173
Custody and issuer services	4	5	17	5	-13	0	18
Payments	15	157	82	1	0	-3	252
Cards	246	49	10	1	1	-1	306
Lending products	121	164	188	6	1	-3	477
Guarantees	8	26	66	0	0	1	101
Other	9	5	-12	-22	-5	2	-23
Total	**1,135**	**610**	**465**	**1,026**	**-22**	**-28**	**3,186**

Note 5 Net insurance result

EURm	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Insurance revenue	152	166	80	613	313
Insurance service expenses	-119	-103	-32	-392	-119
Net reinsurance result	1	-2	-2	-6	-6
Net insurance revenue	**34**	**61**	**46**	**215**	**188**
Insurance finance income and expenses	-1,250	205	84	-2,222	1,900
Return on assets backing insurance liabilities	1,256	-203	-83	2,224	-1,915
Net insurance finance income and expenses	**6**	**2**	**1**	**2**	**-15**
Total	**40**	**63**	**47**	**217**	**173**

Note 6 Net result from items at fair value

EURm	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Equity-related instruments[1]	93	33	263	243	431
Interest-related instruments and foreign exchange gains/losses[2]	-24	155	-6	521	261
Other financial instruments (including credit and commodities)	86	39	134	235	-32
Nordea Life & Pension[3]	-1	-2	5	15	-37
Total	**154**	**225**	**396**	**1,014**	**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

EURm	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Information technology[1]	-181	-162	-170	-658	-569
Marketing and representation	-25	-13	-19	-66	-53
Postage, transportation, telephone and office expenses	-12	-11	-11	-46	-45
Rents, premises and real estate	-28	-31	-20	-109	-101
Professional services	-67	-37	-53	-178	-131
Market data services	-23	-23	-18	-89	-87
Other[2]	13	-15	-24	-60	-122
Total	**-323**	**-292**	**-315**	**-1,206**	**-1,108**

[1] Includes IT consultancy fees.
[2] Includes the transfer of expenses to fulfil insurance contracts within the scope of IFRS 17 to "Net insurance result" and the capitalisation of IT development expenses accounted for as intangible assets.

Note 8 Regulatory fees

EURm	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Resolution fees	-	-	-	-234	-256
Bank tax	-20	-20	-16	-82	-66
Total	**-20**	**-20**	**-16**	**-316**	**-322**

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

EURm	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Depreciation/amortisation					
Properties and equipment	-60	-53	-52	-225	-215
Intangible assets	-94	-100	-96	-384	-371
Total	**-154**	**-153**	**-148**	**-609**	**-586**
Impairment charges, net					
Properties and equipment	-1	1	1	-6	1
Intangible assets	-184	-1	-13	-193	-26
Total	**-185**	**0**	**-12**	**-199**	**-25**
Total	**-339**	**-153**	**-160**	**-808**	**-611**

Note 10 Net loan losses

EURm	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Net loan losses, stage 1	19	-9	-9	5	-29
Net loan losses, stage 2	-12	13	-2	24	-2
Net loan losses, non-credit-impaired assets	**7**	**4**	**-11**	**29**	**-31**
Stage 3, credit-impaired assets					
Net loan losses, individually assessed, collectively calculated	6	7	0	-27	88
Realised loan losses	-69	-55	-102	-246	-709
Decrease in provisions to cover realised loan losses	17	25	49	89	512
Recoveries on previous realised loan losses	10	6	17	35	64
Reimbursement right	0	-1	0	2	1
New/increase in provisions	-98	-45	-58	-253	-281
Reversals of provisions	32	26	54	184	244
Net loan losses, credit-impaired assets	**-102**	**-37**	**-40**	**-216**	**-81**
Net loan losses	**-95**	**-33**	**-51**	**-187**	**-112**

Key ratios

	Q4 2023	Q3 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Net loan loss ratio, amortised cost, bp	14	5	7	7	4
- of which stage 1	-3	1	1	0	1
- of which stage 2	2	-2	0	-1	0
- of which stage 3	15	6	6	8	3

Note 11 Loans and impairment

EURm	Total 31 Dec 2023	Total 31 Dec 2022
Loans measured at fair value	74,728	73,248
Loans measured at amortised cost, not impaired (stages 1 and 2)	273,568	277,359
Impaired loans (stage 3)	2,457	2,255
- of which servicing	1,091	1,111
- of which non-servicing	1,366	1,144
Loans before allowances	**350,753**	**352,862**
-of which central banks and credit institutions	*4,293*	*5,475*
Allowances for individually assessed impaired loans (stage 3)	-1,037	-1,045
- of which servicing	-453	-556
- of which non-servicing	-584	-489
Allowances for collectively assessed loans (stages 1 and 2)	-616	-628
Allowances	**-1,653**	**-1,673**
- of which central banks and credit institutions	*-21*	*-29*
Loans, carrying amount	**349,100**	**351,189**

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

	31 Dec 2023			
EURm	Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	257,361	16,207	2,457	276,025
Interest-bearing securities	36,703	-	-	36,703
Total	**294,064**	**16,207**	**2,457**	**312,728**

	31 Dec 2022			
EURm	Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	264,573	12,786	2,255	279,614
Interest-bearing securities	32,538	-	-	32,538
Total	**297,111**	**12,786**	**2,255**	**312,152**

Allowances and provisions

	31 Dec 2023			
EURm	Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	-206	-410	-1,037	-1,653
Interest-bearing securities	-4	-	-	-4
Provisions for off-balance sheet items	-52	-94	-22	-168
Total allowances and provisions	**-262**	**-504**	**-1,059**	**-1,825**

	31 Dec 2022			
EURm	Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	-220	-408	-1,045	-1,673
Interest-bearing securities	-3	-	-	-3
Provisions for off-balance sheet items	-50	-111	-23	-184
Total allowances and provisions	**-273**	**-519**	**-1,068**	**-1,860**

Movements of allowance accounts for loans measured at amortised cost

EURm	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2023	**-220**	**-408**	**-1,045**	**-1,673**
Changes due to origination and acquisition	-67	-26	-14	-107
Transfer from stage 1 to stage 2	12	-166	-	-154
Transfer from stage 1 to stage 3	1	-	-84	-83
Transfer from stage 2 to stage 1	-6	63	-	57
Transfer from stage 2 to stage 3	-	21	-113	-92
Transfer from stage 3 to stage 1	0	-	9	9
Transfer from stage 3 to stage 2	-	-4	25	21
Changes due to change in credit risk (net)	22	45	7	74
Changes due to repayments and disposals	49	63	83	195
Write-off through decrease in allowance account	-	-	88	88
Translation differences	3	2	7	12
Balance as at 31 Dec 2023	**-206**	**-410**	**-1,037**	**-1,653**

Note 11 Continued

EURm	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2022	**-197**	**-399**	**-1,610**	**-2,206**
Changes due to origination and acquisition	-71	-30	-8	-109
Transfer from stage 1 to stage 2	4	-97	-	-93
Transfer from stage 1 to stage 3	1	-	-65	-64
Transfer from stage 2 to stage 1	-5	76	-	71
Transfer from stage 2 to stage 3	-	10	-89	-79
Transfer from stage 3 to stage 1	0	-	27	27
Transfer from stage 3 to stage 2	-	-6	29	23
Changes due to change in credit risk (net)	-3	-46	-38	-87
Changes due to repayments and disposals	46	80	176	302
Write-off through decrease in allowance account	-	-	509	509
Translation differences	5	4	24	33
Balance as at 31 Dec 2022	**-220**	**-408**	**-1,045**	**-1,673**

Key ratios[1]	31 Dec 2023	31 Dec 2022
Impairment rate (stage 3), gross, basis points	89	81
Impairment rate (stage 3), net, basis points	51	43
Total allowance rate (stages 1, 2 and 3), basis points	60	60
Allowances in relation to impaired loans (stage 3), %	42	46
Allowances in relation to loans in stages 1 and 2, basis points	23	23

[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 132m (EUR 127m at the end of September 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.

	31 Dec 2023		31 Dec 2022	
EURm	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
Personal Banking	405	526	387	488
Business Banking	986	1,114	1,036	1,166
Large Corporates & Institutions	396	431	402	441
Other	38	51	35	46
Group	**1,825**	**2,122**	**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 fourth 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 third 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 conflict in the Middle East and the war in Ukraine. They take into consideration the possibility of continued high inflation, reinforced by a renewed surge in energy prices, and the potential impact of high 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 foresees soft landings in the Nordic economies 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 2024 remains moderate in Denmark and Norway, GDP stagnates in Finland and Sweden. Core inflation is expected to remain elevated. House prices have stabilised after the downward adjustment in 2023. In 2024 prices are expected to rise slowly before picking further up in 2025 and 2026. The risks around the baseline forecast are tilted to the downside.

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

At the end of the fourth quarter of 2023 adjustments to model-based allowances/provisions amounted to EUR 549m, including management judgement allowances of EUR 495m and EUR 52m reallocated from the management judgement allowances. The EUR 52m, related to non-performing loans, is not included in the scenario-weighted model-based allowances/provisions in the table below. The management judgement allowances cover expected credit losses not yet adequately captured by the IFRS 9 modelled outcomes. During the quarter the allowances were kept at high levels. The structural management judgement allowance decreased, primarily due to the aforementioned reallocation, and ended up at EUR 81m. The cyclical management judgement allowance was assessed to be at an appropriate level and was kept unchanged in local currencies (EUR 414m), as supported by updated portfolio assessments, including stress tests. In euro terms, the overall management judgement allowance amount consequently decreased to EUR 495m from EUR 577m in the previous quarter.

Note 11 Continued

Scenarios and allowances/provisions

31 Dec 2023

Denmark		2024	2025	2026	Unweighted ECL EURm	Probability weight	Model-based allowances/ provisions EURm	Adjustments to model-based allowances/ provisions EURm	Individual allowances/ provisions EURm	Total allowances/ provisions EURm
Favourable scenario	GDP growth, %	2.1	1.7	1.7	135	10%				
	Unemployment, %	2.8	2.8	2.8						
	Change in household consumption, %	1.8	1.5	1.6						
	Change in house prices, %	1.9	2.8	3.2						
Baseline scenario	GDP growth, %	1.0	1.3	1.4	137	50%	142	104	203	449
	Unemployment, %	3.2	3.4	3.4						
	Change in household consumption, %	1.3	1.0	1.0						
	Change in house prices, %	0.7	2.1	2.5						
Adverse scenario	GDP growth, %	-0.9	0.3	0.7	151	40%				
	Unemployment, %	3.9	4.5	4.7						
	Change in household consumption, %	0.1	-0.1	-0.1						
	Change in house prices, %	-2.6	-0.1	0.8						
Finland										
Favourable scenario	GDP growth, %	2.1	1.6	1.2	226	10%				
	Unemployment, %	7.6	7.1	6.8						
	Change in household consumption, %	2.4	1.4	1.1						
	Change in house prices, %	1.1	2.8	2.7						
Baseline scenario	GDP growth, %	0.2	1.4	1.5	233	50%	239	205	179	623
	Unemployment, %	8.0	7.4	7.1						
	Change in household consumption, %	0.8	1.1	1.1						
	Change in house prices, %	1.0	1.8	2.0						
Adverse scenario	GDP growth, %	-3.2	1.0	1.5	250	40%				
	Unemployment, %	8.6	8.3	7.9						
	Change in household consumption, %	-2.2	0.6	0.6						
	Change in house prices, %	-1.5	0.5	0.8						
Norway										
Favourable scenario	GDP growth, %	2.4	1.1	0.8	95	10%				
	Unemployment, %	3.1	3.2	3.4						
	Change in household consumption, %	1.9	2.4	2.7						
	Change in house prices, %	1.2	2.9	3.4						
Baseline scenario	GDP growth, %	0.4	1.0	1.1	99	50%	102	116	94	312
	Unemployment, %	3.6	3.8	3.8						
	Change in household consumption, %	0.1	1.9	2.5						
	Change in house prices, %	0.8	2.2	2.8						
Adverse scenario	GDP growth, %	-1.7	0.2	0.4	107	40%				
	Unemployment, %	4.4	4.8	4.9						
	Change in household consumption, %	-1.2	0.8	1.2						
	Change in house prices, %	-6.7	-1.5	2.0						
Sweden										
Favourable scenario	GDP growth, %	1.1	2.4	2.6	100	10%				
	Unemployment, %	8.0	7.9	7.9						
	Change in household consumption, %	1.7	2.2	2.7						
	Change in house prices, %	1.7	3.9	3.4						
Baseline scenario	GDP growth, %	-0.1	2.1	2.3	103	50%	105	121	211	437
	Unemployment, %	8.3	8.3	8.3						
	Change in household consumption, %	0.8	1.9	2.1						
	Change in house prices, %	0	2.6	3.8						
Adverse scenario	GDP growth, %	-1.5	1.0	1.3	108	40%				
	Unemployment, %	8.9	9.2	9.3						
	Change in household consumption, %	0	0.7	0.1						
	Change in house prices, %	-1.2	1.0	0.4						
Non-Nordic							1	3	0	4
Total							**589**	**549**	**687**	**1,825**

Note 11 Continued

Scenarios and allowances/provisions

31 Dec 2022

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

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

Note 11 Continued

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

31 Dec 2023

	Gross				Allowances				Loans carrying	Net loan
EURm	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	amount	losses[1]
Financial institutions	13,531	253	67	13,851	8	8	38	54	13,797	-7
Agriculture	4,278	192	68	4,538	7	7	35	49	4,489	22
Crops, plantations and hunting	930	92	17	1,039	3	3	7	13	1,026	0
Animal husbandry	619	83	48	750	3	4	28	35	715	22
Fishing and aquaculture	2,729	17	3	2,749	1	0	0	1	2,748	0
Natural resources	2,235	198	18	2,451	3	5	14	22	2,429	-2
Paper and forest products	1,505	161	16	1,682	2	4	13	19	1,663	-5
Mining and supporting activities	405	34	2	441	0	1	1	2	439	0
Oil, gas and offshore	325	3	0	328	1	0	0	1	327	3
Consumer staples	5,013	266	89	5,368	8	10	32	50	5,318	-3
Food processing and beverages	1,685	161	53	1,899	3	5	16	24	1,875	-5
Household and personal products	592	28	8	628	2	1	5	8	620	-1
Healthcare	2,736	77	28	2,841	3	4	11	18	2,823	3
Consumer discretionary and services	10,578	1,141	566	12,285	16	51	220	287	11,998	-46
Consumer durables	2,533	381	104	3,018	2	6	61	69	2,949	-30
Media and entertainment	1,845	100	199	2,144	2	5	29	36	2,108	-21
Retail trade	3,796	480	222	4,498	9	30	105	144	4,354	-4
Air transportation	236	9	9	254	0	0	4	4	250	5
Accommodation and leisure	1,357	163	27	1,547	2	9	16	27	1,520	4
Telecommunication services	811	8	5	824	1	1	5	7	817	0
Industrials	28,990	3,196	414	32,600	53	110	251	414	32,186	-40
Materials	1,700	193	25	1,918	3	4	12	19	1,899	0
Capital goods	3,161	472	42	3,675	5	16	21	42	3,633	2
Commercial and professional services	5,992	408	45	6,445	11	12	18	41	6,404	1
Construction	7,471	1,106	120	8,697	17	38	77	132	8,565	-9
Wholesale trade	6,130	567	82	6,779	7	25	47	79	6,700	-21
Land transportation	2,701	214	35	2,950	5	6	28	39	2,911	19
IT services	1,835	236	65	2,136	5	9	48	62	2,074	-32
Maritime	5,143	67	48	5,258	15	2	23	40	5,218	12
Ship building	164	15	0	179	0	0	0	0	179	3
Shipping	4,612	49	48	4,709	15	2	23	40	4,669	9
Maritime services	367	3	0	370	0	0	0	0	370	0
Utilities and public service	6,471	108	14	6,593	5	3	8	16	6,577	1
Utilities distribution	3,381	60	8	3,449	2	1	4	7	3,442	1
Power production	2,566	12	1	2,579	2	1	1	4	2,575	0
Public services	524	36	5	565	1	1	3	5	560	0
Real estate	36,656	1,860	164	38,680	25	45	83	153	38,527	-35
Other industries and reimbursement rights	1,580	189	8	1,777	3	1	0	4	1,773	15
Total Corporate	**114,475**	**7,470**	**1,456**	**123,401**	**143**	**242**	**704**	**1,089**	**122,312**	**-83**
Housing loans	113,424	5,734	539	119,697	12	54	114	180	119,517	-20
Collateralised lending	18,163	2,035	277	20,475	31	41	124	196	20,279	-24
Non-collateralised lending	4,277	952	154	5,383	14	73	77	164	5,219	-61
Household	**135,864**	**8,721**	**970**	**145,555**	**57**	**168**	**315**	**540**	**145,015**	**-105**
Public sector	**3,943**	**8**	**27**	**3,978**	**1**	**0**	**2**	**3**	**3,975**	**1**
Lending to the public	**254,282**	**16,199**	**2,453**	**272,934**	**201**	**410**	**1,021**	**1,632**	**271,302**	**-187**
Lending to central banks and credit institutions	**3,079**	**8**	**4**	**3,091**	**5**	**0**	**16**	**21**	**3,070**	**0**
Total	**257,361**	**16,207**	**2,457**	**276,025**	**206**	**410**	**1,037**	**1,653**	**274,372**	**-187**

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

Note 11 Continued

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

31 Dec 2022

	Gross				Allowances				Loans carrying amount	Net loan losses[1]
EURm	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		
Financial institutions	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

EURm	Amortised cost (AC)	Fair value through profit or loss (FVPL) Mandatorily	Fair value through profit or loss (FVPL) Designated at fair value through profit or loss (fair value option)	Fair value through other comprehensive income (FVOCI)	Total
Financial assets					
Cash and balances with central banks	50,622	-	-	-	50,622
Loans to central banks	1,623	286	-	-	1,909
Loans to credit institutions	1,447	916	-	-	2,363
Loans to the public	271,302	73,526	-	-	344,828
Interest-bearing securities	830	22,966	8,335	35,869	68,000
Shares	-	22,158	-	-	22,158
Assets in pooled schemes and unit-linked investment contracts	-	48,904	898	-	49,802
Derivatives	-	26,525	-	-	26,525
Fair value changes of hedged items in portfolio hedge of interest rate risk	-871	-	-	-	-871
Other assets	796	7,575	-	-	8,371
Prepaid expenses and accrued income	405	-	-	-	405
Total 31 Dec 2023	**326,154**	**202,856**	**9,233**	**35,869**	**574,112**
Total 31 Dec 2022	340,395	198,478	12,280	32,495	583,648

EURm	Amortised cost (AC)	Fair value through profit or loss (FVPL) Mandatorily	Fair value through profit or loss (FVPL) Designated at fair value through profit or loss (fair value option)	Total
Financial liabilities				
Deposits by credit institutions	12,332	17,172	-	29,504
Deposits and borrowings from the public	202,618	7,444	-	210,062
Deposits in pooled schemes and unit-linked investment contracts	-	-	51,573	51,573
Debt securities in issue	129,183	-	53,365	182,548
Derivatives	-	30,794	-	30,794
Fair value changes of hedged items in portfolio hedge of interest rate risk	-869	-	-	-869
Other liabilities[1]	3,757	8,404	-	12,161
Accrued expenses and prepaid income	8	-	-	8
Subordinated liabilities	5,720	-	-	5,720
Total 31 Dec 2023	**352,749**	**63,814**	**104,938**	**521,501**
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 1,103m.

Note 13 Fair value of financial assets and liabilities

EURm	31 Dec 2023 Carrying amount	31 Dec 2023 Fair value	31 Dec 2022 Carrying amount	31 Dec 2022 Fair value
Financial assets				
Cash and balances with central banks	50,622	50,622	61,815	61,815
Loans	348,229	350,263	349,073	350,220
Interest-bearing securities	68,000	68,008	68,226	68,224
Shares	22,158	22,158	16,099	16,099
Assets in pooled schemes and unit-linked investment contracts	49,802	49,802	42,782	42,782
Derivatives	26,525	26,525	36,578	36,578
Other assets	8,371	8,371	8,600	8,600
Prepaid expenses and accrued income	405	405	475	475
Total	**574,112**	**576,154**	**583,648**	**584,793**
Financial liabilities				
Deposits and debt instruments[1]	426,965	427,651	433,362	435,547
Deposits in pooled schemes and unit-linked investment contracts	51,573	51,573	44,770	44,770
Derivatives	30,794	30,794	40,102	40,102
Other liabilities	11,058	11,058	14,314	14,314
Accrued expenses and prepaid income	8	8	7	7
Total	**520,398**	**521,084**	**532,555**	**534,740**

[1] For non-maturing deposits, the fair value equals the nominal amount, whereas the carrying amount also includes the revaluations of the hedged items presented on the balance sheet line “Fair value of hedged items in portfolio hedges of interest rate risk”. Comparative figures have been restated accordingly.

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

EURm	Quoted prices in active markets for the same instruments (Level 1)	*Of which Life & Pension*	Valuation technique using observable data (Level 2)	*Of which Life & Pension*	Valuation technique using non-observable data (Level 3)	*Of which Life & Pension*	Total
Assets at fair value on the balance sheet[1]							
Loans to central banks	-	-	286	-	-	-	286
Loans to credit institutions	-	-	916	*8*	-	-	916
Loans to the public	-	-	73,524	-	2	-	73,526
Interest-bearing securities	15,981	*1,558*	49,453	*6,361*	1,736	*1,214*	67,170
Shares	19,595	*14,400*	242	*65*	2,321	*1,041*	22,158
Assets in pooled schemes and unit-linked investment contracts	48,264	*44,247*	1,102	*1,102*	436	*436*	49,802
Derivatives	67	-	25,575	*61*	883	-	26,525
Other assets	14	*14*	7,542	-	19	*18*	7,575
Total 31 Dec 2023	**83,921**	***60,219***	**158,640**	***7,597***	**5,397**	***2,709***	**247,958**
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 sheet[1]							
Deposits by credit institutions	-	-	17,172	*8*	-	-	17,172
Deposits and borrowings from the public	-	-	7,444	-	-	-	7,444
Deposits in pooled schemes and unit-linked investment contracts	-	-	51,573	*47,322*	-	-	51,573
Debt securities in issue	4,574	-	47,499	-	1,292	-	53,365
Derivatives	139	-	29,939	*49*	716	-	30,794
Other liabilities	2,269	-	5,990	*29*	145	-	8,404
Total 31 Dec 2023	**6,982**	**-**	**159,617**	***47,408***	**2,153**	**-**	**168,752**
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 10,577m from Level 1 to Level 2 and of EUR 280m from Level 2 to Level 1 in the fair value hierarchy. Furthermore, Nordea transferred "Debt securities in issue" of EUR 25,685m from Level 1 to Level 2 and of EUR 1,105m from Level 2 to Level 1. Nordea also transferred "Other liabilities" of EUR 294m from Level 1 to Level 2 and of EUR 8m from Level 2 to Level 1. The transfers of "Interest-bearing securities" and "Debt securities in issue" from Level 1 to Level 2 were mainly due to a reassessment of trading activity. Other transfers from Level 1 to Level 2 were due to the instruments ceasing to be actively traded during the period, which meant that fair values were obtained using valuation techniques with observable market inputs. The transfers from Level 2 to Level 1 were due to the instruments again being actively traded during the period, which meant that reliable quoted prices were obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 14 Continued

Movements in Level 3

		Fair value gains/losses recognised in the income statement during the period										
EURm	1 Jan	Realised	Unrealised	Recognised in OCI	Purchases / Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Reclassification[1]	Translation differences	31 Dec
Loans to the public	-	-	-	-	2	-	-	-	-	-	-	2
Interest-bearing securities	1,589	-	-6	-	309	-156	-1	168	-90	-	-77	1,736
- of which Life & Pension	*1,199*	-	*-1*	-	*9*	*-43*	*-1*	*126*	-	-	*-75*	*1,214*
Shares	2,298	102	53	-	194	-386	-56	174	-1	-	-57	2,321
- of which Life & Pension	*979*	*63*	*-32*	-	*59*	*-137*	*-49*	*173*	-	-	*-15*	*1,041*
Assets in pooled schemes and unit-linked investment contracts	471	-8	10	-	46	-26	-27	21	-47	-	-4	436
- of which Life & Pension	*471*	*-8*	*10*	-	*46*	*-26*	*-27*	*21*	*-47*	-	*-4*	*436*
Derivatives (net)	49	-5	-38	-	-	-	5	-	156	-	-	167
Other assets	33	-	-	-	-	-	-14	-	-	-	-	19
- of which Life & Pension	*25*	-	-	-	-	-	*-7*	-	-	-	-	*18*
Debt securities in issue	1,088	57	-102	-1	419	-	-187	40	-22	-	-	1,292
Other liabilities	63	-	-18	-	110	-2	-	-	-8	-	-	145
Total 2023, net	**3,289**	**32**	**139**	**1**	**22**	**-566**	**94**	**323**	**48**	**-**	**-138**	**3,244**
Total 2022, net	3,078	-63	12	6	420	-717	653	111	-30	-15	-166	3,289

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

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

Valuation processes for fair value measurements in Level 3

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

Deferred Day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to the fact that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information, see Note G3.4 "Fair value" in the 2022 Annual Report. The table below shows the aggregated difference yet to be recognised in the income statement at the beginning and end of the period. The table also shows a reconciliation of how this aggregated difference changed during the period (movement of deferred Day 1 profit).

Deferred Day 1 profit – derivatives, net

EURm	2023	2022
Opening balance as at 1 Jan	84	77
Deferred profit on new transactions	38	58
Recognised in the income statement during the period[1]	-49	-51
Closing balance as at 31 Dec	**73**	**84**

[1] Of which EUR -10m (EUR -6m) 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

EURm	Fair value	*Of which Life & Pension[1]*	Valuation techniques	Unobservable input	Range of fair value[4]
Loans					
Loans to the public	2	-	Discounted cash flows	Interest rate	0/0
Total 31 Dec 2023	**2**	**-**			**-0/0**
Total 31 Dec 2022	-	-			-
Interest-bearing securities					
Public bodies	170	*157*	Discounted cash flows	Credit spread	-4/4
Mortgage and other credit institutions	1,073	*745*	Discounted cash flows	Credit spread	-62/62
Corporates[2]	493	*312*	Discounted cash flows	Credit spread	-7/7
Total 31 Dec 2023	**1,736**	***1,214***			**-73/73**
Total 31 Dec 2022	1,589	*1,199*			-52/52
Shares					
Private equity funds	1,352	*633*	Net asset value[3]		-151/151
Hedge funds	150	*150*	Net asset value[3]		-13/13
Credit funds	491	*50*	Net asset value/market consensus[3]		-47/47
Other funds	207	*199*	Net asset value/fund prices[3]		-14/14
Other[5]	557	*445*	-		-63/63
Total 31 Dec 2023	**2,757**	***1,477***			**-288/288**
Total 31 Dec 2022	2,769	*1,450*			-290/290
Derivatives, net					
Interest rate derivatives	82	-	Option model	Correlations Volatilities	-9/9
Equity derivatives	-30	-	Option model	Correlations Volatilities Dividends	-5/4
Foreign exchange derivatives	114	-	Option model	Correlations Volatilities	0/0
Credit derivatives	1	-	Credit derivative model	Correlations Volatilities Recovery rates	-9/11
Total 31 Dec 2023	**167**	**-**			**-23/24**
Total 31 Dec 2022	49	-			-42/43
Debt securities in issue					
Issued structured bonds	-1,292	-	Credit derivative model	Correlations Recovery rates Volatilities	-6/6
Total 31 Dec 2023	**-1,292**	**-**			**-6/6**
Total 31 Dec 2022	-1,088	-			-5/5
Other, net					
Other assets and other liabilities, net	-126	*18*	-	-	-12/12
Total 31 Dec 2023	**-126**	***18***			**-12/12**
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 XIBOR) 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 55% 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 436m relates to assets in pooled schemes and unit-linked investment contracts.

Note 15 Risks and uncertainties

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

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

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

Within the framework of normal business operations, Nordea faces a number of operational and legal risks that could result in reputational impacts, fines, sanctions, disputes, losses and/or litigation. Specifically, Nordea faces potential claims related to the provision of banking and investment services and other areas in which it operates. Currently, such claims are mainly related to lending and insolvency situations, various investment services, and sub-custody and withholding taxation matters. At present, none of the current claims are considered likely to have any significant adverse effect on Nordea or its financial position.

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

Glossary

Allowances in relation to credit-impaired loans (stage 3)
Allowances for impaired loans (stage 3) divided by impaired loans measured at amortised cost (stage 3) before allowances.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Total allowance rate (stages 1, 2 and 3)
Total allowances divided by total loans measured at amortised cost before allowances.

For a list of further alternative performance measures and business definitions, see https://www.nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports/ and the 2022 Annual Report.

Nordea Bank Abp

Income statement

EURm	Q4 2023	Q4 2022	Jan-Dec 2023	Jan-Dec 2022
Operating income				
Interest income	4,134	2,400	14,811	5,870
Interest expense	-2,639	-1,249	-9,254	-2,325
Net interest income	**1,495**	**1,151**	**5,557**	**3,545**
Fee and commission income	610	579	2,305	2,331
Fee and commission expense	-155	-131	-574	-515
Net fee and commission income	**455**	**448**	**1,731**	**1,816**
Net result from securities at fair value through profit or loss[1]	169	390	1,054	1,224
Net result from securities at fair value through fair value reserve	-1	-21	-39	-84
Income from equity investments	870	650	1,747	2,516
Other operating income	194	218	741	933
Total operating income	**3,182**	**2,836**	**10,791**	**9,950**
Operating expenses				
Staff costs	-645	-603	-2,448	-2,318
Other administrative expenses[1]	-262	-231	-896	-787
Other operating expenses[1]	-164	-110	-566	-483
Regulatory fees	-16	-12	-223	-257
Depreciation, amortisation and impairment charges[1]	-289	-133	-839	-1,418
Total operating expenses	**-1,376**	**-1,089**	**-4,972**	**-5,263**
Profit before loan losses	**1,806**	**1,747**	**5,819**	**4,687**
Net loan losses[1]	-73	6	-119	9
Operating profit	**1,733**	**1,753**	**5,700**	**4,696**
Income tax expense	-207	-296	-961	-741
Net profit for the period	**1,526**	**1,457**	**4,739**	**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

EURm	31 Dec 2023	31 Dec 2022
Assets		
Cash and balances with central banks	49,150	61,425
Debt securities eligible for refinancing with central banks	59,967	60,453
Loans to credit institutions	68,589	73,488
Loans to the public	149,900	150,393
Interest-bearing securities	13,796	14,051
Shares	9,437	6,765
Investments in group undertakings	14,090	14,350
Investments in associated undertakings and joint ventures	64	94
Derivatives	27,832	38,870
Fair value changes of hedged items in portfolio hedges of interest rate risk	-230	-479
Intangible assets	1,488	1,656
Tangible assets	227	241
Deferred tax assets	37	25
Current tax assets	128	120
Retirement benefit assets	220	159
Other assets	9,299	9,653
Prepaid expenses and accrued income	776	731
Total assets	**404,770**	**431,995**
Liabilities		
Deposits by credit institutions and central banks	36,488	40,630
Deposits and borrowings from the public	217,574	225,231
Debt securities in issue[1]	71,859	76,932
Derivatives	32,202	42,049
Fair value changes of hedged items in portfolio hedges of interest rate risk[1]	-869	-2,175
Current tax liabilities	254	146
Other liabilities	12,295	15,015
Accrued expenses and prepaid income	916	870
Deferred tax liabilities	79	113
Provisions	381	376
Retirement benefit obligations	237	244
Subordinated liabilities[1]	5,720	5,401
Total liabilities	**377,136**	**404,832**
Equity		
Share capital	4,050	4,050
Additional Tier 1 capital holders	750	748
Invested unrestricted equity	1,063	1,082
Other reserves	-198	-211
Retained earnings	17,230	17,539
Profit or loss for the period[1]	4,739	3,955
Total equity	**27,634**	**27,163**
Total liabilities and equity	**404,770**	**431,995**
Off-balance sheet commitments		
Commitments given to a third party on behalf of customers		
Guarantees and pledges	45,346	46,379
Other	647	661
Irrevocable commitments in favour of customers		
Securities repurchase commitments	-	-
Other	92,668	96,306

[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

	Q4 2023			Q4 2022			Jan-Dec 2023			Jan-Dec 2022		
EURm	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	-	169	169	-	390	390	-	1,054	1,054	-	1,224	1 224
Net result from securities trading and foreign exchange dealing	205	-205	-	350	-350	-	1,058	-1,058	-	1,225	-1,225	-
Net result from hedge accounting	-36	36	-	40	-40	-	-4	4	-	-1	1	-
Net result from investment properties	0	0	-	0	0	-	0	0	-	0	0	-
Total operating income	**3,182**	**-**	**3,182**	**2,836**	**-**	**2,836**	**10,791**	**-**	**10,791**	**9,950**	**-**	**9,950**
Other administrative expense	-319	57	-262	-264	33	-231	-1,048	152	-896	-884	97	-787
Other operating expenses	-107	-57	-164	-77	-33	-110	-414	-152	-566	-386	-97	-483
Depreciation, amortisation and impairment charges[1]	-289	0	-289	-114	-19	-133	-617	-222	-839	-427	-991	-1,418
Total operating expenses	**-1,376**	**0**	**-1,376**	**-1,070**	**-19**	**-1,089**	**-4,750**	**-222**	**-4,972**	**-4,272**	**-991**	**-5,263**
Profit before loan losses	**1,806**	**0**	**1,806**	**1,766**	**-19**	**1,747**	**6,041**	**-222**	**5,819**	**5,678**	**-991**	**4,687**
Net loan losses	-71	-2	-73	7	-1	6	-118	-1	-119	-3	12	9
Impairment of other financial assets	-2	2	-	-20	20	-	-223	223	-	-979	979	-
Operating profit	**1,733**	**-**	**1,733**	**1,753**	**-**	**1,753**	**5,700**	**-**	**5,700**	**4,696**	**-**	**4,696**

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

Restatements of the balance sheet

	31 Dec 2023			31 Dec 2022		
EURm	Old policy	FIN GAAP chg	New policy	Old policy	FIN GAAP chg	New policy
Assets						
Loans to credit institutions	68,299	290	68,589	73,314	174	73,488
Loans to the public	149,329	571	149,900	150,024	369	150,393
Prepaid expenses and accrued income	1,637	-861	776	1,274	-543	731
Total assets	**404,770**	**-**	**404,770**	**431,995**	**-**	**431,995**

For further information

- A webcast will be held on 5 February at 11.00 EET (10.00 CET), during which Frank Vang-Jensen, President and Group CEO, will present the Q4 2023 results. Frank Vang-Jensen will then present a target update together with Ian Smith, Group CFO. The presentations will be followed by a Q&A audio session for investors and analysts with Frank Vang-Jensen, Ian Smith and Ilkka Ottoila, Head of Investor Relations.
- The event will be webcast live and the presentation slides will be posted on www.nordea.com/ir.
- The Q4 2023 report, investor presentations and fact book are available at www.nordea.com.

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Financial calendar

Week 9 2024 – Annual Report published
21 March 2024 – Annual General Meeting
18 April 2024 – First-quarter results 2024
15 July 2024 – Second-quarter and half-year results 2024
17 October 2024 – Third-quarter and January-September results 2024

Helsinki 5 February 2024

Nordea Bank Abp

Board of Directors

This report has not been subject to review by the Auditors.

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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