Nordea

First quarter 2021

First-quarter results 2021

Summary of the quarter:

- **Continued growth in business volumes and customer satisfaction across Nordics.** Mortgage volumes grew by 6% in local currencies, year on year, and lending to small and medium-sized enterprises increased by 7%. Assets under management increased by 33% to EUR 372bn, driven by market recovery and continued net inflows, especially into retail funds. Customer satisfaction scores continue to increase.
- **Strong result, driven by high income growth.** Operating profit increased by 75%, year on year, mainly driven by significantly higher total operating income, which increased by 21%. Net interest income increased by 9%, net fee and commission income increased by 8% and net fair value result was exceptionally high due to strong financial market activity.
- **Cost development in line with plan.** Increased resolution fees and exchange rate effects resulted in higher costs in the first quarter. Adjusted for those items, and the inclusion of Nordea Finance Equipment (NFE), total costs were down 3%, year on year. In 2021 the full expected resolution fee for the year (EUR 224m) was booked in the first quarter, whereas in 2020 the resolution fee had been booked in two instalments – EUR 153m in the first quarter and EUR 49m in the second. Staff costs were down 2%, even after including the costs from NFE. The full-year 2021 cost outlook is below EUR 4.6bn.
- **Strong credit quality with low realised net loan losses.** Net loan losses and similar net result amounted to EUR 52m or 6bp, compared with EUR 155m or 19bp in the first quarter of 2020. Realised net loan losses were low. The management judgement buffer was maintained at EUR 650m, as the full impact of the COVID-19 pandemic on Nordea's customers remains uncertain.
- **Profitability improving.** Return on equity increased to 11.0% from 6.9%, despite the very high equity base arising from undistributed dividends. Nordea's cost-to-income ratio with amortised resolution fees decreased to 48% from 57%, supported by strong income growth and continued cost efficiency. Earnings per share increased by 73% to EUR 0.19.
- **Continued capital build – dividend plan confirmed.** Nordea's CET1 ratio was up 150bp to 17.5%, 7.3 percentage points above the current regulatory requirement. The Annual General Meeting on 24 March authorised the Board to decide on a dividend payment of a maximum of EUR 0.72 (EUR 0.33 for 2019 and EUR 0.39 for 2020), to be distributed after September 2021, in line with the European Central Bank's guidance.
- **On track to reach 2022 financial targets.** Nordea is progressing towards its financial targets: a cost-to-income ratio of 50% and a return on equity above 10%. Nordea continues to focus on its three key priorities: to create great customer experiences, drive income growth initiatives and optimise operational efficiency.

(For further viewpoints, see the CEO comment on page 2. For definitions, see page 53).

Group quarterly results and key ratios Q1 2021

EURm	Q1 2021	Q1 2020	Chg %	Q4 2020	Chg %
Net interest income	1,212	1,109	9	1,169	4
Net fee and commission income	827	765	8	792	4
Net fair value result	370	110		217	71
Other income	11	18		41	
Total operating income	2,420	2,002	21	2,219	9
Total operating expenses excluding resolution fees	-1,095	-1,095	0	-1,218	-10
Total operating expenses	-1,319	-1,248	6	-1,218	8
Profit before loan losses	1,101	754	46	1,001	10
Net loan losses and similar net result	-52	-155		-28	
Operating profit	1,049	599	75	973	8
Cost-to-income ratio with amortised resolution fees, %	48	57		57	
Return on equity with amortised resolution fees, %	11.0	6.9		8.4	
Diluted earnings per share, EUR	0.19	0.11	73	0.18	6

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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

"For society, the first few months of 2021 have been a balancing act between managing ongoing COVID-19 restrictions and preparing exit strategies from the pandemic. At Nordea we are actively supporting and driving a sustainable recovery together with our customers. We have received encouraging feedback for our efforts and customer satisfaction scores continue to increase.

Our performance improved on the back of high levels of business and customer activity, and results in the quarter were strong. We continued to achieve good growth in business volumes across the Nordic region. Mortgage volumes grew by 6%, year on year, and lending to small and medium-sized enterprises increased by 7%. Assets under management (AuM) increased by 33% to EUR 372bn. The growth in AuM was supported not only by positive financial market development but also by a quarterly net inflow of EUR 3.3bn, over half of which was into retail funds.

Our operating profit increased by 75%, year on year, mainly driven by a 21% increase in total operating income. Net interest income grew by 9%, which is the highest growth rate in ten years. Net fee and commission income grew by 8% and was at its highest level since 2017. Net income from lending and savings fees increased, while net income from card fees was still about one-third below normal levels. Exceptionally strong financial market activity and valuation gains supported our net fair value result during the quarter.

We continued to work on our cost base and improve efficiency, while also driving income growth initiatives. Costs in the first quarter were elevated due to increased resolution fees and exchange rate effects. However, excluding these items, costs were lower than a year ago. Staff costs were down 2%, even after including the costs from Nordea Finance Equipment (NFE). We are focused on meeting our full-year target for costs to be below EUR 4.6bn, even though that is becoming more demanding due to high levels of business activity and strengthening exchange rates. Overall, exchange rates had a positive impact on results.

Our credit quality remained strong in the first quarter. Realised loan losses have been very low and net loan losses for the quarter were EUR 52m. However, we have kept our management judgement buffer unchanged at EUR 650m, as the full impact of the COVID-19 pandemic on Nordea's customers remains uncertain.

A combination of exceptionally strong revenue growth and continuous cost discipline drove our cost-to-income ratio down to 48%, compared with 57% a year ago. Return on equity increased to 11.0% from 6.9%, despite the negative impact of the high equity base.

All business areas remain focused on delivering on their targets. In Personal Banking mortgage lending volumes grew by 6%, year on year – the highest growth rate since 2016. Positive net fund inflows continued and savings income grew by 6%. Adjusted for resolution fees, costs increased by 1%, and the cost-to-income ratio improved to 52%. Customer satisfaction continued to increase.

In Business Banking customer lending volumes grew by 7%, year on year. The growth accelerated towards the end of the quarter, with progress in Norway and Sweden in particular. Adjusted for resolution fees, costs increased by 3% due to the inclusion of NFE. I am very glad to see an improvement in customer satisfaction – particularly in Sweden, where, according to the Prospera rankings, we climbed from fifth to first place for personal contact and ranked second overall.

We continue to reposition Large Corporates & Institutions with a view to achieving a more focused and profitable business area. We saw very high levels of customer activity across our focus segments, especially in our capital markets business. In addition, our Markets income was very strong during the quarter. The first quarter of 2021 was the third quarter in a row with a return on capital at risk above 10%.

In Asset & Wealth Management AuM increased by 33%, year on year, to an all-time high of EUR 372bn. It was especially pleasing to see increased momentum in retail fund net inflows, which totalled EUR 1.7bn in the quarter. We saw high levels of interest in our sustainability products, and customer satisfaction remained high.

By the end of the quarter our Group CET1 ratio had increased by 150bp to 17.5%, making us one of the best capitalised banks in Europe. We have a buffer of 7.3 percentage points above the current regulatory requirement, even after having deducted both the 2019 and 2020 dividends and the 2021 dividend accrued thus far.

Our capital position enables us to both support our customers and pay out dividends to our shareholders. Our dividend plan is clear and was confirmed by the Annual General Meeting (AGM) on 24 March. The AGM authorised the Board to decide on a dividend payment of a maximum of EUR 0.72, to be distributed after September 2021, in line with the European Central Bank's guidance.

In addition, our AGM approved the proposal for increased share buy-backs. As communicated earlier, share buy-backs are an important tool to distribute excess capital to our shareholders. We plan to implement buy-backs after the current restrictions are repealed.

We have now been executing our business plan for a year and a half, and are well on track to meet our financial targets for 2022. We are determined to continuously improve our performance by focusing on our three key priorities: to create great customer experiences, drive income growth initiatives and optimise operational efficiency. We will also continue to integrate sustainability into our business strategy and take the necessary steps to become a net-zero emissions bank by 2050 at the latest.

I am confident that we are moving towards brighter times and steadily beating the virus. Nordea will enter the post-pandemic future in a position of strength. Our direction is clear: to be a strong and personal financial partner, a more profitable bank, and a safe and trusted contributor to society."

Frank Vang-Jensen
President and Group CEO

Outlook

Key priorities to meet 2022 financial targets

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

Financial targets for 2022

Nordea's financial targets for 2022 are:

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

Costs (operating expenses)

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

Capital policy

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

Dividend policy

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

Table of contents

Income statement

EURm	Q1 2021	Q1 2020	Chg %	Local curr. %	Q4 2020	Chg %	Local curr. %
Net interest income	1,212	1,109	9	6	1,169	4	2
Net fee and commission income	827	765	8	6	792	4	3
Net result from items at fair value	370	110			217	71	70
Profit from associated undertakings and joint ventures accounted for under the equity method	-14	-2			5		
Other operating income	25	20	25	20	36	-31	-35
Total operating income	**2,420**	**2,002**	**21**	**19**	**2,219**	**9**	**8**
Staff costs	-682	-699	-2	-4	-722	-6	-6
Other expenses	-486	-419	16	14	-319	52	50
Depreciation, amortisation and impairment charges of tangible and intangible assets	-151	-130	16	15	-177	-15	-16
Total operating expenses	**-1,319**	**-1,248**	**6**	**4**	**-1,218**	**8**	**7**
Profit before loan losses	**1,101**	**754**	**46**	**44**	**1,001**	**10**	**8**
Net loan losses and similar net result	-52	-155	-66	-67	-28	86	82
Operating profit	**1,049**	**599**	**75**	**72**	**973**	**8**	**6**
Income tax expense	-261	-139	88	85	-248	5	4
Net profit for the period	**788**	**460**	**71**	**68**	**725**	**9**	**7**

Business volumes, key items[1]

EURbn	31 Mar 2021	31 Mar 2020	Chg %	Local curr. %	31 Dec 2020	Chg %	Local curr. %
Loans to the public	333.6	324.3	3	-2	329.8	1	1
Loans to the public, excluding repos	320.3	295.4	8	3	317.6	1	1
Deposits and borrowings from the public	198.2	174.0	14	9	183.4	8	8
Deposits from the public, excluding repos	194.5	169.2	15	10	182.1	7	7
Total assets	591.1	600.4	-2		552.2	7	
Assets under management	371.7	280.4	33		353.8	5	
Equity	34.5	31.5	10		33.7	2	

Ratios and key figures[2]

	Q1 2021	Q1 2020	Chg %	Q4 2020	Chg %
Diluted earnings per share (DEPS), EUR	0.19	0.11	73	0.18	6
EPS, rolling 12 months up to period end, EUR	0.64	0.38	68	0.55	16
Share price[1], EUR	8.41	5.13	64	6.67	26
Equity per share[1], EUR	8.53	7.79	9	8.35	2
Potential shares outstanding[1], million	4,050	4,050	0	4,050	0
Weighted average number of diluted shares, million	4,040	4,038	0	4,039	0
Return on equity, %	9.4	5.9		8.9	
Return on tangible equity, %	10.6	6.6		10.0	
Return on risk exposure amount, %	2.0	1.2		1.9	
Return on equity with amortised resolution fees, %	11.0	6.9		8.4	
Cost-to-income ratio, %	55	62		55	
Cost-to-income ratio with amortised resolution fees, %	48	57		57	
Net loan loss ratio, incl. loans held at fair value, bp	6	19		3	
Common Equity Tier 1 capital ratio[1,3], %	17.5	16.0		17.1	
Tier 1 capital ratio[1,3], %	19.2	17.8		18.7	
Total capital ratio[1,3], %	20.9	20.2		20.5	
Tier 1 capital[1,3], EURbn	29.6	27.1	9	29.1	2
Risk exposure amount[1], EURbn	154	152	1	155	-1
Return on capital at risk, %	13.6	7.2		12.1	
Return on capital at risk with amortised resolution fees, %	15.8	8.4		11.5	
Number of employees (FTEs)[1]	27,800	28,292	-2	28,051	-1
Economic capital[1], EURbn	23.4	25.8	-9	23.5	-1

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

Macroeconomy and financial markets[1]

Economic outlook

The global economy slowed during the fourth quarter of 2020, as new containment measures were introduced in many countries amid the second and third waves of the COVID-19 pandemic. Economic policies remained accommodative. The new US administration implemented a large stimulus package, which, in combination with the roll-out of global vaccine programmes and sharply rising commodity prices, led to increasing inflation expectations and higher interest rates. Equity markets continued to perform strongly.

The recovery of the global economy is expected to gain speed during the second quarter of 2021 as more economies reopen. Pre-COVID-19 global gross domestic product (GDP) levels are expected to be reached by the end of the year.

The Nordic countries have been among the best performing countries globally during the pandemic. However, they all experienced a relatively weak end to 2020 due to new containment measures, which lasted into the first quarter of 2021. The recovery is expected to gain speed in the Nordics during the second quarter.

Denmark

Danish GDP increased by 0.7%, quarter on quarter, in the fourth quarter of 2020. In 2020 as a whole, the country's GDP decreased by 2.7%. Exports fell marginally after a strong rebound in the third quarter, while private consumption increased strongly due to the payout of frozen holiday pay in October. A sharp increase in the number of COVID-19 cases in the late autumn of 2020 led to new, harsh containment measures. These in turn led to an increase in the unemployment rate, which stood at 4.6% at the end of February 2021. However, a gradual reopening of the Danish economy began on 1 March. House prices have increased sharply over the past 12 months and were 12.3% higher in March 2021 than in the same month last year. The Danish krone has appreciated against the euro since the independent interest rate hike in March 2020. This caused Danmarks Nationalbank to intervene in the foreign exchange market in February and March.

Finland

Finnish GDP grew by 0.4%, quarter on quarter, in the fourth quarter of 2020. In 2020 as a whole, the country's GDP decreased by 2.8%. Exports of goods and services grew rapidly in the fourth quarter, while private consumption remained almost unchanged. In March 2021 the COVID-19 situation deteriorated somewhat, slowing down the recovery in private consumption. The unemployment rate stood at 8.1% in February and employment remained at similar levels to those of last year. House prices increased by 1.2%, year on year, in February. Prices increased by 3.4% in Greater Helsinki and declined by 0.9% in the rest of the country. While building permits and starts increased, construction activity as a whole continued to decline.

Norway

Norwegian mainland GDP grew by 1.8%, quarter on quarter, in the fourth quarter of 2020. In 2020 as a whole, the country's GDP decreased by 2.5%. Amid the introduction of stricter containment measures in the first quarter of 2021, unemployment increased slightly, and stood at 4.2% in March. COVID-19 restrictions continued to weigh on growth. Infection rates rose during the first quarter, but the overall situation has remained under control. House prices continued to rise and were 12.5% higher in March 2021 than in the same month last year. Norges Bank has stated that the first rate hike will come either during September or December 2021 – we expect that it will be in September. The Norwegian krone strengthened significantly during the first quarter due to a higher oil price and signals of early rate hikes from the central bank.

Sweden

Swedish GDP edged down by 0.2%, quarter on quarter, in the fourth quarter of 2020. In 2020 as a whole, the country's GDP decreased by 2.8%. Exports continued to perform well in the fourth quarter, while domestic demand decreased. Although COVID-19 infection rates rose again during the first quarter of 2021, the initial positive effects of the vaccine roll-out also started to emerge. Indicators suggest that GDP growth was resilient in the first quarter despite new restrictions related to the virus. The situation in the labour market improved, with the unemployment rate falling to 8.4% in March. House prices increased markedly and were 20.3% higher in March 2021 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 kept unchanged and will cover the remainder of 2021. The trade-weighted Swedish krona weakened by 3% in the course of the first quarter.

[1]Source: Nordea Economic Research

Group results and performance

First quarter 2021

Net interest income

Q1/Q1: Net interest income increased by 9%. The main drivers were increased SME and mortgage lending volumes, and margins, which included the benefit of EUR 28m in funding from the European Central Bank under the third targeted longer-term refinancing operations programme (TLTRO III). Nordea Finance Equipment (NFE) contributed positively to net interest income, as did exchange rate effects, which had a positive impact of approximately EUR 31m.

Q1/Q4: Net interest income increased by 4% to EUR 1,212m, mainly driven by margins, which included the EUR 28m TLTRO benefit. This was partly offset by the negative impact of a lower day count.

Lending volumes

Q1/Q1: Loans to the public excluding repurchase agreements were up 3% in local currencies. Lending volumes increased in local currencies in Personal Banking and Business Banking, but decreased as planned in Large Corporates & Institutions.

Q1/Q4: Loans to the public excluding repurchase agreements were up 1% in local currencies. Lending volumes increased in local currencies in Personal Banking and Business Banking, but decreased as planned in Large Corporates & Institutions.

Deposit volumes

Q1/Q1: Total deposits from the public excluding repurchase agreements were up 10% in local currencies. Deposit volumes increased in local currencies in Personal Banking, Business Banking and Large Corporates & Institutions.

Q1/Q4: Total deposits from the public excluding repurchase agreements were up 7% in local currencies. Deposit volumes increased in local currencies in Personal Banking, Business Banking and Large Corporates & Institutions.

Net interest income per business area

								Local currency	
	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
EURm									
Personal Banking	562	535	543	501	515	9%	5%	7%	3%
Business Banking	395	383	351	339	347	14%	3%	11%	1%
Large Corporates & Institutions	240	228	226	214	221	9%	5%		
Asset & Wealth Management	19	16	16	17	18	6%	19%	6%	12%
Group Functions	-4	7	10	20	8				
Total Group	**1,212**	**1,169**	**1,146**	**1,091**	**1,109**	**9%**	**4%**	**6%**	**2%**

Change in net interest income (NII)

	Q1/Q4	Jan-Mar 21/20
EURm		
NII beginning of period	**1,169**	**1,109**
Margin-driven NII	**40**	**71**
Lending margin	-3	24
Deposit margin	13	-13
Cost of funds	30	60
Volume-driven NII	**2**	**33**
Lending volume	2	40
Deposit volume	0	-7
Day count	-24	-12
Other[1]	25	11
NII end of period	**1,212**	**1,212**
[1] of which FX	22	31

Net fee and commission income

Q1/Q1: Net fee and commission income increased by 8%. The main drivers were growth in net income from savings and investments and an increase in lending-related net fee and commission income. These were partly offset by lower card-related net fee and commission income.

Q1/Q4: Net fee and commission income increased by 4% to EUR 827m. The main drivers were growth in net income from savings and investments and an increase in lending-related net fee and commission income.

Savings and investment commissions

Q1/Q1: Net fee and commission income from savings and investments increased by 12%, mainly driven by growth in assets under management (AuM) and higher levels of customer activity in the brokerage and advisory business.

Q1/Q4: Net fee and commission income from savings and investments increased by 2% to EUR 563m, mainly driven by growth in AuM. End-of-period AuM increased by 5%, or EUR 18bn, to EUR 372bn, with a net inflow of EUR 3.3bn during the quarter.

Payments and cards and lending-related commissions

Q1/Q1: Net fee and commission income from payments and cards decreased by 7%, mainly due to lower card-related income driven by COVID-19. Lending-related net fee and commission income increased by 16%, mainly due to higher levels of customer activity.

Q1/Q4: Net fee and commission income from payments and cards increased by 5% to EUR 115m. Lending-related net fee and commission income increased by 4% to EUR 146m.

Net fee and commission income per business area

								Local currency	
	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
EURm									
Personal Banking	296	290	279	267	295	0%	2%	-1%	1%
Business Banking	166	159	135	125	150	11%	4%	9%	2%
Large Corporates & Institutions	137	116	118	101	124	10%	18%		
Asset & Wealth Management	235	228	204	186	200	18%	3%	17%	2%
Group Functions	-7	-1	-7	-6	-4				
Total Group	**827**	**792**	**729**	**673**	**765**	**8%**	**4%**	**6%**	**3%**

Net fee and commission income per category

								Local currency	
	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
EURm									
Savings and investments, net	563	552	493	450	503	12%	2%	11%	1%
Payments and cards, net	115	110	110	105	124	-7%	5%	-9%	3%
Lending-related, net	146	140	127	120	126	16%	4%	14%	3%
Other commissions, net	3	-10	-1	-2	12				
Total Group	**827**	**792**	**729**	**673**	**765**	**8%**	**4%**	**6%**	**3%**

Assets under management (AuM), volumes and net flow

						Net flow
	Q121	Q420	Q320	Q220	Q120	Q121
EURbn						
Nordic Retail funds	78.5	73.9	66.6	63.2	55.6	1.7
Private Banking	107.2	100.8	92.7	87.8	77.0	1.6
Institutional sales	124.5	121.4	112.7	108.5	101.7	-1.0
Life & Pension	61.6	57.6	54.2	51.9	46.1	1.0
Total	**371.7**	**353.8**	**326.2**	**311.4**	**280.4**	**3.3**

Net result from items at fair value

Q1/Q1: Net result from items at fair value increased by 236%, driven by higher positive investment valuations in Treasury and exceptionally strong trading income in Markets. In the first quarter of 2020 negative valuation adjustments had impacted both Treasury and Markets.

Q1/Q4: Net result from items at fair value increased by 71% to EUR 370m, driven by exceptionally strong trading income in Markets. Income in the customer businesses also improved.

Net result from items at fair value per business area

EURm	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4
Personal Banking	15	22	14	48	16	-6%	-32%
Business Banking	71	65	52	72	72	-1%	9%
Large Corporates & Institutions	245	101	132	150	62		
Asset & Wealth Mgmt. excl. Life & Pension	10	3	4	6	9	14%	
Life & Pension	28	13	20	21	26	7%	
Group Functions	1	13	35	19	-75		
Total Group	**370**	**217**	**257**	**316**	**110**		**71%**

Equity method

Q1/Q1: Income from companies accounted for under the equity method was EUR -14m, down from EUR -2m, driven by an impairment charge.

Q1/Q4: Income from companies accounted for under the equity method was EUR -14m, down from EUR 5m, driven by an impairment charge.

Other operating income

Q1/Q1: Other operating income increased by EUR 5m to EUR 25m.

Q1/Q4: Other operating income decreased by EUR 11m to EUR 25m. The fourth quarter of 2020 had included the sale of the Group's interest in Automatia, amounting to EUR 10m.

Total operating income per business area

								Local currency	
EURm	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
Personal Banking	877	847	838	818	828	6%	4%	4%	2%
Business Banking	641	617	543	542	574	12%	4%	10%	2%
Large Corporates & Institutions	622	445	476	465	407	53%	40%		
Asset & Wealth Management	292	263	247	228	259	13%	11%	12%	10%
Group Functions	-12	47	51	37	-66				
Total Group	**2,420**	**2,219**	**2,155**	**2,090**	**2,002**	**21%**	**9%**	**19%**	**8%**

Total operating expenses

Q1/Q1: Total operating expenses were up 6% due to higher resolution fees and higher depreciation and amortisation. These were partly offset by lower staff costs. Adjusted for resolution fees, exchange rate effects and the integration of NFE, total expenses were down 3%, year on year. Exchange rate effects had a negative impact of approximately EUR 20m on total operating expenses.

Q1/Q4: Total operating expenses increased by 8% to EUR 1,319m due to higher resolution fees. These were partly offset by lower staff costs and other expenses. Adjusted for resolution fees, total expenses decreased by 10%, quarter on quarter.

Staff costs

Q1/Q1: Staff costs were down 2%, reflecting the lower number of employees.

Q1/Q4: Staff costs decreased by 6% to EUR 682m, mainly due to lower variable pay and lower one-time expenses.

Other expenses

Q1/Q1: Other expenses were up 16% due to higher resolution fees. In the first quarter of 2021 the expected full-year resolution fee of EUR 224m was recorded. In 2020 resolution fees had been recorded in both the first and second quarters (amounting to EUR 153m and EUR 49m, respectively). Adjusted for resolution fees, other expenses decreased by 1%.

Q1/Q4: Other expenses increased by 52% to EUR 486m due to higher resolution fees. Adjusted for resolution fees, other expenses decreased by 18%. The fourth quarter of 2020 had included higher IT costs and provisions for costs related to the NFE integration.

Depreciation and amortisation

Q1/Q1: Depreciation and amortisation increased by 16%, reflecting an increased run rate.

Q1/Q4: Depreciation decreased by 15% to EUR 151m, as the fourth quarter of 2020 had included additional IT impairments.

FTEs

Q1/Q1: The number of employees (FTEs) was 27,800 at the end of the first quarter, a decrease of 2%. In the fourth quarter of 2020 353 FTEs had been added as a result of the NFE integration. Excluding the latter, the number of FTEs was down 3%.

Q1/Q4: The number of FTEs was down 1%.

Total operating expenses

								Local currency	
	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
EURm									
Staff costs	-682	-722	-686	-645	-699	-2%	-6%	-4%	-6%
Other expenses	-486	-319	-245	-303	-419	16%	52%	14%	50%
Depreciation	-151	-177	-158	-140	-130	16%	-15%	15%	-16%
Total Group	**-1,319**	**-1,218**	**-1,089**	**-1,088**	**-1,248**	**6%**	**8%**	**4%**	**7%**

Total operating expenses per business area

								Local currency	
	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
EURm									
Personal Banking	-503	-449	-436	-450	-468	7%	12%	5%	11%
Business Banking	-332	-286	-262	-271	-308	8%	16%	5%	14%
Large Corporates & Institutions	-285	-193	-180	-192	-267	7%	48%		
Asset & Wealth Management	-126	-136	-126	-129	-130	-3%	-7%	-4%	-8%
Group Functions	-73	-154	-85	-46	-75				
Total Group	**-1,319**	**-1,218**	**-1,089**	**-1,088**	**-1,248**	**6%**	**8%**	**4%**	**7%**

Exchange rate effects

	Q1/Q1	Q1/Q4
percentage points		
Income	2	1
Expenses	2	1
Operating profit	3	2
Loan and deposit volumes	5	0

Net loan losses and similar net result

The Nordea Group's net loan losses and similar net result for the first quarter amounted to EUR 52m (6bp), down from EUR 155m (19bp) in the first quarter of 2020.

The performance of our credit portfolio remained strong in the quarter, despite the ongoing pandemic. We kept our management judgement allowance at EUR 650m, thereby ensuring an adequate reserve to cover expected credit losses related to COVID-19.

Main drivers of loan losses and similar net result
Net loan losses on individual exposures (stage 3) amounted to EUR 83m. Collective provisions for the credit portfolio (stages 1, 2 and 3) amounted to reversals of EUR 20m and the fair value gain in Nordea Kredit's mortgage portfolio was EUR 11m. The net losses were primarily driven by a few individual corporate customers within the sectors significantly affected by COVID-19, specifically Retail trade; Shipping, oil and offshore; and Commercial and professional services.

Net loan losses and similar net result amounted to EUR 7m in Personal Banking, EUR 16m in Business Banking, EUR 27m in Large Corporations & Institutions and EUR 3m in Asset & Wealth Management.

COVID-19 impacts
Portfolio credit quality was stable throughout the quarter, with slightly positive net rating migration (upgrades exceeding downgrades) and a continued reduction in new defaults. It can still be expected that some customers will suffer further from the pandemic, especially where government support measures are not available to counter its impact. We continue to closely monitor the evolution of credit risk in the sectors affected by COVID-19 and maintain a close dialogue with the affected customers.

Nordea provided COVID-19-related instalment-free periods for more than 100,000 customers in 2020, equivalent to a total loan amount of EUR 19bn. More than half of these periods have now expired. Those remaining equate to a total loan amount of EUR 8.5bn, corresponding to 2% of Nordea's portfolio. The vast majority of the customers whose instalment-free periods have expired have returned to normal repayment schedules.

Less than 5% of the customers who were granted instalment-free periods due to the pandemic have been classified as forborne (or in default), according to our standard credit risk assessment criteria, following the expiry of their instalment-free period.

Collective provisions and management judgement allowance
Collective provisions were reduced by EUR 10m, relatively unchanged, reflecting stable portfolio credit quality and a macroeconomic outlook consistent with that of the fourth quarter of 2020. The overall management judgement allowance was maintained at EUR 650m. Some additions were made to the management judgement allowance for individual portfolios, while parts of the allowance were released to cover COVID-19-related loan losses (cyclical reserve component) and reflect reduced provisioning needs related to aged non-performing loans (structural reserve component).

Credit portfolio

Total lending to the public excluding reverse repurchase agreements increased to EUR 320bn from EUR 318bn in the fourth quarter of 2020, corresponding to an increase of 1% in local currencies.

Loans to the public measured at fair value excluding reverse repurchase agreements increased to EUR 63bn from EUR 61bn in the fourth quarter of 2020. At the end of the first quarter of 2021 the fair value portfolio mainly comprised Danish mortgage lending, which amounted to EUR 57bn, up from EUR 56bn in the fourth quarter of 2020.

Lending to the public measured at amortised cost before allowances increased to EUR 258bn from EUR 257bn in the fourth quarter of 2020. 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 increases in lending classified as stage 2 (related to a small number of COVID-19-affected customers) and stage 3 (largely driven by exchange rate effects). Stage 3 loans at amortised cost decreased by 11%, year on year, to EUR 4.0bn (1.5% of lending measured at amortised cost), and increased by 1%, quarter on quarter. Stage 2 loans amounted to EUR 14.4bn (5.5% of lending measured at amortised cost), up 4%, quarter on quarter, due to an increase in COVID-19-affected customers.

The coverage ratio was 3.4% for stage 2 (down from 3.5% in the previous quarter) and 42% for stage 3 (unchanged from the previous quarter).

The gross impairment rate (stage 3) increased to 1.53% for loans at amortised cost from 1.51% in the fourth quarter of 2020. The fair value impairment rate decreased to 1.31% from 1.40%.

Net loan loss ratios

	Q121	Q420	Q320	Q220	Q120
Basis points of loans, amortised cost[1]					
Net loan loss ratios, annualised, Group	10	9	0	115	26
of which stages 1 and 2	-2	1	-10	66	2
of which stage 3	12	8	10	49	24
Basis points of loans, total[1,2]					
Net loan loss ratio, including loans held at fair value, annualised, Group	6	3	-2	85	19
Personal Banking total	2	3	-1	58	11
PeB Denmark	-12	-11	-3	50	13
PeB Finland	16	15	5	107	9
PeB Norway	2	9	-11	63	4
PeB Sweden	6	2	3	26	15
Business Banking total	7	11	-4	110	30
BB Denmark	-2	-3	-2	55	-6
BB Finland	22	16	8	175	91
BB Norway	0	23	-16	155	28
BB Sweden	11	8	-3	93	20
Large Corporates & Institutions total	18	-1	-6	126	26
LC&I Denmark	-59	-10	-23	135	-16
LC&I Finland	0	-5	-22	109	18
LC&I Norway	108	3	109	318	161
LC&I Sweden	5	22	-113	183	-6

[1] Negative amounts are net reversals.
[2] Net loan losses and net result on loans in hold portfolios mandatorily held at fair value divided by total lending at amortised cost and at fair value, basis points.

Profit

Operating profit

Q1/Q1: Operating profit increased by EUR 450m, or 75%, to EUR 1,049m.

Q1/Q4: Operating profit increased by EUR 76m, or 8%, to EUR 1,049m.

Taxes

Q1/Q1: The income tax expense amounted to EUR 261m, up from EUR 139m, corresponding to a tax rate of 24.9%, compared with 23.2% in the first quarter of 2020.

Q1/Q4: The income tax expense was largely unchanged and the tax rate was down from 25.5%.

Net profit

Q1/Q1: Net profit increased by EUR 328m to EUR 788m. Return on equity was 9.4%, up from 5.9%. With amortised resolution fees, return on equity was 11.0%, up from 6.9%.

Q1/Q4: Net profit increased by EUR 63m to EUR 788m. Return on equity was 9.4%, up from 8.9%. With amortised resolution fees, return on equity was 11.0%, up from 8.4%.

Q1/Q1: Diluted earnings per share were EUR 0.19, compared with EUR 0.11.

Q1/Q4**:** Diluted earnings per share were EUR 0.19, compared with EUR 0.18.

Operating profit per business area

								Local currency	
	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
EURm									
Personal Banking	367	387	407	142	321	14%	-5%	11%	-7%
Business Banking	293	305	289	35	204	44%	-4%	41%	-6%
Large Corporates & Institutions	310	253	306	45	88		23%		
Asset & Wealth Management	163	129	118	97	129	26%	26%	26%	25%
Group Functions	-84	-101	-35	-13	-143				
Total Group	**1,049**	**973**	**1,085**	**306**	**599**	**75%**	**8%**	**72%**	**6%**

Capital position and risk exposure amount

The Nordea Group's Common Equity Tier 1 (CET1) capital ratio increased to 17.5% at the end of the first quarter from 17.1% in the fourth quarter of 2020. The current regulatory CET1 requirement is 10.2%. CET1 capital increased by EUR 0.4bn, mainly due to higher profit accumulation net of dividend accrual and a positive contribution from defined benefit pension plans through other comprehensive income.

The risk exposure amount decreased by EUR 1.4bn, primarily due to the implementation of the waiver for structural FX positions, approved by the European Central Bank; the removal of the Finnish risk weight floor; and a reduction in derivative volumes. These developments were somewhat offset by increases in capital floors and other assets.

The Group's Tier 1 capital ratio increased to 19.2% in the first quarter from 18.7% in the fourth quarter of 2020. The total capital ratio increased slightly to 20.9%, primarily driven by the movements in CET1 capital, which were partly offset by regulatory amortisation of Tier 2 instruments.

At the end of the first quarter CET1 capital amounted to EUR 27.0bn, Tier 1 capital amounted to EUR 29.6bn and own funds amounted to EUR 32.2bn.

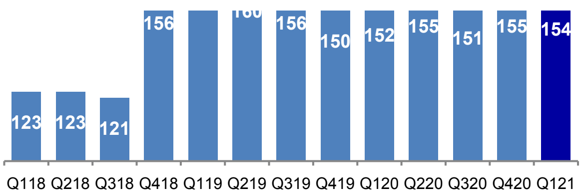
The leverage ratio decreased to 5.6% in the first quarter of 2021 from 5.9% in the fourth quarter of 2020. The decrease was driven by increased leverage ratio exposure in cash balances with central banks and an increase in securities financing transactions. Increased Tier 1 capital partly offset the decrease in the leverage ratio.

The Group's economic capital amounted to EUR 23.4bn at the end of the first quarter, a quarter-on-quarter decrease of EUR 0.1bn. This was mainly driven by the implementation of the structural FX waiver during the first quarter of 2021.

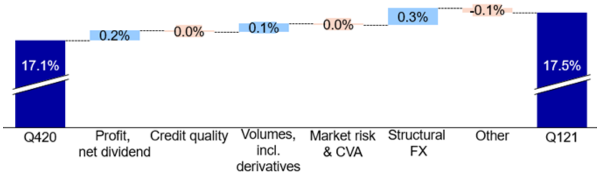
Capital ratios

	Q121	Q420	Q320	Q220	Q120
%					
CRR/CRD IV					
CET1 capital ratio	17.5	17.1	16.4	15.8	16.0
Tier 1 capital ratio	19.2	18.7	18.2	17.6	17.8
Total capital ratio	20.9	20.5	19.9	20.1	20.2

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 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.

Regulatory developments

In Finland, changes to the Act on Credit Institutions implementing the Capital Requirements Directive V were adopted on 26 March 2021 and will apply from 1 April 2021 onwards.

During the quarter the Nordic countries left their respective countercyclical capital buffers unchanged, i.e. at 0% in Denmark, Finland and Sweden, and at 1% in Norway. In Sweden, the Financial Supervisory Authority (FSA) communicated that it would change its approach to setting the buffer in order to create a usable buffer for stressed scenarios. This means that the buffer rate will be increased earlier and more rapidly than it would be if prompted by the FSA's indicators alone. The Swedish FSA also stated that the level should be set to 2% in normal conditions. Any increase in the countercyclical buffer rate will take effect 12 months after the corresponding decision.

The Finnish FSA kept the systemic risk buffer unchanged at 0%. 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 its measures to change the systemic risk buffer and introduce risk weight floors. Nordea does not agree to a change in the systemic risk buffer and is raising its concerns with relevant decision-making bodies. If the Finnish FSA 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 Mar 2021	31 Dec 2020	31 Mar 2020
Credit risk	**122,321**	**120,479**	**117,242**
IRB	106,082	104,743	104,365
- sovereign			
- corporate	68,381	67,540	68,522
- advanced	*58,474*	*57,670*	*57,014*
- foundation	*9,907*	*9,870*	*11,508*
- institutions	3,977	4,738	6,293
- retail	27,612	27,256	25,468
- items representing securitisation positions	882	880	893
- other	5,230	4,329	3,189
Standardised	16,239	15,736	12,877
- sovereign	560	520	948
- retail	5,522	5,373	4,661
- other	10,157	9,842	7,268
Credit valuation adjustment risk	**696**	**648**	**674**
Market risk	**4,720**	**6,616**	**8,594**
- trading book, internal approach	4,044	3,671	5,825
- trading book, standardised approach	676	606	865
- banking book, standardised approach		2,339	1,904
Settlement risk	**1**	**265**	**0**
Operational risk	**14,306**	**14,701**	**14,701**
Additional risk exposure amount related to Finnish RW floor due to Article 458 of the CRR		**630**	**735**
Additional risk exposure amount related to Swedish RW floor due to Article 458 of the CRR	**11,993**	**12,101**	**10,162**
Additional risk exposure amount due to Article 3 of the CRR			
Total	**154,037**	**155,440**	**152,108**

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

EURm	31 Mar 2021	31 Dec 2020	31 Mar 2020
Calculation of own funds			
Equity in the consolidated situation	30,033	29,100	28,080
Profit for the period	789	2,288	698
Proposed/actual dividend	-552	-1,585	-322
Common Equity Tier 1 capital before regulatory adjustments	30,270	29,802	28,456
Deferred tax assets	-173	-252	-143
Intangible assets	-2,666	-2,636	-3,286
IRB provisions shortfall (-)			-96
Pension assets in excess of related liabilities	-160	-108	-131
Other items, net[1]	-307	-253	-475
Total regulatory adjustments to Common Equity Tier 1 capital	**-3,306**	**-3,249**	**-4,131**
Common Equity Tier 1 capital (net after deduction)	**26,964**	**26,553**	**24,325**
Additional Tier 1 capital before regulatory adjustments	2,699	2,609	2,833
Total regulatory adjustments to Additional Tier 1 capital	-27	-21	-23
Additional Tier 1 capital	**2,672**	**2,588**	**2,810**
Tier 1 capital (net after deduction)	**29,636**	**29,141**	**27,135**
Tier 2 capital before regulatory adjustments	2,631	2,745	4,382
IRB provisions excess (+)	620	628	294
Deductions for investments in insurance companies	-650	-650	-1,000
Other items, net	-63	-63	-62
Total regulatory adjustments to Tier 2 capital	**-93**	**-85**	**-768**
Tier 2 capital	**2,538**	**2,660**	**3,614**
Own funds (net after deduction)	**32,174**	**31,801**	**30,749**
[1] Based on profit inclusion.	-305	-261	-475

Own funds excluding profit

EURm	31 Mar[2] 2021	31 Dec 2020	31 Mar 2020
Common Equity Tier 1 capital	26,728	26,431	24,007
Tier 1 capital (net after deduction)	29,401	29,019	26,817
Total own funds	**31,939**	**31,679**	**30,431**

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

Own funds reported to ECB[3]

Profit inclusion	Excluding Q1 profit (pending application)	Including profit	Including profit

[3] Summary of items included in own funds is presented including result, this table describes in text how profit has been included in the regulatory reporting of own funds to the ECB for relevant reporting period and might be updated for later publication if application is approved.

Balance sheet

Total assets in the quarter amounted to EUR 591bn, a quarter-on-quarter increase of EUR 39bn. Loans to both the public and credit institutions increased. Interest-bearing securities and other assets also increased, quarter on quarter, while derivatives decreased.

Loans to the public increased by EUR 4bn to EUR 334bn, while loans to credit institutions amounted to EUR 10bn, a quarter-on-quarter increase of EUR 7bn.

Other assets increased by EUR 33bn to EUR 144bn, mainly due to an increase in cash and balances in central banks.

Deposits from the public increased by EUR 15bn to EUR 198bn, while deposits from credit institutions amounted to EUR 43bn, a quarter-on-quarter increase of EUR 19bn.

Balance sheet data

	Q121	Q420	Q320	Q220	Q120
EURbn					
Loans to credit institutions	10	3	10	9	16
Loans to the public	334	330	320	328	324
Derivatives	36	45	45	47	57
Interest-bearing securities	67	63	68	73	72
Other assets	144	111	132	130	131
Total assets	**591**	**552**	**575**	**587**	**600**
Deposits from credit institutions	43	24	39	46	63
Deposits from the public	198	183	190	188	174
Debt securities in issue	183	174	180	182	184
Derivatives	37	47	45	50	55
Other liabilities	96	90	88	89	93
Total equity	34	34	33	32	31
Total liabilities and equity	**591**	**552**	**575**	**587**	**600**

Funding and liquidity operations

Nordea issued approximately EUR 7.2bn in long-term funding in the first quarter of 2021 (excluding Danish covered bonds), of which approximately EUR 2.3bn was issued in the form of covered bonds and EUR 4.9bn was issued as senior debt.

At the end of the first quarter long-term funding accounted for approximately 75% 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 159% at the end of the first quarter. The Group's LCR in EUR was 220% and in USD was 206%. 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 first quarter the liquidity buffer amounted to EUR 112bn, compared with EUR 88bn at the end of the fourth quarter of 2020. The net stable funding ratio (NSFR) measures long-term liquidity risk. At the end of the first quarter Nordea's NSFR was 110.8%, compared with 110.3% at the end of the fourth quarter of 2020.

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

In the course of 2020 and the first quarter of 2021 Nordea participated in European Central Bank (ECB) and local central bank facilities, for example the targeted longer-term refinancing operations (TLTROs) provided by the ECB. To date, Nordea has borrowed EUR 12bn under the TLTRO III programme.

The negative interest expense amounted to EUR 37m in the first quarter. The interest rate on the liability depends on the rate fixed by the ECB and also on the development of the credit lending volume in a benchmark portfolio. If certain thresholds are reached, Nordea will receive a 0.5% discount on the interest rate paid. In the first quarter of 2021 Nordea altered the effective interest rate relevant for the first year of the facility, as it could be assumed with adequate certainty that the thresholds had been reached. The impact from the alteration of the effective interest rate was recognised as net interest income.

Funding and liquidity data

	Q121	Q420	Q320	Q220	Q120
Long-term funding portion	75%	81%	78%	77%	78%
LCR total	159%	158%	172%	160%	182%
LCR EUR	220%	278%	269%	183%	234%
LCR USD	206%	119%	198%	202%	191%

Market risk

Market risk in the trading book measured by value at risk (VaR) was EUR 26.7m. Quarter on quarter, total VaR increased by EUR 10.1m, primarily as a result of higher interest rate risk and credit spread risk. Interest rate risk and credit spread risk were also the main drivers 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

	Q121	Q420	Q320	Q220	Q120
EURm					
Total risk, VaR	27	17	28	29	60
Interest rate risk, VaR	24	18	25	27	53
Equity risk, VaR	4	4	3	5	24
Foreign exchange risk, VaR	2	3	4	3	3
Credit spread risk, VaR	14	12	12	9	27
Inflation risk, VaR	2	3	3	2	3
Diversification effect	42%	58%	39%	38%	46%

Market risk in the banking book measured by VaR was EUR 93m. Quarter on quarter, total VaR increased by EUR 5m, driven by increased liquidity buffer exposure and pledge collateral exposure, mainly linked to mortgage and government bonds.

Banking book

	Q121	Q420	Q320	Q220	Q120
EURm					
Total risk, VaR	93	88	81	90	82
Interest rate risk, VaR	98	89	82	87	84
Equity risk, VaR	4	7	6	8	5
Foreign exchange risk, VaR	7	5	4	13	5
Credit spread risk, VaR	3	3	3	3	2
Diversification effect	17%	15%	15%	19%	15%

Nordea share and ratings

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

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
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	6.50
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
3/31/2021	86.00	62.47	8.41

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

Nordea Direct merger process ongoing

The merger between Nordea Direct Bank ASA (formerly Gjensidige Bank ASA) and Nordea Bank Abp is ongoing, with the target completion date to be determined. The completion is subject to regulatory approval.

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

In accordance with its strategy, Nordea is focusing on its business in the Nordic region. Consequently, the Group has decided to wind down its operations in Russia. On 24 March 2021 the Extraordinary General Meeting of JSC Nordea Bank decided to initiate the voluntary liquidation process, which was approved by the Central Bank of Russia on 16 April 2021.

Referral agreement with Citi for sub-custody services

On 24 February 2021 Nordea announced that it would be exiting its Nordic sub-custody business and had entered into a strategic client referral agreement with Citi. Nordea recommends that its sub-custody clients appoint Citi as their new provider. Nordea is committed to ensuring that clients who do not migrate to Citi will be supported via an orderly transition to a service provider of their choice. The Group continues to focus on Nordic corporate, institutional and retail custody business and is committed to ensuring a well-functioning custody and settlement market in the Nordics. The agreement with Citi has no impact on Nordea's cash management services for international financial institutions.

Dividend payment

Based on the updated dividend recommendation of the European Central Bank (ECB) and after a dialogue with the ECB, the Board of Directors decided on 18 February 2021 to distribute a dividend of EUR 0.07 per share to shareholders in accordance with the mandate received from the 2020 Annual General Meeting. The dividend of EUR 0.07 per share was paid in March 2021 to those shareholders who, on the record date for the dividend payment (22 February 2021), were recorded in Nordea's shareholders' register maintained by Euroclear Finland Oy in Finland, Euroclear Sweden AB in Sweden and VP Securities A/S in Denmark.

Decisions of Nordea's Annual General Meeting 2021

The Annual General Meeting (AGM) of Nordea Bank Abp was held on 24 March 2021 and applied extraordinary meeting procedures due to the COVID-19 pandemic. The AGM supported all the proposals of the Board of Directors and the Shareholders' Nomination Board, with at least 84.74% of the votes cast in support.

The AGM approved the annual accounts for the financial period ending 31 December 2020, decided to authorise the Board of Directors to decide on a dividend payment of a maximum of EUR 0.72 per share, and adopted the Remuneration Report for Governing Bodies for 2020 via an advisory resolution. The persons who in 2020 had served as members of the Board of Directors, President and Group CEO, and Deputy Managing Director were discharged from liability for the financial period ending 31 December 2020. Torbjörn Magnusson was re-elected as Chair of the Board of Directors and Claudia Dill was elected as a new Board member, replacing Pernille Erenbjerg. Furthermore, the AGM decided to authorise the Board of Directors to decide on repurchases of own shares, issuances of special rights entitling to shares (convertibles), and share issuances or transfers of own shares, in accordance with the terms of the AGM decisions.

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

COVID-19 infection rates continued to fluctuate in the first quarter of 2021. 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 7, "Net loan losses" and Note 8, "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 12, "Risks and uncertainties".

Quarterly development, Group

EURm	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net interest income	1,212	1,169	1,146	1,091	1,109
Net fee and commission income	827	792	729	673	765
Net result from items at fair value	370	217	257	316	110
Profit from associated undertakings and joint ventures accounted for under the equity method	-14	5	6	-10	-2
Other operating income	25	36	17	20	20
Total operating income	**2,420**	**2,219**	**2,155**	**2,090**	**2,002**
General administrative expenses:					
Staff costs	-682	-722	-686	-645	-699
Other expenses	-486	-319	-245	-303	-419
Depreciation, amortisation and impairment charges of tangible and intangible assets	-151	-177	-158	-140	-130
Total operating expenses	**-1,319**	**-1,218**	**-1,089**	**-1,088**	**-1,248**
Profit before loan losses	**1,101**	**1,001**	**1,066**	**1,002**	**754**
Net loan losses and similar net result	-52	-28	19	-696	-155
Operating profit	**1,049**	**973**	**1,085**	**306**	**599**
Income tax expense	-261	-248	-248	-63	-139
Net profit for the period	**788**	**725**	**837**	**243**	**460**
Diluted earnings per share (DEPS), EUR	0.19	0.18	0.21	0.06	0.11
DEPS, rolling 12 months up to period end, EUR	0.64	0.55	0.56	0.27	0.38

Business areas

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group Functions		Nordea Group		
	Q1 2021	Q4 2020	Q1 2021	Q4 2020	Q1 2021	Q4 2020	Q1 2021	Q4 2020	Q1 2021	Q4 2020	Q1 2021	Q4 2020	*Chg*
EURm													
Net interest income	562	535	395	383	240	228	19	16	-4	7	1,212	1,169	*4%*
Net fee and commission income	296	290	166	159	137	116	235	228	-7	-1	827	792	*4%*
Net result from items at fair value	15	22	71	65	245	101	38	16	1	13	370	217	*71%*
Equity method & other income	4	0	9	10	0	0	0	3	-2	28	11	41	*-73%*
Total operating income	**877**	**847**	**641**	**617**	**622**	**445**	**292**	**263**	**-12**	**47**	**2,420**	**2,219**	**9%**
Total operating expenses	**-503**	**-449**	**-332**	**-286**	**-285**	**-193**	**-126**	**-136**	**-73**	**-154**	**-1,319**	**-1,218**	**8%**
Net loan losses and similar net result	-7	-11	-16	-26	-27	1	-3	2	1	6	-52	-28	*86%*
Operating profit	**367**	**387**	**293**	**305**	**310**	**253**	**163**	**129**	**-84**	**-101**	**1,049**	**973**	**8%**
Cost-to-income ratio[1], %	52	55	45	48	34	48	43	52			48	57	
Return on capital at risk[1], %	16	15	15	13	19	11	32	29			16	11	
Economic capital (EC)	7,603	7,652	6,740	6,602	6,102	6,093	1,639	1,445	1,289	1,710	23,373	23,502	*-1%*
Risk exposure amount (REA)	46,464	47,200	43,698	43,125	42,095	42,280	8,294	7,401	13,486	15,434	154,037	155,440	*-1%*
Number of employees (FTEs)	6,976	7,070	4,572	4,608	1,398	1,467	2,718	2,741	12,136	12,165	27,800	28,051	*-1%*
Volumes, EURbn[2]:													
Total lending	**164.6**	**162.5**	**94.0**	**92.0**	**45.0**	**46.1**	**10.1**	**9.6**	**6.6**	**7.4**	**320.3**	**317.6**	**1%**
Total deposits	**83.5**	**82.9**	**50.6**	**50.3**	**43.4**	**39.9**	**10.5**	**10.7**	**6.5**	**-1.7**	**194.5**	**182.1**	**7%**

[1] With amortised resolution fees.

[2] Excluding repurchase agreements.

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group Functions		Nordea Group		
	Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar		
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	*Chg*
EURm													
Net interest income	562	515	395	347	240	221	19	18	-4	8	1,212	1,109	*9%*
Net fee and commission income	296	295	166	150	137	124	235	200	-7	-4	827	765	*8%*
Net result from items at fair value	15	16	71	72	245	62	38	35	1	-75	370	110	
Equity method & other income	4	2	9	5	0	0	0	6	-2	5	11	18	*-39%*
Total operating income	**877**	**828**	**641**	**574**	**622**	**407**	**292**	**259**	**-12**	**-66**	**2,420**	**2,002**	**21%**
Total operating expenses	**-503**	**-468**	**-332**	**-308**	**-285**	**-267**	**-126**	**-130**	**-73**	**-75**	**-1,319**	**-1,248**	**6%**
Net loan losses and similar net result	-7	-39	-16	-62	-27	-52	-3	0	1	-2	-52	-155	*-66%*
Operating profit	**367**	**321**	**293**	**204**	**310**	**88**	**163**	**129**	**-84**	**-143**	**1,049**	**599**	**75%**
Cost-to-income ratio[1], %	52	55	45	49	34	52	43	49			48	57	
Return on capital at risk[1], %	16	13	15	10	19	6	32	28			16	8	
Economic capital (EC)	7,603	7,940	6,740	7,237	6,102	7,624	1,639	1,168	1,289	1,813	23,373	25,782	*-9%*
Risk exposure amount (REA)	46,464	43,140	43,698	41,902	42,095	46,897	8,294	5,450	13,486	14,719	154,037	152,108	*1%*
Number of employees (FTEs)	6,976	7,388	4,572	4,264	1,398	1,704	2,718	2,764	12,136	12,172	27,800	28,292	*-2%*
Volumes, EURbn[2]:													
Total lending	**164.6**	**148.5**	**94.0**	**83.6**	**45.0**	**50.4**	**10.1**	**8.5**	**6.6**	**4.4**	**320.3**	**295.4**	**8%**
Total deposits	**83.5**	**75.2**	**50.6**	**41.7**	**43.4**	**40.7**	**10.5**	**10.6**	**6.5**	**1.0**	**194.5**	**169.2**	**15%**

[1] With amortised resolution fees.

[2] Excluding repurchase agreements.

Personal Banking

Introduction

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

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

Business development

In the first quarter we saw lending volumes increase by 5% in local currencies, year on year, driven by continued strong mortgage activity: mortgage volumes were up 6%. This was somewhat offset by a decrease in consumer lending volumes, attributable to exceptionally high customer liquidity. The latter was also visible in deposit volumes, which increased by 7%, year on year.

Customer satisfaction increased from the previous quarter. Customers view us as easier to deal with, and have a more favourable perception of our ability to contribute positively to society.

We continued to leverage our digital capabilities and provide proactive support to help our customers cope with the impact of the COVID-19 pandemic. Our customers are making increasing use of our digital platforms: the number of mobile bank app users increased by 8% and there were 13% more mobile bank visits than in the first quarter of last year. In addition, the share of online meetings across the Nordic countries increased to 57% from 34% in the first quarter of 2020.

We are continually building on our digital mortgage services for an improved customer experience. In the first quarter we extended our automated mortgage loan promise solution to non-Nordea customers in Denmark, making Nordea one of the frontrunners in the Danish market in this respect.

We further enhanced our customer savings and investments offering, and continued to see increased inflows. Our omnichannel advisory model and digital capabilities enabled us to grow monthly savings inflows, and advisory sessions with our robot adviser Nora increased by 34%, year on year.

In Denmark, we launched a Sustainable Choice discretionary product, enabling our customers to invest in a portfolio of our sustainability-enhanced investment funds. The share of Sustainable Choice sales is growing significantly, demonstrating our customers' appreciation for our sustainability offering.

Financial outcome

Total income increased by 6%, year on year. During the first quarter we saw continued strong mortgage lending growth. This was partly offset by the adverse effects of COVID-19 on consumer lending volumes and payment and card fee income.

Net interest income increased by 9%, year on year, due to strong mortgage volume growth across all countries, as well as increased lending margins in Sweden. Quarter on quarter, net interest income increased by 5% due to mortgage volume growth, improved deposit margins in Denmark and higher lending margins in Finland.

Net fee and commission income was stable, year on year, due to lower payment and card fee income across all countries, which was partly offset by higher savings and investments income.

Net result from items at fair value was largely unchanged, year on year.

Total expenses increased by 7%, year on year, mainly due to higher resolution fees and exchange rate effects. Adjusted for resolution fees, total expenses increased by 1%, driven by exchange rate effects, which were partly offset by lower staff costs. This resulted in a cost-to-income ratio of 52%, down from 55% in the first quarter of 2020.

Total net loan losses and similar net result amounted to EUR 7m (2bp), down from EUR 39m in the same quarter last year. This was mainly due to the COVID-19-related management judgement allowances made in the first quarter of 2020.

Operating profit increased by 14%, year on year, to EUR 367m. Return on capital at risk was 16%, compared with 13% in the same quarter last year.

Personal Banking Denmark

Net interest income increased by 4% in local currency, year on year, driven by mortgage volume growth and higher deposit margins.

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

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

Net loan losses and similar net result amounted to a net gain of EUR 13m (12bp), driven by a reversal of previously booked loan losses and the positive revaluation of Nordea Kredit's mortgage portfolio. Year on year, net loan losses and similar net result decreased significantly, mainly due to the COVID-19-related management judgement allowances made in the first quarter of 2020.

Personal Banking Finland

Net interest income increased by 8%, year on year, driven by mortgage volume growth and improved margins.

Lending volumes increased by 5%, year on year, driven by a 7% increase in mortgage volumes. Deposit volumes increased by 9%.

Net fee and commission income decreased by 2%, year on year, due to lower payment and card fee income. This was partly offset by higher savings and investments income.

Net loan losses and similar net result amounted to EUR 14m (16bp), 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 increased by 5% in local currency, year on year, due to higher lending margins and mortgage volume growth.

Lending volumes increased by 5% in local currency, year on year, driven by a 6% increase in mortgage volumes. Deposit volumes increased by 3%.

Net fee and commission income decreased by 4% in local currency, year on year, due to lower payment and card fee income. This was partly offset by higher savings and investments income.

Net loan losses and similar net result amounted to EUR 2m (2bp), largely unchanged, year on year.

Personal Banking Sweden

Net interest income increased by 10% in local currency, year on year, due to mortgage volume growth and increased lending margins.

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

Net fee and commission income decreased by 1% in local currency, year on year, mainly due to lower payment and card fee income. This was partly offset by increased savings and investments income.

Net loan losses and similar net result amounted to EUR 7m (6bp). Year on year, net loan losses and similar net result decreased significantly, mainly due to the COVID-19-related management judgement allowances made in the first quarter of 2020.

Personal Banking total

								Local curr.	
	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
EURm									
Net interest income	562	535	543	501	515	9%	5%	7%	3%
Net fee and commission income	296	290	279	267	295	0%	2%	-1%	1%
Net result from items at fair value	15	22	14	48	16	-6%	-32%	-18%	-33%
Equity method & other income	4	0	2	2	2				
Total income incl. allocations	**877**	**847**	**838**	**818**	**828**	**6%**	**4%**	**4%**	**2%**
Total expenses incl. allocations	**-503**	**-449**	**-436**	**-450**	**-468**	**7%**	**12%**	**5%**	**11%**
Profit before loan losses	**374**	**398**	**402**	**368**	**360**	**4%**	**-6%**	**1%**	**-8%**
Net loan losses and similar net result	-7	-11	5	-226	-39				
Operating profit	**367**	**387**	**407**	**142**	**321**	**14%**	**-5%**	**11%**	**-7%**
Cost-to-income ratio[1], %	52	55	54	54	55				
Return on capital at risk[1], %	16	15	15	6	13				
Economic capital (EC)	7,603	7,652	7,739	7,700	7,940	-4%	-1%		
Risk exposure amount (REA)	46,464	47,200	46,062	45,695	43,140	8%	-2%		
Number of employees (FTEs)	6,976	7,070	7,100	7,282	7,388	-6%	-1%		
Volumes, EURbn:									
Mortgage lending	143.5	141.4	135.5	134.1	127.9	12%	1%	6%	1%
Other lending	21.1	21.1	20.8	20.7	20.6	2%	0%	-1%	0%
Total lending	**164.6**	**162.5**	**156.3**	**154.8**	**148.5**	**11%**	**1%**	**5%**	**1%**
Total deposits	**83.5**	**82.9**	**80.8**	**80.5**	**75.2**	**11%**	**1%**	**7%**	**1%**

Restatements due to organisational changes.

[1] With amortised resolution fees.

Personal Banking

	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Local curr. Q1/Q1	Local curr. Q1/Q4
Net interest income, EURm									
PeB Denmark	145	139	141	138	140	4%	4%	4%	4%
PeB Finland	99	87	88	88	92	8%	14%	8%	14%
PeB Norway	119	115	120	106	110	8%	3%	5%	-1%
PeB Sweden	201	201	192	171	174	16%	0%	10%	-1%
Other	-2	-7	2	-2	-1				
Net fee and commission income, EURm									
PeB Denmark	74	83	69	67	76	-3%	-11%	-4%	-11%
PeB Finland	92	89	91	87	94	-2%	3%	-2%	3%
PeB Norway	26	25	26	24	27	-4%	4%	-4%	3%
PeB Sweden	104	100	96	89	99	5%	4%	-1%	2%
Other	0	-7	-3	0	-1				
Net loan losses and similar net result, EURm									
PeB Denmark	13	12	3	-51	-13				
PeB Finland	-14	-13	-4	-91	-8				
PeB Norway	-2	-8	9	-53	-3				
PeB Sweden	-7	-3	-3	-30	-16				
Other	3	1	0	-1	1				
Volumes, EURbn									
Personal Banking Denmark									
Mortgage lending	33.9	33.4	32.9	32.3	31.8	7%	1%	6%	1%
Other lending	8.8	8.7	8.6	8.5	8.7	1%	1%	1%	1%
Total lending	**42.7**	**42.1**	**41.5**	**40.8**	**40.5**	**5%**	**1%**	**5%**	**1%**
Total deposits	**22.1**	**21.9**	**22.0**	**22.0**	**20.9**	**6%**	**1%**	**5%**	**1%**
Personal Banking Finland									
Mortgage lending	29.2	28.7	28.2	27.8	27.3	7%	2%	7%	2%
Other lending	6.3	6.3	6.3	6.3	6.4	-2%	0%	-2%	0%
Total lending	**35.5**	**35.0**	**34.5**	**34.1**	**33.7**	**5%**	**1%**	**5%**	**1%**
Total deposits	**25.0**	**24.6**	**24.4**	**23.8**	**22.9**	**9%**	**2%**	**9%**	**2%**
Personal Banking Norway									
Mortgage lending	34.5	32.8	30.8	30.8	28.1	23%	5%	6%	0%
Other lending	2.6	2.7	2.6	2.6	2.4	8%	-4%	-4%	-4%
Total lending	**37.1**	**35.5**	**33.4**	**33.4**	**30.5**	**22%**	**5%**	**5%**	**0%**
Total deposits	**10.4**	**9.9**	**9.5**	**9.9**	**8.7**	**20%**	**5%**	**3%**	**0%**
Personal Banking Sweden									
Mortgage lending	46.0	46.4	43.6	43.3	40.6	13%	-1%	6%	1%
Other lending	3.4	3.5	3.3	3.3	3.2	6%	-3%	0%	0%
Total lending	**49.4**	**49.9**	**46.9**	**46.6**	**43.8**	**13%**	**-1%**	**5%**	**1%**
Total deposits	**26.0**	**26.4**	**24.8**	**24.9**	**22.7**	**15%**	**-2%**	**7%**	**0%**

Restatements due to organisational changes.

Business Banking

Introduction

In Business Banking we provide small and medium-sized corporate customers with banking and advisory products and services, through a combination of physical and digital channels.

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 first quarter we continued to see high lending and deposit volumes, which were up 7% and 15%, respectively, in local currencies, year on year. We saw strong momentum in Norway and Sweden due to enhanced engagement with new and existing customers. The increase in volumes was also driven by the acquisition of Nordea Finance Equipment (NFE). Our focus on environmental, social and governance (ESG) products continues. While the ESG part of our portfolio is small, our sustainability-linked lending is on the rise, growing by 54% in the first quarter of 2021. We also maintained our focus on ESG-related training with a view to becoming an even better business partner for our customers.

We onboarded more corporate customers to our enhanced netbank. More than 275,000 customers in Denmark, Finland and Sweden are now able to use the service, and we also plan to expand this to Norway. Moreover, we now offer a mobile version of our netbank to all customers in Denmark and Finland and the majority of customers in Sweden.

We continued to develop our Digital Dashboard solution for corporate customers, which supports them in cash planning. The platform currently has 55,000 users across the Nordics.

Customer satisfaction increased from the previous quarter – particularly in Sweden, where, according to the Prospera rankings, we climbed from fifth to first place for personal contact and ranked second overall in the mid corporate segment.

Financial outcome

Total income increased by 12%, year on year. Excluding the impact of NFE, which was consolidated in the results in the fourth quarter, total income increased by approximately 6%.

Net interest income increased by 14%, year on year, driven by higher volumes (including NFE), improved margins and the benefit of funding received from the European Central Bank (ECB) under the third targeted longer-term refinancing operations programme (TLTRO III).

Net fee and commission income increased by 11%, year on year, driven by high equity capital market activity, higher lending fee income and higher savings and investment fee income. These were partly offset by lower payment and card fee income.

Net result from items at fair value decreased by 1%, year on year, due to lower income from interest rate products. This was partly offset by higher income from foreign exchange products.

Total expenses increased by 8%, year on year, reflecting higher resolution fees and the consolidation of NFE, which were partly offset by cost efficiency measures. Adjusted for resolution fees, total expenses increased by 3%. When also excluding the impact of the NFE integration, they decreased by 3%. The cost-to-income ratio in the first quarter was 45%, an improvement of 4 percentage points on the same quarter last year.

Net loan losses and similar net result amounted to EUR 16m (7bp) and included a EUR 3m gain resulting from the revaluation of Nordea Kredit's mortgage portfolio.

Operating profit increased by 44%, year on year, to EUR 293m. Return on capital at risk was 15%, compared with 10% in the same quarter last year.

Business Banking Denmark

Net interest income decreased by 4% in local currency, year on year, driven by lower lending margins, which were mainly attributable to the de-risking of the Agriculture portfolio.

Lending volumes increased by 2% in local currency, year on year. Excluding the impact of the NFE integration, the volumes were unchanged. Deposit volumes increased by 7%.

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

Net loan losses and similar net result amounted to a net gain of EUR 1m (2bp), as net loan losses of EUR 2m were offset by positive valuation adjustments in the mortgage portfolio during the quarter.

Business Banking Finland

Net interest income increased by 19%, year on year, driven by improved margins and the benefit of funding received from the ECB under the TLTRO III programme.

Lending volumes were unchanged, year on year, while deposit volumes increased by 7%.

Net fee and commission income increased by 2%, year on year, driven by higher lending fee income.

Net loan losses and similar net result amounted to EUR 11m (22bp), down from EUR 45m in the same quarter last year. This was due to the COVID-19-related management judgement allowances made in the first quarter of 2020.

Business Banking Norway

Net interest income increased by 24% in local currency, year on year, driven by higher volumes, which were mainly attributable to NFE. The increase in volumes was partly offset by pressure on deposit margins.

Lending volumes increased by 23% in local currency, year on year. Excluding the impact of the NFE integration, lending volumes increased by 9%. Deposit volumes increased by 16%.

Net fee and commission income increased by 20% in local currency, year on year, driven by high equity capital market activity and higher lending fee income.

Net loan losses and similar net result amounted to EUR 0m (0bp), down from EUR 11m in the same quarter last year. This was due to the COVID-19-related management judgement allowances made in the first quarter of 2020.

Business Banking Sweden

Net interest income increased by 8% in local currency, year on year, driven by higher volumes.

Lending volumes increased by 6% in local currency, year on year. Excluding the impact of the NFE integration, the increase was approximately 4%. Deposit volumes increased by 30%.

Net fee and commission income increased by 13% in local currency, year on year, driven by high equity capital market activity. This was partly offset by lower income from payment and card fees.

Net loan losses and similar net result amounted to EUR 7m (11bp), down from EUR 11m in the same quarter last year. This was due to the COVID-19-related management judgement allowances made in the first quarter of 2020.

Business Banking total

								Local curr.	
	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
EURm									
Net interest income	395	383	351	339	347	14%	3%	11%	1%
Net fee and commission income	166	159	135	125	150	11%	4%	9%	2%
Net result from items at fair value	71	65	52	72	72	-1%	9%	-3%	8%
Equity method & other income	9	10	5	6	5				
Total income incl. allocations	**641**	**617**	**543**	**542**	**574**	**12%**	**4%**	**10%**	**2%**
Total expenses incl. allocations	**-332**	**-286**	**-262**	**-271**	**-308**	**8%**	**16%**	**5%**	**14%**
Profit before loan losses	**309**	**331**	**281**	**271**	**266**	**16%**	**-7%**	**14%**	**-9%**
Net loan losses and similar net result	-16	-26	8	-236	-62				
Operating profit	**293**	**305**	**289**	**35**	**204**	**44%**	**-4%**	**41%**	**-6%**
Cost-to-income ratio[1], %	45	48	51	51	49				
Return on capital at risk[1], %	15	13	13	1	10				
Economic capital (EC)	6,740	6,602	6,331	6,525	7,237	-7%	2%		
Risk exposure amount (REA)	43,698	43,125	40,055	41,375	41,902	4%	1%		
Number of employees (FTEs)	4,572	4,608	4,260	4,269	4,264	7%	-1%		
Volumes, EURbn:									
Total lending	94.0	92.0	85.4	85.8	83.6	12%	2%	7%	2%
Total deposits	50.6	50.3	47.8	47.0	41.7	21%	1%	15%	1%

Restatements due to organisational changes.
[1] With amortised resolution fees.

Business Banking

	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Local curr. Q1/Q1	Local curr. Q1/Q4
Net interest income, EURm									
Business Banking Denmark	85	88	84	85	89	-4%	-3%	-4%	-3%
Business Banking Finland	108	93	91	92	91	19%	16%	19%	16%
Business Banking Norway	102	95	77	73	80	28%	7%	24%	2%
Business Banking Sweden	99	99	92	84	86	15%	0%	8%	-2%
Other	1	8	7	5	1				
Net fee and commission income, EURm									
Business Banking Denmark	32	30	24	26	31	3%	7%	3%	3%
Business Banking Finland	53	52	49	47	52	2%	2%	2%	2%
Business Banking Norway	31	27	23	22	25	24%	15%	20%	11%
Business Banking Sweden	61	63	49	42	51	20%	-3%	13%	-5%
Other	-11	-13	-10	-12	-9				
Net loan losses and similar net result, EURm									
Business Banking Denmark	1	2	1	-35	4				
Business Banking Finland	-11	-8	-4	-87	-45				
Business Banking Norway	0	-12	7	-67	-11				
Business Banking Sweden	-7	-5	2	-54	-11				
Other	1	-3	2	7	1				
Lending, EURbn									
Business Banking Denmark	26.5	26.0	25.0	25.3	25.7	3%	2%	2%	2%
Business Banking Finland	19.7	19.6	19.8	19.9	19.7	0%	1%	0%	1%
Business Banking Norway	22.5	20.9	17.3	17.3	16.0	41%	8%	23%	3%
Business Banking Sweden	25.3	25.4	23.3	23.3	22.1	14%	0%	6%	2%
Other	0	0.1	0	0	0.1				
Deposits, EURbn									
Business Banking Denmark	9.1	9.5	9.6	9.4	8.4	8%	-4%	7%	-4%
Business Banking Finland	14.4	14.5	14.6	14.6	13.5	7%	-1%	7%	-1%
Business Banking Norway	9.7	8.9	8.1	8.2	7.2	35%	9%	16%	5%
Business Banking Sweden	17.4	17.4	15.4	14.8	12.5	39%	0%	30%	2%
Other	0	0	0.1	0	0.1				

Restatements due to organisational changes.

Large Corporates & Institutions

Introduction

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

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 first quarter we made further progress towards creating a more focused and more profitable business area.

We continued to support our clients through the ongoing pandemic while following our strategic direction, focusing on capital markets business selection and loan pricing. As a result, lending volumes excluding repurchase agreements decreased by 11%, year on year, and lending margins increased.

We saw very high levels of customer activity across all customer segments in the first quarter, especially within Investment Banking & Equities. In Debt Capital Markets this was particularly reflected in bond issuance. During the quarter we arranged approximately 130 primary bond transactions, supporting high revenues. For equity capital markets and mergers and acquisitions, we continue to hold leading market positions across the Nordic region, and we were recognised as the best Investment Bank in Denmark, Finland and Sweden by Global Finance. Significant transactions with Nordea's involvement included CVC's acquisition of STARK Group, Aker Horizons' acquisition of Mainstream Renewable Power, the initial public offering of Sonans and the accelerated bookbuild in Embracer Group, among many others.

We further increased our focus on ESG products and continue to be a leading platform within sustainable advisory services. By the end of the first quarter we ranked number one for Nordic sustainable bonds overall and for Nordic corporate sustainable bonds, where we held a 12% and 22% market share, respectively. Our sustainability-linked financing gained further attention and we issued a sustainability-linked bond for Odfjell in the international shipping space – the first of its kind worldwide.

Nordea Markets had a very strong start to the year. The solid risk management performance continued during the period of increased market volatility in the first quarter. We actively supported our customers while further reducing our economic capital consumption. Markets results showed significant year-on-year growth across the product franchises.

Financial outcome

Total income increased by 53%, year on year, and return on capital at risk (ROCAR) was 19% in a seasonally strong period of the year.

Net interest income increased by 9%, year on year, driven by continued loan repricing, positive floor effects and the benefit of funding received from the European Central Bank under the third targeted longer-term refinancing operations programme. Lending volumes excluding repurchase agreements decreased by 11%, year on year, in line with our strategy.

Net fee and commission income increased by 10%, year on year, driven by higher lending fee income and a strong Investment Banking & Equities performance.

Net result from items at fair value increased significantly, to EUR 245m from EUR 62m in the same quarter last year, driven by high levels of customer activity and high Markets income supported by continued strong risk management.

Total expenses were up 7%, year on year, due to higher resolution fees and exchange rate effects. Adjusted for resolution fees, total expenses were down 2%, with staff costs down 9%.

Net loan losses and similar net result amounted to EUR 27m (18bp). The underlying credit quality of the loan book is strong, with increased provisions partly offset by a larger reversal in the first quarter. The total provisioning level now stands at approximately EUR 792m or 1.73% of total LC&I lending.

Operating profit more than tripled, year on year, to EUR 310m.

Economic capital continued to decrease, standing at EUR 6,102m, a reduction of 20% compared with the same quarter last year. The reduction in capital was driven by lower exposure and improved efficiency within our lending, risk management, and derivatives business. Economic capital also benefited from lower regulatory requirements, which were mainly attributable to revisions to the treatment of software assets.

ROCAR improved significantly, rising to 19%, a year-on-year increase of 13 percentage points and the highest quarterly level in nine years, driven by higher income, lower capital and lower loan losses.

Large Corporates & Institutions total

EURm	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4
Net interest income	240	228	226	214	221	9%	5%
Net fee and commission income	137	116	118	101	124	10%	18%
Net result from items at fair value	245	101	132	150	62		
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**622**	**445**	**476**	**465**	**407**	**53%**	**40%**
Total expenses incl. allocations	**-285**	**-193**	**-180**	**-192**	**-267**	**7%**	**48%**
Profit before loan losses	**337**	**252**	**296**	**273**	**140**		**34%**
Net loan losses and similar net result	-27	1	10	-228	-52		
Operating profit	**310**	**253**	**306**	**45**	**88**		**23%**
Cost-to-income ratio[1], %	34	48	42	44	52		
Return on capital at risk[1], %	19	11	13	1	6		
Economic capital (EC)	6,102	6,093	6,619	7,020	7,624	-20%	0%
Risk exposure amount (REA)	42,095	42,280	45,027	47,863	46,897	-10%	0%
Number of employees (FTEs)	1,398	1,467	1,624	1,649	1,704	-18%	-5%
Volumes, EURbn[2]:							
Total lending	45.0	46.1	46.9	48.9	50.4	-11%	-2%
Total deposits	43.4	39.9	43.7	42.3	40.7	7%	9%

Restatements due to organisational changes.

[1] With amortised resolution fees.

[2] Excluding repurchase agreements.

Large Corporates & Institutions

	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4
Net interest income, EURm							
Denmark	36	38	37	38	36	0%	-5%
Finland	50	39	40	35	33	52%	28%
Norway	73	74	73	73	78	-6%	-1%
Sweden	71	69	64	55	58	22%	3%
Other	10	8	12	13	16		
Net fee and commission income, EURm							
Denmark	35	31	30	25	30	17%	13%
Finland	33	27	34	22	33	0%	22%
Norway	35	27	29	25	30	17%	30%
Sweden	40	47	37	31	48	-17%	-15%
Other	-6	-16	-12	-2	-17		
Net loan losses and similar net result, EURm							
Denmark	11	2	5	-30	4		
Finland	0	1	5	-26	-4		
Norway	-35	-1	-35	-108	-58		
Sweden	-2	-8	38	-65	2		
Other	-1	7	-3	1	4		
Lending, EURbn[1]							
Denmark	7.5	8.3	8.7	8.9	10.0	-25%	-10%
Finland	8.4	8.7	9.3	9.5	8.9	-6%	-3%
Norway	13.0	12.8	12.9	13.6	14.4	-10%	2%
Sweden	14.7	14.3	13.5	14.2	14.0	5%	3%
Other	1.4	2.0	2.5	2.7	3.1		
Deposits, EURbn[1]							
Denmark	7.1	7.2	10.0	10.1	7.5	-5%	-1%
Finland	12.5	12.3	11.9	11.6	11.6	8%	2%
Norway	8.7	8.1	8.4	8.0	9.2	-5%	7%
Sweden	14.8	12.3	13.3	12.0	11.0	35%	20%
Other	0.3	0	0.1	0.6	1.4		

Restatements due to organisational changes.

[1] Excluding repurchase agreements.

Asset & Wealth Management

Introduction

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

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

Business development

In the first quarter assets under management (AuM) increased by 33%, year on year, to EUR 371.7bn. Market return increased AuM by EUR 14.6bn and net flows in the quarter were solid, totalling EUR 3.3bn.

Investment performance in Asset Management remained strong, with 86% of composites providing excess return on a three-year basis.

In Private Banking we generated net flows of EUR 1.6bn, the highest recorded since 2015. Inflows were driven by solid customer acquisition and continued focus on proactive client service across all markets. Amid the ongoing COVID-19 pandemic, we further increased our digital customer interactions via online meetings and webinars.

Customer satisfaction in Private Banking remained at high levels. We were recognised as the best provider of private banking services in the Nordic and Baltic regions in Euromoney's 2021 private banking survey. We were also ranked first for private banking services in Sweden.

In Asset Management we attracted a total of EUR 1.9bn in net flows in the first quarter. Of these, EUR 2.9bn were delivered through our internal channels, where the strong momentum seen in previous quarters continued. Net outflows from institutional and third-party fund distribution channels amounted to EUR 1.0bn, impacted by an outflow of EUR 1.5bn from mandates related to the divestment of Nordea Life & Pensions Denmark in 2018. Investor interest in our sustainability product offerings remained strong within all sales channels.

We implemented the first part of the European Union's Sustainable Finance Disclosure Regulation and categorised about 60% of our investment funds (AuM of EUR 130bn) as having enhanced environmental, social and governance characteristics. Our investment funds received several Nordic and European awards from research and rating agencies, including Morningstar, Lipper, CAMRADATA and Premio Alto Rendimento. We were also named Quant investment firm of the year by Risk.net.

As in previous quarters, we continued to see strong net inflows into retail funds (EUR 1.7bn). In the first quarter of 2021 Finland and Norway took the lead, with annualised flow rates above 25%.

In Life & Pension we attracted EUR 1.0bn in net flows in the first quarter, which was EUR 0.5bn more than in the first quarter of last year. We continue to grow our occupational pension business in Norway and Sweden, focusing on relationship management, pipeline management and sales. With our improved digital distribution capabilities, we are progressing towards becoming the leading bancassurer in each of our home markets.

Financial outcome

Total income in the first quarter was EUR 292m, up 13%, year on year. This was mainly driven by higher income due to a 15% increase in average AuM.

Net interest income was EUR 19m, up 6%, year on year, driven by increased lending volumes.

Net fee and commission income amounted to EUR 235m, a year-on-year increase of 18%, reflecting the positive AuM development.

Net result from items at fair value was EUR 38m, up 9%, year on year, mainly due to a higher risk result in Nordea Life & Pension.

Total expenses decreased by 3%, year on year, driven by a decrease in other operating expenses, which was mainly attributable to decreases in travel, marketing and consultancy expenses.

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

Operating profit in the first quarter was EUR 163m, a year-on-year increase of 26%.

The cost-to-income ratio was 43%, an improvement of 6 percentage points on the same quarter last year.

Asset & Wealth Management total

								Local curr.	
	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4	Q1/Q1	Q1/Q4
EURm									
Net interest income	19	16	16	17	18	6%	19%	6%	12%
Net fee and commission income	235	228	204	186	200	18%	3%	17%	2%
Net result from items at fair value	38	16	24	27	35	9%		6%	
Equity method & other income	0	3	3	-2	6				
Total income incl. allocations	**292**	**263**	**247**	**228**	**259**	**13%**	**11%**	**12%**	**10%**
Total expenses incl. allocations	**-126**	**-136**	**-126**	**-129**	**-130**	**-3%**	**-7%**	**-4%**	**-8%**
Profit before loan losses	**166**	**127**	**121**	**99**	**129**	**29%**	**31%**	**28%**	**29%**
Net loan losses and similar net result	-3	2	-3	-2	0				
Operating profit	**163**	**129**	**118**	**97**	**129**	**26%**	**26%**	**26%**	**25%**
Cost-to-income ratio[1], %	43	52	51	57	49				
Return on capital at risk[1], %	32	29	27	22	28				
Economic capital (EC)	1,639	1,445	1,301	1,249	1,168	40%	13%		
Risk exposure amount (REA)	8,294	7,401	5,625	5,587	5,450	52%	12%		
Number of employees (FTEs)	2,718	2,741	2,737	2,735	2,764	-2%	-1%		
Volumes, EURbn:									
AuM	371.7	353.8	326.2	311.4	280.4	33%	5%		
Total lending	10.1	9.6	9.0	8.8	8.5	19%	5%	19%	5%
Total deposits	10.5	10.7	10.9	11.1	10.6	-1%	-2%	-1%	-2%

Restatements due to organisational changes.

[1] With amortised resolution fees.

Assets under Management (AuM), volumes and net flow

						Net flow
	Q121	Q420	Q320	Q220	Q120	Q121
EURbn						
Nordic Retail funds	78.5	73.9	66.6	63.2	55.6	1.7
Private Banking	107.2	100.8	92.7	87.8	77.0	1.6
Institutional sales	124.5	121.4	112.7	108.5	101.7	-1.0
Life & Pension	61.6	57.6	54.2	51.9	46.1	1.0
Total	**371.7**	**353.8**	**326.2**	**311.4**	**280.4**	**3.3**

Wealth Management

	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4
EURm							
Net interest income	20	18	17	17	18	11%	11%
Net fee and commission income	114	113	103	93	99	15%	1%
Net result from items at fair value	36	19	26	28	34	6%	89%
Equity method & other income	0	0	0	0	0		
Total income incl. allocations	**170**	**150**	**146**	**138**	**151**	**13%**	**13%**
Total expenses incl. allocations	**-83**	**-86**	**-82**	**-84**	**-87**	**-5%**	**-3%**
Profit before loan losses	**87**	**64**	**64**	**54**	**64**	**36%**	**36%**
Net loan losses and similar net result	-3	2	-3	-2	0		
Operating profit	**84**	**66**	**61**	**52**	**64**	**31%**	**27%**
Cost-to-income ratio[1], %	48	58	57	61	56		
Economic capital (EC)	1,469	1,279	1,110	1,058	969	52%	15%
Risk exposure amount (REA)	7,053	6,459	4,693	4,657	4,533	56%	9%
Number of employees (FTEs)	1,775	1,798	1,817	1,822	1,853	-4%	-1%
Volumes, EURbn:							
AuM PB	107.2	100.8	92.7	87.8	77.0	39%	6%
AuM NLP	57.0	53.2	48.8	46.9	41.9	36%	7%
Mortgage lending	7.7	7.3	6.9	6.7	6.5	19%	5%
Consumer lending	2.4	2.3	2.1	2.1	2.0	19%	5%
Total lending	**10.1**	**9.6**	**9.0**	**8.8**	**8.5**	**19%**	**5%**
Total deposits	**10.5**	**10.7**	**10.9**	**11.1**	**10.6**	**-1%**	**-2%**

Restatements due to organisational changes.
[1] With amortised resolution fees.

Asset Management

	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4
EURm							
Net interest income	-1	-1	-1	0	0		
Net fee and commission income	120	116	101	92	101	19%	3%
Net result from items at fair value	2	-4	-1	-1	1		
Equity method & other income	0	2	1	-2	1		
Total income incl. allocations	**121**	**113**	**100**	**89**	**103**	**17%**	**7%**
Total expenses incl. allocations	**-42**	**-45**	**-41**	**-40**	**-40**	**5%**	**-7%**
Profit before loan losses	**79**	**68**	**59**	**49**	**63**	**25%**	**16%**
Net loan losses and similar net result	0	0	0	0	0		
Operating profit	**79**	**68**	**59**	**49**	**63**	**25%**	**16%**
Cost-to-income ratio, %	35	40	41	45	39		
Economic capital (EC)	157	156	181	182	191	-18%	1%
Risk exposure amount (REA)	1,215	924	915	914	899	35%	32%
AuM, Nordic sales channels incl. Life, EURbn	141.1	131.5	119.2	113.7	102.3	38%	7%
AuM, ext. Inst. & 3rd part. dist., EURbn	124.5	122.3	113.6	109.4	101.7	22%	2%
Net inf., Nordic sales channels incl. Life, EURbn	2.9	3.6	1.5	0.2	-1.9		
Net inf., ext. Inst. & 3rd part. dist., EURbn	-1.0	4.4	2.2	1.7	-2.8		
Number of employees (FTEs)	900	901	878	871	876	3%	0%

Restatements due to organisational changes.

Private Banking

	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4
Net fee and commission income, EURm							
PB Denmark	48	50	40	43	43	13%	-3%
PB Finland	44	42	40	35	39	13%	5%
PB Norway	10	9	8	5	8	28%	15%
PB Sweden	24	22	20	18	21	18%	11%
Private Banking	**126**	**122**	**108**	**104**	**110**	**15%**	**4%**
AuM, EURbn							
PB Denmark	32.4	30.8	28.9	27.9	25.4	27%	5%
PB Finland	36.0	34.2	31.8	29.8	26.5	36%	5%
PB Norway	9.3	8.3	7.2	7.0	5.6	67%	12%
PB Sweden	29.5	27.5	24.7	23.1	19.5	51%	7%
Private Banking	**107.2**	**100.8**	**92.7**	**87.8**	**77.0**	**39%**	**6%**
Lending, EURbn							
PB Denmark	3.8	3.7	3.6	3.5	3.4	10%	3%
PB Finland	2.3	2.3	2.2	2.1	2.1	11%	4%
PB Norway	1.5	1.4	1.3	1.2	1.1	43%	12%
PB Sweden	2.4	2.3	2.0	2.0	1.8	32%	4%
Private Banking	**10.1**	**9.6**	**9.0**	**8.8**	**8.5**	**19%**	**5%**

Restatements due to organisational changes.

Life & Pension

	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4
EURm							
AuM, EURbn	57.0	53.2	48.8	46.9	41.9	36%	7%
Premiums	1,919	1,852	1,098	1,102	1,644	17%	4%
Profit drivers							
Profit traditional products	7	11	8	5	4	64%	-34%
Profit market return products	63	54	53	51	56	13%	16%
Profit risk products	21	15	20	17	19	11%	34%
Total product result	**91**	**81**	**81**	**73**	**79**	**15%**	**13%**

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 Legal; Group Finance and Group Internal Audit.

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

Financial outcome

Total operating income amounted to EUR -12m in the first quarter, up from EUR -66m in the same quarter last year, driven by net result from items at fair value.

Net interest income decreased by EUR 12m, year on year, driven by compression in money markets and credit spreads.

Net result from items at fair value improved by EUR 76m compared with the same quarter last year, which had been impacted by negative revaluations.

Total operating expenses amounted to EUR 73m, largely unchanged, year on year.

Group Functions, other & eliminations

	Q121	Q420	Q320	Q220	Q120	Q1/Q1	Q1/Q4
EURm							
Net interest income	-4	7	10	20	8		
Net fee and commission income	-7	-1	-7	-6	-4		
Net result from items at fair value	1	13	35	19	-75		
Equity method & other income	-2	28	13	4	5		
Total operating income	**-12**	**47**	**51**	**37**	**-66**		
Total operating expenses	**-73**	**-154**	**-85**	**-46**	**-75**		
Profit before loan losses	**-85**	**-107**	**-34**	**-9**	**-141**		
Net loan losses and similar net result	1	6	-1	-4	-2		
Operating profit	**-84**	**-101**	**-35**	**-13**	**-143**		
Economic capital (EC)	1,289	1,710	1,686	1,711	1,813		
Risk exposure amount (REA)	13,486	15,434	13,790	14,080	14,719		
Number of employees (FTEs)	12,136	12,165	12,159	12,019	12,172	0%	0%

Restatements due to organisational changes.

Income statement

EURm	Note	Q1 2021	Q1 2020	Full year 2020
Operating income				
Interest income calculated using the effective interest rate method		1,309	1,557	5,536
Other interest income		252	303	1,071
Negative yield on financial assets		-82	-62	-280
Interest expense		-387	-739	-2,013
Negative yield on financial liabilities		120	50	201
Net interest income		**1,212**	**1,109**	**4,515**
Fee and commission income		1,058	986	3,856
Fee and commission expense		-231	-221	-897
Net fee and commission income	**3**	**827**	**765**	**2,959**
Net result from items at fair value	4	370	110	900
Profit from associated undertakings and joint ventures accounted for under the equity method		-14	-2	-1
Other operating income		25	20	93
Total operating income		**2,420**	**2,002**	**8,466**
Operating expenses				
General administrative expenses:				
Staff costs		-682	-699	-2,752
Other expenses	5	-486	-419	-1,286
Depreciation, amortisation and impairment charges of tangible and intangible assets	6	-151	-130	-605
Total operating expenses		**-1,319**	**-1,248**	**-4,643**
Profit before loan losses		**1,101**	**754**	**3,823**
Net result on loans in hold portfolios mandatorily held at fair value		11	-1	48
Net loan losses	7	-63	-154	-908
Operating profit		**1,049**	**599**	**2,963**
Income tax expense		-261	-139	-698
Net profit for the period		**788**	**460**	**2,265**
Attributable to:				
Shareholders of Nordea Bank Abp		762	433	2,238
Additional Tier 1 capital holders		26	27	27
Total		**788**	**460**	**2,265**
Basic earnings per share, EUR		0.19	0.11	0.55
Diluted earnings per share, EUR		0.19	0.11	0.55

Statement of comprehensive income

EURm	Q1 2021	Q1 2020	Full year 2020
Net profit for the period	**788**	**460**	**2,265**
Items that may be reclassified subsequently to the income statement			
Currency translation differences	150	-996	-196
Hedging of net investments in foreign operations:			
Valuation gains/losses	1	623	117
Fair value through other comprehensive income[1]:			
Valuation gains/losses, net of recycling	-25	-113	55
Tax on valuation gains/losses	5	26	-9
Cash flow hedges:			
Valuation gains/losses, net of recycling	-41	42	21
Tax on valuation gains/losses	8	-9	-5
Items that may not be reclassified subsequently to the income statement			
Changes in own credit risk related to liabilities classified as fair value option:			
Valuation gains/losses	-1	37	-9
Tax on valuation gains/losses	0	-7	3
Defined benefit plans:			
Remeasurement of defined benefit plans	198	-105	22
Tax on remeasurement of defined benefit plans	-38	26	-4
Other comprehensive income from companies accounted for under the equity method	0	0	-1
Tax on other comprehensive income from companies accounted for under the equity method	0	0	0
Other comprehensive income, net of tax	**257**	**-476**	**-6**
Total comprehensive income	**1,045**	**-16**	**2,259**
Attributable to:			
Shareholders of Nordea Bank Abp	1,019	-43	2,232
Additional Tier 1 capital holders	26	27	27
Total	**1,045**	**-16**	**2,259**

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

Balance sheet

EURm	Note	31 Mar 2021	31 Dec 2020	31 Mar 2020
Assets	9			
Cash and balances with central banks		56,843	32,955	41,420
Loans to central banks	8	27	3,123	12,633
Loans to credit institutions	8	10,478	3,123	16,074
Loans to the public	8	333,622	329,765	324,341
Interest-bearing securities		66,739	62,509	71,690
Financial instruments pledged as collateral		3,948	3,795	7,742
Shares		19,324	12,649	12,836
Assets in pooled schemes and unit-linked investment contracts		39,783	36,484	25,961
Derivatives		36,000	44,770	56,934
Fair value changes of the hedged items in portfolio hedge of interest rate risk		222	359	332
Investments in associated undertakings and joint ventures		545	555	557
Intangible assets		3,817	3,771	3,531
Properties and equipment		1,875	1,931	1,955
Investment properties		1,596	1,535	1,478
Deferred tax assets		340	406	443
Current tax assets		355	300	309
Retirement benefit assets		283	144	163
Other assets		14,557	13,349	21,223
Prepaid expenses and accrued income		747	637	772
Total assets		**591,101**	**552,160**	**600,394**
Liabilities	9			
Deposits by credit institutions		43,431	23,939	63,308
Deposits and borrowings from the public		198,169	183,431	173,992
Deposits in pooled schemes and unit-linked investment contracts		40,824	37,534	27,378
Liabilities to policyholders		18,805	18,178	16,736
Debt securities in issue		183,101	174,309	183,927
Derivatives		36,786	47,033	55,386
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,893	2,608	2,792
Current tax liabilities		186	305	500
Other liabilities		24,182	21,341	33,335
Accrued expenses and prepaid income		1,624	1,404	1,595
Deferred tax liabilities		458	436	450
Provisions		559	596	531
Retirement benefit obligations		295	365	493
Subordinated liabilities		6,299	6,941	8,495
Total liabilities		**556,612**	**518,420**	**568,918**
Equity				
Additional Tier 1 capital holders		749	748	750
Non-controlling interests		9	9	34
Share capital		4,050	4,050	4,050
Invested unrestricted equity		1,072	1,063	1,072
Other reserves		-1,810	-2,067	-2,538
Retained earnings		30,419	29,937	28,108
Total equity		**34,489**	**33,740**	**31,476**
Total liabilities and equity		**591,101**	**552,160**	**600,394**
Off-balance sheet commitments				
Assets pledged as security for own liabilities		178,895	176,364	198,314
Other assets pledged[1]		348	267	20
Contingent liabilities		20,316	19,347	17,852
Credit commitments[2]		88,275	88,791	72,163
Other commitments		1,755	1,769	1,788

[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 pledged for overnight liquidity have been disclosed (securities pledged for intraday liquidity have been excluded). Comparative figures have been restated.

[2] Including unutilised portion of approved overdraft facilities of EUR 31,806m (31 December 2020: EUR 32,859m; 31 March 2020: EUR 28,794m).

Statement of changes in equity

	Attributable to shareholders of Nordea Bank Abp											
			Other reserves:									
EURm	Share capital[1]	Invested unrestricted equity	Translation of foreign operations	Cash flow hedges	Fair value through other comprehensive income	Defined benefit plans	Changes in own credit risk related to liabilities classified as fair value option	Retained earnings	Total	Additional Tier 1 capital holders	Non-controlling interests	Total equity
Balance as at 1 Jan 2021	**4,050**	**1,063**	**-2,020**	**-10**	**91**	**-117**	**-11**	**29,937**	**32,983**	**748**	**9**	**33,740**
Net profit for the period	-	-	-	-	-	-	-	762	762	26	-	788
Other comprehensive income, net of tax	-	-	151	-33	-20	160	-1	0	257	-	-	257
Total comprehensive income	-	-	151	-33	-20	160	-1	762	1,019	26	-	1,045
Paid interest on AT1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in additional AT1 capital	-	-	-	-	-	-	-	-	-	1	-	1
Share-based payments	-	-	-	-	-	-	-	3	3	-	-	3
Dividend 2020	-	-	-	-	-	-	-	-283	-283	-	-	-283
Divestment of own shares[2]	-	9	-	-	-	-	-	-	9	-	-	9
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	0	0
Balance as at 31 Mar 2021	**4,050**	**1,072**	**-1,869**	**-43**	**71**	**43**	**-12**	**30,419**	**33,731**	**749**	**9**	**34,489**
Balance as at 1 Jan 2020	**4,050**	**1,080**	**-1,941**	**-26**	**45**	**-135**	**-5**	**27,672**	**30,740**	**748**	**40**	**31,528**
Net profit for the period	-	-	-	-	-	-	-	2,238	2,238	27	-	2,265
Other comprehensive income, net of tax	-	-	-79	16	46	18	-6	-1	-6	-	-	-6
Total comprehensive income	-	-	-79	16	46	18	-6	2,237	2,232	27	-	2,259
Paid interest on 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 as at 31 Dec 2020	**4,050**	**1,063**	**-2,020**	**-10**	**91**	**-117**	**-11**	**29,937**	**32,983**	**748**	**9**	**33,740**
Balance as at 1 Jan 2020	**4,050**	**1,080**	**-1,941**	**-26**	**45**	**-135**	**-5**	**27,672**	**30,740**	**748**	**40**	**31,528**
Net profit for the period	-	-	-	-	-	-	-	433	433	27	-	460
Other comprehensive income, net of tax	-	-	-373	33	-87	-79	30	0	-476	-	-	-476
Total comprehensive income	-	-	-373	33	-87	-79	30	433	-43	27	-	-16
Paid interest on AT1 capital	-	-	-	-	-	-	-	-	-	-27	-	-27
Change in additional AT1 capital	-	-	-	-	-	-	-	-	-	2	-	2
Share-based payments	-	-	-	-	-	-	-	3	3	-	-	3
Purchase of own shares[2]	-	-8	-	-	-	-	-	-	-8	-	-	-8
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-6	-6
Balance as at 31 Mar 2020	**4,050**	**1,072**	**-2,314**	**7**	**-42**	**-214**	**25**	**28,108**	**30,692**	**750**	**34**	**31,476**

[1] Total shares registered were 4,050 million (31 December 2020: 4,050 million; 31 March 2020: 4,050 million). The number of own shares was 10.9 million (31 December 2020: 11.9 million; 31 March 2020: 12.8 million), which represents 0.3% (31 December 2020: 0.3%; 31 March 2020: 0.3%) of the total shares in Nordea. Each share represents one voting right.

[2] Refers to the change in the holding of own shares related to treasury shares held for remuneration purposes and to the trading portfolio. The number of treasury shares held for remuneration purposes was 8.2 million (31 December 2020: 8.2 million; 31 March 2020: 9.2 million).

Cash flow statement, condensed

EURm	Jan-Mar 2021	Jan-Mar 2020	Full year 2020
Operating activities			
Operating profit	1,049	599	2,963
Adjustments for items not included in cash flow	517	-808	2,074
Income taxes paid	-376	-237	-987
Cash flow from operating activities before changes in operating assets and liabilities	**1,190**	**-446**	**4,050**
Changes in operating assets and liabilities	21,551	9,245	-5,393
Cash flow from operating activities	**22,741**	**8,799**	**-1,343**
Investing activities			
Acquisition/sale of business operations	-	-	-552
Acquisition/sale of associated undertakings and joint ventures	-	-2	10
Acquisition/sale of properties and equipment	-1	-15	-50
Acquisition/sale of intangible assets	-97	-106	-418
Cash flow from investing activities	**-98**	**-123**	**-1,010**
Financing activities			
Issued/amortised subordinated liabilities	-750	-1,330	-2,459
Divestment/repurchase of own shares, including change in trading portfolio	9	-8	-17
Dividend paid	-283	-	-
Paid interest on Additional Tier 1 capital	-26	-27	-27
Amortisation of the principal part of lease liabilities	-32	-36	-143
Cash flow from financing activities	**-1,082**	**-1,401**	**-2,646**
Cash flow for the period	**21,561**	**7,275**	**-4,999**

Cash and cash equivalents EURm	31 Mar 2021	31 Mar 2020	31 Dec 2020
Cash and cash equivalents at beginning of the period	36,203	41,164	41,164
Translation difference	336	-190	38
Cash and cash equivalents at end of the period	58,100	48,249	36,203
Change	**21,561**	**7,275**	**-4,999**
The following items are included in cash and cash equivalents:			
Cash and balances with central banks	56,843	41,420	32,955
Loans to central banks	4	4,721	2,426
Loans to credit institutions	1,253	2,108	822
Total cash and cash equivalents	**58,100**	**48,249**	**36,203**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority where the following conditions are fulfilled:
- the central bank or postal giro system is domiciled in the country where the institution is established;
- the balance on the account is readily available at any time.

Loans to credit institutions payable on demand include liquid assets not represented by bonds or other interest-bearing securities.

Notes to the financial statements

Note 1 Accounting policies

The consolidated interim financial statements are prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting”, as endorsed by the European Union (EU).

The report includes a condensed set of financial statements and is to be read in conjunction with the audited consolidated financial statements for the year ended 31 December 2020. The accounting policies and methods of computation are unchanged from Note G1 in the Annual Report 2020, except for those relating to the items presented in the section “Changed accounting policies and presentation” below. For more information, see Note G1 in the Annual Report 2020.

Changed accounting policies and presentation

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

Interest Rate Benchmark Reform – Phase 2

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

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

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

Other amendments

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

- Amendments to IFRS 4, “Insurance Contracts” – deferral of IFRS 9

Changes in IFRS not yet applied

IFRS 17, “Insurance contracts”

The new standard IFRS 17, “Insurance contracts”, will change the accounting requirements for the recognition, measurement, presentation and disclosure of insurance contracts.

The measurement principles will change from a non-uniform accounting policy based on the local accounting policies in the life insurance subsidiaries to a uniform accounting policy based on three measurement models: the Building Block Approach (BBA), the Variable Fee Approach (VFA) and the Premium Allocation Approach (PAA). The model application depends on the terms of the 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 those for calculating technical provisions in the Solvency II capital requirements directive. Unearned future premiums will be recognised as a provision on the balance sheet and released to revenue when the insurance service is provided. Any unprofitable contracts will be recognised in the income statement at the time the contract is signed and approved.

IFRS 17 is effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted. The standard is not yet endorsed by the EU. Nordea does not currently intend to adopt the standard early. 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.

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 their initial application.

Critical judgements and estimation uncertainty

Nordea applied significant critical judgements in the preparation of this interim report due to significant uncertainty concerning the potential long-term impact of COVID-19 on its financial statements. More information on where critical judgements are generally applied and where estimation uncertainty exists can be found in section 4 of Note G1, “Accounting policies”, in the Annual Report 2020.

No impairment of goodwill was identified during the first quarter, but significant estimation uncertainty exists in relation to the long-term impact on Nordea’s financial statements and the impairment need will be continuously reassessed. Both an increase in the discount rate of 1 percentage point and a reduction in the future growth rate of 1 percentage point are considered to be reasonably possible changes in key assumptions. Such changes would not result in any impairment.

Exchange rates

	Jan-Mar 2021	Jan-Dec 2020	Jan-Mar 2020
EUR 1 = SEK			
Income statement (average)	10.1189	10.4889	10.6603
Balance sheet (at end of period)	10.2408	10.0220	10.9860
EUR 1 = DKK			
Income statement (average)	7.4372	7.4543	7.4714
Balance sheet (at end of period)	7.4377	7.4405	7.4642
EUR 1 = NOK			
Income statement (average)	10.2638	10.7291	10.4678
Balance sheet (at end of period)	10.0195	10.4703	11.5405
EUR 1 = RUB			
Income statement (average)	89.6807	82.6596	73.7331
Balance sheet (at end of period)	88.4305	90.8041	86.1382

Note 2 Segment reporting

Jan-Mar 2021	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Recon-ciliation	**Total Group**
Total operating income, EURm	868	633	616	290	62	2,469	-49	**2,420**
- of which internal transactions[1]	-59	-10	-31	-7	107	0	-	**-**
Operating profit, EURm	364	290	307	162	57	1,180	-131	**1,049**
Loans to the public[2], EURbn	162	91	44	10	0	307	27	**334**
Deposits and borrowings from the public, EURbn	81	51	41	10	0	183	15	**198**
Jan-Mar 2020								
Total operating income, EURm	837	579	409	258	-72	2,011	-9	**2,002**
- of which internal transactions[1]	-156	-58	-89	-3	306	0	-	**-**
Operating profit, EURm	322	218	89	130	-83	676	-77	**599**
Loans to the public[2], EURbn	154	85	50	9	0	298	26	**324**
Deposits and borrowings from the public, EURbn	75	42	37	10	0	164	10	**174**

[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-Mar		31 Mar		31 Mar	
	2021	2020	2021	2020	2021	2020
Total operating segments	1,180	676	307	298	183	164
Group Functions[1]	12	-52	-	-	-	-
Unallocated items	-154	-22	23	37	13	15
Differences in accounting policies[2]	11	-3	4	-11	2	-5
Total	**1,049**	**599**	**334**	**324**	**198**	**174**

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

Measurement of operating segments' performance

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

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

There have been no changes in the basis of segmentation during the year.

Note 3 Net fee and commission income

EURm	Q1 2021	Q4 2020	Q1 2020
Asset management commissions	416	398	359
Life and pension commissions	64	70	68
Deposit products	6	8	7
Brokerage, securities issues and corporate finance	77	64	64
Custody and issuer services	0	12	5
Payments	80	66	77
Cards	35	44	47
Lending products	121	117	105
Guarantees	25	23	22
Other	3	-10	11
Total	**827**	**792**	**765**

Breakdown
Jan-Mar 2021

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Other and eliminations	Nordea Group
Asset management commissions	152	27	1	236	0	0	416
Life and pension commissions	53	20	1	-10	0	0	64
Deposit products	1	5	0	0	0	0	6
Brokerage, securities issues and corporate finance	6	16	48	11	1	-5	77
Custody and issuer services	0	0	2	0	-2	0	0
Payments	20	42	18	0	0	0	80
Cards	29	5	1	0	0	0	35
Lending products	32	39	49	1	0	0	121
Guarantees	2	7	16	0	0	0	25
Other	1	5	1	-3	-1	0	3
Total	**296**	**166**	**137**	**235**	**-2**	**-5**	**827**

Breakdown
Jan-Mar 2020

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Other and eliminations	Nordea Group
Asset management commissions	141	25	2	191	0	0	359
Life and pension commissions	47	17	1	3	0	0	68
Deposit products	2	5	0	0	0	0	7
Brokerage, securities issues and corporate finance	7	10	35	12	0	0	64
Custody and issuer services	2	0	5	0	-2	0	5
Payments	17	42	17	0	1	0	77
Cards	39	6	2	0	0	0	47
Lending products	31	34	39	0	0	1	105
Guarantees	2	7	13	0	0	0	22
Other	7	4	10	-6	-1	-3	11
Total	**295**	**150**	**124**	**200**	**-2**	**-2**	**765**

Note 4 Net result from items at fair value

EURm	Q1 2021	Q4 2020	Q1 2020
Equity-related instruments	189	74	-75
Interest-related instruments and foreign exchange gains/losses	102	-45	481
Other financial instruments (including credit and commodities)	52	175	-322
Life & Pension[1]	27	13	26
Total	**370**	**217**	**110**

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

Breakdown of Life & Pension

EURm	Q1 2021	Q4 2020	Q1 2020
Equity-related instruments	544	488	-1,226
Interest-related instruments and foreign exchange gains/losses	-34	134	-91
Investment properties	66	10	11
Change in technical provisions[1]	-180	-427	684
Change in collective bonus potential	-381	-204	637
Insurance risk income	17	16	16
Insurance risk expense	-5	-4	-5
Total	**27**	**13**	**26**

[1] Premium income amounts to EUR 95m for the first quarter of 2021 (Fourth quarter of 2020: EUR 83m; first quarter of 2020: EUR 71m).

Note 5 Other expenses

EURm	Q1 2021	Q4 2020	Q1 2020
Information technology	-124	-151	-120
Marketing and representation	-7	-21	-9
Postage, transportation, telephone and office expenses	-14	-16	-15
Rents, premises and real estate	-26	-32	-27
Resolution fee	-224	-	-153
Other	-91	-99	-95
Total	**-486**	**-319**	**-419**

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

EURm	Q1 2021	Q4 2020	Q1 2020
Depreciation/amortisation			
Properties and equipment	-63	-60	-67
Intangible assets	-86	-84	-58
Total	**-149**	**-144**	**-125**
Impairment charges			
Properties and equipment	-2	-1	0
Intangible assets	0	-32	-5
Total	**-2**	**-33**	**-5**
Total	**-151**	**-177**	**-130**

Note 7 Net loan losses

EURm	Q1 2021	Q4 2020	Q1 2020
Net loan losses, stage 1	-6	-11	-23
Net loan losses, stage 2	16	3	13
Net loan losses, non-defaulted	**10**	**-8**	**-10**
Stage 3, defaulted			
Net loan losses, individually assessed, collectively calculated	10	43	-87
Realised loan losses	-102	-228	-69
Decrease in provisions to cover realised loan losses	64	130	38
Recoveries on previous realised loan losses	7	6	31
Reimbursement right	0	1	-1
New/increase in provisions	-211	-91	-167
Reversals of provisions	159	89	111
Net loan losses, defaulted	**-73**	**-50**	**-144**
Net loan losses	**-63**	**-58**	**-154**

Key ratios

	Q1 2021	Q4 2020	Q1 2020
Net loan loss ratio, amortised cost, bp	10	9	26
- of which stage 1	1	2	4
- of which stage 2	-3	-1	-2
- of which stage 3	12	8	24

Note 8 Loans and impairment

EURm	Total 31 Mar 2021	31 Dec 2020	31 Mar 2020
Loans measured at fair value	84,381	74,616	95,209
Loans measured at amortised cost, not impaired (stages 1 and 2)	258,184	259,864	255,565
Impaired loans (stage 3)	4,023	3,979	4,516
- of which servicing	1,803	1,788	2,026
- of which non-servicing	2,220	2,191	2,490
Loans before allowances	**346,588**	**338,459**	**355,290**
- of which central banks and credit institutions	*10,508*	*6,250*	*28,719*
Allowances for individually assessed impaired loans (stage 3)	-1,676	-1,674	-1,746
- of which servicing	-677	-760	-858
- of which non-servicing	-999	-914	-888
Allowances for collectively assessed impaired loans (stages 1 and 2)	-785	-774	-496
Allowances	**-2,461**	**-2,448**	**-2,242**
- of which central banks and credit institutions	*-3*	*-4*	*-13*
Loans, carrying amount	**344,127**	**336,011**	**353,048**

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

EURm	31 Mar 2021 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	243,801	14,383	4,023	262,207
Interest-bearing securities[1]	38,202	-	-	38,202
Total	**282,003**	**14,383**	**4,023**	**300,409**

[1] Of which EUR 469m relates to the balance sheet item Financial instruments pledged as collateral.

EURm	31 Mar 2020 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	246,702	8,863	4,516	260,081
Interest-bearing securities[1]	35,837	-	-	35,837
Total	**282,539**	**8,863**	**4,516**	**295,918**

[1] Of which EUR 1,506m relates to the balance sheet item Financial instruments pledged as collateral.

Allowances and provisions

EURm	31 Mar 2021 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	-300	-485	-1,676	-2,461
Interest-bearing securities	-3	-1	-	-4
Provisions for off-balance sheet items	-67	-129	-29	-225
Total allowances and provisions	**-370**	**-615**	**-1,705**	**-2,690**

EURm	31 Mar 2020 Stage 1	Stage 2	Stage 3	Total
Loans to central banks, credit institutions and the public	-173	-323	-1,746	-2,242
Interest-bearing securities	-2	-	-	-2
Provisions for off-balance sheet items	-29	-68	-35	-132
Total allowances and provisions	**-204**	**-391**	**-1,781**	**-2,376**

Movements of allowance accounts for loans measured at amortised cost

EURm	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2021	**-284**	**-490**	**-1,674**	**-2,448**
Changes due to origination and acquisition	-16	-1	-1	-18
Transfer from stage 1 to stage 2	10	-65	-	-55
Transfer from stage 1 to stage 3	0	-	-5	-5
Transfer from stage 2 to stage 1	-2	47	-	45
Transfer from stage 2 to stage 3	-	18	-126	-108
Transfer from stage 3 to stage 1	-1	-	4	3
Transfer from stage 3 to stage 2	-	-3	11	8
Changes due to change in credit risk (net)	-23	-24	44	-3
Changes due to repayments and disposals	20	36	22	78
Write-off through decrease in allowance account	-	-	63	63
Translation differences	-4	-3	-14	-21
Balance as at 31 Mar 2021	**-300**	**-485**	**-1,676**	**-2,461**

Note 8 Continued

EURm	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2020	**-153**	**-344**	**-1,686**	**-2,183**
Changes due to origination and acquisition	-7	0	-1	-8
Transfer from stage 1 to stage 2	3	-41	-	-38
Transfer from stage 1 to stage 3	0	-	-16	-16
Transfer from stage 2 to stage 1	-44	63	-	19
Transfer from stage 2 to stage 3	-	8	-24	-16
Transfer from stage 3 to stage 1	-3	-	6	3
Transfer from stage 3 to stage 2	-	-10	6	-4
Changes due to change in credit risk (net)	26	-4	-127	-105
Changes due to repayments and disposals	1	0	1	2
Write-off through decrease in allowance account	-	-	37	37
Translation differences	4	5	58	67
Balance as at 31 Mar 2020	**-173**	**-323**	**-1,746**	**-2,242**

Key ratios[1]	31 Mar 2021	31 Dec 2020	31 Mar 2020
Impairment rate (stage 3), gross, basis points	153	151	174
Impairment rate (stage 3), net, basis points	90	87	107
Total allowance rate (stages 1, 2 and 3), basis points	94	93	86
Allowances in relation to impaired loans (stage 3), %	42	42	39
Allowances in relation to loans in stages 1 and 2, basis points	30	30	19

[1] For definitions, see Glossary.

Forbearance

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

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.

At the end of the first quarter of 2021 the carrying amount of loans on which Nordea had granted COVID-19-related instalment-free periods was EUR 17.9bn, of which 91.1% was classified as stage 1, 7.8% as stage 2 and 1.1% as stage 3 (EUR 18.6bn, of which 91.2% was classified as stage 1, 7.7% as stage 2 and 1.1% as stage 3 at the end of December 2020). Loans corresponding to EUR 8.5bn (of the aforementioned EUR 17.9bn) were still subject to instalment-free periods at the end of the quarter. The instalment-free periods have thus expired on more than half of the total carrying amount of loans on which they were originally granted, and customers have returned to normal payment schedules.

Sensitivities

The provisions are sensitive to rating migration even if staging triggers are not reached. The table below shows the impact on provisions of a one-notch downgrade on all exposures in the bank. It includes both the impact of the higher risk for all exposures and the impact of transferring exposures that reach the trigger from stage 1 to stage 2. It also includes the impact of exposures with one rating grade above default becoming default, which is estimated at EUR 134m (EUR 139m at year-end 2020). 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 Mar 2021		31 Dec 2020	
EURm	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
Personal Banking	478	629	492	646
Business Banking	1,317	1,453	1,307	1,447
Large Corporates & Institutions	886	939	874	950
Other	9	23	14	29
Group	**2,690**	**3,044**	**2,687**	**3,072**

Note 8 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 first quarter of 2021, the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 50%, adverse 45% and favourable 5% (baseline 50%, adverse 45% and favourable 5% at year-end 2020). The weight on the adverse scenario was increased as of the third quarter of 2020 to give more weight to the downside risks related to the COVID-19 pandemic, and was maintained in the first quarter of 2021, given the continued uncertainty regarding the impact of the pandemic on the economy. The baseline scenario was still maintained as the most probable one.

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

The macroeconomic scenarios reflect Nordea's view of how the 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 a significant recovery in output during the second half of 2020, a resurgence of the COVID-19 pandemic led to renewed and widespread lockdowns in most of Europe towards the end of 2020 and during the first quarter of 2021. All the Nordic countries are likely to have experienced a contraction in output in the first quarter of 2021. The high level of uncertainty in the baseline scenario, which is weighing on business investments and exports in particular, is expected to linger throughout 2021. Accordingly, growth is predicted to be modest in 2021. 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 the second half of 2021. The loss of output in the beginning of 2021 will weigh on labour markets and consumer confidence. The Nordic housing markets are expected to have positive annual growth rates in 2021.

At the end of the first quarter of 2021 adjustments to model-based allowances/provisions amounted to EUR 739m, including management judgements. The management judgements cover expected credit losses not yet covered by the IFRS 9 model. The cyclical reserve amounted to EUR 455m at the end of the first quarter of 2021 (EUR 450m at the end of the fourth quarter of 2020) and issues identified in the IFRS 9 model to be later covered in model updates (structural reserve) amounted to EUR 195m (EUR 200m at the end of the fourth quarter of 2020). The cyclical reserve was supported by additional portfolio modelling and was triggered by the substantial uncertainty in the macroeconomic development, as well as the need to account for future rating downgrades potentially underestimated by the IFRS 9 model through the updated macroeconomic scenarios.

The estimation of the cyclical reserve was largely unchanged in the first quarter of 2021 compared with the fourth quarter of 2020. The estimation was supported by the use of the internal stress testing model, adjusted for the impact of government support schemes. For the retail portfolio, the most important public sector actions have been the various forms of labour market support schemes, which have significantly decreased expected defaults and losses among households. Due to the wide scope of these schemes, Nordea decreased the modelled development of new defaults originally predicted by the internal stress testing models, leading to lower predicted loan losses. These models are based on historical observations and correlations. Thus, they do not replicate the impact of the current government support schemes.

With regard to the expected rating migration in the corporate portfolio, Nordea took into consideration the positive impact of the various government guarantee and support schemes, primarily addressing the liquidity shock caused by the lockdowns and quarantines. At the same time, additional negative rating migration was assumed for 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 support the loan loss forecasts made by the business areas, and help Nordea ensure that its loan loss projections are appropriate. The cyclical reserve reflects Nordea's view of expected credit losses not yet captured by the models.

Note 8 Continued

Scenarios and allowances/provisions

31 Mar 2021

Denmark		2021	2022	2023	Unweighted ECL EURm	Probability weight	Model-based allowances/ provisions EURm	Adjustments to model-based allowances/ provisions EURm	Individual allowances/ provisions EURm	Total allowances/ provisions EURm
Favourable scenario	GDP growth, %	4.3	4.1	1.8	225	5%				
	Unemployment, %	4.4	3.9	3.5						
	Change in household consumption, %	5.0	4.1	2.6						
	Change in house prices, %	3.6	2.2	2.2						
Baseline scenario	GDP growth, %	1.8	4.2	1.6	233	50%	239	195	368	802
	Unemployment, %	5.2	4.7	4.1						
	Change in household consumption, %	3.3	3.9	2.2						
	Change in house prices, %	1.2	0.8	1.2						
Adverse scenario	GDP growth, %	-0.5	3.7	2.7	247	45%				
	Unemployment, %	7.1	6.6	6.0						
	Change in household consumption, %	2.0	3.7	2.6						
	Change in house prices, %	-3.7	-6.3	2.6						
Finland										
Favourable scenario	GDP growth, %	2.4	3.1	1.7	172	5%				
	Unemployment, %	7.4	6.6	6.3						
	Change in household consumption, %	2.0	3.1	2.7						
	Change in house prices, %	3.0	2.9	2.0						
Baseline scenario	GDP growth, %	1.0	3.6	1.0	179	50%	190	201	243	634
	Unemployment, %	8.2	7.6	7.4						
	Change in household consumption, %	1.0	3.3	1.5						
	Change in house prices, %	0.3	0.8	1.2						
Adverse scenario	GDP growth, %	-2.4	3.2	2.2	204	45%				
	Unemployment, %	9.9	9.2	8.5						
	Change in household consumption, %	-1.7	2.8	2.0						
	Change in house prices, %	-4.6	-6.2	2.5						
Norway										
Favourable scenario	GDP growth, %	4.1	3.2	1.6	75	5%				
	Unemployment, %	4.9	4.2	3.9						
	Change in household consumption, %	5.5	2.5	1.9						
	Change in house prices, %	6.5	3.3	1.7						
Baseline scenario	GDP growth, %	2.8	3.6	1.7	76	50%	81	222	408	711
	Unemployment, %	5.1	4.6	4.1						
	Change in household consumption, %	4.6	2.9	1.6						
	Change in house prices, %	1.7	0.8	1.2						
Adverse scenario	GDP growth, %	-0.4	2.8	3.7	87	45%				
	Unemployment, %	6.3	6.2	5.6						
	Change in household consumption, %	1.5	2.6	3.2						
	Change in house prices, %	-9.7	-9.3	3.2						
Sweden										
Favourable scenario	GDP growth, %	3.5	3.6	1.5	93	5%				
	Unemployment, %	8.4	7.5	6.8						
	Change in household consumption, %	3.5	3.7	1.4						
	Change in house prices, %	5.1	2.5	1.7						
Baseline scenario	GDP growth, %	1.8	5.4	1.7	97	50%	101	106	96	303
	Unemployment, %	9.0	8.1	7.3						
	Change in household consumption, %	2.1	5.4	1.5						
	Change in house prices, %	2.1	0.8	1.2						
Adverse scenario	GDP growth, %	-2.4	3.6	2.3	107	45%				
	Unemployment, %	11.2	11.0	10.2						
	Change in household consumption, %	-2.0	2.6	0.6						
	Change in house prices, %	-11.1	-11.1	3.8						
Non-Nordic							11	15	214	240
Total							**622**	**739**	**1,329**	**2,690**

Note 8 Continued

Scenarios and allowances/provisions

31 Dec 2020

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

Note 8 Continued

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

31 Mar 2021

	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	12,195	572	150	12,917	15	21	39	74	12,843	5
Agriculture	3,227	311	171	3,710	8	15	87	109	3,600	3
Crops, plantations and hunting	1,032	107	41	1,179	3	6	19	28	1,151	2
Animal husbandry	656	114	127	898	3	8	66	77	821	-2
Fishing and aquaculture	1,538	91	4	1,633	2	1	2	4	1,629	3
Natural resources	2,606	205	558	3,368	6	4	291	301	3,067	-1
Paper and forest products	1,436	135	37	1,609	4	3	19	26	1,583	3
Mining and supporting activities	328	30	3	361	1	1	2	3	358	1
Oil, gas and offshore	842	39	517	1,399	1	0	271	272	1,126	-4
Consumer staples	3,051	176	24	3,251	6	14	11	31	3,220	5
Food processing and beverages	1,108	97	7	1,211	2	6	4	12	1,198	-1
Household and personal products	225	33	11	269	1	2	5	8	261	0
Healthcare	1,718	47	6	1,771	3	6	2	11	1,760	6
Consumer discretionary and services	6,705	1,157	318	8,179	13	47	182	242	7,937	-52
Consumer durables	1,456	203	40	1,699	2	9	18	30	1,669	1
Media and entertainment	1,346	102	26	1,474	3	4	14	21	1,453	5
Retail trade	2,493	280	207	2,979	6	20	120	146	2,833	-55
Air transportation	172	69	13	254	0	3	8	11	243	-1
Accommodation and leisure	649	450	30	1,129	2	8	21	31	1,098	-1
Telecommunication services	590	53	1	644	1	2	1	3	642	0
Industrials	27,578	3,069	633	31,279	67	127	324	518	30,761	28
Materials	1,047	254	60	1,361	3	7	29	39	1,322	42
Capital goods	2,718	381	100	3,198	6	14	50	70	3,128	-2
Commercial and professional services	9,765	668	157	10,590	25	31	74	130	10,460	-15
Construction	6,464	705	154	7,322	18	24	93	135	7,188	-3
Wholesale trade	3,973	668	72	4,713	8	32	38	79	4,634	5
Land transportation	2,378	276	80	2,734	4	11	35	50	2,684	-3
IT services	1,232	118	10	1,361	3	6	6	15	1,346	3
Maritime	5,365	508	617	6,491	27	27	250	305	6,186	-43
Ship building	156	2	10	168	0	0	6	7	161	1
Shipping	4,963	504	606	6,073	27	27	243	297	5,776	-44
Maritime services	246	2	1	249	0	0	1	1	248	0
Utilities and public service	5,156	123	36	5,315	5	3	22	30	5,284	-4
Utilities distribution	2,371	74	30	2,475	2	1	17	20	2,455	-5
Power production	2,019	15	1	2,035	1	0	0	2	2,033	2
Public services	765	34	5	805	2	2	5	8	797	-2
Real estate	36,940	1,608	262	38,810	39	34	100	173	38,637	5
Other industries and reimbursement rights	526	142	6	673	9	3	7	18	655	0
Total Corporate	**103,348**	**7,871**	**2,773**	**113,992**	**195**	**293**	**1,314**	**1,801**	**112,190**	**-54**
Housing loans	112,912	3,922	553	117,387	14	25	52	91	117,296	1
Collateralised lending	16,776	1,391	380	18,546	60	68	185	313	18,233	-5
Non-collateralised lending	5,527	1,046	278	6,852	29	98	122	250	6,602	-4
Household	**135,216**	**6,359**	**1,211**	**142,785**	**103**	**191**	**360**	**654**	**142,131**	**-8**
Public sector	**3,326**	**124**	**39**	**3,489**	**0**	**0**	**2**	**2**	**3,486**	**0**
Lending to the public	**241,889**	**14,354**	**4,023**	**260,266**	**298**	**484**	**1,676**	**2,458**	**257,808**	**-63**
Lending to central banks and credit institutions	**1,912**	**29**	**0**	**1,941**	**2**	**1**	**0**	**3**	**1,938**	**0**
Total	**243,801**	**14,383**	**4,023**	**262,207**	**300**	**485**	**1,676**	**2,461**	**259,746**	**-63**

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

Note 8 Continued

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

31 Dec 2020

	Gross				Allowances				Loans carrying	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 9 Classification of financial instruments

EURm	Amortised cost (AC)	Fair value through profit or loss (FVPL): Mandatorily	Fair value through profit or loss (FVPL): Designated at fair value through profit or loss (fair value option)	Fair value through other comprehensive income (FVOCI)	Total
Financial assets					
Cash and balances with central banks	56,843	-	-	-	56,843
Loans to central banks	6	21	-	-	27
Loans to credit institutions	1,932	8,546	-	-	10,478
Loans to the public	257,808	75,814	-	-	333,622
Interest-bearing securities	3,393	24,831	4,179	34,336	66,739
Financial instruments pledged as collateral	-	3,479	-	469	3,948
Shares	-	19,324	-	-	19,324
Assets in pooled schemes and unit-linked investment contracts	-	39,095	317	-	39,412
Derivatives	-	36,000	-	-	36,000
Fair value changes of the hedged items in portfolio hedge of interest rate risk	222	-	-	-	222
Other assets	3,498	10,319	-	-	13,817
Prepaid expenses and accrued income	349	-	-	-	349
Total 31 Mar 2021	**324,051**	**217,429**	**4,496**	**34,805**	**580,781**
Total 31 Dec 2020	299,719	204,232	4,431	33,726	542,108

EURm	Amortised cost (AC)	Fair value through profit or loss (FVPL): Mandatorily	Fair value through profit or loss (FVPL): Designated at fair value through profit or loss (fair value option)	Total
Financial liabilities				
Deposits by credit institutions	34,438	8,993	-	43,431
Deposits and borrowings from the public	190,597	7,572	-	198,169
Deposits in pooled schemes and unit-linked investment contracts	-	-	40,824	40,824
Liabilities to policyholders	-	-	2,245	2,245
Debt securities in issue	127,139	-	55,962	183,101
Derivatives	-	36,786	-	36,786
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,893	-	-	1,893
Other liabilities[1]	5,863	16,893	-	22,756
Accrued expenses and prepaid income	249	-	-	249
Subordinated liabilities	6,299	-	-	6,299
Total 31 Mar 2021	**366,478**	**70,244**	**99,031**	**535,753**
Total 31 Dec 2020	334,281	67,498	96,127	497,906

[1] Of which lease liabilities classified in the category Amortised cost EUR 1,205m.

Note 10 Fair value of financial assets and liabilities

	31 Mar 2021		31 Dec 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	56,843	56,843	32,955	32,955
Loans	344,349	352,972	336,370	344,038
Interest-bearing securities	66,739	66,906	62,509	62,764
Financial instruments pledged as collateral	3,948	3,948	3,795	3,795
Shares	19,324	19,324	12,649	12,649
Assets in pooled schemes and unit-linked investment contracts	39,412	39,412	36,123	36,123
Derivatives	36,000	36,000	44,770	44,770
Other assets	13,817	13,817	12,645	12,645
Prepaid expenses and accrued income	349	349	292	292
Total	**580,781**	**589,571**	**542,108**	**550,031**
Financial liabilities				
Deposits and debt instruments	432,893	433,595	391,228	392,214
Deposits in pooled schemes and unit-linked investment contracts	40,824	40,824	37,534	37,534
Liabilities to policyholders	2,245	2,245	2,386	2,386
Derivatives	36,786	36,786	47,033	47,033
Other liabilities	21,551	21,551	18,270	18,270
Accrued expenses and prepaid income	249	249	222	222
Total	**534,548**	**535,250**	**496,673**	**497,659**

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

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

Categorisation in the fair value hierarchy

EURm	Quoted prices in active markets for the same instruments (Level 1)	*Of which Life & Pension*	Valuation technique using observable data (Level 2)	*Of which Life & Pension*	Valuation technique using non-observable data (Level 3)	*Of which Life & Pension*	Total
Assets at fair value on the balance sheet[1]							
Loans to central banks	-	-	21	-	-	-	21
Loans to credit institutions	-	-	8,546	-	-	-	8,546
Loans to the public	-	-	75,814	-	-	-	75,814
Interest-bearing securities[2]	28,375	*1,185*	38,174	*2,930*	745	*124*	67,294
Shares	16,731	*9,743*	452	*275*	2,141	*921*	19,324
Assets in pooled schemes and unit-linked investment contracts	38,879	*34,797*	431	*432*	102	*102*	39,412
Derivatives	72	-	34,685	*6*	1,243	-	36,000
Other assets	-	-	10,288	-	31	*30*	10,319
Total 31 Mar 2021	**84,057**	***45,725***	**168,411**	***3,643***	**4,262**	***1,177***	**256,730**
Total 31 Dec 2020	74,689	*42,072*	162,906	*3,733*	4,794	*1,024*	242,389
Liabilities at fair value on the balance sheet[1]							
Deposits by credit institutions	-	-	8,993	-	-	-	8,993
Deposits and borrowings from the public	-	-	7,572	-	-	-	7,572
Deposits in pooled schemes and unit-linked investment contracts	-	-	40,824	*36,440*	-	-	40,824
Liabilities to policyholders	-	-	2,245	*2,245*	-	-	2,245
Debt securities in issue	40,916	-	13,518	-	1,528	-	55,962
Derivatives	141	-	35,479	*51*	1,166	-	36,786
Other liabilities	7,188	-	9,684	-	21	-	16,893
Total 31 Mar 2021	**48,245**	**-**	**118,315**	***38,736***	**2,715**	**-**	**169,275**
Total 31 Dec 2020	50,870	-	109,333	*35,501*	3,422	-	163,625

[1] All items are measured at fair value on a recurring basis at the end of each reporting period.
[2] Of which EUR 3,948m relates to the balance sheet item Financial instruments pledged as collateral.

Transfers between Levels 1 and 2

During the period Nordea transferred "Interest-bearing securities" (including such financial instruments pledged as collateral) of EUR 1,173m from Level 1 to Level 2 and of EUR 725m from Level 2 to Level 1 in the fair value hierarchy. Furthermore, Nordea transferred "Debt securities in issue" of EUR 8,437m from Level 1 to Level 2 and of EUR 2,565m from Level 2 to Level 1. Nordea also transferred "Other liabilities" of EUR 182m from Level 1 to Level 2 and of EUR 78m from Level 2 to Level 1. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 11 Continued

Movements in Level 3

		Fair value gains/losses recognised in the income statement during the year									
EURm	1 Jan	Rea-lised	Un-reali-sed	Recog-nised in OCI	Purchases/ Issues	Sales	Settle-ments	Transfers into Level 3	Transfers out of Level 3	Translation differences	31 Mar
Interest-bearing securities	931	-1	18	-	158	7	2	82	-464	12	745
- of which Life & Pension	*67*	-	-	-	-	*-1*	*1*	*54*	-	*3*	*124*
Shares	1,969	78	43	-	150	-121	-3	-	-	25	2,141
- of which Life & Pension	*835*	*10*	*39*	-	*57*	*-22*	*-2*	-	-	*4*	*921*
Assets in pooled schemes and unit-linked investment contracts	92	2	8	-	8	-4	-1	1	-3	-1	102
- of which Life & Pension	*92*	*2*	*7*	-	*8*	*-4*	-	*1*	*-3*	*-1*	*102*
Derivatives (net)	162	37	101	-	-	-	-37	-8	-189	11	77
Other assets	31	-	-	-	-	-	-	-	-	-	31
- of which Life & Pension	*30*	-	-	-	-	-	-	-	-	-	*30*
Debt securities in issue	1,781	78	-111	-	118	-54	-102	17	-199	-	1,528
Other liabilities	32	-	-24	-	20	-7	-	-	-	-	21
Total 2021, net	**1,372**	**38**	**305**	**-**	**178**	**-57**	**63**	**58**	**-457**	**47**	**1,547**
Total 2020, net	237	-157	481	-17	98	-192	237	-204	-140	-85	258

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in Net result from items at fair value. Assets and liabilities related to derivatives are presented net.

Valuation processes for fair value measurements in Level 3

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

Deferred Day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to the fact that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information, see the Annual Report 2020, Note G1, "Accounting policies". The table below shows the aggregated difference yet to be recognised in the income statement at the beginning and end of the period. The table also shows a reconciliation of how this aggregated difference changed during the period (movement of deferred Day 1 profit).

Deferred Day 1 profit – derivatives, net

EURm	2021	2020
Opening balance as at 1 Jan	73	125
Deferred profit on new transactions	16	27
Recognised in the income statement during the period[1]	-15	-18
Closing balance as at 31 Mar	**74**	**134**

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

Note 11 Continued

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

EURm	Fair value	*Of which Life & Pension[1]*	Valuation techniques	Unobservable input	Range of fair value[4]
Interest-bearing securities					
Public bodies	68	*26*	Discounted cash flows	Credit spread	-4/4
Mortgage and other credit institutions	447	*93*	Discounted cash flows	Credit spread	-37/37
Corporates[2]	230	*5*	Discounted cash flows	Credit spread	-23/23
Total 31 Mar 2021	**745**	***124***			**-64/64**
Total 31 Dec 2020	931	*67*			-88/88
Shares					
Private equity funds	1,004	*519*	Net asset value[3]		-111/111
Hedge funds	83	*81*	Net asset value[3]		-7/7
Credit funds	502	*167*	Net asset value/market consensus[3]		-44/44
Other funds	271	*146*	Net asset value/Fund prices[3]		-23/23
Other[5]	383	*110*	-		-39/39
Total 31 Mar 2021	**2,243**	***1,023***			**-224/224**
Total 31 Dec 2020	2,061	*927*			-199/199
Derivatives, net					
Interest rate derivatives	222	-	Option model	Correlations Volatilities	-8/8
Equity derivatives	-65	-	Option model	Correlations Volatilities Dividends	-10/6
Foreign exchange derivatives	-3	-	Option model	Correlations Volatilities	0/0
Credit derivatives	-79	-	Credit derivative model	Correlations Volatilities Recovery rates	-23/24
Other	2	-	Option model	Correlations Volatilities	-0/0
Total 31 Mar 2021	**77**	**-**			**-41/38**
Total 31 Dec 2020	162	-			-52/55
Debt securities in issue					
Issued structured bonds	1,528	-	Credit derivative model	Correlations Recovery rates Volatilities	-7/7
Total 31 Mar 2021	**1,528**	**-**			**-7/7**
Total 31 Dec 2020	1,781	-			-7/7
Other, net					
Other assets and other liabilities, net	10	*30*	-	-	-2/2
Total 31 Mar 2021	**10**	***30***			**-2/2**
Total 31 Dec 2020	-1	*30*			-1/1

[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 EVCA). Approximately 50% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in 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 2020, Note G41, "Assets and liabilities at fair value".
[5] Of which EUR 102m related to assets in pooled schemes and unit-linked investment contracts.

Note 12 Risks and uncertainties

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

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

There is a risk that, in the event the authorities issue fines, these could be higher (or potentially lower) than the current provision, and 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 8 and the section "Net loan losses and similar net result". Depending on the duration and magnitude of the situation, there is a possibility that Nordea will not be able to meet its financial targets in very adverse scenarios.

Glossary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For a list of further alternative performance measures and business definitions, please see https://www.nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports/ and the Annual Report 2020.

Nordea Bank Abp

Income statement

EURm	Q1 2021	Q1 2020	Full year 2020
Operating income			
Interest income	931	1,175	3,906
Interest expense	-273	-539	-1,390
Net interest income	**658**	**636**	**2,516**
Fee and commission income	596	585	2,223
Fee and commission expense	-126	-136	-525
Net fee and commission income	**470**	**449**	**1,698**
Net result from securities trading and foreign exchange dealing	376	78	785
Net result from securities at fair value through fair value reserve	9	12	13
Net result from hedge accounting	4	6	-8
Net result from investment properties	0	0	0
Income from equity investments	462	352	1,681
Other operating income	111	106	483
Total operating income	**2,090**	**1,639**	**7,168**
Operating expenses			
Staff costs	-562	-583	-2,285
Other administrative expenses	-197	-203	-799
Other operating expenses	-285	-247	-593
Depreciation, amortisation and impairment charges of tangible and intangible assets	-99	-88	-417
Total operating expenses	**-1,143**	**-1,121**	**-4,094**
Profit before loan losses	**947**	**518**	**3,074**
Net loan losses	-40	-153	-678
Impairment on other financial assets	-1	0	-107
Operating profit	**906**	**365**	**2,289**
Income tax expense	-130	-16	-325
Net profit for period	**776**	**349**	**1,964**

Nordea Bank Abp
Balance sheet

EURm	31 Mar 2021	31 Dec 2020	31 Mar 2020
Assets			
Cash and balances with central banks	55,925	32,380	40,728
Debt securities eligible for refinancing with central banks	72,103	67,748	66,529
Loans to credit institutions	71,168	64,364	87,740
Loans to the public	137,488	135,873	151,716
Interest-bearing securities	14,808	9,085	9,660
Shares and participations	11,124	4,864	5,344
Investments in associated undertakings and joint ventures	90	90	87
Investments in group undertakings	15,022	14,686	13,662
Derivatives	36,370	45,155	57,316
Fair value changes of the hedged items in portfolio hedge of interest rate risk	60	85	106
Intangible assets	1,785	1,785	1,725
Tangible assets			
Properties and equipment	280	289	278
Investment properties	1	1	2
Deferred tax assets	336	398	408
Current tax assets	239	193	258
Retirement benefit assets	281	142	164
Other assets	14,110	14,048	19,715
Prepaid expenses and accrued income	1,034	1,012	1,179
Total assets	**432,224**	**392,198**	**456,617**
Liabilities			
Deposits by credit institutions and central banks	55,668	32,278	73,958
Deposits and borrowings from the public	205,124	190,649	180,850
Debt securities in issue	71,484	60,745	73,144
Derivatives	37,983	48,552	56,928
Fair value changes of the hedged items in portfolio hedge of interest rate risk	953	1,408	1,656
Current tax liabilities	66	181	364
Other liabilities	21,939	19,537	30,741
Accrued expenses and prepaid income	1,284	1,048	1,235
Deferred tax liabilities	21	0	7
Provisions	603	638	615
Retirement benefit obligations	244	296	424
Subordinated liabilities	6,279	6,888	8,469
Total liabilities	**401,648**	**362,220**	**428,391**
Equity			
Share capital	4,050	4,050	4,050
Additional Tier 1 capital holders	749	748	750
Invested unrestricted equity	1,072	1,063	1,072
Other reserves	-115	-258	-364
Retained earnings	24,044	22,411	22,369
Profit or loss for the period	776	1,964	349
Total equity	**30,576**	**29,978**	**28,226**
Total liabilities and equity	**432,224**	**392,198**	**456,617**
Off-balance sheet commitments			
Commitments given to a third party on behalf of customers			
Guarantees and pledges	48,128	48,007	45,808
Other	1,065	1,024	1,188
Irrevocable commitments in favour of customers			
Securities repurchase commitments	-	-	-
Other	86,952	90,398	71,542

Nordea Bank Abp

Note 1 Accounting policies

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

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

The accounting policies and methods of computation are unchanged in comparison with Note P1 in the Annual Report 2020, except for those relating to the items presented in the section “Changed accounting policies and presentation” below. For more information, see Note P1 in the Annual Report 2020.

Changed accounting policies and presentation

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

Interest Rate Benchmark Reform – Phase 2

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

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

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

For further information

- A webcast for media, investors and equity analysts will be held on 29 April 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 8171 03 10, +45 35 44 55 77, confirmation code 29776489#, 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 20 May 2021. Please dial one of the following numbers: +44 333 300 0819, +46 8 519 993 85, +358 9 8171 05 15, +45 82 33 31 90, confirmation code 301336316#.
- The event will be webcast live and the presentation slides will be posted on www.nordea.com/ir.
- The Q1 2021 report, investor presentations and fact book are available at www.nordea.com.

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Financial calendar

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 28 April 2021

Nordea Bank Abp

Board of Directors

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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Report on review of interim financial information of Nordea Bank Abp for the three months period ended 31 March 2021

To the Board of Directors of Nordea Bank Abp

Introduction
We have reviewed the condensed interim financial information of Nordea Bank Abp, which comprise the balance sheet as at 31 March 2021, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the three-month-period then ended and notes, all consolidated, and parent company's balance sheet as at 31 March 2021 and income statement for the three-month-period then ended. The Board of Directors and the Managing Director are responsible for the preparation of the condensed interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union and with regulations governing the preparation of interim financial information in Finland. We will express a conclusion on this condensed interim financial information based on our review.

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

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of Nordea Bank Abp for the three months period ended on 31 March 2021 is not prepared, in all material respects, as regards the Group financial information, in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union and other regulation governing the presentation of interim financial information in Finland, and as regards the parent company financial information, in accordance with regulations governing the preparation of interim financial information in Finland.

Helsinki 28 April 2021

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)