Fourth-quarter and full-year results 2020

Fourth-quarter and full-year results 2020

Summary of the quarter:

- **Continued strong growth in customer business volumes in all countries.** Mortgage loans grew by a record 6%, year on year, with further increases in market shares. SME lending increased by 8%, supported by the acquisition of SG Finans, now Nordea Finance Equipment (NFE). Furthermore, assets under management grew by 9% to a record high of EUR 354bn, supported by an all-time-high quarterly net inflow in retail funds.

- **Operating profit up 11%, driven by income growth.** Total income increased by 4%, with net interest income increasing by 6%. Net fee and commission income was up 2%, while net fair value result was down 13%. Operating profit increased by 11% compared with the fourth quarter of 2019. Return on equity (RoE) for the quarter was 8.4%, having been negatively affected by Nordea's very high level of capitalisation. Nordea's overall RoE development demonstrates good progress towards the target of above 10% in 2022.

- **2020 costs in line with guidance – new cost outlook for 2021.** Total operating costs were in line with Nordea's full-year guidance of below EUR 4.7bn. Operating costs were 3% higher than in the fourth quarter of 2019 after absorbing certain non-recurring items, such as costs from the integration of NFE, non-core IT impairments and provisions related to new Danish holiday pay legislation. Underlying costs were down 3% compared with last year. Work to increase operational efficiency continues and 2021 costs are expected to be below EUR 4.6bn, with continuing efficiency gains partially offset by pay inflation, higher depreciation and amortisation, and higher costs from the integration of NFE.

- **Strong credit quality with low loan losses.** Net loan losses amounted to EUR 28m or 3bp in the fourth quarter. The management judgement buffer of EUR 650m has been retained in full, as the impact of the pandemic on Nordea's customers remains uncertain.

- **Capital position among best in Europe – CET1 ratio 17.1%.** After deducting the proposed 2019 and 2020 dividends in full, the Group's CET1 ratio was up 70bp on the previous quarter at 17.1%. This is 6.9 percentage points above the current regulatory requirement. Nordea's capital position is among the strongest in Europe.

- **2020 dividend proposal of EUR 0.39 per share, in line with dividend policy**. Nordea's Board has proposed a dividend of EUR 0.39 per share for 2020. In addition, the Board will decide in February to distribute EUR 0.07 per share as the first instalment of the delayed 2019 dividend of EUR 0.40 per share. The Board also proposes that the Annual General Meeting authorise it to pay out the remaining part of the 2019 dividend (EUR 0.33 per share) and the 2020 dividend (EUR 0.39 per share) – a total of EUR 0.72 per share – after September 2021, in line with the European Central Bank recommendation.

- **On track to reach 2022 financial targets.** Nordea continues to focus on creating great customer experiences, growing income and improving operational efficiency in line with its plan, and is progressing well towards meeting its 2022 financial targets.

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

Group quarterly results and key ratios Q4 2020
excluding items affecting comparability[1]

EURm	Q4 2020	Q4 2019	Chg %	Q3 2020	Chg %	Jan-Dec 2020	Jan-Dec 2019	Chg %
Net interest income	1,169	1,108	6	1,146	2	4,515	4,318	5
Net fee and commission income	792	775	2	729	9	2,959	3,011	-2
Net fair value result	217	250	-13	257	-16	900	1,012	-11
Other income	41	7		23	78	92	144	-36
Total operating income	2,219	2,140	4	2,155	3	8,466	8,485	0
Total operating expenses	-1,218	-1,179	3	-1,089	12	-4,643	-4,877	-5
Profit before loan losses	1,001	961	4	1,066	-6	3,823	3,608	6
Net loan losses and similar net result	-28	-86		19		-860	-242	
Operating profit	973	875	11	1,085	-10	2,963	3,366	-12
Cost-to-income ratio with amortised resolution fees, %	57	58		53		55	57	
Return on equity with amortised resolution fees, %	8.4	7.6		10.1		7.1	8.2	
Diluted earnings per share, EUR	0.18	0.15		0.21		0.55	0.61	

[1] Items affecting comparability: see page 6 for further details.

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

CEO comment

"We begin 2021 with high expectations for overcoming COVID-19 and starting the recovery from the pandemic. However, the ongoing lockdowns and restrictions remind us about the importance of endurance and patience. Nothing is certain, but there are several signs that we are heading towards brighter times. We have already found new ways of living, working and consuming. More importantly, the approval and initial roll-out of vaccines supports our view that we will eventually beat the virus.

I am very happy to see that we made good progress in 2020. We improved our performance and delivered on our business plan and key priorities. Our business volumes grew and we gained market shares across the Nordics. We created better customer experiences, improved customer satisfaction scores and reduced customer complaints by more than 20%. At the same time, we also reduced costs and increased operational efficiency. Our work to build a strong cost culture has started well and we are determined to continue on the same track. Furthermore, the resilience of our business model was tested and proven in difficult circumstances. The remarkable efforts of our employees and our advanced digital capabilities kept the bank fully operational, with high levels of customer activity.

In the fourth quarter we saw continued strong growth in customer business volumes in all countries. Mortgage loans grew by a record 6%, year on year, and market shares continued to show strong growth across the Nordic region. SME lending increased by 8%, supported by the acquisition of SG Finans, now Nordea Finance Equipment (NFE). Our assets under management (AuM) grew by 9% to record-high levels following an all-time-high retail funds net inflow.

Our operating profit increased by 11% and total income was up 4% compared with the fourth quarter of last year. Net interest income grew by 6%, the highest growth rate since 2008. Savings income increased by 8%. Card fee income continues to be affected by reduced travel and lower economic activity related to the pandemic.

Our 2020 costs were in line with our full-year guidance of below EUR 4.7bn. Costs in the fourth quarter were higher than in the previous quarter due to certain non-recurring items. We will continue working to improve cost efficiency and expect total costs for 2021 to be below EUR 4.6bn.

We have steadily improved our cost-to-income ratio, from 57.5% in 2019 to 54.8% in 2020, and are making good progress towards meeting our 2022 target of 50%. Our return on equity was 8.4% in the fourth quarter and we are on track to reach the target of above 10% by 2022.

Our credit quality remained strong in 2020. In the second quarter we communicated that we expected full-year loan losses to be below EUR 1bn – and 2020 loan losses were comfortably below this level at EUR 860m. Realised loan losses have been very low and net loan losses for the fourth quarter were EUR 28m. However, we have retained our EUR 650m management buffer. We believe this prudent approach is appropriate, as the full economic impact of the pandemic remains uncertain.

All our business areas continued to show progress in the fourth quarter. Personal Banking saw further mortgage lending growth in all countries. Savings income had good momentum, especially in Finland and Denmark.

In Business Banking lending volumes increased, particularly in Sweden and Norway. Income also increased, both when including and excluding the impact of the integration of NFE, which was included in the Group results from 1 October.

Large Corporates & Institutions continued with its strategic repositioning. Business activity remained at high levels. Return on capital at risk improved to 10.5% from 6.1% in the same quarter last year.

In Asset & Wealth Management AuM and lending volumes continued to grow in 2020. We also saw strong demand for our ESG products, which contributed 70% of the net inflow in the fourth quarter.

At the end of the quarter our Group CET1 ratio was 17.1%, 6.9 percentage points above the current regulatory requirement and among the strongest in Europe. We continue to generate capital and increase our CET1 ratio, even after having deducted the proposed 2019 and 2020 dividends.

During the pandemic we have been able to support our customers and the societies around us, maintain our financial strength and ensure that we are fully operational. We understand the reasoning behind the exceptional capital distribution measures promoted by the European Central Bank (ECB) for the European banking industry, and we have followed the ECB's recommendations, even though our financial position is very strong.

Our capital and dividend policy is unchanged. Dividends are important to our shareholders and benefit both them and society at large.

We consider dividend payment to be a matter of timing only. Our Board has proposed a dividend of EUR 0.39 per share for 2020. Including the delayed 2019 dividend of EUR 0.40 per share, this would mean a total payout of EUR 0.79 per share in 2021. We propose to pay this out to our shareholders in two instalments: the first instalment of EUR 0.07 per share after the Board decision in February and the remaining EUR 0.72 per share after September.

In the quarter we decided on a new sustainability strategy with progressive targets for 2030, further strengthening our leading position in sustainable banking. We firmly believe that the increasing demand for sustainability-linked products and services is good for our business and for society.

All in all, we are well on track towards meeting our 2022 targets, thanks in no small part to our dedicated and highly competent people. I couldn't be any prouder of their efforts and commitment in these extraordinary times. Our focus will remain on our three key priorities: to create great customer experiences, drive income growth initiatives and optimise operational efficiency.

The recovery from the pandemic is not going to be easy. We will have to rebuild our societies and businesses will need to find their feet again. We are a strong and personal financial partner and will continue to take action – to drive sustainable growth and recovery together with our customers."

Frank Vang-Jensen
President and Group CEO

Outlook

Key priorities to meet 2022 financial targets

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

Financial targets for 2022

Nordea's financial targets for 2022 are:

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

Costs (operating expenses)

New: Total costs for 2021 are expected to be below EUR 4.6bn.

Previous: In 2020 Nordea expects to reach a cost base of below EUR 4.7bn, with planned continued net cost reductions beyond 2020.

Capital policy

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

Dividend policy

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

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Income statement

EURm	Q4 2020	Q4 2019	Chg %	Local curr. %	Q3 2020	Chg %	Local curr. %	Jan-Dec 2020	Jan-Dec 2019	Chg %	Local curr. %
Net interest income	1,169	1,108	6	6	1,146	2	2	4,515	4,318	5	7
Net fee and commission income	792	775	2	2	729	9	8	2,959	3,011	-2	-1
Net result from items at fair value	217	250	-13	-14	257	-16	-16	900	1,012	-11	-14
Profit from associated undertakings and joint ventures accounted for under the equity method	5	-1			6	-17	-17	-1	50		
Other operating income	36	146	-75	-74	17			93	232	-60	-59
Total operating income	**2,219**	**2,278**	**-3**	**-2**	**2,155**	**3**	**3**	**8,466**	**8,623**	**-2**	**0**
Staff costs	-722	-648	11	12	-686	5	5	-2,752	-3,017	-9	-8
Other expenses	-319	-375	-15	-15	-245	30	30	-1,286	-1,639	-22	-21
Depreciation, amortisation and impairment charges of tangible and intangible assets	-177	-156	13	12	-158	12	12	-605	-1,330	-55	-54
Total operating expenses	**-1,218**	**-1,179**	**3**	**3**	**-1,089**	**12**	**12**	**-4,643**	**-5,986**	**-22**	**-22**
Profit before loan losses	**1,001**	**1,099**	**-9**	**-8**	**1,066**	**-6**	**-6**	**3,823**	**2,637**	**45**	**48**
Net loan losses and similar net result	-28	-86	-67	-66	19			-860	-524	64	69
Operating profit	**973**	**1,013**	**-4**	**-3**	**1,085**	**-10**	**-11**	**2,963**	**2,113**	**40**	**43**
Income tax expense	-248	-263	-6	-2	-248	0	3	-698	-571	22	27
Net profit for the period	**725**	**750**	**-3**	**-4**	**837**	**-13**	**-15**	**2,265**	**1,542**	**47**	**49**

Business volumes, key items[1]

EURbn	31 Dec 2020	31 Dec 2019	Chg %	Local curr. %	30 Sep 2020	Chg %	Local curr. %
Loans to the public	329.8	323.1	2	2	320.5	3	0
Loans to the public, excluding repos	317.6	304.2	4	4	302.7	5	2
Deposits and borrowings from the public	183.4	168.7	9	8	190.0	-3	-6
Deposits from the public, excluding repos	182.1	166.4	9	9	184.9	-2	-4
Total assets	552.2	554.8	0		574.8	-4	
Assets under management	353.8	324.7	9		326.2	8	
Equity	33.7	31.5	7		32.6	3	

Ratios and key figures[2]

	Q4 2020	Q4 2019	Chg %	Q3 2020	Chg %	Jan-Dec 2020	Jan-Dec 2019	Chg %
Diluted earnings per share (DEPS), EUR	0.18	0.19	-5	0.21	-14	0.55	0.38	45
EPS, rolling 12 months up to period end, EUR	0.55	0.38	45	0.56	-2	0.55	0.38	45
Share price[1], EUR	6.67	7.24	-8	6.49	3	6.67	7.24	-8
Proposed dividend per share, EUR						0.39	0.40	-3
Equity per share[1], EUR	8.35	7.80	7	8.06	4	8.35	7.80	7
Potential shares outstanding[1], million	4,050	4,050	0	4,050	0	4,050	4,050	0
Weighted average number of diluted shares, million	4,039	4,039	0	4,040	0	4,039	4,035	0
Return on equity, %	8.9	10.0		10.6		7.1	5.0	
Return on tangible equity, %	10.0	11.4		12.0		8.1	5.7	
Return on risk exposure amount, %	1.9	2.0		2.2		1.4	1.0	
Return on equity with amortised resolution fees, %	8.4	9.4		10.1		7.1	5.0	
Cost-to-income ratio, %	55	52		51		55	69	
Cost-to-income ratio with amortised resolution fees, %	57	54		53		55	69	
Net loan loss ratio, amortised cost, bp	9	17		0		35	22	
Common Equity Tier 1 capital ratio[1,3], %	17.1	16.3		16.4		17.1	16.3	
Tier 1 capital ratio[1,3], %	18.7	18.3		18.2		18.7	18.3	
Total capital ratio[1,3], %	20.5	20.8		19.9		20.5	20.8	
Tier 1 capital[1,3], EURbn	29.1	27.5	6	27.4	6	29.1	27.5	6
Risk exposure amount[1], EURbn	155	150	3	151	3	155	150	3
Number of employees (FTEs)[1]	28,051	29,000	-3	27,880	1	28,051	29,000	-3
Economic capital[1], EURbn	23.5	25.7	-9	23.7	-1	23.5	25.7	-9

[1] End of period.
[2] For more detailed information regarding ratios and key figures defined as alternative performance measures, see https://www.nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports.
[3] Including the result for the period.

Income statement excluding items affecting comparability[1,2]

EURm	Q4 2020	Q4 2019	Chg %	Local curr. %	Q3 2020	Chg %	Local curr. %	Jan-Dec 2020	Jan-Dec 2019	Chg %	Local curr. %
Net interest income	1,169	1,108	6	6	1,146	2	2	4,515	4,318	5	7
Net fee and commission income	792	775	2	2	729	9	8	2,959	3,011	-2	-1
Net result from items at fair value	217	250	-13	-14	257	-16	-16	900	1,012	-11	-14
Profit from associated undertakings and joint ventures accounted for under the equity method	5	-1			6	-17	-17	-1	50		
Other operating income	36	8			17			93	94	-1	2
Total operating income	**2,219**	**2,140**	**4**	**4**	**2,155**	**3**	**3**	**8,466**	**8,485**	**0**	**1**
Staff costs	-722	-648	11	12	-686	5	5	-2,752	-2,813	-2	-1
Other expenses	-319	-375	-15	-15	-245	30	30	-1,286	-1,469	-12	-11
Depreciation, amortisation and impairment charges of tangible and intangible assets	-177	-156	13	12	-158	12	12	-605	-595	2	4
Total operating expenses	**-1,218**	**-1,179**	**3**	**3**	**-1,089**	**12**	**12**	**-4,643**	**-4,877**	**-5**	**-4**
Profit before loan losses	**1,001**	**961**	**4**	**5**	**1,066**	**-6**	**-6**	**3,823**	**3,608**	**6**	**8**
Net loan losses and similar net result	-28	-86	-67	-66	19			-860	-242		
Operating profit	**973**	**875**	**11**	**12**	**1,085**	**-10**	**-11**	**2,963**	**3,366**	**-12**	**-11**
Income tax expense	-248	-263	-6	-2	-248	0	3	-698	-864	-19	-17
Net profit for the period	**725**	**612**	**18**	**18**	**837**	**-13**	**-15**	**2,265**	**2,502**	**-9**	**-9**

Ratios and key figures[1,2]

	Q4 2020	Q4 2019	Chg %	Q3 2020	Chg %	Jan-Dec 2020	Jan-Dec 2019	Chg %
Diluted earnings per share (DEPS), EUR	0.18	0.15	20	0.21	-14	0.55	0.61	-10
EPS, rolling 12 months up to period end, EUR	0.55	0.61	-10	0.53	4	0.55	0.61	-10
Return on equity, %	8.9	8.1		10.6		7.1	8.2	
Return on tangible equity, %	10.0	9.3		12.0		8.1	9.3	
Return on risk exposure amount, %	1.9	1.6		2.2		1.4	1.7	
Return on equity with amortised resolution fees, %	8.4	7.6		10.1		7.1	8.2	
Cost-to-income ratio, %	55	55		51		55	57	
Cost-to-income ratio with amortised resolution fees, %	57	58		53		55	57	
Return on capital at risk, %	12.1	9.3		13.9		9.2	9.2	

[1] Items affecting comparability in the fourth quarter 2019: EUR 138m tax free gain related to the sale of LR Realkredit. In the third quarter of 2019: EUR 735m expense related to an impairment of capitalised IT systems (EUR 559m after tax); EUR 204m expense related to restructuring (EUR 155m after tax); EUR 75m non-deductible expense related to the sale of Luminor; and EUR 282m loss related to loan loss provisions due to model updates and dialogue with the ECB reflecting a more subdued outlook in certain sectors (EUR 214m after tax). In the first quarter of 2019: EUR 95m non-deductible expense related to a provision for ongoing AML-related matters.

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

Macroeconomy and financial markets[1]

Economic outlook

The global economy recovered strongly in the third quarter. However, leading indicators point to a slowdown in the fourth quarter, as new containment measures were introduced amid the second wave of the COVID-19 pandemic. Economic policies remained accommodative throughout the fourth quarter, which, in combination with the roll-out of vaccines and the EU-UK Trade and Cooperation Agreement, led to increased risk appetite in financial markets.

The recovery of the global economy is expected to continue during 2021, with pre-COVID-19 global gross domestic product (GDP) levels reached by the end of the year.

The Nordic countries have been among the best performing countries globally during the pandemic. All of them experienced increases in GDP in the third quarter. They are all expected to grow in 2021 following a relatively weak end to 2020 due to new containment measures.

Denmark

Danish GDP increased by 5.2%, quarter on quarter, in the third quarter, as both exports and domestic demand increased sharply after a large drop in the previous quarter. The payout of frozen holiday pay in October prompted a large increase in retail sales. Another payout is planned for the first half of 2021. A sharp increase in the number of COVID-19 cases in the late autumn led to new containment measures. This will most likely cause another setback in economic activity, albeit of a much smaller magnitude than in the second quarter of 2020. The situation in the labour market has improved since the spike in the unemployment rate in May. House prices continued to rise and in October 2020 were 7.4% higher than in the same month last year. While the Danish krone has been trading on the strong side of the central bank's parity against the euro since the independent interest rate hike in March, Danmarks Nationalbank has not intervened in the FX market.

Finland

Finnish GDP grew by 3.3%, quarter on quarter, in the third quarter. The recovery was led by private consumption. While the COVID-19 situation remained under control, fear of the virus and restrictions slowed down the recovery in the fourth quarter. New manufacturing orders and exports of goods grew, but exports of services remained weak. The unemployment rate stood at 8.1% in November and employment levels reached those of last year. House prices increased by 3%, year on year, in November. Prices increased by 6% in Greater Helsinki and remained unchanged in the rest of the country. While the positive housing market development led to an increase in building permits, construction activity as a whole continued to decline.

Norway

Norwegian mainland GDP grew by 5.2% in the third quarter, clawing back more than three-quarters of the ground lost in the early days of the pandemic. The rebound was also evident in registered unemployment figures, which fell from above 10% during the second quarter to 3.9% at the end of 2020. COVID-19 infection rates rose during the fourth quarter, albeit from low levels. New restrictions were imposed, weighing on growth. House prices continued to rise and in December 2020 were 8.7% higher than in the same month last year, supported by the historically low interest rates. Norges Bank has recognised that vaccines will lead to a quicker normalisation of the Norwegian economy and the first rate hike is now expected during the first quarter of 2022, according to the central bank's interest rate path. The Norwegian krone has strengthened significantly in line with the higher oil price.

Sweden

Swedish GDP rose by 4.9% in the third quarter. The export industry was the main driver, but a recovery in domestic demand also contributed. COVID-19 infection rates rose substantially in the fourth quarter. In December fatalities were almost as high as in the spring. New restrictions were imposed, which weighed on growth. The situation in the labour market continued to improve, with the unemployment rate falling to 8.3% in November. House prices increased markedly and were 10% higher in November 2020 than in the same month last year. Sveriges Riksbank kept its repo rate unchanged at 0.0% and signalled that it would remain unchanged for the coming three years. The quantitative easing programme was scaled up for first quarter of 2021 and extended to cover the second half 2021. The trade-weighted Swedish krona strengthened by 4.6% in the course of the quarter.

[1]Source: Nordea Economic Research

Group results and performance

Fourth quarter 2020

Net interest income

Q4/Q4: Net interest income increased by 6%. The main drivers were increased mortgage and SME lending volumes, which offset the combined negative impact of deposit volumes and margins. The integration of Nordea Finance Equipment (NFE) also contributed positively.

Q4/Q3: Net interest income increased by 2% to EUR 1,169m. This was mainly due to the integration of NFE. Increased mortgage volumes and higher corporate lending margins were partly offset by pressure on mortgage margins in Norway due to a higher NIBOR.

Lending volumes

Q4/Q4: Loans to the public excluding repurchase agreements were up 4% in local currencies. Average lending volumes increased in local currencies in Personal Banking and Business Banking, but decreased as planned in Large Corporates & Institutions.

Q4/Q3: Loans to the public excluding repurchase agreements were up 2% in local currencies. Average lending volumes increased in local currencies in Personal Banking and Business Banking, but decreased as planned in Large Corporates & Institutions.

Deposit volumes

Q4/Q4: Total deposits from the public excluding repurchase agreements were up 9% in local currencies. Average deposit volumes increased in local currencies in all business areas.

Q4/Q3: Total deposits from the public excluding repurchase agreements were down 4% in local currencies. Average deposit volumes increased in local currencies in Personal Banking and Business Banking, but decreased in Large Corporates & Institutions.

Net interest income per business area

	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Local currency Q4/Q4	Local currency Q4/Q3
EURm									
Personal Banking	533	540	501	517	523	2%	-1%	2%	-2%
Business Banking	381	352	339	346	346	10%	8%	11%	8%
Large Corporates & Institutions	225	224	211	217	218	3%	0%		
Asset & Wealth Management	16	16	17	18	13	23%	0%	31%	6%
Group Functions	14	14	23	11	8				
Total Group	**1,169**	**1,146**	**1,091**	**1,109**	**1,108**	**6%**	**2%**	**6%**	**2%**

Change in net interest income (NII)

	Q4/Q3	Jan-Dec 20/19
EURm		
NII beginning of period	**1,146**	**4,318**
Margin-driven NII	**18**	**78**
Lending margin	14	-42
Deposit margin	1	-20
Cost of funds	3	140
Volume-driven NII	**22**	**169**
Lending volume	23	196
Deposit volume	-1	-27
Day count	0	12
Other[1,2,3]	-17	-62
NII end of period	**1,169**	**4,515**
[1] of which FX	0	-113
[2] of which Baltics	-	-1
[3] of which DGS	0	-3

Net fee and commission income

Q4/Q4: Net fee and commission income increased by 2%. Net fee and commission income from savings and investments increased by 8%. However, net fee and commission income from payments and cards decreased by 8%, mainly due to the impacts of COVID-19. In addition, lending-related net fee and commission income decreased by 3%.

Q4/Q3: Net fee and commission income increased by 9% to EUR 792m. In all segments, growth was due to a recovery in economic activity following the COVID-19 impact in the second quarter of 2020.

Savings and investment commissions

Q4/Q4: Net fee and commission income from savings and investments increased by 8%.

Q4/Q3: Net fee and commission income from savings and investments increased by 12% to EUR 552m. End-of-period assets under management increased by 8%, or EUR 28bn, to EUR 354bn, with a net inflow of EUR 8.2bn during the quarter.

Payments and cards and lending-related commissions

Q4/Q4: Net fee and commission income from payments and cards decreased by 8%. Lending-related net fee and commission income decreased by 3%.

Q4/Q3: Net fee and commission income from payments and cards was unchanged at EUR 110m. Lending-related net fee and commission income increased by 10% to EUR 140m.

Net fee and commission income per business area

								Local currency	
	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
EURm									
Personal Banking	297	278	266	292	313	-5%	7%	-6%	6%
Business Banking	164	140	129	154	161	2%	17%	4%	18%
Large Corporates & Institutions	113	114	98	121	100	13%	-1%		
Asset & Wealth Management	219	204	186	201	216	1%	7%	1%	7%
Group Functions	-1	-7	-6	-3	-15				
Total Group	**792**	**729**	**673**	**765**	**775**	**2%**	**9%**	**2%**	**8%**

Net fee and commission income per category

								Local currency	
	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
EURm									
Savings and investments, net	552	493	450	503	513	8%	12%	8%	12%
Payments and cards, net	110	110	105	124	120	-8%	0%	-9%	0%
Lending-related, net	140	127	120	126	145	-3%	10%	-3%	10%
Other commissions, net	-10	-1	-2	12	-3				
Total Group	**792**	**729**	**673**	**765**	**775**	**2%**	**9%**	**2%**	**9%**

Assets under management (AuM), volumes and net flow

	Q420	Q320	Q220	Q120	Q419	Net flow Q420
EURbn						
Nordic Retail funds	73.9	66.6	63.2	55.6	65.5	2.2
Private Banking	100.8	92.7	87.8	77.0	91.4	0.5
Institutional sales	121.4	112.7	108.5	101.7	114.7	4.5
Life & Pensions	57.6	54.2	51.9	46.1	53.1	1.1
Total	**353.8**	**326.2**	**311.4**	**280.4**	**324.7**	**8.2**

Net result from items at fair value

Q4/Q4: Net result from items at fair value decreased by 13%, driven by lower income in the customer businesses and Treasury. This was partly offset by higher trading income in Markets.

Q4/Q3: Net result from items at fair value decreased by 16% to EUR 217m, due to lower trading income in Markets and lower income in Treasury. Income in the customer businesses improved.

Net result from items at fair value per business area[1]

EURm	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3
Personal Banking	19	11	45	14	22	-14%	73%
Business Banking	66	50	71	70	65	2%	32%
Large Corporates & Institutions	106	138	156	67	95	12%	-23%
Asset & Wealth Mgmt. excl. Life & Pensions	1	3	4	7	5	-79%	-64%
Life & Pensions	13	20	21	26	32	-60%	-36%
Group Functions	12	35	19	-74	31		
Total Group	**217**	**257**	**316**	**110**	**250**	**-13%**	**-16%**

[1] Restatements of historical figures due to a changed presentation of net result on loans held at fair value, which is now included in the line "Net loan losses and similar net result". See Note 1 for further information.

Equity method

Q4/Q4: Income from companies accounted for under the equity method was EUR 5m, up from EUR -1m in the fourth quarter of 2019, which included a negative revaluation of shares.

Q4/Q3: Income from companies accounted for under the equity method was EUR 5m, down from EUR 6m.

Other operating income

Q4/Q4: Other operating income decreased by EUR 110m to EUR 36m. The fourth quarter of 2019 included the sale of LR Realkredit, which contributed EUR 138m.

Q4/Q3: Other operating income increased by EUR 19m to EUR 36m, driven by the sale of the Group's interest in Automatia, which amounted to EUR 10m.

Total operating income per business area

								Local currency	
EURm	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
Personal Banking	849	831	814	825	857	-1%	2%	-1%	1%
Business Banking	621	547	545	575	576	8%	14%	8%	13%
Large Corporates & Institutions	444	476	465	405	413	8%	-7%		
Asset & Wealth Management	252	246	226	258	268	-6%	2%	-5%	2%
Group Functions	53	55	40	-61	164				
Total Group	**2,219**	**2,155**	**2,090**	**2,002**	**2,278**	**-3%**	**3%**	**-2%**	**3%**
Total, excl. items affecting comparability[1]	**2,219**	**2,155**	**2,090**	**2,002**	**2,140**	**4%**	**3%**	**4%**	**3%**

[1] Items affecting comparability in the fourth quarter of 2019: EUR 138m tax free gain related to the sale of LR Realkredit.

Total operating expenses

Q4/Q4: Total operating expenses were up 3% due to non-recurring items in the fourth quarter of 2020 and variable pay reversals during the fourth quarter of 2019.

Q4/Q3: Total operating expenses in the fourth quarter increased by 12% to EUR 1,218m due to an additional IT impairment of EUR 35m and increased liability related to Danish holiday pay (hereafter "the Danish holiday liability").

Staff costs

Q4/Q4: Staff costs were up 11%. In 2019 provisions for variable pay were reversed and the fourth quarter of 2020 included provisions for the Danish holiday liability.

Q4/Q3: Staff costs increased by 5% to EUR 722m, mainly due to provisions for the Danish holiday liability and integration costs related to NFE.

Other expenses

Q4/Q4: Other expenses were down 15%, partly due to restructuring provisions in the fourth quarter of 2019 and lower travel and consulting costs in the fourth quarter of 2020.

Q4/Q3: Other expenses increased by 30% to EUR 319m, mainly due to higher IT activity and year-end invoicing, as well as provisions for costs related to the NFE integration.

Depreciation and amortisation

Q4/Q4: Depreciation amounted to EUR 177m, up from EUR 156m, mainly due to additional IT impairments.

Q4/Q3: Depreciation was up EUR 19m or 12% due to additional IT impairments.

FTEs

Q4/Q4: The number of employees (FTEs) was 28,051 at the end of the fourth quarter, a decrease of 3%. In the fourth quarter of 2020 353 FTEs were added as a result of the NFE integration. Excluding the latter, the number of FTEs was down 5%.

Q4/Q3: The number of FTEs was up 1%, driven by the NFE integration. Excluding the latter, the number of FTEs was down 1%.

Total operating expenses

								Local currency	
	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
EURm									
Staff costs	-722	-686	-645	-699	-648	11%	5%	12%	5%
Other expenses	-319	-245	-303	-419	-375	-15%	30%	-15%	30%
Depreciation	-177	-158	-140	-130	-156	13%	12%	12%	12%
Total Group	**-1,218**	**-1,089**	**-1,088**	**-1,248**	**-1,179**	**3%**	**12%**	**3%**	**12%**

Total operating expenses per business area

								Local currency	
	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
EURm									
Personal Banking	-452	-439	-453	-471	-484	-7%	3%	-7%	2%
Business Banking	-273	-251	-257	-297	-268	2%	9%	2%	10%
Large Corporates & Institutions	-195	-182	-196	-268	-196	-1%	7%		
Asset & Wealth Management	-133	-123	-125	-126	-128	4%	8%	5%	9%
Group Functions	-165	-94	-57	-86	-103				
Total Group	**-1,218**	**-1,089**	**-1,088**	**-1,248**	**-1,179**	**3%**	**12%**	**3%**	**12%**

Currency fluctuation effects

	Q4/Q4	Q4/Q3	Jan-Dec 20/19
percentage points			
Income	0	0	-1
Expenses	0	0	-1
Operating profit	-1	0	-1
Loan and deposit volumes	0	3	0

Net loan losses and similar net result

The Nordea Group's net loan losses and similar net result for the fourth quarter amounted to EUR 28m (3bp). Net loan losses amounted to EUR 58m (9bp), which is closer to our expected level of losses under normal market conditions, and fair value changes in Nordea Kredit's portfolio amounted to EUR 30m. The quality of our credit portfolio remained strong throughout the quarter, despite the ongoing COVID-19 crisis

Full-year net loan losses and similar net result amounted to EUR 860m (26bp). Net loan losses amounted to EUR 908m (35bp), in line with our 2020 projection of below EUR 1bn, while fair value changes in Nordea Kredit's portfolio amounted to EUR 48m. EUR 465m (18bp) of the net loan losses were attributable to business-as-usual losses and IFRS 9 adjustments, while additional management judgement reserves of EUR 443m were made to cover the risk of losses due to COVID-19.

We kept the total management judgment allowance at EUR 650m at the end of 2020, thereby ensuring a significant reserve against potential future loan losses. We also kept the collective allowances covering the macroeconomic development in the IFRS 9 model at the same level as in the second and third quarters, at EUR 149m.

Net loan losses and similar net result includes fair value adjustments to the margin component of loans held at fair value in Nordea Kredit's mortgage portfolio in Denmark, where Nordea has a holding intent. From the fourth quarter of 2020 onwards these are being presented separately on a new row in the income statement entitled "Net result on loans in hold portfolios mandatorily held at fair value". The new presentation is better aligned with the presentation of credit risk-driven changes to loans held at amortised cost. More information can be found in Note 1 "Accounting policies". The valuation of the margins is dependent on loan-to-value, which is a measure of the credit risk associated with the loans. In the quarter we saw an increase in collateral values (house prices), which led to a decrease in loan-to-value, resulting in revaluation gains of EUR 30m.

Main drivers of loan losses and similar net result
Net loan losses on individual exposures (stage 3) amounted to EUR 95m, while collective provisions for the credit portfolio (stages 1, 2 and 3) were reduced by EUR 37m, mainly mirroring a corresponding increase in individual provisions.

Net loan losses in Personal Banking amounted to EUR 34m (3bp[2]), compared with net reversals of EUR 2m in the third quarter. The net loan losses were at business-as-usual levels, while gross provisions and write-offs were mainly driven by consumer loan write-offs. The revaluation of Nordea Kredit's mortgage portfolio had a positive impact of EUR 23m.

In Business Banking net loan losses amounted to EUR 27m (11bp[2]), compared with EUR 2m in the third quarter. The net loan losses were driven by net individual provisions of EUR 20m. The revaluation of Nordea Kredit's mortgage portfolio had a positive impact of EUR 2m.

Net loan losses in Large Corporates & Institutions amounted to EUR 1m (-2bp[2]), compared with net reversals of EUR 4m in the third quarter. The losses were driven by individual releases of EUR 5m and increases in the modelled collective provisions amounting to EUR 6m.

Asset & Wealth Management and Group Functions had releases of EUR 1m and EUR 3m respectively.

COVID-19 and macroeconomic scenarios
Portfolio credit quality was stable throughout the quarter, with slightly positive net rating migration (upgrades exceeding downgrades) and a continued reduction in new defaults. Following updated analyses at the portfolio level (updated stress tests) and repeated client-by-client reviews, we have kept the projected credit loss impact of COVID-19 largely unchanged. It can still be expected that some customers will suffer further from the COVID-19 crisis after instalment-free periods and state support measures have expired, and as a result of the second wave of the pandemic. In general, loan losses can be expected to occur, after a time lag, in line with the loan loss projections made in the second quarter.

We will take appropriate action to release management judgements as respective losses are realised or captured by models, while maintaining adequate provisioning coverage in a forward-looking manner.

To maintain an adequate provisioning outcome in the light of continued macroeconomic uncertainty due to the ongoing pandemic, the weight on the adverse scenario in our IFRS9 models was maintained at 45%. The baseline scenario was maintained as the most probable one, with a 50% weight. The macroeconomic scenarios used were largely kept in place and remained prudent compared with official forecasts for the Nordic economies. Updates made to the scenarios based on the latest economic data had no significant impact on the level of allowances compared with the third quarter.

We continue to closely monitor the evolution of credit risk in the sectors affected by COVID-19 and the situation of the customers whose instalment-free periods have expired or are due to expire. These customers are being carefully assessed in line with the normal credit risk assessment process. Based on the information we have at the end of the quarter, so far, less than 5% of customers have been classified as forborne (or in default) following the expiry of their instalment-free period.

Management judgement allowances
We retained a total management judgement allowance of EUR 650m, consisting of a cyclical management judgement allowance and a structural management judgement allowance. Some adjustments were made in the fourth quarter while maintaining the overall level of allowances, reflecting the unchanged credit risk outlook.

The cyclical management judgement allowance covers projected individual loan losses and expected loan losses that are not captured by the collective provisioning models. We increased this allowance to EUR 450m from EUR 440m in the third quarter.

The structural management judgement allowance covers estimated provisioning needs stemming from planned updates to the collective provisioning models and the residual impact of the ECB's new provisioning requirements relating to aged non-performing loans. To reflect underlying portfolio developments, we reduced this allowance to EUR 200m from EUR 210m in the third quarter.

Credit portfolio

Total lending to the public excluding reverse repurchase agreements increased to EUR 318bn from EUR 302bn in the third quarter, corresponding to an increase of 5% in local currencies.

Loans to the public measured at fair value excluding reverse repurchase agreements increased to EUR 61bn from EUR 60bn in the third quarter. At the end of the quarter the fair value portfolio mainly comprised Danish mortgage lending, which amounted to EUR 56bn, unchanged from the third quarter.

Lending to the public measured at amortised cost increased to EUR 257bn from EUR 242bn in the third quarter. Of this, 94% was classified as stage 1, 5% was stage 2 and 1% was stage 3. The distribution was broadly unchanged from the previous quarter, but with a slight increase in lending classified as stage 2.

The coverage ratio was 12bp for stage 1 (up from 11bp in the third quarter), 355bp for stage 2 (up from 341bp in the third quarter) and 42% for stage 3 (down from 43% in the third quarter).

The gross impairment rate (stage 3) improved to 151bp for loans at amortised cost from 169bp in the third quarter. The fair value impairment rate decreased to 140bp from 141bp in the third quarter.

Net loan loss ratios

	Q420	Q320	Q220	Q120	Q419
Basis points of loans, amortised cost[1]					
Net loan loss ratios, annualised, Group	9	0	115	26	17
of which stages 1 and 2	1	-10	66	2	1
of which stage 3	8	10	49	24	16
Basis points of loans, total[1,2]					
Net loan loss ratio, including loans held at fair value, annualised, Group	3	-2	85	19	11
Personal Banking total	3	-1	58	10	7
PeB Denmark	-11	-3	50	13	8
PeB Finland	15	5	107	9	1
PeB Norway	9	-11	63	4	10
PeB Sweden	2	3	26	15	5
Business Banking total	11	-4	110	30	8
BB Denmark	0	-3	55	-8	-14
BB Finland	18	6	175	91	44
BB Norway	25	-18	155	28	-11
BB Sweden	9	-5	93	20	11
Large Corporates & Institutions total	-2	-6	118	25	24
LC&I Denmark	-10	-23	135	-16	-65
LC&I Finland	-5	-22	109	18	64
LC&I Norway	3	109	318	161	65
LC&I Sweden	22	-113	183	-6	86

[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 excluding items affecting comparability (IAC) increased by 11% to EUR 973m.

Q4/Q3: Operating profit excluding IAC decreased by EUR 112m to EUR 973m.

Taxes

Q4/Q4: Income tax expenses amounted to EUR 248m, down from EUR 263m, corresponding to a decreased tax rate of 25.5%, compared with 30.0% in the fourth quarter of 2019.

Q4/Q3: Income tax expenses were flat and the tax rate was up from 22.9%.

Net profit

Q4/Q4: Net profit excluding IAC increased by EUR 113m to EUR 725m. Return on equity was 8.9%, up from 8.1%. With amortised resolution fees, return on equity was 8.4%, up from 7.6%.

Q4/Q3: Net profit decreased by EUR 112m from EUR 837m. Return on equity was 8.9%, down from 10.6%. With amortised resolution fees, return on equity was 8.4%, down from 10.1%.

Q4/Q4: Diluted earnings per share excluding IAC were EUR 0.18, compared with EUR 0.15.

Q4/Q3**:** Diluted earnings per share were EUR 0.18, compared with EUR 0.21.

Operating profit per business area

								Local currency	
	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3
EURm									
Personal Banking	386	397	135	315	346	12%	-3%	11%	-4%
Business Banking	322	304	52	216	292	10%	6%	11%	5%
Large Corporates & Institutions	252	304	40	85	173	46%	-17%		
Asset & Wealth Management	121	120	99	132	140	-14%	1%	-13%	3%
Group Functions	-108	-40	-20	-149	62				
Total Group	**973**	**1,085**	**306**	**599**	**1,013**	**-4%**	**-10%**	**-3%**	**-11%**
Total, excl. items affecting comparability[1]	**973**	**1,085**	**306**	**599**	**875**	**11%**	**-10%**	**12%**	**-11%**

[1] Items affecting comparability in the fourth quarter of 2019: EUR 138m tax free gain related to the sale of LR Realkredit.

Capital position and risk exposure amount

The Nordea Group's Common Equity Tier 1 (CET1) capital ratio increased to 17.1% at the end of the fourth quarter from 16.4% in the third quarter. CET1 capital increased by EUR 1.8bn. This was mainly due to regulatory changes to the treatment of software assets and a changed consolidation for the banking group, according to which Nordea Life & Pensions is now consolidated using the equity method. Profit generation net of dividend accrual also contributed to the increase in CET1 capital.

The risk exposure amount (REA) increased by EUR 4.9bn, primarily due to the acquisition of SG Finans, the changed consolidation for Nordea Life & Pensions, risk-weighting of software intangibles and FX effects. Reduced derivative volumes and reduced off-balance sheet exposure in corporate credit facilities partly offset the REA increase.

The Group's Tier 1 capital ratio increased to 18.7% at the end of the quarter from 18.2% in the third quarter. The total capital ratio increased to 20.5% in the fourth quarter, primarily driven by movements in Tier 1 capital and reduced Tier 2 exposure to Nordea Life & Pensions.

At the end of the fourth quarter CET1 capital amounted to EUR 26.6bn, Tier 1 capital amounted to EUR 29.1bn and own funds amounted to EUR 31.8bn.

The leverage ratio increased to 5.9% at the end of the fourth quarter from 5.3% in the third quarter. The increase was driven by higher Tier 1 capital due to regulatory changes and reduced leverage exposure.

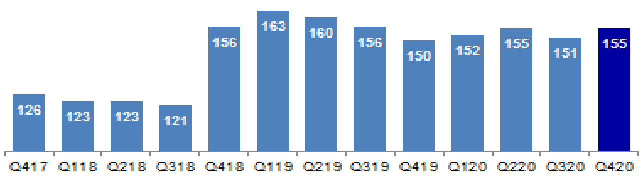
The Group's economic capital amounted to EUR 23.5bn at the end of the fourth quarter, a decrease of EUR 0.2bn compared with the third quarter. This was mainly driven by changes in the treatment of software assets, which led to a reduction in economic capital. The reduction was partly offset by an increase in Pillar 1 credit risk during the fourth quarter.

On 18 December 2020 Nordea received permission from the European Central Bank (ECB) to exclude, from the calculation of the net open currency position, structural positions in NOK, SEK and USD that are deliberately taken to hedge against variation in the CET1 ratio caused by exchange rate fluctuations. The permission will enter into force in the first quarter of 2021.

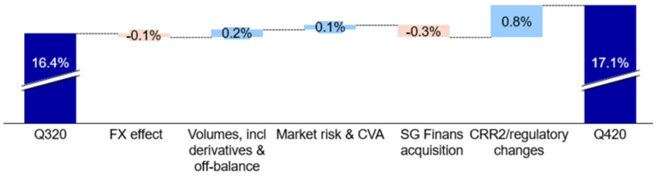
Capital ratios

	Q420	Q320	Q220	Q120	Q419
%					
CRR/CRD IV					
CET1 capital ratio	17.1	16.4	15.8	16	16.3
Tier 1 capital ratio	18.7	18.2	17.6	17.8	18.3
Total capital ratio	20.5	19.9	20.1	20.2	20.8

Risk exposure amount, (EURbn), quarterly



Common Equity Tier 1 capital ratio, changes in the quarter



Capital and dividend policy

Our intention is to hold a CET1 capital management buffer of 150-200bp above the CET1 capital ratio requirement (restriction level for the maximum distributable amount, MDA). We strive to maintain a strong capital position in line with our capital policy. Our ambition is to distribute 60-70% of the net profit for the year to shareholders. Excess capital in relation to capital targets will be used for organic growth and strategic business acquisitions, as well as being subject to buy-back considerations.

Dividend for 2019 and 2020

On 15 December 2020 the ECB issued an updated dividend recommendation to banks. The ECB in general expects dividends and share buy-backs to remain below 15% of the cumulated profit for 2019-20 and not to exceed 20bp of the CET1 ratio until the end of September 2021. The Board of Directors of Nordea decided on 16 December 2020 to follow the updated ECB recommendation.

Based on the recommendation and after a dialogue with the ECB, the Board of Directors will, on 18 February, decide on a dividend distribution of EUR 0.07 per share, in accordance with the mandate received from the 2020 Annual General Meeting (AGM). The record date for such dividend payment would be 22 February and the earliest payment date would be 1 March. In addition, the Board decided to propose that the 24 March 2021 AGM authorise it to decide on a dividend payment of a maximum of EUR 0.72 per share. The payment would be distributed based on the balance sheet to be adopted for the financial year ended 31 December 2020, in one or several instalments. The authorisation would remain in force until the beginning of the next AGM.

The proposed amount of EUR 0.72 maximum per share is in line with Nordea's dividend policy and includes the residual amount of the 2020 AGM dividend mandate (EUR 0.33 per share) as well as 70% of the net profit for the financial year 2020 (EUR 0.39 per share). The Board of Directors will refrain from deciding on a dividend payment based on the proposed authorisation before 1 October 2021 unless the ECB updates or revokes its current recommendation.

Nordea will publish any future decisions on dividend payment by the Board of Directors separately, and will simultaneously confirm the dividend record and payment dates.

On 31 December 2020 Nordea Bank Abp's distributable earnings, including profit for the financial year, were EUR 19,977m and other unrestricted equity amounted to EUR 4,573m.

Regulatory development

On 15 December the ECB issued a recommendation for banks to refrain from or limit dividends and share buy-backs until the end of September 2021. The recommendation states that dividends and share buy-backs should remain below 15% of the cumulated profit for 2019 and 2020, and not exceed 20bp of the CET1 ratio.

On 17 December the Swedish Financial Supervisory Authority extended its temporary 25% risk weight floor for residential mortgages until the end of 2021. The temporary floor has been in place since 31 December 2018.

On 22 December the Commission Delegated Regulation on the deduction of software assets from Common Equity Tier 1 items was published in the Official Journal of the European Union. The Delegated Regulation, which entered into force on 23 December, explains how to define and calculate prudently valued software assets which are not negatively affected by resolution, insolvency or liquidation. According to this approach, the positive difference between the prudential and accounting accumulated amortisations is to be fully deducted from CET1 capital, while the residual portion of the carrying amount of software must be risk weighted at 100%. The prudential amortisation period is at most three years and starts from the date on which the software asset is available for use and begins to be amortised for accounting purposes.

To mitigate the effect of the Norwegian implementation of the Capital Requirements Regulation (CRR) and Capital Requirements Directive IV, the Norwegian Ministry of Finance adopted amendments to banks' capital requirements. The systemic risk buffer was changed from 3% for all Norwegian banks to 4.5% for all Norwegian exposures, and risk weight floors for residential real estate and commercial real estate were implemented at 20% and 35% respectively, in accordance with Article 458 of the CRR. The changes entered into force on 31 December 2020 and apply to the domestic exposures of all Norwegian banks that are currently subject to the advanced internal ratings-based approach. For all other banks, the changes to the systemic risk buffer will enter into force on 31 December 2022. The current implementation has no impact on the Nordea Group. However, on 2 February 2021 the Norwegian Ministry of Finance requested the European Systemic Risk Board to issue a recommendation to other European Economic Area states to reciprocate the measures. Nordea does not agree to the change in the systemic risk buffer and is raising its concerns with relevant decision-making bodies. If the Finnish Financial Supervisory Authority reciprocates, the aforementioned measures would then also apply to the Nordea Group, leading to an estimated increase in the Group's CET1 capital ratio requirement of approximately 95bp.

Risk exposure amount

EURm	31 Dec 2020	31 Dec 2019
Credit risk	**120,479**	**117,367**
IRB	104,743	103,694
- sovereign		
- corporate	67,540	67,479
- advanced	*57,670*	*57,103*
- foundation	*9,870*	*10,376*
- institutions	4,738	6,135
- retail	27,256	26,248
- items representing securitisation positions	880	874
- other	4,329	2,958
Standardised	15,736	13,673
- sovereign	520	1,047
- retail	5,373	5,163
- other	9,842	7,463
Credit value adjustment risk	**648**	**795**
Market risk	**6,616**	**4,934**
- trading book, internal approach	3,671	4,126
- trading book, standardised approach	606	808
- banking book, standardised approach	2,339	
Settlement risk	**265**	**4**
Operational risk	**14,701**	**15,698**
Additional risk exposure amount related to Finnish RW floor due to Article 458 of the CRR	**630**	**750**
Additional risk exposure amount related to Swedish RW floor due to Article 458 of the CRR	**12,101**	**10,667**
Additional risk exposure amount due to Article 3 of the CRR		
Total	**155,440**	**150,215**

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

EURm	31 Dec 2020	31 Dec 2019
Calculation of own funds		
Equity in the consolidated situation	29,100	28,398
Profit for the period	2,288	1,658
Proposed/actual dividend	-1,585	-1,616
Common Equity Tier 1 capital before regulatory adjustments	29,802	28,441
Deferred tax assets	-252	-136
Intangible assets	-2,636	-3,451
IRB provisions shortfall (-)		
Pension assets in excess of related liabilities	-108	-130
Other items, net[1]	-253	-303
Total regulatory adjustments to Common Equity Tier 1 capital	**-3,249**	**-4,020**
Common Equity Tier 1 capital (net after deduction)	**26,553**	**24,421**
Additional Tier 1 capital before regulatory adjustments	2,609	3,117
Total regulatory adjustments to Additional Tier 1 capital	-21	-20
Additional Tier 1 capital	**2,588**	**3,097**
Tier 1 capital (net after deduction)	**29,141**	**27,518**
Tier 2 capital before regulatory adjustments	2,745	4,559
IRB provisions excess (+)	628	220
Deductions for investments in insurance companies	-650	-1,000
Other items, net	-63	-61
Total regulatory adjustments to Tier 2 capital	**-85**	**-841**
Tier 2 capital	**2,660**	**3,718**
Own funds (net after deduction)	**31,801**	**31,236**

[1] Based on profit inclusion. -261 -303

Own funds excluding profit

EURm	31 Dec[2] 2020	31 Dec 2019
Common Equity Tier 1 capital	26,431	24,346
Tier 1 capital (net after deduction)	29,019	27,444
Total own funds	**31,679**	**31,161**

[2] Including third-quarter, second-quarter and first-quarter profit, excluding fourth-quarter profit (pending application).

Own funds reported to ECB[3]

Profit inclusion	Including Q3, Q2 and Q1 profit, excluding Q4 profit (pending application).	Including profit

[3] This table describes in text how profit has been included in the regulatory reporting of own funds to the ECB for the relevant reporting periods.

Balance sheet

Total assets in the quarter amounted to EUR 552bn, a decrease of EUR 23bn compared with the previous quarter. Loans to the public were higher, while loans to credit institutions, interest-bearing securities, and other assets were lower compared with the previous quarter.

Loans to credit institutions amounted to EUR 3bn, a decrease of EUR 7bn compared with the previous quarter, while loans to the public increased by EUR 10bn to EUR 330bn due to increased levels of customer activity.

Other assets decreased by EUR 21bn to EUR 111bn, mainly due to lower cash and balances in central banks.

Balance sheet data

	Q420	Q320	Q220	Q120	Q419
EURbn					
Loans to credit institutions	3	10	9	16	9
Loans to the public	330	320	328	324	323
Derivatives	45	45	47	57	39
Interest-bearing securities	63	68	73	72	65
Other assets	111	132	130	131	119
Total assets	**552**	**575**	**587**	**600**	**555**
Deposits from credit institutions	24	39	46	63	32
Deposits from the public	183	190	188	174	169
Debt securities in issue	174	180	182	184	194
Derivatives	47	45	50	55	42
Other liabilities	90	88	89	93	86
Total equity	34	33	32	31	32
Total liabilities and equity	**552**	**575**	**587**	**600**	**555**

Funding and liquidity operations

Nordea issued approximately EUR 4.5bn in long-term funding in the fourth quarter (excluding Danish covered bonds), of which approximately EUR 0.5bn was issued in the form of covered bonds and EUR 4.0bn was issued as senior debt.

At the end of the fourth quarter long-term funding accounted for approximately 81% of Nordea's total funding.

Short-term liquidity risk is measured using several metrics, including the liquidity coverage ratio (LCR). The Nordea Group's combined LCR was 158% at the end of the fourth quarter. The Group's LCR in EUR was 278% and in USD was 119%. 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 88bn, compared with EUR 106bn at the end of the third quarter. The net stable funding ratio (NSFR) measures long-term liquidity risk. At the end of the fourth quarter Nordea's NSFR was 110.3%, compared with 114.9% at the end of the third quarter, due to a EUR 10bn increase in lending volumes.

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

In the course of 2020, Nordea participated in ECB and local central bank facilities, for example the targeted longer-term refinancing operation (TLTRO III) provided by the ECB in the second quarter, to further support customer needs.

Nordea has borrowed EUR 7bn under the TLTRO III programme. The negative interest expense amounted to EUR 9m in the fourth quarter (EUR 19m in 2020). Nordea recognises negative interest expense based on the current applicable interest rate fixed by the ECB. The interest rate on the funding is currently -0.5%, and may in the future decrease to -1% with retroactive impact. The interest rate on the liability depends on the rate fixed by the ECB and also on the development of the credit volume in a benchmark portfolio. If certain thresholds are reached, Nordea will receive a discount on the interest rate paid, at which time Nordea will alter the effective interest rate under IFRS 9. In 2020 Nordea did not include any such alteration of the effective interest rate, as it could not be assumed with adequate certainty that the thresholds would be reached. Any impact from an alteration of the effective interest rate will be recognised as "Net interest income".

Funding and liquidity data

	Q420	Q320	Q220	Q120	Q419
Long-term funding portion	81%	78%	77%	78%	78%
LCR total	158%	172%	160%	182%	166%
LCR EUR	278%	269%	183%	234%	236%
LCR USD	119%	198%	202%	191%	146%

Market risk

Market risk in the trading book measured by value at risk (VaR) was EUR 17m. Compared with the previous quarter, total VaR decreased by EUR 11m, primarily as a result of lower interest rate risk. Interest rate risk was the main driver of total VaR at the end of the quarter. Total VaR continues to be driven by market risk related to Nordic and other Northern European exposures.

Trading book

	Q420	Q320	Q220	Q120	Q419
EURm					
Total risk, VaR	17	28	29	60	21
Interest rate risk, VaR	18	25	27	53	18
Equity risk, VaR	4	3	5	24	6
Foreign exchange risk, VaR	3	4	3	3	2
Credit spread risk, VaR	12	12	9	27	4
Inflation risk, VaR	3	3	2	3	2
Diversification effect	58%	39%	38%	46%	34%

Market risk in the banking book measured by VaR was EUR 88m. Compared with the previous quarter, total VaR increased by EUR 7m, primarily as a result of higher mortgage bond exposure in the liquid assets portfolio. Interest rate risk remained the main driver of total VaR at the end of the quarter. Total VaR continues to be driven by market risk related to liquidity buffer and pledge collateral exposures.

Banking book

	Q420	Q320	Q220	Q120	Q419
EURm					
Total risk, VaR	88	81	90	82	34
Interest rate risk, VaR	89	82	87	84	34
Equity risk, VaR	7	6	8	5	6
Foreign exchange risk, VaR	5	4	13	5	5
Credit spread risk, VaR	3	3	3	2	1
Diversification effect	15%	15%	19%	15%	26%

Nordea share and ratings

Nordea's share price and ratings as at the end of the fourth quarter of 2020.

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
12/31/2018	74.58	54.23	7.27
3/31/2019	70.75	50.79	6.81
6/30/2019	67.42	47.74	6.39
9/30/2019	69.81	48.49	6.5
12/31/2019	75.64	54.27	7.24
3/31/2020	56.08	38.06	5.13
6/30/2020	64.31	45.80	6.15
9/30/2020	68.31	48.60	6.49
12/31/2020	67.22	49.38	6.67

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

* Negative outlook

Other information

Update on the acquisition of SG Finans

The acquisition of SG Finans, now Nordea Finance Equipment (NFE), was completed on 1 October 2020. The transaction will add around EUR 140 million to the Nordea Group's total annual income.

The transaction will also result in a minor increase in the Nordea Group's earnings per share and return on equity. For more details, see Note 1 on page 40.

Nordea Direct merger approved

On 12 June 2019 the Boards of Directors of Nordea Direct Bank ASA (formerly Gjensidige Bank ASA) and Nordea Bank Abp signed the merger plan and resolved to initiate the cross-border merger between the two companies. The merger was formally approved by the Boards of Directors in October 2019, as announced by the Norwegian Register of Business Enterprises. The merger is expected to be completed between 1 May 2021 and 1 July 2021, with 1 June 2021 as the target date, and is subject to regulatory approval.

Divestment of Automatia closed

On 26 February 2020, together with the other owners, Nordea agreed with Loomis to divest all the shares in Automatia, the leading cash handling and ATM provider in Finland. Nordea owned a third (approx. 33%) of the shares in Automatia.

The agreed purchase price was EUR 42m on a debt and cash-free basis.

The divestment of Automatia was completed on 2 December 2020.

Acquisition of pension portfolios from Frende Forsikring in Norway

On 6 July 2020 Nordea announced that it would be acquiring the occupational and individual pension portfolios of the Norwegian company Frende Livsforsikring AS. The acquisition was completed in the fourth quarter of 2020. The business was subsequently combined with Nordea's own Norwegian pension company, Livforsikringsselskapet Nordea Liv Norge AS ("Nordea Liv"). The pension portfolios have total unit-linked assets of approximately NOK 4.2bn and around 5,600 corporate customers, representing around 32,000 individual policyholders.

As part of the transaction, Nordea Liv entered into a long-term agreement to distribute pension products with the Norwegian savings banks which own Frende Livforsikring AS.

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

In accordance with its strategy, Nordea is focusing its business on core customers in the Nordic region. Consequently, the Group has decided to wind down its operations in Russia. The legal process has been initiated for the closing of the subsidiary.

Closure of Nordea's branches in Frankfurt and Singapore

The Frankfurt branch has been closed and the process to close the Singapore branch is ongoing and is expected to be finalised in the second quarter of 2021.

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

COVID-19 infection rates continued to grow in the fourth quarter of 2020. Nordea's Global Crisis Management team monitored the situation in each of the Nordic countries throughout the quarter.

Information on the financial and operational impacts of the COVID-19 pandemic on Nordea, as well as the measures taken to address these impacts, has been provided in this report. See "CEO comment", "Outlook", "Net loan losses and similar net result", "Funding and liquidity operations", "Other information", "Business areas", Note 1, "Accounting policies", Note 6, "Net loan losses" and Note 7, "Loans and impairment".

Nordea has also identified significant risks caused by the COVID-19 pandemic given the uncertainty of the economic impact on the markets in which the Group operates. See Note 11, "Risks and uncertainties".

Quarterly development, Group

EURm	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Net interest income	1,169	1,146	1,091	1,109	1,108	4,515	4,318
Net fee and commission income	792	729	673	765	775	2,959	3,011
Net result from items at fair value	217	257	316	110	250	900	1,012
Profit from associated undertakings and joint ventures accounted for under the equity method	5	6	-10	-2	-1	-1	50
Other operating income	36	17	20	20	146	93	232
Total operating income	**2,219**	**2,155**	**2,090**	**2,002**	**2,278**	**8,466**	**8,623**
General administrative expenses:							
Staff costs	-722	-686	-645	-699	-648	-2,752	-3,017
Other expenses	-319	-245	-303	-419	-375	-1,286	-1,639
Depreciation, amortisation and impairment charges of tangible and intangible assets	-177	-158	-140	-130	-156	-605	-1,330
Total operating expenses	**-1,218**	**-1,089**	**-1,088**	**-1,248**	**-1,179**	**-4,643**	**-5,986**
Profit before loan losses	**1,001**	**1,066**	**1,002**	**754**	**1,099**	**3,823**	**2,637**
Net loan losses and similar net result	-28	19	-696	-155	-86	-860	-524
Operating profit	**973**	**1,085**	**306**	**599**	**1,013**	**2,963**	**2,113**
Income tax expense	-248	-248	-63	-139	-263	-698	-571
Net profit for the period	**725**	**837**	**243**	**460**	**750**	**2,265**	**1,542**
Diluted earnings per share (DEPS), EUR	0.18	0.21	0.06	0.11	0.19	0.55	0.38
DEPS, rolling 12 months up to period end, EUR	0.55	0.56	0.27	0.38	0.38	0.55	0.38

Business areas

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group Functions		Nordea Group		
	Q4 2020	Q3 2020	Q4 2020	Q3 2020	Q4 2020	Q3 2020	Q4 2020	Q3 2020	Q4 2020	Q3 2020	Q4 2020	Q3 2020	*Chg*
EURm													
Net interest income	533	540	381	352	225	224	16	16	14	14	1,169	1,146	*2%*
Net fee and commission income	297	278	164	140	113	114	219	204	-1	-7	792	729	*9%*
Net result from items at fair value	19	11	66	50	106	138	14	23	12	35	217	257	*-16%*
Equity method & other income	0	2	10	5	0	0	3	3	28	13	41	23	*78%*
Total operating income	**849**	**831**	**621**	**547**	**444**	**476**	**252**	**246**	**53**	**55**	**2,219**	**2,155**	**3%**
Total operating expenses	**-452**	**-439**	**-273**	**-251**	**-195**	**-182**	**-133**	**-123**	**-165**	**-94**	**-1,218**	**-1,089**	**12%**
Net loan losses and similar net result	-11	5	-26	8	3	10	2	-3	4	-1	-28	19	
Operating profit	**386**	**397**	**322**	**304**	**252**	**304**	**121**	**120**	**-108**	**-40**	**973**	**1,085**	**-10%**
Cost-to-income ratio, %	53	53	44	46	44	38	53	50			55	51	
Return on capital at risk, %	16	16	15	15	12	13	23	24			12[1]	14[1]	
Economic capital (EC)	7,376	7,463	6,422	6,152	6,305	6,827	1,642	1,498	1,757	1,736	23,502	23,676	*-1%*
Risk exposure amount (REA)	47,200	46,062	43,125	40,055	42,280	45,027	7,401	5,625	15,434	13,790	155,440	150,559	*3%*
Number of employees (FTEs)	7,070	7,100	4,600	4,255	1,440	1,600	2,741	2,737	12,200	12,188	28,051	27,880	*1%*
Volumes, EURbn:													
Total lending	**162.3**	**156.1**	**91.6**	**85.0**	**62.3**	**68.9**	**9.6**	**9.0**	**4.0**	**1.5**	**329.8**	**320.5**	**3%**
Total deposits	**82.9**	**80.8**	**50.1**	**47.4**	**42.7**	**52.3**	**10.4**	**10.6**	**-2.7**	**-1.1**	**183.4**	**190.0**	**-3%**

[1] Excluding items affecting comparability.

	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		
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	*Chg*
EURm													
Net interest income	2,091	2,105	1,418	1,364	877	852	67	53	62	-56	4,515	4,318	*5%*
Net fee and commission income	1,133	1,208	587	594	446	433	810	783	-17	-7	2,959	3,011	*-2%*
Net result from items at fair value	89	130	257	261	467	296	95	99	-8	226	900	1,012	*-11%*
Equity method & other income	6	2	26	21	0	1	10	47	50	211	92	282	*-67%*
Total operating income	**3,319**	**3,445**	**2,288**	**2,240**	**1,790**	**1,582**	**982**	**982**	**87**	**374**	**8,466**	**8,623**	**-2%**
Total operating expenses	**-1,815**	**-1,989**	**-1,078**	**-1,115**	**-841**	**-931**	**-507**	**-560**	**-402**	**-1,391**	**-4,643**	**-5,986**	**-22%**
Net loan losses and similar net result	-271	-88	-316	-196	-268	-236	-3	8	-2	-12	-860	-524	*64%*
Operating profit	**1,233**	**1,368**	**894**	**929**	**681**	**415**	**472**	**430**	**-317**	**-1,029**	**2,963**	**2,113**	**40%**
Cost-to-income ratio, %	55	58	47	50	47	59	52	57			55	69	
Return on capital at risk, %	12	12	10	11	7	4	23	19			9[1]	9[1]	
Economic capital (EC)	7,376	7,988	6,422	7,035	6,305	7,418	1,642	1,767	1,757	1,510	23,502	25,718	*-9%*
Risk exposure amount (REA)	47,200	45,870	43,125	42,703	42,280	44,110	7,401	5,560	15,434	11,972	155,440	150,215	*3%*
Number of employees (FTEs)	7,070	7,522	4,600	4,334	1,440	1,711	2,741	2,740	12,200	12,693	28,051	29,000	*-3%*
Volumes, EURbn:													
Total lending	**162.3**	**155.2**	**91.6**	**85.2**	**62.3**	**72.7**	**9.6**	**8.4**	**4.0**	**1.6**	**329.8**	**323.1**	**2%**
Total deposits	**82.9**	**76.5**	**50.1**	**41.7**	**42.7**	**39.6**	**10.4**	**10.0**	**-2.7**	**0.9**	**183.4**	**168.7**	**9%**

[1] Excluding items affecting comparability.

Personal Banking

Introduction

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

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

Business development

In the fourth quarter we continued to see strong business momentum in mortgages and increased market shares across the Nordic region. We also launched several digital services to improve customer experience. For example, we launched a digital mortgage loan promise in Denmark and Norway. In Denmark, this has led to an initial reduction of more than 50% in the loan process handling time when customers use our digital solutions. Our customers say they find the new solution intuitive, easy to use and trustworthy.

Throughout the quarter we further improved the savings and investments experience for our customers. For example, we launched equity trading in the mobile bank app in Denmark, Finland and Sweden.

We continued to strengthen our digital capabilities in consumer finance, introducing a new credit card online application process in Sweden and launching services to support consumer loan refinancing in Denmark and Sweden.

We are continually adding new services to both the mobile bank app and the netbank. For example, in the fourth quarter we launched an account aggregation service in our mobile app in Denmark and Norway, enabling customers to get an overview of all their accounts, including those with other banks. The service, which was launched in partnership with the fintech Tink, was introduced in Sweden in the second quarter and will go live in Finland in the first quarter of 2021.

We continued to enter into new partnerships during the quarter. Most recently, we teamed up with a heating pump company to help customers in Denmark make more sustainable choices and increase the value of their homes by replacing boilers running on fossil fuels with energy-efficient heating pumps.

Customer satisfaction increased in all countries compared with 2019.

Financial outcome

Total income decreased by 1% compared with the same quarter last year due to lower payment and card fee income, which was attributable to the impact of COVID-19 and high conversion activity in the Danish mortgage market in 2019. Compared with the previous quarter, total income increased by 2%, mainly due to strong savings performance.

Net interest income increased by 2%, year on year, due to strong mortgage volume growth across all countries and increased lending and deposit margins in Sweden. Compared with the previous quarter, net interest income decreased by 1% due to pressure on lending margins in Norway.

Lending volumes increased by 5%, year on year, and by 4%, quarter on quarter. Mortgage lending increased by 6%, but consumer lending declined by 4%, driven by high market liquidity. Deposit volumes increased by 8% compared with the same quarter last year and by 3% compared with the previous quarter.

Net fee and commission income decreased by 5% compared with the same quarter last year due to lower payment and card fee income across all countries in 2020, as well as the high mortgage conversion activity in Denmark at the end of 2019. Compared with the previous quarter, net fee and commission income improved by 7% due to higher savings income.

Net result from items at fair value decreased by 14%, year on year, due to changes to income recognition principles for collar loans which took effect in the third quarter of 2020.

Total expenses decreased by 7% compared with the same quarter last year due to strict cost management, including the reduction of around 500 FTEs. This resulted in a cost-to-income ratio of 55% (with amortised resolution fees), an improvement of 3 percentage points compared with 2019.

Total net loan losses and similar net result amounted to EUR 11m (3bp), as loan losses of 11bp were largely offset by the positive impact of the revaluation of Nordea Kredit's mortgage portfolio.

Operating profit increased by 12%, year on year, to EUR 386m. Return on capital at risk was 16%, compared with 13% in the same quarter last year.

Personal Banking Denmark

Net interest income decreased by 1% in local currency compared with the same quarter last year, driven by a decline in non-mortgage volumes and pressure on lending margins. Compared with the previous quarter, net interest income remained stable.

Lending volumes increased by 3% in local currency, year on year, driven by a 5% increase in mortgage lending. Our market share in mortgage lending increased during the year. Deposit volumes increased by 1% compared with the same quarter last year.

Net fee and commission income decreased by 10% in local currency compared with the same quarter last year due to the high mortgage conversion activity in 2019 and lower payment and card fee income in 2020. Savings income picked up during the fourth quarter of 2020 and was up 17% on the previous quarter.

Net loan losses and similar net result amounted to EUR -12m (-11bp), a significant decrease compared with the same quarter last year, due to a EUR 23m gain resulting from the revaluation of Nordea Kredit’s mortgage portfolio. Underlying net loan losses were largely unchanged.

Personal Banking Finland

Net interest income decreased by 4% compared with the same quarter last year, driven by lower lending margins and lower consumer lending volumes.

Lending volumes increased by 4%, year on year, driven by a 6% increase in mortgage volumes. Deposit volumes increased by 10% compared with the same quarter last year.

Net fee and commission income increased by 1% compared with the same quarter last year due to increased savings income. This was partly offset by lower payment and card fee income.

Net loan losses and similar net result amounted to EUR 13m (15bp), an increase compared with the same quarter last year, due to write-offs in non-performing portfolios, mainly in consumer lending.

Personal Banking Norway

Net interest income decreased by 2% in local currency compared with the same quarter last year due to lower deposit margins. Compared with the previous quarter, net interest income decreased by 3% in local currency due to lower lending margins, which were mainly attributable to the increase in the NIBOR.

Lending volumes increased by 6% in local currency, year on year, driven by an 8% increase in mortgage volumes. Deposit volumes increased by 6% compared with the same quarter last year and stayed at the same level as in the previous quarter.

Net fee and commission income increased by 4% in local currency compared with the same quarter last year, driven by lending fee income. This was partly offset by lower payment and card fee income.

Net loan losses and similar net result amounted to EUR 8m (9bp), unchanged from the same quarter last year.

Personal Banking Sweden

Net interest income increased by 14% in local currency, year on year, due to volume growth and increased lending and deposit margins.

Lending volumes increased by 5% in local currency, year on year, and by 1%, quarter on quarter, driven by a 5% increase in mortgage lending. Our market share in mortgage lending increased steadily during the year. Deposit volumes increased by 12% in local currency compared with the same quarter last year.

Net fee and commission income decreased by 5% in local currency compared with the same quarter last year, mainly due to lower payment and card fee income. Compared with the previous quarter, net fee and commission income increased by 5%, mainly driven by savings income.

Net loan losses and similar net result amounted to EUR 3m (2bp), a slight decrease compared with the same quarter last year, due to a release of collective provisions.

Personal Banking total

								Local curr.				Jan-Dec 20/19	
	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3	Jan-Dec 20	Jan-Dec 19	EUR	Local
EURm													
Net interest income	533	540	501	517	523	2%	-1%	2%	-2%	2,091	2,105	-1%	1%
Net fee and commission income	297	278	266	292	313	-5%	7%	-6%	6%	1,133	1,208	-6%	-6%
Net result from items at fair value	19	11	45	14	22	-14%	73%	-13%	82%	89	130	-32%	-29%
Equity method & other income	0	2	2	2	-1					6	2		
Total income incl. allocations	**849**	**831**	**814**	**825**	**857**	**-1%**	**2%**	**-1%**	**1%**	**3,319**	**3,445**	**-4%**	**-2%**
Total expenses incl. allocations	**-452**	**-439**	**-453**	**-471**	**-484**	**-7%**	**3%**	**-7%**	**2%**	**-1,815**	**-1,989**	**-9%**	**-8%**
Profit before loan losses	**397**	**392**	**361**	**354**	**373**	**6%**	**1%**	**6%**	**0%**	**1,504**	**1,456**	**3%**	**5%**
Net loan losses and similar net result	-11	5	-226	-39	-27					-271	-88		
Operating profit	**386**	**397**	**135**	**315**	**346**	**12%**	**-3%**	**11%**	**-4%**	**1,233**	**1,368**	**-10%**	**-9%**
Cost-to-income ratio, %	53	53	56	57	57					55	58		
Cost-to-income ratio[1], %	55	55	54	55	58					55	58		
Return on capital at risk, %	16	16	5	12	13					12	12		
Economic capital (EC)	7,376	7,463	7,424	7,664	7,988	-8%	-1%			7,376	7,988	-8%	
Risk exposure amount (REA)	47,200	46,062	45,695	43,140	45,870	3%	2%			47,200	45,870	3%	
Number of employees (FTEs)	7,070	7,100	7,282	7,385	7,522	-6%	0%			7,070	7,522	-6%	
Volumes, EURbn:													
Mortgage lending	141.3	135.5	134.2	127.8	133.3	6%	4%	6%	1%	141.3	133.3	6%	6%
Other lending	21.0	20.6	20.9	20.9	21.9	-4%	2%	-4%	0%	21.0	21.9	-4%	-4%
Total lending	**162.3**	**156.1**	**155.1**	**148.7**	**155.2**	**5%**	**4%**	**5%**	**1%**	**162.3**	**155.2**	**5%**	**5%**
Total deposits	**82.9**	**80.8**	**80.5**	**75.2**	**76.5**	**8%**	**3%**	**8%**	**0%**	**82.9**	**76.5**	**8%**	**8%**

[1] Adjusted for resolution fees before tax.

Personal Banking

	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Local curr. Q4/Q4	Local curr. Q4/Q3	Jan-Dec 20	Jan-Dec 19	Jan-Dec 20/19 EUR	Jan-Dec 20/19 Local
Net interest income, EURm													
PeB Denmark	140	140	138	140	143	-2%	0%	-1%	0%	558	567	-2%	-2%
PeB Finland	87	88	88	92	91	-4%	-1%	-4%	-1%	355	389	-9%	-9%
PeB Norway	112	118	106	112	123	-9%	-5%	-2%	-3%	448	478	-6%	2%
PeB Sweden	200	193	171	174	171	17%	4%	14%	3%	738	682	8%	7%
Other	-6	1	-2	-1	-5					-8	-11		
Net fee and commission income, EURm													
PeB Denmark	84	69	67	76	89	-6%	22%	-10%	17%	296	321	-8%	-9%
PeB Finland	96	89	85	91	95	1%	8%	1%	8%	361	382	-5%	-5%
PeB Norway	26	24	24	27	26	0%	8%	4%	12%	101	111	-9%	0%
PeB Sweden	100	96	89	99	102	-2%	4%	-5%	5%	384	399	-4%	-4%
Other	-9	0	1	-1	1					-9	-5		
Net loan losses and similar net result, EURm													
PeB Denmark	12	3	-51	-13	-8					-49	-9		
PeB Finland	-13	-4	-91	-8	-1					-116	4		
PeB Norway	-8	9	-53	-3	-9					-55	-44		
PeB Sweden	-3	-3	-30	-16	-6					-52	-38		
Other	1	0	-1	1	-3					1	-1		
Volumes, EURbn													
Personal Banking Denmark													
Mortgage lending	33.3	32.9	32.3	31.8	31.6	5%	1%	5%	2%	33.3	31.6	5%	5%
Other lending	8.6	8.4	8.8	8.9	9.0	-4%	2%	-6%	1%	8.6	9.0	-4%	-6%
Total lending	**41.9**	**41.3**	**41.1**	**40.7**	**40.6**	**3%**	**1%**	**3%**	**1%**	**41.9**	**40.6**	**3%**	**3%**
Total deposits	**21.9**	**22.0**	**22.0**	**20.9**	**21.5**	**2%**	**0%**	**1%**	**-1%**	**21.9**	**21.5**	**2%**	**1%**
Personal Banking Finland													
Mortgage lending	28.7	28.2	27.8	27.3	27.1	6%	2%	6%	2%	28.7	27.1	6%	6%
Other lending	6.3	6.3	6.3	6.4	6.4	-2%	0%	-2%	0%	6.3	6.4	-2%	-2%
Total lending	**35.0**	**34.5**	**34.1**	**33.7**	**33.5**	**4%**	**1%**	**4%**	**1%**	**35.0**	**33.5**	**4%**	**4%**
Total deposits	**24.6**	**24.4**	**23.8**	**22.9**	**22.4**	**10%**	**1%**	**10%**	**1%**	**24.6**	**22.4**	**10%**	**10%**
Personal Banking Norway													
Mortgage lending	32.8	30.8	30.8	28.1	32.4	1%	6%	8%	1%	32.8	32.4	1%	8%
Other lending	2.7	2.6	2.6	2.4	3.1	-13%	4%	-7%	0%	2.7	3.1	-13%	-7%
Total lending	**35.5**	**33.4**	**33.4**	**30.5**	**35.5**	**0%**	**6%**	**6%**	**1%**	**35.5**	**35.5**	**0%**	**6%**
Total deposits	**9.9**	**9.5**	**9.9**	**8.7**	**10.0**	**-1%**	**4%**	**6%**	**0%**	**9.9**	**10.0**	**-1%**	**6%**
Personal Banking Sweden													
Mortgage lending	46.4	43.6	43.3	40.6	42.2	10%	6%	5%	1%	46.4	42.2	10%	5%
Other lending	3.5	3.3	3.3	3.2	3.4	3%	6%	-3%	0%	3.5	3.4	3%	-3%
Total lending	**49.9**	**46.9**	**46.6**	**43.8**	**45.6**	**9%**	**6%**	**5%**	**1%**	**49.9**	**45.6**	**9%**	**5%**
Total deposits	**26.4**	**24.8**	**24.9**	**22.7**	**22.6**	**17%**	**6%**	**12%**	**1%**	**26.4**	**22.6**	**17%**	**12%**

Business Banking

Introduction

In Business Banking we provide more than 500,000 small and medium-sized corporate customers with banking and advisory products and services, both online and in person.

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

We are a trusted financial partner, maintaining and developing our customer relationships by providing competent advice and developing digital solutions for easy banking.

Business development

In the fourth quarter we continued to grow lending and deposit volumes, which were up 8% and 20% respectively in local currencies compared with the same quarter last year. We saw strong momentum in Norway and Sweden due to enhanced engagement with new and existing customers. We continued to focus on green loans, and saw green lending volumes increase by more than 60% during the quarter.

Activity in equity capital markets was high in the fourth quarter, particularly in Sweden. We continued to develop our Digital Dashboard solution for corporate customers, which supports them in cash planning and provides overviews of transactions and upcoming payments. The platform currently has 20,000 users across the Nordics.

Customer satisfaction remained unchanged from the previous quarter and was higher than in the fourth quarter of 2019 in all countries. Improving customer experience and satisfaction in Business Banking continues to be one of our key focus areas.

We finalised the acquisition of SG Finans in October and rebranded the company Nordea Finance Equipment (NFE). The integration of NFE is running according to plan. The acquisition supports our Group strategy to focus on core business in the Nordic market. In particular, it will increase our competitiveness in the equipment and receivables finance market.

Financial outcome

Total income increased by 8% compared with the same quarter last year. NFE was consolidated in the results in the fourth quarter. Excluding the impact of the NFE integration, total income increased by approximately 2% compared with same quarter last year and by approximately 7% compared with the previous quarter.

Net interest income increased by 10%, year on year, driven by higher volumes and improved margins.

Lending volumes were up 8% compared with the same quarter last year. Excluding the impact of the NFE integration, the year-on-year increase was approximately 3%. Deposits were up 20% compared with the same quarter last year.

Net fee and commission income increased by 2%, year on year, driven by high equity capital market activity, which was partly offset by lower payment and card fee income and lower mortgage refinancing activity.

Net result from items at fair value increased by 2% compared with the same quarter last year.

Total expenses increased by 2% compared with the same quarter last year, reflecting the consolidation of NFE. Excluding the impact of the NFE integration, total expenses decreased by approximately 5% due to our continued drive for cost efficiency, as well as lower travel and representation costs due to COVID-19. The cost-to-income ratio in the fourth quarter was 46% (with amortised resolution fees), an improvement of 3 percentage points compared with the same quarter last year.

Net loan losses and similar net result amounted to EUR 26m (11bp) and included a EUR 7m allowance related to the integration of NFE and a EUR 2m gain resulting from the revaluation of Nordea Kredit's mortgage portfolio.

Operating profit increased by 10%, year on year, to EUR 322m. Return on capital at risk was 15%, compared with 13% in the same quarter last year.

Business Banking Denmark

Net interest income decreased by 3% in local currency compared with the same quarter last year, driven by lower lending income.

Lending volumes decreased by 2% in local currency, year on year. Excluding the impact of the NFE integration, the decrease was approximately 3%. Deposit volumes increased by 14%.

Net fee and commission income decreased by 9% in local currency compared with the same quarter last year due to lower payment and card fee income and lower mortgage refinancing activity.

Net loan losses and similar net result amounted to EUR 0m (0bp), as net loan losses of EUR 1m were offset by positive valuation adjustments in the mortgage portfolio during the quarter.

Business Banking Finland

Net interest income increased by 4% compared with the same quarter last year due to higher volumes and improved margins.

Lending volumes increased by 2%, year on year, while deposit volumes increased by 12%.

Net fee and commission income was unchanged compared with the same quarter last year.

Net loan losses and similar net result amounted to EUR 9m (18bp), down from EUR 21m in the same quarter last year.

Business Banking Norway

Net interest income increased by 23% in local currency compared with the same quarter last year due to higher volumes, although the benefit was partly offset by pressure on deposit margins.

Lending volumes increased by 27% in local currency, year on year. Excluding the impact of the NFE integration, the increase was approximately 12%. Deposit volumes increased by 15%.

Net fee and commission income increased by 7% in local currency compared with the same quarter last year due to higher lending fee income, which was partly offset by lower income from payment and card fees.

Net loan losses and similar net result amounted to EUR 13m (25bp), compared with EUR -5m in the same quarter last year. Net loan losses and similar net result included a EUR 5m allowance related to the integration of NFE.

Business Banking Sweden

Net interest income increased by 19% in local currency compared with the same quarter last year, driven by higher volumes and margins.

Lending volumes increased by 8% in local currency, year on year. Excluding the impact of the NFE integration, the increase was approximately 5%. Deposit volumes increased by 35%.

Net fee and commission income increased by 16% in local currency compared with the same quarter last year due to high levels of equity capital market activity, which were partly offset by lower income from payment and card fees.

Net loan losses and similar net result amounted to EUR 6m (9bp), unchanged from the same quarter last year.

Business Banking total

								Local curr.		Jan-	Jan-	Jan-Dec 20/19	
	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Q4/Q4	Q4/Q3	Dec 20	Dec 19	EUR	Local
EURm													
Net interest income	381	352	339	346	346	10%	8%	11%	8%	1,418	1,364	4%	6%
Net fee and commission income	164	140	129	154	161	2%	17%	4%	18%	587	594	-1%	0%
Net result from items at fair value	66	50	71	70	65	2%	32%	-4%	28%	257	261	-2%	-1%
Equity method & other income	10	5	6	5	4					26	21		
Total income incl. allocations	**621**	**547**	**545**	**575**	**576**	**8%**	**14%**	**8%**	**13%**	**2,288**	**2,240**	**2%**	**4%**
Total expenses incl. allocations	**-273**	**-251**	**-257**	**-297**	**-268**	**2%**	**9%**	**2%**	**10%**	**-1,078**	**-1,115**	**-3%**	**-2%**
Profit before loan losses	**348**	**296**	**288**	**278**	**308**	**13%**	**18%**	**13%**	**17%**	**1,210**	**1,125**	**8%**	**9%**
Net loan losses and similar net result	-26	8	-236	-62	-16					-316	-196		
Operating profit	**322**	**304**	**52**	**216**	**292**	**10%**	**6%**	**11%**	**5%**	**894**	**929**	**-4%**	**-2%**
Cost-to-income ratio, %	44	46	47	52	47					47	50		
Cost-to-income ratio[1], %	46	48	48	47	49					47	50		
Return on capital at risk, %	15	15	2	9	13					10	11		
Economic capital (EC)	6,422	6,152	6,346	7,057	7,035	-9%	4%			6,422	7,035	-9%	
Risk exposure amount (REA)	43,125	40,055	41,375	41,902	42,703	1%	8%			43,125	42,703	1%	
Number of employees (FTEs)	4,600	4,255	4,266	4,266	4,334	6%	8%			4,600	4,334	6%	
Volumes, EURbn:													
Total lending	91.6	85.0	85.8	83.5	85.2	8%	8%	8%	5%	91.6	85.2	8%	8%
Total deposits	50.1	47.4	46.5	41.5	41.7	20%	6%	20%	3%	50.1	41.7	20%	20%

[1] Adjusted for resolution fees before tax.

Business Banking

	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Local curr. Q4/Q4	Local curr. Q4/Q3	Jan-Dec 20	Jan-Dec 19	Jan-Dec 20/19 EUR	Jan-Dec 20/19 Local
Net interest income, EURm													
Business Banking Denmark	89	83	85	89	91	-2%	7%	-3%	6%	346	361	-4%	-4%
Business Banking Finland	94	90	92	91	90	4%	4%	4%	4%	367	362	1%	1%
Business Banking Norway	95	77	73	80	81	17%	23%	23%	23%	325	319	2%	11%
Business Banking Sweden	98	93	84	86	81	21%	5%	19%	5%	361	313	15%	14%
Other	5	9	5	0	3					19	9		
Net fee and commission income, EURm													
Business Banking Denmark	31	25	26	31	34	-9%	24%	-9%	20%	113	120	-6%	-6%
Business Banking Finland	54	49	47	53	54	0%	10%	0%	10%	203	201	1%	1%
Business Banking Norway	27	23	22	26	28	-4%	17%	7%	16%	98	108	-9%	0%
Business Banking Sweden	66	53	45	55	55	20%	25%	16%	27%	219	207	6%	5%
Other	-14	-10	-11	-11	-10					-46	-42		
Net loan losses and similar net result, EURm													
Business Banking Denmark	0	2	-35	5	9					-28	-120		
Business Banking Finland	-9	-3	-87	-45	-21					-144	-30		
Business Banking Norway	-13	8	-67	-11	5					-83	-6		
Business Banking Sweden	-6	3	-54	-11	-6					-68	-30		
Other	2	-2	7	0	-3					7	-10		
Lending, EURbn													
Business Banking Denmark	25.6	24.6	25.3	25.6	25.9	-1%	4%	-2%	4%	25.6	25.9	-1%	-2%
Business Banking Finland	19.6	19.8	19.9	19.7	19.2	2%	-1%	2%	-1%	19.6	19.2	2%	2%
Business Banking Norway	20.9	17.3	17.3	16.0	17.5	19%	21%	27%	15%	20.9	17.5	19%	27%
Business Banking Sweden	25.4	23.3	23.3	22.2	22.5	13%	9%	8%	4%	25.4	22.5	13%	8%
Other	0.1	0	0	0	0.1					0.1	0.1		
Deposits, EURbn													
Business Banking Denmark	9.2	9.1	8.8	8.1	8.1	14%	1%	14%	1%	9.2	8.1	14%	14%
Business Banking Finland	14.5	14.6	14.6	13.5	12.9	12%	-1%	12%	-1%	14.5	12.9	12%	12%
Business Banking Norway	8.9	8.1	8.2	7.2	8.2	9%	10%	15%	5%	8.9	8.2	9%	15%
Business Banking Sweden	17.5	15.6	14.9	12.7	12.5	40%	12%	35%	7%	17.5	12.5	40%	35%
Other	0	0	0	0	0					0	0		

Large Corporates & Institutions

Introduction

In Large Corporates & Institutions (LC&I) we provide financial solutions to approximately 3,000 large Nordic corporate and institutional customers. LC&I also services a broad range of Nordea customers through our Markets, Investment Banking and International Division.

We offer a focused range of financing, cash management and payment services, as well as investment banking, capital markets and securities services, both in the Nordics and through our international branches.

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

Business development

In the fourth quarter we made further progress towards creating a more focused and more profitable business area, with reduced volatility of income and capital.

We continued to support our clients with lending, as evidenced by our leading position in the Nordic corporate loan bookrunner league table, where we hold an 18% market share. Lending volumes excluding repurchase agreements decreased by 8% and lending margins increased slightly compared with the same period last year, in line with our strategy to improve profitability. Activity in the shipping segment was moderate, mainly due to lower investment following the outbreak of the COVID-19 pandemic.

We saw high levels of customer activity in the fourth quarter. In Debt Capital Markets this was particularly reflected in bond issuance levels. We maintained our position as the leading arranger of bonds in the Nordic region, with around 400 primary bond transactions in 2020. For Nordic equity capital markets and mergers and acquisitions, we hold leading market positions across the region and ended the year with all-time-high Investment Banking revenues. Significant transactions with Nordea's involvement included the initial public offering of Offentliga Hus, the accelerated bookbuild in Scatec Solar, the merger of Cargotec and Konecranes, and EQT Infrastructure's acquisition of Torghatten ASA, among many others.

Customer satisfaction remained high during the COVID-19 crisis and the intense business repositioning. In the 2020 Prospera customer satisfaction survey we were awarded number one positions in Corporate Banking Denmark (third year in a row); Acquisition Finance (fourth year in a row); Debt Capital Markets Investment Grade Issuers in the Nordics, Finland and Sweden; and Debt Capital Markets High Yield Issuers in Sweden.

We increased our focus on ESG areas and continue to be a leading platform within sustainable advisory services. By the end of the fourth quarter we were the top arranger of Nordic corporate sustainable bonds, with a market share of 19%. Sustainability-linked financing increased significantly compared with the same period last year and we implemented the Poseidon Principles to support the decarbonisation of international shipping.

Nordea Markets' strong performance continued, mainly driven by continuous solid risk management during the pandemic. Markets results in the fourth quarter showed a significant improvement in income, most notably in the FX, equity and credit product franchises, and a reduction in economic capital of approximately 20% compared with the same period last year.

Financial outcome

Total income increased by 8%, year on year.

Net interest income increased by 3% compared with the same quarter last year, mainly due to higher lending margins. Lending volumes excluding repurchase agreements decreased by 8%, year on year, in line with our strategy.

Net fee and commission income increased by 13% compared with the same quarter last year, driven by higher lending fee income and strong performances in Debt Capital Markets, Equity Capital Markets and Mergers & Acquisitions.

Net result from items at fair value increased by 12%, year on year, driven by high levels of customer activity and continued strong risk management.

Total expenses were down 1% compared with the same quarter last year. Full-year expenses were down 10% compared with 2019, mainly driven by a 16% reduction in staff and significantly lower costs related to travel and marketing.

Net loan losses and similar net result amounted to EUR 3m (-2bp). The underlying credit quality of the loan book is deemed to be very strong, with the total provisioning level at approximately EUR 825m or 178bp of total LC&I lending.

Operating profit increased by 46%, year on year, to EUR 252m. Return on capital at risk was 11%, compared with 6% in the same quarter last year.

Economic capital continued to decrease, standing at EUR 6,305m, a 15% reduction compared with the same period last year and down 8% on the previous quarter. The reduction was mainly driven by lending-related efficiencies, reduced inventories, and the benefit of lower regulatory requirements, which were mainly attributable to revisions to the treatment of software assets.

Year-to-date return on capital at risk stood at 7%, having been significantly impacted by the COVID-19-related loan loss provisions booked in the first and second quarters.

Large Corporates & Institutions total

EURm	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Jan-Dec 20	Jan-Dec 19	Jan-Dec 20/19
Net interest income	225	224	211	217	218	3%	0%	877	852	3%
Net fee and commission income	113	114	98	121	100	13%	-1%	446	433	3%
Net result from items at fair value	106	138	156	67	95	12%	-23%	467	296	58%
Equity method & other income	0	0	0	0	0			0	1	
Total income incl. allocations	**444**	**476**	**465**	**405**	**413**	**8%**	**-7%**	**1,790**	**1,582**	**13%**
Total expenses incl. allocations	**-195**	**-182**	**-196**	**-268**	**-196**	**-1%**	**7%**	**-841**	**-931**	**-10%**
Profit before loan losses	**249**	**294**	**269**	**137**	**217**	**15%**	**-15%**	**949**	**651**	**46%**
Net loan losses and similar net result	3	10	-229	-52	-44			-268	-236	
Operating profit	**252**	**304**	**40**	**85**	**173**	**46%**	**-17%**	**681**	**415**	**64%**
Cost-to-income ratio, %	44	38	42	66	47			47	59	
Cost-to-income ratio[1], %	49	43	44	53	52			47	59	
Return on capital at risk, %	12	13	2	3	7			7	4	
Return on capital at risk[1], %	11	12	1	6	6			7	4	
Economic capital (EC)	6,305	6,827	7,207	7,809	7,418	-15%	-8%	6,305	7,418	-15%
Risk exposure amount (REA)	42,280	45,027	47,863	46,897	44,110	-4%	-6%	42,280	44,110	-4%
Number of employees (FTEs)	1,440	1,600	1,623	1,677	1,711	-16%	-10%	1,440	1,711	-16%
Volumes, EURbn:										
Total lending	62.3	68.9	77.3	82.8	72.7	-14%	-10%	62.3	72.7	-14%
Total deposits	42.7	52.3	52.0	48.3	39.6	8%	-18%	42.7	39.6	8%

[1] Adjusted for resolution fees before tax.

Large Corporates & Institutions

	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Jan-Dec 20	Jan-Dec 19	Jan-Dec 20/19
Net interest income, EURm										
Denmark	38	37	38	36	37	3%	3%	149	142	5%
Finland	39	40	35	33	32	22%	-3%	147	124	19%
Norway	74	73	73	78	83	-11%	1%	298	331	-10%
Sweden	69	64	55	58	60	15%	8%	246	234	5%
Other	5	10	10	12	6			37	21	
Net loan losses and similar net result, EURm										
Denmark	2	5	-30	4	16			-19	-49	
Finland	1	5	-26	-4	-14			-24	-17	
Norway	-1	-35	-108	-58	-24			-202	-148	
Sweden	-8	38	-65	2	-30			-33	-83	
Other	9	-3	0	4	8			10	61	
Lending, EURbn										
Denmark	8.3	8.7	8.9	10.0	9.8	-15%	-5%	8.3	9.8	-15%
Finland	8.7	9.3	9.5	8.9	8.8	-1%	-6%	8.7	8.8	-1%
Norway	12.8	12.9	13.6	14.4	14.7	-13%	-1%	12.8	14.7	-13%
Sweden	14.3	13.5	14.2	14.0	14.0	2%	6%	14.3	14.0	2%
Other	18.2	24.5	31.1	35.5	25.4			18.2	25.4	
Deposits, EURbn										
Denmark	7.2	10.0	10.1	7.5	7.0	3%	-28%	7.2	7.0	3%
Finland	12.3	11.9	11.6	11.6	8.7	41%	3%	12.3	8.7	41%
Norway	8.1	8.4	8.0	9.2	8.8	-8%	-4%	8.1	8.8	-8%
Sweden	12.3	13.3	12.0	11.0	9.6	28%	-8%	12.3	9.6	28%
Other	2.8	8.7	10.3	9.0	5.5			2.8	5.5	

Asset & Wealth Management

Introduction

In Asset & Wealth Management we offer an extensive range of award-winning savings products through our own and partners' distribution channels, and provide financial advice to high net worth customers and institutional investors.

We aim to be the leading wealth manager in each Nordic market and a leading European asset manager, with global reach and capabilities.

Business development

In the fourth quarter assets under management (AuM) increased by EUR 28bn to an all-time high of EUR 354bn. Market return increased AuM by EUR 19.4bn and net flows in the quarter were the second highest on record, totalling EUR 8.2bn.

Investment performance in Asset Management remained strong, with 75% of composites providing excess return on a three-year basis.

In Private Banking we generated net flows of EUR 0.5bn, driven by continued implementation of our strategy: strengthening the focus on high net worth individuals, capturing growth in the Norwegian and Swedish markets and optimising the product portfolio. In addition, we continued to generate strong net flows in the Finnish market throughout the quarter.

Customer satisfaction in Private Banking continued on a positive trajectory, particularly among high net worth individuals, resulting in higher rankings in the 2020 Prospera customer satisfaction survey. We maintained our strong focus on proactive client service, for example we established dedicated ultra-high net worth segment teams in Denmark and Norway. We also had increased numbers of interactions on market-related updates.

In Asset Management we attracted a total of EUR 8.0bn in net flows in the fourth quarter. Of these, EUR 3.5bn were delivered through our own channels, where we saw an all-time-high quarterly net flow in retail funds, while institutional and third-party fund distribution channels generated EUR 4.5bn. Net flows continued to stem mainly from risk premia strategies, sustainability products and liquid/illiquid alternatives.

Asset Management was announced winner of the ESG engagement initiative of the year 2020 by Environmental Finance, and we saw increased investor interest in our sustainability product offering within all sales channels. In October we attracted a EUR 360m specialist climate and environment equity mandate from a large UK pension fund.

In Life & Pensions we continued with our growth agenda within occupational pensions, focusing on relationship management, pipeline management and sales. We attracted EUR 1.1bn in net flows in the fourth quarter, which was EUR 0.9bn more than in the same quarter last year.

We continue to grow our share of occupational pensions in Norway and Sweden, with strong gross written premiums in the fourth quarter, and risk products continue to show growth.

Financial outcome

Total income in the fourth quarter was down 6% compared with the same quarter last year. This was mainly due to significantly lower net result from items at fair value in Nordea Life & Pensions.

Net interest income was up 23% compared with same quarter last year, driven by increased lending volumes in Private Banking.

Net fee and commission income increased by 1%, year on year, driven by the increase in AuM. Asset management fees increased by 5%, year on year, but performance fee income and income from external fund distribution decreased.

Net result from items at fair value was down 62% compared with the same quarter last year, mainly due to the divestment of Velliv, as well as a lower profit-sharing result and lower return on own funds in Nordea Life & Pensions.

Total expenses increased by 4%, year on year, mainly due to an increase in FTEs, higher variable salaries and higher marketing costs.

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

Operating profit in the fourth quarter was EUR 121m, down 14% compared with the same quarter last year.

The cost-to-income ratio was 53%, 5 percentage points higher than in the same quarter last year.

Wealth Management

Total income was down 12% compared with the same quarter last year due to net result from items at fair value in Life & Pensions. Costs were up 10% compared with the same quarter last year. Operating profit was EUR 61m, down 27% on the same quarter last year.

AuM in Private Banking stood at EUR 100.8bn, a year-on-year increase of 10%. AuM in Life & Pensions amounted to EUR 53.2bn, up 9% compared with the same quarter last year. Life & Pensions' performance resulted in a return on equity of 20.5%, a decrease of 0.9 percentage points compared with the previous quarter.

Nordea Life & Pensions' gross written premium (GWP) reached EUR 1.9bn in the fourth quarter, down 6% compared with same quarter last year. Market return and risk products accounted for 99% of the total GWP, unchanged from the same quarter last year, while market return products' share of total AuM remained stable at 81%.

Asset Management

Asset Management income was up 2% compared with the same quarter last year. Operating profit was EUR 68m, a year-on-year decrease of 1%. AuM in Asset Management amounted to EUR 253.8bn, up 8% compared with the same period last year.

Asset & Wealth Management total

	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Local curr. Q4/Q4	Local curr. Q4/Q3	Jan-Dec 20	Jan-Dec 19	Jan-Dec 20/19 EUR	Jan-Dec 20/19 Local
EURm													
Net interest income	16	16	17	18	13	23%	0%	31%	6%	67	53	26%	28%
Net fee and commission income	219	204	186	201	216	1%	7%	1%	7%	810	783	3%	4%
Net result from items at fair value	14	23	25	33	37	-62%	-39%	-60%	-42%	95	99	-4%	0%
Equity method & other income	3	3	-2	6	2					10	47		
Total income incl. allocations	**252**	**246**	**226**	**258**	**268**	**-6%**	**2%**	**-5%**	**2%**	**982**	**982**	**0%**	**1%**
Total expenses incl. allocations	**-133**	**-123**	**-125**	**-126**	**-128**	**4%**	**8%**	**5%**	**9%**	**-507**	**-560**	**-9%**	**-9%**
Profit before loan losses	**119**	**123**	**101**	**132**	**140**	**-15%**	**-3%**	**-14%**	**-4%**	**475**	**422**	**13%**	**13%**
Net loan losses and similar net result	2	-3	-2	0	0					-3	8		
Operating profit	**121**	**120**	**99**	**132**	**140**	**-14%**	**1%**	**-13%**	**3%**	**472**	**430**	**10%**	**10%**
Cost-to-income ratio, %	53	50	55	49	48					52	57		
Cost-to-income ratio[1], %	53	50	56	48	48					51	57		
Return on capital at risk, %	23	24	21	25	25					23	19		
Economic capital (EC)	1,642	1,498	1,446	1,365	1,767	-7%	10%			1,642	1,767	-7%	
Risk exposure amount (REA)	7,401	5,625	5,587	5,450	5,560	33%	32%			7,401	5,560	33%	
Number of employees (FTEs)	2,741	2,737	2,735	2,764	2,740	0%	0%			2,741	2,740	0%	
Volumes, EURbn:													
AuM	353.8	326.2	311.4	280.4	324.7	9%	8%	9%	8%	353.8	324.7	9%	9%
Total lending	9.6	9.0	8.8	8.4	8.4	14%	7%	14%	7%	9.6	8.4	14%	14%
Total deposits	10.4	10.6	10.8	10.3	10.0	4%	-2%	4%	-2%	10.4	10.0	4%	4%

[1] Adjusted for resolution fees before tax.

Assets under Management (AuM), volumes and net flow

	Q420	Q320	Q220	Q120	Q419	Net flow Q420
EURbn						
Nordic Retail funds	73.9	66.6	63.2	55.6	65.5	2.2
Private Banking	100.8	92.7	87.8	77.0	91.4	0.5
Institutional sales	121.4	112.7	108.5	101.7	114.7	4.5
Life & Pensions	57.6	54.2	51.9	46.1	53.1	1.1
Total	**353.8**	**326.2**	**311.4**	**280.4**	**324.7**	**8.2**

Wealth Management

EURm	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Jan-Dec 20	Jan-Dec 19	Jan-Dec 20/19
Net interest income	18	17	17	18	13	38%	6%	70	55	27%
Net fee and commission income	103	104	93	100	106	-3%	-1%	400	378	6%
Net result from items at fair value	17	24	27	32	38	-55%	-29%	100	101	-1%
Equity method & other income	0	0	0	0	0			0	33	
Total income incl. allocations	**138**	**145**	**137**	**150**	**157**	**-12%**	**-5%**	**570**	**567**	**1%**
Total expenses incl. allocations	**-80**	**-76**	**-78**	**-80**	**-73**	**10%**	**5%**	**-314**	**-317**	**-1%**
Profit before loan losses	**58**	**69**	**59**	**70**	**84**	**-31%**	**-16%**	**256**	**250**	**2%**
Net loan losses and similar net result	3	-4	-2	0	0			-3	9	
Operating profit	**61**	**65**	**57**	**70**	**84**	**-27%**	**-6%**	**253**	**259**	**-2%**
Cost-to-income ratio, %	58	52	57	53	47			55	56	
Economic capital (EC)	1,476	1,307	1,255	1,166	1,514	-3%	13%	1,476	1,514	-3%
Risk exposure amount (REA)	6,459	4,693	4,657	4,533	4,435	46%	38%	6,459	4,435	46%
Number of employees (FTEs)	1,796	1,815	1,831	1,859	1,856	-3%	-1%	1,796	1,856	-3%
Volumes, EURbn:										
AuM PB	100.8	92.7	87.8	77.0	91.4	10%	9%	100.8	91.4	10%
AuM NLP	53.2	50.0	46.9	41.9	48.7	9%	6%	53.2	48.7	9%
Mortgage lending	7.3	6.9	6.8	6.4	6.5	13%	7%	7.3	6.5	13%
Consumer lending	2.3	2.1	2.0	2.0	2.0	13%	7%	2.3	2.0	13%
Total lending	**9.6**	**9.0**	**8.8**	**8.4**	**8.4**	**14%**	**7%**	**9.6**	**8.4**	**14%**
Total deposits	**10.4**	**10.6**	**10.8**	**10.3**	**10.0**	**4%**	**-2%**	**10.4**	**10.0**	**4%**

Asset Management

EURm	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Jan-Dec 20	Jan-Dec 19	Jan-Dec 20/19
Net interest income	0	-2	0	0	-1			-2	-2	
Net fee and commission income	114	103	92	101	110	4%	11%	410	405	1%
Net result from items at fair value	-3	-2	-1	1	-1			-5	-2	
Equity method & other income	2	1	-2	1	3			2	7	
Total income incl. allocations	**113**	**100**	**89**	**103**	**111**	**2%**	**13%**	**405**	**408**	**-1%**
Total expenses incl. allocations	**-45**	**-42**	**-40**	**-40**	**-42**	**7%**	**7%**	**-167**	**-164**	**2%**
Profit before loan losses	**68**	**58**	**49**	**63**	**69**	**-1%**	**17%**	**238**	**244**	**-2%**
Net loan losses and similar net result	0	0	0	0	0			0	0	
Operating profit	**68**	**58**	**49**	**63**	**69**	**-1%**	**17%**	**238**	**244**	**-2%**
Cost-to-income ratio, %	40	42	45	39	38			41	40	
Economic capital (EC)	156	182	182	191	217	-28%	-14%	156	217	-28%
Risk exposure amount (REA)	924	914	914	899	1,014	-9%	1%	924	1,014	-9%
AuM, Nordic sales channels incl. Life, EURbn	132.4	120.2	114.6	102.3	120.4	10%	10%	132.4	120.4	10%
AuM, ext. Inst. & 3rd part. dist., EURbn	121.4	112.7	108.5	101.7	114.7	6%	8%	121.4	114.7	6%
Net inf., Nordic sales channels incl. Life, EURbn	3.5	1.5	0.2	-1.9	1.0			3.3	0.8	
Net inf., ext. Inst. & 3rd part. dist., EURbn	4.5	2.2	2.0	-2.8	-0.3			5.9	6.2	
Number of employees (FTEs)	901	878	871	877	869	4%	3%	901	869	4%

Private Banking

	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Jan-Dec 20	Jan-Dec 19	Jan-Dec 20/19
Net fee and commission income, EURm										
PB Denmark	50	41	45	43	47	7%	24%	179	169	6%
PB Finland	46	39	34	37	41	13%	20%	156	156	0%
PB Norway	9	8	5	8	8	7%	12%	30	29	4%
PB Sweden	19	18	16	18	19	0%	7%	70	68	2%
Private Banking	**122**	**105**	**100**	**106**	**115**	**6%**	**17%**	**433**	**422**	**2%**
AuM, EURbn										
PB Denmark	30.8	28.9	27.9	25.4	29.1	6%	6%	30.8	29.1	6%
PB Finland	34.2	31.8	29.8	26.5	31.8	8%	8%	34.2	31.8	8%
PB Norway	8.3	7.2	7.0	5.6	7.5	11%	15%	8.3	7.5	11%
PB Sweden	27.5	24.7	23.1	19.5	23.0	19%	11%	27.5	23.0	19%
Private Banking	**100.8**	**92.7**	**87.8**	**77.0**	**91.4**	**10%**	**9%**	**100.8**	**91.4**	**10%**
Lending, EURbn										
PB Denmark	3.7	3.5	3.5	3.4	3.4	8%	3%	3.7	3.4	8%
PB Finland	2.2	2.2	2.1	2.1	1.9	16%	3%	2.2	1.9	16%
PB Norway	1.4	1.3	1.2	1.1	1.2	14%	11%	1.4	1.2	14%
PB Sweden	2.3	2.0	2.0	1.8	1.8	25%	13%	2.3	1.8	25%
Private Banking	**9.6**	**9.0**	**8.8**	**8.4**	**8.4**	**15%**	**6%**	**9.6**	**8.4**	**15%**

Life & Pensions

	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Jan-Dec 20	Jan-Dec 19	Jan-Dec 20/19
EURm										
AuM, EURbn	53.2	50.0	46.9	41.9	48.7	9%	6%	53.2	48.7	9%
Premiums	1,852	1,098	1,102	1,644	1,966	-6%	69%	5,696	5,685	0%
Profit drivers										
Profit traditional products	11	8	5	4	17	-36%	36%	28	28	-1%
Profit market return products	54	53	51	56	51	7%	3%	214	213	0%
Profit risk products	15	21	17	19	16	-4%	-25%	71	71	0%
Total product result	**81**	**81**	**73**	**79**	**84**	**-4%**	**-1%**	**313**	**312**	**0%**

Group Functions

Introduction

In Group Functions we provide the four business areas with the services, subject matter expertise, data and technology infrastructure needed for Nordea to be a strong and personal financial partner. Group Functions consists of Group Business Support; Chief of Staff Office; Group Brand, Communication and Marketing; Group Risk and Compliance; Group People; Group Internal Audit; Group Legal; and Group Finance.

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

Business development

In the fourth quarter we continued with initiatives to further consolidate Operations-related processes across the Group. This will enable more nearshoring, further increase operational efficiency and strengthen our focus on automation.

Our automation agenda is driven not only from Operations, but also from other key areas, such as Technology and Data. Here, analytics are used to support faster product and service handling and improve the experience of our customers.

Financial outcome

Total operating income amounted to EUR 53m in the fourth quarter, down from EUR 164m in the same quarter last year, which included one-off income from the sale of LR Realkredit. Total operating income was stable relative to the previous quarter, where it had amounted to EUR 55m.

Net interest income increased by EUR 6m compared with the same quarter last year and was stable relative to the previous quarter.

Net result from items at fair value decreased by EUR 19m compared with the same quarter last year and by EUR 23m compared with the previous quarter, due to hedge effects in Treasury.

Total operating expenses amounted to EUR 165m, an increase compared with the same quarter last year and the previous quarter, due to non-recurring items.

Group Functions

	Q420	Q320	Q220	Q120	Q419	Q4/Q4	Q4/Q3	Jan-Dec 20	Jan-Dec 19
EURm									
Net interest income	14	14	23	11	8			62	-56
Net fee and commission income	-1	-7	-6	-3	-15			-17	-7
Net result from items at fair value	12	35	19	-74	31			-8	226
Equity method & other income	28	13	4	5	140			50	211
Total operating income	**53**	**55**	**40**	**-61**	**164**			**87**	**374**
Total operating expenses	**-165**	**-94**	**-57**	**-86**	**-103**			**-402**	**-1,391**
Profit before loan losses	**-112**	**-39**	**-17**	**-147**	**61**			**-315**	**-1,017**
Net loan losses and similar net result	4	-1	-3	-2	1			-2	-12
Operating profit	**-108**	**-40**	**-20**	**-149**	**62**			**-317**	**-1,029**
Economic capital (EC)	1,757	1,736	1,782	1,887	1,510			1,757	1,510
Risk exposure amount (REA)	15,434	13,790	14,080	14,719	11,972			15,434	11,972
Number of employees (FTEs)	12,200	12,188	12,048	12,200	12,693	-4%	0%	12,200	12,693

Income statement

EURm	Note	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Operating income					
Interest income calculated using the effective interest rate method		1,349	1,616	5,536	6,399
Other interest income		202	314	1,071	1,350
Negative yield on financial assets		-82	-101	-280	-309
Interest expense		-341	-784	-2,013	-3,334
Negative yield on financial liabilities		41	63	201	212
Net interest income		**1,169**	**1,108**	**4,515**	**4,318**
Fee and commission income		1,039	1,026	3,856	3,931
Fee and commission expense		-247	-251	-897	-920
Net fee and commission income	3	**792**	**775**	**2,959**	**3,011**
Net result from items at fair value	4	217	250	900	1,012
Profit from associated undertakings and joint ventures accounted for under the equity method		5	-1	-1	50
Other operating income		36	146	93	232
Total operating income		**2,219**	**2,278**	**8,466**	**8,623**
Operating expenses					
General administrative expenses:					
Staff costs		-722	-648	-2,752	-3,017
Other expenses	5	-319	-375	-1,286	-1,639
Depreciation, amortisation and impairment charges of tangible and intangible assets		-177	-156	-605	-1,330
Total operating expenses		**-1,218**	**-1,179**	**-4,643**	**-5,986**
Profit before loan losses		**1,001**	**1,099**	**3,823**	**2,637**
Net result on loans in hold portfolios mandatorily held at fair value		30	16	48	12
Net loan losses	6	-58	-102	-908	-536
Operating profit		**973**	**1,013**	**2,963**	**2,113**
Income tax expense		-248	-263	-698	-571
Net profit for the period		**725**	**750**	**2,265**	**1,542**
Attributable to:					
Shareholders of Nordea Bank Abp		725	753	2,238	1,519
Additional Tier 1 capital holders		0	0	27	26
Non-controlling interests		-	-3	-	-3
Total		**725**	**750**	**2,265**	**1,542**
Basic earnings per share, EUR		0.18	0.19	0.55	0.38
Diluted earnings per share, EUR		0.18	0.19	0.55	0.38

Statement of comprehensive income

EURm	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Net profit for the period	**725**	**750**	**2,265**	**1,542**
Items that may be reclassified subsequently to the income statement				
Currency translation differences	505	109	-196	18
Tax on currency translation differences	-	-	-	1
Hedging of net investments in foreign operations:				
Valuation gains/losses	-298	-87	117	-62
Tax on valuation gains/losses	-	18	-	16
Fair value through other comprehensive income:[1]				
Valuation gains/losses, net of recycling	42	-5	55	-16
Tax on valuation gains/losses	-8	0	-9	2
Cash flow hedges:				
Valuation gains/losses, net of recycling	-9	-39	21	-18
Tax on valuation gains/losses	2	8	-5	4
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	-2	-9	-15
Tax on valuation gains/losses	1	-1	3	2
Defined benefit plans:				
Remeasurement of defined benefit plans	268	290	22	-152
Tax on remeasurement of defined benefit plans	-53	-63	-4	34
Other comprehensive income from companies accounted for under the equity method	-2	1	-1	1
Tax on other comprehensive income from companies accounted for under the equity method	0	0	0	0
Other comprehensive income, net of tax	**446**	**229**	**-6**	**-185**
Total comprehensive income	**1,171**	**979**	**2,259**	**1,357**
Attributable to:				
Shareholders of Nordea Bank Abp	1,171	982	2,232	1,334
Additional Tier 1 capital holders	0	0	27	26
Non-controlling interests	-	-3	-	-3
Total	**1,171**	**979**	**2,259**	**1,357**

[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 2020	31 Dec 2019
Assets	8		
Cash and balances with central banks		32,955	35,509
Loans to central banks	7	3,123	9,207
Loans to credit institutions	7	3,123	8,519
Loans to the public	7	329,765	323,091
Interest-bearing securities		62,509	64,930
Financial instruments pledged as collateral		3,795	7,151
Shares		12,649	14,184
Assets in pooled schemes and unit-linked investment contracts		36,484	30,799
Derivatives		44,770	39,111
Fair value changes of the hedged items in portfolio hedge of interest rate risk		359	217
Investments in associated undertakings and joint ventures		555	572
Intangible assets		3,771	3,695
Properties and equipment		1,931	2,002
Investment properties		1,535	1,585
Deferred tax assets		406	487
Current tax assets		300	362
Retirement benefit assets		144	173
Other assets		13,349	12,543
Prepaid expenses and accrued income		637	711
Total assets		**552,160**	**554,848**
Liabilities	8		
Deposits by credit institutions		23,939	32,304
Deposits and borrowings from the public		183,431	168,725
Deposits in pooled schemes and unit-linked investment contracts		37,534	31,859
Liabilities to policyholders		18,178	19,246
Debt securities in issue		174,309	193,726
Derivatives		47,033	42,047
Fair value changes of the hedged items in portfolio hedge of interest rate risk		2,608	2,018
Current tax liabilities		305	742
Other liabilities		21,341	19,868
Accrued expenses and prepaid income		1,404	1,476
Deferred tax liabilities		436	481
Provisions		596	570
Retirement benefit obligations		365	439
Subordinated liabilities		6,941	9,819
Total liabilities		**518,420**	**523,320**
Equity			
Additional Tier 1 capital holders		748	748
Non-controlling interests		9	40
Share capital		4,050	4,050
Invested unrestricted equity		1,063	1,080
Other reserves		-2,067	-2,062
Retained earnings		29,937	27,672
Total equity		**33,740**	**31,528**
Total liabilities and equity		**552,160**	**554,848**
Off-balance-sheet commitments			
Assets pledged as security for own liabilities		176,364	183,995
Other assets pledged[1]		267	20
Contingent liabilities		19,347	17,792
Credit commitments[2]		88,791	75,330
Other commitments		1,769	1,733

[1] Includes interest-bearing securities pledged as security for payment settlements with central banks and clearing institutions. From the third quarter of 2020 only securities that are pledged for overnight liquidity are disclosed (pledged securities for intraday liquidity are excluded). Comparative figures have been restated.

[2] Including unutilised portion of approved overdraft facilities of EUR 32,859m (31 December 2019: EUR 28,871m).

Statement of changes in equity

	Attributable to shareholders of Nordea Bank Abp											
			Other reserves:									
EURm	Share capital[1]	Invested un-restricted equity	Trans-lation of foreign opera-tions	Cash flow hedges	Fair value through other compre-hensive income	Defined benefit plans	Changes in own credit risk related to liabilities classified as fair value option	Retained earnings	Total	Addi-tional Tier 1 capital holders	Non-cont-rolling interests	Total equity
Balance at 1 Jan 2020	**4,050**	**1,080**	**-1,941**	**-26**	**45**	**-135**	**-5**	**27,672**	**30,740**	**748**	**40**	**31,528**
Net profit for the period	-	-	-	-	-	-	-	2,238	2,238	27	-	2,265
Other comprehensive income, net of tax	-	-	-79	16	46	18	-6	-1	-6	-	-	-6
Total comprehensive income	-	-	-79	16	46	18	-6	2,237	2,232	27	-	2,259
Paid interest on AT1 capital	-	-	-	-	-	-	-	-	-	-27	-	-27
Change in additional AT1 capital	-	-	-	-	-	-	-	-	-	0	-	0
Share-based payments	-	-	-	-	-	-	-	6	6	-	-	6
Purchase of own shares[2]	-	-17	-	-	-	-	-	-	-17	-	-	-17
Other changes	-	-	-	-	-	-	-	22	22	-	-	22
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-31	-31
Balance at 31 Dec 2020	**4,050**	**1,063**	**-2,020**	**-10**	**91**	**-117**	**-11**	**29,937**	**32,983**	**748**	**9**	**33,740**
Balance at 1 Jan 2019	**4,050**	**1,080**	**-1,914**	**-12**	**59**	**-17**	**8**	**28,891**	**32,145**	**750**	**6**	**32,901**
Net profit for the period	-	-	-	-	-	-	-	1,519	1,519	26	-3	1,542
Other comprehensive income, net of tax	-	-	-27	-14	-14	-118	-13	1	-185	-	-	-185
Total comprehensive income	-	-	-27	-14	-14	-118	-13	1,520	1,334	26	-3	1,357
Paid interest on AT1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in additional AT1 capital	-	-	-	-	-	-	-	-	-	-2	-	-2
Share-based payments	-	-	-	-	-	-	-	20	20	-	-	20
Dividend 2018	-	-	-	-	-	-	-	-2,788	-2,788	-	-	-2,788
Divestment of own shares[2]	-	-	-	-	-	-	-	29	29	-	-	29
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	37	37
Balance at 31 Dec 2019	**4,050**	**1,080**	**-1,941**	**-26**	**45**	**-135**	**-5**	**27,672**	**30,740**	**748**	**40**	**31,528**

[1] Total shares registered were 4,050 million (31 December 2019: 4,050 million). The number of own shares was 11.9 million (31 December 2019: 10.8 million), which represents 0.3% (31 December 2019: 0.3%) of the total shares in Nordea. Each share represents one voting right.

[2] Refers to the change in the holding of own shares related to treasury shares held for remuneration purposes and to the trading portfolio. The number of treasury shares held for remuneration purposes was 8.2 million (31 December 2019: 9.2 million).

Cash flow statement, condensed

EURm	Jan-Dec 2020	Jan-Dec 2019
Operating activities		
Operating profit	2,963	2,113
Adjustments for items not included in cash flow	2,074	5,005
Income taxes paid	-987	-816
Cash flow from operating activities before changes in operating assets and liabilities	**4,050**	**6,302**
Changes in operating assets and liabilities	-5,393	-8,694
Cash flow from operating activities	**-1,343**	**-2,392**
Investing activities		
Acquisition/sale of business operations	-552	-472
Acquisition/sale of associated undertakings and joint ventures	10	853
Acquisition/sale of property and equipment	-50	-55
Acquisition/sale of intangible assets	-418	-517
Cash flow from investing activities	**-1,010**	**-191**
Financing activities		
Issued/amortised subordinated liabilities	-2,459	511
Divestment/repurchase of own shares including change in trading portfolio	-17	29
Dividend paid	-	-2,788
Paid interest on additional tier 1 capital	-27	-26
Principal portion of lease payments	-143	-140
Cash flow from financing activities	**-2,646**	**-2,414**
Cash flow for the period	**-4,999**	**-4,997**

Cash and cash equivalents

EURm	31 Dec 2020	31 Dec 2019
Cash and cash equivalents at beginning of the period	41,164	46,009
Translation difference	38	152
Cash and cash equivalents at end of the period	36,203	41,164
Change	**-4,999**	**-4,997**
The following items are included in cash and cash equivalents:		
Cash and balances with central banks	32,955	35,509
Loans to central banks	2,426	4,826
Loans to credit institutions	822	829
Total cash and cash equivalents	**36,203**	**41,164**

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 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 2019. The accounting policies and methods of computation are unchanged in comparison with Note G1 in the Annual Report 2019, except for those relating to the items presented in the section "Changed accounting policies and presentation" below. For more information, see Note G1 in the Annual Report 2019.

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea during 2020.

Net result on loans in hold portfolios mandatorily held at fair value

Changes have been made to the presentation of fair value adjustments to the margin component of loans in "hold" portfolios mandatorily held at fair value. The margin component is the interest paid by customers on top of the interest charged to compensate Nordea for the related funding cost. As of the fourth quarter of 2020, these adjustments are being presented separately on a new row in the income statement entitled "Net result on loans in hold portfolios mandatorily held at fair value". The earlier policy was to present such fair value adjustments on the row "Net result from items at fair value", together with fair value adjustments to instruments in "sell" and "hold and sell" portfolios. Loans in "hold" portfolios that are mandatorily held at fair value only due to their failing the solely payment of principal and interest (SPPI) test are more similar to amortised cost loans than to instruments in "sell" or "hold and sell" portfolios. For this reason, the presentation should to the extent possible be aligned with the presentation for loans held at amortised cost. Fair value adjustments to the margin component, which are largely driven by changes in credit risk, are therefore presented separately next to the row "Net loan losses" in the income statement, where similar adjustments to loans held at amortised cost are presented. Comparative figures have been restated accordingly. The impact on the income statement can be found in the table below.

	Q4 2020			Q4 2019		
EURm	Old policy	Chg	New policy	Old policy	Chg	New policy
Net result from items at fair value	247	-30	217	266	-16	250
Total operating income	**2,249**	**-30**	**2,219**	**2,294**	**-16**	**2,278**
Net result on loans in hold portf. mandatorily held at fair value	-	30	30	-	16	16
Operating profit	**973**	**-**	**973**	**1,013**	**-**	**1,013**
Net profit for the period	**725**	**-**	**725**	**750**	**-**	**750**
Impact on EPS/DEPS, EUR		-			-	

	Jan-Dec 2020			Jan-Dec 2019		
EURm	Old policy	Chg	New policy	Old policy	Chg	New policy
Net result from items at fair value	948	-48	900	1,024	-12	1,012
Total operating income	**8,514**	**-48**	**8,466**	**8,635**	**-12**	**8,623**
Net result on loans in hold portf. mandatorily held at fair value	-	48	48	-	12	12
Operating profit	**2,963**	**-**	**2,963**	**2,113**	**-**	**2,113**
Net profit for the period	**2,265**	**-**	**2,265**	**1,542**	**-**	**1,542**
Impact on EPS/DEPS, EUR		-			-	

Reclassification of accrued interest on loans

Accrued interest on loans has previously been presented on the line "Prepaid expenses and accrued income" on the balance sheet. As of the fourth quarter of 2020, accrued income on loans is being presented together with the loans on the lines "Loans to credit institutions" and "Loans to the public" on the balance sheet. Comparative figures have been restated accordingly. The impact on the balance sheet can be found in the table below.

	31 Dec 2020		
EURm	Old policy	Chg	New policy
Loans to credit institutions	3,123	-	3,123
Loans to the public	329,507	258	329,765
Prepaid expenses and accrued income	895	-258	637

	31 Dec 2019		
EURm	Old policy	Chg	New policy
Loans to credit institutions	8,516	3	8,519
Loans to the public	322,740	351	323,091
Prepaid expenses and accrued income	1,065	-354	711

Changed presentation of trading in own shares (treasury shares)

From 1 January 2020 acquisitions of own shares have been reported as a reduction in "Invested unrestricted equity" and sales of own shares as an increase in "Invested unrestricted equity". Nordea's earlier policy was to present acquisitions and sales in "Retained earnings". Comparative figures have not been restated.

Changed presentation of reportable operating segments

To reflect its current reporting and decision-making processes, Nordea changed the presentation of reportable operating segments and the definition of the Chief Operating Decision-Maker. For more information see the section "Changes in basis of segmentation" in Note 2, "Segment reporting".

Other amendments

The following new and amended standards issued by the IASB were implemented by Nordea on 1 January 2020, but have not had any significant impact on Nordea's financial statements.

- Amendment to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of business
- Amendments to IAS 1 and IAS 8: Definitions of material
- Amendments to IFRS 16: Leases COVID-19-related rent concessions

Changes in IFRS not yet applied

IFRS 17 "Insurance contracts"

The IASB has published the new standard IFRS 17 "Insurance contracts". The new standard will change the accounting requirements for the recognition, measurement, presentation and disclosure of insurance contracts.

The measurement principles will change from a non-uniform accounting policy based on the local accounting policies in the life insurance subsidiaries to a uniform accounting policy based on the three measurement models Building Block Approach (BBA), Variable Fee Approach (VFA) and Premium Allocation Approach (PAA). The model application depends on the terms of the contracts (long term, long term with a variable fee or short term). The three measurement models include consistent definitions of contractual cash flows, the risk adjustment margin and discounting. These definitions are based on principles similar to the measurement principles for technical provisions in the Solvency II capital requirements directives. Unearned future premiums will be recognised as a provision on the balance sheet and released to revenue when the insurance service is provided. Any unprofitable contracts will be recognised in the income statement at the time when the contract is signed and approved.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The standard is not yet endorsed by the EU Commission. Nordea does not currently intend to adopt the standard early. Nordea's current assessment is that the new standard will not have any significant impact on its capital adequacy or large exposures in the period of initial application. It is not yet possible to conclude on the impact on Nordea's financial statements.

Interest rate benchmark reform - Phase 2

The IASB has published amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 in "Interest Rate Benchmark Reform – Phase 2". Phase 2 of the IBOR reform includes three major areas: hedge accounting, modifications and disclosures.

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

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

The amendments are effective for annual reporting periods beginning on or after 1 January 2021, with earlier application permitted.

The amendments are expected to result in hedge relationships in Nordea being able to continue as before and no material modification gains or losses being recognised. For this reason, the amendments are not assessed to have any significant impact on Nordea's financial statements, capital adequacy or large exposures in the period of initial application of the amendments in comparison with the current situation.

Other amendments to IFRS

Other amendments to IFRS are not assessed to have any significant impact on Nordea's financial statements, capital adequacy or large exposures in the period of initial application.

Critical judgements and estimation uncertainty

Nordea applied significant critical judgements in the preparation of this interim report due to significant uncertainty concerning the potential long-term impact of COVID-19 on Nordea's financial statements. More information on where critical judgements are generally applied and where estimation uncertainty exists can be found in the Annual Report 2019, Note G1, "Accounting policies", section 4. Areas particularly important during the fourth quarter of 2020 were the fair value measurement of certain financial instruments, impairment testing of goodwill and loans to the public/credit institutions, and assessment of expected lease terms.

Critical judgements are applied when determining the fair value of financial instruments that lack quoted prices or recently observed market prices. In all of these instances, decisions are based on professional judgement in accordance with Nordea's accounting and valuation policies. The fair values of financial assets and liabilities measured at fair value using a valuation technique, levels 2 and 3 in the fair value hierarchy, amounted to EUR 167,700m and EUR 112,755m, respectively, at the end of 2020, and EUR 185,148m and EUR 151,751m, respectively, at the end of 2019. More information on financial instruments held at fair value on Nordea's balance sheet can be found in Note 10.

No impairment of goodwill was identified during the year, but significant estimation uncertainty exists in relation to the long-term impact on Nordea's financial statements and the impairment need will be continually reassessed. Nordea's total goodwill amounted to EUR 1,938m at the end of 2020 and EUR 1,969m at the end of 2019. Nordea updated the cash flow projections in the fourth quarter to reflect the best estimate of the impact of COVID-19. Cash flows were projected up until the end of 2023 and the long-term growth assumption was used for subsequent periods. The discount rate used for the test in the fourth quarter was on average 5.8% post-tax and the long-term growth was on average 1.4%. The Cash Generating Units have changed as a result of changes in operating segments in the first quarter. The test is now performed on the five operating segments, as described in Note 2. Both an increase in the discount rate of 1 percentage point and a reduction in the future growth rate of 1 percentage point are considered to be reasonably possible changes in key assumptions. Such changes would not result in any impairment.

Critical judgement was 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. More information on the impairment testing of loans to the public/credit institutions can be found on page 12 and in Note 7. Information on sensitivities to rating and scoring migrations can be found in the section "Sensitivities" in Note 7.

No changes in expected lease terms for premises lease contracts or impairments of right-of-use assets were identified during 2020, but the impact of the COVID-19 pandemic on the future premises strategies will be closely monitored going forward. The carrying amount of right-of-use assets amounted to EUR 1,459m at the end of the fourth quarter of 2020 and EUR 1,506m at the end of the fourth quarter of 2019.

Acquisition of SG Finans AS

On 1 October 2020 the acquisition of 100% of the shares in SG Finans AS (now Nordea Finance Equipment AS) was completed. Nordea Finance Equipment AS is a Norwegian-domiciled company that provides equipment finance and factoring solutions. The company has 350 employees and operates in Denmark, Norway and Sweden. The acquisition of Nordea Finance Equipment AS supports Nordea's strategy to focus on core business in the Nordics. The acquisition is also aligned with the Group's priorities – to create great customer experiences, drive income growth initiatives and optimise operational efficiency.

A preliminary purchase price of EUR 604m was paid to Société Générale. The current estimate is that there will be an additional purchase price of NOK 5m (EUR 0m), to be paid in the first quarter of 2021. There is, in addition, a maximum contingent consideration of NOK 200m (EUR 19m, converted using the spot rate at 31 December 2020) to be paid if Nordea receives permission to use the IRB models in Nordea Finance Equipment AS before 1 October 2021. The preliminary purchase price allocation is disclosed below.

EURm	1 Oct 2020
Loans to the public[1]	3,676
Accruals and other assets	89
Deposits from credit institutions	-2,988
Accruals and other liabilities	-178
Acquired net assets	599
Purchase price, settled in cash	604
Purchase price, to be settled in cash	0
Contingent consideration	19
Cost of combination	623
Surplus value	24
Allocation of surplus value:	
Customer intangible	8
Technology	6
Deferred tax liability	-5
Goodwill[2]	15

[1] Including fair value adjustments to loans measured at amortised cost.
[2] Goodwill is not expected to be tax deductible.

The fair value of loans in the table above includes allowances for the contractual cash flows not expected to be collected. The allowances amount to EUR 49m.

Nordea identified two intangible assets in the acquisition. One intangible asset related to the customers and distribution network acquired and the other related to technology. The customer intangible asset reflects the profit expected to be generated from extensions and renewals of acquired contracts due to Nordea Finance Equipment's existing relationships with customers and distributors. The customer intangible will be amortised over twelve years, reflecting the pace at which customers can be expected to leave. The technology intangible consists of the value of the existing IT platform. Nordea plans to continue using it in the future and to transfer existing contracts to the new platform. The development cost for the platform has, to a large degree, been expensed in the company and there is now a surplus value, as the replacement cost exceeds the carrying amount. The technology intangible asset will be amortised over five years. The goodwill is mainly related to the value of the assembled workforce, which cannot be accounted for as a separate intangible asset under IFRS 3. The goodwill is expected to have an indefinite life and will consequently not be amortised.

"Total operating income" for the three months during which the company was consolidated amounted to EUR 37m. "Operating profit" for the same period was EUR -15m including the recognition of restructuring provisions. The corresponding pro forma figures had the company been consolidated from 1 January 2020 onwards were EUR 140m and EUR 27m, respectively.

Exchange rates

	Jan-Dec 2020	Jan-Dec 2019
EUR 1 = SEK		
Income statement (average)	10.4889	10.5848
Balance sheet (at end of period)	10.0220	10.4563
EUR 1 = DKK		
Income statement (average)	7.4543	7.4661
Balance sheet (at end of period)	7.4405	7.4717
EUR 1 = NOK		
Income statement (average)	10.7291	9.8499
Balance sheet (at end of period)	10.4703	9.8463
EUR 1 = RUB		
Income statement (average)	82.6596	72.4524
Balance sheet (at end of period)	90.8041	69.7096

Note 2 Segment reporting

Jan-Dec 2020	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Recon-ciliation	Total Group
Total operating income, EURm	3,346	2,310	1,817	987	114	8,574	-108	**8,466**
- of which internal transactions[1]	-430	-182	-288	-26	926	0	-	**-**
Operating profit, EURm	1,244	903	688	474	76	3,385	-422	**2,963**
Loans to the public[2], EURbn	160	90	46	9	1	306	24	**330**
Deposits and borrowings from the public, EURbn	81	50	40	10	1	182	1	**183**

Jan-Dec 2019								
Total operating income, EURm	3,430	2,228	1,577	978	354	8,567	56	**8,623**
- of which internal transactions[1]	-545	-200	-426	-20	1,191	0	-	**-**
Operating profit, EURm	1,361	923	415	429	-730	2,398	-285	**2,113**
Loans to the public[2], EURbn	153	84	50	8	1	296	27	**323**
Deposits and borrowings from the public, EURbn	75	42	35	10	1	163	6	**169**

[1] IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest related to the funding of the reportable operating segments by the internal bank in Group Finance, included in "Other operating segments".
[2] The volumes are only disclosed separately for operating segments if separately reported to the Chief Operating Decision-Maker.

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Dec		31 Dec		31 Dec	
	2020	2019	2020	2019	2020	2019
Total operating segments	3,385	2,398	306	296	182	163
Group Functions[1]	-290	-217	-	-	-	-
Unallocated items	-100	-85	21	24	-1	5
Differences in accounting policies[2]	-32	17	3	3	2	1
Total	**2,963**	**2,113**	**330**	**323**	**183**	**169**

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

Measurement of operating segments' performance
The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision-Maker (CODM), as required by IFRS 8. In Nordea the CODM has been defined as the Chief Executive Officer, who is supported by the other members of the Group Leadership Team. The main difference compared with the section "Business areas" in this report is that the information in Note 2 is prepared using plan exchange rates, as this is the basis used in the reporting to the CODM.

Financial results are presented for the main business areas Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management. These are identified as reportable operating segments and are reported separately, as they are above the quantitative thresholds in IFRS 8. Other operating segments below the thresholds are included in Other operating segments. Group Functions (and eliminations), as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

Changes in basis of segmentation
In order to reflect the current reporting to the CODM, and the decision-making process within Nordea, the main business areas have been defined as reportable operating segments as of the first quarter of 2020. The breakdowns of the different main areas have thus been removed. Group Finance is, in addition, included in Other operating segments, as it is below the threshold for being disclosed separately. Comparative figures have been restated accordingly, in line with the reporting to the CODM, including minor organisational changes, updates to current plan exchange rates and updates to current allocation principles.

The CODM has, in addition, been changed to the CEO, who is supported by the Group Leadership Team, to better reflect the current decision-making process within Nordea. Up until 2019 the Group Leadership Team was defined as the CODM.

Note 3 Net fee and commission income

EURm	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Asset management commissions	398	372	388	1,469	1,455
Life and pension commissions	70	64	66	263	251
Deposit products	8	6	7	27	23
Brokerage, securities issues and corporate finance	64	42	34	204	157
Custody and issuer services	12	7	17	34	41
Payments	66	68	74	280	307
Cards	44	41	46	168	220
Lending products	117	104	115	424	429
Guarantees	23	23	31	89	111
Other	-10	2	-3	1	17
Total	**792**	**729**	**775**	**2,959**	**3,011**

Breakdown
Jan-Dec 2020

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segment	Other and elimination	Nordea Group
Asset management commissions	566	95	7	801	0	0	1,469
Life and pension commissions	189	81	4	-11	0	0	263
Deposit products	9	17	1	0	0	0	27
Brokerage, securities issues and corporate finance	21	44	115	39	-2	-13	204
Custody and issuer services	4	4	24	4	-5	3	34
Payments	62	153	67	0	0	-2	280
Cards	141	21	6	0	0	0	168
Lending products	117	136	162	3	6	0	424
Guarantees	8	27	54	0	0	0	89
Other	16	9	6	-26	-4	0	1
Total	**1,133**	**587**	**446**	**810**	**-5**	**-12**	**2,959**

Breakdown
Jan-Dec 2019

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segment	Other and elimination	Nordea Group
Asset management commissions	553	97	4	801	0	0	1,455
Life and pension commissions	200	78	5	-32	0	0	251
Deposit products	9	13	1	0	0	0	23
Brokerage, securities issues and corporate finance	23	29	72	33	0	0	157
Custody and issuer services	6	5	34	0	-6	2	41
Payments	83	161	67	1	2	-7	307
Cards	173	28	12	0	0	7	220
Lending products	132	137	154	3	3	0	429
Guarantees	9	35	66	1	0	0	111
Other	20	11	18	-24	1	-9	17
Total	**1,208**	**594**	**433**	**783**	**0**	**-7**	**3,011**

Note 4 Net result from items at fair value

EURm	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Equity-related instruments	74	28	306	177	734
Interest-related instruments and foreign exchange gains/losses	-45	74	-160	667	98
Other financial instruments (including credit and commodities)	175	135	73	-24	103
Life & Pensions[1]	13	20	31	80	77
Total	**217**	**257**	**250**	**900**	**1,012**

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

Breakdown of Life & Pensions

EURm	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Equity-related instruments	488	400	337	397	1,571
Interest-related instruments and foreign exchange gains/losses	134	81	26	271	283
Investment properties	10	55	35	94	123
Change in technical provisions[1]	-427	-346	-236	-792	-1,794
Change in collective bonus potential	-204	-184	-137	60	-139
Insurance risk income	16	16	15	64	66
Insurance risk expense	-4	-2	-9	-14	-33
Total	**13**	**20**	**31**	**80**	**77**

[1] Premium income amounts to EUR 83m for the fourth quarter of 2020 and EUR 227m for January-December 2020 (Fourth quarter of 2019: EUR 187m; January-December 2019: EUR 394m).

Note 5 Other expenses

EURm	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Information technology	-151	-97	-140	-490	-530
Marketing and representation	-21	-8	-20	-46	-59
Postage, transportation, telephone and office expenses	-16	-13	-16	-57	-66
Rents, premises and real estate	-32	-35	-64	-128	-150
Resolution fee	-	-	-1	-202	-211
Other	-99	-92	-134	-363	-623
Total	**-319**	**-245**	**-375**	**-1,286**	**-1,639**

Note 6 Net loan losses

EURm	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Net loan losses, stage 1	-11	79	4	-155	-18
Net loan losses, stage 2	3	-15	-8	-200	-69
Net loan losses, non-defaulted	**-8**	**64**	**-4**	**-355**	**-87**
Stage 3, defaulted					
Net loan losses, individually assessed, collectively calculated	43	-3	-9	-127	-48
Realised loan losses	-228	-151	-148	-573	-452
Decrease in provisions to cover realised loan losses	130	119	98	377	321
Recoveries on previous realised loan losses	6	7	25	50	47
Reimbursement right	1	0	-1	0	3
New/increase in provisions	-91	-90	-150	-601	-571
Reversals of provisions	89	56	87	321	251
Net loan losses, defaulted	**-50**	**-62**	**-98**	**-553**	**-449**
Net loan losses	**-58**	**2**	**-102**	**-908**	**-536**

Key ratios

	Q4 2020	Q3 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Net loan loss ratio, amortised cost, bp	9	0	17	35	22
- of which stage 1	2	-13	-1	6	1
- of which stage 2	-1	3	1	8	3
- of which stage 3	8	10	17	21	18

Note 7 Loans and impairment

EURm	Total 31 Dec 2020	Total 31 Dec 2019
Loans measured at fair value	74,616	83,674
Loans measured at amortised cost, not impaired (stages 1 and 2)	259,864	254,716
Impaired loans (stage 3)	3,979	4,610
- of which servicing	1,788	2,312
- of which non-servicing	2,191	2,298
Loans before allowances	**338,459**	**343,000**
-of which central banks and credit institutions	*6,250*	*17,740*
Allowances for individually assessed impaired loans (stage 3)	-1,674	-1,686
-of which servicing	-760	-783
-of which non-servicing	-914	-903
Allowances for collectively assessed impaired loans (stages 1 and 2)	-774	-497
Allowances[1]	**-2,448**	**-2,183**
-of which central banks and credit institutions	*-4*	*-14*
Loans, carrying amount	**336,011**	**340,817**

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

EURm	31 Dec 2020 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	246,024	13,840	3,979	263,843
Interest-bearing securities[1]	37,023	-	-	37,023
Total	**283,047**	**13,840**	**3,979**	**300,866**

[1] Of which EUR 686m relates to the balance sheet item Financial instruments pledged as collateral.

EURm	31 Dec 2019 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	244,018	10,749	4,610	259,377
Interest-bearing securities[1]	33,269	-	-	33,269
Total	**277,287**	**10,749**	**4,610**	**292,646**

[1] Of which EUR 886m relates to the balance sheet item Financial instruments pledged as collateral.

Allowances and provisions

EURm	31 Dec 2020 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	-284	-490	-1,674	-2,448
Interest-bearing securities	-3	-	-	-3
Provisions for off-balance-sheet items	-72	-138	-26	-236
Total allowances and provisions	**-359**	**-628**	**-1,700**	**-2,687**

EURm	31 Dec 2019 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	-153	-344	-1,686	-2,183
Interest-bearing securities	-1	-	-	-1
Provisions for off-balance-sheet items	-33	-70	-41	-144
Total allowances and provisions	**-187**	**-414**	**-1,727**	**-2,328**

Movements of allowance accounts for loans measured at amortised cost

EURm	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2020	**-153**	**-344**	**-1,686**	**-2,183**
Changes due to origination and acquisition	-86	-32	-48	-166
Transfer from stage 1 to stage 2	6	-136	-	-130
Transfer from stage 1 to stage 3	1	-	-78	-77
Transfer from stage 2 to stage 1	-4	54	-	50
Transfer from stage 2 to stage 3	-	17	-64	-47
Transfer from stage 3 to stage 1	-1	-	9	8
Transfer from stage 3 to stage 2	-	-12	67	55
Changes due to change in credit risk (net)	-63	-65	-316	-444
Changes due to repayments and disposals	15	28	59	102
Write-off through decrease in allowance account	-	-	369	369
Translation differences	1	0	14	15
Balance as at 31 Dec 2020	**-284**	**-490**	**-1,674**	**-2,448**

Note 7 Continued

EURm	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2019	**-146**	**-295**	**-1,599**	**-2,040**
Changes due to origination and acquisition	-32	-9	-1	-42
Transfer from stage 1 to stage 2	6	-73	-	-67
Transfer from stage 1 to stage 3	1	-	-57	-56
Transfer from stage 2 to stage 1	-15	57	-	42
Transfer from stage 2 to stage 3	-	13	-159	-146
Transfer from stage 3 to stage 1	-10	-	14	4
Transfer from stage 3 to stage 2	-	-19	24	5
Changes due to change in credit risk (net)	24	-10	-221	-207
Changes due to repayments and disposals	24	37	53	114
Write-off through decrease in allowance account	-	-	312	312
Changes due to update in the methodology for estimation (net)	-	-40	-13	-53
Other changes	-5	-5	-28	-38
Translation differences	0	0	-11	-11
Balance as at 31 Dec 2019	**-153**	**-344**	**-1,686**	**-2,183**

Key ratios[1]	31 Dec 2020	31 Dec 2019
Impairment rate (stage 3), gross, basis points	151	178
Impairment rate (stage 3), net, basis points	87	113
Total allowance rate (stages 1, 2 and 3), basis points	93	84
Allowances in relation to impaired loans (stage 3), %	42	37
Allowances in relation to loans in stages 1 and 2, basis points	30	20

[1] For definitions, see Glossary.

Forbearance

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

On 13 March 2020 Nordea announced that it would offer COVID-19-related instalment-free periods in all Nordic countries to those mortgage and car finance household customers and SMEs who were experiencing temporary liquidity problems due to the COVID-19 situation. Nordea did not register COVID-19-related instalment-free periods as forbearance, and consequently did not automatically transfer the exposures to stage 2, due to the temporary nature of the instalment-free periods and as interest continued to accrue. On 1 October 2020 Nordea ended all temporary amendments to the credit risk framework and returned to its normal forbearance registration procedures, while still continuing to support customers through the crisis.

The carrying amount of loans on which Nordea had granted COVID-19-related instalment-free periods at the end of the fourth quarter of 2020 amounted to EUR 18.6bn, of which 91.2% was classified as stage 1, 7.7% as stage 2 and 1.1% as stage 3 (EUR 18.5bn, of which 90.9% was classified as stage 1, 8.5% as stage 2 and 0.6% as stage 3, at the end of September 2020).

Sensitivities

The provisions are sensitive to rating migration even if staging triggers are not reached. The table below shows the impact on provisions from a one-notch downgrade on all exposures in the bank. It includes both the impact of the higher risk for all exposures as well as 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 139m (EUR 141m at year-end 2019). 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 2020		31 Dec 2019	
EURm	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
Personal Banking	492	646	412	566
Business Banking	1,307	1,447	1,038	1,184
Large Corporates & Institutions	874	950	868	945
Other	14	29	10	20
Group	**2,687**	**3,072**	**2,328**	**2,715**

Note 7 Continued

Forward-looking information

Forward-looking information is used both for 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 2020, the scenarios were weighted into the final expected credit losses (ECL) using baseline 50%, adverse 45% and favourable 5% (baseline 60%, adverse 20% and favourable 20% at year-end 2019). The weight on the adverse scenario was increased as of the third quarter of 2020 to give more weight to the downside risks surrounding the expiry of customer support measures and the continuation of the pandemic. The baseline scenario was still maintained as the most probable one.

The macroeconomic scenarios are provided by Group Risk and Compliance (GRC) 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, and for periods beyond, a long-term average is used in the ECL calculations.

The macroeconomic scenarios reflect Nordea's view of how the COVID-19 virus and lockdowns will potentially impact the economic outlook. The scenarios also reflect the macroeconomic effects of government and central bank support measures. When developing the scenarios, Nordea took into account projections made by Nordic governments and central banks, Nordea Research and the ECB's macroeconomic forecasts for the euro area.

Following one of the largest contractions in output since the Second World War, the Nordic economies experienced a significant recovery in activity in the third quarter of 2020. Although the economic recovery during the second half of 2020 appeared to be relatively strong, growth in 2021 is predicted to be slow, as the outlook is still clouded by a very high level of uncertainty. The resurgence of the COVID-19 pandemic in the autumn of 2020, with renewed and widespread lockdowns in most of Europe, poses a serious threat to the export-dependent Nordic economies. The high level of uncertainty is also weighing on business investments. On the other hand, the eventual roll-out of vaccines, and the willingness of Nordic governments to extend special support measures for sectors hit by lockdowns, point to a continued but modest recovery in the baseline. This implies that the economic output of the Nordic countries will not return to pre-pandemic levels before 2022. The significant loss of output will continue to weigh on labour markets, leading to an additional rise in unemployment in 2021. The rise in unemployment and the impact on consumer confidence are also expected to weigh on housing markets in spite of the strong price increases seen in 2020 and the low interest rates.

Adjustments to model-based provisions amount to EUR 697m, including management judgements of EUR 650m and late corrections of EUR 47m. This management judgement covers projected loan losses not yet covered by the IFRS 9 model. The cyclical reserve amounted to EUR 450m at the end of the fourth quarter of 2020 (EUR 440m at the end of the third quarter of 2020) and identified issues in the IFRS 9 model to be later covered in model updates (structural reserve) amounted to EUR 200m (EUR 210m at the end of the third quarter of 2020). The cyclical reserve is supported by additional portfolio modelling and is triggered by the substantial uncertainty in the macroeconomic development, as well as the need to account for future rating downgrades potentially underestimated by the IFRS 9 model through the updated macroeconomic scenarios.

The estimation of the cyclical reserve was largely unchanged in the fourth quarter of 2020 compared with the third quarter of 2020. One important source of information in the estimation of the cyclical reserve was the internal stress testing model, adjusted for the impact of government support schemes. For the retail portfolio, the most important public sector actions have been the various forms of labour market support schemes, which have significantly decreased expected defaults and losses among households. Due to the wide scope of these schemes, Nordea decreased the modelled development of new defaults originally predicted by the internal stress testing models, leading to lower predicted loan losses. These models are based on historical observations and correlations. Thus, they are not capable of replicating the impact of the current government support schemes.

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

The stress test model-based scenario simulations supported loan loss forecasts by the business areas, and helped Nordea ensure that its loan loss projections were appropriately conservative. The cyclical reserve reflects management's expectation of future credit losses.

Note 7 Continued

Scenarios and allowances/provisions

31 Dec 2020

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

[1] Includes management judgements of EUR 650m and late corrections to the model of EUR 47m.

Note 7 Continued

Scenarios and allowances/provisions

31 Dec 2019

Denmark		2020	2021	2022	Unweighted ECL EURm	Probability weight	Model-based allowances/ provisions EURm	Adjustment model-based allowances/ provisions EURm	Individual allowances/ provisions EURm	Total allowances/ provisions EURm
Favourable scenario	GDP growth, %	2.1	2.1	2.1	237	20%				
	Unemployment, %	3.5	3.2	3.0						
	Change in household consumption, %	1.7	1.5	1.8						
	Change in house prices, %	2.3	3.8	3.4						
Baseline scenario	GDP growth, %	1.4	1.7	2.0	239	60%	240	123	454	817
	Unemployment, %	3.8	3.8	3.7						
	Change in household consumption, %	1.4	1.6	1.9						
	Change in house prices, %	2.0	2.6	3.0						
Adverse scenario	GDP growth, %	0.9	0.9	1.4	245	20%				
	Unemployment, %	3.9	4.1	4.3						
	Change in household consumption, %	1.1	1.3	1.4						
	Change in house prices, %	1.8	2.1	1.8						
Finland										
Favourable scenario	GDP growth, %	1.5	1.7	1.3	182	20%				
	Unemployment, %	6.4	6.3	6.4						
	Change in household consumption, %	1.9	1.2	1.0						
	Change in house prices, %	1.1	1.3	1.5						
Baseline scenario	GDP growth, %	1.1	1.1	0.9	185	60%	185	26	262	473
	Unemployment, %	6.6	6.7	6.8						
	Change in household consumption, %	1.4	1.0	1.0						
	Change in house prices, %	0.9	1.1	1.1						
Adverse scenario	GDP growth, %	0.8	0.5	0.4	187	20%				
	Unemployment, %	6.6	6.7	7.0						
	Change in household consumption, %	1.1	0.9	1.1						
	Change in house prices, %	1.0	0.8	0.3						
Norway										
Favourable scenario	GDP growth, %	2.2	2.3	2.0	94	20%				
	Unemployment, %	3.3	3.0	2.7						
	Change in household consumption, %	2.6	1.8	1.8						
	Change in house prices, %	3.6	4.3	4.0						
Baseline scenario	GDP growth, %	2.0	1.8	1.7	97	60%	98	86	322	506
	Unemployment, %	3.4	3.4	3.3						
	Change in household consumption, %	2.3	2.0	1.8						
	Change in house prices, %	3.5	3.8	3.8						
Adverse scenario	GDP growth, %	1.3	1.0	1.3	104	20%				
	Unemployment, %	3.7	4.1	4.7						
	Change in household consumption, %	1.5	1.6	2.0						
	Change in house prices, %	2.3	0	1.7						
Sweden										
Favourable scenario	GDP growth, %	1.7	2.7	2.6	96	20%				
	Unemployment, %	6.7	6.3	5.7						
	Change in household consumption, %	1.8	2.6	2.1						
	Change in house prices, %	1.1	2.6	3.3						
Baseline scenario	GDP growth, %	1.4	1.9	2.3	97	60%	97	12	171	280
	Unemployment, %	6.9	6.7	6.3						
	Change in household consumption, %	1.4	2.0	2.2						
	Change in house prices, %	1.1	2.4	2.9						
Adverse scenario	GDP growth, %	1.1	1.3	1.7	98	20%				
	Unemployment, %	6.9	7.0	7.1						
	Change in household consumption, %	1.0	1.6	2.9						
	Change in house prices, %	1.0	1.8	2.9						
Non-Nordic							15	2	235	252
Total							**635**	**249**	**1,444**	**2,328**

Note 7 Continued

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

31 Dec 2020

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

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

Note 7 Continued

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

31 Dec 2019

	Gross				Allowances				Loans carrying amount	Net loan
EURm	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total		losses[1]
Financial institutions	12,668	302	127	13,097	9	20	58	87	13,010	-27
Agriculture	2,562	178	285	3,024	4	20	138	161	2,863	-40
Crops, plantations and hunting	862	85	54	1,001	2	10	30	41	960	-16
Animal husbandry	499	69	193	760	2	10	108	119	642	-23
Fishing and aquaculture	1,201	24	37	1,263	0	1	0	1	1,261	0
Natural resources	3,349	124	791	4,264	2	3	317	323	3,942	-126
Paper and forest products	1,428	96	35	1,559	1	3	16	20	1,539	-3
Mining and supporting activities	447	11	10	468	0	0	3	4	464	6
Oil, gas and offshore	1,474	17	747	2,238	1	0	298	299	1,939	-129
Consumer staples	2,916	144	33	3,094	2	5	13	20	3,073	3
Food processing and beverages	1,068	60	25	1,153	1	2	9	11	1,142	7
Household and personal products	206	29	4	239	0	1	2	4	235	-1
Healthcare	1,642	55	4	1,701	1	2	2	5	1,696	-3
Consumer discretionary and services	6,878	526	189	7,593	7	29	104	140	7,453	-37
Consumer durables	1,276	135	47	1,458	1	6	22	29	1,429	-13
Media and entertainment	1,074	46	37	1,158	1	2	19	22	1,136	-8
Retail trade	2,677	221	88	2,985	4	17	49	69	2,917	-6
Air transportation	179	2	3	184	0	0	2	2	181	0
Accommodation and leisure	742	66	13	821	1	2	5	8	813	-3
Telecommunication services	930	56	1	987	1	1	7	9	978	-6
Industrials	26,967	1,815	787	29,568	24	70	370	463	29,105	-67
Materials	1,704	78	117	1,899	4	5	71	80	1,819	7
Capital goods	2,896	251	110	3,256	1	9	73	84	3,173	-6
Commercial and professional services	9,646	355	273	10,274	8	15	86	109	10,164	-35
Construction	5,294	399	119	5,812	5	12	74	91	5,721	-13
Wholesale trade	4,261	429	94	4,784	4	20	36	59	4,725	-4
Land transportation	2,028	210	57	2,295	1	4	22	27	2,268	-8
IT services	1,139	93	17	1,249	1	5	7	13	1,236	-8
Maritime	7,000	175	706	7,881	24	22	230	276	7,605	-62
Ship building	75	5	19	100	0	0	19	19	81	3
Shipping	6,702	167	686	7,555	24	22	211	257	7,299	-65
Maritime services	222	2	0	225	0	0	0	0	225	0
Utilities and public service	4,701	60	34	4,795	2	1	16	19	4,775	-7
Utilities distribution	1,909	26	30	1,964	0	0	13	14	1,950	-4
Power production	1,923	15	1	1,938	1	0	1	2	1,936	1
Public services	869	20	4	892	1	1	2	4	889	-4
Real estate	34,457	932	224	35,614	15	14	81	110	35,504	-7
Other industries and reimbursement rights	642	23	7	673	7	7	0	14	659	-8
Total Corporate	**102,140**	**4,280**	**3,183**	**109,603**	**95**	**191**	**1,327**	**1,612**	**107,991**	**-377**
Housing loans	103,768	4,047	630	108,446	10	13	29	52	108,393	29
Collateralised lending	16,569	1,221	444	18,233	26	48	186	260	17,973	-48
Non-collateralised lending	5,952	1,095	354	7,401	19	89	134	242	7,159	-138
Household	**126,289**	**6,363**	**1,427**	**134,079**	**55**	**149**	**350**	**554**	**133,525**	**-157**
Public sector	**4,038**	**27**	**0**	**4,065**	**0**	**2**	**0**	**2**	**4,062**	**-1**
Lending to the public	**232,467**	**10,670**	**4,610**	**247,747**	**150**	**342**	**1,677**	**2,169**	**245,577**	**-536**
Lending to central banks and credit institutions	**11,551**	**79**	**0**	**11,630**	**3**	**1**	**10**	**14**	**11,616**	**0**
Total	**244,018**	**10,749**	**4,610**	**259,377**	**153**	**343**	**1,687**	**2,183**	**257,193**	**-536**

[1] The table shows net loan losses related to on- and off-balance-sheet exposures for the full year 2019.

Note 8 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	32,955	-	-	-	32,955
Loans to central banks	2,965	158	-	-	3,123
Loans to credit institutions	1,441	1,682	-	-	3,123
Loans to the public	256,989	72,776	-	-	329,765
Interest-bearing securities	3,293	21,960	4,216	33,040	62,509
Financial instruments pledged as collateral	-	3,109	-	686	3,795
Shares	-	12,649	-	-	12,649
Assets in pooled schemes and unit-linked investment contracts	-	35,908	215	-	36,123
Derivatives	-	44,770	-	-	44,770
Fair value changes of the hedged items in portfolio hedge of interest rate risk	359	-	-	-	359
Other assets	1,425	11,220	-	-	12,645
Prepaid expenses and accrued income	292	-	-	-	292
Total 31 Dec 2020	**299,719**	**204,232**	**4,431**	**33,726**	**542,108**
Total 31 Dec 2019	297,826	212,746	4,257	29,779	544,608

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	21,070	2,869	-	23,939
Deposits and borrowings from the public	180,590	2,841	-	183,431
Deposits in pooled schemes and unit-linked investment contracts	-	-	37,534	37,534
Liabilities to policyholders	-	-	2,386	2,386
Debt securities in issue	118,102	-	56,207	174,309
Derivatives	-	47,033	-	47,033
Fair value changes of the hedged items in portfolio hedge of interest rate risk	2,608	-	-	2,608
Other liabilities[1]	4,748	14,755	-	19,503
Accrued expenses and prepaid income	222	-	-	222
Subordinated liabilities	6,941	-	-	6,941
Total 31 Dec 2020	**334,281**	**67,498**	**96,127**	**497,906**
Total 31 Dec 2019	339,266	69,872	93,680	502,818

[1] Of which lease liabilities classified in the category Amortised cost EUR 1,233m.

Note 9 Fair value of financial assets and liabilities

	31 Dec 2020		31 Dec 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	32,955	32,955	35,509	35,509
Loans	336,370	344,038	341,034	343,764
Interest-bearing securities	62,509	62,764	64,930	65,047
Financial instruments pledged as collateral	3,795	3,795	7,151	7,151
Shares	12,649	12,649	14,184	14,184
Assets in pooled schemes and unit-linked investment contracts	36,123	36,123	30,493	30,493
Derivatives	44,770	44,770	39,111	39,111
Other assets	12,645	12,645	11,857	11,857
Prepaid expenses and accrued income	292	292	339	339
Total	**542,108**	**550,031**	**544,608**	**547,455**
Financial liabilities				
Deposits and debt instruments	391,228	392,214	406,592	407,337
Deposits in pooled schemes and unit-linked investment contracts	37,534	37,534	31,859	31,859
Liabilities to policyholders	2,386	2,386	3,318	3,318
Derivatives	47,033	47,033	42,047	42,047
Other liabilities	18,270	18,270	17,562	17,562
Accrued expenses and prepaid income	222	222	215	215
Total	**496,673**	**497,659**	**501,593**	**502,338**

The determination of fair value is described in the Annual Report 2019, Note G41, "Assets and liabilities at fair value".

Note 10 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 & Pensions*	Valuation technique using observable data (Level 2)	*Of which Life & Pensions*	Valuation technique using non-observable data (Level 3)	*Of which Life & Pensions*	Total
Assets at fair value on the balance sheet[1]							
Loans to central banks	-	-	158	-	-	-	158
Loans to credit institutions	-	-	1,682	-	-	-	1,682
Loans to the public	-	-	72,776	-	-	-	72,776
Interest-bearing securities[2]	28,676	*1,161*	33,404	*3,073*	931	*67*	63,011
Shares	10,280	*9,302*	400	*280*	1,969	*835*	12,649
Assets in pooled schemes and unit-linked investment contracts	35,679	*31,609*	352	*352*	92	*92*	36,123
Derivatives	54	-	42,945	*28*	1,771	-	44,770
Other assets	-	-	11,189	-	31	*30*	11,220
Total 31 Dec 2020	**74,689**	***42,072***	**162,906**	***3,733***	**4,794**	***1,024***	**242,389**
Total 31 Dec 2019	61,634	*37,800*	181,494	*3,353*	3,654	*963*	246,782
Liabilities at fair value on the balance sheet[1]							
Deposits by credit institutions	-	-	2,869	-	-	-	2,869
Deposits and borrowings from the public	-	-	2,841	-	-	-	2,841
Deposits in pooled schemes and unit-linked investment contracts	-	-	37,534	*33,113*	-	-	37,534
Liabilities to policyholders	-	-	2,386	*2,386*	-	-	2,386
Debt securities in issue	45,548	-	8,878	-	1,781	-	56,207
Derivatives	84	-	45,340	*2*	1,609	-	47,033
Other liabilities	5,238	-	9,485	-	32	-	14,755
Total 31 Dec 2020	**50,870**	**-**	**109,333**	***35,501***	**3,422**	**-**	**163,625**
Total 31 Dec 2019	11,801	-	148,334	*30,813*	3,417	-	163,552

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.
[2] Of which EUR 3,795m relates to the balance sheet item Financial instruments pledged as collateral.

Transfers between Levels 1 and 2

During the year, Nordea transferred "Interest-bearing securities" (including such financial instruments pledged as collateral) of EUR 1,113m from Level 1 to Level 2 and of EUR 11,448m from Level 2 to Level 1 in the fair value hierarchy. Furthermore, Nordea transferred "Debt securities in issue" of EUR 735m from Level 1 to Level 2 and of EUR 32,916m from Level 2 to Level 1. Nordea also transferred "Other liabilities" of EUR 10m from Level 1 to Level 2 and of EUR 1,040m from Level 2 to Level 1. The main driver of the transfers during the year was an update to the rules for the categorisation of financial instruments into Levels 1, 2 and 3. This update had a significant impact on the categorisation of "Interest-bearing securities" and "Debt securities in issue", where the volume and frequency of trading of the individual instruments (ISINs) are now considered. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10 Continued

Movements in Level 3

EURm	1 Jan	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Recognised in OCI	Purchases/ Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Reclassification[1]	Translation differences	31 Dec
Interest-bearing securities	172	3	-2	-	641	-34	-3	421	-267	-	-	931
- of which Life & Pensions	*13*	-	*-2*	-	-	*-4*	-	*60*	-	-	-	*67*
Shares	2,034	93	-6	-	312	-283	-15	8	-92	-32	-50	1,969
- of which Life & Pensions	*860*	*25*	*-48*	-	*103*	*-93*	*-15*	*4*	-	-	*-1*	*835*
Assets in pooled schemes and unit-linked investment contracts	56	-	-4	-	46	-8	-1	3	-	-	-	92
- of which Life & Pensions	*56*	-	*-4*	-	*46*	*-8*	*-1*	*3*	-	-	-	*92*
Derivatives (net)	174	434	-49	-	-	-	-434	47	-10	-	-	162
Other assets	35	-	-	-	-	-	-4	-	-	-	-	31
- of which Life & Pensions	*34*	-	-	-	-	-	*-4*	-	-	-	-	*30*
Debt securities in issue	2,232	652	-980	-4	189	-	-651	347	*-4*	-	-	1,781
Other liabilities	2	-	-1	-	30	-	-	1	-	-	-	32
Total 2020, net	**237**	**-122**	**920**	**4**	**780**	**-325**	**194**	**131**	**-365**	**-32**	**-50**	**1,372**
Total 2019, net	-495	-51	503	8	-79	-588	707	167	-39	91	13	237

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

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. The main driver of the transfers into and out of Level 3 during the year was an update to the rules for the categorisation of financial instruments into Levels 1, 2 and 3. This mainly impacted the categorisation of "Derivatives", "Interest-bearing securities", "Shares" and "Debt securities in issue", where the volume and frequency of trading of the individual instruments (ISINs) are now considered. 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.

The valuation processes for fair value measurements in Level 3

For information about valuation processes for fair value measurement in Level 3, see the Annual Report 2019, Note G41, "Assets and liabilities at fair value".

Deferred Day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to the fact that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information see the Annual Report 2019, Note G1, "Accounting policies". The table below shows the aggregated difference yet to be recognised in the income statement at the beginning and end of the period. The table also shows a reconciliation of how this aggregated difference changed during the period (movement of deferred Day 1 profit).

Deferred Day 1 profit - derivatives, net

EURm	2020	2019
Opening balance at 1 Jan	125	81
Deferred profit on new transactions	125	85
Recognised in the income statement during the period[1]	-177	-41
Closing balance at 31 Dec	**73**	**125**

[1] Of which EUR -10m (EUR -m) due to transfers of derivatives from Level 3 to Level 2.

Note 10 Continued

Valuation techniques and inputs used in the fair value measurements in Level 3

EURm	Fair value	Of which Life & Pensions[1]	Valuation techniques	Unobservable input	Range of fair value[4]
Interest-bearing securities					
Public bodies	39	-	Discounted cash flows	Credit spread	-4/4
Mortgage and other credit institutions	687	*63*	Discounted cash flows	Credit spread	-64/64
Corporates[2]	201	-	Discounted cash flows	Credit spread	-20/20
Other	4	*4*	Discounted cash flows	Credit spread	-0/0
Total 31 Dec 2020	**931**	***67***			**-88/88**
Total 31 Dec 2019	172	*13*			-16/16
Shares					
Private equity funds	948	*470*	Net asset value[3]		-104/104
Hedge funds	81	*79*	Net asset value[3]		-7/7
Credit funds	464	*163*	Net asset value/market consensus[3]		-40/40
Other funds	199	*115*	Net asset value/Fund prices[3]		-17/17
Other[5]	369	*100*	-		-31/31
Total 31 Dec 2020	**2,061**	***927***			**-199/199**
Total 31 Dec 2019	2,090	*916*			-194/194
Derivatives, net					
Interest rate derivatives	274	-	Option model	Correlations Volatilities	-10/10
Equity derivatives	-37	-	Option model	Correlations Volatilities Dividends	-10/7
Foreign exchange derivatives	88	-	Option model	Correlations Volatilities	0/0
Credit derivatives	-165	-	Credit derivative model	Correlations Volatilities Recovery rates	-32/38
Other	2	-	Option model	Correlations Volatilities	-0/0
Total 31 Dec 2020	**162**	**-**			**-52/55**
Total 31 Dec 2019	174	-			-61/64
Debt securities in issue					
Issued structured bonds	1,781	-	Credit derivative model	Correlations Recovery rates Volatilities	-7/7
Total 31 Dec 2020	**1,781**	**-**			**-7/7**
Total 31 Dec 2019	2,232	-			-11/11
Other, net					
Other assets and Other liabilities, net	-1	*30*	-	-	-1/1
Total 31 Dec 2020	**-1**	***30***			**-1/1**
Total 31 Dec 2019	33	34			-4/4

[1] Investments in financial instruments are a major part of the life insurance business, acquired to fulfill the obligations behind the insurance and investments contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and consequently do not affect Nordea's equity.
[2] Of which EUR 155m is priced at a credit spread (the difference between the discount rate and the LIBOR) of 1.45%. A reasonable change in this credit spread would not affect the fair value due to callability features.
[3] The fair values are based on prices and net asset values provided by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in the assets behind the investments. For private equity funds, the dominant measurement methodology used by the custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by Invest Europe (formerly called EVCA). Approximately 50% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are a range of 3% to 100% compared with the values received from suppliers/custodians.
[4] The column "Range of fair value" shows the sensitivity of Level 3 financial instruments to changes in key assumptions. For more information, see the Annual Report 2019, Note G41, "Assets and liabilities at fair value".
[5] Of which EUR 92m related to assets in pooled schemes and unit-linked investment contracts.

Note 11 Risks and uncertainties

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

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

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

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

The Danish tax authorities have raised a claim for damages against Nordea of approximately DKK 900m relating to Nordea's provision of assistance to a foreign bank in connection with the said bank's reclaim of dividend tax on behalf of one of its customers. It is Nordea's assessment that it is not liable, and Nordea disputes the claim.

There are significant risks caused by the COVID-19 pandemic given the uncertainty of the economic impact on the markets in which Nordea operates. Depending on future developments, potential adverse impacts on income could arise due to lower net interest income, market volatility and reduced business activity impacting transaction volumes and customer activity. Potential future credit risks are addressed in Note 7 and the section "Net loan losses and similar net result". Depending on the duration and magnitude of the situation, there is a possibility that Nordea will not be able to meet its financial targets in very adverse scenarios.

Glossary

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 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.

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 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.

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.

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.

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.

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

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.

Allowance 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.

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.

For a list of further alternative performance measures and business definitions, please see https://www.nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports/ and the Annual Report 2019.

Nordea Bank Abp

Income statement

EURm	Q4 2020	Q4 2019	Jan-Dec 2020	Jan-Dec 2019
Operating income				
Interest income	857	1,239	3,906	4,930
Interest expense	-243	-615	-1,390	-2,555
Net interest income	**614**	**624**	**2,516**	**2,375**
Fee and commission income	594	599	2,223	2,354
Fee and commission expense	-139	-151	-525	-545
Net fee and commission income	**455**	**448**	**1,698**	**1,809**
Net result from securities trading and foreign exchange dealing	209	143	785	844
Net result from securities at fair value through fair value reserve	0	-163	13	77
Net result from hedge accounting	-14	226	-8	-31
Net result from investment properties	0	0	0	-1
Income from equity investments	975	1,043	1,681	1,746
Other operating income	152	277	483	581
Total operating income	**2,391**	**2,598**	**7,168**	**7,400**
Operating expenses				
Staff costs	-585	-511	-2,285	-2,544
Other administrative expenses	-240	-262	-799	-956
Other operating expenses	-100	-158	-593	-729
Depreciation, amortisation and impairment charges of tangible and intangible assets	-131	-99	-417	-1,128
Total operating expenses	**-1,056**	**-1,030**	**-4,094**	**-5,357**
Profit before loan losses	**1,335**	**1,568**	**3,074**	**2,043**
Net loan losses	-11	-91	-678	-464
Impairment on other financial assets	-107	-16	-107	-16
Operating profit	**1,217**	**1,461**	**2,289**	**1,563**
Income tax expense	-222	-207	-325	-125
Net profit for period	**995**	**1,254**	**1,964**	**1,438**

Nordea Bank Abp
Balance sheet

EURm	31 Dec 2020	31 Dec 2019
Assets		
Cash and balances with central banks	32,380	33,483
Debt securities eligible for refinancing with central banks	67,748	61,218
Loans to credit institutions	64,364	80,961
Loans to the public	135,873	144,077
Interest-bearing securities	9,085	4,695
Shares and participations	4,864	5,490
Investments in associated undertakings and joint ventures	90	87
Investments in group undertakings	14,686	14,190
Derivatives	45,155	39,371
Fair value changes of the hedged items in portfolio hedge of interest rate risk	85	71
Intangible assets	1,785	1,749
Tangible assets		
Properties and equipment	289	296
Investment properties	1	2
Deferred tax assets	398	453
Current tax assets	193	322
Retirement benefit assets	142	172
Other assets	14,048	13,140
Prepaid expenses and accrued income	1,012	1,202
Total assets	**392,198**	**400,979**
Liabilities		
Deposits by credit institutions and central banks	32,278	44,790
Deposits and borrowings from the public	190,649	175,286
Debt securities in issue	60,745	77,770
Derivatives	48,552	43,311
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,408	1,140
Current tax liabilities	181	596
Other liabilities	19,537	18,094
Accrued expenses and prepaid income	1,048	1,144
Deferred tax liabilities	0	14
Provisions	638	645
Retirement benefit obligations	296	375
Subordinated liabilities	6,888	9,789
Total liabilities	**362,220**	**372,954**
Equity		
Share capital	4,050	4,050
Additional Tier 1 capital holders	748	748
Invested unrestricted equity	1,063	1,080
Other reserves	-258	-321
Retained earnings	22,411	21,030
Profit or loss for the period[1]	1,964	1,438
Total equity	**29,978**	**28,025**
Total liabilities and equity	**392,198**	**400,979**
Off-balance-sheet commitments		
Commitments given to a third party on behalf of customers		
Guarantees and pledges	48,007	48,534
Other	1,024	1,120
Irrevocable commitments in favour of customers		
Securities repurchase commitments	-	-
Other	90,398	75,549

[1] Including anticipated dividends of EUR 465m (EUR 517m) from its subsidiaries.

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 Credit Institutions Act, the Decree of the Ministry of Finance on the financial statements and consolidated financial statements of credit institutions and investment firms, and the regulations of the Finnish Financial Supervision Authority.

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

The accounting policies and methods of computation are unchanged in comparison with Note P1 in the Annual Report 2019, except for those relating to the items presented in the section "Changed accounting policies and presentation" below. For more information see Note P1 in the Annual Report 2019.

Changed accounting policies and presentation

Changed presentation of trading in own shares (treasury shares)
From 1 January 2020 acquisitions of own shares have been reported as a reduction in "Invested unrestricted equity" and sales of own shares as an increase in "Invested unrestricted equity". Nordea Bank Abp's earlier policy was to present acquisitions and sales in "Retained earnings". Comparative figures have not been restated.

Acquisition of SG Finans AS

On 1 October 2020 the acquisition of 100% of the shares in SG Finans AS (now Nordea Finance Equipment AS) was completed. Nordea Finance Equipment AS is a Norwegian-domiciled company that provides equipment finance and factoring solutions. The company has 350 employees and operates in Denmark, Norway and Sweden. The acquisition of Nordea Finance Equipment AS supports Nordea's strategy to focus on core business in the Nordics. The acquisition is also aligned with the Group's priorities – to create great customer experiences, drive income growth initiatives and optimise operational efficiency.

A preliminary purchase price of EUR 604m was paid to Société Générale. The current estimate is that there will be an additional purchase price of NOK 5m (EUR 0m), to be paid in the first quarter of 2021. There is, in addition, a maximum contingent consideration of NOK 200m (EUR 19m, converted using the spot rate at 31 December 2020) to be paid if Nordea receives permission to use the IRB models in Nordea Finance Equipment AS before 1 October 2021.

For further information

- A webcast for media, investors and equity analysts will be held on 4 February at 10.30 EET (09.30 CET), during which Frank Vang-Jensen, President and Group CEO, will present the results.
- To participate in the webcast, please use the webcast link or dial one of the following numbers: +44 333 300 0804, +46 8 566 426 51, +358 9 817 103 10, +45 35 44 55 77, confirmation code 89478038#, no later than 10.20 EET (09.20 CET).
- The webcast will be directly followed by a Q&A audio session for investors and analysts with Frank Vang-Jensen, Ian Smith, Group CFO, and Matti Ahokas, Head of Investor Relations.
- After the call an indexed on-demand replay will be available here. The replay will be available until 25 February 2021. Please dial one of the following numbers: +44 333 300 0819, +46 8 519 993 85, +358 9 817 105 15, +45 82 33 31 90, confirmation code 301333667#.
- The event will be webcast live and the presentation slides will be posted on www.nordea.com/ir.
- The Q4 2020 report, investor presentations and fact book are available at www.nordea.com.

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Financial calendar

In week 9 – Annual Report 2020 release, including Board of Directors' report and financial statements. The Annual Report will be available at www.nordea.com.
24 March 2021 – Annual General Meeting
29 April 2021 – First-quarter report 2021 (silent period starts on 9 April 2021)
21 July 2021 – Second-quarter and half-year report 2021 (silent period starts on 7 July 2021)
21 October 2021 – Third-quarter report 2021 (silent period starts on 7 October 2021)

Helsinki 3 February 2021

Nordea Bank Abp

Board of Directors

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

This report is published in one additional language version, in Swedish. In the event of any inconsistencies between the Swedish language version and this English version, the Swedish version shall prevail.

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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