Nordea

Fourth quarter and full year results 2019

Fourth quarter and full year results 2019

CEO Frank Vang-Jensen's comments on the results:

"We have started to execute on our new business plan. The focus is to deliver on the financial targets presented at our Capital Markets Day in October – and we are proceeding as planned.

Our customer focus and income initiatives delivered better business momentum in the latter part of 2019, which is also evident in the top line. Compared to the fourth quarter of 2018, revenues increased by 6%. We have also delivered on our cost plans, with costs declining 5%, leading to an improvement in the cost to income ratio to 57%. While we are heading in the right direction, a lot of work remains to achieve our 50% cost to income target in 2022.

Our customers' experiences continue to improve and in 2019 we launched our new Nordic mobile banking platform, which has been well-received by our customers. While we are not satisfied, we now have a positive trend in customer satisfaction in all business areas.

I am pleased to report that lending is growing in all business areas and for the fourth consecutive quarter we had net inflows in our asset management operations. Assets under management (AuM) reached an all-time high of EUR 324bn.

The common equity tier 1 (CET1) ratio increased to 16.3%, which is approximately 320 bps above the expected regulatory requirement level of Q1 2020, and approximately 120 bps above the management buffer. This means we have a strong balance sheet that enables us to meet potential changes in regulatory requirements and to capture growth opportunities.

Adjusted return on equity (ROE) in the quarter was 7.6%, compared to our 2022 target of above 10%.

The Board proposes a dividend per share of EUR 0.40, in line with the communication in the third quarter report.

There are several promising signs in the beginning of the new phase of Nordea, but we still have a lot of work ahead of us to get to where we want to be. Therefore, we will continue to focus on our three key priorities to deliver on the 2022 financial targets; 1) to optimise operational efficiency, 2) to drive income growth initiatives and 3) to create great customer experiences. We are moving in the right direction and are determined to deliver."

(For further viewpoints, see the CEO comment on page 2. For definitions, see page 6)

Summary key figures

EURm	Q4 2019	Q3 2019	Chg %	Local curr. %	Q4 2018	Chg %	Local curr. %	Jan-Dec 2019	Jan-Dec 2018	Chg %	Local curr. %
Net interest income	1,108	1,083	2	3	1,142	-3	0	4,318	4,491	-4	-2
Total operating income	2,294	2,085	10	10	2,119	8	10	8,635	9,172	-6	-5
Total operating income[1]	2,156	2,085	3	4	2,033	6	8	8,497	8,602	-1	0
Total operating expense	-1,179	-2,175	-46	-46	-1,384	-15	-13	-5,986	-5,046	19	20
Total operating expense[1]	-1,179	-1,161	2	2	-1,243	-5	-4	-4,877	-4,905	-1	1
Profit before loan losses	1,115	-90			735	52	53	2,649	4,126	-36	-35
Net loan losses	-102	-331	-69	-68	-30	240	242	-536	-173	210	213
Net loan losses[1]	-102	-49	108	112	-30	240	242	-254	-173	47	49
Operating profit	1,013	-421			705	44	45	2,113	3,953	-47	-46
Adj. Operating profit[1,2]	822	823	0		718	14		3,366	3,524	-4	
Diluted earnings per share, EUR	0.19	-0.08			0.13			0.38	0.76		
Common Equity Tier 1 capital ratio, %[3]	16.3	15.4			15.5			16.3	15.5		
Cost/income ratio, %	51	104			65			69	55		
Cost/income ratio,[1] %	55	56			61			57	57		
Cost/income ratio,[1,2] %	57	58			63			57	57		
Net loan loss ratio, amortised cost, bps	17	55			5			22	7		
Return on Equity, %	9.9	-4.4			6.3			5.0	9.7		
Return om Equity,[1,4] %	7.6	8.4			6.7			8.1	8.5		

Exchange rates used for Q4 2019 for income statement items are for DKK 7.4661, NOK 9.8499 and SEK 10.5848.

[1] Excluding items affecting comparability, see page 6 for further details.

[2] Adjusted for resolution fees before tax: In Q4 2019 EUR -53m, in Q3 2019 EUR -52m and in Q4 2018 EUR -42m (amortised on a straight-line basis).

[3] The capital ratios are including profit after deduction of accrued dividend. The figures for 2018 are not restated due to changed recognition and presentation of resolution fees (see Note 1 for more information).

[4] Adjusted for resolution fees after tax: In Q4 2019 EUR -40m, in Q3 2019 EUR -40m and in Q4 2018 EUR -32m (amortised on a straight-line basis).

For further information:

Frank Vang-Jensen, President and Group CEO, +358 503 821 391
Christopher Rees, Group CFO, +45 5547 2377

Rodney Alfvén, Head of Investor Relations, +46 72 235 05 15
Sara Helweg-Larsen, Head of Group Communications, +45 2214 0000

We build strong and close relationships through our engagement with customers and society. Whenever people strive to reach their goals and realise their dreams, we are there to provide relevant financial solutions. We are the leading bank in the Nordic region. The Nordea share is listed on the Nasdaq Helsinki, Nasdaq Copenhagen and Nasdaq Stockholm exchanges. Read more about us on nordea.com.

CEO comment

“We have started to execute on our new business plan. The focus is to deliver on the financial targets presented at our Capital Markets Day in October – and we are proceeding as planned.

Our customer focus and income initiatives delivered better business momentum in the latter part of 2019, which is also evident in the top line. Compared to the fourth quarter of 2018, revenues increased by 6%. We have also delivered on our cost plans, with costs declining 5%, leading to an improvement in the cost to income ratio from 63% to 57%. While we are heading in the right direction, a lot of work remains to achieve our 50% cost to income target in 2022.

Our customers’ experiences continue to improve and in 2019 we launched our new Nordic mobile banking platform, which has been well-received by our customers. While we are not satisfied, we now have a positive trend in customer satisfaction in all business areas.

I am pleased to report that lending is growing in all business areas and for the fourth consecutive quarter we had net inflows in our asset management operations. Assets under management (AuM) reached an all-time high of EUR 324bn.

Net interest income has shown an improving trend in recent quarters, with volumes increasing and margin pressure gradually levelling off. Fees and commissions increased in the fourth quarter with lending fees remaining at a high level and strong savings fees.

The net result from items at fair value improved somewhat compared to previous quarters, but the trading environment remains challenging.

In line with our new business plan, the number of employees decreased by 2% from the previous quarter, of which a significant part was in the Large Corporate & Institutions business area. We will continue to create a strong cost culture and deliver on our cost plans throughout the year.

Net loan losses were somewhat elevated at 17 bps of lending, due to additional provisions on a couple of specific corporate exposures. Overall credit quality is solid.

The common equity tier 1 (CET1) ratio increased to 16.3%, which is approximately 320 bps above the expected regulatory requirement level of Q1 2020, and approximately 120 bps above the management buffer. The risk weights on commercial real estate in Sweden and Norway decreased from 100% to 50% following an updated decision from the European Central Bank (ECB) as part of the annual supervisory dialogue. We have a strong balance sheet that enables us to meet potential changes in regulatory requirements and capture growth opportunities.

The adjusted return on equity (ROE) in the quarter was 7.6%, compared to our 2022 target of above 10%.

The Board proposes a dividend per share of EUR 0.40, in line with the communication in the third quarter report.

In December, the acquisition of SG Finans was announced to complement Nordea’s existing business and align with our priority to focus on core business in the Nordics.

A topic close to my heart is sustainable banking. We want to lead the way by taking steps to embed sustainability throughout the bank. In 2019, we further expanded green corporate loans and green mortgages. We launched 11 new sustainability funds which have contributed to growth. Furthermore, in September, Nordea was the only Nordic bank among the 30 banks that founded the UN Principles for Responsible Banking.

In Personal Banking, the focus on improving our advisors’ availability and reducing administrative tasks has led to improved business activity, and we continue to regain market share in the area. Compared to the fourth quarter in 2018, lending grew 7% while signs of margin pressure were evident in all countries, although with a stabilising trend in Denmark and Sweden. Revenues were 4% higher than in the fourth quarter in 2018 and costs increased 2% leading to the cost to income ratio decreasing by 1-percentage point to 58%. We are continuously developing our customer offer to create great customer experiences. In December, we launched a CO2 tracker in our mobile banking app, which customers can use to track the CO2 impact of their spending.

In Business Banking, key ratios continued to improve, driven by better business momentum mainly in Norway and Sweden. Volumes increased by 3% compared to the fourth quarter in 2018 and towards the end of the year margins stabilised. Revenues increased by 7% and costs decreased by 3% leading to an improvement of 4-percentage points in the cost to income ratio to 49%.

Large Corporates & Institutions focused on reducing cost and capital consumption. Our capital efficiency initiatives have resulted in a reduction in economic capital of EUR 500m compared to the fourth quarter in 2018. We also reduced the number of employees by 10% during the year. With improving revenues and strict cost discipline, the cost to income ratio improved from 66% to 51%.

Asset & Wealth Management continued to deliver sound investment performance and reported positive net inflows for the fourth consecutive quarter. Revenues increased by 7% compared to the fourth quarter of 2018 and costs decreased by 13%. It is promising that the cost to income ratio decreased by 9-percentage points to 40% in the quarter.

In the last quarter of the year, we announced a new organisational structure with clear roles and responsibilities and full accountability in the business areas. The business areas now have a stronger mandate to determine internal processes and tools, as well as the level of support functions they need and can afford.

There are several promising signs in the beginning of the new phase of Nordea, but we still have a lot of work ahead of us to get to where we want to be. Therefore, we will continue to focus on our three key priorities to deliver on the 2022 financial targets; 1) to optimise operational efficiency, 2) to drive income growth initiatives and 3) to create great customer experiences. We are moving in the right direction and are determined to deliver.”

Frank Vang-Jensen
President and Group CEO

Outlook

Key priorities to succeed and meet the financial targets

Nordea's business plan focusses on three key priorities to deliver on our 2022 financial targets; 1) to optimise operational efficiency, 2) to drive income growth initiatives, and 3) to create great customer experiences.

Financial targets 2022

Nordea's financial targets for 2022 are -

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

Costs

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

Capital policy

A management buffer of 150-200 bps above the regulatory CET1 requirement, from 1 January 2020.

Dividend policy

Our dividend policy stipulates a dividend payout ratio of 60-70%, applicable on profit generated from 1 January 2020. Nordea will continuously assess the opportunity to use share buy-backs as a tool to distribute excess capital.

Credit quality

New: Based on the current macroeconomic environment, Nordea's expectations for the coming quarters is that credit quality will remain largely unchanged.

Previous: Nordea's expectation for the coming quarters is that net losses will be low and around the average level for 2018. However, the macroeconomic outlook is somewhat more uncertain.

Table of contents

Income statement

EURm	Q4 2019	Q3 2019	Chg %	Local curr. %	Q4 2018	Chg %	Local curr. %	Jan-Dec 2019	Jan-Dec 2018	Chg %	Local curr. %
Net interest income	1,108	1,083	2	3	1,142	-3	0	4,318	4,491	-4	-2
Net fee and commission income	775	756	3	3	720	8	9	3,011	2,993	1	2
Net result from items at fair value	266	211	26	24	182	46	38	1,024	1,088	-6	-9
Profit from associated undertakings and joint ventures accounted for under the equity method	-1	13	-108	-108	15	-107	-107	50	124	-60	-60
Other operating income	146	22	564	564	60	143	143	232	476	-51	-51
Total operating income	**2,294**	**2,085**	**10**	**10**	**2,119**	**8**	**10**	**8,635**	**9,172**	**-6**	**-5**
Staff costs	-648	-924	-30	-30	-744	-13	-12	-3,017	-2,998	1	2
Other expenses	-375	-366	2	3	-390	-4	-2	-1,639	-1,566	5	6
Depreciation, amortisation and impairment charges of tangible and intangible assets	-156	-885	-82	-82	-250	-38	-36	-1,330	-482	176	179
Total operating expenses	**-1,179**	**-2,175**	**-46**	**-46**	**-1,384**	**-15**	**-13**	**-5,986**	**-5,046**	**19**	**20**
Profit before loan losses	**1,115**	**-90**			**735**	**52**	**53**	**2,649**	**4,126**	**-36**	**-35**
Net loan losses	-102	-331	-69	-68	-30	240	242	-536	-173	210	213
Operating profit	**1,013**	**-421**			**705**	**44**	**45**	**2,113**	**3,953**	**-47**	**-46**
Income tax expense	-263	89			-200	32	33	-571	-872	-35	-33
Net profit for the period	**750**	**-332**			**505**	**49**	**50**	**1,542**	**3,081**	**-50**	**-49**

Business volumes, key items[1]

EURbn	31 Dec 2019	30 Sep 2019	Chg %	Local curr. %	31 Dec 2018	Chg %	Local curr. %
Loans to the public	322.7	328.3	-2	-2	308.3	5	5
Loans to the public, excl. repos	303.9	299.5	1	1	291.6	4	5
Deposits and borrowings from the public	168.7	168.3	0	-1	165.0	2	3
Deposits from the public, excl. repos	166.4	161.9	3	2	160.2	4	4
Total assets	554.8	585.9	-5		551.4	1	
Assets under management	324.1	313.8	3		280.1	16	
Equity	31.5	30.5	3		32.9	-4	

Ratios and key figures[2]

	Q4 2019	Q3 2019	Chg %	Q4 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Diluted earnings per share, EUR	0.19	-0.08		0.13	46	0.38	0.76	-50
EPS, rolling 12 months up to period end, EUR	0.38	0.32	19	0.76	-50	0.38	0.76	-50
Share price[1], EUR	7.24	6.50	11	7.30	-1	7.24	7.30	-1
Total shareholders' return, %	18.7	12.4		-17.5		10.5	-19.5	
Proposed/actual dividend per share, EUR						0.40	0.69	-42
Equity per share[1], EUR	7.80	7.55	3	8.15	-4	7.80	8.15	-4
Potential shares outstanding[1], million	4,050	4,050	0	4,050	0	4,050	4,050	0
Weighted average number of diluted shares, mn	4,039	4,036	0	4,037	0	4,035	4,037	0
Return on Equity, %	9.9	-4.4		6.3		5.0	9.7	
Return on tangible Equity, %	11.3	-5.0		7.2		5.7	11.1	
Return on Risk Exposure Amount, %	2.0	-0.9		1.3		1.0	2.0	
Return on Equity with amortised resolution fees, %	9.4	-4.9		5.9		5.0	9.7	
Cost/income ratio, %	51	104		65		69	55	
Cost/income ratio with amortised resolution fees, %	54	107		67		69	55	
Net loan loss ratio, amortised cost, bps[3]	17	55	-69	5	240	22	7	214
Common Equity Tier 1 capital ratio[1,4,5,6,7], %	16.3	15.4		15.5		16.3	15.5	
Tier 1 capital ratio[1,4,5,7], %	18.3	17.4		17.3		18.3	17.3	
Total capital ratio[1,4,5,7], %	20.8	20.0		19.9		20.8	19.9	
Tier 1 capital[1,4,7], EURbn	27.5	27.3	1	27.0	2	27.5	27.0	2
Risk exposure amount[4], EURbn	150	156	-4	156	-4	150	156	-4
Number of employees (FTEs)[1]	29,000	29,469	-2	28,990	0	29,000	28,990	0
Economic capital[1,7], EURbn	25.7	26.5	-3	26.6	-3	25.7	26.6	-3

[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 Loans to the public reported in Assets held for sale in Q1 2018.
[4] Including the result for the period.
[5] Changes to the applicable capital requirements regime (for more details, please see chapter Other information).
[6] Including profit for the period adjusted by accrued dividend.
[7] The capital ratios for 2018 have not been restated due to the changed recognition and presentation of resolution fees (see Note 1 for more information).

Income statement
Excluding items affecting comparability[1,2]

EURm	Q4 2019	Q3 2019	Chg %	Local curr. %	Q4 2018	Chg %	Local curr. %	Jan-Dec 2019	Jan-Dec 2018	Chg %	Local curr. %
Net interest income	1,108	1,083	2	3	1,142	-3	0	4,318	4,491	-4	-2
Net fee and commission income	775	756	3	3	720	8	9	3,011	2,993	1	2
Net result from items at fair value	266	211	26	24	132	102	88	1,024	903	13	10
Profit from associated undertakings and joint ventures accounted for under the equity method	-1	13	-108	-108	15	-107	-107	50	124	-60	-60
Other operating income	8	22	-64	-64	24	-67	-67	94	91	3	6
Total operating income	**2,156**	**2,085**	**3**	**4**	**2,033**	**6**	**8**	**8,497**	**8,602**	**-1**	**0**
Staff costs	-648	-720	-10	-10	-744	-13	-12	-2,813	-2,998	-6	-5
Other expenses	-375	-291	29	29	-390	-4	-2	-1,469	-1,566	-6	-5
Depreciation, amortisation and impairment charges of tangible and intangible assets	-156	-150	4	4	-109	43	46	-595	-341	74	77
Total operating expenses	**-1,179**	**-1,161**	**2**	**2**	**-1,243**	**-5**	**-4**	**-4,877**	**-4,905**	**-1**	**1**
Profit before loan losses	**977**	**924**	**6**	**6**	**790**	**24**	**25**	**3,620**	**3,697**	**-2**	**-1**
Net loan losses	-102	-49	108	112	-30	240	242	-254	-173	47	49
Operating profit	**875**	**875**	**0**	**0**	**760**	**15**	**17**	**3,366**	**3,524**	**-4**	**-3**
Income tax expense	-263	-204	29	28	-188	40	41	-864	-830	4	6
Net profit for the period	**612**	**671**	**-9**	**-9**	**572**	**7**	**8**	**2,502**	**2,694**	**-7**	**-6**

Ratios and key figures[1,2]

	Q4 2019	Q3 2019	Chg %	Q4 2018	Chg %	Jan-Dec 2019	Jan-Dec 2018	Chg %
Diluted earnings per share, EUR	0.15	0.17	-12	0.14	7	0.61	0.67	-9
EPS, rolling 12 months up to period end, EUR	0.61	0.60	2	0.67	-9	0.61	0.67	-9
Return on Equity, %	8.1	8.9		7.1		8.1	8.5	
Return on tangible Equity, %	9.2	10.1		8.2		9.2	9.7	
Return on Risk Exposure Amount, %	1.6	1.7		1.5		1.7	1.7	
Return on Equity with amortised resolution fees, %	7.6	8.4		6.7		8.1	8.5	
Cost/income ratio, %	55	56		61		57	57	
Cost/income ratio with amortised resolution fees, %	57	58		63		57	57	
ROCAR, %	9.3	9.7		8.5		9.2	10.0	

[1] Excl. items affecting comparability in Q4 2019: EUR 138m tax free gain related to sale of LR Realkredit. In Q3 2019: EUR 735m expense related to impairment of capitalised IT systems, EUR 559m after tax, EUR 204m expense related to restructuring, EUR 155m after tax, EUR 75m non-deductible expense related to sale of Luminor and EUR 282m loss related to loan loss provisions due to model updates and dialogue with the ECB reflecting a more subdued outlook in certain sectors, EUR 214m after tax. In Q1 2019: EUR 95m non-deductible expense related to provision for ongoing AML-related matters. Q4 2018: EUR 50m gain from revaluation of Euroclear, EUR 38m after tax, EUR 36m gain related to sale of Ejendomme and EUR 141m loss from impairment of goodwill in Russia. In Q2 2018: tax free gain related to divestment of shares in UC EUR 87m and tax-free gain related to the sale of Nordea Liv & Pension Denmark EUR 262m. In Q1 2018: EUR 135m gain from valuation model update in Denmark, EUR 105m after tax.

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

Macroeconomy and financial markets

Economic outlook and markets

The global economy slowed in Q4 2019. Indicators suggest, however, that growth has bottomed out, particularly in China and Europe. The US economy will probably slow further in Q1.

Not least, the manufacturing sector has been hit hard by the trade war, Brexit uncertainty and problems related to the automotive industry, but the phase one trade deal between the US and China and clarification about Brexit give rise to hopes about a turnaround in Q1. The service sector is still expanding, albeit at a weaker pace than earlier.

The Fed cut rates by another 25bp in October while the ECB has stayed on hold after an easing package was introduced in September. The ECB will conduct a strategic review of its monetary policy in 2020 and is not likely to cut rates further. The Fed is still expected to cut rates once more by 25bps.

There are different growth narratives for the Nordics. Sweden and Finland have been more exposed to the slowdown in the global business cycle than Norway and Denmark. However, the outlook for domestic demand looks decent for all four countries.

Norges Bank stayed on hold in Q4 while Riksbanken hiked its repo rate by 25bps in December to zero per cent. Neither of these central banks are expected to change rates in 2020. Danmarks Nationalbank keeps mirroring the ECB and stayed on hold in Q4.

Risk appetite across different asset markets has been supported by expansionary central bank policies and progress in the trade talks between the US and China. On the back of the improved sentiment, stock markets have experienced record highs. The US presidential election campaign could cause market jitters and geopolitical events could trigger higher volatility.

Trade war and Brexit

The Nordics are all small open economies and the trade war is per se a negative for their growth outlook. The conclusion of the phase one trade deal should therefore, all else equal, be perceived as good news also for the Nordics. However, the trade war is not over yet, and there are reasons to expect that the US administration will target Europe next although probably not until after the US presidential election on 3 November 2020. The UK left the EU on 31 January 2020. However, it remains uncertain if there will be time to conclude a deal between the two partners before the transition period terminates at the end of 2020. The risk of a hard Brexit therefore remains.

Group results and performance

Fourth quarter 2019

Net interest income

Net interest income in local currencies increased 3% from the previous quarter supported by increased volumes. Lending margins where under pressure, while funding costs improved. Compared to the fourth quarter in 2018, net interest income was unchanged.

Personal Banking

Net interest income was down 1% in local currencies from the previous quarter, from both lending margin pressure in Finland and Norway as well as from deposit margins in Denmark and Finland being pressured by the ECB rate cut. Lending volumes grew in all countries. Compared to the same quarter in 2018, net interest income increased 4% driven by lending growth of 7%.

Business Banking

Net interest income was up 1% in local currencies from the previous quarter. Lending volume growth continued but was partly offset by pressure on deposit margins. Net interest income was unchanged compared to the fourth quarter in 2018.

Large Corporates & Institutions

Net interest income was up 4% in local currencies from the previous quarter driven by higher lending volumes and improved margins. Average lending volumes in the Nordics increased by 2% to EUR 46.2bn. Compared to the fourth quarter in 2018, net interest income decreased by 4%, mainly related to lower margins.

Asset & Wealth Management

Net interest income in Asset & Wealth Management was unchanged from the previous quarter and amounted to EUR 13m.

Group Functions and other

Net interest income increased EUR 26m from the previous quarter, mainly driven by interest rate and balance sheet hedging as well as reduced funding costs.

Lending volumes

Loans to the public in local currencies, excluding repos, were up 1% from the previous quarter and 5% compared to the fourth quarter 2018. Average lending volumes in local currencies increased in all business areas. In Personal Banking, volumes increased in all countries. In Business Banking, volumes increased in all countries except in Finland. In Large Corporates & Institutions, volumes were up in Finland and Sweden, unchanged volumes in Denmark and decreases in Norway.

Deposit volumes

Total deposits from the public in local currencies, excluding repos, were up 2% from the previous quarter and up 4% from Q4 last year. Average deposit volumes increased from corporates in Business Banking and in Large Corporates & Institutions, mainly in Finland and Sweden, while they remained largely unchanged from households in Personal Banking and in Asset & Wealth Management.

Net interest income per business area

	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Local currency Q4/Q3	Local currency Q4/Q4
EURm									
Personal Banking	534	543	536	521	525	-2%	2%	-1%	4%
Business Banking	335	333	337	331	341	1%	-2%	1%	0%
Large Corporates & Institutions	218	212	207	214	231	3%	-6%	4%	-4%
Asset & Wealth Management	13	13	14	13	14	0%	-7%	0%	-7%
Group Functions and other	8	-18	-23	-23	31				
Total Group	**1,108**	**1,083**	**1,071**	**1,056**	**1,142**	**2%**	**-3%**	**3%**	**0%**

Change in net interest income

	Q4/Q3	Jan-Dec 19/18
EURm		
NII beginning of period	**1,083**	**4,491**
Margin driven NII	**-3**	**-248**
Lending margin	-8	-373
Deposit margin	-12	108
Cost of funds	17	17
Volume driven NII	**13**	**205**
Lending volume	13	223
Deposit volume	0	-18
Day count	0	0
Other[1,2,3]	15	-130
NII end of period	**1,108**	**4,318**
[1] of which FX	-10	-104
[2] of which Baltics	-	-5
[2] of which DGS	0	12

Net fee and commission income

Net fee and commission income increased 3% in local currencies from the previous quarter, driven by higher savings and investment fees, and 9% from the fourth quarter in 2018. Assets under management (AuM) increased, supporting income, and lending fees remain at a good level.

Savings and investment commissions

Net fee and commission income from savings and investments increased 9% in local currencies from the previous quarter to EUR 513m, driven by higher AuM and seasonality. Compared to the fourth quarter in 2018, the increase was 4%. AuM increased EUR 10bn to EUR 324bn at the end of the quarter with net inflow of EUR 0.5bn.

Payments and cards and lending-related commissions

Lending-related net fee and commission income decreased slightly from the previous quarter to EUR 145m (EUR 148m in Q3) and increased by 27% compared to the low level in the fourth quarter of 2018. Payments and cards net fee and commission income decreased to EUR 120m from the previous quarter (EUR 136m in Q3) and was largely unchanged compared to the fourth quarter in 2018.

Personal Banking

Lower payment commission income was the key driver behind the 4% decrease from the previous quarter in local currencies. This was partly offset by higher savings income. Compared to the fourth quarter in 2018 net fee and commission income increased by 8% driven by higher remortgaging fees.

Business Banking

Net fee and commission income increased by 12% in local currencies supported by high capital markets activity and year-end fees. Compared to the fourth quarter in 2018 the increase was 23%.

Large Corporates & Institutions

Higher commission expenses reduced net fee and commission income 3% in local currencies from the previous quarter. Compared to the same quarter in 2018, net fee and commission income was unchanged.

Asset & Wealth Management

Higher AuM and positive net inflow increased net fee and commission income 8% in local currencies from the previous quarter and 12% compared to the fourth quarter in 2018 to EUR 379m.

Group Functions and other

Fees and commissions decreased EUR 8m both from the previous quarter and from the fourth quarter in 2018.

Net fee and commission income per business area

								Local currency	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Personal Banking	172	178	164	158	162	-3%	6%	-4%	8%
Business Banking	136	124	109	125	114	10%	19%	12%	23%
Large Corporates & Institutions	104	108	128	104	108	-4%	-4%	-3%	0%
Asset & Wealth Management	379	354	345	338	344	7%	10%	8%	12%
Group Functions and other	-16	-8	-3	12	-8				
Total Group	**775**	**756**	**743**	**737**	**720**	**3%**	**8%**	**3%**	**9%**

Net fee and commission income per category

								Local currency	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Savings and investments, net	513	473	495	446	500	8%	3%	9%	4%
Payments and cards, net	120	136	128	143	121	-12%	-1%	-12%	1%
Lending-related, net	145	148	121	126	114	-2%	27%	-2%	29%
Other commissions, net	-3	-1	-1	22	-15				
Total Group	**775**	**756**	**743**	**737**	**720**	**3%**	**8%**	**3%**	**9%**

Assets under Management (AuM), volumes and net inflow

	Q419	Q319	Q219	Q119	Q418	Net inflow Q419
EURbn						
Nordic Retail funds	65.5	62.5	62.3	61.2	56.3	0.4
Private Banking	90.8	86.5	85.4	84.2	78.2	0.3
Institutional sales	114.7	113.5	108.6	105.6	99.8	-0.3
Life & Pensions	53.1	51.3	50.2	49.2	45.8	0.1
Total	**324.1**	**313.8**	**306.5**	**300.2**	**280.1**	**0.5**

Net result from items at fair value

The net result from items at fair value increased 26% from the previous quarter to EUR 266m. Customer areas improved and also Group Treasury contributed positively.

Income in business areas

The net fair value result for the business areas increased and amounted to EUR 206m, compared to EUR 167m in the previous quarter, mainly due to improved corporate customer activity. Market making activities, i.e. income from managing the risks inherent in customer transactions, improved with income increasing compared to the previous quarter and significantly higher than the fourth quarter in 2018, partly related to valuation adjustments. Compared to the fourth quarter in 2018 the increase was 45%, mainly driven by Large Corporates & Institutions.

Life & Pensions

The net result from items at fair value for Life & Pensions increased EUR 26m from the previous quarter to EUR 31m mostly due to year-end fees. Compared to the same period in 2018 the income was largely unchanged.

Group Functions and other

The net fair value result in Group Functions and other decreased to EUR 29m from EUR 39m in the previous quarter and improved from EUR 8m in the fourth quarter of 2018.

Net result from items at fair value per area

	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4
EURm							
Personal Banking	23	45	32	72	37	-49%	-38%
Business Banking	81	35	67	23	72		13%
Large Corporates & Institutions	96	81	57	77	27	19%	
Asset & Wealth Mgmt. excl. Life	6	6	6	15	6	0%	0%
Life & Pensions	31	5	10	31	32		-3%
Group Functions and other	29	39	111	46	8		
Total Group	**266**	**211**	**283**	**264**	**182**	**26%**	**46%**
Total, excl. items affecting comparability[1]	**266**	**211**	**283**	**264**	**132**	**26%**	

[1] In Q4 2018: EUR 50m gain from revaluation of Euroclear.

Equity method

Income from companies accounted for under the equity method was EUR -1m, down from EUR 13m in the previous quarter, mainly driven by lower income from Luminor and associated companies held by Life & Pensions.

Other operating income

Other operating income was EUR 146m, up from EUR 22m in the previous quarter of which EUR 138m was a capital gain from the sale of LR Realkredit.

Total operating income

Total income was up 10% in local currencies from the previous quarter and amounted to EUR 2,294m.

Total operating income per business area

								Local currency	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Personal Banking	728	770	731	751	723	-5%	1%	-5%	2%
Business Banking	556	498	520	483	534	12%	4%	12%	6%
Large Corporates & Institutions	418	401	393	395	366	4%	14%	5%	16%
Asset & Wealth Management	432	399	391	404	407	8%	6%	9%	7%
Group Functions and other	160	17	106	82	89				
Total Group	**2,294**	**2,085**	**2,141**	**2,115**	**2,119**	**10%**	**8%**	**10%**	**10%**
Total, excl items affecting comparability[1]	**2,156**	**2,085**	**2,141**	**2,115**	**2,033**	**3%**	**6%**	**4%**	**8%**

[1] Excl. items affecting comparability in Q4 2019: EUR 138m tax free gain related to sale of LR Realkredit. In Q4 2018: EUR 50m gain from revaluation of Euroclear, EUR 38m after tax, and EUR 36m gain related to sale of Ejendomme.

Total expenses

Total expenses in the fourth quarter amounted to EUR 1,179m, down 46% in local currencies from the previous quarter, which was significantly higher due to several extraordinary items affecting comparability (IAC). Excluding IAC, total costs were up 2% from the previous quarter due to seasonality and down 4% from the same period in 2018 in local currencies.

Staff costs in local currencies were down 30% from the previous quarter, which included IAC. Excluding IAC, staff costs were down 10% in local currencies from the previous quarter, driven by both lower variable salaries and lower fixed staff cost. Staff costs were down 12% compared to the previous quarter 2018.

Other expenses in local currencies were up 3% compared to the previous quarter due to seasonality and down 2% compared to the fourth quarter in 2018.

Depreciation amounted to EUR 156m, down from EUR 885m in the previous quarter, which included an impairment charge for IT intangibles of EUR 735m.

The number of employees (FTEs) was approximately 29,000 at the end of the fourth quarter, which is a decrease of approximately 2% from the previous quarter. The number of employees was unchanged compared to the same quarter of 2018, due to continued build-up and transfer of processes to Poland and Estonia and integration of Gjensidige. Compared to the previous quarter, the number of consultants decreased 9%.

The reported cost to income ratio decreased to 51% in the fourth quarter, down from 104% in the third quarter, which was affected by IAC. Excluding IAC and with periodised resolution fees, the cost to income ratio was 57%, down compared to both the previous quarter (58%) and the fourth quarter of 2018 (63%).

Total operating expenses

								Local currency	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Staff costs	-648	-924	-727	-718	-744	-30%	-13%	-30%	-12%
Other expenses	-375	-366	-304	-594	-390	2%	-4%	3%	-2%
Depreciations	-156	-885	-149	-140	-250	-82%	-38%	-82%	-36%
Total Group	**-1,179**	**-2,175**	**-1,180**	**-1,452**	**-1,384**	**-46%**	**-15%**	**-46%**	**-13%**
Total, excl. items affecting comparability[1]	**-1,179**	**-1,161**	**-1,180**	**-1,357**	**-1,243**	**2%**	**-5%**	**2%**	**-4%**

[1] Excl. items affecting comparability in Q3 2019: Expense of EUR 735m, before tax, related to impairment of capitalised IT systems, expense of EUR 204m, before tax, related to restructuring and EUR 75m non-deductible expense related to sale of Luminor. In Q1 2019: EUR 95m non-deductible expense related to provision for ongoing AML-related matters. In Q4 2018: EUR 141m loss from impairment of goodwill in Russia.

Total operating expenses per business area

								Local currency	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Personal Banking	-449	-465	-437	-494	-456	-3%	-2%	-3%	0%
Business Banking	-265	-259	-269	-310	-281	2%	-6%	2%	-4%
Large Corporates & Institutions	-195	-203	-228	-301	-225	-4%	-13%	-4%	-13%
Asset & Wealth Management	-170	-188	-179	-189	-199	-10%	-15%	-9%	-13%
Group Functions and other	-100	-1,060	-67	-158	-223				
Total Group	**-1,179**	**-2,175**	**-1,180**	**-1,452**	**-1,384**	**-46%**	**-15%**	**-46%**	**-13%**
Total, excl. items affecting comparability[1]	**-1,179**	**-1,161**	**-1,180**	**-1,357**	**-1,243**	**2%**	**-5%**	**2%**	**-4%**

[1] Excl. items affecting comparability in Q3 2019: Expense of EUR 735m, before tax, related to impairment of capitalised IT systems, expense of EUR 204m, before tax, related to restructuring and EUR 75m non-deductible expense related to sale of Luminor. In Q1 2019: EUR 95m non-deductible expense related to provision for ongoing AML-related matters. In Q4 2018: EUR 141m loss from impairment of goodwill in Russia.

Currency fluctuation effects

	Q4/Q3	Q4/Q4	Jan-Dec 19/18
%-points			
Income	0	-2	-1
Expenses	0	-2	-1
Operating profit	0	-1	-1
Loan and deposit volumes	1	0	0

Net loan losses

Net loan losses were somewhat elevated and amounted to EUR 102m in Q4 2019, related to a couple of specific corporate exposures. The net loan loss ratio, including fair value mortgage loans, was 14 bps (17 bps on amortised cost only, under IFRS9 standards). In Q3, the net loan loss ratio including fair value mortgage loans was at 45 bps due to extraordinary net loan loss bookings.

Based on the current macroeconomic environment, Nordea's expectations for the coming quarters is that credit quality will remain largely unchanged. Nordea continues the review of its collective loan loss provisioning model during 2020, which may have some impact on provisions. We continue to have ongoing discussions with our supervisors regarding regulatory expectations including the introduction of new non-performing loan (NPL) coverage requirement that will guide prudential expectations on adequate coverage of dated NPLs.

Mortgage lending in Denmark is measured at fair value and hence, according to IFRS9, not included in net loan losses but adjusted under fair value items. Development in the underlying credit quality was stable to positive. Net rating migration in Q4 2019 in the retail portfolio was slightly positive, while the corporate portfolio was roughly unchanged.

Net loan loss ratios

	Q419	Q319	Q3 excl. IAC	Q219	Q119	Q418
Basis points of loans[1]						
Net loan loss ratios, amortised cost, Group	17	55	8	10	7	5
of which Stage 1 and 2	16	14	-4	-2	2	-7
of which Stage 3	1	41	12	12	5	12
Net loan loss ratios, incl. fair value mortgage loans, annualised Group[2]	14	45	7	8	7	4
Personal Banking total	6	8	5	6	13	6
Banking Denmark	6	41	7	3	-5	5
Banking Finland	2	-55	1	11	38	9
Banking Norway	11	21	13	7	11	-1
Banking Sweden	6	14	1	5	11	5
Business Banking	17	25	2	12	15	14
BB Denmark	20	66	-8	39	-6	37
BB Finland	34	21	12	-18	42	27
BB Norway	-12	17	-2	0	10	-15
BB Sweden	9	15	7	10	12	8
BBD Nordic	34	-3	10	14	30	24
Large Corporates & Institutions	36	195	23	10	-35	-11
C&I Denmark	-60	243	-31	118	-40	186
C&I Finland	73	10	6	5	0	-55
C&I Norway	62	400	37	-52	-22	-97
C&I Sweden	92	59	51	90	6	3
C&I Total	46	204	21	37	-14	2
Banking Russia	-200	-67	-122	-622	-240	-305

[1] Negative amount are net reversals.
[2] Net loan loss ratio including fair value mortgage loans is calculated as net loan losses for the portfolio measured as amortised cost added the net loan losses calculated under local rules for fair value mortgage loans, both annualised, divided with total lending measured at amortised cost and mortgage loans measured at fair value.

Credit portfolio

Total lending to the public, excluding reverse repurchase agreements, increased by EUR 4.3bn to EUR 303.8bn in Q4 2019. This was mostly driven by an increase in Sweden in both the corporate and household portfolio. In local currencies, total lending increased 1% compared to the previous quarter.

Loans measured at fair value to the public, excluding repo transactions, amounted to EUR 59bn (Q3 EUR 58bn). This mainly consisted of Danish mortgage lending which is measured at a Fair Value of EUR 54bn (EUR 54bn).

Lending to the public measured at amortised cost increased to EUR 245bn (Q3: EUR 241bn). Of this portfolio EUR 4.61bn were impaired loans in Stage 3 (Q3: EUR 4.68bn).

The gross impairment rate (Stage 3) was 178 bps for loans at amortised cost (Q3 181 bps). Allowances in relation to impaired loans (Stage 3) increased to 36.6% (Q3 36.4%). The impairment rate for fair value decreased to 93 bps (Q3: 110 bps).

Profit

Operating profit
Operating profit increased to EUR 1,013m, up from EUR -421m in Q3 in local currencies from the previous quarter and increased 45% from the same quarter in 2018. Excluding IAC, operating profit was unchanged from the previous quarter and increased 17% from the same quarter in 2018.

Taxes
The income taxes in Q4 were EUR 263m negative (EUR 89m positive in Q3).

Net profit
Net profit increased to EUR 750m in local currencies from the previous quarter. Return on equity was 9.9%, up from -4.4% in the previous quarter. Excluding items affecting comparability, net profit decreased 9% in local currencies from the previous quarter to EUR 612m and return on equity was 8.1% down from 8.9% in the previous quarter.

Diluted earnings per share were EUR 0.19 (EUR -0.08 in the previous quarter). Excluding IAC, diluted earnings per share were EUR 0.15 in Q4 2019 compared to 0.17 in the previous quarter.

Operating profit per business area

								Local currency	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Personal Banking	250	277	269	206	247	-10%	1%	-10%	3%
Business Banking	261	192	223	140	222	36%	18%	36%	20%
Large Corporates & Institutions	179	-40	153	138	154		16%		18%
Asset & Wealth Management	263	210	211	214	202	25%	30%	25%	30%
Group Functions and other	60	-1,060	44	-77	-120				
Total Group	**1,013**	**-421**	**900**	**621**	**705**		**44%**	**0%**	**45%**
Total, excl. items affecting comparability[1]	**875**	**875**	**900**	**716**	**760**	**0%**	**15%**	**0%**	**17%**

[1] Excl. items affecting comparability in Q4 2019: EUR 138m tax free gain related to sale of LR Realkredit. In Q3 2019: Expense of EUR 735m, before tax, related to impairment of capitalised IT systems, expense of EUR 204m, before tax, related to restructuring, EUR 75m non-deductible expense related to sale of Luminor and loss of EUR 282m, before tax, related to loan loss provisions due to model updates and dialogue with the ECB reflecting a more subdued outlook in certain sectors. In Q1 2019: EUR 95m non-deductible expense related to provision for ongoing AML-related matters.
Q4 2018: EUR 50m gain from revaluation of Euroclear, EUR 38m after tax, EUR 36m gain related to sale of Ejendomme and EUR 141m loss from from impairment of goodwill in Russia.

Full year 2019 compared to full year 2018

Total income was down 5% in local currencies and down 6% in EUR from the previous year and operating profit was down 46% in local currencies and down 47% in EUR compared to the previous year.

Excluding IAC, total income was unchanged in local currencies and down 1% in EUR from the prior year. Operating profit was down 3% in local currencies and down 4% in EUR from the previous year.

Income
Net interest income was down 2% in local currencies and down 4% in EUR from 2018.

Net fee and commission income was up 2% in local currencies and up 1% in EUR from the previous year.

Net result from items at fair value decreased 9% in local currencies and 6% in EUR from the previous year.

Expenses
Total expenses were up 20% in local currencies and 19% in EUR from the previous year and amounted to EUR 5,986m. Staff costs were up 2% in local currencies and up 1% in EUR. Excluding IAC, total expenses were up 1% in local currencies and down 1% in EUR from the previous year and amounted to EUR 4,877m, compared to the communicated target of EUR 4,900m. Excluding IAC, staff costs were down 5% in local currencies and down 6% in EUR.

Net loan losses
Net loan losses increased to EUR 536m (from EUR 173m in 2018), corresponding to an annual net loan loss ratio, including fair value mortgage loans, of 18 bps (up 11 bps from 2018). Change in the level of net loan losses compared to 2018 primarily related to net loan losses of EUR 282m made in Q3 2019, after dialogue with the ECB on Asset Quality Review findings. This reflects a weaker outlook for certain sectors, and to IFRS9 model updates.

Excluding IAC, net loan losses for 2019 were EUR 253m, and 8 bps on total loan exposure, including fair value mortgages. Net loan losses increased in Personal Banking to EUR 133m (2018: EUR 79m) and Business Banking to EUR 91m (EUR 23m) compared to last year, while net loan losses decreased in Large Corporates & Institutions to EUR 40m (EUR 91m).

Net profit
Net profit decreased 49% in local currencies and 50% in EUR and amounted to EUR 1,542m. Excluding IAC, net profit decreased 6% in local currencies and 7% in EUR and amounted to EUR 2,502m.

Currency fluctuation impact
Currency fluctuations had a negative effect of 1-percentage point on income, expenses and operating profit compared to last year. Volumes were largely unchanged by currency fluctuations.

Other information

Capital position and risk exposure amount

Nordea Group's CET1 capital ratio increased to 16.3% at the end of the fourth quarter of 2019, compared to 15.4% in the third quarter of 2019. REA decreased EUR 6.1bn, primarily stemming from adjusted risk-weights on internal ratings-based (IRB) floors for commercial real estate in Sweden and Norway, following an updated decision from the ECB as part of the annual supervisory dialogue. CET1 capital increased EUR 0.3bn, driven by net profit and reduced net defined pension obligations.

The tier 1 capital ratio increased to 18.3% from 17.4% in the third quarter of 2019 and the total capital ratio increased to 20.8% from 20.0%.

At the end of the fourth quarter of 2019, the CET1 capital was EUR 24.4bn, the tier 1 capital was EUR 27.5bn and the own funds were EUR 31.2bn.

The capital requirement regulation (CRR) leverage ratio increased to 5.3% compared to 5.0% in the third quarter of 2019.

Economic capital (EC) was EUR 25.7bn at the end of the fourth quarter; a decrease of EUR 0.8bn compared to the third quarter of 2019. Main drivers being decreased IRB floors, following the ECB decision to decrease risk weights on commercial real estate exposures in Sweden and Norway, and pillar 1 credit risk, partly offset by increased pillar 1 market risk.

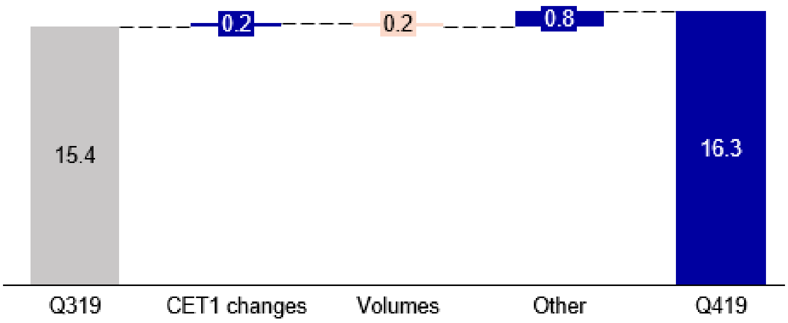
Pillar 2 requirement (P2R)

Nordea received the final Supervisory Review and Evaluation Process (SREP) decision on 10 December 2019, including a P2R of 1.75%, valid from 1 January 2020.

Capital ratios

	Q419	Q319	Q219	Q119	Q418
%					
CRR/CRDIV					
CET 1 cap. ratio	16.3	15.4	14.8	14.6	15.5
Tier 1 capital ratio	18.3	17.4	17.3	17.1	17.3
Total capital ratio	20.8	20.0	19.8	19.5	19.9

Common equity tier 1 (CET 1) capital ratio, changes in the quarter



Capital and dividend policy

From 1 January 2020, the intention is to hold a CET1 capital management buffer of 150-200 bps above the CET1 capital ratio requirement (MDA level).

Nordea strives to maintain a strong capital position in line with our capital policy. From 1 January 2020, the 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 be subject to buy-back considerations.

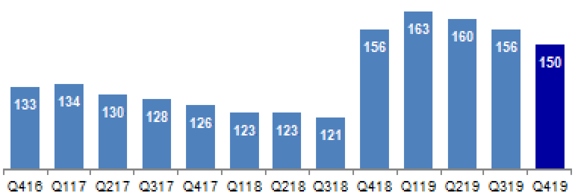
Dividend proposal

On 31 December 2019, Nordea Bank Abp's distributable earnings, including profit for the financial year, were EUR 18,166,606,378.45 and the unrestricted equity reserve was EUR 4,590,425,994.62. The Board of Directors proposes to the Annual General Meeting of Nordea Bank Abp to be held on 25 March 2020 that a dividend of EUR 0.40 per share be paid based on the balance sheet to be adopted for the financial year ending 31 December 2019.

Regulatory development

On the last day of December in 2019, the countercyclical capital buffer (CCyB) increased from 2% to 2.5% and the CRR/CRD IV entered into force in Norway.

Risk exposure amount, REA (EURbn), quarterly



Risk Exposure Amount

EURm	31 Dec 2019	31 Dec 2018
Credit risk	**117,367**	**120,969**
IRB	103,694	107,635
- sovereign		
- corporate	67,479	71,868
- advanced	57,103	60,626
- foundation	10,376	11,242
- institutions	6,135	5,953
- retail	26,248	25,979
- items representing securitisation positions	874	1,648
- other	2,958	2,187
Standardised	13,673	13,334
- sovereign	1,047	689
- retail	5,163	4,227
- other	7,463	8,418
Credit Value Adjustment Risk	**795**	**931**
Market risk	**4,934**	**6,064**
- trading book, Internal Approach	4,126	4,388
- trading book, Standardised Approach	808	1,070
- banking book, Standardised Approach		606
Settlement Risk	**4**	
Operational risk	**15,698**	**16,487**
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR	**750**	**657**
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	**10,667**	**10,626**
Additional risk exposure amount due to Article 3 CRR		**152**
Total	**150,215**	**155,886**

Own Funds excluding profit

EURm	31 Dec 2019	31 Dec 2018
Common Equity Tier 1 capital, excluding profit	24,346	24,134
Tier 1 capital (net after deduction), excluding profit	27,444	26,984
Total Own Funds, excluding profit	**31,161**	**31,028**

Summary of items included in own funds

EURm		
Calculation of own funds[1]		
Equity in the consolidated situation	30,057	31,305
Proposed/actual dividend	-1,616	-2,788
Common Equity Tier 1 capital before regulatory adjustments	28,441	28,517
Deferred tax assets	-136	
Intangible assets	-3,451	-3,885
IRB provisions shortfall (-)		-76
Deduction for investments in credit institutions (50%)		
Pension assets in excess of related liabilities	-130	-117
Other items, net	-303	-305
Total regulatory adjustments to Common Equity Tier 1 capital	**-4,020**	**-4,383**
Common Equity Tier 1 capital (net after deduction)	**24,421**	**24,134**
Additional Tier 1 capital before regulatory adjustments	3,117	2,860
Total regulatory adjustments to Additional Tier 1 capital	-20	-10
Additional Tier 1 capital	**3,097**	**2,850**
Tier 1 capital (net after deduction)	**27,518**	**26,984**
Tier 2 capital before regulatory adjustments	4,559	4,960
IRB provisions excess (+)	220	135
Deduction for investments in credit institutions (50%)		
Deductions for investments in insurance companies	-1,000	-1,000
Pension assets in excess of related liabilities		
Other items, net	-61	-51
Total regulatory adjustments to Tier 2 capital	**-841**	**-916**
Tier 2 capital	**3,718**	**4,044**
Own funds (net after deduction)	**31,236**	**31,028**

[1] As reported to FSA.

Own Funds & Capital ratios (Conglomerate)[1]

Conglomerate capital base, EURm	33,687
The Own funds requirement of the financial conglomerate, EURm	29,077
Capital adequacy of the conglomerate (captial base surplus/deficit), EURm	4,610
Conglomerate capital ratio, %	115.9

[1] The financial conglomerate consists of banking and insurance operations.

Balance sheet

Total assets in the balance sheet in the quarter were EUR 31bn lower than in the previous quarter and amounted to EUR 555bn. Loans to both public and credit institutions as well as derivatives, interest-bearing securities and other assets were lower than in the previous quarter.

Loans to credit institutions were EUR 11bn lower in the quarter and amounted to EUR 9bn and derivatives decrease by EUR 13bn to EUR 39bn from the previous quarter.

Balance sheet data

	Q419	Q319	Q219	Q119	Q418
EURbn					
Loans to credit institutions	9	20	18	14	11
Loans to the public	323	328	324	326	308
Derivatives	39	52	42	39	37
Interest-bearing securities	65	66	70	71	76
Other assets	119	120	129	140	119
Total assets	**555**	**586**	**583**	**590**	**551**
Deposits from credit inst.	32	45	44	52	42
Deposits from the public	169	168	177	176	165
Debt securities in issue	194	191	189	193	190
Derivatives	42	54	44	41	40
Other liabilities	86	97	98	98	81
Total equity	32	31	31	30	33
Total liabilities and equity	**555**	**586**	**583**	**590**	**551**

Nordea's funding and liquidity operations

Nordea issued approximately EUR 1.8bn in long-term funding in the fourth quarter (excluding Danish covered bonds), of which EUR 0.4bn in covered bonds and EUR 1.3bn in senior debt.

Nordea's long-term funding portion of total funding was approximately 78% at the end of the fourth quarter.

Short-term liquidity risk is measured using several metrics of which the Liquidity Coverage Ratio (LCR) is one such metric. The LCR for the Nordea Group was, according to the CRR LCR definition, 166% at the end of the fourth quarter. The LCR in EUR was 236% and in USD 146% at the end of the fourth quarter. The liquidity buffer is composed of highly liquid central bank eligible securities and cash with characteristics like CRD IV high-quality liquid assets and amounted to EUR 102bn at the end of the fourth quarter (EUR 100bn at the end of the third quarter). The long-term liquidity risk is measured as Net Stable Funding Ratio (NSFR). At the end of the fourth quarter Nordea's NSFR was 108.6% according to the CRR2 (Q3 110.4%).

Funding and liquidity data*

	Q419	Q319	Q219	Q119	Q418
Long-term funding portion	78%	79%	79%	79%	77%
LCR total	166%	188%	178%	199%	185%
LCR EUR	236%	185%	195%	274%	257%
LCR USD	146%	183%	291%	230%	214%

*LCR figures calculated based on EU DA LCR starting from Q1 2018; previous figures based on Swedish LCR.

Market risk

Market risk in the trading book measured by Value at Risk was EUR 14m. Compared to the previous quarter the overall level of VaR decreased by EUR 4m driven by a lower contribution from interest rate VaR. Total VaR continues to be driven by market risk related to Nordic and other European exposures.

Trading book

	Q419	Q319	Q219	Q119	Q418
EURm					
Total risk, VaR	21	15	14	19	18
Interest rate risk, VaR	18	11	13	19	16
Equity risk, VaR	6	9	3	3	2
Foreign exchange risk, VaR	2	2	3	1	2
Credit spread risk, VaR	4	5	3	5	6
Inflation risk	2	2	2	2	2
Diversification effect	34%	50%	40%	40%	38%

VaR reduction was mainly due to lower net interest rate exposure over the period. The impact came mainly from DKK, where government bond exposure was reduced, and mortgage exposure increased over the period.

Banking book

	Q419	Q319	Q219	Q119	Q418
EURm					
Total risk, VaR	34	37	38	47	38
Interest rate risk, VaR	34	37	40	48	39
Equity risk, VaR	6	5	6	4	5
Foreign exchange risk, VaR	5	3	1	1	1
Credit spread risk, VaR	1	0	1	0	1
Diversification effect	26%	17%	18%	11%	20%

Nordea share and ratings

Nordea's share price and ratings as at the end of Q4 2019.

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
31/03/2018	89.10	63.12	8.61
30/06/2018	86.28	61.38	8.25
30/09/2018	96.86	70.02	9.46
31/12/2018	74.58	54.23	7.27
31/03/2019	70.75	50.79	6.81
30/06/2019	67.42	47.74	6.39
30/09/2019	69.81	48.49	6.50
31/12/2019	75.64	54.27	7.24

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

*) Negative outlook

Sale of Nordea's shares in LR Realkredit completed

Nordea announced on 11 April 2019 that the bank had entered into an agreement to sell all its shares in the Danish mortgage institution LR Realkredit to Nykredit. As previously announced, the transaction was subject to customary regulatory approvals. Those approvals have now been received and the transaction was completed on 30 December 2019.

Nordea has sold its shares in LR Realkredit to focus on its core business and to find a better long-term solution for LR Realkredit. The purchase price for Nordea's 39% stake in LR Realkredit amounted to approx. DKK 1.1bn and the transaction generated a capital gain of EUR 138m for Nordea, net of tax, at closing of the transaction.

Nordea to acquire SG Finans

Nordea has entered into an agreement with Société Générale to acquire all shares in SG Finans AS and intends to combine the business with Nordea's pan-Nordic finance company, Nordea Finance. SG Finans is a Norwegian domiciled subsidiary of Société Générale and provides equipment finance and factoring solutions. SG Finans has 360 employees and operates in Norway, Denmark and Sweden.

The acquisition of SG Finans strengthens Nordea's ability to advise and help small and medium-sized corporates with their financial needs. It fits well into Nordea's priority to focus on core business in the Nordics. SG Finans complements Nordea Finance well with its strong presence in Norway and direct distribution model. It also has a diversified customer base of about 50,000 corporates in Norway, Sweden and Denmark.

The agreed purchase price for SG Finans amounts to EUR 575m, which values the company at a price-to-book multiple of 1.07x. The purchase price will be adjusted for the equity generated up until closing. The transaction is expected to have a positive impact on total annual income by about EUR 140m and consume about 35-40 bps of the CET1 ratio for the Nordea Group. The transaction is also expected to result in a minor increase in the Nordea Group's earnings per share and return on equity.

Alongside the transaction, Nordea Finance and Société Générale Equipment Finance have entered into a commercial partnership agreement, to offer a wide range of equipment finance solutions and services to international vendors.

The acquisition of SG Finans is subject to customary regulatory approvals and is expected to close during the second half of 2020.

Announced organisational and management changes

Nordea has, as of 1 January 2020, adjusted its organisational set-up to support the three priorities announced at our Capital Markets Day; 1) to optimise operational efficiency, 2) to drive income growth initiatives and 3) to create great customer experiences. The business areas have a stronger mandate to take the necessary actions, supported by Group functions, to deliver on these three priorities.

The Group Business Risk Management unit has been dismantled, and its activities assigned to the business areas, Group Risk & Compliance, and to other Group functions. The set-up rebalances the roles and responsibilities between the first and second lines of defense. The Group Corporate Centre unit has been reviewed and has been renamed Group Business Support (GBS). The GBS area is now shaped to fully support the priorities of the business. The new set-up will create clearer accountability, remove overlaps and utilise synergies.

In addition, as part of Nordea's broader organisational review, the following name adjustments have been made to Nordea's business areas and Group Executive Management team, to better reflect the new organisation as well as the roles and responsibilities; 1) Commercial & Business Banking has been renamed Business Banking, 2) Wholesale Banking has been renamed Large Corporates & Institutions, and 3) Group Executive Management (GEM) has been renamed Group Leadership Team (GLT).

During the fourth quarter 2019, Sara Mella was appointed as Head of Personal Banking, Christina Gadeberg as Head of Group People, and Erik Ekman as Head of Group Business Support.

In January 2020, it was announced that Nina Arkilahti will join Nordea as Head of Business Banking and that Ian Smith will join Nordea as the new Chief Financial Officer.

All the above appointments are or will be members of the Group Leadership Team. The appointments are subject to authority approval.

Update on the Gjensidige Bank acquisition

On 1 March 2019, Nordea Bank Abp acquired Gjensidige Bank ASA. The acquisition has been approved by the Norwegian Competition Authority and the Norwegian Financial Supervisory Authority (NFSA).

The transfer of Gjensidige Bank ASA's car finance business to Nordea Finans Norge AS, was completed on 1 November 2019.

On 12 June 2019, the Boards of Directors of Gjensidige Bank ASA and Nordea Bank Abp signed the merger plan and decided to initiate the cross-border merger process between Nordea Bank Abp and Gjensidige Bank ASA. The merger was formally approved by the Board of Directors of Gjensidige Bank ASA on 24 October 2019 as announced by the Norwegian Business Registry.

The effective date of the merger between Nordea Bank Abp and Gjensidige Bank ASA is expected to occur in the first half of 2021. A change of the migration strategy, in order to make i.a. the customer data migration more cost-efficient and to reduce risks, has resulted in an adjustment of the original expected merger date of 1 March 2020. The execution of the merger is subject to the necessary approvals from the NFSA and other relevant authorities, including the ECB.

Sale of Nordea's holding in Velliv completed

Nordea has during the quarter divested the remaining 19% of the shares in Velliv, former Liv & Pension Denmark, to Velliv Foreningen, who is now the sole owner of Velliv. The sale of the remaining 19% of the shares did not have any impact on the income statement for Nordea. The sale had a positive impact on the solvency ratio in Life & Pensions with 5%, while there was no impact on the capital ratios in the Banking Group.

Quarterly development, Group

	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
EURm							
Net interest income	1,108	1,083	1,071	1,056	1,142	4,318	4,491
Net fee and commission income	775	756	743	737	720	3,011	2,993
Net result from items at fair value	266	211	283	264	182	1,024	1,088
Profit from associated undertakings and joint ventures accounted for under the equity method	-1	13	24	14	15	50	124
Other operating income	146	22	20	44	60	232	476
Total operating income	**2,294**	**2,085**	**2,141**	**2,115**	**2,119**	**8,635**	**9,172**
General administrative expenses:							
Staff costs	-648	-924	-727	-718	-744	-3,017	-2,998
Other expenses	-375	-366	-304	-594	-390	-1,639	-1,566
Depreciation, amortisation and impairment charges of tangible and intangible assets	-156	-885	-149	-140	-250	-1,330	-482
Total operating expenses	**-1,179**	**-2,175**	**-1,180**	**-1,452**	**-1,384**	**-5,986**	**-5,046**
Profit before loan losses	**1,115**	**-90**	**961**	**663**	**735**	**2,649**	**4,126**
Net loan losses	-102	-331	-61	-42	-30	-536	-173
Operating profit	**1,013**	**-421**	**900**	**621**	**705**	**2,113**	**3,953**
Income tax expense	-263	89	-219	-178	-200	-571	-872
Net profit for the period	**750**	**-332**	**681**	**443**	**505**	**1,542**	**3,081**
Diluted earnings per share (DEPS), EUR	0.19	-0.08	0.17	0.10	0.13	0.38	0.76
DEPS, rolling 12 months up to period end, EUR	0.38	0.32	0.58	0.68	0.76	0.38	0.76

Business areas

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group Functions, Other and Eliminations		Nordea Group		
	Q4 2019	Q3 2019	Q4 2019	Q3 2019	Q4 2019	Q3 2019	Q4 2019	Q3 2019	Q4 2019	Q3 2019	Q4 2019	Q3 2019	*Chg*
EURm													
Net interest income	534	543	335	333	218	212	13	13	8	-18	1,108	1,083	*2%*
Net fee and commission income	172	178	136	124	104	108	379	354	-16	-8	775	756	*3%*
Net result from items at fair value	23	45	81	35	96	81	37	11	29	39	266	211	*26%*
Equity method & other income	-1	4	4	6	0	0	3	21	139	4	145	35	
Total operating income	**728**	**770**	**556**	**498**	**418**	**401**	**432**	**399**	**160**	**17**	**2,294**	**2,085**	**10%**
Total operating expenses	**-449**	**-465**	**-265**	**-259**	**-195**	**-203**	**-170**	**-188**	**-100**	**-1,060**	**-1,179**	**-2,175**	**-46%**
Net loan losses	-29	-28	-30	-47	-44	-238	1	-1	0	-17	-102	-331	*-69%*
Operating profit	**250**	**277**	**261**	**192**	**179**	**-40**	**263**	**210**	**60**	**-1,060**	**1,013**	**-421**	
Cost/income ratio, %	62	60	48	52	47	51	39	47			51	104	
ROCAR, %	9	9	12	9	7	-2	37	30			9[1]	10[1]	
Economic capital (EC)	7,669	8,519	6,907	6,403	7,418	7,852	2,201	2,140	1,523	1,584	25,718	26,498	*-3%*
Risk exposure amount (REA)	45,870	45,376	42,703	45,737	44,110	47,454	5,560	5,539	11,972	12,243	150,215	156,349	*-4%*
Number of employees (FTEs)	7,585	7,810	4,495	4,483	1,775	1,893	2,642	2,677	12,503	12,606	29,000	29,469	*-2%*
Volumes, EURbn:													
Lending to corporates[2]	1.1	1.1	75.7	73.6	72.7	82.1			2.6	3.9	152.1	160.7	*-5%*
Household mortgage lending[3]	133.2	130.4	6.5	6.5	0	0	6.2	6.0			145.9	142.9	*2%*
Consumer lending[3]	21.4	21.4	1.5	1.6			1.8	1.7			24.7	24.7	*0%*
Total lending	**155.7**	**152.9**	**83.7**	**81.7**	**72.7**	**82.1**	**8.0**	**7.7**	**2.6**	**3.9**	**322.7**	**328.3**	**-2%**
Corporate deposits[2]	2.0	1.9	39.0	37.6	39.6	42.3			-3.2	-4.1	77.4	77.7	*0%*
Household deposits[3]	78.3	77.7	2.8	2.7	0	0	10.2	10.2			91.3	90.6	*1%*
Total deposits	**80.3**	**79.6**	**41.8**	**40.3**	**39.6**	**42.3**	**10.2**	**10.2**	**-3.2**	**-4.1**	**168.7**	**168.3**	**0%**

[1] Excluding items affecting comparability
[2] For PeB: Corporate lending and deposits of some household customers is supplied by and reported in Personal Banking.
[3] For BB: Household lending and deposits of some corporate customers is supplied by and reported in Business Banking.

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group Functions, Other and Eliminations		Nordea Group		
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	*Chg*
EURm													
Net interest income	2,134	2,117	1,336	1,322	851	923	53	69	-56	60	4,318	4,491	*-4%*
Net fee and commission income	672	686	494	457	444	473	1,416	1,409	-15	-32	3,011	2,993	*1%*
Net result from items at fair value	172	167	206	297	311	411	110	166	225	47	1,024	1,088	*-6%*
Equity method & other income	2	6	21	31	1	0	47	36	211	527	282	600	*-53%*
Total operating income	**2,980**	**2,976**	**2,057**	**2,107**	**1,607**	**1,807**	**1,626**	**1,680**	**365**	**602**	**8,635**	**9,172**	**-6%**
Total operating expenses	**-1,845**	**-1,856**	**-1,103**	**-1,171**	**-927**	**-947**	**-726**	**-788**	**-1,385**	**-284**	**-5,986**	**-5,046**	**19%**
Net loan losses	-133	-79	-138	-24	-250	-92	-2	-7	-13	29	-536	-173	
Operating profit	**1,002**	**1,041**	**816**	**912**	**430**	**768**	**898**	**885**	**-1,033**	**347**	**2,113**	**3,953**	**-47%**
Cost/income ratio, %	62	62	54	56	58	52	45	47			69	55	
ROCAR, %	9	10	9	11	4	8	32	29			9[1]	10[1]	
Economic capital (EC)	7,669	7,866	6,907	6,260	7,418	7,938	2,201	2,285	1,523	2,236	25,718	26,585	*-3%*
Risk exposure amount (REA)	45,870	41,489	42,703	44,310	44,110	48,246	5,560	5,577	11,972	16,264	150,215	155,886	*-4%*
Number of employees (FTEs)	7,585	7,749	4,495	4,411	1,775	1,972	2,642	2,735	12,503	12,123	29,000	28,990	*0%*
Volumes, EURbn:													
Lending to corporates[2]	1.1	1.0	75.7	73.0	72.7	69.2			2.6	4.0	152.1	147.2	*3%*
Household mortgage lending[3]	133.2	125.0	6.5	6.7	0	0	6.2	5.6			145.9	137.3	*6%*
Consumer lending[3]	21.4	20.5	1.5	1.7			1.8	1.6			24.7	23.8	*4%*
Total lending	**155.7**	**146.5**	**83.7**	**81.4**	**72.7**	**69.2**	**8.0**	**7.2**	**2.6**	**4.0**	**322.7**	**308.3**	**5%**
Corporate deposits[3]	2.0	1.9	39.0	38.0	39.6	42.2			-3.2	-3.6	77.4	78.5	*-1%*
Household deposits[3]	78.3	74.3	2.8	2.8	0	0	10.2	9.4			91.3	86.5	*6%*
Total deposits	**80.3**	**76.2**	**41.8**	**40.8**	**39.6**	**42.2**	**10.2**	**9.4**	**-3.2**	**-3.6**	**168.7**	**165.0**	**2%**

[1] Excluding items affecting comparability
[2] For PeB: Corporate lending and deposits of some household customers is supplied by and reported in Personal Banking.
[3] For BB: Household lending and deposits of some corporate customers is supplied by and reported in Business Banking.

Personal Banking

Introduction

In Personal Banking, around 7,500 people are working every day to deliver greater customer experiences to more than 9 million household customers. We do this through a combination of physical and digital channels offering a full range of financial services and solutions.

We leverage our scale in operations and platforms, and drive Nordic efficiencies with local market adaptability, to deliver easy banking. Through strong engagement and valuable advice, the aim is that Personal Banking customers entrust Nordea with all their banking business. Reflecting the rapid changes in customer preferences, Personal Banking also encapsulates and integrates digital channels through constantly expanding our mobile offer.

Business Development

During the last quarter, we launched new services, solutions and functionalities for our customers, in addition to improving availability and accessibility. An example of this is the improvement to our digital daily banking experience for customers, with the addition of new functionalities in the mobile banking app. By building one platform with local adaptability we are also leveraging our scale. The mobile app. receives high app. ratings from our customers.

Our service robot Nova makes it possible for our customers to instantly chat with us and is the first agent greeting the customer in most cases. Nova currently receives approximately 200,000 chats a month on a Nordic level.

Our strong focus on winning homeowners is paying off, with the continued positive trend on mortgage volume development and improved new sales market share.

Key activities across the Nordics include improved availability, faster response time, stronger presence locally with customer events, leveraging of referral partnerships such as real estate agents, as well as increased visibility through marketing campaigns.

Furthermore, we have expanded our sustainable offer with green car loans in Denmark in October, where household customers can finance their new electric cars at an interest rate lower than ordinary car loans. Moreover, the loan process is digital and thus paperless to ensure a green profile. This has the added benefit of making the whole process faster for customers, with an application process that only takes a few minutes.

In our savings business, both advisory meetings and digital advisory sessions are growing compared to last quarter. The main customer deliveries were the continued expansion of the Nora digital advisory offer in all markets, allowing customers to receive investment advice on their own at any time, and the introduction of a significantly easier and faster advisory experience for certain savings needs, such as monthly savings.

The focus within consumer finance remains on growing our digital offer and increasing digital sales traffic across all countries.

Financial outcome

Total income decreased 5% in local currencies due to a lower level of items at fair value compared to the previous quarter.

Net interest income decreased 1% in local currencies from both lending margin pressure in Finland and Norway, as well as deposit margin pressure in Denmark and Finland. The development was partly offset by higher mortgage lending volumes in all countries.

Lending volumes increased 1% in local currencies compared to the previous quarter, from growth in mortgage lending volumes in all countries. Deposit volumes stayed on the same level as the previous quarter.

Net fee and commission income decreased 4% in local currencies, driven by lower payments commission income, partly offset by higher savings income in the fourth quarter. Items at net fair value decreased with 52% in local currencies from the previous quarter.

Total expenses decreased 3% in local currencies compared to the previous quarter, in line with lower FTEs as well as restructuring cost booked in the third quarter.

Loan loss provision remained at the level of the third quarter were a re-calibration of the collective provision models were made in all countries, however balanced out at total Personal Banking level.

Personal Banking Denmark

Net interest income increased 4% compared to the previous quarter, primarily due to the timing in booking of income from Nordea Kredit.

Lending volumes increased 1% compared to the previous quarter from high activity within mortgage lending. Market share of new sales of mortgage lending is continuously increasing. Deposit volumes increased 2% compared to the previous quarter.

Net fee and commission income was at the same high level as the previous quarter while items at net fair value decreased as income pertaining to the sale of a debt portfolio was booked in the third quarter.

Loan loss provisions were back at a normalised level following the calibration of the collective provision models made in the third quarter.

Personal Banking Finland

Net interest income decreased 7% compared to the previous quarter, as the lower deposit and lending margins were only partly offset by higher mortgage lending volumes.

Lending volumes increased 1% compared to the previous quarter, in line with a very positive development in new sales. Market share of new sales of mortgage lending increased during the fourth quarter. Deposit volumes remained at the level of the third quarter.

Net fee and commission income decreased 2% from the previous quarter, mainly due to lower payments income, which was partly offset by a stronger result in savings income.

Loan loss provision was back to a normalised level following the calibration of the collective provision models made in the third quarter.

Personal Banking Norway

Net interest income decreased 2% in local currency compared to the previous quarter, mainly due to lending margin pressure, which was only partly offset by volume growth.

Lending volumes increased 1% in local currency, mainly driven by mortgage volume growth. New sales of mortgage lending improved in line with the market during the fourth quarter. Deposit volumes decreased 3% compared to the previous quarter due to rebalancing of Gjensidige Bank liability structure.

Net fee and commission income increased 7% in local currency compared to the previous quarter, from both higher payments and savings income.

Loan loss provision was back to a normalised level following the calibration of the collective provision models made in the third quarter.

Personal Banking Sweden

Net interest income increased 1% in local currency compared to the previous quarter, in line with sound mortgage volume growth.

Lending volumes increased 1% compared to the previous quarter, from mortgage lending growth. Market share of new sales of mortgage lending increased during the fourth quarter. Deposit volumes remained at the same level compared to the previous quarter.

Net fee and commission income decreased 12% in local currency compared to the previous quarter, due to seasonally lower payments commission income.

Loan loss provisions were back to a normalised level following the calibration of the collective provision models made in the third quarter.

Distribution agreement with Asset & Wealth Management

The result excluding the distribution agreement with Wealth Management is according to the principle that all income, expense and capital are allocated to the customer-responsible unit. This principle aligns with the internal management reporting and with the principle applied to all other product units in the Group.

Personal Banking total excl. distribution agreement with Asset & Wealth Management

	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 19	Jan-Dec 18	Jan-Dec 19/18 EUR	Jan-Dec 19/18 Local
EURm													
Net interest income	534	543	536	521	525	-2%	2%	-1%	4%	2,134	2,117	1%	2%
Net fee and commission income	300	306	286	275	278	-2%	8%	-2%	10%	1,167	1,176	-1%	1%
Net result from items at fair value	23	45	32	72	37	-49%	-38%	-52%	-42%	172	167	3%	3%
Equity method & other income	-1	4	-1	0	-1					2	6		
Total income incl. allocations	**856**	**898**	**853**	**868**	**839**	**-5%**	**2%**	**-4%**	**4%**	**3,475**	**3,466**	**0%**	**2%**
Total expenses incl. allocations	**-482**	**-498**	**-469**	**-527**	**-482**	**-3%**	**0%**	**-3%**	**2%**	**-1,976**	**-1,965**	**1%**	**2%**
Profit before loan losses	**374**	**400**	**384**	**341**	**357**	**-7%**	**5%**	**-6%**	**7%**	**1,499**	**1,501**	**0%**	**2%**
Net loan losses	-29	-28	-25	-51	-20					-133	-79		
Operating profit	**345**	**372**	**359**	**290**	**337**	**-7%**	**2%**	**-7%**	**4%**	**1,366**	**1,422**	**-4%**	**-2%**
Cost/income ratio, %	56	56	55	61	57					57	57		
Cost/income ratio[1], %	58	57	57	56	59					57	57		
ROCAR, %	13	12	12	10	12					12	13		
Economic capital (EC)	7,988	8,831	9,153	9,051	8,233	-10%	-3%	-11%	-7%	7,988	8,233	-3%	-7%
Risk exposure amount (REA)	45,870	45,376	45,415	44,940	41,489	1%	11%	0%	10%	45,870	41,489	11%	10%
Number of employees (FTEs)	7,585	7,810	8,034	8,024	7,749	-3%	-2%	-3%	-2%	7,585	7,749	-2%	-2%
Volumes, EURbn:													
Lending to corporates[2]	1.1	1.1	1.1	1.1	1.0	0%	10%	0%	10%	1.1	1.0	10%	10%
Household mortgage lending	133.2	130.4	130.1	129.4	125.0	2%	7%	1%	7%	133.2	125.0	7%	7%
Consumer lending	21.4	21.4	21.6	21.6	20.5	0%	4%	0%	5%	21.4	20.5	4%	5%
Total lending	**155.7**	**152.9**	**152.8**	**152.1**	**146.5**	**2%**	**6%**	**1%**	**7%**	**155.7**	**146.5**	**6%**	**7%**
Corporate deposits[2]	2.0	1.9	2.0	1.9	1.9	5%	5%	5%	5%	2.0	1.9	5%	5%
Household deposits	78.3	77.7	78.6	76.8	74.3	1%	5%	0%	6%	78.3	74.3	5%	6%
Total deposits	**80.3**	**79.6**	**80.6**	**78.7**	**76.2**	**1%**	**5%**	**0%**	**6%**	**80.3**	**76.2**	**5%**	**6%**

[1] Adjusted for resolution fees before tax.

[2] Corporate lending and deposits of some household customers in Personal Banking (PeB) is served and reported in PeB.

Personal Banking total

	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 19	Jan-Dec 18	Jan-Dec 19/18 EUR	Jan-Dec 19/18 Local
EURm													
Net interest income	534	543	536	521	525	-2%	2%	-1%	4%	2,134	2,117	1%	2%
Net fee and commission income	172	178	164	158	162	-3%	6%	-4%	8%	672	686	-2%	-1%
Net result from items at fair value	23	45	32	72	37	-49%	-38%	-52%	-42%	172	167	3%	3%
Equity method & other income	-1	4	-1	0	-1					2	6		
Total income incl. allocations	**728**	**770**	**731**	**751**	**723**	**-5%**	**1%**	**-5%**	**2%**	**2,980**	**2,976**	**0%**	**2%**
Total expenses incl. allocations	**-449**	**-465**	**-437**	**-494**	**-456**	**-3%**	**-2%**	**-3%**	**0%**	**-1,845**	**-1,856**	**-1%**	**1%**
Profit before loan losses	**279**	**305**	**294**	**257**	**267**	**-9%**	**4%**	**-9%**	**6%**	**1,135**	**1,120**	**1%**	**3%**
Net loan losses	-29	-28	-25	-51	-20					-133	-79		
Operating profit	**250**	**277**	**269**	**206**	**247**	**-10%**	**1%**	**-10%**	**3%**	**1,002**	**1,041**	**-4%**	**-2%**
Cost/income ratio, %	62	60	60	66	63					62	62		
ROCAR, %	9	9	9	8	10					9	10		
Economic capital (EC)	7,669	8,519	8,838	8,740	7,866	-10%	-3%	-11%	-3%	7,669	7,866	-3%	-3%
Risk exposure amount (REA)	45,870	45,376	45,415	44,940	41,489	1%	11%	0%	10%	45,870	41,489	11%	10%
Number of employees (FTEs)	7,585	7,810	8,034	8,024	7,749	-3%	-2%	-3%	-2%	7,585	7,749	-2%	-2%
Volumes, EURbn:													
Lending to corporates[1]	1.1	1.1	1.1	1.1	1.0	0%	10%	0%	10%	1.1	1.0	10%	10%
Household mortgage lending	133.2	130.4	130.1	129.4	125.0	2%	7%	1%	7%	133.2	125.0	7%	7%
Consumer lending	21.4	21.4	21.6	21.6	20.5	0%	4%	0%	5%	21.4	20.5	4%	5%
Total lending	**155.7**	**152.9**	**152.8**	**152.1**	**146.5**	**2%**	**6%**	**1%**	**7%**	**155.7**	**146.5**	**6%**	**7%**
Corporate deposits[1]	2.0	1.9	2.0	1.9	1.9	5%	5%	5%	5%	2.0	1.9	5%	5%
Household deposits	78.3	77.7	78.6	76.8	74.3	1%	5%	0%	6%	78.3	74.3	5%	6%
Total deposits	**80.3**	**79.6**	**80.6**	**78.7**	**76.2**	**1%**	**5%**	**0%**	**6%**	**80.3**	**76.2**	**5%**	**6%**

[1] Corporate lending and deposits of some household customers in Personal Banking (PeB) is served and reported in PeB.

Personal Banking

	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 19	Jan-Dec 18	Jan-Dec 19/18 EUR	Jan-Dec 19/18 Local
Net interest income, EURm													
PeB Denmark	145	140	145	140	144	4%	1%	4%	1%	570	575	-1%	-1%
PeB Finland	96	103	102	102	103	-7%	-7%	-7%	-7%	403	419	-4%	-4%
PeB Norway	123	129	122	104	101	-5%	22%	-2%	28%	478	392	22%	25%
PeB Sweden	174	173	172	175	180	1%	-3%	1%	-1%	694	741	-6%	-3%
PeB Other	-4	-2	-5	0	-3					-11	-10		
Net commission income, EURm													
PeB Denmark	65	65	49	51	47	0%	38%	5%	43%	230	204	13%	14%
PeB Finland	41	42	45	40	42	-2%	-2%	-2%	-2%	168	179	-6%	-6%
PeB Norway	17	14	18	16	23	21%	-26%	7%	-32%	65	84	-23%	-23%
PeB Sweden	50	55	53	54	55	-9%	-9%	-12%	-9%	212	227	-7%	-4%
PeB Other	-1	2	-1	-3	-5					-3	-8		
Net loan losses, EURm													
PeB Denmark	-10	-40	-5	3	-6					-52	-24		
PeB Finland	-2	46	-9	-31	-7					4	-34		
PeB Norway	-9	-19	-6	-10	0					-44	-2		
PeB Sweden	-6	-16	-6	-12	-6					-40	-18		
PeB Other	-2	1	1	-1	-1					-1	-1		
Volumes													
Personal Banking Denmark													
Lending to corporates	0.2	0.2	0.2	0.2	0.2	0%	0%	0%	0%	0.2	0.2	0%	0%
Household mortgage lending	31.5	31.0	30.7	30.6	30.5	2%	3%	2%	3%	31.5	30.5	3%	3%
Consumer lending	8.8	8.9	9.0	9.1	9.2	-1%	-4%	0%	-3%	8.8	9.2	-4%	-3%
Total lending	**40.5**	**40.1**	**39.9**	**39.9**	**39.9**	**1%**	**2%**	**1%**	**2%**	**40.5**	**39.9**	**2%**	**2%**
Corporate deposits	1.7	1.7	1.7	1.7	1.6	0%	6%	0%	6%	1.7	1.6	6%	6%
Household deposits	23.7	23.1	23.3	22.8	22.9	3%	3%	3%	3%	23.7	22.9	3%	3%
Total deposits	**25.4**	**24.8**	**25.0**	**24.5**	**24.5**	**2%**	**4%**	**2%**	**4%**	**25.4**	**24.5**	**4%**	**4%**
Personal Banking Finland													
Lending to corporates	0	0	0	0	0					0	0		
Household mortgage lending	27.1	26.8	26.6	26.4	26.3	1%	3%	1%	3%	27.1	26.3	3%	3%
Consumer lending	6.2	6.2	6.2	6.2	6.3	0%	-2%	0%	-2%	6.2	6.3	-2%	-2%
Total lending	**33.3**	**33.0**	**32.8**	**32.6**	**32.6**	**1%**	**2%**	**1%**	**2%**	**33.3**	**32.6**	**2%**	**2%**
Corporate deposits	0	0	0	0	0.1					0	0.1		
Household deposits	22.2	22.3	22.2	21.6	21.1	0%	5%	0%	5%	22.2	21.1	5%	5%
Total deposits	**22.2**	**22.3**	**22.2**	**21.6**	**21.2**	**0%**	**5%**	**0%**	**5%**	**22.2**	**21.2**	**5%**	**5%**
Personal Banking Norway													
Lending to corporates	0.1	0	0	0	0					0.1	0		
Household mortgage lending	32.3	32.1	32.4	31.9	26.9	1%	20%	0%	19%	32.3	26.9	20%	19%
Consumer lending	3.0	2.9	2.9	2.9	1.5	3%		0%		3.0	1.5		
Total lending	**35.4**	**35.0**	**35.3**	**34.8**	**28.4**	**1%**	**25%**	**1%**	**23%**	**35.4**	**28.4**	**25%**	**23%**
Corporate deposits	0.1	0.1	0.2	0.1	0.1	0%	0%	0%	0%	0.1	0.1	0%	0%
Household deposits	9.9	10.2	10.8	10.5	8.0	-3%	24%	-3%	22%	9.9	8.0	24%	22%
Total deposits	**10.0**	**10.3**	**11.0**	**10.6**	**8.1**	**-3%**	**23%**	**-3%**	**21%**	**10.0**	**8.1**	**23%**	**21%**
Personal Banking Sweden													
Lending to corporates	0.8	0.8	0.8	0.8	0.8	0%	0%	0%	0%	0.8	0.8	0%	0%
Household mortgage lending	42.2	40.7	40.6	40.7	41.1	4%	3%	1%	5%	42.2	41.1	3%	5%
Consumer lending	3.4	3.3	3.4	3.4	3.6	3%	-6%	-3%	-6%	3.4	3.6	-6%	-6%
Total lending	**46.4**	**44.8**	**44.8**	**44.9**	**45.5**	**4%**	**2%**	**1%**	**4%**	**46.4**	**45.5**	**2%**	**4%**
Corporate deposits	0.1	0.1	0.1	0.1	0.1	0%	0%	0%	0%	0.1	0.1	0%	0%
Household deposits	22.5	22.0	22.3	21.9	22.2	2%	1%	0%	4%	22.5	22.2	1%	4%
Total deposits	**22.6**	**22.1**	**22.4**	**22.0**	**22.3**	**2%**	**1%**	**0%**	**4%**	**22.6**	**22.3**	**1%**	**4%**

Business Banking

Introduction

Business Banking serves more than 500,000 corporate customers across the Nordics and consists of around 4,500 people. Business Banking also consists of; Transaction Banking, which provides payments and transaction services to customers, and Nordea Finance, which provides asset-based lending, sales finance and receivable finance to corporate and household customers.

We deliver great customer experience by serving our customers digitally, online, and/or locally dependent on the complexity of their needs. We do this through the combination of service models; a people-intense service model, which is digitally supported and offers high availability, and a digital-intense service model, supported by people, ensuring high flexibility and fast response.

Business development

Our focus in Q4 has been on continuous improvements which enhance our service and performance, stepwise. Following this approach, several initiatives went live and accelerated during the last quarter.

One such initiative was the acquisition of SG Finans, with the intention of combining this business with Nordea Finance. This acquisition will increase our ability to serve corporate customers with their financing needs in three of our home markets, while aligning with Nordea's priority to focus core business in the Nordics.

The enhanced Netbank for corporate customers named 'Nordea Business' continues to be rolled out across the Nordics. In Sweden, close to 100,000 Swedish customers are now invited to use this new offer, while pilots in Denmark and Finland are ongoing.

We continue to enhance our sustainable offers so we can provide our customers with a green alternative. In Q4, we launched green mortgages in Denmark and corporate customers in all Nordic countries are now able to finance with green loans. Discounted car loans and leasing were also introduced to customers in Denmark, for customers looking to finance cars which run on 100% electricity.

Finally, we launched Nordea's new Dashboard to corporate customers in H2 2019, to provide them with a simple overview of their finances. The new Dashboard provides real-time aggregation of a company's key financial data, conveniently packaged in a single user-friendly front-end. This solution is available through our e-Markets platform and has been rolled out to around 1,600 Nordea customers, with more being onboarded throughout 2020.

Financial outcome

Total income increased 12% compared to the third quarter and 7% compared to the same quarter last year.

Lending volume growth continued and increased 3% in local currencies compared to the same quarter last year. The positive impact of the lending growth was partly offset by pressure on deposit margins and net interest income grew 1% compared to the previous quarter.

Net fee and commission income increased 10% since last quarter and net result from items at fair value increased 131% impacted by valuation adjustments. Underlying net result from items at fair value increased approximately 10%.

Total expenses increased 2% from the previous quarter in local currencies which is normal for a fourth quarter. Compared to the same quarter last year total expenses decreased 6%.

Operating profit was EUR 261m, up EUR 69m from the previous quarter.

The cost to income ratio in the fourth quarter was 48% and improved 4-percentage points from the same quarter last year, driven by both higher income and lower cost. Return on capital at risk (RoCAR) was 12% in the fourth quarter and increased 3-percentage points from the last quarter, as higher income more than offset the increased Economic capital.

Business Banking Denmark

Net interest income increased 4% in local currency from the previous quarter, mainly explained by income accrual from Nordea Kredit.

Lending volumes increased 1% and lending margins increased slightly compared to the previous quarter. The positive effect from lending was partly offset by decreasing deposit margins.

Net fee and commission income was at the same level as the previous quarter, with reduced lending related fees offset by higher savings commission income.

Loan loss provisions were back at a normalised level from the high level in the third quarter, impacted by the re-calibration of collective provisions.

Business Banking Finland

Net interest income was stable compared to the previous quarter, as the lower deposit margins were offset by increased lending margins.

Lending volumes were unchanged compared to the previous quarter, while deposit volumes increased 5%.

Net fee and commission income increased 21% from the previous quarter, mainly due to higher payments and savings-related commission income.

Loan losses increased in the quarter, impacted by a couple of individual cases.

Business Banking Norway

Net interest income increased 4% in local currency compared to the previous quarter, from volume growth partly offset by lower lending margins.

Lending volumes increased 7% in local currency from the previous quarter, while deposit volumes increased 5%

Net fee and commission income remains at a high level with good momentum for lending and payment-related fee income.

Loan loss provisions decreased compared to the third quarter and reversals exceeded new provisions.

Business Banking Sweden

Net interest income increased 4% in local currency compared to the previous quarter, from volume growth partly offset by price pressure.

Lending volumes increased 3% in local currency from the previous quarter, while deposit volumes increased 2%.

Net fee and commission income increased 21% in local currency compared to the previous quarter, driven by high capital markets activity.

Loan losses decreased from the previous quarter and remained on normalised levels.

Business Banking Direct

Net interest income was unchanged in local currency compared to the previous quarter, from decreasing deposit margins offset by income accrual from Nordea Kredit.

Lending volumes decreased 2% in local currency from the previous quarter, while deposit volumes increased by 3%.

Net fee and commission income increased 6% in local currency compared to the previous quarter, driven by lending and payment-related fee income.

Loan losses increased from a low level, and the underlying credit quality remains solid.

Business Banking excl. distribution agreement with Asset & Wealth Management

								Local curr.				Jan-Dec 19/18	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4	Jan-Dec 19	Jan-Dec 18	EUR	Local
EURm													
Net interest income	335	333	337	331	341	1%	-2%	1%	0%	1,336	1,322	1%	2%
Net fee and commission income	165	155	135	151	138	6%	20%	10%	22%	606	577	5%	7%
Net result from items at fair value	81	35	67	23	72		13%		14%	206	297	-31%	-29%
Equity method & other income	4	6	7	4	7					21	31		
Total income incl. allocations	**585**	**529**	**546**	**509**	**558**	**11%**	**5%**	**12%**	**7%**	**2,169**	**2,227**	**-3%**	**-1%**
Total expenses incl. allocations	**-273**	**-268**	**-276**	**-318**	**-286**	**2%**	**-5%**	**3%**	**-3%**	**-1,135**	**-1,200**	**-5%**	**-4%**
Profit before loan losses	**312**	**261**	**270**	**191**	**272**	**20%**	**15%**	**21%**	**17%**	**1,034**	**1,027**	**1%**	**2%**
Net loan losses	-30	-47	-28	-33	-31					-138	-24		
Operating profit	**282**	**214**	**242**	**158**	**241**	**32%**	**17%**	**32%**	**19%**	**896**	**1,003**	**-11%**	**-9%**
Cost/income ratio, %	47	51	51	63	51					52	54		
Cost/income ratio[1], %	49	53	53	55	53					52	54		
ROCAR, %	13	10	11	7	12					10	12		
Economic capital (EC)	7,035	6,525	6,771	6,606	6,393	8%	10%	7%	10%	7,035	6,393	10%	10%
Risk exposure amount (REA)	42,703	45,737	45,840	44,872	44,310	-7%	-4%	-7%	-4%	42,703	44,310	-4%	-4%
Number of employees (FTEs)	4,495	4,483	4,461	4,422	4,411	0%	2%	0%	2%	4,495	4,411	2%	2%
Volumes, EURbn:													
Lending to corporates	75.7	73.6	74.3	73.8	73.0	3%	4%	2%	4%	75.7	73.0	4%	4%
Household mortgage lending[2]	6.5	6.5	6.6	6.7	6.7	0%	-3%	0%	-1%	6.5	6.7	-3%	-1%
Consumer lending[2]	1.5	1.6	1.6	1.6	1.7	-6%	-12%	-6%	-12%	1.5	1.7	-12%	-12%
Total lending	**83.7**	**81.7**	**82.5**	**82.1**	**81.4**	**2%**	**3%**	**2%**	**3%**	**83.7**	**81.4**	**3%**	**3%**
Corporate deposits	39.0	37.6	38.5	38.5	38.0	4%	3%	3%	3%	39.0	38.0	3%	3%
Household deposits[2]	2.8	2.7	2.8	2.8	2.8	4%	0%	0%	0%	2.8	2.8	0%	0%
Total deposits	**41.8**	**40.3**	**41.3**	**41.3**	**40.8**	**4%**	**2%**	**3%**	**3%**	**41.8**	**40.8**	**2%**	**3%**

[1] Adjusted for resolution fees before tax.

[2] Household lending and deposits of some corporate customers is supplied by and reported in Business Banking.

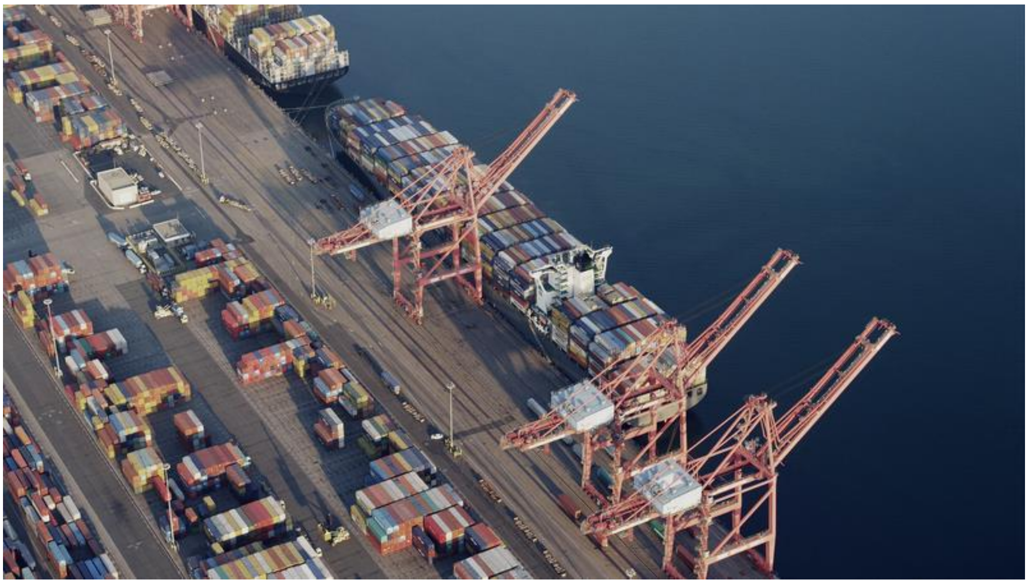
Business Banking total

								Local curr.				Jan-Dec 19/18	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4	Jan-Dec 19	Jan-Dec 18	EUR	Local
EURm													
Net interest income	335	333	337	331	341	1%	-2%	1%	0%	1,336	1,322	1%	2%
Net fee and commission income	136	124	109	125	114	10%	19%	12%	23%	494	457	8%	10%
Net result from items at fair value	81	35	67	23	72		13%		14%	206	297	-31%	-29%
Equity method & other income	4	6	7	4	7					21	31		
Total income incl. allocations	**556**	**498**	**520**	**483**	**534**	**12%**	**4%**	**12%**	**6%**	**2,057**	**2,107**	**-2%**	**-1%**
Total expenses incl. allocations	**-265**	**-259**	**-269**	**-310**	**-281**	**2%**	**-6%**	**2%**	**-4%**	**-1,103**	**-1,171**	**-6%**	**-4%**
Profit before loan losses	**291**	**239**	**251**	**173**	**253**	**22%**	**15%**	**23%**	**18%**	**954**	**936**	**2%**	**4%**
Net loan losses	-30	-47	-28	-33	-31					-138	-24		
Operating profit	**261**	**192**	**223**	**140**	**222**	**36%**	**18%**	**36%**	**20%**	**816**	**912**	**-11%**	**-9%**
Cost/income ratio, %	48	52	52	64	53					54	56		
ROCAR, %	12	9	10	7	11					9	11		
Economic capital (EC)	6,907	6,403	6,652	6,483	6,260	8%	10%	7%	10%	6,907	6,260	10%	10%
Risk exposure amount (REA)	42,703	45,737	45,840	44,872	44,310	-7%	-4%	-7%	-4%	42,703	44,310	-4%	-4%
Number of employees (FTEs)	4,495	4,483	4,461	4,422	4,411	0%	2%	0%	2%	4,495	4,411	2%	2%
Volumes, EURbn:													
Lending to corporates	75.7	73.6	74.3	73.8	73.0	3%	4%	2%	4%	75.7	73.0	4%	4%
Household mortgage lending[1]	6.5	6.5	6.6	6.7	6.7	0%	-3%	0%	-1%	6.5	6.7	-3%	-1%
Consumer lending[1]	1.5	1.6	1.6	1.6	1.7	-6%	-12%	-6%	-12%	1.5	1.7	-12%	-12%
Total lending	**83.7**	**81.7**	**82.5**	**82.1**	**81.4**	**2%**	**3%**	**2%**	**3%**	**83.7**	**81.4**	**3%**	**3%**
Corporate deposits	39.0	37.6	38.5	38.5	38.0	4%	3%	3%	3%	39.0	38.0	3%	3%
Household deposits[1]	2.8	2.7	2.8	2.8	2.8	4%	0%	0%	0%	2.8	2.8	0%	0%
Total deposits	**41.8**	**40.3**	**41.3**	**41.3**	**40.8**	**4%**	**2%**	**3%**	**3%**	**41.8**	**40.8**	**2%**	**3%**

[1] Household lending and deposits of some corporate customers is supplied by and reported in Business Banking.

Business Banking

	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 19	Jan-Dec 18	Jan-Dec 19/18 EUR	Jan-Dec 19/18 Local
Net interest income, EURm													
Business Banking Denmark	77	72	77	75	76	7%	1%	4%	-1%	301	308	-2%	-2%
Business Banking Finland	66	66	65	65	66	0%	0%	0%	0%	262	256	2%	2%
Business Banking Norway	73	73	72	72	73	0%	0%	4%	5%	290	283	2%	5%
Business Banking Sweden	69	66	66	66	64	5%	8%	4%	11%	267	250	7%	10%
Business Banking Direct	55	54	56	54	53	2%	4%	0%	4%	219	209	5%	5%
Other	-5	2	1	-1	9					-3	16		
Net commission income, EURm													
Business Banking Denmark	23	23	17	19	19	0%	21%	4%	33%	82	74	11%	14%
Business Banking Finland	29	24	25	28	31	21%	-6%	21%	-6%	106	108	-2%	-2%
Business Banking Norway	21	19	18	19	21	11%	0%	0%	0%	77	75	3%	5%
Business Banking Sweden	33	28	32	35	29	18%	14%	21%	17%	128	119	8%	11%
Business Banking Direct	36	33	32	32	31	9%	16%	6%	13%	133	128	4%	5%
Other	-6	-3	-15	-8	-17					-32	-47		
Net loan losses, EURm													
Business Banking Denmark	-6	-32	-23	-1	-18					-62	-62		
Business Banking Finland	-12	-7	7	-15	-9					-27	11		
Business Banking Norway	5	-7	0	-4	6					-6	40		
Business Banking Sweden	-5	-7	-6	-6	-4					-24	-3		
Business Banking Direct	-10	1	-2	1	-1					-10	-3		
Other	-2	5	-4	-8	-5					-9	-7		
Lending, EURbn													
Business Banking Denmark	21.6	21.3	21.5	21.5	21.7	1%	0%	1%	0%	21.6	21.7	0%	0%
Business Banking Finland	13.4	13.4	13.4	13.2	13.2	0%	2%	0%	2%	13.4	13.2	2%	2%
Business Banking Norway	17.2	16.1	16.6	16.1	15.8	7%	9%	7%	7%	17.2	15.8	9%	7%
Business Banking Sweden	19.9	19.1	19.2	19.4	19.0	4%	5%	3%	7%	19.9	19.0	5%	7%
Business Banking Direct	11.6	11.8	11.8	11.9	11.7	-2%	-1%	-2%	0%	11.6	11.7	-1%	0%
Other	0	0	0	0	0					0	0		
Deposits, EURbn													
Business Banking Denmark	6.0	6.0	6.2	6.1	6.1	0%	-2%	0%	-3%	6.0	6.1	-2%	-3%
Business Banking Finland	8.2	7.8	7.8	7.7	7.8	5%	5%	5%	5%	8.2	7.8	5%	5%
Business Banking Norway	6.6	6.3	6.7	7.0	6.6	5%	0%	5%	0%	6.6	6.6	0%	0%
Business Banking Sweden	9.2	8.8	9.0	9.3	9.1	5%	1%	2%	3%	9.2	9.1	1%	3%
Business Banking Direct	11.7	11.4	11.5	11.2	11.2	3%	4%	3%	5%	11.7	11.2	4%	5%
Other	0.1	0	0.1	0	0					0.1	0		



Large Corporates & Institutions

Introduction

Large Corporates & Institutions (LC&I) provides financial solutions to large Nordic corporate and institutional customers. This includes a focused range of financing, cash management and payment services, investment banking, capital markets products and securities services in the Nordics, and through our international branches.

LC&I is the Nordic leader in sustainable finance and has the leading Large Corporate and Institutional customer franchise in the Nordics. Through Nordea Markets, a broad range of Nordea customers are also serviced.

Business development

LC&I's new business strategy presented at the Capital Markets Day in October, aims to improve the current unsatisfactory levels of return, by creating a more focused and customer-oriented business. This three-year plan rests on four main pillars; 1) reduce low return assets, 2) streamlining the Markets business model, 3) investing in environmental, social and governance (ESG) and LC&Ix and 4) optimising Nordea's international footprint. The new strategy is being implemented.

Corporates, Institutions & Investment Banking (CI&IB)

Q4 saw increased customer activity, compared to both the previous quarter as well as Q4 last year. Especially in debt capital markets (DCM) where Q4 followed the general trend seen in 2019, rounding off a very strong year with a full year income growth of 28%. Nordea also took further steps in 2019 to cement our leading platform within Sustainable Bonds, arranging more Nordic green and sustainable bonds than any other bank in the Nordic region.

Customer relationships strengthened further, as documented by improving customer satisfaction from large corporates, with Prospera once again publishing No. 1 rankings for Nordea, across the Nordic region, Denmark, Finland and Norway. The Leveraged Finance team was again voted the leading Nordic house for Acquisition Finance.

The underlying customer momentum was further evidenced by increasing lending volumes of 4% in the fourth quarter compared to the same period previous year.

The Nordic mergers & acquisitions (M&A) and equity capital markets (ECM) picked up towards the end of 2019, with several successful Nordea led transactions in Q4, enabling Nordea to keep a leading position, ending the year as the number 1 Nordic bank for M&A.

Customer activity in the shipping business remained in line with the previous quarter during Q4, reflecting the higher activity in the industry in general, whilst it remained muted for the offshore business. The Shipping, Offshore and Oil portfolio is well provisioned at approximately 6% of total lending.

Local Russian customer activity further decreased.

Markets

Return was not satisfactory in our Markets business overall and is currently being streamlined in line with the new strategic direction of our three-year plan in LC&I. Although we have a long way to go, the fourth quarter was a strong finish to the year with higher customer activity levels, the highest quarterly income levels for the year 2019 and significant income growth compared to same period previous year, especially evident within the Business Banking customer segments.

The key driver was fixed income products. In the rates franchise, higher EUR rates triggered increased client flow, with the main relative change in income for non-linear products. A strong performance in EUR primary deals (amongst others) helped secure leading roles for 2020. Furthermore, there was a growing interest for green investments from non-Nordic customers in the last quarter of the year. Credit primary business continued throughout Q4 at the same high level as previous quarters, yielding an end of year result significantly stronger than the previous year.

Financial outcome

Total income at EUR 418m increased 4% compared to Q3 and 14% compared to Q4 last year, mainly driven by higher net result from items at fair value.

Net interest income at EUR 218m, increased 3% compared to Q3, driven by higher lending volumes and improved customer margins. Compared to Q4 last year, net interest income was down 6% mainly related to lower margins.

Net fee and commission income at EUR 104m, was down 4% compared to Q3 as well as to the fourth quarter 2018, with 8% growth in customer units, compared to both quarters. This result was driven by strong investment banking activity which was offset by higher commission expenses.

Net result on items at fair value at EUR 96m, increased 19% compared to Q3 and more than tripled compared to the low outcome in Q4 in the previous year, partly related to valuation adjustments.

Total expenses at EUR 195m, were down 4% compared to Q3 and down 13% compared to previous year. Net loan loss provisions were up from Q3 when excluding the asset quality review (AQR) related provisions in the previous quarter, mainly driven by a few single exposures in Norway and Sweden. Operating profit at EUR 179m, was up 7% compared to Q3, adjusted for the AQR provisions, and up 16% compared to Q4 last year with RoCAR at 7.1%.

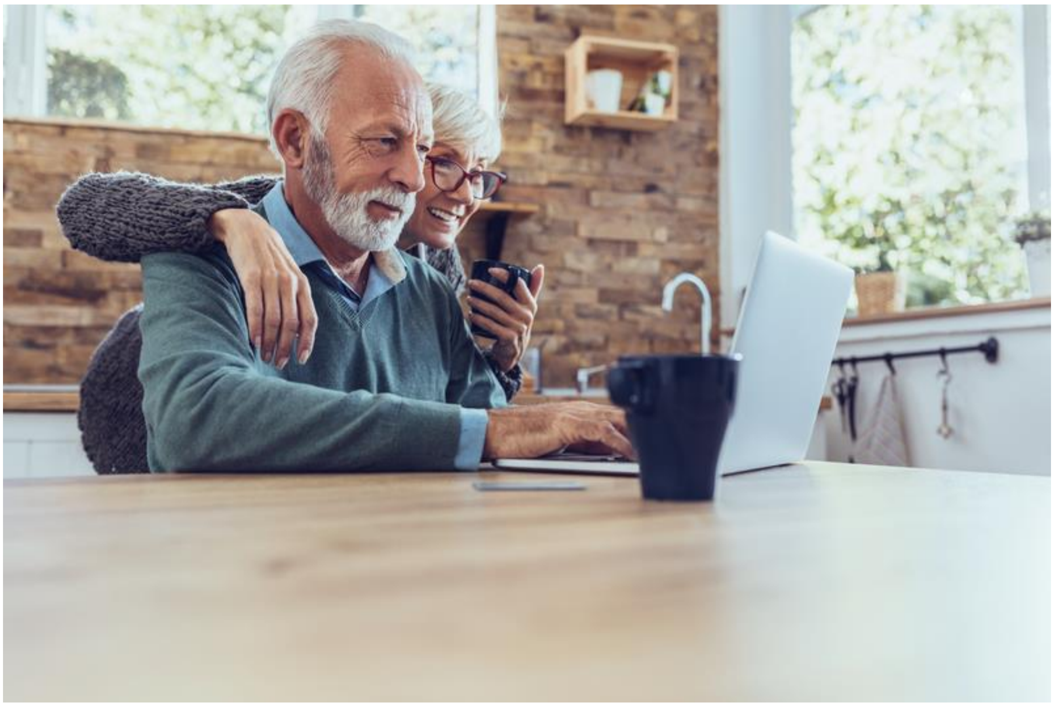
Large Corporates & Institutions total

								Local curr.		Jan-	Jan-	Jan-Dec 19/18	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4	Dec 19	Dec 18	EUR	Local
EURm													
Net interest income	218	212	207	214	231	3%	-6%	4%	-4%	851	923	-8%	-6%
Net fee and commission income	104	108	128	104	108	-4%	-4%	-3%	0%	444	473	-6%	-4%
Net result from items at fair value	96	81	57	77	27	19%		18%		311	411	-24%	-25%
Equity method & other income	0	0	1	0	0					1	0		
Total income incl. allocations	**418**	**401**	**393**	**395**	**366**	**4%**	**14%**	**5%**	**16%**	**1,607**	**1,807**	**-11%**	**-10%**
Total expenses incl. allocations	**-195**	**-203**	**-228**	**-301**	**-225**	**-4%**	**-13%**	**-4%**	**-13%**	**-927**	**-947**	**-2%**	**-1%**
Profit before loan losses	**223**	**198**	**165**	**94**	**141**	**13%**	**58%**	**14%**	**62%**	**680**	**860**	**-21%**	**-19%**
Net loan losses	-44	-238	-12	44	13					-250	-92		
Operating profit	**179**	**-40**	**153**	**138**	**154**		**16%**		**18%**	**430**	**768**	**-44%**	**-43%**
Cost/income ratio, %	47	51	58	76	61					58	52		
Cost/income ratio[1], %	51	55	63	62	66					58	52		
ROCAR, %	7	-2	6	5	6					4	8		
ROCAR[1], %	6	-2	5	7	5					4	8		
Economic capital (EC)	7,418	7,852	8,082	8,309	7,938	-6%	-7%			7,418	7,938	-7%	
Risk exposure amount (REA)	44,110	47,454	48,117	49,803	48,246	-7%	-9%			44,110	48,246	-9%	
Number of employees (FTEs)	1,775	1,893	1,919	1,963	1,972	-6%	-10%			1,775	1,972	-10%	
Volumes, EURbn:													
Lending to corporates	72.7	82.1	77.1	79.0	69.2	-11%	5%	-11%	5%	72.7	69.2	5%	5%
Lending to households	0	0	0	0	0					0	0		
Total lending	**72.7**	**82.1**	**77.1**	**79.0**	**69.2**	**-11%**	**5%**	**-11%**	**5%**	**72.7**	**69.2**	**5%**	**5%**
Corporate deposits	39.6	42.3	46.8	50.6	42.2	-6%	-6%	-7%	-6%	39.6	42.2	-6%	-6%
Household deposits	0	0	0	0	0					0	0		
Total deposits	**39.6**	**42.3**	**46.8**	**50.6**	**42.2**	**-6%**	**-6%**	**-7%**	**-6%**	**39.6**	**42.2**	**-6%**	**-6%**

[1] Adjusted for resolution fees before tax.

Large Corporates & Institutions

EURm	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Jan-Dec 19	Jan-Dec 18	Jan-Dec 19/18
Net interest income, EURm										
C&I Denmark	34	33	33	34	36	3%	-6%	134	147	-9%
C&I Finland	33	30	28	30	30	10%	10%	121	117	3%
C&I Norway	82	82	80	82	93	0%	-12%	326	365	-11%
C&I Sweden	58	55	53	55	56	5%	4%	221	216	2%
Corporate, Institutions & Investment Banking	**207**	**200**	**194**	**201**	**215**	**4%**	**-4%**	**802**	**845**	**-5%**
Banking Russia	**10**	**11**	**12**	**10**	**12**	**-9%**	**-17%**	**43**	**58**	**-26%**
Other	**1**	**1**	**1**	**3**	**4**	**0%**	**-75%**	**6**	**20**	**-70%**
Net loan losses, EURm										
C&I Denmark	14	-59	-29	10	-46			-64	-95	
C&I Finland	-14	-2	-1	0	10			-17	18	
C&I Norway	-24	-151	19	8	35			-148	34	
C&I Sweden	-29	-19	-31	-2	-1			-81	1	
Corporate, Institutions & Investment Banking	**-53**	**-231**	**-42**	**16**	**-2**			**-310**	**-42**	
Banking Russia	**9**	**3**	**28**	**12**	**16**			**52**	**-47**	
Other	**0**	**-10**	**2**	**16**	**-1**			**8**	**-3**	
Lending, EURbn										
C&I Denmark	9.7	9.7	9.8	10.1	9.9	0%	-2%	9.7	9.9	-2%
C&I Finland	8.4	7.8	7.5	7.7	7.3	8%	15%	8.4	7.3	15%
C&I Norway	14.6	15.1	14.7	14.8	14.4	-3%	1%	14.6	14.4	1%
C&I Sweden	13.5	12.8	13.8	13.3	12.9	5%	5%	13.5	12.9	5%
Corporate, Institutions & Investment Banking	**46.2**	**45.4**	**45.8**	**45.9**	**44.5**	**2%**	**4%**	**46.2**	**44.5**	**4%**
Banking Russia	**1.5**	**1.8**	**1.8**	**2.0**	**2.1**	**-17%**	**-29%**	**1.5**	**2.1**	**-29%**
Other	**25.0**	**34.9**	**29.5**	**31.1**	**22.6**	**-28%**	**11%**	**25.0**	**22.6**	**11%**
Deposits, EURbn										
C&I Denmark	5.1	4.7	4.9	5.5	5.9	9%	-14%	5.1	5.9	-14%
C&I Finland	5.1	4.6	4.5	6.3	5.0	11%	2%	5.1	5.0	2%
C&I Norway	7.4	7.7	7.6	7.6	7.4	-4%	0%	7.4	7.4	0%
C&I Sweden	6.6	6.3	7.2	6.4	6.5	5%	2%	6.6	6.5	2%
Corporate, Institutions & Investment Banking	**24.2**	**23.3**	**24.2**	**25.8**	**24.8**	**4%**	**-2%**	**24.2**	**24.8**	**-2%**
Banking Russia	**0.6**	**0.4**	**0.5**	**0.6**	**0.5**	**50%**	**20%**	**0.6**	**0.5**	**20%**
Other	**14.8**	**18.6**	**22.1**	**24.2**	**16.9**	**-20%**	**-12%**	**14.8**	**16.9**	**-12%**



Asset & Wealth Management

Introduction

Asset & Wealth Management (AWM) provides high-quality investment, savings and risk management solutions. It manages customers' accumulated wealth and assets and provides financial advice to high net worth individuals and institutional investors. Nordea's savings products are offered through its own distribution network and partners.

AWM consists of the three businesses; 1) Private Banking, serving 94,000 customers from 69 branches in the Nordics, 2) Asset Management, actively managing investment funds for retail customers, mandates for institutional investors and distributing funds through 3rd parties, and 3) Life & Pensions, serving customers with a full range of pension, endowment and risk products.

With 2,700 employees (240 outside the Nordics), Nordea is the largest service provider within asset and wealth management in the Nordic region, with a presence in Austria, Belgium, Chile, Denmark, Finland, France, Germany, Italy, Luxembourg, Singapore, Spain, Switzerland, Norway, Sweden, the UK and the US.

Business development

The financial markets showed strong performance in Q4 and closed the year at record highs. Indeed, following a decisive UK election to move Brexit forward and a preliminary agreement on trade with the US and China in place, the uncertainties were lowered and impacted investors sentiment positively.

Nordea's AuM increased to EUR 324.1bn, up EUR 10.3bn or 3% from the previous quarter, and up 16% from the same quarter last year. The increase in AuM in the fourth quarter was mainly due to market appreciation of EUR 9.8bn while net inflow was EUR 0.5bn.

Nordic Private Banking has an ever-increasing customer focus, becoming more relevant for current clients, as well as increasingly attractive to new clients. Our advisors and specialists are committed to serving customers; simultaneously, we are constantly optimising our service and advisory model to the needs of customers and regulatory changes in the market.

Net flow in Nordic Private Banking amounted to EUR 0.3bn in Q4 2019. Business growth was satisfactory with strong underlying AuM, generated by solid inflows as well as tailwind from strong market performance. Customer satisfaction has improved, and done so on a yearly basis since 2017, proving the strength of the revised value proposition. In Q4, Global Finance recognised Nordea as the Best Private Bank 2020 across our growth markets in Norway and Sweden; the third consecutive year Nordea received this award in Norway.

Nordea Asset Management's investment performance remained strong with 85% of all composites outperforming benchmarks over three years.

Asset Management's AuM developed positively throughout the year and was in impacted in Q4 by strong market development, ending at EUR 5.4bn with EUR 0.7bn in net flow. The net flows were down compared to the previous quarter and impacted by an outflow of EUR 1.4bn in Institutional Distribution, where a few large clients reduced or redeemed their mandates, mainly due to changes in asset allocation. The third-party fund distribution channel continued to attract positive net flows that amounted EUR 1.1bn, with sales offices in southern Europe leading the net flow and the Global Climate and Environment fund being the product lead.

The continuous focus on close collaboration and utilisation of our internal distribution capabilities have improved our business momentum. Nordea bank channels captured a net flow EUR 0.9bn, the highest Q4 result since 2016 and an increase of 60% from Q3 2019.

Nordea Life & Pensions' gross written premiums reached EUR 1.966m in Q4 2019, whereof EUR 1.815m was bank distribution. This is an increase of 119% compared to same quarter in 2018, through meeting of gross written premium (GWP) targets in all countries, and extraordinary reallocations due to regulatory changes in Finland. Nordea's distribution network generated 94% of market return premium sales. Market return and risk products accounted for 79% of total AuM in Life & Pensions, up from 76% in the previous year.

Nordea Life & Pensions aims to be the leading bancassurer in each home market, tightly integrated with the rest of the Nordea Group, to ensure seamless offers to Nordea's customers in all key life events. Nordea Life & Pensions has a growth plan, with particularly strong growth potential in occupational pensions in Sweden and Norway. Growth is expected through acceleration of the bancassurance business model, an expanded value proposition, and new partnerships. In addition, Nordea Life & Pensions has advanced within the sustainability agenda and joined the UN-convened Net-Zero Asset Owner Alliance, committing to net-zero emissions from our investments by 2050.

Financial outcome

Fourth quarter income was EUR 432m, up 8% from the previous quarter and up 6% compared to the same quarter last year. The increase was mainly due to end of year fees.

Costs decreased 10% from the previous quarter and were down 15% from the same quarter last year, driven to a large extent by the divestment of Private Banking International.

Profit in the fourth quarter was EUR 263m, which is up 25% from the previous quarter and up 30% from the same quarter last year.

Private Banking

Total income was EUR 74m during the fourth quarter, which is 9% higher than the same period last year. Cost is down 2% compared to the last quarter and up 2% compared to the same period last year. Operating profit was EUR 18m and ROCAR 12%.

Asset Management

Asset Management income was EUR 248m in the fourth quarter, up 8% from previous quarter and up 9% from the same quarter in 2018. Operating profit was EUR 171m, up 13% from the previous quarter and up 14% from same quarter last year.

Life & Pensions

Life & Pensions total income was EUR 109m, which was up 8% from the previous quarter due to achieved performance payment from the Traditional insurance portfolios. Operating profit was EUR 82m, up by 14% from the previous quarter and up 6% from the same quarter in 2018. Performance was good with 20% RoE.

Asset & Wealth Management other

Asset & Wealth Management other consists of income and costs related to the Wealth Management business area, but not allocated to the business units.

Asset & Wealth Management total

								Local curr.				Jan-Dec 19/18	
	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4	Jan-Dec 19	Jan-Dec 18	EUR	Local
EURm													
Net interest income	13	13	14	13	14	0%	-7%	0%	-7%	53	69	-23%	-23%
Net fee and commission income	379	354	345	338	344	7%	10%	8%	12%	1,416	1,409	0%	1%
Net result from items at fair value	37	11	16	46	38		-3%		-3%	110	166	-34%	-33%
Equity method & other income	3	21	16	7	11					47	36		
Total income incl. allocations	**432**	**399**	**391**	**404**	**407**	**8%**	**6%**	**9%**	**7%**	**1,626**	**1,680**	**-3%**	**-2%**
Total expenses incl. allocations	**-170**	**-188**	**-179**	**-189**	**-199**	**-10%**	**-15%**	**-9%**	**-13%**	**-726**	**-788**	**-8%**	**-6%**
Profit before loan losses	**262**	**211**	**212**	**215**	**208**	**24%**	**26%**	**24%**	**27%**	**900**	**892**	**1%**	**2%**
Net loan losses	1	-1	-1	-1	-6					-2	-7		
Operating profit	**263**	**210**	**211**	**214**	**202**	**25%**	**30%**	**25%**	**30%**	**898**	**885**	**1%**	**2%**
Cost/income ratio, %	39	47	46	47	49					45	47		
Cost/income ratio[1], %	40	47	46	46	49					45	47		
ROCAR, %	37	30	30	30	27					32	29		
Economic capital (EC)	2,201	2,140	2,156	2,102	2,285	3%	-4%	3%	-4%	2,201	2,285	-4%	-4%
Risk exposure amount (REA)	5,560	5,539	5,542	5,481	5,577	0%	0%	0%	0%	5,560	5,577	0%	0%
Number of employees (FTEs)	2,642	2,677	2,714	2,720	2,735	-1%	-3%	-1%	-3%	2,642	2,735	-3%	-3%
Volumes, EURbn:													
AuM*	324.1	313.8	306.5	300.2	280.1	3%	16%	4%	16%	324.1	280.1	16%	16%
Total lending	8.0	7.7	7.5	7.2	7.2	4%	11%	4%	11%	8.0	7.2	11%	11%
Total deposits	10.2	10.2	10.1	9.4	9.4	0%	9%	0%	9%	10.2	9.4	9%	9%

[1] Adjusted for resolution fees before tax.

Assets under Management (AuM), volumes and net inflow

	Q419	Q319	Q219	Q119	Q418	Q319 Net inflow
EURbn						
Nordic Retail funds	65.5	62.5	62.3	61.2	56.3	0.4
Private Banking	90.8	86.5	85.4	84.2	78.2	0.3
Institutional sales	114.7	113.5	108.6	105.6	99.8	-0.3
Life & Pensions	53.1	51.3	50.2	49.2	45.8	0.1
Total	**324.1**	**313.8**	**306.5**	**300.2**	**280.1**	**0.5**

* The divestment of 45 % stake in Nordea Life & Pensions Denmark has reduced Assets under Management by EUR 11bn in Q2 2018.

Private Banking

EURm	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Jan-Dec 19	Jan-Dec 18	Jan/Dec 19/18
Net interest income	14	14	15	14	14	0%	0%	57	62	-8%
Net fee and commission income	54	45	47	42	48	20%	13%	188	163	15%
Net result from items at fair value	6	6	7	15	6	0%	0%	34	30	13%
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	**74**	**65**	**69**	**71**	**68**	**14%**	**9%**	**279**	**255**	**9%**
Total expenses incl. allocations	**-58**	**-59**	**-65**	**-67**	**-57**	**-2%**	**2%**	**-249**	**-238**	**5%**
Profit before loan losses	**16**	**6**	**4**	**4**	**11**			**30**	**17**	**76%**
Net loan losses	2	-2	-1	0	-2			-1	-2	
Operating profit	**18**	**4**	**3**	**4**	**9**			**29**	**15**	**93%**
Cost/income ratio, %	78	91	94	94	84			89	93	
ROCAR, %	12	3	2	3	6			5	3	
Economic capital (EC)	450	423	450	433	442	6%	2%	450	442	2%
Risk exposure amount (REA)	2,540	2,496	2,507	2,421	2,506	2%	1%	2,540	2,506	1%
Number of employees (FTEs)	839	851	850	850	848	-1%	-1%	839	848	-1%
Volumes, EURbn:										
AuM	90.8	86.5	85.4	83.9	77.5	5%	17%	90.8	77.5	17%
Household mortgage lending	6.2	6.0	5.8	5.6	5.5	3%	13%	6.2	5.5	13%
Consumer lending	1.8	1.7	1.7	1.6	1.6	6%	13%	1.8	1.6	13%
Total lending	**8.0**	**7.7**	**7.5**	**7.2**	**7.1**	**4%**	**13%**	**8.0**	**7.1**	**13%**
Household deposits	10.2	10.2	10.1	9.4	9.2	0%	11%	10.2	9.2	11%
Total deposits	**10.2**	**10.2**	**10.1**	**9.4**	**9.2**	**0%**	**11%**	**10.2**	**9.2**	**11%**

Asset Management

EURm	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Jan-Dec 19	Jan-Dec 18	Jan/Dec 19/18
Net interest income	-1	0	0	-1	-1			-2	-3	
Net fee and commission income	247	228	220	220	222	8%	11%	915	899	2%
Net result from items at fair value	-1	0	-1	0	2			-2	9	
Equity method & other income	3	1	2	1	5			7	9	
Total income incl. allocations	**248**	**229**	**221**	**220**	**228**	**8%**	**9%**	**918**	**914**	**0%**
Total expenses incl. allocations	**-77**	**-78**	**-72**	**-73**	**-78**	**-1%**	**-1%**	**-300**	**-296**	**1%**
Profit before loan losses	**171**	**151**	**149**	**147**	**150**	**13%**	**14%**	**618**	**618**	**0%**
Net loan losses	0	0	0	0	0			0	0	
Operating profit	**171**	**151**	**149**	**147**	**150**	**13%**	**14%**	**618**	**618**	**0%**
Cost/income ratio, %	31	34	33	33	34			33	32	
Income/AuM in bp p.a.	43	41	40	42	43			41	43	
Economic capital (EC)	320	256	264	262	272	25%	18%	320	272	18%
Risk exposure amount (REA)	1,014	978	954	942	1,001	4%	1%	1,014	1,001	1%
AuM, Nordic sales channels incl. Life, EURbn	121.8	115.5	113.9	113.4	106.5	5%	14%	121.8	106.5	14%
AuM, Ext. Inst. & 3rd part. dist., EURbn	114.7	113.6	108.6	103.8	98.3	1%	17%	114.7	98.3	17%
Net inf., Nordic sales channels incl. Life, EURbn	1.0	0.6	0.8	-1.6	-0.2			0.8	-0.9	
Net inf., Ext. Ins. & 3rd part. dis., EURbn	-0.3	3.1	2.0	1.4	-1.2			6.2	-7.5	
Number of employees (FTEs)	869	858	851	820	800	1%	9%	869	800	9%

Life & Pensions

EURm	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Jan-Dec 19	Jan-Dec 18	Jan/Dec 19/18
Net interest income	0	0	0	0	0			0	0	0%
Net fee and commission income	78	80	77	74	75	-3%	4%	309	318	-3%
Net result from items at fair value	31	5	10	31	32		-3%	77	130	-41%
Equity method & other income	0	16	12	4	4			32	20	
Total income incl. allocations	**109**	**101**	**99**	**109**	**111**	**8%**	**-2%**	**418**	**468**	**-11%**
Total expenses incl. allocations	**-27**	**-29**	**-25**	**-29**	**-33**	**-7%**	**-18%**	**-110**	**-151**	**-27%**
Profit before loan losses	**82**	**72**	**74**	**80**	**78**	**14%**	**5%**	**308**	**317**	**-3%**
Net loan losses	0	0	0	0	0			0	0	
Operating profit	**82**	**72**	**74**	**80**	**78**	**14%**	**5%**	**308**	**317**	**-3%**
Cost/income ratio, %	25	28	25	26	30			26	32	
Return on Equity, %	20	19	20	21	19			20	18	
Equity	1,396	1,305	1,269	1,234	1,524			1,396	1,524	
AuM, EURbn	48.7	47.0	46.1	45.1	41.9	4%	16%	48.7	41.9	16%
Premiums	1,966	1,174	1,247	1,298	961	67%		5,685	4,747	20%
Risk exposure amount (REA)	1,896	1,894	1,910	1,910	1,815	0%	4%	1,896	1,815	4%
Number of employees (FTEs)	621	612	623	618	616	1%	1%	621	616	1%
Profit drivers										
Profit Traditional products	17	2	5	4	5			28	22	27%
Profit Market Return products	51	53	56	53	52	-4%	-2%	213	224	-5%
Profit Risk products	16	18	19	18	18	-11%	-11%	71	77	-8%
Total product result	**84**	**73**	**80**	**75**	**75**	**15%**	**12%**	**312**	**323**	**-3%**
Return on Shareholder equity, other profits and group adj.	-2	-1	-6	5	3			-4	-6	
Operating profit	**82**	**72**	**74**	**80**	**78**	**14%**	**5%**	**308**	**317**	**-3%**

Asset & Wealth Management other

EURm	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Jan-Dec 19	Jan-Dec 18	Jan/Dec 19/18
Net interest income	0	-1	-1	0	1			-2	10	
Net fee and commission income	0	1	1	2	-1			4	29	
Net result from items at fair value	1	0	0	0	-2			1	-3	
Equity method & other income	0	4	2	2	2			8	7	
Total income incl. allocations	**1**	**4**	**2**	**4**	**0**			**11**	**43**	
Total expenses incl. allocations	**-8**	**-22**	**-17**	**-20**	**-31**			**-67**	**-103**	
Profit before loan losses	**-7**	**-18**	**-15**	**-16**	**-31**			**-56**	**-60**	
Net loan losses	-1	1	0	-1	-4			-1	-5	
Operating profit	**-8**	**-17**	**-15**	**-17**	**-35**			**-57**	**-65**	
Economic capital (EC)	35	156	173	173	47			35	47	
Number of employees (FTEs)	313	356	390	432	471	-12%	-34%	313	471	-34%
Volumes, EURbn:										
Total lending	0	0	0	0	0.1			0	0.1	
Total deposits	0	0	0	0	0.2			0	0.2	

Group Functions and other

Introduction

Together with the results in the business areas, the results of Group Functions and other add up to the reported result for the Group. The main income originates from Group Treasury & ALM together with Capital Account Centre, through which capital is allocated to business areas.

Business development

The structural liquidity risk of Nordea is measured and limited through an internal model which conceptually resembles the proposed Net Stable Funding Ratio (NSFR), but applies internal-based assumptions for the stability of assets and liabilities. The structure of the balance sheet is considered conservative and well-balanced and appropriately adapted to the current economic and regulatory environment, also in terms of structural liquidity risk.

Short-term liquidity risk is measured using several metrics and the Liquidity Coverage Ratio (LCR) is one such metric. The LCR for the Nordea Group was 166% at the end of the fourth quarter.

The LCR in EUR was 236% and in USD 146% at the end of the fourth quarter. The liquidity buffer is composed of highly liquid central bank eligible securities and cash as defined in LCR regulation and amounted to EUR 102bn at the end of the fourth quarter (EUR 100bn at the end of the third quarter).

The long-term liquidity risk is measured as Net Stable Funding Ratio (NSFR). At the end of the fourth quarter 2019, Nordea's NSFR was 108.6% (Q3 110.4%) according to the CRR2 regulation.

Nordea issued approximately EUR 1.8bn in long-term funding in the fourth quarter (excluding Danish covered bonds), of which EUR 0.4bn was issued in covered bonds and EUR 1.3bn was issued in senior debt.

Nordea's long-term funding portion of total funding was approximately 78% at the end of the fourth quarter.

Financial outcome

Total operating income was EUR 160m in the fourth quarter, improving from EUR 17m in the previous quarter, mainly driven by the sale of LR Realkredit. Net interest income was EUR 8m, compared to EUR -18m in the previous quarter, driven mainly by Treasury activities. The net result from items at fair value decreased to EUR 29m compared to EUR 39m in the previous quarter.

Total operating expenses was EUR 100m (EUR 1,060m in Q3). Expenses are down EUR 960m from Q3, which was increased by IAC items related to impairment of IT intangibles, restructuring provision and sale of Luminor shares.

Group Functions, other & eliminations

	Q419	Q319	Q219	Q119	Q418	Q4/Q3	Q4/Q4	Jan-Dec 19	Jan-Dec 18
EURm									
Net interest income	8	-18	-23	-23	31			-56	60
Net fee and commission income	-16	-8	-3	12	-8			-15	-32
Net result from items at fair value	29	39	111	46	8			225	47
Equity method & other income	139	4	21	47	58			211	527
Total operating income	**160**	**17**	**106**	**82**	**89**			**365**	**602**
Total operating expenses	**-100**	**-1,060**	**-67**	**-158**	**-223**			**-1,385**	**-284**
Profit before loan losses	**60**	**-1,043**	**39**	**-76**	**-134**			**-1,020**	**318**
Net loan losses	0	-17	5	-1	14			-13	29
Operating profit	**60**	**-1,060**	**44**	**-77**	**-120**			**-1,033**	**347**
Economic capital (EC)	1,523	1,584	2,106	2,582	2,236			1,523	2,236
Risk exposure amount (REA)	11,972	12,243	14,815	17,911	16,264			11,972	16,264
Number of employees (FTEs)	12,503	12,606	12,422	12,155	12,123	-1%	3%	12,503	12,123

Income statement

EURm	Note	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Operating income					
Interest income calculated using the effective interest rate method		1,524	1,498	6,136	5,843
Other interest income		305	360	1,304	1,410
Interest expense		-721	-716	-3,122	-2,762
Net interest income		**1,108**	**1,142**	**4,318**	**4,491**
Fee and commission income		1,026	969	3,931	3,846
Fee and commission expense		-251	-249	-920	-853
Net fee and commission income	**3**	**775**	**720**	**3,011**	**2,993**
Net result from items at fair value	4	266	182	1,024	1,088
Profit from associated undertakings and joint ventures accounted for under the equity method		-1	15	50	124
Other operating income		146	60	232	476
Total operating income		**2,294**	**2,119**	**8,635**	**9,172**
Operating expenses					
General administrative expenses:					
Staff costs		-648	-744	-3,017	-2,998
Other expenses	5	-375	-390	-1,639	-1,566
Depreciation, amortisation and impairment charges of tangible and intangible assets		-156	-250	-1,330	-482
Total operating expenses		**-1,179**	**-1,384**	**-5,986**	**-5,046**
Profit before loan losses		**1,115**	**735**	**2,649**	**4,126**
Net loan losses	6	-102	-30	-536	-173
Operating profit		**1,013**	**705**	**2,113**	**3,953**
Income tax expense		-263	-200	-571	-872
Net profit for the period		**750**	**505**	**1,542**	**3,081**
Attributable to:					
Shareholders of Nordea Bank Abp		753	505	1,519	3,070
Additional Tier 1 capital holders		-	-	26	7
Non-controlling interests		-3	-	-3	4
Total		**750**	**505**	**1,542**	**3,081**
Basic earnings per share, EUR		0.19	0.13	0.38	0.76
Diluted earnings per share, EUR		0.19	0.13	0.38	0.76

Statement of comprehensive income

EURm	Q4 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net profit for the period	**750**	**505**	**1,542**	**3,081**
Items that may be reclassified subsequently to the income statement				
Currency translation differences during the period	109	-188	18	-240
Tax on currency translation differences during the period	-	0	1	-2
Hedging of net investments in foreign operations:				
Valuation gains/losses during the period	-87	83	-62	67
Tax on valuation gains/losses during the period	18	-21	16	-19
Fair value through other comprehensive income:[1]				
Valuation gains/losses during the period, net of recycling	-5	-35	-16	-58
Tax on valuation gains/losses during the period	0	8	2	13
Cash flow hedges:				
Valuation gains/losses during the period, net of recycling	-39	34	-18	44
Tax on valuation gains/losses during the period	8	-8	4	-10
Other comprehensive income from companies accounted for under the equity method	1	0	1	0
Tax on other comprehensive income from companies accounted for under the equity	0	0	0	0
Items that may not be reclassified subsequently to the income statement				
Changes in own credit riks related to liabilities classified as fair value option:				
Valuation gains/losses during the period	-2	8	-15	20
Tax on valuation gains/losses during the period	-1	-1	2	-4
Defined benefit plans:				
Remeasurement of defined benefit plans	290	-115	-152	-173
Tax on remeasurement of defined benefit plans	-63	24	34	36
Other comprehensive income, net of tax	**229**	**-211**	**-185**	**-326**
Total comprehensive income	**979**	**294**	**1,357**	**2,755**
Attributable to:				
Shareholders of Nordea Bank Abp	982	294	1,334	2,744
Additional Tier 1 capital holders	-	-	26	7
Non-controlling interests	-3	-	-3	4
Total	**979**	**294**	**1,357**	**2,755**

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

Balance sheet

EURm	Note	31 Dec 2019	31 Dec 2018
Assets			
Cash and balances with central banks		35,509	41,578
Loans to central banks	7	9,207	7,642
Loans to credit institutions	7	8,516	11,320
Loans to the public	7	322,740	308,304
Interest-bearing securities		64,930	76,222
Financial instruments pledged as collateral		7,151	7,568
Shares		14,184	12,452
Assets in pooled schemes and unit-linked investment contracts		30,799	24,583
Derivatives		39,111	37,025
Fair value changes of the hedged items in portfolio hedge of interest rate risk		217	169
Investments in associated undertakings and joint ventures		572	1,601
Intangible assets		3,695	4,035
Property and equipment		2,002	546
Investment properties		1,585	1,607
Deferred tax assets		487	164
Current tax assets		362	284
Retirement benefit assets		173	246
Other assets		12,543	14,749
Prepaid expenses and accrued income		1,065	1,313
Total assets		**554,848**	**551,408**
Liabilities			
Deposits by credit institutions		32,304	42,419
Deposits and borrowings from the public		168,725	164,958
Deposits in pooled schemes and unit-linked investment contracts		31,859	25,653
Liabilities to policyholders		19,246	18,230
Debt securities in issue		193,726	190,422
Derivatives		42,047	39,547
Fair value changes of the hedged items in portfolio hedge of interest rate risk		2,018	1,273
Current tax liabilities		742	414
Other liabilities		19,868	23,315
Accrued expenses and prepaid income		1,476	1,696
Deferred tax liabilities		481	706
Provisions		570	321
Retirement benefit obligations		439	398
Subordinated liabilities		9,819	9,155
Total liabilities		**523,320**	**518,507**
Equity			
Additional Tier 1 capital holders		748	750
Non-controlling interests		40	6
Share capital		4,050	4,050
Invested unrestricted equity		1,080	1,080
Other reserves		-2,062	-1,876
Retained earnings		27,672	28,891
Total equity		**31,528**	**32,901**
Total liabilities and equity		**554,848**	**551,408**
Assets pledged as security for own liabilities		183,995	171,899
Other assets pledged		3,919	4,788
Contingent liabilities		17,792	17,819
Credit commitments[1]		75,330	73,287
Other commitments		1,733	1,192

[1] Including unutilised portion of approved overdraft facilities of EUR 28,871m (31 Dec 2018: EUR 29,626m).

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 at 1 Jan 2019	**4,050**	**1,080**	**-1,914**	**-12**	**59**	**-17**	**8**	**28,891**	**32,145**	**750**	**6**	**32,901**
Net profit for the period	-	-	-	-	-	-	-	1,519	1,519	26	-3	1,542
Other comprehensive income, net of tax	-	-	-27	-14	-14	-118	-13	1	-185	-	-	-185
Total comprehensive income	-	-	-27	-14	-14	-118	-13	1,520	1,334	26	-3	1,357
Paid interest on AT1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in additional AT1 capital	-	-	-	-	-	-	-	-	-	-2	-	-2
Share-based payments	-	-	-	-	-	-	-	20	20	-	-	20
Dividend 2018	-	-	-	-	-	-	-	-2,788	-2,788	-	-	-2,788
Divestment of own shares[2]	-	-	-	-	-	-	-	29	29	-	-	29
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	37	37
Balance at 31 Dec 2019	**4,050**	**1,080**	**-1,941**	**-26**	**45**	**-135**	**-5**	**27,672**	**30,740**	**748**	**40**	**31,528**
Balance at 1 Jan 2018	**4,050**	**1,080**	**-1,720**	**-46**	**103**	**120**	**-**	**28,811**	**32,398**	**750**	**168**	**33,316**
Restatement due to accounting policy, net of tax[3]	-	-	-	-	1	-	-8	-237	-244	-	-	-244
Restated opening balance at 1 Jan 2018	**4,050**	**1,080**	**-1,720**	**-46**	**104**	**120**	**-8**	**28,574**	**32,154**	**750**	**168**	**33,072**
Net profit for the period	-	-	-	-	-	-	-	3,070	3,070	7	4	3,081
Other comprehensive income, net of tax	-	-	-194	34	-45	-137	16	-	-326	-	-	-326
Total comprehensive income	-	-	-194	34	-45	-137	16	3,070	2,744	7	4	2,755
Paid interest on AT1 capital	-	-	-	-	-	-	-	-	-	-7	-	-7
Dividend 2017	-	-	-	-	-	-	-	-2,747	-2,747	-	-	-2,747
Purchase of own shares[2]	-	-	-	-	-	-	-	-6	-6	-	-	-6
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-166	-166
Balance at 31 Dec 2018	**4,050**	**1,080**	**-1,914**	**-12**	**59**	**-17**	**8**	**28,891**	**32,145**	**750**	**6**	**32,901**

[1] Total shares registered were 4,050 million (31 Dec 2018: 4,050 million). The number of own shares were 10.8 million (31 Dec 2018: 15.2 million) which represents 0.3% (31 Dec 2018: 0.4%) 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 the Long Term Incentive Programme (LTIP), trading portfolio and Nordea's shares within portfolio schemes in Denmark. The total holding of own shares related to LTIP were 9.2 million (31 Dec 2018: 9.6 million).

[3] Related to the implementation of IFRS 9 and IFRS 15, see Annual report 2018.

Cash flow statement, condensed

EURm	Jan-Dec 2019	Jan-Dec 2018
Operating activities		
Operating profit	2,113	3,953
Adjustments for items not included in cash flow	5,024	1,238
Income taxes paid	-816	-1,024
Cash flow from operating activities before changes in operating assets and liabilities	**6,321**	**4,167**
Changes in operating assets and liabilities	-8,853	-1,536
Cash flow from operating activities	**-2,532**	**2,631**
Investing activities		
Acquisition/sale of business operations	-472	646
Acquisition/sale of associated undertakings and joint ventures	853	9
Acquisition/sale of property and equipment	-55	-18
Acquisition/sale of intangible assets	-517	-608
Cash flow from investing activities	**-191**	**29**
Financing activities		
Issued/amortised subordinated liabilities	511	-28
Divestment/repurchase of own shares including change in trading portfolio	29	-6
Dividend paid	-2,788	-2,747
Paid interest on additional tier 1 capital	-26	-7
Cash flow from financing activities	**-2,274**	**-2,788**
Cash flow for the period	**-4,997**	**-128**

Cash and cash equivalents EURm	31 Dec 2019	31 Dec 2018
Cash and cash equivalents at beginning of the period	46,009	46,213
Translation difference	152	-76
Cash and cash equivalents at end of the period	41,164	46,009
Change	**-4,997**	**-128**
The following items are included in cash and cash equivalents:		
Cash and balances with central banks	35,509	41,578
Loans to central banks	4,826	2,759
Loans to credit institutions	829	1,672
Total cash and cash equivalents	**41,164**	**46,009**

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 the 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 presented in accordance with IAS 34 "Interim Financial Reporting", as endorsed by the EU commission.

The accounting policies and methods of computation are unchanged in comparison with Note G1 in the Annual Report 2018, except for related to the items presented in the section "Changed accounting policies and presentation" below. For more information see Note G1 in the Annual Report 2018.

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea 1 January 2019.

IFRS 16 "Leases"

The new standard IFRS 16 "Leases" changes the accounting requirements for lessees. All leases (except for short term- and small ticket leases) are accounted for on the balance sheet of the lessee as a right to use the asset and a corresponding liability, and the lease payments are recognised as amortisation and interest expense. The accounting requirements for lessors are mostly unchanged. Additional disclosures are also required. IFRS 16 was implemented by Nordea as from 1 January 2019. Nordea applied the modified retrospective approach, which means that IFRS 16 has been applied from 1 January 2019 with no restatement of comparative figures. The right of use asset was recognised as an amount equal to the lease liability adjusted for prepaid expenses and accrued lease payments.

The main impact on Nordea's financial statements comes from the accounting of property leases. Such leasing contracts are under IFRS 16 accounted for on the balance sheet to a larger extent than under the earlier requirements. The right of use asset, presented as "Properties and equipment" on the balance sheet, amounted to EUR 1,521m at transition on 1 January 2019. The increase of total assets was EUR 1,163m considering also a reclassification of already existing prepaid lease expenses. There was no impact on equity at transition.

The impact on the CET1 ratio was negative by 12 basis points following an increase in REA. More information about the transition to IFRS 16 can be found in Note G49 in the Annual Report 2018.

The impact in 2019 can be found in the below table.

	Q4 2019			Jan-Dec 2019		
EURm	Old policy	Chg	New policy	Old policy	Chg	New policy
Interest expense	-718	-3	-721	-3,110	-12	-3,122
Other expenses	-436	61	-375	-1,834	195	-1,639
Depreciation, amortisation and impairment charges of tangible and intrangible assets	-96	-60	-156	-1,139	-191	-1,330
Income tax expense	-263	0	-263	-573	2	-571
Impact on net profit for the period		-2			-6	

	31 Dec 2019		
EURm	Old policy	Chg	New policy
Properties and equipment	496	1,506	2,002
Prepaid expenses and accrued income	1,370	-305	1,065
Other liabilities	18,643	1,225	19,868
Provisions	586	-16	570
Current tax liabilities	744	-2	742
Retained earnings	27,678	-6	27,672

Changed recognition and presentation of resolution fees

As from 1 January 2019 Nordea recognises resolution fees at the beginning of the year, when the legal obligation to pay arises, and presents the expense as "Other expenses". The earlier policy was to amortise these fees over the year and present the expense as "Interest expense". The change mainly reflects the change in the structure of the resolution fees following the re-domiciliation to Finland.

Comparative figures have been restated accordingly and the impact, together with the impact in 2019 can be found in the below table.

	Q4 2019			Q4 2018		
EURm	Old policy	Chg	New policy	Old policy	Chg	New policy
Interest expense	-773	52	-721	-732	16	-716
Other expenses	-375	-	-375	-390	-	-390
Income tax expense	-251	-12	-263	-197	-3	-200
Impact on net profit for the period		40			13	
Impact on EPS/DEPS, EUR		0.01			0	

	Jan-Dec 2019			Jan-Dec 2018		
EURm	Old policy	Chg	New policy	Old policy	Chg	New policy
Interest expense	-3,329	207	-3,122	-2,929	167	-2,762
Other expenses	-1,432	-207	-1,639	-1,399	-167	-1,566
Income tax expense	-571	-	-571	-872	-	-872
Impact on net profit for the period		-			-	
Impact on EPS/DEPS, EUR		-			-	

	31 Dec 2019			31 Dec 2018		
EURm	Old policy	Chg	New policy	Old policy	Chg	New policy
Current tax liabilities	742	-	742	414	-	414
Accrued expenses and prepaid income	1,476	-	1,476	1,696	-	1,696
Retained earnings	27,672	-	27,672	28,891	-	28,891

Amendments to IAS 39 and IFRS 7 "Interest rate benchmark reform"
In September 2019, IASB published amendments to IAS 39, IFRS 9 and IFRS 7 as a consequence of the coming reform of benchmark interest rates. The amendments give some relief in relation to hedge accounting. Under the amendments, the hedge accounting requirements should be evaluated assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Early application is permitted, and Nordea has exercised this option. The amendments have resulted in that the hedge relationships in Nordea, directly affected by the uncertainty caused by the interest rate benchmark reform, will pass the effectiveness test and that hedge accounting can continue as before during the relief period.

Presentation of fair value adjustments
As from 1 January 2019 Nordea presents all other valuation adjustment except DVA as an adjustment to derivatives with positive fair value and DVA as an adjustment to derivatives with negative fair value on the balance sheet. The impact per 31 December 2019 was a decrease of derivatives with positive fair value and derivatives with negative fair value by EUR 223m. Comparative figures have not been restated.

Presentation of "Net interest income"
To increase the transparency, a more granular presentation of net interest income has been included in the income statement. Negative yield on assets and liabilities have been separated from "Interest income calculated using the effective interest rate method", "Other interest income" and "Interest expense" respectively and disclosed on separate lines. The comparative figures for 2018 have been restated.

Other amendments
The following new and amended standards issued by IASB were implemented by Nordea 1 January 2019 but have not had any significant impact on the financial statements of Nordea:

- Amendment to IFRS 9: Prepayment Features with Negative Compensation
- Amendments to IAS 19: Plan Amendments, Curtailment or Settlement
- Amendments to IAS 28: Long-term Interest in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle

Changes in IFRSs not yet applied

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

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

IFRS 17 is effective for annual report period beginning on or after 1 January 2021 with earlier application permitted. However, due to comments from the global insurance industry, the IASB board has proposed to amend IFRS 17. The amendments include a one-year deferral of the effective date to 1 January 2022. The standard is not yet endorsed by the EU-Commission. Nordea does not currently intend to early adopt the standard. Nordea's current assessment is that the new standard will not have any significant impact on Nordea's 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 initial application.

Acquisition of Gjensidige Bank

On 2 July 2018, Nordea entered into an agreement with Gjensidige Forsikring to acquire all shares in Gjensidige Bank. The transaction was closed on 1 March 2019, when Nordea received final approval from the Norwegian regulators. 1 March is the acquisition date and the date from which the acquired assets and liabilities are recognised on Nordea's balance sheet. Assets and liabilities acquired are disclosed in the table below.

The following purchase price allocation (PPA) has been established as of 1 March 2019.

EURm	1 Mar 2019
Loans to the public[1]	5,185
Interest-bearing securities	608
Accruals and other assets	93
Deposits from the public	-2,315
Debt securities in issue[1]	-3,022
Accruals and other liabilities	-108
Acquired net assets	441
Purchase price, settled in cash	576
Cost of combination	576
Surplus value	135
Allocation of surplus value:	
Non-controlling interest	-46
Customer intangible	29
Brands	8
Deferred tax liabiltiy	-6
Goodwill	150

[1] Including adjustments for fair value for loans and debt securities in issue measured at amortised cost in Gjensidige.

Nordea has identified a number of intangible assets in the acquisition. Two different customer related intangibles have been identified, one for deposit customers and one for lending customers. The value of the deposit customers is related to the funding they provide at interest rates lower than other funding. The customer intangible related to lending reflects the profit generated in specific portfolios. The amortisation of the deposit related intangible is made over eight years, while the intangible related to the loans is amortised over four years, reflecting the pace at which customers can be expected to leave. The consumer finance business in Gjensidige is distributed through the brand Oppfinans, which is included in the acquisition. The brand has been valued using a royalty rate of 3.5%. Goodwill arises mainly due to the synergies Nordea expects to achieve. Integrating the business in Gjensidige into Nordea will create cost synergies as well as some income synergies. The brand and the goodwill are expected to have indefinite lives and are consequently not amortised.

The Additional Tier 1 instrument accounted for as equity in Gjensidige will be reported as a non-controlling interest in the Nordea consolidated accounts.

The impact on Nordea's net profit for the year is insignificant.

Exchange rates

	Jan-Dec 2019	Jan-Dec 2018
EUR 1 = SEK		
Income statement (average)	10.5848	10.2608
Balance sheet (at end of period)	10.4563	10.2330
EUR 1 = DKK		
Income statement (average)	7.4661	7.4533
Balance sheet (at end of period)	7.4717	7.4672
EUR 1 = NOK		
Income statement (average)	9.8499	9.6033
Balance sheet (at end of period)	9.8463	9.9470
EUR 1 = RUB		
Income statement (average)	72.4524	74.0484
Balance sheet (at end of period)	69.7096	79.3826

Note 2 Segment reporting

Jan-Dec 2019	Personal Banking	Business Banking[3]	Large Corporates & Institutions[3]	Asset & Wealth Management	Group Finance[3]	Other operating segments	Total operating segments	Recon-ciliation	Total Group
	Operating segments								
Total operating income, EURm	3,525	2,199	1,626	1,643	187	171	9,351	-716	**8,635**
- of which internal transactions[1]	-678	-275	-464	-22	1,454	-15	0	-	**-**
Operating profit, EURm	1,388	908	437	907	149	-886	2,903	-790	**2,113**
Loans to the public[2], EURbn	154	83	51	8	-	1	297	26	**323**
Deposits and borrowings from the public[2], EURbn	73	42	35	10	-	1	161	8	**169**

Jan-Dec 2018	Personal Banking	Business Banking[3]	Large Corporates & Institutions[3]	Asset & Wealth Management	Group Finance[3]	Other operating segments	Total operating segments	Recon-ciliation	Total Group
Total operating income, EURm	3,465	2,225	1,805	1,681	103	257	9,536	-364	**9,172**
- of which internal transactions[1]	-518	-236	-469	-15	1,251	-13	0	-	**-**
Operating profit, EURm	1,421	1,002	767	890	112	240	4,432	-479	**3,953**
Loans to the public[2], EURbn	144	81	49	7	-	1	282	26	**308**
Deposits and borrowings from the public[2], EURbn	68	41	35	9	-	1	154	11	**165**

[1] IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Finance.
[2] The volumes are only disclosed separately for operating segments if separately reported to the Chief Operating Decision Maker.
[3] During Q4 business areas have been renamed, Business Banking (former Commercial & Business Banking), Large Corporates & Institutions (former Wholesale Banking) and Group Finance (former Group Finance & Treasury).

Breakdown of Business Banking, Large Corporates & Institutions and Asset & Wealth Management

	Business Banking		Business Banking Direct		Business Banking Other		**Business Banking**	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2019	2018	2019	2018	2019	2018	2019	2018
Total operating income, EURm	1,784	1,850	426	390	-11	-15	**2,199**	**2,225**
- of which internal transactions	-280	-233	5	-4	0	1	**-275**	**-236**
Operating profit, EURm	841	977	163	118	-96	-93	**908**	**1,002**
Loans to the public, EURbn	72	70	11	11	-	-	**83**	**81**
Deposits and borrowings from the public, EURbn	31	30	11	11	-	-	**42**	**41**

Note 2 Continued

	Corporate & Investment Banking		Financial Institutions & International Banks		Banking Russia		Capital Markets unallocated		Large Corporates & Institutions Other		**Large Corporates & Institutions**	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total operating income, EURm	1,331	1,387	328	304	63	76	-75	55	-21	-17	**1,626**	**1,805**
- of which internal transactions	-342	-306	-31	-42	-50	-54	-34	-56	-7	-11	**-464**	**-469**
Operating profit, EURm	538	839	86	85	81	-14	-208	-73	-60	-70	**437**	**767**
Loans to the public, EURbn	48	45	2	2	1	2	-	-	-	-	**51**	**49**
Deposits and borrowings from the public, EURbn	24	24	10	10	1	1	-	-	-	-	**35**	**35**

	Private Banking		Asset Management		Life & Pension unallocated		Asset & Wealth Management Other		**Asset & Wealth Management**	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total operating income, EURm	539	558	923	914	422	469	-241	-260	**1,643**	**1,681**
- of which internal transactions	-19	-12	1	1	0	0	-4	-4	**-22**	**-15**
Operating profit, EURm	200	156	654	626	224	317	-171	-209	**907**	**890**
Loans to the public, EURbn	8	7	-	-	-	-	-	-	**8**	**7**
Deposits and borrowings from the public, EURbn	10	9	-	-	-	-	-	-	**10**	**9**

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Dec		Jan-Dec		Jan-Dec	
	2019	2018	2019	2018	2019	2018
Total operating segments	2,903	4,432	297	282	161	154
Group functions[1]	-222	-141	-	-	-	-
Unallocated items	-85	140	29	28	9	12
Differences in accounting policies[2]	-483	-478	-3	-2	-1	-1
Total	**2,113**	**3,953**	**323**	**308**	**169**	**165**

[1] Consists of Group Business Risk Management, Group Internal Audit, Chief of staff office, Group People, Group Legal, Group Corporate Centre and Group Risk and Compliance.

[2] Impact from different classification of assets/liabilities held for sale, plan exchange rates and internal allocation principles 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 Group Leadership Team (former Group Executive Management). The main differences compared to the section "Business areas" in this report are that the information for CODM is prepared using plan exchange rates and to that different allocation principles between operating segments have been applied.

Financial results are presented for the main business areas Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management, with a further breakdown on operating segments where required, and the operating segment Group Finance. Other operating segments below the quantitative thresholds in IFRS 8 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.

Nordea is, as from the fourth quarter 2019, reporting the main business area Personal Banking as one reportable operating segment. No further breakdown is consequently provided for Personal Banking.

Note 3 Net fee and commission income

EURm	Q4 2019	Q3 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Asset management commissions	388	359	360	1,455	1,440
Life & Pensions	66	62	64	251	258
Deposit products	7	6	7	23	23
Brokerage, securities issues and corporate finance	34	36	53	157	173
Custody and issuer services	17	10	15	41	49
Payments	74	70	72	307	302
Cards	46	67	49	220	218
Lending products	115	113	92	429	399
Guarantees	31	34	22	111	116
Other	-3	-1	-14	17	15
Total	**775**	**756**	**720**	**3,011**	**2,993**

Break-down
Jan-Dec 2019

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Group Finance	Other and elimination	Nordea Group
Asset management commissions	179	33	5	1,238	0	0	1,455
Life & Pensions	59	27	5	160	0	0	251
Deposit products	9	13	1	0	0	0	23
Brokerage, securities issues and corporate finance	23	29	75	33	0	-3	157
Custody and issuer services	6	5	36	3	-7	-2	41
Payments	83	160	69	1	1	-7	307
Cards	149	48	13	1	0	9	220
Lending products	139	133	154	3	0	0	429
Guarantees	9	36	66	0	0	0	111
Other	16	10	20	-23	1	-7	17
Total	**672**	**494**	**444**	**1,416**	**-5**	**-10**	**3,011**

Break-down
Jan-Dec 2018

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Group Finance	Other and elimination	Nordea Group
Asset management commissions	179	37	11	1,213	0	0	1,440
Life & Pensions	60	24	4	170	0	0	258
Deposit products	10	11	2	0	0	0	23
Brokerage, securities issues and corporate finance	25	20	102	31	-2	-3	173
Custody and issuer services	8	7	36	9	-10	-1	49
Payments	89	164	53	-1	1	-4	302
Cards	170	35	12	1	0	0	218
Lending products	117	101	179	1	0	1	399
Guarantees	7	40	71	0	0	-2	116
Other	21	18	3	-15	-4	-8	15
Total	**686**	**457**	**473**	**1,409**	**-15**	**-17**	**2,993**

Note 4 Net result from items at fair value

EURm	Q4 2019	Q3 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Equity related instruments	306	58	52	734	226
Interest related instruments and foreign exchange gains/losses	-144	165	119	110	684
Other financial instruments (including credit and commodities)	73	-17	-16	103	55
Life insurance[1]	31	5	27	77	123
Total	**266**	**211**	**182**	**1,024**	**1,088**

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

Break-down of life insurance

EURm	Q4 2019	Q3 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Equity related instruments	337	343	-605	1,571	-515
Interest related instruments and foreign exchange gains/losses	26	16	-82	283	-65
Investment properties	35	40	36	123	125
Change in technical provisions[1]	-236	-446	295	-1,794	20
Change in collective bonus potential	-137	43	373	-139	512
Insurance risk income	15	18	16	66	91
Insurance risk expense	-9	-9	-6	-33	-45
Total	**31**	**5**	**27**	**77**	**123**

[1] Premium income amounts to EUR 187m for Q4 2019 and EUR 394m for Jan-Dec 2019 (Q4 2018: EUR 72m, Jan-Dec 2018: EUR 840m).

Note 5 Other expenses

EURm	Q4 2019	Q3 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Information technology	-140	-125	-120	-530	-484
Marketing and representation	-20	-13	-26	-59	-60
Postage, transportation, telephone and office expenses	-16	-15	-20	-66	-83
Rents, premises and real estate	-64	-29	-83	-150	-312
Resolution fee	-1	-2	0	-211	-167
Other	-134	-182	-141	-623	-460
Total	**-375**	**-366**	**-390**	**-1,639**	**-1,566**

Note 6 Net loan losses

EURm	Q4 2019	Q3 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net loan losses, stage 1	4	-35	21	-18	-16
Net loan losses, stage 2	-8	-49	18	-69	51
Net loan losses, non-defaulted	**-4**	**-84**	**39**	**-87**	**35**
Stage 3, defaulted					
Net loan losses, individually assessed, collectively calculated	-9	-40	2	-48	-45
Realised loan losses	-148	-75	-129	-452	-479
Decrease of provisions to cover realised loan losses	98	49	81	321	293
Recoveries on previous realised loan losses	25	8	13	47	44
Reimbursement right	-1	-12	-	3	-
New/increase in provisions	-150	-222	-150	-571	-554
Reversals of provisions	87	45	114	251	533
Net loan losses, defaulted	**-98**	**-247**	**-69**	**-449**	**-208**
Net loan losses	**-102**	**-331**	**-30**	**-536**	**-173**

Key ratios

	Q4 2019	Q3 2019	Q4 2018	Jan-Dec 2019	Jan-Dec 2018
Net loan loss ratio, amortised cost, bps[1]	17	55	5	22	7
- of which stage 1	-1	6	-4	1	1
- of which stage 2	1	8	-3	3	-2
- of which stage 3	17	41	12	18	8

[1] Excluding items affecting comparability the loan loss ratio for third quarter is 8bps, with 2bps for stage 1, -6bps for stage 2 and 12bps for stage 3. Total net losses excluding items affecting comparability amounts to EUR 49m with net loan losses at EUR 11m in stage1, net reversals at EUR -37m in stage 2 and net loan losses at EUR 75m in stage 3.

Note 7 Loans and impairment

EURm	Total 31 Dec 2019	Total 31 Dec 2018
Loans measured at fair value	83,624	77,521
Loans measured at amortised cost, not impaired (stage 1 and 2)	254,412	247,204
Impaired loans (stage 3)	4,610	4,581
- of which servicing	2,312	2,097
- of which non-servicing	2,298	2,484
Loans before allowances	**342,646**	**329,306**
-of which central banks and credit institution	*17,737*	*18,977*
Allowances for individually assessed impaired loans (stage 3)	-1,686	-1,599
-of which servicing	-783	-720
-of which non-servicing	-903	-879
Allowances for collectively assessed impaired loans (stage 1 and 2)	-497	-441
Allowances[1]	**-2,183**	**-2,040**
-of which central banks and credit institution	*-14*	*-15*
Loans, carrying amount	**340,463**	**327,266**

[1]After dialogue with the ECB, reflecting a more subdued outlook in certain sectors, Nordea decided to increase provisions by a total of EUR 229m in the third quarter. In addition, Nordea reviewed its collective provisioning models. The model update generated a EUR 53m increase in collective provisions. More information can be found on page 12.

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

EURm	31 Dec 2019 Stage 1	Stage 2	Stage 3
Loans to central banks, credit institutions and the public	243,664	10,748	4,610
Interest-bearing securities	33,269	-	-
Total	**276,933**	**10,748**	**4,610**

EURm	31 Dec 2018 Stage 1	Stage 2	Stage 3
Loans to central banks, credit institutions and the public	232,687	14,517	4,581
Interest-bearing securities	36,951	-	-
Total	**269,638**	**14,517**	**4,581**

Allowances and provisions

EURm	31 Dec 2019 Stage 1	Stage 2	Stage 3
Loans to central banks, credit institutions and the public	-153	-344	-1,686
Interest-bearing securities	-1	-	-
Provisions for off balance sheet items	-33	-69	-41
Total allowances and provisions	**-187**	**-413**	**-1,727**

EURm	31 Dec 2018 Stage 1	Stage 2	Stage 3
Loans to central banks, credit institutions and the public	-146	-295	-1,599
Interest-bearing securities	-2	-	-
Provisions for off balance sheet items	-18	-41	-62
Total allowances and provisions	**-166**	**-336**	**-1,661**

Movements of allowance accounts for loans measured at amortised cost

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

Note 7 Continued

EURm	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 Jan 2018	**-133**	**-360**	**-1,816**	**-2,309**
Changes due to origination and acquisition	-33	-21	-9	-63
Transfer from stage 1 to stage 2	7	-64	-	-57
Transfer from stage 1 to stage 3	1	-	-90	-89
Transfer from stage 2 to stage 1	-14	58	-	44
Transfer from stage 2 to stage 3	-	16	-97	-81
Transfer from stage 3 to stage 1	-4	-	14	10
Transfer from stage 3 to stage 2	-	-8	73	65
Changes due to change in credit risk (net)	9	46	28	83
Changes due to repayments and disposals	20	37	37	94
Write-off through decrease in allowance account	-	-	280	280
Other changes	1	-	-23	-22
Translation differences	-	1	4	5
Balance as at 31 Dec 2018	**-146**	**-295**	**-1,599**	**-2,040**

Key ratios[1]	31 Dec 2019	31 Dec 2018
Impairment rate (stage 3), gross, basis points	178	182
Impairment rate (stage 3), net, basis points	113	118
Total allowance rate (stage 1, 2 and 3), basis points	84	81
Allowances in relation to impaired loans (stage 3), %	37	35
Allowances in relation to loans in stage 1 and 2, basis points	20	18

[1] For definitions, see Glossary.

Note 8 Classification of financial instruments

		Fair value through profit or loss (FVPL)				
EURm	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (Fair value option)	Derivatives used for hedging	Fair value through other comprehensive income (FVOCI)	Total
Financial assets						
Cash and balances with central banks	35,509	-	-	-	-	35,509
Loans to central banks	5,889	3,318	-	-	-	9,207
Loans to credit institutions	5,724	2,792	-	-	-	8,516
Loans to the public	245,226	77,514	-	-	-	322,740
Interest-bearing securities	3,489	28,460	4,088	-	28,893	64,930
Financial instruments pledged as collateral	-	6,265	-	-	886	7,151
Shares	-	14,184	-	-	-	14,184
Assets in pooled schemes and unit-linked investment contracts	-	30,324	169	-	-	30,493
Derivatives	-	36,784	-	2,327	-	39,111
Fair value changes of the hedged items in portfolio hedge of interest rate risk	217	-	-	-	-	217
Other assets	1,079	10,778	-	-	-	11,857
Prepaid expenses and accrued income	693	-	-	-	-	693
Total 31 Dec 2019	**297,826**	**210,419**	**4,257**	**2,327**	**29,779**	**544,608**
Total 31 Dec 2018	296,819	200,342	7,287	3,110	33,564	541,122

		Fair value through profit or loss (FVPL)			
EURm	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (Fair value option)	Derivatives used for hedging	Total
Financial liabilities					
Deposits by credit institutions	23,330	8,974	-	-	32,304
Deposits and borrowings from the public	164,027	4,698	-	-	168,725
Deposits in pooled schemes and unit-linked investment contracts	-	-	31,859	-	31,859
Liabilities to policyholders	-	-	3,318	-	3,318
Debt securities in issue	135,223	-	58,503	-	193,726
Derivatives	-	40,298	-	1,749	42,047
Fair value changes of the hedged items in portfolio hedge of interest rate risk	2,018	-	-	-	2,018
Other liabilities[1]	4,634	14,153	-	-	18,787
Accrued expenses and prepaid income	215	-	-	-	215
Subordinated liabilities	9,819	-	-	-	9,819
Total 31 Dec 2019	**339,266**	**68,123**	**93,680**	**1,749**	**502,818**
Total 31 Dec 2018	339,700	71,463	83,665	923	495,751

[1] Of which lease liabilities classified into the category Amortised cost EUR 1,225m.

Note 9 Fair value of financial assets and liabilities

	31 Dec 2019		31 Dec 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	35,509	35,509	41,578	41,578
Loans	340,680	343,410	327,435	330,681
Interest-bearing securities	64,930	65,047	76,222	76,334
Financial instruments pledged as collateral	7,151	7,151	7,568	7,568
Shares	14,184	14,184	12,452	12,452
Assets in pooled schemes and unit-linked investment contracts	30,493	30,493	24,425	24,425
Derivatives	39,111	39,111	37,025	37,025
Other assets	11,857	11,857	13,428	13,428
Prepaid expenses and accrued income	693	693	989	989
Total	**544,608**	**547,455**	**541,122**	**544,480**
Financial liabilities				
Deposits and debt instruments	406,592	407,337	408,227	409,014
Deposits in pooled schemes and unit-linked investment contracts	31,859	31,859	25,653	25,653
Liabilities to policyholders	3,318	3,318	3,234	3,234
Derivatives	42,047	42,047	39,547	39,547
Other liabilities	17,562	17,562	18,817	18,817
Accrued expenses and prepaid income	215	215	273	273
Total	**501,593**	**502,338**	**495,751**	**496,538**

The determination of fair value is described in the Annual report 2018, Note G40 "Assets and liabilities at fair value". Nordea has, in comparison with the Annual Report 2018, changed the construction of the funding curve used to estimate FFVA to better reflect the fair value.

Note 10 Financial assets and liabilities held at fair value on the balance sheet

Categorisation into the fair value hierarchy

EURm	Quoted prices in active markets for the same instruments (Level 1)	*Of which Life*	Valuation technique using observable data (Level 2)	*Of which Life*	Valuation technique using non-observable data (Level 3)	*Of which Life*	Total
Assets at fair value on the balance sheet[1]							
Loans to central banks	-	-	3,318	-	-	-	3,318
Loans to credit institutions	-	-	2,792	-	-	-	2,792
Loans to the public	-	-	77,514	-	-	-	77,514
Interest-bearing securities[2]	19,694	*1,487*	48,726	*2,660*	172	*13*	68,592
Shares	11,825	*10,184*	325	*322*	2,034	*860*	14,184
Assets in pooled schemes and unit-linked investment contracts	30,078	*26,129*	359	*359*	56	*56*	30,493
Derivatives	37	-	37,717	*12*	1,357	-	39,111
Other assets	-	-	10,743	-	35	*34*	10,778
Total 31 Dec 2019	**61,634**	***37,800***	**181,494**	***3,353***	**3,654**	***963***	**246,782**
Total 31 Dec 2018	65,343	*32,969*	175,791	*4,304*	3,169	*991*	244,303
Liabilities at fair value on the balance sheet[1]							
Deposits by credit institutions	-	-	8,974	-	-	-	8,974
Deposits and borrowings from the public	-	-	4,698	-	-	-	4,698
Deposits in pooled schemes and unit-linked investment	-	-	31,859	*27,482*	-	-	31,859
Liabilities to policyholders	-	-	3,318	*3,318*	-	-	3,318
Debt securities in issue	8,155	-	48,116	-	2,232	-	58,503
Derivatives	59	-	40,805	*13*	1,183	-	42,047
Other liabilities	3,587	-	10,564	-	2	-	14,153
Total 31 Dec 2019	**11,801**	**-**	**148,334**	***30,813***	**3,417**	**-**	**163,552**
Total 31 Dec 2018	19,639	-	132,748	*25,003*	3,664	-	156,051

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

[2] Of which EUR 7,151m relates to the balance sheet item Financial instruments pledged as collateral.

Transfers between Level 1 and 2

During the period, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 4,272m from Level 1 to Level 2 and EUR 701m from Level 2 to Level 1 of the fair value hierarchy. In addition, Nordea has transferred derivative liabilities of EUR 4m from Level 2 to Level 1. Further Nordea transferred debt securities in issue of EUR 4,455m from Level 1 to Level 2, other liabilities from Level 1 to Level 2 of EUR 1,426m and other liabilities of EUR 1m from Level 2 to Level 1. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10 Continued

Movements in Level 3

EURm	1 Jan	Fair value gains/losses recognised in the income statement during the year: Realised	Fair value gains/losses recognised in the income statement during the year: Unrealised	Recognised in OCI	Purchases/ Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Reclassification[1]	Translation differences	31 Dec
Interest-bearing securities	329	-1	8	-	14	-180	2	-	-	-	-	172
- of which Life	*4*	-	*9*	-	-	*-1*	*1*	-	-	-	-	*13*
Shares	1,697	123	51	-	358	-419	-19	169	-31	91	14	2,034
- of which Life	*916*	*42*	*-25*	-	*35*	*-221*	*-19*	*166*	*-31*	-	*-3*	*860*
Assets in pooled schemes and unit-linked investment contracts	31	2	17	-	5	-2	2	1	-	-	-	56
- of which Life	*31*	*2*	*17*	-	*5*	*-2*	*2*	*1*	-	-	-	*56*
Derivatives (net)	15	-121	200	-	-33	-	121	-	-8	-	-	174
Other assets	74	-	-5	-	-	-	-33	-	-	-	-1	35
- of which Life	*40*	-	-	-	-	-	*-6*	-	-	-	-	*34*
Debt securities in issue	2,627	54	-232	-8	422	-	-634	3	-	-	-	2,232
Other liabilities	14	-	-	-	1	-13	-	-	-	-	-	2
Total 2019, net	**-495**	**-51**	**503**	**8**	**-79**	**-588**	**707**	**167**	**-39**	**91**	**13**	**237**
Total 2018, net	-1,613	-135	214	23	-6	-410	1,396	61	-10	-3	-12	-495

[1] Due to deconsolidation of Nordea Bank S.A.

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

The valuation processes for fair value measurements in Level 3

For information about valuation processes for fair value measurement in Level 3, see the Annual report 2018 Note G40 "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 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 2018 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 and a reconciliation of how this aggregated difference has changed during the period (movement of deferred Day 1 profit).

Deferred day 1 profit - Derivatives, net

EURm	2019	2018
Opening balance at 1 Jan	81	58
Deferred profit on new transactions	85	62
Recognised in the income statement during the period[1]	-41	-39
Closing balance at 31 Dec	**125**	**81**

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

Note 10 Continued

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

EURm	Fair value	*Of which Life*[1]	Valuation techniques	Unobservable input	Range of fair value[4]
Interest-bearing securities					
Mortgage and other credit institutions[2]	164	*9*	Discounted cash flows	Credit spread	-16/16
Corporates	8	*4*	Discounted cash flows	Credit spread	0/0
Total 31 Dec 2019	**172**	***13***			**-16/16**
Total 31 Dec 2018	329	*4*			-32/32
Shares					
Private equity funds	833	*489*	Net asset value[3]		-93/93
Hedge funds	87	*83*	Net asset value[3]		-8/8
Credit funds	421	*167*	Net asset value/market consensus[3]		-35/35
Other funds	289	*115*	Net asset value/Fund prices[3]		-26/26
Other[5]	460	*62*	-		-32/32
Total 31 Dec 2019	**2,090**	***916***			**-194/194**
Total 31 Dec 2018	1,728	*947*			-165/165
Derivatives, net					
Interest rate derivatives	265	-	Option model	Correlations Volatilities	-31/35
Equity derivatives	-10	-	Option model	Correlations Volatilities Dividends	-6/3
Foreign exchange derivatives	-16	-	Option model	Correlations Volatilities	-0/0
Credit derivatives	-69	-	Credit derivative model	Correlations Volatilities Recovery rates	-24/26
Other	4	-	Option model	Correlations Volatilities	-0/0
Total 31 Dec 2019	**174**	**-**			**-61/64**
Total 31 Dec 2018	15	-			-59/55
Debt securities in issue					
Issued structured bonds	2,232	-	Credit derivative model	Correlations Recovery rates Volatilities	-11/11
Total 31 Dec 2019	**2,232**	**-**			**-11/11**
Total 31 Dec 2018	2,627	-			-13/13
Other, net					
Other assets and Other liabilities, net	33	*34*	-	-	-4/4
Total 31 Dec 2019	**33**	***34***			**-4/4**
Total 31 Dec 2018	60	40			-7/7

[1] Investments in financial instruments is 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 do consequently not affect Nordea's equity.

[2] Of which EUR 155m is priced at a credit spread (the difference between the discount rate and LIBOR) of 1.45% and a reasonable change of 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 delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/ custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by Invest Europe (formerly called EVCA). Approximately 40% 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 to 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 2018, Note G40 "Assets and liabilities at fair value".

[5] Of which EUR 56m related to assets in pooled schemes and unit-linked investment.

Note 11 Risks and uncertainties

Nordea is subject to various legal regimes and requirements, including but not limited to those of the Nordic countries, the European Union and the United States. Supervisory and governmental authorities that administer and enforce those regimes make regular inquiries and conduct investigations with regards to Nordea's compliance in many areas, such as 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 inquiries and investigations is unclear and pending, and accordingly, it cannot be excluded that these inquiries and investigations could lead to criticism against the bank, reputation loss, fines, sanctions, disputes and/or litigations.

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

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

Nordea has made significant investments to address the deficiencies highlighted by the investigations. Amongst other Nordea established in 2015 the Financial Crime Change Programme and has strengthened the organization significantly to enhance the AML and sanction management risk frameworks. Nordea has also established the Business Ethics and Values Committee and a culture transformation program to embed stronger ethical standards into our corporate culture. In addition, the group is investing in enhanced compliance standards, processes and resources in both the first and second lines of defense.

The Danish tax authorities have raised a claim for damages against Nordea of approximately DKK 900m relating to Nordea's 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 our assessment that Nordea is not liable, and Nordea disputes the claim.

Glossary

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

Return on tangible equity
Net profit for the period as a percentage of average equity for the period. Additional Tier 1 capital, accounted for in equity, is in the calculation considered as being classified as a financial liability. 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 and is reduced with intangible assets.

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

Return on equity with amortised resolution fees
Net profit for the period as a percentage of average equity for the period. Additional Tier 1 capital, accounted for in equity, is in the calculation considered as being classified as a financial liability. 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.

Total shareholders return (TSR)
Total shareholders return measured as growth in the value of a shareholding during the year, assuming the dividends are reinvested at the time of the payment to purchase additional shares.

Tier 1 capital
The Tier 1 capital of an institution consists of the sum of the Common Equity Tier 1 capital and Additional Tier 1 capital of the institution. 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 finally other deductions such as cash flow hedges.

Tier 1 capital ratio
Tier 1 capital as a percentage of Risk Exposure Amount. The Common Equity Tier 1 capital ratio is calculated as Common Equity Tier 1 capital as a percentage of Risk Exposure Amount.

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

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

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

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

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

Allowance in relation to loans in stage 1 and 2
Allowances for not impaired loans (stage 1 and 2) divided by not impaired loans measured at amortised cost (stage 1 and 2) before allowances.

Economic capital
Economic Capital is Nordea's internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC 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.

ROCAR
ROCAR, % (Return on Capital at Risk) is defined as Net profit excluding items affecting comparability, in percentage of Economic capital. For Business areas it is defined as Operating profit after standard tax in percentage of Economic Capital.

For a list of further Alternative Performance Measures and business definitions, https://www.nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports/ and the Annual Report.

Nordea Bank Abp

Income statement

EURm	Reported Q4 2019	Reported Q4 2018	Reported Jan-Dec 2019	Combined Jan-Dec 2018[1]
Operating income				
Interest income	1,239	1,202	4,930	4,578
Interest expense	-615	-560	-2,555	-2,105
Net interest income	**624**	**642**	**2,375**	**2,473**
Fee and commission income	599	584	2,354	2,244
Fee and commission expense	-151	-157	-545	-457
Net fee and commission income	**448**	**427**	**1,809**	**1,787**
Net result from securities trading and foreign exchange dealing	143	199	844	868
Net result from securities at fair value through fair value reserve	-163	8	77	25
Net result from hedge accounting	226	-55	-31	-61
Net result from investment properties	0	0	-1	-1
Income from equity investments	1,043	1,153	1,746	1,631
Other operating income	277	108	581	481
Total operating income	**2,598**	**2,482**	**7,400**	**7,203**
Operating expenses				
Staff costs	-511	-616	-2,544	-2,478
Other administrative expenses	-262	-274	-956	-980
Other operating expenses	-158	-100	-729	-539
Depreciation, amortisation and impairment charges of tangible and intangible assets	-99	-115	-1,128	-355
Total operating expenses	**-1,030**	**-1,105**	**-5,357**	**-4,352**
Profit before loan losses	**1,568**	**1,377**	**2,043**	**2,851**
Net loan losses	-91	-12	-464	-122
Impairment on financial assets	-16	-21	-16	-239
Operating profit	**1,461**	**1,344**	**1,563**	**2,490**
Income tax expense	-207	-211	-125	-514
Net profit for period	**1,254**	**1,133**	**1,438**	**1,976**

[1] Nordea Bank Abp's financial period started 21 September 2017, with no business activities until 1 October 2018.

Nordea Bank Abp reports under Finnish GAAP. The column labelled "Combined" include combination of Nordea Bank Abp's reported income statement and restated income statement for the former parent company Nordea Bank AB (publ). When the former parent company Nordea Bank AB (publ)'s income statements have been restated to comply with Finnish GAAP, adjustments have been made so that the pension plans in Sweden are accounted for under IFRS, that changes to own credit risk on financial liabilities designated at fair value is recognised in Equity, as well as to that the presentation of the income statement complies with Finnish requirements.

Nordea Bank Abp
Balance sheet

EURm	Reported 31 Dec 2019	Reported 31 Dec 2018
Assets		
Cash and balances with central banks	33,483	39,562
Debt securities eligible for refinancing with central banks	61,218	72,677
Loans to credit institutions	80,961	64,772
Loans to the public	144,077	154,419
Interest-bearing securities	4,695	1,890
Shares and participations	5,490	4,813
Investments in associated undertakings and joint ventures	87	1,049
Investments in group undertakings	14,190	12,175
Derivatives	39,371	37,221
Fair value changes of the hedged items in portfolio hedge of interest rate risk	71	72
Intangible assets	1,749	2,331
Tangible assets		
Properties and equipment	296	338
Investment properties	2	4
Deferred tax assets	453	130
Current tax assets	322	234
Retirement benefit assets	172	243
Other assets	13,140	15,681
Prepaid expenses and accrued income	1,202	1,111
Total assets	**400,979**	**408,722**
Liabilities		
Deposits by credit institutions and central banks	44,790	51,427
Deposits and borrowings from the public	175,286	171,102
Debt securities in issue	77,770	82,667
Derivatives	43,311	40,591
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,140	536
Current tax liabilities	596	249
Other liabilities	18,094	21,257
Accrued expenses and prepaid income	1,144	1,330
Deferred tax liabilities	14	223
Provisions	645	352
Retirement benefit obligations	375	349
Subordinated liabilities	9,789	9,157
Total liabilities	**372,954**	**379,240**
Equity		
Share capital	4,050	4,050
Addional Tier 1 capital holders	748	750
Invested unrestricted equity	1,080	1,080
Other reserves	-321	-150
Retained earnings	21,030	22,619
Profit or loss for the period[1]	1,438	1,133
Total equity	**28,025**	**29,482**
Total liabilities and equity	**400,979**	**408,722**
Off balance sheet commitments		
Commitments given to a third party on behalf of customers		
Guarantees and pledges	48,534	50,026
Other	1,120	1,406
Irrevocable commitments in favour of customers		
Securities repurchase commitments	-	-
Other	75,549	80,102

[1] Including anticipated dividends of EUR 517m (EUR 436m) from its subsidiaries.

Nordea Bank Abp

Note 1 Accounting policies

The financial statements for the parent company, Nordea Bank Abp, are prepared in accordance with the Finnish Accounting Act, the Finnish Credit Institutions Act, the Decree of the Ministry of Finance on the financial statements and consolidated financial statements of credit institutions as well as Finnish Financial Supervision Authority's Regulations.

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

Nordea Group's consolidated interim financial statements are presented in accordance with IAS 34 "Interim Financial Reporting", as endorsed by the EU commission.

The accounting policies and methods of computation are unchanged in comparison with the Annual Report 2018, except for related to the items presented in the section "Changed accounting policies and presentation" below. For more information see Note P1 in the Annual Report 2018.

Changed accounting policies and presentation

Information on new and amended IFRS standards implemented by Nordea on 1 January 2019 can be found in the section "Changed accounting policies and presentation" in Note 1 for the Group. The conclusions within this section are also, where applicable, relevant for the parent company. However, IFRS 16 "Leases" is not applied in the parent company.

Nordea Bank Abp has recognised the resolution fees at the beginning of the year, when the legal obligation to pay arises, and presents them as Other expenses in the income statement. Hence, there is no change in the accounting policy resolution fees and no restatements are needed in the parent company.

Nordea Bank Abp has changed the presentation of its income statement as follows:

- Negative interest on liabilities has been reclassified from "Interest expense" to "Interest income" and, respectively, negative interest on assets from "Interest income" to "Interest expense".

- Gains on the sale of group and associated undertakings have been reclassified from "Income from equity investments" to "Other operating income".

The comparative figures for 2018 have been restated.

Changes in IFRSs not yet applied

Information on forthcoming changes in IFRS not yet implemented can be found in the section "Changes in IFRSs not yet applied" in Note 1 for the Group. The conclusions within this section are also, where applicable, relevant for the parent company. However, IFRS 17 "Insurance contracts" will not be applied in the parent company.

Other amendments

Other amendment to IFRS are not assessed to have any significant impact on the financial statements of Nordea Bank Abp.

Acquisition of Gjensidige Bank

On 2 July 2018, Nordea entered into an agreement with Gjensidige Forsikring to acquire all shares in Gjensidige Bank. The transaction was closed on 1 March 2019, when Nordea received final approval from the Norwegian regulators. For more information, see Note 1 for the Group.

For further information

- A webcast for media, investors and equity analysts will be held on 6 February at 09.00 EET (08.00 CET), at which Frank Vang-Jensen, President and Group CEO, will present the results.
- To participate in the webcast, please use the webcast link or dial one of the following numbers: +44 333 300 0804, +46 8 566 426 51, +358 9 817 103 10, +45 35 44 55 77, confirmation code 36979669# no later than 08.50 EET.
- The webcast will be directly followed by a Q&A audio session for investors and analysts with Frank Vang-Jensen, Christopher Rees, Group CFO, and Rodney Alfvén, Head of Investor Relations, starting at approximately 09.30 EET (08.30 CET).
- After the call an indexed on-demand replay will be available here. A replay will also be available until 20 February 2020. Please dial one of the following numbers: +44 333 300 0819, +46 8 519 993 85, +358 9 817 105 15, +45 82 33 31 90, confirmation code 301307609#.
- The event will be webcast live and the presentation slides will be posted on www.nordea.com/ir.
- To attend please contact Annelies Granegger at Citibank via e-mail: annelies.granegger@citi.com
- The Q4 2019 report, investor presentations and fact book are available on www.nordea.com.

Contacts

Frank Vang-Jensen
President and Group CEO
+358 503 821 391

Christopher Rees
Group CFO
+45 55 47 23 77

Rodney Alfvén
Head of Investor Relations
+46 72 235 05 15

Sara Helweg-Larsen
Head of Group Communications
+45 22 14 00 00

Financial calendar

In week 9 – Annual report 2019 release, including Board of Director's report and financial statements. The annual report will be available at www.nordea.com.
25 March 2020 – Annual General Meeting
29 April 2020 – First Quarter Report 2020 (Silent period starts 7 April 2020)
17 July 2020 – Second Quarter Report 2020 (Silent period starts 7 July 2020)
23 October 2020 – Third Quarter Report 2020 (Silent period starts 7 October 2020)

Helsinki 6 February 2020

Nordea Bank Abp

Board of Directors

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

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

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

Nordea Bank Abp • Hamnbanegatan 5 • 00020 Helsinki • www.nordea.com/ir • Tel. +358 200 70000 • Business ID 2858394-9