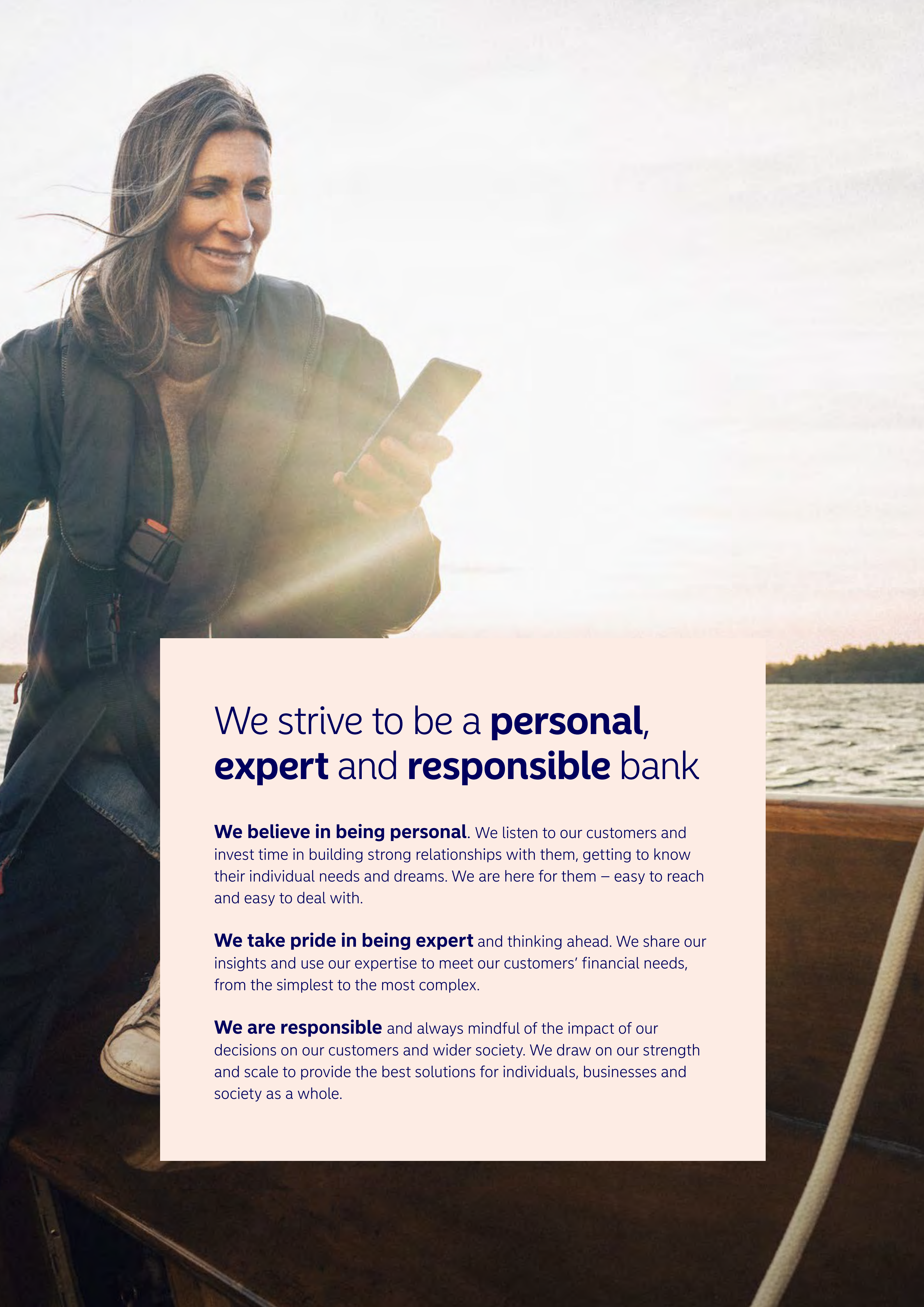
Nordea

Annual Report
2023

Our purpose is to **enable dreams and aspirations** for a greater good



We strive to be a **personal**, **expert** and **responsible** bank

We believe in being personal. We listen to our customers and invest time in building strong relationships with them, getting to know their individual needs and dreams. We are here for them – easy to reach and easy to deal with.

We take pride in being expert and thinking ahead. We share our insights and use our expertise to meet our customers' financial needs, from the simplest to the most complex.

We are responsible and always mindful of the impact of our decisions on our customers and wider society. We draw on our strength and scale to provide the best solutions for individuals, businesses and society as a whole.

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Nordea has reported on environmental and sustainability performance on an annual basis since 2002. Nordea's sustainability reporting for 2023 constitutes sustainability disclosures found (i) in the Sustainability at the core chapter on pages 16–17, (ii) in the Non-financial statement (incl. our EU taxonomy reporting) on pages 84–98, (iii) in the Corporate Governance Statement 2023 on page 60, (iv) on pages 241–242 in Note G11 "Risk and liquidity management", and (v) in the Sustainability notes on pages 329–380, which provide in-depth information and data related to the sustainability disclosures. In addition, sustainability indices referring to our reporting in relation to the Principles for Responsible Banking, the Task Force on Climate-Related Financial Disclosures, and the Global Reporting Initiative Standards are published as a separate appendix available at nordea.com/sustainability. For more information on how we report on sustainability, see Note S1 "About the sustainability notes" on page 331.

This Annual 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. Results could differ materially from those set out in the forward-looking statements due to various factors. These include but are not limited to (i) macroeconomic developments, (ii) changes in the competitive environment, (iii) changes in the regulatory environment and other government actions, and (iv) changes 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 stock exchange regulations if and when circumstances arise that lead to changes following their publication.

WHO WE ARE

The Nordic idea of **constantly improving**

We are the leading financial services group in the Nordics, with a 200-year history of supporting the region's economies. Our values are deeply rooted in these open, progressive and collaborative societies. Our name, Nordea, encapsulates the Nordic idea of constantly improving, of making tomorrow a bit better than today.

Our purpose is to enable dreams and aspirations for a greater good. We strive to be personal, expert and responsible – to deliver great customer service and contribute to successful and sustainable economic development in the Nordics. Our vision is to be the preferred partner for customers in need of a broad range of financial services.

We have a strong market position within our four business areas: Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management.

The financial sector is in a unique position to be able to support the transition to a more sustainable future. We are committed to becoming a net zero bank by 2050 at the latest and, to this end, enable sustainable choices for our customers, engage in active ownership and drive change through our lending and investment decisions.

Our culture reflects our values. Nordea is a place where people are passionate about customers, collaborate across the organisation, feel a true sense of ownership and have the courage to do what is right.

Our values

Collaboration
For the common good

Passion
To serve our customers

Ownership
It starts with me

Courage
To do what is right

CEO LETTER

Dear **stakeholder,**

2023 was another strong year for Nordea. We further improved our position in all of our four home markets. Our performance makes us one of the strongest banks in Europe – giving us a great capacity to support our customers and Nordic societies in these uncertain times.

2023 was in many ways a challenging year. Geopolitical tensions were high as Russia continued its tragic war in Ukraine. We also witnessed the difficult and very sad situation in the Middle East, which further reminded us of the world's fragility.

The economic environment was tough for many individuals and corporates. Rising prices forced central banks to raise interest rates to their highest levels in 15 years. Nordic households and businesses consequently became more careful. This led to reduced consumption and investment, but in general the region adjusted well in the changing environment and showed considerable resilience.

Despite the challenging conditions, Nordea had a strong year – with our results making us one of the best-performing banks in Europe.

Throughout our 200-year history we have always aimed to be a safe and strong bank, supporting our customers in all economic cycles. 2023 was no different. We stayed close to our customers, making sure we understood their changing circumstances and needs.

Our proactive approach helped us maintain good business momentum and deliver strong financial results. Return on equity was 16.9%, clearly exceeding our outlook of above 15%. Full-year operating profit was up 18% at EUR 6.3bn.

Beyond the numbers, I was pleased to see us progress on several fronts. Our customer satisfaction scores improved, our business volumes grew, and we strengthened our position in our four Nordic markets.

Our performance shows that our strategy is continuing to work well for us, even in testing circumstances. Every action we take is in pursuit of our key priorities: to deliver best-in-class omnichannel experiences for our customers, drive focused and profitable growth, and increase operational and capital efficiency.

To support our business plan, we have also made bolt-on acquisitions. A great example of this is the purchase of Danske Bank's Norwegian personal customer and private banking business which we announced last summer. Expected to close in the fourth quarter of 2024, the transaction will increase our mortgage market share in Norway to around 16% from the current 11%. We look forward to welcoming our new customers and colleagues.

We also continued to make other important long-term investments to ensure that we are well positioned for the future, including in areas such as risk management and financial crime prevention. These investments will strengthen our ability to be a safe and trusted partner for our customers.

Throughout the year customer activity was high. This was evident in the record-high use of our digital services. In 2023 customer logins to our mobile and online banking services increased by 13% year on year, to 1.4 billion. We have steadily expanded the range of digital options available to our customers and continue to invest to become the digital leader in the Nordics.

As we grow our digital offering, we are constantly finding new ways to be personal, expert and responsible in our interactions with customers. The human touch of Nordea will never go away, no matter how our customers choose to bank with us. During the year we assisted individuals, households and businesses in more than one million advisory meetings, a year-on-year increase of 9%.

Sustainability naturally remains a key focus for us. As the largest financial services group in the Nordics, we have an important role to play in supporting our customers' transitions to a low-carbon economy. Over the past two years we have facilitated EUR 135bn in sustainable financing, bringing us closer to our 2025 target of EUR 200bn. We are also progressing with reducing our carbon emissions. So far, our lending portfolio financed emissions are down 29% compared with 2019 levels, putting us on track to reach our 40–50% reduction target by 2030.

In 2023 all four of our business areas grew income faster than costs and delivered solid returns. Group income increased by 14%, to EUR 11.7bn. Despite the slower pace of activity in the Nordic housing market, we either maintained or improved our housing loan market shares, and mortgage lending volumes were stable. Corporate lending grew by 1% year on year and we increased our share of the corporate lending market, particularly in Norway and Sweden.

"Our proactive approach helped us maintain good business momentum and deliver **strong financial results**."

Our assets under management increased by 5% despite volatility in the financial markets. Net flows from internal channels were positive at EUR 6.3bn. We welcomed 3,800 new Private Banking clients during the year, demonstrating the quality of our business franchise.

Our risk position and credit quality remain strong, supported by a uniquely well-diversified pan-Nordic credit portfolio. We have a well-managed loan portfolio, which is spread across markets and sectors and supported by prudent credit policies. We have de-risked our portfolio in recent years, which has helped us keep loan losses low, as was the case in 2023.

Capital generation also remains strong. At the end of 2023 our CET1 ratio was 17.0%, 4.9 percentage points above the current regulatory requirement.

Our Board of Directors has proposed a dividend of EUR 0.92 per share for 2023, a year-on-year increase of 15%. Including our share buy-backs during the past year, the total distribution to our shareholders will amount to approximately EUR 1.27 per share, or 11% of our current market capitalisation.

Dividends and buy-backs are important to our shareholders. Our extensive shareholder base in the Nordics includes more than 570,000 private individuals, pension funds, insurance companies, and foundations. This means that the capital we return helps support economic activity across the Nordic region. Through our distributions, our lending and financing activities, and our contributions as a major Nordic taxpayer, we are pleased to do our part to help make the Nordic societies stronger.

We are confident in our ability to sustain high profitability. In February 2024 we updated our financial target and are now targeting a return on equity of above 15% for 2025, up from above 13% previously.

Our confidence is grounded in the progress we have made in recent years. When we set a new direction for Nordea back in 2019, we promised to focus on improving customer experience and driving profitable growth. Despite the constant changes in the external environment, this is exactly what we have done. The significant structural improvements we have made across the Group have laid the foundation for consistent high-quality earnings. Stable and predictable – that is what investors and customers should expect from Nordea.

Today, we have a clear, proven strategy that is working for us. Our business franchise is strong and supported by a well-diversified business model. And we have leading positions in all our markets and business areas, and a leading position in the Nordics as a whole. These qualities equip us well to drive sustainable high performance and deliver on our priorities and purpose.

To our customers, shareholders and other stakeholders, I am grateful for your feedback and cooperation throughout 2023. I would also like to thank all employees for their great efforts and relentless drive during the year.

Every day, we will continue to work to earn the trust and loyalty of all our stakeholders. This is our way forward – supporting our customers and the communities we serve to the very best of our ability.

Our ambition is unchanged: to be the preferred partner for customers in need of a broad range of financial services.

Frank Vang-Jensen
President and Group CEO

NORDEA AS AN INVESTMENT

Why invest in **Nordea**

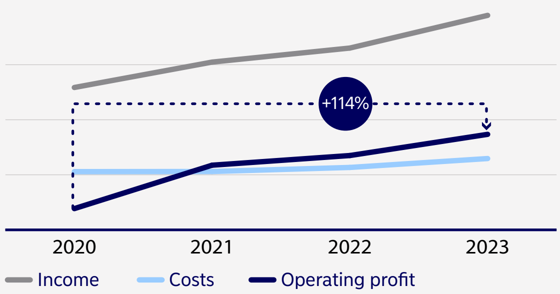
Leading position in the attractive Nordic market

- Nordic GDP growth steady and above European average
- Nordics: highly digitalised in global context, with significant social safety nets
- Banking sector: low risk, stable and profitable
- Nordea: leading Nordic financial services group, with well-diversified pan-Nordic business model
- Nordic scale enabling strategic and financial edge, resulting in superior value creation

Profitable growth and high-quality earnings

We are the largest financial services group in Nordics, with low earnings volatility. Our pan-Nordic business model provides stable, consistent and high-quality earnings growth.

Our growth



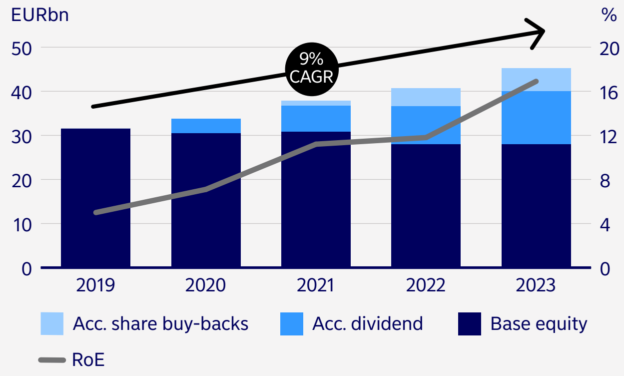
RoE	C/I*
16.9%	41.9%

* Excluding regulatory fees.

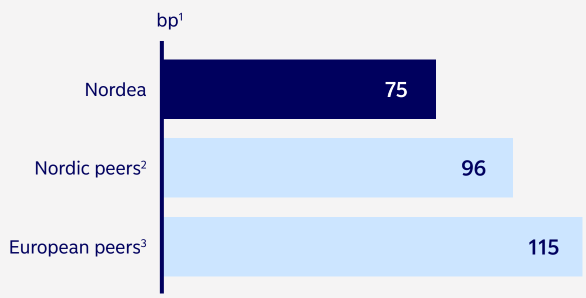
Capital excellence and strong balance sheet

Our high profitability, strong capital generation and low-risk profile are reflected in our market-leading credit ratings and highly competitive funding costs.

High profitability and capital generation



Best-in-class market funding costs



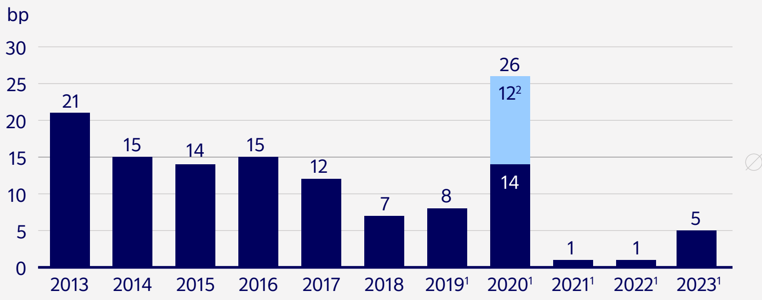
AA
credit rating

1) 5y senior preferred new issue spread.
2) Handelsbanken, SEB, Swedbank, Danske Bank, DNB.
3) Selection of 12 European banks, representing broad European banking financing conditions.

Strong credit quality, with low loan losses

We have a prudent risk profile, with diversified exposure. Our loan portfolio is spread across our four home markets and across households and corporates, with no significant sector concentration.

Loan loss ratio including similar net result, basis points



1) Including fair value adjustments to loans held at fair value in Nordea Kredit. 2019 and 2022 also exclude items affecting comparability. See pages 40–42 for further details.
2) COVID-19 management judgement.

Digital leader – globally

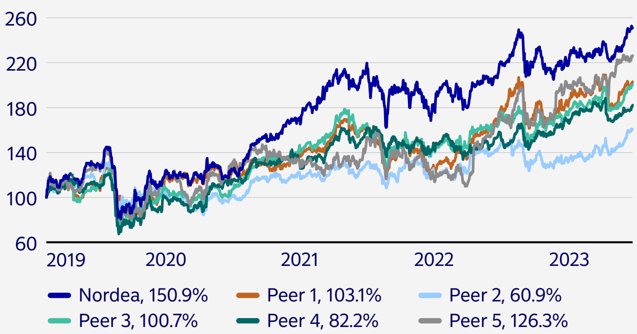
We are globally recognised for digital services and engagement that support great customer experiences.

- Global Finance: **World's Best Digital Bank Awards** – best in six categories
- D-Rating: **Best European Global Performer** among the following Nordic banks: Danske Bank, Handelsbanken, SEB and Swedbank
- Autonomous Research: **Ranked third for current state of digitalisation** among 57 leading global banks
- AppStore rating: **Best private mobile bank** in Denmark, Finland and Sweden

Market-leading shareholder returns

Our dividend payout ratio is the highest among our peers, and share buy-backs are an integral part of our capital policy. These are enabled by our strong capital position, which is supported by continued capital generation.

Total shareholder returns (indexed)



Sustainability: an integrated part of our business strategy

We are actively engaging to drive the sustainability transition, with strong progress towards our strategic targets:

- **29% reduction** in financed emissions in our lending portfolio (2030 target: reduction of 40–50%)
- **EUR 77bn increase** in sustainable financing: EUR 135bn facilitated as at end-2023 (2025 target: EUR >200bn)

BUSINESS ENVIRONMENT

Banking in an **unpredictable world**

In 2023 the business environment was marked by continued high uncertainty and volatility. While the economic outlook has weakened, the Nordic countries have weathered the changes well. The financial industry continues to evolve, driven by technological advancements, changing customer expectations and the imperative to support the sustainability transition.

Global geopolitical tensions were high in 2023 as Russia continued its war in Ukraine. We also saw renewed conflict in the Middle East in the latter part of the year. Amid these geopolitical shifts, Europe's economy faced its own challenges. In an effort to bring down inflation, which for most of the year remained high in many parts of the economy, central banks continued to raise interest rates. Economic growth faltered, largely due to weakened consumer confidence and reduced spending and investment.

In the face of these pressures, European labour markets showed strong resilience, with much of the continent continuing to experience relatively low unemployment.

Economic outlook

Inflation stands at a two-year low, yet is still above central banks' 2% target. The rising costs of energy, agricultural products and commodities have created inflationary pressures in the economy and could lead central banks to maintain higher interest rates in the medium term, despite expectations of softer economic growth and rate cuts.

The economic forecast is clouded by uncertainty. Russia's war in Ukraine and the conflict in the Middle East remain primary catalysts for global instability. Meanwhile, China's political direction and unstable economic recovery have raised questions about what lies ahead for that country after a 40-year boom.

The Nordic countries in which we operate – Denmark, Finland, Norway and Sweden – showed continued relative strength in 2023. However, the weak global economic picture suggests that our home markets will also see a period of muted economic activity, at least in the short term. The construction industry is currently the most impacted sector in the Nordic region, and its slowdown could contribute to a rise in unemployment.

An attractive banking market

Our Nordic operating markets are based in politically stable democracies with high levels of trustworthiness and compliance. Individual and property rights are well protected. The Nordic economies boast some of the world's highest per capita GDPs, supported by high levels of social mobility, strong welfare systems and modern technological infrastructure. All this helps make the region a steady business environment.

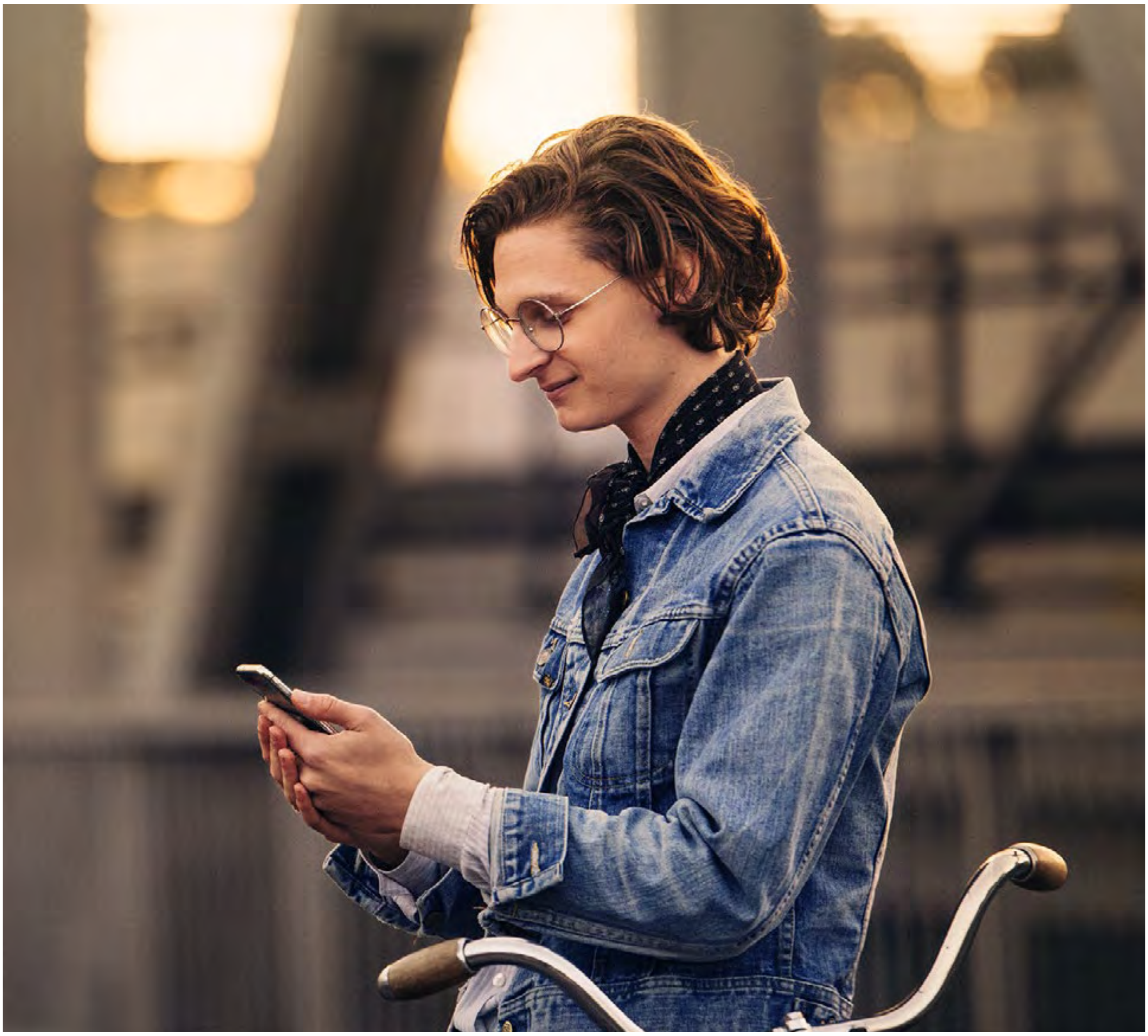
The Nordic region also benefits from having a reliable and profitable banking sector, with financial institutions notable for their high degrees of digitalisation. These characteristics ensure the sector is well equipped to weather downturns and financial market disturbances such as those which occurred in the Swiss and American financial sectors in the early part of 2023. Nordea itself is one of the strongest and most profitable banks in Europe, with a pan-Nordic business model and a very well diversified lending portfolio – giving us a great capacity to support our customers.

Key trends shaping the financial industry

The financial industry continues to be shaped by multiple forces, ranging from macroeconomic and geopolitical conditions to various market, technology and regulatory trends.

An uncertain operating environment

The operating environment remains unpredictable for most businesses and industries, including the financial sector. Alongside the climate emergency, in recent years the world has faced a pandemic, outbreaks of war, and an energy crisis, as well as high inflation and a dramatic shift away from a highly expansionary monetary policy. A key source of uncertainty concerns how well households and businesses will adjust to interest rates potentially normalising at higher levels after a decade of low or even negative rates. Asset prices and investments are adapting to a new reality. The resilience of households and corporates is being tested.



During 2023 the quality of our credit portfolio remained strong and loan losses continued to be low. Overall, our four home markets continue to show considerable resilience. Naturally, we continue to follow the impacts of key trends on our customers closely.

"The Nordic region benefits from having a **reliable and profitable** banking sector."

Digitalisation and AI

Digitalisation and technological development are moving at a rapid and unprecedented pace, and continue to shape the way we live, work, communicate and manage our finances. People and businesses value speed and convenience and are finding that more of their banking needs are met through digital channels. As a digital leader in the financial industry, Nordea offers mobile banking applications that are increasingly rich in terms of features and user experience, and deploys advanced virtual assistants to support customers around the clock.

Core operational processes in banking have also transformed significantly in the digital era. The use of automation and data analytics is widespread in, for example, the processing of customer contracts, reporting, and similar tasks. Interest in and deployment of artificial intelligence (AI) technologies is also increasing and will strengthen customer service and operational efficiency, among other things. At Nordea, we continue to invest significantly in these technologies.

In recent years the banking sector has also embraced open banking interfaces, enabling integration with third-party financial services such as digital payment and personal financial management applications. For corporates, digitalisation has helped spur the development of automation in areas such as cash optimisation and treasury. We see the trend towards a more connected banking ecosystem continuing in the future, with Nordea playing an active part.

In step with these developments, the regulatory demands placed on financial services firms are growing. The resulting costs may pose a challenge for fintech companies but will be well handled by the largest financial services providers. As many large established banks have spent the past decade developing their digital capabilities, products and services in parallel with their fintech peers, their relative position is now very strong and raises the prospect of closer bank-fintech ties in the future.

The climate crisis and biodiversity loss

The climate crisis is one of the defining challenges of our time. As the world warms, extreme weather events such as floods and droughts are becoming more frequent and severe. The rapid loss of biodiversity is also endangering human well-being, putting our economy, food security and health at risk.

Efforts to tackle the climate crisis centre on reducing the world's fossil fuel dependency and decarbonising the global economy. Pledges to reach carbon net zero now cover approximately 90% of the global economy. However, overall progress on climate action needs to accelerate. In many parts of the world, a lack of political will has hindered efforts to cut greenhouse gas emissions. An important and encouraging step was taken in 2023, when the European Emissions Trading System was further sharpened to accelerate the phase-out of free emission allowances, and widened to include a larger number of activities.

The financial sector has an important role to play in driving and accelerating the transition to more sustainable economies. While many banks seek to run their own operations as sustainably as possible, it is primarily through their business that they can make the most positive impact. At Nordea, for example, this involves making financing decisions aimed at driving progress on environmental, social and governance (ESG) issues, and actively engaging with customers, partners and investees to help them steer towards sustainable business practices and operations. We also promote positive biodiversity action and help customers pursue investment opportunities related to protecting and restoring nature.

Increased regulation

Regulatory demands on businesses have generally increased in recent years, especially in areas such as information security, business continuity and sustainability. The financial sector is also subject to a wide range of regulations aimed at ensuring financial stability, protecting consumers and preventing fraud. Our focus and investments reflect our commitment to continuously improve our defences against financial crime and adapt to new and emerging risks in the external environment. In 2023 we further strengthened our financial crime prevention capabilities through new investments in technology, additional employees, training, and more sophisticated prevention and detection techniques.

As global economies have become more interconnected, the importance of harmonised banking regulations across borders has grown. This has led to increased coordination between national and international governing bodies and central banks, particularly in Europe. We expect the trend towards greater harmonisation to continue in the future, driven by the need to safeguard the financial system, tackle financial crime and ensure a level playing field for banks.

STRATEGIC PRIORITIES

On the way to becoming the Nordic region's preferred financial partner

Our vision is to be the preferred partner for people and businesses in need of a broad range of financial services. Our strategy – centred on offering a great customer experience – guides us forward.

Nordea's roots date back to 1820s Copenhagen, when a local savings bank first opened its doors for business. Over time, and via multiple mergers, we have grown into the largest financial services group in the Nordics, helping customers across the region to realise their dreams and aspirations.

Our values reflect the open, progressive and collaborative societies of the Nordics, and our activities directly contribute to the region's long-term economic development. We serve a diverse range of customers, from individuals and families to businesses and institutions of all sizes. We have developed strong and lasting relationships with the most prominent Nordic companies and continue to support their global growth and sustainability ambitions.

2022–2025 strategic plan

We are halfway through our 2022–2025 strategy period and have made good progress in implementing our strategic objectives. Our focus remains on delivering best-in-class omnichannel experiences for our customers. We are also driving focused and profitable growth, and increasing operational and capital efficiency.

To deliver on these priorities, we have activated two key levers within the Group. One is to become a digital leader, recognising that digital technologies are key to providing exceptional banking services today and in the future. The other is to integrate sustainability into the core of our business, as we aim to support our customers in their transition to sustainable business models.

To become the preferred financial partner in the Nordics, we want to take the lead in all areas where we choose to compete. Our strategy is designed to accelerate momentum where we have a competitive edge and close gaps in areas where we aspire to have a leading position. This guides our decisions regarding how to allocate our people, technology investments and capital. Our leading market position, strong balance sheet and strong profitability mean we are ideally positioned to address growth opportunities, including bolt-on acquisitions.

Outstanding omnichannel experiences

Creating best-in-class omnichannel customer experiences is our way to modernise relationship banking. Both private and corporate customers want to bank and interact with us in ways that suit them. Whether they use our digital banking apps and services, visit a branch, call us, or meet with an adviser, our aim is to offer them a consistent and seamless experience. Our approach combines the personal advice and human touch of our expert advisers with the convenience and personalisation that modern technology offers.

Focused and profitable growth

In recent years our profitability has consistently improved, giving us the capacity to invest in key growth areas in support of our vision. Our focus is always on profitable growth opportunities that support our ability to grow income faster than costs. Our investments in 2023 supported the development of our lending, savings and payments offerings. We also developed our offering for large corporates in areas such as cash management, risk management and trade finance.

Operational and capital efficiency

Being the largest Nordic financial services group brings strategic and cost advantages, creating opportunities for greater operational efficiency and superior value creation. We use digital technologies, analytics and, increasingly, AI to simplify bank processes, drive productivity improvements and deliver digital banking services efficiently. Such technologies also play a critical role in our efforts to combat financial crime and bolster cybersecurity, thus ensuring Nordea is a safe and strong partner. Where feasible, we seek to deploy common technology assets and solutions across our different operating countries and customer segments. Our initiatives to build scale advantages are an ongoing, multi-year effort.

Another key driver of profitability is capital efficiency. We aim for low capital intensity and optimal capital deployment across the Group and in each of our four business areas. This has enabled us to distribute excess capital to shareholders through substantial dividend payouts and share buy-backs.

Expansion in key markets

With our Group priorities as a foundation, our four business areas are pursuing strategic initiatives to enhance their competitiveness. One key initiative is to strengthen our position in the savings market. The Nordic savings market is structurally attractive and supported by growing demand for retirement and ESG-related savings solutions and wealth management. During the year we further accelerated our strategic ambitions within savings by completing the acquisition of Swedish digital pension broker platform Advinans. We also worked to integrate the life and pension business we acquired from Topdanmark. The acquired business, now called Nordea Pension, strengthens our position in long-term savings.

Another key focus for us is strengthening the market position and profitability of our Swedish business. In particular, we have been developing our digital capabilities with a view to creating a larger retail, private wealth and SME customer footprint. During 2023 we made good progress in Sweden, increasing our market share in mortgage lending. In Business Banking we ranked first in the annual Prospera customer satisfaction survey, and we increased assets under management in Private Banking.

Finally, we have also been investing to bolster our position in Norway. In July we took a significant step by announcing the agreement to acquire Danske Bank's Norwegian personal customer and private banking business and associated asset management portfolios. The acquisition is expected to increase our mortgage market share in Norway to around 16% from the current 11%. The transaction is expected to close in late 2024. We look forward to welcoming our new customers and extending to them the same products and services used by our existing customers in Norway.

"We are protected by a **profitable, resilient business model** and a well-diversifed credit portfolio."

A well-diversified and resilient risk profile

Despite the challenging market conditions in 2023, our risk profile has remained stable. We are protected by a profitable, resilient business model and a well-diversified credit portfolio, which have cushioned the impact of financial market volatility and the economic slowdown. Credit quality has remained strong. Although impacts from higher interest rates and inflation are now materialising to some degree, they remain at low levels.

We remain focused on our Nordic customers and aspire to grow in our four home markets. Overall, we continue to have a well-balanced credit portfolio, a limited need for loan loss provisions, and low earnings volatility. These have translated into lower funding costs and a better capital position than our peers.

We continue to optimise our risk management strategy and practices. During 2023 we invested to strengthen the management of climate and environmental risks. Our solid risk position, strong balance sheet and capital generation enable selected bolt-on acquisitions to support our portfolio and growth. The acquisition of Topdanmark Life at the end of 2022 and the agreement to acquire Danske Bank's Norwegian personal customer and private banking business are good examples of this. Whether growing organically or through acquisitions, we are committed to increasing income, keeping costs under control and driving market-leading shareholder returns.

OUR VISION AND KEY PRIORITIES

Our vision is to be the preferred partner for customers in need of a broad range of financial services

Key priorities

Create
the best omnichannel customer experience

Drive
focused and profitable growth

Increase
operational and capital efficiency

Key levers supporting our strategy

Digital leader

Sustainability at the core

OUR FINANCIAL TARGET

Financial target 2025

Return on equity

>15%

Assumes CET1 ratio requirement of 15%, including management buffer; rates assumed to normalise at ~2%

Supported by

Cost-to-income ratio

44–46%

Dividend policy

60–70% dividend payout ratio; excess capital distributed through buy-backs

Loan losses

Normalised

~10bp

Capital policy

Management buffer of 150bp above regulatory CET1 requirement

KEY SUSTAINABILITY TARGETS

Net zero 2050

40–50% reduction in carbon emissions across our lending and investment portfolios by the end of 2030

Facilitate more than EUR200bn in sustainable financing between 2022 and 2025

90% of exposure to large corporates in climate-vulnerable sectors to be covered by transition plans by 2025

Double the share of net-zero-committed assets under management by 2025

Gender balance

Each gender to have at least 40% representation at the top three leadership levels combined by the end of 2025

TECHNOLOGY AT THE FOREFRONT

A digital leader in the financial industry

Our future as a digital leader is all about customer experience. We use our knowledge and the latest technological developments to continually expand our range of digital products and services for the benefit of our customers.

We have invested significantly in developing our digital capabilities for many years with the goal of making banking easy and accessible for our customers. Our digital platforms offer customers the freedom and independence to manage their finances when it is most convenient for them – and they have embraced this opportunity. In 2023 we had more than 1.4 billion logins to our digital services, and more than 4.6 million digitally active customers.

Customers can apply for a mortgage via the mobile banking app, receive a digital loan promise within minutes, sign mortgage agreements digitally, and easily switch between variable and fixed interest rates. Savings through digital channels now correspond to 63% of all retail savings transactions.

Moreover, through a chat function on our websites, customers can receive a quick answer to any question. We have also developed a digital adviser that gives customers a savings recommendation matching their finances, expected return, attitude to risk and investment horizon.

We continue to expand our self-service features, making it easier for customers to manage their finances in real time. Our target is to have doubled the number of available digital products and services by 2025 compared with 2022.

"We continue to **expand our self-service features**, making it easier for customers to manage their finances in real time."

Customer satisfaction with our digital services remains high, with the mobile app averaging over 4 out of 5 stars in the Apple and Google Play app stores in all four Nordic countries at the end of 2023. Autonomous Research, a leading provider of research on financial companies, ranks our digital capabilities among the top three banks worldwide.

The possibilities of AI

Building digital leadership is an ongoing effort requiring significant investment in advanced data processing, analytics and cybersecurity capabilities. One key area of focus for us in the coming years is scaling AI across the organisation. We are piloting AI in several areas across the bank to improve customer experience, speed up internal processes, tackle financial crime and provide insights for better decision-making. Given the rapid rate of development in AI technologies around the world, we aim to continuously build on this foundation and identify and deliver new AI use cases that enhance our problem-solving efficiency and help us stay competitive. We are committed to responsible AI, assess all AI applications from a privacy and ethical perspective, and follow regulatory developments in the field closely.

Open banking and digital payments

Emerging technologies are crucial for the evolution of the financial sector. Our approach allows us to embrace and deploy modern digital products and solutions by innovating in-house or partnering with relevant third parties that can help us rapidly deliver tangible benefits for personal and corporate customers. We have been a first mover in the Nordics with our Open Banking and Application Programming Interface (API) platform. Our APIs enable us to participate in the open market ecosystem, improve customer experience and change the way financial services are used.

Digital payments is one area where our customers have benefited from our open banking approach. The Nordics are at the forefront of the move to cashless societies and contactless payments. At Nordea, we

support the shift to digital payments, where we see large benefits, including more security and protection, lower costs for small businesses, and financial crime prevention. We also recognise the importance of financial inclusion. For example, through our community engagement activities, we help the elderly adapt to using digital services. We offer a wide range of innovative digital payment options for personal and corporate customers, accessible on smartphones, tablets, smartwatches and desktop computers. These include our own in-house developments as well as services delivered through active partnerships and third parties. The shift to digital does not mean that customers who do not wish, or are unable, to use cashless solutions are left behind: we also provide support and solutions for people and situations where digital banking is not an option.

Looking ahead, we aim to maintain our number one position for mobile banking in the Nordics and be recognised as a digital leader in the financial services industry. We continue to develop our digital capabilities to improve customer experience, enhance efficiency, prevent financial crime and support the sustainability transition. We are on track to meet our target to increase the number of digitally active Nordea customers by at least 25% over our 2022–2025 strategy period.

SUSTAINABILITY AT THE CORE

Supporting the sustainability transition

As the largest financial services group in the Nordics, we have the opportunity – and responsibility – to help build a new, low-carbon economy. We believe that the transition should be balanced and just, creating opportunities for all.

The financial industry has a key role to play in supporting the transition to a sustainable future. Even when economic and geopolitical challenges threaten to undermine progress towards a sustainable future, we believe that financial services providers should continue facilitating the transition by enabling customers to make sustainable choices and by reducing their own adverse impacts. At Nordea, we strive to do exactly that – and more.

For almost fifteen years, we have been recognised internationally as a leader within responsible investments, and in the past five, we have established ourselves as a global front-runner in offering ESG investments. Today, we provide our customers with a range of ESG-focused products aligned with both the EU Sustainable Finance Disclosure Regulation (SFDR) framework and our own internal Sustainable Selection framework. As an active owner, we use our influence to improve the practices of the companies we invest in. As well as engaging in dialogues with companies on ESG issues, we exercise our voting rights at annual general meetings (AGMs) to support initiatives related to the environment, biodiversity and human rights. In 2023 we exercised such rights at more than 3,700 AGMs.

Supported by our size and scale, we have also started to build a strong position within sustainable financing. We have committed to facilitate more than EUR 200bn in sustainable financing between 2022 and 2025. By the end of 2023 we had already delivered EUR 135bn towards this target. In 2023 we were also the Nordic region's leading provider of corporate sustainable bonds.

We adopt a long-term perspective and believe that companies with sustainable business models carry lower risk. Helping our customers build resilience therefore goes hand in hand with future-proofing our business.

As a financial services provider, we believe that the transition to a low-carbon economy should be balanced and just, creating opportunities for all and ensuring no community is left behind.

Sustainability in our strategy

Sustainability is integral to how we organise our operations, run the bank and manage our risks.

Our sustainability work is built on four strategic pillars: financial strength, climate and environmental action, social responsibility, and governance and culture. For each pillar, we have identified relevant UN Sustainable Development Goals and specific sustainability-related matters that impact us or where we can have a significant impact – through our financing, investments and internal operations.

Definitions of our four strategic pillars are presented on the next page. Our targets, supplementary information, and data related to our sustainability disclosures are presented in the Sustainability notes on pages 329–380.

In relation to climate and environmental action, we have set a long-term objective to become a net-zero emissions bank by 2050 at the latest. To support this aim, we have introduced measurable medium-term objectives. For example, we are working to ensure that 90% of our exposure to large corporate customers in climate-vulnerable sectors is covered by transition plans by the end of 2025.

We are also steering lending towards customer initiatives that help decarbonise the economy, and have set carbon emission reduction targets for various key industry sectors. In 2022 we announced our first set of sector targets, which covered Shipping, Residential Real Estate, Oil & Gas and Mining. Since October 2023 we have added targets for Agriculture, Power Production and Motor Vehicles. The sector targets are important tools

Sustainability at the core

Actively engaging to drive the transition and capture growth opportunities

Financial strength

Understanding and managing environmental, social and governance risks and opportunities is crucial to maintaining our financial strength.

Climate and environmental action

To become a net-zero emissions bank by 2050 at the latest, we are engaging with and supporting our customers and portfolio companies in reducing their climate and environmental impact, while reducing our own.

Social responsibility

By considering human and labour rights throughout our value chain and promoting gender equality, fair employment conditions and education, we aim to create social impact where it matters the most.

Governance and culture

Strong governance and a healthy corporate culture will lead to the successful execution of our strategic sustainability agenda for a greater good.

for helping to reduce carbon emissions in industries that are crucial for a net-zero future. Our goal is to reduce the carbon emissions associated with our lending and investment portfolios by 40–50% by 2030 relative to 2019 levels – and, to date, lending portfolio emissions have decreased by 29%. For the other three pillars – financial strength, social responsibility, and governance and culture – we have also set targets, which cover areas such as gender diversity, human rights and supplier screening.

Sustainability in our business processes

We continually engage with customers and investee companies to understand the sustainability challenges and opportunities they face in their business environments. Our approach prioritises dialogue over disengagement – as long as stakeholders share our commitment to a low-carbon economy.

To gain further insights into our risks, opportunities and impacts related to the climate transition, we embed considerations of environmental, social and governance factors into our risk management frameworks and internal due diligence processes. The insights gained support our understanding of our customers' business environment. This in turn puts us in a better position to support our customers' transitions and drive real impact.

We are committed to enhancing our product and service offering to enable a balanced transition, where all ESG aspects are taken into consideration. This way, we can have a positive impact for our customers, their value chains, and broader society.

We want to be a responsible investor on behalf of our clients and have accordingly developed policies and procedures to ensure that our investments meet criteria such as those detailed in the SFDR. We have also made sustainability a natural part of our investment advice. We signed the UN Principles for Responsible Investment in 2007 and are committed to integrating ESG factors into our investment analysis, decision-making processes and active ownership practices.

Even though our own direct emissions account for less than 0.1% of our total emissions, we are keen to make a positive contribution and improve our own ways of working. In recent years we have introduced new travel and car policies, and we always strive to provide an inclusive work environment for our people. Moreover, we are further integrating ESG factors into our due diligence processes, including supplier screening and monitoring.

"Financial services providers should continue facilitating the transition by enabling customers to **make sustainable choices**."

An ultra-modern robot sorting line

Family-owned Finnish waste management company Kuljetusrinki aims to support the green transition and help its customers achieve their recycling and sustainability targets. To meet increasingly stricter sustainability requirements and regulations, the company has invested in an ultra-modern robot sorting line with financing and advice from Nordea. The facility is used as a reference across Europe.

"The new technology allows us to increase the amount of raw material destined for recycling and reduce the amount of incinerated waste, which also cuts carbon emissions. It will multiply the amount of high-quality and detailed data available to our customers and us, and significantly improve our understanding of waste materials and their composition," says Markus Närhi, CEO of Kuljetusrinki.

"We have a long-standing relationship with Nordea. This was a big investment for us and we appreciate the insightful discussions with our relationship manager and the advice and expertise provided when planning how to best optimise the funding. The basis for the funding was a Verde loan, where Nordea, together with the European Investment Fund, promotes more sustainable investments and the green transition. Nordea has a broad range of solutions and an extensive network that we can benefit from."

Markus Närhi
CEO, Kuljetusrinki

INTRODUCTION

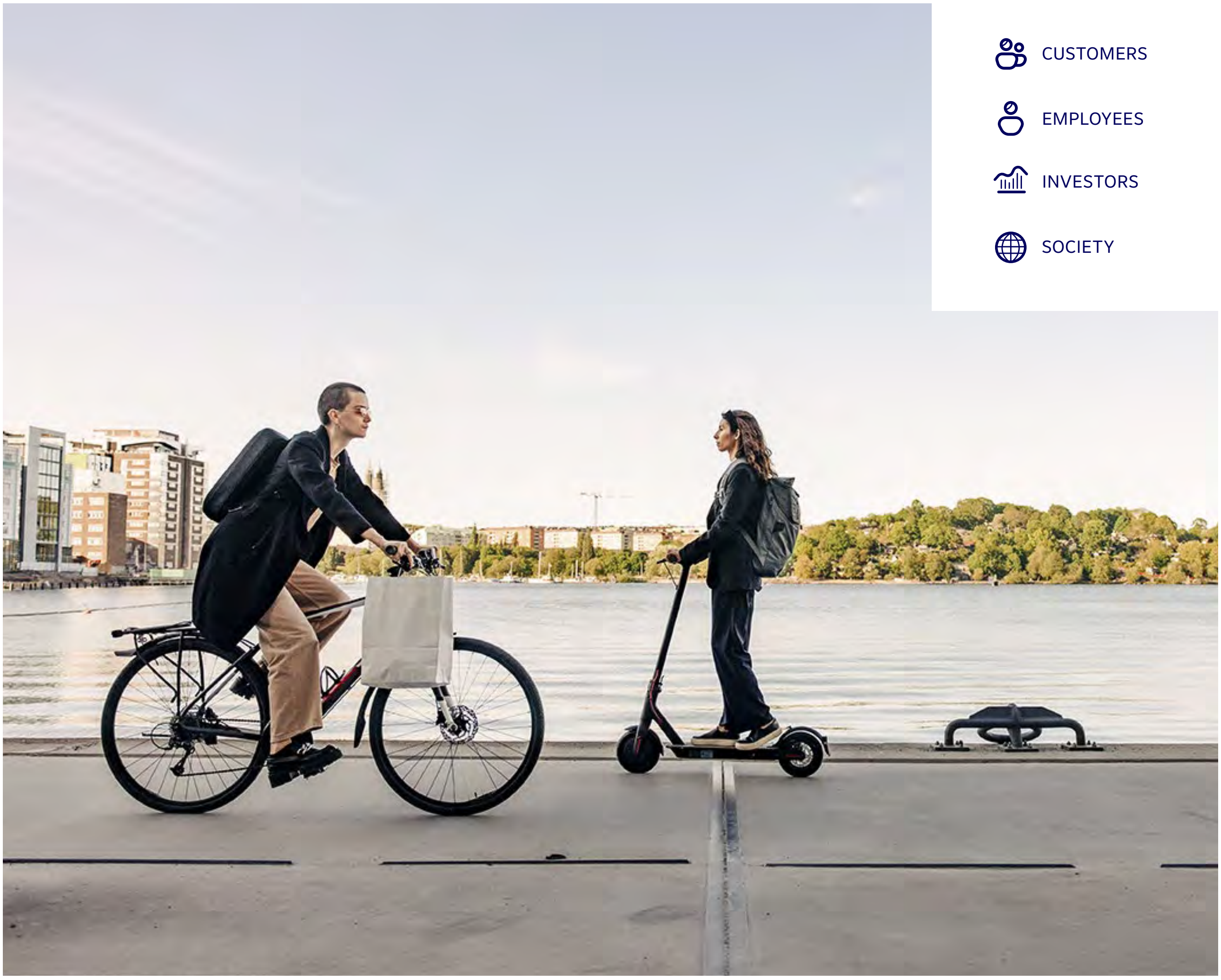
Building trust in **every step**

We help provide financial stability and drive economic growth across the Nordic region. Doing this successfully requires us to build strong and trusted relationships with all our stakeholders.

Our core stakeholders comprise customers, employees, investors, suppliers, regulators and the wider communities in which we operate. We play an important role in the Nordic region, providing financial services that help our societies grow and prosper.

Trust is at the core of every lasting relationship. Every day, we work to build on the trust we have established with all our stakeholders. Success comes from meeting their needs and expectations, and actively contributing to the common good. Our strong financial position ensures we can act effectively on our responsibilities, in both good and challenging times.

On the following pages, we outline our relationships with our customers, employees, investors and societal stakeholders. Our specific actions towards our stakeholders are further elaborated in the Sustainability notes on pages 329–380.



CUSTOMERS

EMPLOYEES

INVESTORS

SOCIETY

CUSTOMERS

13%

year-on-year increase in customer logins to our digital services in 2023

#1

mobile bank based on customer and analyst ratings in the Nordics

EUR 77bn

in sustainable financing facilitated in 2023

Our commitment **to customers**

At Nordea, we work every day to support the financial development of our customers, whether they are private individuals, businesses, institutions or public sector organisations. Our vision is to be the preferred partner for customers in need of a broad range of financial services.

Digital and everywhere

We aim to be a digital leader in our industry, offering an outstanding digital experience for our customers. Our digital investments are a key element of our broader strategy to create the best omnichannel customer experience.

Being omnichannel means providing high-quality services and personal advice while allowing customers to move seamlessly between channels and choose whichever channel suits their needs in the moment. Our omnichannel model combines advanced technologies and artificial intelligence with the expertise of our advisers.

Even in an increasingly digital world, for us at Nordea, people always come first. We use our knowledge and the latest technological developments for the benefit of our customers, continuously expanding our range of digital products and services to deliver on our purpose – enabling dreams and aspirations for a greater good.

"Our vision is to be **the preferred partner for customers** in need of a broad range of financial services."

Driving for a sustainable future

Leveraging our scale, we steer businesses and private customers towards sustainable choices, aiding their transition to a low-carbon world. We also provide financing and advice, and actively engage with our investees to push for needed action. Our aim is to support our customers through periods of change and help them reach new milestones on their path to a more sustainable future.

We support our customers in making sustainable choices through their savings via a wide range of ESG product offerings available across all channels. Our digital adviser Nora can help personal customers start growing their children's savings via our ESG balanced funds, while business customers can use our carbon calculator to better understand their emissions and identify climate transition opportunities.

EMPLOYEES

82

People Pulse average index score for likeliness to recommend Nordea as a place to work (81 in 2022)

88

People Pulse score for equal opportunities (88 in 2022)

94%

of employees supported with performance, learning and development (PLD) dialogues in 2023 as part of their growth and career development (94% in 2022)

Working at **Nordea**

Our aim is to be the preferred employer in the financial industry in our operating countries. Our success depends on competent and engaged people with a passion for creating great customer experiences. We strive to make Nordea a great place to work, where people come as they are and are met with opportunities to evolve, develop and move forward in their careers.

Every three months, we ask our colleagues how they feel about working at Nordea. In 2023 results showed continued strong levels of motivation and satisfaction, with our average People Pulse engagement score of 82 putting us among the top 25% of international clients surveyed by Ennova.

Developing the best talent

The financial services industry is constantly evolving. At Nordea, we focus on attracting and retaining the best talent and ensuring that our 31,439 employees have the competencies we need to thrive today and in the future. In 2023 we implemented a new annual process to identify and close workforce-related gaps and address challenges critical to delivering on our strategic objectives and priorities. One example of this is our increased focus on attracting technology talent, including in the field of AI and machine learning.

Opportunities for learning and personal development are a leading source of motivation for people to join and stay at Nordea. We aim to provide clear and structured career opportunities and career paths, alongside a broad learning curriculum. We also offer ample opportunities for internal mobility and an environment where the region's brightest domain experts can develop.

"We value all perspectives, celebrate our differences and work every day to **drive positive change**."

Fostering diversity

Diversity and inclusion is a natural part of our daily work and something we regard as a strength. Collectively, our employees speak 60 different languages and come from all over the world, holding citizenships from 100 countries. We value all perspectives, celebrate our differences and work every day to drive positive change. Indeed, we are constantly developing our people processes, including recruitment and talent management, to ensure equal opportunities and inclusion.

Our leaders are integral to building an inclusive culture that can attract, inspire and develop talent. Through ongoing yearly dialogues and development planning, they empower employees to advance their own careers and expand their horizons.

INVESTORS

EUR **14.1**bn

total capital returned to our 590,000+ share-holders since we began our repositioning in autumn 2019

EUR **8.7**bn

dividends paid since autumn 2019

EUR **5.4**bn

distributed via share buy-backs since autumn 2021

Shareholder **value creation**

We have an extensive shareholder base, which includes global and Nordic institutional shareholders, more than 570,000 private individuals across the Nordic countries, and numerous pension fund investors representing the interests of thousands more individual investors. The Nordea share is listed on the stock exchanges in Helsinki, Stockholm and Copenhagen.

Market-leading returns

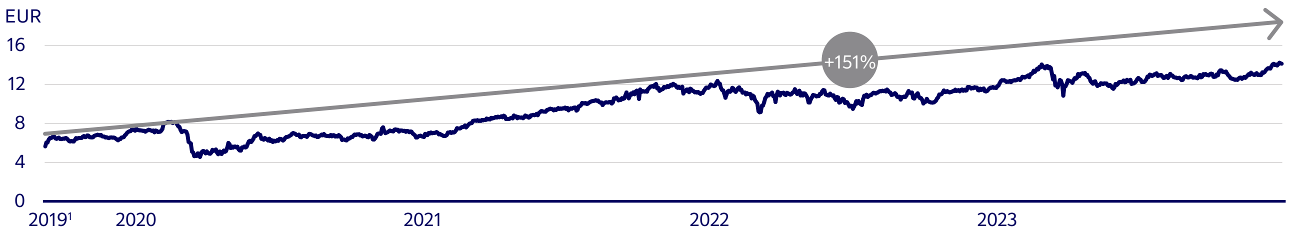
We are a market-leading bank when it comes to share-holder returns – a result driven by the successful imple-mentation of our strategy. Over the past four years we have paid out EUR 8.7bn in dividends. Our dividends support economic activity, drive growth in the Nordic societies and help channel funding towards innovation, education and healthcare. Our shareholders also include several non-profit foundations, which use the dividends they receive to support charitable initiatives and causes.

Strong capital generation

Our capital position has been among the best in Europe for many years running and our capital generation is strong. We were the first European bank to start imple-menting share buy-backs in 2021. In March 2023 we com-pleted our third share buy-back programme and received approval from the European Central Bank for further share buy-backs totalling EUR 1.0bn. In April our Board of Directors decided to launch a fourth share buy-back programme, of up to EUR 1.0bn.

We plan to maintain our strong capital generation, supported by our improved financial performance and capital excellence.

Total shareholder returns



1) Repositioning of Nordea in the autumn of 2019.

SOCIETY

10,415

hours volunteered by employees in our community engagement programmes in 2023

216,000

children and young people supported in building their financial skills in 2023

50

local and national partners involved in our community engagement work

An **active societal partner**

We are committed to helping people and businesses thrive in our region. Living up to our responsibilities involves close collaboration with authorities, supervisory bodies and the wider communities we serve.

Our efforts fuel business growth, spur entrepreneurship and create jobs – all of which drives value creation, generates large tax revenues and promotes economic stability. As a major taxpayer in the Nordics, we contribute significantly to the region's economic growth and development. Further information on our role as a responsible taxpayer can be found in Note S5 "Governance and culture" on pages 364–373.

Supporting the sustainability transition

Our role as an active partner in society involves supporting the transition to more sustainable economies. Climate change and environmental degradation are major threats to the world and our region, and we aim to be part of the solution. We focus on making a positive impact through our business dealings with customers and seek to run our own operations as sustainably as possible.

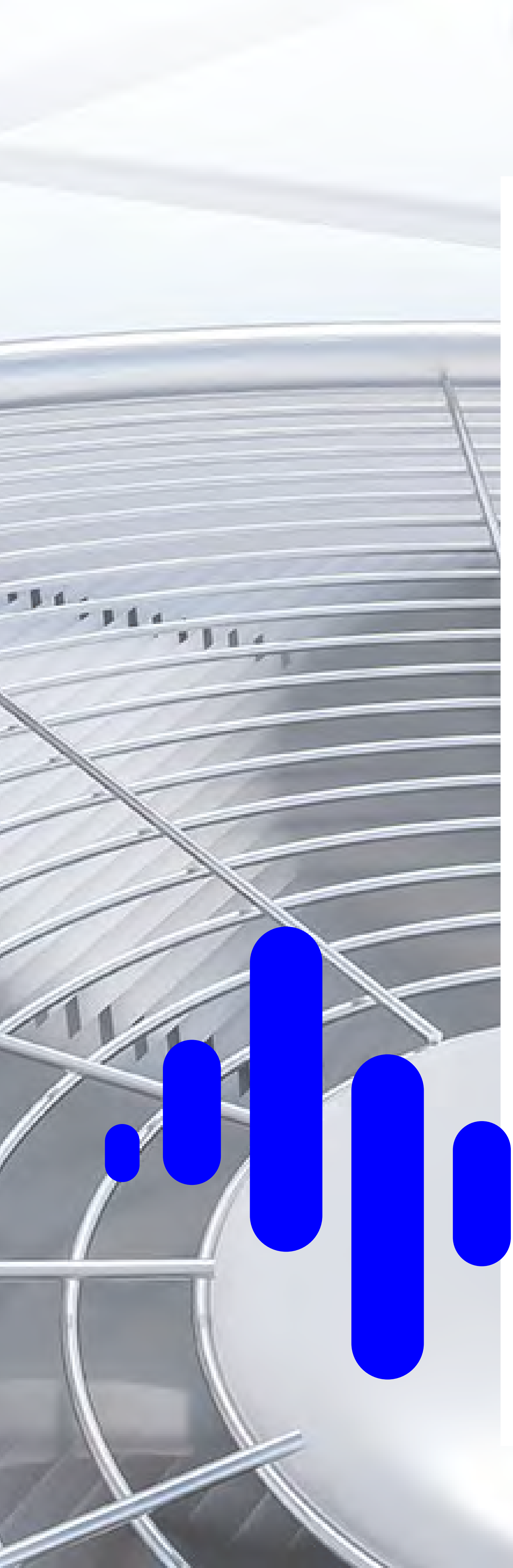
Engaging with local communities

Our community engagement efforts are wide ranging. Through three core programmes, we help people develop their financial skills, foster entrepreneurship, and support refugees with language tuition and digital skills. For example, our Matteutmaningen initiative invites families in Sweden to solve maths challenges and provides parents with tips on how to teach maths at home. Another successful initiative is Fearless Founders, a mentoring scheme where seasoned entrepreneurs share advice with women and recent graduates who want to start or grow a business. Through this initiative, we seek to promote a more equal and sustainable society.

To deliver on our community engagement programmes, we work closely with various local and national non-profit organisations in the Nordic countries, Poland and Estonia. Our employees get involved too: in 2023 more than 1,600 of them collectively volunteered a total of 10,415 hours to support our community engagement initiatives.

Engaging with regulatory authorities

A robust and secure financial sector requires close cooperation between financial services groups and sector supervisors. At Nordea, we are in active dialogue with regulatory authorities, both EU-level and national, on topics ranging from prudential requirements and risk management to anti-money laundering and countering the financing of terrorism. Our goal is to serve as a dependable source of insight and expertise and support the work of regulators in safeguarding the integrity and stability of the financial system.



Beijer Ref's springboard to the US market

"Sustainable temperature control for all" is the vision of Beijer Ref, which specialises in solutions for commercial refrigeration, air conditioning and heating.

The Swedish wholesaler has been on an impressive growth journey, with Nordea by its side for over 20 years. With 140 subsidiaries in 45 countries, it has 5,500 employees and is listed on the Nasdaq Stockholm.

Sustainability is a central part of Beijer Ref's strategy. In addition to selling products from leading suppliers, the company manufactures refrigeration units and heat pumps with a clear environmental profile.

"We have a strong focus on organic growth as well as the consolidation of today's largely fragmented market," says Beijer Ref CEO Christopher Norbye. Since 2000, Beijer Ref has completed over 60 acquisitions, with Nordea playing a key role as a financial partner.

"We have a long history with Nordea, who have always been supportive," says Norbye.

In 2023 the company entered the North American market through its purchase of Heritage Distribution. Nordea helped facilitate the SEK 13bn transaction through both bridge financing and a rights issue.

The US represents a significant growth opportunity for Beijer Ref, as the world's largest heating, ventilation and air conditioning (HVAC) market is undergoing a shift towards more energy-efficient and sustainable products.

"This acquisition was a transformative step for us and creates new conditions for continued global expansion," says Norbye.

Christopher Norbye
CEO, Beijer Ref

Photo: Andreas Offesson

Staying safe online

Hanne V was at home, browsing the internet on her phone, when she got a text message from a sender whose name seemed familiar. "The text message looked realistic," she recalls. However, the message contained a malicious link, which Hanne opened in her phone's browser – something easily done if you are not paying attention.

There, Hanne entered her phone number, but her vigilance and healthy suspicion soon kicked in when she saw what she was being asked to do.

"In hindsight, I shouldn't have clicked on the link in the first place and should instead have paid close attention to the sender's name. As I'd filled in my phone number on the page, the morning after I received several text messages asking me to approve different transactions with my BankID. Which I obviously didn't do."

Unsure of how serious the situation was, Hanne contacted her Nordea adviser, who provided instant reassurance.

"In the end no harm was done and I did not end up a victim of any fraud, but the event itself was enough for me. What I appreciated in the situation was Nordea's fantastic proactivity and care. I was greeted with warmth and not made to feel silly in any way. I was impressed by how Nordea handled it and how they contacted me and kept me informed afterwards. They also guided me to learn more about how to recognise risks and potential fraud attempts in the online environment."

"What I appreciated in the situation was Nordea's **fantastic proactivity and care**."

INTRODUCTION

Our four **business areas**

Our four business areas cater to the needs of different customer segments, ranging from private households and small businesses to the largest enterprises in the Nordic region. Each strives to offer relevant advisory services, products and solutions.

Each business area is individually responsible for providing services to its customer segments and is fully accountable for its income, costs, risks, customer experience, investment decisions and capital management.

Our business areas are united under a single pan-Nordic operating model and share the same Group functions, which ensures optimal delivery and a competitive cost structure, increases time spent with customers, and allows us to bring new products and services to market more quickly. This approach also supports cost efficiency and collaboration between the business areas.

Personal Banking

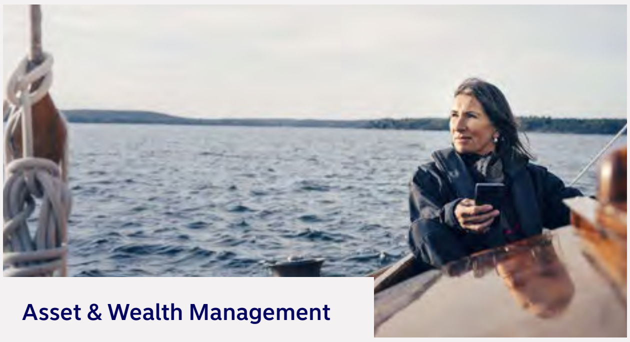
In Personal Banking we provide household customers with easy and convenient everyday banking and advice for all stages of life. We strive to offer a comprehensive and attractive range of financial products and services, along with a great omnichannel customer experience.

Business Banking

In Business Banking we aim to be the preferred bank for small and medium-sized enterprises, helping them develop and grow in a sustainable way. Our advisory services and comprehensive range of products and solutions enable our customers to be successful both locally and internationally.

Large Corporates & Institutions

In Large Corporates & Institutions we support large Nordic corporate and institutional customers with a range of financial solutions. We also provide services through the product and specialist units Markets and Investment Banking & Equities and through our international corporate branches in New York, London and Shanghai.



Asset & Wealth Management

In Asset & Wealth Management we offer an extensive range of award-winning savings products through internal and external distribution channels. Our ambition is to be the preferred wealth manager in each Nordic market and a leading European asset manager, providing our customers with valuable advice, global reach and a competitive sustainability offering.

PERSONAL BANKING

Everyday banking made easy

In Personal Banking we provide household customers with easy and convenient everyday banking and advice for all stages of life. We strive to offer a comprehensive and attractive range of financial products and services, along with a great omnichannel customer experience.

How we do business

We offer individuals and households a wide range of banking services, from savings accounts and investment products to home loans and payment services. Most of our customers' banking needs are met by our comprehensive range of self-service online and mobile banking solutions. Our digital offering is complemented by the expertise of our advisers. However our customers choose to bank with us, our goal is to always provide advice that is personal and relevant. We have been expanding our sustainability-related advisory services and today offer a range of green lending and savings products. Our Nordic footprint, scale and local adaptability help us drive efficiencies in each of our markets.

Business development

Nordea customers value flexibility in choosing when and how they bank with us, and our focus has therefore been to provide a comprehensive range of self-service mobile and online banking solutions. In today's uncertain economic environment, customers have appreciated being able to easily access the information they need and manage their finances at the most convenient time for them. In 2023 the number of private mobile app users increased by 8% year on year and logins were up 11%.

While customers can attend to most banking matters digitally, our advisers are also on hand to provide advice on personal finance matters. They were again proactive in 2023, using leads from our digital channels to connect with customers and offer assistance. We also invited customers to webinars providing advice on managing personal finances. Overall, we held more in-person and online meetings and handled more traffic through our contact centres than in 2022.

Reflecting the economic climate, customer demand for new loan promises fell, as did overall customer investment activity. However, customers increased their activity in recurring investments and their monthly savings top-ups. To cater to customer demand, we launched new deposit products and increased the interest paid on all savings accounts as well as on transaction accounts in Denmark, Finland and Sweden.

Our digital investments have been a launchpad for us to deliver a more compelling offering across our markets, including digital advisory services for savings and pensions and online tools through which people can apply for a mortgage. For example, in Sweden, our online mortgage portal, Mitt bostadsköp, handled 60% of incoming mortgage applications in 2023, up from 55% in 2022.

Overall customer satisfaction continued to improve in 2023, with a positive development relative to peers. Customers rate our iOS and Android applications for household customers highly. We performed well in external benchmarks too: D-Rating named us the best digital performer among European retail banks and we won Global Finance's award for best digital user experience among banks in Western Europe.

To build on this momentum, we continued to update the digital experience for our customers in 2023. Customers can now, within a single pane, search for products, submit questions to and interact with a digital adviser, and get help from a Nordea expert. We also launched a new savings experience that allows customers to set savings goals, search for investments by theme, view detailed profit and loss information, and enjoy an improved trading flow with real-time prices.

Customers continue to show strong interest in making a positive ESG impact through their savings. Our ESG products have performed well and in 2023 the ESG share of gross inflows into funds remained high at 31%. During the year we further expanded our sustainability-linked product offering. Across our Nordic markets, customers can now use the Nora digital savings adviser to kickstart their children's savings through ESG-balanced funds. We also issued our second green covered bond, in the process becoming the largest green covered bond issuer in Finland.

In July we announced an agreement to acquire Danske Bank's Norwegian personal customer business, thereby strengthening our market position in Norway. We expect to close the acquisition in late 2024.

Results

Total income grew by 21% year on year, driven by improved deposit margins linked to higher policy rates in all markets. As a result of the slowing housing market, mortgage volumes were stable year on year in local currencies. Deposit volumes were up 1% year on year in local currencies.

Net interest income grew by 34% year on year, reflecting higher deposit margins across the Nordics. The development was partly offset by lower mortgage margins in Finland, Norway and Sweden resulting from rate changes, and lower lending margins in Denmark due to a changed product mix.

Net fee and commission income decreased by 5% year on year, mainly driven by lower lending fee income in Denmark. This was partly offset by higher investment and insurance income (including net insurance result).

Total expenses increased by 8% year on year due to salary inflation, investments in technology and risk management in line with our business plan, and lower capitalisation of development costs.

Total net loan losses and similar net result amounted to EUR 112m (7bp), compared with EUR 56m (3bp) in 2022, and was in line with our expectations. This was driven by the macro development in our markets.

Operating profit increased by 32% and return on capital at risk improved to 27% from 19%.

"In 2023, thanks to expanded self-service options, customers used our digital services **more than ever before**."

Sara Mella
Head of Personal Banking

Achievements in 2023

Improved ROCAR by 8 percentage points, to 27%.

Drove record-high use of digital services, with mobile app logins up 11%.

Won Global Finance award for best digital user experience among banks in Western Europe.

Drove strong ESG share of gross fund inflows at 31%.

Total income: EUR 4,639m
Costs: EUR -2,030m
Operating profit: EUR 2,497m
Cost-to-income ratio: 44%
ROCAR: 27%

2025 priorities

Create best-in-class omnichannel customer experiences through personalised digital services and competent advice.

Increase profitability by growing savings, strengthening our position in Sweden and offering sustainable choices and advice.

Increase operational efficiency through our digital capabilities and Nordic scale.

2025 targets

We plan to disclose updated ROCAR and cost-to-income ratio targets in conjunction with our first quarter 2024 financial report.

BUSINESS BANKING

Effortless banking for SMEs

In Business Banking we aim to be the preferred bank for small and medium-sized enterprises (SMEs), helping them develop and grow in a sustainable way. Our advisory services and comprehensive range of products and digital solutions enable our customers to be successful both locally and internationally.

How we do business

We are a full-service bank for SMEs in the Nordics, offering both essential banking services and expert advice to support customers' more complex needs. We provide expertise on a broad range of sectors, and support start-ups and high-growth companies via dedicated teams in each market. In recent years we have developed our sustainability-related advisory services and product offering, enabling us to help customers transition to greener business models. Our award-winning digital capabilities deliver effortless daily banking for customers while helping us free up time for advisers to meet unique customer needs.

Business development

In 2023, amid the weakening economic outlook and higher uncertainty, we focused on increasing our proactive engagement towards our customers. Combined with a business partner approach to building long-term customer relationships, this enabled us to grow lending volumes by 1% in local currencies year on year despite the weakening corporate market. We also continued to grow loan and deposit market shares in our growth markets. Loan losses remained low at 8bp.

Our performance shows that we continue to earn the trust of SMEs. Customer satisfaction improved to an all-time high and we continue to close gaps with peers. In Prospera's 2023 customer satisfaction survey we were the highest-ranking bank in Sweden for small & mid-sized corporates and ranked first in the Nordics for cash management. During the year we took steps to further enhance customer service quality. For example, our relationship managers across the four Nordic markets can now use a new customer insight tool to give more relevant advice and spend more time with customers. We also rolled out a first version of a digital corporate financing tool aimed at delivering improved lead times for lending decisions.

In the third quarter we released a new version of our award-winning Nordea Business app, which enables customers to manage and purchase products easily through their smartphones. By improving our digital customer experience and self-service feature coverage in all digital channels, we have been able to decrease average contact centre waiting times.

In response to increased customer focus on managing liquidity and working capital, we launched a digital trade guarantee service, upgraded our digital invoicing experience and made cash flow insights available in Nordea Business.

Sustainability remains a key focus area, both for us as a bank and for our customers. Our green asset portfolio increased to 11% of total lending and we saw strong customer demand for the new sustainability guarantee launched in May in collaboration with the European Investment Fund. In the fourth quarter we launched an SME Net-Zero Commitment Loan – the first of its kind in the Nordics – which is currently available to customers in Denmark and Sweden. During the year we also completed the Nordic roll-out of our business carbon calculator, which enables customers to better understand their emissions and identify climate transition opportunities.

Results

Total income increased by 18% year on year, driven by higher lending volumes, improved deposit margins and higher net result from items at fair value. Lending volumes increased by 1% in local currencies, driven by Sweden and Norway.

Net interest income increased by 29% year on year, driven by higher lending volumes and improved deposit margins. Deposit margin increases were linked to policy rate hikes in all markets. The growth was partly offset by lower lending margins.

Net fee and commission income decreased by 5% year on year, driven by lower mortgage refinancing activity and lower savings income. These were partly offset by growth in payment and card fee income.

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

Total expenses increased by 5% year on year, mainly driven by investments in technology and risk management in line with our business plan. The cost-to-income ratio improved to 38% from 42% in 2022.

Despite the weakening macroeconomic outlook, credit quality remained robust and we maintained a diversified portfolio across segments and countries. Net loan losses and similar net result amounted to EUR 80m (8bp). This included a positive impact of EUR 8m (1bp) from the revaluation of Nordea Kredit's mortgage portfolio.

Operating profit amounted to EUR 2.1bn, a year-on-year increase of 26%. Return on capital at risk increased from 19% to 23% for the full year, driven by higher income.

"In these uncertain times we continue to **stay close to our customers, supporting them** with all their financing needs."

Nina Arkilahti
Head of Business Banking

Achievements in 2023

Grew income by 18% and improved ROCAR by 4 percentage points, to 23%.

Won Global Finance award for best Digital Bank for SME Banking in Denmark, Finland and Sweden.

First in Nordics to launch Net-Zero Commitment loan, currently available in Sweden and Denmark.

Increased green asset portfolio to 11% of total lending.

Total income: EUR 3,454m
Costs: EUR -1,307m
Operating profit: EUR 2,067m
Cost-to-income ratio: 38%
ROCAR: 23%

2025 priorities

Deepen customer relationships and focus on profitability.

Accelerate growth in Sweden and Norway.

Be the leading digital SME bank and preferred sustainability partner.

2025 targets

We plan to disclose updated ROCAR and cost-to-income ratio targets in conjunction with our first quarter 2024 financial report.

LARGE CORPORATES & INSTITUTIONS

The bank of choice for large Nordic corporates and institutions

In Large Corporates & Institutions (LC&I) we support large Nordic corporate and institutional customers with a range of financial solutions. We also provide services through the product and specialist units Markets and Investment Banking & Equities and through our international corporate branches in New York, London and Shanghai.

How we do business

We serve the banking and finance-related needs of many of the most prominent businesses and institutions in the Nordics, targeting an exceptional level of customer service. Furthermore, we support customers with both equity and debt banking services, and in managing financial risks. LC&I is also home to our Markets unit, which produces research and offers risk management solutions. In recent years we have significantly developed our ESG advisory services, ensuring we can effectively support customers in their sustainability transitions. Our pan-Nordic diversification, capital excellence and focus on selected growth opportunities position us well for sustained business success.

Business development

We pride ourselves on being a predictable and trusted partner for our large corporate and institutional customers. In 2023 our customers again valued our active support and expert advice amid continued market turbulence and uncertainty. In this environment, we continued to drive solid levels of customer activity and maintained our risk management focus, benefiting from our pan-Nordic diversification, strong credit quality and market-leading position.

Several parts of the capital markets business remained challenging, but overall customer activity levels held up well. Investment Banking and Equities delivered its second strongest performance to date, supported by a number one Nordic equity capital markets ranking and large transactions, including Coloplast's DKK 9.2bn equity issue, a SEK 14bn underwritten rights issue for Beijer Ref, and a EUR 6bn green bond for the European Union.

In Nordea Markets customer activity remained high amid signs of a challenging real economy. The market environment was predominantly volatile, with a rebound in equity and credit market activity towards the end of the year. We maintained our intense focus on cost control and capital footprint optimisation, enabling continued customer support and solid results, and made further progress with our digitalisation efforts. Customer use of our automation offering for managing foreign currency flows increased by approximately 32% year on year.

We continued to be a leading player within sustainable finance and customer demand for sustainable advisory services remained strong. During the year we further raised the bar in the area of sustainability, launching a strategic data collection tool for emissions and a climate transition plan maturity ladder to follow up on transition progress and enhance customer ESG dialogues.

We remain on track to facilitate EUR 200bn in sustainable financing for our large corporate and institutional customers by 2025, and we have now delivered EUR 128bn towards this target. By the end of the year we once again ranked first for Nordic corporate sustainable bonds.

In the 2023 Prospera customer satisfaction survey we were recognised as the Best Corporate Bank in Denmark and our Nordic corporate banking score remained high.

We were also the winner of Global Finance's 2023 Sustainable Finance Awards for Denmark, Finland and Norway, and received the award for outstanding leadership in transition/sustainability-linked loans for Western Europe.

Results

Total income was up 7% year on year. Net interest income increased by 24%.

Lending volumes were broadly unchanged, while deposit volumes were down 8%. Deposit volumes showed significant volatility over the course of year, driven by measures taken by our customers to handle the market turbulence. We continued to see a pick-up in deposit volumes following the drop in the second quarter.

Net fee and commission income was down 1% year on year amid continued weak capital markets. Net result from items at fair value decreased by 18% due to challenging market conditions and following a strong 2022.

Total expenses increased by 3%, mainly driven by additional technology and risk management investments. These were partly offset by continued strict cost control and lower regulatory fees. Net loan losses and similar net result amounted to net reversals of EUR 22m (3bp), reflecting the strong underlying credit quality of our loan book. At the end of the year the total provisioning level stood at approximately EUR 345m or 0.66% of LC&I lending.

Operating profit increased by 7% year on year, to EUR 1.6bn, mainly driven by solid income and net loan loss reversals.

We continued to exercise solid capital discipline. Return on capital at risk increased from 19% to 20% for the full year.

"As the world and our customers' needs change, we continue to provide **outstanding customer support**."

Martin A Persson
Head of Large Corporates & Institutions

Achievements in 2023

Improved ROCAR by 1 percentage point, to 20%.

Achieved #1 core league table and customer rankings.

Reduced financed greenhouse gas emissions by 49% compared with 2019.

Delivered strong and stable customer support in turbulent and uncertain times.

Total income: EUR 2,397m
Costs: EUR -866m
Operating profit: EUR 1,553m
Cost-to-income ratio: 36%
ROCAR: 20%

2025 priorities

Drive core income growth.

Structurally lower our cost to serve.

Accelerate capital excellence through efficient balance sheet use, new capital models and risk-sharing transactions.

Be the preferred sustainability partner for our core Nordic corporate and institutional customers.

2025 targets

We plan to disclose updated ROCAR and cost-to-income ratio targets in conjunction with our first quarter 2024 financial report.

ASSET & WEALTH MANAGEMENT

The preferred Nordic wealth manager

In Asset & Wealth Management we offer an extensive range of award-winning savings products through internal and external distribution channels. Our ambition is to be the preferred wealth manager in each Nordic market and a leading European asset manager, providing our customers with valuable advice, global reach and a competitive sustainability offering.

How we do business

We offer individuals and businesses savings, investment and banking solutions, and provide expert insights and recommendations through our advisory network and mobile banking platform. We actively manage investment funds, advise high net worth clients, corporations and foundations on how to protect and grow their wealth, and provide life insurance and pensions products and services. Drawing on our long-standing sustainability expertise, we also offer customers globally competitive ESG products and incorporate related considerations into our investment portfolios. We are an engaged asset manager and exercise active ownership to drive positive change. We strive to be at the forefront of offering digital solutions within savings and investments.

Business development

In 2023 we maintained our strong momentum in Private Banking, with high customer activity and acquisition contributing to solid net flow development across the Nordics. Net flows were positive at EUR 3.0bn despite overall challenging market conditions.

During the year we welcomed more than 3,800 new Private Banking customers, demonstrating the strength of our business franchise. Private Banking customer satisfaction also improved in all markets.

We continued our efforts to become a digital leader within savings and investments. We launched enhanced functionalities for savings and investments in the mobile banking app, introduced features to facilitate closer customer-adviser interaction, and reduced time-to-market development cycles by further bringing our advisory expertise into the digital space.

We also took steps to bolster our position in our four Nordic markets in support of our ambition to be the leading Nordic wealth manager. In July we announced plans to strengthen our position in Norway by acquiring Danske Bank's Norwegian private banking business and associated asset management portfolios. In recognition of our progress, we were named Best Private Bank in the Nordics and Finland by Professional Wealth Management in their 2023 Global Private Banking Awards.

Assets under management (AuM) increased by 5% year on year, to EUR 378bn, driven by appreciating stock markets and higher interest rates. Investment performance remained strong despite the challenging environment, with 76% of aggregated composites providing excess return on a three-year basis. Net flows were impacted by the market environment, which prompted international institutions and third-party partners to favour fixed-term or money market funds, traditional banking products and direct government bond investments.

Our long-standing focus on ESG continued to gain recognition among investors. We won the 2023 Environmental Finance Sustainable Investment Awards for infrastructure fund of the year and social fund of the year with our Global Sustainable Listed Real Assets Fund and Global Climate and Social Impact Fund, respectively. And we strengthened our position in Broadridge's Fund Brand 50 report, rising to ninth best in Europe for asset management and second best for sustainability. At the end of the year around 69% of total AuM were in ESG products.

In Life & Pension we continued to put our growth plans into action. We further integrated the Topdanmark life and pension business we acquired in late 2022, now called Nordea Pension, to bolster our position in long-term savings. We also completed the acquisition of the Swedish digital pensions platform Advinans AB, strengthening our digital occupational pension offering in Sweden. Moreover, we further integrated our digital pensions adviser, Nora Pension, into our advisory process, and strengthened our position in the pension transfer market in both Sweden and Norway to support our strategic ambitions within the savings area. Gross written premiums reached an all-time high at EUR 8.5bn.

Results

Total income increased by 10% year on year, to EUR 1.4bn, mainly driven by higher deposit income. Net interest income was EUR 308m, up 82% year on year, mainly driven by improved deposit margins.

Lending volumes decreased by 2% year on year. Deposit volumes decreased by 8%, while deposit margins improved.

Net fee and commission income was EUR 977m, down 5% year on year, driven by lower asset management commissions.

Net insurance result increased by 5%, to EUR 85m, mainly due to the inclusion of Nordea Pension.

Net result from items at fair value amounted to EUR 35m, up from EUR 2m in 2022, mainly due to gains on shareholders' equity portfolios in Life & Pension and the inclusion of Nordea Pension.

Total expenses increased by 7% year on year, mainly driven by the inclusion of the acquired Nordea Pension business and investments in nearshoring and risk management.

Net loan losses and similar net result was unchanged at EUR 2m.

Operating profit was EUR 813m, up 12% year on year. The cost-to-income ratio with amortised resolution fees improved to 42% from 43% in 2022. Return on capital at risk was 53%, a year-on-year increase of 18 percentage points.

"Despite the challenging climate, **our investment performance remains strong.**"

Snorre Storset
Head of Asset & Wealth Management

Achievements in 2023

Improved ROCAR by 18 percentage points, to 53%.

Won Professional Wealth Management award for Best Private Bank in the Nordics and Global Finance award for best private bank in each of our four home markets.

Were the only Nordic firm in Ignites Europe's top 10 best performing fund firms in Europe.

Ranked in the top 10 in Europe for asset management and second best for sustainability in Broadridge's Fund Brand 50 report.

Total income: EUR 1,403m
Costs: EUR -588m
Operating profit: EUR 813m
Cost-to-income ratio: 42%
ROCAR: 53%

2025 priorities

Be the leading Nordic wealth manager, preferred by entrepreneurs and business owners.

Be a top European asset manager, with superior ESG capabilities.

Be the leading provider of private and occupational pensions across the Nordics.

2025 targets

We plan to disclose updated ROCAR and cost-to-income ratio targets in conjunction with our first quarter 2024 financial report.

Trust is key

Nordea has been Jakob N's main choice of bank for more than ten years. He started out as a customer in Private Banking and the positive experiences he had convinced him to move his business accounts to Nordea as well. Over the years, the relationship has deepened and now Jakob and Nordea are working together to manage both his private and business-related banking needs.

"The relationship with Private Banking has always been very close and professional. It's the people and continuity that build trust – which is really important to me. Over the years, in both good and bad times, the mutual trust between the advisers and me has made things easy. Of course, every relationship has its ups and downs but the open and honest dialogue has helped resolve every situation."

"Private Banking has combined my personal and business needs perfectly. It's great to have a single point of contact for whatever I want to get done, whether it concerns me personally, my business or any members of my family. Private Banking has also given me an opportunity to expand my network. One example of this is a round table discussion I had with Nordea's other Private Banking customers. For me, meeting new people and forging new relationships is imperative so it's nice that Private Banking caters to this need as well."

"It's great to have a **single point of contact** for whatever I want to get done."

Board of **Directors' report**

Table of **Contents**

Key events of the year

Selection of key events 2023

February

Fourth-quarter and full-year results 2022: Continued growth in business volumes, driven by strong corporate lending despite higher economic uncertainty.

Together with the European Investment Fund, Nordea introduces a new range of guaranteed loans for small and medium-sized enterprises to accelerate the innovation and transition to a green and sustainable economy.

March

Annual Report, including sustainability reporting, and Remuneration Report for Governing Bodies published.

The Annual General Meeting of Nordea is held on Thursday 23 March in Helsinki and can be followed via a live webcast.

Nordea completes third share buy-back programme of EUR 1.5bn.

April

First-quarter results 2023: Strong profitability in a slower market. Business volume growth driven by corporate lending. Strong capital position enabling high dividends and continued buy-backs.

Nordea launches its fourth share buy-back programme of up to EUR 1.0bn.

Dividend distribution: A total of EUR 3bn paid to shareholders, including more than 570,000 private individuals and numerous pension funds across the Nordics.

May

Nordea completes acquisition of digital pension broker platform Advinans.

July

Half-year results 2023: High income growth and strong operating profit. Stable business volumes. Upgraded outlook for 2023: return on equity increased to above 15% from above 13%.

Nordea announces acquisition of Danske Bank's personal customer business and associated savings assets in Norway.

EBA stress test confirms Nordea's resilient capital position.

September

Nordea best ranked among Nordic peers in Sustainalytics' ESG Risk Ratings.

October

Third-quarter results 2023: Strong operating profit, driven by high income growth. Continued growth in corporate lending, stable mortgage volumes.

Nordea sets sector targets for power production and agriculture.

November

Nordea expands its sustainability offering by launching a Net-Zero Commitment Loan in collaboration with the SME Climate Hub, a non-profit global initiative.

December

Nordea and OP Financial Group form a joint venture to enhance payment services in Finland.

Key achievements 2023

CET1 ratio	Operating profit	RoE	C/I
17%	EUR 6.3bn	16.9%	44.6% / 41.9%[1]

Outlook[2]

Financial target for 2025

- Nordea's financial target for 2025 is a return on equity of above 15%.
- The target will be supported by a cost-to-income ratio of 44–46%, an annual net loan loss ratio of around 10bp and the continuation of Nordea's well-established capital and dividend policies.

Financial outlook for 2024

- Nordea expects a return on equity above 15%.

Capital policy

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

Dividend policy

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

1) Excluding regulatory fees.
2) Outlook as of 5 February 2024.

Financial review 2023

Key figures and ratios 2023

Group results and key ratios 2023

EURm	2023	2022[1]	Chg %
Net interest income	7,451	5,664	32
Net fee and commission income	3,021	3,186	-5
Net insurance result	217	173	25
Net result from items at fair value	1,014	1,160	-13
Other income	40	75	-47
Total operating income	**11,743**	**10,258**	**14**
Total operating expenses excluding resolution fees	-4,922	-4,512	9
Total operating expenses	-5,238	-4,834	8
Profit before loan losses	**6,505**	**5,424**	**20**
Net loan losses and similar net result[2]	-167	-49	–
Operating profit	**6,338**	**5,375**	**18**
Income tax expense	1,404	-1,189	18
Net profit for the year	**4,934**	**4,186**	**18**
Cost-to-income ratio, %	44.6	47.1	–
Return on equity, %	16.9	13.8	–
Diluted earnings per share, EUR	1.37	1.10	25
Return on assets, %	0.8	0.7	–
Equity ratio, %	5.3	5.2	–

1) Excluding the following items which affect comparability in 2022: a non-deductible loss from the recycling of EUR 529m in accumulated foreign exchange losses related to operations in Russia and EUR 8m (EUR 6m after tax) in losses on fund investments in Russia, recognised in "Net result from items at fair value", and EUR 76m (EUR 64m after tax) in credit losses on direct exposure to Russian counterparties, recognised in "Net loan losses and similar net result".
2) Includes fair value adjustments to loans held at fair value at Nordea Kredit.

Results summary 2023
Total operating income in 2023 was up 14% compared with 2022. Total expenses increased to EUR 5,238m. Net loan losses increased to a level of 5bp (4bp). Operating profit was up 18%.

Income
Net interest income
Net interest income increased by 32%. The main drivers were increased deposit margins across the business areas supported by corporate lending volume growth. This was partly offset by lending margin pressure as well as a negative impact from exchange rate effects of approximately EUR 519m.

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

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

Net fee and commission income
Net fee and commission income decreased by 5%, mainly driven by a negative impact from exchange rate effects of approximately EUR 122m, lower lending-related commissions and lower income from savings and investments following a decline in average assets under management.

Net insurance result
Net insurance result increased by 25% driven by the inclusion of Nordea Pension and a higher interest rate level in 2023 affecting guaranteed life insurance products in scope for IFRS 17.

Net result from items at fair value
Net result from items at fair value amounted to EUR 1,014m, decreased by 13%, mainly driven by lower result in Treasury and lower market-making result in Markets due to falling market rates and increased interest rate volatility in the latter part of the year. This was partly offset by solid customer risk management activity focused on foreign exchange and interest rate products.

Equity method and other operating income
Income from companies accounted for under the equity method was EUR -3m, up from EUR -8m. Other operating income was EUR 43m, down from EUR 83m.

Expenses
Total operating expenses were up 8% compared with 2022. Higher costs were driven by inflation and additional technology and risk management investments. Staff costs were up 4%. Other expenses were up 9%. Depreciation and amortisation was up 32% mainly due to write-offs of intangible assets, including EUR 130m related to a change in treatment of development costs of digital services.

Staff costs and FTEs
Staff costs, significant agreements with key management personnel, gender distribution and the number of employees by country are disclosed in Note G8. More information is presented on pages 183–197.

Net loan losses and similar net result
Net loan losses for 2023 were low at EUR 187m (EUR 112m), corresponding to an annual net loan loss ratio of 7bp (4bp) for lending at amortised cost. Including fair value gains from the Danish mortgage portfolio at EUR 20m, "Net loan losses and similar net result" amounted to EUR 167m, corresponding to 5bp (4bp).

Individually calculated losses amounted to EUR 191m and were driven by write-offs, while provisions and reversals were low. The individual provisions were partly driven by construction and consumer-related industries which were affected by cost increases and lower consumer demand.

Management judgements were reduced by EUR 90m during the year, from EUR 585m to EUR 495m. The cyclical management judgement allowance was EUR 414m at the end of the year, down from EUR 430m, fully due to foreign exchange fluctuations. The management judgement was assessed to be at an appropriate level. During the fourth quarter of 2023 the requirement to automatically make full provisions for aged non-performing retail loans was implemented. As a result, EUR 74m was transferred from the structural management judgement allowances to collective provisions, as planned.

Overall provisioning levels and coverage were maintained. At the end of 2023 the structural management judgement amounted to EUR 81m, covering planned improvements to provisioning models and processes.

Operating profit
Operating profit increased by 18% to EUR 6,338m, driven by growth in total income.

Taxes
The effective tax rate in 2023 was 22.2%, largely unchanged in comparison with the effective tax rate of 22.1% in 2022 (excluding items affecting comparability).

Net profit and return on equity
Net profit increased by 18% to EUR 4,934m. Return on equity was 16.9% (13.8%).

Capital position
The CET1 capital ratio was 17% at the end of 2023, up from 16.4% last year, while CET1 capital was EUR 23.6bn (EUR 23.9bn last year). The Group's total capital ratio was 22.2% and total own funds were EUR 30.8bn at the end of 2023.

A description of the capital position is available under "Capital management" on pages 55–58 and in the Capital and Risk Management Report at nordea.com.

Nordea's funding operations
During 2023 Nordea continued to benefit from prudent liquidity risk management in terms of maintaining a diversified and strong funding base and a diversified liquidity buffer. Nordea Bank Abp issued approximately EUR 4.2bn in senior long-term funding. Throughout 2023 Nordea Bank Abp remained compliant with the liquidity coverage ratio (LCR) requirement in all currencies on a combined basis. Nordea Bank Abp reduced its participation in the targeted longer-term refinancing operations (TLTROs) provided by the European Central Bank. For more information, see Note G11 "Risk and liquidity management".

During the year the Nordea Group issued approximately EUR 21.5bn in long-term funding and capital instruments, excluding Danish covered bonds and long-term CDs. Nordea's liquidity management is presented on pages 209–244.
A maturity analysis is presented in Note G10.3 "Maturity analysis". For more information, see also Note G11 "Risk and liquidity management".

Balance sheet

	2023	2022
Assets		
Cash and balances with central banks	50,622	61,815
Loans	349,100	351,189
Interest-bearing securities	68,000	68,226
Shares	22,158	16,099
Assets in pooled schemes and unit-linked investment contracts	50,531	43,639
Derivatives	26,525	36,578
Other assets	17,766	17,183
Total assets	**584,702**	**594,729**
Liabilities		
Deposits by credit institutions	29,504	32,869
Deposits and borrowings from the public	210,062	217,464
Deposits in pooled schemes and unit-linked investment contracts	51,573	44,770
Insurance contract liabilities	27,568	26,110
Debt securities in issue	182,548	179,803
Derivatives	30,794	40,102
Other liabilities	21,428	22,767
Total liabilities	**553,477**	**563,885**

Assets
Total assets decreased by EUR 10bn compared with 2022. The decrease was mainly explained by decreases in "Cash and balances with central banks" and "Derivatives", in total EUR 21bn, partly offset by increases in "Shares" and "Assets in pooled schemes and unit-linked investment contracts".

The decrease in "Cash and balances with central banks" was driven by liquidity management, while the decrease in "Derivatives" was primarily driven by changes in FX and interest rates impacting the fair value of the instruments. A similar decrease can be seen in "Derivatives" on the liability side.

The increase in "Shares" and "Assets in pooled schemes and unit-linked investment contracts" was mainly due to favourable equity markets. The increase in "Assets in pooled schemes and unit-linked investment contracts" was offset by a similar increase in "Deposits in pooled schemes and unit-linked investment contracts" on the liability side.

Liabilities
Total liabilities decreased by EUR 10bn compared with 2022. The decrease was mainly explained by decreases in "Derivatives" and "Deposits and borrowings from the public", in total EUR 17bn, driven by changes in FX and interest rates impacting the fair value of the instruments, and liquidity management, respectively. The decreases were partly offset by an increase of EUR 7bn in "Deposits in pooled schemes and unit-linked investment contracts", reflecting the increase on the asset side mentioned above.

Five-year overview

Income statement

EURm	2023	2022[1]	2021	2020	2019[2]
Net interest income	7,451	5,664	4,925	4,515	4,318
Net fee and commission income	3,021	3,186	3,495	2,959	3,011
Net insurance result	217	173	–	–	–
Net result from items at fair value	1,014	1,160	1,119	900	1,012
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	-3	-8	-6	-1	50
Other operating income	43	83	87	93	94
Total operating income	**11,743**	**10,258**	**9,620**	**8,466**	**8,485**
Staff costs	-2,908	-2,793	-2,759	-2,752	-2,813
Other expenses	-1,206	-1,108	-1,002	-1,084	-1,258
Regulatory fees	-316	-322	-224	-202	-211
Depreciation, amortisation and impairment charges of tangible and intangible assets	-808	-611	-664	-605	-595
Total operating expenses	**-5,238**	**-4,834**	**-4,649**	**-4,643**	**-4,877**
Profit before loan losses	**6,505**	**5,424**	**4,971**	**3,823**	**3,608**
Net result on loans in hold portfolios mandatorily held at fair value	20	-13	83	48	12
Net loan losses	-187	-36	-118	-908	-254
Operating profit	**6,338**	**5,375**	**4,936**	**2,963**	**3,366**
Income tax expense	-1,404	-1,189	-1,105	-698	-864
Net profit for the year	**4,934**	**4,186**	**3,831**	**2,265**	**2,502**

Balance sheet

EURm	31 Dec 2023	31 Dec 2022	31 Dec 2021	31 Dec 2020	31 Dec 2019
Cash and balances with central banks	50,622	61,815	47,495	32,955	35,509
Loans to central banks and credit institutions	4,272	5,446	2,392	6,246	17,726
Loans to the public	344,828	345,743	345,050	329,765	323,091
Interest-bearing securities and pledged instruments	68,000	68,226	65,051	66,304	72,081
Assets in pooled schemes and unit-linked investment contracts	50,531	43,639	46,912	36,484	30,799
Derivatives	26,525	36,578	30,200	44,770	39,111
Other assets	39,818	33,282	33,073	35,636	36,531
Assets held for sale	106	–	180	–	–
Total assets	**584,702**	**594,729**	**570,353**	**552,160**	**554,848**
Deposits by credit institutions	29,504	32,869	26,961	23,939	32,304
Deposits and borrowings from the public	210,062	217,464	205,801	183,431	168,725
Deposits in pooled schemes and unit-linked investment contracts	51,573	44,770	48,201	37,534	31,859
Insurance contract liabilities	27,568	26,110	19,595	18,178	19,246
Debt securities in issue	182,548	179,803	176,365	174,309	193,726
Derivatives	30,794	40,102	31,485	47,033	42,047
Subordinated liabilities	5,720	5,401	6,850	6,941	9,819
Other liabilities	15,708	17,366	21,592	27,055	25,594
Equity	31,225	30,844	33,503	33,740	31,528
Total liabilities and equity	**584,702**	**594,729**	**570,353**	**552,160**	**554,848**

1) Excluding items affecting comparability: see information on page 40.

2) Excluding items affecting comparability: EUR 138m tax-free gain related to the sale of LR Realkredit affecting "Other operating income", EUR 735m expense related to the impairment of capitalised IT systems (EUR 559m after tax) affecting "Depreciation, amortisation and impairment charges of tangible and intangible assets", EUR 204m expense related to restructuring (EUR 155m after tax) affecting "Staff costs", EUR 75m non-deductible expense related to the sale of Luminor affecting "Other expenses", EUR 282m loss affecting "Net loan losses" related to loan loss provisions due to model updates and dialogue with the European Central Bank reflecting a more subdued outlook in certain sectors (EUR 214m after tax) and EUR 95m non-deductible expense related to the provision for ongoing AML-related matters affecting "Other expenses".

Ratios and key figures[1]

Ratios and key figures, Group

	2023	2022	2021	2020	2019
Basic earnings per share, EUR	1.37	0.94	0.95	0.55	0.38
Diluted earnings per share, EUR	1.37	0.94	0.95	0.55	0.38
Share price[2], EUR	11.23	10.03	10.79	6.67	7.24
Proposed/actual dividend per share, EUR	0.92	0.80	0.69	0.39	0.40
Equity per share[2], EUR	8.86	8.46	8.51	8.35	7.80
Potential shares outstanding[2], million	3,528	3,654	3,966	4,050	4,050
Weighted average number of diluted shares, million	3,579	3,782	4,025	4,039	4,035
Return on equity, %	16.9	11.8	11.2	7.1	5.0
Assets under management[2], EURbn	378.5	358.9	411.3	351.4	324.7
Cost-to-income ratio, %	45	50	48	55	69
Net loan loss ratio, amortised cost, bp	5	4	4	35	22
Common Equity Tier 1 capital ratio[2, 4], %	17.0	16.4	17.0	17.1	16.3
Tier 1 capital ratio[2, 3], %	19.4	18.7	19.1	18.7	18.3
Total capital ratio[2, 3], %	22.2	20.8	21.2	20.5	20.8
Tier 1 capital[2, 3], EURbn	26.8	27.2	29.0	29.1	27.5
Risk exposure amount[2], EURbn	139	145	152	155	150
Number of employees (full-time equivalents)[2]	29,153	28,268	26,894	28,051	29,000
Economic capital[2], EURbn	21.9	21.9	23.2	23.5	25.7
Return on capital at risk, %	22.5	15.7	16.5	9.2	9.2

1) For more information regarding ratios and key figures defined as alternative performance measures, see nordea.com/en/investor-relations/reports-and-presentations/group-interim-reports/. All key ratios reflect Nordea's continuing operations.
2) End of the year.
3) Including the result for the year.
4) Including the result for the year adjusted for accrued dividend.

Ratios and key figures excluding items affecting comparability, Group

	2023	2022[1]	2021	2020	2019[2]
Diluted earnings per share, EUR	1.37	1.10	0.95	0.55	0.61
Cost-to-income ratio excl. regulatory fees, %	41.9	44.0	46.0	52.5	55.0
Return on equity, %	16.9	13.8	11.2	7.1	8.2

1) Items affecting comparability: see information on page 40.
2) Items affecting comparability: see information on page 42.

Ratios and key figures, parent company

	2023	2022	2021	2020	2019
Return on equity, %	17.3	14.1	11.0	6.8	5.0
Return on assets, %	1.2	0.9	0.8	0.5	0.4
Cost-to-income ratio, %	46	43	51	57	72
Loan loss ratio, bp	9	-1[3]	-1	57	38
Common Equity Tier 1 capital ratio[1, 2], %	17.4	16.7	17.8	18.5	17.1
Tier 1 capital ratio[1, 2], %	20.0	19.3	20.2	20.4	19.3
Total capital ratio[1, 2], %	23.1	21.6	22.6	22.3	22.1
Common Equity Tier 1 capital[1, 2], EURm	20,355	20,283	22,646	24,156	23,556
Tier 1 capital[1, 2], EURm	23,555	23,565	25,777	26,743	26,654
Risk exposure amount[2], EURm	125,260	127,299	130,626	132,943	136,808

1) Including the result for the year.
2) End of the year.
3) Figure has been restated. For more information on the changes in presentation, see the section "Changed accouting policies and presentation" in Note P1 "Accounting policies".

Business area results

The Nordea Group's organisational structure is built around four main business areas: Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management. In addition to the business areas, the Nordea Group includes the following Group functions: Group Business Support, Group Finance, Group Risk, Group Compliance, Chief of Staff Office, Group Legal, Group People, Group Brand, Communication and Marketing and Group Internal Audit.

Total Nordea Group and business areas[1]

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group functions		Nordea Group		Change
EURm	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**%**
Net interest income	3,410	2,536	2,453	1,896	1,461	1,180	308	169	-181	-117	7,451	5,664	32
Net fee and commission income	1,039	1,135	578	610	459	465	977	1,026	-32	-50	3,021	3,186	-5
Net insurance result	116	77	15	13	1	1	85	81	0	1	217	173	25
Net result from items at fair value	70	83	379	374	474	575	35	2	56	126	1,014	1,160	-13
Profit from associated undertakings accounted for under the equity method	1	2	-5	1	0	0	-2	-1	3	-10	-3	-8	–
Other operating income	3	3	34	34	2	16	0	0	4	30	43	83	-48
Total operating income	**4,639**	**3,836**	**3,454**	**2,928**	**2,397**	**2,237**	**1,403**	**1,277**	**-150**	**-20**	**11,743**	**10,258**	**14**
Total operating expenses	**-2,030**	**-1,882**	**-1,307**	**-1,241**	**-866**	**-840**	**-588**	**-548**	**-447**	**-323**	**-5,238**	**-4,834**	**8**
Net result on loans in hold portfolios mandatorily held at fair value	2	-3	8	-9	9	0	1	-1	0	0	20	-13	–
Net loan losses	-114	-53	-88	-41	13	56	-3	-1	5	3	-187	-36	–
Operating profit	**2,497**	**1,898**	**2,067**	**1,637**	**1,553**	**1,453**	**813**	**727**	**-592**	**-340**	**6,338**	**5,375**	**18**
Cost-to-income ratio, %	44	49	38	42	36	38	42	43	–	–	45	47	–
Return on capital at risk, %	27	19	23	19	20	19	53	35	–	–	22	18	–
Volumes, EURbn													
Total lending[2]	166.6	169.6	96.2	96.5	52.1	53.0	11.7	11.9	-2.6	-3.7	324.0	327.3	-1
Total deposits[2]	85.8	85.9	52.9	53.0	47.0	51.3	12.2	13.3	4.7	7.3	202.6	210.8	-4

1) Excluding the following items affecting comparability in 2022: a non-deductible loss from the recycling of EUR 529m in accumulated foreign exchange losses related to operations in Russia and EUR 8m (EUR 6m after tax) in losses on fund investments in Russia, recognised in "Net result from items at fair value", and EUR 76m (EUR 64m after tax) in credit losses on direct exposure to Russian counterparties, recognised in "Net loan losses and similar net result".

2) Excluding repurchase agreements and security lending/borrowing agreements.

Personal Banking

Total income grew by 21% year on year, driven by improved deposit margins linked to higher policy rates in all markets. As a result of the slowing housing market, mortgage volumes were stable year on year in local currencies. The deposit volumes were up 1% year on year in local currencies.

Net interest income grew by 34% year on year, reflecting higher deposit margins across the Nordics. The development was partly offset by lower mortgage margins in Finland, Norway and Sweden resulting from rate changes, and lower lending margins in Denmark due to a changed product mix.

Net fee and commission income decreased by 5% year on year, mainly driven by lower lending fee income in Denmark. This was partly offset by higher investment and insurance income (including net insurance result).

Total expenses increased by 8% year on year due to salary inflation, investments in technology and risk management in line with Nordea's business plan, and lower capitalisation of development costs.

Total net loan losses and similar net result amounted to EUR 112m (7bp), compared with EUR 56m (3bp) in 2022, and was in line with expectations. This was driven by the macro development in Nordea's markets.

Operating profit increased by 32% and return on capital at risk improved to 27% from 19%.

Business area results, cont.

Business Banking

Total income increased by 18% year on year, driven by higher lending volumes, improved deposit margins and higher net result from items at fair value. Lending volumes increased by 1% in local currencies, driven by Sweden and Norway.

Net interest income increased by 29% year on year, driven by higher lending volumes and improved deposit margins. Deposit margin increases were linked to policy rate hikes in all markets. The growth was partly offset by lower lending margins.

Net fee and commission income decreased by 5% year on year, driven by lower mortgage refinancing activity and lower savings income. These were partly offset by growth in payment and card fee income.

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

Total expenses increased by 5% year on year, mainly driven by investments in technology and risk management in line with Nordea's business plan. The cost-to-income ratio improved to 38% from 42% in 2022.

Despite the weakening macroeconomic outlook, credit quality remained robust and Nordea maintained a diversified portfolio across segments and countries. Net loan losses and similar net result amounted to EUR 80m (8bp). This included a positive impact of EUR 8m (1bp) from the revaluation of Nordea Kredit's mortgage portfolio.

Operating profit amounted to EUR 2.1bn, a year-on-year increase of 26%. Return on capital at risk increased from 19% to 23% for the full year, driven by higher income.

Large Corporates & Institutions

Total income was up 7% year on year. Net interest income increased by 24%.

Lending volumes were broadly unchanged, while deposit volumes were down 8%. Deposit volumes showed significant volatility over the course of year, driven by measures taken by customers to handle the market turbulence. Large Corporates & Institutions continued to see a pick-up in deposit volumes following the drop in the second quarter.

Net fee and commission income was down 1% year on year amid continued weak capital markets. Net result from items at fair value decreased by 18% due to challenging market conditions and following a strong 2022.

Total expenses increased by 3%, mainly driven by additional technology and risk management investments. These were partly offset by continued strict cost control and lower regulatory fees. Net loan losses and similar net result amounted to net reversals of EUR 22m (3bp), reflecting the strong underlying credit quality of the loan book. At the end of the year the total provisioning level stood at approximately EUR 345m or 0.66% of LC&I lending.

Operating profit increased by 7% year on year, to EUR 1.6bn, mainly driven by solid income and net loan loss reversals.

LC&I continued to exercise solid capital discipline. Return on capital at risk increased from 19% to 20% for the full year.

Asset & Wealth Management

Total income increased by 10% year on year to EUR 1.4bn, mainly driven by higher deposit income. Net interest income was EUR 308m, up 82% year on year, mainly driven by improved deposit margins.

Lending volumes decreased by 2% year on year. Deposit volumes decreased by 8%, while deposit margins improved.

Net fee and commission income was EUR 977m, down 5% year on year, driven by lower asset management commissions.

Net insurance result increased by 5%, to EUR 85m, mainly due to the inclusion of Nordea Pension.

Net result from items at fair value amounted to EUR 35m, up from EUR 2m in 2022, mainly due to gains on shareholders' equity portfolios in Life & Pension and the inclusion of Nordea Pension.

Total expenses increased by 7% year on year, mainly driven by the inclusion of the acquired Nordea Pension business and investments in nearshoring and risk management.

Net loan losses and similar net result was unchanged at EUR 2m.

Operating profit was EUR 813m, up 12% year on year. The cost-to-income ratio with amortised resolution fees improved to 42% from 43% in 2022. Return on capital at risk was 53%, a year-on-year increase of 18 percentage points.

Other information

Group structure, subsidiaries and foreign branches

The main legal structure of the Nordea Group, including its main subsidiaries, is presented on page 47.

The parent company has foreign branches in China, Denmark, Estonia, Norway, Poland, Sweden, the United Kingdom and the United States.

Closure of Nordea's operations in Russia

In accordance with its strategy, Nordea is focusing on its business in the Nordic region. This has entailed the Group winding down its operations in Russia as announced in December 2020. The liquidation of the remaining Russian subsidiary is pending finalisation.

Impacts from Russia's invasion of Ukraine

During 2023 Nordea continued to closely monitor and assess its direct exposure to Russian counterparties. At the end of 2023 the direct credit exposure after provisions was less than EUR 50m. Nordea furthermore assessed the impact of uncertainty after the onset of the war – reflected in higher inflation and higher interest rates etc. – on the global and Nordic economies. The assessment informed the regular update of the Nordea's macroeconomic scenarios, which are used to update its financial forecasts and model IFRS 9 expected credit losses. Nordea will continue to follow developments closely and comply with applicable EU, US, UN and UK sanctions. The sanctions currently include freezing of assets, deposit restrictions, restrictions on economic relations with certain regions in Ukraine, restrictions focusing on the energy and finance sectors, import and export restrictions and overflight bans. See Note G11 "Risk and liquidity management" on pages 209–244.

EBA stress test results

On 28 July 2023 the European Banking Authority (EBA) published the results of the EU-wide stress test conducted in cooperation with the European Systemic Risk Board, the European Central Bank and the European Commission. The forward-looking analysis covered the period 2023–2025 and considered the resilience of financial institutions to adverse economic shocks. The exercise confirmed Nordea's well-managed risk profile and resilient capital position. The methodology and scenario assumptions used were relatively severe for the Nordic countries in which Nordea operates. Under the severe stress scenario, Nordea's CET1 capital ratio was estimated to decline from 16.4% at the end of 2022 to a low of 13.0% at the end of 2023, remaining well above capital and internal buffers. The 2023 EBA stress test has not resulted in changes to Nordea's risk management or capital strategy.

Acquisition of Advinans completed

In the first quarter of 2023 Nordea (through Nordea Livförsäkring Sverige AB) entered into an agreement to acquire all shares in Advinans AB, a digital pension broker platform in Sweden. Advinans offers digital solutions for corporate administration, pension advice and employee benefits. The company has 37 employees and approximately 100 corporate customers. The acquisition was completed in May after the necessary regulatory approvals had been received. Advinans will be integrated into Nordea and operated under the Nordea brand. The acquisition will strengthen Nordea's life and pension offering in Sweden and accelerate its ambition to become a digital leader in corporate pensions. See Note G9.6 "Acquisitions" for more information.

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

Nordea entered into an agreement with Danske Bank to acquire its Norwegian personal customer and private banking business and associated asset management portfolios on 19 July 2023. The Norwegian Competition Authority announced its approval of the acquisition on 15 December 2023. The Financial Supervisory Authority in Norway announced its approval relating to the acquisition of the personal customer and private banking business on 7 February 2024. The Financial Supervisory Authority will evaluate the acquisition of the associated asset management portfolios at a later stage. Nordea expects to close the acquisition in late 2024. At the end of 2022 the business to be transferred comprised approximately 285,000 customers, lending and deposit volumes of EUR 18bn and EUR 4bn, respectively, and approximately EUR 2bn in assets under management. The acquisition fits well into Nordea's strategy to grow in the Nordic region both organically and through bolt-on acquisitions. The acquired business will be integrated into Nordea after the closing of the transaction. Any movement in the net carrying amount of assets and liabilities between the signing and the closing of the transaction will be reflected in the consideration paid at the closing. The expectation is that the transaction will improve the cost-to-income ratio and return on capital at risk of Nordea's Personal Banking business in Norway and positively impact Nordea's earnings per share and return on equity. The gross impact on the CET1 ratio resulting from the increase in the risk exposure amount is currently expected to be approximately 40bp.

Pillar 2 Global Anti-Base-Erosion tax reform

In October 2021 the OECD countries agreed to implement rules to ensure that multinational companies pay a minimum effective tax rate of 15% in all jurisdictions where they operate. In December 2022 the European Union member states adopted a directive to implement the Global Anti-Base-Erosion (GloBE) Rules as of 1 January 2024. The definitions of taxable income and tax expense differ between the GLoBE Rules and the local tax/accounting requirements in the jurisdictions where Nordea operates. Nordea will therefore be required to make new tax calculations based on the IFRS-adjusted result under the GLoBE Rules. If the GloBE effective tax rate ends up below 15% in any jurisdiction, Nordea will have to pay a top-up tax. Statutory tax rates in the Nordics are clearly above 15% and therefore Nordea does not expect to end up in any significant top-up tax position although this remains to be confirmed. See Note 1 "Accounting policies" for more information on new disclosure requirements for the 2023 Annual Report.

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

Nordea has established a joint venture with OP Financial Group to support payment-related needs in Finland. The joint venture will develop solutions for paying with phone numbers and managing e-invoices that benefit both consumers and businesses. The solutions will be designed so as to be open to other market participants as well. Nordea and OP plan to move the existing merchant services of Siirto to Siirto Brand Oy, in which they already own equal shares, and to expand the operations of the latter. The planned changes are scheduled to be implemented in 2024, pending approval from the relevant competition authorities.

Other information, cont.

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

Nordea's accounting policies, based on the IFRS, require IT development costs to be capitalised when development initiatives are expected to provide benefits over a longer period of time. During the fourth quarter, as part of its ordinary impairment testing, Nordea reviewed its portfolio of current development initiatives supporting customer-facing digital services. Nordea concluded that the rapid pace of digital portfolio development, including the continuous and agile introduction of new features and implementation of new cloud-based solutions, was making it more difficult to evidence such benefits for accounting purposes. Accordingly, the bank changed its treatment of development costs related to digital services. As a result, an impairment charge of EUR 130m was recognised in the fourth quarter. The total impairment charge amounted to EUR 193m for 2023 and included individually insignificant impairments identified in the course of the ordinary impairment testing. Nordea holds EUR 1.5bn in internally developed intangible IT assets on its balance sheet where no significant impairment needs were identified during the fourth quarter and where capitalisation is currently expected to continue.

Share buy-back programme

On 26 April 2023 Nordea's Board decided on a fourth ECB approved share buy-back programme of up to EUR 1.0bn. The programme commenced on 28 April 2023 and will end no later than 5 March 2024. The purpose of Nordea's share buy-backs is to pursue an efficient capital structure and generate sustainable shareholder returns by reducing its excess capital. Under its share buy-back programmes during 2023, Nordea acquired 121 million shares in total.

Legal proceedings

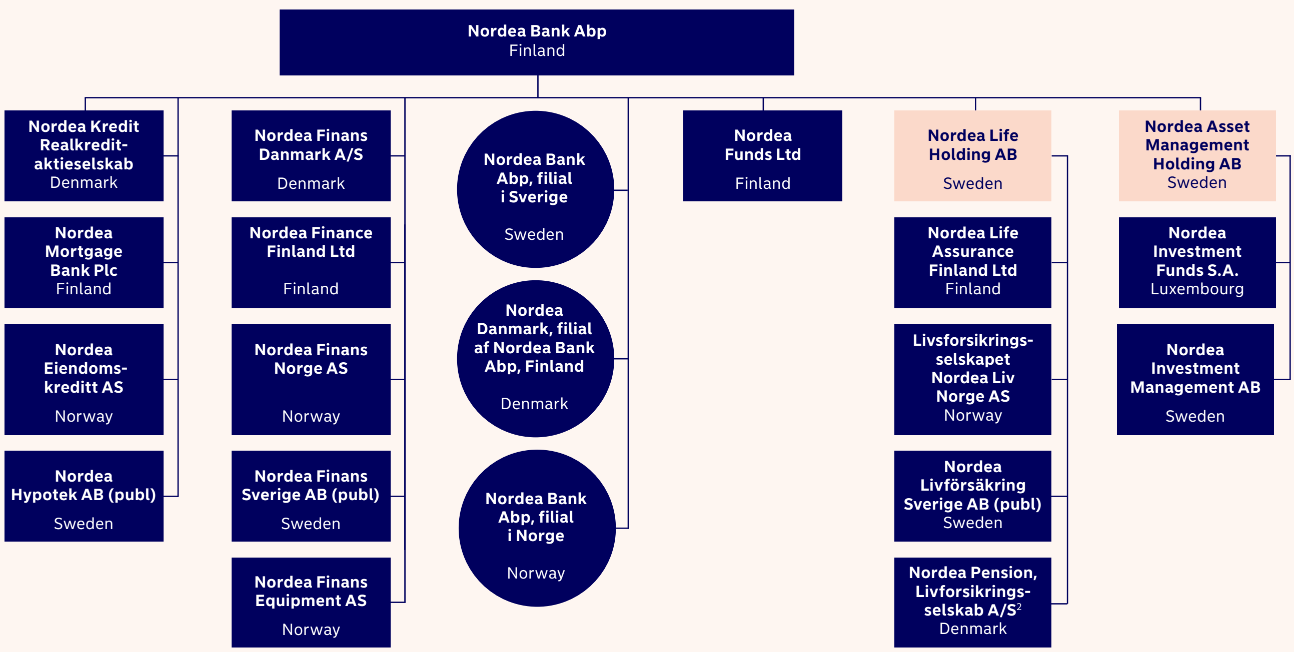
Within the framework of normal business operations, Nordea faces a number of operational and legal risks potentially resulting in reputational impacts, fines, sanctions, disputes, losses and/or litigation. This includes potential claims related to the provision of banking and investment services and other areas in which Nordea operates. Currently, such claims are mainly related to lending and insolvency situations, various investment services, and sub-custody and withholding taxation matters. At present, none of the current claims are considered likely to have any significant adverse effect on Nordea or its financial position. See Note G11 "Risk and liquidity management" and Note G6 "Provisions" for more information.

Annual General Meeting

The 2024 Annual General Meeting will be held in Helsinki on Thursday 21 March 2024. Further information is presented on page 381 of this Annual Report.

Main legal structure[1]

as of 1 January 2024



● Branch – Nordea Bank Abp also operates branches in Estonia, Poland, London, New York and Shanghai.
■ Legal entity
■ Holding company

1) Including only active companies.
2) Held through the holding company Nordea Pension Holding Danmark A/S.

Risks and risk management

Risk management

Maintaining risk awareness and proper risk management in the organisation is an integral part of Nordea's business strategies. Nordea manages risk through the three lines of defence model. The first line of defence is responsible for risk management and for compliance with the applicable rules in the day-to-day work. The second line of defence is responsible for maintaining and monitoring the implementation of Nordea's Risk Management and Compliance Risk Management Framework. The third line of defence is responsible for independent assurance and advisory activities related to the Internal Control Framework.

Risk culture is an integral part of Nordea's risk management. Nordea is deeply engaged in fostering a sound risk culture by focusing on four main objectives: tone from the top, accountability, effective communications, and enforcement and incentives. Furthermore, Nordea has defined clear risk management frameworks, including policies and instructions for different risk types.

The Board has overarching risk management responsibilities and decides on the Group risk strategy supported by the Risk Appetite Framework and the Risk Appetite Statement. Moreover, the Board oversees and monitors the implementation of the risk strategy and the Risk Appetite Framework, including breaches of risk appetite.

The President and Group CEO ensures that the risk strategy and the risk management framework decided by the Board are implemented, the necessary practical measures are taken and risks are monitored within the Risk Appetite Statement established by the Board. The President and Group CEO is supported in decision-making by senior management within the Group Leadership Team, including the Chief Risk Officer and the Chief Compliance Officer.

Group-wide committees have been established in order to drive coordination within the Group, thus ensuring commitment to and ownership of Group-wide prioritisations, decisions and implementation. The composition and areas of responsibility of each committee are established in the Group Board directives or Group CEO instructions for the respective committees.

The Internal Control Framework covers the whole Group and ensures effective and efficient operations, adequate identification, measurement and mitigation of risks, prudent conduct of business, sound administrative and accounting procedures, reliability of financial and non-financial information and compliance with applicable laws, regulations, standards, supervisory requirements and Group internal rules. ESG factors are fully integrated into Nordea's risk management and control frameworks as drivers of the various financial and non-financial risks.

For further information, see Note G11 "Risk and liquidity management" on pages 209–244.

Risks and uncertainties

Nordea is subject to a variety of risks and uncertainties. These include but are not limited to

- unfavorable economic developments and conditions in Nordea's operating markets and geographies that can adversely affect Nordea's business, financial condition and results of operations or Nordea's ability to access capital and funding markets
- risks to Nordea's balance sheet and profitability from potential adverse commercial developments
- loss due to failure of a borrowers to meet their obligations
- losses stemming from Nordea's counterparties not fulfilling their contractual obligations
- losses related to Nordea's positions due to changes in market rates and parameters affecting the value of financial positions and/or negative shifts in net interest income flows
- losses resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk
- risk of misstatements or deficiencies in financial, regulatory, tax and ESG reporting and disclosures
- risks associated with Nordea's ability to service its cash flow obligations related to lending, investment, funding, off-balance sheet exposures and other performance activities which result in a negative cash flow mismatch, its ability to meet cash flow obligations without incurring additional funding costs
- adverse effects on capital adequacy, financial loss, poor business and strategic decision-making and damage to Nordea's reputation from the use of models
- unexpected actuarial losses due to changes in the level, trend or volatility of mortality rates, longevity rates, disability rates and surrender/lapse rates (insurance risk)
- failure to comply with applicable regulations and related internal rules, potentially resulting in reputational impacts, fines, sanctions, disputes, losses and/or litigation
- claims in civil lawsuits and disputes
- ESG risks, covering transitional and physical risks related to climate, nature and social factors
- cyber threats, attacks and fraud, misuse of existing and new technology against Nordea or violations or failures regarding information security in relation to Nordea's data or IT environment (cyber security risk).

For further information, see "Non-financial statement" on pages 84–98, "Sustainability notes" on pages 329–380, Note G11 "Risk and liquidity management" on pages 209–244, Note G6 "Provisions" on page 180 and Note G7.1 "Contingent liabilities" on page 181.

Economic uncertainty

The uncertain and rapidly changing geopolitical situation related to multiple ongoing conflicts and wars and technological and environmental changes, combined with a volatile interest rate environment driven by monetary policy targeting normalised inflation levels, represents risks to the macroeconomic outlook.

The impact of higher commodity prices and broader inflationary pressure could dampen consumer spending and lead to cost increases, reinforcing recessionary trends. This potential shift in business and consumer expectations could cause a deeper recession, prompting a rise in unemployment with additional price pressure in the Nordic housing market. Such macroeconomic trends could feed through to Nordea's credit portfolio resulting in losses. Furthermore, potential adverse impacts on income could arise due to financial market volatility and reduced banking activity, impacting transaction volumes and customer activity. Potential future credit risks are addressed in Note G11 "Risk and liquidity management" on pages 209–244.

Material risk picture 2023

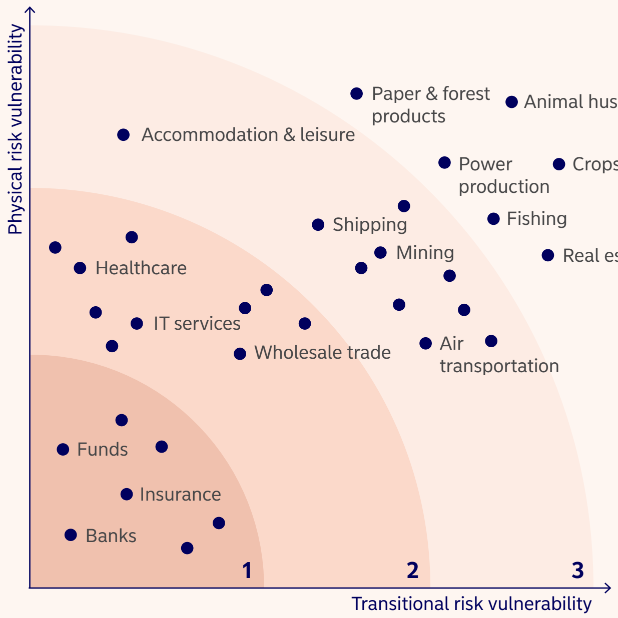
Material risk areas	Areas of focus	2023 in review
Credit risk 84% of REA	• Sectors and customers impacted by weaker demand and higher interest rates • Engagement with customers on climate transition plans and providing sustainable solutions • Integration of climate and transition risks into credit process and risk management	Well-diversified and stable credit portfolio with overall limited credit deterioration and loan losses despite weaker economic growth and decline in real estate prices. Finland and Sweden were most affected and primarily within construction and consumer-related manufacturing. Nordea's solid underwriting practices and business selection continued to support a balance sheet reflective of high-quality assets. Significant management judgement allowance of EUR 495m was kept intact to protect against further anticipated deterioration.
Market risk **Counterparty credit risk** 4% of REA	• Determined client service focus facilitating interest rate hedging in volatile markets • Contained risk supported by flow-oriented business	Stable earnings from market risk-producing assets/activities whilst maintaining an unchanged and level risk profile. This reflects a customer-driven franchise. Supported by persistently normalised interest rates.
Operational risk 12% of REA	• Increased investments within technology to further strengthen information security and operational resilience • AI adaptation and risk assessment • Improving data risk management and BCBS239 (Basel Committee's Principles for effective risk data aggregation and risk reporting) adherence • Fraud detection and prevention	External threat landscape became more complex as a result of ongoing geopolitical tensions together with rapidly developing technological environment. Significant efforts undertaken to enhance cyber defence and operational resilience. Increase seen in organised online fraud. Core focus to protect customers through continuous control and process improvement supported by high-technology security standards. Geopolitical and state-sponsored disruptive behaviours formed a material part of the bank's stress test scenarios.
Liquidity risk EUR 100bn liquidity buffer	• Maintaining stable deposit base in core markets • Securing strong rating and management of a well-diversified funding profile across all markets	Stable retail and wholesale funding sources contributed to a well-managed risk profile. Strong and stable liquidity position comprised of high-quality marketable assets maintained throughout the year.
Model risk	• Finalisation of new retail IRB models • Redevelopment of non-retail models	Nordea's focus on and investment in improved modelling capability continued to contribute to reduced model risk. This included the continued integration of operational processes in support of high-quality risk data.
Capital risk	• Maintenance of strong capital position through organic capital generation • Diversified pan-Nordic business strategy	Bolt-on acquisitions and excess capital distribution through share buy-back. Uncertainty on regulatory landscape and application of macroprudential buffers. Increased regulatory demands regarding data, capital models and climate risk. EBA stress test demonstrating resilient balance sheet and risk position.

Industries identified as exposed to climate-related risks

Climate-related transition and physical risks are already material and expected to increase over the long term. Nordea is mitigating these risks through enhancements of traditional risk management tools, such as the credit rating process, balance sheet transition planning and the Risk Appetite Framework. Nordea is also creating new tools to assess and monitor counterparty transitions and national adaptations.

Nordea will continue to develop the assessment of: climate related risk with improvements in data quality and methods that are expected to improve certainty and affect the conclusions.

Identification of: climate related vulnerabilities is based primarily on scientific heatmapping methodologies supplemented by scientific literature, internal impact assessment and expert judgement. Heatmaps are developed at industry and geography levels, as relevant.



Industry names are selectively identified to illustrate the population and distribution across vulnerability bands.

Macroeconomy and financial markets

Economic outlook

The world economy slowed in 2023 as policy tightening started to bite and foreign trade declined amid geopolitical tensions and increased protectionism. Global growth is estimated to have been around 3% in 2023 compared with 3.6% in 2022. Survey data point to a further slowdown in 2024. However, labour markets remain strong and inflation has come down as transport costs and commodity and energy prices have fallen sharply. This points to a soft landing for the world economy. Risks, however, remain tilted to the downside.

Central banks have tightened monetary policy aggressively to combat the high inflation. This has led to increased volatility in financial markets and heightened financial vulnerability. Monetary policy rates are expected to be at their peaks now in most advanced economies. While fiscal policy has tightened due to the phase-out of pandemic-related temporary measures, it is likely to remain supportive of the green and digital transformation of societies, just as defence expenditure will be increased markedly in many countries amid the new uncertain security situation.

The Nordic economies slowed during 2023 after some years of robust performance. The outlook remains uncertain due to high inflation, tighter financial conditions and weaker global growth.

Denmark

The Danish economy slowed in 2023 and real GDP fell by 0.7% quarter on quarter in the third quarter of 2023. During the year residential investment fell markedly, while exports continued higher. The labour market remained strong and employment reached new record highs. Since the peak in the autumn of 2022 both headline and core inflation have fallen. In 2023 average inflation stood at 3.3%, down from 7.7% in 2022. Real estate prices increased from the start of 2023 following a period with falling prices. However, the turnover was lower compared with previous years. At the beginning of the year Danmarks Nationalbank increased its deposit rate less than the ECB to defend the fixed exchange rate policy. The deposit rate stood at 3.60% by the end of 2023, up from 1.75% at the beginning of the year.

Finland

The Finnish economy contracted in 2023 amid headwinds from weak purchasing power, higher interest rates and a slowing construction sector. Real GDP fell by 0.9% quarter on quarter in the third quarter of 2023. The near-term outlook is weak, and employment has started to decline from record-high levels. The manufacturing sector's output has been relatively robust, while the flow of new orders has declined significantly. Towards the end of 2023, higher wages and inflation declining below 3% improved households' purchasing power. Average inflation stood at 4.3% in 2023. Rising interest rates have also cooled housing prices and transactions. The ECB hiked its policy rates to 4.0% in September.

Norway

Activity in the Norwegian economy flattened out at a high level in 2023. Real mainland GDP increased by 0.1% quarter on quarter during the third quarter of 2023. Registered unemployment was at a low level of 1.9% in December, while employment was high. Consumer price inflation decreased, while core inflation remained high. In 2023 headline CPI inflation came in at 5.5% year on year and, excluding energy and taxes, underlying inflation stood at 6.2% year on year. Norges Bank has increased its key rate 14 times since 2021, bringing the key rate to 4.5% as of December. Housing prices moved broadly sideways during 2023. The Norwegian krone weakened broadly against most currencies in 2023 but gained ground in the last two weeks of 2023.

Sweden

The Swedish economy contracted in 2023 and real GDP fell by 0.3% quarter on quarter during the third quarter of 2023. Domestic demand fell, while exports were stable. Inflation (CPIF) fell during the course of the year and averaged 6.0% in 2023. The situation of the labour market deteriorated as job vacancies fell through the year and unemployment increased. The unemployment rate averaged 7.7% in 2023. Home prices levelled out but were down 13% in December 2023 from their peak in February 2022. The central bank hiked its policy rate from 2.5% at the beginning of the year to 4.00% in September. The central bank continued to reduce its balance sheet and started to sell its bond holdings as from April 2023. The trade-weighted Swedish krona index (KIX) strengthened by 1.9% during the course of 2023.

The Nordea share and external credit ratings

Nordea's market capitalisation at the end of 2023 was EUR 39.6bn (EUR 36.7bn). Ranked by market capitalisation, Nordea was the fifth-largest company in the Nordic region and among the ten largest European financial groups.

Nordea's ordinary shares are listed on Nasdaq Nordic, the stock exchanges in Helsinki (in euro), Stockholm (in Swedish kronor) and Copenhagen (in Danish kroner), and its American Depository Receipts are traded in the US in US dollars.

Total shareholder return 2023

Total shareholder return (TSR) is the market value growth per share and reinvested dividends. Total shareholder return in 2023 was 22% in EUR (0% in 2022). During 2023 Nordea paid out dividends of EUR 0.80 per share and bought back 121 million shares. Nordea's total shareholder distributions amounted to around EUR 4.5bn in 2023. Total shareholder return in 2021 was 75% and -8% for 2020.

Share price performance

In 2023 the Nordea share price appreciated by approximately 12% on the Nasdaq Helsinki exchange from EUR 10.03 to EUR 11.23. The daily closing prices listed for the Nordea share in 2023 ranged between EUR 9.18 and EUR 12.11. In 2023 the Nasdaq OMXH index depreciated by approximately 7% and the STOXX Europe 600 Banks index appreciated by approximately 20%. Since 6 March 2000, the date of the merger between MeritaNordbanken and Unidanmark, the Nordea share has appreciated by 177%, clearly outperforming the STOXX Europe 600 Banks index (-50%) and the Nasdaq OMXH index (-45%).

Nordea's share price can be monitored at nordea.com, where it is also possible to compare the performance of the Nordea share with competitors and general indices as well as find historical prices for the Nordea share.

Turnover – the most liquid Nordic bank share

Turnover on all exchanges combined totalled EUR 42.9bn in 2023. 66% of the total volume traded in Nordea shares in 2023 took place over Nasdaq, of which approximately 29% was SEK-denominated, 33% EUR-denominated and 4% DKK-denominated. The remaining 34% of the traded volume took place over other exchanges such as Cboe European Equities, Turquoise and Aquis.

Share and voting rights

Nordea's Articles of Association do not contain any provisions on share classes or voting rights. Consequently Nordea has one class of shares and all shares in Nordea are ordinary shares. Each share confers one vote at Nordea's general meetings as well as an equal right to any dividend. On 31 December 2023 the total number of shares in Nordea was 3,528,279,508. See also "Statement of changes in equity" on pages 106–109.

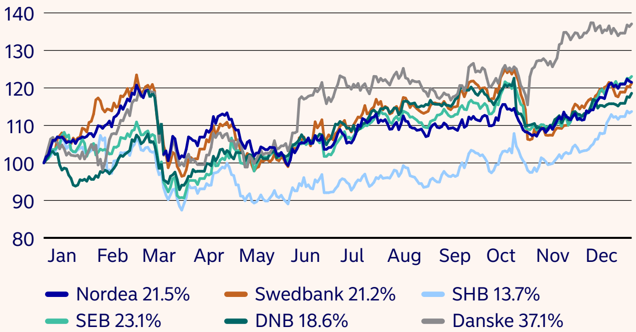
There are no restrictions in the Articles of Association regarding the right to transfer shares and Nordea is not aware of any agreements between shareholders in this respect. However, as Nordea is a credit institution, a direct or indirect acquisition of shares in Nordea which results in the acquirer's total holdings being considered qualified holdings (representing 10% or more of the equity capital or of the voting rights, or a holding that otherwise enables the acquirer to exercise a substantial influence over the management of Nordea) or an increase in qualified holdings may only occur following approval by the Finnish Financial Supervisory Authority according to the Finnish Act on Credit Institutions. Under the Single Supervisory Mechanism, the European Central Bank is the authority that ultimately decides (in cooperation with the Finnish Financial Supervisory Authority) whether to approve an acquisition of a qualifying holding in Nordea as Nordea is subject to the direct supervision of the European Central Bank.

On 31 December 2023 BlackRock was the largest individual shareholder with a holding of 5.1%. Nordea has no shareholders with holdings of more than 10%. A table showing the largest registered shareholders in Nordea as at the end of 2023 is provided on page 53.

On 31 December 2023 employees had an indirect shareholding of 0.7% in Nordea through the Nordea Profit-Sharing Foundation and a minor indirect shareholding in Nordea through the pension foundation. The voting rights are in neither case exercised directly by the employees.

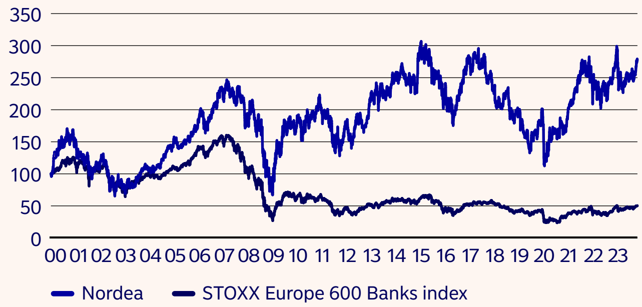
For information on share-based payment plans, see Note G8 "Employee benefits and key management personnel remuneration" on pages 183–197.

Total shareholder return – Nordea vs Nordic peers (indexed): Jan to Dec 2023



SOURCE: Thomson Reuters Datastream

Nordea share price performance compared with European banks, 2000–2023, %



SOURCE: Macrobond and Nordea.

The Nordea share and external credit ratings, cont.

AT1 conversion notes and special rights entitling to shares

The AT1 conversion notes issued in 2019 and 2021 by Nordea Bank Abp automatically convert into an aggregated maximum number of 194,099,378 and 121,802,679, respectively, newly issued Nordea shares if the CET1 ratio of either Nordea Bank Abp on a solo basis or the Nordea Group on a consolidated basis falls below 5.125%. The notes will be convertible into shares at a price not exceeding a specific nominal amount applicable to the respective notes, subject to adjustments.

Upon conversion of the notes into shares, Nordea's existing shareholders have preferential rights to all newly issued Nordea shares. Nordea has no convertible bonds in issue that provide holders with an option to acquire shares in Nordea.

Share capital

The share capital of Nordea amounts to EUR 4,049,951,919.

Dividend paid in 2023

On 23 March 2023 Nordea's Annual General Meeting authorised the Board to decide on a dividend payment of a maximum of EUR 0.80 per share based on the annual accounts adopted for the financial year ended 31 December 2022 in accordance with the proposal of the Board of Directors.

In accordance with the mandate received from the Annual General Meeting, the Board decided on the payment of an ordinary dividend in a single instalment of EUR 0.80 per share to shareholders. The dividend was paid to shareholders who on the record date for the dividend on 27 March 2023 were recorded in the company's shareholders' register maintained by Euroclear Finland Oy in Finland, Euroclear Sweden AB in Sweden and VP Securities A/S in Denmark. The dividend payment date was 3 April 2023.

Share buy-backs

In line with its capital and dividend policy, Nordea continuously assesses the opportunity to use share buy-backs as a tool to distribute excess capital. The purpose of such share buy-backs is to pursue an efficient capital structure and generate sustainable shareholder returns for the benefit of all shareholders by reducing the capital of Nordea.

On 18 July 2022 the Board approved Nordea's third share buy-back programme of up to EUR 1.5bn, to be carried out in accordance with the authorisation granted to the Board by the 2022 Annual General Meeting. From 20 July 2022 to 16 March 2023 Nordea repurchased 150,069,276 of its own shares at an average price per share of EUR 9.99. In the third share buy-back programme, the shares were repurchased otherwise than in proportion to the shareholdings of Nordea's shareholders (directed repurchases) in public trading.

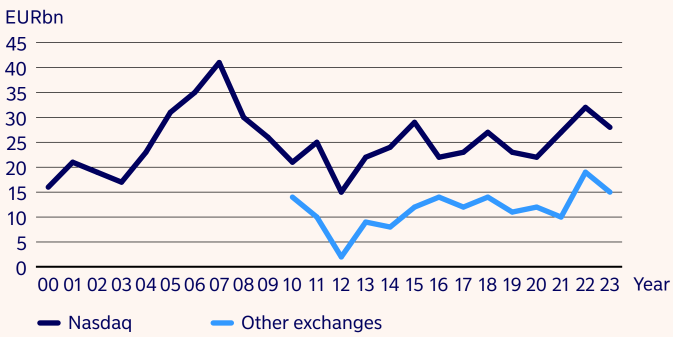
On 26 April 2023 the Board approved a fourth share buy-back programme of up to EUR 1.0bn, to be carried out in accordance with the authorisation granted to the Board by the 2023 Annual General Meeting. The programme commenced on 28 April 2023. The shares are repurchased otherwise than in proportion to the shareholdings of Nordea's shareholders (directed repurchases) in public trading and the repurchases will end no later than 5 March 2024.

The total price paid for own shares acquired under Nordea's share buy-back programmes during the financial year ended 31 December 2023 (120,953,361 shares in total, corresponding to 3.3% of all shares in Nordea as at 1 January 2023) amounted to approximately EUR 1.3bn, with an average price of EUR 10.44 per share.

Share issue resolutions

The 2023 Annual General Meeting resolved that Nordea, before the end of the 2024 Annual General Meeting, may transfer own shares in the ordinary course of its securities trading business as a credit institution, with deviation from the shareholders' preemptive rights, by way of a directed share issuance. The facilitation of the company's securities trading business, in which the ability to trade also in own shares is required, is a weighty financial reason for a directed issue. The number of own shares to be transferred may not exceed 175,000,000 shares.

Turnover of the Nordea share on stock exchanges, 2000–2023[1]



SOURCE: NASDAQ, FIDESSA, SIX FINANCIAL INFORMATION.

1) Nasdaq exchanges from 2000. Other exchanges from 2010.

The Nordea share and external credit ratings, cont.

The 2023 Annual General Meeting further authorised the Board to resolve, on one or several occasions, on the issuance of special rights entitling to either new shares in the company or treasury shares against payment (convertibles) in accordance with or in deviation from the shareholders' preemptive subscription rights. The maximum number of shares that may be issued based on this authorisation is 350,000,000.

Moreover, the 2023 Annual General Meeting authorised the Board to resolve, on one or several occasions, on the issuance of new shares or transfer of the company's own shares of not more than 30,000,000 shares in the company.

As of 31 December 2023 Nordea held 9,090,189 shares, 0.3% of the total number of shares in Nordea, a decrease of 4,319,652 shares compared with 31 December 2022. Nordea holds treasury shares partly for capital optimisation and remuneration purposes and partly for trading purposes in its securities trading business. For information on share-based incentive programmes, see Note G8 "Employee benefits and key management personnel remuneration" on pages 183–197.

Holding of own shares and share cancellations

During 2023 an aggregated amount of 1,292,469 and 3,038 own shares held by Nordea were transferred without consideration to participants in Nordea's variable remuneration plans in April and May, respectively.

During 2023 Nordea cancelled 126,001,788 treasury shares, which were held for capital optimisation purposes and acquired through share buy-backs. See also "Share buy-backs" above, "Events after the financial period" on page 99 and "Statement of changes in equity" on pages 106–109.

Shareholders

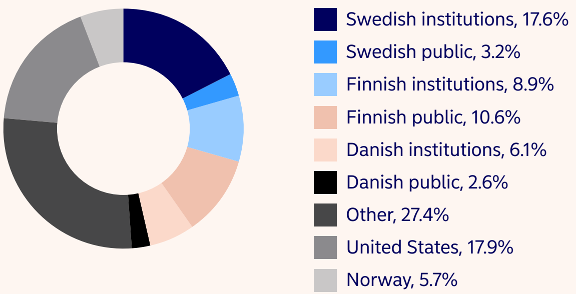
With over 590,000 registered shareholders at the end of 2023, Nordea has one of the largest shareholder bases of all Nordic companies. The number of shareholders in Finland is approximately 352,000, in Sweden approximately 123,500 and in Denmark approximately 111,000, which is slighly higher than last year. The largest shareholder categories are US and Swedish institutions, both with 18% holdings of Nordea shares. At year end Nordic institutional shareholders held 32.5%, while non-Nordic shareholders held 45.3%.

Largest registered shareholders of Nordea, 31 Dec 2023[1]

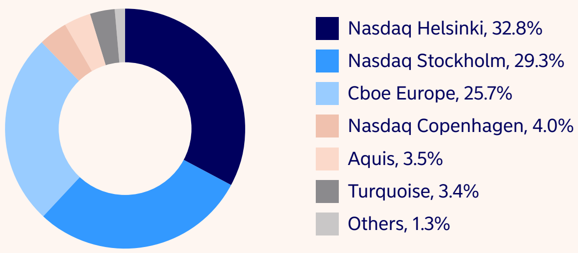
Shareholder	Number of shares, million	Percentage of Nordea
BlackRock	181.5	5.1
Cevian Capital	158.5	4.5
Norges Bank	155.8	4.4
Nordea-fonden	154.1	4.4
Vanguard	129.8	3.7
Swedbank Robur Funds	89.8	2.5
Alecta Tjänstepension	77.5	2.2
Fidelity Investments (FMR)	53.4	1.5
Nordea Funds	49.6	1.4
Varma Mutual Pension Insurance Company	40.0	1.1
SEB Funds	37.6	1.1
Handelsbanken Funds	36.2	1.0
JP Morgan Asset Management	32.8	0.9
State Street Global Advisors	29.6	0.8
Ilmarinen Mutual Pension Insurance Company	28.6	0.8
Länsförsäkringar Funds	26.3	0.7
TIAA – Teachers Advisors	25.8	0.7
Nordea Vinstandelsstiftelse	25.5	0.7
Amundi	22.7	0.6
Government of Japan Pension Investment Fund	22.2	0.6
Abrdn Investment Management	21.7	0.6
OP Life Assurance Company Ltd	16.0	0.5
Northern Trust	15.7	0.4
The State Pension Fund of Finland	15.5	0.4
Elo Mutual Pension Insurance Company	15.0	0.4
Others	2,067	58.6
Total number of outstanding shares	**3,549**	**100%**

1) This information is aggregated by Modular Finance AB from various sources such as Euroclear, Morningstar, Finansinspektionen, Nasdaq and Millistream and may not reflect the actual holdings of the shareholder on the given date.

Shareholder structure, 31 Dec 2023



Nordea share, annual turnover on different stock exchanges 2023



The Nordea share and external credit ratings, cont.

Distribution of shares, 31 Dec 2023

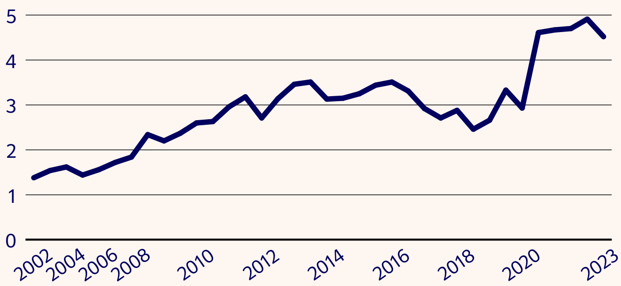
Distribution of shares	Number of shareholders	Shareholders, %	Number of shares	Shares, %
1–1,000	467,414	79	127,769,228	4
1,001–10,000	114,433	20	339,581,713	10
10,001–100,000	8,807	1	225,655,890	6
100,001–1,000,000	782	0	221,083,631	6
1,000,001–	270	0	2,614,189,046	74
Total	**591,706**	**100**	**3,528,279,508**	**100**

Share data past 5 years

	2023	2022	2021	2020	2019
Share price[1] (EUR)	11.23	10.03	10.79	6.67	7.24
High/low (EUR)	12.11 / 9.18	11.45 / 8.19	11.24 / 6.60	8.19 / 4.39	8.22 / 5.37
Market capitalisation[1] (EURbn)	39.6	36.7	42.8	27.0	29.3
Dividend (EUR)	0.92[2]	0.80	0.69	0.39	0.40
Dividend yield[3] (%)	8.2	8.0	6.4	3.5	3.8
STOXX Europe 600 Banks index (%)	20.0	-3.2	34.0	-24.5	8.2
P/E (actual)	8.2	9.1	11.4	12.1	19.1
Price-to-book	1.27	1.18	1.27	0.80	0.93
Equity per share (EUR)	8.86	8.46	8.51	8.35	7.80
Earnings per share[1] (EUR)	1.37	1.10	0.95	0.55	0.38
Total shares	**3,528,279,508**	**3,654,281,296**	**3,965,561,160**	**4,049,951,919**	**4,049,951,919**

1) End of period.
2) Proposed dividend.
3) Dividend yield for 2017 to 2020 calculated at starting price on payment day and for 2021 calculated at price at 30 December 2021.

Nordea weighting in the STOXX Europe 600 Banks index, %



SOURCE: STOXX.

External credit ratings

Nordea's credit ratings are among the strongest of banks globally. The long-term ratings for Nordea are all at the AA level: Standard & Poor's AA– (stable outlook), Moody's Aa3 (stable outlook) and Fitch AA– (stable outlook). The short-term ratings are at the highest level: A–1+ from S&P, P–1 from Moody's and F1+ from Fitch.

The covered bond ratings are all Aaa/AAA for the covered bonds issued by Nordea Eiendomskreditt AS (in Norway), Nordea Hypotek AB (publ) (in Sweden), Nordea Kredit Realkreditaktieselskab (in Denmark) and Nordea Mortgage Bank Plc (in Finland).

The analysis from the rating agencies is in broad terms focused on credit risks and other risks, profitability, capitalisation, the strength of the business franchise as well as on the funding profile and liquidity strength. For these areas, the views on Nordea were stable or improved during the year as the view on profitability and asset quality strengthened.

External credit ratings, 31 Dec 2023

	Moody's		Standard & Poor's		Fitch	
	Short	Long	Short	Long	Short	Long
Nordea Bank Abp	P–1	Aa3	A–1+	AA–	F1+	AA–
Senior preferred (SP) issuances		Aa3		AA–		AA
Senior non-preferred (SNP) issuances		A3		A		AA–
Tier 2 (T2) issuances		Baa1		A–		A
Additional Tier 1 (AT1) issuances				BBB		BBB+
Nordea Eiendomskreditt AS[1]		Aaa[1]				
Nordea Hypotek AB (publ)[1]		Aaa[1]				
Nordea Kredit Realkreditaktieselskab[1]				AAA[1]		
Nordea Mortgage Bank Plc[1]		Aaa[1]				

1) Covered bond rating.

Capital management and new regulations

Nordea strives to be efficient in its use of capital and therefore actively manages its balance sheet with respect to different asset, liability and risk categories. The goal is to enhance returns to shareholders while maintaining a prudent capital structure. The Board decides ultimately on the targets for capital ratios, the capital and dividend policies and the overall framework of capital management at Nordea. The ability to meet targets to maintain minimum capital requirements is reviewed regularly by the Asset & Liability Committee and the Risk Committee.

Capital and dividend policy

Nordea maintains a strong capital position in line with its capital policy. Nordea now targets a management buffer of 150bp above the CET1 requirement. This is a change compared to the previous policy and is supported by Nordea's strong capital generation. It also enables efficient capital management, while Nordea still maintains a prudent buffer to requirements.

The dividend policy 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.

On 26 April 2023 the Board of Directors approved a new share buy-back programme of up to EUR 1.0bn. The programme commenced on 28 April 2023 and will end no later than 5 March 2024. Since the start of the first buy-back programme in 2021, approximately 520 million shares have been bought back for a total value of EUR 5.3 billion.

Minimum capital requirements

The calculation method for the risk exposure amount (REA) is subject to regulatory approval. Nordea had 89% of its credit risk exposure amount covered by the internal ratings-based (IRB) approach by the end of 2023. Nordea is approved to use its own internal value-at-risk (VaR) models to calculate capital requirements for the major portion of the market risk in its trading book. For operational risk, the standardised approach is applied. Based on the total REA, Nordea needs to meet the applicable minimum and combined buffer requirements. In addition, competent authorities require Nordea to hold capital for other risks which are identified and communicated as part of the Supervisory Review and Evaluation Process.

Nordea received the Supervisory Review and Evaluation Process decision on 30 November 2023 which maintains the Pillar 2 requirement (P2R) at 1.60% as decided last year. The P2R must be met with at least 56.25% of CET1 capital.

Internal capital requirement

For internal risk and capital assessment purposes, Nordea uses the internal capital requirement (ICR) in line with Article 73 of the Capital Requirements Directive (CRD). The ICR specifies the amount, type and distribution of internal capital considered adequate to cover the nature and level of all risks to which the Group or any of its subsidiaries are or might become exposed over a foreseeable future, including during periods of stress.

The ICR is one of the main inputs for the Internal Capital Adequacy Assessment Process together with regulatory views on the required amount of capital as expressed under the regulatory perspective.

Nordea defines the ICR as the internal capital requirement for all material risks from an internal economic perspective, taking account of the regulatory, normative and through-the-cycle perspective, adequate to withstand periods of stress. This ensures that Nordea's ICR is aligned with, but not restricted by, the regulatory perspective.

Economic capital

Economic capital is a method to allocate capital held by Nordea to its business areas and is a central component in the Value Creation Framework. The framework supports the operational decision-making process at Nordea to enhance performance management and ensure shareholder value creation.

The economic capital aligns to the Group's target CET1 ratio, which is set by the capital policy to ensure sustainable long-term capitalisation for the Nordea Group. In addition, the economic capital framework includes the following items:
(a) equity contribution of the insurance business
(b) certain capital deductions.

The economic capital was EUR 21.9bn at the end of 2023 (EUR 23.2bn at the end of 2022). The decrease was mainly driven by reduced credit risk.

Own funds

Own funds are the sum of Tier 1 and Tier 2 capital. Tier 1 capital consists of both Common Equity Tier 1 (CET1) and Additional Tier 1 capital. CET1 capital is considered to be capital of the highest quality with ultimate loss-absorbance characteristics and consists predominately of paid-in capital and retained earnings. Profit may only be included after permission from the European Central Bank and after deducting the proposed dividend. Additional Tier 1 capital and Tier 2 capital consist mostly of undated and dated subordinated loans, respectively. Holdings of other financial sector entities' subordinated loans are deducted from the corresponding tier.

Further information – capital adequacy and the Capital and Risk Management Report

Further information on capital management and capital adequacy is presented in the Capital and Risk Management Report. On the basis of its consolidated situation, Nordea provides Capital and Risk Management Report disclosures quarterly according to Part Eight of Regulation (EU) No 575/2013 (CRR). The disclosures constitute a comprehensive disclosure of risks, risk management and capital management. It includes disclosures, or references to other disclosures, required according to Part Eight of the CRR and by the EBA guidelines and standards on disclosure requirements.

Accompanying the Capital and Risk Management Report are the required disclosures for the subsidiaries Nordea Kredit Realkreditaktieselskab, Nordea Hypotek AB, Nordea Mortgage Bank Plc and Nordea Eiendomskreditt AS.

The Capital and Risk Management Report is available at nordea.com. The subsidiaries' disclosures are included as appendices and are published on the same website after the publication date of each subsidiary's annual report.

Country-by-country reporting

Further information on country-by-country reporting in accordance with the Finnish Act on Credit Institutions is presented on page 372.

Capital management and new regulations, cont.

Capital requirements and risk exposure amount (REA), Nordea Group

	31 Dec 2023		31 Dec 2022	
EURm	Minimum capital requirement	REA	Minimum capital requirement	REA
Credit risk	**8,454**	**105,678**	**9,053**	**113,156**
- of which counterparty credit risk	222	2,774	231	2,882
IRB	**7,560**	**94,502**	**7,887**	**98,589**
- sovereign	–	–	–	–
- corporate	4,799	59,993	5,228	65,346
- advanced	4,290	53,628	4,675	58,438
- foundation	509	6,365	553	6,908
- institutions	309	3,868	311	3,888
- retail	2,042	25,519	2,002	25,021
- items representing securitisation positions	173	2,162	96	1,195
- other	237	2,960	251	3,139
Standardised	**894**	**11,176**	**1,165**	**14,567**
- central governments or central banks	17	211	14	169
- regional governments or local authorities	2	30	3	38
- public sector entities	–	–	–	–
- multilateral development banks	–	–	–	–
- international organisations	–	–	–	–
- institutions	13	157	9	109
- corporate	116	1,455	129	1,616
- retail	242	3,025	278	3,473
- secured by mortgages on immovable properties	77	968	120	1,499
- in default	5	66	5	64
- associated with particularly high risk	–	–	–	–
- covered bonds	–	–	–	–
- institutions and corporates with short-term credit assessment	–	–	–	–
- collective investment undertakings (CIU)	194	2,423	172	2,150
- equity	195	2,442	397	4,968
- other items	33	399	39	482
Credit value adjustment risk	**48**	**596**	**54**	**675**
Market risk	**384**	**4,805**	**380**	**4,750**
- trading book, internal approach	325	4,072	329	4,110
- trading book, standardised approach	59	733	51	640
- banking book, standardised approach	–	–	–	–
Settlement risk	–	–	–	–
Operational risk	**1,284**	**16,048**	**1,202**	**15,025**
Standardised	1,284	16,048	1,202	15,025
Additional risk exposure amount related to Finnish RW floor due to Article 458 of the CRR	–	–	–	–
Additional risk exposure amount related to Swedish RW floor due to Article 458 of the CRR	**927**	**11,592**	**935**	**11,693**
Additional risk exposure amount due to Article 3 of the CRR	–	–	–	–
Total	**11,097**	**138,719**	**11,624**	**145,299**

Capital management and new regulations, cont.

Capital requirements and risk exposure amount (REA), Nordea Bank Abp (parent company)

	31 Dec 2023		31 Dec 2022	
EURm	**Minimum capital requirement**	**REA**	**Minimum capital requirement**	**REA**
Credit risk	**8,636**	**107,947**	**8,892**	**111,144**
- of which counterparty credit risk	235	2,938	249	3,113
IRB	**5,809**	**72,613**	**5,933**	**74,160**
- sovereign	–	–	–	–
- corporate	4,662	58,273	4,741	59,261
- advanced	4,484	56,049	4,541	56,759
- foundation	178	2,225	200	2,502
- institutions	315	3,933	320	4,002
- retail	703	8,793	689	8,614
- secured by immovable property collateral	238	2,973	222	2,777
- other retail	466	5,820	467	5,838
- items representing securitisation positions	5	69		
- other	124	1,545	183	2,283
Standardised	**2,827**	**35,334**	**2,959**	**36,984**
- central governments or central banks	46	577	5,26	66
- regional governments or local authorities	1	13	2	20
- public sector entities	–	–	–	–
- multilateral development banks	–	–	–	–
- international organisations	–	–	–	–
- institutions	992	12,399	1,046	13,076
- corporate	230	2,875	270	3,370
- retail	20	253	25	315
- secured by mortgages on immovable properties	32	404	50	622
- in default	1	8	2	23
- associated with particularly high risk	–	–	–	–
- covered bonds	54	669	62	778
- institutions and corporates with short-term credit assessment	–	–	–	–
- collective investment undertakings (CIU)	194	2,423	172	2,150
- equity	1,256	15,699	1,324	16,552
- other items	1	15	1	11
Credit value adjustment risk	**48**	**596**	**55**	**683**
Market risk	**396**	**4,945**	**384**	**4,801**
- trading book, internal approach	326	4,072	329	4,110
- trading book, standardised approach	59	733	55	691
- banking book, standardised approach	11	139	–	–
Settlement risk	0	0	–	–
Operational risk	**939**	**11,733**	**849**	**10,617**
Standardised	939	11,733	849	10,617
Additional risk exposure amount related to Finnish RW floor due to Article 458 of the CRR	**–**	**–**	**–**	**–**
Additional risk exposure amount related to Swedish RW floor due to Article 458 of the CRR	**3**	**39**	**4**	**54**
Additional risk exposure amount due to Article 3 of the CRR	**–**	**–**	**–**	**–**
Total	10,021	125,260	10,184	127,299

Capital management and new regulations, cont.

Summary of items included in own funds

EURm	Nordea Group		Nordea parent company	
Calculation of own funds	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Equity in the consolidated situation	25,534	27,048	22,151	22,436
Profit for the period	4,927	3,598	–	–
Proposed/actual dividend	-3,240	-2,887	–	–
Common Equity Tier 1 capital before regulatory adjustments	27,221	27,758	22,151	22,436
Deferred tax assets	-34	-4	–	–
Intangible assets	-2,678	-2,776	-1,013	-1,099
IRB provisions shortfall (–)	–	–	–	–
Pension assets in excess of related liabilities	-160	-126	-113	-126
Other items, net[1]	-704	-980	-670	-927
Total regulatory adjustments to Common Equity Tier 1 capital	-3,576	-3,886	-1,796	-2,153
Common Equity Tier 1 capital (net after deduction)	23,645	23,872	20,355	20,283
Additional Tier 1 capital before regulatory adjustments	**3,225**	**3,307**	**3,225**	**3,307**
Total regulatory adjustments to Additional Tier 1 capital	**-25**	**-25**	**-25**	**-25**
Additional Tier 1 capital	3,200	3,282	3,200	3,282
Tier 1 capital (net after deduction)	26,845	27,154	23,555	23,565
Tier 2 capital before regulatory adjustments	**3,466**	**3,231**	**3,466**	**3,231**
IRB provisions excess (+)	**554**	**542**	**435**	**381**
Deductions for investments in insurance companies		-650		-650
Other items, net	-50	-64	-50	-64
Total regulatory adjustments to Tier 2 capital	504	-172	385	-333
Tier 2 capital	**3,970**	**3,059**	**3,852**	**2,898**
Own funds (net after deduction)	**30,815**	**30,213**	**27,407**	**26,463**
1) Other items, net based on profit inclusion	-726	-980		

Capital adequacy ratios, Nordea Group

Percentage	Nordea Group		Nordea parent company	
	31 Dec 2023	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Common Equity Tier 1 capital ratio, including profit	17.0	16.4	17.4	16.7
Tier 1 capital ratio, including profit	19.4	18.7	20.0	19.3
Total capital ratio, including profit	**22.2**	**20.8**	**23.1**	**21.6**
Common Equity Tier 1 capital ratio, excluding profit	15.8	15.9	16.3	15.9
Tier 1 capital ratio, excluding profit	18.1	18.2	18.8	18.5
Total capital ratio, excluding profit	**21.0**	**20.3**	**21.9**	**20.8**

Own funds and capital ratios (financial conglomerate)[1]

	31 Dec 2023[2]	31 Dec 2022[3]
Financial conglomerate's own funds, EURm	30,990	31,816
Own funds requirement of financial conglomerate, EURm	24,705	23,909
Capital adequacy of financial conglomerate (own funds surplus/deficit), EURm	6,286	7,906
Financial conglomerate's capital adequacy ratio, %	125.4%	133.1%

1) The financial conglomerate consists of banking and insurance operations.
2) Excluding fourth-quarter profit (pending application).
3) Including profit.

Capital adequacy ratios, Nordea parent company

Percentage	31 Dec 2023	31 Dec 2022
Common Equity Tier 1 capital ratio, including profit	17.4	16.7
Tier 1 capital ratio, including profit	20.0	19.3
Total capital ratio, including profit	23.1	21.6
Common Equity Tier 1 capital ratio, excluding profit	16.3	15.9
Tier 1 capital ratio, excluding profit	18.8	18.5
Total capital ratio, excluding profit	**21.9**	**20.8**

Nordea Life & Pension – solvency II position[1]

EURm	31 Dec 2023	31 Dec 2022
Required solvency capital	2,476	2,276
Actual solvency capital	3,576	3,172
Solvency buffer	1,100	896
Solvency in % of requirement	144%	139%

1) Due to its purchase of Nordea Pension at 01 December 2022, NLP did not anticipate a dividend to Nordea Bank Abp in the solvency position at 31.12.2022. The solvency position at 31.12.2022 includes Nordea Pension.

Nordea Life & Pension – solvency II sensitivity[1]

EURm	31 Dec 2023	31 Dec 2022
Solvency in % of requirement	144%	139%
Equities drop 20%	152%	143%
Interest rates down 50bp	140%	135%
Interest rates up 50bp	150%	144%

1) Due to its purchase of Nordea Pension at 01 December 2022, NLP did not anticipate a dividend to Nordea Bank Abp in the solvency position at 31.12.2022. The solvency position at 31.12.2022 includes Nordea Pension. The impact of the acquisition is estimated to be - 20 %-points.

New regulations on capital requirements

This section highlights recent news and updates on regulatory developments and capital requirements, mainly related to the Bank Recovery and Resolution Directive (BRRD), the Capital Requirements Directive (CRD) and the Capital Requirements Regulation (CRR). In general, it addresses news deemed relevant from a Nordea Group perspective. For additional details on new regulations and capital requirements, see Nordea's Capital and Risk Management Report (Pillar 3).

On 27 June 2022 the Finnish FSA decided to increase the other systemically important institutions (O-SII) buffer for Nordea to 2.5% from the previous 2.0%. The change took effect on 1 January 2023.

Due to the financial impact of COVID-19, the countercyclical buffer rates were decreased in Sweden, Denmark and Norway. During 2022 and 2023 the countercyclical buffers in the Nordic countries started to increase again. In Norway, it was decided to increase the buffer rate from 1.0% to 1.5% from June 2022 and from 1.5% to 2.0% from 31 December 2022. From 31 March 2023 it was increased to 2.5%. In Denmark, the buffer rate was increased from 0% to 1.0% from September 2022 and then to 2.0% from 31 December 2022. From 31 March 2023 it was increased to 2.5%. In Sweden, the buffer rate was increased from 0% to 1.0% from September 2022 and to 2.0% from 30 June 2023. In Finland, the buffer rate remains at 0%.

At the beginning of 2023 the Finnish FSA concluded that the sector's macroprudential buffers were below the assessed structural risks after the reduction in buffer requirements due to COVID-19. As a result, on 29 March 2023 the Finnish FSA decided to impose a requirement on Finnish credit institutions to maintain a systemic risk buffer (SyRB) of 1.0%. The decision on the SyRB is applicable to Nordea and will enter into force on 1 April 2024 after a transitional period.

In May 2023 Nordea received the Single Resolution Board's decision on the updated minimum requirements for own funds and eligible liabilities (MREL) for the Nordea Group. The MREL requirements are 23.30% of the risk exposure amount (REA) plus the combined buffer requirement (CBR) and 7.19% of the leverage ratio exposure (LRE). The subordination requirements are 20.66% of the REA plus the CBR and 7.19% of the LRE. The Single Resolution Board assesses and updates the requirements annually.

On 28 June 2023 the Finnish FSA decided to approve a partial reciprocation of the Norwegian SyRB requirement at a level of 3.5% (full Norwegian measure: 4.5%) to be applied to Norwegian exposures from 1 July 2024.

On 27 September the Finnish FSA decided to reciprocate the risk weight floors for corporate credit exposures secured by real estate collateral set by the Swedish FSA in accordance with Article 458 of the CRR. The risk weight floor is set at 35% for corporate exposures secured by commercial real estate and at 25% for corporate exposures secured by residential real estate. The floors have applied since 30 September and are not constraining for Nordea.

On 3 October the Systemic Risk Council in Denmark announced that the Council had recommended to the Minister for Industry, Business and Financial Affairs to activate a SyRB of 7% for exposures to real estate companies applicable from 30 June 2024. However, the buffer needs to be decided by the Minister and approved by the European Commission before it comes into force in Denmark and furthermore be reciprocated by the Finnish FSA before applicable to the Nordea Group.

On 19 December the Finnish FSA decided to maintain the reciprocation of the Swedish risk weight floor on residential real estate of 25% until 30 December 2025.

Finalisation of Basel III framework ("Basel IV")

Basel III is a global regulatory framework for bank capital adequacy, stress testing and liquidity risk. In December 2017 the finalised Basel III framework, often called Basel IV, was published. Basel IV entered into force from 2023 and includes revisions to credit risk, market risk, operational risk, credit valuation adjustment (CVA) risk and the leverage ratio and also introduces a new output floor.

Before being applicable to Nordea, Basel IV needs to be implemented into the EU regulatory framework, which is achieved by amending the CRR and the CRD. The first version of the new regulation was published by the European Commission on 27 October 2021. Compared with the original Basel IV standard, the Commission proposed to set the start date to 1 January 2025 in the EU. During 2022 the Council of the European Union and the European Parliament agreed on counterproposals to the Commission's proposal after which negotiations started in the so-called trilogue to agree on the final set of rules implementing Basel IV into EU regulation.

On 26 June 2023 a provisional agreement was reached between the Commission, the Council and the Parliament and on 7 December 2023 the Council formally adopted the agreement. The final implementation is still pending technical work on the amendment to the CRD and the CRR as well as formal adoption by the Parliament. Final publication in the Official Journal is expected in the first half of 2024.

For credit risk, the new regulations include revisions to both the IRB approach, where restrictions on the use of the IRB approach for certain exposures are implemented, and the standardised approach. For market risk, the internal model approach and the standardised approach are revised. For operational risk, the three existing approaches will be replaced by one standardised approach to be used by all banks. For CVA risk, the internally modelled approach can no longer be applied and the standardised approach is revised.

Furthermore, the new regulatory framework introduces an output floor of 72.5% of the standardised approaches on an aggregate level. This means that the capital requirement under the floor will be 72.5% of the total Pillar 1 REA calculated using the standardised approaches for credit, market and operational risk. The floor will be phased in, starting with 50% from 1 January 2025 to be fully implemented at 72.5% from 1 January 2030. For the calculation of the REA for the output floor, there are transitional rules until end-2032.

Corporate Governance Statement 2023

Corporate governance refers to relations between a company's senior management, its board of directors, its shareholders and other stakeholders, such as employees and their representatives. It also determines the structure used to define a company's objectives as well as the means of achieving them and of monitoring the results obtained. Strong corporate governance is thus about having clear and systematic decision-making processes, providing clarity about responsibilities, avoiding conflicts of interest and ensuring satisfactory internal control, risk management, transparency and accountability.

Nordea Bank Abp (the Company or Nordea) is a Finnish public limited liability company and the parent company of the Nordea Group (comprising the Company and its subsidiaries). Nordea's shares are listed on the Nasdaq stock exchanges in Helsinki, Stockholm and Copenhagen, and its American Depository Receipts (ADR) are traded in the US in US dollars. As part of its funding operations Nordea issues long-term debt instruments that are usually listed on various stock exchanges.

Nordea is subject to and applies the Finnish Corporate Governance Code 2020 (the "Code"). All the recommendations of the Code are complied with, apart from the appointment procedure for the Employee Elected Board members (the Code, Recommendation 5), as described further below.

This Corporate Governance Statement describes Nordea's approach to the key elements of corporate governance and is prepared in accordance with the legal requirements of the Finnish Act on Credit Institutions, the Finnish Accounting Act, the Finnish Securities Market Act, the Decree of the Ministry of Finance on the obligation of securities issuers to disclose periodic information and the Code[1].

Nordea's Corporate Governance Statement is available at nordea.com and the Code is available at https://cgfinland.fi/en/corporate-governance-code/.

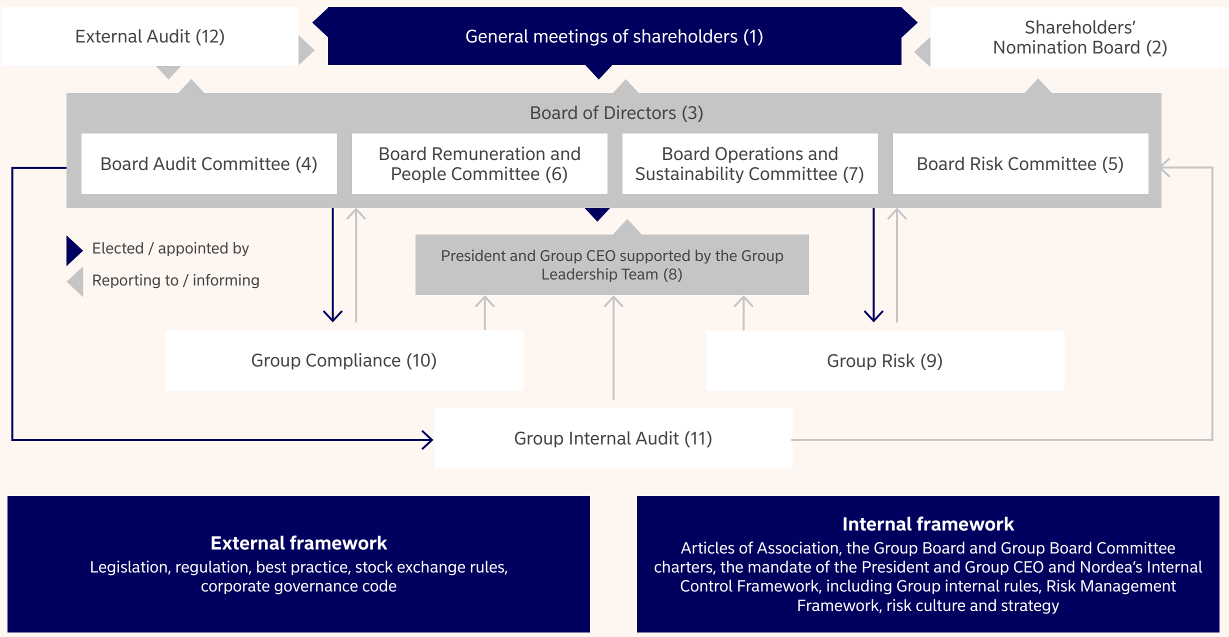
Corporate Governance structure

The corporate governance of Nordea is comprehensive and proportionate with respect to the nature, scope and diversity of the Company's operations to ensure effective management in accordance with the prudent conduct of business principles.

The Board is responsible for overseeing the administration and appropriate organisation of the Company's operations, while the President and Group CEO is responsible for the executive management of the Company. The main emphasis is on the Board undertaking its role in Nordea's corporate governance structure and the interaction with the other governing bodies to ensure sound corporate governance, including systems for internal control and risk management regarding financial reporting.

1) Nordea complies with the Code of its domicile as well as other applicable governance rules and regulations, and this Corporate Governance Statement is prepared in accordance with these requirements. The Code deviates in certain aspects from the Swedish Corporate Governance Code (the "Swedish Code") available at corporategovernanceboard.se and the Danish Recommendations on Corporate Governance (the "Danish Code") available at corporategovernance.dk due to differences in legislation and corporate governance rules and practices. Nordea deviates from the Swedish Code in terms of decision proposals of the nomination committee, independence of the Board Remuneration and People Committee members and by having the possibility of holding virtual shareholder meetings. With regards to the Danish Code, Nordea deviates in certain aspects from the Code in terms of the appointment of an audit committee chair, management remuneration and performance evaluation of the board of directors as well as recommendations regarding takeover bids, corporate social responsibility and tax policy. Nordea also deviates in certain aspects regarding the overall tasks and responsibilities of the board of directors, with respect to the company's purpose, value creation as well as share and capital structure and the annual review of guidelines for the executive management. Nordea further deviates in certain aspects regarding the composition of the board of directors and disclosure about individual board members in the management commentary.

Corporate governance structure



Numbers in brackets refer to the numbered sections below from pages 61–75.

Corporate Governance Statement 2023, cont.

Corporate governance and the duties of the governing bodies of Nordea are defined by the applicable internal and external frameworks. The external framework that regulates corporate governance includes EU law, such as Directive 2013/36/EU (CRD IV), Regulation (EU) No 575/2013 (CRR), Directive 2014/65/EU (MiFID II) and Regulation (EU) No 600/2014 (MiFIR), as well as rules and guidelines issued by the relevant financial supervisory authorities, such as the EBA Guidelines on Internal Governance and the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders, as well as national level laws, including the Finnish Companies Act, the Finnish Act on Credit Institutions, the Finnish Accounting Act and the relevant FIN-FSA regulations and guidelines. Nordea also complies with rules and guidelines issued by other relevant financial supervisory authorities as well as EU legislation for the financial industry, stock exchange rules for each relevant stock exchange and the rules and principles of the Code.

The Board has adopted instructions for the President and Group CEO specifying the responsibilities of this role as well as other charters, policies and instructions for the operations of the Nordea Group. Furthermore, Nordea's Code of Conduct provides an ethical framework for the conduct of all members of governing bodies and employees. These mechanisms, together with the Articles of Association, the Charter (as defined below) and the Committee Charters (as defined below), as well as applicable directives, instructions and policies of the Nordea Group constitute the internal framework that regulates corporate governance at Nordea.

The internal framework is designed to enable the prudent conduct of business by defining the powers and responsibilities of the corporate bodies and employees. For more information on the directives, instructions and policies in the internal framework, see "Sustainability notes" on pages 329–380 .

ECB supervision and governance

Nordea is supervised by the European Central Bank (ECB) and the Finnish Financial Supervisory Authority (Single Supervisory Mechanism/SSM), and the branches and subsidiaries are supervised by the financial supervisory authorities in their respective countries, as applicable. Under ECB supervision, Nordea is subject to the same banking supervision and single resolution mechanisms as the majority of other European banks in the eurozone. The authority interaction function at Nordea is placed in Group Legal, which acts as the single point of contact and the coordinator for supervisory requests and interactions, to enable coordinated and consistent communcation between Nordea and its supervisors. Nordea uses standardised practices to process supervisory requests and on-site inspections, including a case management system where all interactions are documented. The Group Leadership Team (GLT) and the relevant committees receive authority interaction reports on a regular basis. The Board is informed about key authority interactions, including supervisory review and evaluation process decisions and on-site inspection reports. Furthermore, the Board oversees key supervisory remediation programmes and approves the remediation action plans required by the ECB.

ESG governance

The Board has a leading role in approving the sustainability strategy and is assisted by its committees in fulfilling its environmental, social and governance ("ESG") oversight responsibility. At management level, the ESG area is organisationally integrated into the existing processes for decision-making, risk management and control as well as escalation, including management committee structures. The first line of defence is responsible for managing sustainability and financial impacts, while the second line of defence is responsible for developing the ESG-related risk management framework.

The Nordea Chief of Staff is accountable for overseeing and facilitating the Group-wide integration of ESG factors into the Risk Management Framework and business processes. The relevant policy framework owner in the second line of defence is responsible for ensuring that requirements are reflected in Nordea's Sustainability and ESG Policy Framework and for overseeing their consistent cascading to the subsidiary strategy, risk and control frameworks. Additionally, the Chief of Staff is accountable for the development of the Group's strategic sustainability priorities and analysis of emerging topics, ensuring that Nordea's sustainability agenda remains aligned with the business environment developments, such as geopolitical and regulatory trends, and Nordea's long-term net zero commitment.

Nordea considers ESG factors to be significant potential drivers of credit, market, liquidity, capital, compliance and operational risks. The principle of embedding ESG factors in Nordea's risk management and business strategy is based on the importance of each ESG factor as a driver of these financial and non-financial risks. For each risk area framework, progress to embed ESG factors as risk drivers was made during 2023 with key risk indicators and, if relevant, risk appetite limits quantified, set, monitored and reported. The Chief of Staff is responsible for Nordea's ESG implementation programme and co-chairs its operational steering committee together with the Head of Credit Risk in the second line of defence. The programme monitors the integration of ESG implementation programme and development activities, aiming to ensure an efficient and consistent implementation of sustainability targets and objectives as well as ESG-related risk management frameworks across key processes, risk assessments, reporting and regulatory compliance. The programme integrates and provides ESG data to ensure transparent and consistent use across key processes and disclosures. For more information on ESG governance at Nordea, see "Non-financial statement" on pages 84–98 and "Sustainability notes" on pages 329–380 .

Division of powers and responsibilities

The management and control of Nordea is divided among the shareholders (at general meetings), the Board and the President and Group CEO, pursuant to the provisions of the external framework, the Articles of Association and the internal framework set forth by the Board.

General meetings of shareholders (1)

The general meeting is the Company's highest decision-making body, at which shareholders participate in the supervision and control of the Company through their voting rights and right to speak. Applicable regulations and the Articles of Association of the Company determine the matters to be dealt with at a general meeting. At the general meeting, decisions are taken regarding matters such as the financial statements, dividend, election of Board members and auditor as well as remuneration for Board members and the auditor. In accordance with applicable laws and regulations, the Remuneration Policy for Governing Bodies and the Remuneration Report for Governing Bodies are presented and adopted through an advisory vote at the general meeting. The Remuneration Policy for Governing Bodies and the Remuneration Report for Governing Bodies are available at nordea.com. General meetings are usually held in Helsinki. The 2023 Annual General Meeting was held on 23 March 2023 at the Messukeskus Helsinki, Expo and Convention Centre.

The 2023 Annual General Meeting approved an amendment to the Articles of Association enabling general meetings also to be held without a meeting venue, so-called virtual meetings, as an alternative to physical or hybrid meetings. Information on the decisions of the 2023 Annual General Meeting and the minutes are available at nordea.com. The 2024 Annual General Meeting will be held at Scandic Marina Congress Center on Thursday 21 March 2024.

Voting rights

Nordea's Articles of Association do not contain any provisions on share classes or voting rights. Consequently, all shares issued are ordinary shares and carry equal voting rights, with each share carrying one vote at general meetings. At general meetings, each shareholder is entitled to vote according to the full number of shares they hold or represent. Nordea is not entitled to vote on its own shares at general meetings under applicable legislation. More information about the Nordea share is presented in "The Nordea share and external credit ratings" on pages 51–54 and in "Financial review 2023" on pages 40–41.

Articles of Association

The Articles of Association are available at nordea.com. Amendments to the Articles of Association are determined by the general meeting pursuant to Finnish law and are subject to the review of the Finnish Financial Supervisory Authority.

Shareholders' Nomination Board (2)

Pursuant to the Finnish Act on Credit Institutions, a significant credit institution must have a nomination committee that consists of board members or a shareholders' nomination board that consists of members appointed by the shareholders. The Annual General Meeting held in 2019 decided to establish a permanent Shareholders' Nomination Board. According to its Charter, the Shareholders' Nomination Board is to prepare, annually and otherwise when appropriate, proposals for the Annual General Meeting for the election of and remuneration for the Chair and members of the Board and present the proposals to the Annual General Meeting. The Shareholders' Nomination Board must also participate in the evaluation and succession planning of the Board and in its work consider the diversity policy of Nordea as well as perform certain other tasks assigned in its Charter.

The Shareholders' Nomination Board consists of the Chair of the Board of Directors and the four largest shareholders who on 31 August represent the largest number of voting rights in the company and wish to participate in the work of the Nomination Board.

The composition of the Shareholders' Nomination Board was made public on 29 September 2023. Cevian Capital had appointed Niko Pakalén, Nordea-fonden had appointed Lars Ingemann Nielsen, Alecta had appointed Daniel Kristiansson and Varma Mutual Pension Insurance Company had appointed Timo Sallinen as members of the Shareholders' Nomination Board. Niko Pakalén had been appointed Chair of the Shareholders' Nomination Board. On 31 August 2023 the appointed members of the Shareholders' Nomination Board represented approximately 12% of all shares in the Company.

Succession planning and process for proposing Board members for election by the Annual General Meeting

In order to ensure orderly Board member succession, the Shareholders' Nomination Board works with a succession pipeline on an ongoing basis consisting of prospective Board member candidates, taking into account the skills needed on the Board as a whole and on the various committees of the Board.

The Shareholders' Nomination Board evaluates the recruitment needs and, if needed, starts the process for proposing new Board members. To allow for seamless and orderly succession planning throughout the year, the Shareholders' Nomination Board may continue its work after it has prepared the proposal for the coming Annual General Meeting until the new Shareholders' Nomination Board has been appointed. The Shareholders' Nomination Board can employ, at Nordea's expense, a recruitment consultant and other external resources needed for the Shareholders' Nomination Board to perform its duties.

As part of the evaluation of recruitment needs, the Chair of the Board provides input on the competencies and skills needed on the Board and identified potential competencies and skill gaps. The Shareholders' Nomination Board is also presented with the results of the Board's annual self-evaluation and suitability assessment.

The process for proposing new Board members normally starts with the Shareholders' Nomination Board deciding on a shortlist of prospective candidates. The profiles and qualifications of these prospective candidates are assessed and interviews with the candidates are arranged. As part of the process, the President and Group CEO may be offered the possibility to give views on needed Board member skills and profiles and to meet with the Board candidates.

The Shareholders' Nomination Board proposals on the number of Board members and on the election of the Chair of the Board and the members of the Board to the Annual General Meeting are published in a stock exchange release and on Nordea's website. The proposals must be made in such time that they can be included in the notice of the Annual General Meeting. The proposals are presented at the Annual General Meeting.

Prior to the 2024 Annual General Meeting, the Shareholders' Nomination Board, constituted in the autumn of 2023, held five meetings. Each member participated in all the meetings and decision-making of the Shareholders' Nomination Board apart from the Chair of the Board, who did not participate in the preparation or decision-making where he had a conflict of interest.

Members of the Shareholders' Nomination Board

Niko Pakalén, Chair of the Shareholders' Nomination Board

Master of Science (Economics)
Born 1986
Partner, Cevian Capital

Lars Ingemann Nielsen

Master of Science (Mathematical Finance and Economics)
Born 1961
Executive Vice President and CFO, Nordea-fonden

Daniel Kristiansson

Master of Science (Business Administration)
Born 1974
Governance and Stewardship Specialist, Alecta

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Timo Sallinen
Master of Science (Economics)
Born 1970
Director, Head of Listed Securities, Varma Mutual Pension Insurance Company

Sir Stephen Hester
BA Honours (Politics, Economics, Philosophy)
Born 1960
Chair of the Board of Directors of Nordea Bank Abp

See "Board of Directors" on pages 66–67 for more information on the members of the Board.

The proposals of the Shareholders' Nomination Board are presented in the notice of the 2024 Annual General Meeting and are also available at nordea.com.

Board of Directors (3)
The Board of the Company is charged with the organisation of Nordea and the administration of the Company's operations and the overall management of the Nordea Group's affairs in accordance with the external and internal frameworks.

Composition and competence of the Board
According to the Articles of Association, the Board must consist of not less than 6 and not more than 15 members. The term of office for Board members is one year and expires at the end of the Annual General Meeting following the election. Nordea does not have a specific retirement age for Board members nor a specific time limit for how long a Board member may serve on the Board. In its work, the Shareholders' Nomination Board considers both the need for continuity and for retaining adequate experience on the Board as well as the need for gradual refreshment of knowledge and experience on the Board. According to the Code, if a Board member has served as a member for more than ten consecutive years, this must be taken into consideration when conducting the overall evaluation of independence. Furthermore, applicable European regulatory requirements of the banking sector are taken into account in the evaluation.

The Board has adopted a diversity policy that establishes the principles of diversity. According to the diversity policy, all Board member nominations must be based on merit with the prime consideration being to maintain and enhance the Board's overall effectiveness. Within this, a broad set of qualities and competencies is sought for and it is recognised that diversity, including age, gender[1], geographical provenance and educational and professional background, is an important factor to take into consideration. Nordea's objective is to have a fair, equal and balanced representation of gender and other diversifying factors on the Board collectively. With regard to gender balance, the Board's composition is aimed to be aligned with the Nordea Group's ambition of each gender to have at least 40% representation.

The composition of the Board must reflect the requirements of Nordea's operations and development stage. A Board member must have the competencies required by the position and the possibility to devote sufficient time to attend to the Board duties. The number of Board members and the composition of the Board must be such that they enable the Board to undertake its duties efficiently.

To support meeting the above requirements and objectives, the Shareholders' Nomination Board strives to ensure that the Board as a collective forms a fair, equal and balanced representation of gender and other diversifying factors, including: i) the Board's composition being aligned with Nordea's Diversity Policy, ii) the Board having members representing each of Nordea's operating countries in the Nordics: Finland, Sweden, Denmark and Norway, iii) an educational and professional background, and iv) age diversity.

The Board conducts a self-evaluation process annually, through which the performance and the work of the Board are evaluated for the purpose of continuously improving the Board's work and efficiency. The evaluation is based on methodology that includes questionnaires to evaluate the Board as a whole, the Chair and the individual Board members. The result of the self-evaluation process is further discussed by the Board and presented to the Shareholders' Nomination Board by the Chair of the Board.

In accordance with applicable European regulatory requirements, a suitability assessment of the individual Board members and of the Board as a whole is completed annually and in connection with the selection process for new Board members. The annual suitability assessment of 2023 concluded that the Board members individually and collectively possess the requisite knowledge of and experience in the social, business and cultural conditions of the regions and markets in which the main activities of Nordea and the Nordea Group are carried out, exhibiting adequate diversity and breadth of qualities and competencies, and that the gender distribution is well-balanced.

Board training
To enable a good understanding of Nordea's organisation and structure, business model, risk profile and governance arrangements, new Board members participate in a tailor-made induction programme, covering areas related to Nordea's governance, business strategy, financials and risk management. Board members may at any time ask for further training on a specific subject and are continuously provided with opportunities to maintain and deepen their knowledge.

In addition, the Board members receive annual training based on their individual and collective needs as well as regulatory and supervisory requirements. The annual training plan is designed to cover the key risk areas of Nordea and ensure up-to-date knowledge of identified relevant knowledge areas. The training activities also take into account the results of the annual self-evaluation and suitability assessments of the Board as well as input on identified training needs from senior management.

In 2023 the Board received approximately 20 hours of training as part of the annual training plan, requested ad hoc training and strategy sessions in line with industry best practice. As part of the annual training plan, the Board received training in several key areas, including data governance and data privacy, information security, capital, liquidity and funding, market and model risk, reputational risk, ESG topics, business continuity, remuneration and people matters as well as compliance and governance topics.

Work of the Board
The Board elects the Vice Chair and appoints the members of the Board committees. The Board has adopted written working procedures governing its work, which also describe the management and risk reporting to the Board (the Charter), and separate working procedures for the work carried out by each of the Board committees (the Committee Charters). For example, the Charter determines the Board's and the Chair's respective areas of responsibility, documentation and quorum

1) "Gender" refers to biological or legal sex. To be compliant with regulatory restrictions on sensitive data, Nordea does not register gender identity. However, Nordea welcomes and enables- self-identification of gender identity.

as well as the frequency of meetings. It also contains rules regarding conflicts of interest, confidentiality and the Board Secretary.

The Board is charged with the organisation of Nordea, the administration of the Company's operations and the overall management of the Nordea Group's affairs in accordance with the external and internal frameworks and its Charter. The Board must ensure that Nordea's legal and organisational structure is appropriate and transparent with a clear allocation of functions and areas of responsibility that ensures sound and effective governance, avoids the creation of complex structures and enables supervisors to conduct efficient supervision.

The Board regularly follows up on Nordea's strategy, business development as well as the Company's financial position and performance. Furthermore, the Board regularly updates the policies and internal rules on governance and control on which it has decided. The Board also reviews the risk appetite and regularly follows up on relevant risks, capital and liquidity.

Significant organisational changes, certain senior management appointments as well as mergers and acquisitions and other resolutions of significance are other matters dealt with by the Board. For example, in 2023 the Board approved the Nordea Group strategy, monitored and analysed the macroeconomic and geopolitical developments as well as handled matters related to sustainability, digitalisation, cyber defence, internal control and compliance, financial crime, M&A, share buy-backs and dividends. The Board must also ensure that the Company's organisation in respect of accounting, management of funds and the Company's financial position in general includes satisfactory controls. The Board is ultimately responsible for ensuring that an adequate and effective system of internal control is established and maintained. Group Internal Audit annually provides the Board with an assessment of the overall effectiveness of governance and the risk and control framework, together with an analysis of themes and trends emerging from internal audit work and their impact on the organisation's risk profile. Further information regarding internal control at Nordea is provided on page 75 under "Internal Control Framework".

The Board regularly meets the external auditor. In addition, the auditor in charge regularly attends the meetings of the Board Audit Committee.

In 2023 the Board of the Company held 12 meetings, 3 of which were held per capsulam. For more information, see the table on page 70.

Time commitment

Board members must be able to commit sufficient time to perform their duties and comply with the rules on the limitation on the number of directorships. The acceptable number of directorships is subject to both the Finnish Act on Credit Institutions and market expectations. Based on the regulatory requirements and market expectations, reflected for example in the policies of proxy advisers and institutional investors, a Board member, including the position on the Nordea Board, may

1. hold a maximum of one (1) executive directorship and two (2) non-executive directorships, or four (4) non-executive directorships, unless the ECB has granted an exemption which may be sought on a case-by-case basis
2. subject to fulfilling the requirements under item 1 above, hold no more than five (5) mandates in publicly listed companies, where a non-executive directorship counts as one (1) mandate, a non-executive chair position counts as two (2) mandates and a position as executive director (or a comparable role) is counted as three (3) mandates
3. regardless of the above, not hold the position of an executive director (or a comparable role) in a publicly listed company and of a non-executive chair in another publicly listed company.

There are certain exceptions to the requirements above, for example directorships held within the same group of undertakings and in entities with predominantly non-commercial objectives.

The Board consists of 13 ordinary members and 1 deputy member. Of these Board members, 10 (6 men and 4 women) were elected by the Annual General Meeting held on 23 March 2023. The Board members elected by the 2023 Annual General Meeting are Sir Stephen Hester (Chair), Lene Skole (Vice Chair), Petra van Hoeken, John Maltby, Risto Murto, Birger Steen, Per Strömberg, Jonas Synnergren, Arja Talma and Kjersti Wiklund. Additionally, Torbjörn Magnusson and Robin Lawther were members of the Board until the end of the 2023 Annual General Meeting.

In addition to the Board members elected by the Annual General Meeting, 3 ordinary members and 1 deputy member are elected by the employees of the Nordea Group. The Employee Elected Board members until the end of the 2024 Annual General Meeting are Gerhard Olsson, Hans Christian Riise, Joanna Koskinen (deputy member) and Kasper Skovgaard Pedersen (replaced Dorrit Groth Brandt in September 2023). The election procedure for the Employee Elected Board members deviates from Recommendation 5 "Election of the Board of Directors" of the Code. The reason for this deviation is an agreement on employee representation entered into by Nordea and an employee representation body under the Finnish Act on Employee Involvement in European Companies and European Social Cooperatives as well as the Finnish Act on Personnel Representation in the Company Administration in connection with the cross-border merger effectuating the redomiciliation to Finland in 2018.

The President and Group CEO of Nordea is not a member of the Board. The composition of the Board is set out on page 63, and further information regarding the Board members elected by the Annual General Meeting and the Employee Elected Board members is presented in the sections "Board of Directors" and "Employee Elected Board members" on pages 66–67.

Board shareholdings

In 2023 the Board of Nordea adopted a shareholding recommendation for Board members whereby the shareholding of a Board member should correspond to a minimum of 33% of the member's total annual fees. The recommendation aligns the Board members' interests with the long-term interests of the shareholders in an appropriate and balanced manner. For more information, see the Board shareholdings on pages 66–67.

Corporate Governance Statement 2023, cont.

Independence of the Board

Nordea complies with applicable requirements regarding the independence of the Board in accordance with applicable European regulatory requirements and Finnish laws and regulations as well as the requirements of the Code. Under the Code, the majority of the board members must be independent of the company, and at least two board members who are independent of the company must also be independent of the significant shareholders of the company. The Board meets this requirement.

The Board considers all its members to be independent of the Company's significant shareholders and all the members elected by the shareholders at the 2023 Annual General Meeting to be independent of the Company in accordance with the Code[1]. No Board member elected by the shareholders at the 2023 Annual General Meeting is employed by or works in an operative capacity at the Company. The ordinary Board members and the deputy Board member elected by the employees are employed by the Nordea Group and are therefore not independent of the Company according to the Code.

The independence of each Board member is also shown in the table on page 70.

Chair

The Chair of the Board is elected by the shareholders at the Annual General Meeting. The Board meets according to its annual meeting schedule and as necessary. The Chair ensures that the Board's work is conducted efficiently and that the Board fulfils its duties. The Chair leads and organises the Board's work, maintains regular contact with the President and Group CEO and ensures that the Board receives sufficient information and documentation, that the work of the Board is evaluated annually and that the Shareholders' Nomination Board is informed of the result of the evaluation.

1) According to the Code, a significant shareholder is a shareholder who holds at least 10% of all company shares or the voting rights carried by all the shares or who has the right or obligation to acquire the corresponding number of already issued shares.

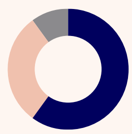
Board skills matrix and information on Board composition[1]

Identified key knowledge areas	Board members' knowledge, skills and experience									
Banking and finance	Expert	Expert	Expert	Expert	Expert	Expert	Good	Good	Basic	Basic
Insurance industry	Expert	Expert	Expert	Good	Good	Basic	Basic	Basic	Basic	Basic
CEO experience	Expert	Expert	Expert	Expert	Good	Good	Good	Good	Basic	Basic
Strategy and business	Expert	Expert	Expert	Expert	Expert	Expert	Expert	Good	Good	Good
ESG and green transition	Expert	Expert	Expert	Good	Good	Good	Good	Good	Good	Good
Digitalisation, IT, data and cyber security	Expert	Expert	Expert	Good	Good	Good	Good	Good	Good	Basic
Accounting and auditing	Expert	Expert	Expert	Expert	Good	Good	Good	Good	Good	Good
Governance and regulatory environment	Expert	Expert	Expert	Expert	Good	Good	Good	Good	Good	Good
Internal control	Expert	Expert	Expert	Expert	Expert	Good	Good	Good	Good	Good
Risk management	Expert	Expert	Expert	Good	Good	Good	Good	Good	Good	Good
People and remuneration	Expert	Expert	Expert	Expert	Expert	Good	Good	Good	Good	Basic

● Expert knowledge ● Good knowledge ● Basic knowledge

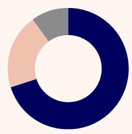
1) Excluding Employee Elected Board members.

Terms of office



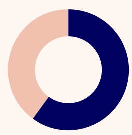
60% <3 years
30% 3-7 years
10% >8 years

Geographics



70% Nordic countries
20% UK
10% Europe (ex-Nordics)

Gender diversity



60% Male
40% Female

Board of Directors

Sir Stephen Hester, Chair

BA Honours (Politics, Economics, Philosophy) – 1st class
Board member since 2022[1] and Chair since 2022
Born 1960
Nationality: British
Other assignments: Chair of Board, easyJet and Lead Independent Director, Kyndryl

Sir Stephen Hester is a well-known and highly experienced international business leader. He has an extensive financial services track record internationally as well as in the Nordics. These roles have encompassed retail, commercial and investment banking at a global scale as well as insurance and asset/wealth management. Sir Stephen Hester is Chair of easyJet and an Independent Director of Kyndryl. He was knighted in the UK's 2024 New Year Honours list for services to business and the economy.

Previous positions:

2016–2022	Senior Independent Director, Centrica
2014–2021	Group Chief Executive, RSA Insurance Group
2008–2013	Group Chief Executive, Royal Bank of Scotland
2008	Non-Executive Deputy Chair, Northern Rock
2004–2008	Group Chief Executive, British Land
2002–2004	Chief Operating Officer and CFO, Abbey National
2000–2001	Global Head of Fixed Income, Credit Suisse First Boston
1996–2000	CFO and Head of Support Division, Credit Suisse First Boston
1986–1996	Various senior positions, Credit Suisse First Boston

Shareholding in Nordea: 90,260.

Lene Skole, Vice chair

BCom (Finance)
Board member since 2022[1]
Born 1959
Nationality: Danish
Other assignments: CEO of the Lundbeck Foundation, Deputy Chair of ALK-Abelló A/S[2], H. Lundbeck A/S[2], Falck A/S[2] and Ørsted A/S. Member of the Committee on Foundation Governance

Since 2014 Lene Skole has been the CEO of the Lundbeck Foundation, one of the largest enterprise foundations in Denmark. She has extensive experience within the insurance sector, gained through board memberships for the past 13 years. She also holds extensive board membership experience within various other sectors, such as healthcare and renewable energy.

Previous positions:

2010–2022	Board member, Tryg A/S and Tryg Forsikring A/S
2017–2018	Deputy Chair, TDC A/S
2006–2014	Board member, DFDS A/S
2005–2014	Executive Vice President, CFO, Coloplast
2000–2005	CFO, A.P. Møller – Mærsk, UK (The Maersk Company, UK)
2002–2003	European CFO, A.P. Møller – Mærsk
1997–2000	Vice President, Finance, A.P. Møller – Mærsk

Shareholding in Nordea: 29,031.

2) Board positions included in the position as CEO of the Lundbeck Foundation.

Arja Talma

MSc (Economics) and Authorised Public Accountant, EMBA, École nationale des ponts et chaussées
Board member since 2022[1]
Born 1962
Nationality: Finnish
Other assignments: Chair of Board of Verkkokauppa.com Oyj, Board member of Metso Oyj and Glaston Corporation

Arja Talma has a strong track record from board and audit committee positions held in listed and regulated companies such as Metso Oyj, Verkkokauppa.com, Glaston and Aktia Bank Plc. She has extensive experience as CFO and from various industries as board member and senior executive.

Previous positions:

2013–2022	Board member, Aktia Bank Plc
2016–2021	Chair of Board, Serena Properties AB
2018–2020	Chair of Board, Onvest Oy
2016–2020	Board member, Metso Corporation
2016–2020	Board member, Posti Group Plc
2017–2018	Board member, Mehilainen Oy
2007–2017	Board member, Sponda Plc
2015–2017	Board member, Norvestia Plc
2013–2015	Supervisory Board member, Varma Pension Insurance Company
2015	Board member, Nordic Cinema Group AB (publ.)
2013–2015	Senior Vice President, Store Sites and Investments, Kesko Corporation
2011–2013	President, Rautakesko Ltd
2006–2012	Board member, VR Group Ltd
2008–2012	Board member, Luottokunta
2004–2011	Senior Vice President, Chief Financial Officer, other senior positions, Kesko Corporation
2001–2003	Executive Vice President, Oy Radiolinja Ab

Shareholding in Nordea: 10,000.

Birger Steen

MBA and MSc (Industrial Engineering, Computer Science)
Board member since 2015[1]
Born 1966
Nationality: Norwegian
Other assignments: CEO and Board member of FREYR Battery, Board Chair of Nordic Semiconductor ASA and Pagero AB

Birger Steen has extensive experience from the technology sector and a background in private equity. He is currently the CEO and member of the Board of FREYR Battery, a Norwegian battery manufacturing company. He has held senior leadership roles and board positions at Microsoft, Parallels, Schibsted, Summa Equity, Pragmatic Semiconductor and Cognite.

Previous positions:

2019–2023	Thematic Partner of Summa Equity AB
2014–2021	Board member, Schibsted ASA
2017–2020	Board member and adviser, Cognite AS
2010–2016	CEO, Parallels, Inc
2009–2010	Vice President, Worldwide SMB & Distribution, Microsoft Corporation
2004–2009	General Manager, Microsoft Russia
2002–2004	General Manager, Microsoft Norge
2000–2002	CEO, Scandinavia Online AS (publ.)
1996–1999	Vice President, Business Development, Schibsted ASA
1993–1996	Consultant, McKinsey & Company
1992–1993	Oil Trader, Norwegian Oil Trading AS

Shareholding in Nordea: 10,000.

John Maltby

BSc Honours (Engineering Science)
Board member since 2019[1]
Born 1962
Nationality: British
Other assignments: Chair of Allica Bank, West Bromwich Building Society and Max Nicholas Renewables

John Maltby is an experienced board member in financial services and has previously held positions in Bluestep Bank AS, Tandem Bank, Bank of Ireland and Simplyhealth Group. He currently chairs the boards of Allica Bank, West Bromwich Building Society and Max Nicholas Renewables.

Previous positions:

2017–2022	Board member, National Citizens Service (NCS) Trust
2018–2021	Board member, Simplyhealth
2015–2019	Board member, Bank of Ireland, UK
2012–2019	Chair, Good Energy Group Plc
2015–2018	Board member, Tandem Bank
2015–2017	Chair, BlueStep Bank AS
2013–2015	Chief Executive Officer, Williams & Glyn
2012–2013	Senior Adviser, Corsair Capital
2007–2012	Group Director, Commercial, Lloyds Banking Group
2000–2007	Chief Executive Officer, Kensington Group Plc
1998–2000	Executive Director, First National Group, Abbey National Plc
1994–1998	Chief Executive Officer, Lombard Tricity, NatWest Group Plc
1992–1994	Deputy Director, Barclays Bank Plc
1989–1992	Management Consultant, Price Waterhouse Consultancy
1983–1989	Management Consultant, Andersen Consulting

Shareholding in Nordea: 8,241.

Jonas Synnergren

MSc (Economics and Business)
Board member since 2020[1]
Born 1977
Nationality: Swedish
Other assignments: Senior Partner at Cevian Capital AB, Head of Cevian Capital's Swedish office, Board member and member of the Audit and Compliance Committee and Remuneration Committee of LM Ericsson AB

Jonas Synnergren is a senior partner at Cevian Capital AB and Head of Cevian Capital's Swedish office since 2012 and has experience in financial services and asset management. He is a board member of LM Ericsson AB and has previously been a board member of Tieto Corporation and Veoneer Inc.

Previous positions:

2018–2022	Board member of Veoneer Inc
2012–2019	Member of the Board of Directors, Tieto Corporation
2006	Interim CEO and Head of Investor Relations & Business Development, Svalan Konsortier AB
2000–2006	Several positions, The Boston Consulting Group AB

Shareholding in Nordea: 0.

1) Refers to when a person became a Board member of the Nordea Group's parent company, irrespective of whether it is Nordea Bank Abp, Nordea Bank AB (publ) or another company.

Board of Directors, cont.

Kjersti Wiklund
MSc (Electronic Engineering), MBM
Board member since 2022[1]
Born 1962
Nationality: Norwegian
Other assignments: Board member of AutoStore Holdings Ltd, Evelyn Partners and Spectris plc

Kjersti Wiklund has been a member of the boards of a number of high-tech companies for more than 20 years. She currently holds board memberships, including board audit and risk committee memberships in companies with heavy technology focus at AutoStore Holdings Ltd, Evelyn Partners and Spectris PLC.

Previous positions:
2020–2023 Board member, Zegona plc
2018–2022 Board member, Babcock plc
2019–2022 Board member, Trainline plc
2018–2020 Chair of Board, Saga Robotics AS
2015–2018 Board member, Laird plc
2013–2017 Board member, Cxense ASA
2014–2016 Director, Group Technology Operations, Vodafone Group
2011–2014 Executive Vice President and COO, VimpelCom Russia
2011 Acting Group CTO, VimpelCom Group
2009–2011 Deputy CEO and CTO, Kyivstar GSM
2007–2009 Executive Vice President and CTO, DiGi Telecom
2005–2009 Board member, Fast Search and Transfer ASA
2005–2007 Executive Vice President and CIO, Telenor Nordic
2004–2005 Executive Vice President and CIO, Telenor Norway
2003–2004 Vice President and CTO, Telenor Norway
2002 Vice President, Strategy and Products, Telenor Enterprise
2000–2002 Executive Vice President and Head of Network Management Software Division, EDB Telescience Ltd

Shareholding in Nordea: 11,000.

Per Strömberg
MSc (Business and Economics)
Board member since 2023[1]
Born 1963
Nationality: Swedish
Other assignments: Board member of ICA Gruppen and Lekolar Group

Per Strömberg has served as the Chief Executive Officer of several companies over the past 17 years and has a wide range of experience within retail, consumer goods, brand and digitalisation. Before joining Nordea as a Board member, he held the position of President and Chief Executive Officer at ICA Gruppen, a leading Swedish retail company for 11 years. Currently he is a board member of ICA Gruppen and Lekolar Group.

Previous positions:
2012–2022 President and Chief Executive Officer, ICA Gruppen
2007–2012 President and Chief Executive Officer, Lantmännen
2006–2007 President and Chief Executive Officer, Sardus AB
2003–2006 Managing Director, Sweden & Nordic Category Director, Coffee & Food, Kraft Foods Sweden
2001–2003 Managing Director, Denmark & Nordic Category Manager, Coffee, Kraft Foods Denmark
1999–2001 Director, Business Development, Coffee Europe, Kraft Foods International
1998–1999 General Manager, Kraft Freia Marabou

Shareholding in Nordea: 10,000.

Petra van Hoeken
Master in Civil Law
Board member since 2019[1]
Born 1961
Nationality: Dutch
Other assignments: Chair of the Advisory Committee for Credit for the Dutch Ministry of Economic & Climate Affairs, Board member of Oranje Fonds, Stichting Holding and Administration of Shares under the Shell Employee Share Plans, Supervisory Board member of Volksbank N.V and member of the Advisory Council for Donations at the University of Leiden

Petra van Hoeken is an experienced banking professional with a strong background as Chief Risk Officer within the financial industry. She has previously been a Board member of ao. Nederlandse Waterschapsbank NV, De Lage Landen and Utrecht-America Holdings.

Previous positions:
2015–2023 Board member, Nederlandse Waterschapsbank NV
2019–2020 Executive Committee member and Chief Risk Officer of Intertrust Group
2018–2019 Board member, De Lage Landen, DLL
2016–2019 Board member, Utrecht-America Holdings, Inc
2016–2019 Managing Board member and Chief Risk Officer, Coöperatieve Rabobank U.A.
2012–2016 Managing Board member and Chief Risk Officer, NIBC Bank NV
2008–2012 Chief Risk Officer, EMEA, The Royal Bank of Scotland Plc and ABN AMRO Bank NV
1986–2008 Various management and other positions, ABN AMRO Bank NV, Amsterdam, Madrid, Singapore, Frankfurt and New York

Shareholding in Nordea: 2,400.

Risto Murto
PhD (Economics)
Board member since 2023[1]
Born 1963
Nationality: Finnish
Other assignments: President and CEO, Varma Mutual Pension Insurance Company, Board Chair of Securities Market Association, E2 Research and Finnish Pension Alliance TELA. Board member of Sampo Plc and Supervisory Board member of the Finnish Cultural Foundation and the Finnish National Opera and Ballet

Risto Murto has extensive experience within pensions, insurance, investments and financial markets, both as a board member and a member of executive management. Since 2014 he has been the President and Chief Executive Officer of Varma Mutual Pension Insurance Company, an earnings-related pension insurance company.

Previous positions:
2022–2023 Board member, the Finnish Canoeing and Rowing Federation
2014–2023 Board member, Wärtsilä Corporation
2019–2022 Board member, Finance Finland
2014–2022 Advisory Board member, the VATT Institute for Economic Research
2010–2015 Board member, Kaleva Mutual Insurance Company
2014–2016 Board member, Finance Finland
2012–2015 Board member, Nokian Tyres
2006–2013 Board member, Kojamo Oyj
2000–2005 Managing Director, Opstock Ltd
1997–2000 Head of Equities and Research, Opstock Ltd
1993–1997 Head of Research, Erik Selin Ltd

Shareholding in Nordea: 11,192.

1) Refers to when a person became a Board member of the Nordea Group's parent company, irrespective of whether it is Nordea Bank Abp, Nordea Bank AB (publ) or another company.

Employee Elected Board members

Gerhard Olsson
MBA and Bachelor of Economics

Board member since 2016[1]
Born 1978
Professional at Nordea
Shareholding in Nordea: 0.

Hans Christian Riise
MBA

Board member since 2013[1]
Born 1961
Head of trusted employee representatives
Shareholding in Nordea: 0.

Joanna Koskinen
MBA International Business Management

Board member since 2021[1]
Born 1977
(Deputy until 21 March 2024)
Professional at Nordea
Shareholding in Nordea: 0.

Kasper Skovgaard Pedersen
MSc Agricultural Economics and Development

Board member since 2023[1]
Born 1978
President of Finansforbundet in Nordea (Denmark)
Shareholding in Nordea: 0.

Board of Directors, cont.

Board committees

In accordance with the external framework and in order to increase the effectiveness of the Board work, the Board has established separate working committees to assist the Board in preparing matters falling within the competence of the Board and in making decisions in matters delegated by the Board. The duties of the Board committees, as well as working procedures, are defined in the Committee Charters. In general, the Board committees do not have autonomous decision-making powers and each committee regularly reports on its work to the Board. Nordea follows the legal requirements and complies with the Code in terms of Board committees.

Board Audit Committee (4)

The Board Audit Committee (BAC) assists the Board in fulfilling its oversight responsibilities, for instance by monitoring the Nordea Group's financial reporting process and system and by providing recommendations or proposals to ensure their reliability (including the efficiency of the internal control and risk management system), by monitoring the effectiveness of Group Internal Audit, by keeping itself informed as to the statutory audit of the annual and consolidated accounts, and by reviewing and monitoring the impartiality and independence of the external auditors, including the offering of services other than auditing services by the auditors, by preparing a recommendation of appointment of the Company's auditor and by reviewing the Group's tax strategy and tax policy as well as by taking care of the responsibilities of the audit committee pursuant to applicable legal requirements. The BAC also assists the Board in monitoring and assessing how related party transactions meet the requirements of ordinary activities and are at arm's length terms. The committee also reviews the external auditor's report on Nordea's sustainability reporting and associated disclosures as well as the integrity, independence and effectiveness of the whistleblowing mechanism Raise Your Concern.

Further information is presented in the section "Principles for related party transactions" on page 77.

Members of the BAC are John Maltby (Chair), Petra van Hoeken, Lene Skole and Arja Talma. Generally the Chief Audit Executive, the Group Chief Financial Officer, the Chief Risk Officer and the external auditor of the Company are present at the meetings of the BAC with the right to participate in discussions but not in decisions.

The Board annually appoints the members and the Chair of the BAC. The BAC must have at least three committee members who are members of the Board. The Chair of the BAC must not be the Chair of the Board or of any other Board committee. None of the members of the BAC may be employed within the Nordea Group or participate in the day-to-day management of the Company or a company of the Nordea Group. The majority of the members of the BAC must be independent of the Company. At least one of the members of the BAC who is independent of the Company must also be independent of the Company's significant shareholders and have sufficient expertise in accounting and/or auditing. The committee members must have the expertise and experience required for the performance of the responsibilities of the BAC. For more information, see the table on page 70.

Board Risk Committee (5)

The Board Risk Committee (BRIC) assists the Board in fulfilling its oversight responsibilities concerning management and control of risks, risk frameworks and appetite as well as controls and processes associated with the Nordea Group's activities, including financial and non-financial risks such as capital, credit, market, liquidity, concentration, compliance, conduct, model, operational, information security, IT, ESG and other strategic risks.

The duties of the BRIC include reviewing and making recommendations on the Nordea Group's risk and compliance governance as well as reviewing the development of the Group's Internal Control Framework, including the Risk Management Framework, in reference to the development of the Group's risk profile and changes in the regulatory framework. In addition, the BRIC reviews and makes recommendations regarding the Group's risk appetite and risk strategy. Furthermore, the BRIC reviews resolutions made by a Group entity concerning credits or credit limits above certain amounts as well as the performance of the credit portfolio.

Members of the BRIC are Petra van Hoeken (Chair), John Maltby, Birger Steen, Per Strömberg and Kjersti Wiklund. Generally, the Chief Risk Officer, the Chief Compliance Officer and the Chief Audit Executive are present at the meetings with the right to participate in discussions but not in decisions. Other senior executives are present at meetings when relevant.

For more information, see the table on page 70.

Board Remuneration and People Committee (6)

The Board Remuneration and People Committee (BRPC) is responsible for preparing and presenting proposals to the Board on remuneration matters, diversity and inclusion, key leadership selection, assessment and succession planning and talent management items. When preparing proposals on remuneration, the long-term interests of shareholders, investors and other stakeholders in Nordea must be taken into account.

At least annually, the BRPC follows up on the application of Nordea's remuneration policy, overseeing its functionality, including the use of variable pay adjustments, through an independent review by Group Internal Audit, and assesses Nordea's remuneration directive and remuneration system with the participation of appropriate control functions. In addition, the BRPC supports the Board with the preparation of the Remuneration Policy for Governing Bodies and the Remuneration Report for Governing Bodies. The BRPC also has the duty of annually monitoring, evaluating and reporting to the Board on the programmes for variable remuneration for members of the GLT and the Chief Audit Executive. At the request of the Board, the BRPC also prepares other issues of principle for the Board's consideration.

The remit of the BRPC also includes support to the Board in considering the Group Board Diversity Policy and Statement as well as monitoring the impact of diversity and inclusion policies and practices within Nordea and the review and assessment of talent management.

The BRPC also reviews succession plans, the performance of the members of the GLT and the Chief Audit Executive and the structure and composition of as well as the selection criteria and process for the GLT and advises on proposed GLT appointments together with the Shareholders' Nomination Board.

Members of the BRPC are Sir Stephen Hester (Chair), Per Strömberg, Arja Talma and Gerhard Olsson (Employee Elected Board member). Generally, the Chief People Officer and the President and Group CEO are present at the meetings with the right to participate in discussions but not in decisions.

Neither the Chief People Officer nor the President and Group CEO participates in considerations regarding their respective employment terms and conditions.

The Chair and the members of the BRPC are appointed annually by the Board. The BRPC must have at least three committee members.

The Chair and the majority of the members of the BRPC must be Board members who are independent of the Company and not employed by the Nordea Group. The President and Group CEO or the other executives must not be members of the BRPC. However, if Employee Elected Board members are appointed to the Board, at least one of them must be appointed as a member of the BRPC pursuant to the Finnish Act on Credit Institutions. The members of the BRPC must collectively have sufficient knowledge, expertise and experience in issues relating to risk management and remuneration. For more information, see the table on page 70.

Further information regarding remuneration at Nordea is presented in the section "Remuneration" on pages 78–82 and in Note G8 "Employee benefits and key management personnel remuneration" on pages 183–197.

Board Operations and Sustainability Committee (7)

The Board Operations and Sustainability Committee (BOSC) assists, without prejudice to the tasks of the other Board committees, the Board in fulfilling its oversight responsibilities concerning sustainability, digital transformation, technology, data management, operations/systems and operational resilience (including cyber resilience) as well as related frameworks and processes. The duties of the BOSC include advising the Board on the Nordea Group's overall strategy within the mentioned areas and assisting the Board in overseeing the implementation of that strategy by senior management.

Members of the BOSC are Kjersti Wiklund (Chair), Risto Murto, Birger Steen and Jonas Synnergren. To the extent possible, the head of Group Business Support and the head of Group Operational Risk attends meetings when the BOSC deals with operational risks. The Chief Audit Executive may also participate in meetings to the extent possible and when deemed suitable. All have the right to participate in discussions but not in decisions. Furthermore, other senior executives also attend meetings when deemed relevant.

The Chair and the members of the BOSC are appointed annually by the Board. The BOSC must have at least three committee members who are members of the Board. The BOSC must be composed of members of the Board who do not perform any executive function in the Nordea Group. Members of the BOSC must have sufficient collective knowledge, expertise and experience in issues relating to the work of the committee. For more information, see the table below.

Board of Directors, cont.

Board members' attendance and independence

The table below shows the number of meetings held by the Board and its committees as well as the attendance of the individual Board members. It also shows the independence of the individual Board members in relation to the Company as well as to significant shareholders.

	Board of Directors	Board Audit Committee	Board Risk Committee	Board Remuneration and People Committee	Board Operations and Sustainability Committee	Independence in relation to the Company[1]	Independence in relation to significant shareholders[1]
Number of meetings (of which per capsulam)	12(3)	9(0)	11(1)	7(1)	7(0)		
Elected by shareholders at the Annual General Meeting							
Sir Stephen Hester (Chair)	12/12	–	–	7/7	–	Yes	Yes
Torbjörn Magnusson (Vice Chair and Board member until March 2023)	3/3	–	–	3/3	–	Yes	Yes
Lene Skole (Vice Chair)	12/12	8/9	–	–	–	Yes	Yes
Arja Talma	12/12	9/9	–	4/4	–		
Birger Steen	12/12	–	11/11	–	7/7	Yes	Yes
John Maltby	12/12	9/9	11/11	–	–	Yes	Yes
Jonas Synnergren	12/12	–	–	–	7/7	Yes	Yes
Kjersti Wiklund	12/12	–	11/11	–	7/7	Yes	Yes
Per Strömberg (Board member as of March 2023)	9/9	–	7/7	3/4	–	Yes	Yes
Petra van Hoeken	12/12	9/9	11/11	–	–	Yes	Yes
Risto Murto (Board member as of March 2023)	9/9	–	–	–	5/5	Yes	Yes
Robin Lawther (Board member until March 2023)	2/3	–	–	2/3	–	Yes	Yes
Employee Elected Board members							
Dorrit Groth Brandt (member until September 2023)	10/10	–	–	–	–	No	Yes
Gerhard Olsson (deputy member until March 2023)	12/12	–	–	7/7	–	No	Yes
Hans Christian Riise	12/12	–	–	–	–	No	Yes
Joanna Koskinen (deputy member as of March 2023)	12/12	–	–	–	–	No	Yes
Kasper Skovgaard Pedersen (member as of September 2023)	2/2	–	–	–	–	No	Yes

1) According to the Code, a significant shareholder is a shareholder who holds at least 10% of all company shares or the voting rights carried by all the shares or who has the right or obligation to acquire the corresponding number of already issued shares. For additional information, see "Independence of the Board" on page 65.

Board of Directors, cont.

President and Group CEO supported by the Group Leadership Team (8)

Nordea's President and Group CEO leads the day-to-day management of the Company and the affairs of the Nordea Group in accordance with the external and internal frameworks. The internal framework adopted by the Company further regulates the division of responsibilities and the interaction between the President and Group CEO and the Board. The President and Group CEO works closely with the Chair of the Board in terms of planning Board meetings.

The President and Group CEO is accountable to the Board for managing the Nordea Group's operations and organisation and is also responsible for developing and maintaining effective systems for reporting and internal control within the Group. In line with applicable regulations, the Company has a Deputy Managing Director. Further information about the control environment for risk exposures is presented in Note G11 "Risk and liquidity management" on pages 209–244.

The President and Group CEO works together with certain senior officers within the GLT of the Group who report directly to him. The GLT supports the President and Group CEO in managing the Group, and the GLT members, apart from the President and Group CEO, are responsible for the performance, operations, risks and resources of and for developing their respective business areas or Group functions in accordance with the Nordea Group strategy and in the best interest of Nordea and in compliance with applicable laws and regulations.

The GLT meets regularly and whenever necessary at the request of the President and Group CEO. These meetings are chaired by the President and Group CEO, who reaches decisions after having consulted with the other GLT members.

Notes of the meetings, verified by the President and Group CEO, are kept.

At the end of 2023 the GLT members were: Frank Vang-Jensen (President and Group CEO), Sara Mella (Head of Personal Banking), Nina Arkilahti (Head of Business Banking), Martin A Persson (Head of Large Corporates & Institutions), Snorre Storset (Head of Asset & Wealth Management), Erik Ekman (Head of Group Business Support), Mark Kandborg (Chief Risk Officer), Christina Gadeberg (Chief People Officer), Jussi Koskinen (Chief Legal Officer and Deputy Managing Director), Ulrika Romantschuk (Head of Group Brand, Communication and Marketing), Jamie Graham (Chief Compliance Officer) and Ian Smith (Group Chief Financial Officer).

Biographical information about the President and Group CEO and the other GLT members at the end of 2023 is presented on pages 72–73, information about Nordea's organisation is presented on page 74, further information about the business areas is presented on pages 27–36 and information about the Group functions is presented on page 73.

Group Leadership Team

Frank Vang-Jensen
President and Group CEO
Born 1967
Member of Group Leadership Team since 2018
Education: Organisation & Leadership, Copenhagen Business School, Denmark. Finance & Credit, Copenhagen Business School, Denmark. Executive Programme, Harvard Business School, USA. Management Programme, INSEAD, France/ Singapore.
Shareholding in Nordea: 187,323.
Nordea shares in deferral: 145,777[1].

Previous positions:

2018–2019	Head of Personal Banking, Nordea Bank Abp
2017–2018	Head of Personal Banking, Country Senior Executive and Branch Manager Denmark, Nordea Bank Abp
2015–2016	President and Group CEO, Svenska Handelsbanken AB
2014–2015	Head of Handelsbanken Sweden, Svenska Handelsbanken AB
2007–2014	CEO, Handelsbanken Denmark, Svenska Handelsbanken AB
2005–2007	CEO, Stadshypotek AB
2001–2005	Regional Area Manager, Handelsbanken Denmark

Sara Mella
Head of Personal Banking
Born 1967
Member of Group Leadership Team since 2019
Education: Master of Science, Economics, University of Tampere, Finland.
Shareholding in Nordea: 45,096.
Nordea shares in deferral: 63,340[1].

Nina Arkilahti
Head of Business Banking
Born 1967
Member of Group Leadership Team since 2020
Education: Master of Social Science, University of Turku, Finland. BSc in Economics and Business Administration, Aalto University School of Business, Finland.
Shareholding in Nordea: : 39,796.
Nordea shares in deferral: 46,602[1].

Martin A Persson
Head of Large Corporates & Institutions
Born 1975
Member of Group Leadership Team since 2016
Education: Bachelor of Business Administration, Accounting & Finance, University of Stockholm, Sweden.
Shareholding in Nordea: 49,868.
Nordea shares in deferral: 75,771[1].

Snorre Storset
Head of Asset & Wealth Management
Born 1972
Member of Group Leadership Team since 2015
Education: MSc in Economics and Business Administration, Norwegian School of Economics, Bergen, Norway.
Shareholding in Nordea: 41,445.
Nordea shares in deferral: 70,277[1].

Erik Ekman
Head of Group Business Support
Born 1969
Member of Group Leadership Team since 2015
Education: PhD in Economics, Uppsala University, Sweden.
Shareholding in Nordea: 68,690.
Nordea shares in deferral: 74,986[1].

Ulrika Romantschuk
Head of Group Brand, Communication and Marketing
Born 1966
Member of Group Leadership Team since 2020
Education: Bachelor in Political Science from the Swedish School of Social Science, University of Helsinki, Finland.
Shareholding in Nordea: 12,257.
Nordea shares in deferral: 12,197[1].

Christina Gadeberg
Chief People Officer
Born 1970
Member of Group Leadership Team since 2019
Education: Graduate diploma (HD) in Business Administration, Organisation & Leadership, Copenhagen Business School, Denmark.
Shareholding in Nordea: 20,849.
Nordea shares in deferral: 43,745[1].

Jussi Koskinen
Chief Legal Officer
Born 1973
Member of Group Leadership Team since 2018
Education: Master of Laws (LLM), University of Turku, School of Law, Finland.
Shareholding in Nordea: 25,726.
Nordea shares in deferral: 53,483[1].

1) Relating to shares from STIP and LTIP awards earned during performance years 2019–2022. Does not include LTIP 2021–2023 as not yet deferred.

Group Leadership Team, cont.

Ian Smith
Group Chief Financial Officer
Born 1966
Member of Group Leadership Team since 2020
Education: MA in Economics, Aberdeen University, UK.
Shareholding in Nordea: 44,278.
Nordea shares in deferral: 88,618[1].

Mark Kandborg
Chief Risk Officer
Born 1971
Member of Group Leadership Team since 2022
Education: MSc in Economics, University of Copenhagen, Denmark.
Shareholding in Nordea: 25,679.
Nordea shares in deferral: 27,637[1].

Jamie Graham
Chief Compliance Officer
Born 1974
Member of Group Leadership Team since 2021
Education: Bachelor of Science, University of East Anglia, UK.
Shareholding in Nordea: 15,078.
Nordea shares in deferral: 33,116[1].

1) Relating to shares from STIP and LTIP awards earned during performance years 2019–2022. Does not include LTIP 2021–2023 as not yet deferred.

Group functions

Nordea's Group functions support the four business areas, helping to ensure speed and availability for customers and maintain Nordea's status as a safe, trustworthy and responsible bank.

Erik Ekman
Head of Group Business Support

Group Business Support
Group Business Support provides the business areas with the services, data and technology infrastructure needed for Nordea to deliver on its vision. It also provides the operational backbone for the Group's three largest processes: lending, credit and anti-money laundering operations. It drives the optimisation of Nordea's operational efficiency, letting the business areas focus on what they do best: serving customers and driving income growth initiatives.

Johan Ekwall
Chief of Staff

Chief of Staff Office
Chief of Staff Office is responsible for several of the Group-wide processes, e.g. the strategy development process, including ensuring that IT investments are aligned with the business strategy, the internal M&A activities as well as the sustainability implementation process across the Group. Chief of Staff Office drives Nordea's sustainability agenda, sets short- and long-term sustainability targets and works with the business areas to ensure that their business strategies are consistent with the Group's sustainability targets.

Christina Gadeberg
Chief People Officer

Group People
Group People is responsible for attracting, retaining and developing talent to drive business performance and for fostering a sustainable and inclusive work environment within Nordea. It also supports the employee lifecycle via talent management, leadership development, remuneration, workforce planning and organisational design. Group People's aim is for Nordea to be a preferred employer in our operating countries, with growth opportunities, flexible working arrangements and other policies supporting employee well-being.

Jamie Graham
Chief Compliance Officer

Group Compliance
Group Compliance is Nordea's independent compliance function. Together with Group Risk, it constitutes Nordea's second line of defence. Group Compliance is responsible for monitoring and overseeing the compliance risks that Nordea is or could be exposed to. It covers Nordea's entire operations, including subsidiaries and outsourced activities.

Mark Kandborg
Chief Risk Officer

Group Risk
Group Risk is Nordea's independent risk control function. Together with Group Compliance, it constitutes Nordea's second line of defence. It oversees the implementation of the Group's financial and non-financial risk policies (excluding compliance risks) and monitors and controls its Risk Management Framework. Group Risk thus oversees the identification, assessment, monitoring, management and reporting of the key risks that Nordea is or could be exposed to.

Jussi Koskinen
Chief Legal Officer

Group Legal
Group Legal provides effective and high-quality legal advice within the Nordea Group, covering banking, business, contracts, mergers and acquisitions, litigation and many other legal areas of relevance. It is also responsible for board secretariat services, corporate governance, branch management, public affairs and regulatory management, including reporting to and interacting with national and European Union authorities.

Ulrika Romantschuk
Head of Group Brand, Communication and Marketing

Group Brand, Communication and Marketing
Group Brand, Communication and Marketing's overall aim is to improve the Group's brand perception and reputation to make people passionate about Nordea. It drives brand, communication and marketing activities across the Group and supports Nordea's strategic agenda, providing guidelines, advice, tools, content and digital publishing services to ensure a holistic brand experience for both internal and external stakeholders.

Ian Smith
Group Chief Financial Officer

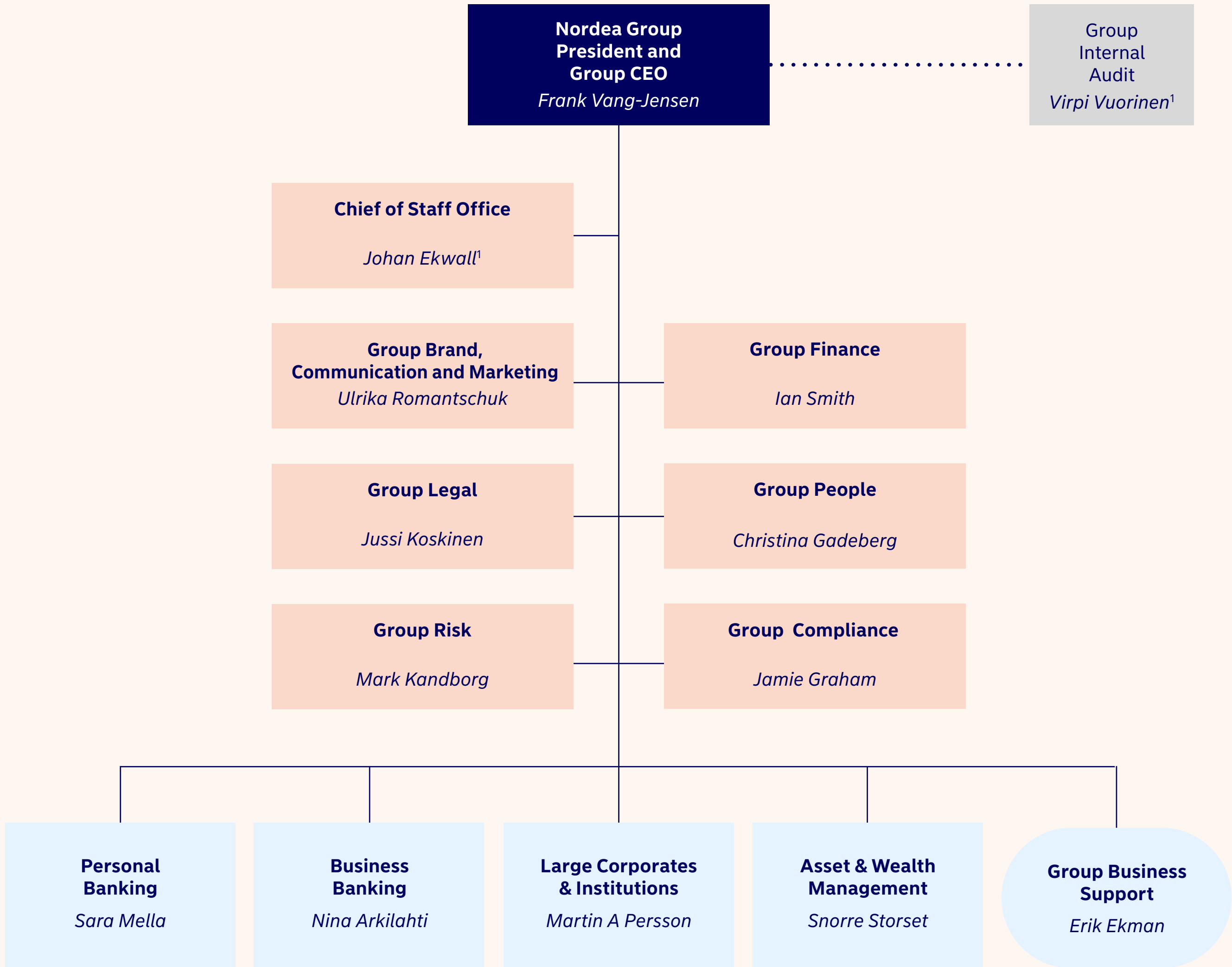
Group Finance
Group Finance drives Group-wide financial performance management, financial reporting and planning, financial and business control, procurement services and analysis to meet business needs and regulatory requirements. It also manages Nordea's capital, liquidity, funding and market risks, ensuring regulatory compliance while supporting the business areas' ability to serve customers well. Group Finance ensures a fair reflection of Nordea's fundamentals by providing transparent and relevant communication to the investor community.

Virpi Vuorinen
Chief Audit Executive

Group Internal Audit
Group Internal Audit is Nordea's independent third line of defence function, mandated by Nordea's Board to support the Board and the Group Leadership Team in protecting the Group's assets, reputation and sustainability. Group Internal Audit helps Nordea accomplish its objectives by evaluating and improving the effectiveness and efficiency of its governance, risk management and control processes, applying a systematic and disciplined approach.

Group organisation

As of 1 January 2024



1) Not a member of the Group Leadership Team.

Group organisation, cont.

Internal Control Framework

The Internal Control Framework covers the whole Group and includes Group Board, Group CEO and senior executive management responsibilities regarding internal control, all Group functions and business areas, including outsourced activities and distribution channels. Under the Internal Control Framework, all business areas, Group functions and units are responsible for managing the risks they incur when conducting their activities and responsible for having controls in place that aim to ensure compliance with internal and external requirements. As part of the Internal Control Framework, Nordea has established Group control functions with appropriate and sufficient authority, independence and access to the Group Board to fulfil their mission in line with the Risk Management Framework.

The Internal Control Framework ensures effective and efficient operations, adequate identification, measurement and mitigation of risks, prudent conduct of business, sound administrative and accounting procedures, reliability of financial and non-financial information and compliance with applicable laws, regulations, standards, supervisory requirements and Group internal rules.

The internal control process is carried out by the governing bodies, management, risk management functions and other staff at Nordea. The internal control process is based on five main components: control environment, risk assessment, control activities, information and communication as well as monitoring. The internal control process aims to create the necessary fundamentals for the entire organisation to contribute to the effectiveness and high quality of internal controls through, for instance, clear definitions, assignment of roles and responsibilities and common tools and procedures.

Group Risk (9)

Group Risk is an independent risk function structured to carry out risk monitoring and control in line with Nordea's Internal Control Framework. As part of the second line of defence, Group Risk is responsible, in cooperation with Group Compliance, for maintaining the Risk Management Framework as part of the Internal Control Framework and for monitoring the implementation of the policies and procedures within this framework. The risk function oversees the implementation of the financial and the non-financial risk policies and, according to a risk-based approach, monitors and controls the Risk Management Framework and must, among other things, ensure that all risks to which Nordea is or could become exposed are identified, assessed, monitored, managed and reported. The risk function is headed by the Chief Risk Officer (CRO), who is also a member of the GLT, and reports to the President and Group CEO. The CRO is appointed, suspended and dismissed by decision of the Board after prior consultation with the President and Group CEO. The CRO regularly reports to the Board Risk Committee (BRIC) and the Board on the Nordea Group's risk exposure.

Group Compliance (10)

Group Compliance is an independent second line of defence control function responsible for monitoring and overseeing the compliance risks that Nordea is or could be exposed to. Group Compliance is also responsible for developing and maintaining the Compliance Risk Management Framework, which ensures effective and efficient identification and management of compliance risks in accordance with regulatory requirements and supervisory expectations. The compliance risk management lifecycle covers key compliance processes for risk identification, independent risk assessment, oversight planning, testing and monitoring, training, advice and reporting.

The compliance function is headed by the Chief Compliance Officer (CCO), who is also a member of the Group Leadership Team. The CCO is appointed, suspended and dismissed by decision of the Board after prior consultation with the President and Group CEO. The CCO regularly reports to the Group Board, the Group CEO, the BRIC and other relevant committees.

Group Internal Audit (11)

Group Internal Audit (GIA) is an independent function commissioned by the Board. The Board Audit Committee (BAC) is responsible for guidance on and evaluation of GIA within the Nordea Group. The Chief Audit Executive (CAE) has the overall responsibility for GIA. The CAE reports on a functional basis to the Board and the BAC and reports on an administrative basis to the President and Group CEO. The Board approves the appointment and dismissal of the CAE.

The purpose of GIA is to support the Board and the GLT in protecting the assets, reputation and sustainability of the organisation. GIA does this by assessing whether all significant risks are identified and appropriately reported by management and the risk functions to the Board, its committees and the GLT, by assessing whether all significant risks are adequately controlled and by challenging the GLT to improve the effectiveness of governance, risk management and internal controls. GIA does not engage in consulting activities unless approved by the BAC. Consulting activities are the range of services, beyond assurance services, performed specifically at the request of management for a pre-defined scope and provided to assist management in meeting its objectives.

All activities and entities of the Group fall within the scope of GIA. GIA makes a risk-based decision as to which areas within its scope should be included in the audit plan approved by the Board. GIA must operate free from interference in determining the scope of internal auditing, in performing its audit work and in communicating its results. This means for example that GIA, via the CAE, is authorised to inform the financial supervisory authorities of any matter without further approval. The CAE has unrestricted access to the President and Group CEO and the Chair of the BAC and should meet with the Chair of the BAC throughout the year, including without the presence of executive management. GIA is authorised to conduct all investigations and obtain all information required to discharge its duties. This includes the right to sufficient and timely access to the organisation's records, systems, premises and staff. GIA has the right to attend and observe the meetings of the Board committees, the GLT, overall committees and forums for the Nordea Group and other key management decision-making forums when relevant and necessary.

External audit (12)

According to the Articles of Association, the auditor of the Company must be an audit firm with the auditor in charge being an authorised public accountant. The term of office of the auditor expires at the end of the Annual General Meeting following the election. The current auditor of the Company is PricewaterhouseCoopers Oy. Jukka Paunonen, Authorised Public Accountant, has been the auditor in charge since the 2023 Annual General Meeting. Further information about the fees paid for audit services and non-audit services is presented in Note G2.7 "Other expenses" on pages 124–125.

Report on internal control and risk management regarding financial reporting

The systems for internal control and risk management of financial reporting are designed to provide reasonable assurance about the reliability of financial reporting and the

Group organisation, cont.

preparation of financial statements for external purposes in accordance with generally accepted accounting principles, applicable laws and regulations, and other requirements for listed companies. The internal control and risk management activities are included in Nordea's planning and resource allocation processes. Internal control and risk management of financial reporting at Nordea are described below.

Control environment

The control environment consists of Nordea's internal controls and centres around the culture and values, established by the Board and the GLT, and the organisational structure with clear roles and responsibilities.

The primary governance principle is the adherence to the three lines of defence model, which provides the foundation for a crucial clear division of roles and responsibilities in the organisation.

The first line of defence is responsible for the ongoing risk management and for compliance with applicable rules. Risk owners in the business areas and Group functions are responsible for risk management activities. The Group CFO defines standards that apply to relevant controls Group-wide. Appropriate controls are accordingly implemented, maintained and monitored within significant processes.

Risk assessment

Risk assessment in relation to reliable financial reporting involves the identification and assessment of risks of material misstatements or deficiencies. Financial reporting risk is defined as the risk of misstatements or deficiencies in financial reporting, regulatory reporting, disclosures, tax reporting and reporting of environment, social and governance information.

Risk management is considered to be an integral part of running the business and the main responsibility for performing risk assessments regarding financial reporting risks lies with the business organisation. Performing risk assessments close to the business increases the possibility of identifying the most relevant risks. In order to govern the quality, control functions stipulate in governing documents when and how these assessments are to be performed. Examples of risk assessments are the recurring Risk and Control Self-Assessments and the event-driven Change Risk Management and Approval process.

Control activities

The scope of the control framework for financial reporting risk is designed to focus on areas where risk of material financial misstatements could exist, i.e. where the judgement of a reasonable person relying upon the report would have been changed or influenced by the inclusion or correction of the misstated item.

Business areas and Group functions are primarily responsible for managing risks associated with the units' operations and financial reporting processes. Group internal rules stipulate how Nordea's operations and organisation are governed and managed (including compliance with regulatory requirements), such as the Group Accounting Manual, Group CEO Instructions on Financial Control and the Group Accountable Executive Protocol - Financial Reporting Risk. The Group Accounting Manual holds information on the accounting policies to be used in the Group and contains detailed reporting instructions and tools needed for producing the financial statements.

The control structure for financial reporting risk is based on one or a group of controls which are identified as principal controls that may be relied on to prevent, detect or mitigate high and critical financial reporting risks. This involves the identification and assessment of risks of financial reporting misstatements or deficiencies based on end-to-end process flows. A parallel analysis is performed to determine which systems are relied on in financial reporting and the corresponding IT general controls.

The quality assurance achieved through the management reporting process, where a detailed analysis of the financial outcome is performed, constitutes an important control mechanism associated with the reporting process.

Information and communication

Group Finance is responsible for ensuring compliant reporting in relation to accounting standards and applicable regulations and that changes are communicated to the responsible units. These are supported by detailed guidelines and standard operating procedures in the responsible units.

Management at different levels in the organisation is provided with information related to the performance, self assessment, testing and peer review of the identified internal controls in their processes.

Nordea interacts with relevant subject matter experts externally to keep up to date with changes in reporting expectations and ensure fulfilment of financial reporting objectives. Nordea actively participates in relevant national and international forums, such as those established by the financial supervisory authorities, central banks and associations for financial institutions.

Monitoring

Nordea has established a process for regular monitoring of risk metrics, as measures of risk exposure, with the purpose of ensuring proper monitoring of the quality of the financial reporting. The Group CFO reports on the management of financial reporting risk to the Board Audit Committee on a quarterly basis.

An independent risk control function resides in the second line of defence and is responsible for identifying, controlling and reporting on financial reporting risk. In addition, GIA provides the Board with an assessment of the overall effectiveness of the governance, risk management and control processes throughout the organisation, including financial reporting.

The Board, the BAC, the BRIC, the BOSC, Group Risk, Group Compliance and GIA have important roles in respect to governance and oversight of the internal control of financial reporting at the Nordea Group. For further information, see "Board of Directors (3)", "Board Audit Committee (4)", "Board Risk Committee (5)", "Board Operations and Sustainability Committee (7)", "Group Risk (9)", "Group Compliance (10)" and "Group Internal Audit (11)" on the previous pages.

Disclosures and insider administration

The objective and key principles followed in Nordea's investor communications and the publication of financial reporting are described in Nordea's Disclosure Policy. The Disclosure Policy also describes the disclosure, dissemination and storage of the information within the scope of the disclosure obligation as prescribed by rules and regulations. The Disclosure Policy has been approved by the Board and is available on nordea.com.

Insider administration is organised in accordance with the EU Market Abuse Regulation No 596/2014 (MAR) and supplementing legislation as well as applicable national level laws and guidance from financial supervisory authorities. Nordea

Group organisation, cont.

has Group-wide rules and guidelines in place to provide clear instructions for employees to facilitate their compliance with these rules and to ensure that inside information is identified and handled appropriately at all times.

Insiders are identified on a case-by-case basis whenever inside information is detected and are subsequently registered in a related insider register. All persons identified and registered as insiders are notified of their insider status and the restrictions and obligations that apply to them, including the prohibition against dealing in the financial instrument(s) to which the inside information relates until that information is made public or otherwise no longer deemed to be inside information and the insider register is closed.

The responsibilities of Nordea's insider administration also include (i) training and providing information to employees who are exposed to inside information to make sure that they are aware of the restrictions and obligations that apply to them as insiders, (ii) setting up and maintaining insider registers and (iii) monitoring compliance with the insider rules.

The rules are put in place to mitigate the risk of insider dealing and other forms of market abuse, and the overall responsibility for making sure that a high level of knowledge of and compliance with these rules is maintained lies with Group Compliance.

The Company has identified the members of the Board and the GLT as well as the Chief Audit Executive as persons discharging managerial responsibilities (as defined by MAR) who, along with persons closely associated with them, are required to notify the Company and the relevant financial supervisory authority of any transaction in financial instruments issued by Nordea, executed on their account or on their behalf. The Company discloses such reported transactions to the market through stock exchange releases. In addition to this reporting duty, persons discharging managerial responsibilities are prohibited from trading in financial instruments issued by Nordea during a period of 30 calendar days prior to (and including) the date of the publication of a Nordea Group interim financial report, half-year report or year-end report and whenever such persons are in possession of inside information regarding Nordea.

For employees who participate in providing investment services or advice to customers, the Company also applies Group-wide internal trading restrictions and transaction reporting obligations that are based on the trading rules established by, among others, Finance Finland, the Swedish Securities Markets Association and the Swedish Investment Fund Association. Furthermore, in the capacity of a company licensed to provide investment services and as a fund management company, the Company and its subsidiary Nordea Funds Ltd, respectively, maintain insider registers of persons who are classified as "public insiders" pursuant to the Finnish Act on Investment Services and the Finnish Act on Mutual Funds. The holdings of securities listed in Finland of such persons are public information and uploaded to the public insider register kept by Euroclear Finland Ltd. The register of holders of units in funds managed by Nordea Funds Ltd is also available for viewing at Nordea Funds Ltd.

Principles for related party transactions

Applicable laws and regulations set requirements for the monitoring and assessment of as well as the decision-making concerning related party transactions and the disclosure of executed related party transactions.

Generally, the Company's transactions with its related parties are part of the Company's ordinary course of business and carried out according to the same criteria and terms as those of comparable transactions with other parties of similar standing. The decision-making processes have furthermore been structured in order to avoid conflicts of interest and to comply with the statutory decision-making requirements.

The Company has defined its related parties in accordance with the applicable laws and regulations and keeps an up-to-date record of its related parties. Relevant internal stakeholders, such as customer responsible units, other relevant business units and Group functions, are informed of the list of related parties and the related restrictions in order to monitor transactions with such parties.

Nordea is also bound by applicable close circle rules and has processes in place for identifying the persons belonging to the close circle of Nordea and for ensuring that any credits and comparable financing granted to such persons as well as any investments in an entity belonging to the close circle are granted in accordance with applicable laws and rules. Pursuant to the Company's Conflict of Interest Policy, employees, management and the members of the Board must not handle matters on behalf of Nordea in cases where they or a closely associated person or company may have an interest that conflicts with the interests of Nordea or its customers. Nordea's business areas and Group functions are obliged to identify, prevent and manage actual and potential conflicts of interest.

The Board has the ultimate responsibility for ensuring proper processes for the identification, reporting and supervision of related party transactions as well as the proper decision-making in this respect. The BAC must assist the Board in monitoring and assessing how related party transactions meet the requirements of ordinary activities and the arm's length terms.

Related party transactions that are not part of the Company's ordinary course of business or are made in deviation from customary commercial terms require a decision by the Board for the related party transaction to be carried out, unless otherwise required by applicable laws and regulations. In respect of such related party transactions the Board must ensure that:

(i) the relevant transactions have been appropriately identified, reported, and controlled
(ii) the Conflict of Interest Policy has been carefully considered in the preparation and decision-making process and
(iii) the preparation of related party transactions includes adequate reports, statements and/or assessments.

Furthermore, Nordea publicly discloses its related party transactions in accordance with applicable laws and regulations. For more information about related party transactions, see Note G10.4 "Related party transactions" on pages 207–208.

Remuneration

Nordea has a clear remuneration policy as well as clear remuneration instructions and processes, supporting sound remuneration structures throughout the organisation.

Aim of Nordea's Remuneration Policy

Nordea's Remuneration Policy (internally referred to as the Group Board Directive on Remuneration):

- supports Nordea's ability to recruit, develop and retain highly motivated, competent and performance-oriented employees and hence support the Group strategy
- ensures that employees are offered a competitive and market-aligned total reward offering
- supports sustainable results and the long-term interests of shareholders by including goals directly linked to the performance of Nordea and by awarding parts of variable remuneration in shares or other instruments
- ensures that remuneration at Nordea is aligned with efficient risk management, the Nordea purpose and values and applicable regulations.

Nordea has a total remuneration approach to compensation that recognises the importance of well-balanced but differentiated remuneration structures based on business and local market needs as well as the importance of having remuneration that is consistent with and promotes sound and effective risk management and that does not encourage excessive risk-taking or counteract Nordea's long-term interests.

The link between performance, risk and variable remuneration in Nordea's remuneration components is assessed annually to ensure business relevance, that all risks are addressed appropriately and compliance with applicable international and local regulations. This includes non-financial risks related to operational risks, compliance risks, reputational risks and specific remuneration-related risks. Most remuneration-related risks concern variable remuneration which, if not appropriately considered, could lead to excessive risk-taking. Risks are addressed through regular reviews of remuneration structures as well as individual remuneration components, participants in variable remuneration plans and the size of potential awards and by disclosing relevant information.

Decision-making process for the Remuneration Policy

Nordea's Remuneration Policy sets out principles for remuneration within the Nordea Group, including how the policy is to be applied, remuneration governance and risk management as well as how employees with a material impact on Nordea's risk profile ("material risk takers") are defined.

- The Board of Directors decides on the Remuneration Policy, taking possible risks into account, and oversees its functionality by ensuring that it is applied and followed up as proposed by the Board Remuneration and People Committee (BRPC).
- In addition to Nordea's internal Remuneration Policy, Nordea's shareholders adopted, through an advisory vote, the Remuneration Policy for Governing Bodies at the 2020 Annual General Meeting, which applies to the remuneration to the Board of Directors, the Group CEO and the Deputy Managing Director and will remain in force until the 2024 Annual General Meeting.

The BRPC is responsible for preparing and presenting proposals to the Board of Directors on remuneration issues, considering the adopted Remuneration Policy for Governing Bodies, including proposals for Nordea's Remuneration Policy and supplementary instructions. These preparations include an assessment of the Remuneration Policy and the remuneration system. Appropriate control functions participate in this process and provide input within their area of expertise to ensure that the Remuneration Policy is up to date and compliant.

Furthermore, in collaboration with the Board Risk Committee, the BRPC performs assessments to ensure that Nordea's remuneration systems properly account for all types of risks, that liquidity and capital levels are consistent and that the remuneration systems promote sound and effective risk management.

Moreover, the remit of the BRPC also includes supporting the Board of Directors in considering the Group Board Diversity Policy and Statement as well as monitoring the impact of diversity and inclusion policies and practices within Nordea and in reviewing and assessing talent management.

The BRPC also reviews succession plans for and the performance of the members of the Group Leadership Team (GLT) and the Chief Audit Executive, reviews the structure and composition as well as the selection criteria and process for the GLT and advises on proposed GLT appointments.

More information about the composition of the BRPC and its responsibilities is provided in a separate section of "Corporate Governance Statement 2023" on pages 60–65.

Alignment with business strategy

Nordea has processes to align business and individual goal- and target-setting across Nordea with the overall strategy and predefined risk-adjusted criteria.

Financial and non-financial goals are based on the business's expectations and forecasts, and stretched targets are approved by the Board of Directors to ensure alignment with shareholders' and Nordea's strategic priorities and sustainability and climate objectives. Hence, the main Group performance goals and targets in variable remuneration for the Nordea Group in 2023 were the financial goals: return on equity, income and cost-to-income ratio and non-financial goals relating to customer satisfaction and employee engagement. Nordea has also included ESG goals in the Long Term Incentive Plan for 2023–2025 applicable to the GLT and approximately 50 senior leaders. Further to the integration of ESG goals applicable to remuneration for the GLT and other senior leaders across the Nordea Group, Nordea integrated ESG goals in the variable pay plans applicable to the wider workforce in 2023. The integration of ESG goals into the variable pay plans supports Nordea in fulfilling its sustainability and climate objectives in three key areas: 1) to make progress in relation to Nordea's sustainability implementation plan, 2) to increase the volume of green financing and 3) to improve the gender balance at senior leadership levels.

When assessing performance against the predetermined set of well-defined goals and targets, Nordea applies an

Remuneration, cont.

aligned structure with clear expectations for its people. Individual performance is assessed not only on 'what' is delivered but also 'how' it is delivered. A key aspect is performance in relation to specific risk, compliance and conduct targets as well as general compliance and risk conduct, which must be appropriately considered when determining variable remuneration awards.

To guarantee fair and objective remuneration decisions and to support sound governance, all individual remuneration decisions are subject to separate processes and approved in line with the grandparent principle (approval by the leader's leader).

Supporting sound risk management

Nordea performs an ongoing risk assessment of remuneration risks conducted within the framework of the Risk Committee' and the non-financial risk forums of each business area and Group functions. In addition, an assessment of the Group taxonomy risks is performed as part of the people risk assessment process, the risk and control self-assessment and the compliance independent risk assessment.

Nordea also mitigates relevant risks by means of its Internal Control Framework, which is based on the control environment and includes the following elements: values and management culture, goal orientation and follow-up, a clear and transparent organisational structure, three lines of defence, the four eyes principle, the quality and efficiency of internal communication and an independent assessment process.

The following principles are further examples of how sound risk management is supported:

- Applying a Group variable remuneration funding mechanism which considers prudential and appropriate risk adjustments when setting a Group pool for each performance year.
- Ensuring that the Board of Directors approves the total outcome of variable remuneration before award, which allows for adjustments in outcome if deemed appropriate by the Board of Directors, e.g. considering risk limits.
- There is an appropriate balance between fixed and variable remuneration.
- Relevant control functions provide input on the setting of a Group variable remuneration pool, performance goals and the outcome of such, to ensure that the impact on staff behaviour and the risks of business undertaken are addressed.
- The effect on long-term results is considered when determining goals and targets for variable remuneration.
- No employee at Nordea can earn variable remuneration exceeding 200% of their annual fixed remuneration. The maximum ratio between fixed and variable remuneration for material risk takers was 200% in 2023 in accordance with the 2019 AGM's decision. In practice, however, a ratio between the fixed and the variable remuneration above 100% of the annual fixed remuneration only applies to a very limited number of employees as the outcome of Nordea's variable remuneration plans is capped at certain levels.
- The risks set out in Nordea's Risk Appetite Statement are linked to forfeiture conditions (ex-ante and ex-post risk adjustments) to ensure that breaches of risk limits influence variable remuneration awards.
- Payments related to early termination of employment should reflect performance achieved over time and should be designed to not reward failure or misconduct.
- Employees engaged in control functions are compensated independently of the performance of the business unit(s) they control and predominantly through fixed remuneration.

Principles for deferral of variable remuneration awards and awards in instruments

Nordea ensures that a substantial part of variable remuneration for material risk takers is deferred and afterwards retained over an appropriate period in line with regulatory requirements. This means that 40–60% of variable remuneration awards are deferred for four to five years, with vesting and subsequent disbursement over the deferral period on a pro rata basis.

The first disbursement of deferred variable remuneration can take place one year into the deferral period at the earliest.

Deviations may occur subject to local regulations. For material risk takers and certain other categories of staff, 50% of variable remuneration awards (both deferred and non-deferred amounts) are awarded in instruments (as a main rule in Nordea shares, alternatively instruments linked to Nordea's share price) and subject to a post-vesting 12-month retention period. Dividends are excluded from any shares or other instruments during a deferral period.

Risk adjustments, malus and clawback provisions

The Risk and Remuneration Alignment Committee (RRAC) supports the management of remuneration risk by providing governance and oversight of risk-adjusted remuneration assessments of relevant Nordea employees in the first line of defence. The work of the RRAC is intended to strengthen personal accountability and develop a consistent approach to risk-adjusted remuneration assessments, through a fair and transparent process, carried out on the basis of clear criteria.

Payment of variable remuneration awards under Nordea's main variable remuneration plans is based on an assessment of the results of the Nordea Group, the concerned Nordea entity, the relevant business unit and the individual employee. Awards may be reduced, in part or in full, if an employee eligible for variable remuneration has for example violated internal or external regulations, participated in or been responsible for an action that has caused Nordea significant losses or in the event of a significant downturn in Nordea's or the relevant business unit's financial results.

Employees must not use personal hedging strategies to undermine or eliminate the effects of deferred variable remuneration being partly or fully cancelled.

Audit of Nordea's Remuneration Policy

The BRPC follows up on the application of the Remuneration Policy and supplementary instructions within Nordea through an independent review by Group Internal Audit. This audit is conducted at least annually.

Remuneration to the Board of Directors

By proposal of the Shareholders' Nomination Board and in accordance with the Remuneration Policy for Governing Bodies, the AGM annually decides on the remuneration to the Board of Directors. In 2023 remuneration was offered in cash to the Board members. Board members are not part of any variable or incentive plan. Remuneration for Board work is not paid to Board members who are employees of the Nordea Group. Further information is provided in Note G8.4 "Key management personnel remuneration" on pages 193–197.

Remuneration, cont.

Remuneration to the CEO and the members of the Group Leadership Team

By proposal of the BRPC, the Board decides on the remuneration for the CEO and the members of the Group Leadership Team (GLT), considering the adopted Remuneration Policy for Governing Bodies. Remuneration for the Chief Audit Executive is also approved by the Board of Directors even though the Chief Audit Executive is not a member of the GLT. This includes a decision on fixed and variable remuneration as well as pension and other employment terms and conditions.

Nordea maintains a competitive and market-aligned total reward offering and other employment conditions needed to recruit, motivate and retain the CEO and the members of the GLT and through their leadership, expertise and strategic decision-making to enable Nordea to deliver on its strategy and targets. A key concept is pay-for-performance.

Remuneration for the CEO and members of the GLT in 2023 was decided by the Board of Directors considering the Remuneration Policy for Governing Bodies and in accordance with Nordea's internal policies and procedures, which are based on the applicable regulations on remuneration systems and other relevant regulations and guidelines.

Salaries and other remuneration in line with market levels constitute the overriding principle for the remuneration for the CEO and the members of the GLT at Nordea. The remuneration for the CEO and the members of the GLT will be consistent with and promote sound and effective risk management and not encourage excessive risk-taking or counteract Nordea's long-term interests.

Annual remuneration consists of fixed salary, benefits, variable remuneration (short- and long-term), pension and insurances.

Further information about remuneration to the CEO and the members of the GLT is provided in Note G8.4 "Key management personnel remuneration" on pages 193–197. A more detailed disclosure of remuneration to the CEO and how the Remuneration Policy for Governing Bodies is applied is provided in Nordea's 2023 Remuneration Report for Governing Bodies.

Variable remuneration to the members of the Group Leadership Team

In 2023 variable remuneration for the members of the GLT was offered as participation in a short-term incentive plan called Nordea Incentive Plan (NIP 2023). There were no material changes to the structure. Furthermore, the members of the GLT who are not responsible for independent control functions were offered participation in a long-term fully share-based incentive plan called Long Term Incentive Plan 2023–2025 (LTIP 2023–2025), similar to the LTIPs allocated since 2020.

The Nordea Incentive Plan (NIP 2023) for GLT members has a one-year performance period and includes predetermined performance goals and targets at Group, business area/Group function and individual level. The impact on long-term results was considered when determining the targets.

The outcome of the NIP 2023 is been based on the Board of Directors´ assessment of performance against the predetermined targets, and as described above.

The outcome of the NIP 2023 is paid to GLT members in equal portions of cash and Nordea shares and is subject to forfeiture clauses (through ex-post risk adjustments applying either malus or clawback). 40% of the confirmed outcome of the NIP 2023 is delivered in equal portions of cash and Nordea shares in 2024. The remaining 60% of the NIP 2023 outcome is deferred for annual pro rata delivery over a five-year period, meaning that a significant portion of the outcome remains to be delivered at the time of the award. No dividends are paid during the deferral period. Nordea shares are subject to 12 months' retention when delivered to the GLT members. The maximum outcome of the NIP 2023 for GLT members participating in the LTIP 2023–2025 is 75% of the annual fixed base salary.

Performance goals at Group level included financial goals measuring return on equity, income and cost-to-income ratio as well as non-financial goals measuring employee engagement and customer satisfaction. ESG performance goals support Nordea in fulfilling sustainability and climate objectives in three key areas: 1)to make progress in relation to Nordea's sustainability implementation plan, 2) to increase the volume of green financing and 3) to improve the gender balance at senior leadership levels. Business area/Group function goals included business area-/Group function-specific financial and non-financial goals. At individual level, performance was measured in relation to the individually agreed risk, compliance and conduct targets. The weighting of Group, business area/Group function and individual goals is determined individually for the CEO, reflecting his overall responsibility for the Nordea Group, as well as for the members heading a business area or a Group function. The overall ambition for 2023 was to deliver on Nordea's strategic priorities. Any awards were determined on the basis of achievement in relation to the agreed goals and targets following appropriate risk adjustments.

Long Term Incentive Plan 2023–2025

In 2023 the Board of Directors decided to continue the long term incentive plan by launching the LTIP 2023–2025 for the GLT and approximately 50 senior leaders and key employees whose efforts have a direct impact on Nordea's results, profitability, customer vision and long-term growth.

The main purpose of the LTIP 2023–2025 is to further align the GLT members' and senior leaders' interests with those of shareholders. The LTIP 2023–2025 has a three-year performance period from 1 January 2023 to 31 December 2025 and subsequent deferral and retention according to regulations.

The total maximum number of shares that can be granted under the LTIP 2023–2025 was nominally allocated to the participants in 2023 as conditional share awards. In 2026 after the end of the performance period, based on Nordea's performance against pre-established performance criteria, the maximum number of shares or a proportion of the shares will be awarded individually to the participants.

The first portion of shares of the potential award will be delivered in 2026. The rest of the shares will be deferred and delivered annually in five equal portions during 2027–2031. Each share delivery is subject to a 12-month retention period.

Share grants may be reduced in part or in full subject to risk and compliance adjustments. The LTIP 2023–2025 performance requirements have been set so that the maximum outcome will require achieving exceptional performance from a shareholder perspective. The assessment of performance during the performance period will be based on the following performance criteria:

- total shareholder return measured in absolute terms and relative to selected Nordic peer banks (40%).
- absolute cumulative adjusted earnings per share (absolute EPS) (40%).
- ESG scorecard comprising measures relating to sustainable financing, net zero committed assets under management, gender balance and credit profile (20%).

Remuneration, cont.

A risk-adjustment underpin is also included. Furthermore, a significant number of shares granted from the LTIP should be held until the total value of the shareholding in Nordea corresponds to 100% of the gross annual fixed salary. Such shares must be held until the end of the Group Leadership Team membership.

The performance period for the LTIP covering the performance period 2021–2023 was concluded. This, the LTIP covering 2022–2024 and the LTIP 2023–2025 performance metrics are further described in Note G8.3 "Share-based payment plans" on pages 188–193 and in the Remuneration Report for Governing Bodies.

Benefits are provided as part of the total reward offering to the Group CEO and GLT members. The levels of these benefits are determined by what is considered fair in relation to general market practice. Fixed salary during the period of notice and severance pay will not exceed 24 months of fixed salary in total.

Pension and insurance are offered to ensure an appropriate standard of living after retirement as well as personal insurance coverage during employment. The Group CEO and the members of the GLT are offered pension benefits in accordance with market practice in their country of permanent residence. Pension and insurance provisions are in accordance with local laws, regulations and market practice. Pension is generally offered as defined contribution pension plans but can also be offered by means of a pension allowance. Discretionary pension benefits are not used.

Nordea's remuneration structures

Nordea's remuneration structures comprise fixed remuneration and variable remuneration.

Fixed remuneration components

Fixed base salary should remunerate for role and position and is affected by job complexity, responsibility, performance and local market conditions.

Allowance is a predetermined fixed remuneration component tied to the employee's role and position. The fixed base salary is, however, the cornerstone of all fixed remuneration. Allowances are not linked to performance and do not incentivise risk-taking.

Pension and insurance aim at ensuring an appropriate standard of living for employees after retirement as well as personal insurance coverage during employment. Pension and insurance provisions are in accordance with local laws, regulations and market practice and are either collectively agreed schemes or company-determined schemes or a combination. Nordea aims to have defined contribution pension schemes.

Benefits at Nordea are awarded as part of the total reward offering that is either individually agreed or based on local laws, market practice, collective bargaining agreements and company-determined practice.

Nordea's variable remuneration plans for others than the Group CEO and the Group Leadership Team

Nordea has, as of 2020, implemented a Group variable remuneration pool model to determine variable remuneration spend at Nordea, except for the Profit Sharing Plan and Nordea's LTIP. The Group variable remuneration pool creates a strong link between Nordea's overall performance and the allocated variable remuneration.

The Group variable remuneration pool determines the overall variable remuneration for the respective performance years based on a target/expected pool adjusted by Group performance, which is subsequently distributed to business areas/Group functions based on their performance (scorecards). The final allocation is based on individual performance according to the goals set individually under the individual variable remuneration plans.

Besides the Long Term Incentive Plan 2023–2025 only offered to select senior leaders as described above, the following variable remuneration plans were offered to Nordea employees in 2023:

The Nordea Incentive Plan (NIP) is offered to recruit, motivate and retain senior leaders (including GLT members, see above) and select roles primarily in business areas where the use of variable pay is an established market practice. The NIP aims to reward strong performance and efforts. The assessment of individual performance is based on a predetermined set of well-defined financial as well as non-financial goals. Individual NIP awards will not exceed the annual fixed salary. Awards from the NIP 2023 for people who are defined as material risk takers are allocated partly in cash and partly in instruments with subsequent retention. Parts of the awards for participants in the NIP who are material risk takers are subject to a four- to five-year pro rata deferral period, in certain exceptions three years, with forfeiture conditions (ex-post risk adjustments applying either malus or clawback) during the deferral period.

Bonus schemes are offered only to selected groups of employees in specific business areas or units as approved by the Board of Directors, e.g. in Large Corporates & Institutions, Nordea Asset Management, Nordea Funds and Group Treasury. The aim is to ensure strong performance and to maintain cost flexibility for Nordea. Individual awards are determined based on detailed performance assessments covering a range of financial and non-financial goals. 2023 bonus awards from bonus schemes are paid in cash. For material risk takers, awards are partly delivered in instruments with subsequent retention. Parts of the awards for material risk takers and certain other participants in a bonus scheme are subject to a four - to five-year pro rata deferral period, in certain exceptions three years, with forfeiture conditions (ex-post risk adjustments applying either malus or clawback) during the deferral period.

Recognition Scheme is offered to employees to recognise extraordinary performance. The individual performance is assessed based on a predetermined set of goals. Employees eligible for other formal annual variable remuneration plans, excluding the Profit Sharing Plan, are not eligible for Recognition Scheme awards. The scheme includes forfeiture conditions (ex-post risk adjustments applying either malus or clawback).

Profit Sharing Plan (PSP) is offered Group-wide to all Nordea employees but not to employees who are eligible for any of Nordea's other formal annual variable remuneration plans. For eligible employees, the Profit Sharing Plan is offered irrespective of position and salary and aims to collectively reward employees based on achievement in relation to predetermined financial goals as well as goals relating to customer satisfaction and ESG. The Profit Sharing Plan is capped

Remuneration, cont.

financially, and the outcome is not linked to the value of Nordea's share price. The plan includes forfeiture conditions (ex-post risk adjustments applying either malus or clawback).

Guaranteed variable remuneration (sign-on) can be offered in exceptional cases only, limited to the first year of employment when hiring new staff. Sign-on can only be paid if Nordea and the employing company have a sound and strong capital base.

Compensation for contracts in previous employments (buy-outs) can be offered in exceptional cases only, in the context of hiring new staff, limited to the first year of employment and if Nordea and the employing company have a sound and strong capital base.

Retention bonus can be offered in exceptional cases only if Nordea has a legitimate interest in retaining employees for a predetermined period of time or until a certain event occurs and if Nordea and the employing company have a sound and strong capital base.

Other qualitative and quantitative information

The actual cost of variable remuneration for executive officers (excluding social costs)

For the NIP 2023 for GLT members, EUR 5.8m will be paid over a five-year period, partly in shares and partly in cash. The estimated maximum cost of the NIP for GLT members in 2024 is EUR 7.0m and the estimated cost assuming 50% fulfilment of the performance goals is EUR 3.5m.

Cost of variable remuneration for non-Group Leadership Team members (excluding social costs)

The actual cost of the NIP and the bonus for 2023 is EUR 187m, not including awards to GLT members, which is paid partly now in cash and partly over a four- to five-year period as outlined in the sections above. In 2023 the provision for Nordea's Profit Sharing Plan 2023 was EUR 69m. Each employee can receive a maximum of EUR 3,200. If all stretched performance goals were met, the cost of the Profit Sharing Plan for eligible participants in 2023 would have amounted to a maximum of approximately EUR 75m.

Other disclosures

See Note G8 "Employee benefits and key management personnel remuneration" on pages 183–197 of the Annual Report 2023 for more details on remuneration.

See also Nordea's 2023 Remuneration Report for Governing Bodies, which will be presented for an advisory vote at the Annual General Meeting on 21 March 2024. The Remuneration Report is disclosed with other required information at nordea.com/en/about-nordea/corporate-governance/remuneration.

Nordea will provide qualitative and quantitative disclosures according to Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 (the CRR Regulations), the disclosure requirements in the Basel framework and the EBA guidelines for sound remuneration practices.

Further disclosures will be published at nordea.com one week before the Annual General Meeting on 21 March 2024.

Conflicts of interest policy

As an international financial services provider, Nordea and its subsidiaries regularly face potential or actual conflict of interest situations. Managing conflicts of interest is relevant at both the individual and institutional level of Nordea's organisation. Nordea is committed to promoting market integrity and all employees are required to act in a fair, honest and professional manner and in the best interests of Nordea's customers. In order to act on these commitments and ensure appropriate governance of Nordea, it is essential to have effective controls in place regarding conflicts of interest.

The purpose of Nordea's Conflicts of Interest Policy (the "Policy") is to outline Nordea's approach to managing conflicts of interest and to enable the development and maintenance of an effective control environment.

The Policy applies to all employees and people working on behalf of Nordea, senior management, Board members and the President and Group CEO of Nordea. The Policy also applies to all branches and subsidiaries.

Both actual and potential conflicts of interest must be identified and effective measures decided upon to prevent or manage risks in respect of Nordea or its customers. Conflicts of interest arising with regard to an employee's private interest or their past or present personal or professional relationships are individual conflicts of interest. Conflicts of interest that do not arise from a private interest but in connection with Nordea's organisation, Group structure, governance, different activities, roles, products, services or any other circumstances are institutional conflicts of interest. In connection with each identified conflict of interest, the potential customer impact is assessed to ensure fair treatment of customers.

Appropriate preventive or mitigating measures must be implemented in the form of effective organisational and administrative measures for all identified potential or actual conflicts of interest. Identified conflicts of interest are documented in a register.

All identified individual conflicts of interest or changed circumstances regarding them must be reported to the leader of the individual employee involved. All identified institutional conflicts of interest or changed circumstances regarding an institutional conflict of interest must be reported to the leader responsible for the area that the conflict of interest potentially impacts. Senior management will receive recurring, at least annual, reporting on conflicts of interest.

The Group Board approves the Policy and is responsible for overseeing its implementation. To ensure objective and impartial decision-making, Group Board members are also subject to the requirements of the Policy. The President and Group CEO and the Group Leadership Team members are accountable for implementing the Policy at Nordea while also being subject to the requirements of the Policy.

Non-financial statement

This report constitutes Nordea's non-financial statement for the financial year 2023. The report covers the parent company Nordea Bank Abp and its subsidiaries.

In 2023 Nordea was present in 20 countries, including its four Nordic home markets – Denmark, Finland, Norway and Sweden. Through its four business areas – Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management – Nordea offers a wide range of products and services. As a financial institution, Nordea's business model is to create value for its customers, investors, employees, shareholders and society in general. For a sustainable business model to succeed, value cannot only be measured in monetary terms but must encompass environmental and societal responsibility, employee-related matters, anti-corruption measures and respect for human rights.

Material sustainability topics and targets

As a member of the core group of founding banks and a signatory to the Principles for Responsible Banking, Nordea is committed to the objectives of the Paris Agreement and the UN Sustainable Development Goals. Nordea has developed a long-term plan to fully integrate sustainability into its business strategy, focusing on the sustainability topics on which Nordea can have a material impact, by either reducing its negative impact or increasing its positive impact. The identified material topics are grouped into four strategic pillars: financial strength, climate and environmental action, social responsibility, and governance and culture. Nordea has set 2023–2025 targets for all of the strategic pillars. Additionally for the pillar climate and environmental action, Nordea has set a long-term objective to become a net-zero emissions bank by 2050 at the latest.

Financial strength

Understanding and managing environmental, social and governance (ESG) risks and opportunities is crucial to maintaining Nordea's financial strength and strong capital position. Therefore Nordea integrates ESG factors into risk management processes for both lending and investment portfolios as well as develops and supplies financial products supporting sustainable practices. Nordea manages the ESG-related risks so that the financial strength and position is well supported and the ability to raise funding is maintained. Financial strength is therefore fundamental to Nordea's sustainability strategy and the commitment to service customers.

ESG-related risk strategy and management

Nordea considers that ESG factors can be significant drivers of credit, market, liquidity, compliance or operational risks. Embedding ESG factors in Nordea's risk management and business strategy reflects the importance of each factor as a driver of existing risks.

ESG-related risks impact our customers and balance sheet

As a key principle of effective risk management, Nordea maintains a diversified lending portfolio, distributed between corporate and household customers and diversified across geographies, industries and products. For all impacted credit risk categories, existing processes are progressively being enhanced to identify, evaluate and monitor material ESG-related risks.

For corporate borrowers, in summary, ESG assessments are performed according to the size and type of the transaction and the customer's internal segmentation. ESG-related risks identified qualitatively as material at customer level provide input to the credit risk assessment at customer group level. For on-balance sheet investments, ESG and impact principles have already been incorporated into the framework for long-term illiquid asset investments, and ESG factors are progressively applied to assess them as drivers of market and liquidity risk categories and the associated portfolios. For more information about ESG-related risks, see Note G11 "Risk and liquidity management" on pages 209–213.

Integrating ESG-related risks into investment decisions

Nordea recognises ESG-related risks as a material risk category for assets under management. ESG-related risk considerations are integrated into Nordea's investment decision-making framework as part of the overall risk assessment and considered together with the traditional investment risks (e.g. market, credit or liquidity risk). The identification, evaluation and consideration of ESG-related risks in the investment decision-making process is done in accordance with the characteristics of the investment strategy and may result in a range of actions, including but not limited to: not investing, divesting, engaging or excluding. For more information about ESG-related risks in investment decisions, see Note S2 "Financial strength" on pages 333–336.

ESG-related opportunities

Nordea is well placed to accelerate its customers' and investee companies' transition to a sustainable future due to its experience with sustainability-linked and green lending, ESG-focused investment products as well as active ownership. Sustainable finance solutions are tailored to align with customers' sustainability objectives and material ESG factors while still adhering to Nordea's sector policies. Since 2022 Nordea has helped to facilitate EUR 135bn of sustainable financing, which means Nordea is on track to reach its 2025 objective to facilitate more than EUR 200bn in sustainable financing.

Nordea Sustainable Selection (previously Sustainable Choice) is Nordea's framework for assessing and selecting investment products based on Nordea's rigorous ESG criteria. By the end of 2023 the share of gross flows into Nordea Sustainable Selection reached 22%. For more information about ESG-related opportunities, see pages 335–338 in the Sustainability notes.

Active engagement

Engagements with customers and investee companies are a key enabler to address material sustainability risks and opportunities. In 2023 Nordea engaged with 1,179 companies on environmental and social issues. This corresponds to 52% of the total number of equity assets under management in Nordea Asset Management portfolios. Additionally, Nordea voted at around 3,700 general meetings and achieved a voting frequency of over 95% for its holdings during 2023.

Non-financial statement, cont.

Climate and environment

Nordea's objectives are to achieve net-zero emissions by the end of 2050 at the latest and to reduce carbon emissions across its lending and investment portfolios by 40–50% by the end of 2030 compared with 2019. Between 2019 and 2023 emissions from the lending portfolio financed emissions scope decreased by 29%. Each business area has individual climate-related targets and actions for 2023 and 2025, and the progress on these is reported quarterly to the Group Leadership Team and the Board Operations and Sustainability Committee. For more information about the climate agenda, objectives, targets and outcomes, see pages 341–357 in the Sustainability notes.

Biodiversity

In 2023 Nordea published a thematic guideline on biodiversity, which recognises Nordea's responsibility to contribute to societal goals and describes the current work to address biodiversity issues across the organisation and the commitments to action ahead. This guideline forms an important first step in the roadmap towards 2025 to integrate biodiversity dependency and impact as well as related risks and opportunities into Nordea's sustainability strategy and sustainability governance. Nordea set practice targets in 2023, adopting a progressive approach towards setting impact targets where data availability and quality allow.

Internal carbon footprint

Although Nordea's greatest impact is to engage with customers through financing and investment, work is also ongoing to reduce carbon emissions from internal operations by more than 50% by 2030, with a 40% reduction target by 2025 compared with 2019. So far on its journey towards meeting the targets, Nordea has reduced carbon emissions from internal operations by 51% compared with the 2019 baseline. Travel emissions accounted for the largest part of the reduction since the decision to halve travels compared with 2019, enforced by a new Travel Guideline, and Nordea remains on track to achieve this target.

Social responsibility

Managing social impacts, both positive and negative, is vital to Nordea's business. Social responsibility is about taking social issues such as human rights, labour rights and gender equality into consideration throughout the entire value chain.

Human rights

Nordea takes the corporate responsibility to respect human rights very seriously and is guided by the UN Guiding Principles on Business and Human Rights in all business operations. Nordea works to continually integrate human rights considerations into policies, practices and decision-making processes, ensuring that respect for human rights is integral to how Nordea conducts business. Through ongoing awareness-building, training and accountability mechanisms, employees are empowered to uphold human rights in their daily activities.

In 2023 Nordea published a human rights policy that provides information about Nordea's commitments and efforts to respect human rights in all business activities

Nordea-branded investment strategies are subject to norm-based screening, which identifies companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption. If a company is identified in this screening process, an internal assessment of both the company and the incident is conducted. Typical actions include engagement, quarantine or exclusion.

Community engagement

Community engagement at Nordea is about creating positive change through its employees across all Nordea's markets. In our three community engagement programmes, Nordea focuses on building financial skills, fostering entrepreneurship and supporting refugees, thus enabling banking and financial expertise to have a positive impact on society. In 2023 more than 1,600 Nordea employees volunteered in 2,600 activities, equating to over 10,400 hours of volunteering

Inclusive work environment

At Nordea, all forms of discrimination are condemned. Nordea has zero tolerance of any form of harassment, bullying or victimisation. In 2023 1.4% of the respondents to Nordea's People Pulse survey stated that they had been subject to some sort of harassment or other mistreatment. In 2023 12 discrimination and harassment cases were reported through various channels, including the whistleblowing function Raise Your Concern.

Nordea also strives for gender balance in all parts of the organisation and defines gender balance as when neither biological gender is represented by less than 40%. In 2023 the gender balance among the total workforce remained at a stable level of 52%/48% and improved on all leader levels to 40%/60%.

Employment

Nordea's employee survey, People Pulse, enables Nordea to measure the engagement levels and well-being of its people and also to monitor signs of changing trends making it possible to take swift action. In 2023 the response to the People Pulse survey increased to 85% compared with 83% in 2022. Nordea continues to see good results related to overall engagement.

Governance and culture

Only by strengthening its purpose-led culture with a sound and strong operating model can Nordea enable speed and scale in the transition to a sustainable and resilient economy.

Business ethics

The Code of Conduct and Sustainability Policy define high-level business principles, how Nordea treats customers and the conduct expected from Nordea's employees. They underpin Nordea's culture and set the parameters for conduct in areas such as care for the environment, labour rights, how to treat customers, human rights, the right to privacy, fair competition, anti-bribery and anti-corruption. The Code of Conduct is reviewed annually and was last updated in June 2023. All employees are required to complete annual Code of Conduct training as part of their Licence to Work to ensure proper awareness and knowledge of the ethical principles.

Sustainability governance

At Board level, the Board Operations and Sustainability Committee assists the Group Board in fulfilling its oversight responsibilities concerning sustainability, which encompass governance, strategy, risk management and operationalisation. The Board Risk Committee assists the Board in fulfilling its oversight responsibilities concerning risk management and related frameworks, controls and processes relating to ESG factors as drivers of existing risk. The other Board committees also assist the Group Board with oversight of certain ESG matters. The executive-level Group-wide Sustainability and Ethics Committee facilitates the integration of sustainability into the business strategy and supports the integration of ESG factors into the risk management framework. The executive-level Group Risk Committee promotes interaction and coordination within the Group on risk management, including the implementation of ESG factors as drivers of existing risks.

During 2023 Nordea continued to integrate ESG KPIs applicable to remuneration for the Group Leadership Team and other senior leaders across the Nordea Group.

For more information about Nordea's governance, see "Corporate Governance Statement 2023" on pages 60–65 and pages 364–366 in the Sustainability notes.

Policies and guidelines

Nordea's Sustainability Policy sets out the principles for ensuring the long-term sustainability of operations and, in so doing, strengthening long-term customer relationships and the contribution to a greater good. In addition to the policy, Nordea has position statements as well as thematic and sector guidelines that provide guidance and principles for dealing with both business opportunities and risk mitigation.

Nordea's commitments in relation to climate change are described in its Position Statement on Climate Change. The statement explains Nordea's stance on sectors such as thermal coal, coal mining and oil sand extraction.

On the investment side, Nordea is committed to integrating ESG factors into its analysis, decision-making processes and active ownership practices. Nordea Life & Pension's policy framework for the ESG area and climate change consists of a Responsible Investment Policy and Climate Change Policy. Furthermore, Nordea Asset Management's Responsible Investment Policy sets out the framework for ESG and responsible investments in Nordea Asset Management.

Sustainable procurement

Sustainability is embedded throughout the procurement process. In Nordea's supplier due diligence prior to contracting and in the continuous supplier management after contracting, environmental, social and governance aspects are addressed. During the contracting process, it is ensured that all suppliers sign the Supplier Code of Conduct. In 2023 Nordea prepared a guideline for sustainable procurement that further outlines how to conduct due diligence in the supply chain, to ensure that Nordea does not cause, contribute to or is linked to negative impacts.

For more information about human rights in the supply chain and sustainable procurement, see pages 359 and 367 in the Sustainability notes.

Preventing financial crime

Nordea fully recognises the threat that societies face from human trafficking, terrorism, corruption, drug smuggling, tax evasion and other forms of illegal activity and have over the years built strong defences to prevent that its resources, products, and services are used to facilitate financial crime. Tracking down and stopping the flow of money from these activities is a key way to disrupt the criminals involved. Therefore, as a financial institution, Nordea is uniquely positioned to be part of the solution. Nordea commits to complying with the laws and regulations relevant to anti-money laundering, counter terrorist financing, sanctions and anti-bribery and corruption in the jurisdictions in which it operates. In 2023 Nordea further strengthened its financial crime prevention capabilities through investments in technology, additional employees, training and more sophisticated assessment techniques. For more information about how Nordea works with financial crime prevention, see Note G11 "Risk and liquidity management" on page 242 and the Sustainability notes on page 366.

Anti-bribery and corruption

Nordea has a holistic Group-wide anti-bribery and corruption programme, which outlines how to prevent, detect and correct matters related to bribery and corruption. Key features include a zero tolerance tone from the top, a Group Accountable Executive for anti-bribery and corruption, an extensive suite of internal policies and procedures, communication and training and a dedicated advisory function. All employees must complete annual awareness training on financial crime risks, including bribery and corruption.

Data privacy and cyber security

Keeping personal data safe is part of Nordea's commitment to be a safe and trusted bank. Data privacy is therefore an integral part of Nordea's business and operations and an important element of its digital strategy. In 2023 Nordea continued to enhance its ability to ensure compliance with applicable privacy laws in the jurisdictions in which it operates by further improving the governance structure and by assigning more employees to data privacy operations. Introducing new technologies, exploring new ways of doing business and connecting with customers widen banks' attack surface. At the same time, entities that pose cyber threats are becoming more organised, resourceful and experienced. Banks must also deal with the asymmetry of having to protect all assets, while entities engaged in cyber threats merely need to find one weak spot. Combined, these factors pose an unprecedented risk to the banking industry.

Whistleblowing

Nordea's whistleblowing function, Raise Your Concern, ensures that all stakeholders, including customers, partners, affected communities as well as employees, have the right to speak up and always feel safe in doing so if they have concerns about suspected misconduct such as breaches of human rights, or irregularities such as fraudulent, inappropriate, dishonest, illegal or negligent activity or behaviour in operations, products or services. This includes any action that constitutes a violation of laws or regulations or of Nordea's internal policies, instructions or guidelines. Reporting can be made orally or in writing and Nordea ensures that all reporting is treated with the strictest confidentiality. It is also possible to report anonymously via the electronic reporting channel WhistleB, which is managed by an external party.

Responsible taxpayer

Nordea's approach to tax aims to balance the interests of stakeholders, which include shareholders, customers, governments and tax authorities. This includes handling Nordea's

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own taxes in a responsible, compliant and effective manner, not promoting or acting as a platform for aggressive tax planning as well as being transparent around our tax positions. Nordea is a substantial corporate income taxpayer in its main countries of operation – Denmark, Finland, Norway and Sweden – and pays corporate income tax, social security contributions and bank levies, i.e. contributions to deposit guarantee schemes and resolution funds, in all its countries of operation in line with applicable laws. For more information about tax contribution, see pages 369–372 in the Sustainability notes.

EU taxonomy disclosures

EU taxonomy supporting the transition

The EU taxonomy, Regulation (EU) 2020/852, together with supplementing delegated acts, defines environmentally sustainable economic activities. The environmentally sustainable activities are based on technical screening criteria (TSC), which include criteria for when an activity significantly contributes to one of the EU's climate and environmental objectives while at the same time not significantly harming any of the other objectives. In addition, minimum social safeguard requirements must be met.

In accordance with the EU taxonomy, Nordea is required to disclose its exposures related to taxonomy-aligned activities for the financial year 2023. The exposure to taxonomy-aligned activities and the related taxonomy KPIs are presented in the tables below. The Green Asset Ratio (GAR) KPIs communicate the proportion of exposures related to taxonomy-aligned activities compared to Nordea's total covered assets[1]. With reference to Nordea's eligibility disclosures for previous years, Nordea's GAR for the financial year 2023 is in line with expectations[2].

Looking forward, the proportion of taxonomy-aligned assets and investments will likely increase over time. This could partly be driven by the future alignment disclosures by Norwegian undertakings from the financial year 2024, with Norway being one of the key markets in which Nordea operates. The widened scope of companies to report on the EU taxonomy disclosures with the implementation of the Corporate Sustainability Reporting Directive (CSRD) and companies' further transitioning towards alignment with the EU taxonomy criteria are also expected to have an impact.

For the previous two reporting periods Nordea published taxonomy-eligibility disclosures. Eligible activities are those identified in the EU taxonomy, with the potential to meet the TSC, and which serve as the first step towards assessing the alignment of economic activities with the EU taxonomy.

Integrating the EU taxonomy regulation

Nordea has made sustainability an integral part of its business strategy and in 2021 introduced new measurable long-term and medium-term objectives and 2023–2025 targets, for instance, to increase the facilitation of sustainable financing. A central component of Nordea's strategy is to engage with customers and investees on sustainability topics as well as to enable customers to make sustainable choices and to transition to a more sustainable lifestyle and business model. The products and solutions offered by Nordea are a strategic response to supporting its customers' transition journey, and Nordea educates its advisers to allow customers to find sustainable offerings in accordance with their sustainability preferences.

Nordea is adjusting the requirements for both its investment product providers and its own investment products, including updating pre-contractual disclosures and periodic reporting according to the EU taxonomy requirements. Nordea will continue to analyse options for further alignment of its Green Funding Framework with the EU taxonomy and to prepare for the EU Green Bond Standard.

Nordea's approach

During 2023 Nordea continued its work on interpreting the EU taxonomy requirements and further developing its reporting methodology. This includes the continued development of a data foundation to structure and store data in order to identify and assess the alignment to the EU taxonomy of relevant exposures, thereby enabling reporting according to required regulatory templates. Nordea's disclosure approach for the financial year 2023 reflects its understanding and interpretation of the EU taxonomy requirements and the guidance from the EU Commission pending the development of common standards and approaches.

Data and methodology

Nordea's EU taxonomy disclosures for the financial year 2023 relate to exposures to taxonomy-eligible and -aligned assets. For the two first environmental objectives (climate change mitigation and climate change adaptation), the disclosures for 2023 cover eligibility and alignment reporting. For the financial year 2023 eligibility and non-eligibility towards the amended first two environmental objectives and four remaining environmental objectives (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems) are not reported due to limited data availability.

The assets in scope for disclosures for 2023 are retail exposures as set out in the taxonomy, exposures to undertakings falling under the NFRD, including financial and non-financial undertakings, local government financing, collateral obtained by taking possession (residential and commercial immovable property), and off-balance sheet exposures. Due to the comprehensive level of details required, data on motor vehicle loans (granted after 1 January 2022) is not assessed for alignment. Similarly, due to limitations in data availability, renovation loans are not assessed. As public housing financing does not represent a significant part of Nordea's business model, the KPI on housing financing is not part of the disclosures.

The reporting is based on data originating from Nordea's internal core banking systems as well as external data for the purposes of (i) NFRD undertakings' disclosed taxonomy eligibility and alignment including gas and nuclear exposures for the financial year 2022, (ii) Energy Performance Certificates (EPC), (iii) the top 15% of the national building stock and (iv) the physical climate risk assessment in relation to residential real estate lending. For non-financial NFRD undertakings, the exposure has been weighted to the undertakings' share of eligible and aligned turnover and capital expenditure (CapEx). For financial NFRD undertakings, Nordea's exposures have been weighted to the undertakings´ proportion of

1) Total covered assets refer to all on-balance sheet exposures except for central governments, central banks, supranational issuers and the trading portfolio. The terms 'green asset ratio (GAR) stock' and 'total GAR assets' utilised in the predefined tables should be understood with reference to the GAR definitions described.

2) For the financial year 2023 the Group-level exposure to EU Taxonomy aligned activities of financial institutions in the form of weighted averages across business segments is not disclosed due to the lack of data availability for the financial undertakings' alignment KPIs in their first reporting cycle.

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exposures to taxonomy-eligible economic assets within their total covered assets. Exposures to NFRD undertakings which by December 2023 did not publicly disclose their KPIs as well as Norwegian undertakings for which disclosures are not yet mandatory are only included in covered assets. Flow data from the previous disclosure period (disclosure reference date T-1) has not been included in the financial year 2023 disclosures.

The Complementary Climate Delegated Act (EU) 2022/1214, which includes activities related to the nuclear and fossil gas sectors, forms part of the 2023 disclosures. Data availability regarding nuclear and fossil gas-related activities for non-financial NFRD undertakings was limited for the financial year 2022.

For residential real estate lending in the Norwegian, Swedish and Finnish markets, the gross carrying amount of retail exposures as set out in the taxonomy has been assessed. For residential real estate lending in the Danish market, the gross carrying amount excluding additional credit provided subsequent to the original loan has been assessed. For buildings built before 31 December 2020, substantial contribution has been assessed as a valid EPC class A or as the buildings being within the top 15% of the national or regional building stock with a valid EPC class B. For the Danish, Norwegian and Swedish markets, the top 15% assessment has been determined using EPC class A or B. For the Finnish market, the top 15% assessment has been determined taking into account the whole building stock, including estimations of building stock that has not been measured, and against which a comparison has been made based on EPCs and energy efficiency numbers. For buildings built after 31 December 2020, no exposure has been assessed due to caution over how to identify the national threshold for nearly zero-energy buildings.

Physical climate risks assessments for residential real estate lending have been carried out, and any exposures identified to be subject to such risk have not been assessed as taxonomy-aligned assets. The assessments apply a Representative Concentration Pathway (RCP) scenario of 4.5 for the time period 2011–2040. Minimum safeguards have not been considered for retail exposures with reference to the Platform on Sustainable Finance's report on minimum safeguards.

For the purpose of the GAR denominator, the exposure to derivatives reflects those not held for trading. Assets held for trading will be included in the calculation of the KPI for the trading book portfolio for the financial year 2025.

Disclosures include subsidiaries on a prudential consolidated basis as per the Disclosure Delegated Act (EU) 2021/2178 Annex V, 1.1.1. Exposures to Nordea Life & Pension are therefore considered in line with the equity method. Since Nordea Life & Pension is not an NFRD company, the exposures are not assessed for alignment in Nordea's taxonomy disclosures for 2023.

Table 1 – 0. Summary of KPIs to be disclosed by credit institutions under Article 8 Taxonomy Regulation

		Total environmentally sustainable assets[1] EURm	Total environmentally sustainable assets[2] EURm	KPI[1]	KPI[2]	% coverage (over total assets)[3]	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Main KPI	Green asset ratio (GAR) stock	7,320	7,452	2.0%	2.0%	72.6%	61.5%	27.4%

		Total environmentally sustainable assets[1] EURm	Total environmentally sustainable assets[2] EURm	KPI[1]	KPI[2]	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7(2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7(1) and Section 1.2.4 of Annex V)
Additional KPIs	GAR (flow)[4]							
	Trading book[5]							
	Financial guarantees (stock)	5	8	2.5%	4.1%			
	Assets under management (stock)	3,656	4,867	3.8%	5.0%			
	Fees and commissions income[6]							

1) Based on the Turnover KPI of the counterparty.
2) Based on the CapEx KPI of the counterparty, except for lending activities where for general lending Turnover KPI is used.
3) % of assets covered by the KPI over banks' total assets.
4) GAR (flow) is omitted due to lack of quality and coverage in available data.
5) For credit institutions that do not meet the conditions of Article 94(1) of the CRR or the conditions set out in Article 325a(1) of the CRR.
6) Fees and commission income from services other than lending and AuM.

Note: Cells shaded in grey across the templates are not subject to disclosure in FY 2023.

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Table 2 – 1. Assets for the calculation of GAR (turnover)

The table provides information about the amount of assets in scope of the GAR disclosures.

	EURm	31 December 2023														
		Total [gross] carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)[1,2]				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	215,168	150,759	7,297	0	212	0	0	23	0	0	161,232	7,320	0	212	186
2	**Financial undertakings**	**24,554**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,481**	**–**	**–**	**–**	**–**
3	Credit institutions	23,134	–	–	–	–	–	–	–	–	–	8,481	–	–	–	–
4	Loans and advances	2,310	–	–	–	–	–	–	–	–	–	776	–	–	–	–
5	Debt securities, including UoP	20,793	–	–	–	–	–	–	–	–	–	7,698	–	–	–	–
6	Equity instruments	31	–	–		–	–	–	–		–	7	–		–	–
7	Other financial corporations	1,420	–	–	–	–	–	–	–	–	–	0	–	–	–	–
8	of which investment firms	0	–	–	–	–	–	–	–	–	–	0	–	–	–	–
9	Loans and advances	0	–	–	–	–	–	–	–	–	–	0	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
16	of which insurance undertakings	0	–	–	–	–	–	–	–	–	–	0	–	–	–	–
17	Loans and advances	0	–	–	–	–	–	–	–	–	–	0	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
20	**Non-financial undertakings**	**10,375**	**–**	**640**	**–**	**212**	**–**	**–**	**23**	**–**	**–**	**1,991**	**663**	**–**	**212**	**186**
21	Loans and advances	10,242	–	640	–	212	–	–	23	–	–	1,991	663	–	212	186
22	Debt securities, including UoP	0	–	0	–	0	–	–	0	–	–	0	0	–	0	0
23	Equity instruments	133	–	0		0	–	–	0		–	0	0		0	0
24	**Households**	**179,015**	**150,758**	**6,657**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**150,758**	**6,657**	**–**	**–**	**–**
25	of which loans collateralised by residential immovable property	163,470	146,913	6,657	–	–	–	–	–	–	–	146,913	6,657	–	–	–
26	of which building renovation loans	97	97	–	–	–	–	–	–	–	–	97	–	–	–	–
27	of which motor vehicle loans	5,616	3,748	–	–	–	–					3,748	–	–	–	–
28	**Local governments financing**	**1,224**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**–**
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	1,224	–	–	–	–	–	–	–	–	–	0	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**1**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**–**	**–**
32	**Assets excluded from the nume-rator for GAR calculation (covered in the denominator)**	**157,325**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
33	**Financial and Non-financial undertakings**	**129,368**														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	120,079														
35	Loans and advances	110,255														
36	of which loans collateralised by commercial immovable property	27,542														
37	of which building renovation loans															
38	Debt securities	7,060														
39	Equity instruments	2,764														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	9,288														
41	Loans and advances	8,571														
42	Debt securities	718														
43	Equity instruments	0														
44	**Derivatives**	**4,508**														
45	**On demand interbank loans**	**576**														
46	**Cash and cash-related assets**	**268**														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**22,605**														
48	**Total GAR assets**	372,493	150,759	7,297	0	212	0	0	23	0	0	161,232	7,320	0	212	186
49	**Assets not covered for GAR calculation**	**140,365**														
50	**Central governments and Supranational issuers**	**14,544**														
51	**Central banks exposure**	**51,987**														
52	**Trading book**	**73,834**														
53	**Total assets**	**512,858**														
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	195	–	5	0	0	–	–	0	–	–	7	5	0	0	2
55	Assets under management	96,932	–	3,634	744	308	–	–	22	0	–	39,000	3,656	744	308	1,784
56	Of which debt securities	60,650	–	1,321	744	175	–	–	3	0	–	29,218	1,324	744	175	442
57	Of which equity instruments	36,282	–	2,313		133	–	–	19		–	9,783	2,332		133	1,342

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.

2) WTR: water and marine resources, CE: circular economy, PPC: pollution, BIO: biodiversity and ecosystems.

Note: Cells shaded in grey across the templates are not subject to disclosure in FY 2023.

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Table 3 – 1. Assets for the calculation of GAR (CapEx)

The table provides information about the amount of assets in scope of the GAR disclosures.

	EURm	31 December 2023														
			Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)[1]				
		Total [gross] carrying amount	Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transi-tional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transi-tional	Of which enabling
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	215,168	150,759	7,427	0	91	0	0	25	0	0	162,046	7,452	0	91	193
2	**Financial undertakings**	**24,554**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**8,481**	**–**	**–**	**–**	**–**
3	Credit institutions	23,134	–	–	–	–	–	–	–	–	–	8,481	–	–	–	–
4	Loans and advances	2,310	–	–	–	–	–	–	–	–	–	776	–	–	–	–
5	Debt securities, including UoP	20,793	–	–	–	–	–	–	–	–	–	7,698	–	–	–	–
6	Equity instruments	31	–	–		–	–	–	–		–	7	–		–	–
7	Other financial corporations	1,420	–	–	–	–	–	–	–	–	–	0	–	–	–	–
8	of which investment firms	0	–	–	–	–	–	–	–	–	–	0	–	–	–	–
9	Loans and advances	0	–	–	–	–	–	–	–	–	–	0	–	–	–	–
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
16	of which insurance undertakings	0	–	–	–	–	–	–	–	–	–	0	–	–	–	–
17	Loans and advances	0	–	–	–	–	–	–	–	–	–	0	–	–	–	–
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–	–		–	–	–	–		–	–	–		–	–
20	**Non-financial undertakings**	**10,375**	**–**	**770**	**–**	**91**	**–**	**–**	**25**	**–**	**–**	**2,806**	**795**	**–**	**91**	**193**
21	Loans and advances	10,242	–	770	–	91	–	–	25	–	–	2,806	795	–	91	192
22	Debt securities, including UoP	0	–	0	–	0	–	–	0	–	–	0	0	–	0	0
23	Equity instruments	133	–	0		0	–	–	0		–	0	0		0	1
24	**Households**	**179,015**	**150,758**	**6,657**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**150,758**	**6,657**	**–**	**–**	**–**
25	of which loans collateralised by residential immovable property	163,470	146,913	6,657	–	–	–	–	–	–	–	146,913	6,657	–	–	–
26	of which building renovation loans	97	97	–	–	–	–	–	–	–	–	97	–	–	–	–
27	of which motor vehicle loans	5,616	3,748	–	–	–	–					3,748	–	–	–	–
28	**Local governments financing**	**1,224**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0**	**–**	**–**	**–**	**–**
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	1,224	–	–	–	–	–	–	–	–	–	0	–	–	–	–
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**1**	**1**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**–**	**–**
32	**Assets excluded from the nume-rator for GAR calculation (covered in the denominator)**	**157,325**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
33	**Financial and Non-financial undertakings**	**129,368**														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	120,079														
35	Loans and advances	110,255														
36	of which loans collateralised by commercial immovable property	27,542														
37	of which building renovation loans															
38	Debt securities	7,060														
39	Equity instruments	2,764														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	9,288														
41	Loans and advances	8,571														
42	Debt securities	718														
43	Equity instruments	0														
44	**Derivatives**	**4,508**														
45	**On demand interbank loans**	**576**														
46	**Cash and cash-related assets**	**268**														
47	**Other categories of assets (e.g. Goodwill, commodities etc.)**	**22,605**														
48	**Total GAR assets**	**372,493**	**150,759**	**7,427**	**0**	**91**	**0**	**0**	**25**	**0**	**0**	**162,046**	**7,452**	**0**	**91**	**193**
49	**Assets not covered for GAR calculation**	**140,365**														
50	**Central governments and Supranational issuers**	**14,544**														
51	**Central banks exposure**	**51,987**														
52	**Trading book**	**73,834**														
53	**Total assets**	**512,858**														
	Off-balance sheet exposures – Undertakings subject to NFRD disclosure obligations															
54	Financial guarantees	195	–	8	0	0	–	–	0	–	–	11	8	0	0	1
55	Assets under management	96,932	–	4,854	607	336	–	–	12	0	–	40,264	4,867	607	336	2,237
56	Of which debt securities	60,650	–	1,578	607	139	–	–	0	0	–	29,741	1,578	607	139	621
57	Of which equity instruments	36,282	–	3,276		197	–	–	12		–	10,523	3,288		197	1,616

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.

Note: Cells shaded in grey across the templates are not subject to disclosure in FY 2023.

Non-financial statement, cont.

Table 4 – 2. GAR sector information (turnover)

The table provides information about the proportion of EU taxonomy-eligible and the proportion of taxonomy-aligned exposures in the banking book towards those sectors covered in the EU taxonomy.

Breakdown by sector - NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA + WTR + CE + PPC + BIO)[1]			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
EURm			Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCM)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (CCA)		Of which environmentally sustainable (CCM + CCA)		Of which environmentally sustainable (CCM + CCA)
B.07.29	Mining of other non-ferrous metal ores	–	91			–	0			91	91		
C.16.23	Manufacture of other builders' carpentry and joinery	–	17			–	0			79	17		
C.17.29	Manufacture of other articles of paper and paperboard	–	3			–	3			6	6		
C.20.16	Manufacture of plastics in primary forms	–	0			–	0			9	0		
C.22.21	Manufacture of plastic plates, sheets, tubes and profiles	–	2			–	0			4	2		
C.25.93	Manufacture of wire products, chain and springs	–	3			–	0			3	3		
C.25.99	Manufacture of other fabricated metal products n.e.c.	–	2			–	0			3	2		
C.26.11	Manufacture of electronic components	–	5			–	3			6	8		
C.28.13	Manufacture of other pumps and compressors	–	0			–	0			15	0		
C.28.25	Manufacture of non-domestic cooling and ventilation equipment	–	0			–	0			26	0		
C.28.95	Manufacture of machinery for paper and paperboard production	–	8			–	0			10	8		
C.28.99	Manufacture of other special-purpose machinery n.e.c.	–	5			–	0			5	5		
C.29.32	Manufacture of other parts and accessories for motor vehicles	–	2			–	0			11	2		
C.31.01	Manufacture of office and shop furniture	–	0			–	0			3	0		
D.35.11	Production of electricity	–	224			–	0			295	224		
F.41.10	Development of building projects	–	5			–	0			73	5		
F.41.20	Construction of residential and non-residential buildings	–	18			–	0			156	18		
F.43.12	Site preparation	–	0			–	0			6	0		
F.43.22	Plumbing, heat and air-conditioning installation	–	0			–	0			79	0		
G.46.49	Wholesale of other household goods	–	0			–	0			21	0		
G.46.75	Wholesale of chemical products	–	1			–	0			10	1		
G.46.76	Wholesale of other intermediate products	–	0			–	0			6	0		
H.52.23	Service activities incidental to air transportation	–	0			–	0			38	0		
J.58.13	Publishing of newspapers	–	0			–	0			1	0		
J.58.14	Publishing of journals and periodicals	–	0			–	17			17	17		
J.62.03	Computer facilities management activities	–	0			–	0			5	0		
K.64.20	Activities of holding companies	–	15			–	0			43	15		
K.64.99	Other financial service activities, except insurance and pension funding n.e.c.	–	12			–	0			20	12		
K.66.19	Other activities auxiliary to financial services, except insurance and pension funding	–	6			–	0			28	6		
L.68.20	Renting and operating of own or leased real estate	–	126			–	0			534	126		
M.70.10	Activities of head offices	–	91			–	0			319	91		
M.70.22	Business and other management consultancy activities	–	2			–	0			2	2		
M.71.12	Engineering activities and related technical consultancy	–	0			–	0			2	0		
N.80.10	Private security activities	–	0			–	0			18	0		
N.80.20	Security systems service activities	–	0			–	0			41	0		
R.93.11	Operation of sports facilities	–	0			–	0			3	0		

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.

Note: Cells shaded in grey across the templates are not subject to disclosure in FY 2023.

Non-financial statement, cont.

Table 5 – 2. GAR sector information (CapEx)

The table provides information about the proportion of EU taxonomy-eligible and the proportion of taxonomy-aligned exposures in the banking book towards those sectors covered in the EU taxonomy.

Breakdown by sector – NACE 4 digits level (code and label)		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)[1]			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount		[Gross] carrying amount	
EURm			Of which environ-mentally sustainable (CCM)		Of which environ-mentally sustainable (CCM)		Of which environ-mentally sustainable (CCA)		Of which environ-mentally sustainable (CCA)		Of which environ-mentally sustainable (CCM + CCA)		Of which environ-mentally sustainable (CCM + CCA)
B.07.29	Mining of other non-ferrous metal ores	–	42			–	0			42	42		
C.12.00	Manufacture of tobacco products	–	0			–	0			1	0		
C.16.23	Manufacture of other builders' carpentry and joinery	–	8			–	0			74	8		
C.17.29	Manufacture of other articles of paper and paperboard	–	7			–	7			14	14		
C.20.16	Manufacture of plastics in primary forms	–	2			–	0			9	2		
C.21.20	Manufacture of pharmaceutical preparations	–	2			–	0			4	2		
C.22.21	Manufacture of plastic plates, sheets, tubes and profiles	–	0			–	0			1	0		
C.22.22	Manufacture of plastic packing goods	–	0			–	0			3	0		
C.23.61	Manufacture of concrete products for construction purposes	–	0			–	0			10	0		
C.25.99	Manufacture of other fabricated metal products n.e.c.	–	2			–	0			3	2		
C.26.11	Manufacture of electronic components	–	6			–	0			7	6		
C.26.60	Manufacture of irradiation, electromedical and electrotherapeutic equipment	–	0			–	0			4	0		
C.28.13	Manufacture of other pumps and com-pressors	–	0			–	0			30	0		
C.28.25	Manufacture of non-domestic cooling and ventilation equipment	–	0			–	0			33	0		
C.28.95	Manufacture of machinery for paper and paperboard production	–	4			–	0			4	4		
C.28.99	Manufacture of other special-purpose machinery n.e.c.	–	3			–	0			3	3		
C.29.32	Manufacture of other parts and accessories for motor vehicles	–	19			–	0			32	19		
C.31.01	Manufacture of office and shop furniture	–	0			–	0			13	0		
C.32.30	Manufacture of sports goods	–	0			–	0			1	0		
C.32.50	Manufacture of medical and dental instruments and supplies	–	0			–	0			4	0		
D.35.11	Production of electricity	–	266			–	0			352	266		
F.41.10	Development of building projects	–	6			–	1			60	7		
F.41.20	Construction of residential and non-residential buildings	–	35			–	0			114	35		
F.43.12	Site preparation	–	0			–	0			2	0		
F.43.22	Plumbing, heat and air-conditioning installation	–	0			–	0			74	0		
F.43.99	Other specialised construction activities n.e.c.	–	0			–	0			1	1		
G.45.31	Wholesale trade of motor vehicle parts and accessories	–	0			–	0			10	0		
G.46.48	Wholesale of watches and jewellery	–	0			–	0			88	0		
G.46.49	Wholesale of other household goods	–	8			–	0			59	8		
G.46.75	Wholesale of chemical products	–	15			–	0			24	15		
G.46.76	Wholesale of other intermediate products	–	0			–	0			8	0		
G.46.90	Non-specialised wholesale trade	–	30			–	0			103	30		
G.47.19	Other retail sale in non-specialised stores	–	0			–	0			1	0		
G.47.91	Retail sale via mail order houses or via Internet	–	0			–	0			77	0		
H.52.23	Service activities incidental to air transportation	–	2			–	0			54	2		
J.58.13	Publishing of newspapers	–	0			–	0			5	0		
J.58.14	Publishing of journals and periodicals	–	0			–	17			17	17		
J.58.21	Publishing of computer games	–	0			–	0			33	0		
J.58.29	Other software publishing	–	0			–	0			5	0		
J.61.10	Wired telecommunications activities	–	0			–	0			6	0		
J.62.01	Computer programming activities	–	0			–	0			88	0		
J.62.03	Computer facilities management activities	–	0			–	0			18	0		
K.64.20	Activities of holding companies	–	8			–	0			130	8		
K.64.99	Other financial service activities, except insurance and pension funding n.e.c.	–	32			–	0			64	32		
K.66.19	Other activities auxiliary to financial services, except insurance and pension funding	–	1			–	0			18	1		
L.68.20	Renting and operating of own or leased real estate	–	158			–	0			623	158		
M.70.10	Activities of head offices	–	111			–	0			350	111		
M.71.12	Engineering activities and related technical consultancy	–	0			–	0			5	0		
N.80.10	Private security activities	–	0			–	0			5	0		
N.80.20	Security systems service activities	–	0			–	0			11	0		
N.81.21	General cleaning of buildings	–	0			–	0			31	0		
N.82.11	Combined office administrative service activities	–	0			–	0			16	0		
Q.87.30	Residential care activities for the elderly and disabled	–	0			–	0			53	0		
Q.88.10	Social work activities without accommo-dation for the elderly and disabled	–	0			–	0			2	0		
R.93.11	Operation of sports facilities	–	0			–	0			4	0		

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.

Note: Cells shaded in grey across the templates are not subject to disclosure in FY 2023.

Non-financial statement, cont.

Table 6 – 3. GAR KPI stock (turnover)

The table provides information about the proportion of taxonomy-eligible and the proportion of taxonomy-aligned assets compared to total covered assets. The GAR KPI stock is based on the data disclosed within Table 2.

	% (compared to total covered assets in the denominator)	31 December 2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)[1]					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	70.1%	3.4%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	74.9%	3.4%	0.0%	0.1%	0.1%	57.8%
2	**Financial undertakings**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**34.5%**	**–**	**–**	**–**	**–**	**6.6%**
3	Credit institutions	–	–	–	–	–	–	–	–	–	36.7%	–	–	–	–	6.2%
4	Loans and advances	–	–	–	–	–	–	–	–	–	33.6%	–	–	–	–	0.6%
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	37.0%	–	–	–	–	5.6%
6	Equity instruments	–	–		–	–	–	–		–	23.9%	–		–	–	0.0%
7	Other financial corporations	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.4%
8	of which investment firms	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.0%
9	Loans and advances	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.0%
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.0%
17	Loans and advances	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.0%
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
20	**Non-financial undertakings**	**–**	**6.2%**	**–**	**2.0%**	**–**	**–**	**0.2%**	**–**	**–**	**19.2%**	**6.4%**	**–**	**2.0%**	**1.8%**	**2.8%**
21	Loans and advances	–	6.2%	–	2.1%	–	–	0.2%	–	–	19.4%	6.5%	–	2.1%	1.8%	2.7%
22	Debt securities, including UoP	–	0.0%	–	0.0%	–	–	0.0%	–	–	0.0%	0.0%	–	0.0%	0.0%	0.0%
23	Equity instruments	–	0.0%		0.0%	–	–	0.0%		–	0.0%	0.0%		0.0%	0.0%	0.0%
24	**Households**	**84.2%**	**3.7%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**84.2%**	**3.7%**	**–**	**–**	**–**	**48.1%**
25	of which loans collateralised by residential immovable property	89.9%	4.1%	–	–	–	–	–	–	–	89.9%	4.1%	–	–	–	43.9%
26	of which building renovation loans	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.0%
27	of which motor vehicle loans	66.7%	–	–	–	–					66.7%	–	–	–	–	1.5%
28	**Local governments financing**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.3%**
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.3%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.0%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**100.0%**	**–**	**–**	**–**	**–**	**0.0%**
32	**Total GAR assets**	**40.5%**	**2.0%**	**0.0%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**43.3%**	**2.0%**	**0.0%**	**0.1%**	**0.0%**	**100.0%**

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.

Note: Cells shaded in grey across the templates are not subject to disclosure in FY 2023.

Non-financial statement, cont.

Table 7 – 3. GAR KPI stock (CapEx)

The table provides information about the proportion of taxonomy-eligible and the proportion of taxonomy-aligned assets compared to total covered assets. The GAR KPI stock is based on the data disclosed within Table 3.

	% (compared to total covered assets in the denominator)	31 December 2023														
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA+ WTR + CE + PPC + BIO)[1]					Proportion of total assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which enabling	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)	Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR – Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	70.1%	3.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	75.3%	3.5%	0.0%	0.0%	0.0%	57.8%
2	**Financial undertakings**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**34.5%**	**–**	**–**	**–**	**–**	**6.6%**
3	Credit institutions	–	–	–	–	–	–	–	–	–	36.7%	–	–	–	–	6.2%
4	Loans and advances	–	–	–	–	–	–	–	–	–	33.6%	–	–	–	–	0.6%
5	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	37.0%	–	–	–	–	5.6%
6	Equity instruments	–	–		–	–	–	–			23.9%	–		–	–	0.0%
7	Other financial corporations	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.4%
8	of which investment firms	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.0%
9	Loans and advances	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.0%
10	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
11	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
12	of which management companies	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
13	Loans and advances	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
14	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
15	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
16	of which insurance undertakings	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.0%
17	Loans and advances	–	–	–	–	–	–	–	–	–	0.0%	–	–	–	–	0.0%
18	Debt securities, including UoP	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
19	Equity instruments	–	–		–	–	–	–		–	–	–		–	–	–
20	**Non-financial undertakings**	**–**	**7.4%**	**–**	**0.9%**	**–**	**–**	**0.2%**	**–**	**–**	**27.0%**	**7.7%**	**–**	**0.9%**	**1.9%**	**2.8%**
21	Loans and advances	–	7.5%	–	0.9%	–	–	0.2%	–	–	27.4%	7.8%	–	0.9%	1.9%	2.7%
22	Debt securities, including UoP	–	0.0%	–	0.0%	–	–	0.0%	–	–	0.0%	0.0%	–	0.0%	0.0%	0.0%
23	Equity instruments	–	0.0%		0.0%	–	–	0.0%		–	0.0%	0.0%		0.0%	0.7%	0.0%
24	**Households**	**84.2%**	**3.7%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**84.2%**	**3.7%**	**–**	**–**	**–**	**43.3%**
25	of which loans collateralised by residential immovable property	89.9%	4.1%	–	–	–	–	–	–	–	89.9%	4.1%	–	–	–	39.1%
26	of which building renovation loans	100.0%	–	–	–	–	–	–	–	–	100.0%	–	–	–	–	0.0%
27	of which motor vehicle loans	66.7%	–	–	–	–					66.7%	–	–	–	–	1.5%
28	**Local governments financing**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**0.3%**
29	Housing financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30	Other local government financing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	0.3%
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	**100.0%**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**100.0%**	**–**	**–**	**–**	**–**	**0.0%**
32	**Total GAR assets**	**40.5%**	**2.0%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.0%**	**0.0%**	**0.0%**	**43.5%**	**2.0%**	**0.0%**	**0.0%**	**0.0%**	**100.0%**

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.

Note: Cells shaded in grey across the templates are not subject to disclosure in FY 2023.

Table 8 – 4. GAR KPI flow

The table provides information on the GAR KPIs on flow of loans calculated (new loans on a net basis). The table is omitted due to lack of quality and coverage in available data on exposures to report GAR KPI flow.

Non-financial statement, cont.

Table 9 – 5a. KPI off-balance sheet exposure stock (turnover)

The table provides information about the proportion of EU taxonomy-eligible and the proportion of taxonomy-aligned off-balance sheet financial guarantees and assets under management compared to total NFRD financial guarantees and assets under management. The KPI stock off-balance sheet exposures are based on the data disclosed within Table 2.

	31 December 2023													
% (compared to total gross carrying amount of covered off-balance sheet assets)[1]	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)[1]**				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	–	2.5%	0.0%	0.1%	–	–	0.0%	–	–	3.5%	2.5%	0.0%	0.1%	0.8%
2 Assets under management (AuM KPI)	–	3.7%	0.8%	0.3%	–	–	0.0%	0.0%	–	40.2%	3.8%	0.8%	0.3%	1.8%

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.

Table 10 – 5a. KPI off-balance sheet exposures stock (CapEx)

The table provides information about the proportion of EU taxonomy-eligible and the proportion of taxonomy-aligned off-balance sheet financial guarantees and assets under management compared to total NFRD financial guarantees and assets under management. The KPI stock off-balance sheet exposures are based on the data disclosed within Table 3.

	31 December 2023													
% (compared to total gross carrying amount of covered off-balance sheet assets)[1]	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)[1]**				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	–	4.1%	0.0%	0.1%	–	–	0.0%	–	–	5.8%	4.1%	0.0%	0.1%	0.5%
2 Assets under management (AuM KPI)	–	5.0%	0.6%	0.3%	–	–	0.0%	0.0%	–	41.5%	5.0%	0.6%	0.3%	2.3%

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.

Table 11 – 5b. KPI off-balance sheet exposures flow (turnover)

The table provides information about the proportion of EU taxonomy-eligible and the proportion of taxonomy-aligned off-balance sheet financial guarantees and assets under management compared to total NFRD financial guarantees and assets under management. The KPI flow off-balance sheet exposures are based on the data disclosed within Table 2.

	31 December 2023													
% (compared to total gross carrying amount of covered off-balance sheet assets)[1]	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)[1]**				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	–	0.4%	0.0%	0.0%	–	–	0.0%	–	–	0.6%	0.4%	0.0%	0.0%	0.0%
2 Assets under management (AuM KPI)	–	0.6%	0.2%	0.0%	–	–	0.0%	0.0%	–	4.7%	0.6%	0.2%	0.0%	0.3%

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.

Table 12 – 5b. KPI off-balance sheet exposures flow (CapEx)

The table provides information about the proportion of EU taxonomy-eligible and the proportion of taxonomy-aligned off-balance sheet financial guarantees and assets under management compared to total NFRD financial guarantees and assets under management. The KPI flow off-balance sheet exposures are based on the data disclosed within Table 3.

	31 December 2023													
% (compared to total gross carrying amount of covered off-balance sheet assets)[2]	**Climate Change Mitigation (CCM)**					**Climate Change Adaptation (CCA)**				**TOTAL (CCM + CCA + WTR + CE + PPC + BIO)[1]**				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial guarantees (FinGuar KPI)	–	0.2%	0.0%	0.0%	–	–	0.0%	–	–	0.3%	0.2%	0.0%	0.0%	0.0%
2 Assets under management (AuM KPI)	–	0.9%	0.4%	0.0%	–	–	0.0%	0.0%	–	5.7%	0.9%	0.4%	0.0%	0.5%

1) Only totals are populated, with eligibility for CCM/CCA left blank, reflecting the underlying NFRD reported data.
2) Calculation based on Annex V instructions.

Non-financial statement, cont.

Table 13 – Template 1. Nuclear and fossil gas related activities

The table provides information about the exposure to nuclear and fossil gas related activities.

	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	Yes
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	Yes
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	Yes
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	Yes
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	Yes

Table 14 – Template 2. Taxonomy-aligned economic activities (denominator) (turnover)

The table provides information about the amount and proportion of EU taxonomy-aligned exposures to nuclear and fossil gas related economic activities compared to total covered assets (denominator).

	Economic activities EURm	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	9	2%	9	2%	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	313	73%	313	73%	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	105	25%	105	25%	–	–
8	Total applicable KPI	**428**	**100%**	**428**	**100%**	**–**	**–**

Table 15 – Template 2. Taxonomy-aligned economic activities (denominator) (CapEx)

The table provides information about the amount and proportion of EU taxonomy-aligned exposures to nuclear and fossil gas related economic activities compared to total covered assets (denominator).

	Economic activities EURm	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	159	35%	159	35%	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	75	16%	75	16%	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	225	49%	225	49%	–	–
8	Total applicable KPI	**458**	**100%**	**458**	**100%**	**–**	**–**

Non-financial statement, cont.

Table 16 – Template 3. Taxonomy-aligned economic activities (numerator) (turnover)

The table provides information about the amount and proportion of EU taxonomy-aligned exposures to nuclear and fossil gas related economic activities compared to total aligned exposures (numerator).

	Economic activities EURm	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	10	1%	10	1%	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	463	65%	463	65%	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI.	241	34%	241	34%	–	–
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**713**	**100%**	**713**	**100%**	**–**	**–**

Table 17 – Template 3. Taxonomy-aligned economic activities (numerator) (CapEx)

The table provides information about the amount and proportion of EU taxonomy-aligned exposures to nuclear and fossil gas related economic activities compared to total aligned exposures (numerator).

	Economic activities EURm	Amount and proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	–	–	–	–	–	–
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	159	23%	159	23%	–	–
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	105	15%	105	15%	–	–
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	–	–	–	–	–	–
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	–	–	–	–	–	–
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI.	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI.	440	63%	440	63%	–	–
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**703**	**100%**	**703**	**100%**	**–**	**–**

Table 18 – Template 4. Taxonomy-eligible but not taxonomy-aligned economic activities (turnover)

The table provides information about the amount and proportion of EU taxonomy-eligible exposures to nuclear and fossil gas related economic activities compared to total covered assets.

	Economic activities EURm	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	15	23%	15	23%	–	–
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	40	62%	40	62%	–	–
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	10	15%	10	15%	–	–
8	**Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI.**	**65**	**100%**	**65**	**100%**	**–**	**–**

Non-financial statement, cont.

Table 19 – Template 4. Taxonomy-eligible but not taxonomy-aligned economic activities (CapEx)

The table provides information about the amount and proportion of EU taxonomy-eligible exposures to nuclear and fossil gas related economic activities compared to total covered assets.

	Economic activities EURm	Proportion (the information is to be presented in monetary amounts and as percentages)					
		CCM + CCA		Climate change mitigation (CCM)		Climate change adaptation (CCA)	
		Amount	%	Amount	%	Amount	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	30	35%	30	35%	–	–
6	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–	–	–	–	–
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	55	65%	55	65%	–	–
8	**Total amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI.**	**85**	**100%**	**85**	**100%**	**–**	**–**

Table 20 – Template 5. Taxonomy non-eligible economic activities

The table provides information about the amount and proportion of EU taxonomy-non-eligible exposures to nuclear and fossil gas related economic activities compared to total covered assets.

	Economic activities EURm	Amount	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI.	–	–
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI.	2	100%
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI.**	**2**	**100%**

Proposed distribution of earnings

On 31 December 2023 Nordea Bank Abp's distributable earnings, including profit for the financial year and after subtracting capitalised development expenses, were EUR 17,855,020,523.98 and other unrestricted equity amounted to EUR 4,574,741,638.67.

The Board of Directors proposes that the 21 March 2024 Annual General Meeting authorise it to decide on a dividend payment of a maximum of EUR 0.92 per share. The payment would be distributed based on the annual accounts to be adopted for the financial year ended 31 December 2023 and the authorisation would remain in force until the beginning of the next Annual General Meeting.

The dividend would be paid from retained earnings. After a maximum dividend payout of EUR 3,239,688,285.20[1], corresponding to approximately 66% of the net profit for the year, an amount of EUR 14,615,332,238.78 would be carried forward as distributable retained earnings. Dividend will not be paid to shares held by Nordea on the dividend record date, and therefore the final aggregate dividend payout will be determined by the number of outstanding shares in Nordea on the dividend record date.

It is the assessment of the Board of Directors that the proposed dividend is justifiable considering the demands with respect to the size of the Company's and the Group's equity, which are imposed by the nature, scope and risks, associated with the business, and the Company's and the Group's need for consolidation, liquidity and financial position in general.

For information on changes in the financial position of Nordea Bank Abp since the end of the financial period, see "Events after the financial period" below. No other significant events or material changes have taken place in the financial position of the Company since the end of the financial period and the proposed dividend does not compromise the Company's solvency.

1) Calculated for Nordea Bank Abp's outstanding shares plus own shares bought and sold as part of market-making activities. See Note P9.1. "Equity" for information on shares.

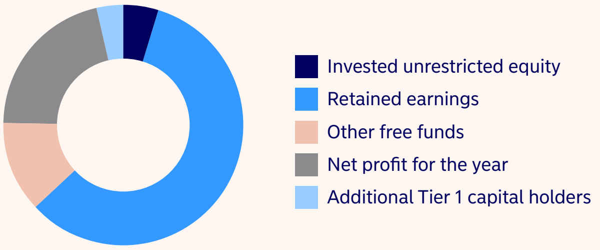
According to the parent company's balance sheet as at 31 December 2023 the unrestricted equity amounted to:

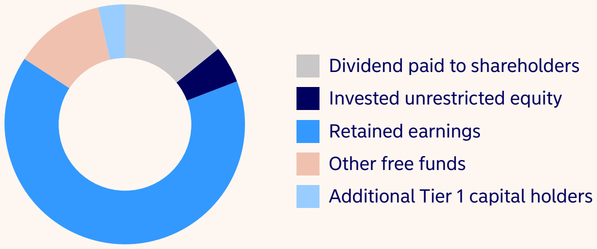
EUR	
Invested unrestricted equity	1,062,506,703.15
Retained earnings[2]	13,115,586,773.03
Other free funds	2,762,284,827.88
Net profit for the year	4,739,433,750.95
Additional Tier 1 capital holders	749,950,107.64
Total	**22,429,762,162.65**

2) Capitalised development costs of EUR 1,352,516,397.45 have been subtracted from retained earnings.

The Board of Directors proposes that earnings be distributed as follows (calculated based on the maximum dividend of EUR 3,239,688,285.20):

EUR	
Dividend paid to shareholders	3,239,688,285.20
Invested unrestricted equity	1,062,506,703.15
Retained earnings[2]	14,615,332,238.78
Other free funds	2,762,284,827.88
Additional Tier 1 capital holders	749,950,107.64
Total	**22,429,762,162.65**





The dividend will be paid to shareholders who on the record date for dividend payment are recorded in Nordea's shareholders' register maintained by Euroclear Finland Oy in Finland, Euroclear Sweden AB in Sweden and VP Securities A/S in Denmark.

Events after the financial period

Share buy-backs and share cancellations

After 31 December 2023 Nordea has further acquired 11,364,932 shares, which correspond to a EUR 127,974,947.37 reduction of retained earnings, under its fourth share buy-back programme, which started on 28 April 2023 and will end no later than 5 March 2024.

An aggregated amount of 6,779,548 treasury shares, which were held for capital optimisation purposes and acquired through share buy-backs, were cancelled in January. After the cancellation on 18 January 2024, the total number of shares in Nordea was 3,521,499,960. In accordance with the terms of its fourth share buy-back programme, Nordea will continue to cancel repurchased shares on a monthly basis.

Glossary

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

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

Basic earnings per share
Net profit for the year divided by the weighted average number of outstanding shares, non-controlling interests excluded.

Cost-to-income ratio
Total operating expenses divided by total operating income.

Diluted earnings per share
Net profit for the year divided by the weighted average number of outstanding shares after full dilution, non-controlling interests excluded.

Economic capital
Economic capital is Nordea's internal estimate of required capital. It measures the capital required to cover unexpected losses in the course of Nordea's business with a certain probability. Economic capital uses advanced internal models to provide a consistent measurement for credit risk, market risk, operational risk, business risk and life insurance risk arising from activities in Nordea's various business areas.

The aggregation of risks across the Group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

Equity per share
Equity as shown on the balance sheet after full dilution and non-controlling interests excluded divided by the number of shares after full dilution.

Equity ratio
Total equity as a percentage of total assets at the end of the year.

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

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

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

Non-servicing, not impaired
Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

Own funds
Own funds include the sum of Tier 1 capital and the supplementary capital consisting of subordinated loans, after deduction of the carrying amount of the shares in wholly-owned insurance companies and the potential deduction for expected shortfall.

Price to book
Nordea's stock market value relative to its book value of total equity.

Return on assets
Net profit for the year as a percentage of total assets at the end of the year.

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

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

Risk exposure amount
Total assets and off-balance sheet items valued on the basis of the credit and market risks, as well as operational risks of the Group's undertakings, in accordance with regulations governing capital adequacy, excluding assets in insurance companies, the carrying amount of shares which have been deducted from the capital base and intangible assets.

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

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

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

Total allowances in relation to impaired loans (provisioning ratio)
Total allowances divided by impaired loans before allowances.

Total capital ratio
Own funds as a percentage of risk exposure amount.

Financial statements
Nordea Group

Table of **Contents**

Income statement

EURm	Note	2023	2022
Operating income			
Interest income calculated using the effective interest rate method		17,303	7,937
Other interest income		2,426	1,013
Negative yield on financial assets		–	-134
Interest expense		-12,278	-3,474
Negative yield on financial liabilities		–	322
Net interest income	G2.2	**7,451**	**5,664**
Fee and commission income		3,923	4,108
Fee and commission expense		-902	-922
Net fee and commission income	G2.3	**3,021**	**3,186**
Insurance revenue		613	313
Insurance service expenses		-392	-119
Net reinsurance result		-6	-6
Net insurance revenue		**215**	**188**
Insurance finance income or expenses		-2,222	1,900
Return on assets backing insurance liabilities		2,224	-1,915
Net insurance finance income or expenses		**2**	**-15**
Net insurance result	G2.4	**217**	**173**
Net result from items at fair value	G2.5	1,014	623
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	G9.3	-3	-8
Other operating income	G2.6	43	83
Total operating income		**11,743**	**9,721**
Operating expenses			
General administrative expenses:			
Staff costs	G8.1	-2,908	-2,793
Other expenses	G2.7	-1,206	-1,108
Regulatory fees	G2.8	-316	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	G2.9	-808	-611
Total operating expenses		**-5,238**	**-4,834**
Profit before loan losses		**6,505**	**4,887**
Net result on loans in hold portfolios mandatorily held at fair value	G2.5	20	-13
Net loan losses	G2.10	-187	-112
Operating profit		**6,338**	**4,762**
Income tax expense	G2.11	-1,404	-1,175
Net profit for the year		**4,934**	**3,587**
Attributable to:			
Shareholders of Nordea Bank Abp		4,908	3,563
Additional Tier 1 capital holders		26	26
Non-controlling interests		–	-2
Total		**4,934**	**3,587**
Basic earnings per share, EUR	G2.12	1.37	0.94
Diluted earnings per share, EUR	G2.12	1.37	0.94

Statement of comprehensive income

EURm	Note	2023	2022
Net profit for the year		4,934	3,587
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Currency translation:			
Currency translation differences		-436	-736
Currency translation differences transferred to the income statement		–	660
Tax on currency translation differences		0	-4
Hedging of net investments in foreign operations:	G3.6		
Valuation gains/losses		55	183
Valuation gains/losses transferred to the income statement, net of tax		–	-131
Fair value through other comprehensive income[1]:	G3.3		
Valuation gains/losses		58	-121
Tax on valuation gains/losses		-15	24
Transferred to the income statement		-39	-56
Tax on transfers to the income statement		10	12
Cash flow hedges:	G3.6		
Valuation gains/losses		870	1,343
Tax on valuation gains/losses		-184	-270
Transferred to the income statement		-868	-1,301
Tax on transfers to the income statement		184	262
Items that may not be reclassified subsequently to the income statement			
Changes in own credit risk related to liabilities classified as fair value option:	G3.3		
Valuation gains/losses		13	7
Tax on valuation gains/losses		-3	-2
Defined benefit plans:	G8.2		
Remeasurement of defined benefit plans		-36	-40
Tax on remeasurement of defined benefit plans		9	8
Companies accounted for under the equity method:	G9.3		
Other comprehensive income from companies accounted for under the equity method		-4	1
Tax on other comprehensive income from companies accounted for under the equity method		1	0
Other comprehensive income, net of tax		**-385**	**-161**
Total comprehensive income		**4,549**	**3,426**
Attributable to:			
Shareholders of Nordea Bank Abp		4,523	3,402
Additional Tier 1 capital holders		26	26
Non-controlling interests		–	-2
Total		**4,549**	**3,426**

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

Balance sheet

EURm	Note	31 Dec 2023	31 Dec 2022	1 Jan 2022
Assets	G3.3			
Cash and balances with central banks		50,622	61,815	47,495
Loans to central banks	G3.8	1,909	885	409
Loans to credit institutions	G3.8	2,363	4,561	1,991
Loans to the public	G3.8	344,828	345,743	345,050
Interest-bearing securities	G3.9	68,000	68,226	65,164
Shares	G3.10	22,158	16,099	13,222
Assets in pooled schemes and unit-linked investment contracts	G3.11	50,531	43,639	49,030
Derivatives	G3.12	26,525	36,578	30,200
Fair value changes of hedged items in portfolio hedges of interest rate risk	G3.6	-871	-2,116	-65
Investments in associated undertakings and joint ventures	G9.3	481	509	207
Intangible assets	G5.1	3,826	4,005	3,784
Properties and equipment	G5.2	1,653	1,673	1,745
Investment properties	G5.3	2,199	2,288	1,633
Deferred tax assets	G2.11	254	299	359
Current tax assets	G2.11	217	211	272
Retirement benefit assets	G8.2	225	165	221
Other assets		8,921	9,364	8,817
Prepaid expenses and accrued income		755	785	896
Assets held for sale	G9.5	106	–	180
Total assets		**584,702**	**594,729**	**570,610**
Liabilities	G3.3			
Deposits by credit institutions	G3.13	29,504	32,869	26,961
Deposits and borrowings from the public	G3.14	210,062	217,464	205,801
Deposits in pooled schemes and unit-linked investment contracts	G3.11	51,573	44,770	50,307
Insurance contract liabilities	G4	27,568	26,110	18,357
Debt securities in issue	G3.15	182,548	179,803	176,365
Derivatives	G3.12	30,794	40,102	31,485
Fair value changes of hedged items in portfolio hedges of interest rate risk	G3.6	-869	-2,175	101
Current tax liabilities	G2.11	413	303	354
Other liabilities	G3.16	13,727	16,771	18,476
Accrued expenses and prepaid income		1,274	1,224	1,334
Deferred tax liabilities	G2.11	505	594	506
Provisions	G6	371	351	414
Retirement benefit liabilities	G8.2	287	298	369
Subordinated liabilities	G3.17	5,720	5,401	6,850
Total liabilities		**553,477**	**563,885**	**537,680**
Equity	G10.1			
Additional Tier 1 capital holders		750	748	750
Non-controlling interests		–	–	9
Share capital		4,050	4,050	4,050
Invested unrestricted equity		1,063	1,082	1,090
Other reserves		-2,345	-1,963	-1,801
Retained earnings		27,707	26,927	28,832
Total equity		**31,225**	**30,844**	**32,930**
Total liabilities and equity		**584,702**	**594,729**	**570,610**

Statement of changes in equity

2023

		Attributable to shareholders of Nordea Bank Abp										
				Other reserves:								
EURm	Note	Share capital[1]	Invested unrestricted equity	Translation of foreign operations[3,4]	Cash flow hedges[4]	Fair value through other comprehensive income	Defined benefit plans	Changes in own credit risk related to liabilities at fair value option	Retained earnings	Total	Additional Tier 1 capital holders	Total equity
Balance as at 1 Jan 2023		4,050	1,082	-1,891	64	-20	-109	-7	26,927	30,096	748	30,844
Net profit for the year		–	–	–	–	–	–	–	4,908	4,908	26	4,934
Items that may be reclassified subsequently to the income statement												
Currency translation:												
Currency translation differences		–	–	-436	–	–	–	–	–	-436	–	-436
Tax on currency translation differences		–	–	0	–	–	–	–	–	0	–	0
Hedging of net investments in foreign operations:	G3.6											
Valuation gains/losses		–	–	55	–	–	–	–	–	55	–	55
Fair value through other comprehensive income:	G3.3											
Valuation gains/losses		–	–	–	–	58	–	–	–	58	–	58
Tax on valuation gains/losses		–	–	–	–	-15	–	–	–	-15	–	-15
Transferred to the income statement		–	–	–	–	-39	–	–	–	-39	–	-39
Tax on transfers to the income statement		–	–	–	–	10	–	–	–	10	–	10
Cash flow hedges:	G3.6											
Valuation gains/losses		–	–	–	870	–	–	–	–	870	–	870
Tax on valuation gains/losses		–	–	–	-184	–	–	–	–	-184	–	-184
Transferred to the income statement[2]		–	–	–	-868	–	–	–	–	-868	–	-868
Tax on transfers to the income statement[2]		–	–	–	184	–	–	–	–	184	–	184

Statement of changes in equity, cont.

2023

		Attributable to shareholders of Nordea Bank Abp										
				Other reserves:								
EURm	**Note**	**Share capital[1]**	**Invested unrestricted equity**	**Translation of foreign operations[3,4]**	**Cash flow hedges[4]**	**Fair value through other com-prehensive income**	**Defined benefit plans**	**Changes in own credit risk related to liabilities at fair value option**	**Retained earnings**	**Total**	**Additional Tier 1 capital holders**	**Total equity**
Items that may not be reclassified subsequently to the income statement												
Changes in own credit risk related to liabilities classified as fair value option:	G3.3											
Valuation gains/losses		–	–	–	–	–	–	13	–	13	–	13
Tax on valuation gains/losses		–	–	–	–	–	–	-3	–	-3	–	-3
Defined benefit plans:	G8.2											
Remeasurement of defined benefit plans		–	–	–	–	–	-36	–	–	-36	–	-36
Tax on remeasurement of defined benefit plans		–	–	–	–	–	9	–	–	9	–	9
Companies accounted for under the equity method:	G9.3											
Other comprehensive income from companies accounted for under the equity method		–	–	–	–	–	–	–	-4	-4	–	-4
Tax on other comprehensive income from companies accounted for under the equity method		–	–	–	–	–	–	–	1	1	–	1
Other comprehensive income, net of tax		**–**	**–**	**-381**	**2**	**14**	**-27**	**10**	**-3**	**-385**	**–**	**-385**
Total comprehensive income		**–**	**–**	**-381**	**2**	**14**	**-27**	**10**	**4,905**	**4,523**	**26**	**4,549**
Paid interest on Additional Tier 1 capital[5]	G10.1	–	–	–	–	–	–	–	5	5	-26	-21
Change in Additional Tier 1 capital holders	G10.1	–	–	–	–	–	–	–	–	–	2	2
Share-based payments	G8.3	–	–	–	–	–	–	–	19	19	–	19
Dividend[6]		–	–	–	–	–	–	–	-2,876	-2,876	–	-2,876
Purchase of own shares[7]		–	-19	–	–	–	–	–	-1,264	-1,283	–	-1,283
Other changes		–	–	–	–	–	–	–	-9	-9	–	-9
Balance as at 31 Dec 2023		**4,050**	**1,063**	**-2,272**	**66**	**-6**	**-136**	**3**	**27,707**	**30,475**	**750**	**31,225**

1) The total number of shares registered was 3,528 million. The number of own shares was 9.1 million, representing 0.3% of the total number of shares in Nordea. Each share carries one voting right.
2) Transferred to the income statement as this is affected by the hedged items.
3) Relates to foreign exchange risk. Of the balance as at 31 December 2023, EUR 772m related to hedging relationships for which hedge accounting is applied and EUR –m related to hedging relationships for which hedge accounting is no longer applied.
4) For more detailed information, see Note G3.6 "Hedge accounting".
5) Consists of interest paid and the related tax effect on Additional Tier 1 capital.
6) Dividends recognised as distributions to owners amounted to EUR 0.80 per share.
7) The change in the holding of own shares related to treasury shares held for remuneration purposes and to the trading portfolio was accounted for as an increase in "Invested unrestricted equity". At the end of the year the number of treasury shares held for remuneration purposes was 4.8 million. The separately announced share buy-back amounted to EUR 1,263m and was accounted for as a reduction in "Retained earnings". The transaction cost in relation to the share buy-back amounted to EUR 1m.

Statement of changes in equity, cont.

2022

		Attributable to shareholders of Nordea Bank Abp											
				Other reserves:									
EURm	Note	Share capital[1]	Invested unrestricted equity	Translation of foreign operations[3,4]	Cash flow hedges[4]	Fair value through other comprehensive income	Defined benefit plans	Changes in own credit risk related to liabilities at fair value option	Retained earnings	Total	Additional Tier 1 capital holders	Non-controlling interests	Total equity
Balance as at 31 Dec 2021		4,050	1,090	-1,863	30	121	-77	-12	29,405	32,744	750	9	33,503
Change in accounting policy	G1	–	–	–	–	–	–	–	-573	-573	–	–	-573
Balance as at 1 Jan 2022		**4,050**	**1,090**	**-1,863**	**30**	**121**	**-77**	**-12**	**28,832**	**32,171**	**750**	**9**	**32,930**
Net profit for the year		–	–	–	–	–	–	–	3,563	3,563	26	-2	3,587
Items that may be reclassified subsequently to the income statement													
Currency translation:													
Currency translation differences		–	–	-736	–	–	–	–	–	-736	–	–	-736
Currency translation differences transferred to the income statement		–	–	660	–	–	–	–	–	660	–	–	660
Tax on currency translation differences		–	–	-4	–	–	–	–	–	-4	–	–	-4
Hedging of net investments in foreign operations:	G3.6												
Valuation gains/losses		–	–	183	–	–	–	–	–	183	–	–	183
Valuation gains/losses transferred to the income statement, net of tax		–	–	-131	–	–	–	–	–	-131	–	–	-131
Fair value through other comprehensive income:	G3.3												
Valuation gains/losses		–	–	–	–	-121	–	–	–	-121	–	–	-121
Tax on valuation gains/losses		–	–	–	–	24	–	–	–	24	–	–	24
Transferred to the income statement		–	–	–	–	-56	–	–	–	-56	–	–	-56
Tax on transfers to the income statement		–	–	–	–	12	–	–	–	12	–	–	12
Cash flow hedges:	G3.6												
Valuation gains/losses		–	–	–	1,343	–	–	–	–	1,343	–	–	1,343
Tax on valuation gains/losses		–	–	–	-270	–	–	–	–	-270	–	–	-270
Transferred to the income statement[2]		–	–	–	-1,301	–	–	–	–	-1,301	–	–	-1,301
Tax on transfers to the income statement[2]		–	–	–	262	–	–	–	–	262	–	–	262

Statement of changes in equity, cont.

2022

		Attributable to shareholders of Nordea Bank Abp											
				Other reserves:									
EURm	Note	Share capital[1]	Invested unrestricted equity	Translation of foreign operations[3,4]	Cash flow hedges[4]	Fair value through other comprehensive income	Defined benefit plans	Changes in own credit risk related to liabilities at fair value option	Retained earnings	Total	Additional Tier 1 capital holders	Non-controlling interests	Total equity
Items that may not be reclassified subsequently to the income statement													
Changes in own credit risk related to liabilities classified as fair value option:	G3.3												
Valuation gains/losses		–	–	–	–	–	–	7	–	7	–	–	7
Tax on valuation gains/losses		–	–	–	–	–	–	-2	–	-2	–	–	-2
Defined benefit plans:	G8.2												
Remeasurement of defined benefit plans		–	–	–	–	–	-40	–	–	-40	–	–	-40
Tax on remeasurement of defined benefit plans		–	–	–	–	–	8	–	–	8	–	–	8
Companies accounted for under the equity method:	G9.3												
Other comprehensive income from companies accounted for under the equity method		–	–	–	–	–	–	–	1	1	–	–	1
Tax on other comprehensive income from companies accounted for under the equity method		–	–	–	–	–	–	–	0	0	–	–	0
Other comprehensive income, net of tax		–	–	-28	34	-141	-32	5	1	-161	–	–	-161
Total comprehensive income		–	–	-28	34	-141	-32	5	3,564	3,402	26	-2	3,426
Paid interest on Additional Tier 1 capital[5]	G10.1	–	–	–	–	–	–	–	5	5	-26	–	-21
Change in Additional Tier 1 capital holders	G10.1	–	–	–	–	–	–	–	–	–	-2	–	-2
Share-based payments	G8.3	–	–	–	–	–	–	–	14	14	–	–	14
Dividend[6]		–	–	–	–	–	–	–	-2,655	-2,655	–	–	-2,655
Sale/purchase of own shares[7]		–	3	–	–	–	–	–	-2,844	-2,841	–	–	-2,841
Other changes		–	-11	–	–	–	–	–	11	–	–	–	–
Change in non-controlling interests		–	–	–	–	–	–	–	–	–	–	-7	-7
Balance as at 31 Dec 2022		4,050	1,082	-1,891	64	-20	-109	-7	26,927	30,096	748	–	30,844

1) The total number of shares registered was 3,654 million. The number of own shares was 13.4 million, representing 0.4% of the total number of shares in Nordea. Each share carries one voting right.
2) Transferred to the income statement as this is affected by the hedged items.
3) Relates to foreign exchange risk. Of the balance as at 31 December 2022, EUR 717m related to hedging relationships for which hedge accounting is applied and EUR –m related to hedging relationships for which hedge accounting is no longer applied.
4) For more detailed information, see Note G3.6 "Hedge accounting".
5) Consists of interest paid and the related tax effect on Additional Tier 1 capital.
6) Dividends recognised as distributions to owners amounted to EUR 0.69 per share.
7) The change in the holding of own shares related to treasury shares held for remuneration purposes and to the trading portfolio was accounted for as an increase in "Invested unrestricted equity". At the end of the year the number of treasury shares held for remuneration purposes was 6.1 million. The separately announced share buy-back amounted to EUR 2,839m and was accounted for as a reduction in "Retained earnings". The transaction cost in relation to the share buy-back amounted to EUR 5m.

Cash flow statement[1]

EURm	Note	2023	2022
Operating activities			
Operating profit		6,338	4,762
Adjustment for items not included in cash flow	G10.2	5,899	-7,057
Income taxes paid	G2.11	-1,480	-976
Cash flow from operating activities before changes in operating assets and liabilities		**10,757**	**-3,271**
Changes in operating assets			
Change in loans to central banks	G3.8	-990	-485
Change in loans to credit institutions	G3.8	1,863	-2,585
Change in loans to the public	G3.8	-3,890	-12,271
Change in interest-bearing securities	G3.9	-2,763	4,813
Change in shares	G3.10	-5,973	1,695
Change in derivatives, net	G3.12	1,642	-2,214
Change in investment properties	G5.3	185	215
Change in other assets		-1,237	-52
Dividends received from associates	G9.3	9	8
Changes in operating liabilities			
Change in deposits by credit institutions	G3.13	-2,941	6,081
Change in deposits and borrowings from the public	G3.14	-3,357	18,365
Change in insurance contract liabilities	G4	-1,418	-1,846
Change in debt securities in issue	G3.15	1,950	10,585
Change in other liabilities	G3.16	-309	2,937
Cash flow from operating activities		**-6,472**	**21,975**
Investing activities			
Acquisition of business operations[2]	G9.6	-37	-254
Acquisition of associated undertakings and joint ventures	G9.3	-1	-19
Acquisition of property and equipment	G5.2	-86	-61
Sale of property and equipment	G5.2	33	49
Acquisition of intangible assets	G5.1	-444	-344
Cash flow from investing activities		**-535**	**-629**
Financing activities			
Issued subordinated liabilities	G3.17	500	–
Amortised subordinated liabilities	G3.17	-205	-939
Repurchase of own shares incl. change in trading portfolio		-1,283	-2,841
Dividend paid		-2,876	-2,655
Paid interest on Additional Tier 1 capital		-26	-26
Principal portion of lease payments		-118	-123
Cash flow from financing activities		**-4,008**	**-6,584**
Cash flow for the year		**-11,015**	**14,762**
Cash and cash equivalents at beginning of year	G10.2	62,877	48,628
Translation differences	G10.2	-500	-513
Cash and cash equivalents at end of year	G10.2	51,362	62,877
Change		**-11,015**	**14,762**

1) For more information regarding the cash flow statement, see Note G10.2 "Additional disclosures on the cash flow statement".
2) Acquisition of business operations in 2023 related to the acquisition of Advinans. The net impact on cash flows of EUR -37m consists of the purchase price paid of EUR 38m less acquired cash of EUR 1m. Acquisition in 2022 related to the acquisition of Nordea Pension. The net impact on cash flows of EUR -254m consists of the purchase price paid of EUR 283m less acquired cash of EUR 29m. See Note G9.6 "Acquisitions" for more information.

G1 Accounting policies

Corporate information

Nordea Bank Abp, together with its consolidated subsidiaries (the Nordea Group), is a leading universal bank in the Nordic markets. The parent company, Nordea Bank Abp, is organised under the laws of Finland with its head office located in Helsinki, Finland. Nordea Bank Abp's ordinary shares are listed on Nasdaq Nordic, the stock exchanges in Helsinki (in euro), Stockholm (in Swedish kronor) and Copenhagen (in Danish kroner), and its American Depository Receipts are traded in the US in US dollars.

The Nordea Group offers a comprehensive range of banking and financial products and services to household and corporate customers, including financial institutions. The Nordea Group's products and services comprise a broad range of household banking services, including mortgages and consumer loans, credit and debit cards as well as a wide selection of savings, life insurance and pension products. In addition, the Nordea Group offers a wide range of corporate banking services, including business loans, cash management, payment and account services, risk management products and advisory services, debt and equity-related products for liquidity and capital raising purposes as well as corporate finance, institutional asset management services and corporate life and pension products. The Nordea Group also distributes general insurance products.

Corporate information	
Name of reporting entity:	Nordea Bank Abp (Business ID 2858394-9)
Domicile of entity:	Helsinki, Finland
Legal form of entity:	Public limited company
Country of incorporation:	Finland
Address of entity's registered office:	Hamnbanegatan (Satamaradankatu) 5, FI-00020, Nordea, Helsinki, Finland
Principal place of business:	Nordic markets
Description of nature of entity's operations and principal activities:	Banking and financial products and services to household and corporate customers, including financial institutions.
Name of parent entity:	Nordea Bank Abp

Basis of presentation

Nordea's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU Commission. In addition, certain complementary rules in the Finnish Accounting Act, the Finnish Act on Credit Institutions, the Finnish Financial Supervisory Authority's regulations and guidelines and the Decree of the Finnish Ministry of Finance on the financial statements and consolidated statements of credit institutions and investment firms have also been applied.

The disclosures, required under the standards, recommendations and legislation above, have been included in the notes or in other parts of the financial statements.

On 20 February 2024 the Board of Directors approved the financial statements, subject to final adoption by the Annual General Meeting on 21 March 2024.

The accounting policies, methods of computation and presentations are unchanged in comparison with the Annual Report 2022, except for the items presented in "Changed accounting policies and presentation" below.

All amounts are in euro million unless otherwise stated.

Changed accounting policies and presentation

New accounting policies and changes to the presentation were implemented during 2023. Impacts on Nordea's financial statements are described below.

IFRS 17 Insurance Contracts

The standard changes the accounting requirements for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 was implemented by Nordea on 1 January 2023 and comparative figures for 2022 have been restated.

The measurement principles have changed from a non-uniform accounting policy based on the local accounting policies of the life insurance subsidiaries to a uniform accounting policy based on three measurement models: the general measurement model, the variable fee approach and the premium allocation approach. The model application depends on the terms of the contract (long term, long term with a variable fee or short term). The three measurement models include consistent definitions of contractual cash flows, the risk adjustment margin and discounting. These definitions are based on principles similar to those for calculating the technical provisions in the Solvency II Directive. Unearned margins related to premiums from profitable contracts are recognised as a provision on the balance sheet and released to revenue when the service is provided. Losses related to unprofitable contracts are recognised in the income statement at initial recognition.

A net carrying amount of EUR 2,106m was reclassified from insurance to investment contracts at transition. This relates mainly to newer unit-linked endowment contracts where the insurance risk has been assessed to be insignificant.

Nordea has applied all three measurement models, but the variable fee approach was applied for 99% of the insurance contracts at transition.

Nordea has used the EU carve-out for annual cohorts for two portfolios with a total carrying amount of EUR 6,293m (based on insurance liabilities as at year-end 2021). Nordea has not used the option to disaggregate insurance finance income and expense between profit or loss and other comprehensive income.

Different transition methods have been applied based on the data available at the time of transition (1 January 2022). Nordea did not have enough information to apply the full or modified retrospective approach for the majority of the contracts (91%) and has thus applied the fair value approach. The modified retrospective approach has been applied for the majority of the remaining contracts. The application of the fair value approach in Nordea has resulted in a higher contractual service margin compared with the retrospective approaches, and consequently a larger reduction in equity at transition, as the fair value approach generally requires an additional margin that a potential third-party acquirer would require. This margin is not required in the retrospective approaches. It also means that the contractual service margin to be amortised in the future is higher under the fair value approach compared with the retrospective approaches.

The quantitative impact on Nordea's financial statements at transition on 1 January 2022 from implementing IFRS 17 was a reduction in equity of EUR 573m. This amount also includes a revaluation of bonds previously measured at "Amortised cost" but reclassified to "Fair value through profit or loss" at transition. The impact on the Common Equity Tier 1 capital ratio was a reduction of 23bp at transition.

Comparative figures have been restated accordingly. For more information, see Note G10.6 "Transition to IFRS 17 Insurance Contracts" in the 2022 Annual Report. The impact on the comparative figures in the income statement for 2022 and the balance sheet as at 1 January 2022 and 31 December 2022 can be found in the tables below. For information about accounting policies and more disclosures covering insurance contracts, see Note G4 "Insurance contract liabilities".

Changed presentation of financial assets pledged as collateral

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

Comparative figures have been restated accordingly and the impact on the balance sheet as at 31 December 2022 and 1 January 2022 can be found in the tables below.

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

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

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

The gross deferred tax assets and liabilities are disclosed but have been set off on the balance sheet if such requirements are met. The impact on the gross deferred tax assets and liabilities disclosed in Note G2.11 "Taxes" amounted to EUR 224m as at 1 January 2022. However, these amounts are set off on the balance sheet so the amendments have not had any other significant impact on Nordea's financial statements or on Nordea's capital adequacy in the period of initial application.

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

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

The amendments also include disclosure requirements for periods in which the Pillar 2 legislation is enacted or substantively enacted, but not yet in effect. Known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar 2 income taxes arising from that legislation should be disclosed.

At the time this Annual Report was published, it was not possible to comment on the impact of the amendments on Nordea's financial statements. This is because Nordea had not completed its full assessment of the financial impact of the enacted Pillar 2 legislation that the amendments provide relief from. The required disclosures can be found in Note G2.11 "Taxes".

Other amendments

The IASB has published the following amendments which were implemented by Nordea on 1 January 2023 but which have not had any significant impact on Nordea's financial statements:

- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statements 2: Disclosure of Accounting Policies.

Changes to the Finnish Accounting Act, the Finnish Act on Credit Institutions, the Finnish Financial Supervisory Authority's regulations and guidelines and the Decree of the Finnish Ministry of Finance on the financial statements and consolidated statements of credit institutions and investment firms have not had any significant impact on the Nordea Group's financial statements.

G1 Accounting policies, cont.

	Full year 2022		
EURm	**Old policy**	**IFRS 17**	**New policy**
Operating income			
Interest income calculated using the effective interest rate method	7,937	–	7,937
Other interest income	1,013	–	1,013
Negative yield on financial assets	-134	–	-134
Interest expense	-3,474	–	-3,474
Negative yield on financial liabilities	322	–	322
Net interest income	**5,664**	**–**	**5,664**
Fee and commission income	4,278	-170	4,108
Fee and commission expense	-942	20	-922
Net fee and commission income	**3,336**	**-150**	**3,186**
Insurance revenue	–	313	313
Insurance service expenses	–	-119	-119
Net reinsurance result	–	-6	-6
Net insurance revenue	–	**188**	**188**
Insurance finance income or expenses	–	1,900	1,900
Return on assets backing insurance liabilities	–	-1,915	-1,915
Net insurance finance income or expenses	–	**-15**	**-15**
Net insurance result	**–**	**173**	**173**
Net result from items at fair value	721	-98	623
Profit or loss from associated undertakings and joint ventures accounted for under the equity method	-8	–	-8
Other operating income	83	–	83
Total operating income	**9,796**	**-75**	**9,721**
Operating expenses			
General administrative expenses:			
Staff costs	-2,835	42	-2,793
Other expenses	-1,135	27	-1,108
Regulatory fees	-322	–	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	-611	–	-611
Total operating expenses	**-4,903**	**69**	**-4,834**
Profit before loan losses	**4,893**	**-6**	**4,887**
Net result on loans in hold portfolios mandatorily held at fair value	-13	–	-13
Net loan losses	-112	–	-112
Operating profit	**4,768**	**-6**	**4,762**
Income tax expense	-1,173	-2	-1,175
Net profit for the year	**3,595**	**-8**	**3,587**
Impact on basic earnings per share, EUR	**0.95**	**-0.01**	**0.94**
Impact on diluted earnings per share, EUR	**0.95**	**-0.01**	**0.94**

G1 Accounting policies, cont.

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

G1 Accounting policies, cont.

EURm	1 Jan 2022 Old policy	Pledged assets	IFRS 17	New policy
Assets				
Cash and balances with central banks	47,495	–	–	47,495
Loans to central banks	409	–	–	409
Loans to credit institutions	1,983	–	8	1,991
Loans to the public	345,050	–	–	345,050
Interest-bearing securities	63,383	1,668	113	65,164
Financial instruments pledged as collateral	1,668	-1,668	–	–
Shares	15,217	–	-1,995	13,222
Assets in pooled schemes and unit-linked investment contracts	46,912	–	2,118	49,030
Derivatives	30,200	–	–	30,200
Fair value changes of hedged items in portfolio hedges of interest rate risk	-65	–	–	-65
Investments in associated undertakings and joint ventures	207	–	–	207
Intangible assets	3,784	–	–	3,784
Properties and equipment	1,745	–	–	1,745
Investment properties	1,764	–	-131	1,633
Deferred tax assets	218	–	141	359
Current tax assets	272	–	–	272
Retirement benefit assets	221	–	–	221
Other assets	8,830	–	-13	8,817
Prepaid expenses and accrued income	880	–	16	896
Assets held for sale	180	–	–	180
Total assets	**570,353**	**–**	**257**	**570,610**
Liabilities				
Deposits by credit institutions	26,961	–	–	26,961
Deposits and borrowings from the public	205,801	–	–	205,801
Deposits in pooled schemes and unit-linked investment contacts	48,201	–	2,106	50,307
Insurance contract liabilities	19,595	–	-1,238	18,357
Debt securities in issue	176,365	–	–	176,365
Derivatives	31,485	–	–	31,485
Fair value changes of hedged items in portfolio hedges of interest rate risk	101	–	–	101
Current tax liabilities	354	–	–	354
Other liabilities	18,485	–	-9	18,476
Accrued expenses and prepaid income	1,334	–	–	1,334
Deferred tax liabilities	535	–	-29	506
Provisions	414	–	–	414
Retirement benefit liabilities	369	–	–	369
Subordinated liabilities	6,850	–	–	6,850
Total liabilities	**536,850**	**–**	**830**	**537,680**
Equity				
Additional Tier 1 capital holders	750	–	–	750
Non-controlling interests	9	–	–	9
Share capital	4,050	–	–	4,050
Invested unrestricted equity	1,090	–	–	1,090
Other reserves	-1,801	–	–	-1,801
Retained earnings	29,405	–	-573	28,832
Total equity	**33,503**	**–**	**-573**	**32,930**
Total liabilities and equity	**570,353**	**–**	**257**	**570,610**

G1 Accounting policies, cont.

Changes to IFRSs not yet applied

The IASB has published the following new or amended standards that are assessed not to have any significant impact on Nordea's financial statements or capital adequacy in the period of initial application:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current as well as Classification of Liabilities as Current or Non-current – Deferral of Effective Date; and Non-current Liabilities with Covenants
- Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements.
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback.
- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability.

Critical judgements and estimation uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires, in some cases, the use of judgements and estimates by management. The actual outcome can later, to some extent, differ from the estimates and the assumptions made. Such judgements and estimates are disclosed under "Critical judgement and estimation uncertainty" in the relevant notes, including a description of:

- the sources of estimation uncertainty at the end of the reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and
- the judgements made when applying accounting policies (apart from those involving estimations) that have the most significant impact on the amounts recognised in the financial statements.

Critical judgements and estimates are in particular associated with:

- Total net result from items at fair value (Note G2.5)
- Taxes (Note G2.11)
- Recognition on and derecognition from the balance sheet (Note G3.1)
- Classification and measurement (Note G3.3)
- Fair value (Note G3.4)
- Hedge accounting (Note G3.6)
- Impairment testing of:
  - Intangible assets (Note G5.1)
  - Loans (Note G3.8)
- Insurance contract liabilities (Note G4)
- Investment properties (Note G5.3)
- Leases (Note G5.4)
- Provisions (Note G6)
- Pensions (Note G8.2)
- Consolidated entities (Note G9.1).

Nordea applied critical judgements in the preparation of this Annual Report due to the uncertainty concerning the potential long-term impact of higher energy and raw material prices and reduced consumer spending in various economic sectors on Nordea's financial statements. Areas particularly important during 2023 were the impairment testing of goodwill and loans to the public/credit institutions.

No impairment of goodwill was identified during 2023, but estimation uncertainty exists in relation to the long-term impact on Nordea's financial statements and the impairment need will be continuously reassessed. Nordea's total goodwill amounted to EUR 2,227m at the end of 2023 and EUR 2,262m at the end of 2022. Cash flows were projected up until the end of 2026 and the long-term growth assumption was used for subsequent periods. For more information about impairment testing of goodwill, see Note G5.1 "Intangible assets".

Critical judgement was also applied in the assessment of when loans had experienced a significant increase in credit risk (staging) and in the application of macro scenarios when estimating the increase in expected credit losses. When calculating allowances for individually significant impaired loans, critical judgement was exercised to estimate the amount and timing of the expected cash flows to be received from the customers under different scenarios, and to value any collateral received. Critical judgement was further applied when assigning the likelihood of the different scenarios occurring.

More information on the impairment testing of loans to the public/credit institutions can be found under "Net loan losses and similar net result" on page 40, in Note G3.8 "Loans", covering also critical judgements applied when estimating post-model adjustments, and under "Other information" on page 46. Information on sensitivities to rating and scoring migrations can be found in the section 2.8 "Sensitivities" in Note G11 "Risk and liquidity management".

Translation of assets and liabilities denominated in foreign currencies

The functional currency of each entity (subsidiary or branch) is determined based on the primary economic environment in which the entity operates. Foreign currency is defined as any currency other than the functional currency of the entity. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those on the date of the transactions, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement under "Net result from items at fair value".

Exchange differences arising on internal long-term receivables on, or liabilities to, foreign operations for which settlement is neither planned nor likely to occur in the future (i.e. in substance part of Nordea's net investment in that foreign operation) are recognised in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment. For translation of the financial statements of foreign entities and branches, see Note G9.2 "Currency translation of foreign entities/branches".

Exchange rates

	Jan–Dec 2023	Jan–Dec 2022
EUR 1 = SEK		
Income statement (average)	11.4740	10.6274
Balance sheet (at end of year)	11.1275	11.1202
EUR 1 = DKK		
Income statement (average)	7.4509	7.4395
Balance sheet (at end of year)	7.4527	7.4365
EUR 1 = NOK		
Income statement (average)	11.4238	10.1023
Balance sheet (at end of year)	11.2120	10.5180

Changes to group structure

On 15 May 2023 Nordea completed the acquisition of all the shares in the digital pension broker platform Advinans. See Note G9.6 "Aquisitions" for more information.

G2 Financial performance and returns

G2.1 Segment reporting

Accounting policies

An operating segment is a part of Nordea that earns revenues and incurs expenses that are regularly reported to the Chief Operating Decision Maker (CODM) and the reported information is used to make decisions about operating matters.

The measurement principles and allocation between operating segments follow the information reported to the CODM, as required by IFRS 8. At Nordea the CODM has been defined as the Chief Executive Officer (CEO), who is supported by the other members of the Group Leadership Team.

Nordea discloses separately information about each operating segment that has been identified as an operating segment if it exceeds the following quantitative thresholds:

- Segment revenue (internal and external) constitutes 10% or more of the combined revenue (internal and external) of all operating segments.
- Segment profit or loss constitutes 10% or more of the greater, in absolute amount, of:
  - the total profit of all profitable segments, or
  - the total loss of all segments that reported a loss.
- Segment assets amount to 10% or more of the total assets of all operating segments.

Two or more operating segments are aggregated into a single operating segment if the segments have similar economic characteristics and are similar in respect of products and services, production processes, customers, distribution methods and regulations.

Information about other business activities and operating segments that are not reported separately is combined and disclosed separately as "Other operating segments".

Income statement 2023

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Reconciliation	Total Group
Net interest income	3,512	2,550	1,525	316	-65	7,838	-387	7,451
Net fee and commission income	1,066	597	485	989	-32	3,105	-84	3,021
Net insurance result	120	15	1	90	0	226	-9	217
Net result from items at fair value	71	394	468	37	-100	870	144	1,014
Profit from associated undertakings accounted for under the equity method	0	-5	0	-2	5	-2	-1	-3
Other income	6	36	3	0	-1	44	-1	43
Total operating income	**4,775**	**3,587**	**2,482**	**1,430**	**-193**	**12,081**	**-338**	**11,743**
- of which internal transactions[1]	-1,138	-457	-10	243	1,362	0	–	–
Staff costs	-637	-418	-336	-429	-112	-1,932	-976	-2,908
Other expenses	-1,296	-805	-432	-141	146	-2,528	1,322	-1,206
Regulatory fees	-115	-96	-103	-7	-1	-322	6	-316
Depreciation, amortisation and impairment charges of tangible and intangible assets	-47	-36	-22	-23	-172	-300	-508	-808
Total operating expenses	**-2,095**	**-1,355**	**-893**	**-600**	**-139**	**-5,082**	**-156**	**-5,238**
Profit before loan losses	**2,680**	**2,232**	**1,589**	**830**	**-332**	**6,999**	**-494**	**6,505**
Net result on loans in hold portfolios mandatorily held at fair value	2	8	10	1	–	21	-1	20
Net loan losses	-117	-91	15	-3	1	-195	8	-187
Operating profit	**2,565**	**2,149**	**1,614**	**828**	**-331**	**6,825**	**-487**	**6,338**
Income tax expense	-590	-494	-371	-190	76	-1,569	165	-1,404
Net profit for the year	**1,975**	**1,655**	**1,243**	**638**	**-255**	**5,256**	**-322**	**4,934**
Balance sheet 31 Dec 2023[2], EURbn								
Loans to the public	171	98	54	12	–	335	10	345
Deposits and borrowings from the public	86	54	48	12	–	200	10	210

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 CODM reviews "Loans to the public" and "Deposits and borrowings from the public" as measures of reportable segments' total assets and liabilities and these line items are consequently reported separately.

G2.1 Segment reporting, cont.

Income statement 2022

EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Recon-ciliation	Total Group
Net interest income	2,501	1,867	1,161	167	-132	5,564	100	5,664
Net fee and commission income	1,122	603	456	1,021	-23	3,179	7	3,186
Net insurance result	77	13	1	82	0	173	0	173
Net result from items at fair value	82	369	578	0	139	1,168	-545	623
Profit from associated undertakings accounted for under the equity method	0	1	0	-1	-4	-4	-4	-8
Other income	4	33	15	1	1	54	29	83
Total operating income	**3,786**	**2,886**	**2,211**	**1,270**	**-19**	**10,134**	**-413**	**9,721**
- of which internal transactions[1]	-448	-133	-43	57	567	0	–	–
Staff costs	-584	-405	-320	-399	-110	-1,818	-975	-2,793
Other expenses	-1,099	-698	-367	-120	137	-2,147	1,039	-1,108
Regulatory fees	-97	-89	-123	-5	-3	-317	-5	-322
Depreciation, amortisation and impairment charges of tangible and intangible assets	-79	-31	-21	-20	-4	-155	-456	-611
Total operating expenses	**-1,859**	**-1,223**	**-831**	**-544**	**20**	**-4,437**	**-397**	**-4,834**
Profit before loan losses	**1,927**	**1,663**	**1,380**	**726**	**1**	**5,697**	**-810**	**4,887**
Net result on loans in hold portfolios mandatorily held at fair value	-3	-9	0	-1	–	-13	0	-13
Net loan losses	-53	-40	55	-1	0	-39	-73	-112
Operating profit	**1,871**	**1,614**	**1,435**	**724**	**1**	**5,645**	**-883**	**4,762**
Income tax expense	-430	-371	-330	-167	0	-1,298	123	-1,175
Net profit for the year	**1,441**	**1,243**	**1,105**	**557**	**1**	**4,347**	**-760**	**3,587**
Balance sheet 31 Dec 2022[2], EURbn								
Loans to the public	171	96	54	12	–	333	13	346
Deposits and borrowings from the public	86	54	50	13	–	203	14	217

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 CODM reviews "Loans to the public" and "Deposits and borrowings from the public" as measures of reportable segments' total assets and liabilities and these line items are consequently reported separately.

Reconciliation between total operating segments and financial statements

	Total operating income, EURm		Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	2023	2022	2023	2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Total operating segments	12,081	10,134	6,825	5,645	335	333	200	203
Group functions[1]	-63	-9	-100	-46	–	–	–	–
Unallocated items[3]	130	-497	-182	-907	22	8	17	11
Eliminations	-33	-31	0	0	–	–	–	–
Differences in accounting policies[2]	-372	124	-205	70	-12	5	-7	3
Total	**11,743**	**9,721**	**6,338**	**4,762**	**345**	**346**	**210**	**217**

1) Consisting of Group Business Support, Group Internal Audit, Chief of Staff Office, Group People, Group Legal, Group Risk, Group Compliance and Group Brand, Communication and Marketing.

2) Impact from using plan exchange rates in the segment reporting.

3) Operating segments are presented excluding items affecting comparability (IAC). IAC of EUR 537m were included in total operating income and IAC of EUR 613m were included in operating profit in the line "Unallocated items" in 2022.

G2.1 Segment reporting, cont.

Measurement of operating segments' performance

The main difference between the segment reporting in Note G2.1 "Segment reporting" and "Business areas" presented elsewhere in this report is that the information in the note follows the reporting prepared to the CODM and is prepared using plan exchange rates, while the reporting under "Business areas" is prepared using current FX rates. Nordea applies the use of static planning rates in order to avoid exchange rate fluctuations in the reporting to the CODM. The same exchange rates (e.g. SEK, NOK vs EUR) are used for the current and comparable year. The planning rates used are set during December of the preceding year and calculated as the average spot rates the first five banking days of December of the preceding year. The comparatives are restated annually to reflect the plan exchange rates for the current period as reflected in the internal reporting used by the CODM.

Basis of segmentation

Nordea's main business areas, Personal Banking, Business Banking, Large Corporates & Institutions and Asset & Wealth Management, are identified as operating se,gments and reported separately as they are operating segments exceeding the quantitative thresholds in IFRS 8. Other operating segments below the thresholds are included in "Other operating segments". Group functions (and eliminations) as well as the result that is not fully allocated to any of the operating segments are shown separately as reconciling items.

There were no changes in the basis of segmentation during the year.

Reportable segments

Personal Banking serves Nordea's household customers and offers a full range of financial services that fulfil the customers' day-to-day financial needs. Personal Banking serves customers through Nordea Netbank, the mobile banking app, over the phone, via online meetings and at Nordea's branch offices. The business area includes advisory and service staff, channels and product units under a common strategy, operating model and governance framework across markets.

Business Banking serves, advises and partners with corporate customers, covering all their business needs through a full range of services, including payments, cash management, cards, working capital management and financing solutions. Business Banking also provides services such as payments, cards and financing solutions to personal customers.

Large Corporates & Institutions provides financial solutions to large Nordic and international corporates and institutional customers. The offering includes a diverse range of financing, cash management and payment services, investment banking, capital markets products and securities services.

Asset & Wealth Management provides high-quality investment, savings and risk management solutions to high net worth individuals and institutional investors and delivers savings solutions to all Nordea's customer segments.

Total operating income split by product group

EURm	2023	2022
Banking products	8,263	6,835
Capital markets products	1,246	1,187
Savings products and asset management	1,631	1,733
Life and pension	483	357
Other[1]	120	-391
Total	**11,743**	**9,721**

1) Losses related to operations in Russia classified as items affecting comparability in 2022 (EUR 537m), in "Net result from items at fair value", are included in "Other".

Banking products consist of three different product types. Account products include account-based products such as lending, deposits, cards and Nordea Netbank services. Transaction products consist of cash management as well as trade and project finance services. Financing products include asset-based financing through leasing, hire purchase and factoring as well as sales to finance partners such as dealers, vendors and retailers.

Capital markets products comprise financial instruments, or arrangements for financial instruments, available in the financial marketplace, including currencies, commodities, stocks and bonds.

Savings products and asset management include investment funds, discretionary management, portfolio advice, equity trading and pension accounts. An investment fund is a bundled product where the fund company invests in stocks, bonds, derivatives or other standardised products on behalf of the fund's shareholders. Discretionary management is a service involving the management of an investment portfolio on behalf of the customer, and portfolio advice is a service provided to support customers' investment decisions.

Life and pension includes life insurance and pension products and services.

Geographical information

	Total operating income, EURm		Assets, EURbn		Non-current assets, EURbn[1]	
	2023	2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Sweden	3,200	2,957	161	162	2	2
Finland	2,929	1,602	137	147	2	2
Norway	2,053	1,959	105	104	2	2
Denmark	3,107	2,653	169	170	3	3
Other	454	550	13	12	0	0
Total	**11,743**	**9,721**	**585**	**595**	**9**	**9**

1) Excluding financial instruments, deferred tax assets, post-employment benefit assets and rights arising under insurance contracts.

Nordea's main geographical markets comprise the Nordic countries. Revenues and assets (current and non-current assets) are distributed to geographical areas based on the location of the customer operations. Goodwill is allocated to different countries based on the location of the business activities of the acquired entities.

G2.2 Net interest income

Accounting policies

Interest consists of compensation for time value of money plus a margin. The effective interest rate equals the rate that discounts the estimated future cash flows to the net carrying amount of the financial asset or financial liability at initital recognition.

Interest income and expense are calculated and recognised using the effective interest rate method or, if considered appropriate, a method that provides a reasonable approximation in line with the effective interest rate method as the basis for the calculation. The effective interest rate includes fees considered to be an integral part of the effective interest rate of a financial instrument (generally fees received as compensation for risk). Interest income and expense from financial instruments are, with the exceptions described below, classified as "Net interest income".

Interest income and interest expense related to all balance sheet items held at fair value in Markets and Life & Pension are classified as "Net result from items at fair value" in the income statement. Also, interest on the net funding of operations in Markets and Life & Pension and on the net funding of fund investments in Treasury measured at amortised cost is recognised in "Net result from items at fair value" to ensure that income and expense within these operations are presented in a consistent manner. See Note G2.5 "Total net result from items at fair value".

The interest component of derivatives is classified as "Net result from items at fair value", except for derivatives used for hedging purposes. In accounting hedges the interest component of derivatives is classified as "Interest income calculated using the effective interest rate method" if the derivative is used to hedge an asset and as "Interest expense" if the derivative is used to hedge a liability. In economic hedges the interest component of derivatives is classified as "Other interest income" if the derivative is used to hedge an asset and as "Interest expense" if the derivative is used to hedge a liability.

The yield on financial assets is presented in three line items in the income statement: "Interest income calculated using the effective interest rate method", "Other interest income" and "Negative yield on financial assets". In the line item "Interest income calculated using the effective interest rate method", Nordea presents interest income from financial assets measured at amortised cost or at fair value through other comprehensive income. The income statement line item "Other interest income" includes other interest income, such as interest income from loans measured at fair value through profit or loss due to the solely payments of principal and interest (SPPI) test failing. Any negative yield on financial assets and liabilities is reported under "Negative yield on financial assets" and "Negative yield on financial liabilities". respectively.

Net interest income

EURm	2023	2022
Interest income calculated using the effective interest rate method[1]	17,303	7,937
Other interest income	2,426	1,013
Negative yield on financial assets	–	-134
Interest expense	-12,278	-3,474
Negative yield on financial liabilities	–	322
Net interest income	**7,451**	**5,664**

1) Of which contingent lease income amounted to EUR 410m (EUR 248m). Contingent lease income at Nordea consists of variable interest rates, excluding fixed margins. If the contingent lease income decreases, there will be an offsetting impact from lower funding expenses. Interest income from net investment in finance leases amounted to EUR 509m (EUR 329m).

Interest income calculated using the effective interest rate method

EURm	2023	2022
Loans to credit institutions	2,642	682
Loans to the public	12,095	6,527
Interest-bearing securities	931	325
Yield fees	201	242
Net interest paid or received on derivatives in accounting hedges of assets	1,434	161
Interest income calculated using the effective interest rate method	**17,303**	**7,937**

Other interest income

EURm	2023	2022
Loans at fair value to the public	1,608	1,064
Interest-bearing securities measured at fair value	442	170
Net interest paid or received on derivatives in economic hedges of assets	376	-221
Other interest income	**2,426**	**1,013**

Interest expense

EURm	2023	2022
Deposits by credit institutions	-865	-221
Deposits and borrowings from the public	-4,079	-878
Deposit guarantee fees	-80	-79
Debt securities in issue	-5,118	-2,376
Subordinated liabilities	-222	-252
Other interest expense	-15	-14
Net interest paid or received on derivatives in hedges of liabilities	-1,899	346
Interest expense	**-12,278**	**-3,474**

G2.2 Net interest income, cont.

Net interest income from categories of financial instruments

EURm	2023	2022
Financial assets at fair value through other comprehensive income	902	279
Financial assets at amortised cost	14,967	7,364
Financial assets at fair value through profit or loss	3,860	1,173
Financial liabilities at amortised cost	-9,241	-2,896
Financial liabilities at fair value through profit or loss	-3,037	-256
Net interest income	**7,451**	**5,664**

Interest on impaired loans accounted for an insignificant portion of interest income.

G2.3 Net fee and commission income

Accounting policies

Nordea earns commission income from different services provided to customers. The recognition of commission income depends on the purpose for which the fees are received.

The majority share of the revenues classified as "Commission income" constitutes revenue from contracts with customers according to IFRS 15. Fee income is recognised when or as an entity satisfies the performance obligation, either over time or at a specific point of time.

Lending fees that are not part of the effective interest rate of a financial instrument are recognised at a point of time when the performance obligation is satisfied. Fees received for bilateral transactions are generally amortised as part of the effective interest rate of the financial instruments recognised. Loan syndication fees are recognised either as part of the effective interest rate of the participation or, if Nordea is acting as an agent in the transaction, as lending fee income. When the fee income is related to both activities, the fee that is recognised as part of the effective interest rate is based on the margin received by the other parties in the arrangement.

Variable fees, such as performance fees, are recognised only to the extent that it is highly probable that a significant reversal in the cumulative recognised amount does not occur.

Commission expenses covering a certain period are expensed over that period, whereas transactional fees are recognised when the services are received.

Commission income and expense related to the fulfilment of insurance contracts accounted for under IFRS 17 are excluded from "Net fee and commission income" and instead accounted for in accordance with the accounting policies defined in Note G4 "Insurance contract liabilities" and Note G2.4 "Net insurance result".

Net fee and commission income[1]

EURm	2023	2022
Asset management commissions	1,631	1,733
- of which income	1,897	2,082
- of which expense	-266	-349
Life and pension commissions	138	124
- of which income	147	125
- of which expense	-9	-1
Deposit products	23	25
- of which income	23	25
Brokerage, securities issues and corporate finance	194	173
- of which income	323	306
- of which expense	-129	-133
Custody and issuer services	6	18
- of which income	54	63
- of which expense	-48	-45
Payments	253	252
- of which income	375	372
- of which expense	-122	-120
Cards	291	306
- of which income	431	427
- of which expense	-140	-121
Lending products	437	477
- of which income	461	502
- of which expense	-24	-25
Guarantees	56	101
- of which income	130	144
- of which expense	-74	-43
Other	-8	-23
- of which income	82	62
- of which expense	-90	-85
Total	**3,021**	**3,186**

1) Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 435m (EUR 456m).

Asset management commissions are generally recognised over time as services are performed and are normally based on assets under management. These fees are recognised based on the passage of time as the amount (and the right to receive the fee) corresponds to the value received by the customer. The fees are recognised monthly when the market value of the assets under management is determined. Variable fees based on the relative performance versus a benchmark are rare. The uncertainty relating to the variable consideration is normally resolved at least at each reporting date and the fee income can be recognised. The amount cannot generally be recognised if the outcome is still uncertain and subject to market developments.

G2.3 Net fee and commission income, cont.

Life and pension commissions include fees for services related to investment contracts. The fee income is recognised over time as the services are performed. Fees received on insurance contracts are reported in the "Net insurance revenue", see Note G2.4 "Net insurance result".

Fees categorised as "Deposit products", "Brokerage, securities issues and corporate finance", "Custody and issuer services" and "Payments" are recognised both over time and at a point of time depending on when the performance obligations are satisfied. Brokerage, securities issues and corporate finance are mainly transaction-based in relation to advising customers or executing customer transactions in securities where the services are recognised at a point of time when the services related to the transactions are completed. Payment commissions include fees for cash management and payment solutions that are recognised over time and transaction-based fees for services like domestic and foreign payments that are recognised at a point of time.

Card fees are categorised as interchange fees which are recognised at a point of time when the customer uses the services, or as cardholder fees which are recognised over time or at a point of time if the fee is transaction-based.

Lending fees are recognised at a point of time when the performance obligation is satisfied, i.e. when the transaction has been performed, unless they are part of the effective interest rate of the financial instrument.

Income from issued financial guarantees and expenses for bought financial guarantees are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense", respectively.

Other fee income is generally transaction-based.

For transactional services performed at a point of time, payments are generally made instantly when the services are performed. For services performed over time, the period of the services is normally short. Examples of such services are monthly payment services and monthly or quarterly asset management services. For the services performed over time, the right to payment generally arises at the end of the period of the services when the performance obligations are satisfied and it is highly probable that no significant reversal of the consideration will occur.

Account receivables are recognised in "Other assets", while unbilled receivables for satisfied performance obligations and contract assets are recognised in "Prepaid expenses and accrued income". Short-term advances received where the performance obligations have not yet been satisfied are recognised in "Accrued expenses and prepaid income".

Commission expenses are normally transaction-based and recognised in the period in which the services are received.

Breakdown by business area

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

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

G2.4 Net insurance result

Accounting policies

The net insurance result can be divided into four main parts:
- Insurance revenue, which represents the provision of services arising from insurance contracts at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.
- Insurance service expenses, which include incurred claims, acquisition expenses and other operating expenses related to insurance contracts.
- Insurance finance income or expenses, which include the changes in discount rates, the unwind of discount and the unwind of the risk adjustment. The line item also includes changes to insurance liabilities under the variable fee approach related to changes in corresponding assets.
- Return on assets backing insurance liabilities, which includes the income on the assets backing the insurance contract liabilities.

More detailed accounting policies covering the accounting for insurance contracts can be found in Note G4 "Insurance contract liabilities".

Net insurance result

EURm	2023	2022
Insurance revenue	613	313
Insurance service expenses	-392	-119
Net reinsurance result	-6	-6
Net insurance revenue	**215**	**188**
Insurance finance income or expenses	-2,222	1,900
Return on assets backing insurance liabilities[1]	2,224	-1,915
Net insurance finance income and expenses	**2**	**-15**
Net insurance result	**217**	**173**

1) Transferred from Note G2.5 "Total net result from items at fair value".

G2.5 Total net result from items at fair value

Accounting policies

Net result from items at fair value

Realised and unrealised gains and losses on financial instruments and investment properties held at fair value are generally presented in "Net result from items at fair value". The accounting policies used when estimating fair value can be found in Note G3.4 "Fair value".

The following items are moreover presented in "Net result from items at fair value":
- Interest on the net funding of operations in Markets and Life & Pension and on the net funding of fund investments in Treasury measured at amortised cost.
- Realised gains/losses on assets and liabilities measured at amortised cost.
- The revaluation of the hedged risks of hedged items under hedge accounting.
- Foreign exchange gains/losses.

The following items are not presented in "Net result from items at fair value":
- The interest component of derivatives used for hedge accounting and economic hedges. These components are presented in "Net interest income" to ensure consistent accounting treatment with the hedged items.
- Return on assets backing insurance liabilities is included gross in this note, but transferred to Note G2.4 "Net insurance result" and thus not included in the totals.
- Losses from counterparty risk on loans in hold portfolios mandatorily held at fair value (the solely payments of principal and interest (SPPI) test fails), are presented in the separate line item "Net result on loans in hold portfolios mandatorily held at fair value".

For more information on accounting policies related to foreign exchange gains/losses, see Note G1 "Accounting policies" and Note G9.2 "Currency translation of foreign entities/branches".

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

The item "Net result on loans in hold portfolios mandatorily held at fair value" includes fair value adjustments of the margin component of loans in hold portfolios mandatorily held at fair value (the SPPI test fails). The loans are classified in the category "Financial assets at fair value through profit or loss" and presented in the line item "Loans to the public" on the balance sheet. Fair value adjustments are largely driven by changes in credit risk.

Losses from counterparty risk on other instruments classified in the category "Financial assets at fair value through profit or loss" are presented in "Net result from items at fair value".

Impairment losses on instruments within other categories than the category "Financial assets at fair value through profit or loss" are recognised in the line item "Net loan losses". For more information, see Note G2.10 "Net loan losses".

Critical judgements and estimation uncertainty

Estimation uncertainty exists in the valuation of financial instruments, in particular for instruments that lack quoted prices or where recently observed market prices are not available (Level 3 instruments). See Note G3.4 "Fair value".

Total net result from items at fair value

EURm	2023	2022
Net result from items at fair value	1,014	623
Net result on loans in hold portfolios mandatorily held at fair value	20	-13
Total	**1,034**	**610**

Breakdown by product

EURm	2023	2022
Equity-related instruments[1]	243	431
Interest-related instruments and foreign exchange gains/losses[2]	541	248
Other financial instruments (including credit and commodities)	235	-32
Nordea Life & Pension[3]	15	-37
Total	**1,034**	**610**

1) Includes EUR 8m in losses on fund investments in Russia in 2022.
2) Includes EUR 529m in recycled accumulated foreign exchange losses related to operations in Russia in 2022.
3) Internal transactions not eliminated against other line items in the note. The line item "Nordea Life & Pension" consequently provides the true impact from the life insurance operations.

G2.5 Total net result from items at fair value, cont.

Total net result from categories of financial instruments

EURm	2023	2022
Financial assets at fair value through other comprehensive income	667	-1,508
Financial assets designated at fair value through profit or loss	554	-464
Financial liabilities designated at fair value through profit or loss	-8,065	11,701
Financial assets and liabilities mandatorily held at fair value through profit or loss[1]	12,897	-16,947
Financial assets at amortised cost[2]	1,214	-2,053
Financial liabilities at amortised cost[3]	-4,310	7,520
Foreign exchange gains/losses excluding currency hedges	419	483
Non-financial assets and liabilities	-118	-37
Total including assets backing insurance liabilities	**3,258**	**-1,305**
Transfers of net result from assets backing insurance liabilities to "Net insurance result" (Note G2.4)	-2,224	1,915
Total[4]	**1,034**	**610**

1) Of which amortised deferred Day 1 profit amounted to EUR 49m (EUR 51m).
2) This line item includes gains arising from derecognition of financial assets measured at amortised cost of EUR 2m (EUR 3m) and losses of EUR -3m (EUR -4m). The reason for derecognition is that the assets were prepaid by the customer or sold. This line item also includes fair value changes of hedged amortised cost assets in hedges of interest rate risk of EUR 1,215m (EUR -2,052m).
3) This line item mainly includes fair value changes of hedged amortised cost liabilities in hedges of interest rate risk of EUR 3,740m (EUR 7,598m).
4) Of which hedge accounting ineffectiveness EUR -15m (EUR 44m). For more information see Note G3.6 "Hedge accounting".

Income recognition Nordea Life & Pension[1]

EURm	2023	2022
Equity-related instruments	1,724	-1,119
Interest-related instruments and foreign exchange gains/losses	565	-792
Investment properties	-50	-41
Total including assets backing insurance liabilities	**2,239**	**-1,952**
Transfers of net result from assets backing insurance liabilities to "Net insurance result" (Note G2.4)	-2,224	1,915
Total	**15**	**-37**

1) The table shows the net result on items at fair value for the Nordea Life & Pension operations, including the return on assets backing insurance and investment contracts, but excluding the impact from insurance contracts recognised in the line item "Net insurance result". The return on assets backing insurance liabilities is shown separately and transferred to the line item "Net insurance result" disclosed in Note G2.4.

Closure of Nordea's operations in Russia

In accordance with its strategy, Nordea is focusing on its business in the Nordic region. This has entailed the Group winding down its operations in Russia. On 24 March 2021 the Extraordinary General Meeting of JSC Nordea Bank decided to initiate the voluntary liquidation process, which was approved by the Central Bank of Russia on 16 April 2021. The voluntary liquidation process of JSC Nordea Bank was completed on 21 April 2022, following its deregistration from the trade register by the Russian tax authorities. The final steps to liquidate the remaining Russian subsidiaries are pending.

As required by International Financial Reporting Standards (IFRSs), Nordea had accumulated foreign exchange (FX) losses on the investment in its banking operations in Russia in equity through "Other comprehensive income" (OCI) since the acquisition of JSC Nordea Bank in 2007. In the first quarter of 2022 Nordea repatriated capital and in substance ceased all operations in Russia. In accordance with the IFRSs, Nordea recycled the accumulated FX losses from OCI into the income statement. The recycling impact was recognised in "Net result from items at fair value" and was treated as an item affecting comparability. There was no impact on equity, own funds or capital as a corresponding positive item was recorded in OCI. Consequently, this item had no impact on Nordea's dividend or share buy-back capacity.

G2.6 Other operating income

Accounting policies

Net gains from divestment of shares in group undertakings, associated undertakings and joint ventures and net gains from the sale of tangible assets as well as other transactions not related to any other income line are generally presented in "Other operating income" and recognised when it is probable that the benefits associated with the transaction will flow to Nordea. This generally occurs when the significant risks and rewards have been transferred to the buyer (generally when the transaction is finalised).

Other operating income

EURm	2023	2022
Income from real estate	1	2
Sale of tangible and intangible assets	29	39
Other	13	42
Total	**43**	**83**

G2.7 Other expenses

Accounting policies

Transactions not related to any other expense line are generally presented in "Other expenses". The major part of the expenses are related to IT purchased and other services. The expenses for acquired services are normally transaction-based and recognised in the period in which the services are received.

Net losses from divestment of shares in group undertakings, associated undertakings and joint ventures and net losses from the sale of tangible assets are generally recognised in "Other expenses" when it is probable that the benefits associated with the transaction will flow to Nordea and if the significant risks and rewards have been transferred to the buyer (generally when the transaction is finalised).

Expenses related to the fulfilment of insurance contracts accounted for under IFRS 17 are included gross in this note, but subsequently transferred out from "Other expenses" and accounted for in accordance with the accounting policies defined in Note G4 "Insurance contract liabilities" and Note G2.4 "Net insurance result".

Expenses that fulfil the capitalisation requirements defined in the accounting policies in Note G5.1 "Intangible assets" are included gross in this note but subsequently capitalised and added to "Intangible assets" on the balance sheet.

G2.7 Other expenses, cont.

Other expenses

EURm	2023	2022
Information technology[1]	-916	-734
Marketing and representation	-66	-53
Postage, transport, telephone and office expenses	-46	-45
Rent, premises and real estate	-109	-101
Professional services[2]	-178	-131
Market data services	-89	-87
Other	-143	-171
Total	**-1,547**	**-1,322**
Transfer of expenses to fulfil insurance contracts in scope of IFRS 17	65	28
Expenses capitalised for IT development projects[3]	276	186
Total	**-1,206**	**-1,108**

1) "Information technology" includes IT consultancy fees.
2) "Professional services" includes the fees for the auditor.
3) See Note G5.1 "Intangible assets".

Auditor's fees[1]

EURm	2023	2022
PricewaterhouseCoopers		
Auditing assignments	-9	-8
Audit-related services[2]	0	0
Other assignments[2]	-1	-1
Total	**-10**	**-9**

1) Auditor´s fees in the table are disclosed excluding non-deductible VAT.
2) PricewaterhouseCoopers Oy accounted for EUR -0.2m (EUR -0.2m) of "Audit-related services" and for EUR -0.5m (EUR -0.5m) of "Other assignments". Neither PricewaterhouseCoopers Oy nor any other firm of PricewaterhouseCoopers Network has provided any tax advisory services.

G2.8 Regulatory fees

Accounting policies

The expenses for these levies are recognised as the payment obligations arise.

Resolution fees are not refundable if Nordea discontinues its operations, and the obligating event is consequently assessed to occur on the first day of the year. The Swedish bank tax is refundable for the period during which Nordea does not operate, and the obligating event is therefore assessed to occur continuously over the year.

Resolution fees are thus recognised in full in the first quarter, while the Swedish bank tax is amortised on a straight-line basis over the course of the year.

EURm	2023	2022
Resolution fees	-234	-256
Bank tax	-82	-66
Total	**-316**	**-322**

G2.9 Depreciation, amortisation and impairment charges of tangible and intangible assets

Accounting policies

Tangible and intangible assets (except goodwill) are depreciated on a straight-line basis over the estimated useful life of the assets. An intangible asset with an indefinite useful life (goodwill) is not amortised, but is tested annually for impairment.

All intangible assets with definite useful lives, including IT development taken into use, are reviewed for indications of impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

Accounting policies for intangible and tangible assets, and critical judgements applied, can be found in Note G5 "Intangible and tangible assets".

Depreciation and amortisation related to the fulfilment of insurance contracts are not presented in this line item but instead accounted for and presented as defined in Note G2.4 "Net insurance result" and Note G4 "Insurance contract liabilities".

EURm	2023	2022
Depreciation/amortisation		
Properties and equipment	-225	-215
Intangible assets	-393	-371
Total depreciation/amortisation	**-618**	**-586**
Impairment charges, net		
Properties and equipment	-6	1
Intangible assets	-193	-26
Total impairment charges	**-199**	**-25**
Total before transfer of insurance expenses	**-817**	**-611**
Transfer of expenses to fulfil insurance contracts in scope of IFRS 17	9	–
Total	**-808**	**-611**

G2.10 Net loan losses

Accounting policies

Impairment losses on financial assets classified in the categories "Amortised cost" and "Fair value through other comprehensive income" (see Note G3.3 "Classification and measurement"), in the line items "Loans to central banks", "Loans to credit institutions", "Loans to the public" and "Interest-bearing securities" on the balance sheet, are reported as "Net loan losses" in the income statement together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea's accounting policies covering the calculation of impairment losses on loans, and critical judgements applied, can be found in Note G3.8 "Loans".

Counterparty losses on instruments classified in the category "Financial assets at fair value through profit or loss", including credit derivatives but excluding loans held at fair value, are reported under "Net result from items at fair value". Losses on loans held at fair value in hold portfolios (failing the test for solely payments of principal and interest) are reported in the line item "Net result on loans in hold portfolios mandatorily held at fair value". For more information see Note G2.5 "Total net result from items at fair value".

More information on credit risk can be found in Note G11 "Risk and liquidity management".

G2.10 Net loan losses, cont.

Net loan losses

2023, EURm	Loans to central banks and credit institutions[2]	Loans to the public[2]	Interest-bearing securities[3]	Off-balance sheet items[4]	Total
Net loan losses, stage 1	-2	9	-1	-1	5
Net loan losses, stage 2	0	-5	0	29	24
Net loan losses, non-defaulted	**-2**	**4**	**-1**	**28**	**29**
Stage 3, defaulted					
Net loan losses, individually assessed, collectively calculated[1]	4	-30	–	-1	-27
Realised loan losses	–	-245	–	-1	-246
Decrease in provisions to cover realised loan losses	–	88	–	1	89
Recoveries of previously realised loan losses	0	35	–	–	35
Reimbursement right	–	–	–	2	2
New/increase in provisions	0	-248	–	-5	-253
Reversals of provisions	–	178	–	6	184
Net loan losses, defaulted	**4**	**-222**	**–**	**2**	**-216**
Net loan losses	**2**	**-218**	**-1**	**30**	**-187**

2022, EURm	Loans to central banks and credit institutions[2]	Loans to the public[2]	Interest-bearing securities[3]	Off-balance sheet items[4]	Total
Net loan losses, stage 1	-1	-29	11	-10	-29
Net loan losses, stage 2	0	-17	0	15	-2
Net loan losses, non-defaulted	**-1**	**-46**	**11**	**5**	**-31**
Stage 3, defaulted					
Net loan losses, individually assessed, collectively calculated[1]	-5	96	–	-3	88
Realised loan losses	-5	-701	–	-3	-709
Decrease in provisions to cover realised loan losses	–	509	–	3	512
Recoveries of previously realised loan losses	1	63	–	–	64
Reimbursement right	–	–	–	1	1
New/increase in provisions	-19	-251	–	-11	-281
Reversals of provisions	–	239	–	5	244
Net loan losses, defaulted	**-28**	**-45**	**–**	**-8**	**-81**
Net loan losses	**-29**	**-91**	**11**	**-3**	**-112**

1) Includes individually identified assets for which the provision has been calculated based on statistical models.
2) Provisions included in Note G3.8 "Loans".
3) Provisions included in Note G3.9 "Interest-bearing securities".
4) Provisions included in Note G6 "Provisions".

G2.11 Taxes

Accounting policies

The line item "Income tax expense" in the income statement consists of the total current tax and deferred tax movements recognised in the income statement. Current and deferred taxes are recognised in the income statement unless the tax effects relate to items recognised in other comprehensive income or in equity, in which case the tax effects are recognised in other comprehensive income or in equity, respectively.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of the same assets and liabilities. Deferred tax assets are recognised for the carry forward of unused tax losses and unused tax credits if the relevant recognition criteria in IAS 12 are met. Deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied when the temporary differences reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences, tax losses carried forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

G2.11 Taxes, cont.

Current tax assets and current tax liabilities are offset when the legal right to offset exists and Nordea intends to either settle the tax asset and the tax liability net or recover the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are generally offset if there is a legally enforceable right to offset current tax assets and current tax liabilities. When recognising deferred tax, the impact, if any, of the upcoming Global Anti-Base-Erosion (GloBE/Pillar 2) Rules is not taken into account.

Critical judgements and estimation uncertainty

Tax positions are regularly reviewed to identify situations where it is not probable that the relevant tax authorities will accept the treatment used in the tax filings. Uncertain tax positions are considered independently or as a group, depending on which approach better predicts the resolution of the uncertainty. If Nordea concludes that it is not probable that the tax authorities will accept an uncertain tax treatment, the effect of uncertainty is reflected when determining the related taxable result, tax bases, unused tax losses, unused tax credits or tax rates. This is done by using either the most likely amount or the expected value, depending on which method better predicts the outcome of the uncertainty. Uncertain tax treatment can affect both current tax and deferred tax.

The valuation of deferred tax assets is influenced by management's assessment of Nordea's future profitability and sufficiency of future taxable profits and future reversals of existing taxable temporary differences. These assessments are updated and reviewed at each balance sheet date and are, if necessary, revised to reflect the current situation.

The carrying amount of deferred tax assets was EUR 254m (EUR 299m) at the end of the year.

Income tax expense

EURm	2023	2022
Current tax	-1,445	-988
Deferred tax	41	-187
Total	**-1,404**	**-1,175**

For total tax recognised in other comprehensive income, see Statement of comprehensive income.

The tax on the Group's operating profit differs from the theoretical amount that would arise using the tax rate in Finland as follows:

EURm	2023	2022
Profit before tax	6,338	4,762
Tax calculated at a tax rate of 20.0%	-1,268	-952
Effect of different tax rates in other countries	-172	-134
Income from associated undertakings	1	1
Tax-exempt income	29	43
Income subject to yield taxation	14	15
Non-deductible expenses	-27	-20
Prior year adjustments, current tax	-34	-25
Prior year adjustments, deferred tax	87	33
Utilisation and origination of unrecognised tax assets	9	–
Change of tax rate[1]	–	-26
Non-creditable foreign tax	-27	-23
Tax incentive machinery and equipment	-16	19
Recycled non-deductible foreign exchange losses[2]	–	-106
Tax charge	**-1,404**	**-1,175**
Effective tax rate	22.2%	24.7%

1) In June 2022 the Danish parliament enacted an increase in the Danish corporate income tax rate for financial institutions to 25.2% in 2023 and to 26% in 2024. Relevant deferred tax assets and liabilities were remeasured to applicable tax rates in 2022.

2) Includes EUR 529m in recycled non-deductible accumulated foreign exchange losses from other comprehensive income to profit and losses related to the wind-down of the operations in Russia in 2022. See also Note G2.5 "Total net result from items at fair value".

Movement of deferred tax assets and liabilities

EURm	1 Jan 2023	Charged to income statement	Charged to other comprehensive income	Acquisitions	Translation differences	31 Dec 2023
Deferred tax assets						
Tax losses carried forward	8	48	–	2	–	58
Intangible assets	8	-8	–	–	–	–
Loans to the public	98	-23	-4	–	-1	70
Investment properties	40	-39	–	–	–	1
Retirement benefits	71	–	5	–	-1	75
Liabilities/provisions	237	-1	–	–	–	236
Lease liabilities	229	10	–	-5	-4	230
Other	–	19	–	–	-3	16
Netting between deferred tax assets and liabilities	-392	-40	–	–	–	-432
Total	**299**	**-34**	**1**	**-3**	**-9**	**254**

G2.11 Taxes, cont.

EURm	1 Jan 2023	Charged to income statement	Charged to other comprehensive income	Acquisitions	Translation differences	31 Dec 2023
Deferred tax liabilities						
Loans to the public	351	14	–	5	-4	366
Shares	–	15	–	–	–	15
Derivatives/bonds	72	14	1	–	-1	86
Intangible assets	113	-24	–	3	-1	91
Properties and equipment (right-of-use assets)	226	9	–	-5	–	230
Investment properties	51	-45	–	–	–	6
Retirement benefits	63	-2	-10	–	-1	50
Liabilities/provisions	–	19	–	–	–	19
Other	26	-9	–	–	–	17
Elimination of temporary differences existing in multiple jurisdictions	84	-26	-1	–	–	57
Netting between deferred tax assets and liabilities	-392	-40	–	–	–	-432
Total	**594**	**-75**	**-10**	**3**	**-7**	**505**

Movement of deferred tax assets and liabilities

EURm	1 Jan 2022	Charged to income statement	Charged to other comprehensive income	Acquisitions	Translation differences	31 Dec 2022
Deferred tax assets						
Tax losses carried forward	8	–	–	–	–	8
Intangible assets	–	–	–	8	–	8
Loans to the public	77	22	-1	–	–	98
Derivatives/bonds	98	-100	5	–	-3	0
Investment properties	–	–	–	40	–	40
Retirement benefits	94	-20	-1	–	-2	71
Liabilities/provisions	239	-39	–	43	-6	237
Lease liabilities	237	0	–	-5	-3	229
Other	25	-28	–	–	3	–
Netting between deferred tax assets and liabilities	-419	20	2	5	–	-392
Total	**359**	**-145**	**5**	**91**	**-11**	**299**

EURm	1 Jan 2022	Charged to income statement	Charged to other comprehensive income	Acquisitions	Translation differences	31 Dec 2022
Deferred tax liabilities						
Loans to the public	407	-14	-36	1	-7	351
Shares	36	-36	–	–	–	0
Derivatives/bonds	15	59	–	–	-2	72
Intangible assets	120	-16	–	10	-1	113
Properties and equipment (right-of-use assets)	235	-1	–	-5	-3	226
Investment properties	-1	2	–	51	-1	51
Retirement benefits	56	17	-8	–	-2	63
Liabilities/provisions	-22	21	–	–	1	0
Other	20	–	2	–	4	26
Elimination of temporary differences existing in multiple jurisdictions	59	-9	34	–	–	84
Netting between deferred tax assets and liabilities	-419	20	2	5	–	-392
Total	**506**	**43**	**-6**	**62**	**-11**	**594**

G2.11 Taxes, cont.

Unrecognised deferred tax assets

EURm	31 Dec 2023	31 Dec 2022
Unused tax losses carried forward with no expiry date	–	40
Unused tax losses carried forward	**–**	**40**
Unused foreign tax credits expiring within 12 months	3	3
Unused foreign tax credits expiring after 12 months	578	424
Unused foreign tax credits	**581**	**427**
Total	**581**	**467**

The Nordea Group's deferred tax assets on the balance sheet amounted to EUR 254m (EUR 299m) at the end of 2023. The recognition and measurement of deferred tax assets is based on an assessment of the probability and amount of future taxable profits as well as on future reversals of existing taxable temporary differences.

Additionally, the Group has unrecognised deferred tax assets of EUR –m (EUR 40m) in relation to tax losses carried forward in various entities as well as EUR 581m (EUR 427m) in relation to unused foreign tax credits. Unrecognised deferred tax assets relating to foreign tax credits may be recovered in the event of unexpected differences in the timing of taxation or the tax base between the head office and branches.

Pillar 2 Global Anti-Base-Erosion tax reform

In December 2022 the European Union member states adopted a directive to implement the Global Anti-Base-Erosion Rules (Pillar 2) as of 1 January 2024. The Nordic countries, and also other jurisdictions in which Nordea operates, enacted the Pillar 2 legislation at the end of 2023. Since the newly enacted tax legislation was not effective in 2023, it had no current tax impact on Nordea in 2023. Due to amendments to IAS 12 Income Taxes, the enacted Pillar 2 neither affected deferred tax assets nor deferred tax liabilities in 2023. For more information on the Amendment to IAS 12 Income taxes, see Note G1 "Accounting policies".

Under the Pillar 2 rules, Nordea is liable to pay a top-up tax on the difference between the jurisdictional Pillar 2 effective tax rates and the minimum rate of 15% if the Pillar 2 effective tax rate ends up below 15% in any jurisdiction in which Nordea operates. The Pillar 2 rules provide a new way of calculating the effective tax rate compared to local tax rules, which may result in a taxpayer falling below the threshold in one jurisdiction although not operating in a low tax jurisdiction and paying a statutory tax rate above 15%. Nordea has made full Pillar 2 calculations for the most significant entities in the Nordic jurisdictions, including selected Group entities with complex positions. Based on this assessment, all Pillar 2 calculations per jurisdiction show that the effective tax rates exceed 15%.

Full Pillar 2 calculations and filings will not be required for the financial years 2024–2026 for the jurisdictions meeting the temporary safe harbour requirements introduced by the Pillar 2 rules. Nordea has assessed the applicability of the safe harbour rules based on the Group's historical data and currently expects to satisfy the safe harbour requirements in all significant jurisdictions and consequently to postpone the preparation of the full Pillar 2 calculations until the financial year 2027.

Considering that the statutory tax rates in the jurisdictions in which Nordea operates are above 15% and that the analysis is carried out during the year, Nordea consequently does not expect to end up in any significant top-up tax position. However, the full quantitative impact of the Pillar 2 rules remains to be confirmed once more guidance is published by the OECD, local legislators and tax authorities.

G2.12 Earnings per share

Accounting policies

Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of Nordea Bank Abp by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is determined by adjusting the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, consisting of rights to performance shares under the Long Term Incentive Plans and contracts that can be settled in Nordea shares, i.e. derivatives such as options and warrants and their equivalents. Such contracts affect diluted earnings per share when (and only when) the average price of ordinary shares during the period exceeds the exercise price of the options or warrants (i.e. they are in the money).

The potential ordinary shares are only considered to be dilutive on the balance sheet date if all performance conditions are fulfilled and if a conversion to ordinary shares would decrease earnings per share. The rights are furthermore considered dilutive only when the exercise price, with the addition of future services, is lower than the period's average share price.

Earnings per share

	2023	2022
Earnings:		
Profit attributable to shareholders of Nordea Bank Abp, EURm	4,908	3,563
Number of shares (millions):		
Number of shares outstanding at beginning of year	3,654	3,966
Average number of repurchased shares under the share buy-back programme	-66	-170
Average number of shares held for remuneration purposes or in the trading portfolio	-12	-17
Weighted average number of basic shares outstanding	**3,576**	**3,779**
Adjustment for diluted weighted average number of additional ordinary shares outstanding[1]	3	3
Weighted average number of diluted shares outstanding	**3,579**	**3,782**
Basic earnings per share, EUR	1.37	0.94
Diluted earnings per share, EUR	1.37	0.94

1) Related to the Nordea Incentive Plan (NIP) and to the Long Term Incentive Plans (LTIPs). For further information on these plans, see Note G8.3 "Share-based payment plans".

G3 Financial instruments

G3.1 Recognition on and derecognition from the balance sheet

Accounting policies

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on the settlement date. An asset or a liability is recognised in "Other assets" or "Other liabilities" on the balance sheet between the trade date and the settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial assets expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterparty has performed by e.g. repaying a loan to Nordea, i.e. on the settlement date.

Loans and other financial assets where cash flows are modified, or part of a restructuring, are derecognised and a new loan recognised if the terms and conditions of the new loan are substantially different from the old loan. This is normally the case if the present value of the cash flows of the new loan discounted by the original interest rate differs by more than 10% from the present value of the remaining expected cash flows of the old loan. The same principles apply to financial liabilities. The terms and conditions are also considered to be significantly different for financial assets where the modified cash flows are solely payments of principal and interest (SPPI), but the original cash flows were not SPPI and vice versa.

In some cases, Nordea enters into transactions where it transfers assets that are recognised on the balance sheet but retains either all or a portion of the risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet. If Nordea's counterparty can sell or repledge the transferred assets, the assets are disclosed in Note G3.7 "Financial instruments pledged as collateral". Transfers of assets with retention of all or substantially all risks and rewards include securities lending agreements and repurchase agreements.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea performs, for example when Nordea returns a deposit to the counterparty, i.e. on the settlement date.

A sale of a security not owned by Nordea is defined as a short sale and triggers the recognition of a trading liability (sold, not held, securities) presented in "Other liabilities" on the balance sheet. The short sale is generally covered through a securities financing transaction, normally a reverse repurchase agreement or other forms of securities borrowing agreements.

Critical judgements and estimation uncertainty

Loans and other financial assets where cash flows are modified, or part of a restructuring, are derecognised and a new loan recognised if the terms and conditions of the new loan are substantially different from the old loan. Nordea applies judgements to determine if the terms and conditions of the new loan are substantially different from the old loan. Nordea considers, as mentioned under Accounting policies above, that the terms and conditions are substantially different if the present value of the cash flows of the new loan discounted by the original interest rate differs by more than 10% from the present value of the remaining expected cash flows of the old loan or if the modified cash flows are SPPI, but the original cash flows were not SPPI and vice versa. For more information about sustainability-linked loans, see Note G3.3 "Classification and measurement".

G3.2 Transferred assets and obtained collateral

Accounting policies

Assets are considered to be transferred from Nordea if Nordea either transfers the contractual right to receive the cash flows from the assets or retains that right but has a contractual obligation to pay the cash flows to one or more parties. All assets transferred continue to be recognised on the balance sheet if Nordea is still exposed to changes in the fair value of the assets.

Collateral received is not recognised on the balance sheet if Nordea is not exposed to changes in the fair value of the assets.

For information about financial instruments pledged as collateral, see Note G3.7 "Financial instruments pledged as collateral".

Transferred assets that are not derecognised in their entirety and associated liabilities

Repurchase agreements are a form of collateral borrowing where Nordea sells securities with an agreement to repurchase them at a later date at a fixed price.

Securities lending agreements are transactions where Nordea lends securities to a counterparty and receives a fee. Generally, securities lending agreements are entered into on a collateralised basis.

As both repurchase agreements and securities lending agreements result in the securities being returned to Nordea, all risks and rewards associated with the instruments transferred are retained by Nordea although the instruments are not available to Nordea during the period during which they are transferred. The counterparties to the transactions hold the securities as collateral but have no recourse to other assets in Nordea. For this reason securities delivered under repurchase agreements and securities lending agreements are not derecognised from the balance sheet. In cases where the counterparty has the right to resell or repledge the securities, the securities are disclosed in Note G3.7 "Financial instruments pledged as collateral". Securities delivered under repurchase agreements and securities lending agreements are also disclosed in Note G7.3 "Assets pledged". Cash received under repurchase agreements and securities lending agreements is recognised on the balance sheet in "Deposits by credit institutions" or "Deposits and borrowings from the public".

In derivative transactions Nordea delivers collateral which, under the terms of the agreements, can be sold or repledged. Such transactions are mainly related to collateral delivered under credit support annex agreements.

G3.2 Transferred assets and obtained collateral, cont.

Transferred assets not derecognised from the balance sheet

EURm	31 Dec 2023	31 Dec 2022
Repurchase agreements		
Interest-bearing securities	2,109	4,672
Securities lending agreements		
Interest-bearing securities	837	230
Shares	142	–
Total	**3,088**	**4,902**

Liabilities associated with the assets[1]

EURm	31 Dec 2023	31 Dec 2022
Repurchase agreements	2,109	4,674
Securities lending agreements	979	230
Total	**3,088**	**4,904**
Net	**0**	**-2**

1) Liabilities before offsetting between assets and liabilities on the balance sheet.

Obtained collateral permitted to be sold or repledged

Nordea obtains collateral under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial market participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under the standard terms of most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions.

Securities received under reverse repurchase and securities borrowing agreements are not recognised on the balance sheet. Cash delivered under reverse repurchase and securities borrowing agreements is recognised on the balance sheet in "Loans to central banks", "Loans to credit institutions" or "Loans to the public".

The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements is disclosed below. Nordea also obtains collateral under other agreements which, under the terms of the agreements, can be sold or repledged. Such collateral is mainly received under credit support annex agreements covering derivative transactions. The received collateral presented in the table below is not recognised on the balance sheet and includes collateral issued by Nordea.

Received collateral not recognised on the balance sheet

EURm	31 Dec 2023	31 Dec 2022
Reverse repurchase agreements		
Collateral received that can be repledged or sold	30,455	25,520
- of which repledged or sold	10,537	18,849
Securities borrowing agreements		
Collateral received that can be repledged or sold	865	1,003
- of which repledged or sold	219	445
Other agreements		
Collateral received that can be repledged or sold	682	834
- of which repledged or sold	311	320
Total	**32,002**	**27,357**

G3.3 Classification and measurement

Accounting policies

Each financial instrument has been classified in one of the following categories:

Financial assets:
- Amortised cost
- Fair value through profit or loss:
  - Mandatorily measured at fair value through profit or loss
  - Designated at fair value through profit or loss (fair value option)
- Financial assets at fair value through other comprehensive income.

Financial liabilities:
- Amortised cost
- Fair value through profit or loss:
  - Mandatorily measured at fair value through profit or loss
  - Designated at fair value through profit or loss (fair value option).

The classification of a financial asset is dependent on the business model for the portfolio in which the instrument is included and on whether the cash flows are solely payments of princpal and interest (SPPI).

Financial assets with cash flows that are not SPPI are measured at fair value through profit or loss. All other assets are classified based on the business model. Instruments included in a portfolio with a business model where the intention is to keep the instruments and collect contractual cash flows are measured at amortised cost. Instruments included in a business model where the intention is both to keep the instruments to collect the contractual cash flows and to sell the instruments are measured at fair value through other comprehensive income. Financial assets included in any other business model are measured at fair value through profit or loss.

In order to determine the business model, Nordea has divided its financial assets into portfolios and/or sub-portfolios based on how groups of financial assets are managed together to achieve a particular business objective. When determining the right level for the portfolios, Nordea has taken the current business area structure into account. When determining the business model for each portfolio, Nordea has analysed the objective of the financial assets as well as, for instance, past sales behaviour and management compensation.

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured on the balance sheet and how changes in its value are recognised. The classification of the financial instruments on Nordea's balance sheet into the different categories under IFRS 9 is presented in the table "Classification of financial instruments" in Note G3.3 "Classification and measurement".

Amortised cost

Financial assets and liabilities measured at amortised cost are initially recognised on the balance sheet at fair value, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method. Amortised cost is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance. The cumulative amortisation is calculated using the effective interest rate method. For more information about the effective interest rate method, see Note G2.2 "Net interest income". For information about impairment under IFRS 9, see Note G3.8 "Loans".

Interest on assets and liabilities classified at amortised cost is generally recognised under "Interest income calculated using the effective interest method" and "Interest expense" in the income statement.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. Changes in fair value are generally recognised directly in the income statement under "Net result from items at fair value". However, fair value adjustments of the margin component of loans in hold portfolios mandatorily held at fair value (the SPPI test fails) are recognised in the income statement in the line item "Net result on loans in hold portfolios mandatorily held at fair value". For more information, see Note G2.5 "Total net result from items at fair value". For estimation of fair value, see Note G3.4 "Fair value". The return on assets backing insurance contracts is in addition allocated to the line item "Return on assets backing insurance contracts". See Note G2.4 "Net insurance result".

The category consists of two sub-categories: "Mandatorily measured at fair value through profit or loss" and "Designated at fair value through profit or loss (fair value option)". The sub-category "Designated at fair value through profit or loss (fair value option)" is an option to measure financial assets and liabilities at fair value with the changes in fair value recognised in profit or loss. This option can be used if it eliminates or significantly reduces an accounting mismatch and for liabilities if they are managed on a fair value basis. Changes in credit risk related to liabilities designated at fair value through profit or loss are recognised in other comprehensive income unless it creates an accounting mismatch.

Interest income and interest expense related to balance sheet items held at fair value through profit or loss are generally classified as "Net result from items at fair value". For more information, including exceptions from this general rule, see Note G2.5 "Total net result from items at fair value" and Note G2.2 "Net interest income".

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Changes in fair value, except for interest, foreign exchange effects and impairment losses, are recognised in the fair value reserve in equity through other comprehensive income. Interest is recognised under "Interest income", foreign exchange effects under "Net result from items at fair value" and impairment losses under "Net loan losses" in the income statement. When an instrument is disposed of, the fair value changes previously accumulated in the fair value reserve in other comprehensive income are removed from equity and recognised in the income statement under "Net result from items at fair value". For information about impairment under IFRS 9, see Note G3.8 "Loans", and about estimation of fair value, see Note G3.4 "Fair value".

Hybrid (combined) financial instruments

Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds and loans with embedded collars and caps.

For structured bonds issued by Markets, Nordea applies the fair value option, and the entire combined instrument, the host contract together with the embedded derivative, is measured at fair value through profit or loss and presented in "Debt securities in issue" on the balance sheet. Changes in fair value are recognised in the income statement under "Net result from items at fair value" except for changes in Nordea's own credit risk which is recognised in other comprehensive income.

Issued debt and equity instruments

A financial instrument issued by Nordea is either classified as a financial liability or equity. Issued financial instruments are classified as financial liabilities if the contractual arrangements result in Nordea having a present obligation to either deliver cash or another financial asset or a variable number of equity instruments to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and classified as equity, net of transaction costs. If issued financial instruments contain both liability and equity components, these are accounted for separately.

Critical judgements and estimation uncertainty

Nordea classifies financial assets based on Nordea's business model for managing the assets. When determining the business model for bonds within the liquidity buffer, Nordea performs critical judgements. The bonds within the liquidity buffer are split into three portfolios. For the first portfolio, Nordea has determined that the business model is to keep the bonds and collect contractual cash flows and to sell financial assets. For the second portfolio, Nordea has determined that the business model is to manage the bonds with the objective of realising cash flows through sale. For the third portfolio, Nordea has determined that the business model is to keep the bonds and collect contractual cash flows. The bonds within the first portfolio are measured at fair value through other comprehensive income, the bonds within the second portfolio are measured at fair value through profit or loss and the third portfolio is measured at amortised cost. Interest-bearing securities in the liquidity buffer measured at fair value through other comprehensive income (the first portfolio), fair value through profit or loss (the second portfolio) and amortised cost (the third portfolio) amounted at the end of the year to EUR 35,869m (EUR 32,495m), EUR 10,047m (EUR 13,895m) and EUR 57m (EUR 40m), respectively.

Nordea also classifies financial assets based on whether or not the contractual terms of the financial asset give rise to cash flows that are SPPI on the principal amount outstanding. Some loan contracts at Nordea include terms linking contractual cash flows to the customer's achievement of environmental, social and governance (ESG) targets (sustainability-linked loans). These ESG targets are material to the counterparty and therefore generally entity specific. At the end of the year the carrying amount of these sustainability-linked loans amounted to EUR 9,194m (EUR 6,775m). Nordea considers these loans to be compliant with the SPPI requirements to the extent that the targets are customer specific. Nordea consequently judges a change in

G3.3 Classification and measurement, cont.

contractual cash flows to be a reflection of the change in credit risk triggered by the customer's fulfilment of, or failure to fulfil, an ESG target, for more information see below.

Nordea classifies issued perpetual subordinated instruments as either financial liabilities or equity. Nordea exercises judgements when determining whether there is a requirement to pay interest based on the occurrence or non-occurrence of an uncertain future event that is beyond the control of both the issuer and the holder of the instrument.

Classification of financial instruments

Assets

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

1) Of which cash/margin receivables amounted to EUR 6,935m.

Liabilities

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

1) Of which lease liabilities classified in the category "Amortised cost" amounted to EUR 1,103m.

G3.3 Classification and measurement, cont.

Classification and measurement

Assets

31 Dec 2022, EURm	Amortised cost	Financial assets at fair value through profit or loss: Mandatorily	Financial assets at fair value through profit or loss: Designated at fair value through profit or loss (fair value option)	Fair value through other comprehensive income	Total financial assets
Cash and balances with central banks	61,815	–	–	–	61,815
Loans to central banks	6	879	–	–	885
Loans to credit institutions	2,819	1,742	–	–	4,561
Loans to the public	275,116	70,627	–	–	345,743
Interest-bearing securities	40	24,079	11,612	32,495	68,226
Shares	–	16,099	–	–	16,099
Assets in pooled schemes and unit-linked investment contracts	–	42,114	668	–	42,782
Derivatives	–	36,578	–	–	36,578
Fair value changes of hedged items in portfolio hedges of interest rate risk	-2,116	–	–	–	-2,116
Other assets[1]	2,240	6,360	–	–	8,600
Prepaid expenses and accrued income	475	–	–	–	475
Total	**340,395**	**198,478**	**12,280**	**32,495**	**583,648**

1) Of which cash/margin receivables amounted to EUR 6,046m.

Liabilities

31 Dec 2022, EURm	Amortised cost	Financial liabilities at fair value through profit or loss: Mandatorily	Financial liabilities at fair value through profit or loss: Designated at fair value through profit or loss (fair value option)	Total financial liabilities
Deposits by credit institutions	22,423	10,446	–	32,869
Deposits and borrowings from the public	210,814	6,650	–	217,464
Deposits in pooled schemes and unit-linked investment contracts	–	–	44,770	44,770
Debt securities in issue	128,488	–	51,315	179,803
Derivatives	–	40,102	–	40,102
Fair value changes of hedged items in portfolio hedges of interest rate risk	-2,175	–	–	-2,175
Other liabilities[1]	5,192	10,202	–	15,394
Accrued expenses and prepaid income	7	–	–	7
Subordinated liabilities	5,401	–	–	5,401
Total	**370,150**	**67,400**	**96,085**	**533,635**

1) Of which lease liabilities classified in the category "Amortised cost" amounted to EUR 1,080m.

Amortised cost

This category mainly consists of all loans (including those with embedded collars and caps) and deposits, except for reverse repurchase/repurchase agreements and securities borrowing/lending agreements in Markets and mortgage loans in Nordea Kredit Realkreditaktieselskab. This category also includes interest-bearing securities mainly related to a portfolio in Life & Pension in Norway, subordinated liabilities and debt securities in issue, except for bonds issued by Nordea Kredit Realkreditaktieselskab and structured bonds issued by Markets.

Lending with ESG targets

Some loan contracts in Nordea include terms linking contractual cash flows to the customer's achievement of environmental, social and governance (ESG) targets (so-called sustainability-linked loans). The most common targets in these sustainability linked loans are environmental, such as CO_2 emission. At the end of the year the carrying amount of the sustainability-linked loans recognised on the balance sheet amounted to EUR 9,194m. 59.2% of the carrying amount was connected to so-called transition risk, meaning the risk of losses when the customers transfer their business to become more green, with the targets generally applied being Greenhouse Gas (GHG) emissions, carbon intensity and energy intensity. The nominal amount of unutilised and off-balance sheet loan commitments regarding sustainability-linked loans was EUR 10,661m at the end of the year of which EUR 64.4% is related to transition risk. The impact on the interest rate is typically within the 2.5-5bp range if the targets for the sustainability-linked loans are met. The average term of these loans is 3 years. For more information about the risk associated with these loans, see section 2.1 "Credit risk definition and identification" in Note G11 "Risk and liquidity management". The ESG targets are material to the counterparty and generally entity specific.

G3.3 Classification and measurement, cont.

Nordea also issues green mortgage loans where the customer gets a discount of 10 bp if they fulfil specific energy requirements. The carrying amount of these loans was EUR 1,165m at the end of the year. The volatility of the cash flows during the term of the loans is expected to be insignificant.

Mandatorily measured at fair value through profit or loss

The sub-category "Mandatorily measured at fair value through profit or loss" mainly contains all assets and trading liabilities in Markets, interest-bearing securities in the liquidity buffer, derivatives, shares, mortgage loans in Nordea Kredit Realkreditaktieselskab and financial assets under "Assets in pooled schemes and unit-linked investment contracts". Deposits in pooled schemes and unit-linked investment contracts are contracts with customers and policyholders where most or all of the risk is borne by the policyholders. The deposits are invested in different types of financial assets on behalf of customers and policyholders.

Financial assets designated at fair value through profit or loss (fair value option)

Most interest-bearing securities in Life & Pension backing insurance contracts, EUR 8,335m (EUR 11,612m), are designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch with the insurance contract liabilities. Assets in pooled schemes and unit-linked investment contracts in Life & Pension which are not mandatorily measured at fair value through profit or loss, EUR 898m (EUR 668m), are designated at fair value through profit or loss to avoid an accounting mismatch with the related deposits. Nordea does not disclose the effect of changes in credit risk on the fair values of these assets as any such change in value will directly result in essentially the opposite change in the carrying amount of the corresponding insurance contract liabilities. There is thus no significant impact on the income statement or equity due to changes in the credit risk on these assets in Life & Pension.

Financial assets designated at fair value through profit or loss

EURm	2023	2022
Carrying amount at end of year	9,233	12,280
Maximum exposure to credit risk at end of year	9,233	12,280

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income mainly consist of interest-bearing securities in the liquidity buffer.

Financial liabilities designated at fair value through profit or loss

	2023			2022		
EURm	Liabilities for which changes in credit risk are presented in other comprehensive income	Liabilities for which changes in credit risk are presented in profit or loss	Total	Liabilities for which changes in credit risk are presented in other comprehensive income	Liabilities for which changes in credit risk are presented in profit or loss	Total
Carrying amount at end of year	1,715	103,223	104,938	1,371	94,714	96,085
Amount to be paid at maturity[1]	1,634	108,600	110,234	1,634	103,688	105,322
Changes in fair value due to changes in own credit risk, during the year	13	98	111	7	-43	-36
Changes in fair value due to changes in own credit risk, accumulated	4	-485	-481	-9	-583	-592

1) Insurance contract liabilites have no fixed maturities and there is no fixed amount to be paid. For these liabilities, the amount disclosed to be paid at maturity has been set at the carrying amount.

G3.3 Classification and measurement, cont.

Financial liabilities designated at fair value through profit or loss (fair value option)

Nordea has classified all bonds issued by the Danish group undertaking Nordea Kredit Realkreditaktieselskab, EUR 51,650m (EUR 49,944m), as financial liabilities designated at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch. When Nordea grants mortgage loans to customers in accordance with Danish mortgage legislation, Nordea at the same time issues bonds with matching terms, so-called match funding. The customers can repay the loans either through repayment of the principal or by purchasing the issued bonds and returning them to Nordea settling the loan. The bonds play an important part in the Danish market and Nordea consequently buys and sells own bonds in the market. The loans are measured at fair value through profit or loss because they fail the SPPI criteria, and if the bonds were measured at amortised cost, this would give rise to an accounting mismatch. To avoid such an accounting mismatch, Nordea measures the bonds at fair value with all changes in fair value, including changes in credit risk, recognised in profit or loss. Changes in fair value due to changes in own credit risk on bonds issued by Nordea Kredit Realkredit-aktieselskab are calculated by determining the amount of fair value changes that is not attributable to changes in market conditions. The method used to estimate the amount of changes in market conditions is based on relevant benchmark interest rates which are the average yields on Danish and German (EUR) government bonds. This model is assessed to provide the best estimate of the impact of own credit risk. The changes in own credit risk on mortgage bonds issued by Nordea Kredit Realkreditaktieselskab are not recognised in other comprehensive income as that would create an accounting mismatch with the corresponding change in the fair value of the mortgage loans that are recognised in profit or loss.

Nordea also applies the fair value option to structured bonds issued by Markets, EUR 1,715m (EUR 1,371m), as these hybrid instruments, such as issued index-linked bonds, include embedded derivatives not closely related to the host contract. The host contract together with the embedded derivative is measured at fair value through profit or loss and presented in "Debt securities in issue" on the balance sheet. The change in the fair value of these issued structured bonds is recognised in the income statement under "Net result from items at fair value" except for the changes in own credit risk, which are recognised in other comprehensive income. Nordea calculates the change in its own credit spread as the change in its total funding spread, thus assuming a constant issuance premium on all issues over time. The change in the credit spread is estimated by comparing the value of the trades using the initial funding spread on the issuance date and the actual funding spread on the reporting date. This model is assessed to provide the best estimate of the impact of own credit risk.

Also deposits in pooled schemes and unit-linked investment contracts, EUR 51,573m (EUR 44,770m), of which EUR 47,322m (EUR 40,600m) relates to Life & Pension, are designated at fair value through profit or loss as they are managed at fair value. The value of these deposits is directly linked to the fair value of the underlying assets, and changes in own credit risk consequently have no net impact.

G3.4 Fair value

Accounting policies

Fair value is defined as the price that at the measurement date would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement assumes that the transaction takes place under current market conditions in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist, they are used to measure financial assets and financial liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The absolute level of liquidity and volume required for a market to be considered active varies depending on the class of instruments.

The trade frequency and volume are monitored regularly in order to assess if markets are active or not active. If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. The adequacy of the valuation technique, including an assessment of whether to use quoted prices or theoretical prices, is monitored on a regular basis.

Valuation techniques can range from a simple discounted cash flow analysis to complex option pricing models. Valuation techniques are designed to apply observable market prices and rates as input whenever possible but can also make use of unobservable model parameters. The adequacy of the valuation technique is assessed by measuring its ability to match market prices. This is done by comparing calculated prices with relevant benchmark data, e.g. quoted prices from exchanges, the counterparty's valuations, price data from consensus services etc.

For financial instruments whose fair value is estimated by a valuation technique, it is investigated whether the variables used are predominantly based on data from observable markets. Nordea considers data from observable markets to be data that can be collected from generally available external sources and which is deemed to represent realistic market prices. If unobservable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the unobservable data becomes observable.

Fair value measurements of assets and liabilities are categorised under the three levels of the IFRS fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 in the fair value hierarchy consists of assets and liabilities where directly quoted market prices are not available in active markets. The fair values are based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. Alternatively, the fair values are estimated using valuation techniques based on market prices or inputs prevailing at the balance sheet date and where unobservable inputs have not had a significant impact on the fair values.

Level 3 in the fair value hierarchy consists of assets and liabilities for which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates.

Critical judgements and estimation uncertainty

Critical judgements that have a significant impact on the recognised amounts for financial instruments are exercised when determining the fair value of OTC derivatives and other financial instruments that lack quoted prices or where recently observed market prices are not available, such as unlisted equities. The judgements relate to the following areas:
- The choice of valuation techniques.
- The determination of when quoted prices fail to represent fair value (including the judgement of whether markets are active).
- The calculation of fair value adjustments in order to incorporate relevant risk factors such as credit risk, model risk and liquidity risk.
- The judgement of which market parameters are observable.

The critical judgements required when determining the fair value of financial instruments that lack quoted prices or where recently observed market prices are not available also introduce a high degree of estimation uncertainty.

In all of these instances, decisions are based on professional judgement in accordance with Nordea's accounting and valuation policies. The fair value of financial assets and liabilities measured at fair value using a valuation technique, Levels 2 and 3 in the fair value hierarchy, was EUR 164,037m (EUR 162,018m) and EUR 161,770m (EUR 120,620m), respectively, at the end of the year. Valuation adjustments (CVA, DVA, FFVA, NFVA, close-out cost adjustment, model risk adjustment and IPV variance) made when determining the fair value of financial instruments (including those measured at fair value through other comprehensive income) had a negative impact on equity of EUR -82m (EUR -47m).

Sensitivity analysis disclosures covering the fair value of financial instruments with significant unobservable inputs can be found in the table "Valuation techniques and inputs used in fair value measurements of financial instruments in Level 3" in this note.

Estimation uncertainty also arises at initial recognition of financial instruments that are part of larger structural transactions. Although subsequently not necessarily held at fair value, such instruments are initially recognised at fair value, and as there is normally no separate transaction price or active market for such individual instruments, the fair value has to be estimated.

G3.4 Fair value, cont.

Fair value of financial assets and liabilities

EURm	31 Dec 2023 Carrying amount	31 Dec 2023 Fair value	31 Dec 2022 Carrying amount	31 Dec 2022 Fair value
Financial assets				
Cash and balances with central banks	50,622	50,622	61,815	61,815
Loans	348,229	350,263	349,073	350,220
Interest-bearing securities	68,000	68,008	68,226	68,224
Shares	22,158	22,158	16,099	16,099
Assets in pooled schemes and unit-linked investment contracts	49,802	49,802	42,782	42,782
Derivatives	26,525	26,525	36,578	36,578
Other assets	8,371	8,371	8,600	8,600
Prepaid expenses and accrued income	405	405	475	475
Total	**574,112**	**576,154**	**583,648**	**584,793**

Fair value of financial assets and liabilities, cont.

EURm	31 Dec 2023 Carrying amount	31 Dec 2023 Fair value	31 Dec 2022 Carrying amount	31 Dec 2022 Fair value
Financial liabilities				
Deposits and debt instruments[1]	426,965	427,651	433,362	435,547
Deposits in pooled schemes and unit-linked investment contracts	51,573	51,573	44,770	44,770
Derivatives	30,794	30,794	40,102	40,102
Other liabilities[2]	11,058	11,058	14,314	14,314
Accrued expenses and prepaid income	8	8	7	7
Total	**520,398**	**521,084**	**532,555**	**534,740**

1) For non-maturing deposits fair value equals the nominal amount, whereas the carrying amount also includes the revaluation for the hedged items presented on the balance sheet row "Fair value of hedged items in portfolio hedges of intrest rate risk". Comparative figures have been restated accordingly.

2) Lease liabilities presented in the line item "Other liabilities" in Note G3.3 "Classification and measurement" are not included in this table.

Fair value of items measured at fair value on the balance sheet

Determination of fair value

The pricing models applied by Nordea are consistent with accepted economic methodologies for pricing financial instruments and incorporate the factors that market participants consider when setting a price. New pricing models are subject to approval by the Model Risk Committee and all pricing models are reviewed on a regular basis.

Complex valuation techniques are generally characterised by the use of unobservable and model-specific inputs. All valuation techniques, both simple and complex models, make use of market prices and inputs, which comprise interest rates, volatilities, correlations etc. Some of these prices and inputs are observable while others are not. For most non-exotic currencies, the interest rates are all observable, and implied volatilities and the correlations of the interest rates and FX rates may be observable through option prices up to a certain maturity. Implied volatilities and correlations may also be observable for the most liquid equity instruments. For less liquid equity names, the option market is fairly illiquid, and hence implied volatilities and correlations are unobservable.

Nordea predominantly uses published price quotations to establish the fair value of items disclosed under the following balance sheet items:
- Interest-bearing securities
- Shares (listed)
- Derivatives (listed)
- Debt securities in issue (mortgage bonds issued by Nordea Kredit Realkreditaktieselskab).

Nordea predominantly uses valuation techniques to establish the fair value of items disclosed under the following balance sheet items:
- Loans to the public (mortgage loans in Nordea Kredit Realkreditaktieselskab)
- Interest-bearing securities (when quoted prices in an active market are not available)
- Shares (when quoted prices in an active market are not available)
- Deposits
- Derivatives (OTC derivatives).

For interest-bearing securities, the valuation can either be based on direct quotes in active markets or measured using a valuation technique.

For OTC derivatives, valuation techniques are usually developed in-house and based on assumptions about the behaviour of the underlying asset and on statistical scenario analysis. Most OTC derivatives are categorised as Level 2 in the fair value hierarchy, implying that all significant model inputs are observable in active markets.

Valuations of private equity funds, credit funds and unlisted equity instruments are by nature more uncertain than valuations of more actively traded equity instruments. Emphasis is put on using a consistent approach across all assets and over time. The methods used are consistent with the International Private Equity and Venture Capital Valuation Guidelines issued by the IPEV Board. The guidelines are considered as best practice in the industry. For US-based funds, similar methods are applied.

Furthermore, Nordea holds loans and issued debt securities in the subsidiary Nordea Kredit Realkreditaktieselskab at fair value. When Nordea grants mortgage loans to borrowers, in accordance with the Danish mortgage legislation, Nordea at the same time issues debt securities with matching terms, so-called match funding. The fair value of the debt securities issued is based on quoted prices. As borrowers have the right to purchase debt securities issued by Nordea in the market and return these as repayment for their loans, the fair value of the loans is the same as the fair value of the bonds issued (due to the revaluation of the repayment option embedded in the loan) adjusted for changes in the credit risk of the borrower and the fair value of the margin associated with each loan.

Deposits held at fair value primarily relate to assets in pooled schemes and unit-linked investment contracts where the fair value of the deposits equal the fair value of the assets held on behalf of customers.

The fair value of financial assets and liabilities is generally calculated as the theoretical net present value of the individual instruments. This calculation is supplemented by portfolio adjustments.

G3.4 Fair value, cont.

Nordea incorporates credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) into derivative valuations. CVAs and DVAs reflect the impact on fair value from the counterparty´s credit risk and Nordea's own credit quality, respectively. Calculations are based on estimates of exposure at default, probability of default (PD) and recovery rates on a counterparty basis. Generally, exposure at default for CVAs and DVAs is based on the expected exposure and estimated through the simulation of underlying risk factors. Where possible, Nordea obtains credit spreads from the credit default swap (CDS) market, and PD is inferred from this data. For counterparties that do not have a liquid CDS, the PD is estimated using a cross-sectional regression model, which calculates an appropriate proxy CDS spread based on each counterparty's rating, region and industry.

The impact of funding costs and funding benefits on the valuation of uncollateralised and imperfectly collateralised derivatives is partly reflected in the calculated net present value through the applied discounting curve and partly through the addition of a separate funding fair valuation adjustment (FFVA). In addition, Nordea applies close-out cost valuation adjustments, model risk adjustments for identified model deficiencies and adjustments for independent price verification (IPV) to its fair value measurement.

Nordea's pricing models are calibrated to the market, and if climate risk has any impact on a particular market, it will already have been taken into consideration by other market participants. Hence, Nordea has not implemented any changes to its pricing models to take climate risk into account and no critical valuation adjustments have been made. Going forward, Nordea will monitor areas in the valuation space where climate risk could have an impact on the models (e.g. in relation to credit valuation adjustment).

In the below table, fair value measurements of financial assets and liabilities carried at fair value on the balance sheet have been categorised under the three levels of the IFRS fair value hierarchy: quoted prices in active markets for the same instrument (Level 1), a valuation technique using observable data (Level 2) and a valuation technique using unobservable data (Level 3).

The Level 1 category includes listed derivatives, listed equities, government bonds in developed countries as well as the most liquid mortgage bonds and corporate bonds where direct tradable price quotes exist. The Level 2 category includes the majority of Nordea's OTC derivatives, securities purchased/sold under resale/repurchase agreements, securities borrowed/lent, deposits in pooled schemes and unit-linked investment contracts and other instruments where active markets supply the input to the valuation techniques or pricing models. The Level 3 category includes investments in unlisted securities, private equity funds, hedge funds, more complex OTC derivatives where unobservable input has a significant impact on fair value, certain complex or structured financial instruments and illiquid interest-bearing securities.

Transfers between Levels 1 and 2

During the year Nordea transferred items recognised in the line item "Interest-bearing securities" of EUR 10,577m (EUR 4,030m) from Level 1 to Level 2 and of EUR 280m (EUR 1,570m) from Level 2 to Level 1 in the fair value hierarchy. Furthermore, Nordea transferred items recognised in the line item "Debt securities in issue" of EUR 25,685m (EUR 2,989m) from Level 1 to Level 2 and of EUR 1,105m (EUR 3,731m) from Level 2 to Level 1. Nordea also transferred items recognised in the line item "Other liabilities" of EUR 294m (EUR 43m) from Level 1 to Level 2 and of EUR 8m (EUR 235m) from Level 2 to Level 1. The transfer of "Interest-bearing securities" and "Debt securities in issue" from Level 1 to Level 2 were mainly due to a reassessment of trading activity. Other transfers from Level 1 to Level 2 were due to the instruments ceasing to be actively traded during the year, which meant that fair values were obtained using valuation techniques with observable market inputs. The transfers from Level 2 to Level 1 were due to the instruments again being actively traded during the year, which meant that reliable quoted prices were obtained in the market. Transfers between levels are considered to have occurred at the end of the year.

G3.4 Fair value, cont.

Financial assets and liabilities held at fair value on the balance sheet
Categorisation in the fair value hierarchy

31 Dec 2023, EURm	Quoted prices in active markets for the same instrument (Level 1)	- of which Life & Pension	Valuation technique using observable data (Level 2)	- of which Life & Pension	Valuation technique using unobservable data (Level 3)	- of which Life & Pension	Total
Assets at fair value on the balance sheet[1]							
Loans to central banks	–	–	286	–	–	–	286
Loans to credit institutions	–	–	916	8	–	–	916
Loans to the public	–	–	73,524	–	2	–	73,526
Interest-bearing securities	15,981	1,558	49,453	6,361	1,736	1,214	67,170
Shares	19,595	14,400	242	65	2,321	1,041	22,158
Assets in pooled schemes and unit-linked investment contracts	48,264	44,247	1,102	1,102	436	436	49,802
Derivatives	67	–	25,575	61	883	–	26,525
Other assets	14	14	7,542	–	19	18	7,575
Total	**83,921**	**60,219**	**158,640**	**7,597**	**5,397**	**2,709**	**247,958**
Liabilities at fair value on the balance sheet[1]							
Deposits by credit institutions	–	–	17,172	8	–	–	17,172
Deposits and borrowings from the public	–	–	7,444	–	–	–	7,444
Deposits in pooled schemes and unit-linked investment contracts	–	–	51,573	47,322	–	–	51,573
Debt securities in issue	4,574	–	47,499	–	1,292	–	53,365
Derivatives	139	–	29,939	49	716	–	30,794
Other liabilities	2,269	–	5,990	29	145	–	8,404
Total	**6,982**	**–**	**159,617**	**47,408**	**2,153**	**–**	**168,752**

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

Financial assets and liabilities held at fair value on the balance sheet
Categorisation in the fair value hierarchy

31 Dec 2022, EURm	Quoted prices in active markets for the same instrument (Level 1)	- of which Life & Pension	Valuation technique using observable data (Level 2)	- of which Life & Pension	Valuation technique using unobservable data (Level 3)	- of which Life & Pension	Total
Assets at fair value on the balance sheet[1]							
Loans to central banks	–	–	879	–	–	–	879
Loans to credit institutions	–	–	1,742	–	–	–	1,742
Loans to the public	–	–	70,627	–	–	–	70,627
Interest-bearing securities	25,962	3,422	40,635	7,699	1,589	1,199	68,186
Shares	13,410	10,644	391	249	2,298	979	16,099
Assets in pooled schemes and unit-linked investment contracts	41,704	37,877	607	606	471	471	42,782
Derivatives	159	–	34,550	117	1,869	–	36,578
Other assets	–	–	6,327	–	33	25	6,360
Total	**81,235**	**51,943**	**155,758**	**8,671**	**6,260**	**2,674**	**243,253**
Liabilities at fair value on the balance sheet[1]							
Deposits by credit institutions	–	–	10,446	44	–	–	10,446
Deposits and borrowings from the public	–	–	6,650	–	–	–	6,650
Deposits in pooled schemes and unit-linked investment contracts	–	–	44,770	40,600	–	–	44,770
Debt securities in issue	38,899	–	11,328	–	1,088	–	51,315
Derivatives	659	–	37,623	141	1,820	–	40,102
Other liabilities	3,307	–	6,832	81	63	–	10,202
Total	**42,865**	**–**	**117,649**	**40,866**	**2,971**	**–**	**163,485**

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

G3.4 Fair value, cont.

Movements in Level 3

Unrealised gains and losses relate to assets and liabilities held at the end of the year. The transfers out of Level 3 during the year were due to observable market data becoming available. The transfers into Level 3 during the year were due to observable market data no longer being available. Transfers between levels are considered to have occurred at the end of the year. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note G2.5 "Total net result from items at fair value"). Assets and liabilities related to derivatives are presented net.

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

2022, EURm	1 Jan 2022	Fair value gains/losses recognised in the income statement during the year: Realised	Unrealised	Recognised in other comprehensive income	Purchases/ issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Reclassification[1]	Translation differences	31 Dec 2022
Interest-bearing securities	2,053	3	-124	–	134	-293	-39	48	-102	–	-91	1,589
- of which Life & Pension	1,447	2	-70	–	34	-111	-1	5	-18	–	-89	1,199
Shares	2,202	85	40	–	449	-379	-19	1	–	-15	-66	2,298
- of which Life & Pension	957	66	-26	–	151	-104	-17	–	–	–	-48	979
Assets in pooled schemes and unit-linked investment contracts	261	3	33	–	235	-65	–	15	-2	–	-9	471
- of which Life & Pension	261	3	33	–	235	-65	–	15	-2	–	-9	471
Derivatives (net)	167	-101	-213	–	–	–	120	60	16	–	–	49
Other assets	29	–	-1	–	8	–	-3	–	–	–	–	33
- of which Life & Pension	28	–	–	–	–	–	-3	–	–	–	–	25
Debt securities in issue	1,588	53	-256	-6	348	–	-594	13	-58	–	–	1,088
Other liabilities	46	–	-21	–	58	-20	–	–	–	–	–	63

1) Reclassification related to the conversion of Visa C-shares to Visa A-shares.

The valuation process for Level 3 fair value measurements

The valuation process at Nordea consists of several steps. The first step is to determine the end-of-day mid-prices. It is the responsibility of the business areas to determine the correct prices for the valuation process. These prices are either internally marked prices set by a trading unit or externally sourced prices. The valuation prices are then controlled and tested by a valuation control function within the first line of defence, which is independent from the risk-taking units of the front office. The cornerstone of the control process is the independent price verification (IPV). The IPV test comprises verification of the correctness of valuations by comparing end-of-day mid-prices to independently sourced data. The result of the IPV is analysed and any findings are escalated as appropriate. Also, adjustments for IPV variances are included in fair value. The verification of the correctness of prices and inputs is as a

G3.4 Fair value, cont.

minimum carried out on a monthly basis and is carried out daily for many products. Third-party information, such as broker quotes and pricing services, is used as benchmark data in the verification. The quality of the benchmark data is assessed on a regular basis.

The valuation adjustment at portfolio level and the deferred Day 1 profit/loss on Level 3 transactions are calculated and reported on a monthly basis. The actual assessment of instruments in the fair value hierarchy is performed on a continuous basis.

Specialised teams within the risk organisation are responsible for second line of defence oversight of valuations and controls performed by the business areas and Group Finance (the first line of defence).

Valuation techniques and inputs used in fair value measurements of financial instruments in Level 3

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

1) Investments in financial instruments are a major part of the life insurance business. The financial instruments are acquired to fulfil the obligations under the insurance and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and consequently do not affect Nordea's equity.
2) Of which EUR 150m is priced at a credit spread (the difference between the discount rate and XIBOR) of 1.45%. A reasonable change in this credit spread would not affect the fair value due to callability features.
3) Fair values are based on prices and net asset values provided by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the performance of the assets underlying the investments. For private equity funds, the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines issued by Invest Europe (formerly EVCA). Approximately 55% of the private equity fund investments are internally adjusted/valued based the IPEV Guidelines. The carrying amounts are in a range of 1% to 100% compared with the values received from suppliers/custodians.
4) Of which EUR 436m relates to assets in pooled schemes and unit-linked investment contracts.

G3.4 Fair value, cont.

Valuation techniques and inputs used in fair value measurements of financial instruments in Level 3

31 Dec 2022, EURm	Fair value	Of which Life & Pension[1]	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities					
Public bodies	176	176	Discounted cash flows	Credit spread	-4/4
Mortgage and other credit institutions	866	674	Discounted cash flows	Credit spread	-39/39
Corporates[2]	547	349	Discounted cash flows	Credit spread	-9/9
Total	**1,589**	**1,199**			**-52/52**
Shares					
Private equity funds	1,267	643	Net asset value[3]		-145/145
Hedge funds	68	67	Net asset value[3]		-6/6
Credit funds	511	63	Net asset value/market consensus[3]		-49/49
Other funds	322	193	Net asset value/fund prices[3]		-27/27
Other[4]	601	484	–		-63/63
Total	**2,769**	**1,450**			**-290/290**
Derivatives					
Interest rate derivatives	-81	–	Option model	Correlations	-20/21
				Volatilities	
Equity derivatives	-5	–	Option model	Correlations	-7/4
				Volatilities	
				Dividend	
Foreign exchange derivatives	286	–	Option model	Correlations	-4/2
				Volatilities	
Credit derivatives	-152	–	Credit derivative model	Correlations	-11/16
				Recovery rates	
				Volatilities	
Other	1	–	Option model	Correlations	-0/0
				Volatilities	
Total	**49**	**–**			**-42/43**
Debt securities in issue					
Issued structured bonds	-1,088	–	Credit derivative model	Correlations	-5/5
				Recovery rates	
				Volatilities	
Total	**-1,088**	–			**-5/5**
Other, net					
Other assets and other liabilities, net	-30	25	–	–	-3/3
Total	**-30**	**25**			**-3/3**

1) Investments in financial instruments are a major part of the life insurance business. The financial instruments are acquired to fulfil the obligations under the insurance and investment contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and consequently do not affect Nordea's equity.

2) Of which EUR 150m is priced at a credit spread (the difference between the discount rate and XIBOR) of 1.45%. A reasonable change in this credit spread would not affect the fair value due to callability features.

3) Fair values are based on prices and net asset values provided by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the performance of the assets underlying the investments. For private equity funds, the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines issued by Invest Europe (formerly EVCA). Approximately 50% of the private equity fund investments are internally adjusted/valued based the IPEV Guidelines. The carrying amounts are in a range of 1% to 100% compared with the values received from suppliers/custodians.

4) Of which EUR 471m relates to assets in pooled schemes and unit-linked investment contracts.

The tables above show, for each class of assets and liabilities categorised in Level 3, the fair value, the valuation techniques used to estimate the fair value, significant unobservable inputs used in the valuation techniques and the fair value sensitivity to changes in key assumptions.

The column "Range of fair value" in the tables above shows the sensitivity of the fair value of Level 3 financial instruments to changes in key assumptions. In case the exposure to an unobservable parameter is offset across different instruments, only the net impact is disclosed in the table. The range disclosed is likely to be greater than the true uncertainty in determining the fair value of these instruments as all unobservable parameters are in practice unlikely to be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

The reported sensitivity (range) of the fair value of derivatives follows the same methodologies as applied to the reporting of the model risk and market price uncertainty additional valuation adjustments (AVAs) as defined in Commission Delegated Regulation (EU) No 2016/101 of 26 October 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation under Article 105(14).

G3.4 Fair value, cont.

In order to calculate the sensitivity (range) of the fair value of shares and interest-bearing securities, the fair value is increased and decreased within a total range of 2–10 percentage points depending on the valuation uncertainty and underlying assumptions. Higher ranges are applied to instruments with more uncertain valuations relative to actively traded instruments and underlying uncertainties in individual assumptions.

Movement of deferred Day 1 profit

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

Deferred Day 1 profit – derivatives, net

EURm	2023	2022
Amount at beginning of year	84	77
Deferred profit/loss on new transactions	38	58
Recognised in the income statement during the year[1]	-49	-51
Amount at end of year	**73**	**84**

1) Of which EUR -10m (EUR -6m) due to transfers of derivatives from Level 3 to Level 2.

Financial assets and liabilities not held at fair value on the balance sheet

	31 Dec 2023		31 Dec 2022		
EURm	Carrying amount	Fair value	Carrying amount	Fair value	Level in fair value hierarchy[3]
Assets not held at fair value on the balance sheet					
Cash and balances with central banks	50,622	50,622	61,815	61,815	1
Loans	273,501	275,535	275,825	276,972	3
Interest-bearing securities	830	838	40	38	2,3
Other assets	796	796	2,240	2,240	3
Prepaid expenses and accrued income	405	405	475	475	3
Total	**326,154**	**328,196**	**340,395**	**341,540**	
Liabilities not held at fair value on the balance sheet					
Deposits and debt instruments[1]	348,984	349,670	364,951	367,136	3
Other liabilities[2]	2,654	2,654	4,112	4,112	3
Accrued expenses and prepaid income	8	8	7	7	3
Total	**351,646**	**352,332**	**369,070**	**371,255**	

1) For non-maturing deposits fair value equals the nominal amount, whereas the carrying amount also includes the revaluation for the hedged items presented on the balance sheet row "Fair value of hedged items in portfolio hedges of intrest rate risk". Comparative figures have been restated accordingly.
2) Lease liabilities presented in the line item "Other liabilities" in Note G3.3 "Classification and measurement" are not included in this table.
3) Covers both 31 December 2023 and 31 December 2022.

Cash and balances with central banks

Fair value measurement of cash is based on quoted prices (unadjusted) in active markets for identical assets and therefore categorised into Level 1. Balances with central banks are due to its short-term nature considered to be equivalent to cash and therefore also categorised into Level 1.

Loans

The fair value of "Loans to central banks", "Loans to credit institutions" and "Loans to the public" has been estimated by discounting the expected future cash flows with an assumed customer interest rate that would have been used in the market if the loans had been issued at the time of the measurement. The assumed customer interest rate is calculated as the benchmark interest rate plus the average margin on new lending in Personal Banking, Business Banking and Large Corporates & Institutions, respectively.

The fair value measurement is categorised into Level 3 in the fair value hierarchy.

Interest bearing-securities

The fair value is EUR 838m (EUR 38m), of which EUR 804m (EUR 20m) is categorised into Level 2 and EUR 34m (EUR 18m) into Level 3. The measurement principles follow those for similar instruments that are held at fair value on the balance sheet.

Other assets and prepaid expenses and accrued income

The balance sheet line items "Other assets" and "Prepaid ex-penses and accrued income" consist of short-term receivables. The fair value is therefore considered to equal the carrying amount and is categorised into Level 3 in the fair value hierarchy.

G3.4 Fair value, cont.

Deposits and debt instruments

The fair value of the balance sheet line items "Deposits by credit institutions", "Deposits and borrowings from the public", "Debt securities in issue" and "Subordinated liabilities" has been calculated as the carrying amount adjusted for fair value changes in interest rate risk and in own credit risk. However, for non-maturing deposits the fair value equals the nominal amount. The fair value is categorised into Level 3 in the fair value hierarchy.

The fair value changes related to interest rate risk are based on changes in relevant interest rates compared with the corresponding nominal interest rates of the portfolios.

The fair value changes in credit risk are calculated as the difference between the credit spread of the nominal interest rate and the current spread observed in the market. This calculation is performed on an aggregated level for all long-term issuance recognised in the balance sheet items "Debt securities in issue" and "Subordinated liabilities". As the contractual maturity is short for "Deposits by credit institutions" and "Deposits and borrowings from the public", the changes in Nordea´s own credit risk related to these items are assumed not to be significant. This is also the case for short-term issuance recognised in the balance sheet line items "Debt securities in issue" and "Subordinated liabilities".

Other liabilities and accrued expenses and prepaid income

The balance sheet items "Other liabilities" and "Accrued expenses and prepaid income" consist of short-term liabilities, mainly liabilities related to securities traded but not settled. The fair value is therefore considered to be equal to the carrying amount and is categorised into Level 3 in the fair value hierarchy.

G3.5 Offsetting

Accounting policies

Nordea offsets financial assets and liabilities on the balance sheet if there is a legal right to offset and if the intent is to settle the items net or realise the asset and settle the liability simultaneously. The legal right to offset should exist both in the ordinary course of business and in case of the default, bankruptcy and insolvency of Nordea and its counterparties.

Financial instruments set off on the balance sheet or subject to netting agreements

				Amounts not set off but subject to master netting agreements and similar agreements			
31 Dec 2023, EURm	**Gross recognised financial assets[1]**	**Gross recognised financial liabilities set off on balance sheet**	**Net carrying amount on balance sheet[2]**	**Financial instruments**	**Financial collateral received**	**Cash collateral received**	**Net amount**
Assets							
Derivatives[3]	172,533	-146,010	26,523	-21,966	–	-3,427	1,130
Reverse repurchase agreements	30,461	-11,232	19,229	-8	-19,221	–	0
Securities borrowing agreements	2,880	–	2,880	–	-2,880	–	0
Variation margin	2,176	-2,176	0	–	–	–	0
Total	**208,050**	**-159,418**	**48,632**	**-21,974**	**-22,101**	**-3,427**	**1,130**

				Amounts not set off but subject to master netting agreements and similar agreements			
31 Dec 2023, EURm	**Gross recognised financial liabilities[1]**	**Gross recognised financial assets set off on balance sheet**	**Net carrying amount on balance sheet[2]**	**Financial instruments**	**Financial collateral pledged**	**Cash collateral pledged**	**Net amount**
Liabilities							
Derivatives[3]	177,475	-146,684	30,791	-21,966	–	-6,915	1,910
Repurchase agreements	29,418	-11,232	18,186	-8	-18,178	–	0
Securities lending agreements	6,694	–	6,694	–	-6,694	–	0
Variation margin	1,502	-1,502	0	–	–	–	0
Total	**215,089**	**-159,418**	**55,671**	**-21,974**	**-24,872**	**-6,915**	**1,910**

1) All amounts are measured at fair value, except for reverse repurchase agreements of EUR 3,146m and repurchase agreements of EUR 3,112m which are measured at amortised cost.
2) Reverse repurchase agreements and securities borrowing agreements are classified as "Loans to central banks", "Loans to credit institutions" or "Loans to the public" on the balance sheet. Repurchase agreements and securities lending agreements are classified as "Deposits by credit institutions" or "Deposits and borrowings from the public" on the balance sheet.
3) Including derivatives in pooled schemes and unit-linked investment contracts.

G3.5 Offsetting, cont.

31 Dec 2022, EURm	Gross recognised financial assets[1]	Gross recognised financial liabilities set off on balance sheet	Net carrying amount on balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral received	Cash collateral received	Net amount
Assets							
Derivatives[3]	211,529	-174,966	36,563	-27,124	–	-4,506	4,933
Reverse repurchase agreements	25,271	-7,828	17,443	–	-17,443	–	0
Securities borrowing agreements	3,661	–	3,661	–	-3,661	–	0
Variation margin	424	-424	0	–	–	–	0
Total	**240,885**	**-183,218**	**57,667**	**-27,124**	**-21,104**	**-4,506**	**4,933**

31 Dec 2022, EURm	Gross recognised financial liabilities[1]	Gross recognised financial assets set off on balance sheet	Net carrying amount on balance sheet[2]	Amounts not set off but subject to master netting agreements and similar agreements: Financial instruments	Financial collateral pledged	Cash collateral pledged	Net amount
Liabilities							
Derivatives[3]	214,190	-174,083	40,107	-27,124	–	-5,969	7,014
Repurchase agreements	21,377	-7,828	13,549	–	-13,549	–	0
Securities lending agreements	3,811	–	3,811	–	-3,811	–	0
Variation margin	1,307	-1,307	0	–	–	–	0
Total	**240,685**	**-183,218**	**57,467**	**-27,124**	**-17,360**	**-5,969**	**7,014**

1) All amounts are measured at fair value, except for reverse repurchase agreements of EUR 14m and repurchase agreements of EUR 257m which are measured at amortised cost.
2) Reverse repurchase agreements and securities borrowing agreements are classified as "Loans to central banks", "Loans to credit institutions" or "Loans to the public" on the balance sheet. Repurchase agreements and securities lending agreements are classified as "Deposits by credit institutions" or "Deposits and borrowings from the public" on the balance sheet.
3) Including derivatives in pooled schemes and unit-linked investment contracts.

Exchanged-traded derivatives are generally accounted for and settled on a daily basis when cash is paid or received, and the instrument is reset to market terms. Derivative assets, derivative liabilities, cash collateral receivables and cash collateral liabilities against central counterparty clearing houses are set off on the balance sheet if the assets and liabilities are settled in the same transaction currency and relate to the same central counterparty. Derivative assets, derivative liabilities, cash collateral receivables and cash collateral liabilities related to bilateral OTC derivative transactions are not set off on the balance sheet.

In addition, loans and deposits related to repurchase and reverse repurchase transactions with central counterparty clearing houses are set off on the balance sheet if the assets and liabilities relate to the same central counterparty, are settled in the same currency and have the same maturity date. Loans and deposits related to repurchase and reverse repurchase transactions that are made in accordance with the Global Master Repurchase Agreement are set off on the balance sheet if the assets and liabilities relate to the same counterparty, are settled in the same currency, have the same maturity date and are settled through the same settlement institution.

The fact that a financial instrument is accounted for on a gross basis on the balance sheet does not imply that the financial instruments are not subject to master netting agreements or similar arrangements. Generally, financial instruments (derivatives, repurchase agreements and securities lending transactions) are subject to master netting agreements, and Nordea is consequently able to benefit from netting in any calculations involving counterparty credit risk in the event of the default of its counterparties.

For a description of counterparty risk, see also Note G11 "Risk and liquidity management", section 3 "Counterparty credit risk".

G3.6 Hedge accounting

Accounting policies

When a hedging relationship meets the specified hedge accounting criteria set out in IAS 39, Nordea applies one of three types of hedge accounting:
- fair value hedge accounting
- cash flow hedge accounting
- net investment hedges.

Nordea has chosen, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with the carve-out version of IAS 39.

Under the EU carve-out version of IAS 39, fair value macro hedge accounting may for instance, in comparison with IAS 39 as issued by the IASB, be applied to on-demand (core) deposits, and hedge ineffectiveness in a hedge of assets with prepayment options is only recognised when the revised estimate of the amount of cash flows falls below the designated bottom layer.

The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if, at inception and throughout its life, changes in the fair value of the hedged item, as regards the hedged risk, can be expected to be essentially offset by changes in the fair value of the hedging instrument. The result should be within a range of 80–125%.

Transactions that are entered into in accordance with Nordea's hedging objectives but do not qualify for hedge accounting are economic hedge relationships.

Fair value hedge accounting

Fair value hedge accounting is applied when derivatives are hedging changes in the fair value of a recognised asset or liability attributable to a specific risk. Fair value hedge accounting can be performed at both micro level (single assets/liabilities or closed portfolios of assets/liabilities where one or more hedged items are hedged using one or more hedging instruments) and macro level (open portfolios where groups of items are hedged using multiple hedging instruments).

Changes in the fair value of derivatives (hedging instruments), as well as changes in the fair value of the hedged item attributable to the risks being hedged, are recognised separately in the income statement under "Net result from items at fair value". Given that the hedge is effective, the change in the fair value of the hedged item will be offset by the change in the fair value of the hedging instrument.

The changes in the fair value of the hedged item, attributable to the risks being hedged with the derivative instrument, are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value changes of the hedged items held at amortised cost in hedges of interest rate risks in macro hedges are reported separately in the balance sheet item "Fair value changes of hedged items in portfolio hedges of interest rate risk".

Any ineffectiveness is recognised in the income statement under the item "Net result from items at fair value".

If the hedging relationship does not meet the hedge accounting requirements, hedge accounting is discontinued. The hedging instrument is measured at fair value through profit or loss and the change in the fair value of the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

Cash flow hedge accounting

Cash flow hedge accounting is applied when hedging the exposure to variability in future cash flows. The portion of the gain or loss on the hedging instrument, determined to be an effective hedge, is recognised in other comprehensive income and accumulated in the cash flow hedge reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recognised in the item "Net result from items at fair value" in the income statement. The hedge is considered to be ineffective to the extent that the cumulative change in fair value from the inception of the hedge is larger for the hedging instrument than for the hedged item.

Gains or losses on hedging instruments recognised in the cash flow hedge reserve in equity through other comprehensive income are recycled and recognised in the income statement in the same period as the hedged item affects profit or loss, normally in the period in which interest income or interest expense is recognised.

A hedged item in a cash flow hedge can be highly probable cash flows from recognised assets or liabilities or from future assets or liabilities. Derivatives used as hedging instruments are always measured at fair value.

If the hedging relationship does not meet the hedge accounting requirements, hedge accounting is discontinued. Changes in the unrealised value of the hedging instrument will prospectively from the last time it was proven effective be accounted for in the income statement. The cumulative gain or loss on the hedging instrument that has been recognised in the cash flow hedge reserve in equity through other comprehensive income from the period when the hedge was effective is reclassified from equity to "Net result from items at fair value" in the income statement if the expected transaction is no longer expected to occur.

If the expected transaction is no longer highly probable but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive income from the period when the hedge was effective will remain in other comprehensive income until the transaction occurs or is no longer expected to occur.

Net investment hedges

Net investment hedges are used to hedge the foreign currency risk of net investments in foreign operations. Foreign currency risk is defined as the risk of loss on investments in foreign operations which have a functional currency different from that of the Group reporting currency.

The foreign exchange spot risk component of financial instruments that are designated as hedging instruments in a hedge of a net investment in a group undertaking is recognised in other comprehensive income, to the extent that the hedge is effective. This is to offset the translation differences affecting other comprehensive income when consolidating the group undertaking into Nordea, including the revaluation of any extended net investments. Any ineffectiveness is recognised in the income statement under "Net result from items at fair value".

See also section "Translation of assets and liabilities denominated in foreign currencies" in Note G1 "Accounting policies".

G3.6 Hedge accounting, cont.

Critical judgements and estimation uncertainty

One important judgement in connection with cash flow hedge accounting is the choice of method used for effectiveness testing.

Where Nordea applies cash flow hedge accounting, the hedging instruments used are cross-currency interest rate swaps (for mid-term or long-term maturities) or FX swaps/FX forwards (for short-term maturities) which are always held at fair value. The currency component is designated as a cash flow hedge of the currency risk (including cross-currency basis margin and swap points) and the interest component as a fair value hedge of the interest rate risk. The hypothetical derivative method is used when measuring the effectiveness of these cash flow hedges, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows on the hedged transaction (the currency component). Critical judgement has to be exercised when defining the characteristics of the perfect hypothetical swap.

Derivatives used for hedge accounting

31 Dec 2023, EURm	Fair value Positive	Fair value Negative	Nominal amount
Fair value hedges[1]	3,990	5,587	199,492
Cash flow hedges[1]	1,625	301	20,491
Net investment hedges	499	734	4,861
Total	**6,114**	**6,622**	**224,844**

31 Dec 2022, EURm	Fair value Positive	Fair value Negative	Nominal amount
Fair value hedges[1]	4,899	7,514	190,844
Cash flow hedges[1]	1,466	251	18,738
Net investment hedges	241	200	3,565
Total	**6,606**	**7,965**	**213,147**

1) Some cross-currency interest rate swaps are used as both fair value hedges and cash flow hedges. The nominal amounts of these instruments have been split between the lines "Fair value hedges" and "Cash flow hedges" in the table above based on the relative fair value of these hedging instruments. As at 31 December 2023 the total nominal amount of cross-currency interest rate swaps amounted to EUR 20,162m (EUR 22,494m).

The table above shows the fair value of derivatives used for hedge accounting together with their nominal amounts. The nominal amounts indicate the volume of transactions outstanding at year end and are neither indicative of market risk nor credit risk. The fair value and nominal amount of derivatives in this note represent derivatives before offsetting between assets and liabilities on the balance sheet (gross amount) as the gross amount better reflects Nordea's exposure in relation to the hedged risk.

Risk management

As part of its risk management policy, Nordea has identified a series of risk categories with corresponding hedging strategies using derivative instruments, as set out in section 4 "Market risk" in Note G11 "Risk and liquidity management".

Nordea classifies its exposures to market risk into either trading (the trading book) or non-trading (the banking book) portfolios which are managed separately.

The trading book consists of all positions in financial instruments held by Nordea either with trading intent or in order to hedge positions held with trading intent. Positions held with trading intent are those held intentionally for short-term resale or with the intention of benefiting from actual or expected short-term price differences between buying and selling prices or from other price or interest rate variations.

The banking book comprises all positions not held in the trading book. All hedges qualifying for hedge accounting are treated as banking book instruments. The hedging instruments and risks hedged are further described below by risk and hedge accounting type.

At inception, Nordea formally documents how the hedging relationship meets the hedge accounting criteria, including the economic relationship between the hedged item and the hedging instrument, the nature of the risk, the risk management objective and strategy for undertaking the hedge and the method used to assess the effectiveness of the hedging relationship on an ongoing basis.

Interest rate risk

Nordea's primary business model is to collect deposits and use these funds to provide loans and other funding products and debt instruments to its customers. Interest rate risk is the impact that changes in interest rates could have on Nordea's margins, profit or loss and equity. Interest rate risk arises from mismatches between interest-bearing assets and interest-bearing liabilities.

As part of Nordea's risk management strategy, the Board has established limits on the non-trading interest rate gaps for interest rate sensitivities. These limits are consistent with Nordea's risk appetite and Nordea aligns its hedge accounting objectives to keep exposures within those limits. Nordea's policy is to monitor positions on a daily basis. For further information on measurement of risks, see section 4 "Market risk" in Note G11 "Risk and liquidity management".

For hedge accounting relationships related to interest rate risk, the hedged risk is the change in the fair value of the hedged item due to changes in benchmark interest rates. The hedge ratio is established by matching the nominal amount of the derivatives with the principal of the hedged items.

In order to hedge and manage the risk and limit the impact on Nordea's margins, profit or loss and equity, Nordea uses hedging instruments to swap interest rate exposures into either fixed or variable rates.

The risk components of hedged items designated by the Group consist of:

- Benchmark interest rate risk as a component of interest rate risk, i.e. IBORs which also include new alternative reference rates such as SOFR, ESTR or SONIA. Using the benchmark interest rate risk can result in other risks, such as credit risk and liquidity risk, being excluded from the hedge accounting relationship.
- Components of cash flows of hedged items.

The benchmark rate is determined as a change in the present value of the future cash flows using benchmark discount curves. The benchmark rate is separately identifiable and reliably measurable and is typically the most significant component of the overall change in fair value or cash flows.

Fair value hedges

Nordea enters into interest rate swaps and cross-currency interest rate swaps in order to reduce or eliminate changes in the fair value of the hedged items due to interest rate risk.

Hedged items are fixed-rate financial assets and liabilities in both local and foreign currencies such as loans, debt securities classified in the category "Fair value through other comprehensive income", deposits and debt securities in issue.

Hedging instruments are interest rate swaps and cross-currency interest rate swaps (the portion related to interest rate risk is designated in fair value hedge relationships).

G3.6 Hedge accounting, cont.

Nordea applies fair value hedge accounting both at micro and macro level. The micro level is applied for hedging fixed-rate debt securities classified in the category "Fair value through other comprehensive income" and fixed-rate debt securities in issue. The macro level is applied for hedging loans and deposits where fixed-rate loans and term deposits are initially offset and the residual exposure hedged using a portfolio of interest rate swaps up to the designated portion of either the net asset or liability in a given time bucket.

For hedge effectiveness testing Nordea uses both critical terms matching (for prospective effectiveness testing) and regression analysis (for retrospective effectiveness testing). When assessing hedge effectiveness retrospectively, Nordea measures the fair value of a hedging instrument and compares the change in the fair value of the hedging instrument with the change in the fair value of the hedged item. The effectiveness measurement is made on a cumulative basis.

Hedge ineffectiveness can arise from:
- differences in timing of cash flows of hedged items and hedging instruments
- different interest rate curves applied to discount the hedged items and hedging instruments
- the effect of changes in Nordea's or a counterparty's credit risk on the fair value of the hedging instruments
- the disparity between expected and actual prepayments on the loan portfolio.

Nordea has an established hedging programme for non-maturing core deposits (NMD) and applies hedge accounting in accordance with the EU carve-out version of IAS 39. The behavioural model is subject to regular semi-annual reviews and/or recalibration of risk parameters. The most recent review of the model performed in 2023 addressed the changes in the behavioural pass-through sensitivities of market to customer rates in relation to the increased interest rate environment, which impacted the expected repricing profile (modelled maturity) of the non-maturing deposits (modelled split of NMDs into an interest sensitive and non-interest sensitive portion).

The hedging approach is based on a target hedge ratio and deviation band set by the Asset & Liability Committee (ALCO) commensurate with Nordea's risk appetite limits for Interest Rate Risk in the Banking Book (IRRBB). The overall hedging strategy assumes that a conservative buffer of the eligible and unhedged portion of non-maturing deposits is maintained above the hedged bottom layer. The average volume of the hedged portion in 2023 amounted to EUR 31.1bn (EUR 24.3bn), as of 31 December 2023 the hedged portion amounted to EUR 35.4n (EUR 27.4bn) and as of 31 December 2023 the hedge ratio was 52% (40%). Nordea's assessment is that the risk of unanticipated deposit withdrawals by bank customers that would have significant impact on, or lead to discontinuation of, the NMD hedging relationships is low. Nordea assesses the risk and potential impact of deposit outflow that could lead to a discontinuation of the hedging relationship in the reverse stress testing program.

The table below presents the accumulated fair value adjustments arising from continuing and discontinued hedging.

Hedged items

	Interest rate risk 2023		Interest rate risk 2022	
EURm	Carrying amount of hedged assets/ liabilities	Of which accumulated amount of fair value hedge adjustment[2]	Carrying amount of hedged assets/ liabilities	Of which accumulated amount of fair value hedge adjustment[2]
Fair value hedges – micro level				
Interest-bearing securities	20,963	-1	15,893	–
Assets	**20,963**	**-1**	**15,893**	**–**
Debt securities in issue	65,575	-1,680	61,063	-3,998
Subordinated liabilities	5,393	-341	4,861	-504
Liabilities	**70,968**	**-2,021**	**65,924**	**-4,502**

	Interest rate risk 2023		Interest rate risk 2022	
EURm	Carrying amount of hedged assets/ liabilities	Accumulated amount of fair value hedge adjustment[1, 2]	Carrying amount of hedged assets/ liabilities	Accumulated amount of fair value hedge adjustment[1, 2]
Fair value hedges – macro level				
Loans to the public	50,987	–	67,112	–
Assets	**50,987**	**-871**	**67,112**	**-2,116**
Deposits by credit institutions	1,355	–	4,129	–
Deposits and borrowings from the public	35,392	–	27,426	–
Liabilities	**36,747**	**-869**	**31,555**	**-2,175**

1) Accumulated fair value adjustment for macro hedges is presented in the line item "Fair value changes of hedged items in portfolio hedges of interest rate risk" on the balance sheet.
2) Of which EUR 45m (EUR 53m) is related to discontinued hedges of interest rate risk.

G3.6 Hedge accounting, cont.

The following table provides information about the hedging instruments.

Hedging instruments

31 Dec 2023, EURm	Fair value		Nominal amount
	Positive	Negative	
Fair value hedges			
Interest rate risk	3,990	5,587	199,492

31 Dec 2022, EURm	Fair value		Nominal amount
	Positive	Negative	
Fair value hedges			
Interest rate risk	4,899	7,514	190,844

The table below presents the changes in the fair value of the hedging instruments and the changes in the value of hedged items used as the basis for recognising ineffectiveness. These changes are recognised in the line item "Net result from items at fair value" in the income statement.

Hedge ineffectiveness

EURm	Interest rate risk	
	2023	2022
Fair value hedges		
Changes in fair value of hedging instruments	1,763	-4,492
Changes in value of hedged items used as basis for recognising hedge ineffectiveness	-1,772	4,522
Hedge ineffectiveness recognised in the income statement[1,2]	-9	30

1) Recognised in the line item "Net result from items at fair value".
2) When disclosing hedge ineffectiveness, valuation adjustments (CVA, DVA, FFVA) have not been considered as these are immaterial.

Sources of ineffectiveness include mismatches between the reset frequency of the swap and the benchmark frequency and the fair value of the floating leg of the swap on a date other than the reset date.

Cash flow hedges

Nordea uses cash flow hedges when hedging interest rate risk on lending and borrowing at floating interest rates.

Nordea's cash flow hedges of interest rate risk relate to exposures to the variability in future interest payments and receipts due to the movement of benchmark interest rates on forecast transactions and on recognised financial assets and financial liabilities. This variability in cash flows is hedged by interest rate swaps and cross-currency interest rate swaps, fixing the hedged cash flows according to Nordea's policies and risk management strategy described in section 4 "Market risk" in Note G11 "Risk and liquidity management".

The hypothetical derivative method is used when measuring the effectiveness of cash flow hedges retrospectively, meaning that the change in a perfect hypothetical swap is used as proxy for the present value of the cumulative change in expected future cash flows from the hedged transaction. The hypothetical derivative represents the characteristics of the hedged items (variable rate loans) in terms of hedged volume, repricing and interest payment periods. Hedge effectiveness is calculated on a cumulative basis by comparing changes in a portfolio of interest rate swaps (hedging instruments) and hypothetical derivatives. Changes in the valuation of the hedging instruments that are part of effective cash flow hedge relationships are recognised in the cash flow hedge reserve accumulated in equity through other comprehensive income.

The possible sources of ineffectiveness in cash flow hedges can generally be the same as those in fair value hedges described above. However, for cash flow hedges, prepayment risk is less relevant. The main causes of hedge ineffectiveness arise from the changes in the timing and the amount of forecast future cash flows.

The table below provides information about the hedging instruments in hedges of interest rate risk, including the nominal amount and the fair value of the hedging instruments.

Hedging instruments

31 Dec 2023, EURm	Fair value		Nominal amount
	Positive	Negative	
Cash flow hedges			
Interest rate risk	0	16	750

31 Dec 2022, EURm	Fair value		Nominal amount
	Positive	Negative	
Cash flow hedges			
Interest rate risk	368	42	4,579

The table below specifies changes in the fair value of hedging instruments arising from continuing hedging relationships, irrespective of whether there has been a change in hedge designation during the year. The table also presents changes in the value of hedged items used to measure hedge ineffectiveness, separately showing the effective and ineffective portions.

Hedge ineffectiveness

EURm	Interest rate risk	
	2023	2022
Cash flow hedges		
Changes in fair value of hedging instruments	1	-39
Changes in value of hedged items used as basis for recognising hedge ineffectiveness	-1	39
Hedge ineffectiveness recognised in the income statement[1,2]	–	–
Hedging gains or losses recognised in other comprehensive income	1	-39

1) Recognised in the line item "Net result from items at fair value".
2) When disclosing hedge ineffectiveness, valuation adjustments (CVA, DVA, FFVA) have not been considered as these are immaterial.

Cash flow hedge reserve

EURm	Interest rate risk	
	2023	2022
Balance as at 1 Jan	-37	4
Cash flow hedges:		
Valuation gains/losses	1	-39
Tax on valuation gains/losses	0	8
Transferred to the income statement	18	-13
Tax on transfers to the income statement	-4	3
Other comprehensive income, net of tax	15	-41
Total comprehensive income	15	-41
Balance as at 31 Dec	**-22**	**-37**
Of which relates to continuing hedges for which hedge accounting is applied	-22	-37
Of which relates to hedging relationships for which hedge accounting is no longer applied	–	–

G3.6 Hedge accounting, cont.

Maturity profile of the nominal amount of hedging instruments hedging interest rate risk

31 Dec 2023, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Instruments hedging interest rate risk	–	12,179	47,604	109,551	30,908	200,242
Total	**–**	**12,179**	**47,604**	**109,551**	**30,908**	**200,242**

31 Dec 2022, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Instruments hedging interest rate risk	–	21,025	42,277	102,253	25,794	191,349
Total	**–**	**21,025**	**42,277**	**102,253**	**25,794**	**191,349**

Average interest rate on instruments hedging interest rate risk

The average interest rate on the fixed leg of instruments hedging interest rate risk as at 31 December 2023 was 2.31% (1.10%).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Foreign exchange risk from trading activities is limited through a VaR limit. Foreign exchange risk from structural exposures (as described below) is limited through a stress loss limit for the CET1 ratio impact from foreign exchange fluctuations in a severe but plausible stress scenario. See section 4 "Market risk" in Note G11 "Risk and liquidity management".

Nordea's issuance of credits and borrowing can be denominated in the currency of the borrower or investor. Borrowing, investing and lending are not always executed in the same currency, thus exposing Nordea to a foreign exchange risk. Differences in exposures to individual currencies that exist between different transactions are predominantly matched by entering into cross-currency interest rate swaps (for maturities below one year FX swaps/FX forwards are used). The currency component is designated as a cash flow hedge of the currency risk and the interest component as a fair value hedge of the interest rate risk.

In addition to the above, Nordea also has exposure to structural foreign currency risk through its foreign operations that have a functional currency other than Nordea's presentation currency, EUR (i.e. a translation risk). Fluctuations in spot exchange rates will cause Nordea's reported net investments in foreign operations to vary and the CET1 ratio to fluctuate due to the currency mismatch between equity and risk exposure amounts. Nordea applies hedge accounting when hedging its investments in fully consolidated foreign operations whose functional currency is not EUR.

For hedge accounting relationships related to currency risk, the hedged item is a foreign currency component. The hedge ratio is established by matching the nominal amounts of the derivatives with the principals of the hedged items.

The currency component is determined as the change in the present value of the future cash flows using foreign exchange curves. The foreign currency component is separately identifiable and reliably measurable and is typically the most significant component of the overall change in fair value or cash flows.

Cash flow and net investment hedges

Hedged items in cash flow hedges of currency risk are future payments of interest and the nominal amount from (1) issuance in foreign currencies (bonds issued, certificates of deposits and commercial paper) as well as (2) intra-group lending in foreign currencies where the foreign exchange impact is not eliminated on consolidation. For shorter maturities (below one year) Nordea uses FX-swaps/FX forwards as hedging instruments. For longer maturities (above one year) Nordea uses cross-currency interest rate swaps, both float to float and fixed to float, of which the portion related to foreign currency risk, including the cross-currency basis impact, is designated as a cash flow hedge. Hedging relationships are established at micro or macro level.

For net investment hedges, Nordea uses short-term foreign exchange swaps as hedging instruments, and changes to the spot rate are designated as the hedged risk. Hedge ineffectiveness can arise to the extent that the hedging instruments exceed in nominal terms the risk exposure from foreign operations.

The tables below provide information about the hedging instruments in hedges of currency risks, including the nominal amount and the fair value of the hedging instruments.

Hedging instruments

	Fair value		
31 Dec 2023, EURm	Positive	Negative	Nominal amount
Cash flow hedges			
Foreign exchange risk	1,625	285	19,741
Net investment hedges			
Foreign exchange risk	499	734	4,861
Total derivatives used for hedge accounting	**2,124**	**1,019**	**24,602**

	Fair value		
31 Dec 2022, EURm	Positive	Negative	Nominal amount
Cash flow hedges			
Foreign exchange risk	1,098	209	14,159
Net investment hedges			
Foreign exchange risk	241	200	3,565
Total derivatives used for hedge accounting	**1,339**	**409**	**17,724**

G3.6 Hedge accounting, cont.

The table below specifies changes in the fair value of hedging instruments arising from continuing hedging relationships, irrespective of whether there has been a change in hedge designation during the year. The table also presents changes in the value of hedged items used to measure hedge ineffectiveness, separately showing the effective and ineffective portions.

Hedge ineffectiveness

	Foreign exchange risk	
EURm	2023	2022
Cash flow hedges		
Changes in fair value of hedging instruments	863	1,396
Changes in value of hedged items used as basis for recognising hedge ineffectiveness	-869	-1,382
Hedge ineffectiveness recognised in the income statement[1, 2]	-6	14
Hedging gains or losses recognised in other comprehensive income	869	1,382
Net investment hedges		
Changes in fair value of hedging instruments	55	183
Changes in value of hedged items used as basis for recognising hedge ineffectiveness	-55	-183
Hedge ineffectiveness recognised in the income statement[1, 2]	–	–
Hedging gains or losses recognised in other comprehensive income	55	183

1) Recognised in the line item "Net result from items at fair value".
2) When disclosing hedge ineffectiveness, valuation adjustments (CVA, DVA, FFVA) have not been considered as these are immaterial.

Cash flow hedge reserve

	Foreign exchange risk	
EURm	2023	2022
Balance as at 1 Jan	101	26
Cash flow hedges:		
Valuation gains/losses	869	1,382
Tax on valuation gains/losses	-184	-278
Transferred to the income statement	-886	-1,288
Tax on transfers to the income statement	188	259
Other comprehensive income, net of tax	-13	75
Total comprehensive income	-13	75
Balance as at 31 Dec	**88**	**101**
Of which relates to continuing hedges for which hedge accounting is applied	88	101
Of which relates to hedging relationships for which hedge accounting is no longer applied	–	–

Maturity profile of the nominal amount of hedging instruments hedging foreign exchange risk

31 Dec 2023, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Instruments hedging foreign exchange risk	–	4,017	3,640	15,629	1,316	24,602
Total	**–**	**4,017**	**3,640**	**15,629**	**1,316**	**24,602**

31 Dec 2022, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
Instruments hedging foreign exchange risk	–	1,013	2,797	15,943	2,045	21,798
Total	**–**	**1,013**	**2,797**	**15,943**	**2,045**	**21,798**

Average forward exchange rates of instruments hedging foreign exchange risk

The average forward exchange rates of instruments hedging foreign exchange risk as at 31 December are presented in the table below.

31 Dec 2023	NOK	SEK	USD
EUR	10.51	10.74	1.11

31 Dec 2022	NOK	SEK	USD
EUR	10.37	10.32	1.06

G3.7 Financial instruments pledged as collateral

Accounting policies

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterparty receiving the collateral has the right to sell or repledge the assets, the assets are presented in this note.

For more information about accounting policies, see Note G3.1 "Recognition on and derecognition from the balance sheet", Note G3.2 "Transferred assets and obtained collateral", Note G3.3 "Classification and measurement" and Note G3.4 "Fair value".

Financial instruments pledged as collateral

EURm	31 Dec 2023	31 Dec 2022
Interest-bearing securities	2,946	4,902
Shares	142	–
Total	**3,088**	**4,902**

For information on transferred assets and reverse repurchase agreements, see Note G3.2 "Transferred assets and obtained collateral".

G3.8 Loans

Accounting policies

Loans are financial instruments with fixed or determinable payments that are not readily transferable without the consent of the debtor. Loans are classified and measured in accordance with the description in Note G3.3 "Classification and measurement". Nordea's accounting policies covering expected credit losses follow below. Additional information on the credit risk on loans is disclosed in Note G11 "Risk and liquidity management".

Financial instruments classified as "Amortised cost" or "Fair value through other comprehensive income" are subject to impairment testing due to credit risk. This includes assets recognised on the balance sheet in "Loans to central banks", "Loans to credit institutions", "Loans to the public" and "Interest-bearing securities". "Loans to the public" includes finance leases, which are also subject to impairment testing. These balance sheet line items also include assets classified as "Fair value through profit or loss", which are not subject to impairment testing. See also Note G3.3 "Classification and measurement".

Off-balance sheet commitments, contingent liabilities and loan commitments are also subject to impairment testing.

Recognition and presentation

Amortised cost assets are recognised gross with an offsetting allowance for the expected credit losses if the loss is not regarded as final. The allowance account is netted against the loan balance on the face of the balance sheet, but the allowance account is disclosed separately in this note. Changes in the allowance account are recognised in the income statement and classified as "Net loan losses".

If the impairment loss is regarded as final, it is reported as a realised loss and the carrying amount of the loan and the related allowance for impairment loss are derecognised. An impairment loss is regarded as final when the obligor has filed for bankruptcy and the administrator has declared the financial outcome of the bankruptcy procedure, or when Nordea waives its claims either through a legally based or voluntary reconstruction, or when Nordea, for other reasons, deems it unlikely that the claim will be recovered. See also the section "Write-offs" below.

Provisions for off-balance sheet exposures are classified as "Provisions" on the balance sheet, with changes in provisions classified as "Net loan losses".

Assets classified as "Fair value through other comprehensive income" are recognised at fair value on the balance sheet. Impairment losses calculated in accordance with IFRS 9 are recognised in the income statement and classified as "Net loan losses". Any fair value adjustments are recognised in "Other comprehensive income".

Impairment testing

Nordea classifies all exposures into stages on an individual basis. Stage 1 includes assets where there has been no significant increase in credit risk since initial recognition, stage 2 includes assets where there has been a significant increase in credit risk and stage 3 (impaired loans) includes defaulted assets. Nordea monitors whether there are indicators of exposures being credit impaired (stage 3) by identifying events that have a detrimental impact on the estimated future cash flows. Nordea applies the same definition of default as the Capital Requirements Regulation. More information on the identification of loss events can be found in Note G11 "Risk and liquidity management". Exposures without individually calculated allowances will be covered by the model-based impairment calculation.

For significant exposures where a credit event has been identified, the exposure is tested for impairment on an individual basis. If the exposure is found impaired, an individual provision is recognised. The carrying amount of the exposure is compared with the sum of the net present value of expected future cash flows. If the carrying amount is higher, the difference is recognised as an impairment loss. The expected cash flows are discounted at the original effective interest rate and include the fair value of the collateral and other credit enhancements. The estimate is based on three different forward-looking scenarios that are probability weighted to derive the net present value.

For insignificant exposures that have been individually identified as credit impaired, the impairment loss is measured using the model described below but based on the fact that the exposures are already in default.

Nordea uses the "low credit risk exemption" for exposures issued after transition to IFRS 9 on 1 January 2018. Such exposures with a 12-month probability of default (PD) below 0.3% are classified as stage 1. Nordea also applies this exception to a minor portfolio of interest-bearing securities in its insurance operations.

Model-based allowance calculation

For exposures not impaired on an individual basis, a statistical model is used for calculating impairment losses. The provisions are calculated as the exposure at default times the PD times the loss given default. The provisions for exposures for which there has been no significant increase in credit risk since initial recognition are based on the 12-month expected loss (stage 1). The provisions for exposures for which there has been a significant increase in credit risk since initial recognition, but which are not credit impaired, are based on the lifetime expected losses (stage 2). This is also the case for the insignificant credit impaired exposures in stage 3.

G3.8 Loans, cont.

Nordea uses two different models to identify whether there has been a significant increase in credit risk or not. For assets held on transition to IFRS 9, the change in internal rating and scoring data is used to determine whether there has been a significant increase in credit risk or not. Internal rating/scoring information is used to assess the risk of the customers and a deterioration in rating/scoring indicates an increase in the credit risk of the customer. Nordea has concluded that it is not possible to calculate the lifetime PD at origination without the use of hindsight for assets already recognised on the balance sheet at transition. Changes to the lifetime PD are used as the trigger for assets recognised after transition.

For assets evaluated based on lifetime PD, Nordea uses a mix of absolute and relative changes in PD as the transfer criterion.

- Retail customers with an initial 12-month PD below 1%:
  Exposures with a relative increase in lifetime PD above 100% and an absolute increase in 12-month PD above 45bp are transferred to stage 2.
- Retail customers with an initial 12-month PD above or equal to 1%:
  Exposures with a relative increase in lifetime PD above 100% or an absolute increase in 12-month PD above 300bp are transferred to stage 2.
- Non-retail customers with an initial 12-month PD below 0.5%:
  Exposures with a relative increase in lifetime PD above 150% and an absolute increase in 12-month PD above 20bp are transferred to stage 2.
- Non-retail customers with an initial 12-month PD above or equal to 0.5%:
  Exposures with a relative increase in lifetime PD above 150% or an absolute increase in 12-month PD above 400bp are transferred to stage 2.

For assets for which rating and scoring models are used, the change in rating/scoring notches is calibrated to match the significant increase in credit risk based on lifetime PD.

In addition, Nordea applies the following backstops for transfers between stages:

- Customers with forbearance measures and customers with payments more than thirty days past due are transferred to stage 2, unless already identified as credit impaired (stage 3). Exposures with forbearance measures will stay in stage 2 for a probation period of 24 months from when the measures were introduced. Once transferred back to stage 1, after the probation period, the exposures are treated as any other stage 1 exposure on the assessment of significant increase in credit risk.
- Exposures more than 90 days past due are normally classified as stage 3, but this classification will be rebutted if there is evidence that the customer is not in default. Such exposures are classified as stage 2.
- Exposures with a relative change in annualised lifetime PD exceeding 200% and with at least one rating grade of deterioration are transferred to stage 2.
- Exposures classified as "high risk", i.e. with a rating grade of 2 or below, are transferred to stage 2.

When calculating provisions, including the staging assessment, the calculation is based on both historical data and probability-weighted forward-looking information. Nordea applies three macroeconomic scenarios to address the non-linearity in expected credit losses. The different scenarios are used to adjust the relevant parameters for calculating expected losses and a probability-weighted average of the expected losses under each scenario is recognised as provisions. The model is based on data collected before the reporting date, requiring Nordea to identify events that could affect the provisions after the data is sourced to the model calculation. Management evaluates these events and adjusts the provisions if deemed necessary.

Write-offs

A write-off is a derecognition of a loan or receivable from the balance sheet and a final realisation of a credit loss provision. When assets are considered uncollectible, they should be written off as soon as possible, regardless of whether the legal claim remains or not. A write-off can take place before legal actions against the borrower to recover the debt have been concluded in full. Although an uncollectible asset is removed or written off from the balance sheet, the customer remains legally obligated to pay the outstanding debt. When assessing the recoverability of non-performing loans and determining if write-offs are required, exposures with the following characteristics are in particular focus (the list is not exhaustive):

- Exposures past due more than 90 days. If, following this assessment, an exposure or part of an exposure is deemed as unrecoverable, it is written off.
- Exposures under insolvency procedures where the collateralisation of the exposure is low.
- Exposures where legal expenses are expected to absorb the proceeds from the bankruptcy procedure and estimated recoveries are therefore expected to be low.
- A partial write-off may be warranted where there is reasonable financial evidence to demonstrate an inability of the borrower to repay the full amount, i.e. a significant level of debt which cannot be reasonably demonstrated to be recoverable following forbearance treatment and/or the execution of collateral.
- Restructuring cases.

Discount rate

The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in an impairment that is a reasonable approximation using the effective interest rate method as basis for the calculation.

Restructured loans and modifications

In this context a restructured loan is defined as a loan where Nordea has granted concessions to the obligor due to their financial difficulties and where such concessions have resulted in an impairment loss for Nordea. After restructuring, the loan is normally regarded as not impaired if it performs according to the new terms and conditions. In the event of recovery, the payment is reported as recovery of loan losses.

Modifications of the contractual cash flows of loans to customers in financial difficulties (forbearance) reduce the gross carrying amount of the loan. Normally this reduction is less than the existing provision and no loss is recognised in the income statement due to modifications. If significant, the gross amounts (loan and allowance) are reduced.

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea. For example, a property taken over, not held for Nordea's own use, is reported together with other investment properties.

G3.8 Loans, cont.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised in "Net loan losses". The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified in the category "Fair value through profit or loss" and measured at fair value. Changes in fair value are recognised in the income statement under "Net result from items at fair value".

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the Group's presentation policies for the appropriate asset. The item "Net loan losses" in the income statement is, after the initial recognition of the asset taken over, consequently not affected by any subsequent remeasurement of the asset.

Critical judgements and estimation uncertainty

Management is required to exercise critical judgements and estimates when calculating loan impairment allowances. Nordea's total lending at amortised cost before impairment allowances was EUR 276,025m (EUR 279,614m) at the end of the year.

When calculating allowances for individually significant impaired loans, judgement is exercised to estimate the amount and timing of the expected cash flows to be received from the customers under different scenarios, including the valuation of any collateral received. Judgement is also applied when assigning the likelihood of the different scenarios occurring.

Judgement is exercised to assess when an exposure has experienced a significant increase in credit risk. If this is the case, the provision should reflect the lifetime expected losses as opposed to a 12-month expected loss amount for exposures that have not increased significantly in credit risk. Judgement is also exercised in the choice of modelling approaches covering other parameters used when calculating the expected losses, such as the expected lifetime used in stage 2, as well as in the assessment of whether the parameters based on historical experience are relevant for estimating future losses.

The statistical models used to calculate provisions are based on macroeconomic scenarios, which requires management to exercise judgement when identifying such scenarios and when assigning the likelihood of the different scenarios occurring. Judgement is also exercised in the assessment of to what extent the parameters for the different scenarios, based on historical experience, are relevant for estimating future losses. Nordea adjusts its collectively calculated provisions if the historical data does not adequately reflect management's view regarding expected credit losses. Estimating post-model adjustments requires management to exercise critical judgements.

For information about critical judgements in the preparation of this Annual Report due to the uncertainty concerning the potential long-term impact of higher energy and raw material prices and reduced consumer spending in various economic sectors on Nordea's financial statements, see Note G1 "Accounting policies".

Loans and impairment

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

Nordea has granted EUR 164bn (EUR 159bn) in mortgage credits. No intermediary credits or public sector credits have been granted.

G3.9 Interest-bearing securities

Accounting policies

Instruments that are readily transferable and where the holder of the instrument receives the nominal amount at maturity are normally reported in the balance sheet line item "Interest-bearing securities". Instruments that cannot be transferred or sold without the consent of the holder of the instrument are normally reported as loans, see Note G3.8 "Loans".

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterparty receiving the collateral has the right to sell or repledge the assets, the assets are disclosed in Note G3.7 "Financial instruments pledged as collateral". Investments in interest-bearing securities on behalf of customers (see Note G3.11 "Assets and deposits in pooled schemes and unit-linked investment contracts") are not presented in "Interest-bearing securities".

For more information about accounting policies, see Note G3.1 "Recognition on and derecognition from the balance sheet", Note G3.2 "Transferred assets and obtained collateral", Note G3.3 "Classification and measurement" and Note G3.4 "Fair value".

Interest-bearing securities

EURm	31 Dec 2023	31 Dec 2022
State, municipalities and other public bodies	14,771	16,138
Mortgage institutions	24,000	25,072
Other credit institutions	22,349	20,296
Corporates	3,720	3,675
Other	3,160	3,045
Total	**68,000**	**68,226**

Provisions for credit risks amounted to EUR 4m (EUR 3m).

G3.10 Shares

Accounting policies

The balance sheet line item "Shares" includes equity instruments, i.e. contracts that evidence a residual interest in the assets of an entity after deducting all of its liabilities, including holdings in different funds such as a unit in an investment fund or private equity fund. However, investments in associated undertakings and joint ventures (see Note G9.3 "Investments in associated undertakings and joint ventures"), investments in group undertakings (see Note G9.1 "Consolidated entities") and investments in shares and fund units on behalf of customers (see Note G3.11 "Assets and deposits in pooled schemes and unit-linked investment contracts") are not included in "Shares".

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral. When the counterparty receiving the collateral has the right to sell or repledge the assets, the assets are disclosed in Note G3.7 "Financial instruments pledged as collateral".

For more information about accounting policies, see Note G3.1 "Recognition on and derecognition from the balance sheet", Note G3.2 "Transferred assets and obtained collateral", Note G3.3 "Classification and measurement" and Note G3.4 "Fair value".

Shares

EURm	31 Dec 2023	31 Dec 2022
Shares	11,488	8,327
Fund units, equity related	6,353	5,633
Fund units, interest related	4,317	2,139
Total	**22,158**	**16,099**

G3.11 Assets and deposits in pooled schemes and unit-linked investment contracts

Accounting policies

Assets and deposits in pooled schemes and unit-linked investment contracts are contracts with customers and policyholders where most or all of the risk is borne by the customers or the policyholders. Unit-linked contracts with investment guarantees or contracts which transfer significant insurance risk are classified as insurance contracts. The deposits received from customers are invested in different types of financial assets on behalf of the customers and policyholders.

The assets and deposits under these contracts are recognised and measured at fair value as described in Note G3.4 "Fair value". For more information on the difference between insurance contracts and investment contracts, see Note G4 "Insurance contract liabilities".

Assets and deposits in pooled schemes and unit-linked investment contracts

EURm	31 Dec 2023	31 Dec 2022
Assets		
Interest-bearing securities[1]	2,034	1,939
Shares	47,564	40,712
Properties	729	858
Other assets	204	130
Total	**50,531**	**43,639**
Liabilities		
Pooled schemes	4,251	4,170
Unit-linked investment contracts	47,322	40,600
Total	**51,573**	**44,770**

1) Including interest related fund units.

Nordea Life & Pension and Nordea Danmark, filial af Nordea Bank Abp, Finland, have assets and liabilities recognised on their balance sheets for which customers bear the risk. Since the assets and liabilities legally belong to the entities which also carry the risks and rewards, these assets and liabilities are recognised on Nordea's balance sheet.

For information about the fair value of investment properties in pooled schemes and unit-linked investment contracts, see Note G5.3 "Investment properties".

G3.12 Derivatives

Accounting policies

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (so-called 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with a positive fair value, including any accrued interest, are recognised as assets in the line item "Derivatives" on the asset side. Derivatives with a negative fair value, including any accrued interest, are recognised as liabilities in the line item "Derivatives" on the liability side.

Nordea incorporates credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) into derivative valuations. CVAs and DVAs reflect the impact on fair value from the counterparty's credit risk and Nordea's own credit quality, respectively. For more information about the calculation and other XVAs, see Note G3.4 "Fair value".

Realised and unrealised gains and losses from derivatives are recognised in the income statement under "Net result from items at fair value". For more information about accounting policies and critical judgements, see Note G3.4 "Fair value".

Derivatives

	Fair value		Nominal
31 Dec 2023, EURm	**Positive**	**Negative**	**amount**
Derivatives not used for hedge accounting	166,421	170,856	7,238,112
Derivatives used for hedge accounting	6,114	6,622	224,844
Total gross derivatives	**172,535**	**177,478**	**7,462,956**
Derivatives offset on the balance sheet	-146,010	-146,684	
Total derivatives	**26,525**	**30,794**	**7,462,956**

	Fair value		Nominal
31 Dec 2022, EURm	**Positive**	**Negative**	**amount**
Derivatives not used for hedge accounting	204,938	206,220	6,998,966
Derivatives used for hedge accounting	6,606	7,965	213,147
Total gross derivatives	**211,544**	**214,185**	**7,212,113**
Derivatives offset on the balance sheet	-174,966	-174,083	
Total derivatives	**36,578**	**40,102**	**7,212,113**

G3.12 Derivatives, cont.

Nordea enters into derivatives for trading and risk management purposes. Nordea may take positions with the expectation of profiting from favourable movements in prices, rates or indices. The trading portfolio is treated as trading risk for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements and hedges that are economic hedges but do not meet the hedge accounting requirements.

The table below shows the fair value of derivative financial instruments not used for hedge accounting together with their nominal amounts. The nominal amounts indicate the volume of transactions outstanding at year end and are neither indicative of market risk nor credit risk. For more information about derivatives used for hedge accounting, see Note G3.6 "Hedge accounting".

The fair value and nominal amount of derivatives in this note represent derivatives before offsetting between assets and liabilities on the balance sheet (gross amount) as the gross amount better reflects Nordea's exposure.

Derivatives not used for hedge accounting

	Fair value		
31 Dec 2023, EURm	**Positive**	**Negative**	**Nominal amount**
Interest rate derivatives			
Interest rate swaps	150,612	150,436	4,699,710
FRAs	1,394	1,454	1,360,918
Futures and forwards	30	36	95,394
Options	3,668	3,440	302,890
Total	**155,704**	**155,366**	**6,458,912**
Equity derivatives			
Equity swaps	255	345	21,108
Futures and forwards	2	3	705
Options	108	427	4,876
Total	**365**	**775**	**26,689**
Foreign exchange derivatives			
Currency and interest rate swaps	4,360	7,102	307,220
Currency forwards	2,979	4,556	289,858
Options	91	49	5,355
Total	**7,430**	**11,707**	**602,433**
Other derivatives			
Credit default swaps (CDS)	2,920	3,001	149,952
Commodity derivatives	0	0	97
Other derivatives	2	7	29
Total	**2,922**	**3,008**	**150,078**
Total derivatives not used for hedge accounting	**166,421**	**170,856**	**7,238,112**

	Fair value		
31 Dec 2022, EURm	**Positive**	**Negative**	**Nominal amount**
Interest rate derivatives			
Interest rate swaps	181,687	179,423	4,149,868
FRAs	3,687	4,124	1,455,868
Futures and forwards	34	66	103,027
Options	6,311	6,267	371,724
Total	**191,719**	**189,880**	**6,080,487**
Equity derivatives			
Equity swaps	352	306	18,964
Futures and forwards	5	9	703
Options	122	413	4,394
Total	**479**	**728**	**24,061**
Foreign exchange derivatives			
Currency and interest rate swaps	7,459	8,806	334,844
Currency forwards	3,506	4,741	370,760
Options	94	81	10,499
Total	**11,059**	**13,628**	**716,103**
Other derivatives			
Credit default swaps (CDS)	1,663	1,917	178,128
Commodity derivatives	10	37	125
Other derivatives	8	30	62
Total	**1,681**	**1,984**	**178,315**
Total derivatives not used for hedge accounting	**204,938**	**206,220**	**6,998,966**

G3.13 Deposits by credit institutions

Accounting policies

Deposits by credit institutions include liabilities towards central banks, banks, credit market companies, credit companies, finance companies and mortgage institutions. Deposits are classified in accordance with Note G3.3 "Classification and measurement".

For additional accounting policies, see Note G3.1 "Recognition and derecognition from the balance sheet", Note G3.2 "Transferred assets and obtained collateral" and Note G3.4 "Fair value".

Deposits by credit institutions

EURm	31 Dec 2023	31 Dec 2022
Central banks	7,292	16,418
Banks	19,697	15,107
Other credit institutions	2,515	1,344
Total	**29,504**	**32,869**

G3.14 Deposits and borrowings from the public

Accounting policies

Deposits from the public are defined as funds in deposit accounts covered by the government deposit guarantee but also include amounts in excess of the individual amount limits. Individual pension savings are also included, but deposits in pooled schemes are presented as "Assets in pooled schemes and unit-linked investment contracts", see Note G3.11. Borrowings are other liabilities to the public that are not in the form of debt securities. Deposits and borrowings are classified into the different categories in accordance with Note G3.3 "Classification and measurement".

For additional accounting policies, see Note G3.1 "Recognition on and derecognition from the balance sheet", Note G3.2 "Transferred assets and obtained collateral" and Note G3.4 "Fair value".

Deposits and borrowings from the public

EURm	31 Dec 2023	31 Dec 2022
Deposits[1]	206,460	212,444
Repurchase agreements	3,602	5,020
Total	**210,062**	**217,464**

1) Deposits related to individual pension savings are also included.

G3.15 Debt securities in issue

Accounting policies

Debt securities are instruments issued by Nordea that are readily transferable without the consent of Nordea. Debt securities are classified into the different categories in accordance with Note G3.3 "Classification and measurement".

For hedged items in fair value hedges at micro level, the hedged risk is measured at fair value and presented in the line item "Fair value changes in micro hedges of interest rate risk" in the table below (for more information see, Note G3.6 "Hedge accounting").

For additional accounting policies, see Note G3.1 "Recognition on and derecognition from the balance sheet" and Note G3.4 "Fair value".

Debt securities in issue

EURm	31 Dec 2023	31 Dec 2022
Certificates of deposit	33,533	36,930
Commercial paper	12,769	13,991
Covered bonds	115,119	108,100
Senior non-preferred bonds	12,849	11,126
Senior unsecured bonds	9,928	13,620
Other	30	34
Fair value changes in micro hedges of interest rate risk	-1,680	-3,998
Total	**182,548**	**179,803**

G3.16 Other liabilities

Accounting policies

Other liabilities are liabilities that do not qualify for any of the other line items covering liabilities.

For additional accounting policies, see Note G3.1 "Recognition on and derecognition from the balance sheet", Note G3.3 "Classification and measurement" and Note G3.4 "Fair value".

Other liabilities

31 Dec 2023, EURm	Financial liabilities	Non-financial liabilities	Total
Liabilities on securities settlement proceeds	890	–	890
Sold, not held, securities	4,396	–	4,396
Accounts payable	251	–	251
Cash/margin payables	3,424	–	3,424
Lease liabilities	1,103	–	1,103
Other	2,097	1,566	3,663
Total	**12,161**	**1,566**	**13,727**

31 Dec 2022, EURm	Financial liabilities	Non-financial liabilities	Total
Liabilities on securities settlement proceeds	1,626	–	1,626
Sold, not held, securities	5,221	–	5,221
Accounts payable	452	–	452
Cash/margin payables	4,498	–	4,498
Lease liabilities	1,080	–	1,080
Other	2,517	1,377	3,894
Total	**15,394**	**1,377**	**16,771**

G3.17 Subordinated liabilities

Accounting policies

Subordinated liabilities are financial liabilities for which it has been contractually agreed that they are not to be repaid in the event of liquidation or bankruptcy until all obligations towards other creditors have been fulfilled.

For additional accounting policies, see Note G3.1 "Recognition on and derecognition from the balance sheet" and Note G3.3 "Classification and measurement".

For hedged items in fair value hedges at micro level, the hedged risk is measured at fair value and presented in the line item "Fair value changes in micro hedges of interest rate risk" in the table below (for more information, see Note G3.6 "Hedge accounting"). For more information on the critical judgement needed to assess whether a subordinated loan is classified as a liability or equity, see Note G3.3 "Classification and measurement".

Subordinated liabilities

EURm	31 Dec 2023	31 Dec 2022
Additional Tier 1	2,514	2,600
Tier 2	3,548	3,295
Other subordinated loans	–	10
Fair value changes in micro hedges of interest rate risk	-342	-504
Total	**5,720**	**5,401**

For more information, see Note P3.14 "Subordinated liabilities".

G4 Insurance contract liabilities

Accounting policies

IFRS 17 is applicable to insurance contracts, reinsurance contracts and investment contracts with discretionary participation features (DPF). An insurance contract is defined as "a contract under which one party (the insurer) accepts significant insurance risks from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder". DPF contracts give the policyholder the contractual right to receive, as a supplement to an amount not subject to the discretion of the issuer, significant additional amounts where the timing or amount is contractually at the discretion of Nordea and the investment returns are linked to a specified pool of assets held by Nordea. Insurance contracts, reinsurance contracts and investment contracts with DPF are below referred to as "insurance contracts".

For Nordea, issued contracts accounted for under IFRS 17 include:

- Life insurance.
- Pension plans with or without guaranteed returns, but with additional bonus.
- Combined insurance pensions plans with significant additional death benefits.
- Health and personal accident insurance.

Unit of account

For most contracts, the legal contract is the basis for accounting. Unit-linked contracts and Traditional contracts in Sweden are considered to be two separate contracts, a saving contract and a risk contract, for accounting purposes. The unit-linked saving contracts are accounted for under IFRS 9 and IFRS 15 and the other contracts are accounted for under IFRS 17. The death cover and other risk covers of the Finnish contracts are regarded as separate accounting contracts, accounted for under IFRS 17.

Recognition and derecognition

Insurance contracts are recognised from the earliest of:

- the beginning of the coverage period of the group of contracts,
- the date when the first payment from a policyholder in the group becomes due, and
- for a group of onerous contracts, when the group becomes onerous.

Investment contracts with DPF are recognised from the date the entity becomes party to the contract. Insurance contracts are derecognised when they are extinguished, which means when the obligation specified in the insurance contract expires or is discharged or cancelled. Insurance contracts are also derecognised when substantially modified, in which case a new contract is recognised with new terms.

General measurement model

The general measurement model is used for an individual risk product in Norway (endowment contracts) and different risk insurance products in Finland.

Insurance contracts are aggregated into portfolios of insurance contracts with similar risks and managed together. For each portfolio, contracts issued in one calendar year are further grouped into annual cohorts. Each of these sets of contracts is then broken down into groups of onerous and profitable contracts. At initial recognition, fulfilment cash flows are estimated for all groups of insurance contracts. For groups of contracts with net positive cash flows (profitable contracts), the contractual service margin (CSM) is an equal and opposite value on initial recognition to the expected net positive cash flows and is recognised as an insurance liability. This is because the entire value of the contracts relates to services to be provided in the future and, therefore, profit to be earned in the future. For groups of contracts with negative fulfilment cash flows (onerous contracts), the negative amount is considered the loss component of the liability for remaining coverage and is recognised as a loss in the income statement.

The fulfilment cash flows consist of the following components:

- Unbiased and Nordea-specific estimates of expected cash flows that will arise as the entity fulfils the contracts. The estimates are updated at each reporting date.
- An adjustment to reflect the time value of money, in other words the effect of discounting. This also includes the financial risks to the future cash flows, to the extent that the financial risks are not reflected in the estimates of future cash flows.
- An explicit risk adjustment for non-financial risk to reflect the compensation that the entity requires for bearing the uncertainty about the amount and timing of cash flows that arise from non-financial risk.

In subsequent periods, the fulfilment cash flows are reassessed and remeasured at each reporting date, using current assumptions. The CSM is released to the income statement as services are provided. For investment contracts with DPF, the release is based on when investment services are provided and for the remaining contracts it is based on when insurance contract services are provided.

Variable fee approach

The variable fee approach is used for all contracts with direct participation features. These contracts are at inception accounted for in the same way as under the general measurement model. Nordea provides investment- and insurance-related services and is compensated for the services by a fee that is determined with reference to the underlying assets. The CSM is adjusted after initial recognition, where changes related to Nordea's share of the fair value of the underlying assets also adjust the CSM liability. The adjusted CSM is the basis for the future release to the income statement.

Premium allocation approach

The premium allocation approach is used for short-term contracts (with a coverage period of less than one year), normally related to health and disability risks, although some such contracts in Finland are measured under the general measurement model. The liability consists of two parts:

- Liability for remaining coverage.
- Liability for incurred claims.

The liability for remaining coverage is measured based on unearned premiums received and released to the income statement based on the amount of expected premium receipts allocated to the period on the basis of passage of time. The liability for incurred claims is measured in the same way as under the general measurement model.

Nordea has chosen to recognise the acquisition cash flows as expenses when they occur under the PAA model. Under this model when measuring the liability for incurred claims, Nordea adjusts future cash flows for the time value of money if those cash flows are expected to be paid or received more than one year from the date the claims are incurred.

Critical judgements and estimation uncertainty

A valuation of insurance liabilities includes estimations and assumptions, both financial and actuarial, that affect the present value of future cash flows. For most of the products risk-neutral stochastic modelling techniques are used, while for some products deterministic models are used. The methods and processes used were stable during the year.

The main assumptions used when calculating the insurance liabilities are explained below.

In scope of IFRS 17

Nordea applies IFRS 17 to insurance contracts and investment contracts with DPF.

Insurance contracts are, as stated in the accounting policies above, contracts under which Nordea accepts significant insurance risk from the policyholder by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder.

If the contract does not transfer any significant insurance risk but contains DPF, it shall be accounted for under IFRS 17 since Nordea also issues insurance contracts. Thus there is a necessity to determine if an investment contract is to be classified as comprising DPF.

The evaluation of the existence of significant insurance risk is made on a contract-by-contract basis and given that the contract exposes Nordea to insurance risk, further investigation is performed to assess if significant insurance risk exists.

A contract transfers significant insurance risk if there exists any scenario of commercial substance at initial recognition in which the policyholder receives additional amounts (5%-10%) that exceed the investment component. The investment component is defined as the amount that an insurance contract requires Nordea to repay to a policyholder even if an insured event does not occur.

An investment contract with DPF is defined as a financial instrument that provides a particular investor with the contractual right to receive, as a supplement to an amount not subject to the discretion of Nordea, additional amounts:

- that are expected to be a significant portion (>10 %) of the total contractual benefits,
- the timing or amount of which are contractually at the discretion of Nordea (profit sharing, mutualisation elements exists and/or Board decided return allocation), and
- that are contractually based on:
  - the returns on a specified pool of contracts or a specified type of contract,
  - realised and/or unrealised investment returns on a specified pool of assets held by Nordea, or
  - the profit or loss of Nordea.

Release of CSM

An amount of CSM is recognised as profit or loss in each period and the amount reflects the service provided. The release-pattern of the CSM is determined by first identifying coverage units for the group of contracts, representing the quantity of benefits under the expected coverage duration, and secondly release coverage units for each period reflecting the service provided. For investment contracts with DPF, the release is based on when investment services are provided and for the remaining contracts it is based on when insurance contract services are provided.

Expenses

Operating expenses are part of future cash flows and correspond to the costs of maintaining the current in-force business, adjusted for inflation. Increased expected expenses reduce future expected profits. Expenses are allocated to groups of contracts using well-defined methodologies that are consistent over time.

Surrender rates

Partial and full surrender and transfers of capital affect the insurance liabilities and profits. Surrender assumptions are derived using trends in historical data and vary by e.g. product type and type of contract. Higher surrender rates than assumed will reduce profits if the underlying contracts are profitable.

Mortality, longevity and morbidity

Standard industry tables are used when setting the assumptions for mortality, longevity and morbidity. The assumptions vary with e.g. the policyholder's gender and age, product type and class. Deviations from the assumed rates will affect the expected future profits.

Risk adjustment for non-financial risk

The risk adjustment aims to capture the compensation required by Nordea for bearing the uncertainty around the amount and timing of the cash flows that arises from non-financial risk. Nordea determines the risk adjustment using a single equivalent scenario stress approach, which has a confidence level of 78% (77% in 2022). The stress parameters are updated on a yearly basis. The entire change in risk adjustment is fully presented in the "Net insurance revenue" and relates to both current and future services.

Discount rates

Methods and assumptions used to derive the discount rates are applied consistently within Nordea Life & Pension. Further, for each jurisdiction, the discount rate is consistently applied for all products.

The discount rate is determined using a bottom-up approach as the sum of a risk-free component and an illiquidity component. The risk-free component ensures that the discount rate reflects the time value of money and is consistent with observable market prices. The illiquidity component reflects the characteristics of the liabilities.

The discount rates used to calculate the present value of future cash flows are presented in the table below.

	1 year		3 years		5 years		10 years		20 years	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
EUR	3.4%	3.2%	2.0%	3.0%	2.2%	3.0%	2.6%	3.1%	2.4%	2.0%
SEK	3.0%	3.5%	2.5%	3.3%	2.3%	3.2%	2.3%	3.0%	2.8%	3.2%
NOK	4.5%	3.8%	4.1%	3.6%	3.8%	3.5%	3.7%	3.5%	3.8%	3.6%
DKK	3.6%	3.3%	2.7%	3.4%	2.6%	3.3%	2.6%	3.3%	2.7%	2.9%

G4 Insurance contract liabilities, cont.

Insurance contract liabilities

EURm	31 Dec 2023	31 Dec 2022
General measurement model (GMM)	155	166
Variable fee approach (VFA)	27,047	25,584
Subtotal	**27,202**	**25,750**
Premium allocation approach (PAA)	437	401
Asset for insurance acquisition cash flows	-71	-41
Total insurance contract liabilities	**27,568**	**26,110**

Life and disability insurance is mainly measured under the measurement model GMM. Insurance contracts with direct participation features are measured under the measurement model VFA. For some life and disability insurance contracts, with a coverage period of one year or less, the PAA model is used instead.

More information regarding the measurement models can be found in the accounting policies. See also Note G2.4 "Net insurance result".

Analysis by remaining coverage and incurred claims – contracts measured under GMM and VFA

	31 Dec 2023				31 Dec 2022			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
EURm	Excluding loss component	Loss component	Liabilities for incurred claims	Total	Excluding loss component	Loss component	Liabilities for incurred claims	Total
Opening balance	25,505	5	240	25,750	18,204	3	132	18,339
Acquisition	–	–	–	–	10,554	–	124	10,678
Changes through the income statement								
Insurance revenue								
Contracts under the modified retrospective approach	-32	–	–	-32	-32	–	–	-32
Contracts under the fair value approach	-345	–	–	-345	-196	–	–	-196
Other contracts	-75	–	–	-75	-48	–	–	-48
Insurance revenue	**-452**	–	–	**-452**	**-276**	–	–	**-276**
Insurance service expenses								
Incurred claims and other expenses	0	-6	233	227	-34	–	122	88
Changes to liabilities for incurred claims	–	–	-36	-36	–	–	–	–
Amortisation of insurance acquisition cash flows	13	–	–	13	8	–	–	8
Losses and reversal of losses on onerous contracts	–	17	–	17	–	2	–	2
Insurance service expenses	**13**	**11**	**197**	**221**	**-26**	**2**	**122**	**98**
Net insurance revenue	**-439**	**11**	**197**	**-231**	**-302**	**2**	**122**	**-178**
Insurance finance income or expenses	2,206	–	2	2,208	-1,900	–	–	-1,900
Total changes through the income statement	**1,767**	**11**	**199**	**1,977**	**-2,202**	**2**	**122**	**-2,078**
Investment components	-2,144	–	2,144	0	-932	–	932	0
Cash flows								
Premiums received	2,183	–	–	2,183	419	–	–	419
Claims and other insurance service expenses paid, including investment components	–	–	-2,368	-2,368	–	–	-1,070	-1,070
Insurance acquisition cash flows	-19	–	–	-19	-10	–	–	-10
Total cash flows	**2,164**	–	**-2,368**	**-204**	**409**	–	**-1,070**	**-661**
Other movements	37	–	–	37	–	–	–	–
Translation differences	-358	0	0	-358	-528	0	0	-528
Closing balance	**26,971**	**16**	**215**	**27,202**	**25,505**	**5**	**240**	**25,750**

G4 Insurance contract liabilities, cont.

Analysis by measurement component – contracts measured under GMM and VFA

	31 Dec 2023						
			Contractual service margin (CSM)				
EURm	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Subtotal	Total
Opening balance	23,922	241	175	1,363	49	1,587	25,750
Changes through the income statement							
Changes that relate to future services							
Changes in estimates that adjust CSM	-175	-27	9	130	63	202	0
Changes in estimates that result in losses on groups of onerous contracts and reversals of such losses	16	0	–	–	–	–	16
Effects of contracts initially recognised during the year	-47	8	5	–	35	40	1
Changes that relate to current services							
CSM recognised for services provided	–	–	-21	-162	-43	-226	-226
Risk adjustment recognised for risk expired	–	-26	–	–	–	–	-26
Experience adjustments	40	0	–	–	–	–	40
Changes that relate to past services							
Adjustment to liabilities for incurred claims	-32	-4	–	–	–	–	-36
Net insurance revenue	**-198**	**-49**	**-7**	**-32**	**55**	**16**	**-231**
Insurance finance income or expenses	2,207	–	0	0	1	1	2,208
Total changes through the income statement	**2,009**	**-49**	**-7**	**-32**	**56**	**17**	**1,977**
Cash flows							
Premiums received	2,183	–	–	–	–	–	2,183
Claims and other insurance service expenses paid, including investment components	-2,368	–	–	–	–	–	-2,368
Insurance acquisition cash flows	-19	–	–	–	–	–	-19
Total cash flows	**-204**	–	–	–	–	–	**-204**
Other movements	37	–	–	–	–	–	37
Translation differences	-321	-5	0	-31	-1	-32	-358
Closing balance	**25,443**	**187**	**168**	**1,300**	**104**	**1,572**	**27,202**

G4 Insurance contract liabilities, cont.

Analysis by measurement component – contracts measured under GMM and VFA

	31 Dec 2022						
			Contractual service margin (CSM)				
EURm	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Contracts under modified retrospective approach	Contracts under fair value approach	Other contracts	Subtotal	Total
Opening balance	17,122	196	231	754	36	1,021	18,339
Acquisition	10,230	74	–	374	–	374	10,678
Changes through the income statement							
Changes that relate to future services							
Changes in estimates that adjust CSM	-323	-10	-39	365	7	333	0
Changes in estimates that result in losses on groups of onerous contracts and reversals of such losses	1	0	–	–	–	–	1
Effects of contracts initially recognised during the year	-39	4	6	–	31	37	2
Changes that relate to current services							
CSM recognised for services provided	–	–	-22	-101	-24	-147	-147
Risk adjustment recognised for risk expired	–	-17	–	–	–	–	-17
Experience adjustments	-17	–	–	–	–	–	-17
Changes that relate to past services							
Adjustment to liabilities for incurred claims	–	–	–	–	–	–	–
Net insurance revenue	**-378**	**-23**	**-55**	**264**	**14**	**223**	**-178**
Insurance finance income or expenses	-1,900	–	0	0	0	0	-1,900
Total changes through the income statement	**-2,278**	**-23**	**-55**	**264**	**14**	**223**	**-2,078**
Cash flows							
Premiums received	419	–	–	–	–	–	419
Claims and other insurance service expenses paid, including investment components	-1,070	–	–	–	–	–	-1,070
Insurance acquisition cash flows	-10	–	–	–	–	–	-10
Total cash flows	**-661**	–	–	–	–	–	**-661**
Translation differences	-491	-6	-1	-29	-1	-31	-528
Closing balance	**23,922**	**241**	**175**	**1,363**	**49**	**1,587**	**25,750**

G4 Insurance contract liabilities, cont.

Analysis by remaining coverage and incurred claims – contracts measured under PAA

	31 Dec 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims		
EURm	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening balance	23	8	369	1	401
Changes through the income statement					
Insurance revenue					
Allocation of premiums	-161	–	–	–	-161
Insurance revenue	**-161**	**–**	**–**	**–**	**-161**
Insurance service expenses					
Incurred claims and other expenses	1	–	148	1	150
Changes to liabilities for incurred claims	–	–	14	0	14
Losses and reversal of losses on onerous contracts	–	0	–	–	0
Insurance service expenses	**1**	**0**	**162**	**1**	**164**
Net insurance revenue	**-160**	**0**	**162**	**1**	**3**
Insurance finance income or expenses	–	–	14	–	14
Total changes through the income statement	**-160**	**0**	**176**	**1**	**17**
Cash flows					
Premiums received	162	–	–	–	162
Claims and other insurance service expenses paid	–	–	-142	–	-142
Total cash flows	**162**	**–**	**-142**	**–**	**20**
Translation differences	0	0	-1	0	-1
Closing balance	**25**	**8**	**402**	**2**	**437**

	31 Dec 2022				
	Liabilities for remaining coverage		Liabilities for incurred claims		
EURm	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening balance	–	–	18	0	18
Acquisition	23	8	352	1	384
Changes through the income statement					
Insurance revenue					
Allocation of premiums	-37	–	–	–	-37
Insurance revenue	**-37**	**–**	**–**	**–**	**-37**
Insurance service expenses					
Incurred claims and other expenses	–	–	18	0	18
Changes to liabilities for incurred claims	–	–	–	–	–
Losses and reversal of losses on onerous contracts	–	–	–	–	–
Insurance service expenses	**–**	**–**	**18**	**0**	**18**
Net insurance revenue	**-37**	**–**	**18**	**0**	**-19**
Insurance finance income or expenses	–	–	0	–	0
Total changes through the income statement	**-37**	**–**	**18**	**0**	**-19**
Cash flows					
Premiums received	37	–	–	–	37
Claims and other insurance service expenses paid	–	–	-18	–	-18
Total cash flows	**37**	**–**	**-18**	**–**	**19**
Translation differences	–	–	-1	–	-1
Closing balance	**23**	**8**	**369**	**1**	**401**

G4 Insurance contract liabilities, cont.

The following table sets out when the Group expects to recognise the remaning CSM in profit or loss after the reporting date for contracts measured under the GMM and the VFA.

Remaining contractual service margin (CSM) from insurance contracts

Insurance contracts 31 Dec 2023 EURm	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	More than 10 years	Total
Traditional insurance	62	58	54	50	43	176	373	816
Unit-linked insurance	76	66	59	52	45	164	188	650
Life and disability insurance	30	7	6	6	5	22	30	106
Total	**168**	**131**	**119**	**108**	**93**	**362**	**591**	**1,572**

Insurance contracts 31 Dec 2022 EURm	1 year or less	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	More than 10 years	Total
Traditional insurance	35	58	53	48	44	169	356	763
Unit-linked insurance	67	74	66	59	53	187	206	712
Life and disability insurance	33	7	6	6	5	22	33	112
Total	**135**	**139**	**125**	**113**	**102**	**378**	**595**	**1,587**

Assets for insurance acquisition cash flows

EURm	31 Dec 2023	31 Dec 2022
Opening balance	41	–
Acquisition	–	41
Amounts incurred during the year	53	–
Amounts derecognised and included in the measurement of insurance contracts	-16	–
Impairment losses	-7	-3
Translation difference	0	3
Closing balance	**71**	**41**

Expected derecognition of the assets for insurance acquisition cash flows

31 Dec 2023 EURm	Unit-linked insurance	Life and disability insurance	Total
1 year or less	8	3	11
1–2 years	8	3	11
2–3 years	7	2	9
3–4 years	6	1	7
4–5 years	5	1	6
5–10 years	16	–	16
More than 10 years	11	–	11
Total	**61**	**10**	**71**

31 Dec 2022 EURm	Unit-linked insurance	Life- and disability insurance	Total
1 year or less	4	–	4
1–2 years	5	–	5
2–3 years	4	–	4
3–4 years	4	–	4
4–5 years	4	–	4
5–10 years	20	–	20
More than 10 years	–	–	–
Total	**41**	**–**	**41**

Fair value of underlying assets backing insurance contract liabilities measured under the VFA model

EURm	31 Dec 2023	31 Dec 2022
Interest-bearing securities	8,295	10,099
Shares	15,491	11,486
Investment properties	2,185	2,254
Other	669	1,115
Total	**26,640**	**24,954**

The return on assets backing insurance liabilities is disclosed in Note G2.5 "Total net result from items at fair value".

Nature and extent of risk that arise from contracts within the scope of IFRS 17

Nordea is exposed to a variety of risks through insurance activities. These include market, default, liquidity, operational, business, strategic, regulatory, ESG and underwriting risks. Market and underwriting risks being the most relevant from a capital and profit perspective. More information on these risks, reinsurance and the main sensitivities follows below. Operational risks are described in Note G11 "Risk and liquidity management", section 5.

In addition to compliance with IFRS 17, adherence to Solvency II is crucial for regulatory compliance and financial stability. More details on Solvency II can be found in the Solvency and Financial Condition report, which is available on nordea.com.

Market risk

Measurement and analysis of market risk

Market risk arises mainly due to the mismatch between assets and liabilities and the sensitivity of the values of these assets and liabilities to changes in the level or in the volatility of market prices or rates. Market risk mainly originates from investments in products with embedded guarantees.

Nordea carries the risk of fulfilling these guarantees to policyholders. Market risks are measured via exposure measurement on investment assets, forward-looking balance sheet projections and stress and sensitivity analysis. The results prove that Nordea is resilient to the stresses performed. Market risks are monitored against the risk appetite and risk limits.

Equity risk

Nordea is exposed to falls in equity prices impacting financial guarantees in traditional insurance products.

G4 Insurance contract liabilities, cont.

Credit spread risk
Nordea is exposed to movements in credit spreads via the credit portfolios within the traditional insurance products. The widening of credit spreads reduces market values and thus the expectations of future profits. The following table shows the exposure to different credit ratings and how it has changed since last year.

Fixed income holdings

EURm	31 Dec 2023	31 Dec 2022
AAA	4,784	6,383
AA	840	703
A	1,085	1,336
BBB	430	433
BB and below	132	181
Not rated	1,783	1,827
Total	**9,054**	**10,863**

Market concentration risk
Nordea is exposed to the concentration of market risks by e.g. counterparty, guarantee levels, region and industry. Concentration risk is both addressed in each investment mandate and on an aggregated level. Nordea manages concentration risk by setting upper limits for the size of individual investments and for aggregate investments by category. Concentration risks are also addressed on an aggregated level and managing these risks is an integrated part of the investment strategy.

Nordea reduces concentration risk on an ongoing basis in the revision and adjustment of asset portfolios. Due to the diversification across the portfolios in the local entities Nordea has no significant unmanaged concentration of market risk at Nordea Life & Pension Group level.

Guarantee levels, estimates of present value of future cash flows

EURm	31 Dec 2023	31 Dec 2022
0%	350	305
0–2%	3,869	3,803
2–3%	3,347	3,601
3–4%	2,181	2,431
Over 4%	1,330	1,294
Total	**11,077**	**11,434**

Interest rate risk
Nordea is exposed to movements in interest rates, mainly through the duration mismatch between assets and liabilities within traditional insurance products. Also life and disability insurance products come with interest rate risk due to the discounting of future cash flows.

Property risk
Nordea holds commercial, industrial and residential properties and is exposed to falls in their prices.

Currency risk
Nordea actively invests in global assets. Virtually all of the currency exposure in the local entities is hedged against the local reporting currencies.

Management of market risk
Business decisions are formed balancing short-term and long-term objectives, customers, considerations for competitiveness, legal requirements, profitability, liquidity and capital. At the same time, the liability-driven investment strategy, risk considerations and the Prudent Person Principle must be observed.

In order to ensure that all aspects are considered continuously, market risks are monitored regularly against the risk appetite and risk limits.

Counterparty default risk
Counterparty default risk reflects potential losses from unexpected default of Nordea's counterparties and debtors, taking into account risk-mitigating contracts, reinsurance, securitisations and derivatives as well as receivables from intermediaries. Nordea is exposed to counterparty default through cash and deposits held by counterparties as well as the derivatives used to hedge portfolios.

Nordea monitors counterparty derivative exposures on a daily basis. The results prove that Nordea is resilient to the stresses performed. To mitigate the exposure to unexpected defaults, Nordea ensures diversification by counterparty. Concentrations to individual counterparties are mitigated through the investment limit framework.

Nordea has bilateral agreements with derivatives counterparties which define the nature, timing and quality of eligible collateral. Nordea manages and monitors collateral for derivatives weekly and ad hoc as necessary.

Liquidity risk
Liquidity risk is the risk of being able to meet liquidity commitments only at increased cost or, ultimately, being unable to meet obligations as they fall due. Liquidity risk arises both from illiquidity of investment assets (market liquidity risk) and from changed cash flows on liabilities as a result of changed claims and/or lapses (funding liquidity risk). Liquidity risk can also arise from short-term payments affecting the short-term liquidity need. Liquidity risk derives primarily from traditional insurance products.

Management and measurement of liquidity risk
Nordea's exposure to liquidity risk is managed based on local liquidity rules, investment guidelines and limits. Liquidity risk is monitored through:
- liquidity scoring of current investment assets,
- calculation of forward-looking liquidity risk indicators under both normal and stressed conditions, and
- calculation of a liquidity ratio for the traditional insurance portfolios.

Liquidity risk is monitored as part of the Risk Appetite Framework of Nordea Life & Pension Group and its local entities. Moreover, the liquidity risk indicators are integrated into the Nordea Group's overall monitoring of liquidity risk.

Expected yearly net cash flows, undiscounted

EURm	31 Dec 2023	31 Dec 2022
1 year or less	2,252	1,852
1–2 years	2,080	1,953
2–3 years	1,924	1,856
3–4 years	1,818	1,792
4–5 years	1,705	1,661
More than 5 years	25,057	25,704
Total	**34,836**	**34,818**

Amounts payable on demand

EURm	31 Dec 2023	31 Dec 2022
Amounts payable on demand	25,705	24,018
Assets backing insurance contract liabilities	27,096	25,377

G4 Insurance contract liabilities, cont.

Business, strategic and regulatory risk

Business risk is defined as the risk associated with uncertainty over business conditions such as market environment, customer behaviour and technological progress as well as the financial effects of reputational risk.

Strategic risk is defined as the long-term implications associated with the selected business strategy such as product range, customer segments, markets, distribution channels and technological platforms. These may arise due to improper implementation of decisions or lack of responsiveness to industry changes.

Risks related to regulatory changes arise as a result of inadequate or imperfect implementation of new or changed regulation. This could potentially impact reputation, processes and costs.

Business and strategic risks are mitigated through actions such as monitoring sales, costs and risk results regularly and analysing the drivers of profit.

Risks related to the legal environment are mitigated through continuous monitoring of the regulatory developments and through establishing specific programmes to handle the implementation. The compliance function at Nordea Life & Pension monitors compliance with existing laws, regulations and internal rules applicable to Nordea Life & Pension.

Environmental, social and governance (ESG) risk

ESG risk is a risk category that has gained importance in recent years. Nordea Life & Pension Group considers the double materiality of ESG, i.e. the fact that Nordea Life & Pension Group is exposed to ESG risk while its own actions and investment decisions impact ESG factors, and has developed a consistent approach to sustainability risk and the consideration of ESG factors in the investment process.

The perception of ESG risk at Nordea Life & Pension Group comprises:

- the physical impact of climate change,
- the transition to a low-carbon and climate resilient economy,
- an increasing awareness of social objectives, working and safety conditions and human rights, and
- an increasing importance of good governance practices within companies, anti-bribery and corruption practices and compliance with relevant laws and regulations.

Nordea Life & Pension Group has established a comprehensive database for ESG risk indicators such as greenhouse gas emissions (GHG emissions), the Climate Value at Risk (Climate VaR), ESG ratings and many others. The database is updated regularly and developed continuously in order to achieve a good coverage of assets with available best practice indicators of ESG risk.

ESG risks may materialise through other risk types. The table below shows how material the impact may be on the different risk types:

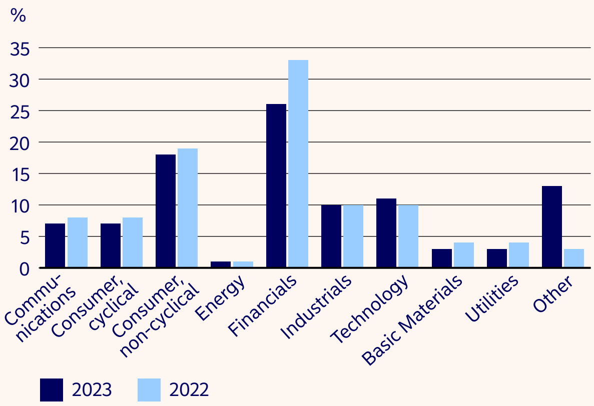
Risk type	Impact of ESG factors
Market Risk	High
Underwriting Risk	Low
Operational and Compliance Risk	Medium
Reputational Risk	High

ESG factors are considered to have a high impact on market risk. Market risk may arise from disruptions and shifts associated with the transition to a low-carbon and climate resilient economy. Those risks may be motivated by policy changes, market dynamics, technological innovation or reputational factors. Key examples of transition risks include wrong assessments of climate-induced risks and opportunities, policy changes and regulatory reforms, which affect carbon-intensive sectors. Policy and regulatory measures may affect specific classes of financial assets (such as real estate portfolios), in addition to those affecting capital markets.

Climate risks related to investments are in general assumed to be captured in the market value of the assets. An asset composition heavily weighted towards sectors that are vulnerable to climate changes will however represent concentration risk that requires awareness.

The graph below shows the insurance contracts' equity and corporate bond exposure towards different sectors. The largest exposures are found within financials, technology and non-cyclical consumer products and services.

ESG data concentration



While these are not necessarily industries which are associated with heavy scope 1 emissions (direct carbon emissions), scope 2 (indirect carbon emissions) and scope 3 emissions (carbon emissions in the full value chain) must also be taken into consideration. Overall, the equity and corporate bond investments managed by Nordea Life & Pension Group have a scope 1 and 2 carbon intensity averaging at 80 tons of CO2 per EURm of sales, compared to the MSCI World average of 138 tons of CO2 per EURm of sales. This underlines that while investing in a similar mix of industrial sectors, Nordea Life & Pension Group makes investment choices within the sectors that underpin the overall net zero emission target. Despite the overall small investments in the utility, industrials and basic materials industries, these sectors contribute significantly to the scope 1 and scope 2 emissions profile of the equity investments. Those sectors in which Nordea Life & Pension Group makes most of its investments contribute comparatively little to its emissions profile.

Nordea Life & Pension Group uses scenario data from the Network for Greening the Financial System as the basis for the forward-looking analysis of climate-related risks. Forward-looking analysis is facilitated by the MSCI Climate VaR which enables analyses of policy-related risks, technological opportunities and physical risks across different scenarios associated with a variety of temperature outcomes and transition narratives. The Climate VaR quantifies these risks in terms of a return-based valuation of companies.

The industry sectors that currently have the highest GHG emissions also are the ones that are expected to incur negative effects on their market values due to regulation and policy changes. The upside is, however, that these sectors also provide opportunities for developing more GHG efficient technological solutions. The challenge is therefore not to avoid these industry sectors altogether, but to reduce ESG-induced market risk from these sectors, to carefully select the

G4 Insurance contract liabilities, cont.

leading companies in terms of ESG-driven development potential and to engage with companies, industry associations and policy makers. Based on the current assessments, ESG-induced market risk is considered as immaterial as of 2023 for Nordea Life & Pension Group.

Reputational risk can arise due to failure to deliver on internal and external promises and expectations can lead to negative attention from customers and media, claims and law suits, which in turn can increase lapses and reduce new business. To understand the impact of ESG-related reputational risk different scenarios are analysed where lapses increase. The outcome of the scenarios is that there is a negative profit effect which may affect profits in the longer run and also business plans. ESG-related reputational risk can therefore not be dismissed as immaterial.

Underwriting risk

Underwriting risk is defined as the risk of loss, or of adverse change in the value of insurance liabilities, resulting from changes in the level, trend, or volatility of mortality rates, longevity rates, disability rates and surrenders and lapses, with such a change leading to an increase in the value of insurance liabilities.

Measurement and analysis of underwriting risk

Underwriting risks are primarily controlled using actuarial methods, i.e. through tariffs, rules for acceptance of customers, reinsurance contracts, stress testing and setting adequate provisions for risks. Experience analyses and benchmarking are performed at least annually for each underwriting risk.

Nordea measures underwriting risks by measuring the sensitivity of the balance sheet to stressed underwriting scenarios via regular stress and scenario testing. The results prove that Nordea is resilient to the stresses performed. Neither Nordea's underwriting risk exposures nor the approach to measurement changed materially over the reporting period.

Lapse risk

Lapse risk includes partial and full surrender, transfers of capital and transition to paid-up policies. Exposure to lapse risk is due to the potential deviation between the actual lapse rates and expected lapse rates.

Lapse risk is linked to policyholder behaviour. It is mitigated by ensuring that products meet customers' needs. Lapses are stress tested, monitored and reported regularly. Monitoring helps Nordea to identify and address emerging trends.

Longevity

Longevity risk arises from the annuities in payment and in deferral within Nordea's traditional insurance products. Mortality rates and life expectancies are updated and benchmarked annually.

Concentration of underwriting risks

Nordea's insurance portfolios comprise individual and group policies, all of which are well diversified by industry, geography and demography as well as by product type and risk. Within Nordea's insurance portfolios, large companies may pose a geographic risk concentration. Concentration risk is managed on local entity level and mitigated by reinsurance wherever deemed necessary.

Management of underwriting risk

Management of underwriting risk includes, among others, underwriting procedures, reinsurance programme and product approval processes.

Underwriting procedures

Underwriting is performed in compliance with the local entity's strategic documents for underwriting and insurance risks. These documents are established to ensure strong underwriting processes and sound advice to customers.

Underwriting procedures intend to ensure the fair and ethical treatment of all new customers and the acceptance or rejection of individual risks on an informed basis. Sound underwriting ensures that the right products are offered to the customers to meet their needs. Individual underwriting is used for life and health policies. Depending on the nature of the risk coverage and the level of benefits, underwriting may include a health assessment.

The Actuarial function highlights risks and makes recommendations regarding underwriting in its annual report. The Actuarial function reviews the strategic documents governing underwriting annually and ad hoc whenever deemed necessary.

Reinsurance

Nordea's reinsurance programme covers individual and aggregate mortality and disability risks, including mortality catastrophe cover in Finland and Norway. It includes individual risk retention limits and aggregate stop loss cover. Reinsured risks include mortality, disability and mortality catastrophe. The aim of the reinsurance programme is to minimise claims volatility, stabilise annual results and protect Nordea from underwriting risk concentrations and catastrophes. New business with large individual risk exposures is underwritten with facultative reinsurance.

The reinsurance programme is monitored monthly via the risk result by product line. The Actuarial Function is responsible for reviewing the reinsurance strategy and programme as a minimum once a year.

Sensitivities

Nordea regularly performs stress tests of the contractual service margin (CSM) and profit to assess the impact of various scenarios. The stress tests are conducted by applying overnight market stresses and changes to underwriting assumptions. Due to the long-term nature of the life and pension business Nordea is sensitive to interest rate movements, which in combination with lower equity prices and wider spreads would have a significant impact on profit and the CSM. The methodologies used are aligned with other stress tests carried out and were developed during the year for IFRS 17 purposes. The relevant sensitivities and their effect on profit and CSM are shown in the table below.

	Impact on profit		Impact on CSM	
EURm	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Equities -20%[1]	-16	-19	-124	-143
Interest rates -50 bp	-18	-19	-161	-201
Interest rates +50 bp	16	17	142	181
Spread +50 bp	1	0	4	5
Combined market stress[2]	-35	-39	-292	-352
Lapses +10%	-1	-2	-12	-33
Expenses +10%	-12	-11	-72	-77
Mortality +10%	2	2	4	4
Disability +10%	-15	-14	-3	-6
Longevity +10%	-4	-3	-12	-25

1) Including alternative investments and -5% on properties.
2) Interest rates -50 bp, Equities -20% and Spread +50 bp.

G5 Intangible and tangible assets

G5.1 Intangible assets

Accounting policies

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under Nordea's control, which means that Nordea has the power and rights to obtain the future economic benefits flowing from the underlying resource. Nordea's intangible assets mainly consist of goodwill, IT development/computer software and customer-related intangible assets.

Goodwill
Goodwill represents the excess of the cost of an acquisition over the fair value of Nordea's share of net identifiable assets of the acquired group undertaking/associated undertaking/joint venture at the date of acquisition. Goodwill on acquisitions of group undertakings is included in "Intangible assets". Goodwill on acquisitions of associated undertakings and joint ventures is not recognised as a separate asset but included in "Investments in associated undertakings and joint ventures". Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less accumulated impairment losses. Impairment losses on goodwill cannot be reversed in subsequent periods. Goodwill related to associated undertakings and joint ventures is not tested for impairment separately but included in the total carrying amount of the associated undertakings and the joint ventures. The policies covering impairment testing of associated undertakings and joint ventures are disclosed in Note 9.3 "Investments in associated undertakings and joint ventures".

IT development/computer software
Costs associated with maintaining computer software programs are expensed as incurred. Costs directly associated with major software development investments, with the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditures directly attributable to preparing the asset for use. Computer software also includes acquired software licences not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of three to five years, and in some circumstances for strategic infrastructure up to a maximum of ten years.

Customer-related intangible assets
In business combinations a portion of the purchase price is normally allocated to a customer-related intangible assets if the asset is identifiable and under Nordea's control. An intangible asset is identifiable if it arises from contractual or legal rights or can be separated from the entity and sold, transferred, licensed, rented or exchanged. The asset is amortised over its useful life, generally over ten years.

Impairment
Goodwill and IT development not yet taken into use are not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to any indication of impairment. Intangible assets in use and amortised are also evaluated for indications of impairment and if such indications are found, the assets are tested for impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

The recoverable amount is the higher of fair value less costs to sell and the value in use of the asset or the cash-generating unit (CGU), which is defined as the smallest identifiable group of assets that generate largely independent cash flows in relation to other assets. For goodwill and IT development not yet taken into use, the CGUs are defined as the operating segments. The value in use is the present value of the cash flows expected to be realised from the asset or the CGU.

Critical judgements and estimation uncertainty

Impairment testing of goodwill and other intangible assets
The identification of CGUs and to what extent they can be aggregated to groups that are tested together requires judgement. Internally developed software is included in the impairment test and allocated to the CGUs. Nordea's total goodwill amounted to EUR 2,227m (EUR 2,262m) at the end of the year. Internally developed software amounted to EUR 1,457m (EUR 1,599m) at the end of the year.

The estimation of future cash flows and the calculation of the rate used to discount those cash flows are subject to estimation uncertainty. The forecast of future cash flows is sensitive to the cash flow projections for the near future (generally 3–5 years) and to the estimated sector growth rate for the period beyond 3–5 years. The growth rates are based on historical data, updated to reflect the current situation, which implies estimation uncertainty. Also, the estimate for the long-term growth rate requires critical judgement.

The derived cash flows are discounted at a rate based on the market's long-term risk-free rate of interest and yield requirements.

Higher energy and raw material prices and reduced customer spending
For information about critical judgements in the preparation of this Annual Report due to the uncertainty concerning the potential long-term impact of higher energy and raw material prices and reduced consumer spending in various economic sectors on Nordea's financial statements, see Note G1 "Accounting policies".

Impairment testing

The impairment test is performed for each CGU by comparing the carrying amount of the net assets, including goodwill, with the recoverable amount. The recoverable amount is the value in use and is estimated based on the discounted cash flows. Due to the long-term nature of the investments, cash flows are expected to continue indefinitely.

Cash flows for the coming three years are based on financial forecasts. The forecasts are based on Nordea's macroeconomic outlook, including information on GDP growth, inflation and benchmark rates for the relevant countries. Based on these macroeconomic forecasts, the business areas project how margins, volumes, sales and costs will develop over the coming years. Credit losses are estimated using the long-term average for the different business areas. This results in an income statement for each year. The projected cash flow for each year is the forecast net result in these income statements, reduced by the regulatory capital needed to grow the business in accordance with the long-term growth assumptions. For CGUs with more capital than the Group's CET1 target, the expected dividends are included in the cash flows generated by the CGUs until these meet the Group's CET1 target over a three-year period.

The projections take into consideration the major projects initiated at Nordea. There is also an allocation of central costs to business areas to make sure that the cash flows for the CGUs include all indirect costs. Tax costs are estimated based on the standard tax rate. Cash flows for the period beyond

G5.1 Intangible assets, cont.

the forecasting period are based on estimated sector growth rates. Growth rates are based on historical data, updated to reflect the current situation.

The derived cash flows are discounted at a rate based on the market's long-term risk-free rate of interest and yield requirements. The discount rate used in 2023 was 9.8% (9.0%) post-tax, corresponding to a pre-tax rate of 12.7% (11.7%). The estimated growth rate was 2.1% (2.5%). The CGUs cover all Nordic currencies and Nordea discounts the future estimated cash flows using one EUR rate for all CGUs.

The impairment tests conducted in 2023 did not indicate any need for goodwill impairment.

Both an increase in the discount rate of 1 percentage point and a reduction in the future growth rate of 1 percentage point are considered to be reasonably possible changes in the key assumptions. Such a change would not result in any impairment.

In addition to the cash flow test for CGUs, internally developed IT systems are qualitatively assessed for indications of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the assets is fully recoverable. This is assessed on an individual asset level based on a qualitative analysis. Both external and internal impairment triggers are reviewed.

External impairment triggers could be that the market is moving to new cloud solutions that are significantly more cost efficient compared to an on-premise solution. Another trigger could be that a product that is supported by the development becomes redundant or replaced by another product in the market, indicating that the value of the development may be impaired.

Internal impairment triggers are internal decisions indicating that products supported by the functionality will be discontinued, that a line of business will be discontinued, that it is expected/decided internally that the functionality will be moved to cloud or replaced by new on-premise functionality, etc.

During the year Nordea reviewed its portfolio of current development initiatives supporting customer facing digital services. The assessment concluded that the rapid pace of digital development in this portfolio, including the continuous and agile introduction of new features and implementation of new cloud-based solutions, was making it more difficult to evidence such benefits for accounting purposes.

Accordingly, although Nordea's digital services are highly rated by customers, Nordea decided that such development costs shall going forward be expensed as incurred, and an impairment charge of EUR 130m was recognised. The total impairment charge amounted to EUR 193m, and included also individually insignificant impairments identified in the ordinary impairment testing. Nordea still holds EUR 1.5bn of internally developed intangible IT assets on the balance sheet, where no significant impairment needs were identified during 2023 and where capitalisation is currently expected to continue. The impairments are almost exclusively presented within "Other operating segments" in Note G2.1 "Segment reporting".

Intangible assets

Cash-generating units, EURm	Goodwill[1] 31 Dec 2023	Internally developed software 31 Dec 2023	Total 31 Dec 2023	Goodwill[1] 31 Dec 2022	Internally developed software 31 Dec 2022	Total 31 Dec 2022
Personal Banking	1,009	443	1,452	1,029	564	1,593
Business Banking	695	492	1,187	724	490	1,214
Large Corporates & Institutions	157	312	469	165	308	473
Asset & Wealth Management	366	210	576	344	237	581
Total	**2,227**	**1,457**	**3,684**	**2,262**	**1,599**	**3,861**
Other intangible assets[2]	–	–	142	–	–	144
Total intangible assets	**2,227**	**1,457**	**3,826**	**2,262**	**1,599**	**4,005**

1) Excluding goodwill in associated undertakings.
2) Including bought software licences outside internal development projects of EUR 103m (EUR 109m).

Movements in goodwill, EURm	31 Dec 2023	31 Dec 2022
Acquisition value at beginning of year	2,262	2,116
Acquisitions[1]	22	344
Disposals[2]	–	-141
Translation differences	-57	-57
Acquisition value at end of year	**2,227**	**2,262**
Accumulated impairment charges at beginning of year	–	-141
Disposals[2]	–	141
Accumulated impairment charges at end of year	**–**	**–**
Total	**2,227**	**2,262**

1) Refers to acquisitions of Advinans in 2023 and Nordea Pension in 2022, see Note G9.6 "Acquisitions".
2) Refers to Russia, see Note G2.5 "Total net result from items at fair value".

Movements in internally developed software, EURm	31 Dec 2023	31 Dec 2022
Acquisition value at beginning of year	2,983	2,794
Acquisitions	409	312
Acquisition of entities[1]	–	44
Sales/disposals	-853	-69
Translation differences	-36	-98
Acquisition value at end of year	**2,503**	**2,983**
Accumulated amortisation at beginning of year	-1,211	-955
Amortisation according to plan	-346	-322
Accumulated amortisation on sales/disposals	623	26
Translation differences	23	40
Accumulated amortisation at end of year	**-911**	**-1,211**
Accumulated impairment charges at beginning of year	-173	-196
Accumulated impairment charges on sales/disposals	230	43
Impairment charges	-193	-26
Translation differences	1	6
Accumulated impairment charges at end of year	**-135**	**-173**
Total	**1,457**	**1,599**

1) Refers to acquisition of Nordea Pension, see Note G9.6 "Acquisitions".

G5.2 Properties and equipment

Accounting policies

Properties and equipment consist of properties for own use, leasehold improvements, IT equipment, furniture and other equipment. Right-of-use assets under leasing agreements are presented in this item; see Note G5.4 "Leases" for more information. Items of properties and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprises its purchase price as well as any directly attributable costs of bringing the asset to the working condition for its intended use. Parts of an item of property and equipment are accounted for as separate items if they have different useful lives.

Owner-occupied properties backing issued insurance contracts with direct participation features are measured using the fair value model in accordance with IAS 40. For more information about valuation and processes, see Note G5.3 "Investment properties".

Improvements are recognised as assets if they provide an improved function of the asset, while maintenance does not improve the function of the assets and is expensed as incurred.

Properties and equipment are depreciated on a straight-line basis over the estimated useful life of the assets as specified below. The estimates of the useful life of different assets are reassessed on a yearly basis.

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	For changes within buildings, the shorter of 10 years and the remaining lease term. For new construction, the shorter of the principles used for owned buildings and the remaining lease term. Fixtures installed in leased properties are depreciated over the shorter of 10–20 years and the remaining lease term.

At each balance sheet date, Nordea assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

G5.2 Properties and equipment, cont.

Properties and equipment

EURm	31 Dec 2023 Owned assets measured at cost	31 Dec 2023 Owned assets measured at fair value	31 Dec 2023 Right-of-use assets	31 Dec 2023 Total	31 Dec 2022 Owned assets measured at cost	31 Dec 2022 Owned assets measured at fair value	31 Dec 2022 Right-of-use assets	31 Dec 2022 Total
Equipment	347	–	6	353	344	–	5	349
Land and buildings	28	39	1,233	1,300	29	43	1,252	1,324
Total	**375**	**39**	**1,239**	**1,653**	**373**	**43**	**1,257**	**1,673**
Equipment								
Acquisition value at beginning of year	1,309	–	13	1,322	1,343	–	14	1,357
Acquisitions	85	–	4	89	63	–	3	66
Sales/disposals	-303	–	-2	-305	-68	–	-3	-71
Translation differences	-17	–	0	-17	-29	–	-1	-30
Acquisition value at end of year	**1,074**	**–**	**15**	**1,089**	**1,309**	**–**	**13**	**1,322**
Accumulated depreciation at beginning of year	-958	–	-8	-966	-972	–	-8	-980
Accumulated depreciation on sales/disposals	296	–	2	298	65	–	3	68
Depreciation according to plan	-73	–	-3	-76	-68	–	-3	-71
Translation differences	12	–	0	12	17	–	0	17
Accumulated depreciation at end of year	**-723**	**–**	**-9**	**-732**	**-958**	**–**	**-8**	**-966**
Accumulated impairment charges at beginning of year	-7	–	–	-7	-8	–	–	-8
Accumulated impairment charges on sales/disposals	3	–	–	3	–	–	–	–
Translation differences	0	–	–	0	1	–	–	1
Accumulated impairment charges at end of year	**-4**	**–**	**–**	**-4**	**-7**	**–**	**–**	**-7**
Total	**347**	**–**	**6**	**353**	**344**	**–**	**5**	**349**
Land and buildings								
Acquisition value at beginning of year	33	28	1,803	1,864	36	17	1,777	1,830
Acquisitions	1	–	143	144	0	–	84	84
Sales/disposals	-1	–	-7	-8	-2	–	-34	-36
Reclassifications	–	–	-16	-16	–	12	–	12
Translation differences	-1	0	1	0	-1	-1	-24	-26
Acquisition value at end of year	**32**	**28**	**1,924**	**1,984**	**33**	**28**	**1,803**	**1,864**
Accumulated depreciation at beginning of year	-4	–	-539	-543	-4	–	-438	-442
Accumulated depreciation on sales/disposals	–	–	7	7	–	–	34	34
Depreciation according to plan	–	–	-149	-149	–	–	-144	-144
Reclassifications	–	–	6	6	–	–	–	–
Translation differences	–	–	-1	-1	–	–	9	9
Accumulated depreciation at end of year	**-4**	**–**	**-676**	**-680**	**-4**	**–**	**-539**	**-543**
Accumulated impairment charges at beginning of year	–	–	-12	-12	–	–	-14	-14
Reclassifications	–	–	3	3	–	–	–	–
Impairment charges, net	–	–	-6	-6	–	–	1	1
Translation differences	–	–	0	0	–	–	1	1
Accumulated impairment charges at end of year	**–**	**–**	**-15**	**-15**	**–**	**–**	**-12**	**-12**
Fair value adjustment at beginning of year	–	15	–	15	–	2	–	2
Fair value adjustment	–	-3	–	-3	–	1	–	1
Reclassifications	–	–	–	–	–	12	–	12
Translation differences	–	-1	–	-1	–	0	–	0
Fair value adjustment at end of year	**–**	**11**	**–**	**11**	**–**	**15**	**–**	**15**
Total	**28**	**39**	**1,233**	**1,300**	**29**	**43**	**1,252**	**1,324**

G5.3 Investment properties

Accounting policies

Investment property is property (land or a building or part of a building or both) held to earn rentals or for capital appreciation or both, rather than for Nordea's own use in the ordinary course of business.

Investment properties are recognised on the balance sheet when it is probable that the future economic benefits from the asset will flow to the company and the cost of the investment property can be measured reliably.

An investment property is initially measured at its cost. Transaction costs are included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenses. Directly attributable expenses include, for example, professional fees for legal services, property transfer taxes and other transaction costs.

Nordea applies the fair value model for subsequent measurement of investment properties. The best evidence of fair value is normally quoted prices in an active market for similar properties in the same location and condition. As these prices are rarely available, discounted cash flow projection models based on reliable estimates of future cash flows are also used. The fair value measurement of investment properties takes into account a market participant's ability to generate economic benefits through the highest and best use of the property, i.e. taking into account the use of the property in a way that is physically possible, legally permissible and financially feasible.

Net rental income, gains and losses as well as fair value adjustments are recognised directly in the income statement as "Net result from items at fair value".

Fair value measurements of investment properties are categorised under the three levels of the IFRS fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical investment properties (Level 1) and the lowest priority to unobservable inputs (Level 3). The categorisation of the investment properties is based on the lowest level input that is significant to the fair value measurement in its entirety.

For more information about the estimation of fair value and the fair value hierarchy, see Note G3.4 "Fair value".

Critical judgements and estimation uncertainty

Investment properties are measured at fair value. As there are normally no active markets for investment properties, the fair value is estimated based on discounted cash flow models. These models are based on assumptions about future rents, vacancy levels, operating and maintenance costs, yield requirements and interest rates.

The carrying amount of investment properties was EUR 2,928m (EUR 3,146m) at the end of the year.

Amounts recognised in the income statement[1]

EURm	2023	2022
Fair value adjustments[2]	-133	-76
Rental income	114	63
Direct operating expenses that generated rental income	-31	-28
Direct operating expenses that did not generate rental income	–	0
Total	**-50**	**-41**

1) Included in "Net result from items at fair value".
2) Excluding fair value adjustments on investment properties presented as "Assets in pooled schemes and unit-linked investments contracts" on the balance sheet.

Categorisation in the fair value hierarchy

All investment properties in Nordea are categorised as Level 3 in the fair value hierarchy. The fair value of these investment properties are presented in the table below.

Level 3 - Fair value of investment properties[1], EURm	31 Dec 2023	31 Dec 2022
Investment properties	2,199	2,288
- of which Life & Pension	2,191	2,286
Investment properties in pooled schemes and unit-linked investment contracts[2]	729	858
- of which Life & Pension	729	858
Total	**2,928**	**3,146**

1) All items are measured at fair value on the balance sheet on a recurring basis at the end of each reporting period.
2) For further information, see Note G3.11 "Assets and deposits in pooled schemes and unit-linked investment contracts".

Determination of fair value

The valuation of the investment properties takes into account the purpose and the nature of the properties by using the most appropriate valuation methods. The primary valuation approach is a discounted cash flow model using current cash flows, market interest rates and the current yield requirements. Fair value calculated, or model parameters provided, by external independent valuers covers 72% (74%) of the total fair value of investment properties on the balance sheet.

Movements in Level 3

The tables below present the movements in Level 3. Unrealised gains and losses relate to the investment properties held at the end of the year. Fair value gains and losses in the income statement during the year are included in "Net result from items at fair value" (see Note G2.5 "Total net result from items at fair value").

G5.3 Investment properties, cont.

2023, EURm	1 Jan 2023	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	Purchases/ issues	Sales	Reclassification[2]	Translation differences	31 Dec 2023
Investment properties	2,288	-18	-115	195	-105	3	-49	2,199
- of which Life & Pension	2,286	-18	-115	194	-104	-4	-48	2,191
Investment properties in assets in pooled schemes and unit-linked investment contracts[1]	858	-38	-11	25	-99	7	-13	729
- of which Life & Pension	858	-38	-11	25	-99	7	-13	729

2022, EURm	1 Jan 2022	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	Purchases/ issues	Sales	Reclassification	Translation differences	31 Dec 2022
Investment properties	1,633	-4	-72	918	-9	-118	-60	2,288
- of which Life & Pension	1,632	-4	-72	917	-9	-118	-60	2,286
Investment properties in assets in pooled schemes and unit-linked investment contracts[1]	734	-18	-15	76	–	93	-12	858
- of which Life & Pension	734	-18	-15	76	–	93	-12	858

1) For further information, see Note G3.11 "Assets and deposits in pooled schemes and unit-linked investment contracts".
2) Reclassification from/to the balance sheet item "Properties and equipment" (see Note G5.2 "Properties and equipment") due to changed use of property.

The valuation process for fair value measurements

The main part of the investment properties of Nordea is held by Life & Pension. The valuation of the investment properties is performed quarterly by the real estate units of each entity within Life & Pension with full or partial assistance from external valuers. For investment properties where units use their own methodologies, the changes in the price levels of the properties are compared with valuations of similar properties assessed by external valuers. The result of the valuations is presented to and approved by the local management of each entity. The CFO of each entity within Life & Pension is responsible for the approval of the concepts and for the values used. The principles used by all entities are in accordance with regulations provided by the local financial supervisory authorities, which are in accordance with international valuation principles and the IFRS.

In addition, there is an investment operations committee (IOC), which is a joint forum focusing on the valuation and accounting of investment operations issues within Life & Pension. The entities within Life & Pension report regularly to the IOC.

Life & Pension's investment properties are backing the insurance and investment contracts. This means that the impact on Nordea's income statement and on shareholders' equity is based on the profit structure of the portfolio of contracts backed by the investments.

G5.3 Investment properties, cont.

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

31 Dec 2023, EURm	Fair value[1]	Of which Life & Pension	Valuation techniques	Unobservable input	Range of unobservable input	Weighted average of unobservable input
Norway	737	737	Discounted cash flows	Market rent		
				- Commercial	EUR 120–143/m^2	125 EUR/m^2
				- Office	EUR 108–432/m^2	236 EUR/m^2
				- Other	EUR 120–385/m^2	306 EUR/m^2
				Yield requirement		
				- Commercial	6.5–6.5%	6.5%
				- Office	4.5–6.5%	5.3%
				- Other	4.6–6.0%	4.8%
Finland[2]	1,011	1,011	Discounted cash flows	Market rent		
				- Commercial	EUR 135–375/m^2	255 EUR/m^2
				- Office	EUR 123–543/m^2	333 EUR/m^2
				- Flat	EUR 186–300/m^2	243 EUR/m^2
				- Other	EUR 100–266/m^2	183 EUR/m^2
				Yield requirement		
				- Commercial	4.8–8.0%	6.4%
				- Office	3.9–11.0%	7.5%
				- Flat	3.9–5.1%	4.5%
				- Other	4.5–8.3%	6.4%
Sweden	367	367	Discounted cash flows	Market rent		
				- Commercial	EUR 75–207/m^2	127 EUR/m^2
				- Office	EUR 269–578/m^2	382 EUR/m^2
				- Flat	EUR 183–190/m^2	186 EUR/m^2
				Yield requirement		
				- Commercial	5.3–6.7%	5.9%
				- Office	4.3–5.5%	4.9%
				- Flat	4.2–4.4%	4.2%
Denmark	805	805	Discounted cash flows	Market rent		
				- Commercial	EUR 57–57/m^2	57 EUR/m^2
				- Office	EUR 74–228/m^2	139 EUR/m^2
				- Flat	EUR 148–241/m^2	150 EUR/m^2
				Yield requiremen		
				- Commercial	7.0–7.0%	7.0%
				- Office	4.3–6.8%	5.2%
				- Flat	4.0–5.3%	4.3%
Other	8	–	Discounted cash flows	–	–	–
Total	**2,928**	**2,920**				

1) Split based on the valuation methodologies used in different countries.
2) Of which EUR 729m is related to investment properties in pooled schemes and unit-linked investments in Life & Pension. For more information, see Note G3.11 "Assets and deposits in pooled schemes and unit-linked investment contracts".

G5.3 Investment properties, cont.

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

31 Dec 2022, EURm	Fair value[1]	Of which Life & Pension	Valuation techniques	Unobservable input	Range of unobservable input	Weighted average of unobservable input
Norway	946	946	Discounted cash flows	Market rent		
				- Commercial	EUR 119–138/m²	122 EUR/m²
				- Office	EUR 111–405/m²	240 EUR/m²
				- Other	EUR 119–390/m²	309 EUR/m²
				Yield requirement		
				- Commercial	6.0–6.0%	6.0%
				- Office	3.8–6.0%	4.5%
				- Other	3.8–6.0%	4.0%
Finland[2]	1,054	1,054	Discounted cash flows	Market rent		
				- Commercial	EUR 138–285/m²	212 EUR/m²
				- Office	EUR 123–528/m²	326 EUR/m²
				- Flat	EUR 192–294/m²	243 EUR/m²
				- Other	EUR 100–264/m²	182 EUR/m²
				Yield requirement		
				- Commercial	4.5–7.0%	5.9%
				- Office	3.4–10.5%	7.0%
				- Flat	3.2–4.8%	4.0%
				- Other	4.5–8.5%	6.5%
Sweden	333	333	Discounted cash flows	Market rent		
				- Commercial	EUR 70–205/m²	118 EUR/m²
				- Office	EUR 252–317/m²	276 EUR/m²
				- Flat	EUR 173–179/m²	176 EUR/m²
				Yield requirement		
				- Commercial	4.5–6.2%	5.2%
				- Office	4.1–4.9%	4.5%
				- Flat	3.8–3.9%	3.8%
Denmark	812	811	Discounted cash flows	Market rent		
				- Commercial	EUR 54–54/m²	54 EUR/m²
				- Office	EUR 111–222/m²	135 EUR/m²
				- Flat	EUR 141–205/m²	161 EUR/m²
				Yield requiremen		
				- Commercial	7.0–7.0%	7.0%
				- Office	4.0–6.8%	4.9%
				- Flat	3.5–4.8%	3.9%
Other	1	–	Discounted cash flows	–	–	–
Total	**3,146**	**3,144**				

1) Split based on the valuation methodologies used in different countries.
2) Of which EUR 858m is related to investment properties in pooled schemes and unit-linked investments in Life & Pension. For more information, see Note G3.11 "Assets and deposits in pooled schemes and unit-linked investment contracts".

The significant unobservable inputs used in the fair value measurement of the investment properties are market rent and yield requirement. Significant increases (decreases) in the market rate or yield requirement would in isolation result in a significantly lower (higher) fair value.

G5.4 Leases

Accounting policies

A lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Nordea as lessor

Finance leases are reported as receivables from the lessee and included in "Loans to the public" (see Note G3.8 "Loans") at an amount equal to the net investment in the lease. The lease payment, excluding cost of services, is recorded as repayment of principal and interest income. The income allocation is based on a pattern reflecting a constant periodic return on the net investment outstanding in respect of the finance lease.

Nordea as lessee

At inception Nordea assesses whether a contract is or contains a lease.

The right to use an asset in a lease contract is recognised on the commencement date as a right-of-use (ROU) asset and the obligation to pay lease payments is recognised as a lease liability. The ROU asset is initially measured as the present value of the lease payments plus initial direct costs and the cost of obligations to refurbish the asset less any lease incentives received. Non-lease components are separated. The discount rate used to calculate the lease liability for each contract is the incremental borrowing rate at commencement of the contract. In significant premises contracts the rate implicit in the contract may be used if available.

The ROU assets are presented as similar owned assets and the lease liabilities as "Other liabilities" on the balance sheet. The depreciation policy is consistent with that of similar owned assets, but the depreciation period is capped at the end of the lease term. Impairment testing of the ROU assets is performed according to the same principles that apply to similar owned assets. Interest expense on lease liabilities is presented as "Interest expense" in the income statement.

The assets are classified as "Land and buildings" and "Equipment". Equipment mainly comprises vehicles and IT hardware. Nordea applies the practical expedient for short-term contracts (with a contract term of 12 months or less) both for Land and buildings and for Equipment. The practical expedient for low-value assets is applied to Equipment.

Short-term and low-value contracts are not recognised on the balance sheet and the payments are recognised as "Other expenses" in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of Nordea's benefit.

The lease term is the expected lease term. This comprises the non-cancellable period of lease contracts and any options that Nordea is reasonably certain to exercise. The length of contracts with no end date is estimated by considering all facts and circumstances.

Embedded leases

Agreements can contain a right to use an asset in return for a payment or a series of payments although the agreement is not in the legal form of a lease contract. If applicable, these assets are separated from the contract and accounted for as leased assets.

Critical judgements and estimation uncertainty

For a lessee, critical judgement has to be exercised when estimating the expected lease term by considering all facts and circumstances that create an economic incentive to exercise an extension or termination option. The expected lease term for contracts with no end date is estimated in the same way. Backstop rules on the average expected lifetime of different types of real estate contracts are used as a guidance when making the estimate for branch offices. A more detailed analysis is performed for more significant contracts. Head office contracts are estimated to be more long term in nature than branch office contracts where the business environment is changing at a more rapid pace. The backstop rule of branch offices is currently limiting the expected lease term of contracts with no end date and contracts with extension options to five years. It is possible to deviate from the backstop rule if the circumstances show that Nordea is likely to stay for a longer/shorter period. The carrying amount of ROU assets was EUR 1,239m (EUR 1,257m) at the end of the year.

For a lessor, critical judgement has to be exercised when classifying lease contracts. A lease is classified as a finance lease if it transfers substantially all the risks and rewards related to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards related to ownership.

G5.4 Leases, cont.

Nordea as lessor

Nordea's leasing operations comprise finance leases. The leased assets mainly comprise vehicles, machinery and other equipment.

The table below shows a reconciliation of gross investments and the present value of future minimum lease payments.

EURm	31 Dec 2023	31 Dec 2022
Gross investments	10,670	10,099
Less unearned finance income	-1,741	-1,211
Net investments in finance leases	**8,929**	**8,888**
Less unguaranteed residual values accruing to the benefit of the lessor	-4	-10
Present value of future minimum lease payments receivable	**8,925**	**8,878**
Accumulated allowance for uncollectible minimum lease payments receivable	-19	-21

The residual value risk of finance leases is carried by the vendor or by the lessee according to the terms of the contract.

As at 31 December 2023 the gross investment and the net investment by remaining maturity were distributed as follows:

	31 Dec 2023	
EURm	Gross investment	Net investment
2024	2,896	2,516
2025	2,598	2,196
2026	2,372	1,946
2027	1,623	1,334
2028	633	518
Later years	548	419
Total	**10,670**	**8,929**

Nordea as lessee

Leases are mainly related to office premises contracts but also to company cars, IT hardware and other assets normal to the business. The premises are mainly divided into branch offices and head offices. The premises contracts are actively managed with focus on the effective use of the premises and changes in the business environment. The lease payments generally include fixed payments and especially in premises contracts also variable payments that depend on an index.Residual value guarantees or purchase options are generally not used.

Lease expenses are disclosed in the table below.

EURm	2023	2022
Expense related to short-term leases	-11	-12
Expense related to low-value leases	0	0
Expense related to variable payments	-17	-19
Interest expense	-11	-9
Sub-lease income	1	2
Total cash outflow for leases	-158	-163

The table below shows the contractual maturity of undiscounted cash flows on lease liabilities.

EURm	31 Dec 2023	31 Dec 2022
Less than one year	124	125
1–2 years	111	95
2–5 years	262	202
5–10 years	335	306
10–15 years	294	263
15–20 years	101	164
20–25 years	2	10
Total	**1,229**	**1,165**

More information on right-of-use assets and the maturity profile can be found in Note G5.2 "Properties and equipment" and in Note G10.3 "Maturity analysis".

The lease liability does not include future estimated cash flows for significant committed leases not yet commenced, amounting to approximately EUR 121m at the end of the year.

Nordea operates from leased premises. The premises are mainly divided into head office contracts, branch office contracts and other contracts.

The expected lease term in most of the premises contracts is 1–10 years, whereas the expected lease term of the main head office contracts in the Nordic countries is 10–25 years. These contracts usually have renewal options. The head office contracts generally have fixed lease terms, whereas branch office contracts either have fixed lease terms or are without an end date with the right to terminate. The termination clauses are generally 6–12 months. The main principle is that premises contracts do not contain purchase options. Company car contracts generally have a fixed lease term of less than five years.

G6 Provisions

Accounting policies

Provisions (which are presented as a liability) are recognised when Nordea has a present obligation (legal or constructive) as a result of a past event if it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, where a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Accounting policies relating to employee benefits are further described in Note G8 "Employee benefits and key management personnel remuneration" and relating to financial guarantee contracts and credit commitments in Note G7 "Off-balance sheet items". Accounting policies for provisions for off-balance sheet items can be found in Note G3.8 "Loans".

Critical judgements and estimation uncertainty

Within the framework of normal business operations, Nordea faces a number of operational and legal risks potentially resulting in reputational impacts, fines, sanctions, disputes, losses and/or litigation. This includes potential claims related to the provision of banking and investment services and other areas in which Nordea operates. Currently, such claims are mainly related to lending and insolvency situations, various investment services, and sub-custody and withholding taxation matters. At present, none of the current claims are considered likely to have any significant adverse effect on Nordea or its financial position. As previously stated, Nordea expects to be fined in Denmark for weak AML processes and procedures in the past and has made a provision for ongoing AML-related matters. Nordea cannot exclude the possibility of fines which could impact the bank's financial performance. In addition, some of these proceedings could lead to litigation. See also section 6 "Compliance Risk" in Note G11 "Risk and liquidity management" and Note G7.1 "Contingent liabilities".

Provisions

EURm	31 Dec 2023	31 Dec 2022
Restructuring	75	78
Guarantees/commitments	168	184
Other	128	89
Total	**371**	**351**

Provisions for restructuring costs were utilised by EUR 41m in 2023, and new provisions amounting to EUR 48m were accounted for. The remaining provisions are related to staff restructuring (EUR 61m) and premises-related obligations (EUR 14m).

The staff-related provision is related to contracts entered into, or activities communicated but not yet finalised, where payments remain to be executed on. These contracts are entered into in the ordinary course of business. Approximately EUR 50m out of the total restructuring provision EUR 75m is expected to be utilised/paid out in 2024. All staff-related activities are expected to be executed on in 2024, but payments are expected to extend into 2025. As for any other provision, there is uncertainty surrounding the timing and the amount to be finally paid. The uncertainty is expected to decrease as the plans are executed.

Loan loss provisions on off-balance sheet items amounted to EUR 168m (EUR 184m). More information on these provisions can be found in section 2 "Credit risk" in Note G11 "Risk and liquidity management" and Note G7 "Off-balance sheet items".

More information on the provision for AML-related matters can be found in section 6.3 "Financial crime prevention" in Note G11 "Risk and liquidity management".

	Restructuring		Other	
EURm	2023	2022	2023	2022
At beginning of year	78	127	89	104
New provisions made	48	27	65	1
Provisions utilised	-41	-68	-27	-14
Reversals	-7	-5	0	-1
Reclassifications	-1	–	1	–
Translation differences	-2	-3	0	-1
At end of year	**75**	**78**	**128**	**89**

G7 Off-balance sheet items

G7.1 Contingent liabilities

Accounting policies

A contingent liability is:
- a possible obligation whose existence will be confirmed only by future event(s) not wholly within Nordea's control, or
- a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised as liabilities on the balance sheet but disclosed as an off-balance sheet item unless the possibility of an outflow is remote.

When an outflow is more likely than not, a provision is recognised on the balance sheet. The accounting policies covering provisions can be found in Note G6 "Provisions".

Guarantees and documentary credits are recognised on the balance sheet under the expected credit loss requirements as further defined in Note G3.8 "Loans". Changes in provisions are recognised in the income statement in the line item "Net loan losses".

Premiums received for financial guarantees are amortised over the guarantee period and recognised as "Fee and commission income" in the income statement. The contractual amounts are recognised off balance sheet, net of any provisions.

The table below includes all issued guarantees, also those for which the possibility of an outflow of resources is considered remote.

Contingent liabilities

EURm	31 Dec 2023	31 Dec 2022
Loan guarantees	1,650	2,486
Other guarantees	18,177	18,000
Documentary credits	582	598
Other contingent liabilities	80	79
Total	**20,489**	**21,163**

In its normal business, Nordea issues various forms of guarantees in favour of its customers. Loan guarantees are provided for customers to guarantee obligations in other credit and pension institutions. Other guarantees mainly consist of commercial guarantees such as bid guarantees, advance payment guarantees, warranty guarantees and export-related guarantees. Contingent liabilities also include unutilised irrevocable import documentary credits and confirmed export documentary credits. These transactions are part of the bank's services and support Nordea´s customers.

The Annual General Meeting 2023 decided that Nordea Bank Abp will cover or reimburse the members of the Board of Directors all costs and expenses related to or arising from the Board membership, including travel, logistics and accommodation as well as consultative, legal and administrative costs. The legal costs can e.g. include required costs of legal defence and claims made (during and after their period of office) against Board members in cases where Board members are not found liable or guilty of any intentional wrongdoing or grossly negligent behaviour.

As of 1 June 2023, members of the GLT are afforded coverage and reimbursement corresponding to that of the Board in instances related to or arising from the respective GLT membership of each member. In addition, as of 2019, Nordea Bank Abp has undertaken to indemnify the members of the GLT against legal expenses incurred in relation to certain claims or investigations by third parties based on circumstances or events which occurred during the members' respective terms of office, excluding crimes or actions made with intent or gross negligence, up to a capped aggregate amount of EUR 37.5m, unless the Board decides otherwise on a case-by-case basis.

Nordea Bank Abp has undertaken, in relation to certain individuals and on certain conditions, to be responsible for the potential payment liability against these individuals in their capacity of managing directors or board members of group undertakings of Nordea Bank Abp.

Nordea Bank Abp purchases directors and officers liability insurance, which provides cover for personal liabilities of its Board of Directors and management as well as liability assumed by the bank to a certain extent following indemnification undertakings. The terms and conditions including the total limit of liability of the directors and officers liability insurance programme are in line with large European banks.

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age. For further information, see Note G8.4 "Key management personnel remuneration".

Within the framework of normal business operations, Nordea faces a number of operational and legal risks potentially resulting in reputational impacts, fines, sanctions, disputes, losses and/or litigation. This includes potential claims related to the provision of banking and investment services and other areas in which Nordea operates. Currently, such claims are mainly related to lending and insolvency situations, various investment services, and sub-custody and withholding taxation matters. At present, none of the current claims are considered likely to have any significant adverse effect on Nordea or its financial position. As previously stated, Nordea expects to be fined in Denmark for weak AML processes and procedures in the past and has made a provision for ongoing AML-related matters. Nordea cannot exclude the possibility of fines which could impact the bank's financial performance. In addition, some of these proceedings could lead to litigation. See also section 6 "Compliance risk" in Note G11 "Risk and liquidity management" and Note G6 "Provisions".

G7.2 Commitments

Accounting policies

Commitments are irrevocable promises to extend credit or make other types of payments in the future. Unutilised credit facilities are also disclosed as commitments.

Irrevocable commitments are recognised on the balance sheet under the expected credit loss requirements as further defined in Note G3.8 "Loans". Changes in provisions are recognised in "Net loan losses" in the income statement.

Premiums received on credit commitments are generally amortised over the loan commitment period. The contractual amounts are recognised off balance sheet, net of any provisions.

Commitments

EURm	31 Dec 2023	31 Dec 2022
Unutilised overdraft facilities	27,411	26,929
Loan commitments	55,362	60,074
Future payment obligations	726	889
Other commitments	1,885	1,716
Total	**85,384**	**89,608**

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on the settlement date. As at 31 December 2023 Nordea had signed reverse repurchase agreements that have not yet been settled and consequently are not recognised on the balance sheet. On the settlement date, these reverse repurchase agreements will, as far as possible, replace existing reverse repurchase agreements not yet derecognised as at 31 December 2023. The net impact on the balance sheet is minor. These instruments have not been disclosed as commitments.

For more information on reverse repurchase agreements, see Note G3.2 "Transferred assets and obtained collateral".

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

Nordea entered into an agreement with Danske Bank to acquire its Norwegian personal customer and private banking business and associated asset management portfolios on 19 July 2023. The Norwegian Competition Authority announced its approval of the acquisition on 15 December 2023. The Financial Supervisory Authority in Norway announced its approval relating to the acquisition of the personal customer and private banking business on 7 February 2024. The Financial Supervisory Authority will evaluate the acquisition of the associated asset management portfolios at a later stage. Nordea expects to close the acquisition in late 2024.

At the end of 2022 the business to be transferred comprised approximately 285,000 customers, lending and deposit volumes of EUR 18bn and EUR 4bn, respectively, and approximately EUR 2bn in assets under management. These amounts are not reflected in the table above. The committed purchase price is close to the net fair value of financial assets and liabilities acquired on closing. There was no impact on financial statements in 2023.

See "Other information" on page 46 for more information.

G7.3 Assets pledged

Accounting policies

Assets recognised on the balance sheet and pledged as security for Nordea's own liabilities are disclosed as "Assets pledged as security for own liabilities". Assets recognised on the balance sheet and pledged for other than own liabilities are disclosed as "Assets pledged as security for other than own liabilities". Securities borrowed and then used as collateral are presented as "Transferred assets and obtained collateral" on the balance sheet (see Note G3.2 "Transferred assets and obtained collateral" for accounting policies).

Assets pledged

EURm	31 Dec 2023	31 Dec 2022
Assets pledged as security for own liabilites	185,339	190,211
Assets pledged as security for other than own liabilities	236	253
Total	**185,575**	**190,464**

Assets pledged as security for own liabilities

EURm	31 Dec 2023	31 Dec 2022
Assets pledged as security for own liabilities		
Securities etc.	3,098	2,622
Loans to the public	158,540	165,286
Other assets pledged	23,701	22,303
Total	**185,339**	**190,211**
The above pledges pertain to the following liabilities[1]		
Deposits by credit institutions	7,369	11,689
Deposits and borrowings from the public	1,358	1,873
Derivatives	7,284	7,761
Debt securities in issue[2]	117,768	114,109
Other liabilities and commitments	14,855	1,990
Total	**148,634**	**137,422**

1) Liabilities after offsetting between assets and liabilities on the balance sheet.
2) Excluding fair value hedge adjustment.

Assets pledged as security for own liabilities comprise securities pledged as security under repurchase agreements and under securities lending agreements. The transactions are conducted under standard agreements employed by financial market participants. Counterparties to the transactions are credit institutions and the public. The transactions are typically short term and mature within three months.

Securities related to life operations are also pledged as security for the corresponding insurance liabilities.

Loans to the public have been registered as collateral for issued covered bonds and mortgage bonds in line with local legislation. In the event of the company´s insolvency, the holders of these bonds have priority to the assets registered as collateral.

Other assets pledged relate to certificates of deposit pledged by Nordea to comply with the authorities' requirements.

Assets pledged as security for other than own liabilities

Other assets pledged mainly relate to interest-bearing securities pledged as security for payment settlements with central banks and clearing institutions and amounted to EUR 236m (EUR 253m). Only securities pledged for overnight liquidity are disclosed (securities pledged for intraday liquidity are excluded). Collateral pledged for items other than Nordea´s own liabilities, e.g. for a third party or for Nordea´s own contingent liabilities, is also presented under this item.

G8 Employee benefits and key management personnel remuneration

All forms of consideration given by Nordea to its employees as compensation for services performed are employee benefits. Employee benefits consist of short-term benefits, post-employment benefits and share-based payment plans.

Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Short-term benefits consist mainly of fixed and variable salary. For more information, see Note 8.1 "Fixed and variable salaries".

Post-employment benefits are benefits payable after termination of the employment. Post-employment benefits in Nordea consist only of pensions. For more information, see Note 8.2 "Pensions".

Share-based payment plans cover share-based payments for services from employees. For more information, see Note G8.3 "Share-based payment plans".

In addition, remuneration to key management personnel is disclosed in Note G8.4 "Key management personnel remuneration".

Additional disclosures on remuneration

The Board of Directors' report includes a separate section on remuneration, see page 78. Further, in accordance with the Finnish Corporate Governance Code 2020 the Remuneration Report for Governing Bodies 2023 will be prepared for the Annual General Meeting on 21 March 2024. Finally, aggregated disclosures for key management personnel and material risk takers (Pillar III, CRR article 450) will be published on nordea.com ahead of the Annual General Meeting.

G8.1 Fixed and variable salaries

Accounting policies

Short-term benefits

Short-term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees perform services for Nordea.

Short-term benefits related to the fulfilment of insurance contracts accounted for under IFRS 17 are included gross in this note, but subsequently transferred out from "Staff costs" and accounted for according to the accounting policies defined in Note G4 "Insurance contract liabilities" and Note G2.4 "Net insurance result".

Short-term benefits that fulfil the capitalisation requirements defined in the accounting policies in Note G5.1 "Intangible assets" are included gross in this note, but subsequently capitalised and added to "Intangible assets" on the balance sheet.

Termination benefits

Termination benefits normally arise if employment is terminated before the normal retirement date or if an employee accepts an offer of voluntary redundancy.

Termination benefits are expensed when Nordea has an obligation to make the payment. An obligation arises when a formal plan has been committed to on the appropriate organisational level and when Nordea is without realistic possibility of withdrawal, which normally occurs when the plan has been communicated to the affected individual or employee(s) or their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement.

Nordea's Short Term Incentive Plans

Nordea operates Short Term Incentive Plans (STIPs). These are the Nordea Incentive Plan (NIP), which is offered to the CEO and members of the Group Leadership Team (GLT) and, subject to invitation, to other employees, or bonus schemes (bonus) for selected employees in specific business areas or units as approved by the Board of Directors (Board). The NIP should primarily be used for roles where variable remuneration is a widespread market practice and makes up a significant part of the total remuneration package.

STIPs have been offered for several years primarily as the Executive Incentive Programme (EIP) and since 2022 as the NIP with similar terms and conditions.

The STIPs cover a performance period of one year and deliver cash to the participants and if they are material risk takers also share awards. Deferral is applied for material risk takers to part of the award for delivery annually in equal instalments over the following four or five years and subject to a 12-month retention period. Variable remuneration paid in cash and not linked to Nordea's share price performance is expensed when earned and included in "Fixed and variable salaries" below. Amounts earned and deferred in shares or linked to Nordea's share price performance, also expensed as "Fixed and variable salaries" in the below table, are disclosed in the separate Note G8.3 "Share-based payment plans".

Staff costs

EURm	2023	2022
Fixed and variable salaries[1]	-2,360	-2,195
Pension costs (specification in Note G8.2)	-272	-277
Social security contributions	-431	-407
Other staff costs	-58	-82
Total	**-3,121**	**-2,961**
Transfer of expenses to fulfil insurance contracts in scope of IFRS 17	80	42
Expenses capitalised in IT development projects[2]	133	126
Total	**-2,908**	**-2,793**

1) Of which allocation to profit sharing for 2023 amounted to EUR 70m (EUR 67m), consisting of a new allocation of EUR 68m (EUR 67m) and an adjustment related to prior years of EUR 2m (EUR 0m).
2) See Note G5.1 "Intangible assets".

G8.2 Pensions

Accounting policies

Defined contribution plans

Pension plans that are based on defined contribution arrangements hold no pension liability for Nordea. Pension costs for defined contribution plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. In general, the payment is associated with and settled through regular salary payments. Nordea also contributes to state pension plans.

Pension costs for defined contribution plans related to the fulfilment of insurance contracts accounted for under IFRS 17 are included gross in this note, but subsequently transferred from "Staff costs" and accounted for according to the accounting policies defined in G4 "Insurance contract liabilities" and Note G2.4 "Net insurance result".

G8.2 Pensions, cont.

Pension costs for defined contribution plans that fulfil the capitalisation requirements defined in the accounting policies in Note G5.1 "Intangible assets" are included gross in this note, but subsequently capitalised and added to "Intangible assets" on the balance sheet.

Defined benefit plans

IAS 19 ensures that the pension obligations net of plan assets backing these obligations are reflected on the Group's balance sheet. The major defined benefit plans are funded, covered by assets in pension funds/foundations. If the fair value of plan assets associated with a specific pension plan is lower than the gross present value of the defined benefit obligation determined using the projected unit credit method, the net amount is recognised as a liability ("Retirement benefit liabilities"). If not, the net amount is recognised as an asset ("Retirement benefit assets"). Non-funded pension plans are recognised as "Retirement benefit liabilities". Also plans that fulfil the accounting requirements for defined contribution plans are accounted for as defined benefit plans if the payment obligations have not been transferred.

Nordea's net obligation for defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current period and prior periods. That benefit is discounted to determine its present value. Actuarial calculations, including the projected unit credit method, are applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions. Current service cost and past service cost are recognised in the income statement in the current year. Current service cost is defined as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods triggered by plan amendments or curtailments.

The present value of the obligation and the fair value of any plan assets are impacted by changes in actuarial assumptions (discount rates (interest rates and credit spreads), inflation, salary increases, turnover and mortality) and experience effects, including actual outcome compared to assumptions. The remeasurement effects are recognised immediately in equity through other comprehensive income.

The discount rate is determined by reference to high-quality corporate bonds where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In Sweden, Norway and Denmark, the discount rate is determined with reference to covered bonds, whereas in Finland and the UK it is determined with reference to corporate bonds. In Sweden, Norway, Finland and Denmark, the observed bond credit spreads over the swap curve are derived from long-dated covered or corporate bonds and extrapolated to the same duration as the pension obligations using the relevant swap curves. In the UK, the corporate bond credit spread over the government bond rate is extrapolated to the same duration as the pension obligations using the government bond curve.

When the calculation results in a net asset, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contributions are calculated and accounted for based on the net recognised surplus or deficit by plan and are included on the balance sheet as "Retirement benefit liabilities" or "Retirement benefit assets".

Pension costs for defined benefit plans related to the fulfilment of insurance contracts accounted for under IFRS 17 are included gross in this note, but subsequently transferred from "Staff costs" and accounted for according to the accounting policies defined in G4 "Insurance contract liabilities" and Note G2.4 "Net insurance result".

Pension costs for defined benefit plans that fulfil the capitalisation requirements defined in the accounting policies in Note G5.1 "Intangible assets" are included gross in this note, but subsequently capitalised and added to "Intangible assets" on the balance sheet.

Critical judgements and estimation uncertainty

The defined benefit obligation for major pension plans is calculated by external actuaries using demographic assumptions based on the current population. As a basis for these calculations a number of actuarial and financial parameters are used.

The estimation of the discount rate is subject to uncertainty about whether corporate bond markets are deep enough and of high quality. There is also uncertainty about the extrapolation of yield curves to relevant maturities. Other parameters, like assumptions about salary increases and inflation, are based on the expected long-term development of these parameters and also subject to estimation uncertainty. The main parameters used at year end are disclosed together with a description of the sensitivity to changes in assumptions. The defined benefit obligation was EUR 2,849m (EUR 2,910m) at the end of the year.

Pension costs

The companies within Nordea have various pension plans. They consist of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where Nordea operates.

Pension costs

EURm	2023	2022
Defined contribution plans	-247	-236
Defined benefit plans[1]	-20	-36
Defined contribution plans where payment obligations have not been transferred[1]	-5	-5
Total	**-272**	**-277**

1) Excluding special wage tax (SWT) in Sweden and social security contributions (SSC) in Norway totalling EUR -9m (EUR -10m).

Defined contribution plans

All new employees have been offered defined contribution plans since 2013 when the defined benefit plan in Sweden was closed for new members. The defined contribution plans follow the local collective agreements and regulations in each country.

In Norway, Nordea is part of a collectively agreed multi-employer pension plan in the private sector (AFP), providing entitled employees with a lifelong addition to their regular pensions. As no information is available on Nordea's share of the liabilities/assets and pension cost, the AFP is accounted for as a defined contribution plan in accordance with IAS 19.

The AFP plan is financed by an annual premium, for 2023 equal to 2.6% of employees' salary between 1 and 7.1 times the Norwegian social security base amount ("G"). The premium for 2023 amounted to EUR 3m (EUR 3m).

G8.2 Pensions, cont.

Defined benefit plans

The plans are operated in accordance with local regulatory requirements, collective agreements and local practice and are generally employer-financed final salary and service-based pension plans providing pension benefits in addition to the statutory systems. All defined benefit plans are closed for new entrants; new employees are offered defined contribution plans.

In Sweden, 2,699 (2,842) employees earn defined benefit pension rights as the primary pension plan. In Finland, 1,178 (1,273) employees earn defined benefit pension rights as a supplementary pension to the statutory pension plan (TyEL).

In Norway, 244 (271) employees earn defined benefit pension rights as the primary pension plan. Further, 1,241 (1,308) employees have defined contribution plans where the payment obligations have not been transferred, which means that they are accounted for as defined benefit plans.

Retirement benefit assets and liabilities

EURm	31 Dec 2023	31 Dec 2022
Funded defined benefit plans with net asset positions	225	165
Funded defined benefit plans with net liability positions	-23	-36
Unfunded defined benefit plans	-230	-233
Defined contribution plans where payment obligations have not been transferred	-34	-29
Net liability (-)/asset (+)	**-62**	**-133**

In general, the liabilities are safeguarded by assets in dedicated pension funds or foundations or alternatively by credit insurance (Sweden only). Pension funds and foundations hold both the assets and the pension liabilities, except for Sweden where the pension foundation serves as collateral for the pension liabilites held by Nordea.

Minimum funding requirements differ between the pension funds and foundations according to local regulatory requirements. The funding requirement is generally that the pension obligations measured using local requirements must be covered in full by a local predefined surplus. Other pension plans are not covered by funding requirements and are generally unfunded. The respective Nordea entities issuing the defined pension benefit serve as the sponsoring entity in accordance with the EU IORP II Directive.

Defined benefit plans impact Nordea via changes in the net present value of obligations and/or changes in the market value of plan assets.

IAS 19 pension calculations and assumptions

Calculations of major plans are performed by external liability calculators and are based on actuarial assumptions reflecting long-term expectations.

The assumptions disclosed for 2023 impact the liability calculations by year-end 2023, while assumptions disclosed for 2022 impact the calculations of 2023 pension expenses.

Assumptions

	SE	NO	FI	DK	UK
2023					
Discount rate	3.04%	3.81%	2.92%	2.65%	4.71%
Salary increase	2.60%	3.50%	2.80%	2.25%	–[2]
Inflation	1.60%	2.25%	2.30%	–[1]	3.50%
Mortality	DUS21	K2013BE	TyEL 2016	FSA 23	CMI 2023
2022					
Discount rate	3.28%	3.40%	2.95%	3.20%	4.68%
Salary increase	3.00%	3.50%	3.10%	2.25%	–[2]
Inflation	2.00%	2.00%	2.60%	–[1]	3.50%
Mortality	DUS21	K2013BE	TyEL 2016	FSA 22	CMI 2022

1) Pensions in Denmark are salary indexed, no inflation impact on defined benefit liabilities.

2) No active employees in the UK, no impact from salary increases.

Sensitivities – impact on defined benefit obligations

%	SE	NO	FI	DK	UK
Discount rate - Increase 50bp	-8.8%	-6.8%	-5.1%	-3.9%	-6.6%
Discount rate - Decrease 50bp	9.9%	7.5%	5.6%	4.2%	7.4%
Salary increase - Increase 50bp	1.7%	0.1%	0.2%	4.3%	–
Salary increase - Decrease 50bp	-1.4%	-0.1%	-0.2%	-4.1%	–
Inflation - Increase 50bp	9.6%	7.6%	4.1%	–	1.2%
Inflation - Decrease 50bp	-8.6%	-6.9%	-3.9%	–	-1.2%
Mortality - Increase 1 year	4.4%	3.6%	4.4%	6.1%	3.3%
Mortality - Decrease 1 year	-4.4%	-4.7%	-4.3%	-5.9%	-3.3%

The sensitivity analyses are prepared by changing one actuarial assumption while keeping the other assumptions unchanged. This is a simplified approach as the actuarial assumptions are usually correlated. However, it makes it possible to isolate one effect from another. The method used for calculating the impact on the obligations is the same as when calculating the obligations accounted for in the financial statements. The sensitivity analyses include the impact on the liabilities held for future special wage tax (SWT) in Sweden and social security contributions (SSC) in Norway.

Net retirement benefit liabilities/assets

EURm	SE 2023	NO 2023	FI 2023	DK 2023	UK 2023	Total 2023	Total 2022
Obligations	1,447	689	584	71	58	2,849	2,910
Plan assets	1,411	586	629	88	73	2,787	2,777
Net liability(-)/asset(+)	**-36**	**-103**	**45**	**17**	**15**	**-62**	**-133**
- of which plans with net assets	73	70	47	20	15	225	165
- of which plans with net liabilities	109	173	2	3	–	287	298

G8.2 Pensions, cont.

Movements in obligations

2023, EURm	SE	NO	FI	DK	UK	Total
Opening balance	1,454	719	609	69	59	2,910
Current service cost	16	5	1	–	–	22
Interest cost	45	21	17	3	3	89
Pensions paid	-70	-33	-39	-6	-3	-151
Past service cost and settlements	0	–	0	–	–	0
Remeasurement from changes in demographic assumptions	–	–	–	-1	-2	-3
Remeasurement from changes in financial assumptions	-39	23	-16	4	0	-28
Remeasurement from experience adjustments	78	-4	12	2	0	88
Translation differences	-1	-44	–	0	1	-44
Change in provision for SWT/SSC[1]	-36	2	–	–	–	-34
Closing balance	**1,447**	**689**	**584**	**71**	**58**	**2,849**
- of which relates to the active population	19%	8%	9%	–	–	14%

2022, EURm	SE	NO	FI	DK	UK	Total
Opening balance	2,033	830	744	88	106	3,801
Current service cost	29	6	2	–	–	37
Interest cost	28	15	5	1	2	51
Pensions paid	-69	-32	-38	-5	-5	-149
Past service cost and settlements	1	–	0	–	–	1
Remeasurement from changes in demographic assumptions	8	–	–	-1	0	7
Remeasurement from changes in financial assumptions	-558	-81	-129	-15	-41	-824
Remeasurement from experience adjustments	123	19	25	1	1	169
Translation differences	-132	-36	–	0	-4	-172
Change in provision for SWT/SSC[1]	-9	-2	–	–	–	-11
Closing balance	**1,454**	**719**	**609**	**69**	**59**	**2,910**
- of which relates to the active population	20%	11%	10%	–	–	15%

1) Change in the provision for SWT in Sweden and SSC in Norway.

The average duration of the obligations is 15 (15) years in Sweden, 13 (13) years in Norway, 11 (11) years in Finland, 8 (9) years in Denmark and 15 (15) years in the UK based on discounted cash flows.

Movements in the fair value of plan assets

2023, EURm	SE	NO	FI	DK	UK	Total
Opening balance	1,335	625	650	90	77	2,777
Interest income (calculated using the discount rate)	42	19	18	3	4	86
Pensions paid	–	-24	-39	-6	-2	-71
Contributions/refunds by/to employer	0	4	1	–	–	5
Remeasurement (actual return less interest income)	32	0	-1	1	-6	26
Translation differences	2	-38	–	0	0	-36
Closing balance	**1,411**	**586**	**629**	**88**	**73**	**2,787**

2022, EURm	SE	NO	FI	DK	UK	Total
Opening balance	1,858	723	823	112	137	3,653
Interest income (calculated using the discount rate)	26	14	5	1	2	48
Pensions paid	–	-24	-39	-5	-5	-73
Contributions/refunds by/to employer	1	2	-6	1	–	-2
Remeasurement (actual return less interest income)	-429	-57	-133	-19	-51	-689
Translation differences	-121	-33	–	0	-6	-160
Closing balance	**1,335**	**625**	**650**	**90**	**77**	**2,777**

G8.2 Pensions, cont.

Asset composition

Assets are invested in diversified portfolios as further disclosed below, with bond exposures mitigating the interest rate risk related to the obligations and a fair amount of real assets (inflation protected) reducing the long-term inflationary risk related to the liabilities.

The asset return in 2023 was positive in all Nordic countries. Results were driven by strong equity and stable fixed income returns. In the UK, higher local interest rates led to overall negative returns. The combined return was 4.0% (-17.5%).

At the end of the year, the equity exposure in Nordea´s pension funds/foundations represented 19% (21%) of total assets. The Group expects to contribute EUR 5m to its funded defined benefit plans in 2024.

Asset composition in funded schemes

%	SE 2023	NO 2023	FI 2023	DK 2023	UK 2023	Total 2023	Total 2022
Bonds	83%	74%	63%	84%	94%	77%	75%
- sovereign	35%	38%	29%	24%	94%	35%	36%
- covered bonds	31%	29%	9%	60%	–	26%	25%
- corporate bonds	17%	7%	25%	–	–	16%	14%
- issued by Nordea entities	*2%*	*4%*	–	–	–	*2%*	*2%*
- with quoted market price in an active market	*83%*	*74%*	*63%*	*84%*	*94%*	*77%*	*75%*
Equities	25%	12%	15%	10%	6%	19%	21%
- domestic	5%	4%	4%	10%	2%	5%	5%
- European	3%	4%	4%	–	–	3%	4%
- US	4%	4%	4%	–	3%	4%	5%
- emerging	5%	–	3%	–	1%	3%	3%
- private equity	8%	–	–	–	–	4%	4%
- Nordea shares	–	–	–	–	–	*0%*	*0%*
- with quoted market price in an active market	*17%*	*12%*	*15%*	*10%*	*6%*	*15%*	*17%*
Real estate[1]	–	15%	20%	–	–	8%	8%
- occupied by Nordea	–	–	*10%*	–	–	*2%*	*1%*
Interest rate swaps	-9%	-1%	–	–	–	-5%	-6%
Insurance contracts	–	–	1%	6%	–	0%	1%
Cash and cash equivalents	1%	0%	1%	0%	0%	1%	1%

1) The geographical location of real estate follows the geographical location of the relevant pension plan.

Defined benefit pension cost

The total net pension cost related to defined benefit plans (DBPs) recognised in the Group's income statement (as staff costs) for the year amounted to EUR 34m (EUR 51m). Total pension costs comprise defined benefit pension costs as well as costs related to defined contribution plans (DCPs)(see specification in the table "Pension costs" on page 184).

Recognised in the income statement

2023, EURm	SE	NO[1]	FI	DK	UK	Total
Current service cost	16	5	1	–	–	22
Net interest	3	2	-1	0	-1	3
Past service cost and settlements	0	–	0	–	0	0
SWT/SSC[2]	8	1	–	–	–	9
Pension costs related to DBPs (expense+/income-)	**27**	**8**	**0**	**0**	**-1**	**34**
2022, EURm	**SE**	**NO[1]**	**FI**	**DK**	**UK**	**Total**
Current service cost	29	6	2	–	–	37
Net interest	2	1	0	0	0	3
Past service cost and settlements	1	–	0	–	–	1
SWT/SSC[2]	9	1	–	–	–	10
Pension costs related to DBPs (expense+/income-)	**41**	**8**	**2**	**0**	**0**	**51**

1) "Current service cost" of EUR 4m (EUR 4m) and "Net interest" of EUR 1m (EUR 1m) related to defined contribution plans where payment obligations have not been transferred.
2) Costs related to SWT in Sweden and SSC in Norway.

G8.2 Pensions, cont.

Pension costs related to defined benefit plans, excluding past service cost and related special wage tax and social security contributions, decreased in 2023 compared with 2022.

Recognised in other comprehensive income

2023, EURm	SE	NO	FI	DK	UK	Total
Remeasurement from changes in demographic assumptions	–	–	–	-1	-2	-3
Remeasurement from changes in financial assumptions	-39	23	-16	4	0	-28
Remeasurement from experience adjustments	78	-4	12	2	0	88
Remeasurement of plan assets (actual return less interest income)	-32	0	1	-1	6	-26
SWT/SSC[1]	2	3	–	–	–	5
Pension costs related to DBPs (expense+/income-)	**9**	**22**	**-3**	**4**	**4**	**36**

2022, EURm	SE	NO	FI	DK	UK	Total
Remeasurement from changes in demographic assumptions	8	–	–	-1	0	7
Remeasurement from changes in financial assumptions	-558	-81	-129	-15	-41	-824
Remeasurement from experience adjustments	123	19	25	1	1	169
Remeasurement of plan assets (actual return less interest income)	429	57	133	19	51	689
SWT/SSC[1]	0	-1	–	–	–	-1
Pension costs related to DBPs (expense+/income-)	**2**	**-6**	**29**	**4**	**11**	**40**

1) Cost related to SWT in Sweden and SSC in Norway.

G8.3 Share-based payment plans

Accounting policies

Equity-settled plans

An equity-settled share-based payment transaction occurs when Nordea receives goods or services and uses its own equity instruments as consideration. Such transactions are recognised as a staff expense and a corresponding increase in equity. The expense is measured at the fair value of the goods or services received unless that fair value cannot be estimated reliably. In such cases, the expense is measured by reference to the fair value of the equity instruments awarded, which is the method used by Nordea.

When Nordea issues such instruments, the award date fair value of these rights is expensed on a straight-line basis over the vesting period. The fair value per right is estimated at award date and not subsequently updated. The vesting period is the period over which the employees have to remain in service at Nordea in order for their rights to vest.

For rights with non-market performance conditions, the amount expensed is the award date fair value per right multiplied by the best estimate of rights that will eventually vest, which is reassessed at each reporting date. For rights with market performance conditions, the total fair value is estimated based on the fair value of each right times the maximum number of rights at award date. Market conditions are taken into account when estimating the fair value of the equity instruments awarded. Therefore, if all other vesting conditions (e.g. service conditions) are met, Nordea recognises the expense for awards of equity instruments with market conditions over the vesting period irrespective of whether that market condition is satisfied.

Social security costs are also allocated over the vesting period. The provision for social security costs is reassessed on each reporting date to ensure that the provision is based on the rights' fair value at the reporting date.

Cash-settled plans

A cash-settled share-based payment transaction occurs when Nordea acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price of equity instruments of Nordea. For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. The liability is remeasured at fair value at the end of each reporting period, with any changes in fair value recognised in the line item "Net result from items at fair value" in the income statement.

Nordea's share-based remuneration plans

Nordea has several variable pay plans for selected Nordea employees (participants). The terms of the plans vary depending on the target group. Disclosures related to the share-based plans can be found below. All remuneration plans are also described in the section "Remuneration" on page 78 of the Board of Directors' report.

Until the end of the performance/financial year 2018, Nordea's share-based variable remuneration plans were partly in the form of equity-linked total shareholders' return indexation (excluding dividends) and partly in the form of cash. The plans were consequently generally settled in cash and the portion indexed with Nordea's total shareholders' return was accounted for as a cash-settled share-based payment plan. The total shareholders' return indexation resulted in a loss of EUR 1m in 2023 related to the remaining deferred payments stemming from these plans.

Starting from the 2019 performance year, share-based variable pay plans are partly in the form of cash not linked to the Nordea share and partly in the form of Nordea shares, which makes the portion paid in Nordea shares equity-settled share-based plans. Total shareholders' return indexation may

G8.3 Share-based payment plans, cont.

be used for share-based variable pay plans, subject to operational, administrative or tax issues as well as regulations that apply to certain legal entities.

The table below covers all plans with share-based plan expenses recognised in 2023 as well as the comparative figures for 2022. Figures for 2023 are based on the expected outcome and all figures are excluding social security expenses. The expense for 2023 is based on an assumption about the number of shares that will be awarded and deferred for delivery in later years.

Share-based payment plans

Plan year	Equity-settled or cash-settled	Delivery period	Expense 2023	Expense 2022	Liability 31 Dec 2023	Liability 31 Dec 2022	Outstanding rights
2023							
- LTIP 2023-2025	Equity-settled	2026–2031	2	–	–	–	Yes[1]
- NIP and bonus	Equity-settled	2024–2029	13	–	–	–	Yes[2]
- Buy-outs etc.	Equity-settled	2023–2027	0	–	–	–	Yes[2]
2022							
- LTIP 2022-2024	Equity-settled	2025–2030	2	1	–	–	Yes[3]
- NIP and bonus	Equity-settled	2023–2028	5	12	–	–	Yes
- Buy-outs etc.	Equity-settled	2022–2026	0	0	–	–	Yes
2021							
- LTIP 2021-2023	Equity-settled	2024–2029	1	1	–	–	Yes
- EIP	Equity-settled	2022–2027	-1	-5	–	–	Yes
- VSP and bonus	Equity-settled	2022–2027	0	8	–	–	Yes
- Buy-outs etc.	Equity-settled	2022–2023	0	0	–	–	Yes
Previous years	Cash-settled	2022–2028	1	-2	6	7	No
	Equity-settled	2022–2025	-3	-3	–	–	Yes
Total			**20**	**12**	**6**	**7**	

1) Rights will be awarded following the end of the three-year performance period (2023–2025) over the delivery period (2026–2031).
2) Rights will be awarded in 2024 based on the performance in 2023.
3) Rights will be awarded following the end of the three-year performance period (2022–2024) over the delivery period (2025–2030).

Nordea's Long Term Incentive Plans

Nordea operates Long Term Incentive Plans (LTIP) for the Chief Executive Officer (CEO), members of the Group Leadership Team (GLT) in the first line of defence and approximately 50 additional senior leaders each year. The LTIP has been in place in Nordea since 2020. On 1 February 2023 the Board decided to launch an LTIP (LTIP 2023-2025) to the same target group as in 2022, being the CEO and members of the GLT in the first line of defence and approximatey 50 senior leaders.

The LTIPs cover a performance period of three years, respectively, from when they were launched, and are fully equity-settled. The LTIPs deliver conditional shares to the participants, i.e. a promise for the participant to receive shares if certain performance criteria are met.

The maximum number of shares allocated to the participants is decided when the LTIPs are launched and the final number of shares to be awarded to each participant will be determined after the end of the three-year performance period. No shares are awarded at the time when the LTIPs are launched and the conditional shares allocated.

After the end of the performance period and once the Board has decided on the share award from the LTIP, deferral is applied to part of the share award for delivery annually in equal instalments over the following five-year period. Shares delivered to the participants are subject to a 12-month retention period during which the participants cannot sell them or perform any other transactions.

The LTIPs are expensed on a straight-line basis over the vesting period, as outlined on the following pages covering each of the LTIPs.

G8.3 Share-based payment plans, cont.

LTIP	LTIP 2020–2022	LTIP 2021–2023	LTIP 2022–2024	LTIP 2023–2025
Launch decision by the Board	11 June 2020	31 March 2021	31 March 2022	1 February 2023
Performance period	1 January 2020–31 December 2022	1 January 2021–31 December 2023	1 January 2022–31 December 2024	1 January 2023–31 December 2025
Target group	CEO and members of the GLT in first line of defence	CEO and members of the GLT in first line of defence and up to 50 additional senior leaders	CEO and members of the GLT in first line of defence and up to 50 additional senior leaders	CEO and members of the GLT in first line of defence and approximately 50 senior leaders
Maximum number of shares expected to be allocated at origination	650,000	1,397,500	1,535,000	1,769,622
Award date	Second quarter of 2023	Second quarter of 2024	Second quarter of 2025	Second quarter of 2026
Performance criteria	Equally weighted: Absolute total shareholder return (aTSR) Relative total shareholder return (rTSR) Cumulative earnings per share (EPS)	Equally weighted: Absolute total shareholder return (aTSR) Relative total shareholder return (rTSR) Cumulative earnings per share (EPS)	Equally weighted: Absolute total shareholder return (aTSR) Relative total shareholder return (rTSR) Cumulative earnings per share (EPS)	Absolute total shareholder return (aTSR) - 20% Relative total shareholder return (rTSR) - 20% Cumulative earnings per share (EPS) - 40% ESG scorecard - 20%
Service condition	Employed within the Nordea Group during the 3–8-year vesting period	Employment is not terminated before the confirmation of the award	Employment is not terminated before the confirmation of the award	Employment is not terminated before the confirmation of the award
Performance condition aTSR	Absolute growth in the Nordea share price (with dividends reinvested) Maximum allotment for aTSR above EUR 12.00. No allotment for aTSR below EUR 6.50	Absolute growth in the Nordea share price (with dividends reinvested) Maximum allotment for aTSR above EUR 13.10. No allotment for aTSR below EUR 7.60	Absolute growth in the Nordea share price (with dividends reinvested) Maximum allotment for aTSR above EUR 14.97. No allotment for aTSR below EUR 9.84	Absolute growth in the Nordea share price (with dividends reinvested) Maximum allotment for aTSR above EUR 15.62. No allotment for aTSR below EUR 10.27
Performance condition rTSR	Growth in the Nordea share price (with dividends reinvested) compared with a group of nine peers Maximum allotment for rTSR if Nordea is first among peers. No allotment for rTSR if Nordea is sixth or lower among peers	Growth in the Nordea share price (with dividends reinvested) compared with a group of nine peers Maximum allotment for rTSR if Nordea is first among peers. No allotment for rTSR if Nordea is sixth or lower among peers	Growth in the Nordea share price (with dividends reinvested) compared with a group of five peers Maximum allotment for rTSR if Nordea is first among peers. No allotment for rTSR if Nordea is fifth or lower among peers	Growth in the Nordea share price (with dividends reinvested) compared with a group of five peers Maximum allotment for rTSR if Nordea is first among peers. No allotment for rTSR if Nordea is fifth or lower among peers
Performance condition EPS	Total earnings per share for the period 2021–2022 Maximum allotment for EPS above EUR 1.80. No allotment for EPS below EUR 1.20	Total earnings per share for the period 2021–2023 Maximum allotment for EPS above EUR 2.56. No allotment for EPS below EUR 2.00	Total earnings per share for the period 2022–2024 Maximum allotment for EPS above EUR 3.20. No allotment for EPS below EUR 2.40	Total earnings per share for the period 2023–2025 Maximum allotment for EPS above EUR 3.95. No allotment for EPS below EUR 3.11
Performance condition ESG	–	–	–	7 KPIs related to ESG targets, equally weighted
Risk-adjustment underpin rTSR	No payout occurs if Nordea average ROE (as reported) 2020–2022 is below 3% or absolute TSR 2020-2022 is not at least 0%	No payout occurs if Nordea average ROE (as reported) 2021–2023 is below 3% or absolute TSR 2021-2023 is not at least 0%	No payout occurs if Nordea average ROE (as reported) 2022–2024 is below 3% or absolute TSR 2022-2024 is not at least 0%	No payout occurs if Nordea average ROE (as reported) 2023–2025 is below 3% or absolute TSR 2023-2025 is not at least 0%
Cap	Total allocation cannot exceed 200% of the participant's salary	Total allocation cannot exceed 200% of the participant's salary	Total allocation cannot exceed 200% of the participant's salary	Total allocation cannot exceed 200% of the participant's salary
Delivery mechanism	40% of the potential share award is delivered to the participant in the second quarter of 2023. The remaining 60% will be deferred and delivered annually in five equal instalments during the second quarter of 2024 to the second quarter of 2028	40% of the potential share award is delivered to the participant in the second quarter of 2024. The remaining 60% will be deferred and delivered annually in five equal instalments during the second quarter of 2025 to the second quarter of 2029	40% of the potential share award is delivered to the participant in the second quarter of 2025. The remaining 60% will be deferred and delivered annually in five equal instalments during the second quarter of 2026 to the second quarter of 2030	40% of the potential share award is delivered to the participant in the second quarter of 2026. The remaining 60% will be deferred and delivered annually in five equal instalments during the second quarter of 2027 to the second quarter of 2031
Leaver rules	Unvested shares will not be delivered if the employment is terminated before the award payment, however, subject to local regulations and leaver provisions, unless the criteria for a "good leaver" is fulfilled	Unvested shares will not be delivered if the employment is terminated before the award has been granted, however, subject to local regulations and leaver provisions, unless the criteria for a "good leaver" is fulfilled	Unvested shares will not be delivered if the employment is terminated before the award has been granted, however, subject to local regulations and leaver provisions, unless the criteria for a "good leaver" is fulfilled	Unvested shares will not be delivered if the employment is terminated before the award has been granted, however, subject to local regulations and leaver provisions, unless the criteria for a "good leaver" is fulfilled
Ex-ante adjustment mechanism	If the financial circumstances of Nordea deteriorate or if the participant breaches internal policies, the awards to be given can be reduced or cancelled	If the financial circumstances of Nordea deteriorate or if the participant breaches internal policies, the awards to be given can be reduced or cancelled	If the financial circumstances of Nordea deteriorate or if the participant breaches internal policies, the awards to be given can be reduced or cancelled	If the financial circumstances of Nordea deteriorate or if the participant breaches internal policies, the awards to be given can be reduced or cancelled
Ex-post adjustment mechanism	Clawback can be applied in similar situations to ex-ante adjustments	Clawback can be applied in similar situations to ex-ante adjustments	Clawback can be applied in similar situations to ex-ante adjustments	Clawback can be applied in similar situations to ex-ante adjustments

G8.3 Share-based payment plans, cont.

General conditions for the LTIPs

The ex-ante and ex-post adjustment conditions stated in the overview on the previous page are assessed not to affect the valuation of the issued rights or the date when the rights are awarded as the likelihood is low and all participants are aware of these conditions from the start.

General conditions	LTIP 2020–2022	LTIP 2021–2023	LTIP 2022–2024	LTIP 2023–2025
Ordinary share per right	1.0	1.0	1.0	1.0
Allocation date	11 June 2020	31 March 2021	31 March 2022	31 March 2023
Vesting period	3–8 years	3 years	3 years	3 years
Contractual life	8 years	8 years	8 years	8 years
First day of access for the first portion	Q2 2024	Q2 2025	Q2 2026	Q2 2027

General conditions for calculating value at allocation date

The fair value of the rights is calculated using a Monte Carlo simulation (rTSR and aTSR) and the Black & Scholes formula (EPS) based on the following parameters:

General conditions	LTIP 2020–2022	LTIP 2021–2023	LTIP 2022–2024	LTIP 2023–2025
Weighted average share price at allocation date, EUR	6.41	8.41	9.38	10.62
Exercise price, EUR	–	–	–	–
Expected volatility	29.1%[1]	31.3%[2]	33.3%[2]	33.3%[2]
Award life	See above	See above	See above	See above
Expected dividends	6.2%	6.6%	4.2%	6.3%
Risk-free interest rate	0.0%	0.0%	0.28%	2.49%

1) The expected volatility is based on Nordea's historical daily share price volatility over a period of three years of 33.9% and has been adjusted for one-off events (COVID-19) which are not expected to be repeated in the future, i.e. Nordea's historical share price volatility from pre-March 2020 is used. Taking this into account Nordea has excluded the period of highest share price volatility from the calculation of the expected volatility at the allocation date (being the period from 9 March 2020 to 25 March 2020). Removing this period results in a historical share price volatility of 29.1%.

2) The expected volatility is based on Nordea's historical daily share price volatility over a historical period of three years.

LTIP 2020–2022 – Fair value at allocation date and conditional rights outstanding

Fair value at allocation date	Vesting date					
	Q2 2023	Q2 2024	Q2 2025	Q2 2026	Q2 2027	Q2 2028
Maximum number of shares	260,000	78,000	78,000	78,000	78,000	78,000
Award life years	3	4	5	6	7	8
aTSR	1.40	1.31	1.23	1.16	1.09	1.02
rTSR	1.83	1.71	1.61	1.51	1.41	1.33
EPS	4.74	4.46	4.19	3.94	3.70	3.48

Conditional rights	aTSR		rTSR		EPS	
	2023	2022	2023	2022	2023	2022
Outstanding at beginning of year	216,667	216,667	216,667	216,667	216,667	216,667
Allocated	86,667	–	86,667	–	86,667	–
Forfeited	–	–	–	–	–	–
Outstanding at end of year	130,000	216,667	130,000	216,667	130,000	216,667

LTIP 2021–2023 – Fair value at allocation date and conditional rights outstanding

Fair value at allocation date	Vesting date					
	Q2 2024	Q2 2025	Q2 2026	Q2 2027	Q2 2028	Q2 2029
Maximum number of shares	559,000	167,700	167,700	167,700	167,700	167,700
Award life years	3	4	5	6	7	8
aTSR	2.90	2.77	2.64	2.52	2.41	2.30
rTSR	2.38	2.27	2.16	2.06	1.97	1.88
EPS	6.45	6.16	5.89	5.62	5.37	5.13

Conditional rights	aTSR		rTSR		EPS	
	2023	2022	2023	2022	2023	2022
Outstanding at beginning of year	465,833	488,333	465,833	488,333	465,833	488,333
Allocated	–	–	–	–	–	–
Forfeited	34,167	22,500	34,167	22,500	34,167	22,500
Outstanding at end of year	431,667	465,833	431,667	465,833	431,667	465,833

G8.3 Share-based payment plans, cont.

LTIP 2022–2024 – Fair value at allocation date and conditional rights outstanding

Fair value at allocation date	Vesting date					
	Q2 2025	Q2 2026	Q2 2027	Q2 2028	Q2 2029	Q2 2030
Maximum number of shares	614,000	184,200	184,200	184,200	184,200	184,200
Award life years	3	4	5	6	7	8
aTSR	3.11	2.98	2.86	2.74	2.62	2.52
rTSR	2.58	2.47	2.37	2.27	2.17	2.08
EPS	7.23	6.93	6.65	6.38	6.12	5.87

Conditional rights	aTSR		rTSR		EPS	
	2023	2022	2023	2022	2023	2022
Outstanding at beginning of year	511,667	–	511,667	–	511,667	–
Allocated	–	511,667	–	511,667	–	511,667
Forfeited	41,111	–	41,111	–	41,111	–
Outstanding at end of year	470,556	511,667	470,556	511,667	470,556	511,667

LTIP 2023–2025 – Fair value at allocation date and conditional rights outstanding

Fair value at allocation date	Vesting date					
	Q2 2026	Q2 2027	Q2 2028	Q2 2029	Q2 2030	Q2 2031
Maximum number of shares	707,849	212,354	212,354	212,354	212,354	212,357
Award life years	3	4	5	6	7	8
aTSR	4.25	3.98	3.73	3.49	3.27	3.07
rTSR	3.36	3.15	2.95	2.76	2.59	2.43
EPS	7.73	7.26	6.81	6.40	6.01	5.64
ESG	7.73	7.26	6.81	6.40	6.01	5.64

Conditional rights	aTSR 2023	rTSR 2023	EPS 2023	ESG 2023
Allocated	353,924	353,924	707,849	353,924
Forfeited	17,000	17,000	34,000	17,000
Outstanding at end of year	336,924	336,924	673,849	336,924

Expired Long Term Incentive Plans – 2012

The LTIP 2012 was fully expensed in May 2015. All shares in the LTIP 2012 are fully vested and consequently not conditional. 60% of the vested shares were deferred with forfeiture clauses in line with regulatory requirements and allotted over a five-year period, for the LTIP 2012 starting in May 2015.

The share balance outstanding is 3,015 matching shares, 9,045 performance shares I and 3,015 performance shares II at the end of the year.

Share-based variable remuneration plans other than LTIP plans

This section covers the variable share-based plans where TSR indexation (cash-settled plan up until 2018) and shares (equity-settled plans as from 2019) are used for deferral/retention. For the 2023 performance year, the plans are classified as the Nordea Incentive Plan (NIP) and bonus schemes (bonus).

The plans are annual plans with a service condition for the respective years and are fully expensed in the year when they are earned (one-year vesting period). The individual allocations are awarded at the beginning of the subsequent year.

The aim of the NIP is to strengthen Nordea's capability to recruit, motivate and retain the GLT, senior leaders as well as selected people leaders and specialists, and to reward strong performance. The NIP 2023 rewards performance meeting agreed predetermined targets on Group, business unit and individual level. The effect on the long-term results is to be considered when determining the targets. NIP awards will not exceed the fixed salary and are subject to deferral for material risk takers. It includes ex-ante and ex-post risk adjustment clauses and retention applies in line with relevant remuneration regulations.

In 2023 bonus was offered only to selected groups of employees in specific business areas or units as approved by the Board, e.g. in Large Corporates & Institutions, Nordea Asset Management, Nordea Funds and within Treasury in Group Finance. The aim is to ensure strong performance and maintain cost flexibility for Nordea. Individual awards are determined based on detailed performance assessments covering a range of financial and non-financial goals. 2022 bonus awards were paid in cash. For material risk takers, awards are partly delivered in shares with subsequent retention. Parts of the bonus awards for material risk takers are subject to a four- to five-year pro rata deferral period with forfeiture conditions applying during the deferral period.

Deferrals from the NIP, Executive Incentive Programme (EIP), VSP and bonus plans not yet delivered to the participants as of 31 December 2023 are summarised in the following tables, including deferrals from the Leaders of Transformation Variable plan (offered in 2018–2019) and deferrals stemming from compensation for contracts in previous employments (buy-outs). Such agreements can be offered only in exceptional cases, in the context of hiring new staff, limited to the first year of employment.

G8.3 Share-based payment plans, cont.

Share-linked deferrals (cash-settled)

The table below shows the remaining liabilities for the cash-settled share-based plans, mainly used 2014–2018.

EURm	2023	2022
Opening balance	7	24
Deferred/earned during the year	1	1
TSR indexation during the year	1	-2
Payments during the year	-3	-16
Translation differences	0	0
Closing balance	**6**	**7**

The closing balances are expected to be settled the following years:

EURm	2023	2022
2023	–	3
2024	3	3
2025	2	1
2026	1	0
2027	0	0
2028	0	0
2029	0	–
Total	**6**	**7**

2019–2022 share-linked deferrals (equity-settled)

Starting from the 2019 performance year, share-based variable pay plans are partly in the form of cash and partly in the form of Nordea shares, which makes the portion paid in Nordea shares an equity-settled share-based plan.

In the Nordea Incentive Plan (NIP) 2022, EUR 32m was expensed for variable remuneration to be paid in cash and EUR 12m to be paid in shares. In 2023 these were adjusted to EUR 9m for the portion delivered in shares and an additional expense of EUR 5m in cash, while the bonus plans added an additional equity-settled expense of EUR 8m. In 2023 2,323,421 shares in Nordea were allotted to the participants in these plans, corresponding to EUR 26m based on the share price at the award date. In total 2,446,248 shares were awarded to the participants. These shares had a fair value of EUR 27m based on the share price at the award date.

The awarding of shares in the plans for 2023 is decided during spring 2024 and thus not included in the below tables but in full recognised as an expense in the income statement in 2023.

Number of shares	2023	2022
Outstanding at beginning of year	2,967,541	2,523 ,663
Awarded[1]	2,446,248	2,243,143
Forfeited	–	-2,823
Allotted[2]	-2,323,421	-1,796,442
Outstanding at end of year	**3,090,368**	**2,967,541**
- of which currently exercisable	–	–

1) Awarded rights in 2023 are the number of shares from 2022 variable remuneration plans awarded in 2023. Allotment of rights has been deferred following retention requirements by the Nordic FSAs. There is no exercise price for the deferred rights.

2) Allotted rights are subject to a one-year retention period after allotment to participants. Includes shares that have been allotted to participants but withheld to cover income taxes or social charges.

The outstanding rights are expected to be allotted the following years:

	2023	2022
2023	–	1,179,841
2024	1,125,019	823,724
2025	813,998	512,699
2026	692,906	399,361
2027	344,203	51,916
2028	114,242	–
Total	**3,090,368**	**2,967,541**

G8.4 Key management personnel remuneration

Accounting policies

For information about the accounting policies see Note G8.1 "Fixed and variable salaries", Note G8.2 "Pensions" and Note G8.3 "Share-based payment plans". For definition of key management personnel see Note G10.4 "Related party transactions".

Board remuneration

The Annual General Meeting (AGM) 2023 decided on annual remuneration for the Board of Directors (Board), for the Chair amounting to EUR 352,000, for the Vice Chair EUR 165,500 and for other members EUR 105,500.

Annual remuneration for Board committee work on the Board Remuneration and People Committee amounts to EUR 49,500 for the committee chair and EUR 29,000 for the other members. For all other committee chairs the annual remuneration paid for Board committee work amounts to EUR 67,000 and for other members EUR 33,500.

No remuneration is paid to members who are employed by the Nordea Group.

In addition, Nordea covers or reimburses the members of the Board all costs and expenses related to or arising from the Board membership. Any benefits are included at taxable values.

There are no commitments for severance pay, pension or other remuneration for the members of the Board at 31 December 2023.

No Board member earns variable remuneration and employee representatives are not included in the table below.

G8.4 Key management personnel remuneration, cont.

Remuneration of the Board of Directors

EUR	2023	2022
Chair of the Board:		
Stephen Hester[1]	398,125	97,000
Torbjörn Magnusson[2, 3]	–	282,925
Vice Chair of the Board:		
Lene Skole[4]	149,250	–
Torbjörn Magnusson[2, 3]	47,000	47,000
Stephen Hester[1]	–	94,000
Kari Jordan[7]	–	44,450
Other Board members:		
Arja Talma[6]	167,750	125,250
Birger Steen	196,000	197,725
Claudia Dill[7]	–	40,300
John Maltby	204,375	197,725
Jonas Synnergren	137,875	141,175
Kjersti Wiklund[6]	179,500	125,250
Lene Skole[6, 4]	33,625	100,875
Nigel Hinshelwood[7]	–	48,100
Per Strömberg[5]	126,000	–
Petra von Hoeken	204,375	189,925
Risto Murto[5]	104,250	–
Robin Lawther[3]	32,500	128,950
Sarah Russell[7]	–	39,250
Total	**1,980,625**	**1,899,900**

1) Chair of the Board from 1 October 2022, Vice Chair of the Board from 24 March 2022 until 30 September 2022.
2) Vice Chair of the Board from 1 October 2022, Chair of the Board from 24 March 2022 until 30 September 2022.
3) Resigned as a member of the Board as from the 2023 AGM.
4) Vice Chair of the Board as from the 2023 AGM.
5) New member of the Board as from the 2023 AGM.
6) New member of the Board as from the 2022 AGM.
7) Resigned as a member of the Board as from the 2022 AGM.

Remuneration of the Chief Executive Officer, the Deputy Managing Director and the Group Leadership Team

The Board Remuneration and People Committee prepares changes in the remuneration package for the Chief Executive Officer (CEO), the Deputy Managing Director and the other members of the Group Leadership Team (GLT), for resolution by the Board. This includes the fixed remuneration, the outcome of the 2023 Nordea Incentive Plan (NIP), the allocation of conditional shares under the Long Term Incentive Plan (LTIP) and subsequent awarding of shares from the LTIP, as well as other changes.

See Note G8.3 "Share-based payment plans" for further details on the Short Term Incentive Plans (STIPs) (NIP/EIP) and the LTIP 2020–2022, LTIP 2021–2023, LTIP 2022–2024 and LTIP 2023–2025.

The presentation of remuneration used in the Remuneration Report for Governing Bodies is different from the presentation and accounting policies under IFRS applied in the Annual Report, especially related to the Long Term Incentive Plan.

Fixed remuneration

The fixed salary is paid in local currencies and converted into euro based on the average exchange rate each year. The fixed salary includes holiday pay and car allowance where applicable.

Benefits primarily include car benefits, tax consultation and housing. Benefits are included at taxable values after salary deductions (if any).

The pension expense is related to pension premiums paid under defined contribution plans and pension rights earned during the year under defined benefit plans ("Current service cost" as well as "Past service cost and settlements" as defined in IAS 19).

EUR 2,345,547 (EUR 2,336,438) of the total pension expense relates to defined contribution plans, corresponding to 98.6% (97.4%).

G8.4 Key management personnel remuneration, cont.

Remuneration of the Chief Executive Officer, the Deputy Managing Director and the Group Leadership Team

Fixed remuneration

	Fixed salary		Pension expense (DCP & DBP)		Benefits		Total fixed remuneration	
EUR	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Chief Executive Officer:								
Frank Vang-Jensen	1,524,679	1,469,743	437,167	423,031	90,179	105,985	2,052,025	1,998,759
Deputy Managing Director:								
Jussi Koskinen	564,398	545,545	207,491	192,950	19,024	18,391	790,913	756,886
Group Leadership Team:								
10 (10) individuals excluding Chief Executive Officer and Deputy Managing Director	6,792,715	6,831,481	1,733,651	1,781,737	166,753	178,296	8,693,119	8,791,514
Total	**8,881,792**	**8,846,769**	**2,378,309**	**2,397,718**	**275,956**	**302,672**	**11,536,057**	**11,547,159**

Variable remuneration

	STIP (NIP)		LTIP[1]		Total variable remuneration		Total remuneration – fixed and variable	
EUR	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Chief Executive Officer:								
Frank Vang-Jensen	1,025,025	981,140	583,314	531,536	1,608,339	1,512,676	3,660,364	3,511,435
Deputy Managing Director:								
Jussi Koskinen	373,256	354,792	205,685	177,178	578,941	531,970	1,369,854	1,288,856
Group Leadership Team:								
10 (10) individuals excluding Chief Executive Officer and Deputy Managing Director	4,389,698	4,148,166	2,140,236	1,886,840	6,529,934	6,035,006	15,223,053	14,826,520
Total	**5,787,979**	**5,484,098**	**2,929,235**	**2,595,554**	**8,717,214**	**8,079,652**	**20,253,271**	**19,626,811**

1) Defined as the expense calculated under IFRS 2 for LTIP 2020-2022, LTIP 2021-2023, LTIP 2022-2024, LTIP 2023-2025.

Variable remuneration

The STIP 2023 (NIP) award for the CEO, the Deputy Managing Director and the GLT is based on specific goals and targets and is capped at maximum 75% of the fixed base salary, except for the Chief Risk Officer and the Chief Compliance Officer, who have a cap of 100%.

40% of the NIP 2023 award will be paid out in 2024. The remaining 60% will be paid annually on a pro rata basis over five years with 12% vesting each year. 50% of the 2023 NIP award is delivered in Nordea shares (excluding dividends) at each transfer event. The shares are subject to retention for 12 months when the deferral period ends. The award from the NIP 2023 has been expensed in full in 2023.

Further, the CEO, the Deputy Managing Director and the GLT members participate in the share-based LTIP 2020–2022, LTIP 2021–2023, LTIP 2022–2024 and LTIP 2023–2025 as decided by the Board and launched in accordance with the "Remuneration Policy for Governing Bodies" adopted by an advisory vote at Nordea's AGM 2020 and applicable until AGM 2024.

The Chief Risk Officer and the Chief Compliance Officer roles do not participate in the LTIP programmes.

Remuneration of the Chief Executive Officer

Frank Vang-Jensen was appointed CEO on 5 September 2019.

The annual fixed base salary (not including holiday pay etc.) for the CEO amounts to EUR 1,459,350 as from 1 January 2023.

The CEO is covered by a defined contribution plan scheme with a pension contribution of 30% of the fixed base salary.

Benefits primarily included car, housing, security and travelling-related benefits as well as tax advice, amounting to EUR 90,179.

The NIP 2023 was based on specific targets and capped at a maximum of 75% of the fixed base salary. For 2023 the award from the NIP amounted to EUR 1,025,025.

For 2023 the IFRS 2 expense amounted to EUR 51,426 for the LTIP 2020–2022, EUR 139,608 for the LTIP 2021–2023, EUR 166,927 for the LTIP 2022–2024 and EUR 225,353 for the LTIP 2023–2025.

The CEO must hold a significant number of the shares awarded under the LTIP 2020–2022, LTIP 2021–2023, LTIP 2022–2024 and LTIP 2023–2025 until the total value of shareholdings corresponds to 100% of the CEO's annual gross salary. Such shares must be held until the CEO steps down.

The total expensed remuneration for 2023 amounted to EUR 3,660,364.

Remuneration of the Deputy Managing Director

Jussi Koskinen was appointed Deputy Managing Director on 10 September 2019.

The annual fixed base salary (not including holiday pay etc.) for the Deputy Managing Director amounts to EUR 559,287 as from 1 January 2023.

The Deputy Managing Director is covered by a defined contribution plan with a pension contribution amounting to 8.5% of the fixed base salary in addition to the Finnish statutory pension scheme. According to the statutory pension rules, the part of the NIP 2023 for the GLT outcome paid in cash in 2024 must be included in pensionable income.

The benefits for 2023 amounted to EUR 19,024 and primarily included car benefits.

The NIP 2023 was based on specific targets and could amount to a maximum of 75% of the fixed base salary. For 2023 the award from the NIP amounted to EUR 373,256.

G8.4 Key management personnel remuneration, cont.

For 2023 the IFRS 2 expense amounted to EUR 17,142 for the LTIP 2020–2022, EUR 46,536 for the LTIP 2021–2023, EUR 55,642 for the LTIP 2022–2024 and EUR 86,365 for the LTIP 2023–2025 .

The Deputy Managing Director must hold a significant number of the shares awarded under the LTIP 2020–2022 LTIP 2021–2023 LTIP 2022–2024 and LTIP 2023–2025 until the total value of shareholdings corresponds to 100% of the Deputy Managing Director's annual gross salary. Such shares must be held until the Deputy Managing Director steps down from the Group Leadership Team position.

The total earned remuneration for 2023 amounted to EUR 1,369,854.

Remuneration of the Group Leadership Team

Remuneration for other GLT members is included for the period they have been appointed and eligible for the NIP 2023 and LTIPs.

No new GLT member was appointed and no GLT member stepped down during 2023.

No sign-on or buy-out payments were agreed in 2023.

The NIP 2023 was based on specific targets and capped at a maximum of 75% of the fixed base salary for the GLT members offered the LTIP 2023–2025 and 100% for other members. For 2023 the award from the NIP amounted to EUR 4,389,698.

For 2023 the IFRS 2 expense amounted to EUR 180,601 for the LTIP 2020–2022, EUR 511,896 for the LTIP 2021–2023, EUR 612,062 for the LTIP 2022–2024 and EUR 835,677 for the LTIP 2023–2025.

The GLT members must hold a significant number of the shares awarded under the LTIP 2020–2022, LTIP 2021–2023, LTIP 2022–2024 and LTIP 2023–2025 until the total value of shareholdings corresponds to 100% of the GLT member's annual gross salary. Such shares must be held until the GLT member steps down from the GLT position.

The pension agreements for the ten GLT members vary according to local country practices. Pension agreements are defined contribution plans or a combination of defined contribution plans and defined benefit plans.

As of 31 December 2023 three members had pension schemes in accordance with the Swedish collective agreement, BTP1 (defined contribution plan) and BTP2 (defined benefit plan), with complementing defined contribution plans on top of the collective agreement. The pension contributions totalled 30% of their fixed salaries

Two members had a defined contribution plan, in accordance with local practices in Denmark. The pension contribution totalled 30% of the fixed base salary.

Four members were covered by the Finnish statutory pension scheme and in addition had a defined contribution plan corresponding to 8.5% of their fixed base salaries.

One member does not have a pension scheme agreement paid by Nordea.

Deferred variable remuneration in Nordea shares

Part of the award from the EIP 2019, EIP 2020, EIP 2021, NIP 2022, LTIP 2020–2022 and Buy-outs for the GLT has been deferred and will be paid in the future by delivering Nordea shares. Any Nordea shares to be awarded from the NIP 2023 as well as the LTIP 2021–2023 conditional share award as of 31 December 2023 are not included in the table below.

Nordea shares – awarded and deferred

	2023	2022
Chief Executive Officer:		
Frank Vang-Jensen	145,777	64,100
Deputy Managing Director:		
Jussi Koskinen	53,483	28,578
Group Leadership Team:		
10 (10) individuals excl. Chief Executive Officer and Deputy Managing Director:	536,289	275,483
Total	**735,549**	**368,161**
Former Chief Executive Officer:		
Casper von Koskull	10,242	20,483
Former Deputy Chief Executive Officer:		
Torsten Hagen Jørgensen	6,499	12,997
Total	**752,290**	**401,641**

Defined benefit pension obligations

The pension plans are funded, meaning that the pension plan obligations are backed by plan assets with the fair value generally being at a level similar to that of the obligations.

The pension obligations (value of defined benefit plan liabilities) are calculated in accordance with IAS 19. For further details see Note G8.2 "Pensions".

Defined benefit pension costs related to key management personnel in 2023 were EUR 0m (EUR 0m).

The pension obligations in the below table reflect the valuation under IAS 19 as of 31 December 2023 and 2022, respectively. The decrease compared with 2022 is mainly due to pension payments to retired executives during the year, changes in the discount rates used in the measurement of the obligations at the end of 2023 and currency effects from obligations in SEK. There are no defined benefit pension obligations towards the CEO and the Deputy Managing Director.

EUR	2023	2022
Group Leadership Team:		
3 (3) individuals in Sweden	856,402	756,087
Former Chairman of the Board, former CEOs and Deputy CEOs:		
Vesa Vainio[1]	4,001,398	4,105,734
Lars G Nordström	239,717	243,140
Casper von Koskull	325,254	338,920
Total	**5,422,771**	**5,443,881**

1) The pension obligation is mainly due to defined benefit pension rights earned at, and funded by, the banks forming Nordea.

Notice period and severance pay

In accordance with the service contract, the CEO has a notice period of 12 months and Nordea a notice period of 12 months. The CEO is paid severance pay equal to 12 months' salary, to be reduced by any salary received from other employment during these 12 months.

The Deputy Managing Director and ten GLT members have a notice period of 6 months and Nordea a notice period of 12 months. Severance pay of up to 12 months' salary is provided and will be reduced by any salary received from other

G8.4 Key management personnel remuneration, cont.

employment during the severance pay period. Further, non-competition clauses apply. No severance pay commitment was agreed with members of the GLT in 2022 or 2023.

All payments to former members of the GLT, consisting of salary payments during notice and non-competition periods were expensed and disclosed in 2022 and are not included in the remuneration tables. These payments and the provision amounted to EUR 448,729 in total.

Indemnification

Nordea Bank Abp has undertaken to indemnify the members of the GLT against legal expenses incurred in relation to legal advice in defending or disputing certain claims or investigations by third parties, excluding crimes or actions made with intent or gross negligence. For each GLT member, the indemnity is capped at an aggregate amount of EUR 37.5m unless the Board decides otherwise on a case-by-case basis. Nordea purchases directors and officers liability insurance, which provides cover for personal liabilities of its Board of Directors and management as well as liability assumed by the bank following the indemnification undertaking. The terms and conditions including total limit of liability of the policy are in line with large European banks.

The AGM further decided that Nordea will cover or reimburse the members of the Board of Directors all costs and expenses related to or arising from the Board membership, including travel, logistics and accommodation as well as consultative, legal and administrative costs. The legal costs can e.g. include required legal defence costs related to claims made against Board members in cases where Board members are not found liable or guilty of any wrongdoing or grossly negligent behaviour.

G8.5 Gender distribution and number of employees

Gender distribution

In the parent company's Board of Directors, 60% (50%) of the AGM elected Board members are men and 40% (50%) are women. In the Board of Directors of Nordea Group companies, 60% (63%) are men and 40% (37%) are women. The corresponding numbers for other executives are 63% (63%) men and 37% (37%) women. Internal boards mainly consist of Nordea´s management, employee representatives excluded.

Average number of employees, full-time equivalents

	Total		Of which women	
	2023	2022	2023	2022
Denmark	6,953	6,714	2,980	2,829
Sweden	6,346	6,103	3,231	3,118
Finland	6,161	5,920	3,576	3,485
Poland	5,244	4,623	2,556	2,184
Norway	2,844	2,775	1,349	1,296
Estonia	1,036	883	723	591
Luxembourg	192	184	89	62
United States	104	102	54	56
United Kingdom	45	32	14	10
China	27	27	14	14
Germany	13	17	4	12
Portugal	57	37	18	13
Italy	10	11	1	9
Spain	5	5	2	3
Switzerland	5	5	1	4
France	2	5	0	3
Singapore	6	4	5	1
Belgium	2	3	1	2
Chile	2	2	0	2
Austria	1	1	0	1
Total average	**29,055**	**27,453**	**14,618**	**13,695**
Total number of employees (FTEs), end of period	**29,153**	**28,268**		

G9 Scope of consolidation

G9.1 Consolidated entities

Accounting policies

The consolidated financial statements include the accounts of the parent company, Nordea Bank Abp and those entities that the parent company controls. Control exists when Nordea is exposed to variability in returns from its investments in another entity and has the ability to affect those returns through its power over the other entity. Control is generally achieved when the parent company owns, directly or indirectly through group undertakings, more than 50% of the voting rights. For entities where voting rights do not give control, see the section "Structured entities" below.

All group undertakings are consolidated using the acquisition method. Under the acquisition method, the acquisition is regarded as a transaction whereby the parent company indirectly acquires the assets of the group undertaking and assumes its liabilities and contingent liabilities. The group's acquisition cost is established using a purchase price allocation analysis. In such analysis, the cost of the business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer in exchange for the identifiable net assets acquired. Costs directly attributable to the business combination are expensed.

As at the acquisition date Nordea recognises the identifiable assets acquired and the liabilities assumed at their acquisition date fair values.

For each business combination Nordea measures the non-controlling interests in the acquired business either at fair value or at its proportionate share of the acquired identifiable net assets.

When the aggregate of the consideration transferred in a business combination and the amount recognised for non-controlling interests exceeds the net fair value of the identifiable assets, liabilities and contingent liabilities, the excess is reported as goodwill. If the difference is negative, such difference is recognised immediately in the income statement.

Equity and net income attributable to non-controlling interests are separately disclosed on the balance sheet as well as in the income statement and the statement of comprehensive income.

Intra-group transactions and balances between the consolidated group undertakings are eliminated.

The group undertakings are included in the consolidated accounts as from the date on which control is transferred to Nordea and are no longer consolidated as from the date on which control ceases.

In the consolidation process the reporting of the group undertakings is adjusted to ensure consistency with the IFRS principles applied by Nordea.

Critical judgements and estimation uncertainty

One decisive variable when assessing if Nordea controls another entity is whether Nordea is exposed to variability in returns from the investment. For structured entities where voting rights are not the dominant factor when determining control, critical judgement has to be exercised when defining when Nordea is exposed to significant variability in returns. Nordea's critical judgement is that Nordea is normally exposed to variability in returns when Nordea receives more than 30% of the return produced by the structured entity. This is only relevant for structured entities if Nordea is also the investment manager and thus has influence over the return produced by the structured entity.

Moreover, judgement relating to control is whether Nordea acts as an agent or as a principal. For unit-linked and other contracts where the policyholder/depositor decides both the amount and in which assets to invest, Nordea is considered to act as an agent and thus does not have control.

Judgement also has to be exercised when assessing if a holding of a significant, but less than a majority, share of voting rights constitute so-called de facto control and to what extent potential voting rights need to be considered in the control assessment. Nordea's assessment is that Nordea does not currently control any entities where the share of voting rights is below 50%.

G9.1 Consolidated entities, cont.

The specification below includes major directly owned subsidiaries and major subsidiaries of the directly owned companies.

Company	Domicile	Shareholding, %	Voting power of holding, %
Nordea Bank Abp	Helsinki	N/A	N/A
Denmark branch	Copenhagen	N/A	N/A
Estonia branch	Tallinn	N/A	N/A
London branch	London	N/A	N/A
New York branch	New York	N/A	N/A
Norway branch	Oslo	N/A	N/A
Poland branch	Łódź	N/A	N/A
Shanghai branch	Shanghai	N/A	N/A
Sweden branch	Stockholm	N/A	N/A
Nordea Kredit Realkreditaktieselskab	Copenhagen	100.0	100.0
Nordea Hypotek AB (publ)	Stockholm	100.0	100.0
Nordea Eiendomskreditt AS	Oslo	100.0	100.0
Nordea Mortgage Bank Plc	Helsinki	100.0	100.0
Nordea Finance Finland Ltd	Helsinki	100.0	100.0
Nordea Finans Danmark A/S	Høje Taastrup	100.0	100.0
Nordea Finans Sverige AB (publ)	Stockholm	100.0	100.0
Nordea Finans Norge AS	Oslo	100.0	100.0
Nordea Finance Equipment AS	Oslo	100.0	100.0
LLC Promyshlennaya Kompaniya Vestkon[1]	Moscow	100.0	100.0
Nordea Funds Ltd	Helsinki	100.0	100.0
Nordea Asset Management Holding AB	Stockholm	100.0	100.0
Nordea Investment Funds S.A.	Luxembourg	100.0	100.0
Nordea Investment Management AB	Stockholm	100.0	100.0
Nordea Life Holding AB	Stockholm	100.0	100.0
Nordea Pension, Livsforsikringsselskab A/S	Copenhagen	100.0	100.0
Nordea Life Assurance Finland Ltd	Helsinki	100.0	100.0
Livforsikringsselskapet Nordea Liv Norge AS	Bergen	100.0	100.0
Nordea Livförsäkring Sverige AB (publ)	Stockholm	100.0	100.0

1) In accordance with the stategy, Nordea is focusing on its business in the Nordic region. This has entailed the Group winding down its operations in Russia. The liquidation of the remaining Russian subsidiary is pending finalization.

There are different types of restrictions on how Nordea can access and transfer assets within the Group.

Dividends are used to transfer excess capital from the parent's subsidiaries to the parent company, Nordea Bank Abp. The specific dividend amount is determined for each legal entity based on distributable funds, capital adequacy regulations and ratios, capital and business planning, local tax considerations and Group-internal policies. Regulatory restrictions, both general and local, on dividends as well as projected changes in the entities' capital requirements and risk exposure amounts are incorporated into the analysis regarding the dividend decisions.

The CRR requires credit institutions to hold liquid assets, the sum of the values of which covers the liquidity outflows less the liquidity inflows under stressed conditions so as to ensure that institutions maintain levels of liquidity buffers which are adequate. There are also local liquidity requirements that restrict the movement of funds between legal entities.

The Group has pledged assets to collateralise its obligations under repurchase agreements, securities financing transactions, collateralised loan obligations and for margining purposes of OTC derivative liabilities. Further information is disclosed in Note G7.3 "Assets pledged".

For banks under resolution, which was not applicable to Nordea at the balance sheet date, there are potential restrictions as the regulators have far-reaching resolution tools they can impose if deemed necessary.

Statutory, contractual or regulatory requirements as well as protective rights of non-controlling interests might restrict the ability of the Group to access and transfer assets freely to or from other entities within the Group and to settle liabilities of the Group. Since the Group did not have any material non-controlling interests at the balance sheet date, any protective rights associated with these did not give rise to significant restrictions.

G9.2 Currency translation of foreign entities/branches

Accounting policies

The consolidated financial statements are presented in euro (EUR). When translating the financial statements of foreign entities and branches into EUR from their functional currency, the assets and liabilities of foreign entities and branches have been translated at the closing rates, while items in the income statement and the statement of comprehensive income are translated at the average exchange rate for the year. The average exchange rate is calculated based on daily exchange rates divided by the number of business days in the period. Translation differences are recognised in other comprehensive income and are accumulated in the translation reserve in equity.

Goodwill and fair value adjustments arising from the acquisition of group undertakings are treated as items in the same functional currency as the cash-generating unit to which they belong and are also translated at the closing rate.

Any remaining equity in foreign branches is converted at the closing rates with translation differences recognised in other comprehensive income.

On the disposal of a foreign operation, the cumulative amount for the exchange difference relating to that foreign operation, recognised in other comprehensive income and accumulated in the translation reserve in equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognised.

G9.3 Investments in associated undertakings and joint ventures

Accounting policies

Associated undertakings are undertakings where the share of voting rights is between 20% and 50% and/or where Nordea has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Joint ventures are entities where Nordea has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associated companies and joint ventures are included in the consolidated financial statements using the equity method. At initial recognition the investment is recognised at acquisition cost. Fair value is allocated to the identifiable assets, liabilities and contingent liabilities of associated undertakings and joint ventures. Any difference between Nordea's share of the fair value of the acquired identifiable net assets and the purchase price is goodwill or negative goodwill. Goodwill is included in the carrying amount of the associated undertakings and joint ventures.

Profit from companies accounted for under the equity method is defined as the post-acquisition change in Nordea's share of net assets in associated undertakings and joint ventures. Nordea's share of items accounted for in other comprehensive income in associated undertakings and joint ventures is accounted for in other comprehensive income in Nordea.

Profit from companies accounted for under the equity method is reported post taxes in the income statement. Consequently, the tax expense related to this profit is excluded from the income tax expense for Nordea. Dividends received are accounted for as a reduction in the carrying amount.

If observable indicators (loss events) indicate that an associated undertaking or a joint venture is impaired, an impairment test is performed to assess whether there is objective evidence of impairment. The carrying amount of the investment in the associated undertaking or joint venture is compared with the recoverable amount (higher of value in use and fair value less cost to sell) and the carrying amount is written down to the recoverable amount if required. Impairment of investments in associated undertakings and joint ventures is classified as "Profit from associated undertakings and joint ventures accounted for under the equity method" in the income statement.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

Nordea is not generally involved in any sale or contribution of assets to or from associated undertakings or joint ventures, but if such transactions occur, Nordea's share of any profit recognised in the associate or joint venture is eliminated. Other transactions between Nordea and its associated undertakings or joint ventures are not eliminated.

For some associated undertakings and joint ventures not individually significant, the change in Nordea's share of the net assets is based on the external reporting of the associated undertakings and joint ventures and affects the financial statements of Nordea in the period in which the information is available. The reporting from the associated undertakings and joint ventures is, if applicable, adjusted to comply with Nordea's accounting policies.

Investments within Nordea's investment activities (classified as part of Nordea's venture capital organisation) are measured at fair value in accordance with the rules set out in IAS 28 and IFRS 9.

Investments in associated undertakings and joint ventures

EURm	31 Dec 2023	31 Dec 2022
Acquisition value at beginning of year	552	247
Acquisitions[1]	1	329
Sales	–	0
Share in earnings	14	-4
Share of other comprehensive income	-3	1
Dividend received	-9	-8
Translation differences	-14	-13
Acquisition value at end of year	**541**	**552**
Accumulated impairment charges at beginning of year	-43	-40
Impairment charges[2]	-17	-4
Translation differences	0	1
Accumulated impairment charges at end of year	**-60**	**-43**
Total	**481**	**509**

1) 2022: Acquisition of associated undertakings in Topdanmark Life amounts to EUR 310m.
2) 2023: Refers to impairment of shares in P27 and Invidem.

G9.3 Investments in associated undertakings and joint ventures, cont.

Associated undertakings

	Registration number	Domicile	Carrying amount 2023, EURm	Carrying amount 2022, EURm	Voting power of holding %	Ownership %
Eksportfinans ASA	816521432	Oslo	118	124	23	23
Udviklingsselskabet Carlsberg Byen P/S	33648499	Copenhagen	107	109	23	23
Havneholmen P/S	38036572	Aarhus	81	80	50	50
Margretheholmen P/S	34609829	Copenhagen	60	62	50	50
P/S Ottilia Copenhagen	40087095	Copenhagen	42	41	50	50
K/S Ejendomsholding Banemarksvej	43125834	Glostrup	18	18	40	40
Eiendomsverdi AS	881971682	Oslo	12	13	25	25
Bankomat AB	556817-9716	Stockholm	8	9	20	20
Trill Impact AB	559196-0827	Stockholm	7	9	5	30
NF Fleet Oy	2006935-5	Espoo	9	9	20	20
NF Fleet AB	556692-3271	Stockholm	6	7	20	20
NF Fleet A/S	29185263	Copenhagen	3	3	20	20
NF Fleet AS	988906808	Oslo	2	2	20	20
E-nettet Holding A/S	28308019	Copenhagen	3	3	17	17
CrediWire ApS	37264628	Copenhagen	2	2	7	7
Getswich AB	556913-7382	Stockholm	2	0	20	20
Subaio ApS	37766585	Aalborg	1	1	20	20
Others			0	0		
Total			**481**	**492**		

Nordea's share of the associated undertakings' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2023	31 Dec 2022
Total assets	784	819
Net profit for the year	14	3
Other comprehensive income	-3	1
Total comprehensive income	11	4

Joint ventures

	Registration number	Domicile	Carrying amount 2023, EURm	Carrying amount 2022, EURm	Voting power of holding %	Ownership %	Average number of FTEs
Siirto Brand Oy	3102648-1	Helsinki	0	1	50	50	–
Invidem AB	559210-0779	Stockholm	–	3	17	17	–
P27 Nordic Payments Platform AB	559198-9610	Stockholm	–	13	17	17	64
Tibern AB	559384-3542	Stockholm	0	0	14	14	–
Total			**0**	**17**			
Total associated undertakings and joint ventures			**481**	**509**			

Nordea's share of the joint ventures' aggregated balance sheets and income statements can be summarised as follows:

EURm	31 Dec 2023	31 Dec 2022
Total assets	7	8
Net profit for the year	-4	-7
Total comprehensive income	**-4**	**-7**

For information about investments in group undertakings and companies for which Nordea has unlimited responsibility, see Note G9.1 "Consolidated entities".

G9.4 Interest in structured entities

Accounting policies

A structured entity is an entity created to accomplish a narrow and well-defined objective where voting rights are not the dominant factor in determining control. Often legal arrangements impose strict limits on the decision-making powers of management over the ongoing activities of a structured entity. The same consolidation requirements apply to these entities, but as voting rights do not determine whether control exists, other factors are used to determine control.

Power can exist due to agreements or other types of influence over a structured entity. This is normally the case when Nordea has sponsored or established a structured entity or when Nordea is the investment manager and has sole discretion as to investments and other administrative decisions.

Variability in returns is also a prerequisite for consolidation. Service and commission fees in connection with the establishment of the structured entity are normally not significant enough to trigger consolidation, nor is acting as an investment manager or as a custodian. Funding in the form of fund units, loans or credit commitments can result in significant variability in returns. If Nordea is exposed to variability in returns and has power to affect the returns of the entity, it is consolidated. Nordea normally considers a share of more than 30% of the return produced by a structured entity to give rise to variability and thus to give control. Variability is measured as the sum of fees received and revaluation of assets held. For unit-linked and other contracts where the policyholder/depositor decides both the amount and in which assets to invest, Nordea is considered to act as an agent and, thus, does not have control.

Consolidated structured entities

Viking ABCP Conduit (Viking) has been established with the purpose of supporting trade receivable or accounts payable securitisation transactions to core Nordic customers. The SPE purchases trade receivables from approved sellers and funds the purchases either by issuing commercial paper (CP) via the established asset-backed commercial paper programme or by drawing funds under the liquidity facilities available.

Nordea has provided liquidity facilities to a maximum of EUR 856m (EUR 1,006m) and at year end EUR 802m (EUR 826m) was utilised. The total assets of the conduit amounted to EUR 806m (EUR 852m) at year end. The SPE is consolidated as Nordea manages the entity and is exposed to variability in returns through the liquidity facility. There are no significant restrictions on repayment of loans from Viking apart from the payments being dependent on the rate at which Viking releases its assets.

AR Finance invests in notes backed by trade receivables. Nordea has provided liquidity facilities of a maximum of EUR 150m (EUR 150m) and at year end EUR 92m (EUR 103m) was utilised. The entity held assets of EUR 94m (EUR 105m) at year end. The SPE is consolidated as Nordea manages the entity and is exposed to variability in returns through the liquidity facility.

Unconsolidated structured entities

Disclosures are provided for structured entities in which Nordea has an interest but over which Nordea has no control. Investment funds are the only interests in unconsolidated structured entities currently held by Nordea.

Nordea invests in investment funds:

- on behalf of policyholders in Nordea Life & Pension
- on behalf of depositors where the return is based on the investment
- to hedge exposures to structured products issued to customers
- that are illiquid private equity and credit funds.

As Nordea is exposed to variability in returns on a gross basis, information about these funds is disclosed although the net exposure is considerably less. Any change in the value of investment funds acquired on behalf of policyholders and depositors where the policyholder/depositor bears the investment risk is reflected in the value of the related liability, and the maximum net exposure to losses is zero. The change in the value of investment funds held on behalf of other policyholders is largely passed on to the policyholders, but as Nordea has issued guarantees in respect of some of these products, Nordea is exposed to value changes.

Investment funds acquired to hedge exposures to structured products reduce the net exposures to the extent hedges are effective.

Investments in illiquid private equity and credit funds are an integral part of managing balance sheet risks at Nordea. The maximum loss on private equity and credit funds is estimated at EUR 1,194m (EUR 975m), equal to the investments in the funds.

Nordea has established one unconsolidated structured entity, Thulite, in which Nordea does not currently have an interest. As Nordea does not control it, it is considered to have been sponsored by Nordea. Nordea entered into two new transactions with Thulite during 2023, where Nordea bought financial guarantees on portfolios of loans. Previously Nordea bought protection in the form of a CDS and other financial guarantees from Thulite. Nordea received less than EUR 1m in income from Thulite in 2022 and 2023.

Nordea's interests in unconsolidated structured entities and any related liability are disclosed in the table below. The carrying amount is the maximum exposure to credit loss before considering any hedges. Income related to these investments is recognised in "Net result from items at fair value".

Interest in unconsolidated structured entities

EURm	31 Dec 2023	31 Dec 2022
Assets, carrying amount:		
Shares	10,670	9,488
Assets in pooled schemes and unit-linked investment contracts	49,022	37,966
Total assets	**59,692**	**47,454**
Liabilities, carrying amount:		
Deposits in pooled schemes and unit-linked investment contracts	49,022	37,966
Insurance contract liabilities	9,440	8,349
Total liabilities	**58,462**	**46,315**
Off-balance sheet, nominal amount:		
Loan commitments	–	–

Nordea holds a large number of different funds that are classified as unconsolidated structured entities, some of which are managed by Nordea. These have different investment mandates and types of risk appetite, ranging from low-risk government bond funds to high-risk leveraged equity funds. The total assets of funds managed by Nordea are EUR 201bn (EUR 190bn). All funds are financed by deposits from unitholders. The total assets of investment funds not managed by Nordea are not considered meaningful for the purpose of understanding the related risks and are thus not disclosed.

G9.5 Assets and liabilities held for sale

Accounting policies

Individual assets and disposal groups including assets and liabilities are presented in the separate balance sheet line items "Assets held for sale" and "Liabilities held for sale", respectively, as from the classification date.

This occurs when the following criteria are fulfilled:

- The carrying amount will be recovered principally through a sale transaction rather than through continuing use.
- A decision to sell has been made on the right level and the asset or disposal group is available for sale in its current condition.
- The sale is highly probable and will be executed within 12 months.

Financial instruments continue to be measured under IFRS 9, while non-financial assets are held at the lower of carrying amount and fair value. Comparative figures are not restated.

Retail Finance in Sweden

Nordea has decided to wind down its operations in Retail Finance in the Swedish finance company and to sell the existing loan portfolio. It is expected the sale will be completed within one year and the requirements listed above have been fulfilled. The portfolio was thus reclassified to "Assets held for sale" in Q4 2023. The portfolio amounted to EUR 106m at the end of 2023.

Interest in Luminor in the Baltics

In 2018, when Nordea and DNB sold around 60% of their combined interest in Luminor to Blackstone, Nordea entered into a forward sale agreement with Blackstone to sell its remaining 19.95% holding over the coming years. As at 1 January 2022 Nordea held 11.6% of the shares in Luminor, valued at EUR 180m. The shares were classified as held for sale due to the forward sale agreement with Blackstone. The remaining shares were sold on 1 September 2022.

G9.6 Acquisitions

Accounting policies

In a business combination, the acquired identifiable assets and liabilities are recognised at fair value, including any intangible assets identified in the acquisition. The net fair value of identifiable assets and liabilities is compared with the consideration paid and any surplus is recognised as goodwill. See also Note G9.1 "Consolidated entities".

Acquisition of Advinans

On 15 May 2023 the acquisition of 100% of the shares in Advinans AB was completed. The company has developed a digital broker platform for selling and administering occupational pensions. A purchase price of EUR 38m was paid at closing. Total assets in the company were EUR 2m and the acquired net assets EUR 1m, resulting in a surplus value of EUR 37m. The preliminary purchase price allocation is disclosed below.

EURm	15 May 2023
Acquired net assets[1]	1
Cost of combination[2]	38
Surplus value	**37**
Allocation of surplus value:	
IT software intangible asset	11
Customer relationship intangible asset	5
Deferred tax asset	2
Deferred tax liability	-3
Goodwill	22

1) Excluding fair value adjustment to IT software intangible asset.
2) Of which EUR 35m was paid to the seller and EUR 3m held in escrow.

Nordea has estimated the fair value of the IT software intangible asset in Advinans to be EUR 11m. The fair value reflects the estimated replacement cost. The fair value of the IT software intangible asset is amortised over ten years, which is the estimated useful life.

A customer relationship intangible asset has been identified and valued at EUR 5m, reflecting the profit above cost of equity expected to be generated from the existing customer base. The customer relationship intangible asset is amortised over ten years.

Goodwill is mainly related to synergies, such as cross-selling with Nordea's existing customer base. The synergies cannot be accounted for as separate intangible assets under IFRS 3 and consequently end up as goodwill. The goodwill is expected to have an indefinite life and is consequently not amortised.

The revenue and operating profit for the period during which the company was consolidated was EUR 1m and EUR -3m, respectively. Had the company been consolidated as from 1 January 2023, it would have contributed a revenue of EUR 1m and an operating profit of EUR -5m.

Acquisition of Topdanmark Life (Nordea Pension)

On 1 December 2022 the acquisition of 100% of the shares in Topdanmark Liv Holding A/S was completed. Topdanmark Liv Holding A/S was the parent company of a group including the insurance company Topdanmark Livsforsikring A/S as well as asset management and property companies. The group conducts life and pensions business in Denmark. The group had approx. 300 employees and EUR 12bn in assets under management as of the acquisition date.

A purchase price of EUR 283m was paid to Topdanmark Forsikring A/S in December 2022. The purchase price allocation is disclosed below.

EURm	1 Dec 2022
Interest-bearing securities	5,345
Shares	4,239
Other assets	2,841
Insurance contract liabilities	-11,030
Other liabilities	-1,539
Acquired net assets[1]	**-144**
Purchase price, settled in cash	283
Estimated additional purchase price	-2
Cost of combination	**281**
Surplus value	**425**
Allocation of surplus value:	
Customer relationship intangible asset	39
Deferred tax asset	42
Goodwill	344

1) Including adjustments to fair value for IT software and insurance contract liabilities in Topdanmark Life.

G9.6 Acquisitions, cont.

Nordea estimated the fair value of the insurance contract liabilities with the same model applied when estimating fair value in Nordea's transition to IFRS 17, as described in Note 10.6 "Transition to IFRS 17 Insurance Contracts" in the 2022 Annual Report. This resulted in an increase in the insurance contract liabilities of EUR 194m and a corresponding reduction in "Acquired net assets", in line with the transition impact in Nordea on contracts on Nordea's balance sheet at transition on 1 January 2022. A large part of the adjustment is included in the contractual service margin (CSM) under IFRS 17.

Nordea has also estimated the fair value of IT software in Topdanmark Life to be EUR 44m, EUR 31m less than the carrying amount in Topdanmark Life. The fair value reflects the estimated replacement cost. This reduction in value is disclosed in "Acquired net assets". The fair value of the IT software is amortised over ten years, which is the estimated useful life.

For unit-linked contracts, a customer relationship intangible asset was identified. The customer relationship intangible asset reflected the profit above cost of equity expected to be generated from the existing contracts. The value of the intangible asset also included the profit above cost of equity from expected future premiums from existing customers. This intangible asset was reclassified to an asset for insurance acquisition cash flows in the transition to IFRS 17.

Goodwill is mainly related to the value of the assembled workforce and synergies, such as cross-selling with Nordea's existing customer base and increased assets under management in Nordea Asset Management. Synergies are expected to be generated in the Nordea Group. The assembled workforce and synergies cannot be accounted for as separate intangible assets under IFRS 3 and consequently end up as goodwill. The goodwill is expected to have an indefinite life and is consequently not amortised.

G10 Other disclosures

G10.1 Additional disclosures on the statement of changes in equity

Accounting policies

Equity is the residual interest in recognised assets after deduction of recognised liabilities. For equity there are no requirements to distribute cash flows. Instruments are classified as financial liabilities if such genuine requirements exist, for instance to pay interest when a triggering event occurs that is beyond the control of both the issuer and the holder of the instruments. See Note G3.3 "Classification and measurement" for more information, including the critical judgements applied by Nordea.

Any payments connected to instruments classified as equity are accounted for directly in equity and presented as dividends. Nordea determines payments on financial instruments classified as equity (i.e. Additional Tier 1 instruments) as distribution of profits and they are therefore accounted for as dividends. Dividends to shareholders are recognised as a reduction of equity when the Annual General Meeting has adopted the proposal. The reduction of equity is accounted for when the Board of Directors decides on dividends in situations where the Annual General Meeting has given the Board of Directors a mandate to make such a decision up to a certain cap.

Investments in own shares are not accounted for as assets; instead, they are recognised as a reduction in equity net of any transaction costs. Acquisitions of treasury shares as part of the Markets trading operations are recognised as a reduction in invested unrestricted equity. Treasury shares acquired to optimise the capital structure and Nordea's buy-back programmes are recognised as a reduction in retained earnings. Transaction costs related to repurchasing of treasury shares are also recognised in equity. There is no impact on the financial statements when shares are cancelled. Sales of own shares in the trading operations are recognised as increases in invested unrestricted equity.

Contracts on Nordea shares that can be settled net in cash, for instance derivatives such as options and warrants, are either presented as financial assets or liabilities, meaning that these are not equity instruments.

Non-controlling interests comprise the portion of net assets of group undertakings not owned directly or indirectly by Nordea Bank Abp. For each business combination, Nordea measures the non-controlling interests in the acquiree either at fair value or at their proportionate share of the acquiree's identifiable net assets.

Other reserves comprise income and expenses, net of tax effects, which are reported in equity through other comprehensive income.

Apart from undistributed profits from previous years, retained earnings include the equity portion of untaxed reserves. Untaxed reserves according to national rules are accounted for as equity net of deferred tax at prevailing tax rates in the respective country.

In addition, Nordea's share of the undistributed earnings in associated and joint ventures since the date of acquisition is included in retained earnings.

Additional Tier 1 capital holders

Nordea has issued perpetual subordinated instruments where the interest payments to the holders are at the discretion of Nordea and non-accumulating. Some of these instruments also include a requirement for Nordea to pay interest if the instruments are no longer allowed to be included in Tier 1 capital. The inclusion of the subordinated loan in Tier 1 capital is decided by the regulators and is thus beyond the control of Nordea and the holders of the instruments., and Nordea therefore classifies the instruments as financial liabilities. Instruments without such clauses are classified as equity as there is no requirement for Nordea to pay interest or principal to the holders of the instruments.

Non-controlling interests

For information about non-controlling interests, see Note G9.1 "Consolidated entities".

Share capital

The share capital amounts to EUR 4,049,951,919. The shares in Nordea have no nominal value. Each share carries one voting right. For more information about the number of registered shares, see "Statement of changes in equity".

Invested unrestricted equity

Invested unrestricted equity equals the amount of the share premium reserve of Nordea Bank AB (publ) before completion of the re-domiciliation by way of a cross-border reversed merger. Invested unrestricted equity has also been impacted by acquisitions and sales of treasury shares as part of the Markets trading operations.

Other reserves

These reserves include reserves for cash flow hedges, financial assets classified in the category "Financial assets at fair value through other comprehensive income" and accumulated remeasurements of defined benefit pension plans as well as a reserve for translation differences.

Retained earnings

Retained earnings primarily comprise Nordea's undistributed profits from previous years.

G10.2 Additional disclosures on the cash flow statement

Accounting policy

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year for total operations. Nordea's cash flow statement has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. Cash flows are classified by operating, investing and financing activities.

Operating activities

Cash flows from operating activities, which are the principal revenue-producing activities, are mainly derived from profits during the year adjusted for items not included in cash flows and income taxes paid. Adjustment for items not included in cash flows includes:

EURm	2023	2022
Depreciation	609	586
Impairment charges	199	25
Loan losses	222	176
Net result on loans in hold portfolios mandatorily held at fair value	-20	13
Unrealised gains/losses	1,365	-825
Capital gains/losses (net)	-8	-40
Change in accruals and provisions	-728	-446
Translation differences	-114	569
Change in insurance contract liabilities	2,008	-1,862
Change in fair value of hedged items, assets/liabilities (net)	2,356	-5,464
Other	10	211
Total	**5,899**	**-7,057**

Operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported on a net basis.

Cash flows from operating activities include interest payments received and interest expenses paid in the following amounts:

EURm	2023	2022
Interest received	19,541	8,620
Interest paid	-11,624	-2,948

Investing activities

Investing activities include acquisition and disposal of non-current assets such as property and equipment and intangible and financial assets.

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities such as new issues of shares, dividends and issued/amortised subordinated liabilities and the principal portion of lease payments.

Cash and cash equivalents

The following items are included in "Cash and cash equivalents":

EURm	31 Dec 2023	31 Dec 2022
Cash and balances with central banks	50,622	61,815
Loans to central banks payable on demand	3	5
Loans to credit institutions payable on demand	737	1,057
Total	**51,362**	**62,877**

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority where the following conditions are fulfilled:

- The central bank or 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. Loans to central banks payable on demand include instruments that Nordea has the right to resell immediately.

Reconciliation of liabilities arising from financing activities

The opening balance of subordinated liabilities was EUR 5,401m (EUR 6,850m). Cash flows during the period were EUR 295m (EUR -939m) and the effects of FX and other changes were EUR 24m (EUR -510m), resulting in a closing balance of EUR 5,720m (EUR 5,401m).

The opening balance of lease liabilities was EUR 1,080m (EUR 1,147m). During the period cash flows related to the liabilities amounted to EUR -118m (EUR -123m) and other changes from new, terminated and modified contracts and FX changes amounted to EUR 141m (EUR 56m), resulting in a closing balance of EUR 1,103m (EUR 1,080m).

G10.3 Maturity analysis

Accounting policies

The table "Expected maturity" presents the expected maturities for the balance sheet items. The table "Contractual undiscounted cash flows" is based on contractual undiscounted maturities. For derivatives, the expected cash inflows and outflows are disclosed for both derivative assets and derivative liabilities as derivatives are managed on a net basis. For contractual lease liabilities, see Note G5.4 "Leases". For further information about remaining maturity, see also Note G11 "Risk and liquidity management".

G10.3 Maturity analysis, cont.

Expected maturity

		31 Dec 2023 Expected to be recovered or settled:			31 Dec 2022 Expected to be recovered or settled:		
EURm	**Note**	**Within 12 months**	**After 12 months**	**Total**	**Within 12 months**	**After 12 months**	**Total**
Cash and balances with central banks		50,622	–	50,622	61,815	–	61,815
Loans to central banks	G3.8	1,909	–	1,909	885	–	885
Loans to credit institutions	G3.8	1,970	393	2,363	3,758	803	4,561
Loans to the public	G3.8	80,653	264,175	344,828	86,656	259,087	345,743
Interest-bearing securities	G3.9	10,743	57,257	68,000	20,761	47,465	68,226
Shares	G3.10	3,746	18,412	22,158	3,508	12,591	16,099
Assets in pooled schemes and unit-linked investment contracts	G3.11	37,481	13,050	50,531	32,469	11,170	43,639
Derivatives	G3.12	5,964	20,561	26,525	7,508	29,070	36,578
Fair value changes of hedged items in portfolio hedges of interest rate risk	G3.6	-854	-17	-871	-2,094	-22	-2,116
Investments in associated undertakings and joint ventures	G9.3	–	481	481	–	509	509
Intangible assets	G5.1	19	3,807	3,826	19	3,986	4,005
Properties and equipment	G5.2	147	1,506	1,653	140	1,533	1,673
Investment properties	G5.3	1	2,198	2,199	–	2,288	2,288
Deferred tax assets	G2.11	14	240	254	13	286	299
Current tax assets	G2.11	217	–	217	211	–	211
Retirement benefit assets	G8.2	–	225	225	–	165	165
Other assets		917	8,004	8,921	2,364	7,000	9,364
Prepaid expenses and accrued income		574	181	755	595	190	785
Assets held for sale	G9.5	106	–	106	–	–	–
Total assets		**194,229**	**390,473**	**584,702**	**218,608**	**376,121**	**594,729**
Deposits by credit institutions	G3.13	27,921	1,583	29,504	27,373	5,496	32,869
Deposits and borrowings from the public	G3.14	201,693	8,369	210,062	213,478	3,986	217,464
Deposits in pooled schemes and unit-linked investment contracts	G3.11	14,712	36,861	51,573	12,708	32,062	44,770
Insurance contract liabilities	G4	3,361	24,207	27,568	2,356	23,754	26,110
Debt securities in issue	G3.15	69,435	113,113	182,548	75,486	104,317	179,803
Derivatives	G3.12	8,304	22,490	30,794	7,883	32,219	40,102
Fair value changes of hedged items in hedges of interest rate risk	G3.6	-869	–	-869	-2,175	–	-2,175
Current tax liabilities	G2.11	413	–	413	303	–	303
Other liabilities[1]	G3.16	2,804	10,923	13,727	3,142	13,629	16,771
Accrued expenses and prepaid income		1,186	88	1,274	1,162	62	1,224
Deferred tax liabilities	G2.11	27	478	505	143	451	594
Provisions	G6	129	242	371	97	254	351
Retirement benefit liabilities	G8.2	–	287	287	–	298	298
Subordinated liabilities	G3.17	760	4,960	5,720	215	5,186	5,401
Total liabilities		**329,876**	**223,601**	**553,477**	**342,171**	**221,714**	**563,885**
1) Of which lease liabilities		115	988	1,103	98	982	1,080

Contractual undiscounted cash flows

31 Dec 2023, EURm	**< 1 month**	**1–3 months**	**3–12 months**	**1–2 years**	**2–5 years**	**5–10 years**	**>10 years**	**Total**
Cash and balances with central banks and loans to central banks	52,531	–	–	–	–	–	–	52,531
Loans to credit institutions	1,691	253	378	68	20	0	–	2,410
Loans to the public	55,092	20,771	37,500	36,827	71,598	60,390	179,543	461,721
Interest-bearing securities	189	933	11,945	16,202	34,796	9,903	3,011	76,979
Other non-derivative financial assets	–	–	–	–	–	–	80,355	80,355
Total non-derivative financial assets	**109,503**	**21,957**	**49,823**	**53,097**	**106,414**	**70,293**	**262,909**	**673,996**

G10.3 Maturity analysis, cont.

Contractual undiscounted cash flows, cont.

31 Dec 2023, EURm	< 1 month	1–3 months	3–12 months	1–2 years	2–5 years	5–10 years	>10 years	Total
Deposits by credit institutions	22,645	6,217	951	84	69	–	–	29,966
Deposits and borrowings from the public	192,420	7,284	11,041	212	6	2	1	210,966
Debt securities in issue	7,225	20,060	50,354	45,314	70,531	15,202	20,838	229,524
- of which CDs and CPs	3,661	17,171	26,075	179	73	–	–	47,159
- of which covered bonds	3,511	2,693	22,495	35,659	57,041	12,156	20,433	153,988
- of which other bonds	53	196	1,784	9,476	13,417	3,046	405	28,377
Subordinated liabilities	–	88	862	282	3,827	1,525	192	6,776
Other non-derivative financial liabilities	61,814	21	93	111	262	335	397	63,033
Total non-derivative financial liabilities	**284,104**	**33,670**	**63,301**	**46,003**	**74,695**	**17,064**	**21,428**	**540,265**
Derivatives, cash inflows	218,957	209,004	145,933	102,673	189,729	113,918	60,133	1,040,347
Derivatives, cash outflows	219,770	211,163	148,449	104,178	192,019	115,513	60,087	1,051,179
Derivatives, net cash flows	**-813**	**-2,159**	**-2,516**	**-1,505**	**-2,290**	**-1,595**	**46**	**-10,832**
Credit commitments	82,773	–	–	–	–	–	–	82,773
Issued guarantees	19,827	–	–	–	–	–	–	19,827

31 Dec 2022, EURm	< 1 month	1–3 months	3–12 months	1–2 years	2–5 years	5–10 years	>10 years	Total
Cash and balances with central banks and loans to central banks	62,407	293	–	–	–	–	–	62,700
Loans to credit institutions	3,802	356	101	269	45	–	–	4,573
Loans to the public	52,337	20,944	37,500	36,825	71,598	60,390	179,542	459,136
Interest-bearing securities	1,608	2,255	15,996	14,585	28,122	5,696	6,027	74,289
Other non-derivative financial assets	–	–	–	–	–	–	66,114	66,114
Total non-derivative financial assets	**120,154**	**23,848**	**53,597**	**51,679**	**99,765**	**66,086**	**251,683**	**666,812**
Deposits by credit institutions	19,697	1,802	6,100	5,975	168	–	–	33,742
Deposits and borrowings from the public	206,856	7,338	4,519	335	2	2	3	219,055
Debt securities in issue	5,851	21,238	52,485	25,447	69,286	14,074	21,619	210,000
- of which CDs and CPs	4,682	18,018	28,176	126	183	–	–	51,185
- of which covered bonds	1,169	1,769	18,916	23,062	52,180	9,677	21,142	127,915
- of which other bonds	0	1,451	5,393	2,259	16,923	4,397	477	30,900
Subordinated liabilities	86	328	961	3,546	1,566	213	–	6,700
Other non-derivative financial liabilities	54,927	21	94	95	202	306	437	56,082
Total non-derivative financial liabilities	**287,417**	**30,727**	**64,159**	**35,398**	**71,224**	**14,595**	**22,059**	**525,579**
Derivatives, cash inflows	198,093	239,658	143,436	112,946	184,038	105,444	48,967	1,032,582
Derivatives, cash outflows	198,554	239,916	144,540	114,272	184,590	105,378	48,311	1,035,561
Derivatives, net cash flows	**-461**	**-258**	**-1,104**	**-1,326**	**-552**	**66**	**656**	**-2,979**
Credit commitments	87,003	–	–	–	–	–	–	87,003
Issued guarantees	20,486	–	–	–	–	–	–	20,486

G10.4 Related party transactions

Accounting policies

Related parties
A related party is a person or entity that is related to Nordea. Related parties are grouped in the following categories:

- Shareholders with significant influence
- Associated undertakings and joint ventures
- Key management personnel
- Other related parties.

Shareholders with significant influence
Shareholders with significant influence are shareholders that have the power to participate in the financial and operating policy decisions of Nordea but do not control those policies.

Associated undertakings and joint ventures
For the definition of associated undertakings and joint ventures, see Note G9.3 "Investments in associated undertakings and joint ventures".

Key managment personnel
Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities in Nordea, directly or indirectly, including any director of the entity.

Other related parties
Other related parties comprise subsidiaries of shareholders with significant influence, close family members of key management personnel and companies controlled or jointly controlled by key management personnel or by close family members of key management personnel.

G10.4 Related party transactions, cont.

Related party transactions

A related party transaction is a transfer of resources, services or obligations between Nordea and a related party, regardless of whether a price is charged. See also Accounting policies in Note G8.4 "Key management personnel remuneration".

Related party transactions

EURm	Associated undertakings[1] 31 Dec 2023	Associated undertakings[1] 31 Dec 2022	Other related parties[2] 31 Dec 2023	Other related parties[2] 31 Dec 2022
Assets				
Loans	142	124	3	2
Derivatives	3	–	–	–
Other assets	1	8	–	–
Total assets	**146**	**132**	**3**	**2**

EURm	Associated undertakings[1] 31 Dec 2023	Associated undertakings[1] 31 Dec 2022	Other related parties[2] 31 Dec 2023	Other related parties[2] 31 Dec 2022
Liabilities				
Deposits	1	13	19	32
Derivatives	11	3	–	–
Other liabilities	0	0	–	–
Total liabilities	**12**	**16**	**19**	**32**
Off-balance sheet items	**–**	**0**	**5**	**0**

EURm	Associated undertakings[1] 2023	Associated undertakings[1] 2022	Other related parties[2] 2023	Other related parties[2] 2022
Net interest income	3	1	0	0
Net fee and commission income	3	2	0	0
Net result from items at fair value	0	-2	0	–
Total operating expenses	0	0	–	–
Profit before loan losses	**6**	**1**	**0**	**0**

1) Information about associated undertakings included in the Nordea Group is found in Note G9.3 "Investments in associated undertakings and joint ventures".

2) This column includes shareholders with significant influence (including their subsidiaries), close family members of key management personnel at Nordea, companies controlled or jointly controlled by key management personnel or by close family members of key management personnel at Nordea. It also includes Nordea's pension foundations.

All transactions with related parties are made on the same criteria and terms as those of comparable transactions with external parties of similar standing, apart from loans granted to employees as well as certain other commitments to key management personnel, see Note G8.4 "Key management personnel remuneration" and Note G7.1 "Contingent liabilities".

The information above is presented from Nordea's perspective, meaning that the information shows the effect of related party transactions on the Nordea figures.

In Nordea key management personnel includes the following positions:

- Board of Directors
- Chief Executive Officer (CEO)
- Deputy Managing Director
- Group Leadership Team.

Loans to key management personnel amounted to EUR 3.7m (EUR 2.5m) and interest income on these loans amounted to EUR 0.1m (EUR 0.1m). Deposits from key management personnel amounted to EUR 7.8m (EUR 7.3m) and interest on these deposits amounted to EUR -0.1m (EUR -0.0m). Loan commitments to key management personnel amounted to EUR 0.2m (EUR 0.1m).

For key management personnel employed by Nordea the same credit terms apply as for other employees. In Finland, the employee interest rate for mortgage loans corresponds to Nordea Bank Abp's funding cost with a margin of 30bp and for other loans the employee interest rate corresponds to Nordea Bank Abp's funding cost with a margin of 60-500bp. In Denmark, the employee interest rate for loans is variable and between 3.55% – 5.70% depending of the type of mortgage. In Norway, the variable interest rate on loans to empoloyees is 5.01%. Mortgage loans with fixed interest rates are offered with the same rates as mortgage loans to Premium customers. In Sweden, loans approved with employee conditions are a maximum amount at SEK 3m for any type of loan and a maximum amount at SEK 0.4m for car loans. The interest rate for these loans is 215bp lower than the corresponding interest rate for external customers. For interest on loans above SEK 3m and SEK 0.4m respectively, the employees receive the same maximal discount as Nordea's best external customers.

Loans to family members of key management personnel who do not live in the same household as key management personnel are granted on normal market terms, as are loans to key management personnel who are not employed by Nordea. For more information about transactions with key management personnel, see Note G8.4 "Key management personnel remuneration".

G10.5 Events after the financial period

Share buy-backs and share cancellations

After 31 December 2023 Nordea has further acquired 11,364,932 shares, which correspond to a EUR 127,974,947.37 reduction of retained earnings, under its fourth share buy-back programme, which started on 28 April 2023 and will end no later than 5 March 2024.

An aggregated amount of 6,779,548 treasury shares, which were held for capital optimisation purposes and acquired through share buy-backs, were cancelled in January. After the cancellation on 18 January 2024 the total number of shares in Nordea was 3,521,499,960. In accordance with the terms of its fourth share buy-back programme Nordea will continue to cancel repurchases shares on a monthly basis.

G11 Risk and liquidity management

1. Risk governance

Maintaining risk awareness in the organisation is an integral part of Nordea's business strategy. Nordea has defined clear risk and liquidity management frameworks including policies and instructions for different risk types, capital adequacy and capital structure.

Currently, there are significant risks related to the macroeconomic environment due to geopolitical turbulence. The consequential risks include impacts from possibly increasing energy prices, interest rates staying higher for longer and elevated inflationary pressures. Furthermore, geopolitical instability can cause a risk that demand remains subdued.

Repeated negative supply shocks could lead to continued high inflation simultaneously with a sharp contraction in output, resulting in recession. A sharp upward shift in business and consumer inflationary expectations would result in a steepening yield curve.

In order to continuously monitor potential adverse outcomes, Nordea has executed a number of internal stress tests with a focus on inflation and geopolitical developments. Depending on government and central bank responses, a stagflation scenario could test the vulnerability of Nordea to an increase in unemployment combined with a potential decline in commercial and residential real estate prices. Nordea could see significant fair value adjustments due to higher interest rates and increased covered bond spreads while net interest income (NII) could be negatively affected by an inverted yield curve and higher funding spreads. Several of these stress tests also consider climate-related physical and transition risks. In the internal stress tests, Nordea's capital and liquidity situation has shown resilience. Nordea has also enhanced the regular monitoring of credit risk developments.

1.1 Internal Control Framework

The Internal Control Framework covers the whole Group and includes Group Board, Group CEO and senior executive management responsibilities regarding internal control, all Group functions and business areas including outsourced activities and distribution channels. Under the Internal Control Framework, all business areas, Group functions and units are responsible for managing the risks they incur when conducting their activities and to have controls in place that aim to ensure compliance with internal and external requirements. As part of the Internal Control Framework, Nordea has established Group control functions with appropriate and sufficient authority, independence and access to the Group Board to fulfil their mission in line with the Risk Management Framework.

The Internal Control Framework ensures effective and efficient operations, adequate identification, measurement and mitigation of risks, prudent conduct of business, sound administrative and accounting procedures, reliability of financial and non-financial information (both internal and external) and compliance with applicable laws, regulations, standards, supervisory requirements and Group internal rules.

The internal control process is carried out by the governing bodies, management, risk management functions and other staff at Nordea. The internal control process is based on five main components: control environment, risk assessment, control activities, information and communication as well as monitoring. The internal control process aims to create the necessary fundamentals for the entire organisation to contribute to the effectiveness and high quality of internal controls through, for instance, clear definitions, assignment of roles and responsibilities and common tools and procedures.

1.2 Decision-making bodies for risk, liquidity and capital management

The Group Board, the Board Risk Committee, the Group CEO in the GLT, the Asset and Liability Committee (ALCO) and the

Risk Committee are the key decision-making bodies for risk and capital management at Nordea. In addition, the CEO Credit Committee, the Executive Credit Committee and Business Area Credit Committees are the key bodies for credit decision-making.

Group Board

The Group Board has the following overarching risk management responsibilities:

- Decide on the Group's risk strategy and the Risk Appetite Framework, including the Risk Appetite Statement, with at least annual reviews and additional updates when needed.
- Oversee and monitor the implementation of the risk strategy, Risk Appetite Framework and Risk Management Framework and regularly evaluate whether the Group has effective and appropriate controls to manage the risks.

The Group Board decides on the Group Board Directive on Capital including the dividend policy. The directive is to ensure adequate capital levels within the Group on an ongoing and forward-looking basis, consistent with Nordea's business model, risk appetite and regulatory requirements and expectations.

Board Risk Committee

The Board Risk Committee assists the Group Board in fulfilling its oversight responsibilities concerning management and control of the risks, risk frameworks, controls and processes associated with the Group's operations.

Group CEO

The Group CEO is responsible to the Group Board for the overall management of the Group's operations and risks. Responsibilities include ensuring that the risk strategy and risk management decided by the Group Board are implemented, the necessary practical measures are taken and risks are monitored and limited.

The Group CEO is supported in decision-making by senior management within the Group Leadership Team (the GLT). Matters that are to be decided by the Group Board and matters of principle or otherwise of particular importance that are to be decided by the Boards of Directors of the major subsidiaries of Nordea Bank Abp, must first be presented to the Group CEO for discussion and recommendation.

Group-wide committees have been established in order to promote coordination within the Group, thus ensuring commitment to and ownership of Group-wide prioritisations, decisions and implementation. The composition and areas of responsibility of each committee is established in Group CEO Instructions.

Asset and Liability Committee

The Asset and Liability Committee (ALCO) is subordinated to the Group CEO in the GLT and chaired by the Group Chief Financial Officer (CFO). ALCO decides on changes to the financial operations and the risk profile of the balance sheet, including asset and liability management (ALM), balance sheet management and liquidity management. ALCO also decides on certain issuances and capital injections for all wholly owned legal entities within the Group. ALCO has established sub-committees for its work and decision-making within specific risk areas. ALCO met on 12 occasions during 2023.

Risk Committee

The Risk Committee is subordinated to the Group CEO and chaired by the Group Chief Risk Officer (CRO). The Risk Committee manages the overarching Risk Management Framework and prepares or provides guidance regarding proposals to the Group CEO in the GLT and/or the Group Board on issues of major importance concerning Nordea's Risk Management Framework. The Group Board decides on the Risk Appetite Framework. The Risk Committee allocates the risk appetite to the risk-taking units, and the first line of defence is responsible for ensuring that limits are further cascaded and operationally implemented. The Risk Committee has established sub-committees for its work and decision-making within specific risk areas. The Risk Committee met on 20 occasions during 2023.

Credit decision-making bodies

The governing bodies for credit risk and/or the Credit Risk Management Framework are the Group Board, the Board Risk Committee and the Risk Committee. The Group Board and the local Boards of Directors delegate credit decision-making according to the powers to act as described in the Group Board Directive on Risk.

- The CEO Credit Committee is chaired by the Group CEO and includes all members of the Executive Credit Committee.
- The Executive Credit Committee is chaired by the Head of Group Credit Management. The Group CEO appoints the members of the Executive Credit Committee.
- Business Area Credit Committees: The Executive Credit Committee establishes credit committees for each business area as required by organisational and customer segmentation.

Subsidiary governance

The subsidiary Board of Directors (BoD) is responsible for approving risk appetite limits and capital actions within the overarching framework set by the Group Board of Directors. The proposals for such items are the responsibility of the relevant subsidiary management which is supported by Group functions.

Subsidiaries must adhere to the Internal Control Framework of the Group including the Group Risk Management and Compliance Risk Management Frameworks, unless local legal or supervisory requirements determine otherwise. The subsidiary BoD has oversight responsibilities concerning the management and control of risk, the implementation of risk management frameworks as well as the processes associated with the subsidiary's operations. In addition, there are risk management functions responsible for the risk management framework and processes within the subsidiary.

The subsidiary CEO is part of the decision-making process at the subsidiary level and is responsible for the daily operations.

1.3 Governance of risk management and compliance

Group Risk and Group Compliance constitute Nordea's independent second line of defence functions. The second line of defence is organised so that adequate resources are allocated to support processes and to cover the business organisation, legal structure and country dimensions. Group Risk oversees the implementation of the Group risk policies (excluding compliance risk) and, according to a risk-based approach, monitors and controls the Risk Management Framework. Group Compliance oversees the implementation of the Compliance Risk Management Framework, which is a part of the overarching Risk Management Framework.

The Risk Management Framework ensures consistent processes for identifying, assessing and measuring, responding to and mitigating, controlling and monitoring and reporting risks to enable informed decisions on risk-taking. The Risk Management Framework encompasses all risks to which Nordea is or could be exposed, including ESG as drivers of existing risks, off-balance sheet risks and risks in a stressed situation. Detailed risk information covering all risks is regularly reported to the Risk Committee, the GLT, the Board Risk Committee and the Group Board. In addition to this, Nordea's compliance with regulatory requirements is reported to the Risk Committee, the GLT, the Board Risk Committee and the Group Board. The Group Board and the CEO in each legal entity regularly receive local risk reporting.

The Risk Identification and Materiality Assessment Process starts with identifying risks to which Nordea is or could be exposed. Risks are then assessed for relevance, classified and included in the Common Risk Taxonomy.

All risks within the Nordea Common Risk Taxonomy need to be classified as material or not material for risk management and capital purposes. Material risks are those assessed as having a material impact on Nordea's current and future financial position, its customers and stakeholders. These risks will typically refer to a higher level within the risk taxonomy, which captures a number of underlying risks where losses arise from a common source.

Risk appetite

The Risk Appetite Framework (RAF) supports effective risk management and a sound risk culture by enabling informed decisions on risk-taking, with the objective of ensuring that risk-taking activities are conducted within the organisation's risk capacity.

Risk capacity is the maximum level of risk that Nordea is deemed able to assume given its capital (own funds), its risk management and control capabilities and its regulatory constraints. Risk appetite is the aggregate level and types of risk that Nordea is willing to assume within its risk capacity, in line with its business model, to achieve its strategic objectives. The Risk Appetite Statement is the articulation of the Group Board approved risk appetite and comprises the qualitative statements and quantitative limits and triggers by main risk type, which are deemed appropriate to be able to operate with a prudent risk profile.

Credit concentration metrics cover e.g. sectors and geographical regions in terms of size and importance. Stress test metrics are applied to credit, market and liquidity risk metrics to ensure a forward-looking approach to risk management. Operational risk metrics cover both residual risk levels and requirements for mitigating actions as well as limits for incident losses. Additionally, financed emissions metrics are included as part of Nordea's ESG RAF.

Model risk is defined as the risk of adverse effects on capital adequacy, financial loss, poor business and strategic decision-making and damage to Nordea's reputation from the use of models.

Risk appetite processes

The Risk Appetite Framework contains all processes and controls to establish, monitor and communicate Nordea's risk appetite:

- Risk capacity setting based on capital and liquidity position: On an annual basis, the Group's overall risk capacity is aligned with the financial and capital planning process, based on Nordea's risk strategy. The risk capacity is set in line with Nordea's capital and liquidity position, including an appropriate shock-absorbing capacity.
- Risk appetite allocation by risk type: Risk appetite includes risk appetite limits for the main risk types that Nordea is exposed to. Risk appetite triggers are also set for these main risk types, to act as early indicators for key decision-makers that the risk profile for a particular risk type is approaching its risk appetite limit.
- Risk limit setting: Measurable risk limits are established and set at an appropriate level to manage risk-taking effectively. Risk appetite limits are set by the Group Board. These form the basis for setting the risk limits which are established and approved at lower decision-making levels. The RAF is calibrated to ensure consistency throughout the framework. Subsidiary risk appetite limits must be set by the appropriate governing body in alignment with local regulatory requirements and consistent with the Group risk limits.
- Controlling and monitoring risk exposures against risk limits: Regular controlling and monitoring of risk exposures compared to risk limits are carried out to ensure that risk-taking activity remains within the risk appetite.
- Risk appetite limit breach management process: Group Risk and Group Compliance oversee that risk appetite limit breaches are appropriately escalated to the Risk Committee and the Board Risk Committee. Group Risk and Group Compliance report monthly on any breaches of the risk appetite to the Group Board and other relevant governing bodies including a follow-up on the status of actions to be taken, until the relevant risk exposure is within the risk appetite. The reporting includes a consistent status indicator to communicate the current risk exposure compared to the risk appetite limit for all risk types covered by the Risk Appetite Statements.

Embedding risk appetite in business processes

The end-to-end risk appetite process cycle is aligned with other strategic processes, including the Internal Capital Adequacy Assessment Process (ICAAP), the Internal Liquidity Adequacy Assessment Process (ILAAP) and the Recovery Plan.

The risk appetite is embedded in business processes and communicated across the organisation in order to meet Nordea's objectives of maintaining a sound risk culture. This includes but is not limited to ensuring a strong link between the assessed risk appetite and the business plans and budgets as well as the capital and liquidity position. Risk appetite is also considered in the Group recoverability and resolvability assessments as well as the incentive structures and remuneration framework.

1.4 Disclosure requirements of the Capital Requirements Regulation – Capital and Risk Management Report 2023

Additional information on risk and capital management is presented in the Capital and Risk Management Report 2023, in accordance with the Capital Requirements Regulation.

2. Credit risk

Credits granted within the Group must conform to the common principles established for the Group. Nordea strives to have a well-diversified credit portfolio that is adapted to the structure of its home markets and economies. Nordea's loan portfolio is split by type of exposure classes (corporate and retail) or by sector, then further broken down by segment, industry and geography and reported monthly, quarterly and annually.

The key principles for managing Nordea's risk exposures are:

- risk-based approach, i.e. the risk management functions should be aligned to the nature, size and complexity of Nordea's business, ensuring that efforts undertaken are proportional to the risks in question
- independence, i.e. the risk control function should be independent of the business it controls
- three lines of defence, as further described in the Group Board Directive on Internal Governance.

Group Credit Management is the first line of defence and is responsible for the credit process and Industry Credit Policies. Group Credit Risk Control is the second line of defence and is responsible for the credit risk framework, consisting of instructions and guidelines for the Group. Group Credit Risk Control is also responsible for controlling and monitoring the quality of the credit portfolio and the credit process.

The basis of credit risk management at Nordea is allocating limits to customers and customer groups which are aggregated and assigned to units responsible for their continuous monitoring and development. In addition to the procedures for allocating customer and customer group limits, Nordea's credit risk management framework also includes the credit risk appetite framework, which provides a comprehensive and risk-based portfolio perspective through relevant asset quality and concentration risk measures. Each division/unit is primarily responsible for managing the credit risks in its operations within the applicable framework and limits, including identification, control and reporting.

Within the powers to act granted by the Board of Directors, internal credit risk limits are approved by credit decision-making authorities on different levels of the organisation constituting the maximum risk appetite in relation to the customer in question. Individual credit decisions within the approved internal credit risk limit are taken within the customer responsible unit. The risk categorisation together with the exposure of the customer decides at what level the credit decision will be made. Responsibility for a credit risk lies with the customer responsible unit. Customers are classified according to risk and assigned a rating or a score in accordance with Nordea's rating and scoring guidelines. The rating and scoring of customers aim to predict their probability of default and consequently rank them according to their respective default risk. Rating and scoring are used as integrated parts of credit risk management and the credit decision-making process. Representatives from the first line of defence credit organisation approve the rating independently.

2.1 Credit risk definition and identification

Credit risk is defined as the potential for loss due to failure of a borrower to meet its obligations to pay a debt in accordance with the agreed terms and conditions. The potential for loss is lowered by credit risk mitigation techniques. Credit risk mainly stems from various forms of lending as well as from issued guarantees and documentary credits and includes counterparty credit risk, transfer risk and settlement risk.

Nordea's loan portfolio is furthermore broken down by segment, industry and geography. Industry credit policies are established for those industries that have a significant weight in the portfolio and/or are either highly cyclical or volatile or assessed as vulnerable to climate-related risks or require special industry competencies.

Credit decisions are reached after a credit risk assessment, based on principles that are defined consistently across the Group. These principles emphasise the need to adjust the depth and scope of the assessment according to the risk. The same credit risk assessments are used as input for determining the internal ratings. Credit decisions at Nordea reflect Nordea's view of both the customer relationship and the credit risk.

ESG factors are assessed as a material or potentially material driver of credit risk. Nordea provides an in-depth summary of the materiality assessment outcomes and identification, mitigation, management, capital adequacy and response to ESG factors as a risk driver in the business area sections, the sustainability section and in the Pillar 3 report.

For corporate borrowers, in summary, ESG assessments are performed according to the size and type of the transaction and the customer's internal segmentation. ESG assessments are performed on new customers, in ordinary reviews of existing customers and when the ESG-related risk(s) or credit exposure on existing customers significantly changes. ESG-related risks identified qualitatively as material at customer level provide input to the credit risk assessment to reach conclusions on the customer group's risk level included in the credit memorandum. Approvals are made according to the established credit decision-making process. For customers associated with high ESG-related risk levels, decisions are escalated to higher-level credit committees in line with the Group's Credit Governance where relevant.

When conducting ESG assessments related to credit risks, a dedicated process which includes identifying both a customer's vulnerability and resilience towards material ESG

Credit committee structure

Level 1	**Board of Directors / Board Risk Committee**
Level 2	Chief Executive Officer (CEO) Credit Committee / Executive Credit Committee
Level 3	Leveraged Buyout and Mergers and Acquisitions Credit Committee Real Estate Management Industry and Construction Credit Committee Corporate Large Corporations and Institutions Credit Committee Corporate Business Banking Credit Committee Int. Banks Countries, and Financial Institutions Credit Committee Shipping and Offshore Credit Committee Nordic Household Credit Committee
Level 4	Six eyes decisions (rated customers) Four eyes decisions (scored customers) – two senior decision-makers from Group Credit Management
Level 5	Four eyes decisions
Level 6	Personal powers to act

issues is used. The process was updated during 2023 to further improve integration into the credit process. To support these analyses, external databases are used to assess performance on specific ESG-related risks and to assess if the company has been or is involved in ESG-related controversies.

Climate-related transition and physical risks are assessed with an enhanced focus for larger customers. The key components of the assessment include counterparties' greenhouse gas (GHG) emissions intensity developments, the corresponding quality of their transition planning and the resulting impact of climate-related transition and physical risks on customer repayment capacity. This analysis is aligned with the Group targets on financed GHG emissions reductions and transition plan coverage.

For certain customers, there is an enhanced focus on environmental and social risks. The process includes ensuring that sufficient policies and programmes are in place to reduce potential harmful impacts on, for example, the environment, communities, health and safety issues and indigenous rights. Additionally, Nordea follows applicable valuation standards and regulatory requirements, which includes taking ESG factors into account in applying market values for collateralised real estate assets, when available and/or relevant.

ESG-related considerations in the credit process are further guided by the internal Industry Credit Policies, which include ESG-related exclusion criteria from exposure to harmful or controversial economic activities and requirements on engagement and monitoring of climate-related transition plans.

In addition to these processes, where relevant, Nordea carries out an environmental and social impact assessment when financing large infrastructure and industrial projects, as part of its commitment to the Equator Principles.

The overall credit risk assessment is a combined risk conclusion on the borrower's repayment capacity and recovery position. The risk conclusion must be sufficiently forward-looking in relation to the risk profile of the customer and the maturity of the transaction.

In addition to the credit risk assessment made in connection with a new or changed exposure in relation to a customer, an annual or ongoing credit review process is in place. The review process is an important part of the ongoing credit assessment process.

If credit weakness is identified in relation to a customer exposure, the customer is classified as "high risk" and receives special attention in terms of more frequent reviews and testing the need of individual provisions when credit events are identified. In addition to the ongoing monitoring, an action plan is established outlining how to minimise the potential credit loss. If necessary, a work-out team is established to support the customer responsible unit.

2.2 Credit risk mitigation

Credit risk mitigation is an inherent part of the credit decision process. In every credit decision and review, the valuation of collateral is considered as well as the adequacy of covenants and other risk mitigations. A fundamental credit risk mitigation technique used by Nordea is to obtain collateral. Collateral is always required, when reasonable and possible, to minimise the risk of credit losses.

At Nordea, the main collateral types are real estate, floating charges and leasing objects. Collateral coverage should generally be higher for exposures of financially weaker customers than for those who are financially strong.

Independently of the strength of the collateral position, the repayment capacity is the starting point for the credit assessment and the assignment of credit limits. Regarding large exposures, syndication of loans is the primary tool for managing concentration risk, while credit risk mitigation using credit default swaps is applied to a limited extent. Covenants included in credit agreements are complementary to collateral protection.

Most exposures of substantial size and complexity include appropriate covenants. Covenants provide early warning signs that enable Nordea to detect, and react on, a deterioration in the borrower's credit quality or overall performance. Covenant breaches allow Nordea to cancel the credit facility and demand repayment of the outstanding credits.

The collateral value should always be based on the market value. The market value is defined as the estimated amount for which the asset or liability could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion. From this market value, a haircut is applied. The haircut is defined as a percentage by which the asset's market value is reduced ensuring a margin against loss. The haircut should reflect the volatility of the market value of the asset, liquidity and cost of liquidation. A minimum haircut is set for each collateral type. In addition to the haircut, potential higher-ranking claims are also deducted from the market value when calculating the maximum collateral value.

The same principles of calculation must be used for all exposures.

2.3 Collateral distribution

The distribution of the collateral remained stable during 2023, with the majority of the collateral stemming from residential and commercial real estate at 93% (93%). The share of commercial real estate increased to 18% (17%), while residential real estate decreased to 75% (76%). The proportions of the other collateral groups remained roughly the same during 2023.

Maximum exposure to credit risk

		31 Dec 2023		31 Dec 2022	
EURm	Note	Amortised cost and fair value through other comprehensive income	Financial assets at fair value through profit or loss	Amortised cost and fair value through other comprehensive income	Financial assets at fair value through profit or loss
Loans to central banks and credit institutions	G3.8	3,091	1,202	2,854	2,621
Loans to the public	G3.8	272,934	73,526	276,760	70,627
Interest-bearing securities	G3.9	36,703	31,301	32,538	35,691
Derivatives	G3.12	–	26,525	–	36,578
Off-balance sheet items, nominal amounts	G7.1, G7.2	102,461	139	107,261	228
Total		**415,189**	**132,693**	**419,413**	**145,745**

G11 Risk and liquidity management, cont.

Collateral distribution

	31 Dec 2023	31 Dec 2022
Financial collateral	0.6%	0.6%
Receivables	0.9%	0.9%
Residential real estate	75.0%	75.5%
Commercial real estate	17.9%	17.5%
Other physical collateral	5.6%	5.5%
Total	**100.0%**	**100.0%**

Allowances for credit risk

EURm	Note	31 Dec 2023	31 Dec 2022
Loans to central banks and credit institutions	G3.8	21	29
Loans to the public	G3.8	1,632	1,644
Interest-bearing securities measured at fair value through other comprehensive income or amortised cost	G3.9	4	3
Off-balance sheet items	G6	168	184
Total		**1,825**	**1,860**

2.4 Assets taken over for protection of claims

The table below presents assets taken over distributed by asset type. Land and buildings make up EUR 2m (EUR 2m) while shares and participations have increased by EUR 6m from EUR 0m in 2022. Total assets taken over have increased by EUR 7m to EUR 9m.

Assets taken over for protection of claims[1]

EURm	31 Dec 2023	31 Dec 2022
Current assets, carrying amount:		
Land and buildings	2	2
Shares and other participations	6	0
Other assets	1	0
Total	**9**	**2**

1) In accordance with Nordea's policy for taking over assets for protection of claims, which is in compliance with the local banking business acts wherever Nordea is located. Assets used as collateral for the loan are generally taken over when the customer is not able to fulfil its obligations to Nordea. The assets taken over are disposed at the latest when full recovery is reached.

2.5 Loan-to-value

The loan-to-value (LTV) ratio is considered a useful measure to evaluate quality of collateral, i.e. the credit extended divided by the market value of the collateral. In the table, IRB retail mortgage exposures are distributed by LTV buckets based on the LTV ratio.

Loan-to-value[1]

	31 Dec 2023		31 Dec 2022	
Retail mortgage exposure	EURbn	%	EURbn	%
<50%	128.6	83	128.7	84
50–70%	19.7	13	18.5	12
71–80%	3.9	2	3.7	2
81–90%	1.1	1	1.1	1
>90%	0.8	1	0.9	1
Total	**154.1**	**100**	**152.9**	**100**

1) The amount and percentages in the table includes the relevant part of a loan, not the total loan.

2.6 Individual and collective assessment of impairment

Requirements for impairment are set forth in IFRS 9 and are based on an expected credit loss model, see also G3.8 "Loans".

Individual and collective provisioning apply three forward-looking and weighted scenarios where assets tested for impairment are divided into three groups depending on the stage of credit deterioration. Stage 1 includes assets with no significant increase in credit risk, stage 2 includes assets with a significant increase in credit risk, and stage 3 includes defaulted assets (credit impaired). All assets are assessed individually for staging. Significant assets in stage 3 are assessed for provisions individually. Assets in stage 1 and stage 2 and insignificant assets in stage 3 are assessed for provisions collectively.

Throughout the process of identifying and mitigating credit impairment, Nordea continuously reviews the quality of credit exposures. Weak/high-risk exposures and credit-impaired exposures (stage 3) are closely monitored and reviewed at least on a quarterly basis in terms of current performance, business outlook, future debt service capacity and the possible need for individual provisions.

Specific credit risk adjustments comprise individually and collectively assessed provisions. These adjustments are referred to as loan losses in the income statement, while they are referred to as allowances and provisions on the balance sheet. Individually assessed provisions are a trigger for default.

Individual provisioning

A need for individual provisioning is recognised if, based on credit events and observable data, a negative impact is likely on the customer's expected future cash flow to the extent that full repayment is unlikely (pledged collateral taken into account).

Exposures with individually assigned provisions are credit impaired, defaulted and in stage 3. The size of the provision is equal to the estimated loss, which is the difference between the book value of the outstanding exposure and the discounted value of the expected future cash flow, including the value of pledged collateral.

Collective provisioning

The collective model is executed quarterly and assessed for each legal unit/branch. One important driver for provisions is the trigger for transferring assets from stage 1 to stage 2. For assets recognised from 1 January 2018, changes to the lifetime probability of default (PD) are used as the trigger. In addition, customers with forbearance measures and customers with payments more than 30 days past due are also transferred to stage 2. In stage 1, the provisions equal the 12-month expected losses. In stages 2 and 3, the provisions equal the lifetime expected losses. The output is complemented by an expert-based analysis process to ensure adequate provisioning. Defaulted customers without individual provisions have collective provisions.

Default

Customers with exposures that are past due more than 90 days, in bankruptcy or considered unlikely to pay are regarded as defaulted and non-performing and will be in stage 3. Such customers can be either servicing debt or non-servicing, i.e. no longer able or willing to fulfil its debt payment obligations.

G11 Risk and liquidity management, cont.

If a customer recovers from being in default, the customer is seen as cured and is moved out of stage 3. Typically, this situation occurs if the customer succeeds in creating a balance in financials. In order to be cured, the recovery should include the customer's total liabilities, an established satisfactory repayment plan and an assessment that the recovery is underway.

2.7 Forbearance

Forbearance is eased terms or restructuring due to the borrower experiencing or about to experience financial difficulties. The intention of granting forbearance for a limited time period is to help the customer return to a sustainable financial situation ensuring full repayment of the outstanding debt. Examples of eased terms are changes in amortisation profile, repayment schedule, customer margin as well as ease of covenants. Forbearance is undertaken on a selective and individual basis for all customers and is followed by impairment testing for corporate customers as forbearance is considered a credit event. Individual loan loss provisions are recognised if necessary. For retail customers the collective models described in 2.6 above are applied. Forbearance is approved according to the powers to act, and forborne exposures can be performing or non-performing.

Forbearance

EURm	31 Dec 2023	31 Dec 2022
Forborne loans	2,261	2,064
- of which defaulted	1,045	903
Allowances for individually assessed impaired and forborne loans	455	360
- of which defaulted	420	336

Key ratios	31 Dec 2023	31 Dec 2022
Forbearance ratio[1]	0.8%	0.7%
Forbearance coverage ratio[2]	20%	17%
- of which defaulted	40%	37%

1) Forborne loans/Loans held at amortised cost before allowances.
2) Individual allowances on forborne loans/Forborne loans.

2.8 Sensitivities

One important factor in estimating expected credit losses in accordance with IFRS 9 is to assess what constitutes a significant increase in credit risk. To understand the sensitivities to these triggers, Nordea has calculated model-based provisions under two different scenarios:

	Triggers	Scenario 1	Scenario 2
Retail portfolios			
Relative threshold	100%	50%	150%
Absolute 12-month threshold	45 bp	35 bp	55 bp
Absolute lifetime threshold	300 bp	250 bp	350 bp
Notching[1]	1–6	1 less	1 more
Non-retail portfolios			
Relative threshold	150%	100%	200%
Absolute 12-month threshold	20 bp	15 bp	25 bp
Absolute lifetime threshold	400 bp	350 bp	450 bp
Notching[1]	1–6	1 less	1 more

1) For exposures with initial recognition before the transition to IFRS 9 (1 Jan 2018), stage classification is decided based on changes in rating grades. The trigger in scenario 1 is set at one notch less than in the model actually used and in scenario 2 the trigger is set at one notch more than in the model used.

The provisions would have increased by EUR 16m (EUR 20m) in scenario 1 and decreased by EUR 12m (EUR 20m) in scenario 2. For more information on the rating scale and average PDs, see tables "Rating/scoring information on loans measured at amortised cost" on page 231.

The provisions are sensitive to rating migration even if the triggers are not reached. The table below shows the impact on provisions from a one notch downgrade of all Nordea's exposures. It includes both the impact of the higher risk for all exposures as well as the impact of transferring exposures from stage 1 to stage 2 that reach the trigger. It also includes the impact of exposures with one rating grade above default going into default, which is estimated at EUR 132m (EUR 118m). This figure is based on calculations with the statistical model rather than individual estimates that would be the case in reality for material defaulted loans.

Sensitivities

	31 Dec 2023		31 Dec 2022	
EURm	Recognised provisions	Provisions if one notch downgrade	Recognised provisions	Provisions if one notch downgrade
Personal Banking	405	526	387	488
Business Banking	986	1,114	1,036	1,166
Large Corporates & Institutions	396	431	402	441
Other	38	51	35	46
Total	**1,825**	**2,122**	**1,860**	**2,141**

G11 Risk and liquidity management, cont.

2.9 Forward-looking information

Forward-looking information is used for both assessing significant increases in credit risk and calculating expected credit losses. Nordea uses three macroeconomic scenarios: a baseline scenario, a favourable scenario and an adverse scenario. 2023 the scenarios were weighted into the final expected credit losses (ECL) as follows: baseline 50%, adverse 40% and favourable 10% (baseline 50%, adverse 40% and favourable 10% at the end of 2022). The weightings reflected a continued higher downside risks in the macroeconomic projections.

The macroeconomic scenarios are provided by Group Risk at Nordea, based on the Oxford Economics Model. The forecast is a combination of modelling and expert judgement, subject to thorough checks and quality control processes. The model has been built to give a good description of the historical relationships between economic variables and to capture the key linkages between those variables. The weight of the adverse scenario was kept at an elevated level, reflecting continued uncertainty about the macroeconomic outlook.

The macroeconomic scenarios reflect Nordea's view of how the Nordic economies might develop in light of the conflict in the Middle East and the war in Ukraine. They take into consideration the possibility of continued high inflation, reinforced by a renewed surge in energy prices, and the potential impact of high interest rates on financial markets and economic activity. When developing the scenarios and determining the relative weighting between the scenarios, Nordea takes into account projections made by Nordic central banks, Nordea Research and the European Central Bank.

The baseline scenario foresees soft landings in the Nordic economies and slightly higher unemployment in the coming years as the pass-through of higher rates and elevated inflation continues to weigh on economic activity. While growth in 2024 remains moderate in Denmark and Norway, GDP stagnates in Finland and Sweden. Core inflation is expected to remain elevated. House prices have stabilised after the downward adjustment in 2023. In 2024 prices are expected to rise slowly before picking further up in 2025 and 2026. The risks to the baseline forecast are tilted to the downside.

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

At the end of the year adjustments to model-based allowances/provisions amounted to EUR 549m, including management judgement allowances of EUR 495m and EUR 52m reallocated from the management judgement allowances. The EUR 52m, related to non-performing loans, is not included in the scenario-weighted model-based allowances/provisions.

The cyclical management judgement of EUR 414m is intended to cover excess losses from macro-economic shocks and uncertainties that are regarded as extraordinary in relation to a normal contraction in the economic cycle, and are therefore not adequately captured by the existing IFRS 9 ECL modelling. The uncertainties are mainly connected to high inflation and interest rates and reduced disposable income. This in combination with the weaknesses in supply chains and shortages of input goods that arose during the pandemic have created a more challenging economic outlook for both households and corporates. Industry groups with significant additional coverage from the cyclical management judgement allowance include Consumer discretionary and services, Industrials and Real estate. The level at the end of 2023 compared to the end of 2022 was unchanged in local currencies, but decreased by EUR 16m in EUR (using the fourth quarter in 2022 as reference quarter).

Structural management judgement allowances of EUR 81m cover known IFRS 9 model and data issues to be captured in later model updates. The total allowance at the end of 2023, compared to the end of 2022, was reduced by EUR 74m following the transfer of allowances for aged non-performing retail loans of EUR 52m into the model calculated collective provisions and implementing the corresponding capital deductions for aged non-performing corporate loans. This resulted in shifts between modelled allowances, structural management judgement allowances and capital deductions, without any impact on the actual level of coverage.

Management judgement allowances coverage

EURm	31 Dec 2023	31 Dec 2022
Cyclical management judgement allowances		
Related to corporate exposures in BB	205	213
Related to corporate exposures in LC&I	117	122
Related to household exposures	92	95
Subtotal	**414**	**430**
Structural management judgement allowances		
Related to corporate exposures in BB	13	30
Related to corporate exposures in LC&I	–	–
Related to household exposures	68	125
Subtotal	**81**	**155**
Total management judgement allowances	**495**	**585**

G11 Risk and liquidity management, cont.

Scenarios and provisions 2023

Denmark		2024	2025	2026	Unweighted ECL, EURm	Probability weight	Model-based allowances/ provisions, EURm	Adjustment model-based allowances/ provisions, EURm	Individual allowances/ provisions, EURm	Total allowances/ provisions, EURm
Favourable scenario	GDP growth, %	2.1	1.7	1.7	135	10%				
	Unemployment, %	2.8	2.8	2.8						
	Change in household consumption, %	1.8	1.5	1.6						
	Change in house prices, %	1.9	2.8	3.2						
Baseline scenario	GDP growth, %	1.0	1.3	1.4	137	50%	142	104	203	449
	Unemployment, %	3.2	3.4	3.4						
	Change in household consumption, %	1.3	1.0	1.0						
	Change in house prices, %	0.7	2.1	2.5						
Adverse scenario	GDP growth, %	-0.9	0.3	0.7	151	40%				
	Unemployment, %	3.9	4.5	4.7						
	Change in household consumption, %	0.1	-0.1	-0.1						
	Change in house prices, %	-2.6	-0.1	0.8						
Finland										
Favourable scenario	GDP growth, %	2.1	1.6	1.2	226	10%				
	Unemployment, %	7.6	7.1	6.8						
	Change in household consumption, %	2.4	1.4	1.1						
	Change in house prices, %	1.1	2.8	2.7						
Baseline scenario	GDP growth, %	0.2	1.4	1.5	233	50%	239	205	179	623
	Unemployment, %	8.0	7.4	7.1						
	Change in household consumption, %	0.8	1.1	1.1						
	Change in house prices, %	1.0	1.8	2.0						
Adverse scenario	GDP growth, %	-3.2	1.0	1.5	250	40%				
	Unemployment, %	8.6	8.3	7.9						
	Change in household consumption, %	-2.2	0.6	0.6						
	Change in house prices, %	-1.5	0.5	0.8						

G11 Risk and liquidity management, cont.

Scenarios and provisions 2023, cont.

Norway		2024	2025	2026	Unweighted ECL, EURm	Probability weight	Model-based allowances/ provisions, EURm	Adjustment model-based allowances/ provisions, EURm	Individual allowances/ provisions, EURm	Total allowances/ provisions, EURm
Favourable scenario	GDP growth, %	2.4	1.1	0.8	95	10%				
	Unemployment, %	3.1	3.2	3.4						
	Change in household consumption, %	1.9	2.4	2.7						
	Change in house prices, %	1.2	2.9	3.4						
Baseline scenario	GDP growth, %	0.4	1.0	1.1	99	50%	102	116	94	312
	Unemployment, %	3.6	3.8	3.8						
	Change in household consumption, %	0.1	1.9	2.5						
	Change in house prices, %	0.8	2.2	2.8						
Adverse scenario	GDP growth, %	-1.7	0.2	0.4	107	40%				
	Unemployment, %	4.4	4.8	4.9						
	Change in household consumption, %	-1.2	0.8	1.2						
	Change in house prices, %	-6.7	-1.5	2.0						
Sweden										
Favourable scenario	GDP growth, %	1.1	2.4	2.6	100	10%				
	Unemployment, %	8.0	7.9	7.9						
	Change in household consumption, %	1.7	2.2	2.7						
	Change in house prices, %	1.7	3.9	3.4						
Baseline scenario	GDP growth, %	-0.1	2.1	2.3	103	50%	105	121	211	437
	Unemployment, %	8.3	8.3	8.3						
	Change in household consumption, %	0.8	1.9	2.1						
	Change in house prices, %	0.0	2.6	3.8						
Adverse scenario	GDP growth, %	-1.5	1.0	1.3	108	40%				
	Unemployment, %	8.9	9.2	9.3						
	Change in household consumption, %	0.0	0.7	0.1						
	Change in house prices, %	-1.2	1.0	0.4						
Non-Nordic							1	3	0	4
Total							**589**	**549**	**687**	**1,825**

G11 Risk and liquidity management, cont.

Scenarios and provisions 2022

Denmark		**2023**	**2024**	**2025**	**Unweighted ECL, EURm**	**Probability weight**	**Model-based allowances/ provisions, EURm**	**Adjustment model-based allowances/ provisions, EURm**	**Individual allowances/ provisions, EURm**	**Total allowances/ provisions, EURm**
Favourable scenario	GDP growth, %	0.7	1.9	1.4	168	10%				
	Unemployment, %	2.7	2.7	2.6						
	Change in household consumption, %	0.8	1.5	2.0						
	Change in house prices, %	-5.0	-1.2	2.6						
Baseline scenario	GDP growth, %	-0.1	1.2	1.0	173	50%	178	120	250	548
	Unemployment, %	3.0	3.3	3.3						
	Change in household consumption, %	0.4	1.1	1.5						
	Change in house prices, %	-5.6	-1.8	2.0						
Adverse scenario	GDP growth, %	-3.0	0.5	1.1	186	40%				
	Unemployment, %	4.0	4.8	4.7						
	Change in household consumption, %	-1.9	-0.4	1.0						
	Change in house prices, %	-10.7	-5.4	0.9						
Finland										
Favourable scenario	GDP growth, %	0.7	1.5	1.2	233	10%				
	Unemployment, %	7.2	7.4	7.4						
	Change in household consumption, %	0.5	0.9	1.3						
	Change in house prices, %	-4.4	0.7	2.6						
Baseline scenario	GDP growth, %	-0.3	1.1	1.0	237	50%	243	178	200	621
	Unemployment, %	7.4	7.7	7.7						
	Change in household consumption, %	-0.3	0.6	0.9						
	Change in house prices, %	-5.0	0.0	1.9						
Adverse scenario	GDP growth, %	-3.0	0.1	0.9	252	40%				
	Unemployment, %	8.2	8.5	8.4						
	Change in household consumption, %	-2.7	-0.8	0.1						
	Change in house prices, %	-7.2	-1.5	0.4						

G11 Risk and liquidity management, cont.

Scenarios and provisions 2022, cont.

Norway		2023	2024	2025	Unweighted ECL, EURm	Probability weight	Model-based allowances/ provisions, EURm	Adjustment model-based allowances/ provisions, EURm	Individual allowances/ provisions, EURm	Total allowances/ provisions, EURm
Favourable scenario	GDP growth, %	1.6	1.2	1.0	70	10%				
	Unemployment, %	3.1	3.3	3.2						
	Change in household consumption, %	-0.4	0.6	3.0						
	Change in house prices, %	-1.8	1.9	4.7						
Baseline scenario	GDP growth, %	0.8	0.8	0.3	72	50%	75	143	119	337
	Unemployment, %	3.3	3.6	3.6						
	Change in household consumption, %	-1.1	0.3	1.9						
	Change in house prices, %	-2.4	1.3	4.1						
Adverse scenario	GDP growth, %	-1.5	0.3	0.4	79	40%				
	Unemployment, %	4.2	4.4	4.4						
	Change in household consumption, %	-2.6	-0.9	1.0						
	Change in house prices, %	-7.2	-3.0	1.3						
Sweden										
Favourable scenario	GDP growth, %	0.7	1.7	1.9	83	10%				
	Unemployment, %	7.6	7.7	7.9						
	Change in household consumption, %	0.5	2.3	2.5						
	Change in house prices, %	-10.4	-1.0	3.1						
Baseline scenario	GDP growth, %	-0.5	1.1	1.9	86	50%	88	111	150	349
	Unemployment, %	7.9	8.2	8.3						
	Change in household consumption, %	-0.6	1.8	2.2						
	Change in house prices, %	-10.5	-1.8	2.0						
Adverse scenario	GDP growth, %	-3.0	0.3	1.4	91	40%				
	Unemployment, %	8.7	9.1	9.2						
	Change in household consumption, %	-2.9	0.4	1.0						
	Change in house prices, %	-13.1	-5.0	0.2						
Non-Nordic[1]							3	2	0	5
Total							**587**	**554**	**719**	**1,860**

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

2.10 Credit portfolio

Including on- and off-balance sheet exposures and exposures related to securities and life insurance operations, the total credit risk exposure at year end was EUR 548bn (EUR 565bn in 2022). The total credit exposure according to the Capital Requirements Regulation definition was at year end after Credit Conversion Factor EUR 491bn (EUR 511bn). Credit risk is measured, monitored and segmented in different ways. On-balance sheet lending consists of amortised cost lending and fair value lending and constitutes the major part of the credit portfolio. Amortised cost lending is the basis for impaired loans, allowances and loan losses.

Credit risk in lending is measured and presented as the principal amount of on-balance sheet claims, i.e. loans to credit institutions and to the public, and off-balance sheet potential claims on customers and counterparties, net after allowances. Credit risk exposure also includes the risk related to derivative contracts and securities financing. Nordea's loans to the public decreased by 0.3% to EUR 345bn during 2023 (EUR 346bn). The corporate portfolio increased approximately 0.9%, while the household portfolio decreased by 0.6%. The overall credit quality is solid with strongly rated customers. Close monitoring is performed due to the currently uncertain macroeconomic outlook. However, the credit quality remained strong during 2023. Of the lending to the public portfolio, corporate customers accounted for 46.6% (46.0%), household customers for 52.2% (52.5%) and the public sector for 1.2% (1.5%). Loans to central banks and credit institutions, mainly in the form of interbank deposits, increased to EUR 4bn at the end of 2023 (EUR 5bn).

2.11 Loans to corporate customers

Loans to corporate customers at the end of 2023 amounted to EUR 161bn (EUR 159bn). The sector that increased the most in absolute terms in 2023 was Real estate, while Industrials decreased the most. The three largest industries (Real estate, Financial institutions and Industrials) accounted in total for approximately 60% of total corporate lending. Real estate remained the largest industry in Nordea's lending portfolio, at EUR 46.5bn (EUR 44.6bn). The real estate (commercial and residential) portfolio predominantly consists of relatively large and financially strong companies, with 93% (94%) of the exposure in rating grades 4– and higher. The Real estate portfolio mainly comprise central and modern offices and residential properties, and continues to have strong credit quality with some slight deterioration during 2023. Only 5% of the portfolio is stage 2 and more than half of this is related to a more conservative categorisation, rather than an actual decrease in credit quality. Stage 3 loans in the Real estate portfolio makes up only 0.4% of the full portfolio, and the coverage ratio is above 50%, which is high in a collateralised portfolio. All new lending granted within the industry is fully collateralised.

The distribution of loans to corporate customers by size of loans, seen in the table below, shows a high degree of diversification with approximately 64% (64%) of the corporate volume representing loans up to EUR 50m per customer.

Loans to corporate customers, by size of loans

	31 Dec 2023		31 Dec 2022	
Size in EURm	Loans EURbn	%	Loans EURbn	%
0–10	62.7	39	64.0	40
11–50	39.6	25	38.3	24
51–100	22.9	14	20.5	13
101–250	24.2	15	21.6	14
251–500	6.4	4	9.3	6
501–	4.9	3	5.5	3
Total	**160.7**	**100**	**159.2**	**100**

2.12 Loans to household customers

In 2023 lending to household customers decreased by 0.6% to EUR 180bn (EUR 181bn). The decrease was driven by the Norwegian and Finnish portfolios which decrease by a combined EUR 3.1bn, while the Danish and Swedish portfolios increase by a combined EUR 2.1bn. Mortgage lending decreased by EUR 0.8bn (EUR 0.2bn), while consumer lending decreased slightly by EUR 0.3bn to EUR 25bn (EUR 26bn). The proportion of mortgage lending of total household lending remained at 86% (86%).

G11 Risk and liquidity management, cont.

Loans to the public measured at amortised cost and fair value

31 Dec 2023, EURm	Denmark	Finland	Norway	Sweden	Other	Total
Financial institutions	2,874	1,840	965	7,998	677	14,354
Agriculture	4,550	341	2,937	194	6	8,028
Crops, plantations and hunting	2,694	177	106	113	6	3,096
Animal husbandry	1,836	159	130	57	0	2,182
Fishing and aquaculture	20	5	2,701	24	0	2,750
Natural resources	152	975	894	404	99	2,524
Paper and forest products	140	663	510	341	99	1,753
Mining and supporting activities	8	280	95	59	0	442
Oil, gas and offshore	4	32	289	4	0	329
Consumer staples	2,030	840	986	1,905	57	5,818
Food processing and beverages	402	323	684	475	16	1,900
Household and personal products	154	90	119	374	1	738
Healthcare	1,474	427	183	1,056	40	3,180
Consumer discretionary and services	2,491	2,424	2,769	5,548	185	13,417
Consumer durables	153	356	218	2,087	182	2,996
Media and entertainment	559	335	170	1338	0	2402
Retail trade	828	1,269	1,163	1,408	3	4,671
Air transportation	264	17	60	45	0	386
Accommodation and leisure	616	379	682	396	0	2,073
Telecommunication services	71	68	476	274	0	889
Industrials	7,750	6,730	9,427	10,079	183	34,169
Materials	463	541	303	620	10	1,937
Capital goods	696	1,642	233	1,078	58	3,707
Commercial and professional services	2,099	865	2,119	2,160	89	7,332
Construction	1,062	1,360	4,306	2,353	0	9,081
Wholesale trade	2,234	1,146	1,162	2,330	19	6,891
Land transportation	739	727	702	826	0	2,994
IT services	457	449	602	712	7	2,227
Maritime	180	154	4,602	72	304	5,312
Shipbuilding	0	14	165	0	0	179
Shipping	2	43	4,271	51	302	4,669
Maritime services	178	97	166	21	2	464
Utilities and public service	1,715	3,199	1,863	1,059	0	7,836
Utilities distribution	1,314	1,403	1,131	532	0	4,380
Power production	37	1,617	545	405	0	2,604
Public services	364	179	187	122	0	852
Real estate	8,752	8,598	10,223	18,826	79	46,478
Commercial real estate	3,831	4,684	8,699	8,661	79	25,954
Residential real estate companies	2,305	790	661	2,452	0	6,208
Tenant-owned associations	2,616	3,124	863	7,713	0	14,316
Other industries	246	0	119	115	1,406	1,886
Total corporate	**30,740**	**25,101**	**34,785**	**46,200**	**2,996**	**139,822**
Housing loans	35,174	33,436	34,024	52,057	0	154,691
Collateralised lending	10,324	5,932	1,954	2,069	0	20,279
Non-collateralised lending	899	2,133	338	1,849	0	5,219
Household	**46,397**	**41,501**	**36,316**	**55,975**	**0**	**180,189**
Public sector	**954**	**806**	**18**	**2,197**	**0**	**3,975**
Reverse repurchase agreements	**0**	**20,842**	**0**	**0**	**0**	**20,842**
Loans to the public by country	**78,091**	**88,250**	**71,119**	**104,372**	**2,996**	**344,828**
Of which loans at fair value	**52,629**	**20,897**	**0**	**0**	**0**	**73,526**

G11 Risk and liquidity management, cont.

Loans to the public measured at amortised cost and fair value

31 Dec 2022, EURm	Denmark	Finland	Norway	Sweden[1]	Other[1]	Total
Financial institutions	3,004	1,834	1,218	8,430	597	15,083
Agriculture	4,880	352	3,039	161	5	8,437
Crops, plantations and hunting	2,797	173	118	107	4	3,199
Animal husbandry	2,069	173	125	53	0	2,420
Fishing and aquaculture	14	6	2,796	1	1	2,818
Natural resources	188	1,120	1,077	517	201	3,103
Paper and forest products	162	859	483	452	177	2,133
Mining and supporting activities	9	225	120	63	1	418
Oil, gas and offshore	17	36	474	2	23	552
Consumer staples	2,300	881	809	1,593	68	5,651
Food processing and beverages	541	364	453	480	19	1,857
Household and personal products	168	87	126	356	2	739
Healthcare	1,591	430	230	757	47	3,055
Consumer discretionary and services	2,248	2,445	2,745	5,296	82	12,816
Consumer durables	186	376	203	1,807	81	2,653
Media and entertainment	609	333	148	1,084	0	2,174
Retail trade	720	1,204	1,199	1,663	0	4,786
Air transportation	73	35	59	19	0	186
Accommodation and leisure	582	448	703	425	0	2,158
Telecommunication services	78	49	433	298	1	859
Industrials	8,225	7,058	9,539	11,007	258	36,087
Materials	506	573	301	1,222	26	2,628
Capital goods	744	1,616	200	1,286	72	3,918
Commercial and professional services	1,861	901	2,379	2,062	118	7,321
Construction	1,177	1,451	4,377	2,473	3	9,481
Wholesale trade	2,921	1,166	1,031	2,525	31	7,674
Land transportation	655	863	695	675	4	2,892
IT services	361	488	556	764	4	2,173
Maritime	314	151	5,076	96	363	6,000
Shipbuilding	0	14	111	0	0	125
Shipping	181	39	4,820	88	363	5,491
Maritime services	133	98	145	8	0	384
Utilities and public service	1,583	3,519	1,860	1,316	0	8,278
Utilities distribution	1,166	1,525	985	771	0	4,447
Power production	62	1,840	680	415	0	2,997
Public services	355	154	195	130	0	834
Real estate	8,736	8,006	9,921	17,853	115	44,631
Commercial real estate	4,215	4,498	8,388	8,032	115	25,248
Tenant-owned associations and residential real estate companies	4,521	3,508	1,533	9,821	0	19,383
Other industries	489	0	114	51	1	655
Total corporate	**31,967**	**25,366**	**35,398**	**46,320**	**1,690**	**140,741**
Housing loans	34,557	34,113	35,757	51,069	0	155,496
Collateralised lending	9,288	6,208	2,357	2,241	0	20,094
Non-collateralised lending	1,017	2,133	383	2,143	0	5,676
Household	**44,862**	**42,454**	**38,497**	**55,453**	**0**	**181,266**
Public sector	**1,131**	**848**	**19**	**3,268**	**0**	**5,266**
Reverse repurchase agreements	**0**	**18,470**	**0**	**0**	**0**	**18,470**
Loans to the public by country	**77,960**	**87,138**	**73,914**	**105,041**	**1,690**	**345,743**
of which fair value	**52,089**	**18,523**	**15**	**0**	**0**	**70,627**

1) Loans related to Russia (EUR 4m) and the Baltics (EUR 116m), accounted for in the Swedish branch, have been moved to Other.

G11 Risk and liquidity management, cont.

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

	Gross			Allowances				
31 Dec 2023, EURm	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Loans carrying amount	Net loan losses[1]
Financial institutions	13,531	253	67	8	8	38	13,797	-7
Agriculture	4,278	192	68	7	7	35	4,489	22
Crops, plantations and hunting	930	92	17	3	3	7	1,026	0
Animal husbandry	619	83	48	3	4	28	715	22
Fishing and aquaculture	2,729	17	3	1	0	0	2,748	0
Natural resources	2,235	198	18	3	5	14	2,429	-2
Paper and forest products	1,505	161	16	2	4	13	1,663	-5
Mining and supporting activities	405	34	2	0	1	1	439	0
Oil, gas and offshore	325	3	0	1	0	0	327	3
Consumer staples	5,013	266	89	8	10	32	5,318	-3
Food processing and beverages	1,685	161	53	3	5	16	1,875	-5
Household and personal products	592	28	8	2	1	5	620	-1
Healthcare	2,736	77	28	3	4	11	2,823	3
Consumer discretionary and services	10,578	1,141	566	16	51	220	11,998	-46
Consumer durables	2,533	381	104	2	6	61	2,949	-30
Media and entertainment	1,845	100	199	2	5	29	2,108	-21
Retail trade	3,796	480	222	9	30	105	4,354	-4
Air transportation	236	9	9	0	0	4	250	5
Accommodation and leisure	1,357	163	27	2	9	16	1,520	4
Telecommunication services	811	8	5	1	1	5	817	0
Industrials	28,990	3,196	414	53	110	251	32,186	-40
Materials	1,700	193	25	3	4	12	1,899	0
Capital goods	3,161	472	42	5	16	21	3,633	2
Commercial and professional services	5,992	408	45	11	12	18	6,404	1
Construction	7,471	1,106	120	17	38	77	8,565	-9
Wholesale trade	6,130	567	82	7	25	47	6,700	-21
Land transportation	2,701	214	35	5	6	28	2,911	19
IT services	1,835	236	65	5	9	48	2,074	-32
Maritime	5,143	67	48	15	2	23	5,218	12
Shipbuilding	164	15	0	0	0	0	179	3
Shipping	4,612	49	48	15	2	23	4,669	9
Maritime services	367	3	0	0	0	0	370	0
Utilities and public service	6,471	108	14	5	3	8	6,577	1
Utilities distribution	3,381	60	8	2	1	4	3,442	1
Power production	2,566	12	1	2	1	1	2,575	0
Public services	524	36	5	1	1	3	560	0
Real estate	36,656	1,860	164	25	45	83	38,527	-35
Other industries	1,580	189	8	3	1	0	1,773	15
Total corporate	**114,475**	**7,470**	**1,456**	**143**	**242**	**704**	**122,312**	**-83**
Housing loans	113,424	5,734	539	12	54	114	119,517	-20
Collateralised lending	18,163	2,035	277	31	41	124	20,279	-24
Non-collateralised lending	4,277	952	154	14	73	77	5,219	-61
Household	**135,864**	**8,721**	**970**	**57**	**168**	**315**	**145,015**	**-105**
Public sector	**3,943**	**8**	**27**	**1**	**0**	**2**	**3,975**	**1**
Loans to the public	**254,282**	**16,199**	**2,453**	**201**	**410**	**1,021**	**271,302**	**-187**
Loans to credit institutions and central banks	**3,079**	**8**	**4**	**5**	**0**	**16**	**3,070**	**0**
Total	**257,361**	**16,207**	**2,457**	**206**	**410**	**1,037**	**274,372**	**-187**

1) The table shows net loan losses related to on- and off-balance sheet exposures for the full year 2023.

G11 Risk and liquidity management, cont.

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

	Gross			Allowances				
31 Dec 2022, EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Loans carrying amount**	**Net loan losses[1]**
Financial institutions	14,197	322	62	8	10	29	14,534	-49
Agriculture	4,343	232	107	7	15	56	4,604	-3
Crops, plantations and hunting	949	75	20	3	4	8	1,029	5
Animal husbandry	619	117	86	2	10	48	762	-6
Fishing and aquaculture	2,775	40	1	2	1	0	2,813	-2
Natural resources	2,765	216	39	2	4	18	2,996	26
Paper and forest products	1,874	161	22	1	3	14	2,039	2
Mining and supporting activities	382	30	3	0	1	1	413	-1
Oil, gas and offshore	509	25	14	1	0	3	544	25
Consumer staples	4,882	201	87	8	8	35	5,119	-26
Food processing and beverages	1,685	114	52	2	3	17	1,829	-13
Household and personal products	592	25	10	2	1	5	619	-1
Healthcare	2,605	62	25	4	4	13	2,671	-12
Consumer discretionary and services	10,589	913	287	14	48	187	11,540	-31
Consumer durables	2,382	192	44	2	6	24	2,586	-12
Media and entertainment	1,763	135	20	2	6	11	1,899	-2
Retail trade	4,156	272	180	8	20	118	4,462	-18
Air transportation	96	35	12	0	2	8	133	-6
Accommodation and leisure	1,421	263	25	2	14	20	1,673	4
Telecommunication services	771	16	6	0	0	6	787	3
Industrials	31,090	2,900	542	53	100	293	34,086	-52
Materials	2,406	166	39	4	4	13	2,590	7
Capital goods	3,370	436	71	5	11	39	3,822	11
Commercial and professional services	5,950	434	44	10	15	20	6,383	2
Construction	8,142	825	164	15	34	106	8,976	-37
Wholesale trade	6,801	696	64	8	24	40	7,489	-9
Land transportation	2,535	243	94	6	6	55	2,805	-17
IT services	1,886	100	66	5	6	20	2,021	-9
Maritime	5,521	360	66	19	5	31	5,892	23
Shipbuilding	119	6	3	1	0	3	124	1
Shipping	5,116	353	63	17	5	28	5,482	22
Maritime services	286	1	0	1	0	0	286	0
Utilities and public service	6,896	117	16	5	4	7	7,013	8
Utilities distribution	3,413	78	6	2	2	3	3,490	8
Power production	2,962	11	1	2	0	1	2,971	-2
Public services	521	28	9	1	2	3	552	2
Real estate	36,325	745	145	23	18	85	37,089	32
Other industries	169	117	7	4	20	2	267	-3
Total corporate	**116,777**	**6,123**	**1,358**	**143**	**232**	**743**	**123,140**	**-75**
Housing loans	116,404	4,248	435	15	45	86	120,941	-29
Collateralised lending	18,488	1,543	264	38	50	115	20,092	46
Non-collateralised lending	4,910	795	146	19	81	74	5,677	-62
Household	**139,802**	**6,586**	**845**	**72**	**176**	**275**	**146,710**	**-45**
Public sector	**5,161**	**69**	**39**	**1**	**0**	**2**	**5,266**	**8**
Loans to the public	**261,740**	**12,778**	**2,242**	**216**	**408**	**1,020**	**275,116**	**-112**
Loans to central banks and credit institutions	**2,833**	**8**	**13**	**4**	**0**	**25**	**2,825**	**0**
Total	**264,573**	**12,786**	**2,255**	**220**	**408**	**1,045**	**277,941**	**-112**

1) The table shows net loan losses related to on- and off-balance sheet exposures for the full year 2022.

G11 Risk and liquidity management, cont.

Impaired loans (stage 3) to the public by country and industry (including loans at fair value)

31 Dec 2023, EURm	Denmark	Finland	Norway	Sweden	Outside Nordic	Total
Financial institutions	52	2	9	5	0	68
Agriculture	107	27	3	1	0	138
Crops, plantations and hunting	23	7	1	1	0	32
Animal husbandry	81	20	2	0	0	103
Fishing and aquaculture	3	0	0	0	0	3
Natural resources	3	8	3	5	0	19
Paper and forest products	3	7	2	5	0	17
Mining and supporting activities	0	1	1	0	0	2
Oil, gas and offshore	0	0	0	0	0	0
Consumer staples	68	15	7	2	0	92
Food processing and beverages	40	11	0	2	0	53
Household and personal products	2	1	6	0	0	9
Healthcare	26	3	1	0	0	30
Consumer discretionary and services	134	97	34	308	0	573
Consumer durables	3	42	1	58	0	104
Media and entertainment	4	11	1	184	0	200
Retail trade	125	23	26	52	0	226
Air transportation	0	2	4	3	0	9
Accommodation and leisure	2	19	2	5	0	28
Telecommunication services	0	0	0	6	0	6
Industrials	109	128	61	136	0	434
Materials	17	5	2	1	0	25
Capital goods	20	21	2	3	0	46
Commercial and professional services	12	17	16	6	0	51
Construction	17	58	29	24	0	128
Wholesale trade	40	10	7	27	0	84
Land transportation	2	10	5	18	0	35
IT services	1	7	0	57	0	65
Maritime	0	0	48	0	0	48
Shipbuilding	0	0	0	0	0	0
Shipping	0	0	48	0	0	48
Maritime services	0	0	0	0	0	0
Utilities and public service	2	10	1	3	0	16
Utilities distribution	0	8	0	0	0	8
Power production	0	0	0	1	0	1
Public services	2	2	1	2	0	7
Real estate	33	83	60	13	0	189
Other industries	0	1	4	2	0	7
Total corporate	**508**	**371**	**230**	**475**	**0**	**1,584**
Housing loans	269	352	122	64	0	807
Collateralised lending	91	145	32	9	0	277
Non-collateralised lending	22	92	4	37	0	155
Household	**382**	**589**	**158**	**110**	**0**	**1,239**
Public sector	**27**	**0**	**0**	**0**	**0**	**27**
Total impaired loans	**917**	**960**	**388**	**585**	**0**	**2,850**
of which fair value	**397**	**0**	**0**	**0**	**0**	**397**

G11 Risk and liquidity management, cont.

Impaired loans (stage 3) to the public by country and industry (including loans at fair value)

31 Dec 2022, EURm	Denmark	Finland	Norway	Sweden	Outside Nordic	Total
Financial institutions	46	2	6	10	0	64
Agriculture	197	29	2	0	0	228
Crops, plantations and hunting	35	6	1	0	0	42
Animal husbandry	162	23	1	0	0	186
Fishing and aquaculture	0	0	0	0	0	0
Natural resources	8	15	23	0	0	46
Paper and forest products	8	10	5	0	0	23
Mining and supporting activities	0	2	1	0	0	3
Oil, gas and offshore	0	3	17	0	0	20
Consumer staples	69	11	8	2	0	90
Food processing and beverages	42	8	0	2	0	52
Household and personal products	2	2	7	0	0	11
Healthcare	25	1	1	0	0	27
Consumer discretionary and services	134	44	15	101	0	294
Consumer durables	1	3	0	40	0	44
Media and entertainment	3	16	0	2	0	21
Retail trade	127	14	6	37	0	184
Air transportation	0	2	6	4	0	12
Accommodation and leisure	3	9	3	12	0	27
Telecommunication services	0	0	0	6	0	6
Industrials	126	206	93	137	0	562
Materials	16	23	0	0	0	39
Capital goods	30	30	8	4	0	72
Commercial and professional services	13	17	12	8	0	50
Construction	35	96	26	13	0	170
Wholesale trade	26	14	1	25	0	66
Land transportation	3	17	46	29	0	95
IT services	3	9	0	58	0	70
Maritime	0	1	74	0	0	75
Shipbuilding	0	0	3	0	0	3
Shipping	0	1	71	0	0	72
Maritime services	0	0	0	0	0	0
Utilities and public service	5	7	3	2	0	17
Utilities distribution	0	5	0	1	0	6
Power production	0	0	0	1	0	1
Public services	5	2	3	0	0	10
Real estate	43	93	35	7	0	178
Other industries	1	0	4	2	0	7
Total corporate	**629**	**408**	**263**	**261**	**0**	**1,561**
Housing loans	269	326	74	34	0	703
Collateralised lending	82	144	34	4	0	264
Non-collateralised lending	23	86	12	24	0	145
Household	**374**	**556**	**120**	**62**	**0**	**1,112**
Public sector	**38**	**0**	**0**	**1**	**0**	**39**
Total impaired loans	**1,041**	**964**	**383**	**324**	**0**	**2,712**
of which fair value	**455**	**0**	**15**	**0**	**0**	**470**

G11 Risk and liquidity management, cont.

Loans to the public measured at amortised cost

31 Dec 2023, EURm	Net loan losses[1]	Net loan loss ratio, bp	Impaired loans (stage 3)	Impairment ratio, bp	Allowances total	Allowances (stage 1)	Allowances (stage 2)	Allowances (stage 3)	Coverage ratio, %[2]	Loans measured at amortised cost
Financial institutions	-7	-5	67	48	54	8	8	38	57	13,797
Agriculture	22	49	68	150	49	7	7	35	51	4,489
Crops, plantations and hunting	0	0	17	164	13	3	3	7	41	1,026
Animal husbandry	22	308	48	640	35	3	4	28	58	715
Fishing and aquaculture	0	0	3	11	1	1	0	0	0	2,748
Natural resources	-2	-8	18	73	22	3	5	14	78	2,429
Paper and forest products	-5	-30	16	95	19	2	4	13	81	1,663
Mining and supporting activities	0	0	2	45	2	0	1	1	50	439
Oil, gas and offshore	3	92	0	0	1	1	0	0	0	327
Consumer staples	-3	-6	89	166	50	8	10	32	36	5,318
Food processing and beverages	-5	-27	53	279	24	3	5	16	30	1,875
Household and personal products	-1	-16	8	127	8	2	1	5	63	620
Healthcare	3	11	28	99	18	3	4	11	39	2,823
Consumer discretionary and services	-46	-38	566	461	287	16	51	220	39	11,998
Consumer durables	-30	-102	104	345	69	2	6	61	59	2,949
Media and entertainment	-21	-100	199	928	36	2	5	29	15	2,108
Retail trade	-4	-9	222	494	144	9	30	105	47	4,354
Air transportation	5	200	9	354	4	0	0	4	44	250
Accommodation and leisure	4	26	27	175	27	2	9	16	59	1,520
Telecommunication services	0	0	5	61	7	1	1	5	100	817
Industrials	-40	-12	414	127	414	53	110	251	61	32,186
Materials	0	0	25	130	19	3	4	12	48	1,899
Capital goods	2	6	42	114	42	5	16	21	50	3,633
Commercial and professional services	1	2	45	70	41	11	12	18	40	6,404
Construction	-9	-11	120	138	132	17	38	77	64	8,565
Wholesale trade	-21	-31	82	121	79	7	25	47	57	6,700
Land transportation	19	65	35	119	39	5	6	28	80	2,911
IT services	-32	-154	65	304	62	5	9	48	74	2,074
Maritime	12	23	48	91	40	15	2	23	48	5,218
Shipbuilding	3	168	0	0	0	0	0	0	0	179
Shipping	9	19	48	102	40	15	2	23	48	4,669
Maritime services	0	0	0	0	0	0	0	0	0	370
Utilities and public service	1	2	14	21	16	5	3	8	57	6,577
Utilities distribution	1	3	8	23	7	2	1	4	50	3,442
Power production	0	0	1	4	4	2	1	1	100	2,575
Public services	0	0	5	88	5	1	1	3	60	560
Real estate	-35	-9	164	42	153	25	45	83	51	38,527
Other industries	15	85	8	45	4	3	1	0	0	1,773
Total corporate	**-83**	**-7**	**1,456**	**118**	**1,089**	**143**	**242**	**704**	**48**	**122,312**
Housing loans	-20	-2	539	45	180	12	54	114	21	119,517
Collateralised lending	-24	-12	277	135	196	31	41	124	45	20,279
Non-collateralised lending	-61	-117	154	286	164	14	73	77	50	5,219
Household	**-105**	**-7**	**970**	**67**	**540**	**57**	**168**	**315**	**32**	**145,015**
Public sector	**1**	**3**	**27**	**68**	**3**	**1**	**0**	**2**	**7**	**3,975**
Loans to the public	**-187**	**-7**	**2,453**	**90**	**1,632**	**201**	**410**	**1,021**	**42**	**271,302**

1) Including provisions for off-balance sheet exposures.
2) Allowances for stage 3 divided by exposures in stage 3.

G11 Risk and liquidity management, cont.

Loans to the public measured at amortised cost

31 Dec 2022, EURm	Net loan losses[1]	Net loan loss ratio, bp	Impaired loans (stage 3)	Impairment ratio, bp	Allowances total	Allowances (stage 1)	Allowances (stage 2)	Allowances (stage 3)	Coverage ratio, %[2]	Loans measured at amortised cost
Financial institutions	-49	-34	62	43	47	8	10	29	47	14,534
Agriculture	-3	-7	107	229	78	7	15	56	52	4,604
Crops, plantations and hunting	5	49	20	192	15	3	4	8	40	1,029
Animal husbandry	-6	-79	86	1,046	60	2	10	48	56	762
Fishing and aquaculture	-2	-7	1	4	3	2	1	0	0	2,813
Natural resources	26	87	39	129	24	2	4	18	46	2,996
Paper and forest products	2	10	22	107	18	1	3	14	64	2,039
Mining and supporting activities	-1	-24	3	72	2	0	1	1	33	413
Oil, gas and offshore	25	460	14	255	4	1	0	3	21	544
Consumer staples	-26	-51	87	168	51	8	8	35	40	5,119
Food processing and beverages	-13	-71	52	281	22	2	3	17	33	1,829
Household and personal products	-1	-16	10	159	8	2	1	5	50	619
Healthcare	-12	-45	25	93	21	4	4	13	52	2,671
Consumer discretionary and services	-31	-27	287	243	249	14	48	187	65	11,540
Consumer durables	-12	-46	44	168	32	2	6	24	55	2,586
Media and entertainment	-2	-11	20	104	19	2	6	11	55	1,899
Retail trade	-18	-40	180	391	146	8	20	118	66	4,462
Air transportation	-6	-451	12	839	10	0	2	8	67	133
Accommodation and leisure	4	24	25	146	36	2	14	20	80	1,673
Telecommunication services	3	38	6	76	6	0	0	6	100	787
Industrials	-52	-15	542	157	446	53	100	293	54	34,086
Materials	7	27	39	149	21	4	4	13	33	2,590
Capital goods	11	29	71	183	55	5	11	39	55	3,822
Commercial and professional services	2	3	44	68	45	10	15	20	45	6,383
Construction	-37	-41	164	180	155	15	34	106	65	8,976
Wholesale trade	-9	-12	64	85	72	8	24	40	63	7,489
Land transportation	-17	-61	94	327	67	6	6	55	59	2,805
IT services	-9	-45	66	322	31	5	6	20	30	2,021
Maritime	23	39	66	111	55	19	5	31	47	5,892
Shipbuilding	1	81	3	234	4	1	0	3	100	124
Shipping	22	40	63	114	50	17	5	28	44	5,482
Maritime services	0	0	0	0	1	1	0	0	0	286
Utilities and public service	8	11	16	23	16	5	4	7	44	7,013
Utilities distribution	8	23	6	17	7	2	2	3	50	3,490
Power production	-2	-7	1	3	3	2	0	1	100	2,971
Public services	2	36	9	161	6	1	2	3	33	552
Real estate	32	9	145	39	126	23	18	85	59	37,089
Other industries	-3	-112	7	239	26	4	20	2	29	267
Total corporate	**-75**	**-6**	**1,358**	**109**	**1,118**	**143**	**232**	**743**	**55**	**123,140**
Housing loans	-29	-2	435	36	146	15	45	86	20	120,941
Collateralised lending	46	23	264	130	203	38	50	115	44	20,092
Non-collateralised lending	-62	-109	146	250	174	19	81	74	51	5,677
Household	**-45**	**-3**	**845**	**57**	**523**	**72**	**176**	**275**	**33**	**146,710**
Public sector	**8**	**15**	**39**	**74**	**3**	**1**	**0**	**2**	**5**	**5,266**
Loans to the public	**-112**	**-4**	**2,242**	**81**	**1,644**	**216**	**408**	**1,020**	**45**	**275,116**

1) Including provisions for off-balance sheet exposures.
2) Allowances for stage 3 divided by exposures in stage 3.

G11 Risk and liquidity management, cont.

2.13 Geographical distribution

The portfolio is geographically well diversified with no market accounting for more than 36% of total lending measured by the geographical location of the customer handling unit.

Other EU countries represent the largest part of lending outside the Nordic countries. Lending to the public distributed by the country of domicile of borrowers shows that customers residing in the Nordic countries account for 94% (95%).

Loans to the public measured at amortised cost, geographical breakdown[1]

	Gross			Allowances			
31 Dec 2023, EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Net**
Denmark	23,690	1,494	496	39	117	247	25,277
Finland	59,584	6,947	944	40	136	379	66,920
Norway	62,224	3,600	365	66	68	124	65,931
Sweden	93,590	4,000	573	40	83	233	97,807
Russia	2	0	0	0	0	0	2
US	2,522	13	1	1	0	0	2,535
Other	12,670	145	74	15	6	38	12,830
Total	**254,282**	**16,199**	**2,453**	**201**	**410**	**1,021**	**271,302**

	Gross			Allowances			
31 Dec 2022, EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Net**
Denmark	23,868	1,668	531	52	139	287	25,589
Finland	62,330	5,657	955	39	125	384	68,394
Norway	65,440	2,933	329	68	67	143	68,424
Sweden	96,085	2,086	312	42	71	147	98,223
US	1,197	66	2	1	0	1	1,263
Other	12,820	368	113	14	6	58	13,223
Total	**261,740**	**12,778**	**2,242**	**216**	**408**	**1,020**	**275,116**

1) Based on the customer's country of domicile.

2.14 Rating and scoring distribution

One way of assessing credit quality is through analysis of the distribution across rating grades for rated corporate customers and institutions as well as across risk grades for scored household and small business customers, i.e. retail exposures. The average credit quality was stable in both the corporate and retail portfolios in 2023. Exposure-wise, 14% (17%) of corporate customer exposures migrated upwards, while 17% (12%) was down-rated. 91% (92%) of corporate exposures were rated 4– or higher, with an average rating for the portfolio of 5–.

Institutions and retail customers, on the other hand, show a distribution that is biased towards the higher rating grades. 94% (94%) of retail exposures are scored C– or higher, which indicates a probability of default of 1% or lower. The total effect on credit risk exposure amount (REA) from migration was an increase of approximately 2.7% in 2023.

G11 Risk and liquidity management, cont.

Rating information for loans measured at amortised cost

EURm Rating grade[1]	Average PD[2] (%)	Gross carrying amount, 31 Dec 2023 Stage 1	Stage 2	Stage 3	Total	Allowances
7	0.00	5,404	7	0	5,411	1
6	0.02	18,475	74	0	18,549	3
5	0.08	38,835	123	0	38,958	28
4	0.33	47,364	1,375	4	48,743	70
3	3.78	7,859	2,194	1	10,054	100
2	14.68	264	1,841	16	2,121	85
1	57.01	1,004	1,178	28	2,210	67
Standardised/Unrated	0.11	6,695	1,114	245	8,054	130
0 (default)	100.00	38	46	1,295	1,379	694
Total		**125,938**	**7,952**	**1,589**	**135,479**	**1,178**

EURm Rating grade[1]	Average PD[2] (%)	Gross carrying amount, 31 Dec 2022 Stage 1	Stage 2	Stage 3	Total	Allowances
7	0.00	4,994	3	0	4,997	0
6	0.02	18,465	36	0	18,501	2
5	0.09	40,175	165	2	40,342	24
4	0.31	48,711	931	0	49,642	70
3	3.20	7,194	1,780	15	8,989	90
2	19.45	177	1,165	15	1,357	58
1	62.60	1,102	1,535	35	2,672	93
Standardised/Unrated	0.06	13,158	1,119	254	14,531	166
0 (default)	100.00	45	32	1,210	1,287	725
Total		**134,021**	**6,766**	**1,531**	**142,318**	**1,228**

Scoring information for loans measured at amortised cost

EURm Scoring grade[1]	Average PD[2] (%)	Gross carrying amount, 31 Dec 2023 Stage 1	Stage 2	Stage 3	Total	Allowances
A	0.04	92,298	484	10	92,791	14
B	0.42	22,225	1,413	6	23,644	21
C	2.33	10,035	2,063	23	12,122	38
D	6.37	4,854	1,869	14	6,737	37
E	18.58	1,240	1,140	15	2,395	39
F	32.73	446	1,073	48	1,568	54
Standardised/Unrated	N.A.	116	11	0	128	0
0 (default)	100.00	208	202	753	1,163	272
Total		**131,422**	**8,255**	**869**	**140,546**	**475**

EURm Scoring grade[1]	Average PD[2] (%)	Gross carrying amount, 31 Dec 2022 Stage 1	Stage 2	Stage 3	Total	Allowances
A	0.04	96,018	410	10	96,438	20
B	0.30	19,894	803	2	20,699	19
C	2.10	7,829	1,454	7	9,290	32
D	6.17	4,655	1,494	7	6,156	40
E	15.92	1,139	871	10	2,020	41
F	30.58	601	832	37	1,470	60
Standardised/Unrated	N.A.	220	10	1	231	0
0 (default)	100.00	196	146	650	992	233
Total		**130,552**	**6,020**	**724**	**137,296**	**445**

1) The stage classification and calculated provision for each exposure are based on the situation as at the end of October 2023 (October 2022), while the exposure amount and rating grades are based on the situation as at the end of December 2023 (December 2022). Some of the exposures in default according to the rating grade as at the end of December were not in default as at the end of October, which is reflected in the stage classification.

2) Average PD excluding Nordea Finance Equipment AS.

G11 Risk and liquidity management, cont.

Rating information for off-balance sheet items

EURm Rating grade	Nominal amount 31 Dec 2023 Stage 1	Stage 2	Stage 3	Total	Provisions
7	7,504	0	0	7,504	0
6	11,046	17	0	11,063	1
5	37,629	87	0	37,716	10
4	20,339	471	0	20,810	17
3	3,164	1,237	4	4,405	15
2	97	648	15	760	21
1	0	539	0	539	18
Standardised/Unrated	1,395	297	3	1,695	11
0 (default)	0	0	168	168	11
Total	**81,174**	**3,296**	**190**	**84,660**	**104**

EURm Rating grade	Nominal amount 31 Dec 2022 Stage 1	Stage 2	Stage 3	Total	Provisions
7	7,760	0	0	7,760	0
6	13,834	1	0	13,835	2
5	35,672	18	2	35,692	14
4	20,596	488	0	21,084	21
3	4,304	1,205	6	5,515	19
2	0	737	5	742	19
1	0	639	0	639	24
Standardised/Unrated	1,277	302	1	1,580	5
0 (default)	0	0	202	202	10
Total	**83,443**	**3,390**	**216**	**87,049**	**114**

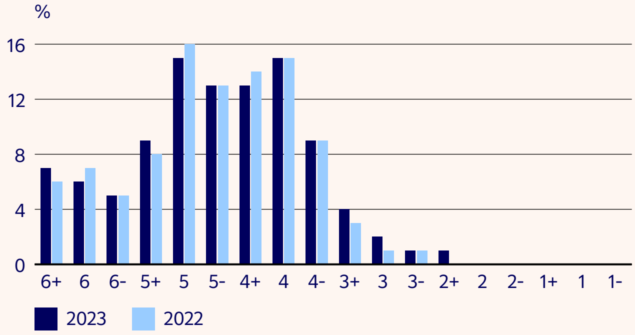
Scoring information for off-balance sheet items

EURm Scoring grade	Nominal amount 31 Dec 2023 Stage 1	Stage 2	Stage 3	Total	Provisions
A	12,599	13	0	12,612	4
B	2,447	77	1	2,525	6
C	1,039	293	0	1,332	13
D	577	364	0	941	10
E	0	151	0	151	12
F	0	75	0	75	8
Standardised/Unrated	198	79	0	277	0
0 (default)	0	0	27	27	11
Total	**16,860**	**1,052**	**28**	**17,940**	**64**

EURm Scoring grade	Nominal amount 31 Dec 2022 Stage 1	Stage 2	Stage 3	Total	Provisions
A	14,014	6	0	14,020	6
B	2,970	29	0	2,999	6
C	1,302	316	0	1,618	10
D	644	431	0	1,075	13
E	37	127	1	165	12
F	24	71	0	95	8
Standardised/Unrated	355	63	0	418	0
0 (default)	0	0	50	50	15
Total	**19,346**	**1,043**	**51**	**20,440**	**70**

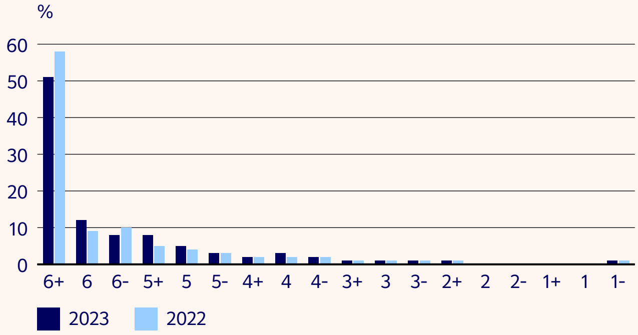
G11 Risk and liquidity management, cont.

Rating distribution IRB corporate customers[1]



1) Defaulted loans are not included in the rating distribution.

Risk grade distribution IRB retail customers[1]



1) Defaulted loans are not included in the risk grade distribution. Scoring grades have been converted to risk grades.

2.15 Impaired loans (stage 3)

Impaired loans gross at amortised cost in the Group increased to EUR 2,457m (EUR 2,255m), corresponding to 89bp (81bp) of total loans. 44% (49%) of impaired loans gross were servicing and 56% (51%) were non-servicing. Impaired loans net, after allowances for stage 3 loans amounted to EUR 1,420m (EUR 1,210m), corresponding to 51bp (43bp) of total loans. Allowances for stage 3 loans amounted to EUR 1,037 (EUR 1,045m). Allowances for stages 1 and 2 loans amounted to EUR 616m (EUR 628m). The ratio of allowances in relation to impaired loans was 42% (46%) and the allowance ratio for loans in stages 1 and 2 was 23bp (23bp). The increase in impaired loans was mainly related to the household portfolio with some increases in all countries but Denmark, which remains roughly unchanged. In the corporate portfolio, impaired loans increased by 7% and EUR 98m, where the largest increase is in the Consumer discretionary and services increasing by EUR 279m, driven by the entertainment industry. This is partly offset by reversals of EUR 128m in the industrials portfolio. Otherwise, no industries had any changes of significance. The portfolios with the largest impaired loan amounts were Household, Industrials and Consumer discretionary and services.

Impaired loans and ratios

	2023	2022
Gross impaired loans, amortised cost, EURm	2,457	2,255
- of which servicing	1,091	1,111
- of which non-servicing	1,366	1,144
Impairment ratio (stage 3), gross, bp	**89**	**81**
Impairment ratio (stage 3), net, bp	**51**	**43**
Allowances in relation to loans, stages 1 and 2, bp	**23**	**23**
Total allowance ratio (stages 1, 2 and 3), bp	**60**	**60**
Allowances in relation to impaired loans (stage 3), %	**42**	**46**

2.16 Past due loans

Past due loans, 6 days or more, for corporate customers amounted to EUR 848m, up from EUR 814m one year ago, and past due loans to household customers totalled EUR 1,857m in 2023, up from EUR 1,569m one year ago. The table below shows loans past due 6 days or more, split by corporate and household customers. Past due is defined as a loan payment that has not been made as of its due date.

	31 Dec 2023		31 Dec 2022	
EURm	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	406	829	418	718
31–60 days	113	287	123	249
61–90 days	41	113	23	97
>90 days	288	628	250	505
Total	**848**	**1,857**	**814**	**1,569**
Past due (incl. impaired) loans divided by loans to the public after allowances, %	0.5	1.0	0.5	0.9

2.17 Allowances

Total allowances for 2023 were EUR 1,825m, down from EUR 1,860m in 2022. Loan allowances for 2023 were EUR 1,653m, down from EUR 1,673m in 2022. This slight reduction was driven by stage 1 releases of EUR 14m and stage 3 releases of EUR 8m. Of the total allowances, stage 1 accounted for EUR 206m (down from EUR 220m one year ago), stage 2 for EUR 409m (up from EUR 408m one year ago) and stage 3 for EUR 1,037m (down from EUR 1,045m one year ago). The coverage ratio was unchanged at 0.08% for stage 1, decreased from 3.2% to 2.5% for stage 2 and 42% for stage 3 (down from 46% in 2022). The decrease in Stage 3 coverage was driven by increased impaired loans where the coverage ratio was lower than the already defaulted portfolio, mostly due to guarantees covering a significant part of the new impaired loans. The corporate stage 3 coverage ratio decreased from 55% to 48% while it decreased from 33% to 32% in the household portfolio.

2.18 Net loan losses

Net loan losses for 2023 were low at EUR 187m (EUR 112m), corresponding to an annual net loan loss ratio of 7bp (4bp) for amortised cost loans. Including fair value gains from the Danish mortgage portfolio at EUR 20m (loss EUR 13m), "Net loan losses and similar net result" amounted to EUR 167m, corresponding to 5bp (4bp). Individually calculated losses amounted to EUR 191m (EUR 169m) and were driven by average write-offs and low provisions and reversals. The individual provisions had some concentration in construction and consumer-related industries which have been affected by cost increases and lower consumer demand.

G11 Risk and liquidity management, cont.

Net loan losses and loan loss ratios

	2023	2022
Net loan losses, EURm	187	112
Net loan loss ratio, amortised cost, Group, bp	7	4
- of which stage 3	8	3
- of which stages 1 and 2	-1	1
Net loan loss ratio, including fair value mortgage loans, Group, bp[1]	5	4
Net loan loss ratio, including fair value mortgage loans, Personal Banking, bp	7	3
Net loan loss ratio, including fair value mortgage loans, Business Banking, bp	8	5
Net loan loss ratio, including fair value mortgage loans, Large Corporates & Institutions, bp	-5	-9

1) Net loan losses and net result on loans in hold portfolios mandatorily held at fair value divided by total lending at amortised cost and at fair value, bp.

Carrying amount of loans measured at amortised cost, before allowances

	Central banks and credit institutions				The public				Total			
EURm	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2023	2,833	8	13	2,854	261,740	12,778	2,242	276,760	264,573	12,786	2,255	279,614
Origination and acquisition	5,123	6	–	5,129	79,531	572	68	80,171	84,654	578	68	85,300
Transfers between stage 1 and stage 2 (net)	2	-2	–	–	-3,984	3,984	–	–	-3,982	3,982	–	–
Transfers between stage 2 and stage 3 (net)	–	0	0	–	–	-142	142	–	–	-142	142	–
Transfers between stage 1 and stage 3 (net)	0	–	0	–	-132	–	132	–	-132	–	132	–
Repayments and disposals	-3,397	-3	-13	-3,413	-60,122	-2,606	-534	-63,262	-63,519	-2,609	-547	-66,675
Write-offs	–	–	–	–	–	–	-245	-245	–	–	-245	-245
Other changes[1]	-2,392	-1	4	-2,389	-19,993	1,791	669	-17,533	-22,385	1,790	673	-19,922
Translation differences	910	0	0	910	-2,758	-178	-21	-2,957	-1,848	-178	-21	-2,047
Closing balance at 31 Dec 2023	**3,079**	**8**	**4**	**3,091**	**254,282**	**16,199**	**2,453**	**272,934**	**257,361**	**16,207**	**2,457**	**276,025**

1) Other changes are mainly related to changes in utilisation of credits granted in earlier years and revolving products.

	Central banks and credit institutions				The public				Total			
EURm	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2022	1,777	14	0	1,791	255,832	12,733	3,512	272,077	257,609	12,747	3,512	273,868
Origination and acquisition	3,442	1	–	3,443	87,051	536	81	87,668	90,493	537	81	91,111
Transfers between stage 1 and stage 2 (net)	5	-5	–	–	-950	950	–	–	-945	945	–	–
Transfers between stage 2 and stage 3 (net)	–	0	0	–	–	-147	147	–	–	-147	147	–
Transfers between stage 1 and stage 3 (net)	-18	–	18	–	-238	–	238	–	-256	–	256	–
Repayments and disposals	-3,562	-4	0	-3,566	-58,471	-2,235	-612	-61,318	-62,033	-2,239	-612	-64,884
Write-offs	–	–	-5	-5	–	–	-701	-701	–	–	-706	-706
Other changes[1]	575	2	0	577	-13,812	1,198	-383	-12,997	-13,237	1,200	-383	-12,420
Translation differences	614	0	0	614	-7,672	-257	-40	-7,969	-7,058	-257	-40	-7,355
Closing balance at 31 Dec 2022	**2,833**	**8**	**13**	**2,854**	**261,740**	**12,778**	**2,242**	**276,760**	**264,573**	**12,786**	**2,255**	**279,614**

1) Other changes are mainly related to increased utilisation of credits granted in earlier years and revolving products.

G11 Risk and liquidity management, cont.

Movements in allowance accounts for loans measured at amortised cost

	Central banks and credit institutions				The public				Total			
EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance at 1 Jan 2023	**-4**	**0**	**-25**	**-29**	**-216**	**-408**	**-1,020**	**-1,644**	**-220**	**-408**	**-1,045**	**-1,673**
Origination and acquisition	-2	0	0	-2	-65	-26	-14	-105	-67	-26	-14	-107
Transfers from stage 1 to stage 2	0	0	–	0	12	-166	–	-154	12	-166	–	-154
Transfers from stage 1 to stage 3	0	–	0	0	1	–	-84	-83	1	–	-84	-83
Transfers from stage 2 to stage 1	0	0	–	0	-6	63	–	57	-6	63	–	57
Transfers from stage 2 to stage 3	–	0	0	0	–	21	-113	-92	–	21	-113	-92
Transfers from stage 3 to stage 1	0	–	0	0	0	–	9	9	0	–	9	9
Transfers from stage 3 to stage 2	–	0	0	0	–	-4	25	21	–	-4	25	21
Changes in credit risk without stage transfer	-1	0	9	8	23	45	-2	66	22	45	7	74
Repayments and disposals	2	0	0	2	47	63	83	193	49	63	83	195
Write-off through decrease in allowance account	–	–	–	–	–	–	88	88	–	–	88	88
Translation differences	0	0	0	0	3	2	7	12	3	2	7	12
Closing balance at 31 Dec 2023	**-5**	**0**	**-16**	**-21**	**-201**	**-410**	**-1,021**	**-1,632**	**-206**	**-410**	**-1,037**	**-1,653**

	Central banks and credit institutions				The public				Total			
EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance at 1 Jan 2022	**-3**	**0**	**0**	**-3**	**-194**	**-399**	**-1,610**	**-2,203**	**-197**	**-399**	**-1,610**	**-2,206**
Origination and acquisition	-2	0	0	-2	-69	-30	-8	-107	-71	-30	-8	-109
Transfers from stage 1 to stage 2	0	0	–	0	4	-97	–	-93	4	-97	–	-93
Transfers from stage 1 to stage 3	0	–	-5	-5	1	–	-60	-59	1	–	-65	-64
Transfers from stage 2 to stage 1	0	0	–	0	-5	76	–	71	-5	76	–	71
Transfers from stage 2 to stage 3	–	0	0	0	–	10	-89	-79	–	10	-89	-79
Transfers from stage 3 to stage 1	–	–	–	–	0	–	27	27	0	–	27	27
Transfers from stage 3 to stage 2	–	–	–	–	–	-6	29	23	–	-6	29	23
Changes in credit risk without stage transfer	0	0	-20	-20	-3	-46	-18	-67	-3	-46	-38	-87
Repayments and disposals	1	0	0	1	45	80	176	301	46	80	176	302
Write-off through decrease in allowance account	–	–	–	–	–	–	509	509	–	–	509	509
Translation differences	0	0	0	0	5	4	24	33	5	4	24	33
Closing balance at 31 Dec 2022	**-4**	**0**	**-25**	**-29**	**-216**	**-408**	**-1,020**	**-1,644**	**-220**	**-408**	**-1,045**	**-1,673**

The tables show the changes in exposure/allowances for each stage during the year. If an exposure is moved to e.g. stage 2 from stage 1, there will be a reversal in stage 1 and an increase in stage 2.

G11 Risk and liquidity management, cont.

Movements in provisions for off-balance sheet items

EURm	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2023	**50**	**111**	**23**	**184**
Origination and acquisition	17	11	0	28
Transfers from stage 1 to stage 2	-2	36	–	34
Transfers from stage 1 to stage 3	0	–	1	1
Transfers from stage 2 to stage 1	1	-27	–	-26
Transfers from stage 2 to stage 3	–	-1	3	2
Transfers from stage 3 to stage 1	0	–	-1	-1
Transfers from stage 3 to stage 2	–	0	-1	-1
Changes in credit risk without stage transfer	1	-12	-1	-12
Repayments and disposals	-15	-24	-1	-40
Write-off through decrease in allowance account	0	0	-1	-1
Translation differences	0	0	0	0
Closing balance at 31 Dec 2023	**52**	**94**	**22**	**168**

EURm	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2022	**35**	**128**	**20**	**183**
Origination and acquisition	17	12	0	29
Transfers from stage 1 to stage 2	-1	28	–	27
Transfers from stage 1 to stage 3	0	–	2	2
Transfers from stage 2 to stage 1	1	-32	–	-31
Transfers from stage 2 to stage 3	–	-1	2	1
Transfers from stage 3 to stage 1	0	–	-2	-2
Transfers from stage 3 to stage 2	–	1	-3	-2
Changes in credit risk without stage transfer	9	4	9	22
Repayments and disposals	-10	-27	-2	-39
Write-off through decrease in allowance account	0	0	-3	-3
Translation differences	-1	-2	0	-3
Closing balance at 31 Dec 2022	**50**	**111**	**23**	**184**

G11 Risk and liquidity management, cont.

3. Counterparty credit risk

Counterparty credit risk is the risk that Nordea's counterparty in a derivative contract defaults prior to maturity of the contract and that Nordea at that time has a claim on the counterparty. In addition, counterparty credit risk also exists in repurchasing agreements and other securities financing contracts.

Nordea enters into derivative contracts based on customer demand, both directly and in order to hedge positions that arise through such activities. Interest rate swaps and other derivatives are used in hedging activities of asset and liability mismatches on the balance sheet. Furthermore, Nordea may, within clearly defined risk limits, use derivatives to take open positions in the bank's operations. Derivatives affect counterparty credit risk, market risk as well as operational and liquidity risk.

Counterparty credit risk, including exposures to central counterparties (CCPs), is subject to credit limits like other credit exposures and is treated accordingly. To assess the counterparty credit risk towards CCPs, clearing limits are based on the potential size of the clearing-related exposure to each CCP, taking regulatory requirements and market developments into account.

For information about financial instruments subject to master netting agreements, see Note G3.5 "Offsetting".

4. Market risk

Market risk is the risk of loss on Nordea's positions in either the trading book or the non-trading book as a result of changes in market rates and parameters that affect market values or net interest income flows. Market risk exists irrespective of the accounting treatment of the positions.

The market risk appetite for the Group is expressed through risk appetite statements issued by the Board of Directors. The statements are defined for trading and banking books.

The second line of defence ensures that the risk appetite is appropriately translated by the Risk Committee into specific risk appetite limits for the business areas and Group Treasury.

As part of the overall Risk Appetite Framework (RAF), holistic and bespoke stress tests are used to measure the market risk appetite and calibrate limits to monitor and control the full set of material market risk factors to which Nordea is exposed.

4.1 Traded market risk

Traded market risk mainly arises from customer-driven trading activities and related hedges in Nordea Markets, which is part of Large Corporates & Institutions.

Nordea Markets takes on market risks as part of its business model when offering corporate and institutional customers a range of fixed income, equity, foreign exchange, commodity and structured products. The market risks to which Nordea Markets is exposed include interest rate risk, credit spread risk, equity risk, foreign exchange risk, commodity risk and inflation risk.

Furthermore, Nordea is a major mortgage lender in the Nordic countries and a major market maker in Nordic corporate and government bonds. Holding inventory is necessary to be able to provide secondary market liquidity. As a result, Nordea's business model gives rise to a concentration of Nordic mortgage and corporate bonds as well as local market currencies.

4.2 Non-traded market risk

The non-traded market risks that Nordea is exposed to are interest rate risk, customer behavioural risk, credit spread risk, foreign exchange risk (both structural and non-structural) and equity risk. Non-traded market risk arises from the core banking business of Nordea, related hedges and regulatory or other external requirements (e.g. the liquid asset buffer).

Group Treasury is responsible for the risk management of all non-traded market risk exposures on the Group's balance sheet. To ensure a clear division of responsibilities within Group Treasury the banking book risk management is divided across several frameworks – each with a clear risk mandate and specific limits and controls.

Interest rate risk in the banking book (IRRBB) is the current or prospective risk to Nordea's capital and/or income arising from adverse movements in interest rates and customer behaviour. Business areas transfer their banking book risk exposures to Group Treasury through an internal funds transfer pricing framework. Market risks are managed centrally and include gap risk, spread risks, basis risks, credit spread risk, behavioural risk and non-linear risks. The effectiveness of hedging risk exposures from core banking activities, e.g. loans and deposits, may be adversely impacted by the discretion held by customers in respect of their contractual obligations with Nordea.

Liquid assets are managed in accordance with the liquidity buffer and pledge/collateral frameworks. Most of the directional interest rate risk arising from bond holdings is hedged primarily using maturity-matched Interest rate payer swaps and to a smaller degree overnight indexed payer swaps. Forward rate agreements and listed futures contracts can also be used to hedge credit spread and interest rate fixing risks.

4.3 Measurement of market risk

Nordea uses several quantitative risk measurement methods for traded market risk: Value-at-risk (VaR), stress testing, sensitivity analysis, parametric methods and Monte Carlo simulation.

VaR is based on historical scenarios and is the primary market risk measurement, complemented by stress testing. Nordea calculates VaR using historical simulation. The current portfolio is revalued based on historical daily changes in market prices, rates and other market risk factors observed during the last 500 business days and translated into changes in current market risk factors. Nordea uses absolute, relative and mixed translation methods for different risk categories. The revaluation of the current portfolio is performed for each position using either a linear approximation method or a full revaluation method, depending on the nature of the position.

Parametric methods are used to capture equity event risk, including the impact of defaults on equity-related positions (these risks are part of the specific equity risk).

Monte Carlo simulation is used in the incremental risk measure model and the comprehensive risk measure model to capture default and migration risks.

The VaR, stressed VaR, equity event risk, incremental risk measure and comprehensive risk measure models are approved by Nordea's regulator, the ECB, for use in calculating market risk own funds requirements under the internal model approach (IMA). The same models, with the same calibration and settings as used for regulatory capital requirements, are used for internal risk management purposes.

The standardised approach is applied to risk exposure which is not covered by the IMA. It is used to calculate the market risk exposures for commodity-related products, the specific risk for mortgage and government bonds, commercial paper, credit/rate hybrids and credit spread options. Furthermore, the standardised approach is used to calculate equity risk related to structured equity and Tier 1 and Tier 2 bonds.

IRRBB is measured, monitored and managed using three key risk metrics:
- Economic value risk.
- Net interest income risk.
- Fair value stress loss.

The three different risk metrics are used to assess differing aspects of the manifestation of interest rate risk. These are described in more detail below.

Economic value (EV) of equity stress tests considers the change in the EV of banking book assets, liabilities and interest-bearing derivative exposures resulting from interest rate movements, independent of accounting classification and ignoring credit spreads and commercial margins. The model assumes a run-off balance sheet and includes behavioural modelling for non-maturing deposits and prepayments.

The net interest income (NII) risk metric measures the change in net interest income relative to a baseline scenario, resulting in a NII risk value over a one-year horizon. The model uses a constant balance sheet assumption, implied forward rates and behavioural modelling for non-maturing deposits and prepayments.

The fair value stress loss (FVSL) risk measure considers the potential revaluation risk relating to positions held under fair value accounting classifications.

EV, NII and FVSL sensitivities are measured using internally defined Risk Appetite Framework (RAF) scenarios. The exposure limit is measured against the worst outcome from the internal scenarios defined under the RAF. The RAF scenarios are calibrated to reflect severe but plausible events and are designed to test specific exposures that are, or may be held, under the approved mandate. The scenarios are aligned across the risk types of EV, NII and FVSL.

The FVSL RAF scenarios are applied to both the banking book and the trading book portfolios, and the Board risk appetite limit considers the combined impact across both. The FVSL metric is monitored daily. A range of EV risk scenarios are estimated daily for management information purposes, but fully calculated and monitored monthly against risk appetite limits. The NII and earnings risk metrics are monitored monthly.

The measurement of IRRBB is dependent on key assumptions applied in the models. The most material assumptions relate to the modelling of embedded behavioural options in both assets and liabilities. The behavioural option held by Nordea's lending customers to execute early loan prepayments is estimated using prepayment models. On the liability side, Nordea has a choice to change deposit rates, and customers have a choice to withdraw non-maturing deposits on any given day. Both embedded options are modelled using non-maturing deposit models. Both assumptions are calculated based on the historical average by core asset and liability class features. Assets and liabilities are grouped according to key metrics, including product type, geography and customer segment. Assumptions are based on historically observed values. Regular back-testing and model monitoring are performed for both prepayment models and non-maturing deposit models to ensure that the models remain accurate.

The Pillar 2 IRRBB capital allocations consist of a fair value risk component and a net interest income risk component. The fair value risk component covers the impact on Nordea's equity due to adverse movements in the monthly revaluation of positions accounted for at fair value through profit or loss or fair value through other comprehensive income. The net interest income risk component covers the impact of rate changes on the future earnings capacity through modelled impacts to net interest income, and the resulting implications for internal capital buffer levels.

Nordea is exposed to structural FX risk, defined as the mismatch between the currency composition of its Common Equity Tier 1 (CET1) capital and risk exposure amounts. The CET1 capital is largely denominated in euro with the only significant non-euro equity amounts stemming from mortgage subsidiaries. Therefore, changes in FX rates can negatively impact Nordea's CET1 ratio.

4.4 Market risk analysis

The market risk in Nordea's trading book is presented in the table below.

The average market risk measured by VaR was EUR 32.8m in 2023 (the average in 2022 was EUR 31.5m) and primarily driven by interest rate risk. Average stressed VaR was EUR 44.1m in 2023 (the average in 2022 was EUR 44.9m). The peak in VaR was reached in the third quarter while the peak in stressed VaR was reached in the first quarter. VaR and stressed VaR are primarily driven by market risk in the Northern European and Nordic countries.

At the end of 2023 the incremental risk charge (IRC) was higher than at the end of 2022. Both the lowest and highest exposure occurred during the first quarter of 2023. The average IRC significantly decreased compared with the previous year.

At the end of 2023 the comprehensive risk charge (CRC) was significantly lower than at the end of 2022. Both the lowest and highest exposure occurred during the fourth quarter of 2023. The average CRC for 2023 decreased compared with 2022.

G11 Risk and liquidity management, cont.

Market risk figures for the trading book[1]

EURm	31 Dec 2023	2023 high	2023 low	2023 avg
Total VaR	33	60	19	33
Interest rate risk	33	60	19	33
Equity risk	3	6	2	4
Credit spread risk	5	13	2	5
Foreign exchange risk	1	7	1	2
Inflation risk	4	5	1	4
Diversification effect	30	42	18	30
Total stressed VaR	55	62	34	44
Incremental risk charge	10	21	6	10
Comprehensive risk charge	8	36	8	20

1) Equity event risk, corresponding to EUR 0.5m at the end of 2023.

Market risk figures for the banking book

EURm	31 Dec 2023	2023 high	2023 low	2023 avg
Total VaR	143	190	120	140

Market risk figures for the trading book[1]

EURm	31 Dec 2022	2022 high	2022 low	2022 avg
Total VaR	33	51	20	31
Interest rate risk	32	50	18	31
Equity risk	2	12	2	5
Credit spread risk	7	12	3	7
Foreign exchange risk	2	5	1	2
Inflation risk	2	3	1	2
Diversification effect	27	51	16	32
Total stressed VaR	45	69	32	45
Incremental risk charge	9	45	7	26
Comprehensive risk charge	27	47	18	33

1) Equity event risk, corresponding to EUR 0.2m at the end of 2022.

Market risk figures for the banking book

EURm	31 Dec 2022	2022 high	2022 low	2022 avg
Total VaR	123	146	43	97

FX risk in the banking book decreased driven mosty by a decrease in USD and RUB long positions.

At the end of the year, the worst loss on the fair value part of the banking book portfolio according to the internal risk appetite scenarios for FV stress loss was driven by the Nordic Housing Crisis RAF scenario, where the potential increase in Scandinavian mortgages and government spreads added to a fall in equity prices, implying a loss of EUR 473m (EUR 454m on the previous year) on the banking book FV positions. The banking book is usually long mortgages and government bonds in the liquidity buffer and long equity risk on the long-term illiquid investment holdings, which explains the loss on this worst-case scenario.

The overall trading and banking book market risk remains within Nordea's risk appetite.

4.5 Net interest income risk and Economic value risk

Nordea's disclosure of interest rate risk in the banking book is aligned with the Pillar 3 requirements. The change in the economic value of the banking book positions due to interest rate changes is assessed under the six regulatory interest rate shock scenarios, and the net interest income in the banking book over a 12-month period is assessed under the two parallel shifts, both defined by the European Banking Authority. At the end of the year the maximum economic value loss was EUR 1,631m in the "parallel shock down" scenario, and the maximum one-year loss in net interest income was EUR 1,210m also in the "parallel shock down" scenario. For most currencies, the "parallel shock down" scenario includes a 200 bp downward shift, but it can vary from -100 to -400 bp depending on the currency. For more details on the results of different regulatory interest rate shock scenarios, see the Nordea Group Capital and Risk Management Report 2023.

4.6 Other market risks/pension risk

Pension risks (including market and longevity risks) arise from Nordea-sponsored defined benefit pension schemes for past and current employees. The ability of the pension schemes to meet the projected pension payments is maintained through investments and ongoing scheme contributions.

Pension risks can manifest through increases in the value of liabilities or through falls in the values of assets. These risks are regularly reported and monitored and include market risk sub-components such as interest rate, inflation, credit spread, real estate and equity risk. To minimise the risks to Nordea, limits are imposed on potential losses under severe but plausible stress events as well as on capital drawdowns. In addition, regular reviews of the schemes' strategic asset allocation are undertaken to ensure that the investment approach reflects Nordea's risk appetite. See Note G8.2 for more information.

5. Operational risk

At Nordea operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events and includes legal risk.

Operational risk is inherent in all Nordea's businesses and operations. Managers throughout Nordea are accountable for the operational risks related to their mandate and for managing these risks within the risk appetite of the operational risk management framework.

Operational risk control functions within Group Risk (GR) constitute the second line of defence for overall operational risk and are responsible for developing and maintaining the overall operational risk management framework as well as for monitoring and controlling the operational risk management of the first line of defence. The independent risk control functions are responsible for monitoring and overseeing that operational risks are appropriately identified, assessed and mitigated and for following up on risk exposures towards risk appetite and assessing the adequacy and effectiveness of the operational risk management framework and the implementation of the framework.

The focus areas of the monitoring and control work performed are decided during an annual planning process that includes business areas, key risk areas and operational risk processes. GR is responsible for preparing and submitting regular risk reports on all material risk exposures, including risk appetite utilisation and incidents, to the Chief Risk Officer, who reports to the Chief Executive Officer in the Group Leadership Team, the Group Board and the relevant committees.

Nordea has closely monitored geopolitical developments, such as in Ukraine, during 2023 and continues to do so. Throughout the year Nordea has witnessed elevated threat levels for cyber security and also for physical security across the Nordics. Nordea has taken actions to address the increased risk.

The Risk Appetite Statement for operational risk sets out:
- operational risk in breach of risk appetite and effective risk management
- the total loss amounts from incidents as well as the number of occurrences of large loss events.

5.1 Management of operational risk

Management of operational risk includes all activities aimed at identifying, assessing and measuring, responding to and mitigating, controlling and monitoring as well as reporting on risks. Risk management is supported by various processes and instructions including Risk and Control Self-Assessment, Change Risk Management and Approval, Issue Management, Incident Management, Scenario Analysis, Business Continuity and Crisis Management, Information Security Management, Technology and Data Risk Management, Third Party Risk Management, insurance-related risk diversification and Significant Operating Processes.

Some of these processes are described below and additional details on processes for managing and controlling operational risk are included in the "Operational and Compliance Risk" section of the Capital and Risk Management Report 2023 published in accordance with the Capital Requirements Regulation.

Risk and Control Self-Assessment

The Risk and Control Self-Assessment process ensures an overview and assessment of operational and compliance risks across Nordea. The process improves risk awareness and enables the effective assessment, control and mitigation of identified risks. Furthermore, the Risk and Control Self-Assessment process and its results provide the basis and input for risk reporting at Nordea.

Change Risk Management and Approval

The Change Risk Management and Approval process ensures that there is an understanding of the risks arising from a change and that risks are managed consistent with Nordea's risk appetite framework before a change is approved or implemented.

The Change Risk Management and Approval process must be applied to all relevant types of change and development initiatives, including but not limited to, involving changes to new or changed processes, organisational changes, information and communication technology changes, new outsourcing arrangements and exceptional transactions.

G11 Risk and liquidity management, cont.

Issue Management

Issues are defined as deficiencies in the control environment, i.e. defects and/or quality matters within the internal control environment for managing risk. When such deficiencies are discovered, they must be reported as issues. The Issue Management Framework consists of multiple processes across all three lines of defence identified in different risk management processes, and they together fall under the purpose of issues and action management.

Incident Management

The Incident Management Framework ensures appropriate handling and reporting of detected incidents to minimise the impact on Nordea and its customers, prevent reoccurrence and reduce the impact of future incidents. When incidents occur, they are immediately assessed to determine their severity. Depending on the nature of the incident and the severity assessed, different requirements on stakeholder involvement and external reporting apply, including incident notification to relevant authorities.

Scenario Analysis

Scenario Analysis is performed in order to identify and assess operational and compliance risks with severe financial or non-financial impacts with low probability of materialisation, so-called "tail risks", through the analysis of a broad range of internal and external events and indicators. Analysing tail risks contributes to increased understanding of the key impacts from, and preparedness for, unusual risk events should they materialise, and to identify and close possible control gaps at Nordea.

Business Continuity and Crisis Management

The Business Continuity and Crisis Management framework at Nordea ensures the capability to handle extraordinary events and crises and assures the continued delivery and recovery of prioritised products, services and processes to predefined acceptable levels. Extraordinary events and crisis situations are timely and appropriately escalated and responded to through preestablished structures. The capabilities are validated by testing and exercising the organisation and established plans to ensure to protect its resources (e.g. people, premises, technology and information), supply chain, interested parties and reputation, before a discuptive incident occurs. This includes ensuring that roles and responsibilities are clear, known and communicated to all involved.

Third Party Risk Management

The objective of Third Party Risk Management is to ensure that risks related to third parties and third party activities, including but not limited to outsourcing, are appropriately identified, assessed and managed before entering into, during as well as when exiting a third party arrangement. Third Party Risk Management ensures that risks associated with third parties and third party activities are kept within risk appetite and risk limits.

Information and Communication Technology Risk Management

The objective of Information and Communication Technology Risk Management is to ensure that information and communication technology and data management risks are appropriately identified, assessed and managed.

Nordea maintains an Information Security Management System for implementation of the principles and requirements for information security, with the overall objective to preserve the confidentiality, integrity and availability of Nordea's information and information entrusted to Nordea, by applying a risk-based methodology.

Cyber security

Introducing new technologies, exploring new ways of doing business and connecting with customers widen banks' attack surface. At the same time, entities that pose cyber threats are becoming more organised, resourceful and experienced. Banks must also deal with the asymmetry of having to protect all assets while entities engaged in cyber threats merely need to find one weak spot. Combined, these factors pose an unprecedented risk to the banking industry.

In the normal course of business, Nordea focuses not only on maintaining effective basic information security controls but also on enhancing its cyber defence with new tools and functions for security, detection and response. Nordea develops innovative security practices to meet new business demands, such as robust mobile banking applications and proactive customer support for fraud detection and prevention. Nordea develops its information security practice based on recognised industry best practices such as the ISO 27000 series standards and the frameworks provided by the National Institute of Standards and Technology (NIST) in the US. Furthermore, Nordea needs to comply with financial industry legislation, for example European Banking Authority guidelines and other European legislation introducing specific information security requirements.

To respond to the increased cyber threat level caused by the continued war in Ukraine, Nordea has scaled up selected cyber controls and implemented a wide range of tactical measures to further improve its cyber resilience. In addition, Nordea has teamed up with partners from governmental organisations, law enforcement agencies, intelligence networks, peers in the industry and others to share intelligence and experience.

Significant Operating Processes

The objective of the Significant Operating Processes (SiOPs) process is to ensure that SiOPs are identified and documented to ensure that risks and controls in the most important processes are assessed and managed for these processes to operate as intended. This includes ensuring that Nordea's customers are offered products and services in a compliant, safe and timely way.

5.2 Financial Reporting Risk Management

Financial reporting risk is defined as the risk of misstatements or deficiencies in financial reporting, regulatory reporting, disclosures, tax reporting, management reporting and reporting of ESG information. An internal control framework for managing the financial reporting risk is in place, providing the structure and standards for designing, operating and evaluating the internal controls over financial reporting across the Group. The framework is the mechanism through which management expresses its financial statement assertions. Group Risk is the control function for financial reporting risk and is responsible for the independent monitoring and oversight of the risk and the Group's implementation of the framework. Group Risk reports to the Board Audit Committee on a quarterly basis.

6. Compliance risk

Nordea defines compliance risk as the risk of failure to comply with applicable regulations and related internal rules. Management of compliance risk is governed by Nordea's Compliance Risk Appetite Statement which also sets out the requirements for the mitigation of compliance risk. Employees throughout Nordea are accountable for the compliance risks related to their mandate and for managing these risks in accordance with the Compliance Risk Management Framework. Group Compliance is the independent second line of defence function responsible for developing and maintaining the framework and for guiding the business in its implementation of and adherence to the framework.

Compliance activities are presented in the form of an annual compliance plan to the Group CEO of Nordea and the Board of Directors. The annual compliance plan provides an overview of Nordea's compliance activities, combining Group Compliance's overall approach to key risk areas. The plan consists of detailed plans for the business areas, the Group functions, the consolidated Group subsidiaries, the branches and for each risk area. Group Compliance is responsible for the regular reporting on its plans to the Group Board, the CEO in the Group Leadership Team (the GLT), branch management and the relevant committees, at least quarterly.

The uncertain geopolitical and macroeconomic environment has led to the highest inflation and interest rates seen in over a decade. Whilst the inflation rate has reduced across Nordea's core markets during the second half of 2023, interest rates are likely to remain higher for longer. The combined impact of increased consumer prices and a higher cost of credit may adversely impact the financial health of household and corporate customers. In light of the more challenging external environment for some of its customers, Nordea continues to focus on ensuring that its processes adequately assess the suitability and affordability of the products for all customer segments. In 2023 the interest and demand for ESG-related products remained stable, whilst market practices also developed further. Nordea has integrated the MiFID II sustainable preference requirements into its investment advisory processes and actively support its advisory customers in establishing investment strategies that are also aligned to their sustainability preferences.

6.1 Code of Conduct

The Code of Conduct defines high-level business principles, how Nordea treats customers and how employees are expected to conduct themselves. They underpin Nordea's culture and set the parameters for conduct in areas such as care for the environment, labour rights, human rights, the right to privacy, fair competition, anti-bribery and anti-corruption. The Code of Conduct is reviewed annually and was last updated in June 2023. Compliance with the Code of Conduct is followed up by regular monitoring and annual reporting to the relevant Group committees, the Group CEO and the Board. All employees are required to complete annual Code of Conduct training as part of their License to Work to ensure proper awareness and knowledge of the ethical principles. The 2023 training also included more detailed focus e.g. on whistleblowing and conflicts of interest. 97.6% of all employees (excluding those on long-term leave) completed the Code of Conduct training.

6.2 Raise your Concern

Nordea's whistleblowing function Raise Your Concern (RYC) ensures that all stakeholders, including customers, partners, affected communities as well as employees, have the right to speak up and always feel safe in doing so if they have concerns about suspected misconduct such as breaches of human rights, or irregularities such as fraudulent, inappropriate, dishonest, illegal or negligent activity or behaviour in operations, products or services. This includes any action that constitutes a violation of laws or regulations or of Nordea's internal policies, instructions or guidelines. Reporting can be made orally or in writing and Nordea ensures that all reporting is treated with the strictest confidentiality. Reports can be made in all countries in which Nordea operates. Furthermore, it is also possible to report anonymously via the electronic reporting channel WhistleB. This platform is managed by an external party, is entirely separate from Nordea's IT systems and does not track IP addresses or other data that could identify the sender of a message. Cases reported through RYC form part of the monitoring of compliance with the Code of Conduct. A summary of key trends and statistics on cases are also reported on a no names basis to the Chief Compliance Officer, the Chief People Officer and the Chief Risk Officer in addition to being included in management reports and reports to the Board. Furthermore, the RYC process and investigations are subject to regular quality controls with defined escalation procedures to report any process deviations.

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

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

Details on key processes for managing and controlling compliance risks are included in the "Operational and Compliance Risk" section of the Capital and Risk Management Report 2023 published in accordance with the Capital Requirements Regulation.

6.3 Financial crime prevention

Nordea takes its responsibility to society and its customers seriously and has over the years built strong defences to prevent its products, services and systems from being used for unlawful purposes.

Nordea handles and monitors on an annual basis several billion transactions from a wide customer base. Nordea continued to strengthen its financial crime defences in 2023 within areas such as customer due diligence, transaction monitoring and economic sanctions. Nordea's close cooperation with regulators continued during 2023 with ongoing engagement with all four Nordic regulators covering various aspects of Nordea's financial crime prevention work.

Following the invasion of Ukraine by Russian forces in February 2022, a number of countries and international bodies have introduced sanctions. Nordea complies with applicable EU, US, UN and UK sanctions. The sanctions currently include freezing of assets, deposit restrictions, restrictions on economic relations with certain regions in Ukraine, restrictions focusing on the energy and finance sectors, import and export restrictions and overflight bans. As a consequence of the current sanctions regime and the increasing breadth and complexity of sanctions in force, in 2022 Nordea decided not to conduct any business activities that relate to the regions of

G11 Risk and liquidity management, cont.

Donetsk, Luhansk, Zaporizhzhia and Kherson. A similar policy was already in place with respect to Crimea and Sevastopol. Furthermore, due to the current sanctions regime and the restrictions in force, in April 2022 Nordea stopped the automated processing of payments to and from Russia and Belarus. These policy decisions continue to be in place.

As sanctions measures continue to curb the ability to support and finance the war in the Ukraine, sanctioned parties and facilitators are seeking alternative ways to circumvent sanctions. In addition to traditional techniques, such as wire stripping, the regulators highlight an increased use of cryptocurrencies and third countries as common circumvention methods. In particular the US and EU have identified certain countries, such as former Soviet Republics, Turkey, Serbia and the UAE, that are being used to facilitate the circumvention of sanctions measures imposed in relation to Russia. While Nordea does not apply a blanket prohibition on activities concerning the above-mentioned countries, Nordea remains vigilant to the risk of the bank's products and services being used to evade sanctions and continues to enhance its controls to mitigate sanctions evasion risks.

During 2023 there was an increase in the potential for both international and domestic terrorist attacks within the Nordics in connection to Quran burnings and the recent conflict in Gaza. Nordea continues to strengthen its controls to remain responsive to increased inherent risks of terrorist financing.

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

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

Since 2015 Nordea has made significant investments to address the deficiencies highlighted by the investigations.

7. Life insurance risk and market risks in the Life & Pension operations

For infomation on risk in the Life & Pension operation, see Note G4 "Insurance contract liabilities".

8. Liquidity risk

During 2023 Nordea continued to benefit from its prudent liquidity risk management in terms of maintaining a diversified and strong funding base and a diversified liquidity buffer. Nordea maintained a strong liquidity position throughout the year despite volatility in global markets driven by geopolitical and macroeconomic uncertainty and tightening monetary policy.

Nordea issued approximately EUR 21.0bn in long-term funding in 2023 (excluding Long CDs, Danish covered bonds and capital instruments), of which approximately EUR 16.8bn was issued in the form of covered bonds and EUR 4.2bn as senior debt.

Throughout 2023 Nordea remained compliant with the liquidity coverage ratio (LCR) requirement in all currencies on a combined basis as well as the net stable funding ratio (NFSR).

During 2021 Nordea participated in European Central Bank (ECB) and local central bank facilities, including the ECB's targeted longer-term refinancing operations (TLTROs). At the end of 2023 Nordea had EUR 3bn outstanding under the TLTRO III programme, following a repayment during the past years. The interest rate is equal to the deposit facility rate and is no longer contingent on meeting predefined lending thresholds.

8.1 Liquidity risk definition and identification

Liquidity risk is the risk that Nordea can only meet its liquidity commitments at an unsustainably high price or, ultimately, is unable to meet its obligations as they come due. Nordea is exposed to liquidity risk in its lending, investments, funding, off-balance sheet exposures and other activities which results in a negative cash flow mismatch. Cash flow mismatches can occur at the end of a day or intraday.

8.2 Management principles and control

Liquidity risk at Nordea is managed across three lines of defence:

- The first line of defence consists of Group Treasury and the business areas. Group Treasury is responsible for the day-to-day management of the Group's liquidity positions, liquidity buffers, external and internal funding, including the mobilisation of cash across the Group, and funds transfer pricing.
- The second line of defence, Group Risk, is responsible for providing independent oversight of and challenge to the first line of defence.
- The third line of defence includes Group Internal Audit, which is responsible for providing independent oversight of the first and second lines of defence.

The Board of Directors defines the liquidity risk appetite by setting limits for the liquidity risk metrics applied. The most central metric is the liquidity stress horizon, which defines the risk appetite by setting a minimum survival period of 90 days under institution-specific and market-wide stress scenarios with limited mitigation actions.

A framework of limits and monitoring metrics is in place to ensure that Nordea stays within various risk parameters including its risk appetite.

A funds transfer pricing (FTP) framework is in place which takes into account that liquidity is a scarce and costly resource. By quantifying and allocating liquidity and funding costs and benefits to the respective business areas, behaviours and strategic decisions are appropriately incentivised.

8.3 Liquidity risk management strategy

Nordea's liquidity risk management strategy is based on policy statements resulting in various liquidity risk measures, limits and organisational procedures.

The objective of liquidity risk management is to ensure that Nordea can always meet its cash flow obligations, including on an intraday basis, across market cycles and during periods of stress. Nordea strives to diversify its sources of funding and seeks to establish and maintain relationships with investors in order to ensure market access. A broad and diversified funding structure is reflected by the strong presence in the Group's four domestic markets in the form of a strong and stable retail customer base and a variety of funding programmes. The funding consists of both short-term (US and European commercial paper as well as certificates of deposit) and long-term (covered bonds, European and Global Medium-Term Notes) programmes and covers a range of currencies.

Trust is fundamental in the funding market. Therefore, Nordea periodically publishes information on the Group's liquidity situation. Furthermore, Nordea regularly performs stress testing of its liquidity risk position to capture relevant risk drivers and has put business contingency plans in place for liquidity crisis management.

G11 Risk and liquidity management, cont.

8.4 Liquidity risk measurement

To ensure funding in situations where Nordea is in urgent need of cash and the normal funding sources do not suffice, Nordea holds a liquidity buffer. The liquidity buffer consists of central bank eligible, high credit quality and liquid securities as well as central bank cash that can be readily sold or used as collateral in funding operations.

Liquidity risk management focuses on both short-term liquidity risk and long-term structural liquidity risk. Liquidity risk is limited by the Board of Directors via the liquidity stress coverage ratio and liquidity stress horizon metrics stipulating that the liquidity buffer needs to be sufficient to cover peak cumulative stressed outflows experienced over the first 90 days of a combined stress event, whereby Nordea is subject to market-wide stress similar to that experienced by many banks in 2007–08 as well as idiosyncratic stress corresponding to a three-notch credit rating downgrade. These metrics form the basis for Nordea's liquidity risk appetite, which is reviewed and approved by the Board at least annually. Liquidity risk appetite is further defined through the regulatory liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR).

Short-term funding risk is measured via the LCR and also via a funding gap risk metric. The funding gap risk metric expresses the expected maximum accumulated need for raising liquidity in the course of the next 30 days. Funding gap risk is measured and limited for each currency and as a total figure for all currencies combined.

Nordea's structural liquidity risk is measured by many metrics of which the NSFR is the main metric. The NSFR is complemented with the internally defined net balance of stable funding ratio. Furthermore, the loan to deposit ratio is closely monitored together with the wholesale funding refinancing profile and rating agency metrics.

8.5 Liquidity risk analysis

Nordea continues to have a strong and prudent liquidity risk profile with a strong funding base. At the end of 2023 the total volume utilised under CD and CP programmes was EUR 46.3bn (EUR 50.9bn) with an average maturity of 0.3 (0.3) year. The total volume under long-term programmes was EUR 143.6bn (EUR 138.3bn) with an average maturity of 6.1 (6.3) years. Nordea's funding sources are presented in the table below.

The liquidity risk position remained strong throughout 2023. The liquidity stress horizon was 631 days at the end of 2023 (1,095 days at the end of 2022) with an annual average of 1,059 days (1,084 days) – the Group limit is not below 90 days.

The annual average of the funding gap risk was EUR +44.8bn (EUR +51.8bn in 2022) against a limit of EUR -5bn. Nordea's liquidity buffer ranged between EUR 99.7bn and EUR 143.5bn throughout 2023 (EUR 111.9bn and EUR 141.2bn) with an average liquidity buffer of EUR 117.6bn (EUR 126.9bn).

The combined LCR for the Nordea Group was 165% at the end of 2023 (162%) with an annual average of 157% (152%). At the end of 2023 the LCR in EUR was 231% (149%) and in USD 207% (177%) with annual averages of 174% (186%) and 201% (202%), respectively. At the end of 2023 Nordea's NSFR was 118.7% (115.6%).

Funding sources, 31 December 2023

Liability type	Interest rate base	Average maturity (years)	EURm
Deposits by credit institutions			
Shorter than 3 months	Euribor etc.	0.1	28,446
Longer than 3 months	Euribor etc.	0.7	1,059
Deposits and borrowings from the public			
Deposits payable on demand	Administrative	0.0	166,901
Other deposits	Euribor etc.	0.2	43,161
Debt securities in issue			
Certificates of deposit	Euribor etc.	0.3	33,533
Commercial paper	Euribor etc.	0.3	12,769
Mortgage covered bond loans	Fixed rate, market-based	6.8	111,687
Other bond loans	Fixed rate, market-based	3.3	26,238
Fair value changes of hedged items			-1,680
Derivatives			30,794
Other non-interest-bearing items			67,280
Subordinated debt			
Tier 2 subordinated bond loans	Fixed rate, market-based	7.7	3,548
Additional Tier 1 subordinated bond loans (undated)	Fixed rate, market-based		2,514
Fair value changes of hedged items			-341
Equity			31,225
Total			**557,134**
Insurance contract liabilities			27,568
Total, including life insurance operations			**584,702**

Net stable funding ratio

EURbn	31 Dec 2023	31 Dec 2022
Available stable funding	316.8	313.5
Required stable funding	266.9	271.1
Net stable funding	49.9	42.4
Net stable funding ratio[1]	**118.7%**	**115.6%**

1) According to CRR2 regulation.

Financial statements
Parent company

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Income statement

EURm	Note	2023	2022
Operating income			
Interest income		14,811	5,870
Interest expense		-9,254	-2,325
Net interest income	**P2.2**	**5,557**	**3,545**
Fee and commission income		2,305	2,331
Fee and commission expense		-574	-515
Net fee and commission income	**P2.3**	**1,731**	**1,816**
Net result from securities at fair value through profit or loss[1]	P2.4	1,054	1,224
Net result from securities at fair value through fair value reserve	P2.4	-39	-84
Income from equity investments	P2.5	1,747	2,516
Other operating income	P2.6	741	933
Total operating income		**10,791**	**9,950**
Operating expenses			
Staff costs	P7	-2,448	-2,318
Other administrative expenses[1]	P2.7	-896	-787
Other operating expenses[1]	P2.7	-566	-483
Regulatory fees	P2.8	-223	-257
Depreciation, amortisation and impairment charges[1]	P2.9	-839	-1,418
Total operating expenses		**-4,972**	**-5,263**
Profit before loan losses		**5,819**	**4,687**
Net loan losses[1]	P2.10	-119	9
Operating profit		**5,700**	**4,696**
Income tax expense	P2.11	-961	-741
Net profit for the year		**4,739**	**3,955**

1) For more information on the changes in presentation, see the section "Changed accounting policies and presentation" in Note P1 "Accounting policies".

Balance sheet

EURm	Note	31 Dec 2023	31 Dec 2022
Assets			
Cash and balances with central banks	P3.6	49,150	61,425
Debt securities eligible for refinancing with central banks	P3.8	59,967	60,453
Loans to credit institutions[1]	P3.7	68,589	73,488
Loans to the public[1]	P3.7	149,900	150,393
Interest-bearing securities	P3.8	13,796	14,051
Shares	P3.9	9,437	6,765
Investments in group undertakings	P8.1	14,090	14,350
Investments in associated undertakings and joint ventures	P8.2	64	94
Derivatives	P3.10	27,832	38,870
Fair value changes of hedged items in portfolio hedges of interest rate risk	P3.5	-230	-479
Intangible assets	P4.1	1,488	1,656
Tangible assets	P4.2	227	241
Deferred tax assets	P2.11	37	25
Current tax assets	P2.11	128	120
Retirement benefit assets	P7.2	220	159
Other assets	P9.5	9,299	9,653
Prepaid expenses and accrued income[1]	P9.5	776	731
Total assets		**404,770**	**431,995**
Liabilities			
Deposits by credit institutions and central banks	P3.11	36,488	40,630
Deposits and borrowings from the public	P3.12	217,574	225,231
Debt securities in issue	P3.13	71,859	76,932
Derivatives	P3.10	32,202	42,049
Fair value changes of hedged items in portfolio hedges of interest rate risk	P3.5	-869	-2,175
Current tax liabilities	P2.11	254	146
Other liabilities	P9.6	12,295	15,015
Accrued expenses and prepaid income	P9.6	916	870
Deferred tax liabilities	P2.11	79	113
Provisions	P5	381	376
Retirement benefit liabilities	P7.2	237	244
Subordinated liabilities	P3.14	5,720	5,401
Total liabilities		**377,136**	**404,832**
Equity			
Share capital		4,050	4,050
Additional Tier 1 capital holders		750	748
Invested unrestricted equity		1,063	1,082
Other reserves		-198	-211
Retained earnings		17,230	17,539
Profit or loss for the period		4,739	3,955
Total equity	**P9.1**	**27,634**	**27,163**
Total liabilities and equity		**404,770**	**431,995**
Off-balance sheet commitments			
Commitments given to a third party on behalf of customers	P6.1		
- Guarantees and pledges		45,346	46,379
- Other		647	661
Irrevocable commitments in favour of customers	P6.2		
- Securities repurchase commitments		–	–
- Other		92,668	96,306

1) For more information on the changes in presentation, see the section "Changed accounting policies and presentation" in Note P1 "Accounting policies".

Cash flow statement

EURm	Note[1]	2023	2022
Operating activities			
Operating profit		5,700	4,696
Adjustment for items not included in cash flow	P9.2	3,654	-3,681
Income taxes paid	P2.11	-894	-561
Cash flow from operating activities before changes in operating assets and liabilities		**8,460**	**454**
Changes in operating assets			
Change in debt securities eligible for refinancing with central banks	P3.8	-2,926	3,324
Change in loans to credit institutions	P3.7	4,418	-987
Change in loans to the public	P3.7	-2,150	-10,821
Change in interest-bearing securities	P3.8	-133	-3,469
Change in shares	P3.9	-2,290	-738
Change in derivatives, net	P3.10	1,632	-1,884
Change in other assets	P9.5	357	-621
Changes in operating liabilities			
Change in deposits by credit institutions and central banks	P3.11	-3,739	5,315
Change in deposits and borrowings from the public	P3.12	-5,305	17,423
Change in debt securities in issue	P3.13	-5,068	13,311
Change in other liabilities	P9.6	-841	2,140
Cash flow from operating activities		**-7,585**	**23,447**
Investing activities			
Investment in and capital contributions to group undertakings	P8.1	-1	-322
Sale of group undertakings	P8.1	–	2
Investments in associated undertakings and joint ventures	P8.2	-1	-19
Sale of associated undertakings and joint ventures	P8.2	–	0
Acquisition of property and equipment	P4.2	-29	-34
Sale of property and equipment	P4.2	0	0
Acquisition of intangible assets	P4.1	-422	-363
Cash flow from investing activities		**-453**	**-736**
Financing activities			
Issued subordinated liabilities	P3.14	500	–
Amortised subordinated liabilities	P3.14	-205	-939
Sale/repurchase of own shares incl. changes in trading portfolio	P9.1	-1,283	-2,840
Paid interest on Additional Tier 1 capital	P9.1	-26	-26
Dividend paid	P9.1	-2,876	-2,655
Cash flow from financing activities		**-3,890**	**-6,460**
Cash flow for the year		**-11,928**	**16,251**
Cash and cash equivalents at beginning of year		62,271	46,475
Cash and cash equivalents through merger		–	0
Translation differences		-503	-455
Cash and cash equivalents at end of year		49,840	62,271
Change		**-11,928**	**16,251**

1) For more information regarding the cash flow statement, see Note P9.2 "Additional disclosures on the cash flow statement".

P1 Accounting policies

Corporate information

Nordea Bank Abp (Business ID 2858394-9) is the parent company of the Nordea Group. Nordea Bank Abp is a public limited liability company organised under the laws of Finland with its head office located in Helsinki, Finland at the following address: Hamnbanegatan (Satamaradankatu) 5, FI-00020 Nordea Bank Abp, Helsinki, Finland. Nordea Bank Abp's ordinary shares are listed on Nasdaq Nordic, the stock exchanges in Helsinki (in euro), Stockholm (in Swedish kronor) and Copenhagen (in Danish kroner), and its American Depository Receipts are traded in the US in US dollars.

Basis of preparation

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

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

The accounting policies, methods of computation and presentation are unchanged in comparison with the Annual Report 2022, except for the items presented in "Changed accounting policies and presentation" below. For more information about accounting policies, see the respective notes.

All amounts are in euro million unless otherwise stated.

On 20 February 2024 the Board of Directors approved the financial statements, subject to final adoption by the Annual General Meeting on 21 March 2024.

Changed accounting policies and presentation

New accounting policies and changes to the presentation were implemented during 2023. Impacts on Nordea Bank Abp's financial statements are described below.

Changed presentation of income statement and balance sheet

The Finnish Financial Supervisory Authority has made amendments to Regulations and Guidelines 2/2016 concerning financial sector accounting, financial statements and board of directors' reports. The amendments entered into force on 1 January 2023 and impact the presentation of income statements and balance sheets prepared in accordance with the Finnish accounting standards. The main purpose of the amendments is to allow the presentation of financial statements to be more aligned with IFRS reporting.

Nordea Bank Abp has implemented the changes in its income statement and balance sheet, and comparative figures have been restated accordingly. The impact can be found in the tables on the following page.

Translation of assets and liabilities denominated in foreign currencies

Nordea Bank Abp presents its financial statements in euro (EUR). Foreign currency is defined as any currency other than euro. Foreign currency transactions are recorded at the exchange rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate on the balance sheet date.

Exchange differences arising on the settlement of transactions at rates different from those on the date of the transactions, and unrealised translation differences on unsettled foreign currency monetary assets and liabilities, are recognised in the income statement under "Net result from securities at fair value through profit or loss".

Exchange rates

	Jan–Dec 2023	Jan–Dec 2022
EUR 1 = SEK		
Income statement (average)	11,4740	10,6274
Balance sheet (at end of year)	11,1275	11,1202
EUR 1 = DKK		
Income statement (average)	7,4509	7,4395
Balance sheet (at end of year)	7,4527	7,4365
EUR 1 = NOK		
Income statement (average)	11,4238	10,1023
Balance sheet (at end of year)	11,2120	10,5180

P1 Accounting policies, cont.

Restatement of the income statement

	Jan–Dec 2023			Jan–Dec 2022		
EURm	**Old policy**	**Change**	**New policy**	**Old policy**	**Change**	**New policy**
Net result from securities at fair value through profit or loss	–	1,054	1,054	–	1,224	1,224
Net result from securities trading and foreign exchange dealing	1,058	-1,058	–	1,225	-1,225	–
Net result from hedge accounting	-4	4	–	-1	1	–
Net result from investment properties	0	0	–	0	0	–
Total operating income	**10,791**	**–**	**10,791**	**9,950**	**–**	**9,950**
Other administrative expenses	-1,048	152	-896	-884	97	-787
Other operating expenses	-414	-152	-566	-386	-97	-483
Depreciation, amortisation and impairment charges[1]	-617	-222	-839	-427	-991	-1,418
Total operating expenses	**-4,750**	**-222**	**-4,972**	**-4,272**	**-991**	**-5,263**
Profit before loan losses	**6,041**	**-222**	**5,819**	**5,678**	**-991**	**4,687**
Net loan losses	-118	-1	-119	-3	12	9
Impairment of other financial assets	-223	223	–	-979	979	–
Operating profit	**5,700**	**–**	**5,700**	**4,696**	**–**	**4,696**

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

Restatement of the balance sheet

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

P2 Financial performance and returns

P2.1 Business area and geographical information

Business area information

Nordea Bank Abp presents the financial results of the three main business areas: Personal Banking, Business Banking and Large Corporates & Institutions. Group functions and eliminations as well as the results not fully allocated to any of the main business areas are shown separately as reconciling items.

Personal Banking serves Nordea Bank Abp's household customers and offers a full range of financial services that fulfil the customers' day-to-day financial needs. Personal Banking serves customers through Nordea Netbank, the mobile banking app, over the phone, via online meetings and at Nordea's branch offices. The business area includes advisory and service staff, channels and product units under a common strategy, operating model and governance framework across markets.

Business Banking serves, advises and partners with corporate customers, covering all their business needs through a full range of services, including payments, cash management, cards, working capital management and financing solutions. Business Banking also provides services such as payments, cards and financing solutions to personal customers.

Large Corporates & Institutions provides financial solutions to large Nordic and international corporates and institutional customers. The offering includes a diverse range of financing, cash management and payment services, investment banking, capital markets products and securities services.

Income statement

2023, EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Total business areas	Recon-ciliation	Total
Net interest income	2,289	1,817	1,450	5,556	1	5,557
Net fee and commission income	1,112	523	457	2,092	-361	1,731
Net result from securities at fair value through profit or loss	191	395	475	1,061	-7	1,054
Net result from securities at fair value through fair value reserve	–	–	–	–	-39	-39
Other income[1]	440	32	2	474	2,014	2,488
Total operating income	**4,032**	**2,767**	**2,384**	**9,183**	**1,608**	**10,791**
Staff costs	-594	-284	-322	-1,200	-1,248	-2,448
Other expenses[2]	-1,244	-728	-419	-2,391	929	-1,462
Regulatory fees	-60	-79	-100	-239	16	-223
Depreciation, amortisation and impairment charges	-46	-24	-21	-91	-748	-839
Total operating expenses	**-1,944**	**-1,115**	**-862**	**-3,921**	**-1,051**	**-4,972**
Profit before loan losses	**2,088**	**1,652**	**1,522**	**5,262**	**557**	**5,819**
Net loan losses	-98	-37	22	-113	-6	-119
Operating profit	**1,990**	**1,615**	**1,544**	**5,149**	**551**	**5,700**

1) Including "Income from equity investments" and "Other operating income".
2) Including "Other administrative expenses" and "Other operating expenses".

Balance sheet

31 Dec 2023, EURbn	Personal Banking	Business Banking	Large Corporates & Institutions	Total business areas	Recon-ciliation	Total
Loans to the public	24	51	68	143	7	150
Deposits and borrowings from the public	87	51	56	194	24	218

P2.1 Business area and geographical information, cont.

Income statement[1]

2022, EURm	Personal Banking	Business Banking	Large Corporates & Institutions	Total business areas	Recon-ciliation	Total
Net interest income	1,098	1,278	1,143	3,519	26	3,545
Net fee and commission income	1,270	569	456	2,295	-479	1,816
Net result from securities at fair value through profit or loss	146	383	572	1,101	123	1,224
Net result from securities at fair value through fair value reserve	–	–	–	–	-84	-84
Other income[2]	438	20	15	473	2,976	3,449
Total operating income	**2,952**	**2,250**	**2,186**	**7,388**	**2,562**	**9,950**
Staff costs	-564	-275	-320	-1,159	-1,159	-2,318
Other expenses[3]	-1,121	-669	-368	-2,158	888	-1,270
Regulatory fees	-57	-79	-123	-259	2	-257
Depreciation, amortisation and impairment charges	-80	-20	-21	-121	-1,297	-1,418
Total operating expenses	**-1,822**	**-1,043**	**-832**	**-3,697**	**-1,566**	**-5,263**
Profit before loan losses	**1,130**	**1,207**	**1,354**	**3,691**	**996**	**4,687**
Net loan losses	2	-5	56	53	-44	9
Operating profit	**1,132**	**1,202**	**1,410**	**3,744**	**952**	**4,696**

1) Figures have been restated. For more information on the changes in presentation, see the section "Changed accounting policies and presentation" in Note P1 "Accounting policies".
2) Including "Income from equity investments" and "Other operating income".
3) Including "Other administrative expenses" and "Other operating expenses".

Balance sheet

31 Dec 2022, EURbn	Personal Banking	Business Banking	Large Corporates & Institutions	Total business areas	Recon-ciliation	Total
Loans to the public	24	52	66	142	8	150
Deposits and borrowings from the public	87	51	59	197	28	225

Geographical information

Nordea Bank Abp's main geographical markets comprise the Nordic countries.

	Total operating income, EURm		Operating profit, EURm		Assets, EURbn		Liabilities, EURbn	
	2023	2022	2023	2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Finland	3,987	3,901	2,403	1,740	115	128	93	117
Sweden	2,767	2,433	1,305	1,113	100	108	98	105
Denmark	2,309	1,920	974	756	106	110	106	101
Norway	1,556	1,466	902	900	71	73	67	70
Other	172	230	116	187	13	13	13	12
Total	**10,791**	**9,950**	**5,700**	**4,696**	**405**	**432**	**377**	**405**

P2.2 Net interest income

Accounting policies

Interest consists of compensation for time value of money plus a margin. The effective interest rate equals the rate that discounts the estimated future cash flows to the net carrying amount of the financial asset or financial liability at initial recognition.

Interest income and expense are calculated and recognised using the effective interest rate method or, if considered appropriate, a method that provides a reasonable approximation in line with the effective interest rate method as the basis for the calculation. The effective interest rate includes fees considered to be an integral part of the effective interest rate of a financial instrument (generally fees received as compensation for risk). Interest income and interest expense from financial instruments are, with the exceptions described below, classified as "Net interest income".

Interest income and interest expense related to all balance sheet items held at fair value in Markets are classified as "Net result from securities at fair value through profit or loss" in the income statement. Also, interest on the net funding of operations in Markets, and on the net funding of fund investments in Treasury, measured at amortised cost is recognised in this line item to ensure that income and expense within these operations are presented in a consistent manner. See Note P2.4 "Total net result from items at fair value".

The interest component of derivatives is classified as "Net result from securities at fair value through profit or loss", except for derivatives used for hedging purposes. In accounting hedges the interest component of derivatives is classified as "Interest income calculated using the effective interest rate method" if the derivative is used to hedge an asset and as "Interest expense" if the derivative is used to hedge a liability. In economic hedges the interest component of derivatives is classified as "Interest income" if the derivative is used to hedge an asset and as "Interest expense" if the derivative is used to hedge a liability.

Interest income

EURm	2023	2022
Interest income calculated using the effective interest rate method	14,244	5,996
Financial assets at fair value through profit or loss	360	143
Net interest paid or received on derivatives in economic hedges of assets	207	-269
Interest income[1]	**14,811**	**5,870**

EURm	2023	2022
Cash and balances with central banks	235	140
Debt securities eligible for refinancing with central banks	1,310	329
Loans to credit institutions	4,840	1,484
Loans to the public	6,711	3,542
Interest-bearing securities	464	228
Derivatives	742	54
Yield fees	229	233
Other interest income	73	129
Net interest paid or received on derivatives in economic hedges of assets	207	-269
Interest income[1]	**14,811**	**5,870**
- of which negative interest on financial liabilities	–	331

Interest expense

EURm	2023	2022
Deposits by credit institutions and central banks	-1,101	-379
Deposits and borrowings from the public	-4,165	-886
Debt securities in issue	-2,798	-1,161
Derivatives	-1,414	-3
Subordinated liabilities	-221	-252
Other interest expense	-14	-15
Net interest paid or received on derivatives in economic hedges of liabilities	459	371
Interest expense	**-9,254**	**-2,325**
- of which negative interest on financial assets	–	-197
Net interest income	**5,557**	**3,545**

1) Interest on impaired loans (stage 3) accounted for an insignificant share of interest income.

P2.3 Net fee and commission income

Accounting policies

Nordea Bank Abp earns commission income from different services provided to customers and group undertakings. Asset management commissions and Life & Pension commissions are mainly generated from the services provided to group undertakings. The recognition of commission income depends on the purpose for which the fees are received.

Fee income is recognised as revenue when services are provided or in connection with the execution of a significant act. Fees received in connection with performed services are recognised as income in the period when these services are provided.

Lending fees that are not part of the effective interest rate of a financial instrument are recognised at a point of time when the services are provided. Fees received for bilateral transactions are generally amortised as part of the effective interest rate of the financial instruments recognised. Loan syndication fees are recognised either as part of the effective interest rate of the participation or, if Nordea Bank Abp is acting as an agent in the transaction, as lending fee income. When the fee income is related to both activities, the fee that is recognised as part of the effective interest rate is based on the margin received by the other parties in the arrangement.

Variable fees, such as performance fees, are recognised only to the extent that it is highly probable that a significant reversal in the cumulative recognised amount does not occur.

Commission expenses covering a certain period are expensed over that period, whereas transactional fees are recognised when the services are received.

Net fee and commission income[1, 2]

EURm	2023	2022
Asset management commissions	402	427
- of which income	409	435
- of which expense	-7	-8
Life & Pension commissions	25	26
- of which income	25	26
Deposit products	23	24
- of which income	23	24
Brokerage, securities issues and corporate fnance	195	174
- of which income	324	307
- of which expense	-129	-133
Custody and issuer services	10	22
- of which income	54	63
- of which expense	-44	-41
Payments	260	259
- of which income	380	376
- of which expense	-120	-117
Cards	259	274
- of which income	394	391
- of which expense	-135	-117
Lending products	353	368
- of which income	359	371
- of which expense	-6	-3
Guarantees	193	243
- of which income	260	276
- of which expense	-67	-33
Other	11	-1
- of which income	78	61
- of which expense	-67	-62
Total	**1,731**	**1,816**

1) Fee income, not included in determining the effective interest rate, from financial assets and liabilities not measured at fair value through profit or loss amounted to EUR 381m (EUR 396m).

2) Fee income, not included in determining the effective interest rate, from fiduciary activities that result in the holding or investing of assets on behalf of customers amounted to EUR 758m (EUR 768m).

P2.3 Net fee and commission income, cont.

Asset management commissions and Life & Pension commissions include commission or fee income which is generally recognised over time as the services are performed.

Fees categorised as "Deposit products", "Brokerage, securities issues and corporate finance", "Custody and issuer services" and "Payments" are recognised both over time and at a point of time depending on when the services are provided. Brokerage, securities issues and corporate finance are mainly transaction-based in relation to advising customers or executing customer transactions in securities where the services are recognised at a point of time when the services related to the transactions are completed. Payment commissions include fees for cash management and payment solutions that are recognised over time and transaction-based fees for services like domestic and foreign payments that are recognised at a point of time.

Card fees are categorised as interchange fees which are recognised at a point of time when the customer uses the services, or as cardholder fees which are recognised over time or at a point of time if the fee is transaction-based.

Income from issued financial guarantees and expenses for bought financial guarantees are amortised over the duration of the instruments and classified as "Fee and commission income" and "Fee and commission expense", respectively.

Other fee income is generally transaction-based.

For transactional services performed at a point of time, payments are generally made instantly when the services are performed. For services performed over time, the period of the services is normally short. Examples of such services are monthly payment services and monthly or quarterly asset management services. For the services performed over time, the right to payment generally arises at the end of the period of the services when the performance obligations are satisfied and it is highly probable that no significant reversal of the consideration will occur. However, for some services with fixed monthly fees, the right to payment arises in advance.

Account receivables are recognised in "Other assets", while unbilled receivables for satisfied performance obligations and contract assets are recognised in "Prepaid expenses and accrued income". Short-term advances received where the performance obligations have not yet been satisfied are recognised in "Accrued expenses and prepaid income".

Commission expenses are normally transaction-based and recognised in the period in which the services are received.

P2.4 Total net result from items at fair value

Accounting policies

Net result from securities at fair value through profit or loss

Realised and unrealised gains and losses on financial instruments are generally presented in "Net result from securities at fair value through profit or loss". The accounting policies used when estimating fair value can be found in Note P3.4 "Fair value".

The following items are moreover recognised in the line item "Net result from securities at fair value through profit or loss":

- Interest on the net funding of operations in Markets and on the net funding of fund investments in Treasury measured at amortised cost.
- Realised gains/losses on assets and liabilities measured at amortised cost.
- The revaluation of the hedged risks of hedged items under hedge accounting.
- Foreign exchange gains/losses.
- Dividends received from shares held for trading.

The following item is not presented as "Net result from securities at fair value through profit or loss":

- The interest component of derivatives used for hedge accounting and economic hedges. These components are presented in "Net interest income" to ensure consistent accounting treatment with the hedged items.

For more information on accounting policies related to foreign exchange gains/losses, see Note P1 "Accounting policies" and Note P8.3 "Currency translation of foreign entities". Hedge accounting is described in Note P3.5 "Hedge accounting".

Net result from securities at fair value through fair value reserve

Recycled gains and losses on financial instruments classified in the category "Financial assets at fair value through other comprehensive income" are recognised in "Net result from securities at fair value through fair value reserve".

P2.4 Total net result from items at fair value, cont.

This note includes the specifications for the income statement line items "Net result from securities at fair value through profit or loss" and "Net result from securities at fair value through fair value reserve".

Total net result from items at fair value

EURm	2023	Of which unrealised	Of which realised
Equity-related instruments[1]	212	-207	419
Interest-related instruments	171	-1,566	1,737
Foreign exchange gains/losses	437	1,575	-1,138
Other	234	329	-95
Total	**1,054**	**131**	**923**
- of which held for trading	1,396	-1,445	2,841

EURm	2022	Of which unrealised	Of which realised
Equity-related instruments[1]	439	376	63
Interest-related instruments	-169	598	-767
Foreign exchange gains/losses	986	2,308	-1,322
Other	-32	-123	91
Total	**1,224**	**3,159**	**-1,935**
- of which held for trading	617	943	-326

1) Dividends from shares held for trading amounted to EUR 180m (EUR 213m).

P2.5 Income from equity investments

Accounting policies

Dividends received from other investments than trading shares as well as group contributions are recognised in the income statement as "Income from equity investments". Income is recognised in the period in which the right to receive payment is established.

Income from equity investments

EURm	2023	2022
Dividends from group undertakings	1,611	2,342
Dividends from associated undertakings and joint ventures	4	2
Group contributions	129	167
Dividends from shares measured at fair value through profit or loss, non-trading	3	5
Total	**1,747**	**2,516**

P2.6 Other operating income

Accounting policies

Net gains from divestment of shares in group undertakings, associated undertakings and joint ventures and net gains from the sale of tangible assets as well as other transactions not related to any other income line are generally presented in "Other operating income" and recognised when it is probable that the benefits associated with the transaction will flow to Nordea Bank Abp. This generally occurs when the significant risks and rewards have been transferred to the buyer (generally when the transaction is finalised).

Other operating income

EURm	2023	2022
Income from services provided to group undertakings	714	906
Gains on sales of group and associated undertakings	–	0
Income from real estate	18	15
Other	9	12
Total	**741**	**933**

P2.7 Other expenses

Accounting policies

Transactions not related to any other expense line are generally presented in the line item "Other administrative expenses" or "Other operating expenses" depending on the nature of the transaction. "Other administrative expenses" includes the expenses that are not presented in "Staff costs" but are related to personnel, IT purchased or marketing. The expenses for acquired services are normally transaction-based and recognised in the period in which the services are received. Other expenses than administrative expenses are presented in "Other operating expenses".

Net losses from divestment of shares in group undertakings, associated undertakings and joint ventures and net losses from the sale of tangible assets are generally recognised in "Other operating expenses" when it is probable that the benefits associated with the transaction will flow to Nordea Bank Abp and if the significant risks and rewards have been transferred to the buyer (generally when the transaction is finalised).

Expenses that fulfil the capitalisation requirements defined in the accounting policies in Note P4.1 "Intangible assets" are included gross in this note but subsequently capitalised and added to "Intangible assets" on the balance sheet.

This note includes the specifications for the income statement line items "Other administrative expenses" and "Other operating expenses".

Other administrative expenses

EURm	2023	2022
Other personnel expenses	-89	-73
Travelling	-26	-18
Information technology[1]	-837	-704
Marketing and representation	-54	-39
Postage, transport, telephone and office expenses	-38	-35
Market data services	-61	-59
Other	-44	-34
Total	**-1,149**	**-962**
Expenses capitalised for IT development projects[2]	253	175
Total	**-896**	**-787**

1) "Information technology" includes IT consultancy fees.
2) See Note P4.1 "Intangible assets".

Other operating expenses

EURm	2023	2022
Rent, premises and real estate	-263	-243
Fees to authorities[1]	-120	-116
Professional services[2]	-152	-97
Other	-31	-27
Total	**-566**	**-483**

1) "Fees to authorities" includes deposit guarantee fees, supervisory fees, administrative fees to authorities as well as membership fees to banking associations.
2) "Professional services" includes the fees for the auditor.

Auditor's fees[1]

EURm	2023	2022
PricewaterhouseCoopers		
Auditing assignments	-7	-5
Audit-related services[2]	0	0
Other assignments[2]	-1	-1
Total	**-8**	**-6**

1) Auditor's fees in the table are disclosed excluding non-deductible VAT.
2) PricewaterhouseCoopers Oy accounted for EUR -0.1m (EUR -0.2m) of "Audit-related services" and for EUR -0.5m (EUR -0.5m) of "Other assignments". Neither PricewaterhouseCoopers Oy nor any other firm of PricewaterhouseCoopers Network has provided any tax advisory services.

P2.8 Regulatory fees

Accounting policies

The expenses for these levies are recognised as the payment obligations arise.

Resolution fees are not refundable if Nordea Bank Abp discontinues its operations, and the obligating event is consequently assessed to occur on the first day of the year. The Swedish bank tax is refundable for the period during which Nordea Bank Abp does not operate, and the obligating event is therefore assessed to occur continuously over the year.

Resolution fees are thus recognised in full in the first quarter, while the Swedish bank tax is amortised on a straight-line basis over the course of the year.

Regulatory fees

EURm	2023	2022
Resolution fees	-160	-209
Bank tax	-64	-48
Total	**-223**	**-257**

P2.9 Depreciation, amortisation and impairment charges

Accounting policies

Intangible and tangible assets are depreciated on a straight-line basis over the estimated useful life of the assets. All intangible assets, including IT development taken into use, are also reviewed for indications of impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

Accounting policies for intangible and tangible assets can be found in Note P4 "Intangible and tangible assets".

Impairment of investments in group undertakings, associated undertakings and joint ventures is also presented in the line item "Depreciation, amortisation and impairment charges" in the income statement. Further information on group undertakings owned by Nordea Bank Abp can be found in Note P8.1 "Investments in group undertakings", and information on associated undertakings and joint ventures can be found in Note P8.2 "Investments in associated undertakings and joint ventures".

Amortisation/depreciation

EURm	2023	2022
Intangible assets (Note P4.1)		
Goodwill	-19	-13
Internally developed software	-330	-315
Software licences	-39	-40
Total	**-388**	**-368**
Tangible assets (Note P4.2)		
Equipment	-16	-13
Leasehold improvements	-25	-23
Total	**-41**	**-36**

Impairment charges

EURm	2023	2022
Intangible assets (Note P4.1)		
Internally developed software	-188	-23
Total	**-188**	**-23**
Investments in group undertakings, associated undertakings and joint ventures (Note P8)		
Group undertakings	-191	-978
Associated undertakings and joint ventures	-31	-13
Total	**-222**	**-991**
Total depreciation, amortisation and impairment charges	**-839**	**-1,418**

P2.10 Net loan losses

Accounting policies

Impairment losses on financial assets classified in the category "Amortised cost" (see Note P3.3 "Classification and measurement"), in the line items "Loans to credit institutions", "Loans to the public" and "Interest-bearing securities" on the balance sheet, are reported as "Net loan losses" in the income statement together with losses from financial guarantees. Losses are reported net of any collateral and other credit enhancements. Nordea Bank Abp's accounting policies for the calculation of impairment losses on loans can be found in Note P3.7 "Loans".

Counterparty losses on instruments classified in the category "Financial assets at fair value through profit or loss", including credit derivatives but excluding loans held at fair value are reported under "Net result from securities at fair value, through profit or loss". For more information see Note P2.4 "Total net result from items at fair value".

More information on credit risk can be found in Note P10 "Risk and liquidity management".

P2.10 Net loan losses, cont.

Net loan losses

2023, EURm	Loans to credit institutions[2]	Loans to the public[2]	Interest-bearing securities[3]	Off-balance sheet items[4]	Total
Net loan losses, stage 1	-2	5	-1	-1	1
Net loan losses, stage 2	0	-5	–	26	21
Net loan losses, non-defaulted	**-2**	**0**	**-1**	**25**	**22**
Stage 3, defaulted					
Net loan losses, individually assessed, collectively calculated[1]	4	-15	–	-1	-12
Realised loan losses	–	-155	–	-1	-156
Decrease in provisions to cover realised loan losses	–	70	–	1	71
Reimbursement right	–	–	–	2	2
Recoveries of previously realised loan losses	0	15	–	–	15
New/increase in provisions	0	-218	–	-9	-227
Reversals of provisions	–	153	–	13	166
Net loan losses, defaulted	**4**	**-150**	**0**	**5**	**-141**
Net loan losses[1]	**2**	**-150**	**-1**	**30**	**-119**

2022, EURm	Loans to credit institutions[2]	Loans to the public[2]	Interest-bearing securities[3]	Off-balance sheet items[4]	Total
Net loan losses, stage 1	-1	-22	12	-17	-28
Net loan losses, stage 2	0	9	–	18	27
Net loan losses, non-defaulted	**-1**	**-13**	**12**	**1**	**-1**
Stage 3, defaulted					
Net loan losses, individually assessed, collectively calculated[1]	-5	100	–	0	95
Realised loan losses	–	-599	–	-3	-602
Decrease in provisions to cover realised loan losses	–	486	–	3	489
Reimbursement right	–	1	–	–	1
Recoveries of previously realised loan losses	1	45	–	–	46
New/increase in provisions	0	-213	–	-22	-235
Reversals of provisions	0	191	–	25	216
Net loan losses, defaulted	**-4**	**11**	**–**	**3**	**10**
Net loan losses	**-5**	**-2**	**12**	**4**	**9**

1) Includes individually identified assets for which the provision has been calculated based on statistical models.
2) Provisions included in Note P3.7 "Loans".
3) Provisions included in Note P3.8 "Interest-bearing securities".
4) Provisions included in Note P5 "Provisions".

P2.11 Taxes

Accounting policies

The line item "Income tax expense" in the income statement consists of the total current tax and deferred tax movements recognised in the income statement. Current and deferred taxes are recognised in the income statement unless the tax effects relate to items recognised directly in equity, in which case the tax effects are recognised in equity.

Current tax is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of the same assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied when the temporary differences reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences, tax losses carried forward and unused tax credits can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax assets and current tax liabilities are offset when the legal right to offset exists and Nordea Bank Abp intends to either settle the tax asset and the tax liability net or recover the asset and settle the liability simultaneously. Deferred tax assets and deferred tax liabilities are generally offset if there is a legally enforceable right to offset current tax assets and current tax liabilities.

Tax positions are regularly reviewed to identify situations where it is not probable that the relevant tax authorities will accept the treatment used in the tax filings. Uncertain tax positions are considered independently or as a group, depending on which approach better predicts the resolution of the uncertainty. If Nordea Bank Abp concludes that it is not probable that the tax authorities will accept an uncertain tax treatment, the effect of uncertainty is reflected when determining the related taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates. This is done by using either the most likely amount or the expected value, depending on which method better predicts the outcome of the uncertainty. Uncertain tax treatment can affect both current tax and deferred tax.

Income tax expense

EURm	2023	2022
Current tax	-996	-547
Deferred tax	35	-194
Total	**-961**	**-741**

The tax on operating profit differs from the theoretical amount that would arise using the tax rate in Finland as follows:

EURm	2023	2022
Profit before tax	5,700	4,696
Tax calculated at a tax rate of 20.0%	-1,140	-939
Effect of different tax rates in other countries	-112	-59
Tax-exempt income	332	465
Non-deductible expenses	-67	-193
Prior year adjustments	36	7
Change of tax rate[1]	–	-5
Other	-10	-17
Tax charge	**-961**	**-741**
Effective tax rate	16.9%	15.8%

1) In June 2022 the Danish parliament enacted an increase in the Danish corporate income tax rate for financial institutions to 25.2% in 2023 and to 26% in 2024. Relevant deferred tax assets and liabilities were remeasured to applicable tax rates in 2022.

Deferred tax assets and liabilities

	Deferred tax assets		Deferred tax liabilities	
EURm	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Loans to the public	64	66	1	1
Derivatives/bonds	–	–	41	48
Properties and equipment	–	–	1	10
Intangible assets	–	–	45	58
Retirement benefits	68	66	51	62
Liabilities/provisions	60	54	5	0
Elimination of temporary differences existing in multiple jurisdictions	–	–	81	84
Other	1	4	10	15
Netting between deferred tax assets and liabilities	-156	-165	-156	-165
Total[1]	**37**	**25**	**79**	**113**

1) Deferred tax assets recognised through the fair value reserve totalled EUR 68m (EUR 60m). Deferred tax liabilities recognised through the fair value reserve totalled EUR 44m (EUR 52m).

P3 Financial instruments

P3.1 Recognition on and derecognition from the balance sheet

Accounting policies

Derivative instruments, quoted securities and foreign exchange spot transactions are recognised on and derecognised from the balance sheet on the trade date. Other financial instruments are recognised on the balance sheet on the settlement date. An asset or a liability is recognised in "Other assets" or "Other liabilities" on the balance sheet between the trade date and the settlement date.

Financial assets, other than those for which trade date accounting is applied, are derecognised from the balance sheet when the contractual rights to the cash flows from the financial assets expire or are transferred to another party. The rights to the cash flows normally expire or are transferred when the counterparty has performed by e.g. repaying a loan to Nordea Bank Abp, i.e. on the settlement date.

Loans and other financial assets where cash flows are modified, or part of a restructuring, are derecognised and a new loan recognised if the terms and conditions of the new loan are substantially different from the old loan. This is normally the case if the present value of the cash flows of the new loan discounted by the original interest rate differs by more than 10% from the present value of the remaining expected cash flows of the old loan. The same principles apply to financial liabilities. The terms and conditions are also considered to be significantly different for financial assets where the modified cash flows are solely payments of principal and interest (SPPI), but the original cash flows were not SPPI and vice versa.

In some cases, Nordea Bank Abp enters into agreements where it transfers assets that are recognised on the balance sheet but retains either all or a portion of the risks and rewards of the transferred assets. If all or substantially all risks and rewards are retained, the transferred assets are not derecognised from the balance sheet.

Financial liabilities are derecognised from the balance sheet when the liability is extinguished. Normally this occurs when Nordea Bank Abp performs, for example when Nordea Bank Abp returns a deposit to the counterparty, i.e. on the settlement date. Financial liabilities under trade date accounting are generally derecognised and a liability is recognised in "Other liabilities" on the balance sheet on the trade date.

A sale of a security not owned by Nordea Bank Abp is defined as a short sale and triggers the recognition of a trading liability (sold, not held, securities) presented in "Other liabilities" on the balance sheet. The short sale is generally covered through a securities financing transaction, normally a reverse repurchase agreement or other forms of securities borrowing agreements.

P3.2 Transferred assets and obtained collateral

Accounting policies

Assets are considered to be transferred from Nordea Bank Abp if Nordea Bank Abp either transfers the contractual right to receive the cash flows from the assets or retains that right but has a contractual obligation to pay the cash flows to one or more parties. All assets transferred continue to be recognised on the balance sheet if Nordea Bank Abp is still exposed to changes in the fair value of the assets.

Collateral received is not recognised on the balance sheet if Nordea Bank Abp is not exposed to changes in the fair value of the assets.

Transferred assets that are not derecognised in their entirety and associated liabilities

Repurchase agreements are a form of collateral borrowing where Nordea Bank Abp sells securities with an agreement to repurchase them at a later date at a fixed price.

Securities lending agreements are agreements where Nordea Bank Abp lends securities to a counterparty and receives a fee. Generally, securities lending agreements are entered into on a collateralised basis.

As both repurchase agreements and securities lending agreements result in the securities being returned to Nordea Bank Abp, all risks and rewards associated with the instruments transferred are retained by Nordea Bank Abp although the instruments are not available to Nordea Bank Abp during the period during which they are transferred. The counterparties to the agreements hold the securities as collateral but have no recourse to other assets in Nordea Bank Abp. For this reason securities delivered under repurchase agreements and securities lending agreements are not derecognised from the balance sheet. Securities delivered under repurchase agreements and securities lending agreements are also disclosed in Note P6.3 "Assets pledged". Cash received under repurchase agreements and securities lending agreements is recognised on the balance sheet in "Deposits by credit institutions and central banks" or "Deposits and borrowings from the public".

In derivative agreements Nordea Bank Abp delivers collateral which, under the terms of the agreements, can be sold or repledged. Such agreements are mainly related to collateral delivered under credit support annex agreements.

Transferred assets not derecognised from the balance sheet

EURm	31 Dec 2023	31 Dec 2022
Repurchase agreements		
Interest-bearing securities	9,375	10,025
Securities lending agreements		
Interest-bearing securities	837	230
Shares	142	–
Total	**10,354**	**10,255**

Liabilities associated with the assets[1]

EURm	31 Dec 2023	31 Dec 2022
Repurchase agreements	9,375	10,026
Securities lending agreements	979	230
Total	**10,354**	**10,256**
Net	**0**	**-1**

1) Liabilities before offsetting between assets and liabilities on the balance sheet.

Obtained collateral permitted to be sold or repledged

Nordea Bank Abp obtains collateral under reverse repurchase and securities borrowing agreements which, under the terms of the agreements, can be sold or repledged. The transactions are conducted under standard agreements employed by financial market participants. Generally, the agreements require additional collateral to be provided if the value of the securities falls below a predetermined level. Under the stand-

P3.2 Transferred assets and obtained collateral, cont.

ard terms of most repurchase transactions, the recipient of collateral has an unrestricted right to sell or repledge it, subject to returning equivalent securities on settlement of the transactions.

Securities received under reverse repurchase and securities borrowing agreements are not recognised on the balance sheet. Cash delivered under reverse repurchase and securities borrowing agreements is recognised on the balance sheet in "Loans to central banks", "Loans to credit institutions" or "Loans to the public".

The fair value of the securities obtained as collateral under reverse repurchase and securities borrowing agreements is disclosed below. Nordea Bank Abp also obtains collateral under other agreements which, under the terms of the agreements, can be sold or repledged. Such collateral is mainly received under credit support annex agreements covering derivative agreements. The received collateral presented in the table below is not recognised on the balance sheet and includes collateral issued by Nordea Bank Abp.

Received collateral not recognised on the balance sheet

EURm	31 Dec 2023	31 Dec 2022
Reverse repurchase agreements		
Collateral received that can be repledged or sold	22,574	26,225
- of which repledged or sold	10,807	19,312
Securities borrowing agreements		
Collateral received that can be repledged or sold	865	1,003
- of which repledged or sold	219	445
Other agreements		
Collateral received that can be repledged or sold	611	777
- of which repledged or sold	272	320
Total	**24,050**	**28,005**

Receivables related to reverse repurchase agreements recognised on the balance sheet and liabilities related to repurchase agreements recognised on the balance sheet are presented in the table below.

Receivables related to reverse repurchase agreements

EURm	31 Dec 2023	31 Dec 2022
Loans to credit institutions	1,440	2,682
Loans to the public	18,054	15,470
Total	**19,494**	**18,152**

Liabilities related to repurchase agreements

EURm	31 Dec 2023	31 Dec 2022
Deposits by credit institutions and central banks	18,635	13,559
Deposits and borrowings from the public	3,602	5,019
Total	**22,237**	**18,578**

P3.3 Classification and measurement

Accounting policies

Each financial instrument has been classified in one of the following categories:

Financial assets:
- Amortised cost
- Financial assets at fair value through profit or loss:
  - Mandatorily measured at fair value through profit or loss
  - Designated at fair value through profit or loss (fair value option)
- Financial assets at fair value through other comprehensive income.

Financial liabilities:
- Amortised cost
- Financial liabilities at fair value through profit or loss:
  - Mandatorily measured at fair value through profit or loss
  - Designated at fair value through profit or loss (fair value option).

The classification of a financial asset is dependent on the business model for the portfolio in which the instrument is included and on whether the cash flows are solely payments of principal and interest (SPPI).

Financial assets with cash flows that are not SPPI are measured at fair value through profit or loss. All other assets are classified based on the business model. Instruments included in a portfolio with a business model where the intention is to keep the instruments and collect contractual cash flows are measured at amortised cost. Instruments included in a business model where the intention is both to keep the instruments to collect the contractual cash flows and to sell the instruments are measured at fair value through the fair value reserve in equity. Financial assets included in any other business model are measured at fair value through profit or loss.

In order to determine the business model, Nordea Bank Abp has divided its financial assets into portfolios and/or sub-portfolios based on how groups of financial assets are managed together to achieve a particular business objective. When determining the right level for the portfolios, Nordea Bank Abp has taken the current business area structure into account. When determining the business model for each portfolio, Nordea Bank Abp has analysed the objective of the financial assets as well as, for instance, past sales behaviour and management compensation.

All financial assets and liabilities are initially measured at fair value. The classification of financial instruments into different categories forms the basis for how each instrument is subsequently measured on the balance sheet and how changes in its value are recognised. The classification of the financial instruments on Nordea Bank Abp's balance sheet into the different categories under IFRS 9 is presented in the table "Classification of financial instruments".

Amortised cost

Financial assets and liabilities measured at amortised cost are initially recognised on the balance sheet at fair value, including transaction costs. Subsequent to initial recognition, the instruments within this category are measured at amortised cost. In an amortised cost measurement, the difference between acquisition cost and redemption value is amortised in the income statement over the remaining term using the effective interest rate method. Amortised cost is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation. The cumulative amortisation is calculated using the effective interest rate method. For more information about the effective interest rate method, see Note P2.2 "Net interest income". For information about impairment under IFRS 9, see Note P3.7 "Loans".

Interest on assets and liabilities classified at amortised cost is generally recognised under "Interest income" and "Interest expense" in the income statement.

Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities at fair value through profit or loss are measured at fair value, excluding transaction costs. Changes in fair value are generally recognised directly in the income statement under "Net result from securities at fair value through profit or loss". For estimation of fair value, see Note P3.4 "Fair value".

The category consists of two sub-categories: "Mandatorily measured at fair value through profit or loss" and "Designated at fair value through profit or loss (fair value option)". The sub-category "Designated at fair value through profit or loss (fair value option)" is an option to measure financial assets and liabilities at fair value with the changes in fair value recognised in profit or loss. This option can be used if it eliminates or significantly reduces an accounting mismatch and for liabilities if they are managed on a fair value basis. Changes in credit risk related to liabilities designated at fair value through profit or loss are recognised in the fair value reserve unless it creates an accounting mismatch.

Interest income and interest expense related to balance sheet items held at fair value through profit or loss are generally classified as "Net result from securities at fair value through profit or loss". For more information, including exceptions from this general rule, see Note P2.4 "Total net result from items at fair value" and Note P2.2 "Net interest income".

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are initially measured at fair value plus transaction costs. Changes in fair value, except for interest, foreign exchange effects and impairment losses, are recognised in the fair value reserve in equity. Interest is recognised under "Interest income", foreign exchange effects under "Net result from securities at fair value through profit or loss" and impairment losses under "Net loan losses" in the income statement. When an instrument is disposed of, the fair value changes previously accumulated in the fair value reserve are removed from equity and recognised in the income statement under "Net result from securities at fair value through fair value reserve". For information about impairment under IFRS 9, see Note P3.7 "Loans", and about estimation of fair value, see Note P3.4 "Fair value".

Hybrid (combined) financial instruments

Hybrid (combined) financial instruments are contracts containing a host contract and an embedded derivative instrument. Such combinations arise predominantly from the issuance of structured debt instruments, such as issued index-linked bonds and loans with embedded collars and caps.

For structured bonds issued by Markets, Nordea Bank Abp applies the fair value option, and the entire combined instrument, the host contract together with the embedded derivative, is measured at fair value through profit or loss and presented in "Debt securities in issue" on the balance sheet. Changes in fair value are recognised in the income statement under "Net result from securities at fair value through profit or loss" except for changes in Nordea Bank Abp's own credit risk which is recognised in fair value reserve.

Issued debt and equity instruments

A financial instrument issued by Nordea Bank Abp is either classified as a financial liability or equity. Issued financial instruments are classified as financial liabilities if the contractual arrangements result in Nordea Bank Abp having a present obligation to either deliver cash or another financial asset or a variable number of equity instruments to the holder of the instrument. If this is not the case, the instrument is generally an equity instrument and classified as equity, net of transaction costs. If issued financial instruments contain both liability and equity components, these are accounted for separately.

Offsetting of financial assets and liabilities

Nordea Bank Abp offsets financial assets and liabilities on the balance sheet if there is a legal right to offset and if the intent is to settle the items net or realise the asset and settle the liability simultaneously. The legal right to offset should exist both in the ordinary course of business and in case of the default, bankruptcy and insolvency of Nordea Bank Abp and its counterparties.

Exchanged-traded derivatives are generally accounted for and settled on a daily basis when cash is paid or received, and the instrument is reset to market terms. Derivative assets, derivative liabilities, cash collateral receivables and cash collateral liabilities against central counterparty clearing houses are set off on the balance sheet if the assets and liabilities are settled in the same transaction currency and relate to the same central counterparty. Derivative assets, derivative liabilities, cash collateral receivables and cash collateral liabilities related to bilateral OTC derivative agreements are not set off on the balance sheet.

In addition, loans and deposits related to repurchase and reverse repurchase agreements with central counterparty clearing houses are set off on the balance sheet if the assets and liabilities relate to the same central counterparty, are settled in the same currency and have the same maturity date. Loans and deposits related to repurchase and reverse repurchase agreements that are made in accordance with the Global Master Repurchase Agreement are set off on the balance sheet if the assets and liabilities relate to the same counterparty, are settled in the same currency, have the same maturity date and are settled through the same settlement institution.

The fact that financial instruments are accounted for on a gross basis on the balance sheet does not imply that the financial instruments are not subject to master netting agreements or similar arrangements. Generally, financial instruments (derivatives, repurchase agreements and securities lending agreements) are subject to master netting agreements, and Nordea Bank Abp is consequently able to benefit from netting any calculations involving counterparty credit risk in the event of the default of its counterparties.

For a description of counterparty credit risk, see also Note P10 "Risk and liquidity management", section 3 "Counterparty credit risk".

P3.3 Classification and measurement, cont.

Classification of financial instruments

Assets

31 Dec 2023, EURm	Amortised cost	Financial assets at fair value through profit or loss mandatorily	Fair value through other comprehen-sive income	Total financial assets
Cash and balances with central banks	49,150	–	–	49,150
Loans to credit institutions	67,395	1,194	–	68,589
Loans to the public	129,058	20,842	–	149,900
Interest-bearing securities[1]	12,730	22,851	38,182	73,763
Shares	–	9,437	–	9,437
Derivatives	–	27,832	–	27,832
Fair value changes of hedged items in portfolio hedges of interest rate risk	-230	–	–	-230
Other assets[2]	692	7,564	–	8,256
Prepaid expenses and accrued income	311	0	–	311
Total	**259,106**	**89,720**	**38,182**	**387,008**

1) Including the balance sheet line item "Debt securities eligible for refinancing with central banks" amounting to EUR 59,967m.
2) Of which cash/margin receivables classified in the category "Mandatorily measured at fair value through profit or loss" amounted to EUR 6,908m.

Liabilities

		Financial liabilities at fair value through profit or loss		
31 Dec 2023, EURm	Amortised cost	Mandatorily	Designated at fair value through profit or loss (fair value option)	Total financial liabilities
Deposits by credit institutions and central banks	19,325	17,163	–	36,488
Deposits and borrowings from the public	205,879	7,444	4,251	217,574
Debt securities in issue	69,937	–	1,922	71,859
Derivatives	–	32,202	–	32,202
Fair value changes of hedged items in portfolio hedges of interest rate risk	-869	–	–	-869
Other liabilities	2,462	8,643	–	11,105
Accrued expenses and prepaid income	20	0	–	20
Subordinated liabilities	5,720	–	–	5,720
Total	**302,474**	**65,452**	**6,173**	**374,099**

P3.3 Classification and measurement, cont.

Classification of financial instruments

Assets

31 Dec 2022, EURm	Amortised cost	Financial assets at fair value through profit or loss mandatorily	Fair value through other comprehen-sive income	Total financial assets
Cash and balances with central banks	61,425	–	–	61,425
Loans to credit institutions	70,626	2,862	–	73,488
Loans to the public	131,908	18,485	–	150,393
Interest-bearing securities[1]	15,066	24,871	34,567	74,504
Shares	–	6,765	–	6,765
Derivatives	–	38,870	–	38,870
Fair value changes of hedged items in portfolio hedges of interest rate risk	-479	–	–	-479
Other assets[2]	2,168	6,348	–	8,516
Prepaid expenses and accrued income	294	1	–	295
Total	**281,008**	**98,202**	**34,567**	**413,777**

1) Including the balance sheet line item "Debt securities eligible for refinancing with central banks" amounting to EUR 60,453m.
2) Of which cash/margin receivables classified in the category "Mandatorily measured at fair value through profit or loss" amounted to EUR 5,894m.

Liabilities

31 Dec 2022, EURm	Amortised cost	Financial liabilities at fair value through profit or loss		Total financial liabilities
		Mandatorily	Designated at fair value through profit or loss (fair value option)	
Deposits by credit institutions and central banks	30,228	10,402	–	40,630
Deposits and borrowings from the public	214,410	6,650	4,170	225,231
Debt securities in issue	75,494	–	1,438	76,932
Derivatives	–	42,049	–	42,049
Fair value changes of hedged items in portfolio hedges of interest rate risk	-2,175	–	–	-2,175
Other liabilities	3,534	10,573	–	14,107
Accrued expenses and prepaid income	20	0	–	21
Subordinated liabilities	5,401	–	–	5,401
Total	**326,911**	**69,675**	**5,608**	**402,194**

P3.3 Classification and measurement, cont.

Amortised cost

This category mainly consists of all loans (including those with embedded collars and caps) and deposits, except for reverse repurchase/repurchase agreements and securities borrowing/lending agreements in Markets. This category also includes subordinated liabilities and debt securities in issue, except for structured bonds issued by Markets.

Lending with ESG targets

Some loan contracts in Nordea Bank Abp include terms linking contractual cash flows to the customer's achievement of environmental, social and governance (ESG) targets (so-called sustainability-linked loans). The most common targets in these sustainability-linked loans are environmental, such as CO2 emission. At the end of the year the carrying amount of the sustainability-linked loans recognised on the balance sheet amounted to EUR 9,194m (EUR 6,775m).

For more information about the risk associated with sustanibility linked loans see the section 2.1 "Credit risk definition and identification" in Note G11 "Risk and liquidity management".

Mandatorily measured at fair value through profit or loss

The sub-category "Mandatorily measured at fair value through profit or loss" mainly contains all assets and trading liabilities in Markets, interest-bearing securities in the liquidity buffer, derivatives, shares and financial assets in pooled schemes. Deposits in pooled schemes are contracts with customers where most or all of the risk is borne by the policyholders. The deposits are invested in different types of financial assets on behalf of customers.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income mainly consist of the interest-bearing securities in the liquidity buffer.

Financial liabilities designated at fair value through profit or loss (fair value option)

Nordea Bank Abp applies the fair value option to structured bonds issued by Markets, EUR 1,922m (EUR 1,438m), as these hybrid instruments, such as issued index-linked bonds, include embedded derivatives not closely related to the host contract. The host contract together with the embedded derivative is measured at fair value through profit or loss and presented in "Debt securities in issue" on the balance sheet. The change in the fair value of these issued structured bonds is recognised in the income statement under "Net result from securities at fair value through profit or loss" except for the changes in own credit risk, which are recognised in equity. Nordea Bank Abp calculates the change in its own credit spread as the change in its total funding spread, thus assuming a constant issuance premium on all issues over time. The change in the credit spread is estimated by comparing the value of the trades using the initial funding spread on the issuance date and the actual funding spread on the reporting date. This model is assessed to provide the best estimate of the impact of own credit risk.

Deposits in pooled schemes, EUR 4,251m (EUR 4,170m), are designated at fair value through profit or loss as they are managed at fair value. The value of these deposits is directly linked to the fair value of the underlying assets, and changes in own credit risk consequently have no net impact.

Financial liabilities designated at fair value through profit or loss

31 Dec 2023, EURm	Liabilities for which changes in credit risk are presented in fair value reserve	Liabilities for which changes in credit risk are presented in profit or loss	Total
Carrying amount at end of year	1,922	4,251	6,173
Amount to be paid at maturity	1,832	4,251	6,083
Changes in fair value due to changes in own credit risk, during the year	12	–	12
Changes in fair value due to changes in own credit risk, accumulated	4	–	4

31 Dec 2022, EURm	Liabilities for which changes in credit risk are presented in fair value reserve	Liabilities for which changes in credit risk are presented in profit or loss	Total
Carrying amount at end of year	1,438	4,170	5,608
Amount to be paid at maturity	1,706	4,170	5,877
Changes in fair value due to changes in own credit risk, during the year	7	–	7
Changes in fair value due to changes in own credit risk, accumulated	-9	–	-9

P3.4 Fair value

Accounting policies

Fair value is defined as the price that at the measurement date would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The fair value measurement assumes that the transaction takes place under current market conditions in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The existence of published price quotations in an active market is the best evidence of fair value and when they exist, they are used to measure financial assets and financial liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The absolute level of liquidity and volume required for a market to be considered active varies depending on the class of instruments.

P3.4 Fair value, cont.

The trade frequency and volume are monitored regularly in order to assess if markets are active or not active. If quoted prices for a financial instrument fail to represent actual and regularly occurring market transactions or if quoted prices are not available, fair value is established by using an appropriate valuation technique. The adequacy of the valuation technique, including an assessment of whether to use quoted prices or theoretical prices, is monitored on a regular basis.

Valuation techniques can range from a simple discounted cash flow analysis to complex option pricing models. Valuation techniques are designed to apply observable market prices and rates as input whenever possible but can also make use of unobservable model parameters. The adequacy of the valuation technique is assessed by measuring its ability to match market prices. This is done by comparing calculated prices with relevant benchmark data, e.g. quoted prices from exchanges, the counterparty's valuations, price data from consensus services etc.

For financial instruments whose fair value is estimated by a valuation technique, it is investigated whether the variables used are predominantly based on data from observable markets. Nordea Bank Abp considers data from observable markets to be data that can be collected from generally available external sources and which is deemed to represent realistic market prices. If unobservable data has a significant impact on the valuation, the instrument cannot be recognised initially at the fair value estimated by the valuation technique and any upfront gains are thereby deferred and amortised through the income statement over the contractual life of the instrument. The deferred upfront gains are subsequently released to income if the unobservable data becomes observable.

Fair value measurements of assets and liabilities are categorised under the three levels of the IFRS fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The categorisation of these instruments is based on the lowest level input that is significant to the fair value measurement in its entirety.

Level 1 in the fair value hierarchy consists of assets and liabilities valued using unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 in the fair value hierarchy consists of assets and liabilities where directly quoted market prices are not available in active markets. The fair values are based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in markets that are not active. Alternatively, the fair values are estimated using valuation techniques or valuation models based on market prices or inputs prevailing at the balance sheet date and where unobservable inputs have not had a significant impact on the fair values.

Level 3 in the fair value hierarchy consists of assets and liabilities for which fair values cannot be obtained directly from quoted market prices or indirectly using valuation techniques or models supported by observable market prices or rates.

Fair value of financial assets and liabilities

EURm	31 Dec 2023		31 Dec 2022	
Financial assets	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Cash and balances with central banks	49,150	49,150	61,425	61,425
Loans[1]	218,259	218,716	223,402	222,890
Interest-bearing securities[2]	73,763	73,810	74,504	74,578
Shares	9,437	9,437	6,765	6,765
Derivatives	27,832	27,832	38,870	38,870
Other assets	8,256	8,256	8,516	8,516
Prepaid expenses and accrued income	311	311	295	295
Total	**387,008**	**387,512**	**413,777**	**413,339**

EURm	31 Dec 2023		31 Dec 2022	
Financial liabilities	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Deposits and debt securities in issue[3]	330,772	331,594	348,194	350,366
Derivatives	32,202	32,202	39,874	39,874
Other liabilities	11,105	11,105	14,107	14,107
Accrued expenses and prepaid income	20	20	21	21
Total	**374,099**	**374,921**	**402,196**	**404,368**

1) Consists of the balance sheet line items "Loans to the public", "Loans to credit institutions" and "Fair value changes of hedged items in portfolio hedges of interest rate risk".

2) Including the balance sheet line item "Debt securities eligible for refinancing with central banks" amounting to EUR 59,967m (EUR 60,453m).

3) Consists of the balance sheet line items "Deposits and borrowings from the public", "Deposits by credit institutions and central banks ", "Debt securities in issue" and "Subordinated liabilities". For non-maturing deposits fair value equals the nominal amount, whereas the carrying amount also includes the revaluation for the hedged items presented on the balance sheet row "Fair value of hedged items in portfolio hedges of intrest rate risk". Comparative figures have been restated accordingly.

P3.4 Fair value, cont.

Fair value of items measured at fair value on the balance sheet

Determination of fair value

For information about determination of the fair value of items measured at fair value on the balance sheet, see the section "Determination of the fair value of items measured at fair value on the balance sheet" in the Group's Note G3.4 "Fair value". However, the section concerning loans and issued debt securities in the subsidiary Nordea Kredit Realkreditaktieselskab is not applicable to Nordea Bank Abp.

For information about the valuation of items measured at fair value on the balance sheet, see the section "Accounting policies" in this note and the section "Determination of the fair value" in the Group's Note G3.4 "Fair value". For information about the valuation of items not measured at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet" in the Group's Note G3.4 "Fair value".

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

Categorisation in the fair value hierarchy

31 Dec 2023, EURm	Quoted prices in active markets for the same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using unobservable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to credit institutions	–	1,194	–	1,194
Loans to the public	–	20,840	2	20,842
Interest-bearing securities[2]	15,880	44,611	542	61,033
Shares	8,010	114	1,313	9,437
Derivatives	67	26,852	913	27,832
Other assets	9	7,554	1	7,564
Total	**23,966**	**101,165**	**2,771**	**127,902**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	–	17,163	–	17,163
Deposits and borrowings from the public	–	11,695	–	11,695
Debt securities in issue	–	533	1,389	1,922
Derivatives	139	31,327	736	32,202
Other liabilities	2,268	6,230	145	8,643
Total	**2,407**	**66,948**	**2,270**	**71,625**

1) All items are measured at fair value on a recurring basis at the end of each reporting period.
2) Including the balance sheet line item "Debt securities eligible for refinancing with central banks".

31 Dec 2022, EURm	Quoted prices in active markets for the same instrument (Level 1)	Valuation technique using observable data (Level 2)	Valuation technique using unobservable data (Level 3)	Total
Assets at fair value on the balance sheet[1]				
Loans to credit institutions	–	2,862	–	2,862
Loans to the public	–	18,485	–	18,485
Interest-bearing securities[2]	25,573	33,454	411	59,438
Shares	5,308	83	1,375	6,765
Derivatives	158	36,776	1,936	38,870
Other assets	12	6,328	8	6,348
Total	**31,051**	**97,988**	**3,730**	**132,769**
Liabilities at fair value on the balance sheet[1]				
Deposits by credit institutions	–	10,402	–	10,402
Deposits and borrowings from the public	–	10,821	–	10,821
Debt securities in issue	–	303	1,135	1,438
Derivatives	659	39,554	1,836	42,049
Other liabilities	3,307	7,202	63	10,573
Total	**3,966**	**68,283**	**3,034**	**75,282**

1) All items are measured at fair value on a recurring basis at the end of each reporting period.
2) Including the balance sheet line item "Debt securities eligible for refinancing with central banks".

P3.4 Fair value, cont.

Transfers between Levels 1 and 2

During the year Nordea Bank Abp transferred items recognised in the line item "Interest-bearing securities" (including financial instruments pledged as collateral) of EUR 10,285m (EUR 251m) from Level 1 to Level 2 and of EUR 281m (EUR 14m) from Level 2 to Level 1 in the fair value hierarchy. Nordea Bank Abp also transferred items recognised in the line item "Other liabilities" of EUR 294m (EUR 43m) from Level 1 to Level 2 and of EUR 8m (EUR 235m) from Level 2 to Level 1. The transfer of "Interest-bearing securities" from Level 1 to Level 2 was mainly due to a reassessment of trading activity. Other transfers from Level 1 to Level 2 were due to the instruments ceasing to be actively traded during the year, which meant that fair values were obtained using valuation techniques with observable market inputs. The transfers from Level 2 to Level 1 were due to the instruments again being actively traded during the year, which meant that reliable quoted prices were obtained in the market. Transfers between levels are considered to have occurred at the end of the year.

Movements in Level 3

Unrealised gains and losses relate to assets and liabilities held at the end of the year. The transfers out of Level 3 were due to observable market data becoming available. The transfers into Level 3 were due to observable market data no longer being available. Transfers between levels are considered to have occurred at the end of the year. Fair value gains and losses in the income statement during the year are included in "Net result from securities at fair value through profit or loss" (see Note P2.4 "Total net result from items at fair value"). Assets and liabilities related to derivatives are presented net.

Movements in Level 3

		Fair value gains/losses recognised in the income statement during the year										
2023, EURm	**1 Jan 2023**	**Realised**	**Unrealised**	**Recognised in fair value reserve**	**Purchases/ issues**	**Sales**	**Settle-ments**	**Transfers into Level 3**	**Transfers out of Level 3**	**Reclassifi-cation**	**Translation differences**	**31 Dec 2023**
Loans to the public	–	–		–	2	–	–	–	–	–	–	**2**
Interest-bearing securities	**411**	-1	45	–	263	-127	1	44	-92	–	-2	**542**
Shares	**1,375**	39	63	–	135	-250	-8	0	-0	–	-41	**1,313**
Derivatives (net)	**100**	-5	-73	–	–	–	5	–	150	–	-0	**176**
Other assets	**8**	–	–	–	–	–	-7	–	-	–	–	**1**
Debt securities in issue	**1,135**	58	-100	-1	530	–	-213	–	-20	–	–	**1,389**
Other liabilities	**63**	–	-19	–	111	-2	–	0	-8	–	–	**145**

		Fair value gains/losses recognised in the income statement during the year										
2022, EURm	**1 Jan 2022**	**Realised**	**Unrealised**	**Recognised in fair value reserve**	**Purchases/ issues**	**Sales**	**Settle-ments**	**Transfers into Level 3**	**Transfers out of Level 3**	**Reclassifi-cation[1]**	**Translation differences**	**31 Dec 2022**
Interest-bearing securities	**629**	1	-55	112	-182	-39	–	47	-100	–	-2	**411**
Shares	**1,291**	18	76	298	-275	–	–	0	0	-15	-18	**1,375**
Derivatives (net)	**128**	-99	-116	–	0	99	–	72	16	–	0	**100**
Other assets	**0**	–	–	8	–	–	–	–	–	–	0	**8**
Debt securities in issue	**1,392**	53	-267	–	–	-409	367	–	–	–	–	**1,135**
Other liabilities	**46**	–	-21	58	-20	–	–	0	0	–	–	**63**

1) Reclassification related to the conversion of Visa C-shares to Visa A-shares.

P3.4 Fair value, cont.

The valuation process for Level 3 fair value measurements

For information about the valuation process for fair value measurements, see the section "The valuation process for fair value measurements" in the Group's Note G3.4 "Fair value".

However, the section "Investment properties" is not applicable to Nordea Bank Abp as the main part of the investment properties of the Nordea Group is held by its subsidiaries. Investment properties are insignificant to Nordea Bank Abp.

Valuation techniques and inputs used in fair value measurements of financial instruments in Level 3

31 Dec 2023, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Loans				
Loans to the public	2	Discounted cash flows	Interest rate	0/0
Total	**2**			
Interest-bearing securities				
Public bodies	13	Discounted cash flows	Credt spread	-1/1
Mortgage and other credit institutions	348	Discounted cash flows	Credt spread	-35/35
Corporates[1]	181	Discounted cash flows	Credt spread	-3/3
Total	**542**			
Shares				
Unlisted shares	107	Net asset value[2]		-11/11
Private equity funds	754	Net asset value[2]		-75/75
Hedge funds	0	Net asset value[2]		0/0
Credit funds	440	Net asset value/market consensus[2]		-44/44
Other funds	8	Net asset value/fund prices[2]		-1/1
Other	4	–		0/0
Total	**1,313**			
Derivatives				
Interest rate derivatives	90	Option model	Correlations, Volatilities	-10/10
Equity derivatives	-30	Option model	Correlations, Volatilities, Dividen	-5/4
Foreign exchange derivatives	116	Option model	Correlations, Volatilities	0/0
Credit derivatives	1	Credit derivative model	Correlations, Volatilities, Dividend	-9/11
Other	0	Option model	Correlations, Volatilities	0/0
Total	**177**			
Debt securities in issue				
Issued structured bonds	1,389	Credit derivative model	Correlations, Recovery rates, Volatilities	-7/7
Total	**1,389**			
Other, net				
Other assets and other liabilities, net	146			-17/17
Total	**146**			

1) Of which EUR 149m is priced at a credit spread (the difference between the discount rate and XIBOR) of 1.45% and a reasonable change in this credit spread would not affect the fair value due to callability features.

2) Fair values are based on prices and net asset values provided by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the performance of the assets underlying the investments. For private equity funds, the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines issued by Invest Europe (formerly EVCA). The carrying amounts are in a range of 1% to 100% compared with the values received from suppliers/custodians.

P3.4 Fair value, cont.

Valuation techniques and inputs used in fair value measurements of financial instruments in Level 3, cont.

31 Dec 2022, EURm	Fair value	Valuation techniques	Unobservable input	Range of fair value
Interest-bearing securities				
Public bodies	0	Discounted cash flows	Credit spread	-23/23
Mortgage and other credit institutions	213	Discounted cash flows	Credit spread	-16/16
Corporates[1]	198	Discounted cash flows	Credit spread	-5/5
Total	**411**			**-44/44**
Shares				
Unlisted shares	113	Net asset value[2]		-11/11
Private equity funds	679	Net asset value[2]		-68/68
Hedge funds	1	Net asset value[2]		0/0
Credit funds	448	Net asset value/market consensus[2]		-45/45
Other funds	130	Net asset value/fund prices[2]		-13/13
Other	5			0/0
Total	**1,375**			**-134/134**
Derivatives				
Interest rate derivatives	-31	Option model	Correlations, Volatilities	-21/23
Equity derivatives	-5	Option model	Correlations, Volatilities, Dividend	-7/4
Foreign exchange derivatives	286	Option model	Correlations, Volatilities	-4/2
Credit derivatives	-152	Credit derivative model	Correlations, Recovery rates, Volatilities	-11/16
Other	1	Option model	Correlations, Volatilities	0/0
Total	**100**			**-43/45**
Debt securities in issue				
Issued structured bonds	1,135	Credit derivative model	Correlations, Recovery rates, Volatilities	-6/6
Total	**1,135**			**-6/6**
Other, net				
Other assets and other liabilities, net	71			-6/6
Total	**71**			**-6/6**

1) Of which EUR 150m is priced at a credit spread (the difference between the discount rate and XIBOR) of 1.45%. A reasonable change in this credit spread would not affect the fair value due to callability features.

2) Fair values are based on prices and net asset values provided by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the performance of the assets underlying the investments. For private equity funds, the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) Guidelines issued by Invest Europe (formerly EVCA). The carrying amounts are in a range of 1% to 100% compared with the values received from suppliers/custodians.

The tables above show, for each class of assets and liabilities categorised in Level 3, the fair value, the valuation techniques used to estimate the fair value, significant unobservable inputs used in the valuation techniques and, for financial assets and liabilities, the fair value sensitivity to changes in key assumptions.

The column "Range of fair value" in the tables above shows the sensitivity of the fair value of Level 3 financial instruments to changes in key assumptions. In case the exposure to an unobservable parameter is offset across different instruments, only the net impact is disclosed in the table. The range disclosed is likely to be greater than the true uncertainty in determining the fair value of these instruments as all unobservable parameters are in practice unlikely to be simultaneously at the extremes of their ranges of reasonably possible alternatives. The disclosure is neither predictive nor indicative of future movements in fair value.

The reported sensitivity (range) of the fair value of derivatives follows the same methodologies as applied to the reporting of the model risk and market price uncertainty additional valuation adjustments (AVAs) as defined in Commission Delegated Regulation (EU) No 2016/101 of 26 October 2015 supplementing Regulation (EU) No 575/2013 of the European Parliament and of the Council with regard to regulatory technical standards for prudent valuation under Article 105(14).

In order to calculate the sensitivity (range) of the fair value of shares and interest-bearing securities, the fair value is increased and decreased within a total range of 2–10 percentage points depending on the valuation uncertainty and underlying assumptions. Higher ranges are applied to instruments with more uncertain valuations relative to actively traded instruments and underlying uncertainties in individual assumptions.

P3.4 Fair value, cont.

Movement of deferred Day 1 profit

For information about movement of deferred Day 1 profit, see the section "Movement of deferred Day 1 profit" in the Group's Note G3.4 "Fair value".

The table to the right shows the aggregated difference yet to be recognised in the income statement at the beginning and end of the period. The table also shows reconciliation of how this aggregated difference changed during the year.

Deferred Day 1 profit – derivatives, net

EURm	2023	2022
Amount at beginning of year	84	77
Deferred profit/loss on new transactions	38	58
Recognised in the income statement during the year[1]	-49	-51
Amount at end of year	**73**	**84**

1) Of which EUR -10m (EUR -6m) due to transfers of derivatives from Level 3 to Level 2.

Financial assets and liabilities not held at fair value on the balance sheet

EURm	31 Dec 2023		31 Dec 2022		
	Carrying amount	Fair value	Carrying amount	Fair value	Level in fair value hierarchy[4]
Assets not held at fair value on the balance sheet					
Cash and balances with central banks	49,150	49,150	61,425	61,425	1
Loans[1]	196,223	195,924	202,055	201,543	3
Interest-bearing securities[2]	12,730	12,777	15,066	15,140	2, 3
Other assets	692	692	2,168	2,168	3
Prepaid expenses and accrued income	311	311	294	294	3
Total	**259,106**	**258,855**	**281,008**	**280,570**	
Liabilities not held at fair value on the balance sheet					
Deposits and debt securities in issue[3]	299,992	300,814	323,357	325,530	3
Other liabilities	2,462	2,462	3,534	3,534	3
Accrued expenses and prepaid income	20	20	20	20	3
Total	**302,474**	**303,296**	**326,911**	**329,084**	

1) Consists of the balance sheet line items "Loans to the public", "Loans to credit institutions" and "Fair value changes of hedged items in portfolio hedges of interest rate risk".
2) Including the balance sheet line item "Debt securities eligible for refinancing with central banks".
3) Consists of the balance sheet line item "Loans to the public" and "Loans to the credit institutions". For non-maturing deposits fair value equals the nominal amount, whereas the carrying amount also includes the revaluation for the hedged items presented on the balance sheet row "Fair value of hedged items in portfolio hedges of intrest rate risk". Comparative figures have been restated accordingly.
4) Covers both 31 December 2023 and 31 December 2022.

For information about financial assets and liabilities not held at fair value on the balance sheet, see the section "Financial assets and liabilities not held at fair value on the balance sheet" in the Group's Note G3.4 "Fair value".

However, the fair value of the interest-bearing securities of Nordea Bank Abp is EUR 12,777m (EUR 15,139m), of which EUR 6,170m (EUR 8,642m) is categorised in Level 2 and EUR 6,608m (EUR 6,497m) in Level 3.

P3.5 Hedge accounting

Accounting policies

When a hedging relationship meets the specified hedge accounting criteria set out in IAS 39, Nordea Bank Abp applies two types of hedge accounting:

- fair value hedge accounting
- cash flow hedge accounting.

Nordea Bank Abp has chosen, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with the carve-out version of IAS 39.

Under the EU carve-out version of IAS 39, fair value macro hedge accounting may for instance, in comparison with IAS 39 as issued by the IASB, be applied to on-demand (core) deposits, and hedge ineffectiveness in a hedge of assets with prepayment options is only recognised when the revised estimate of the amount of cash flows falls below the designated bottom layer.

The application of hedge accounting requires the hedge to be highly effective. A hedge is regarded as highly effective if,

P3.5 Hedge accounting, cont.

at inception and throughout its life, changes in the fair value of the hedged item, as regards the hedged risk, can be expected to be essentially offset by changes in the fair value of the hedging instrument. The result should be within a range of 80–125%.

Transactions that are entered into in accordance with Nordea Bank Abp's hedging objectives but do not qualify for hedge accounting are economic hedge relationships.

Fair value hedge accounting

Fair value hedge accounting is applied when derivatives are hedging changes in the fair value of a recognised asset or liability attributable to a specific risk. Fair value hedge accounting can be performed at both micro level (single assets/liabilities or closed portfolios of assets/liabilities where one or more hedged items are hedged using one or more hedging instruments) and macro level (open portfolios where groups of items are hedged using multiple hedging instruments).

Changes in the fair value of derivatives (hedging instruments), as well as changes in the value of the hedged item attributable to the risks being hedged, recognised in the income statement under "Net result from securities at fair value through fair value reserve". Given that the hedge is effective, the change in the fair value of the hedged item will be offset by the change in the fair value of the hedging instrument.

The changes in the fair value of the hedged item, attributable to the risks being hedged with the derivative instrument, are reflected in an adjustment to the carrying amount of the hedged item, which is also recognised in the income statement. The fair value changes of the hedged items held at amortised cost in hedges of interest rate risks in macro hedges are reported separately in the balance sheet item "Fair value changes of hedged items in portfolio hedges of interest rate risk".

Any ineffectiveness is recognised in the income statement under the item "Net result from securities at fair value through profit or loss".

If the hedging relationship does not meet the hedge accounting requirements, hedge accounting is discontinued. The hedging instrument is measured at fair value through profit or loss and the change in the fair value of the hedged item, up to the point when the hedge relationship is terminated, is amortised to the income statement on a straight-line basis over the remaining maturity of the hedged item.

Cash flow hedge accounting

Cash flow hedge accounting is applied when hedging the exposure to variability in future cash flows. The portion of the gain or loss on the hedging instrument, determined to be an effective hedge, is recognised in equity and accumulated in the cash flow hedge reserve in equity. The ineffective portion of the gain or loss on the hedging instrument is recyled in the item "Net result from securities ar fair value through profit or loss" in the income statement. The hedge is considered to be ineffective to the extent that the cumulative change in fair value from the inception of the hedge is larger for the hedging instrument than for the hedged item.

Gains or losses on hedging instruments recognised in the cash flow hedge reserve in equity are recycled and recognised in the income statement in the same period as the hedged item affects profit or loss, normally in the period in which interest income or interest expense is recognised.

A hedged item in a cash flow hedge can be highly probable cash flows from recognised assets or liabilities or from future assets or liabilities. Derivatives used as hedging instruments are always measured at fair value.

If the hedging relationship does not meet the hedge accounting requirements, hedge accounting is discontinued. Changes in the unrealised value of the hedging instrument will prospectively from the last time it was proven effective be accounted for in the income statement. The cumulative gain or loss on the hedging instrument that has been recognised in the cash flow hedge reserve in equity from the period when the hedge was effective is reclassified from equity to "Net result from securities at fair value through profit or loss" in the income statement if the expected transaction is no longer expected to occur.

If the expected transaction is no longer highly probable but is still expected to occur, the cumulative gain or loss on the hedging instrument that has been recognised in equity from the period when the hedge was effective will remain in equity until the transaction occurs or is no longer expected to occur.

Derivatives used for hedge accounting

31 Dec 2023, EURm	Fair value Positive	Fair value Negative	Nominal amount
Fair value hedges[1]	2,777	4,262	107,763
Cash flow hedges[1]	1,921	1,017	22,276
Total derivatives	**4,698**	**5,279**	**130,039**

31 Dec 2022, EURm	Fair value Positive	Fair value Negative	Nominal amount
Fair value hedges[1]	3,236	5,185	99,881
Cash flow hedges[1]	1,339	420	17,915
Total derivatives	**4,575**	**5,605**	**117,795**

1) Some cross-currency interest rate swaps are used as both fair value hedges and cash flow hedges. The nominal amounts of these instruments have been split between the lines "Fair value hedges" and "Cash flow hedges" in the table above based on the relative fair value of these hedging instruments. As at 31 December 2023 the total nominal amount of cross-currency interest rate swaps amounted to EUR 22,450m (EUR 21,845m).

The table above shows the fair value of derivatives used for hedge accounting together with their nominal amounts. The nominal amounts indicate the volume of transactions outstanding at year end and are neither indicative of market risk nor credit risk. The fair value and nominal amount of derivatives in this note represent derivatives before offsetting between assets and liabilities on the balance sheet (gross amount) as the gross amount better reflects Nordea Bank Abp's exposure in relation to the hedged risk.

Risk management

For more information on risk management, see the section "Risk management" in the Group's Note G3.6 "Hedge accounting". As part of its risk management policy, Nordea Bank Abp has identified a series of risk categories with corresponding hedging strategies using derivative instruments, as set out in section 4 "Market risk" in the Group's Note G11 "Risk and liquidity management".

P3.5 Hedge accounting, cont.

Interest rate risk

For more information on interest rate risk, see the section "Interest rate risk", sub-sections "Fair value hedges" and "Cash flow hedges" in the Group's Note G3.6 "Hedge accounting".

Fair value hedges

The table below presents the accumulated fair value adjustments arising from continuing and discontinued hedging relationships.

Hedged items

	Interest rate risk 2023		Interest rate risk 2022	
EURm	Carrying amount of hedged assets/liabilities	Of which accumulated amount of fair value hedge adjustment[3]	Carrying amount of hedged assets/liabilities	Of which accumulated amount of fair value hedge adjustment[3]
Fair value hedges – micro level				
Interest-bearing securities[1]	20,429	-1	15,380	-2
Assets	**20,429**	**-1**	**15,380**	**-2**
Debt securities in issue	22,120	-887	22,376	-1,672
Subordinated liabilities	5,393	-341	4,861	-504
Liabilities	**26,285**	**-1,228**	**27,238**	**-2,176**

	Interest rate risk 2023		Interest rate risk 2022	
EURm	Carrying amount of hedged assets/liabilities	Of which accumulated amount of fair value hedge adjustment[2,3]	Carrying amount of hedged assets/liabilities	Of which accumulated amount of fair value hedge adjustment[2,3]
Fair value hedges – macro level				
Loans to the public	11,329	–	17,678	–
Assets	**11,329**	**-230**	**17,648**	**-477**
Deposits by credit institutions	1,355	–	4,129	–
Deposits and borrowings from the public	35,392	–	27,426	–
Liabilities	**36,747**	**-869**	**31,555**	**-2,175**

1) Including the balance sheet line item "Debt securities eligible for refinancing with central banks".
2) Accumulated fair value adjustment for macro hedges is presented in the line item "Fair value changes of hedged items in portfolio hedges of interest rate risk" on the balance sheet.
3) Of which EUR 45m (EUR 53m) is related to discontinued hedges of interest rate risk.

The following table provides information about the hedging instruments.

Hedging instruments

	Fair value		
31 Dec 2023, EURm	Positive	Negative	Nominal amount
Fair value hedges			
Interest rate risk	2,777	4,262	107,763

	Fair value		
31 Dec 2022, EURm	Positive	Negative	Nominal amount
Fair value hedges			
Interest rate risk	3,236	5,185	99,881

The table below presents the changes in the fair value of the hedging instruments and the changes in the value of hedged items used as the basis for recognising ineffectiveness. These changes are recognised in the line item "Net result from securities at fair value through profit or loss" in the income statement.

Hedge ineffectiveness

	Interest rate risk	
EURm	2023	2022
Fair value hedges		
Changes in fair value of hedging instruments	1,259	-3,258
Changes in value of hedged items used as basis for recognising hedge ineffectiveness	-1,263	3,257
Hedge ineffectiveness recognised in the income statement[1]	-4	-1

1) Recognised in the line item "Net result from securities at fair value through profit or loss". When disclosing hedge ineffectiveness, valuation adjustments (CVA, DVA, FFVA) have not been considered as these are immaterial.

P3.5 Hedge accounting, cont.

Cash flow hedges

The table below provide information about the hedging instruments in hedges of interest rate risk, including the nominal amount and the fair value of the hedging instruments.

Hedging instruments

31 Dec 2023, EURm	Fair value Positive	Fair value Negative	Nominal amount
Cash flow hedges			
Interest rate risk	–	0	190

31 Dec 2022, EURm	Fair value Positive	Fair value Negative	Nominal amount
Cash flow hedges			
Interest rate risk	–	11	190

The table below specifies changes in the fair value of hedging instruments arising from continuing hedging relationships, irrespective of whether there has been a change in hedge designation during the year. The table also presents changes in the value of the hedged items used to measure hedge ineffectiveness separately showing the effective and ineffective portions.

Hedge ineffectiveness

	Interest rate risk	
EURm	2023	2022
Cash flow hedges		
Changes in fair value of hedging instruments	0	5
Changes in value of hedged items used as basis for recognising hedge ineffectiveness	-0	-5
Hedge ineffectiveness recognised in the income statement[1]	–	–
Hedging gains or losses recognised in fair value reserve	0	5

1) Recognised in the line item "Net result from securities at fair value through profit or loss". When disclosing hedge ineffectiveness, valuation adjustments (CVA, DVA, FFVA) have not been considered as these are immaterial.

Cash flow hedge reserve

	Interest rate risk	
EURm	2023	2022
Balance as at 1 Jan	-10	-5
Cash flow hedges		
Valuation gains/losses	0	5
Tax on valuation gains/losses	-0	-1
Transferred to the income statement	3	-11
Tax on transfers to the income statement	-1	2
Through cash flow hedge reserve, net of tax	**3**	**-5**
Balance as at 31 Dec	**-7**	**-10**
– Of which relates to continuing hedges for which hedge accounting is applied	-7	-10
– Of which relates to hedging relationships for which hedge accounting is no longer applied	–	–

Average interest rate on instruments hedging interest rate risk

The average interest rate on the fixed leg of instruments hedging interest rate risk as at 31 December 2023 was 2,31% (1,29%).

The maturity profile of Nordea Bank Abp's hedging instruments used to hedge interest rate risk (both fair value and cash flow hedge accounting) is shown below:

Maturity profile of the nominal amount of hedging instruments hedging interest rate risk

Instruments hedging interest rate risk, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
31 Dec 2023	–	6,757	22,739	58,041	20,416	107,953
31 Dec 2022	–	13,482	16,975	51,390	18,224	100,071

P3.5 Hedge accounting, cont.

Currency risk

For more information on currency risk, see the section "Currency risk" in the Group's Note G3.6 "Hedge accounting". The sub-section "Cash flow and net investment hedges" is not applicable to Nordea Bank Abp.

The table below presents the accumulated fair value adjustments arising from continuing hedge relationships, irrespective of whether or not there has been a change in hedge designation during the year.

Hedged items

EURm	Foreign exchange risk 2023 – Carrying amount of hedged assets	Foreign exchange risk 2023 – Of which accumulated amount of fair value hedge adjustment	Foreign exchange risk 2022 – Carrying amount of hedged assets	Foreign exchange risk 2022 – Of which accumulated amount of fair value hedge adjustment
Fair value hedges				
Investments in foreign operations	4,498	-624	3,096	-553

The tables below provides information about the hedging instruments in hedges of currency risks, including the nominal amount and the fair value of the hedging instruments.

Hedging instruments

31 Dec 2023, EURm	Fair value Positive	Fair value Negative	Nominal amount
Foreign exchange risk			
Fair value hedges	499	734	4,861
Cash flow hedges	1,422	283	17,225
Total derivatives used for hedge accounting	**1,921**	**1,017**	**22,086**

31 Dec 2022, EURm	Fair value Positive	Fair value Negative	Nominal amount
Foreign exchange risk			
Fair value hedges	241	200	3,565
Cash flow hedges	1,339	409	17,725
Total derivatives used for hedge accounting	**1,580**	**609**	**21,290**

The table on the right specifies changes in the fair value of hedging instruments arising from continuing hedging relationships, irrespective of whether there has been a change in hedge designation during the year. The table also presents changes in the value of hedged item used to measure hedge ineffectiveness, separately showing the effective and ineffective portions.

Hedge ineffectiveness

EURm	Foreign exchange risk 2023	Foreign exchange risk 2022
Fair value hedges		
Changes in fair value of hedging instruments	71	207
Changes in value of hedged items used as basis for recognising hedge ineffectiveness	-71	-207
Hedge ineffectiveness recognised in the income statement[1]	–	–
Cash flow hedges		
Changes in fair value of hedging instruments	811	1,077
Changes in value of hedged items used as basis for recognising hedge ineffectiveness	-811	-1,077
Hedge ineffectiveness recognised in the income statement[1]	–	–
Hedging gains or losses recognised in fair value reserve	811	1,077

1) Recognised in the line item "Net result from securities at fair value through profit or loss". When disclosing hedge ineffectiveness, valuation adjustments (CVA, DVA, FFVA) have not been considered as these are immaterial.

Cash flow hedge reserve

EURm	Foreign exchange risk 2023	Foreign exchange risk 2022
Balance as at 1 Jan	101	43
Cash flow hedges		
Valuation gains/losses	811	1,077
Tax on valuation gains/losses	-170	-215
Transferred to the income statement	-827	-1,005
Tax on transfers to the income statement	173	201
Through cash flow hedge reserve, net of tax	**-13**	**58**
Balance as at 31 Dec	**89**	**101**
- Of which relates to continuing hedges for which hedge accounting is applied	89	101
- Of which relates to hedging relationships for which hedge accounting is no longer applied	–	–

Average forward exchange rates of instruments hedging foreign exchange risk

The average forward exchange rates of instruments hedging foreign exchange risk are presented in the table below.

EUR	NOK	SEK	USD
31 Dec 2023	10,51	11,01	1,11
31 Dec 2022	10,37	10,38	1,06

P3.5 Hedge accounting, cont.

Maturity profile of the nominal amount of hedging instruments

Instruments hedging foreign exchange risk, EURm	Payable on demand	Maximum 3 months	3–12 months	1–5 years	More than 5 years	Total
31 Dec 2023	–	2,157	3,229	15,467	1,233	22,086
31 Dec 2022	–	922	2,389	12,368	2,045	17,725

P3.6 Cash and balances with central banks

Accounting policies

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 when the following conditions are fulfilled:
- The central bank or the postal giro system is domiciled in the country where the institutions are established.
- The balance on the account is readily available at any time.

P3.7 Loans

Accounting policies

Loans are financial instruments with fixed or determinable payments that are not readily transferable without the consent of the debtor. Loans are classified in accordance with the description in Note P3.3 "Classification and measurement". Nordea Bank Abp's accounting policies covering expected credit losses follow below. Additional information on credit risk on loans is disclosed in Note P10 "Risk and liquidity management".

Financial instruments classified as "Amortised cost" or "Fair value through other comprehensive income" are subject to impairment testing due to credit risk. This includes assets recognised on the balance sheet in "Cash and balances with central banks", "Debt securities eligible for refinancing with central banks", "Loans to credit institutions", "Loans to the public" and "Interest-bearing securities". These balance sheet line items include assets classified as "Fair value through profit or loss", which are not subject to impairment testing. See also Note P3.3 "Classification and measurement".

Off-balance sheet commitments, contingent liabilities and loan commitments are also subject to impairment testing.

Recognition and presentation

Amortised cost assets are recognised gross with an offsetting allowance for the expected credit losses if the loss is not regarded as final. The allowance account is netted against the loan balance on the face of the balance sheet, but the allowance account is disclosed separately in this note. Changes in the allowance account are recognised in the income statement and classified as "Net loan losses".

If the impairment loss is regarded as final, it is reported as a realised loss and the carrying amount of the loan and the related allowance for impairment loss are derecognised. An impairment loss is regarded as final when the obligor has filed for bankruptcy and the administrator has declared the financial outcome of the bankruptcy procedure, or when Nordea Bank Abp waives its claims either through a legally based or voluntary reconstruction, or when Nordea Bank Abp, for other reasons, deems it unlikely that the claim will be recovered. See also the section "Write-offs" on the following page.

Provisions for off-balance sheet exposures are classified as "Provisions" on the balance sheet, with changes in provisions classified as "Net loan losses".

Assets classified as "Fair value through other comprehensive income" are recognised at fair value on the balance sheet. Impairment losses calculated in accordance with IFRS 9 are recognised in the income statement and classified as "Impairment of other financial assets". Any fair value adjustments are recognised in equity.

Impairment testing

Nordea Bank Abp classifies all exposures into stages on an individual basis. Stage 1 includes assets where there has been no significant increase in credit risk since initial recognition, stage 2 includes assets where there has been a significant increase in credit risk and stage 3 (impaired loans) includes defaulted assets. Nordea Bank Abp monitors whether there are indicators of exposures being credit impaired (stage 3) by identifying events that have a detrimental impact on the estimated future cash flows. Nordea Bank Abp applies the same definition of default as the Capital Requirements Regulation. More information on the identification of loss events can be found in Note P10 "Risk and liquidity management". Exposures without individually calculated allowances will be covered by the model-based impairment calculation.

For significant exposures where a credit event has been identified, the exposure is tested for impairment on an individual basis. If the exposure is found impaired, an individual provision is recognised. The carrying amount of the exposure is compared with the sum of the net present value of expected future cash flows. If the carrying amount is higher, the difference is recognised as an impairment loss. The expected cash flows are discounted at the original effective interest rate and include the fair value of the collateral and other credit enhancements. The estimate is based on three different forward-looking scenarios that are probability weighted to derive the net present value.

For insignificant exposures that have been individually identified as credit impaired, the impairment loss is measured using the model described below but based on the fact that the exposures are already in default.

Nordea Bank Abp uses the "low credit risk exemption" for exposures issued after transition to IFRS 9 on 1 January 2018. Such exposures with a 12-month probability of default (PD) below 0.3% are classified as stage 1.

Model-based allowance calculation

For exposures not impaired on an individual basis, a statistical model is used for calculating impairment losses. The provisions are calculated as the exposure at default times the PD times the loss given default. For assets in stage 1 this calculation is only based on the coming 12 months, while for assets in stages 2 and 3 it is based on the expected lifetime of the assets.

P3.7 Loans, cont.

The provisions for exposures for which there has been no significant increase in credit risk since initial recognition are based on the 12-month expected loss (stage 1). The provisions for exposures for which there has been a significant increase in credit risk since initial recognition, but which are not credit impaired, are based on the lifetime expected losses (stage 2). This is also the case for the insignificant credit impaired exposures in stage 3.

Nordea Bank Abp uses two different models to identify whether there has been a significant increase in credit risk or not. For assets held on transition to IFRS 9 on 1 January 2018, the change in internal rating and scoring data is used to determine whether there has been a significant increase in credit risk or not. Internal rating/scoring information is used to assess the risk of the customers and a deterioration in rating/scoring indicates an increase in the credit risk of the customer. Nordea Bank Abp has concluded that it is not possible to calculate the lifetime PD at origination without the use of hindsight for assets already recognised on the balance sheet at transition. Changes to the lifetime PD are used as the trigger for assets recognised after transition.

For assets evaluated based on lifetime PD, Nordea Bank Abp uses a mix of absolute and relative changes in PD as the transfer criterion:

- Retail customers with an initial 12-month PD below 1%: Exposures with a relative increase in lifetime PD above 100% and an absolute increase in 12-month PD above 45bp are transferred to stage 2.
- Retail customers with an initial 12-month PD above or equal to 1%:
  Exposures with a relative increase in lifetime PD above 100% or an absolute increase in 12-month PD above 300bp are transferred to stage 2.
- Non-retail customers with an initial 12-month PD below 0.5%:
  Exposures with a relative increase in lifetime PD above 150% and an absolute increase in 12-month PD above 20bp are transferred to stage 2.
- Non-retail customers with an initial 12-month PD above or equal to 0.5%:
  Exposures with a relative increase in lifetime PD above 150% or an absolute increase in 12-month PD above 400bp are transferred to stage 2.

For assets for which rating and scoring models are used, the change in rating/scoring notches is calibrated to match the significant increase in credit risk based on lifetime PD.

In addition, Nordea Bank Abp applies the following backstops for transfers between stages:

- Customers with forbearance measures and customers with payments more than thirty days past due are also transferred to stage 2 unless already identified as credit impaired (stage 3). Exposures with forbearance measures will stay in stage 2 for a probation period of 24 months from when the measures were introduced. Once transferred back to stage 1, after the probation period, the exposures are treated as any other stage 1 exposure on the assessment of significant increase in credit risk.
- Exposures more than 90 days past due are normally classified as stage 3, but this classification will be rebutted if there is evidence that the customer is not in default. Such exposures are classified as stage 2.
- Exposures with a relative change in annualised lifetime PD exceeding 200% and with at least one rating grade of deterioration are transferred to stage 2.
- Exposures classified as "high risk", i.e. with a rating grade of 2 or below, are transferred to stage 2.

When calculating provisions, including the staging assessment, the calculation is based on both historical data and probability-weighted forward-looking information. Nordea Bank Abp applies three macroeconomic scenarios to address the non-linearity in expected credit losses. The different scenarios are used to adjust the relevant parameters for calculating expected losses and a probability-weighted average of the expected losses under each scenario is recognised as provisions. The model is based on data collected before the reporting date requiring Nordea Bank Abp to identify events that could affect the provisions after the data is sourced to the model calculation. Management evaluates these events and adjusts the provisions if deemed necessary.

Write-offs

A write-off is a derecognition of a loan or receivable from the balance sheet and a final realisation of a credit loss provision. When assets are considered uncollectible, they should be written off as soon as possible, regardless of whether the legal claim remains or not. A write-off can take place before legal actions against the borrower to recover the debt have been concluded in full. Although an uncollectible asset is removed or written off from the balance sheet, the customer remains legally obligated to pay the outstanding debt. When assessing the recoverability of non-performing loans and determining if write-offs are required, exposures with the following characteristics are in particular focus (the list is not exhaustive):

- Exposures past due more than 90 days. If, following this assessment, an exposure or part of an exposure is deemed as unrecoverable, it is written off.
- Exposures under insolvency procedures where the collateralisation of the exposure is low.
- Exposures where legal expenses are expected to absorb the proceeds from the bankruptcy procedure and estimated recoveries are therefore expected to be low.
- A partial write-off may be warranted where there is reasonable financial evidence to demonstrate an inability of the borrower to repay the full amount, i.e. a significant level of debt which cannot be reasonably demonstrated to be recoverable following forbearance treatment and/or the execution of collateral.
- Restructuring cases.

Discount rate

The discount rate used to measure impairment is the original effective interest rate for loans attached to an individual customer or, if applicable, to a group of loans. If considered appropriate, the discount rate can be based on a method that results in an impairment that is a reasonable approximation using the effective interest rate method as basis for the calculation.

Restructured loans and modifications

In this context a restructured loan is defined as a loan where Nordea Bank Abp has granted concessions to the obligor due to their financial difficulties and where such concessions have resulted in an impairment loss for Nordea Bank Abp. After restructing the loan is normally regarded as not impaired if it performs according to the new terms and conditions. In the event of recovery, the payment is reported as recovery of loan losses.

Modifications of the contractual cash flows of loans to customers in financial difficulties (forbearance) reduce the gross carrying amount of the loan. Normally this reduction is less than the existing provision and no loss is recognised in the income statement due to modifications. If significant, the gross amounts (loan and allowance) are reduced.

P3.7 Loans, cont.

Assets taken over for protection of claims

In a financial reconstruction the creditor may concede loans to the obligor and in exchange for this concession acquires an asset pledged for the conceded loans, shares issued by the obligor or other assets. Assets taken over for protection of claims are reported on the same balance sheet line as similar assets already held by Nordea Bank Abp. For example, a property taken over, not held for Nordea Bank Abp's own use, is reported together with other investment properties.

At initial recognition, all assets taken over for protection of claims are recognised at fair value and the possible difference between the carrying amount of the loan and the fair value of the assets taken over is recognised in "Net loan losses". The fair value of the asset on the date of recognition becomes its cost or amortised cost value, as applicable. In subsequent periods, assets taken over for protection of claims are valued in accordance with the valuation principles for the appropriate type of asset. Investment properties are then measured at fair value. Financial assets that are foreclosed are generally classified in the category "Fair value through profit or loss" and measured at fair value. Changes in fair value are recognised in the income statement under "Net result from securities trading and foreign exchange dealing".

Any change in value, after the initial recognition of the asset taken over, is presented in the income statement in line with the presentation policies for the appropriate asset. The line item "Net loan losses" in the income statement is, after the initial recognition of the asset taken over, consequently not affected by any subsequent remeasurement of the asset.

Loans to credit institutions

EURm	31 Dec 2023	31 Dec 2022
Central banks		
Payable on demand	3	5
Not payable on demand	1,905	880
Total	**1,908**	**885**
Credit institutions		
Payable on demand	687	842
Not payable on demand	65,994	71,761
Total	**66,681**	**72,603**
Total loans to credit institutions[1]	**68,589**	**73,488**

1) Including accrued interest of EUR 290m (EUR 174m).

Loans to the public[1]

EURm	31 Dec 2023	31 Dec 2022
Payable on demand	6,180	6,999
Not payable on demand	143,720	143,394
Total loans to the public[2]	**149,900**	**150,393**

1) For breakdowns by sector and industry, see Note P10 "Risk and liquidity management".
2) Including accrued interest of 571m (EUR 369m).

Loans and impairment

EURm	31 Dec 2023	31 Dec 2022
Loans measured at fair value	22,036	21,347
Loans measured at amortised cost, not impaired (stages 1 and 2)	196,005	202,198
Impaired loans (stage 3)	1,707	1,600
- of which servicing	914	949
- of which non-servicing	793	651
Loans before allowances	**219,748**	**225,145**
- of which central banks and credit institutions	68,595	73,497
Allowances for individually assessed impaired loans (stage 3)	-827	-827
- of which servicing	-401	-494
- of which non-servicing	-426	-333
Allowances for collectively assessed loans (stages 1 and 2)	-432	-437
Allowances[1]	**-1,259**	**-1,264**
- of which central banks and credit institutions	-6	-9
Loans, carrying amount	**218,489**	**223,881**

1) For information on loan loss provisions on off-balance sheet items, see Note P5 "Provisions".

P3.8 Interest-bearing securities

Accounting policies

Instruments that are readily transferable and where the holder of the instrument receives the nominal amount at maturity are normally reported in the balance sheet line item "Interest-bearing securities". Instruments that cannot be transferred or sold without the consent of the holder of the instrument are normally reported as loans, see Note P3.7 "Loans". In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral.

For more information about accounting policies, see Note P3.1 "Recognition on and derecognition from the balance sheet", Note P3.2 "Transferred assets and obtained collateral", Note P3.3 "Classification and measurement" and Note P3.4 "Fair value".

The tables include the breakdown of the balance sheet line items "Interest-bearing securities" and "Debt securities eligible for refinancing with central banks" by type of security.

Interest-bearing securities

EURm	31 Dec 2023	- of which held for trading
States, municipalities and other public bodies	13,781	1 764
Banks and other credit institutions	49,288	10 630
Other	10,694	2 457
Total[1]	**73,763**	**14 851**

EURm	31 Dec 2022	- of which held for trading
States, municipalities and other public bodies	17,442	1,218
Banks and other credit institutions	46,461	8,295
Other	10,602	1,624
Total[1]	**74,504**	**11,136**

1) Including accrued interest of EUR 339m (EUR 217m).

As at 31 December 2023 the securities that were publicly listed amounted to EUR 15,880 (EUR 25,573m). Subordinated securities amounted to EUR 135m (EUR 31m).

Provisions for credit risks amounted to EUR 4m (EUR 3m).

Debt securities eligible for refinancing with central banks

EURm	31 Dec 2023	31 Dec 2022
Treasury bonds, notes and bills	6,534	8,720
Other bonds	53,433	51,733
Total	**59,967**	**60,453**

P3.9 Shares

Accounting policies

The balance sheet line item "Shares" includes equity instruments, i.e. contracts that evidence a residual interest in the assets of an entity after deducting all of its liabilities, including holdings in different funds such as a unit in an investment fund or private equity fund. However, investments in associated undertakings and joint ventures (see Note P8.2 "Investments in associated undertakings and joint ventures") and investments in group undertakings (see Note P8.1 "Investments in group undertakings") not included in "Shares".

In repurchase transactions and in securities lending transactions, non-cash assets are transferred as collateral.

For more information about accounting policies, see Note P3.1 "Recognition on and derecognition from the balance sheet", Note P3.2 "Transferred assets and obtained collateral", Note P3.3 "Classification and measurement" and Note P3.4 "Fair value".

Shares

EURm	31 Dec 2023	- of which held for trading
Shares	9,437	6,358
Total	**9,437**	**6,358**

EURm	31 Dec 2022	- of which held for trading
Shares	6,765	3,960
Total	**6,765**	**3,960**

As at 31 December 2023 the shares that were publicly listed amounted to EUR 8,010m (EUR 5,307m). EUR -322m (EUR -56m) of the shares relate to credit institutions.

Shares lent to other counterparties in the form of securities lending transactions amounted to EUR 1m (EUR 1,065m). Shares borrowed amounted to EUR 561m (EUR 756m) and are not recognised on the balance sheet and thus not included in the total amount presented in the table above.

P3.10 Derivatives

Accounting policies

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (so-called 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

All derivatives are recognised on the balance sheet and measured at fair value. Derivatives with a positive fair value, including any accrued interest, are recognised as assets in the line item "Derivatives" on the asset side. Derivatives with a negative fair value, including any accrued interest, are recognised as liabilities in the line item "Derivatives" on the liability side.

Nordea Bank Abp incorporates credit valuation adjustments (CVAs) and debit valuation adjustments (DVAs) into derivative valuations. CVAs and DVAs reflect the impact on fair value from the counterparty's credit risk and Nordea Bank Abp's own credit quality, respectively. For more information about the calculation and other XVAs, see Note P3.4 "Fair value".

P3.10 Derivatives, cont.

Realised and unrealised gains and losses from derivatives are recognised in the income statement under "Net result from securities at fair value through profit or loss". For more information about accounting policies, see Note P3.4 "Fair value".

Nordea Bank Abp enters into derivatives for trading and risk management purposes. Nordea Bank Abp may take positions with the expectation of profiting from favourable movements in prices, rates or indices. The trading portfolio is treated as trading risk for risk management purposes. Derivatives held for risk management purposes include hedges that meet the hedge accounting requirements and hedges that are economic hedges but do not meet the hedge accounting requirements.

The table below shows the fair value of derivative financial instruments not used for hedge accounting together with their nominal amounts. The nominal amounts indicate the volume of transactions outstanding at year end and are neither indicative of market risk nor credit risk. The derivatives are divided into derivatives not used for hedge accounting and derivatives used for hedge accounting. For more information about derivatives used for hedge accounting, see Note P3.5 "Hedge accounting".

The fair value and nominal amount of derivatives in this note represent derivatives before offsetting between assets and liabilities on the balance sheet (gross amount) as the gross amount better reflects Nordea Bank Abp's exposure.

Derivatives

31 Dec 2023, EURm	Fair value Positive	Fair value Negative	Nominal amount
Derivatives not used for hedge accounting	169,144	173,608	7,439,969
Derivatives used for hedge accounting	4,698	5,279	130,039
Gross amount	173,842	178,887	7,570,008
Derivatives offset on the balance sheet	-146,010	-146,685	–
Total derivatives	**27,832**	**32,202**	**7,570,008**

31 Dec 2022, EURm	Fair value Positive	Fair value Negative	Nominal amount
Derivatives not used for hedge accounting	209,258	210,524	7,213,016
Derivatives used for hedge accounting	4,575	5,605	117,795
Gross amount	213,833	216,128	7,330,811
Derivatives offset on the balance sheet	-174,963	-174,079	–
Total derivatives	**38,870**	**42,049**	**7,330,811**

Derivatives not used for hedge accounting

EURm	31 Dec 2023 Fair value Positive	31 Dec 2023 Fair value Negative	31 Dec 2023 Nominal amount	31 Dec 2022 Fair value Positive	31 Dec 2022 Fair value Negative	31 Dec 2022 Nominal amount
Interest rate derivatives						
Interest rate swaps	153,136	152,614	4,874,911	185,648	182,788	4,330,351
FRAs	1,394	1,454	1,360,918	3,687	4,124	1,455,868
Futures and forwards	35	41	95,887	52	85	103,575
Options	3,710	3,757	323,236	6,368	6,808	395,697
Total	**158,275**	**157,866**	**6,654,952**	**195,756**	**193,806**	**6,285,491**
Equity derivatives						
Equity swaps	255	345	21,108	352	306	18,964
Futures and forwards	2	3	705	5	9	703
Options	108	427	4,876	122	413	4,394
Total	**365**	**775**	**26,689**	**479**	**728**	**24,062**
Foreign exchange derivatives						
Currency and interest rate swaps	4,534	7,308	312,258	7,841	9,188	343,113
Currency forwards	2,956	4,582	290,637	3,407	4,738	371,536
Options	91	49	5,355	94	81	10,499
Total	**7 581**	**11 939**	**608 251**	**11,343**	**14,007**	**725,148**
Other derivatives						
Credit default swaps (CDS)	2,920	3,001	149,952	1,663	1,917	178,129
Commodity derivatives	0	0	80	10	37	124
Other derivatives	2	26	29	8	30	62
Total	**2,922**	**3,027**	**150,060**	**1,681**	**1,984**	**178,315**
Total derivatives not used for hedge accounting	**169,143**	**173,607**	**7,439,952**	**209,258**	**210,524**	**7,213,016**
- of which transactions between Nordea Bank Abp and group undertakings	1,367	1,457	107,230	2,433	2,089	119,072

P3.11 Deposits by credit institutions and central banks

Accounting policies

Deposits by credit institutions include liabilities towards central banks, banks, credit market companies, credit companies, finance companies and mortgage institutions. Deposits are classified into different categories in accordance with Note P3.3 "Classification and measurement".

For additional accounting policies, see Note P3.1 "Recognition on and derecognition from the balance sheet", Note P3.2 "Transferred assets and obtained collateral" and Note P3.4 "Fair value".

Deposits by credit institutions and central banks

EURm	31 Dec 2023	31 Dec 2022
Central banks		
Payable on demand	7,292	16,418
Total	**7,292**	**16,418**
Credit institutions		
Payable on demand	5,628	5,594
Not payable on demand	23,568	18,618
Total	**29,196**	**24,212**
Total deposits by credit institutions and central banks[1]	**36,488**	**40,630**

1) Including accrued interest of EUR 200m (EUR -58m).

P3.12 Deposits and borrowings from the public

Accounting policies

Deposits from the public are defined as funds in deposit accounts covered by the government deposit guarantee but also include amounts in excess of the individual amount limits. Borrowings are other liabilities to the public that are not in the form of debt securities. Deposits and borrowings are classified into different categories in accordance with Note P3.3 "Classification and measurement".

For additional accounting policies, see Note P3.1 "Recognition on and derecognition from the balance sheet", Note P3.2 "Transferred assets and obtained collateral" and Note P3.4 "Fair value".

Deposits and borrowings from the public

EURm	31 Dec 2023	31 Dec 2022
Deposits		
Payable on demand	173,946	186,344
Not payable on demand[1]	40,026	33,868
Total	**213,972**	**220,212**
Repurchase agreements		
Not payable on demand	3,602	5,019
Total	**3,602**	**5,019**
Total deposits and borrowings from the public[2]	**217,574**	**225,231**

1) Long-term savings accounts held by customers (PS accounts) amounted to EUR 5m (EUR 6m) as at 31 December 2023. Investments from long-term savings accounts held by customers amounted to EUR 88m (EUR 79m).

2) Including accrued interest of EUR 344m (EUR 106m).

P3.13 Debt securities in issue

Accounting policies

Debt securities are instruments issued by Nordea Bank Abp that are readily transferable without the consent of Nordea Bank Abp. Debt securities are classified into different categories in accordance with Note P3.3 "Classification and measurement".

For hedged items in fair value hedges at micro level, the hedged risk is measured at fair value and presented in the line item "Fair value changes in micro hedges of interest rate risk" in the table below (for more information, see Note P3.5 "Hedge accounting").

For additional accounting policies, see Note P3.1 "Recognition on and derecognition from the balance sheet" and Note P3.4 "Fair value".

Bonds are transferable debt securities which are normally issued off an issuance programme. A bond's term to maturity can range from about one month to several years. A bond is a debt obligation issued by the borrower to the investor or lender. The investor is normally entitled to a cash payment from the issuer on the maturity date. During the term to maturity, coupon payments are normally made at fixed intervals, but a bond can be issued as a zero-coupon debt instrument or be subject to other terms as agreed between the issuer and the investor. Bonds are often listed for trading on a stock exchange. There are senior bonds and subordinated bonds. In the event that an issuer defaults, the issuer will be required to pay the investors of senior bonds and meet all other creditor obligations in full before the issuer can make any payments on the subordinated bonds. Bonds can be issued as secured or unsecured debt. For information on subordinated bonds, see Note P3.14 Subordinated liabilities.

Certificates of deposit (CDs) are transferable debt securities issued by the borrower to the investor who is entitled to a cash payment from the issuer on the maturity date. CDs are not issued off an issuance programme and are not listed on a stock exchange. CDs usually have maturities ranging from one week to three years or longer. CDs can be issued with coupon payments or without coupon payments. CDs are issued as unsecured debt.

Commercial paper (CP) is a transferable debt instrument and issued off an issuance programme. CP is issued with maturities ranging from overnight to about one year. CP is debt owed by the issuer to the investor who is entitled to a cash payment from the issuer on the maturity date. CP is normally issued as zero-coupon debt instruments with no coupon payments during the maturity of the CP. Typically CP is not listed for trading on a stock exchange. CP is usually issued as unsecured debt.

P3.13 Debt securities in issue, cont.

Debt securities in issue

	Carrying amount		Nominal value	
EURm	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Certificates of deposit	33,533	36,930	34,787	35,550
Commercial paper	12,769	13,991	12,873	14,079
Bonds[1]	26,414	27,650	26,171	27,806
Other	30	34	30	34
Fair value changes in micro hedges of interest rate risk	-887	-1,673	–	–
Total[2]	**71,859**	**76,932**	**73,860**	**77,470**

1) Including eligible liabilities of EUR 12,849 million (11,126) under the Finnish Act on the Resolution of Credit institutions and Investment Firm
2) Including accrued interest of EUR 474m (EUR 223m).

P3.14 Subordinated liabilities

Accounting policies

Subordinated liabilities are financial liabilities for which it has been contractually agreed that they are not to be repaid in the event of liquidation or bankruptcy until all obligations towards other creditors have been fulfilled.

For additional accounting policies, see Note P3.1 "Recognition on and derecognition from the balance sheet" and Note P3.3 "Classification and measurement".

For hedged items in fair value hedges at micro level, the hedged risk is measured at fair value and presented in the line item "Fair value changes in micro hedges of interest rate risk" in the table to the right (for more information, see Note P3.5 "Hedge accounting").

Subordinated liabilities

EURm	31 Dec 2023	31 Dec 2022
Additional Tier 1	2,514	2,600
Tier 2	3,547	3,295
Other subordinated loans	–	10
Fair value changes in micro hedges of interest rate risk	-341	-504
Total[1]	**5,720**	**5,401**

1) Including accrued interest of EUR 58m (EUR 57m).

The key terms of additional Tier 1 and Tier 2 loans are specified in the table below.

31 Dec 2023, EURm							
Classification of capital adequacy	Nominal value	Carrying amount	Of which used for capital adequacy	Interest rate (coupon)	Currency	Original maturity date	First optional call date
Tier 2 loan	1,000	999	997	Fixed EUR 0.625% until 18 Aug 2026. Thereafter fixed 5-year mid-swap +0.92%	EUR	18 Aug 2031	18 May 2026
Tier 2 loan	300	301	300	Fixed EUR 1.00% until first call date. Thereafter fixed 5-year mid-swap +1.30%	EUR	27 Jun 2029	27 Jun 2024
Tier 2 loan	500	573	573	Fixed GBP 1.625% until 9 Dec 2027. Thereafter fixed 5-year UK Treasury rate +1.30%	GBP	9 Dec 2032	9 Sept 2027
Tier 2 loan	20,000	130	128	Fixed USD 3.75% until first call date. Thereafter floating 6-month JPY deposit +1.20%	JPY	4 Mar 2040	4 Mar 2035
Tier 2 loan	15,000	96	34	Fixed 1.16%	JPY	6 Oct 2025	–
Tier 2 loan	10,000	65	64	Fixed USD 3.84% until first call date. Thereafter floating 6-month JPY deposit +1.20%	JPY	12 Oct 2040	12 Oct 2035
Tier 2 loan	10,000	65	64	Fixed USD 4.51% until first call date. Thereafter floating rate equivalent to 6-month JPY deposit +1.10%	JPY	26 Feb 2034	26 Feb 2029
Tier 2 loan	3,000	271	269	Floating 3-month STIBOR +0.98%	SEK	18 Aug 2031	18 May 2026
Tier 2 loan	1,000	90	90	Fixed 1.385% until 18 Aug 2026. Thereafter floating 3-month STIBOR +0.98%	SEK	18 Aug 2031	18 May 2026
Tier 2 loan	500	457	451	Fixed 4.625% until first call date. Thereafter fixed 5-year mid-swap +1.69%	USD	13 Sept 2033	13 Sept 2028
Tier 2 loan	500	500	498	Fixed 4.875% until 23 Feb 2029, theeafter fixed 5-year mid swap + 1.85%	EUR	23 Feb 2034	23 Nov 2028
Additional Tier 1 loan[1]	1,250	1,146	1,126	Fixed 6.625% until first call date. Thereafter fixed 5-year US Treasury +4.11%	USD	No maturity	26 Mar 2026
Additional Tier 1 loan[1]	1,000	909	898	Fixed 3.750% until 1 Sep 2029. Thereafter fixed 5-year CMT rate +2.602%	USD	No maturity	1 Mar 2029
Additional Tier 1 loan[1]	500	459	451	Fixed 6.125% until first call date. Thereafter fixed 5-year mid-swap +3.388%	USD	No maturity	23 Sept 2024
Additional Tier 1 loan[2]	750	750	750	Fixed 3.5% until first call date. Thereafter fixed 5-year mid-swap +3.003%	EUR	No maturity	12 Mar 2025

1) The AT1 loan automatically converts into shares if the CET1 capital ratio of either the issuer on a solo basis or the Nordea Group on a consolidated basis falls below a specific trigger level.
2) The AT1 loan converts into shares in point of non-viability which is subject to decision by the resolution authority.

P4 Intangible and tangible assets

P4.1 Intangible assets

Accounting policies

Intangible assets are identifiable, non-monetary assets without physical substance. The assets are under Nordea Bank Abp's control, which means that Nordea Bank Abp has the power and rights to obtain the future economic benefits flowing from the underlying resource. Nordea Bank Abp's intangible assets mainly consist of goodwill, internally developed software and software licences.

Goodwill

Goodwill is recognised at cost less amortisation and any write-downs. Goodwill is amortised on a straight-line basis over its useful economic life, which is normally 5–10 years. Goodwill is typically recognised when Nordea Bank Abp acquires an asset or business or in connection with the merger of a subsidiary.

IT development and computer software

Costs associated with maintaining computer software programs are expensed as incurred. Costs directly associated with major software development investments, with the ability to generate future economic benefits, are recognised as intangible assets. These costs include software development staff costs and overhead expenditures directly attributable to preparing the asset for use. Computer software also includes acquired software licences not related to the function of a tangible asset.

Amortisation is calculated on a straight-line basis over the useful life of the software, generally a period of three to five years, and in some circumstances for strategic infrastructure up to a maximum of ten years.

Impairment

IT development not yet taken into use is not amortised but tested for impairment annually irrespective of any indications of impairment. Impairment testing is also performed more frequently if required due to any indication of impairment. Impairment testing is also performed more frequently if required due to any indication of impairment. Intangible assets in use and amortised are also evaluated for indications of impairment and if such indications are found, the assets are tested for impairment. The impairment charge is calculated as the difference between the carrying amount and the recoverable amount.

	31 Dec 2023				31 Dec 2022			
EURm	Goodwill	Internally developed software	Software licences	Total	Goodwill	Internally developed software	Software licences	Total
Acquisition value at beginning of year	347	2,745	434	3,526	317	2,604	422	3,343
Acquisitions	–	387	35	422	38	302	24	364
Sales/disposals	–	-830	-20	-850	–	-67	-1	-68
Reclassifications	–	-13	0	-13	–	0	–	0
Translation differences	1	-14	-2	-15	-8	-94	-11	-113
Acquisition value at end of year	348	2,275	447	3,070	347	2,745	434	3,526
Accumulated amortisation and impairment at beginning of year	-283	-1,249	-338	-1,870	-277	-1,023	-307	-1,607
Accumulated amortisation and impairment on sales/disposals	–	830	18	848	–	66	1	67
Amortisation according to plan	-19	-330	-39	-388	-13	-315	-40	-368
Impairment charges	–	-188	–	-188	–	-23	–	-23
Translation differences	–	14	2	16	7	46	8	61
Accumulated amortisation and impairment at end of year	-302	-923	-357	-1,582	-283	-1,249	-338	-1,870
Total	46	1,352	90	1,488	64	1,496	96	1,656

P4.2 Tangible assets

Accounting policies

Properties and equipment
Properties and equipment consist of properties for own use, leasehold improvements, IT equipment, furniture and other equipment. Items of properties and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property and equipment comprises its purchase price as well as any directly attributable costs of bringing the asset to the working condition for its intended use. Parts of an item of property and equipment are accounted for as separate items if they have different useful lives.

Improvements are recognised as assets if they provide an improved function of the asset, while maintenance does not improve the function of the assets and is expensed as incurred.

Properties and equipment are depreciated on a straight-line basis over the estimated useful life of the assets. The estimates of the useful life of different assets are reassessed on a yearly basis.

The estimated useful lives of the assets are specified below:

Buildings	30–75 years
Equipment	3–5 years
Leasehold improvements	For changes within buildings, the shorter of 10 years and the remaining lease term. For new construction, the shorter of the principles used for owned buildings and the remaining lease term. Fixtures installed in leased properties are depreciated over the shorter of 10–20 years and the remaining lease term.

At each balance sheet date, Nordea Bank Abp assesses whether there is any indication that an item of property and equipment may be impaired. If any such indication exists, the recoverable amount of the asset is estimated, and any impairment loss is recognised.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

Properties and equipment

	31 Dec 2023			31 Dec 2022		
EURm	Equipment[1]	Leasehold improvements	Total	Equipment[1]	Leasehold improvements	Total
Acquisition value at beginning of year	**417**	**486**	**903**	**424**	**498**	**922**
Acquisitions	6	23	29	8	25	33
Sales/disposals	-61	-14	-75	-4	-21	-25
Reclassifications	6	-7	-1	2	-3	-1
Translation differences	-4	-4	-8	-13	-13	-26
Acquisition value at end of year	**364**	**484**	**848**	**417**	**486**	**903**
Accumulated depreciation and impairment at beginning of year	**-368**	**-294**	**-662**	**-370**	**-299**	**-669**
Accumulated depreciation and impairment charges on sales/disposals	61	11	72	3	21	24
Depreciation according to plan	-16	-25	-41	-13	-23	-36
Impairment charges	–	–	–	–	–	–
Reclassifications	1	0	1	–	-1	-1
Translation differences	4	5	9	12	8	20
Accumulated depreciation and impairment at end of year	**-318**	**-303**	**-621**	**-368**	**-294**	**-662**
Total	**46**	**181**	**227**	**49**	**192**	**241**

1) Including properties of EUR 2m (EUR 2m) and investment properties of EUR 1m (EUR 1m). Amounts related to investment properties recognised in the income statement were insignificant.

P4.3 Leases

Accounting policies

A lease is a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases are not recognised on Nordea Bank Abp's balance sheet. Lease payments are recognised as "Other operating expenses" in the income statement on a straight-line basis over the lease term unless another systematic way better reflects the time pattern of Nordea Bank Abp's benefit. The lease terms normally range between 3 and 25 years. Leases are mainly related to office premises contracts and office equipment contracts normal to the business.

Non-cancellable operating leases

EURm	31 Dec 2023	31 Dec 2022
Less than one year	136	146
1–2 years	120	108
2–5 years	269	206
5–10 years	332	299
10–15 years	294	263
15–20 years	101	164
20–25 years	2	10
Total	**1,254**	**1,196**

Nordea Bank Abp operates from leased premises. The premises are mainly divided into head office contracts, branch office contracts and other contracts. Future minimum lease payments under non-cancellable operating leases which are payable by Nordea Bank Abp are presented in the table above.

The head office contracts in the different Nordic countries generally have a fixed lease term of 10–25 years. Usually these contracts either have continuation options or are automatically prolonged unless separately terminated at the end of the lease term.

Branch office contracts generally have fixed lease term of 1–10 years or are without an end date with the right to terminate. The termination clauses are generally 6–24 months. The main principle is that the premises contracts do not contain purchase options. Company car contracts generally have a fixed lease term of less than five years.

P5 Provisions

Accounting policies

Provisions (which are presented as a liability) are recognised when Nordea Bank Abp has a present obligation (legal or constructive) as a result of a past event if it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, where a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Accounting policies relating to employee benefits are further described in Note P7 "Employee benefits and key management personnel remuneration" and relating to financial guarantee contracts and credit commitments in Note P6 "Off-balance sheet items". Accounting policies for provisions for off-balance sheet items can be found in Note P3.7 "Loans".

Provisions

EURm	31 Dec 2023	31 Dec 2022
Restructuring	78	85
Guarantees/commitments	187	202
Other	116	89
Total	**381**	**376**

Movements in restructuring and other provisions

	Restructuring		Other	
EURm	2023	2022	2023	2022
At beginning of year	85	143	89	103
New provisions made	39	20	54	1
Provisions utilised	-38	-71	-27	-14
Reversals	-6	-4	-1	-1
Reclassifications	-1	–	1	0
Translation differences	-2	-3	0	0
At end of year	**77**	**85**	**116**	**89**

Provisions for restructuring costs were utilised by EUR 78m in 2023, and new provisions amounting to EUR 39m were accounted for. The remaining provisions are related to staff restructuring (EUR 63m) and premises-related obligations (EUR 15m).

The staff-related provision is related to contracts entered into, or activities communicated but not yet finalised, where payments remain to be executed on. These contracts are entered into in the ordinary course of business. Approximately EUR 69m out of the total restructuring provision EUR 78m is expected to be utilised/paid out in 2024. All staff-related activities are expected to be executed on in 2024, but payments are expected to extend into 2025. As for any other provision, there is uncertainty surrounding the timing and the amount to be finally paid. The uncertainty is expected to decrease as the plans are executed.

Loan loss provisions on off-balance sheet items amounted to EUR 186m (EUR 202m). More information on these provisions can be found in section 2 "Credit risk" in Note P10 "Risk and liquidity management" and Note P6 "Off-balance sheet items".

More information on AML-related matters can be found in section 6.3 "Financial crime prevention" in the Group's Note G11 "Risk and liquidity management".

P6 Off-balance sheet items

P6.1 Contingent liabilities

Accounting policies

A contingent liability is:
- a possible obligation whose existence will be confirmed only by future event(s) not wholly within Nordea Bank Abp's control or
- a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised as liabilities on the balance sheet but disclosed as an off-balance sheet item unless the possibility of an outflow is remote.

When an outflow is more likely than not, a provision is recognised on the balance sheet. The accounting policies covering provisions can be found in Note P5 "Provisions".

Guarantees and documentary credits are recognised on the balance sheet under the expected credit loss requirements as further defined in Note P3.7 "Loans". Changes in provisions are recognised in the income statement in the line item "Net loan losses".

Premiums received for financial guarantees are amortised over the guarantee period and recognised as "Fee and commission income" in the income statement. The contractual amounts are recognised off balance sheet, net of any provisions.

The table below includes all issued guarantees, also those for which the possibility of an outflow of resources is considered remote.

Contingent liabilities

EURm	31 Dec 2023	Of which on behalf of group undertakings
Loan guarantees	26,506	24,856
Other guarantees	18,840	663
Documentary credits	582	0
Other contingent liabilities	65	–
Total	**45,993**	**25,519**

EURm	31 Dec 2022	Of which on behalf of group undertakings
Loan guarantees	27,667	25,180
Other guarantees	18,712	726
Documentary credits	598	1
Other contingent liabilities	63	–
Total	**47,040**	**25,907**

The Annual General Meeting 2023 decided that Nordea Bank Abp will cover or reimburse the members of the Board of Directors all costs and expenses related to or arising from the Board membership, including travel, logistics and accommodation as well as consultative, legal and administrative costs. The legal costs can e.g. include required costs of legal defence and claims made (during and after their period of office) against Board members in cases where Board members are not found liable or guilty of any intentional wrongdoing or grossly negligent behaviour.

As of 1 June 2023, members of the GLT are afforded coverage and reimbursement corresponding to that of the Board in instances related to or arising from the respective GLT membership of each member. In addition, as of 2019, Nordea Bank Abp has undertaken to indemnify the members of the GLT against legal expenses incurred in relation to certain claims or investigations by third parties based on circumstances or events which occurred during the members' respective terms of office, excluding crimes or actions made with intent or gross negligence, up to a capped aggregate amount of EUR 37.5m, unless the Board decides otherwise on a case-by-case basis.

Nordea Bank Abp has undertaken, in relation to certain individuals and on certain conditions, to be responsible for the potential payment liability against these individuals in their capacity of managing directors or board members of group undertakings of Nordea Bank Abp.

Nordea Bank Abp purchases directors and officers liability insurance, which provides cover for personal liabilities of its Board of Directors and management as well as liability assumed by the bank to a certain extent following indemnification undertakings. The terms and conditions including the total limit of liability of the directors and officers liability insurance programme are in line with large European banks.

A limited number of employees are entitled to severance pay if they are dismissed before reaching their normal retirement age. For further information, see Note P7.4 "Key management personnel remuneration".

Within the framework of normal business operations, Nordea Bank Abp faces a number of operational and legal risks potentially resulting in reputational impacts, fines, sanctions, disputes, losses and/or litigation. This includes potential claims related to the provision of banking and investment services and other areas in which Nordea Bank Abp operates. Currently, such claims are mainly related to lending and insolvency situations, various investment services, and sub-custody and withholding taxation matters. At present, none of the current claims are considered likely to have any significant adverse effect on Nordea Bank Abp or its financial position. As previously stated, Nordea Bank Abp expects to be fined in Denmark for weak AML processes and procedures in the past and has made a provision for ongoing AML-related matters. Nordea Bank Abp cannot exclude the possibility of fines which could impact the bank's financial performance. In addition, some of these proceedings could lead to litigation. See also Note P5 "Provisions" and the Group's Note G11 "Risk and liquidity management", section 6 "Compliance Risk".

P6.2 Commitments

Accounting policies

Commitments are irrevocable promises to extend credit or make other types of payments in the future. Unutilised credit facilities are also disclosed as commitments.

Irrevocable commitments are recognised on the balance sheet under the expected credit loss requirements as further defined in Note P3.7 "Loans". Changes in provisions are recognised in "Net loan losses" in the income statement.

Premiums received on credit commitments are generally amortised over the loan commitment period. The contractual amounts are recognised off balance sheet, net of any provisions.

Commitments

EURm	31 Dec 2023	Of which to group undertakings
Unutilised overdraft facilities	31,311	6,388
Loan commitments	60,867	16,309
Future payment obligations	487	–
Other	3	–
Total	92,668	22,697

EURm	31 Dec 2022	Of which to group undertakings
Unutilised overdraft facilities	30,519	5,862
Loan commitments	65,227	17,138
Future payment obligations	557	–
Other	3	–
Total	96,306	23,000

Reverse repurchase agreements are recognised on and derecognised from the balance sheet on the settlement date. As at 31 December 2023 Nordea Bank Abp had signed reverse repurchase agreements that have not yet been settled and consequently are not recognised on the balance sheet. On the settlement date these reverse repurchase agreements will, as far as possible, replace existing reverse repurchase agreements that were not derecognised as at 31 December 2023. The net impact on the balance sheet is minor. These instruments have not been disclosed as commitments.

For more information about reverse repurchase agreements, see Note P3.2 "Transferred assets and obtained collateral".

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

Nordea Bank Abp entered into an agreement with Danske Bank to acquire its Norwegian personal customer and private banking business and associated asset management portfolios on 19 July 2023. For more information, see section "Acquisition of Danske Bank's personal customer and private banking business in Norway" in the Group's Note G7.2 Commitments.

P6.3 Assets pledged

Accounting policies

Assets recognised on the balance sheet and pledged as security for Nordea Bank Abp's own liabilities are disclosed as "Assets pledged as security for own liabilities". Assets recognised on the balance sheet and pledged for other than own liabilities are disclosed as "Assets pledged as security for other than own liabilities". Securities borrowed and then used as collateral are presented as "Transferred assets and obtained collateral" on the balance sheet (see Note P3.2 "Transferred assets and obtained collateral" for accounting policies).

Assets pledged

EURm	31 Dec 2023	31 Dec 2022
Assets pledged as security for own liabilities	21,437	29,262
Assets pledged as security for other than own liabilities	236	253
Total	21,673	29,515

Assets pledged as security for own liabilities

EURm	31 Dec 2023	31 Dec 2022
Assets pledged as security for own liabilities		
Securities etc.	13,825	21,020
Other assets pledged	7,612	8,242
Total	21,437	29,262
The above pledges pertain to the following liabilities[1]		
Deposits by credit institutions	11,419	16,659
Deposits and borrowings from the public	1,358	1,873
Derivatives	7,285	7,761
Other liabilities and commitments	295	398
Total	20,357	26,691

1) Liabilities after offsetting between assets and liabilities on the balance sheet.

Assets pledged as security for own liabilities comprise securities pledged as security under repurchase agreements and in securities lending. The transactions are conducted under standard agreements employed by financial market participants. Counterparties in those transactions are credit institutions and the public. The transactions are typically short term and mature with three months.

Other assets pledged relate to certificates of deposit pledged by Nordea Bank Abp to comply with the authorities' requirements. Nordea Bank Abp has not provided any pledges or mortgages on behalf of its customers.

Assets pledged as security for other than own liabilities

Assets pledged mainly relate to interest-bearing securities pledged as security for payment settlements with central banks and clearing institutions and amounted to EUR 236m (EUR 253m). Only securities pledged for overnight liquidity are disclosed (securities pledged for intraday liquidity are excluded). Collateral pledged for items other than Nordea Bank Abp's own liabilities, e.g. for a third party or for Nordea Bank Abp's own contingent liabilities, is also accounted for under this item.

Collateral pledged for group undertakings amounted to EUR 0m (EUR 0m) and for associated undertakings to EUR 0m (EUR 0m).

Nordea Bank Abp has not pledged any assets or other collateral for any key management personnel or auditors.

P7 Employee benefits and key management personnel remuneration

All forms of consideration given by Nordea Bank Abp to its employees as compensation for services performed are employee benefits. Employee benefits consist of short-term benefits, post-employment benefits and share-based payment plans.

Short-term benefits are to be settled within twelve months after the reporting period when the services have been performed. Short-term benefits consist mainly of fixed and variable salary. For more information, see Note P7.1 "Fixed and variable salaries".

Post-employment benefits are benefits payable after termination of the employment. Post-employment benefits in Nordea Bank Abp consist only of pensions. For more information, see Note P7.2 "Pensions".

Share-based payment plans cover share-based payments for services from employees. For more information, see Note P7.3 "Share-based payment plans".

In addition, remuneration to key management personnel is disclosed in Note P7.4 "Key management personnel remuneration".

Additional disclosures on remuneration

The Board of Directors' report includes a separate section on remuneration, see page 78. Further, in accordance with the Finnish Corporate Governance Code 2020 the Remuneration Report for Governing bodies 2023 will be prepared for the Annual General Meeting on 21 March 2024. Finally aggregated disclosures for key management personnel and material risk takers (Pillar III, CRR article 450) will be published on nordea.com ahead of the Annual General Meeting.

P7.1 Fixed and variable salaries

Accounting policies

Short-term benefits

Short-term benefits consist mainly of fixed and variable salary. Both fixed and variable salaries are expensed in the period when the employees perform services for Nordea Bank Abp.

Short-term benefits that fulfil the capitalisation requirements defined in the accounting policies in Note P4.1 "Intangible assets" are included gross in this note, but subsequently capitalised and added to "Intangible assets" on the balance sheet.

Termination benefits

Termination benefits normally arise if employment is terminated before the normal retirement date or if an employee accepts an offer of voluntary redundancy.

Termination benefits are expensed when Nordea Bank Abp has an obligation to make the payment. An obligation arises when a formal plan has been committed to on the appropriate organisational level and when Nordea Bank Abp is without realistic possibility of withdrawal, which normally occurs when the plan has been communicated to the affected individual or employee(s) or their representatives.

Termination benefits can include both short-term benefits, for instance a number of months' salary, and post-employment benefits, normally in the form of early retirement.

Nordea Bank Abp's Short Term Incentive Plans

Nordea Bank Abp operates Short Term Incentive Plans (STIPs). These are the Nordea Incentive Plan (NIP), which is offered to the CEO and members of the Group Leadership Team (GLT) and subject to invitation, to other employees, or bonus schemes (bonus) for selected employees in specific business areas or units as approved by the Board of Directors (Board). For more informations see section "Nordea's Short Term Incentive Plans" in the Group's Note G8.1.

Staff costs

EURm	2023	2022
Fixed and variable salaries[1]	-1,974	-1,849
Pension costs (specification in Note P7.2)	-230	-238
Social security contributions	-377	-357
Total	**-2,581**	**-2,444**
Expenses capitalised in IT development projects[2]	133	126
Total	**-2,448**	**-2,318**

1) Of which allocation to profit sharing for 2023 amounted to EUR -62m (EUR -58m), consisting of a new allocation of EUR 61m (EUR 58m) and an adjustment related to prior years of EUR -1m (EUR 0m).

2) See Note P4.1 "Intangible assets".

P7.2 Pensions

Accounting policies

Defined contribution plans

Pension plans that are based on defined contribution arrangements hold no pension liability for Nordea Bank Abp. Pension costs for defined contribution plans are recognised as an expense as the employee renders services to the entity and the contribution payable in exchange for that service becomes due. In general, the payment is associated with and settled through regular salary payments. Nordea Bank Abp also contributes to state pension plans.

Pension costs for defined contribution plans that fulfil the capitalisation requirements defined in the accounting policies in Note P4.1 "Intangible assets" are included gross in this note, but subsequently capitalised and added to "Intangible assets" on the balance sheet.

Defined benefit plans

The major defined benefit plans are funded, covered by assets in pension funds/foundations. If the fair value of plan assets associated with a specific pension plan is lower than the gross present value of the defined benefit obligation determined using the projected unit credit method, the net amount is recognised as a liability ("Retirement benefit liabilities"). If not, the net amount is recognised as an asset ("Retirement benefit assets"). Non-funded pension plans are recognised as "Retirement benefit liabilities".

Nordea Bank Abp's net obligation for defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in the current period and prior periods. That benefit is discounted to determine its present value. Actuarial calculations, including the projected unit credit method, are

P7.2 Pensions, cont.

applied to assess the present value of defined benefit obligations and related costs, based on several actuarial and financial assumptions. Current and past service cost is recognised in the income statement in the current year. Current service cost is defined as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods triggered by plan amendments or curtailments.

The present value of the obligation and the fair value of any plan assets are impacted by changes in actuarial assumptions (discount rates (interest rates and credit spreads), inflation, salary increases, turnover and mortality) and experience effects, including actual outcome compared to assumptions. The remeasurement effects are recognised immediately in equity through the fair value reserve.

The discount rate is determined by reference to high-quality corporate bonds where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In Sweden, Norway and Denmark, the discount rate is determined with reference to covered bonds, whereas in Finland and the UK it is determined with reference to corporate bonds. In Sweden, Norway, Finland and Denmark, the observed bond credit spreads over the swap curve are derived from long-dated covered or corporate bonds and extrapolated to the same duration as the pension obligations using the relevant swap curves. In the UK, the corporate bond credit spread over the government bond rate is extrapolated to the same duration as the pension obligations using the government bond curve.

When the calculation results in a net asset, the recognised asset is limited to the present value of any future refunds from the plan or reductions in future contributions to the plan.

Social security contributions are calculated and accounted for based on the net recognised surplus or deficit by plan and are included on the balance sheet as "Retirement benefit liabilities" or "Retirement benefit assets".

Pension costs to defined benefit plans that fulfil the capitalisation requirements defined in the accounting policies in Note P4.1 "Intangible assets" are included gross in this note, but subsequently capitalised and added to "Intangible assets" on the balance sheet.

Pension costs

The companies within Nordea Bank Abp have various pension plans. They consists of both defined benefit plans and defined contribution plans, reflecting national practices and conditions in the countries where Nordea Bank Abp operates.

Pension costs

EURm	2023	2022
Defined contribution plans	-192	-184
Defined benefit plans[1]	-38	-54
Total	**-230**	**-238**

1) Excluding special wage tax (SWT) in Sweden and social security contributions (SSC) in Norway totalling of EUR -9m (EUR -10m).

Defined contribution plans

All new employees have been offered defined contribution plans since 2013 when the defined benefit plan in Sweden was closed for new members. The defined contribution plans follow the local collective agreements and regulations in each country.

In Norway, Nordea Bank Abp is part of a collectively agreed multi-employer pension plan in the private sector (AFP), providing entitled employees with a lifelong addition to their regular pensions. As no information is available on Nordea Bank Abp's share of the liabilities/assets and pension costs, the AFP is accounted for as a defined contribution plan.

The AFP plan is financed by an annual premium, for 2023 equal to 2.6% of employees' salary between 1 and 7.1 times the Norwegian social security base amount ("G"). The premium for 2023 amounted to EUR 3m (EUR 3m).

Defined benefit plans

The plans are operated in accordance with local regulatory requirements, collective agreements and local practice and are generally employer-financed final salary and service-based pension plans providing pension benefits in addition to the statutory systems. All defined benefit plans are closed for new entrants; new employees are offered defined contribution plans.

Retirement benefit assets and liabilities

EURm	31 Dec 2023	31 Dec 2022
Plans with net retirement benefit assets	220	159
Plans with net retirement benefit liabilities	237	243
Net liability(-)/asset(+)	**-17**	**-84**

In general, the liabilities are safeguarded by assets in dedicated pension funds or foundations or alternatively by credit insurance (Sweden only). Pension funds and foundations hold both the assets and the pension liabilities, except for Sweden where the pension foundation serves as collateral for the pension liabilities held by Nordea Bank Abp.

Minimum funding requirements differ between the pension funds and foundations according to local regulatory requirements. The funding requirement is generally that the pension obligations measured using local requirements must be covered in full by a local predefined surplus. Other pension plans are not covered by funding requirements and are generally unfunded. The respective Nordea Bank Abp entities issuing the defined pension benefit serve as the sponsoring entity in accordance with the EU IORP II Directive.

Defined benefit plans impact Nordea Bank Abp via changes in the net present value of obligations and/or changes in the market value of plan assets.

P7.3 Share-based payment plans

Accounting policies

Equity-settled plans
An equity-settled share-based payment transaction occurs when Nordea Bank Abp receives goods or services and uses its own equity instruments as consideration. Such transactions are recognised as a staff expense and a corresponding increase in equity. The expense is measured at the fair value of the goods or services received unless that fair value cannot be estimated reliably. In such cases, the expense is measured by reference to the fair value of the equity instruments awarded, which is the method used by Nordea Bank Abp.

When Nordea Bank Abp issues such instruments, the award date fair value of these rights is expensed on a straight-line basis over the vesting period. The fair value per right is estimated at award date and not subsequently updated. The vesting period is the period over which the employees have to remain in service at Nordea in order for their rights to vest.

For rights with non-market performance conditions, the amount expensed is the award date fair value per right multiplied by the best estimate of rights that will eventually vest, which is reassessed at each reporting date. For rights with market performance conditions, the total fair value is estimated based on the fair value of each right times the maximum number of rights at award date. Market conditions are taken into account when estimating the fair value of the equity instruments awarded. Therefore, if all other vesting conditions (e.g. service conditions) are met, Nordea Bank Abp recognises the expense for awards of equity instruments with market conditions over the vesting period irrespective of whether that market condition is satisfied.

Social security costs are also allocated over the vesting period. The provision for social security costs is reassessed on each reporting date to ensure that the provision is based on the rights' fair value at the reporting date.

Cash-settled plans
A cash-settled share-based payment transaction occurs when Nordea Bank Abp acquires goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price of equity instruments of Nordea Bank Abp. For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. The liability is remeasured at fair value at the end of each reporting period, with any changes in fair value recognised in the line item "Net result from securities at fair value through profit or loss" in the income statement.

Nordea Bank Abp's share-based remuneration plans

Nordea Bank Abp has several variable pay plans for selected Nordea Bank Abp employees (participants). The terms of the plans vary depending on the target group. Disclosures related to the share-based plans can be found below. All remuneration plans are also described in the section "Remuneration" on page 78 of the Board of Directors' report.

Until the end of the performance/financial year 2018, Nordea Bank Abp's share-based variable remuneration plans were partly in the form of equity-linked total shareholders' return indexation (excluding dividends) and partly in the form of cash. The plans were consequently generally settled in cash and the portion indexed with Nordea's total shareholders' return was accounted for as a cash-settled share-based payment plan. The total shareholders' return indexation resulted in a loss of EUR 1m in 2023 related to the remaining defered payments stemming from these plans.

Share-based payment plans

Plan year	Equity-settled or cash-settled	Delivery period	Expense 2023	Expense 2022	Liability 31 Dec 2023	Liability 31 Dec 2022	Outstanding rights
2023							
- LTIP	Equity-settled	2026–2031	2	–	–	–	Yes[1]
- NIP and bonus	Equity-settled	2024–2029	11	–	–	–	Yes[2]
- Buy-outs etc.	Equity-settled	2023–2027	0	–	–	–	Yes[2]
2022							
- LTIP	Equity-settled	2025–2030	2	1	–	–	Yes[1]
- NIP and bonus	Equity-settled	2023–2028	6	10	–	–	Yes[2]
- Buy-outs etc.	Equity-settled	2022–2026	0	0	–	–	Yes[2]
2021							
- LTIP	Equity-settled	2024–2029	1	1	–	–	Yes[3]
- EIP	Equity-settled	2022–2027	-1	-5	–	–	Yes
- VSP and bonus	Equity-settled	2022–2027	0	8	–	–	Yes
- Buy-outs etc.	Equity-settled	2022–2023	0	0	–	–	Yes
Previous years							
	Cash-settled	2022-2025	1	-2	6	6	No
	Equity-settled	2022-2025	-3	-1	0	–	Yes
Total			**19**	**10**	**6**	**6**	

1) Rights will be awarded following the end of the three-year performance period (2023–2025) over the delivery period (2026–2031).
2) Rights will be awarded in 2024 based on the performance in 2023.
3) Rights will be awarded following the end of the three-year performance period (2022–2024) over the delivery period (2025–2030).

P7.3 Share-based payment plans, cont.

Starting from the 2019 performance year, share-based variable pay plans are partly in the form of cash not linked to the Nordea share and partly in the form of Nordea shares, which makes the portion paid in Nordea shares an equity-settled share-based plan. Total shareholders' return indexation may be used for share-based variable pay plans, subject to operational, administrative or tax issues as well as applicable regulation in certain legal entities.

The table on the previous page covers all plans with share-based plan expenses recognised in 2023 as well as the comparative figures for 2022. Figures for 2023 are based on the expected 2022 outcome and all figures are excluding social security expenses. The expense for 2023 is based on an assumption about the number of shares that will be awarded and deferred for delivery in later years.

Nordea Bank Abp's Long Term Incentive Plans

See the, section "Nordea's Long Term Incentive Plans" in the Group's Note G8.3

Share-based variable remuneration plans other than LTIP plans

See section "Share-based variable remuneration plans other than LTIP plans" in the Group's Note G8.3.

The table below shows the remaining liabilities for the cash-settled share-based plans used 2014–2018. The table only includes deferred amounts indexed with Nordea TSR.

Share-linked deferrals (cash-settled)

EURm	2023	2022
Opening balance	6	22
Deferred/earned during the period	1	1
TSR indexation during the period	1	-2
Payments during the period	-2	-15
Translation differences	0	0
Closing balance	6	6

P7.4 Key management personnel remuneration

Accounting policies

For information about the accounting policies, see Note P7.1 "Fixed and variable salaries", Note P7.2 "Pensions" and Note P7.3 "Share-based payment plans". For definition of key management personnel, see Note P9.8 "Related party transactions".

Board remuneration

For board remuneration, see section "Board remuneration" in the Group's Note G8.4 Key management personnel remuneration.

Remuneration of the Chief Executive Officer, the Deputy Managing Director and the Group Leadership Team

For the Group Leadership Team remuneration, see section "Remuneration of the Chief Executive Officer, the Deputy Managing Director and the Group Leadership Team" in the Group's Note G8.4 Key management personnel remuneration.

P7.5 Number of employees

Number of employees by type of employment at the end period has been presented in the table below.

Number of employees

	31 Dec 2023	31 Dec 2022	Change
Permanent full-time	24,598	23,525	1,073
Permanent part-time	999	1,071	-72
Fixed term	251	352	-101
Total number of employees end of period	25,848	24,947	901

P8 Investments in group undertakings, associated undertakings and joint ventures

P8.1 Investments in group undertakings

Accounting policies

Group undertakings are the entities that Nordea Bank Abp controls. Control is generally achieved when Nordea Bank Abp holds, directly or indirectly through group undertakings, more than 50% of the voting rights.

Nordea Bank Abp's investments in group undertakings are recognised under the cost model. At each balance sheet date, all shares in group undertakings are reviewed for indications of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of each holding of shares is fully recoverable. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment charge is calculated as the difference between the carrying amount and the recoverable amount and is presented in the line item "Depreciation, amortisation and impairment charges" in the income statement.

Impairment losses are reversed if the recoverable amount increases. The carrying amount is then increased to the recoverable amount but cannot exceed the carrying amount that would have been determined had no impairment loss been recognised.

Nordea Bank Abp applies fair value hedge accounting to the foreign exchange risk in its investments in foreign operations. Under fair value hedge accounting, the gain or loss on the hedging instrument is recognised in profit or loss along with the associated movement in the foreign currency risk on the designated portion of the investment in foreign operations. All changes in the fair value of the hedged item and hedging instruments are recognised in the income statement in the line item "Net result from securities at fair value through profit or loss". Exchange differences arising on internal long-term loans to foreign operations for which settlement is neither planned nor likely to occur in the future are recognised in equity and reclassified from equity to profit or loss on disposal of the investment.

Group undertakings

This specification includes all directly owned group undertakings.

	Registration number	Domicile	Number of shares	Carrying amount 31 Dec 2023, EURm	Carrying amount 31 Dec 2022, EURm	Shareholding, %
Nordea Kredit Realkreditaktieselskab[1]	15134275	Copenhagen	17,172,500	2,950	2,950	100.0
Nordea Hypotek AB (publ)[1]	556091-5448	Stockholm	100,000	2,950	2,905	100.0
Nordea Eiendomskreditt AS[1]	971227222	Oslo	16,781,828	1,770	1,832	100.0
Fionia Asset Company A/S	31934745	Copenhagen	148,742,586	1,185	1,185	100.0
Nordea Finance Finland Ltd[1]	0112305-3	Helsinki	1,000,000	1,067	1,067	100.0
Nordea Baltic AB	559220-4688	Stockholm	1,000	8	179	100.0
Nordea Mortgage Bank Plc[1]	2743219-6	Helsinki	257,700,000	1,131	1,131	100.0
Nordea Life Holding AB	556742-3305	Stockholm	1,000	721	721	100.0
Nordea Finance Equipment AS	987664398	Oslo	101	549	568	100.0
LLC Promyshlennaya Kompaniya Vestkon [2]	1027700034185	Moscow	4,601,942,680	67	85	100.0
Nordea Finans Norge AS	924507500	Oslo	63,000	630	652	100.0
Nordea Funds Ltd	1737785-9	Helsinki	3,350	385	385	100.0
Nordea Asset Management Holding AB	559104-3301	Stockholm	500	251	247	100.0
Nordea Finans Danmark A/S	89805910	Høje Taastrup	20,006	177	176	100.0
Nordea Finans Sverige AB (publ)[1]	556021-1475	Stockholm	1,000,000	113	111	100.0
Nordea Essendropsgate Eiendomsforvaltning AS	986610472	Oslo	7,500	33	34	100.0
Nordea Markets Holding Company INC	36-468-1723	New York	1,000	91	91	100.0
Nordic Baltic Holding (NBH) AB	556592-7950	Stockholm	1,000	1	20	100.0
Privatmegleren AS	986386661	Oslo	12,000,000	9	9	100.0
Danbolig A/S	13186502	Copenhagen	1	1	1	100.0
Structured Finance Servicer A/S	24606910	Copenhagen	2	1	1	100.0
Nordea Hästen Fastighetsförvaltning AB	556653-6800	Stockholm	1,000	0	0	100.0
First Card AS	963215371	Oslo	200	0	0	100.0
Bohemian Wrappsody AB	556847-8399	Stockholm	19,359,393	–	0	54.8
Nordea Vallila Fastighetsförvaltning Ab	1880368-8	Helsinki	1,000	0	0	100.0
Kiinteistö Oy Kaarenritva	0362827-4	Vantaa	100	0	0	100.0
Kiinteistö Oy Kellokosken Tehtaat	0346354-5	Tuusula	9,000	0	0	100.0
Nordea Limited	03051044	London	2	–	–	100.0
Total				**14,090**	**14,350**	

1) Credit institutions.

2) In accordance with its strategy, Nordea is focusing on its business in the Nordic region. This has entailed the Group winding down its operations in Russia. The liquidation of the remaining Russian subsidiary is pending finalization.

P8.2 Investments in associated undertakings and joint ventures

Accounting policies

Associated undertakings are the entities where Nordea Bank Abp's share of voting rights is between 20% and 50% and/or where Nordea Bank Abp has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Joint ventures are the entities where Nordea Bank Abp has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Nordea Bank Abp's investments in associated undertakings and joint ventures are recognised under the cost model. At each balance sheet date, all shares in associated undertakings and joint ventures are reviewed for indications of impairment. If such indication exists, an analysis is performed to assess whether the carrying amount of each holding of shares is fully recoverable. The recoverable amount is the higher of fair value less costs to sell and the value in use. Any impairment charge is calculated as the difference between the carrying amount and the recoverable amount and is presented in the line item "Depreciation, amortisation and impairment charges" in the income statement.

Impairment losses are reversed if the recoverable amount increases. The carrying amount in then increased to the recoverable amount but cannot exceed the carrying amount that would have been determined had no impariment loss been recognised.

Associated undertakings[1]

			Carrying amount		
	Registration number	Domicile	2023, EURm	2022, EURm	Shareholding, %
Eksportfinans ASA[2]	816521432	Oslo	42	42	23
Eiendomsverdi AS	881971682	Oslo	10	11	25
Suomen Luotto-osuuskunta	0201646-0	Helsinki	1	1	27
Bankomat AB	556817-9716	Stockholm	6	6	20
Financial Transaction Services B.V.[3]	68914016	Amsterdam	–	0	0
Subaio ApS	37766585	Aalborg	2	2	20
CrediWire ApS	37264628	Copenhagen	2	2	7
Other			0	0	
Total			**63**	**64**	

Joint ventures[1]

			Carrying amount		
	Registration number	Domicile	2023, EURm	2022, EURm	Shareholding, %
Siirto Brand Oy	3102648-1	Helsinki	0	0	50
Tibern AB	559384-3542	Stockholm	1	0	14
Invidem AB	559210-0779	Stockholm	0	4	17
P27 Nordic Payments Platform AB	559198-9610	Stockholm	0	26	17
Total			**1**	**30**	

1) All shares in associated undertakings or joint ventures are unlisted.
2) Credit institutions.
3) Financial Transaction Services B.V was sold in 2023.

P8.3 Currency translation of foreign entities

Accounting policies

The financial statements are presented in euro (EUR). When translating the financial statements of foreign entities and branches into EUR from their functional currency, the assets and liabilities of foreign branches in Nordea Bank Abp have been translated at the closing rates, while items in the income statement are translated at the average exchange rate for the year. The average exchange rates are calculated based on daily exchange rates divided by the number of business days in the period. Translation differences are recognised in the retained earnings in equity.

Any remaining equity in foreign branches is converted at the closing rates with translation differences recognised in equity.

Information on the most important exchange rates is disclosed in the section "Exchange rates" in P1 "Accounting policies".

P9 Other disclosures

P9.1 Equity

Accounting policies

Equity is the residual interest in recognised assets after deduction of recognised liabilities. For equity, there are no requirements to distribute cash flows. Instruments are classified as financial liabilities if such genuine requirements exist, for instance to pay interest when a triggering event occurs that is beyond the control of both the issuer and the holder of the instruments.

Any payments connected to instruments classified as equity are accounted for directly in equity and presented as dividends. Nordea Bank Abp determines payments on financial instruments classified as equity (i.e. Additional Tier 1 instruments) as distribution of profits and they are therefore accounted for as dividends. Dividends to shareholders are recognised as a reduction of equity when the Annual General Meeting has adopted the proposal. The reduction of equity is accounted for when the Board of Directors decides on dividends in situations where the Annual General Meeting has given the Board of Directors a mandate to make such a decision up to a certain cap.

Investments in own shares are not accounted for as assets; instead, they are recognised as a reduction in equity net of any transaction costs. Acquisitions of treasury shares as part of the Markets trading operations are recognised as a reduction in invested unrestricted equity. Treasury shares acquired to optimise the capital structure and Nordea Bank Abp's buy-back programmes are recognised as a reduction in retained earnings. Transaction costs related to repurchasing of treasury shares are also recognised in equity. There is no impact on the financial statements when shares are cancelled. Sales of own shares in the trading operations are recognised as increases in invested unrestricted equity.

Contracts on Nordea shares that can be settled net in cash, for instance derivatives such as options and warrants, are either presented as financial assets or liabilities, meaning that these are not equity instruments.

Additional Tier 1 capital holders

Nordea Bank Abp has issued perpetual subordinated instruments where the interest payments to the holders are at the discretion of Nordea Bank Abp and non-accumulating. Some of these instruments also include a requirement for Nordea Bank Abp to pay interest if the instruments are no longer allowed to be included in Tier 1 capital. The inclusion of the subordinated loan in Tier 1 capital is decided by the regulators and is thus beyond the control of Nordea Bank Abp and the holders of the instruments, and Nordea Bank Abp therefore classifies the instruments as financial liabilities. Instruments without such clauses are classified as equity as there is no requirement for Nordea Bank Abp to pay interest or principal to the holders of the instruments.

Share capital

The share capital amounts to EUR 4,049,951,919. The shares in Nordea Bank Abp have no nominal value. Each share carries one voting right. For more information about the number of registered shares, see section "Nordea shares" below.

Invested unrestricted equity

Invested unrestricted equity consists of the subscription price of the shares in Nordea Bank Abp's share issue or rights issue which has not been recorded in share capital. Invested unrestricted equity has also been impacted by acquisitions and sales of treasury shares as part of the Markets trading operations.

Other reserves

These reserves include reserves for cash flow hedges, financial assets classified in the category "Financial assets at fair value through other comprehensive income" and accumulated remeasurements of defined benefit pension plans as well as revaluation reserves.

Retained earnings

Retained earnings primarily comprise Nordea Bank Abp's undistributed profits from previous years, currency translation differences and other unrestricted reserves.

	Restricted equity			Unrestricted equity				
EURm	**Share capital**	**Revaluation reserves**	**Fair value reserve**	**Invested unrestricted reserve**	**Other unrestricted reserves**	**Retained earnings**	**Additional Tier 1 capital holders**	**Total equity**
Balance at 1 Jan 2023	4,050	-141	-70	1,082	2,762	18,732	748	27,163
Net profit for the year	–	–	–	–	–	4,739	–	4,739
Currency translation differences	–	4	–	–	–	-57	–	-53
Investments in foreign operations:								
Valuation gains/losses, net of tax	–	–	-30	–	–	–	–	-30
Fair value measurement of financial assets:								
Valuation gains/losses, net of tax	–	–	-17	–	–	–	–	-17
Transferred to the income statement, net of tax	–	–	30	–	–	–	–	30
Cash flow hedges[1]:								
Valuation gains/losses, net of tax	–	–	642	–	–	–	–	642
Transferred to the income statement, net of tax	–	–	-652	–	–	–	–	-652
Changes in own credit risk related to liabilities at fair value option:								
Valuation gains/losses, net of tax	–	–	10	–	–	-10	–	0
Defined benefit plans:								
Remeasurement of defined benefit plans during the year, net of tax	–	–	-29	–	–	1	–	-28
Share-based payments	–	–	–	–	–	18	–	18
Paid interest on Additional Tier 1 capital, net of tax	–	–	–	–	–	-21	–	-21
Dividend	–	–	–	–	–	-2,876	–	-2,876
Sale/purchase of own shares[2]	–	–	–	-19	–	-1,264	–	-1,283
Other changes	–	55	–	–	–	-55	2	2
Balance at 31 Dec 2023	**4,050**	**-82**	**-116**	**1,063**	**2,762**	**19,207**	**750**	**27,634**

1) For more detailed information, see Note P3.5.
2) Refers to the change in the holding of own shares related to treasury shares for capital optimisation purposes, the trading portfolio and Nordea's shares within portfolio schemes in Denmark.

P9.1 Equity, cont.

	Restricted equity			Unrestricted equity				
EURm	Share capital	Revaluation reserves	Fair value reserve	Invested unrestricted reserve	Other unrestricted reserves	Retained earnings	Additional Tier 1 capital holders	Total equity
Balance at 1 Jan 2022	4,050	-107	43	1,090	2,762	20,454	750	29,042
Net profit for the year	–	–	–	–	–	3,955	–	3,955
Currency translation differences	–	3	–	–	–	-221	–	-218
Investments in foreign operations:								
Valuation gains/losses, net of tax	–	–	-4	–	–	–	–	-4
Fair value measurement of financial assets:								
Valuation gains/losses, net of tax	–	–	-74	–	–	–	–	-74
Transferred to the income statement, net of tax	–	–	-67	–	–	–	–	-67
Cash flow hedges[1]:								
Valuation gains/losses, net of tax	–	–	866	–	–	–	–	866
Transferred to the income statement, net of tax	–	–	-813	–	–	–	–	-813
Changes in own credit risk related to liabilities at fair value option:								
Valuation gains/losses, net of tax	–	–	6	–	–	–	–	6
Defined benefit plans:								
Remeasurement of defined benefit plans during the year, net of tax	–	–	-27	–	–	–	–	-27
Share-based payments	–	–	–	–	–	14	–	14
Paid interest on Additional Tier 1 capital, net of tax	–	–	–	–	–	-21	–	-21
Dividend	–	–	–	–	–	-2,655	–	-2,655
Sale/purchase of own shares[2]	–	–	–	4	–	-2,844	–	-2,840
Other changes	–	-37	–	-12	–	50	-2	-1
Balance at 31 Dec 2022	**4,050**	**-141**	**-70**	**1,082**	**2,762**	**18,732**	**748**	**27,163**

1) For more detailed information, see Note P3.5.

2) Refers to the change in the holding of own shares related to treasury shares for capital optimisation purposes, the trading portfolio and Nordea's shares within portfolio schemes in Denmark.

Distributable funds

EURm	31 Dec 2023	31 Dec 2022
Invested unrestricted equity	1,063	1,082
Other free funds	2,762	2,762
Additional Tier 1 capital holders	750	748
Retained earnings	14,468	14,840
Net profit for the year	4,739	3,955
Total	**23,782**	**23,387**
Capitalised development costs	-1,352	-1,495
Total distributable funds[1]	**22,430**	**21,892**

1) Refer to Board of Directors' report section "Proposed distribution of earnings" for amounts in one euro.

Nordea shares

Nordea Bank Abp's Articles of Associations do not contain any provisions on shares classes or voting rights. Consequently, Nordea Bank Abp has one class of shares (Nordea shares) and all shares in Nordea Bank Abp are ordinary shares. Each share confers one vote at Nordea Bank Abp's general meetings as well as an equal right to any dividend. Nordea Bank Abp is not entitled to vote with its own shares at general meetings. The Nordea share does not have any nominal value.

At the 2023 Annual General Meeting, the Board of Directors was authorised to decide on the repurchase of an aggregate of not more than 350,000,000 own shares, subject to the condition that the number of own shares held by Nordea Bank Abp together with its subsidiaries at any given time does not exceed 10% of all Nordea shares. The authorisation will remain in force and effect until 18 months from the resolution of the Annual General Meeting.

The 2023 AGM authorised the Board of Directors of Nordea Bank Abp to resolve, on one or several occasions, on the issuance of special rights entitling to either new shares in the company or treasury shares, against payment (convertibles) in accordance with or deviation from the shareholder's preemptive subscription rights. The maximum number of shares that may be issued based on this authorisation is 350,000,000. The authorisation will remain in force and effect until the earlier of (i) the end of the next Annual General Meeting of the company or (ii) 18 months from the resolution of the meeting.

Moreover, the 2023 AGM authorised the Board of Directors of Nordea Bank Abp to resolve, on one or several occasions, on the issuance of new shares or transfer of the company's own shares of not more than 30,000,000 shares. The authorisation will remain in force and effect until the earlier of (i) the end of the next Annual General Meeting of the company or (ii) 18 months from the resolution of the meeting.

In April 2023 Nordea Bank Abp's Board of Directors approved the fourth share buy-back programme of up to EUR 1 bn. The approval from the ECB for the buy-backs was announced on 3 March 2023 and the programme commenced on 28 April 2023 and will end no later than 5 March 2024.

In July 2022 Nordea Bank Abp's Board of Directors approved the third share buy-back programme of up to EUR 1.5bn. The approval from the ECB for the buy-backs was announced on 8 July and the programme commenced on 20 July 2022 and was completed on 17 March 2023.

For information on Additional Tier 1 loans that convert into shares, see Note P3.14 "Subordinated liabilities". For information on share-based incentive plans, see Note P7.3 "Share-based payment plans" and for information on authorisations held by the Board of Directors, see "Share issue resolution"

P9.1 Equity, cont.

under "The Nordea share and external credit ratings" in the Board of Directors' report.

The table below shows the change during the year in the total number of Nordea shares as well as the change during the year in the number of outstanding Nordea shares where the non-cancelled treasury shares are deducted.

Also the total number of own shares (treasury shares) as at 31 December is given in the table below.

	2023	2022
Total number of Nordea shares		
Total number of shares at 1 January	3,654,281,296	3,965,561,160
Cancelled own shares during the year	-126,001,788	-311,279,864
Total number of Nordea shares at 31 December	**3,528,279,508**	**3,654,281,296**

	2023	2022
Number of outstanding Nordea shares		
Number of outstanding Nordea shares at 1 January	3,640,871,455	3,932,780,127
Repurchased own shares	-120,953,361	-293,945,157
Shares granted in remuneration programmes for Nordea Bank Abp's management	1,286,336	1,038,593
Trading portfolio and Nordea Bank Abp's shares within portfolio schemes in Denmark	-2,015,111	997,892
Number of outstanding Nordea shares at 31 December	**3,519,189,319**	**3,640,871,455**

Number of own shares	31 Dec 2023	31 Dec 2022
Holdings of own shares related to treasury shares, trading portfolio and Nordea Bank Abp's shares within portfolio schemes in Denmark[1]	9,090,189	13,409,841
– of which treasury shares for remuneration purposes	4,787,315	6,073,651

1) Total acquisition price for holdings of own shares at 31 December 2023 was EUR 56.0m (EUR 87.0m).

Own shares bought and sold as part of market-making activities

Nordea Bank Abp has bought and sold its own shares as part of its normal trading and market-making activities. The trades are specified in the table below.

The 2023 Annual General Meeting resolved that Nordea Bank Abp, before the end of the Annual General Meeting 2024, may repurchase its own shares in the ordinary course of its securities trading business. The number of own shares to be repurchased may not exceed 175,000,000 shares.

The 2023 Annual General Meeting resolved that Nordea Bank Abp, before the end of the Annual General Meeting 2024, may transfer own shares in the ordinary course of its securities trading business. The number of own shares to be transferred may not exceed 175,000,000 shares.

Acquisitions and sales of own shares during the year

	Acquisitions[1]			Sales[1]		
2023	**Quantity**	**Average price, EUR**	**Amount, EUR 000**	**Quantity**	**Average price, EUR**	**Amount, EUR 000**
January	5,553,391	10.55	-58,591	-5,117,911	10.56	54,029
February	5,967,915	11.36	-67,770	-5,801,700	11.32	65,672
March	11,645,206	10.35	-120,548	-9,134,917	10.52	96,081
April	3,140,337	10.23	-32,114	-4,853,207	10.12	49,115
May	3,949,629	9.63	-38,044	-3,486,271	9.64	33,605
June	5,544,430	10.04	-55,640	-5,552,247	9.97	55,377
July	3,453,558	10.33	-35,690	-3,686,496	10.26	37,835
August	2,069,069	10.23	-21,160	-2,321,930	10.26	23,817
September	7,212,444	10.72	-77,331	-7,255,358	10.48	76,031
October	12,250,600	10.34	-126,673	-11,704,037	10.36	121,211
November	5,234,667	10.35	-54,166	-5,012,809	10.40	52,155
December	3,930,176	10.96	-43,065	-4,009,428	10.95	43,915
	69,951,422		**-730,792**	**-67,936,311**		**708,843**

1) Excluding Nordea shares related to securities lending.

P9.1 Equity, cont.

Acquisitions and sales of own shares during the year, cont.

	Acquisitions[1]			Sales[1]		
2022	Quantity	Average price, EUR	Amount, EUR 000	Quantity	Average price, EUR	Amount, EUR 000
January	8,017,064	10.32	-82,715	-8,023,707	10.37	83,167
February	6,419,301	10.10	-64,808	-6,766,663	10.03	67,889
March	14,121,604	9.48	-133,875	-14,088,746	9.19	129,476
April	9,024,274	9.32	-84,067	-8,089,411	9.40	76,018
May	3,919,691	9.20	-36,051	-4,995,358	9.09	45,403
June	6,417,125	8.91	-57,200	-7,441,435	8.74	65,055
July	2,929,973	8.79	-25,750	-3,431,258	8.84	30,334
August	5,665,057	9.34	-52,916	-3,689,893	9.34	34,446
September	8,403,739	9.23	-77,598	-8,677,780	9.34	81,083
October	8,755,527	8.98	-78,600	-8,930,157	8.99	80,309
November	10,770,814	9.87	-106,259	-11,151,159	9.81	109,439
December	10,285,919	9.90	-101,849	-10,443,405	9.86	102,948
	94,730,088		**-901,689**	**-95,728,972**		**905,566**

1) Excluding Nordea shares related to securities lending.

P9.2 Additional disclosures on the cash flow statement

Accounting policies

The cash flow statement shows inflows and outflows of cash and cash equivalents during the year for total operations. Nordea Bank Abp's cash flow statement has been prepared in accordance with the indirect method, whereby operating profit is adjusted for effects of non-cash transactions such as depreciation and loan losses. Cash flows are classified by operating, investing and financing activities.

Operating activities

Cash flows from operating activities, which are the principal revenue-producing activities, are mainly derived from profits during the year adjusted for items not included in cash flows and income taxes paid. Adjustment for items not included in cash flows includes:

EURm	2023	2022
Depreciation, amortisation and impairment charges of tangible and intangible assets	617	427
Impairment of shares and interests in group undertakings and associated undertakings	222	990
Loan losses	134	38
Unrealised gains/losses	1,448	-758
Capital gains/losses (net)	3	1
Change in accruals and provisions	-743	96
Translation differences	38	202
Change in fair value of hedged items, assets/liabilities (net)	1,991	-4,234
Other	-56	-443
Total	**3,654**	**-3,681**

Operating assets and liabilities consist of assets and liabilities that are part of normal business activities, such as loans, deposits and debt securities in issue. Changes in derivatives are reported on a net basis.

Cash flows from operating activities include interest payments received and interest expenses paid with the following amounts:

EURm	2023	2022
Interest payments received	14,359	5,657
Interest expenses paid	-8,523	-2,073

Investing activities

Investing activities include acquisition and disposal of non-current assets such as property and equipment and intangible and financial assets.

Financing activities

Financing activities are activities that result in changes in equity and subordinated liabilities such as new issues of shares, dividends and issued/amortised subordinated liabilities.

Cash and cash equivalents

The following items are included in "Cash and cash equivalents":

EURm	31 Dec 2023	31 Dec 2022
Cash and balances with central banks	49,150	61,425
Loans to central banks payable on demand	3	4
Loans to credit institutions payable on demand	687	842
Total	**49,840**	**62,271**

For the definition of cash and balances with central banks, see Note P3.6 "Cash and balances with central banks". Loans to central banks payable on demand include instruments where Nordea Bank Abp has the right to resell immediately. Loans to credit institutions payable on demand include liquid assets not represented by bonds or other interest-bearing securities.

P9.3 Maturity analysis

Accounting policy

The following table presents the remaining contractual maturities of the Nordea Bank Abp's financial assets and liabilities. On-demand deposits are reported in the bucket "Under 3 months". Loans where the lender can demand repayment upon request are reported according to their earliest possible contractual maturity date when repayment can be demanded. For derivatives, the cash inflows and outflows are disclosed for both derivative assets and derivative liabilities as derivatives are managed on a net basis. For further information about remaining maturity, see also Note P10 "Risk and liquidity management".

31 Dec 2023, EURm	Under 3 months	3–12 months	1–5 years	Over 5 years	Total
Assets					
Cash and balances with central banks	49,150	–	–	–	49,150
Loans to credit institutions	5,685	26,624	35,946	333	68,589
Loans to the public	51,578	15,729	55,560	27,033	149,900
Interest-bearing securities[1]	7,649	6,327	53,092	6,695	73,763
Derivatives	2,724	3,396	8,937	12,775	27,832
Other assets	4,351	93	12,800	530	17,774
Total	**121,137**	**52,169**	**166,335**	**47,366**	**387,008**
Liabilities					
Deposits by credit institutions and central banks	32,578	1,763	2,385	-238	36,488
Deposits and borrowings from the public	193,964	10,211	7,941	5,458	217,574
Debt securities in issue	20,684	25,904	22,033	3,238	71,859
Subordinated liabilities	–	760	3,295	1,665	5,720
Derivatives	5,077	3,621	9,942	13,562	32,202
Other liabilities	-2,311	-1,481	9,630	4,418	10,256
Total	**249,992**	**40,778**	**55,226**	**28,103**	**374,099**

31 Dec 2022, EURm	Under 3 months	3–12 months	1–5 years	Over 5 years	Total
Assets					
Cash and balances with central banks	61,425	–	–	–	61,425
Loans to credit institutions	6,143	25,987	41,122	235	73,488
Loans to the public	53,738	18,858	49,902	27,895	150,393
Interest-bearing securities[1]	8,281	11,415	48,727	6,081	74,504
Derivatives	4,041	3,470	14,990	16,369	38,870
Other assets	5,261	99	9,305	431	15,096
Total	**138,889**	**59,829**	**164,046**	**51,011**	**413,776**
Liabilities					
Deposits by credit institutions and central banks	27,749	7,168	5,713	0	40,630
Deposits and borrowings from the public	210,616	6,588	3,367	4,660	225,231
Debt securities in issue	24,178	32,389	15,648	4,717	76,932
Subordinated liabilities	–	214	3,489	1,698	5,401
Derivatives	4,357	3,805	16,623	17,264	42,049
Other liabilities	-999	-3,684	12,397	4,237	11,951
Total	**265,901**	**46,480**	**57,237**	**32,576**	**402,194**

1) Including "Debt securities eligible for refinancing with central banks" of EUR 59,967m (EUR 60,453m).

P9.4 Assets and liabilities in EUR and other currencies

Accounting policies

The following table presents the assets and liabilities of Nordea Bank Abp broken down by balances in EUR and in foreign currencies. A balance in foreign currency is defined as a balance which should be translated into EUR when preparing financial statements.

More information on translation of assets and liabilities can be found in Note P1 "Accounting policies".

	31 Dec 2023			31 Dec 2022		
	EURm	Foreign currency	Total	EURm	Foreign currency	Total
Assets						
Cash and balances with central banks	29,474	19,676	49,150	42,463	18,962	61,425
Loans to credit institutions	16,974	51,615	68,589	18,390	54,924	73,314
Loans to the public	47,475	102,425	149,900	46,706	103,318	150,024
Interest-bearing securities[1]	23,274	50,489	73,763	20,530	53,974	74,504
Derivatives	16,975	10,857	27,832	23,862	15,008	38,870
Other assets	22,458	13,078	35,536	21,235	12,623	33,858
Total	**156,630**	**248,140**	**404,770**	**173,186**	**258,809**	**431,995**
Liabilities						
Deposits by credit institutions and central banks	10,225	26,263	36,488	24,315	16,315	40,630
Deposits and borrowings from the public	76,487	141,087	217,574	73,662	151,569	225,231
Debt securities in issue	27,700	44,159	71,859	23,912	53,020	76,932
Derivatives	15,281	16,921	32,202	22,395	19,654	42,049
Other liabilities	12,755	6,258	19,013	13,083	6,907	19,990
Total	**142,448**	**234,688**	**377,136**	**157,367**	**247,465**	**404,832**

1) Including "Debt securities eligible for refinancing with central banks" of EUR 59,967m (EUR 60,453m).

P9.5 Other assets

Accounting policies

Other assets are assets that do not qualify for any of the other line items covering assets. Under the accrual basis of accounting, accrued income is income that is not yet invoiced and prepaid expenses are future expenses that are paid in advance.

For additional accounting policies, see Note P3.1 "Recognition on and derecognition from the balance sheet", Note P3.3 "Classification and measurement" and Note P3.4 "Fair value".

This note includes the specifications for the balance sheet line items "Other assets" and "Prepaid expenses and accrued income".

Other assets

EURm	31 Dec 2023	31 Dec 2022
Cash items in process of collection	134	63
Claims on securities settlement proceeds	1,130	2,343
Cash/margin receivables related to derivatives	6,908	5,894
Other	1,127	1,353
Total	**9,299**	**9,653**

Prepaid expenses and accrued income

EURm	31 Dec 2023	31 Dec 2022
Accrued interest income	3	2
Other accrued income	308	292
Prepaid expenses	465	437
Total	**776**	**731**

P9.6 Other liabilities

Accounting policies

Other liabilities are liabilities that do not qualify for any of the other line items covering liabilities. Under the accrual basis of accounting, accrued expenses are expenses incurred but for which an invoice has not yet been received and prepaid income is future income that is received in advance.

For additional accounting policies, see Note P3.1 "Recognition on and derecognition from the balance sheet", Note P3.3 "Classification and measurement" and Note P3.4 "Fair value".

This note includes the specifications for the balance sheet line items "Other liabilities" and "Accrued expenses and prepaid income".

Other liabilities

EURm	31 Dec 2023	31 Dec 2022
Liabilities on securities settlement proceeds	884	1,621
Sold, not held, securities	4,665	5,674
Cash items in process of collection	2,041	2,304
Accounts payable	86	69
Cash/margin payables	3,394	4,416
Other	1,225	931
Total	**12,295**	**15,015**

Accrued expenses and prepaid income

EURm	31 Dec 2023	31 Dec 2022
Accrued interest	14	16
Other accrued expenses	839	749
Prepaid income	63	105
Total	**916**	**870**

P9.7 Customer assets under management

Accounting policies

Customer assets under management are assets that are held and managed on behalf of customers but are not recognised on Nordea Bank Abp's balance sheet.

EURm	31 Dec 2023	31 Dec 2022
Asset management	122,095	114,386
Custody assets	259,512	278,536
Total	**381,607**	**392,922**

P9.8 Related party transactions

Accounting policies

Related party
A related party is a person or entity that is related to Nordea Bank Abp. Related parties are grouped in the following categories:

- Shareholders with significant influence
- Group undertakings
- Associated undertakings and joint ventures
- Key management personnel
- Other related parties.

Shareholders with significant influence
Shareholders with significant influence are shareholders that have the power to participate in the financial and operating policy decisions of Nordea Bank Abp but do not control those policies.

Group undertakings
Group undertakings are defined as the subsidiaries of the parent company, Nordea Bank Abp. Further information on the undertakings owned by Nordea Bank Abp is found in Note P8.1 "Investments in group undertakings".

Transactions between Nordea Bank Abp and its subsidiaries are performed according to the arm's length principle in conformity with OECD requirements on transfer pricing.

Associated undertakings and joint ventures
For the definition of associated undertakings and joint ventures, see Note P8.2 "Investments in associated undertakings and joint ventures".

Key management personnel
Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities in Nordea Bank Abp, directly or indirectly, including any director of the entity.

Other related parties
Other related parties comprise subsidiaries of shareholders with significant influence, close family members of key management personnel and companies controlled or jointly controlled by key management personnel or by close family members of key management personnel.

Related party transactions
A related party transaction is a transfer of resources, services or obligations between Nordea Bank Abp and a related party, regardless of whether a price is charged. See also accounting policies in Note P7.4 "Key management personnel remuneration".

All transactions with related parties are made on the same criteria and terms as those of comparable transactions with external parties of similar standing, apart from loans granted to employees as well as certain other commitments to key management personnel, see Note P7.4 "Key management personnel remuneration" and Note P6.1 "Contingent liabilities".

In Nordea Bank Abp key management personnel includes the following positions:

- Board of Directors
- Chief Executive Officer (CEO)
- Deputy Managing Director
- Group Leadership Team.

Loans to key management personnel amounted to EUR 1.0m (EUR 0.0m) and interest income on these loans amounted to EUR 0.0m (EUR 0.0m). Deposits from key management personnel amounted to EUR 7.8m (EUR 7.3m) and interest on these deposits amounted to EUR -0.1m (EUR -0.0m). Loan commitments to key management personnel amounted to EUR 0.2m (EUR 0.0m).

For key management personnel employed by Nordea Bank Abp the same credit terms apply as for other employees. In Finland, the employee interest rate for mortgage loans corresponds to Nordea Bank Abp's funding cost with a margin of 30bp and for other loans the employee interest rate corresponds to Nordea Bank Abp's funding cost with a margin of 60-500bp. In Denmark, the employee interest rate for loans is variable and between 3.55% – 5.70% depending of the type of mortgage. In Norway, the variable interest rate on loans to employees is 5.01%. Mortgage loans with fixed interest rates are offered with the same rates as mortgage loans to Premium customers. In Sweden, loans approved with employee conditions are a maximum at SEK 3m for any type of loan and maximum amount at SEK 0.4m for car loans. The interest rate for these loans is 215bp lower than the corresponding interest rate for external customers. For interest on loans above SEK 3m and SEK 0.4m respectively, the employees receive the same maximal discount as Nordea's best external customers.

Loans to family members of key management personnel who do not live in the same household as key management personnel are granted on normal market terms, as are loans to key management personnel who are not employed by Nordea Bank Abp. For more information about transactions with key management personnel, see Note P7.4 "Key management personnel remuneration".

The loan quality for key management personnel and their family members is good with no significant increase in credit risk. Loan loss provisions for key management personnel are included in the collectively assessed allowances shown in Note P2.10 "Net loan losses".

For information about remuneration to key management personnel, see Note P7.4 "Key management personnel remuneration".

P9.8 Related party transactions, cont.

The information below is presented from Nordea Bank Abp's perspective, meaning that the information shows the effect of related party transactions on Nordea Bank Abp's figures.

	31 Dec 2023			31 Dec 2022		
EURm	**Group undertakings**	**Associated undertakings and joint ventures**	**Other related parties[3]**	**Group undertakings**	**Associated undertakings and joint ventures**	**Other related parties[3]**
Assets						
Debt securities eligible for refinancing with central banks	12,966	–	–	15,129	–	–
Loans to credit institutions[1]	64,963	–	–	68,747	–	–
Loans to the public[1]	3,091	31	0	3,485	45	0
Interest-bearing securities	4,857	–	–	5,128	–	–
Derivatives	1,368	3	–	2,433	0	–
Other assets	853	1	–	947	8	–
Prepaid expenses and accrued income[1]	430	–	–	413	–	–
Total assets	**88,528**	**35**	**0**	**96,282**	**53**	**0**
Liabilities						
Deposits by credit institutions and central banks	7,291	0	–	8,330	0	–
Deposits and borrowings from the public	3,260	1	19	3,596	13	32
Debt securities in issue	207	–	–	160	–	–
Derivatives	1,459	11	–	2,089	3	–
Other liabilities	490	–	0	714	–	0
Accrued expenses and deferred income	23	–	–	24	–	–
Provisions	–	0	–	0	0	–
Total liabilities	**12,730**	**12**	**19**	**14,913**	**16**	**32**
Off-balance sheet items[2]	155,447	10	5	167,979	49	1

	2023			2022		
EURm	**Group undertakings**	**Associated undertakings and joint ventures**	**Other related parties[3]**	**Group undertakings**	**Associated undertakings and joint ventures**	**Other related parties[3]**
Income statement						
Interest income	3,025	0	0	952	0	0
Interest expense	-1	0	0	-276	0	0
Net fee and commission income	437	0	0	456	0	0
Total net result from items at fair value[4]	-481	0	0	1,231	-2	–
Other operating income	732	–	–	919	–	–
Total operating expenses	-72	–	–	7	–	–
Profit before loan losses	**3,640**	**0**	**0**	**3,289**	**-2**	**0**

1) Figures have been restated. For more information on the changes in presentation, see the section "Changed accounting policies and presentation" in Note P1 "Accounting policies".

2) Including nominal values of derivatives.

3) Shareholders with significant influence (including their subsidiaries), close family members of key management personnel at Nordea Bank Abp and companies controlled or jointly controlled by key management personnel or by close family members of key management personnel at Nordea Bank Abp are considered to be related parties to Nordea Bank Abp. Other related parties also include Nordea Bank Abp's pension foundations.

4) Including the income statement line items "Net result from securities at fair value through profit or loss" and "Net result from securities at fair value through fair value reserve".

P10 Risk and liquidity management

1. Risk governance

Maintaining risk awareness in the organisation is an integral part of Nordea Bank Abp's business strategy. Nordea Bank Abp has defined clear risk and liquidity management frameworks including policies and instructions for different risk types, capital adequacy and capital structure.

The impact of the geopolitical situation and COVID-19 on Nordea Bank Abp's risk and liquidity management is described in section 1 "Risk governance" in the Group's Note G11.

Internal Control Framework

See section 1.1 "Internal Control Framework" in the Group's Note G11.

Decision-making bodies for risk, liquidity and capital management

See section 1.2 "Decision-making bodies for risk, liquidity and capital management" in the Group's Note G11.

Governance of risk management and compliance

See section 1.3 "Governance of risk management and compliance" in the Group's Note G11.

Disclosure requirements of the Capital Requirements Regulation – Capital and Risk Management Report 2023

Additional information on risk and capital management is presented in the Capital and Risk Management Report 2023, in accordance with the Capital Requirements Regulation.

2. Credit risk

Credits granted within Nordea Bank Abp must conform to the common principles established for Nordea. Nordea Bank Abp strives to have a well-diversified credit portfolio that is adapted to the structure of its home markets and economies. Nordea Bank Abp's loan portfolio is split by type of exposure classes (corporate and retail) or by sector, then further broken down by segment, industry and geography and reported monthly, quarterly and annually. For mote information on the key principles for managing Nordea Bank Abp's risk exposures, see the Group Note G11, section 2 "Credit risk".

For credit risk management, credit risk definition and identification as well as credit risk mitigation, see sections 2 "Credit risk", 2.1 "Credit risk definition and identification" and 2.2 "Credit risk mitigation" in the Group's Note G11.

Collateral distribution

The distribution of collateral remained stable during 2023, with the majority of the collateral stemming from commercial and residential real estate.

Collateral distribution

	31 Dec 2023	31 Dec 2022
Financial collateral	1.9%	2.1%
Receivables	1.1%	0.9%
Residential real estate	35.4%	35.2%
Commercial real estate	44.7%	44.9%
Other physical collateral	16.9%	16.9%
Total	**100.0%**	**100.0%**

Maximum exposure to credit risk

		31 Dec 2023		31 Dec 2022	
EURm	Note	Amortised cost and fair value through fair value reserve	Financial assets at fair value through profit or loss	Amortised cost and fair value through fair value reserve	Financial assets at fair value through profit or loss
Loans to credit institutions	P3.3, P3.7	67,395	1,194	70,626	2,862
Loans to the public	P3.3, P3.7	129,058	20,842	131,908	18,485
Interest-bearing securities[1]	P3.3, P3.8	50,913	22,851	49,633	24,871
Derivatives	P3.3, P3.10	–	27,832	–	38,870
Off-balance sheet items	P6.1, P6.2	137,524	–	142,125	–
Total		**384,890**	**72,718**	**393,748**	**85,088**

1) Including the balance sheet line item "Debt securities eligible for refinancing with central banks".

Allowances for credit risk

EURm	Note	31 Dec 2023	31 Dec 2022
Loans to credit institutions	P3.7	6	9
Loans to the public	P3.7	1,253	1,255
Interest-bearing securities measured at fair value through fair value reserve or amortised cost[1]	P3.8	4	3
Off-balance sheet items	P5	187	202
Total		**1,450**	**1,469**

1) Including the balance sheet line item "Debt securities eligible for refinancing with central banks".

P10. Risk and liquidity management, cont.

Assets taken over for protection of claims

Shares and other participations make up the total assets taken over as at the end of December 2023. The level of assets taken over is low, and this has been the case for several years.

Assets taken over for protection of claims[1]

EURm	31 Dec 2023	31 Dec 2022
Current assets, carrying amount:		
Shares and other participations	6	0
Total	**6**	**0**

1) In accordance with Nordea Bank Abp's policy for taking over assets for protection of claims, which is in compliance with the local banking business acts wherever Nordea Bank Abp is located. Assets used as collateral for the loan are generally taken over when the customer is not able to fulfil its obligations towards Nordea Bank Abp. The assets taken over are disposed at the latest when full recovery is reached.

Loan-to-value

The loan-to-value (LTV) ratio is considered a useful measure to evaluate quality of collateral, i.e. the credit extended divided by the market value of the collateral. In the table, IRB retail mortgage exposures are distributed by LTV buckets based on the LTV ratio.

Loan-to-value[1]

	31 Dec 2023		31 Dec 2022	
Retail mortgage exposure	EURbn	%	EURbn	%
<50%	13.4	85.0	12.6	85.3
50–70%	1.7	10.9	1.6	10.5
71–80%	0.4	2.4	0.3	2.2
81–90%	0.2	1.1	0.1	1.0
>90%	0.1	0.6	0.1	1.0
Total	**15.7**	**100.0**	**14.8**	**100.0**

1) The amount and persentages in the table includes the relevant part of a loan, not the total loan.

Individual and collective assessment of impairment

For individual and collective assessment of impairment, individual and collective provisioning as well as default, see section 2.6 "Individual and collective assessment of impairment" in the Group's Note G11.

Forbearance

Forbearance is eased terms or restructuring due to the borrower experiencing or about to experience financial difficulties. The intention of granting forbearance for a limited time period is to help the customer return to a sustainable financial situation ensuring full repayment of the outstanding debt. Examples of eased terms are changes in amortisation profile, repayment schedule, customer margin as well as ease of covenants. Forbearance is undertaken on a selective and individual basis and is followed by impairment testing (corporate customers) as forbearance is considered a credit event. Individual loan loss provisions are recognised if necessary. Forbearance is approved according to the powers to act, and forborne exposures can be performing or non-performing.

Forbearance

EURm	31 Dec 2023	31 Dec 2022
Forborne loans	1,775	1,563
- of which defaulted	912	768
Allowances for individually assessed impaired and forborne loans	430	337
- of which defaulted	399	317

Key ratios	31 Dec 2023	31 Dec 2022
Forbearance ratio[1]	0.9%	0.8%
Forbearance coverage ratio[2]	24.0%	22.0%
- of which defaulted	44.0%	41.0%

1) Forborne loans/Loans held at amortised cost before allowances.
2) Individual allowances on forborne loans/Forborne loans.

Credit portfolio

Including on- and off-balance sheet exposures, the total credit risk exposure at year end was EUR 458bn (EUR 479bn). Credit risk is measured, monitored and segmented in different ways. On-balance sheet lending consists of amortised cost lending and fair value lending and constitutes the major part of the credit portfolio. Amortised cost lending is the basis for impaired loans, allowances and loan losses.

Credit risk in lending is measured and presented as the principal amount of on-balance sheet claims, i.e. loans to credit institutions and to the public, and off-balance sheet potential claims on customers and counterparties, net after allowances. Credit risk exposure also includes the risk related to derivative contracts and securities financing. The overall credit quality is solid with strongly rated customers.

Nordea Bank Abp's loans to the public was unchanged at EUR 150bn in 2023 (EUR 150bn). Of the lending to the public portfolio, corporate customers accounted for 65.7% (66.3%), reverse repurchase agreements for 13.9% (12.3%), household customers for 18.4% (18.5%) and the public sector for 1.9% (2.9%). Loans to central banks and credit institutions decreased to EUR 69bn at the end of 2023 (EUR 73bn).

Loans to corporate customers

Loans to corporate customers at the end of 2023 amounted to EUR 119bn (EUR 118bn). The sector that increased the most in 2023 was Real estate, while Industrials decreased the most. The contribution of the two largest industries (Real estate and Industrials) was approximately 50% of total lending (50%). Real estate remained the largest industry in Nordea Bank Abp's lending portfolio, at EUR 26bn (EUR 25bn). The real estate (commercial and residential) portfolio predominantly consists of relatively large and financially strong companies, with 90% (92%) of the exposure in rating grades 4– and higher. The distribution of loans to corporate customers by size of loans, seen in the table below, shows a high degree of diversification with approximately 50% (51%) of the corporate volume representing loans up to EUR 50m per customer.

Loans to corporate customers, by size of loans

	31 Dec 2023		31 Dec 2022	
Size in EURm	Loans EURm	%	Loans EURm	%
0–10	25,681	22	26,975	23
11–50	34,195	29	33,320	28
51–100	22,098	19	19,771	17
101–250	25,667	21	22,856	19
251–500	6,503	5	9,618	8
501–	5,255	4	5,877	5
Total	**119,399**	**100**	**118,417**	**100**

Loans to household customers

In 2023 lending to household customers remained at EUR 28bn (EUR 28bn). Mortgage lending decreased to EUR 9bn (EUR 10bn) and consumer lending increased to EUR 18bn (EUR 18bn). The proportion of mortgage lending of total household lending decreased to 34% (36%).

P10. Risk and liquidity management, cont.

Loans to the public measured at amortised cost and fair value

31 Dec 2023, EURm	Denmark	Finland	Norway	Sweden[1]	Other[1]	Total
Financial institutions	3,760	3,407	960	7,809	677	16,613
Agriculture	548	296	2,589	51	6	3,490
Crops, plantations and hunting	323	150	21	9	6	509
Animal husbandry	212	142	14	18	–	386
Fishing and aquaculture	13	4	2,554	24	–	2,595
Natural resources	26	686	705	240	99	1,756
Paper and forest products	23	419	415	223	99	1,179
Mining and supporting activities	3	238	10	13	–	264
Oil, gas and offshore	0	29	280	4	–	313
Consumer staples	1,415	712	808	1,746	57	4,738
Food processing and beverages	282	260	559	451	16	1,568
Household and personal products	31	69	108	365	1	574
Healthcare	1,102	383	141	930	40	2,596
Consumer discretionary and services	983	2,085	2,484	4,781	185	10,518
Consumer durables	99	262	204	2,017	182	2,764
Media and entertainment	247	275	125	1,199	–	1,846
Retail trade	457	1,148	995	1,078	3	3,681
Air transportation	126	2	36	29	–	193
Accommodation and leisure	53	340	649	229	–	1,271
Telecommunication services	1	58	475	229	–	763
Industrials	4,892	4,167	6,716	7,251	183	23,209
Materials	376	427	210	518	10	1,541
Capital goods	526	1,011	186	838	58	2,619
Commercial and professional services	849	548	1,440	1,494	89	4,420
Construction	401	954	3,316	1,289	0	5,960
Wholesale trade	1,910	667	876	2,082	19	5,554
Land transportation	545	155	141	400	–	1,241
IT services	285	405	547	630	7	1,874
Maritime	83	127	4,557	70	304	5,141
Shipbuilding	0	3	163	0	–	166
Shipping	0	32	4,245	50	302	4,629
Maritime services	83	92	149	20	2	346
Utilities and public service	368	3,045	1,689	668	0	5,770
Utilities distribution	313	1,310	1,035	192	–	2,850
Power production	6	1,610	545	393	0	2,554
Public services	49	125	109	83	0	366
Real estate	788	6,915	10,122	7,855	79	25,759
Commercial real estate	631	4,196	8,599	7,087	79	20,592
Tenant-owned associations and residential real estate companies	157	2 719	1 523	768	–	5,167
Other industries	142	–	0	14	1,406	1,562
Total corporate	**13,005**	**21,440**	**30,630**	**30,485**	**2,996**	**98,556**
Housing loans	–	5,247	4,208	–	–	9,455
Collateralised lending	9,749	3,894	243	848	–	14,734
Non-collateralised lending	781	472	337	1,845	–	3,435
Household	**10,530**	**9,613**	**4,788**	**2,693**	**–**	**27,624**
Public sector	**954**	**527**	**18**	**1,379**	**–**	**2,878**
Reverse repurchase agreements	**–**	**20,842**	**–**	**–**	**–**	**20,842**
Loans to the public by country	**24,489**	**52,422**	**35,436**	**34,557**	**2,996**	**149,900**
of which loans at fair value	**–**	**20,842**	**–**	**–**	**–**	**20,842**

1) Loans related the Baltics (EUR 79m), legally booked in Sweden have been moved from Sweden to Other.

P10. Risk and liquidity management, cont.

Loans to the public measured at amortised cost and fair value

31 Dec 2022, EURm	Denmark	Finland	Norway	Sweden[1]	Other[1]	Total
Financial institutions	4,299	3,309	1,053	8,137	587	17,385
Agriculture	591	313	2,668	28	4	3,604
Crops, plantations and hunting	332	149	26	9	4	520
Animal husbandry	253	159	7	18	–	437
Fishing and aquaculture	6	5	2,635	1	0	2,647
Natural resources	55	834	859	335	201	2,284
Paper and forest products	40	615	382	321	178	1,536
Mining and supporting activities	2	187	13	13	–	215
Oil, gas and offshore	13	32	464	1	23	533
Consumer staples	1,602	749	644	1,424	67	4,486
Food processing and beverages	369	304	345	454	19	1,491
Household and personal products	43	71	111	345	2	572
Healthcare	1,190	374	188	625	46	2,423
Consumer discretionary and services	906	2,066	2,382	4,554	85	9,993
Consumer durables	111	283	190	1,744	81	2,409
Media and entertainment	317	271	103	946	–	1,637
Retail trade	364	1,073	960	1,331	4	3,732
Air transportation	20	4	35	7	–	66
Accommodation and leisure	88	403	664	265	–	1,420
Telecommunication services	6	32	430	261	–	729
Industrials	5,399	4,206	6,782	8,244	258	24,889
Materials	409	419	213	1,050	27	2,118
Capital goods	562	943	151	1,060	71	2,787
Commercial and professional services	685	594	1,678	1,406	117	4,480
Construction	511	992	3,308	1,501	3	6,315
Wholesale trade	2,583	658	774	2,274	30	6,319
Land transportation	462	169	161	279	4	1,075
IT services	187	431	497	674	6	1,795
Maritime	36	117	5,034	94	363	5,644
Shipbuilding	0	3	108	0	–	111
Shipping	0	22	4,804	87	363	5,276
Maritime services	36	92	122	7	0	257
Utilities and public service	247	3,401	1,668	894	0	6,210
Utilities distribution	167	1,440	878	401	–	2,886
Power production	34	1,832	679	403	0	2,948
Public services	46	129	111	90	0	376
Real estate	1,183	6,306	9,837	7,524	115	24,965
Commercial real estate	867	3,999	8,305	6,625	115	19,911
Tenant-owned associations and residential real estate companies	316	2,307	1,532	899	0	5,054
Other industries	142	77	150	106	11	486
Total corporate	**14,460**	**21,378**	**31,077**	**31,340**	**1,691**	**99,946**
Housing loans	–	5,012	5,024	0	–	10,036
Collateralised lending	8,592	4,113	242	1,005	–	13,952
Non-collateralised lending	872	450	374	2,016	–	3,712
Household	**9,464**	**9,575**	**5,640**	**3,021**	**–**	**27,700**
Public sector	**1,131**	**600**	**19**	**2,527**	**–**	**4,277**
Reverse repurchase agreements	**–**	**18,470**	**–**	**0**	**–**	**18,470**
Loans to the public by country	**25,055**	**50,023**	**36,736**	**36,888**	**1,691**	**150,393**
of which loans at fair value	**–**	**18,470**	**15**	**–**	**–**	**18,485**

1) Loans related to Russia (EUR 4m) and the Baltics (EUR 116m), accounted for under the Swedish branch, have been moved to Other.

P10. Risk and liquidity management, cont.

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

	Gross			Allowances				
31 Dec 2023, EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Net**	**Net loan loss[1]**
Financial institutions	16,416	216	65	7	7	36	16,647	-8
Agriculture	3,374	101	56	4	5	32	3,490	26
Crops, plantations and hunting	466	40	12	2	2	5	509	1
Animal husbandry	322	51	44	1	3	27	386	26
Fishing and aquaculture	2,586	10	0	1	0	0	2,595	-1
Natural resources	1,709	52	12	2	4	11	1,756	-3
Paper and forest products	1,142	43	12	2	4	11	1,180	-6
Mining and supporting activities	255	9	0	0	0	0	264	0
Oil, gas and offshore	312	0	0	0	0	0	312	3
Consumer staples	4,537	163	79	7	8	26	4,738	-2
Food processing and beverages	1,455	84	51	3	4	15	1,568	-6
Household and personal products	559	17	1	1	1	1	574	1
Healthcare	2,523	62	27	3	3	10	2,596	3
Consumer discretionary and services	9,374	873	538	11	46	210	10,518	-46
Consumer durables	2,436	297	99	2	6	60	2,764	-30
Media and entertainment	1,619	64	195	1	4	27	1,846	-19
Retail trade	3,233	372	212	6	28	102	3,681	-2
Air transportation	188	4	3	0	0	2	193	0
Accommodation and leisure	1,137	134	24	2	8	14	1,271	6
Telecommunication services	761	2	5	0	0	5	763	-1
Industrials	21,590	1,656	306	32	90	221	23,209	-28
Materials	1,457	86	16	2	4	12	1,541	-1
Capital goods	2,430	189	37	4	14	19	2,619	1
Commercial and professional services	4,279	145	23	6	9	12	4,420	0
Construction	5,263	729	72	9	32	63	5,960	5
Wholesale trade	5,274	281	72	6	22	45	5,554	-23
Land transportation	1,201	45	21	1	2	23	1,241	21
IT services	1,686	181	65	4	7	47	1,874	-31
Maritime	5,085	48	48	15	2	23	5,141	10
Shipbuilding	160	6	–	0	0	0	166	3
Shipping	4,582	39	48	15	2	23	4,629	7
Maritime services	343	3	0	0	0	0	346	0
Utilities and public service	5,715	58	7	4	2	4	5,770	2
Utilities distribution	2,821	27	4	1	0	1	2,850	1
Power production	2,547	10	1	2	1	1	2,554	0
Public services	347	21	2	1	1	2	366	1
Real estate	24,272	1,471	160	23	39	82	25,759	-33
Other industries	1,528	0	0	0	0	0	1,528	12
Total corporate	**93,600**	**4,638**	**1,271**	**105**	**203**	**645**	**98,556**	**-70**
Housing loans	8,838	526	150	2	9	47	9,456	-5
Collateralised lending	13,241	1,440	190	9	34	94	14,734	-4
Non-collateralised lending	2,852	617	68	13	52	38	3,434	-40
Household	**24,931**	**2,583**	**408**	**24**	**95**	**179**	**27,624**	**-49**
Public sector	**2,853**	**0**	**27**	0	0	**2**	**2,878**	**0**
Loans to the public	**121,384**	**7,221**	**1,706**	**129**	**298**	**826**	**129,058**	**-119**
Loans to credit institutions and central banks	**67,392**	**8**	**1**	**5**	**0**	1	**67,395**	–
Total	**188,776**	**7,229**	**1,707**	**134**	**298**	**827**	**196,453**	**-119**

1) The table shows net loan losses related to on- and off-balance sheet exposures for the full year 2023.

P10. Risk and liquidity management, cont.

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

	Gross			Allowances				
31 Dec 2022, EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Net**	**Net loan loss[1]**
Financial institutions	17,206	279	64	8	9	29	17,503	-26
Agriculture	3,429	146	98	3	13	53	3,604	-1
Crops, plantations and hunting	479	36	16	1	3	7	520	4
Animal husbandry	326	85	82	1	9	46	437	-4
Fishing and aquaculture	2,624	25	0	1	1	0	2,647	-1
Natural resources	2,211	55	29	2	2	13	2,278	26
Paper and forest products	1,512	25	14	2	2	10	1,537	3
Mining and supporting activities	205	9	1	0	0	0	215	0
Oil, gas and offshore	493	22	14	0	0	3	526	23
Consumer staples	4,356	97	74	7	6	28	4,486	-23
Food processing and beverages	1,427	35	47	2	2	14	1,491	-11
Household and personal products	558	15	3	1	1	2	572	-1
Healthcare	2,371	47	24	4	3	12	2,423	-11
Consumer discretionary and services	9,302	656	259	10	42	172	9,993	-24
Consumer durables	2,275	123	42	2	5	24	2,409	-12
Media and entertainment	1,535	103	15	1	5	10	1,637	-3
Retail trade	3,504	193	172	6	18	113	3,732	-15
Air transportation	58	8	3	0	1	2	66	0
Accommodation and leisure	1,204	226	21	1	13	17	1,420	4
Telecommunication services	726	3	6	0	0	6	729	3
Industrials	23,433	1,385	435	31	76	257	24,889	-47
Materials	2,059	44	31	2	3	11	2,118	0
Capital goods	2,627	146	63	4	8	37	2,787	13
Commercial and professional services	4,305	179	24	4	11	13	4,480	7
Construction	5,866	456	120	9	26	91	6,316	-25
Wholesale trade	5,922	402	60	6	20	39	6,319	-10
Land transportation	976	78	72	2	3	46	1,075	-24
IT services	1,678	80	65	4	5	20	1,794	-8
Maritime	5,448	174	65	18	4	31	5,634	25
Shipbuilding	108	3	3	0	0	3	111	1
Shipping	5,083	171	62	18	4	28	5,266	24
Maritime services	257	0	0	0	0	0	257	0
Utilities and public service	6,153	60	11	4	3	4	6,213	2
Utilities distribution	2,850	37	3	1	2	1	2,886	1
Power production	2,943	8	1	2	0	1	2,949	-2
Public services	361	14	7	1	1	2	378	2
Real estate	24,422	523	137	21	13	83	24,965	34
Other industries	388	0	0	0	19	0	369	2
Total corporate	**96,348**	**3,375**	**1,172**	**104**	**187**	**670**	**99,934**	**-32**
Housing loans	9,434	502	140	2	6	32	10,036	6
Collateralised lending	12,835	1,083	176	15	44	84	13,951	62
Non-collateralised lending	3,259	501	60	16	59	34	3,711	-38
Household	**25,528**	**2,086**	**376**	**33**	**109**	**150**	**27,698**	**30**
Public sector	**4,174**	**66**	**39**	0	0	**2**	**4,277**	-1
Loans to the public	**126,050**	**5,527**	**1,587**	**137**	**296**	**822**	**131,909**	-3
Loans to credit institutions and central banks	**70,613**	**7**	13	**3**	**0**	5	**70,625**	0
Total	**196,663**	**5,534**	**1,600**	**140**	**296**	**827**	**202,534**	-3

1) The table shows net loan losses related to on- and off-balance sheet exposures for the full year 2022.

P10. Risk and liquidity management, cont.

Impaired loans (stage 3) to the public by country and industry (including loans at fair value)

31 Dec 2023, EURm	Denmark	Finland	Norway	Sweden	Outside Nordic	Total
Financial institutions	52	2	7	4	–	65
Agriculture	30	26	0	0	–	56
Crops, plantations and hunting	5	7	–	0	–	12
Animal husbandry	25	19	–	–	–	44
Fishing and aquaculture	0	–	0	–	–	0
Natural resources	1	6	0	5	–	12
Paper and forest products	1	6	0	5	–	12
Mining and supporting activities	–	0	–	–	–	0
Oil, gas and offshore	–	0	–	–	–	0
Consumer staples	63	13	1	2	–	79
Food processing and beverages	39	10	–	2	–	51
Household and personal products	0	1	0	0	–	1
Healthcare	24	2	1	0	–	27
Consumer discretionary and services	124	92	24	298	–	538
Consumer durables	1	41	–	57	–	99
Media and entertainment	2	11	–	182	–	195
Retail trade	120	20	24	48	–	212
Air transportation	–	1	–	2	–	3
Accommodation and leisure	1	19	0	4	–	24
Telecommunication services	–	0	0	5	–	5
Industrials	68	101	19	118	0	306
Materials	11	5	0	0	–	16
Capital goods	15	18	1	3	–	37
Commercial and professional services	3	10	7	3	–	23
Construction	5	46	7	14	–	72
Wholesale trade	33	10	4	25	–	72
Land transportation	0	5	0	16	–	21
IT services	1	7	0	57	–	65
Maritime	–	0	48	–	–	48
Shipbuilding	–	0	–	–	–	–
Shipping	–	0	48	–	–	48
Maritime services	–	0	–	–	–	0
Utilities and public service	1	5	–	1	–	7
Utilities distribution	–	4	–	–	–	4
Power production	–	0	–	1	–	1
Public services	1	1	–	0	–	2
Real estate	8	80	59	13	–	160
Other industries	0	–	–	–	–	0
Total corporate	**347**	**325**	**158**	**441**	0	**1,271**
Housing loans	–	118	32	–	–	150
Collateralised lending	88	98	1	3	–	190
Non-collateralised lending	17	10	4	37	–	68
Household	**105**	**226**	**37**	**40**	–	**408**
Public sector	**27**	–	–	–	–	**27**
Total impaired loans	**479**	**551**	**195**	**481**	0	**1,706**
of which fair value	–	–	–	–	–	–

P10. Risk and liquidity management, cont.

Impaired loans (stage 3) to the public by country and industry (including loans at fair value)

31 Dec 2022, EURm	Denmark	Finland	Norway	Sweden	Outside Nordic	Total
Financial institutions	48	2	3	11	–	64
Agriculture	71	27	0	0	0	98
Crops, plantations and hunting	10	6	–	0	0	16
Animal husbandry	61	21	–	–	–	82
Fishing and aquaculture	0	–	0	–	–	0
Natural resources	5	11	18	–	–	34
Paper and forest products	5	8	1	–	–	14
Mining and supporting activities	–	1	–	–	–	1
Oil, gas and offshore	–	2	17	–	–	19
Consumer staples	65	7	0	2	–	74
Food processing and beverages	41	4	–	2	–	47
Household and personal products	1	2	0	0	–	3
Healthcare	23	1	0	0	–	24
Consumer discretionary and services	126	39	2	92	–	259
Consumer durables	1	3	–	38	–	42
Media and entertainment	2	13	–	0	–	15
Retail trade	122	13	2	35	–	172
Air transportation	–	2	–	1	–	3
Accommodation and leisure	1	8	0	12	–	21
Telecommunication services	–	0	–	6	–	6
Industrials	93	158	60	124	0	435
Materials	10	21	–	0	–	31
Capital goods	29	24	7	3	0	63
Commercial and professional services	4	10	7	3	–	24
Construction	26	80	5	9	–	120
Wholesale trade	23	13	0	24	–	60
Land transportation	0	3	41	28	–	72
IT services	1	7	0	57	–	65
Maritime	–	0	75	–	–	75
Shipbuilding	–	0	3	–	–	3
Shipping	–	0	72	–	–	72
Maritime services	–	–	–	–	–	–
Utilities and public service	3	5	2	1	–	11
Utilities distribution	–	3	–	–	–	3
Power production	0	0	–	1	–	1
Public services	3	2	2	0	–	7
Real estate	9	87	34	7	–	137
Other industries	0	–	–	–	–	0
Total corporate	**420**	**336**	**194**	**237**	0	**1,187**
Housing loans	0	123	17	0	–	140
Collateralised lending	78	96	1	1	–	176
Non-collateralised lending	18	8	11	23	–	60
Household	**96**	**227**	**29**	**24**	–	**376**
Public sector	**39**	–	–	–	–	**39**
Total impaired loans	**555**	**563**	**223**	**261**	**0**	**1,602**
of which fair value	–	–	**15**	–	–	**15**

P10. Risk and liquidity management, cont.

Loans to the public measured at amortised cost

31 Dec 2023, EURm	Net loan losses[1]	Net loan loss ratio, bp	Impaired loans (stage 3)	Impair-ment ratio gross, bp	Allow-ances total	Allow-ances (stage 1)	Allowances (stage 2)	Allowances (stage 3)	Coverage ratio %[2]	Loans measured at amor-tised cost
Financial institutions	-8	-5	65	39	50	7	7	36	55	16,647
Agriculture	26	74	56	159	41	4	5	32	57	3,490
Crops, plantations and hunting	1	20	12	232	9	2	2	5	42	509
Animal husbandry	26	674	44	1,055	31	1	3	27	61	386
Fishing and aquaculture	-1	-4	0	0	1	1	0	0	0	2,595
Natural resources	-3	-17	12	68	17	2	4	11	92	1,756
Paper and forest products	-6	-51	12	100	17	2	4	11	92	1,180
Mining and supporting activities	0	0	0	0	0	0	0	0	0	264
Oil, gas and offshore	3	96	0	0	0	0	0	0	0	312
Consumer staples	-2	-4	79	165	41	7	8	26	33	4,738
Food processing and beverages	-6	-38	51	321	22	3	4	15	29	1,568
Household and personal products	1	17	1	17	3	1	1	1	100	574
Healthcare	3	12	27	103	16	3	3	10	37	2,596
Consumer discretionary and services	-46	-44	538	499	267	11	46	210	39	10,518
Consumer durables	-30	-109	99	350	68	2	6	60	61	2,764
Media and entertainment	-19	-103	195	1,038	32	1	4	27	14	1,846
Retail trade	-2	-5	212	555	136	6	28	102	48	3,681
Air transportation	0	0	3	154	2	0	0	2	67	193
Accommodation and leisure	6	47	24	185	24	2	8	14	58	1,271
Telecommunication services	-1	-13	5	65	5	0	0	5	100	763
Industrials	-28	-12	306	130	343	32	90	221	72	23,209
Materials	-1	-6	16	103	18	2	4	12	75	1,541
Capital goods	1	4	37	139	37	4	14	19	51	2,619
Commercial and professional services	0	0	23	52	27	6	9	12	52	4,420
Construction	5	8	72	119	104	9	32	63	88	5,960
Wholesale trade	-23	-41	72	128	73	6	22	45	63	5,554
Land transportation	21	169	21	166	26	1	2	23	110	1,241
IT services	-31	-165	65	336	58	4	7	47	72	1,874
Maritime	10	19	48	93	40	15	2	23	48	5,141
Shipbuilding	3	181	–	0	0	0	0	0	0	166
Shipping	7	15	48	103	40	15	2	23	48	4,629
Maritime services	0	0	0	0	0	0	0	0	0	346
Utilities and public service	2	3	7	12	10	4	2	4	57	5,770
Utilities distribution	1	4	4	14	2	1	0	1	25	2,850
Power production	0	0	1	4	4	2	1	1	100	2,554
Public services	1	27	2	54	4	1	1	2	100	366
Real estate	-33	-13	160	62	144	23	39	82	51	25,759
Other industries	12	79	0	0	0	0	–	0	0	1,528
Total corporate	**-70**	**-7**	**1,271**	**128**	**953**	**105**	**203**	**645**	**51**	**98,556**
Housing loans	-5	-5	150	158	58	2	9	47	31	9,456
Collateralised lending	-4	-3	190	128	137	9	34	94	49	14,734
Non-collateralised lending	-40	-116	68	192	103	13	52	38	56	3,434
Household	**-49**	**-18**	**408**	**146**	**298**	**24**	**95**	**179**	**44**	**27,624**
Public sector	**0**	**0**	**27**	**94**	**2**	**0**	**0**	**2**	**7**	**2,878**
Loans to the public	**-119**	**-9**	**1,706**	**131**	**1,253**	**129**	**298**	**826**	**48**	**129,058**

1) Including provisions for off-balance sheet exposures.
2) Allowances for stage 3 divided by exposures in stage 3.
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P10. Risk and liquidity management, cont.

Loans to the public measured at amortised cost

31 Dec 2022, EURm	Net loan losses[1]	Net loan loss ratio, bp	Impaired loans (stage 3)	Impair-ment rate, gross, bp	Allow-ances total	Allowances (stage 1)	Allowances (stage 2)	Allowances (stage 3)	Coverage ratio %[2]	Loans measured at amor-tised cost
Financial institutions	-26	-15	64	36	46	8	9	29	45	17,503
Agriculture	-1	-3	98	267	69	3	13	53	54	3,604
Crops, plantations and hunting	4	77	16	301	11	1	3	7	44	520
Animal husbandry	-4	-92	82	1,663	56	1	9	46	56	437
Fishing and aquaculture	-1	-4	0	0	2	1	1	0	0	2,647
Natural resources	26	114	29	126	17	2	2	13	45	2,278
Paper and forest products	3	20	14	90	14	2	2	10	71	1,537
Mining and supporting activities	0	0	1	47	0	0	0	0	0	215
Oil, gas and offshore	23	437	14	265	3	0	0	3	21	526
Consumer staples	-23	-51	74	163	41	7	6	28	38	4,486
Food processing and beverages	-11	-74	47	311	18	2	2	14	30	1,491
Household and personal products	-1	-17	3	52	4	1	1	2	67	572
Healthcare	-11	-45	24	98	19	4	3	12	50	2,423
Consumer discretionary and services	-24	-24	259	253	224	10	42	172	66	9,993
Consumer durables	-12	-50	42	172	31	2	5	24	57	2,409
Media and entertainment	-3	-18	15	91	16	1	5	10	67	1,637
Retail trade	-15	-40	172	445	137	6	18	113	66	3,732
Air transportation	0	0	3	435	3	0	1	2	67	66
Accommodation and leisure	4	28	21	145	31	1	13	17	81	1,420
Telecommunication services	3	41	6	82	6	0	0	6	100	729
Industrials	-47	-19	435	172	364	31	76	257	59	24,889
Materials	0	0	31	145	16	2	3	11	35	2,118
Capital goods	13	47	63	222	49	4	8	37	59	2,787
Commercial and professional services	7	16	24	53	28	4	11	13	54	4,480
Construction	-25	-40	120	186	126	9	26	91	76	6,316
Wholesale trade	-10	-16	60	94	65	6	20	39	65	6,319
Land transportation	-24	-223	72	639	51	2	3	46	64	1,075
IT services	-8	-45	65	357	29	4	5	20	31	1,794
Maritime	25	44	65	114	53	18	4	31	48	5,634
Shipbuilding	1	90	3	263	3	0	0	3	100	111
Shipping	24	46	62	117	50	18	4	28	45	5,266
Maritime services	0	0	–	–	0	0	0	–	0	257
Utilities and public service	2	3	11	18	11	4	3	4	36	6,213
Utilities distribution	1	3	3	10	4	1	2	1	33	2,886
Power production	-2	-7	1	3	3	2	0	1	100	2,949
Public services	2	53	7	183	4	1	1	2	29	378
Real estate	34	14	137	55	117	21	13	83	61	24,965
Other industries	2	0	0	0	19	0	19	0	0	369
Total corporate	**-32**	**-3**	**1,172**	**117**	**961**	**104**	**187**	**670**	**57**	**99,934**
Housing loans	6	6	140	139	40	2	6	32	23	10,036
Collateralised lending	62	44	176	125	143	15	44	84	48	13,951
Non-collateralised lending	-38	-102	60	157	109	16	59	34	57	3,711
Household	**30**	**11**	**376**	**134**	**292**	**33**	**109**	**150**	**40**	**27,698**
Public sector	**-1**	**-2**	**39**	**91**	**2**	**0**	**0**	**2**	**5**	**4,277**
Loans to the public	**-3**	**0**	**1,587**	**120**	**1,255**	**137**	**296**	**822**	**52**	**131,909**

1) Including provisions for off-balance sheet exposures.
2) Allowances for stage 3 divided by exposures in stage 3.

P10. Risk and liquidity management, cont.

Geographical distribution

The portfolio is geographically well diversified with no market accounting for more than 23% (24%) of total lending measured by the geographical location of the customer handling unit.

Other EU countries represent the largest part of lending outside the Nordic countries. Lending to the public distributed by the country of domicile of borrowers shows that customers residing in the Nordic countries account for 88% (89%).

Loans to the public measured at amortised cost, geographical breakdown[1]

	Gross			Allowances			
31 Dec 2023, EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Net**
Denmark	22,910	1,226	453	22	113	237	24,217
Finland	26,888	2,841	540	32	70	268	29,899
Norway	28,827	1,400	172	41	41	67	30,250
Sweden	27,835	1,652	472	19	68	217	29,655
Russia	1	0	0	0	0	0	1
US	2,475	4	1	1	0	0	2,478
Other	12,448	98	69	14	6	38	12,557
Total	**121,384**	**7,221**	**1,707**	**129**	**298**	**827**	**129,058**

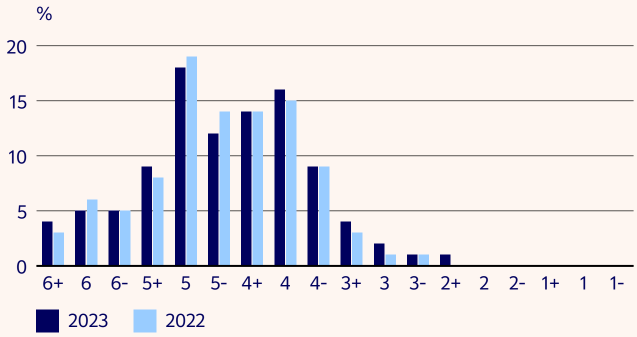
	Gross			Allowances			
31 Dec 2022, EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Stage 1**	**Stage 2**	**Stage 3**	**Net**
Denmark	23,455	1,227	500	36	134	275	24,736
Finland	27,746	2,118	556	29	55	265	30,070
Norway	30,365	1,021	169	38	42	85	31, 390
Sweden	31,037	751	250	18	59	138	31, 823
Russia	1	0	0	0	0	0	2
US	1,164	65	2	1	0	1	1,230
Other	12,281	346	110	15	6	57	12,660
Total	**126,050**	**5,527**	**1,587**	**137**	**296**	**822**	**131,909**

1) Based on the customers' country of domicile.

Rating and scoring distribution

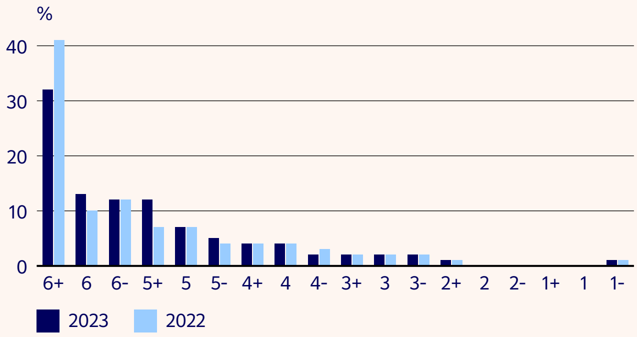
One way of assessing credit quality is through analysis of the distribution across rating grades for rated corporate customers and institutions as well as across risk grades for scored household and small business customers, i.e. retail exposures. For the corporate portfolio, the largest rating groups were ratings 5 and 4. For the retail rating grade, the largest scoring group was A.

Rating distribution IRB corporate customers[1]



1) Defaulted loans are not included in the rating distribution.

Risk grade distribution IRB retail customers[1]



1) Defaulted loans are not included in the risk grade distribution. Scoring grades have been converted to risk grades.

P10. Risk and liquidity management, cont.

Rating information for loans measured at amortised cost

EURm Rating grade[1]	Average PD (%)	Gross carrying amount 31 Dec 2023 Stage 1	Stage 2	Stage 3	Total	Allowances
7	–	2,293	1	–	2,294	1
6	0.02	9,232	18	–	9,250	3
5	0.09	33,213	31	0	33,244	26
4	0.29	41,331	913	3	42,246	62
3	2.59	6,234	1,609	1	7,844	86
2	17.69	338	1,466	16	1,820	72
1	33.01	85	358	2	445	41
Standardised/Unrated	0.00	2,893	2	1	2,897	2
0 (default)	100.00	13	19	1,237	1,269	620
Group undertakings	n.a.	67,760	–	–	67,760	–
Total		**163,392**	**4,417**	**1,260**	**169,069**	**913**

EURm Rating grade[1]	Average PD (%)	Gross carrying amount 31 Dec 2022 Stage 1	Stage 2	Stage 3	Total	Allowances
7	0.00	3,593	2	–	3,595	0
6	0.01	9,297	10	–	9,307	2
5	0.09	34,637	59	1	34,698	22
4	0.22	42,565	642	0	43,208	62
3	2.78	5,532	1,208	15	6,755	74
2	17.35	278	838	15	1,131	45
1	37.27	129	436	6	572	56
Standardised/Unrated	0.00	3,955	154	14	4,124	34
0 (default)	100.00	18	22	1,140	1,179	638
Group undertakings	n.a.	72,232	–	–	72,232	0
Total		**172,236**	**3,372**	**1,191**	**176,799**	**932**

1) The stage classification and calculation provision for each exposure are based on the situation as at the end of October 2023 (October 2022), while the exposure amount and rating grades are based on the situation as at the end of December 2023 (December 2022). Some of the exposures in default according to the rating grade as at the end of December were not in default as at the end of October, which is reflected in the stage classification.

Scoring information for loans measured at amortised cost

EURm Scoring grade[1]	Average PD (%)	Gross carrying amount 31 Dec 2023 Stage 1	Stage 2	Stage 3	Total	Allowances
A	0.05	11,972	105	2	12,079	7
B	0.55	7,570	402	2	7,974	14
C	2.38	3,560	717	10	4,287	27
D	8.31	1,609	635	6	2,250	24
E	23.94	425	463	4	892	30
F	28.48	158	436	20	614	40
Standardised/Unrated	0.42	62	9	0	71	0
0 (default)	100.00	27	46	403	476	204
Total		**25,383**	**2,813**	**447**	**28,643**	**346**

EURm Scoring grade[1]	Average PD (%)	Gross carrying amount 31 Dec 2022 Stage 1	Stage 2	Stage 3	Total	Allowances
A	0.05	13,848	99	2	13,949	13
B	0.43	5,494	193	0	5,688	12
C	2.12	2,748	560	2	3,310	22
D	7.55	1,589	563	3	2,155	28
E	19.47	333	338	2	673	32
F	24.61	233	370	17	620	48
Standardised/Unrated	0.41	164	10	0	173	0
0 (default)	100.00	17	31	383	430	177
Total		**24,427**	**2,163**	**409**	**26,999**	**332**

1) The stage classification and calculated provisioning for each exposure are based on the situation as at the end of October 2023 (October 2022), while the exposure amount and rating grades are based on the situation as at the end of December 2023 (Dec 2022). Some of the exposures in default according to the rating grade as at the end of December were not in default as at the end of October, which is reflected in the stage classification.

P10. Risk and liquidity management, cont.

Rating information for off-balance sheet items

EURm Rating grade	Nominal amount 31 Dec 2023 Stage 1	Stage 2	Stage 3	Total	Provisions
7	6,720	–	–	6,720	0
6	10,568	15	0	10,583	1
5	35,496	80	0	35,576	10
4	18,578	439	0	19,017	17
3	2,653	1,123	4	3,780	27
2	94	566	15	675	20
1	0	237	0	237	21
Standardised/Unrated	380	97	3	480	3
0 (default)	–	–	168	168	23
Group undertakings	48,217	–	–	48,217	–
Total	**122,705**	**2,557**	**190**	**125,453**	**122**

EURm Rating grade	Nominal amount 31 Dec 2022 Stage 1	Stage 2	Stage 3	Total	Provisions
7	6,898	–	–	6,898	0
6	13,140	1	0	13,141	2
5	33,234	2	2	33,238	18
4	18,718	468	0	19,186	16
3	3,706	1,134	4	4,843	31
2	1	659	5	665	18
1	1	280	0	281	25
Standardised/Unrated	289	189	0	478	1
0 (default)	–	–	204	204	22
Group undertakings	48,906	–	–	48,906	–
Total	**124,894**	**2,733**	**215**	**127,841**	**132**

Scoring information for off-balance sheet items

EURm Scoring grade	Nominal amount 31 Dec 2023 Stage 1	Stage 2	Stage 3	Total	Provisions
A	8,029	5	0	8,034	4
B	1,848	59	1	1,908	5
C	837	231	0	1,068	14
D	447	273	0	719	10
E	0	105	0	105	12
F	0	51	0	51	8
Standardised/Unrated	152	12	0	164	0
0 (default)	–	0	20	20	12
Total	**11,313**	**736**	**21**	**12,070**	**65**

EURm Scoring grade	Nominal amount 31 Dec 2022 Stage 1	Stage 2	Stage 3	Total	Provisions
A	9,179	2	0	9,182	6
B	2,264	26	0	2,291	6
C	1,097	253	0	1,350	11
D	555	348	0	904	13
E	31	90	1	122	12
F	22	48	0	70	8
Standardised/Unrated	303	18	0	321	0
0 (default)	–	–	44	44	15
Total	**13,452**	**786**	**45**	**14,283**	**70**

P10. Risk and liquidity management, cont.

Impaired loans (stage 3)

Impaired loans gross in Nordea Bank Abp increased to EUR 1,707m (EUR 1,600m), corresponding to 86bp of total loans. 54% of impaired loans gross were servicing and 46% were non-servicing. Impaired loans net, after allowances for stage 3 loans amounted to EUR 881m, corresponding to 45bp of total loans. Allowances for stage 3 loans amounted to EUR 827m. Allowances for stages 1 and 2 loans amounted to EUR 432m. The ratio of allowances in relation to impaired loans was 48% and the allowance ratio for loans in stages 1 and 2 was 22bp. The increase in impaired loans was mainly related to the Consumer discretionary and services, Household and Real estate. The portfolios with the largest impaired loan amounts were Industrials, Household and Consumer discretionary and services.

Impaired loans and ratios

EURm	2023	2022
Gross impaired loans, amortised cost	1,707	1,600
- of which servicing	914	949
- of which non-servicing	793	651
Impairment ratio, (stage 3), gross, bp	**86**	**79**
Impairment ratio, (stage 3), net, bp	**45**	**38**
Allowances in relation to loans (stages 1 and 2), bp	**22**	**22**
Total allowance ratio (stages 1, 2 and 3), bp	**64**	**62**
Allowances in relation to impaired loans (stage 3), %	**48**	**52**

Past due loans

Past due loans, 6 days or more, for corporate customers amounted to EUR 378m (324m), and past due loans to household customers totalled EUR 586m in 2023 (495m). The table below shows loans past due 6 days or more, split by corporate and household customers. Past due is defined as a loan payment that has not been made as of its due date.

	31 Dec 2023		31 Dec 2022	
EURm	Corporate customers	Household customers	Corporate customers	Household customers
6–30 days	88	261	90	201
31–60 days	48	72	42	67
61–90 days	24	33	12	32
>90 days	218	220	180	195
Total	**378**	**586**	**324**	**495**
Past due (incl. impaired) loans divided by loans to the public after allowances, %	0.3	2.1	0.3	1.8

Allowances

Total allowances for 2023 were EUR 1,450m (1,469m). Loan allowances for 2023 were EUR 1,259m (1,264m). This was driven by stage 3 write-offs in the Shipping and Oil, gas and offshore portfolios after concluded work-outs. Of loan allowances to the public, stage 1 accounted for EUR 129m (140m), stage 2 for EUR 298m (EUR 296m) and stage 3 for EUR 826m (EUR 827). The coverage ratio was 0.07% for stage 1 (0.07%), 4.1% for stage 2 (5.3%) and 48% for stage 3 (52%).

Net loan losses

Net loan losses amounted to EUR 119m (up from EUR -9m in 2022), corresponding to an annual net loan loss ratio of 9bp. Including fair value gains of EUR 9m, net loan losses and similar net result amounted to EUR 110m corresponding to an annual net loan loss ratio of 7bp. Net loan losses were driven by the corporate portfolio, which saw net loan losses of EUR 70m mainly related to the Real estate, Consumer discretionary and services and Industrials sectors. The household portfolio had net loan losses of EUR 49m mainly driven by Finland and Sweden.

Management judgements was reduced by EUR 62m during the year, from EUR 442m to EUR 380m. The cyclical management judgement was EUR 329m at the end of the year, down from EUR 338m and was assessed to be at an appropriate level. The structural management judgement allowances of EUR 51m cover the known IFRS 9 model and data issues to be captured in later model updates. The total allowance at the end of 2023, compared to the end of 2022, was reduced by EUR 53m following the transfer of allowances for aged non-performing retail loans to the model-calculated collective provisions and implementing the corresponding capital deductions for aged non-performing corporate loans. This resulted in shifts between modelled allowances, structural management judgement allowances and capital deductions, without any impact on the actual level of coverage.

Net loan losses and loan loss ratios

	2023	2022
Net loan losses, EURm	-119	9
Net loan loss ratio, amortised cost, bp	9	-1
- of which stage 3	11	-1
- of which stages 1 and 2	-2	0
Net loan loss ratio, including fair value gains, bp[1]	7	-1
Net loan loss ratio, Personal Banking, bp[1]	27	-15
Net loan loss ratio, Business Banking, bp[1]	13	7
Net loan loss ratio, Large Corporates & Institutions, bp[1]	-1	-2

1) Net loan losses including loan losses from loans at fair value recognised through fair value reserve divided by total lending at amortised cost and at fair value, bp.

P10. Risk and liquidity management, cont.

Carrying amount of loans measured at amortised cost, before allowances

	Central banks and credit institutions				The public				Total			
EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance at 1 Jan 2023	**70,614**	**8**	**13**	**70,635**	**126,050**	**5,527**	**1,587**	**133,164**	**196,663**	**5,534**	**1,600**	**203,798**
Origination and acquisition	56,784	6	0	56,790	51,915	506	47	52,468	108,699	512	47	109,258
Transfers between stage 1 and stage 2 (net)	2	-2	–	–	-2,015	2,015	–	–	-2,013	2,013	–	–
Transfers between stage 2 and stage 3 (net)	–	–	–	–	–	-77	77	–	0	-77	77	–
Transfers between stage 1 and stage 3 (net)	–	–	–	–	-37	–	37	–	-37	0	37	–
Repayments and disposals	-19,709	-3	-13	-19,725	-29,409	-1,390	-400	-31,199	-49,117	-1,393	-413	-50,924
Write-offs	–	–	–	–	–	–	-155	-155	0	0	-155	-155
Other changes[1]	-40,114	-1	2	-40,112	-23,830	722	522	-22,586	-63,944	721	524	-62,699
Translation differences	-185	0	0	-185	-1,290	-81	-10	-1,381	-1,475	-81	-10	-1,566
Closing balance at 31 Dec 2023	**67,392**	**8**	**1**	**67,401**	**121,384**	**7,222**	**1,705**	**130,311**	**188,776**	**7,229**	**1,707**	**197,712**

1) Other changes are mainly related to changes in utilisation of credits granted in earlier years, internal and revolving products.

	Central banks and credit institutions				The public				Total			
EURm	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Opening balance at 1 Jan 2022	**76,677**	**14**	**–**	**76,691**	**115,805**	**5,552**	**2,729**	**124,086**	**192,481**	**5,566**	**2,729**	**200,777**
Origination and acquisition	50,247	1	–	50,248	56,612	353	69	57,033	106,859	353	69	107,281
Transfers between stage 1 and stage 2 (net)	5	-5	–	–	-431	431	–	–	-426	426	–	–
Transfers between stage 2 and stage 3 (net)	–	0	0	–	–	-54	54	–	–	-54	54	–
Transfers between stage 1 and stage 3 (net)	-13	–	13	–	-158	–	158	–	-171	–	171	–
Repayments and disposals	-23,233	-4	–	-23,237	-30,425	-1,217	-492	-32,134	-53,658	-1,221	-492	-55,371
Write-offs	0	0	–	–	–	–	-599	-599	0	0	-599	-599
Other changes[1]	-32,383	2	0	-32,382	-13,369	540	-307	-13,136	-45,752	542	-307	-45,517
Translation differences	-687	0	0	-687	-1,984	-78	-25	-2,087	-2,671	-78	-25	-2,774
Closing balance at 31 Dec 2022	**70,614**	**8**	**13**	**70,634**	**126,050**	**5,527**	**1,587**	**133,164**	**196,663**	**5,534**	**1,600**	**203,798**

1) Other changes are mainly related to changes in utilisation of credits granted in earlier years, internal and revolving products.

P10. Risk and liquidity management, cont.

Movements in allowance accounts for loans measured at amortised cost

	Central banks and credit institutions				The public				Total			
EURm	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2023	-3	0	-5	-9	-137	-296	-822	-1,255	-140	-296	-827	-1,264
Origination and acquisition	-2	0	–	-2	-39	-19	-11	-69	-41	-19	-11	-71
Transfers from stage 1 to stage 2	0	0	–	0	10	-117	–	-107	10	-117	–	-107
Transfers from stage 1 to stage 3	–	–	–	–	1	–	-55	-56	1	0	-56	-55
Transfers from stage 2 to stage 1	0	0	–	0	-4	47	–	43	-4	47	0	43
Transfers from stage 2 to stage 3	–	–	–	–	0	19	-80	-61	0	19	-80	-61
Transfers from stage 3 to stage 1	–	–	–	–	0	0	7	7	0	0	7	7
Transfers from stage 3 to stage 2	–	0	0	0	–	-2	16	14	–	-2	16	14
Changes in credit risk without stage transfer	-2	0	4	2	-6	14	-28	-20	-8	14	-24	-18
Repayments and disposals	2	0	–	2	44	55	75	174	46	55	75	176
Write-off through decrease in allowance account	–	0	–	–	–	–	70	70	–	–	70	70
Translation differences	0	0	0	0	2	1	4	7	2	1	4	7
Closing balance at 31 Dec 2023	**-5**	**0**	**-1**	**-7**	**-129**	**-298**	**-826**	**-1,252**	**-134**	**-299**	**-827**	**-1,259**

	Central banks and credit institutions				The public				Total			
EURm	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2022	-3	0	0	-3	-105	-306	-1,375	-1,786	-108	-306	-1,375	-1,789
Origination and acquisition	-2	0	0	-2	-36	-21	-8	-66	-38	-22	-8	-68
Transfers from stage 1 to stage 2	0	0	–	0	4	-71	–	-67	4	-71	–	-67
Transfers from stage 1 to stage 3	0	–	-5	-5	1	–	-42	-41	1	–	-47	-46
Transfers from stage 2 to stage 1	0	0	–	0	-3	62	–	59	-3	62	–	59
Transfers from stage 2 to stage 3	–	0	0	0	–	9	-53	-45	–	9	-53	-45
Transfers from stage 3 to stage 1	–	–	–	–	0	–	25	24	0	–	25	24
Transfers from stage 3 to stage 2	–	–	–	–	–	-4	25	20	–	-4	25	20
Changes in credit risk without stage transfer	0	0	0	0	-39	-39	-59	-138	-39	-40	-59	-138
Repayments and disposals	1	0	0	1	41	72	160	273	42	72	160	274
Write-off through decrease in allowance account	–	–	–	–	–	–	486	486	–	–	486	486
Translation differences	0	0	0	0	2	3	20	25	2	3	20	25
Closing balance at 31 Dec 2022	**-3**	**0**	**-5**	**-9**	**-137**	**-296**	**-822**	**-1,255**	**-140**	**-296**	**-827**	**-1,264**

The tables show the changes in exposure/allowances for each stage during the year. If an exposure is moved e.g. to stage 2 from stage 1, there will be a reversal in stage 1 and an increase in stage 2.

P10. Risk and liquidity management, cont.

Movements in provisions for off-balance sheet items

EURm	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2023	44	117	41	202
Origination and acquisition	17	11	1	29
Transfers from stage 1 to stage 2	-2	34	–	32
Transfers from stage 1 to stage 3	0	–	2	2
Transfers from stage 2 to stage 1	1	-27	–	-26
Transfers from stage 2 to stage 3	0	-1	3	2
Transfers from stage 3 to stage 1	0	–	-1	-1
Transfers from stage 3 to stage 2	0	1	-1	0
Changes in credit risk without stage transfer	1	-8	-3	-10
Repayments and disposals	-15	-24	-2	-41
Write-off through decrease in allowance account	–	–	-1	-1
Translation differences	0	0	0	–
Closing balance at 31 Dec 2023	**46**	**102**	**39**	**188**

EURm	Stage 1	Stage 2	Stage 3	Total
Opening balance at 1 Jan 2022	28	138	50	216
Origination and acquisition	17	11	0	28
Transfers from stage 1 to stage 2	-1	29	–	29
Transfers from stage 1 to stage 3	0	–	2	2
Transfers from stage 2 to stage 1	1	-31	–	-30
Transfers from stage 2 to stage 3	–	-1	2	1
Transfers from stage 3 to stage 1	0	–	-2	-2
Transfers from stage 3 to stage 2	–	1	-3	-2
Changes in credit risk without stage transfer	10	-3	-3	5
Repayments and disposals	-10	-26	-3	-39
Write-off through decrease in allowance account	–	–	-3	-3
Translation differences	-1	-2	0	-3
Closing balance at 31 Dec 2022	**44**	**117**	**41**	**202**

3. Counterparty credit risk
See section 3 "Counterparty credit risk" in the Group's Note G11. For information about offsetting of financial assets and liabilities, see Accounting policies in Note P3.3 "Classification and measurement", section "Offsetting of financial assets and liabilities

4. Market risk
See section 4 "Market risk" in the Group's Note G11.

5. Operational risk
For operational risk, management of operational risk and financial reporting risk management, see section 5 "Operational risk" in the Group's Note G11.

6. Compliance risk
For compliance risk, ESG-related risk management, financial crime prevention as well as management of compliance risk, see section 6 "Compliance risk" in the Group's Note G11.

7. Liquidity risk
During 2023 Nordea Bank Abp continued to benefit from its prudent liquidity risk management in terms of maintaining a diversified and strong funding base and a diversified liquidity buffer. Nordea Bank Abp maintained a strong liquidity position throughout the year, despite volatility in global markets driven by geopolitical and macroeconomic uncertainty and tightening monetary policy.

Nordea Bank Abp issued approximately EUR 4.2bn in long-term funding in 2023, of which all was issued in the form of senior debt. Throughout 2023 Nordea Bank Abp remained compliant with the liquidity coverage ratio (LCR) requirement in all currencies on a combined basis as well as the net stable funding ratio (NFSR).

During 2021 Nordea Bank Abp participated in European Central Bank (ECB) and local central bank facilities, including the ECB's targeted longer-term refinancing operations (TLTROs). At the end of 2023 Nordea Bank Abp had EUR 3bn outstanding under the TLTRO III pro-gramme, following a repayments during the past years. The interest rate is equal to the deposit facility rate and is no longer contingent on meeting pre-defined lending thresholds

P10. Risk and liquidity management, cont.

Liquidity risk definition and identification

See section 8.1 "Liquidity risk definition and identification" in the Group's Note G11.

Management principles and control

See section 8.2 "Management principles and control" in the Group's Note G11.

Liquidity risk management strategy

See section 8.3 "Liquidity risk management strategy" in the Group's Note G11.

Liquidity risk measurement

See the section 8.4 "Liquidity risk measurement" in the Group's Note G11.

Liquidity risk analysis

Nordea Bank Abp continues to have a strong and prudent liquidity risk profile with a strong funding base. At the end of 2023 the total volume utilised under CD and CP programmes was EUR 46.3bn (EUR 50.9bn) with an average maturity of 0.3 (0.3) years. The total volume under long-term programmes was EUR 32.2bn (EUR 33.1bn) with an average maturity of 3.6 (3.7) years. Nordea Bank Abp's funding sources are presented in the table on the right.

The liquidity risk position remained strong throughout 2023. The liquidity stress horizon was 1095 days at the end of 2023 (1,095 days at the end of 2022) with an annual average of 1,095 days (1095 days).

The annual average of the funding gap risk was EUR +44.4bn (EUR +51.0bn in 2022). Nordea Bank Abp's liquidity buffer ranged between EUR 93.6bn and EUR 137.5bn throughout 2023 (EUR 106.3bn and EUR 132.7bn) with an average liquidity buffer of EUR 111.5bn (EUR 119.2bn).

The combined LCR for the Nordea Bank Abp was 143% at the end of 2023 (141%) with an annual average of 138% (138%). At the end of 2023 the LCR in EUR was 212% (138%) and in USD 206% (177%) with annual averages of 164% (173%) and 198% (203%), respectively. At the end of 2023 Nordea Bank Abp's NSFR was 111.5% (106.6%).

Funding sources, 31 December 2023

Liability type	Interest rate base	Average maturity (years)	EURm
Deposits by credit institutions			
Shorter than 3 months	Euribor etc.	0.1	35,151
Longer than 3 months	Euribor etc.	0.7	1,337
Deposits and borrowings from the public			
Deposits payable on demand	Administrative	0.0	168,892
Other deposits	Euribor etc.	0.3	44,431
Debt securities in issue			
Certificates of deposits	Euribor etc.	0.3	33,533
Commercial paper	Euribor etc.	0.3	12,769
Mortgage covered bond loans	Fixed rate, market-based	–	–
Other bond loans	Fixed rate, market-based	3.3	26,444
Fair value changes of hedged items			-887
Derivatives			32,202
Other non-interest-bearing items			18,640
Subordinated debt			
Tier 2 subordinated bond loans	Fixed rate, market-based	7.7	3,548
Additional Tier 1 subordinated bond loans (undated)	Fixed rate, market-based		2,514
Fair value changes of hedged items			-341
Equity			27,727
Total			**405,959**

Net stable funding ratio

EURbn	31 Dec 2023	31 Dec 2022
Available stable funding	214,3	215.9
Required stable funding	192,3	202.6
Net stable funding	22,0	13.4
Net stable funding ratio[1]	**111,5%**	**106.6%**

1) According to CRR2 regulation.

Signing

Board of Directors' proposal for the distribution of earnings

On 31 December 2023 Nordea Bank Abp's distributable earnings, including profit for the financial year and after subtracting capitalised development expenses, were EUR 17,855,020,523.98 and other unrestricted equity amounted to EUR 4,574,741,638.67.

The Board of Directors proposes that the 21 March 2024 Annual General Meeting authorise it to decide on a dividend payment of a maximum of EUR 0.92 per share. The payment would be distributed based on the annual accounts to be adopted for the financial year ended 31 December 2023 and the authorisation would remain in force until the beginning of the next Annual General Meeting.

The dividend would be paid from retained earnings. After a maximum dividend payout of EUR 3,239,688,285.20 corresponding to 66% of the net profit of the year, EUR 14,615,332,238.78 would be carried forward as distributable retained earnings.

In the opinion of the Board of Directors, the proposed distribution of earnings does not risk the solvency of Nordea Bank Abp. Further information can be found in the section "Proposed distribution of earnings" in the Board of Directors' Report.

Signatures to the financial statements and the report of the Board of Directors for the year 2023

Helsinki, 20 February 2024

Sir Stephen Hester
Chair

Lene Skole
Vice Chair

Petra van Hoeken
Board member

John Maltby
Board member

Risto Murto
Board member

Gerhard Olsson
Board member[1]

Kasper Skovgaard Pedersen
Board member[1]

Hans Christian Riise
Board member[1]

Birger Steen
Board member

Per Strömberg
Board member

Jonas Synnergren
Board member

Arja Talma
Board member

Kjersti Wiklund
Board member

Frank Vang-Jensen
President and Group CEO

The Auditor's Note

A report on the audit performed has been issued today.

Helsinki, 26 February 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)

1) Employee representative.

Auditor's report

(Translation of the Swedish original)

To the Annual General Meeting of Nordea Bank Abp

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the Group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Nordea Bank Abp (business identity code 2858394-9) for the year ended 31 December 2023. The financial statements comprise:

- the consolidated income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, which include material accounting policy information and other explanatory information
- the parent company's income statement, balance sheet, cash flow statement and notes, which include material accounting policy information and other explanatory information.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in Note G2.7 Other expenses/Auditor's fees to the consolidated financial statements.

Our Audit Approach

Overview

- Overall group materiality: € 200 million, which represents 0.65 % of equity

- The group audit scope encompassed all significant group companies as well as a number of smaller group companies in the Nordic countries, covering the vast majority of revenue, assets and liabilities

- Impairment of loans to customers
- Valuation of financial instruments held at fair value
- Actuarial assumptions related to the Life business
- IT systems supporting processes for financial reporting

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us determine the scope of our audit and the nature, timing and extent of our audit procedures and evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 200 million
How we determined it	0.65% of equity
Rationale for the materiality benchmark applied	We chose equity as the benchmark because, in our view, it is the benchmark against which the capital resources of the bank are most commonly measured by users and is a generally accepted benchmark. We chose 0.65% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the Nordea Group, the accounting processes and controls, and the industry in which the Group operates.

We determined the type of work that needed to be performed at group companies by us, as the group engagement team, or by component auditors from other PwC network firms operating under our instructions. Where the work was performed by component auditors, we issued specific instructions to reporting component auditors which included our risk analysis, materiality and audit approach to centralised systems. Audits were performed in group companies which were considered significant either because of their individual financial significance or due to their specific nature, covering the majority of revenue, assets and liabilities of the Group.

By performing the procedures above at group companies, combined with additional procedures at the group level, we have obtained sufficient and appropriate evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the Group	How our audit addressed the key audit matter
Impairment of loans to customers	
Refers to Note G1 - Accounting policies (Critical judgements and estimation uncertainty), Note G2.10 – Net loan losses and Note G3.8 – Loans to the consolidated financial statements. A high level of judgement is involved in determining the appropriate impairment loss to be recognised. For individually assessed loans, judgement is involved in determining whether a loan has a loss event and in assessing the loan loss amount. Expected credit losses (ECL) are calculated as a function of the probability of default, the exposure at default and the loss given default as well as the timing of the loss. Nordea categorises loans into three stages depending on the level of credit risk or changes in credit risk for each individual loan. For loans without a significant increase in credit risk, stage 1, expected credit losses are calculated for estimated defaults within 12 months. For loans where there is a significant increase in credit risk, stage 2, or loans in default, stage 3, the calculation is based on the lifetime of expected losses. The current macroeconomic situation, including high inflation, increasing energy prices, higher interest rates and lower global growth, has impacted management's determination of the ECL. To address the uncertainties inherent in the current and future environment and to reflect all relevant risk factors not captured in Nordea's modelled results, management developed post-model adjustments. Additionally, Nordea uses adjustments to the model-driven ECL results to address impairment model limitations. This is also a key audit matter with respect to our audit of the parent company financial statements.	Our audit included a combination of testing of internal controls over financial reporting and substantive testing. We obtained an understanding of the loan origination process, credit risk management and the impairment allowances for loans and advances to customers. We had a special focus on post-model adjustments developed by management and the credit risk development for large customers. Based on risk, we selected individual loans and performed detailed credit file reviews and assessed their credit risk. We assessed the design and effectiveness of governance and controls over the estimation of ECL. For ECL models, we involved our modelling specialists to assess the methodology, challenge the underlying assumptions and to independently reperform the calculation for a sample of loans. We have evaluated the appropriateness of the assumptions and accuracy of underlying data used to develop post-model adjustments and reviewed that governance procedures have been performed. We have also assessed the disclosures related to impairment of loans.

Valuation of certain Level II and III financial instruments held at fair value

Refers to Note G1 - Accounting policies (Critical judgements and estimation uncertainty), Note G2.5 – Total net result from items at fair value, Note G3.3 – Classification and measurement, Note G3.4 – Fair value, Note G3.6 – Hedge accounting and Note G3.12 - Derivatives.

Heightened geopolitical tensions and ongoing macroeconomic uncertainty while confirming the trend of improving financial conditions continue to be a key theme across major markets. The challenging valuation environment emphasises the importance of robust valuation and reporting controls and the valuation of financial instruments continues to be an area of inherent risk.

The valuation of Level II and III financial instruments utilises observable and unobservable inputs, respectively, for recurring fair value measurements.

Significant portfolios of financial instruments are valued based on models and certain assumptions that are not observable by third parties.

Important areas in the valuation of financial instruments held at fair value relate to:
- framework and policies relating to models and valuation
- internal controls relating to fair value adjustments, price testing, fair value hierarchy and model control and governance
- disclosures of financial instruments.

This is also a key audit matter with respect to our audit of the parent company financial statements.

We assessed and tested the design and operating effectiveness of the controls over:
- the identification, measurement and oversight of the valuation of financial instruments
- fair value adjustments, independent price verification and the fair value hierarchy
- model control and governance.

We examined the Group's independent price verification processes, model validation and approval processes, controls over data feeds and inputs to valuation and the fair value hierarchy and the Group's governance and reporting processes and controls.

For the valuations dependent on unobservable inputs or which involve a higher degree of judgement, we assessed the assumptions, methodologies and models used by the Group. We performed an independent valuation of a sample of positions, including fair value hierarchy testing.

In respect of fair value adjustments, specifically credit, debt and funding fair value adjustments (CVA, DVA and FFVA) for derivatives, we assessed the methodology applied, underlying models and assumptions made by the Group and compared it with our knowledge of current industry practice. We tested the controls over the data inputs to the underlying models and on a sample basis tested underlying transactions back to supporting evidence.

We have also assessed the disclosures related to the valuation of financial instruments held at fair value.

Actuarial assumptions related to the Life business

Refer to Note G1 - Accounting policies (Critical judgements and estimation uncertainty) and Note G4 – Insurance contract liabilities to the consolidated financial statements.

Technical provisions involve subjective judgements over uncertain future outcomes. The value is based on models where significant judgement is applied in setting economic assumptions, actuarial assumptions as well as customer behaviour. Changes in these assumptions can materially impact the valuation of technical provisions.

We assessed the design and tested the operating effectiveness of the controls over the process for calculating provisions within the Life business.

Our audit also included assessments of applied methods, models and assumptions used in calculating the provisions. We have on a sample basis performed recalculations of the provisions. The audit was carried out involving PwC actuaries.

IT systems supporting processes for financial reporting

Due to the significant number of transactions that are processed, the Group's financial reporting is highly dependent on IT systems supporting automated accounting and reconciliation procedures. To ensure complete and accurate financial records, it is important that controls over appropriate access rights, program development and changes are designed properly and operate effectively.

This is also a key audit matter with respect to our audit of the parent company financial statements.

We have tested the design and operating effectiveness of the controls related to the IT systems relevant for financial reporting. Our assessment included access to programs and data as well as program development and changes.

For logical access to programs and data, audit activities included testing of the addition of access rights, the removal of access rights and the monitoring of appropriateness as well as the appropriate segregation of duties. Other areas tested included monitoring of IT systems and controls over changes to IT systems.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the Group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment
As set forth in the Memorandum of Association of Nordea Bank Abp, we have acted as the auditor as of 21 September 2017. Our appointment represents a total period of uninterrupted engagement of six financial years.

Other Information
The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion
- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

Other Statements

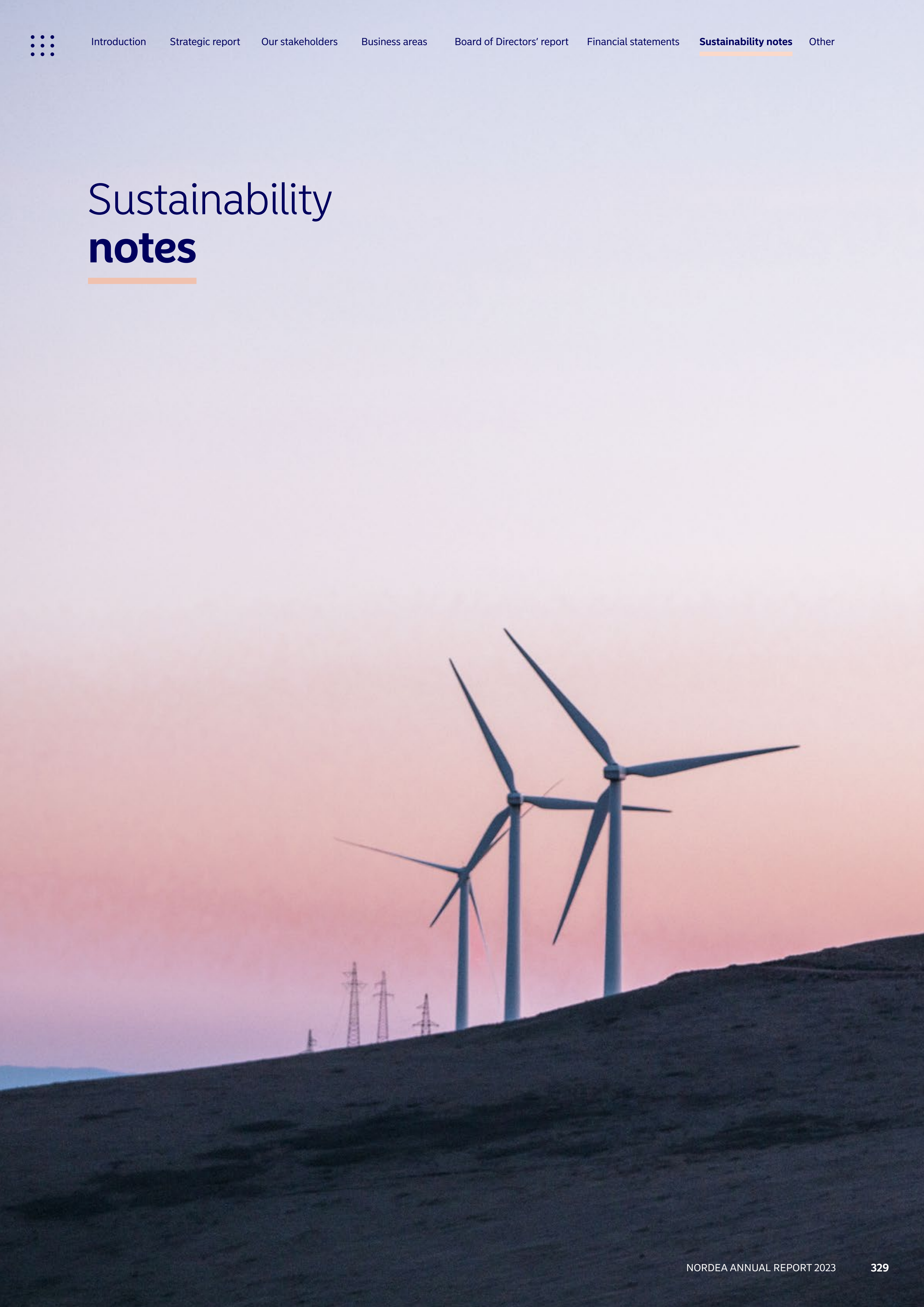
We support that the financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors of the parent company and the Managing Director should be discharged from liability for the financial period audited by us.

Helsinki 26 February 2024

PricewaterhouseCoopers Oy
Authorised Public Accountants

Jukka Paunonen
Authorised Public Accountant (KHT)

Sustainability **notes**



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SUSTAINABILITY NOTES

Sustainability notes

S1 About the sustainability notes

Our strategy

Our sustainability efforts are built on four strategic pillars: financial strength, climate and environmental action, social responsibility, and governance and culture. Definitions of our four strategic pillars are presented below. In the Sustainability notes, we present our sustainability disclosures through these four strategic pillars.

Under each pillar, we have identified relevant UN Sustainable Development Goals and specific sustainability-related matters that impact us or that we can have a significant impact on – by reducing the negative impact or increasing the positive impact through our financing, investments and internal operations. We have set measurable long-term and medium-term objectives and 2023–2025 targets to support a more sustainable future for each of the strategic pillars. All of these sustainability targets and their progress are presented in the respective sections within the Sustainability notes.

In Note S2 "Financial strength" we describe how we integrate ESG in our credit and investment decisions. In this section we also cover our ESG-related product and service offerings, our active engagement practices as well as how sustainability is integrated into our funding and liquidity strategy.

In Note S3 "Climate and Environment" our climate action agenda is described in detail. This includes all our climate targets on Group, portfolio and sector level. Additionally, we expand our biodiversity and nature-related as well as financed emissions disclosures. In Note S4 "Social responsibility" we explain how human rights, labour right, employment conditions, gender equality and education are considered in our operations and value chain.

In Note S5 "Governance and culture" we cover our sustainability governance. This note includes descriptions of our Code of Conduct, our practices related to financial crime prevention, anti-bribery and corruption, cyber security, data privacy and sustainable procurement. This year we also expanded our tax-related disclosures to cover our total tax contribution.

In Note S6 "Materiality and impact analysis", Note S7 "Our stakeholders" and Note "S8 Position statements and guidelines", we provide supplementary information to support the understanding of our sustainability approach and disclosures.

Sustainability disclosures

We have reported on environmental and sustainability performance on an annual basis since 2002. Our sustainability reporting in the Annual Report for 2023 constitutes sustainability disclosures found: (i) in the Sustainability at the core chapter on pages 16–17, (ii) in the Non-financial statement (incl. our EU taxonomy reporting) on pages 84–98, (iii) in the Corporate Governance Statement 2023 on pages 61, (iv) in Note G11 "Risk and liquidity management" on pages 241–242 and (v) in the Sustainability notes on pages 329–380, which provide in-depth information and data related to the sustainability disclosures. In addition, indices referring to our reporting in relation to the Principles for Responsible Banking (PRB), the Task Force on Climate-related Financial Disclosures (TCFD) and the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) are published as a separate appendix available at nordea.com/sustainability.

Sustainability at the core

Actively engaging to drive transition and capture growth opportunities

Financial strength

Understanding and managing environmental, social and governance risks and opportunities is crucial to maintaining our financial strength and strong capital position.

13 CLIMATE ACTION

Climate and environmental action

To become a net-zero emissions bank by 2050 at the latest, we are engaging with and supporting our customers and portfolio companies in reducing their climate impact, while reducing our own.

7 AFFORDABLE AND CLEAN ENERGY | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 13 CLIMATE ACTION | 14 LIFE BELOW WATER | 15 LIFE ON LAND

Social responsibility

By considering human and labour rights throughout our value chain and promoting gender equality, fair employment conditions and education we aim to create social impact where it matters the most.

4 QUALITY EDUCATION | 5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES

Governance and culture

Strong governance and a healthy corporate culture will lead to the successful execution of our strategic sustainability agenda for a greater good.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS | 17 PARTNERSHIPS FOR THE GOALS

S1. About the sustainability notes, cont.

PricewaterhouseCoopers Oy has provided assurance on the sustainability information provided in this report. The scope of the assured information is indicated in the Independent practitioner's limited assurance report on page 380.

In addition to the Annual Report, we disclose ESG-related information in accordance with the Pillar III disclosure requirements in the Capital and Risk Management Report available at nordea.com.

Like all other disclosures in the Annual Report, the sustainability disclosures refer to the period 1 January to 31 December 2023, i.e. Nordea's financial year. The previous report covering the financial year 2022 was published in March 2023.

Similar to the financial statements, the sustainability disclosures in this Annual Report cover the parent company, Nordea Bank Abp, and its subsidiaries, i.e. the Nordea Group. The reported data cover the Nordea Group as a whole unless otherwise stated.

Basis for the sustainability disclosures

Nordea Bank Abp has reported in accordance with the GRI Standards for the period 1 January to 31 December 2023. Our GRI Content Index, including omission statements, is published at nordea.com/sustainability. For disclosures of financed emissions, we use the Global GHG Accounting and Reporting Standard for the Financial Industry provided by the Partnership for Carbon Accounting Financials (PCAF). See more details on PCAF and our financed emissions disclosure on pages 350–357.

The Non-financial statement is prepared in accordance with the Non-Financial Reporting Directive as implemented in the Finnish Accounting Act, including the requirements on EU taxonomy disclosures.

The Annual Report is available for downloading at nordea.com. If you have any questions about the sustainability disclosures, you are welcome to send them to sustainability@nordea.com. Additional information on sustainability as well as an SASB index is available at nordea.com/sustainability.

For a list of our association memberships, see nordea.com/sustainability. The Annual Report is our disclosure in relation to several of the commitments and initiatives we participate in (see table below).

Disclosure requirement	Details and references on disclosures
Principles for Responsible Banking (PRB)	As we are a signatory to the PRB, we report on our implementation of the PRB in the sustainability disclosures. In addition to the Annual Report, the PRB Reporting and Self-Assessment Template is available at nordea.com/sustainability.
Task Force on Climate-Related Financial Disclosures (TCFD)	We report climate-related information in line with the TCFD recommendations. See the TCFD Index at nordea.com/sustainability for further details.
Net Zero Banking Alliance (NZBA)	The report serves as a description of our actions to mitigate climate change in accordance with our Net Zero Banking Alliance (NZBA) commitment to transition all operational and attributable GHG emissions from our lending and investment portfolios to align with a maximum temperature rise of 1.5°C above pre-industrial levels by 2100. See our report "Climate targets and actions for the lending portfolio" at nordea.com/sustainability for further details.
Responsible Ship Recycling Standard (RSRS)	We are a signatory to the Responsible Ship Recycling Standards (RSRS) for banks. The RSRS promotes responsible ship recycling and minimising the dangers associated with hazardous materials on board. In 2023 close to 100% of new loan agreements for Nordea-financed vessels included a clause relating to responsible recycling (same as in 2022). As an RSRS bank we aim to include a responsible recycling clause in all new loan agreements for Nordea-financed vessels in the shipping sector. For our complete reporting according to the RSRS requirements, see nordea.com/sustainability.
Equator Principles (EP)	The sustainability information in the report partly fulfils the reporting requirements of the Equator Principles (EP). For full EP reporting, see Nordea Equator Principles Reporting at nordea.com/sustainability.
Country by country reporting	The information in Note "S5 Governance and culture" pages 369-373 fulfils the reporting requirements of the Finnish Act on Credit Institutions chapter 10, section 12.
UK Modern Slavery Act	The sustainability information in the report partly fulfils the reporting requirements of the UK Modern Slavery Act. In addition, we publish a separate modern slavery and human trafficking statement at nordea.com/sustainability.
Norwegian Transparency Act	The sustainability information in the report partly fulfils the reporting requirements of the Norwegian Transparency Act. In addition, we publish a separate statement at nordea.com/sustainability.

S2 Financial strength

Understanding and managing environmental, social and governance risks and opportunities is crucial to maintaining our financial strength and strong capital position.

2023–2025 targets	Status
Risk management framework for ESG risks in place by the end of 2023.	Target met
Risk assessments in place for the sectors and customers most vulnerable to climate risk by the end of 2023.	Target met
Facilitate more than EUR 200bn in sustainable financing by the end of 2025.	EUR 135bn
Grow gross inflows from the Nordea Sustainable Selection universe to account for 33% of total fund gross inflows by the end of 2025.	22%

At Nordea, we have a long-term business perspective and believe that companies with sustainable business models carry lower risk. As ESG factors can have both negative and positive impacts on Nordea, our customers and business environment, they can be used to identify risks as well as opportunities. Therefore, we integrate ESG factors into risk management processes for both our lending and investment portfolios. We manage our ESG-related risks so that our financial strength and position is well supported and our ability to raise the funding we need at competitive prices is maintained. Financial strength is therefore fundamental for our sustainability strategy and our commitment to service customers.

We develop and supply financial products supporting sustainable practices through our ESG-related offering, where active engagement with customers and investees is a key enabler of our sustainability strategy and targets. These ESG-related offerings allow us to incorporate sustainability into our funding and liquidity strategy, via our sustainability-related funding activities.

ESG-related risk strategy and management

ESG factors can be significant drivers of credit, market, liquidity, compliance and operational risks. The principle of embedding ESG factors into risk management and business strategy is based on the importance of each factor as a driver of existing risks. We use qualitative and quantitative measures for the risk identification and materiality assessment of ESG-related risks. We subsequently develop monitoring, mitigation and management strategies for the identified material risk. Where relevant, we assess the potential need for capitalisation while accounting for good practices and regulatory guidance.

ESG-related risk assessments impacting our customers and balance sheet

As a key principle of effective risk management, we maintain a diversified lending portfolio, distributed between corporate and household customers and diversified across geographies, industries and products. For all impacted financial risk categories, existing processes are progressively being enhanced to identify, evaluate and monitor material ESG-related risks. Process enhancements for all risk categories will continue in 2024 as part of our multi-year ESG Programme to align with the regulatory supervisor's expectations on climate-related and environmental risk management. We provide a detailed description of existing processes in the Capital and Risk Management Report available at nordea.com.

ESG assessments are performed for both lending and investment portfolios on Nordea's balance sheet to identify, evaluate and monitor material ESG-related risks.

Nordea continues to redevelop aspects of the credit customer ESG assessment process to systematically integrate ESG-related considerations in the credit process. For corporate borrowers ESG assessments are performed according to the size and type of the transaction and the customer's internal segmentation. ESG assessments are performed on new customers, in ordinary reviews of existing customers, and when the ESG-related risk(s) or credit exposures to existing customers significantly change. ESG-related risks identified qualitatively as material at customer level inform the credit risk assessment, with conclusions on the customer group's risk level included to the credit memorandum. The purpose of the assessments is to conclude on ESG-related risk components relevant to credit customers' repayment capacity. Approvals are made according to the established credit decision-making process. For customers associated with a high level of ESG-related risks, decisions are escalated to higher-level credit committees where relevant.

2023 saw the further development of ESG risk management at the level of individual corporate customers. ESG credit risk definitions were established which form the basis for identifying ESG risks in the credit process. The ambition is to screen corporate customers for whom individual ESG risks could materially impact their credit risk. This will be accomplished by a semi-automated tool supplemented by human oversight, to flag customers that require enhanced ESG assessments by dedicated ESG analysts with focus on identifying and assessing their vulnerability and resilience towards material ESG issues. To support these analyses, external databases are used to assess performance on specific ESG-related risks and to assess if the company has been, or is, involved in ESG-related controversies.

Climate-related transition risks are assessed with an enhanced focus for larger customers. The key components of the assessment include counterparties' greenhouse gas (GHG) emissions intensity developments, the corresponding quality of their transition planning, and the resulting impact of climate-related transition and physical risks on customer repayment capacity. This analysis is aligned with the Group targets on financed GHG emissions reductions and transition plan coverage.

For certain customers, there is an enhanced focus on environmental and social risks. The process includes e.g. ensuring that sufficient policies and programmes are in place to reduce potential harmful impacts on the environment, communities and indigenous rights.

ESG-related considerations in the credit process are further guided by our internal industry credit policies, which can include ESG-related exclusion criteria for exposure to harmful or controversial economic activities, and requirements on engagement and monitoring of climate-related transition plans.

In addition to these processes, where relevant, we carry out an environmental and social impact assessment when financing certain large infrastructure and industrial projects, as part of our commitment to the Equator Principles. We also follow applicable valuation standards and regulatory requirements, which includes taking ESG factors into account in applying market values for collateralised real estate assets, when available or relevant.

Nordea's loan pricing frameworks reflect strategic choices in Nordea's business selection and risk appetite, including established targets for risk-adjusted returns on allocated credit risk capital. Our approach is to integrate ESG factors into existing pricing components, like credit risk (as a key driver), profitability, business strategy, risk appetite or any other pricing considerations.

ESG factors affect business selection decisions be it through established sector targets, sector guidelines or decisions on individual credits risk. These strategic choices are also reflected in the capital allocation and pricing decisions, as ESG factors may also affect risk-based pricing. ESG factors can also be reflected in the margin of certain sustainable lending products, such as green loans and sustainability-linked loans where the margin is tied to the financed assets or the customer's ESG performance.

For mortgage borrowers, the main ESG-related risks relate to collateral energy efficiency and physical hazard exposures. In 2023 we continued to improve understanding of our mortgage portfolio's energy efficiency and physical risk exposure through data improvements.

For the long-term illiquid asset portfolio, ESG and impact principles guiding investment decisions include the introduction of concrete ESG criteria, which fund managers seeking to secure investments from Nordea are expected to either satisfy at the outset or strive to satisfy as soon as practically possible. The principles also include the requirement to monitor the progress of the ESG performance of the portfolio, with plans to develop KPIs for stronger performance tracking and reporting. For further details, see our Capital and Risk Management Report available at nordea.com.

Beyond monitoring and managing these potential risks at counterparty level, we also monitor ESG-related risks at portfolio, product and sector levels through deep dives and our risk appetite framework. Through these activities we assess exposure to any vulnerable or potentially harmful economic activities and manage our balance sheet according to the related aspects of our business strategy. For further information on these activities, see our Capital and Risk Management Report available at nordea.com.

Business environment scanning related to climate and environmental driven changes

We aim to continuously improve the scanning of our business environment with regard to impacts of climate and environmentally driven changes at global, European and Nordic levels. Business environment scanning covers large corporations and institutions, business banking and personal banking operations, focuses on sectors that are most material to us, and includes consideration of climate and environmental physical and transition risks.

The business environment is defined as including explicit consideration of the macroeconomy, the competitive landscape, policy and regulatory trends, technological trends and societal/demographic developments which shape business conditions at industry and geographical levels and related to the products and services that we are active in or are considering becoming active in. We have established a team of dedicated sector experts and established a process to integrate the insights on opportunities and risks into relevant risk management and strategy processes.

Integrating ESG-related risks into investment decisions in our asset management business

In order to ensure that investment decisions are based on comprehensive information, we seek to integrate ESG factors into our investment analysis. Since ESG factors can have both a negative and a positive impact on our portfolio companies and their business environment, they can be used to identify sustainability risk as well as investment opportunities.

ESG-related risk considerations are integrated into our investment decision-making framework as part of the overall risk assessment. This assessment, based *inter alia* on quantitative and qualitative ESG information, allows for a robust identification of ESG-related risks. We identify ESG-related risks by considering ESG factors in the investment process and by assessing the materiality of the potentially negative impact of these ESG factors on the value of the investment. In addition to the integration of climate-related risks, we include risks related to social factors as well as governance-related risks in our considerations.

The integration of ESG-related risk considerations into our investment decision-making process may differ between our investment teams as the relevance, availability of information and time horizon of ESG-related risks will vary depending on the characteristics of the investment product, including asset class, investment strategy, customer objectives and market trends.

ESG-related risks are considered in the investment decision-making process together with traditional investment risks (e.g. market, credit or liquidity risk). ESG-related risks may have a significant impact on traditional investment risks and be a factor that contributes to their materiality. The identification, evaluation and consideration of ESG-related risks in the investment decision-making process are done in accordance with the characteristics of the investment strategy and may result in a range of actions, including but not limited to: not investing, divesting, engaging or excluding.

Managing climate-related risks in investment portfolios

Fulfilling our mission to deliver returns responsibly requires us to manage the exposure to climate-related risks in our investment portfolios. We assess material climate-related risks and opportunities across asset classes using a range of tools and data sets. For listed equity and corporate bond exposures, we use the MSCI Climate Value-at-Risk (Climate VaR) model to assess transition risks and physical risks under different climate scenarios.

In addition, we conduct climate alignment analysis for individual issuers to establish the extent to which a company's strategy and decarbonisation trajectory support the achievement of a desirable target scenario.

Investment teams in Nordea Asset Management (NAM) have access to a proprietary ESG data platform, allowing them to integrate climate-related analyses into the investment research process, and portfolio managers regularly receive portfolio risk reports, which include climate dashboards with key figures, such as the emissions intensity of the portfolio and identification of relative outliers.

At Nordea Life & Pension (NLP), investment managers have access to a comprehensive set of backward- and forward-looking metrics, scenario analyses and tools for their respective portfolios. Monitoring of key metrics and elevated risk areas is conducted regularly, and a climate risk report is provided to NLP's Board of Directors and Sustainability Committee regularly.

Assessing transition and physical risks in investments

In both NAM and NLP, the MSCI Climate VaR tool is used for listed equities and corporate bonds to assess climate risk across a number of plausible climate change scenarios. Our choice of scenarios includes three scenarios from the Network for Greening the Financial System.

The first one is the Divergent Net Zero scenario where emissions are reduced in line with at least a 50% probability of limiting global warming to below 1.5°C by the end of the century. Net zero is achieved by 2050 but at higher costs due to divergent policies introduced across sectors and a quicker phase-out of fossil fuels.

The second one is the below 2°C scenario where the stringency of climate policies is increased gradually, resulting in a 67% probability of limiting global warming to below 2°C.

The third one is the 3°C NDC scenario, where nationally determined contributions (NDCs) represent a pathway in which climate-related policies are implemented in some jurisdictions, but global efforts are not ambitious enough to stop global warming. The transition risk is low, but physical risks are high in this "hothouse" scenario.

For each of these scenarios, climate risk can be assessed using three distinct climate metrics: policy risk, technology opportunities and physical risk. Policy risk refers to the investment value at risk due to the future climate policy. Technology opportunities represent the investment upside due to low carbon technology revenues, which, combined with policy risk, gives us net transition risk. Physical risk refers to the investment value at risk materialising from climate-related acute events and chronic changes, such as extreme heat and cold, rainfall, flooding and tropical cyclones.

The MSCI Climate VaR model is used for listed equities and corporate bonds in both NAM and NLP to assess transition risks (policy risk) and physical risks (extreme weather risk) in different climate scenarios. In addition, NLP uses the Carbon Risk Real Estate Monitor to assess transition risk in its directly held real estate portfolio. For sovereign bonds, NLP notes a positive trend in the increased availability of carbon accounting methodologies and required data. For illiquid asset classes, retrieving sufficient data remains a challenge.

	Divergent Net Zero			Below 2.0°C			3.0°C NDCs		
Climate VaR as of end 2023[1]	**Policy risk (%)**	**Technology opportunity (%)**	**Physical risk (%)**	**Policy risk (%)**	**Technology opportunity (%)**	**Physical risk (%)**	**Policy risk (%)**	**Technology opportunity (%)**	**Physical risk (%)**
Nordea Asset Management									
Listed equities (%)	-11.2	2.4	-1.4	-2.1	0.4	-2.0	-1.5	0.2	-2.9
Corporate bonds (%)	-1.4	0.0	-0.4	-0.1	0.0	-0.6	-0.1	0.0	-1.0
Nordea Life & Pension									
Listed equities (%)	-10.2	2.7	-1.4	-2.0	0.5	-2.0	-1.4	0.3	-3.0
Corporate bonds (%)	-3.5	0.1	-1.2	-0.2	0.0	-1.9	-0.2	0.0	-2.9

1) Policy risk and Technological opportunities are calculated at instrument level, meaning it takes into account the remaining maturity of individual bonds. Data coverage is 84% and 76% for Policy risk and 84% and 67% for Technology opportunity for NAM and NLP respectively. Physical risk values are based on company levels (listed equity or corporate bond), and do not adjust for maturity and instrument type. Data coverage for Physical risk is 94% for NAM and 76% for NLP.

ESG-related opportunities

Over the past couple of years we have seen a significant increase in the demand for our sustainability offering, accelerated by customer demand and the growing strength of our product range, guidance and engagement. With our experience with sustainability-linked and green lending, ESG-focused investment products as well as active ownership, we are well placed to accelerate our customers' and investee companies' transition to a sustainable future. Within all of these areas, we aspire to be a leading voice.

Sustainable financing

We offer a range of sustainable financing solutions that broadly cover transition financing and the financing of sustainable activities and projects. Our offering includes lending products, such as green loans and sustainability-linked loans, as well as facilitating our customers' access to capital markets financing, such as green, social, sustainable and sustainability-linked bonds. Additionally, we have, together with the European Investment Fund, introduced a new range of guaranteed loans under the InvestEU Programme for small and medium-sized enterprises to accelerate the transition to a green and sustainable economy.

Our green financing offerings follow the criteria of the Nordea Green Funding Framework. Sustainable financing adheres to, and takes into account, Nordea's sector policies and guidelines. Our customer relationship teams and debt product specialists are supported by our dedicated Sustainable Finance Advisory team as we tailor sustainable finance solutions to align with our customers' sustainability objectives and material ESG factors. With these offerings, we are able to link our financing to our customers' ESG objectives and align with relevant sustainable financing criteria.

Sustainability-linked loans are a type of lending arrangement where the company's borrowing costs are tied to its progress in meeting certain set and measurable annual sustainability targets. In addition to offering sustainability-linked loans to our customers, we help customers select the right targets for their specific situation.

We also continue supporting our household customers' transition by offering financial advice, combined with our sustainable product offering. We offer homeowners green mortgages and energy efficiency loans. In addition, we offer specifically tailored loans for electric vehicles, to support the transition to less emission intensive transport modes.

During 2023, we have strengthened our internal rules for responsible product development ensuring regulatory compliance and mitigation of reputational risks. The responsible product guideline is built on several frameworks, both Nordea specific, internal and external, and regulatory, guiding and contributing with standards for the development of our responsible products. If the name or the marketing of the product

S2. Financial strength, cont.

includes sustainability claims, it is ensured that these claims are properly assessed, substantiated, documented and disclosed to the customers.

Financing	2023	2022	2021
Sustainability-linked loans EURm			
Take-and-hold volume	19,855	15,459	7,520
Volume of green loans EURm			
Green loans	12,108	8,919	5,799
- Green corporate loans	9,705	7,642	–
- Green mortgage loans [1]	1,165	734	–
- Other green loans[2]	1,238	544	–

1) Mortgage loans collateralised by residential immovable property which fulfil the green funding framework criteria. Excluding loans reclassified as green by Nordea

2) Other green loans include e.g. car financing and green lending to public entities

Financing the transition and our sustainable advisory

In 2023 we continued to see strong demand for our sustainable financing and advisory services, in the face of continuing challenging market conditions in light of inflation and interest rate increases.

We have maintained our position in the Nordic markets as the leading provider of sustainable finance. Global Finance named Nordea the winner of its 2023 Sustainable Finance Awards in Denmark, Finland and Norway, and Transition/Sustainability-Linked Loans Western Europe in recognition of our outstanding leadership position.

During 2023 we helped facilitate EUR 77bn of sustainable financing, predominantly for our large corporate and institutional customers. We facilitated 127 green, sustainable, sustainability-linked, and social bond transactions, Together with the green and sustainability-linked loans, this puts us on track to meet our 2025 target to facilitate more than EUR 200bn of sustainable financing.

We continue to invest in our sustainable platform to provide a leading lending and bond offering. Throughout 2023 we have increased our advisory capacity and ensured that the Sustainable Finance Advisory team is locally present throughout the Nordics.

Supporting SMEs with carbon accounting

As larger companies are, through the Corporate Sustainability Reporting Directive (CSRD), expected to disclose supply chain emissions (scope 3), SMEs are increasingly requested to disclose emissions as well. When it comes to measuring and reporting on emissions and creating credible transition plans, SMEs are naturally less mature. This is why we launched a partnership with Normative, a global company with headquarters in Stockholm, which has specialised in carbon accounting since 2014. With Normative's Business Carbon Calculator, our customers can measure their carbon footprint and report reduction progress to value chain stakeholders, such as customers or investors.

Net-Zero Commitment Loan

To cater for our SME customers' need for transition financing, we are piloting a new Net-Zero Commitment Loan for customers publicly committing to net zero through the SME Climate Hub. Nordea is a frontrunner in offering this solution and we hope it will encourage even more customers to commit to climate transition and net zero.

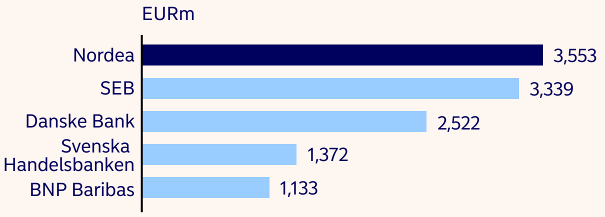
Strengthening frontline ESG capabilities

Knowledge, data and systems are key enablers to our sustainability objectives. Therefore, we have launched an internal sustainability training programme with a bespoke curriculum to build our employees' competence and knowledge, so they can best support customers in their transition to a low-carbon economy. We have also invested in enhancing internal processes and tools to support our offering to customers and the expected continued growth while at the same time ensuring the integrity of our offering. We have introduced new business intelligence tools for our frontline to get a firm picture of our customers' GHG emissions transition plans, including, for example, trajectories and alignment to Nordea's sector targets. We have initiated a new governance structure for financed emissions and profitability, enabling a closer link between return and climate-related risks.

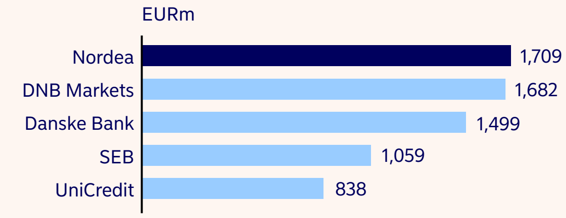
We continue to invest in technology tools that will support climate data for analysis, the setting of KPIs related to our sustainability-linked products and revisions to our sustainability-linked and green lending processes. The development of our internal sustainability platforms and business intelligence tools will continue in 2024.

Corporate sustainable finance league tables 2023

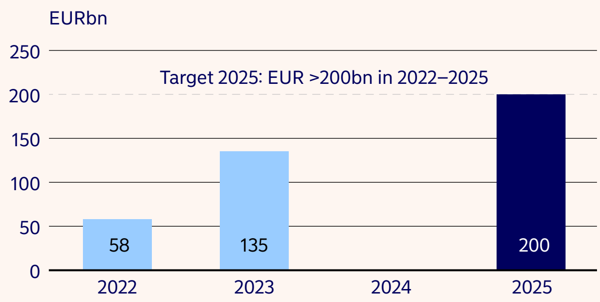
Bonds



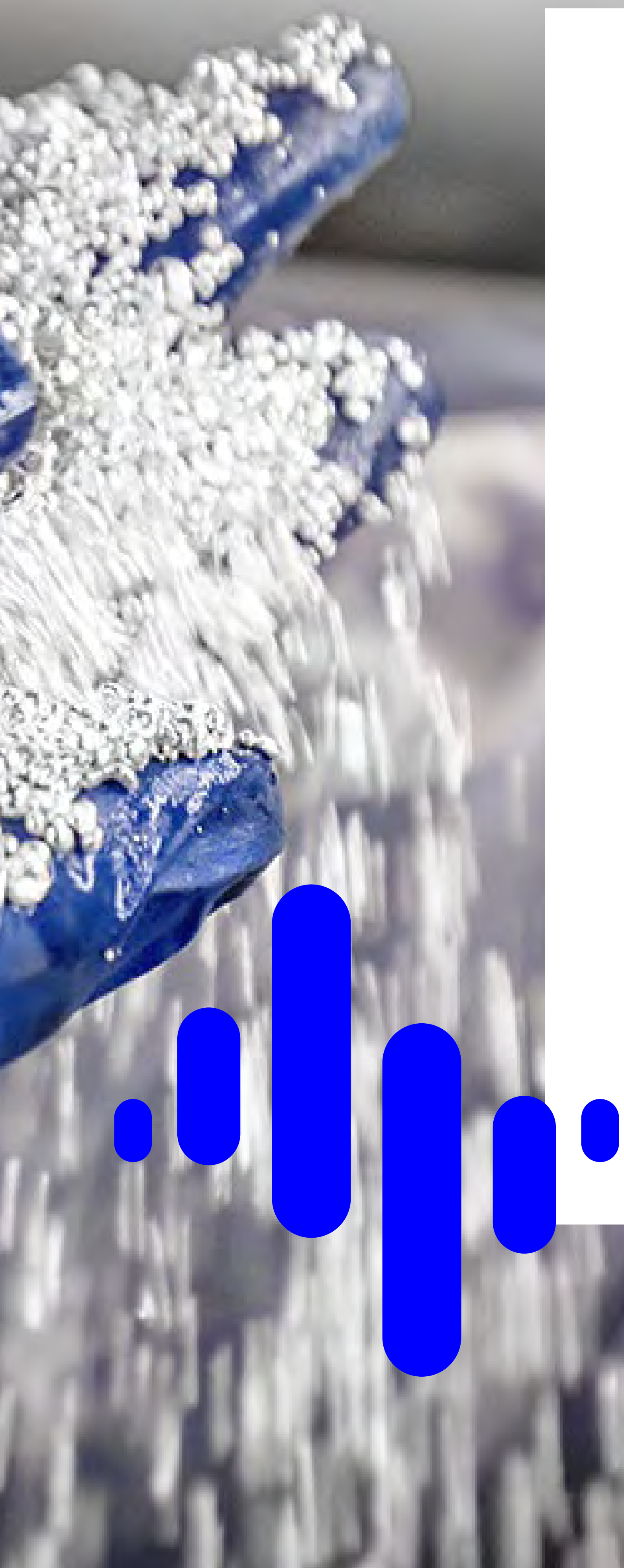
Loans



Total facilitation of sustainable financing 2023



Our target is to facilitate more than EUR 200bn of sustainable financing by 2025. Total facilitation includes social and other sustainability bonds as well as sustainability linked and green loans.



Supporting **Pandora's sustainability journey**

Sustainability is a strategic priority for the world's largest jewellery brand, Pandora. The company aims to lead the way by becoming a low-carbon, circular, inclusive and fair business.

To that end, Pandora broke new ground in 2023 when it issued an inaugural 500m euro sustainability-linked bond, tying its financing to its climate and circularity goals. Nordea played a pivotal role as the sole sustainability structuring advisor, helping Pandora formulate its sustainability-linked bond framework and select ambitious sustainability targets.

The bond is linked to Pandora's commitments to purchase 100% recycled silver and gold for use in its jewellery by 2025, to become carbon neutral in its own operations by 2025 and to reduce its scope 3 emissions in line with its validated Science-based target. The targets are aligned with Pandora's core business and were assessed by Moody's to have a "high contribution" to sustainability. To underscore Pandora's commitment to achieving its goals, the structure's financial penalties for missed targets exceed market averages.

"Pandora has integrated sustainability across the business, so it is only natural that the company's financing be sustainability-linked. The ambitious nature of our targets is a testament to our desire to lead the jewellery industry forward on this most important topic," says Marissa Saretsky, VP of Global Sustainability at Pandora.

In March 2023, Pandora announced the successful placement of 500m euros in senior unsecured sustainability-linked notes under the framework – a significant milestone under the company's newly established Euro Medium-Term Note (EMTN) program.

The sustainability-linked bond marks the third time Pandora has tied its financing to ambitious sustainability targets, highlighting the company's dedication to advancing its sustainability agenda, with Nordea by its side.

S2. Financial strength, cont.

ESG-focused investment offering

As the largest financial services group in the Nordics, we have a significant impact through our advice and products, supporting our customers in making more sustainable investment choices. Individual customers, together as a collective, can contribute with their investments while making a good risk-adjusted return on their capital in line with market returns in the long term.

In 2023 we launched an array of initiatives to help our customers make more informed investment decisions in terms of sustainability. We also increased and improved our product offerings. For example, we:

- launched more detailed ESG information about funds in our digital channels
- started assessing the sustainability level of selected individual equities and incorporated that into the investment advice process
- released a publication on how ESG risks affect investments
- added new funds to our advisory offering – a social bond fund and a biodiversity fund
- tightened and added additional thresholds to the criteria for our sustainability-focused product offering
- expanded our sustainability-focused discretionary solution to Swedish retail customers.

Nordea Sustainable Selection (previously Sustainable Choice) is Nordea's framework for assessing and selecting investment products based on Nordea's rigorous ESG criteria. Both the provider of the product and the product itself need to pass our assessment. To drive real change, we believe that sustainability needs to be integrated into the core business of all product providers. Therefore, we, among other things, evaluate our selected product providers' commitments, resources and focus on collaborative engagements across their assets. When assessing products for Nordea Sustainable Selection, we emphasise current financial and sustainability performance as well as long-term strategy and intentions. For example, we look for products with proper integration of ESG risks and opportunities in the investment decision-making process, a strong active ownership approach and a commitment to invest in companies that contribute positively to the environment and to society. Products also need to apply exclusionary criteria to tobacco, gambling, weapons and other controversial sectors.

We have set a target for gross flows to Nordea Sustainable Selection funds at 33% of total flows by 2025 as a means to contribute to the Nordea climate targets to reduce emissions in our investment portfolio by 40-50% by 2030 compared with 2019 levels. By the end of 2023 the share of gross flows to Nordea Sustainable Selection reached 22%.

We categorise all our savings and investment customers according to their sustainability profile and preference, as we do for return targets and risk tolerance, to be able to recommend the most suitable product for the individual customer. Our Nordea Sustainable Selection products are primarily recommended to customers with sustainability preferences. These customers find it important to consider the positive contribution of their investments to the environment and society, and to reduce negative impacts. During 2023 we assessed our customers' sustainability preferences 370 000 times where in 4 out of 10 cases, or 43%, the customer expressed that they have sustainability preferences. We started asking customers about whether they were interested in considering sustainability in their investments already back in 2019 and have had over two million dialogues since then. Hence, we supported our customers in making more sustainable investment choices several years before it became a regulatory requirement in 2022.

We offer a variety of investment products focusing on sustainability. Identifying the sustainability level of a product can be complex, but Nordea Sustainable Selection can help our customers identify products with a credible sustainability strategy. The EU Sustainable Finance Disclosure Regulation (SFDR) also classifies products in categories where Article 9 funds have sustainability as their objective and Article 8 funds promote environmental and social objectives. Nordea Sustainable Selection includes products from both categories. As Article 8 includes a very wide range of products with varying sustainability ambitions, the SFDR classification alone is not enough for products to be included in Nordea Sustainable Selection. Our offering of sustainability-focused products will continue to develop and grow as the market matures and we strive to meet new customer demands.

Investments	2023	2022	2021
AuM – SFDR article 9 products (products with sustainable investment as objective)			
AuM in EURm	13,113	13,622	14,568
Share in relation to total AuM at Nordea Asset Management (%)	5.2	5.7	5.0
AuM – SFDR article 8 products (products that promote environmental and/or social characteristics)			
AuM in EURm[1]	160,860	143,732	180,007
Share in relation to total AuM at Nordea Asset Management (%)	64.1	60.2	61.5
AuM in Nordea Sustainable Selection products			
AuM in EURm	60,290	51,728	59,048
Share in relation to total AuM at Nordea Asset Management (%)	24.0	21.7	20.2

1) Measurement methodology was changed from 2022, whereby fund of fund investments into article 8 and 9 funds are now excluded from AuM. This is to align with customers' active decision making and preferences.

Active engagement

We continually engage with customers and investee companies to understand the sustainability challenges and opportunities they face in their business environments. This enables us to address material sustainability risks and concretely put to action our sustainability related commitments. Our approach prioritises dialogue over disengagement.

Engagements with our customers

We engage with our Personal Banking customers via our advisory and digital channels. Our advice is centred around financial well-being and increasingly touches on sustainability. This is enabled by our advisers' increasing understanding of sustainability from completing training programmes. Our digital channels promote sustainable choices and their benefits, for example benefits of renovating homes, and provide links to further insights, for example government subsidies. In addition, we regularly organise webinars on home renovation to inspire our customers to transition.

We also take collective action by engaging in external activities. One example is the recently completed Nordic Energy Efficient Mortgage (NEEM) Hub research programme funded by the EU. The aim of the programme is to identify how best to support homeowners' transition, for example by identifying barriers and solutions.

Engaging with our corporate customers enables us to address and understand material sustainability risks and opportunities, and concretely put to action our commitment

S2. Financial strength, cont.

to climate actions outlined in our sector policies and for sectors where we have set climate targets in line with our commitment to the Net-Zero Banking Alliance (NZBA).

We develop our customer engagement strategy based on the use of our Climate Transition Maturity Ladder (see more information in Note "S3 Climate and environment") to address relevant engagement objectives based on our customer's climate disclosures and commitments . We believe that this structured approach to understanding our customers and engaging with them can help us proactively drive business and sustainability in the same direction.

Our engagement, with the companies we finance, combines the expertise of our corporate advisers, Sustainable Finance Advisory team, ESG experts and analysts to shape a customer engagement. In 2023, we engaged with mid-corporate customers to increase our understanding of their progress in climate transition planning. We saw an increase from estimated 58% in 2022 to estimated 70% in 2023 of large corporate customers exposure in climate-vulnerable sectors now covered by transition plans, which is considered a strong progress towards our 2025 target of 90%. Through client dialogues we hope to encourage more clients to start formulating transition plans and progress on their climate transition planning.

We also take collective action by engaging in external activities through for instance Bankinitiativet Hållbar Byggbransch in Sweden, the Poseidon Principles and the Responsible Ship Recycling Standards.

Active ownership

Engaging with our investee companies enables us to address material sustainability risks and opportunities. Our engagement activities combine the perspectives of the portfolio managers, the financial analysts and the ESG experts to form a holistic opinion and establish coherent engagement objectives. Portfolio managers actively participate in engagement activities together with our ESG analysts. Engagements often run over several years and are carried out either by NAM alone or in collaboration with other institutional investors.

During the engagement period, we conduct regular meetings with the company in question and track progress against predefined engagement objectives. Engagement may entail a dialogue with the company's executive bodies, influence on board composition, cooperation with other investors on joint voting at annual general meetings and keeping a strict eye on the company in general. The dialogue allows us to put forward our expectations on corporate behaviour and to support companies in enhancing their sustainability performance. Progress reports and outcomes of the engagement are communicated to portfolio managers and financial analysts, allowing the information to be considered in investment decisions. In cases where an engagement relates to critical issues material to the specific investment case or the general investability of a company, failure to meet expectations will entail escalation of the issue through other stewardship activities, such as voting, and ultimately the consideration of quarantine or divestment.

Our engagement activities typically fall into one or more of four different categories: investment-led engagement, norms- and incident-based engagement, thematic engagement or political engagement. Each theme is closely aligned with the Sustainable Development Goals (SDGs) and relevant ESG risks and has been selected and defined through close collaboration between ESG experts, portfolio managers, financial analysts and customers. In addition to engagements with companies, we are increasing our work in the sovereign engagement sphere.

In 2023 we engaged with 1,179 companies on environmental, social and governance issues. We estimate that this corresponds to 52% of the total number of the equity assets under management in NAM portfolios. We provide more information on our engagement activities in our Responsible Investments Report available at nordea.com.

During 2023

43%

of advised customers **expressed that they have sustainability preferences**

Customers' preferences were addressed 370 000 times where in 160 000 cases the customer expressed a preference to consider their investments' negative or positive impact to the environment and society.

S2. Financial strength, cont.

At Nordea Funds, we believe that the promotion of sound corporate governance is part of our fiduciary duty to our customers and will contribute to long-term shareholder value creation and responsible returns. Our engagement with investee companies includes proxy voting in line with our Corporate Governance Principles. We exercise our right, on behalf of our customers, to promote sound corporate governance and protect shareholder interests in the companies in which our funds have invested capital through voting at shareholders' annual general meetings (AGMs). In 2023 we voted at around 3,700 general meetings and achieved a voting frequency of over 95% for our holdings. We show how we have voted in our voting portal at nordea.com.

Sustainable funding and our frameworks

Our sustainability-related lending product offering allows us to also incorporate sustainability into our funding and liquidity strategy. The Nordea Green Funding Framework and the Sustainability-Linked Loan Funding Framework represent a further step in our efforts to integrate ESG and sustainability considerations into all our core operations. We believe that green bond and sustainable-linked loan financing creates transparency of the funds allocated to climate change mitigation and other environmentally beneficial uses. In 2023 we issued more than EUR 5bn in sustainable funding across six currencies, bringing our total outstanding sustainable issuance to above EUR 10bn.

The Nordea Green Funding Framework defines how we identify, select, verify and report the green assets financed by the proceeds of our green funding. It also establishes how we manage such proceeds. The framework is based on the Green Bond Principles published by the International Capital Markets Association. We review it annually and, where necessary, update and expand it as the Green Bond Principles and market practices evolve. We are committed to supporting the growth and integrity of the market for sustainable financing.

We have engaged the external provider ISS Corporate to verify the Nordea Green Funding Framework and our green bond assets. These are reviewed at asset level before being included in the green bond asset portfolio. Both the green assets recorded in the green covered bond registers and the green covered bond process follow a separate track in terms of verification. The second party opinion is publicly available on our website. Our aim is to engage ISS Corporate in an annual reverification where updates to the framework and new asset inclusions are verified.

In 2023 we timed the reverification for December and only made minor updates to the framework content. We strengthened the coupling of Nordea's green funding with our general sustainability direction by including updated information on targets, NZBA commitments and the initiated biodiversity work in the Nordea Green Funding Framework. We also aligned the Green Buildings asset category criteria with the green covered asset category criteria for buildings for increased clarity, by utilising EU taxonomy criteria for substantial contribution to climate change mitigation. The green asset portfolio includes only green corporate loans verified on asset level by a second party opinion. The portfolios for green covered bonds includes green mortgage loans and reclassified mortgage assets fulfilling the green funding framework criteria.

Green bonds tend to have lower yields and attract stronger investor demand than conventional bonds. The cost of fund benefit or "greenium" that Nordea receives for green bonds is transferred to the business areas on a quarterly basis.

With our Sustainability-linked loan funding framework, we look to advance the market for sustainable finance by providing an opportunity for investors to support companies that have set material and ambitious sustainability goals. An amount equal to the net proceeds issued under this framework is intended to be used specifically for sustainability-linked loans - as defined by the Sustainability Linked Loan Principles published by the Loan Market Association, the Asia Pacific Loan Market Association and the Loan Syndications and Trading Association – that are considered to meet certain criteria around materiality and ambitiousness and with a positive contribution to at least one of the impact objectives defined in this framework.

Our Sustainability-linked loan funding framework is an innovative framework launched in 2022 and builds on the successful development of the use-of-proceeds bond market, such as green bonds, while also recognising the considerable developments seen in the sustainability-linked loan market. In 2023 we issued our first EUR benchmark bond on the back of the framework in addition to the previously issued bonds in local Nordic currencies.

For further information on the green bonds, sustainability-linked loans and bonds and the respective asset portfolios, see our Sustainable funding page available at nordea.com.

Deposits with climate focus

Deposits with climate focus are the latest addition to our sustainability offering. They combine our sustainable lending and savings offerings and our sustainable funding frameworks and practices. A deposit with climate focus is a term deposit where funds are held for a fixed term and where an equivalent amount is intended to be invested and reinvested in the green bond asset categories according to the Nordea Green Funding Framework.

We provide our customers with a platform to invest their surplus cash balances in a way that contributes to eligible environmental projects within renewable energy, clean transport, pollution prevention and control, green buildings, sustainable water, wastewater management and other projects.

Deposits with climate focus were launched as a pilot in September 2021 in Norway, with Nordea being the first large bank in the Nordics with this offering in the corporate market. After a successful pilot with positive feedback from the customers, the product was introduced to retail customers in Norway in April 2023 and also to corporate customers in Sweden in June 2023.

A strong ESG performance is becoming an important KPI for companies in the Nordics where sustainability is a top priority for companies wanting to stay relevant in the future. As the next step in the expansion of our sustainable product offering to serve our customers, we are planning to launch deposits with climate focus to corporate customers in Denmark and Finland. Since the pilot launch in Norway, we have interacted with several hundreds of customers who have invested their surplus funds in the product. More than EUR 3bn in total has been invested in the product, and we see increasing customer demand.

S3 Climate and environment

To become a net-zero emissions bank by 2050 at the latest, we are supporting our customers and portfolio companies in reducing their climate impact while reducing our own.

Our sustainability targets

Achieve **net-zero emissions** by the end of **2050** at the latest

2030 mid-term objectives

2023–2025 targets

Reduce carbon emissions across our lending and investment portfolios by 40–50% by the end of 2030 compared with 2019.

2023–2025 targets	Status
Ensure that 90% of our exposure to large corporate customers in climate-vulnerable sectors is covered by transition plans by the end of 2025.[1]	70%
By 2025 ensure that 80% of the top 200 financed emissions contributors in Nordea Asset Management's portfolios are either aligned with the Paris Agreement or subject to active engagement to become aligned.	81%
Double the share of net-zero-committed AuM by 2025.	On track
Reduce the carbon footprint from Nordea Life & Pension's listed equity, corporate bond and real estate portfolios by at least 25% by the end of 2024.	26%
All asset managers[2] managing assets on behalf of Nordea Life & Pension must commit, no later than 2024, to transitioning their assets under management to net zero by 2050.	48%

Reduce carbon emissions from our internal operations by more than 50% by the end of 2030 compared with 2019 and achieve a net positive carbon contribution (through offsetting).

2023–2025 targets	Status
Total carbon reduction from internal operations of 40% compared with 2019 by the end of 2025.[3]	51%
Suppliers covering 80% of spend are either aligned with the Paris Agreement or subject to active engagement to become aligned by 2025.[3]	70%

1) Transition plan defined as the quantifiable and time-bound target to reduce GHG emissions set by an obligor or group mother. The percentage is based on YE 2023 exposure to climate vulnerable sectors and transition plans reported during 2023

2) Target covers all asset managers in liquid asset classes. For asset managers in illiquid asset classes selected criteria apply.

3) As the 2023 targets were reached, the total carbon reduction from internal operations was raised from 30% to 40% and the expectation of suppliers Paris Agreement alignment has been raised to cover 80% from 70% of the spend.

S3. Climate and environment, cont.

Overall development around us

Global greenhouse gas emissions hit an all-time high in 2023. The summer was the hottest on record and the majority of the global population experienced extreme weather events causing significant disruption and economic losses all around the world. Therefore 2023 is a stark reminder of the urgency to decarbonise the global economy. According to the IPCC, there is a rapidly closing window of opportunity to limit the temperature increase to 1.5°C degrees.

Global climate action is speeding up in both public and private spheres. Countries' net zero targets cover 90% of the global economy and are increasingly backed by regulation and policies. The EU 2030 climate package was finalised in July and will set a new direction for the entire region on climate action. We've also seen a lot of companies set net zero targets and take action during the year.

According to the IEA, the world was set to invest a record USD 1.8 trillion in clean energy in 2023. Solar energy was expected to have to attracted more capital than oil production for the first time ever in 2023. Both innovation and deployment of green technology are increasingly aligning with what is needed to be on track with net zero. For the first time, IEA projects that demand for coal, oil and natural gas will all peak before 2030, even without any new climate policies.

The past year was an important test for the implementation of the Paris Agreement, with the first global stocktake at the COP28 Climate Conference providing a comprehensive assessment of what still needs to be done. Success requires rapid and deep emissions reductions by all countries in all sectors during this decade.

In addition to the emerging global climate actions, there is an increasing recognition of the huge societal risks associated with the loss of biodiversity and nature degradation. The 2022 adoption of the Kunming-Montreal Global Biodiversity Framework (GBF), sometimes referred to as the equivalent of a Paris Agreement for nature, brought a focus to the urgent need to take action across sectors.

The role of financial institutions is explicitly stated in the GBF: to substantially and progressively increase the level of financial resources, mobilising at least USD 200 billion per year by 2030. The GBF proposes to stimulate investments in biodiversity, including through impact funds and other instru-

Climate targets

Group-wide 2050 long-term objective for the bank

Become a **net-zero** emissions bank by 2050 at the latest

Group-wide 2030 medium-term objectives

40–50% **Reduce carbon emissions across our lending and investment portfolios by 40–50% by the end of 2030 compared with 2019**

Reduce carbon emissions from our internal operations[1] by more than **50%** by the end of 2030 and achieve a net positive carbon contribution (through offsetting)

With defined supporting targets across the group as

Bank		NLP	NAM		Operations and supply chain	
40–50% by 2030 Reduction in lending portfolio-wide financed emissions by 2030 across business loans, residential & commercial real estate, motor vehicles and shipping[1]		25% by 2024 Reduce at least 25% in the carbon footprint for listed equities, corporate bonds and directly held real estate[1,2]	50% by 2030 Reduce the weighted average carbon intensity (WACI) of listed equities and corporate bonds by 50% before the end of 2030[1]		40% Reduce carbon emissions from internal operations[1,2]	80% Suppliers covering 80% of spend aligned with the Paris Agreement[2]
Sector targets	90% of exposure to large corporates in climate-vulnerable sectors to be covered by transition plans[2]	100% of asset managers managing assets on behalf of NLP must commit to transitioning to net zero by 2024	Double the share of net zero committed AuM[2]	80% of the top 200 emission contributors in NAM portfolios to be aligned with the Paris Agreement or else subject to active engagement to become aligned[2]		

1) With baseline year 2019.
2) By the end of 2025

ments, and to stimulate innovative schemes, such as payment for ecosystem services, green bonds, biodiversity offsets and credits, and benefit-sharing mechanisms, with environmental and social safeguards. Expectations are high also for transparent disclosures.

Our climate agenda

As the leading Nordic bank, we have the capacity to support the transition to net zero – via our customer offerings, through our lending and investment decisions and by reducing emissions from our internal operations and supply chain. Therefore, our business objective is to achieve net-zero emissions across our value chain in terms of scope 1, 2 and 3 emissions by the end of 2050 at the latest.

As we have made this long-term commitment to align our business to the goals of the Paris Agreement, we have set interim targets to reduce emissions by 2030 across both our lending and investment portfolios. These targets were set using scenarios and modelled pathways that align with the long-term trajectory to limit warming according to the Paris Agreement. These are normative scenarios showing what is required to limit warming to a certain level using a range of socio-economic and technological assumptions across different sectors of the economy. While these targets intend to help us reduce transitional risks in our portfolios and support the decarbonisation of the economy, we also acknowledge and recognise that there are strategic risks associated with rapidly decarbonising our portfolios if the broader economy is not decarbonising at the same rate. We are enhancing and further developing our monitoring of these risks and dependencies.

As a financial institution our largest challenge and impact come from scope 3 emissions from our investment and lending portfolios, so-called financed emissions. In 2023 these represented 99.9% of our total disclosed GHG footprint. Total scope 1, scope 2 and scope 3 emissions for 2023 can be seen in the figure on the next page.

Additionally, each business area has set individual climate-related targets and actions for 2023–2025 and 2030 that are monitored and reported regularly. See details of the business area targets in the table below.

To support the lending portfolio interim objective to reduce absolute financed emissions by 40–50% by 2030, we have

2023 – 2025 and 2030 targets

Target	Explanation
Reduce the weighted average carbon intensity (WACI) of listed equities and corporate bonds by 50% before the end of 2030 compared with a 2019 baseline	NAM has set a target to reduce the weighted average carbon intensity (WACI) of listed equities and corporate bonds by 50% before the end of 2030 compared with a 2019 baseline. From 2019 to 2023 WACI decreased by 38.4%. From 2022 to 2023 alone WACI decreased by 19.6% percent. The change was in part driven by divestments from emissions-intensive companies and new investments in lower-intensity alternatives. However, a majority is due to a reduction in the carbon intensity of companies that were held in NAM portfolios over both periods. Here, the biggest driver is an overall increase in company revenues without a corresponding increase in emissions, thereby reducing carbon intensity, defined as GHG emissions per Million EUR Revenues. Such a reduction can signal both improved operational efficiency, and sensitivity to inflation. From a real world decarbonisation perspective, we are interested primarily in the former.
Reduce the carbon footprint from Nordea Life & Pension's listed equity, corporate bond and real estate portfolios by at least 25% by the end of 2024	NLP has set a target to reduce the carbon footprint of listed equities, corporate bonds and directly held real estate (in NO, FI, SE) by at least 25% by 2025. Indicative figures for 2023 show a decrease of 26% between 2019 and the end of 2023. Between 2022 and 2023, the carbon footprint increased by 3,2%. This increase was mainly due to new investments, and reallocations to companies with a higher carbon footprint. Many of the respective companies have ambitious targets to decrease their emissions. NLP notes that the companies in NLP's portfolios overall have decreased their real world emissions. However, this positive effect on the carbon footprint was neutralized by a fall in the enterprise values of the companies. Since the carbon footprint measures financed emissions per million USD invested, a fall in enterprise value leads to an increase of the carbon footprint, without there being an actual increase in emissions.
200 emission contributors in NAM portfolios to be aligned with the Paris Agreement or else subject to active engagement to become aligned by the end of 2025	NAM has set a 2025 target to ensure that 80% of its top 200 largest contributors to financed emissions are Paris aligned or else subject to engagement. Each company falls into one of four alignment categories: aligned, aligning, committed to aligning or not aligning based on six evaluation criteria: GHG emissions disclosure, net zero ambition, credible GHG reduction targets, progress against targets, a supportive climate strategy and aligned capital expenditures. NAM has developed a tool to assess alignment, which is supplemented with individualised research and company engagement. As of 2023 81% of Top 200 companies were aligned or subject to active engagement to become aligned.
Double the share of net zero committed AuM by the end of 2025	As part of NAM's Net Zero Asset Managers initiative (NZAMI) commitment, NAM reports the percentage of AuM committed to be managed in line with net zero by 2050. A key choice by NAM is to apply NZAM principles at the level of individual portfolio strategies. To date strategies that we consider managed in line with net zero include funds and mandates that are subject to a decarbonization target that is consistent with 1.5°C, have a core objective to invest in climate solutions or have a core objective to support achievement of real economy emission reductions through specific and consistent engagement activity. In 2023, 12 additional funds and mandates have been designated as managed in line with net zero in 2050.
All asset managers managing assets on behalf of Nordea Life & Pension must commit, no later than 2024, to transitioning their assets under management to net zero by 2050	Asset Owners, being placed at the top of the investment value chain, have an important responsibility to drive change also within the investment industry. To reflect this, NLP set a target in 2021 which requires all asset managers which manage assets on behalf of Nordea Life & Pension to commit to a net zero target for their respective assets under management, by the end of 2024 at the latest. By the end of 2023, 50% of NLP's asset managers had committed to such a target, compared to 38% in the end of 2022 and 28% in the end of 2021. In terms of assets under management, 99% of assets in scope of the target were managed by managers with a net-zero commitment.
Ensure that 90% of our exposure to large corporate customers in climate-vulnerable sectors is covered by transition plans by the end of 2025	We have collected significant data on customers' GHG emissions and climate targets and included the broadened scope from public sources to create a better understanding of our customers' position and progress. We have analysed the largest climate-vulnerable sectors to understand our customers' transition plans and the associated opportunities and risks. An estimated 70% of our exposure to large corporate customers in climate-vulnerable sectors was as of year-end covered by a time-bound and quantifiable target to cut GHG emissions.

S3. Climate and environment, cont.

performed climate risk sector-specific deep dives and set sector-specific targets in order to align with regional sector roadmaps and scientific pathways. The process and targets are discussed in more detail in the section "Sector analysis and targets" of this report.

Our Group net zero transition plan will be reviewed and updated in 2024 and 2025, at a time when we expect data availability and data quality to have significantly increased. Several of our targets are already aligned, or closely aligned, with the requirements set out in the Science Based Targets initiative (SBTi). As the SBTi is currently working on a Net-Zero Standard for the financial sector, which will replace the existing standard, potential validation of our climate targets through the SBTi will be assessed and considered once the new Net-Zero Standard is finalised.

The climate and environmental policy and the expectations towards us and our customers develop at a rapid pace. We acknowledge that keeping up with these expectations will require significant efforts from us, our customers and society. We engage with our peers, civil society and the public sector on climate action and the role of banks in transitioning the real economy towards a low-carbon and climate-resilient future. We also continue to play an active role in the international climate finance ecosystem, helping to further develop the ambition and standardisation of carbon accounting, target setting and net zero alignment across the financial industry.

Towards net zero

We have joined the Net Zero Banking Alliance, the Net Zero Asset Owner Alliance and the Net Zero Asset Managers initiative in order to establish common guidelines and work with peers on the roadmap towards net-zero emissions in the real economy as well as in our portfolios.

The Glasgow Financial Alliance for Net Zero recommends financial institutions to provide feedback and support to customers and portfolio companies as well as encourage net zero transition strategies. It is also in our interest for customers to have a gradual and predictable transition, which we can help support.

We offer to finance our customers' transition plans and help them become more mature. We have therefore developed and offer products and services such as sustainability-linked, green financing and other ESG-focused products. Find out more about our ESG offering in Note S2 "Financial Strength".

Supporting and engaging with our customers is central to our climate strategy. We focus on developing products and solutions that both support their transition and enable us to increase the positive impact (financing sustainable activities) while decreasing the negative impact (financing the transition away from high-emitting activities). Through close dialogue, we encourage our customers to further develop and strengthen their transition plans. And we provide them with financing to enable their transition.

In order to build skills and a culture to support our customers' transition, we have developed a proprietary Nordea Climate Transition Handbook and a climate transition maturity ladder that we use for training customer-facing staff in Large Corporates & Institutions and Business Banking as well as staff in Procurement. Read more about the climate transition maturity ladder from the next page.

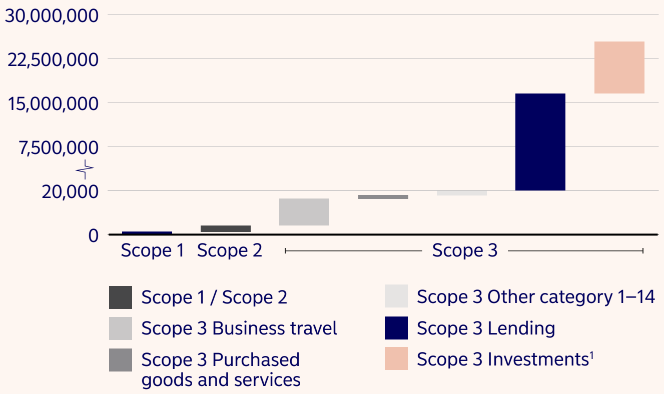
Additionally, we have regular internal training on topics such as net zero transition plans, sustainable finance, ESG data and the EU taxonomy. These trainings range from generalist trainings to external ESG analyst certification of selected client executives, analysts and sales staff.

Integrating climate assessment into the credit and investment processes is crucial to understanding and managing risks in our portfolios. This includes continuous updates to our sector guidelines, industry credit policies and responsible investment policies, which are described in more detail in Note S5 "Governance and culture".

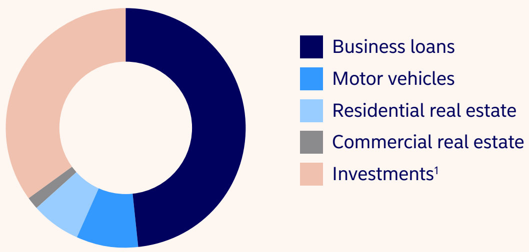
Our strategy is supported by Board and executive-level oversight and responsibilities, and in 2023 we further integrated climate-related targets applicable to remuneration. The variable pay or Profit Sharing Plan of all GLT members, senior leaders and other employees is now linked to climate-related goals in addition to financial targets.

For our lending portfolio, we have included targeted financed emissions development in regional policy frameworks and real customer level transition plans in our financial planning to ensure progress towards our lending portfolio targets for 2030 and 2050. Portfolio emissions and climate risk analysis have been performed in several areas to understand the portfolio footprint, resulting in actions to derisk and steer the balance sheet in the right direction. Between 2019 and 2023 we saw a 29% decrease in the lending portfolio financed emissions mainly due to volume reductions in shipping and animal husbandry as well as exit from offshore and Russia.

Distribution of our total emissions



Financed emissions



1) Investment portfolios is defined as the combination of Nordea Asset Management (NAM) and Nordea Life & Pension (NLP) investments. In the capacity as an asset owner, NLP invests with NAM. The majority of this double-counting is eliminated in this overview by adjusting for NLP's holding of NAM funds, but some double-counting remains.

Sector analysis and targets

We have prioritised sectors identified as vulnerable to climate- and environment-related risks. Targeted sector analysis covers more than 70% of lending exposures and more than 80% of lending financed emissions. We have also updated our business environment scanning to cover the most relevant climate policies and regulations as well as sector decarbonisation roadmaps in the Nordic region.

Sector deep dives enabled insights into each portfolio to understand climate- and environment-related risks and opportunities, by means of estimating financed emissions and building transition pathways to align our overall targets and strategy. In the absence of adequate publicly available data, we engaged directly with customers to understand the challenges they face and their plans to adapt their business models. In support of our climate goals, we have also made significant progress in mapping the transition plans of our large corporate customer base. Descriptions of the deep dives conducted during 2023 covering motor vehicles, commercial real estate, agriculture and aquaculture can be found on page 348.

Following the deep dives, we have since 2021 set eight sector targets and transition pathways relative to Paris Agreement-aligned benchmarks. Power production, agriculture and motor vehicles are the newest additions set during 2023.

Turbulence in the energy sector and the COVID-19 pandemic had a visible impact on progress related to targets for oil and gas exploration and production, thermal peat mining, shipping as well as power production in the 2019–2022 period. We are on track to meet our oil and gas exploration and production as well as offshore and thermal peat mining targets. Oil and gas exploration and production is a sector where we target absolute reduction in full value-chain emissions until 2030. Due to reduced exposures we are well in line with

Climate transition maturity ladder

During 2023 we introduced out Nordea's climate transition maturity ladder to our corporate customer responsible teams. This internal framework for evaluating customers' climate transition plans and the extent to which they are adapting their business models towards being aligned with 1.5°C supports targeted customer engagements.

The maturity ladder addresses key dimensions such as climate target setting and governance across five maturity tiers with tightening expectations for disclosures and climate commitments. The maturity ladder enables a systematic targeted engagement approach that ensures risk mitigation and enables identification of commercial opportunities to help finance our customers on their transition journey.

Nordea's climate transition maturity ladder is a tool to enable achieving our 2025 target to have 90% of our lending exposure to large corporate customers covered by transition plans. Any customer that feeds into this performance target will be evaluated and scored across the tiers. Many SMEs do not disclose climate-related data and thus customer dialogues play a significant role in supporting and assessing the maturity of their climate transition plans.

The climate transition plan maturity ladder approach supports our products and service offering, policies and credit assessments as well as our business selection criteria. We believe that the climate transition plan approach can help us proactively drive business and sustainability in the same direction. During the year we initiated customer transition plan dialogues with our customers with the largest carbon footprint in climate-vulnerable sectors.

Overall, our customers have responded well to the climate transition plan approach, which has enabled direct structured discussions on emissions and a closer understanding of transition financing needs. We will continue developing a more targeted engagement plan and working on advancing our engagement model.

this target, although high energy prices have also reduced the need for financing this sector. Offshore and thermal peat mining are sectors that we aim to exit in full already by 2025. Offshore is well in line for that exit, while exposures to thermal peat are still largely unchanged. We are still confident to deliver on this target as set out.

For the shipping sector, progress during the year 2022 (a one year lag of data) indicates a slight reduction, but from a 2021 level that was slightly elevated due to COVID-19 (particularly the cruise segment). The residential real estate sector (the PCAF asset class Mortgages) is highly dependent on the transition of energy production across the Nordics, particularly in Denmark and Finland which account for the largest share of fossil energy. We are currently not seeing a reduction in line with the targeted levels. Although availability of energy performance certificates for financed properties increased during the year, intensities are still based on fixed national proxies, meaning that we are not yet capturing actual reductions in the energy mix in society. For this sector we have access to customer level GHG data on 77% of the Nordic lending portfolio. For further information on sectors and targets, see the documents "Climate targets and actions for the lending portfolio" and "Climate target methodologies for the lending portfolio" available at nordea.com.

During the year three new sector targets for power production, agriculture and motor vehicles were added. Together they made up 30% of total financed emissions but only 4% of the exposures in 2021.

Power production is a key sector for society to decarbonise faster than other sectors. Our ambition is to be part of the journey to fossil-free power production, with the aim of decreasing the physical intensity by 70% by 2030.

Agriculture (excluding fishing and aquaculture) is a sector with high emissions intensity, where the transition will be slower than in most other sectors. One large obstacle for the agriculture target is the availability of reported emissions data since most customers are small corporations. We only have access to customer-level GHG data on 1% of the Nordic lending portfolio.

Motor vehicles sector (cars and vans) is experiencing a fast transition from fossil-fuel to particularly electric solutions. Our ambition is for our car financing business to play a leading role in lowering the average tank-to-wheel emissions per kilometre.

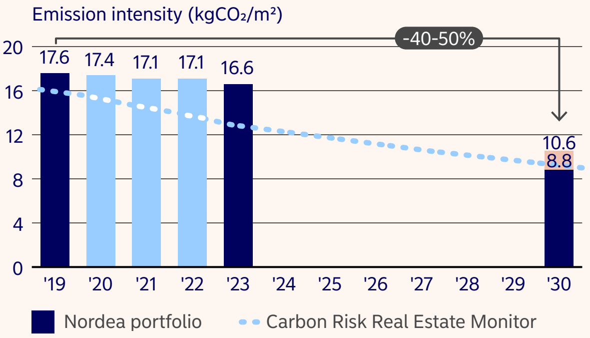
Sector targets

Sector	Sub-sector	Emissions scope	Metric	Benchmark scenarios	Base year	Baseline	Target year	Target	2023 actuals[1]	2023 vs baseline
Residential real estate	Households and tenant-owner associations	1 and 2	Emissions intensity $kgCO_2e/m^2$	Utility sector NDC[2], CRREM[3]	2019	17.6	2030	-40–50%	16.6	-6%
Shipping	Vessels	1	Emissions intensity AER, gCO_2/dwt-nm	Poseidon principles (IMO 2050)	2019	8.3	2030	-30%	8.1	-2%
Agriculture	Crops, plantation and hunting, and animal husbandry	1 and 2	Emissions intensity tCO_2e/EURm	National sector targets SBTi FLAG[4]	2021	738	2030	-40–50%	681	-8%
Motor vehicles	Cars and vans	1[5]	Emissions intensity gCO_2e/km	IEA NZE[6]	2022	117	2030	-40%	116	-1%
Power production	Electricity generation	1 and 2	Emissions intensity gCO_2e/kWh	IEA NZE[6], SBTi 1.5°C	2021	220	2030	-70%	117	-47%
Oil and gas	Exploration and production	1, 2 and 3	Absolute emissions $MtCO_2e$[7]	IEA NZE[6]	2019	3.0	2030	-55%	0.4	-85%
Offshore	Drilling rigs and offshore service vessels within oil and gas and shipping	–	Lending EURm	–	2019	1,885	2025	-100%	127	-93%
Mining	Thermal peat	–	Lending EURm	IEA NZE[6]	2022	52	2025	-100%	51	-1%
	Thermal coal	–	Lending EURm	IEA NZE[6]	*Full phase-out achieved in 2021.*					

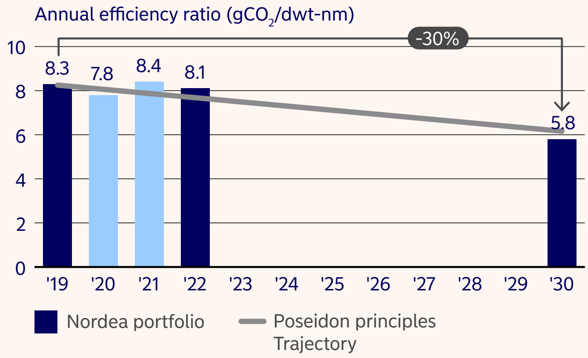
1) Shipping and power production are 2022 actuals
2) Combined, NDC (Nationally Determined Contributions) plus renovation decarbonisation and building stock turnover decarbonisation (conservative estimates)
3) Carbon Risk Real Estate Monitor benchmark
4) National sector targets and the Science Based Targets initiative Forestry, Land and Agriculture (FLAG) guidance include both greenhouse gas emission reductions and carbon removals
5) Scope 1 covers emissions tank-to-wheel
6) A normative International Energy Agency (IEA) scenario that shows a pathway for the global energy sector to achieve net-zero CO2 emissions by 2050 and is consistent with limiting the global temperature rise to 1.5°C without a temperature overshoot (with a 50% probability), in line with the reductions assessed by the IPCC in its Special Report on Global Warming of 1.5 °C
7) Including methane emissions in CO_2 equivalents for scopes 1 and 2

S3. Climate and environment, cont.

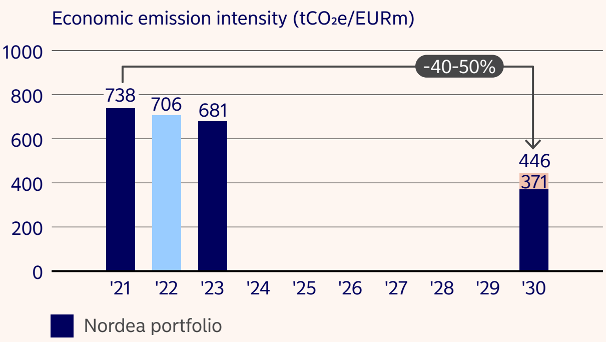
Residential real estate



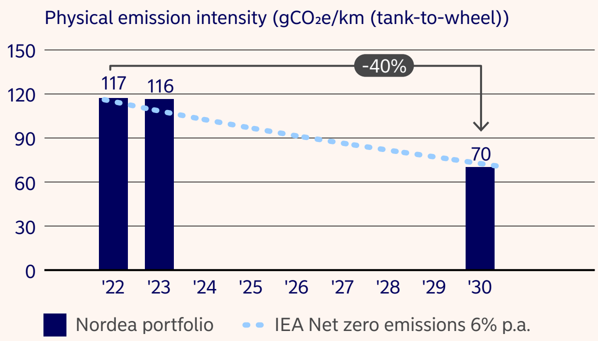
Shipping



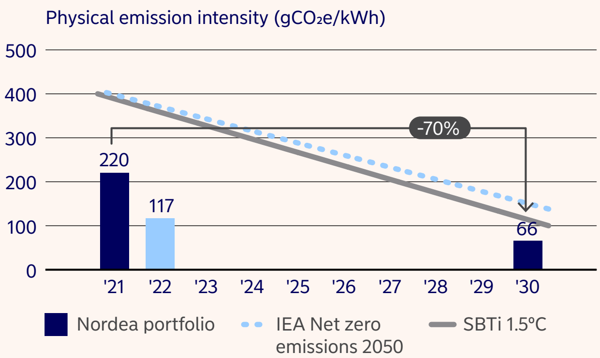
Agriculture



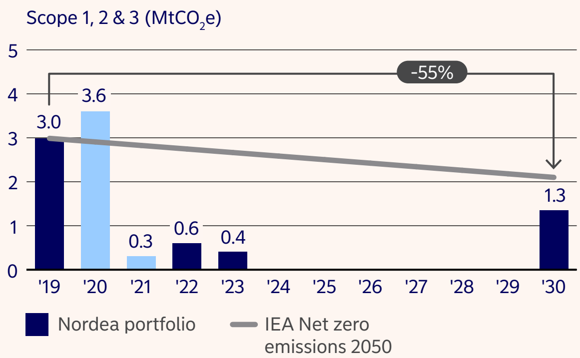
Motor vehicles – Cars and vans



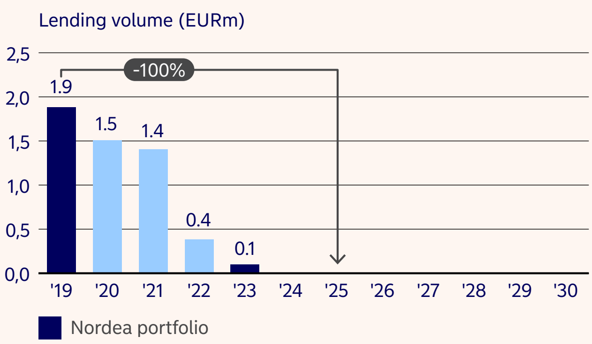
Power production



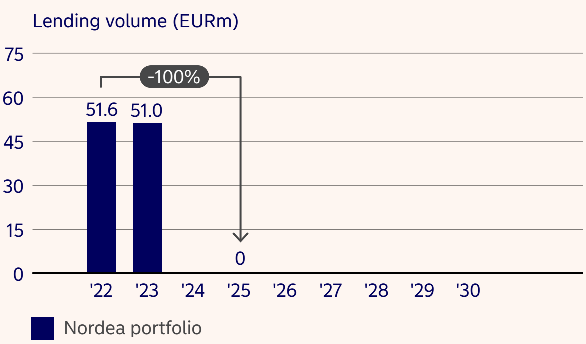
Oil and gas – Exploration and production



Offshore



Thermal Peat Mining



S3. Climate and environment, cont.

Motor vehicles (cars and vans)

In 2023 we analysed our motor vehicle portfolio and became the first bank to set a Paris aligned target to this sector. By 2030, Nordea aims to reduce emission intensity of the car and vans financing portfolio by >40% from 2022 levels. Intensity is 117 gCO_2e/km for 2022. The target is measured as a physical emission intensity in gCO_2e/km (tank-to-wheel) and assessed to fulfil 1.5C requirements.

Transport has the highest reliance on fossil fuels of any sector, and vehicles still run mostly on internal combustion engines. This sector accounts for a third of global CO_2 emissions from end-use sectors. To be on track to net zero by 2050, transport emissions need to be reduced significantly by 2030. Emissions need to decline even with rising passenger and freight activity. According to the IEA, battery electric vehicles will come to dominate all land transport segments, but the different segments are not decarbonising at the same rate because technology maturity varies. The development in the Nordics is, however, encouraging. Regulation, together with consistent technology development and favourable economics, is changing the Nordic passenger vehicle market rapidly. Led by Norway, our domestic markets are switching to electric vehicles at the fastest pace in the world. This development is further supported by car manufacturers' net zero targets and investment plans. Nordic governments and the car industry are planning and targeting a phase-out of internal combustion engines during this decade. The EU has also regulated the phase-out of vehicles that are not zero emission by 2035. Decarbonisation will require significant changes and investments throughout the entire value chain. To balance risks and opportunities, we will use our sector target to make sure that we are aligned with net zero and facilitate the real economy transition with our financing.

Commercial real estate

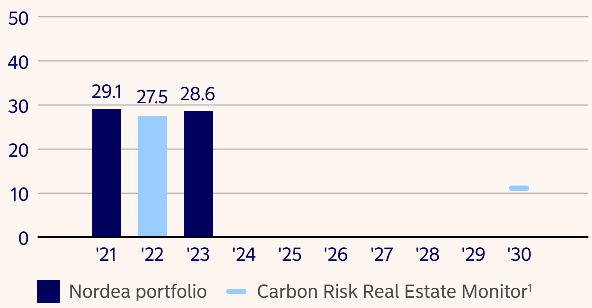
During 2023 we performed a thorough analysis of climate-related risks and opportunities in the commercial real estate (excluding construction) sector. Our customer base is diverse across the Nordic countries and asset types. Analysing the energy performance and GHG emissions of our commercial real estate exposures enables a targeted approach needed to improve our financed emissions data quality.

The emissions profiles mainly depend on local electricity sources, which vary greatly across the Nordics: Norway relies mostly on hydroelectric power, Sweden on hydro and nuclear power, whereas the electricity production of Denmark and Finland is a mix of fossil and non-fossil sources. Where the energy sources are predominantly fossil-free, energy efficiency is a more relevant metric than GHG emissions. This sets the Nordics somewhat apart from Southern Europe.

During 2024 we aim to expand our energy efficiency data further. To strengthen our risk management, we monitor the financed emissions development against relevant external benchmark and we have introduced climate transition plan requirements in a phased approach in our industry credit policy. This will tighten the requirements for large real estate customers and help to transition our book towards more energy efficient assets.

In addition, we support our customers' green transition by financing building energy renovations and on-site renewable power generation that lower the energy consumption and emissions of buildings. We will continue to engage directly with our customers to support and encourage them in their climate transition journey.

Emission intensity ($kgCO_2/m^2$)



1) Carbon Risk Real Estate Monitor (CRREM) 1.5C benchmark weighted according to the geographical distribution of Nordea's portfolio

Agriculture

The agricultural sector is a key sector to provide access to safe, affordable and nutritious food. However, it is also necessary to maintain a sustainable food production system. We are committed to supporting our customers to be part of the transition in this sector, and we have set a target to reduce the economic emissions intensity of the agricultural lending portfolio by 40–50% from 2021 to 2030.

Accounting for 26% of the Danish national emissions in 2021, the agricultural sector is also key to reach the Danish climate targets for 2030. In the other Nordic countries, agriculture contributes less to national emissions. The sector represents a material share of our financed emissions and is therefore key for us to reach our targets for reducing financed emissions.

The target covers lending to companies whose primary activity is animal husbandry, crops, plantation and hunting and covers customers' scope 1 and 2 emissions. The target is aligned with the national agriculture targets in Denmark and Finland, and to the SBTi Forest, Land and Agriculture (FLAG) target-setting tool, and is assessed to fulfil 1.5°C requirements.

To reach the target we will conduct climate screening and consider portfolio composition where we want to focus on sustainable foods, for example plant-based farming, green energy farming and technology developments such as grass protein facilities. We will also initiate dialogues with our customers on their climate data, targets and transition plans and support customers leaving peat soils.

Aquaculture and fishing

The aquaculture and fishing sectors are both important for the Norwegian economy but have somewhat different value drivers and risks. Our aquaculture customer base consists predominantly of large Norwegian companies with diversified business through vertically integrated operations across the fish farming value chain. These companies have ambitious emission reduction targets by 2030. As of 2023, estimated 86% of the customers have a quantifiable and time-bound climate target. Our fishing customer base consists mainly of ocean-going fishing vessels capturing wild fish resources. The majority of these do not currently publish emissions or targets to reduce emissions. Emission reduction activities within vessels relies to a greater extent on the transition to alternative fuels, new technologies, retrofitting and newbuilds.

During 2023, we have collected GHG emissions data from the largest customers in the fishing and aquaculture sectors and, where possible, assessed their climate transition plans using Nordea's proprietary Climate Transition Plan Maturity Ladder. To strengthen our risk management we have introduced requirement to classify the maturity of customers transition plans and have close dialogues to strengthen plans where needed in the instituted an industry credit policy. Biodiversity is a key factor for both sectors. We have recently outlined our position and commitment in our first thematic guideline on biodiversity and developed a biodiversity risk assessment framework to be included our ESG-related Risk Appetite Statement.

We will continue to support our customers' transition by financing and through direct client engagement. Our Sustainable Finance Advisory also supports with advisory in respect of sustainable finance in this sector.

Our internal carbon footprint

Although our greatest impact is through our engagement with customers in financing and investments, we also work to reduce carbon emissions from our internal operations by more than 50% by 2030 compared with our 2019 baseline. Our work is based on the precautionary principle.

So far on our journey towards meeting our targets, we have reduced carbon emissions from our internal operations by 51% compared with 2019. Travel emissions accounted for the largest part of the reduction since we decided to more than halve our travel compared with 2019, enforced by our Travel Guidelines.

As the 2023 target has been met, we have set a new 2025 target to maintain emission reductions at a level that keep us on track to meet the 2030 target of more than 50% reduction.

New ways of working

We had set 2023 as the target year for reducing our carbon emissions from air travel by 50% compared to our baseline year 2019. We have managed to exceed the target as carbon emissions from air travel has reduced by 53%. We will continue to encourage our employees to only travel when it is absolutely necessary and to use more sustainable means of travel than air travel. We have set a new target for 2025 to reduce our carbon emissions from air travel by 60% compared to our 2019 baseline year. Since 2021 our company car policy only allows electric and plug-in hybrid company cars and these now account for 83% of our total registered company cars, which is a 21 percentage point increase compared with 2022 (62%). During 2023 we continued with the transition of company cars and are on track with our ambition to have a complete low-emission fleet.

Resource efficiency

We continuously work to introduce more customer-friendly digital solutions, primarily through our internet banks and mobile banking apps. Since 2019 we have digitalized more than 50% of all customer letters, enabling a reduction in carbon emissions from the distribution of letters.

At the same time, we have continued to improve the condition of our premises by replacing more fluorescent lights with LED, as well as installing solar panels on the roof of our head office in Norway, to go with the ones already in place in Denmark and Finland. Over 70% of our large head offices are LEED or BREEAM certified to ensure energy efficiency. We purchase 100% renewable electricity through guarantees of origin equal to our electricity consumption in Denmark, Finland, Norway, Sweden, Estonia, Poland and Luxembourg. Our Technology unit also progressed on its journey to reduce its carbon footprint to align with its internal objectives in 2023. One of the key initiatives was to improve the operating environment in the data centres. In 2023, we actively lowered the use of cooling in the data centres, thereby also reducing the consumption of electricity otherwise used.

In Denmark we have seen an increase in energy consumption from our premises where we have our technology located, impacted by the increased amount of digital services to our customers. Furthermore, warm temperatures in the early autumn has led to a reduced demand for reuse of our surplus heat from the data centres, as well as an increased need for cooling at our premises.

Supply chain

Managing our supply chain and cooperating with suppliers to reduce our carbon footprint are key enablers to deliver on our short- and long-term climate targets. Climate and environmental indicators are integrated into our supplier screening and monitoring process as well as into our tender process. In addition, we have set a target that 70% of our spending by the end of 2023, with full-year 2022 data as the baseline, should be with suppliers that are aligned with the Paris Agreement or are subject to active engagement. In practice, this means that we have conducted a review of 194 of our suppliers that operate in carbon-intensive sectors and/or suppliers with whom we have a large spend. We have assessed their maturity on five parameters covering their net-zero commitment, short- and medium-term targets, their scope 1, 2 and 3 disclosures, their decarbonisation strategy and whether they have an externally verified climate commitment. We have used data sources, such as the CDP and the SBTi, as input for the assessment, which showed that 32% of our spend is with suppliers that are aligned and 38% is with suppliers that are subject to active engagement. For 2025 we have set a new target that 80% of our spend should be with suppliers that are aligned with the Paris agreement or are subject to active engagement, with an aspiration for all our large suppliers to have a science-based transition plan in place by 2028.

Offsetting

Despite our best efforts to limit our internal carbon footprint, some emissions still remain difficult to reduce. We therefore purchase carbon offsets to reduce equivalent emissions elsewhere. We supported the generation of renewable energy through the purchase of carbon credits for 2023. We will continue to fully offset residual emissions from our internal operations. Going forward, we will switch to a long-term carbon removal portfolio, which will be reviewed periodically to align with evolving best practices for achieving net-zero emissions.

Internal carbon footprint data

Our total emissions of 20,372 (18,155) tonnes of CO_2e in 2023 marked a 51% reduction from the 2019 baseline. Our internal carbon footprint includes greenhouse gas (GHG) emissions from our operations in Denmark, Finland, Norway, Sweden, Poland, Estonia and Luxembourg as this is where we have our main operations and where we have operational control. This covers 99% of our employees.

Internal carbon footprint tCO_2e	2023	2022	2021
Scope 1[1]	1,142	1,315	1,446
Scope 2[2]	3,116	4,150	3,311
Scope 3[3]	16,114	12,690	6,570
Total internal carbon footprint	**20,372**	**18,155**	**11,327**
CO_2e emissions intensity (total tonnes CO_2e emissions/EURm of total operating income)[4]	1.73	1.76	1.18

1) Biogenic emissions from diesel and petrol corresponded to 100 tCO_2e in 2023.
2) Location-based scope 2 emissions were 6,401 tCO_2e in 2023 and 5,359 tCO_2e in 2022.
3) Includes the categories Purchased goods and services, Fuel- and energy-related activities, Waste generated in operations and Business travel. Excluding Financed emissions reported separately below.
4) Total operating income excluding items affecting comparability.

GHG accounting is performed according to the GHG Protocol, including scopes 1–3 and the following sources: mobile combustion of leased cars and stationary combustion from diesel generators (scope 1); purchased electricity, heating and cooling (scope 2); and emissions from production of energy carriers, business travel, postal services, paper and water consumption (scope 3). Still excluded from the scope are train and ferry travel and rental cars as well as purchased goods and services such as IT equipment.

S3. Climate and environment, cont.

Carbon emissions from electricity are disclosed as market-based, i.e. after buying 100% renewable electricity through Guarantees of Origin. Renewable energy equals our electricity consumption of 55,303 MWh and 450 litres of EcoPar of our fuel consumption. All emissions are stated in tonnes of CO_2-equivalent (CO_2e). The calculations cover the relevant GHGs, namely CO_2, CH_4 and N_2O.

We disclose the emissions factors that we have used as a basis for our calculations in relation to each source of emission in a separate table in our GRI Index available at Nordea.com. Applied Global Warming Potentials (GWP) based on the IPCC Fourth Assessment Report (AR5) (2014) are: CO_2 – 1, CH_4 – 28 and N2O – 265.

The base year for our carbon footprint is 2019 as the scope of our GHG accounting by then also included the additional sources we could retrieve data for and was as such complete. Furthermore, in 2019 we had fairly normal temperatures in the Nordics, making that year suited to serve as our base year from which to track progress.

Fuel and energy consumption	2023	2022	2021
Fuel consumption for diesel generators (MWh)[1]	250	292	255
Fuel consumption for leased cars (MWh)[2]	4,668	5,300	6,085
Electricity (MWh)[3]	55,303	52,184	57,783
District heating (MWh)	23,180	25,329	29,933
District cooling (MWh)	3,292	4,998	4,943
Energy intensity (MWh/EURm of total operating income)[4]	7.38	7.99	9.63
Water use (m^3)	94,153	92,111	74,530

1) Includes EcoPar A with 450 litres in 2023, 600 litres in 2022 and 1,800 litres in 2021.
2) Covers all employees in Denmark, Finland, Norway, Sweden, Poland and Estonia regardless of location/office corresponding to approximately 99% of the total number of employees. In addition CNG consumption corresponds to 807 kg in 2023, 466 kg in 2022 and 641 kg in 2021.
3) 237 (234) MWh of electricity consumption in 2023 (2022) originated from own rooftop solar energy production. Renewable electricity amounted to 100%.
4) Calculated based on reported consumption of electricity, district heating and district cooling. Total operating income excluding items affecting comparability.

Biodiversity and nature-related impacts

The rate and scale of biodiversity loss and nature degradation is increasingly recognised as a societal threat. Expectations are increasing to take urgent action across society to halt and reverse the negative impact. At Nordea, we have identified that our financing and investment activities have an impact on biodiversity, as described in Note S6 "Materiality and impact analysis". In 2023 we published the Nordea thematic guideline on biodiversity where we recognise our responsibility to contribute to societal goals and describe our current work to address biodiversity issues across the organisation and our commitment to action going forward. This guideline forms an important and first step in our roadmap towards 2025 to integrate biodiversity dependency, impact and related risks and opportunities into our sustainability strategy and our sustainability governance.

We recognise this topic as material to us and have therefore selected biodiversity as our second impact area as part of our commitment to the UNEP FI Principles of Responsible Banking. We set practice targets in 2023, adopting a progressive approach towards setting impact targets where data availability and quality allow. During 2024 we will assess biodiversity dependencies and impacts covering the corporate lending portfolio and make a physical and reputational biodiversity risk assessment of all Nordea's offices. We will also conduct an environmental impact assessment of material sourcing categories, including biodiversity risks.

An important part of the 2025 roadmap is to build understanding across the organisation, to enable the integration of biodiversity issues into our business, stakeholder engagements and offerings over time. The aim is to understand the consequences our lending and financing activities have on biodiversity and what risks we are exposed to.

We conducted training on biodiversity for Nordea's Board, the Group Leadership Team, the Sustainability and Ethics Committee, spokespersons and selected relevant teams across the organisation during 2023. Biodiversity is incorporated into the training plan for 2024 to continue this capability building. The roadmap will evolve over time and strategic opportunities will result in biodiversity integration into the business at a different pace across the organisation. NAM continued with an active approach to biodiversity in 2023, publishing a white paper in which ambitions, actions and commitments are described, including actions as a signatory to the Finance for Biodiversity Pledge. In 2023 NAM became a member of the Nature Action 100 initiative, a global investor engagement initiative focused on driving greater corporate ambition and action to reverse nature and biodiversity loss, representing USD23.6 trillion in assets under management or advice.

Biodiversity practice targets 2024

Area	Practice target 2024
Lending	Assess biodiversity dependencies and impacts covering the corporate lending portfolio
Internal operations	Biodiversity physical and reputational risks' assessment of all Nordea offices, including a process for biodiversity risk assessment of new locations
Supply chain	Conduct an environmental impact assessment of material sourcing categories, including biodiversity risks

Our financed emissions

Recognising the role we play in financing the transition to a low-carbon economy and in line with the Partnership for Carbon Accounting Financials (PCAF), we are committed to disclosing our share of climate responsibility for the emissions associated with the loans and investments we provide to our customers and investees, known as financed emissions.

In 2023 we concentrated our efforts on improving our data quality, looking for new alternatives and developing own approaches to providing a more comprehensive view of our climate impact. We also worked to include financed emissions from the commercial real estate asset class and counterparty scope 3 emissions for a wider scope of industries. Limited data and use of assumptions are the main challenges that we face, but we are committed to increasing transparency to our stakeholders and, more importantly, to showing progress in our decarbonisation journey.

Our financed emissions cover a selection of on-balance and off-balance sheet asset classes in our lending and investment portfolios. For our lending portfolio, i.e., on-balance sheet, we cover the PCAF asset classes of business loans, motor vehicles, residential real estate and, for the first time commercial real estate for the years 2022 and 2023. As of 2023, we managed to cover financed emissions for ~95% of the exposures of our total on-balance sheet lending portfolio.

For our investment portfolio we include investments in listed equities and corporate bonds from Nordea Asset Management (NAM) and Nordea Life & Pension (NLP) as well as directly held real estate in NLP. NAM investments are off the balance sheet of the Nordea Group. This portfolio encompasses information from 2021 to 2023.

S3. Climate and environment, cont.

Financed emissions from lending and investment portfolios includes counterparty scope 1 and 2 emissions. Furthermore, in accordance with the PCAF Standard we report counterparty scope 3 emissions for oil and gas, mining, transport (air, land and maritime), construction, buildings management, materials, paper & forest products and industrial activities for the lending portfolios. This is also in line with the Implementing Technical Standards on Pillar 3 disclosures on ESG risks. For the investment portfolio we report investees' scope 3 emissions for all sectors. In addition, we include intensity metrics for sector-specific targets in the lending portfolio and weighted average carbon intensity for NAM and NLP.

This report does not cover financed emissions from bonds and equities in Markets and Treasury operations as they are held for shorter durations and liquidity management purposes. Similarly, financed emissions from the sovereign debt PCAF asset class as well as emission removals and facilitated emissions are not included this reporting period. We expect to include information about these in the near future as our work progresses.

Our methodology for estimating financed emissions is mainly based on the PCAF Standard, but we also apply certain deviations and own methods to meet specific characteristics of our lending portfolio. We are continually reviewing and updating our methodology, with the principles approved on an annual basis by the Asset & Liability Committee and controlled through the quarterly risk appetite monitoring carried out by our second line of defence. Detailed information can be found in the document "Financed emissions methodology for the lending portfolio" at nordea.com.

To ensure transparency of our financed emissions estimates, we assess the data using the PCAF scoring. The score ranges from 1 to 5, with 1 being the score for the most accurate data (audited and direct customer and investee data) and 5 being the score for the uncertain data (estimated data).

For 2023 reporting of financed emissions, estimates across all asset classes in the lending and investment portfolios were based on 2023 or earlier financial data, and on 2022 or earlier emissions data, depending on the latest available information from customers and investees.

Baseline recalculation

In 2023 the inclusion of commercial real estate in the scope of financed emissions and data quality improvements across the lending portfolio impacted our baseline and historical figures. Regarding data enhancements, we integrated more actual data from corporate exposures into business loans and applied our own proxy for power production; within residential real estate and commercial real estate we collected publicly available Energy Performance Certificates (EPCs). Within motor vehicles we collected data for passenger cars and vans from external providers (see section "Lending portfolio"). With these improvements, the 2019 baseline accounted for 23,357,424 tCO_2e (-7.6% compared with the baseline disclosed in our Annual Report 2022). Financed emissions for 2022 were also recalculated and accounted for 17,703,876 tCO_2e (-13.8% compared to the data reported in 2022). Our sector-specific targets were not affected by these recalculations.

These improvements were carried out according to our Recalculation Guidelines on Financed Emissions, which states the circumstances under which we should recalculate our base year financed emissions and the threshold (>5%) for what we consider a significant impact. Detailed information on these guidelines is included in the document "Financed emissions methodology for the lending portfolio" available at nordea.com. Further data collection and refinement of data and methodologies for historical years are planned and expected.

Lending portfolio

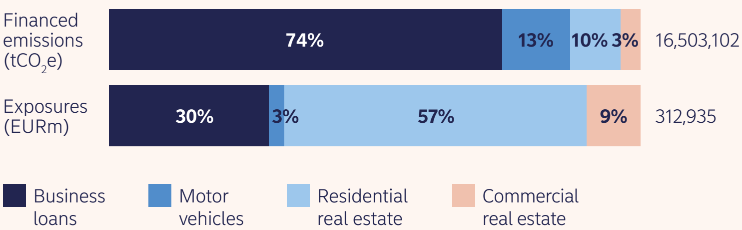
From 2019 to 2023, we saw a 29% decrease in the total lending portfolio financed emissions mainly due to a reduction of exposures in certain sectors within business loans.

Financed emissions from business loans are presented by a breakdown of sectors, including climate vulnerable industries. Financed emissions weighted company-specific data is 37%, corresponding to an average PCAF data quality score of ~3.57. The remaining financed emissions are estimated using the proxies from the PCAF.

We reported a 35% decrease in the business loans financed emissions from 2019 to 2023 mainly due to a reduction of exposures in shipping and animal husbandry as well as exit from offshore and Russia. Furthermore, within the power production sector we have introduced a green production proxy for fully renewable energy producers that do not report emissions. Based on information from the Intergovernmental Panel on Climate Change (IPCC) and the United Nations Economic Commission for Europe (UNECE) we have estimated that those customers can generate 5gCO_2/kWh, which has led to an improvement in the data quality score from 5 to 3.

Financed emissions from motor vehicles include lending and leasing. While the PCAF Standard only provides guidance for motor vehicles lending, we have decided to include leasing by calculating and treating it in the same way as lending. The decision was made given that customers always gain possession of the vehicle after the short lease term. Leasing accounts for the major share (~70%) of financed emissions from this asset class. In 2023, we have managed to source emissions data for passenger cars and vans from external

Lending portfolio financed emissions



29%

reduction in financed emissions from lending portfolio between 2019 and 2023 data providers based on the car's model (data quality score 2). The average PCAF data score was ~3.85 as of 2023.

For residential real estate financed emissions, our improvements were centred around the collection and updating of EPC labels. Financed emissions in this asset class are estimated using the 2018 emission factor from the PCAF. In addition, we have chosen to treat EPCs that expired up to five years ago as valid and give them a data quality score of 4. We believe that this provides a better estimation of financed emissions from properties with expired EPCs than the PCAF proxy. The average PCAF data quality score for residential real estate was ~4.03 as of 2023. We will continue to improve data quality over time.

During the year part of our efforts were focused on analysing our commercial real estate portfolio, and we are now pleased to report this asset class for the first time. The commercial real estate baseline for 2019 is 467,200 tCO_2e and the current financed emissions are 414,699 tCO_2e. The inclusion of this new asset class had an impact on our total baseline financed emissions. The recalculated baseline can be found from the next page.

The methodology for estimating financed emissions in commercial real estate is the same as for residential real estate, including the treatment of the expired EPCs. The exception is commercial real estate financed emissions with data quality score of 5 where we have developed an internal proxy to close the information gap on physical emissions intensity.

Financed emissions from tenant-owner associations (TOAs) are also estimated and included in residential real estate as TOAs are mainly used for residential purposes.

Investment portfolio

Financed emissions estimates in NAM's off-balance sheet investment portfolio are based on the collection of information from investee companies through data vendors MSCI and ISS ESG. The GHG emissions data sourced from these vendors includes emissions that are directly reported by investee companies, as well as modelled estimates for these emissions when reported emissions are lacking.

Reported emissions data is considered equivalent to PCAF data quality score 2. For this data, NAM's data providers have governance and quality assurance procedures in place to validate the accuracy of the emissions data that NAM subsequently extracts. For example, for MSCI this includes processes such as anomaly detection, dual vendor validation (comparing collected values from various sources) and company outreach. NAM consolidates data from several data vendors to improve the overall data coverage, and consequently, NAM has been able to identify cases where different vendors provided significantly different emissions data for the same company and the same year. In such cases, NAM has created an additional layer of quality assurance to select the data that is most likely to be correct.

If reported data is not available, or of sufficient quality, NAM's data vendors provide estimated scope 1 and 2 GHG emission values, based on their respective estimation models. For MSCI, the production model (E.PROD) is used for electric utilities where the type of fuel is known as being equivalent to a PCAF score of 2. The MSCI company-specific intensity model (E.CSI) is used for companies where we have historical but not current emissions data equivalent to a PCAF score of 3. The MSCI industry segment-specific intensity model (E. Segmt) is based on sector averages for companies that have not made any disclosures and are equivalent to a PCAF score of 4. In addition, NAM complements MSCI data with data from ISS ESG. The data reported from ISS ESG is assigned a score of 2 and modelled emissions a score of 4. NAM's final data consolidation across providers seeks to optimise the overall PCAF data quality.

In 2023 NAM has chosen to report unscaled financed emissions, i.e. financed emissions for all companies where data coverage is complete. This corresponds to 95% of the investments. This approach was chosen because it is considered the most transparent, and fully enables interested parties to calculate scaled emissions. Whenever there is less than 100% data coverage, there is a systematic underreporting of financed emissions, although the extent of the underreporting is not known. One way to approximate the missing emissions data is to scale up financed emissions figures by assuming that the companies for which data is missing are exactly as emissions intensive as the portfolio average. Dividing the unscaled financed emissions figure by the data coverage percentage will give this higher scaled figure. In 2023 NAM did not have sufficient data coverage to estimate financed emissions for 5% of the investments.

For NLP, financed emissions are reported for all managed assets where NLP makes investment choices on behalf of our beneficiaries. NLP reports financed emissions from all asset classes where data coverage is sufficient and established methodologies are available. Regarding asset classes where this is not the case yet we assume that data and methodologies will become available in the future, and we are encouraged by the development of methodologies for calculating financed emissions from sovereign bonds.

Reported financed emissions from NLP's investments are based on data from investee companies provided by MSCI. The above description of data quality in accordance with the PCAF categories also applies to NLP. For NLP's directly held real estate portfolio, we use vendor-specific reported data corresponding to a score of 1 in PCAF's data quality hierarchy for commercial real estate.

Participation in PCAF

Nordea has an active role within PCAF. Since 2020 Nordea has been represented on the PCAF Board of Directors, and in 2023 Nordea joined the PCAF Core Team which is mandated to lead the developments of new methodologies and standards.

Within the PCAF initiative, PCAF Nordic is a regional group with the aim to align efforts across the Nordic market methodologies as well as to ensure a close dialogue with the PCAF global initiative. During the year we played an active role in the real estate and agriculture working groups. We have had an open collaboration with the participating banks to share knowledge and different methodological approaches to address the common concerns and characteristics of the region.

As a result, in the residential real estate working group, we have decided to collaborate for a more standardised methodology on TOAs with our peers to enhance the comparison of data. In the agriculture working group, we have explored more databases to estimate financed emissions from agriculture. We expect to strengthen the collaboration with the PCAF Nordic banks and continue solving common challenges.

S3. Climate and environment, cont.

Breakdown of financed emissions in the lending portfolio

	2023				2022	2019	
Asset class	**Exposure (EURm)[1]**	**Financed emissions scope 1 and 2 (tCO_2e)**	**Company/ asset-specific data(%)**	**Overall data quality score (1–5)**	**Financed emissions scope 1 and 2 (tCO_2e)**	**Financed emissions scope 1 and 2 (tCO_2e)[2]**	**2019-2023 development (tCO_2e) (%)**
Business loans	94,016	12,261,500	37	3.57	13,528,314	18,883,139	-35
Motor vehicles[3]	10,249	2,153,039	30	3.85	2,139,040	2,261,917	-5
Residential real estate[4]	178,955	1,673,864	48	4.03	1,697,692	1,745,167	-4
Commercial real estate	29,715	414,699	42	4.12	338,831	467,200	-11
Sub-total[5]	312,935	16,503,102	–	–	17,703,876	23,357,424	-29
Other exposures[6]	16,706	–	–	–	–	–	–
Total[5]	**329,641**	**–**	**–**	**–**	**–**	**–**	**–**

1) Exposure is defined as exposure for on-balance sheet items, with an adjustment for exposures reported under fair value (Nordea Realkreditaktieselskab)
2) In 2023 the baseline for financed emissions in the lending portfolio (i.e., 2019) was recalculated. The recalculation includes data improvements across all asset classes and the inclusion of the commercial real estate asset class
3) Data for motor vehicles includes loans and leasing
4) Residential real estate includes tenant-owner associations (TOA) where collateral type is residential real estate. Residential real estate corresponds to the mortgages PCAF asset class
5) Total portfolio coverage of lending is ~95%
6) Other exposures includes exposures in sovereign debt and other consumer lending

Business loans financed emissions

	2023				2022				
Sector	**Exposure (EURm)[1,2]**	**Counter-party scope 1 and 2 (tCO_2e)[2]**	**Counter-party scope 3 (tCO_2e)[2]**	**Emissions intensity**	**Exposure (EURm)[1,2]**	**Counter-party scope 1 and 2 (tCO_2e)[2]**	**Counter-party scope 3 (tCO_2e)[2]**	**Emissions intensity**	**2023 share of financed emissions in % (vs 2019, %)**
Mining and supporting activities	309	116,492	394,258	–	269	124,932	399,242	–	1 (2)
Oil, gas and Offshore	427	369,845	554,958	–	660	525,701	806,856	–	3 (9)
of which oil and gas exploration and production	69	11,540	424,905	–	97	16,056	596,964	–	0 (1)
Shipping	4,709	3,092,368	1,958,156	–	5,428	3,614,946	2,076,576	–	25 (31)
of which shipping vessels[3]	3,143	2,128,021	1,243,474	–	3,902	2,774,246	1,428,393	8.1 gCO_2/dwt-nm	17 (22)
Transport (air and land)	2,338	162,359	711,171	–	1,822	185,724	582,387	–	1 (3)
Construction	6,759	229,724	3,685,291	–	7,243	295,036	8,222,850	–	2 (1)
Materials	1,957	435,585	1,575,101	–	2,617	477,738	1,729,952	–	4 (5)
Paper and forest products	1,497	135,612	518,425	–	1,910	219,521	730,864	–	1 (1)
Buildings management	279	18,279	59,559	–	224	18,771	51,639	–	0 (0)
Industrial activities	10,573	466,137	13,849,587	–	10,146	430,971	11,424,758	–	4 (2)
Agriculture[4]	7,341	3,485,011	–	–	7,661	3,808,642	–	–	29 (27)
of which animal husbandry and crops, plantation and hunting	4,597	3,130,416	–	681 tCO_2e/EURm	4,993	3,523,022	–	706 tCO_2e/EURm	26 (25)
Power production[5]	2,315	1,015,200	–	–	2,750	1,160,174	–	117 gCO_2e/kWh	8 (4)
Utilities, distribution and waste management	4,495	1,114,013	–	–	4,421	950,039	–	–	9 (4)
Other[6]	51,018	1,620,877	–	–	55,233	1,716,121	–	–	13 (11)
Total	**94,016**	**12,261,500**			**100,382**	**13,528,314**			**100 (100)**

1) Exposures related to on-balance sheet items
2) Exposures and counterparty emissions in mining and supporting activities covers NACE L2: 05 and 07-09; oil, gas and offshore covers NACE L2: 06, 09, 19 and 35; transport (air and land) covers NACE L2: 49 and 51-53; shipping covers NACE L2: 50; construction covers NACE L2: 41-43 and 71; materials covers NACE L2: 20 and 21-24; paper & forest products covers NACE L2: 02, 16 and 17; buildings management covers NACE L2: 81; and industrial activities covers NACE L2: 10-15, 18 and 25-33
3) Poseidon-matched shipping vessels
4) Agriculture includes fishing and aquaculture; animal husbandry; crops, plantation and hunting
5) Financed emissions from renewable energy producers applies an internally developed proxy of 5g/kWh
6) Other includes real estate management industry (REMI) and capital goods and other sectors under business loans not defined as climate vulnerable sectors

S3. Climate and environment, cont.

Company-specific data and PCAF data quality score	2023 Company-specific data (%)[1]	2023 Overall data quality score (1–5)[2]	2022 Company-specific data (%)[1]	2022 Overall data quality score (1–5)[2]
Sector				
Mining and supporting activities	73	2.14	71	2.20
Oil, gas and offshore	8	4.72	9	4.69
of which Oil & gas exploration and production	99	1.05	100	1.00
Shipping	77	1.99	86	1.63
of which shipping vessels[3]	100	1.00	100	1.00
Transport (air and land)	25	4.24	39	3.83
Construction	25	4.13	39	3.78
Materials	39	3.45	40	3.45
Paper and forest products	44	3.25	58	2.70
Buildings management	5	4.84	32	3.72
Industrial activities	22	4.25	32	3.94
Agriculture[4]	1	4.84	1	4.84
of which animal husbandry and crops, plantation and hunting	0	4.87	0	4.87
Power production	65	2.50	76	2.14
Utilities, distribution and waste management	50	3.49	35	3.93
Other[5]	24	4.09	23	4.17
Total	**37**	**3.57**	**41**	**3.42**

1) Financed emissions weighted company-specific data
2) Overall data quality score is based on counterparty scope 1 and 2 emissions
3) Poseidon-matched shipping vessels
4) Agriculture includes fishing and aquaculture; animal husbandry; crops, plantation and hunting
5) Other include real estate management industry (REMI) and capital goods and other sectors under business loans not defined as climate vulnerable sectors

Motor vehicles financed emissions[1]

	2023 Exposure (EURm)	2023 Counter-party scope 1 and 2 (tCO_2e)	2023 Emissions intensity (gCO_2/km)	2022 Exposure (EURm)	2022 Counter-party scope 1 and 2 (tCO_2e)	2022 Emissions intensity (gCO_2/km)	2023 share of financed emissions in % (vs 2019, %)
Vehicle type							
Cars and vans	4,459	252,399	116.3	4,586	262,741	117.3	12 (12)
Industrial vehicles and mobile machinery	2,398	720,028	–	2,471	743,199	–	33 (34)
Trucks and heavy vehicles	1,476	602,531	–	1,398	557,001	–	28 (24)
Farming machinery incl. tractors	1,078	465,252	–	1,025	465,945	–	22 (20)
Other	838	112,829	–	851	110,154	–	5 (10)
Total	**10,249**	**2,153,039**	**–**	**10,331**	**2,139,040**	**–**	**100 (100)**

1) Motor vehicles includes loans and leasing

Asset-specific data and PCAF data quality score	2023 Asset-specific data (%)	2023 Overall data quality score (1–5)	2022 Asset-specific data (%)	2022 Overall data quality score (1–5)
Motor vehicles	30.1	3.85	35.2	3.82

S3. Climate and environment, cont.

Residential real estate[1] financed emissions

	2023			2022			
	Exposure (EURm)	Counter-party scope 1 and 2 (tCO_2e)[1,2]	Emissions intensity[2] ($kgCO_2e/m^2$)	Exposure (EURm)	Counter-party scope 1 and 2 (tCO_2e)[1,2]	Emissions intensity[2] ($kgCO_2e/m^2$)	2023 share of financed emissions in % (vs 2019, %)
Country							
Denmark	49,346	707,347	25.9	50,033	740,975	26.0	42 (43)
Finland	36,536	719,928	29.4	36,297	707,082	29.5	43 (42)
Norway	33,989	56,602	5.0	35,635	57,853	5.0	4 (4)
Sweden	59,084	189,989	8.5	57,929	191,782	8.5	11 (11)
Total	**178,955**	**1,673,864**	**16.6**	**179,894**	**1,697,692**	**17.1**	**100 (100)**

1) Residential real estate includes tenant-owner associations (TOAs). Residential real estate corresponds to the Mortgages PCAF asset class
2) Financed emissions for residential real estate are based on the PCAF database emission factor from 2018. Due to this static emission factor, the trajectory over time is not driven by reductions in energy mix in the countries, but by shifts in our portfolio and/or data quality improvements on other parameters, e.g. EPCs. Financed emissions and emissions intensities are impacted by EPC portfolio composition and floor area availability

	2023		2022	
Asset-specific data and PCAF data quality score	Asset-specific data (%)[1]	Overall data quality score (1–5)	Asset-specific data (%)[1]	Overall data quality score (1–5)
Residential real estate	48	4.03	43	4.01

1) Asset specific data (%) represents the coverage of exposure weighted share of the collaterals with EPC label, including EPC labels expired but no longer than 5 years
2) Overall data quality score is based on counterparty scope 1 and 2 emissions

	Denmark		Finland		Norway		Sweden	
Portfolio by EPCs in 2023[1]	Volume (EURm)	Share (%)	Volume (EURm)	Share (%)	Volume (EURm)	Share (%)	Volume (EURm)	Share (%)
EPC								
A	4,017	8	436	1	312	1	213	0
B	1,918	4	2,450	7	1,789	5	2,455	4
C	7,940	16	2,834	8	1,965	6	5,041	9
D	6,236	12	2,425	6	2,171	6	7,273	12
E	2,119	4	2,123	6	2,248	7	8,975	15
F	807	2	1,130	3	2,908	9	4,105	7
G	375	1	312	1	4,415	13	1,175	2
EPC proxy[2]	1,896	4	0	0	2,119	6	1,272	2
No label	24,039	49	24,827	68	16,062	47	28,574	49
Total	**49,346**	**100**	**36,536**	**100**	**33,989**	**100**	**59,084**	**100**

1) EPC data is based on the available data on the local market. EPC coverage in all markets is expected to increase over time and can have an impact on the emission calculations
2) EPC proxy refers to EPCs expired but no longer than 5 years

Commercial real estate financed emissions

	2023			2022			
	Exposure (EURm)	Counter-party scope 1 and 2 (tCO_2e)	Emissions intensity[1] ($kgCO_2e/m^2$)	Exposure (EURm)	Counter-party scope 1 and 2 (tCO_2e)	Emissions intensity[1] ($kgCO_2e/m^2$)	2023 share of financed emissions in % (vs 2019, %)
Country							
Denmark	5,458	139,091	31.7	4,880	131,921	32.3	33 (49)
Finland	5,921	178,587	40.6	3,531	118,119	40.5	43 (32)
Norway	8,405	2,488	3.1	7,834	2,484	3.1	1 (1)
Sweden	9,931	94,533	19.4	9,244	86,307	19.3	23 (18)
Total	**29,715**	**414,699**	**28.6**	**25,490**	**338,831**	**27.5**	**100 (100)**

1) Financed emissions for commercial real estate are based on the PCAF database emission factor from 2018. Due to this static emission factor, the trajectory over time is not driven by reductions in energy mix in the countries, but by shifts in our portfolio and/or data quality improvements on other parameters, e.g. EPCs. Financed emissions and emissions intensities are impacted by EPC portfolio composition and floor area availability

S3. Climate and environment, cont.

Asset-specific data and PCAF data quality score	2023 Asset-specific data (%)[1]	2023 Overall data quality score (1-5)[2]	2022 Asset-specific data (%)[1]	2022 Overall data quality score (1–5)[2]
Commercial real estate	42	4.12	42	3.93

1) Asset specific data (%) represents the coverage of exposure weighted share of the collaterals with EPC label, including EPC labels expired but no longer than 5 years
2) Overall data quality score is based on counterparty scope 1 and 2 emissions

Portfolio by EPCs in 2023[1]	Denmark Volume (EURm)	Denmark Share (%)	Finland Volume (EURm)	Finland Share (%)	Norway Volume (EURm)	Norway Share (%)	Sweden Volume (EURm)	Sweden Share (%)
EPC available								
A	1,259	23	4	0	392	5	119	1
B	372	7	137	2	690	8	446	4
C	1,114	20	211	4	930	11	635	6
D	624	11	74	1	657	8	867	9
E	147	3	65	1	489	6	948	10
F	40	1	22	0	338	4	510	5
G	15	0	14	0	252	3	185	2
EPC proxy[2]	158	3	0	0	620	7	14	0
No label	1,728	32	5,394	92	4,038	48	6,209	63
Total	**5,458**	**100**	**5,921**	**100**	**8,405**	**100**	**9,931**	**100**

1) EPC data is based on the available data on the local market. EPC coverage in all markets is expected to increase over time and can have an impact on the emission calculations
2) EPC proxy refers to EPC expired but no longer than 5 years

Financed emissions in the investment portfolio 2023

	Value of investments (EURm)[2]	Financed emissions (tCO_2e) scope 1&2[1]	Company-specific data (%)	Overall Data Quality Score (1–5)
Listed equities and Corporate Bonds (NAM)	241,773	8,487,339	91.6	2.1
Listed equities and Corporate Bonds (NLP)[3]	35,241	1,187,758	92.0	2.1

1) Portfolio coverage 95% for NAM and 81% for NLP.
2) A considerable amount of NLP's AuM is manged by NAM. The resulting double counting of emissions is not accounted for.
3) NLP Denmark has been included in 2023 reporting.

Listed equities and corporate bonds

Financed emissions (tCO_2e)[1]	2023 Investee scope 1 and 2	2023 Investee scope 3	2022 Investee scope 1 and 2	2022 Investee scope 3[2]	2021 Investee scope 1 and 2	2021 Investee scope 3
Nordea Asset Management						
Basic materials	2,112,856	7,092,425	2,444,152	8,626,166	2,855,233	6,129,046
Communications	136,795	1,354,377	108,530	–	210,635	–
Consumer, cyclical	438,778	14,103,682	372,327	–	594,526	–
Consumer, non-cyclical	557,687	6,853,093	594,329	–	722,800	–
Energy	431,257	4,434,306	529,907	4,977,879	609,009	5,525,305
Financials	96,158	5,468,552	184,624	–	119,661	–
Industrial	2,055,177	10,523,113	1,634,289	–	2,287,400	–
Technology	206,334	1,967,335	139,981	–	329,555	–
Utilities	2,336,505	3,441,622	2,762,162	–	1,870,294	–
Diversified	27,859	33,226	39,486	–	29,507	–
Other	87,933	854,535	22,868	–	6,250	–
Listed equities total (scope 1 and 2)	5,682,747	–	6,206,663	–	7,688,412	–
Corporate bonds	2,804,593	–	2,625,993	–	1,946,459	–
Listed equities and corporate bonds (scope 1 and 2)	**8,487,339**	–	**8,832,656**	–	**9,634,872**	–

1) For scope 3 emissions, we prioritise estimated emissions over reported emissions. This is to minimise the risk under reporting, given that many companies are failing to disclose emissions for material scope 3 categories. The average PCAF data quality score for these scope 3 emissions was 3.9 in 2023.
2) 2022 financed emissions scope 3 have been restated to include scope 3 for all energy and basic materials companies. Last year's reporting included only the subset of companies that were in oil and gas or mining.

S3. Climate and environment, cont.

Financed emissions (tCO_2e)	2023 Investee scope 1 and 2	2023 Investee scope 3 [2]	2022 Investee scope 1 and 2	2022 Investee scope 3 [3]	2021 Investee scope 1 and 2	2021 Investee scope 3 [3]
Nordea Life & Pension[1]						
Basic materials	400,713	1,196,370	320,643	1,085,360	393,346	949,438
Communications	18,005	210,166	14,212	–	20,466	–
Consumer cyclical	51,573	1,839,532	44,508	–	49,089	–
Consumer non-cyclical	89,822	846,132	72,114	–	72,270	–
Energy	3,865	49,738	5,948	75,031	66,058	769,341
Financials	31,367	571,555	8,943	–	12,953	–
Industrial	226,406	1,266,092	151,310	–	184,319	–
Technology	44,348	398,414	16,238	–	23,971	–
Utilities	208,346	409,316	200,784	–	156,360	–
Diversified	171	186	393	–	2,541	–
Other	113,142	651,594	203	–	36,826	–
Directly held real estate (scope 1–3)[4]	9,872	2,111	9,240	1,124	10,378	–
Listed equities total[4]	881,374	–	613,447	–	760,157	–
Corporate bonds	306,386	–	221,849	–	258,042	–
Listed equities and corporate bonds[1]	**1,187,758**	–	**835,297**	–	**1,018,199**	–

1) NLP Denmark was acquired in 2022. and emissions from the Danish portfolio have been included in figures for 2023. The acquisition of NLP Denmark explains to a significant degree the increase in financed emissions versus 2022.
2) Average PCAF data quality score for scope 3 emissions was 2.4 in 2023.
3) 2022 and 2021 financed emissions scope 3 have been restated to include scope 3 for all energy and basic materials companies. Last year's reporting included only the subset of companies that were in oil and gas or mining.
4) Scope 3 figures reflect emissions from tenants' energy consumption. Embodied carbon is not included. 2021 Scope 3 emissions from Directly held real estate included in the total.

Average PCAF data quality (DQ) and portfolio coverage (PC)	2023 DQ (1–5)	2023 PC (%)	2022 DQ (1–5)	2022 PC (%)	2021 DQ (1–5)	2021 PC (%)
Nordea Asset Management						
Listed equities total (scope 1 and 2)	2.13	99.7	2.16	99.7	2.10	97.7
Corporate bonds	2.12	88.1	2.25	86.9	2.33	72.3
Nordea Life & Pension						
Listed equities total (scope 1 and 2)	2.10	98.1	2.10	97.8	2.20	97.0
Corporate bonds	2.10	44.4	2.10	54.4	2.50	58.4
Directly held real estate (scope 1–3)	2.00	92.1	2.00	96.7	2.00	95.9

Carbon footprint

Carbon footprint (tCO_2e/EURm invested)	2023	2022	2021
Nordea Asset Management			
Listed equities and corporate bonds[1]	37.0	41.8	41.5
Nordea Life & Pension[2]			
Listed equities total (scope 1 and 2)	37.2	39.1	40.2
Corporate bonds (scope 1 and 2)	62.5	48.4	47.9
Listed equities, corporate bonds and real estate (Scope 1 and 2)[1]	37.9	37.9	39.2

1) The carbon footprints have the same data quality and portfolio coverage as financed emissions above
2) For 2023 the carbon footprint without NLP Denmark was 36.3 for listed equities, 62.5 for corporate bonds and 38.7 for listed equities, corporate bonds and real estate combined. Nordea Life & Pension carbon footprint target is calculated per million USD invested

Weighted average carbon intensity[1]

	2023	2022	2021
Nordea Asset Management (tCO_2e/EURm in revenue[2])			
Listed equities and corporate bonds	84.4	105.3	103.0
Listed equities	106.7	134.9	130.4
Corporate Bonds	48.3	59.6	60.8
Nordea Life & Pension (tCO_2e/EURm in revenue[2])			
Listed equities and corporate bonds	79.6	84.9	75.2
Listed equities	77.9	82.6	72.1
Corporate Bonds	85.6	91.2	84.5

1) Portfolio coverage in 2023 is 96% for NAM and 83% for NLP; in 2022 is 95% for NAM and 87% for NLP; in 2021 is 95% for NAM and 88% for NLP
2) Revenue refers to the weighted average of revenues by investee companies

S4 Social responsibility

By considering human rights and labour rights throughout our value chain and promoting gender equality, fair employment conditions and education we aim to create social impact where it matters the most.

2023–2025 targets	Status
Each gender[1] has at least 40% representation at the top three leadership levels[2] combined by the end of 2025.	On track, 40% / 60%
With a minimum average index score of 92, respondents[3] feel they have been treated fairly regardless of gender, gender identity, age, ethnicity, sexual orientation, religious affiliation, (dis)ability etc. by the end of 2023.	Target met, 92
Minimum average index score of 90 for Diversity & Inclusion[3], by the end of 2025.	New target, 89
All direct investments in companies made by funds managed directly by Nordea Asset Management are assessed against the minimum safeguards in the area of human rights (in line with the EU taxonomy) by the end of 2023.	Target met
Human rights impact assessment of the supply chain in place by the end of 2023.	Target met

1) "Gender" refers to biological or legal sex. To be compliant with regulatory restrictions on sensitive data, we do not register gender identity. We, however, welcome and enable self-identification of gender identity.
2) Group Leadership Team (GLT), GLT-1 and GLT-2.
3) According to Nordea's employee engagement survey.

We acknowledge the key role we play in driving society towards a sustainable future. Sustainability is at the core of our business strategy, integrated into all aspects of our business operations. As part of our sustainability strategy, managing social impacts, both positive and negative, is vital in our work.

We see human rights as the foundation for the work within our social responsibility strategy and fundamental to ensuring continued business growth and a social licence to operate. In 2023 we therefore published a human rights policy that provides information about our commitments and efforts to respect human rights in all our business activities and relationships. In addition, we published a supporting thematic guideline describing our strategic position and actions.

To further support our social responsibility strategy, in 2023 we assessed and identified three thematic focus areas where we can leverage our market position and size to make a positive contribution to society. In 2024 we will increase our efforts in these three thematic areas:

Just transition: This refers to preserving human rights and mitigating adverse societal impacts from the transition to a low-carbon economy. A balanced transition is essential to mitigate negative human rights impacts, in particular for vulnerable groups.

Diversity and inclusion: We use our position as the leading financial services group in the Nordics and draw on our diversity and inclusion expertise to engage with our customers and contribute to creating more diverse, equitable and inclusive companies and a more diverse and inclusive society.

Financial well-being: With our position in the Nordic countries we will help create and maintain financial well-being built on human rights and thus contribute to inclusive economic growth and reduced inequalities.

Supporting human rights

We take our corporate responsibility to respect human rights seriously and are guided by the UN Guiding Principles on Business and Human Rights in all our business operations.

We work to continually integrate human rights considerations into our policies, practices, and decision-making processes, ensuring that respect for human rights is integral to how we conduct business. Through ongoing awareness building, training, and accountability mechanisms, we empower employees to uphold human rights in their daily activities.

Integrating human rights in investments and financing

As a responsible investor, we expect companies to conduct due diligence as defined by the UN Guiding Principles on Business Human Rights, become more transparent and report on their political risk and impact analysis, including their human rights impact. Our Nordea-branded investment strategies are subject to norm-based screening, which identifies companies that are allegedly involved in breaches of international law and norms on environmental protection, human rights, labour standards and anti-corruption. If a company is identified in this screening process, an internal assessment of both the company and the incident is conducted. Typical actions include engagement, quarantine or exclusion.

Our target states that by the end of 2023, all direct investments in companies made by funds directly managed by NAM will be assessed against the minimum safeguards in the area of human rights (in line with the EU taxonomy). In order to achieve this target, we continued developing the process of assessing investee companies on their human rights performance through our norm-based screening but also using additional sources of information such as the Corporate Human Rights Benchmark or other data to identify investee

S4. Social responsibility, cont.

companies that could be connected to severe negative impact or incidents on human rights. To address the limitations in regard to qualitative human rights data, we also joined a collaborative investor engagement targeting data service providers and proxy advisers. We also engaged with a number of companies on their human rights performance and disclosures and exercised voting rights when relevant.

Integrating human rights into sector guidelines, industry credit policies and ESG risk assessment tools is key to embedding human rights in our lending process. In addition to complying with national laws and regulations, customers in relevant industries are expected to follow international norms and standards and manage and mitigate adverse human rights impacts.

For more information on how we manage ESG-related risks in financing and investments, including social risks and human rights risks, see Note S2 "Financial strength".

Monitoring customer transactions for human rights breaches

Alongside traditional transaction monitoring scenarios across all our customers and transactions, we also undertake targeted proactive, intelligence-based reviews of different financial and predicate crimes.

Human trafficking causes tremendous harm and, as such, we treat human trafficking risk as a priority in our crime detection and prevention efforts. The Nordic region is primarily a destination for exploitation of victims trafficked from other countries. However, the recruitment and transport of people can also happen within the Nordic countries. Financial products and services can be abused by organised crime networks and individual perpetrators to finance crime, receive revenues from criminal activities or launder criminal proceeds.

Since completing our analysis on human trafficking for sexual exploitation (2021–2022), we continued in 2023 to work on investigations that covered a wide scope of human trafficking typologies, including possible forced labour and sexual exploitation.

Joint initiative for a sustainable construction industry in Sweden

In November 2023, the Bank initiative Sustainable construction industry (Bankinitiativet Hållbar byggbransch) was launched in Sweden. Nordea and four other Nordic banks have in cooperation with the real estate and construction industry, agreed to introduce common requirements on construction companies to have deployed necessary control and follow-up systems for sub-contractors involved.

The purpose is to contribute to more sustainable and healthier competition, by improving controls when financing new construction, remodeling and extensions. The common requirements aim to address fraud, working conditions and health and safety. Nordea has incorporated these requirements to the credit process for construction credits.

Human rights in the supply chain

The respect for human rights is embedded throughout our procurement process. As part of our supplier due diligence prior to contracting, and continuous supplier management after contracting, we conduct screening on indicators such as the risk of child labour, the risk of modern slavery, the right to freedom of association and decent working conditions. Our screening process also covers if the supplier is subject to negative media exposure or regulatory actions due to misconduct related to human rights, enabling us to take appropriate actions.

All our suppliers must contractually commit to the principles in our Supplier Code of Conduct. The Supplier Code of Conduct is a mandatory document in all Nordea's supplier contracts and includes positions on human rights and labour rights and an obligation for suppliers to ensure that these principles also apply to subcontractors. By having a contractual commitment from our suppliers, we ensure that sustainability requirements are an integrated part of our supplier and contract management. To increase our assurance, the Supplier Code of Conduct also includes an audit clause, where we reserve the right to audit the supplier and its subcontractors to validate that the principles stated in Nordea's Supplier Code of Conduct are also implemented in practice. Every year we complete a number of sustainability audits with the support of an external auditor.

During 2023 we further formalised our human rights due diligence process and detailed these principles in our Sustainable Procurement Guideline. The guideline describes how we identify and assess, take action to prevent and mitigate, take action to track progress and communicate about the risks and impacts identified in the different stages of the procurement process.

We also conducted a human rights impact assessment of the supply chain during 2023, where we identified in which industries in our supply chain there might be an elevated risk of negative impact on people. Based on the operating context of our suppliers and the nature of the service or product they deliver to us, we identified the salient human rights issues in our supply chain, i.e. the human rights that are at risk of most severe negative impact. We identified poor working conditions, child labour and forced labour as the areas of greatest importance in our supply chain. This information will be reflected in our requirements towards the suppliers in the sectors exposed to enhanced risk. Our frameworks and internal guidelines will be updated to secure this is enforced. In 2024 we will focus on improving the understanding and tracking of our impacts to ensure that our actions have the intended effect.

From respecting human rights to promoting them

We recognise that the international framework for the corporate responsibility to respect human rights has its primary focus on preventing adverse human rights impacts. In the following sections we address the focus areas in our own operations, value chain and society that we believe are important for fulfilling our commitments, which go beyond the responsibility to respect human rights.

Financial well-being

In 2024 we will, as part of our thematic focus areas, continue facilitating improved financial well-being by strengthening the financial skills of individuals and businesses and unlocking access to financial opportunities for our customers. This should be achieved by making sure that our products and services are availiable to our customers on equal terms.

Financial inclusion is a prerequisite for achieving financial well-being. We therefore strive to create a more inclusive financial future for our customers and the communities in which we operate.

S4. Social responsibility, cont.

Community engagement

As part of our focus area financial well-being, we work with community engagement across all our markets to support communities and help build a better tomorrow. Community engagement is about creating positive change in collaboration with non-profit organisations and with the contribution of our employees.

In our three community engagement programmes focus is on building financial skills, fostering entrepreneurship and supporting refugees to settle in a new country. These programmes are activated in our own initiatives and also in collaboration with a wide variety of partnerships and sponsorships.

Examples of our 2023 activities include:

- Launched a new digital skills initiative in Norway to offer support for elderly within digital services and online safety.
- Extended financial skills activities in Finland to reach all age groups from first-grade children to young adults.
- Arranged several fraud management workshops for refugees in Estonia.
- Supported money handling with the help of over 100 volunteers across Denmark in the national fund collection for the Danish Red Cross and the Danish Cancer Society.
- Launched Fearless Founders mentorship events in Finland especially targeted at future founders and female founders, who are an under-represented group among growth company founders.
- As an indicator of our commitment to community engagement, we were nominated for the Swedish Publishing Prize in the category "Information and facts for children" with our very own math book for young people.

All Nordea employees are invited to volunteer 16 hours each year through Nordea's community engagement programmes. We offer employees face-to-face volunteering activities as well as online and hybrid volunteering activities, which continue to be popular as participants are able to join regardless of geographical area. In 2023 more than 1600 Nordea employees volunteered in 2,600 activities, equating to over 10,400 hours of volunteering.

Our people

To enable our vision to be a preferred employer in the financial industry, our focus is on retaining our people and attracting new talent, driving performance and efficiency and creating a great employee experience. Our promise as an employer is to encourage people to come as they are and bring their different perspectives. We believe that with a variety of viewpoints, expertise and eagerness we can enable positive change. We provide people with a wealth of opportunities to develop and move forward in their career. We focus on leadership that inspires and supports our vision and on being a sustainable employer with a diverse workforce and an inclusive workplace with equal opportunities. We integrate sustainability into all our people processes and have set ambitious targets that support us in following our progress towards our goals. To identify and address critical competency needs of our workforce to deliver on our strategic objectives and priorities, we have introduced an annual strategic workforce planning process conducted in business areas and Group functions and consolidated on Group level. This also helps us prioritise key actions to acquire the competencies needed and mitigate potential execution risks. This includes creating transparency around key workforce changes and reskilling and upskilling our people, building a fit-for-future workforce.

Our workforce

~31,500

employees from all over the world

107

citizenships represented

66

spoken languages

spanning across **seven decades**

S4. Social responsibility, cont.

We promote engagement and well-being

In 2023 the response rate to our employee engagement survey, the People Pulse, increased to 85% (83% in 2022). We continue to see good results for overall engagement. The likelihood of employees recommending Nordea as a workplace remained stable, the index score being 82 (81 in 2022) and the Employee Net Promoter Score (eNPS) score 42 (42 in 2022). The score for feeling valued as an employee also remained stable with an index score of 78 (78 in 2022). Our people continued to experience clear leadership communication from the senior leaders of the business areas and Group functions, with the index score remaining stable at 78 in 2023 (78 in 2022). We promote and support physical, mental, social and financial well-being by building awareness with trainings and events and providing tools for our people and leaders. In 2023 we launched a Group-wide guideline on occupational health and safety and introduced a wellbeing index to the People Pulse survey. We believe in bringing people together at our offices, while at the same time treasuring flexibility. We are further embedding our hybrid working model as we see that this mix of working together at the office and from home has proven to be positive in terms of performance and engagement. We aim for the right balance between individual preferences, opportunities for networking and collaboration in person with teams or wider communities and on Group level, taking shared responsibility for our culture and ensuring that all of our people understand our business and ways of working. We saw a slight decrease in sick leave to 3.21% (3.44%). According to the People Pulse, the results indicate a positive development on Group level in the perception of workload, which was 78 (76).

Welcoming all perspectives

All perspectives are welcome and valuable to move forward to something better. In line with one of our focus areas in our social strategy, we continuously work towards being a diverse and inclusive bank – for our people, our customers and society at large. Our ambition is to ensure that equality, as a fundamental human right, is embedded in our business. Our scope for diversity is broad, including gender equality, age diversity, ability variation, cultural diversity and LGBTQ+. This is also described in our Diversity & Inclusion Policy. We continue to support the EU Diversity Charters, which we have now signed in seven countries. Our Pride commitment continues, and in 2023 we participated in nine countries. We measure our people's perception of fair treatment twice a year. In 2023 the respondents' average index score was 92, (92) indicating that they felt they had been treated fairly regardless of gender, gender identity, age, ethnicity, sexual orientation, religious affiliation, (dis)ability etc. In 2023 we introduced a new inclusion index and set a target to further improve our people's perceptions of fair treatment, equal opportunities, and inclusion in our People Pulse survey. We continued to increase awareness and strengthen our tools to counteract bias and enhance inclusion in teams, leadership, recruitment and customer relations.

Gender balance

We strive for gender balance in all parts of the organisation, where each gender[1] has at least 40% representation. In 2023 we achieved this and maintained gender balance among our total workforce and improved it on all leader levels. Additionally, we are ahead of our target to reach gender balance at the top three leadership levels combined by the end of 2025. To further improve at all levels of the organisation, including the senior leadership level, we are focusing on recruitment, retention and promotion of a diverse workforce. Such ambitions are also linked to the remuneration of the GLT and other senior leaders.

Harassment and discrimination prevention

We condemn all kinds of discrimination, harassment or other victimisation and strive to be a safe and inclusive workplace, promoting equality, fair treatment and respect, as stated in our Code of Conduct and our policy against discrimination and harassment. We have firm processes in place to handle cases as well as tools to work proactively against such behaviours. In 2023 1.4% (1.4%) of the People Pulse respondents stated that they had been subjected to some form of harassment or other mistreatment. During 2023, 12 (30) discrimination and harassment cases were reported through various channels, including our whistleblowing function, Raise Your

Gender[1] balance

	♀	♂
Board of Directors	40%	60%
Top three leadership levels[2] combined	40%	60%
Leaders	44%	56%
Total workforce	52%	48%

1) "Gender" refers to biological or legal sex. To be compliant with regulatory restrictions on sensitive data, we do not register gender identity. We, however, welcome and enable self-identification of gender identity.

2) Group Leadership Team (GLT), GLT-1 and GLT-2.

Our diversity **is a strength** when serving our customers.

S4. Social responsibility, cont.

Concern, or to Group People, which led to disciplinary action. We take mistreatment of any kind seriously and continue to proactively ensure a safe and inclusive workplace for all employees, and have tools and trainings available for leaders and teams.

We drive performance and develop people

Through our annual performance, learning and development cycle we ensure that our people know how they can perform to support Nordea's overall vision and direction. We encourage a culture where goal-setting is accompanied by meaningful dialogue and feedback between employee and leader on an ongoing basis. We continuously focus and improve our offering for development and career opportunities. Our ambition is for 80% of our people (100% of senior leaders) to have a development plan in place by 2025, with tangible goals linked to the Group strategy and priorities that can support personal career ambitions. In 2023, 65% of people had development plans, a 14 percentage point increase since 2022. We introduced a common and transparent job framework in 2023 to provide an even clearer overview of career opportunities and possible career paths for our people. This is one of the tools used in dialogues between employees and leaders, further enabling our people to build their careers and reach their full potential. Our active internal job market and growth opportunities are key to retaining our people and developing a sustainable workforce to meet current and future business needs. As part of our succession planning, we aim for efficient and fast recruitment processes and strategic development of our workforce. As a result of structured succession pipelines, internal recruitments at senior leadership level have been more than 80% in 2021-2022. In 2023, 61% of our open senior leader positions were filled by internal candidates. The reduction compared to previous years which was mainly driven by the need to acquire specific skills, aligned to the annual strategic workforce planning process. Our Graduate Programme is one of the levers we use to acquire and develop future talents. The two-year programme is built around future critical skills and offers learning journeys consisting of rotations, on-the-job learning and trainings. In the past two years 80+ graduates were hired with a gender split in 2023 of 51% women and 49% men. We recognise that significant learning and development happen outside of formal training and that the best results are achieved through a combination of training and practice. Our learning is based on a 70-20-10 framework: 70% learning by doing, 20% learning from others and 10% formal learning. We offer equal opportunities also in our learning programmes and have a gender balance target of minimum representation of both genders of 40%. In 2023 participants in the leadership programmes were within this target. We prioritise that our people are fit for current and future customer and societal expectations. As an example, we have launched award-winning trainings on greenwashing risk and the impact of sustainability to improve our competencies on ESG matters.

We reward people

Our remuneration policy supports our ability to recruit, develop and retain highly motivated, competent and performance-oriented people and support the Group strategy. We have a competitive and market-aligned total reward offering recognising the performance of people with a passion to serve our customers. Our approach is to reward our people for not only what they contribute, but also for how they contribute. We also ensure that remuneration is aligned with effective risk management, our purpose and values and applicable regulations.

Our diversity and inclusion strategy, as well as our pay principles, support that we make decisions that result in equal pay for equal work. In order to ensure the highest possible experience and quality in approach, but also to remove any bias from the analysis, a third-party provider conducted an objective, thorough analysis of pay equity at Nordea. The analysis uses regression models accounting for factors that impact differences in pay in objective way including job complexity, experience, performance and location, and identifies pay differences between women and men in comparable positions that are not due to those factors.

For 2023 pay differences between women and men in similar positions, which are not due to those fair drivers, were 2.08% in men's favour. Though this gap is in the lower end of the market, it is Nordea's ambition to close the gap between women and men holding similar jobs by the end of 2026, that is reducing the pay gap to a level where the difference in pay is not statistically significant. That is specifically done as part of our yearly pay review which includes a targeted focus on addressing identified individual pay gaps. We also ensure awareness, training and support among our leaders to help them in making unbiased decisions on remuneration and other employment terms. The other perspective on pay equity is provided by comparing the average pay for all women with the average pay for all men at Nordea. In this case men are on average paid higher, since men tend to hold more senior positions associated with higher pay. The difference in the average

Performance and people development

	Total	♀	♂
Formal learning hours per employee	15.6	16.1	15.1
Virtual learning marketplace hours per employee	2.1	1.5	2.9
People who had a PLD dialogue	94%	52%	48%

We aim to continuously improve **development and career opportunities** pay in 2023 was 24.70% in men's favour. Nordea is actively working to ensure more women are represented on senior leadership levels and in succession pipelines etc. See also the section on gender balance and our 2025 target to create an equal gender balance on senior leadership levels. We have set a 2025 target for no gender to have less than 40% representation at the top three leadership levels of Nordea, and are ahead of our plan towards 2025.

We continued to integrate ESG targets into all our variable pay plans including the Profit Sharing Plan, which covers most of our employees, and Group Pool, which covers all short-term incentive plans. Our Long Term Incentive Plans also include ESG scorecards supporting our 2025 ambitions. This means that GLT members, senior leaders as well as other employees at Nordea have their variable pay or Profit Sharing Plan linked to ESG goals.

The ratio of Nordea's CEO's total remuneration to median total remuneration of Nordea employees including those in the Nordics, Poland and Estonia was 40.5 in 2023, which is lower than most other large European companies. For further information of the remuneration and pay ratio of Nordea's CEO refer to our 2023 Remuneration Report for Governing bodies.

We handle employment conditions

We take pride in handling organisational changes with respect for the people affected and adhere to labour agreements in our markets and collaborate closely with trade unions. Our goal is to always treat our people with respect and to provide support to people affected by changes in developing skills and finding new job opportunities inside or outside Nordea. In 2023 84.8% (85.7%) of our employees were covered by collective agreements. The terms and conditions of employees who are not covered by collective agreements are typically determined by individual contracts, applicable local laws and/or the collective agreements that may apply to Nordea, depending on the country in question.

Human rights due diligence in own operations

Ensuring human rights and decent working conditions are in place for our people is crucial to our role as an employer and our commitment to uphold fundamental human rights, including labour rights.

We operate in a number of different countries, creating a complex legislative landscape with local and EU requirements to uphold. We follow and in many instances exceed minimum requirements, as stated in our Code of Conduct, Diversity & Inclusion policy and policy against discrimination and harassment. Performing due diligence is key to efforts to respect fundamental human rights and work is ongoing to formalise this process.

People data

We saw a decrease in our voluntary turnover rate, which has now stabilised (6.1% in 2023 compared with 9.6% in 2022). The total turnover rate was 8.6%. We encourage internal career mobility by promoting the internal job market and showcasing the inspiring career opportunities we offer across the bank. We hire external workers in selected areas, such as IT development in projects as well as IT management, end-user support, application operations and maintenance. At the end of 2023 a total of 4,998 FTEs (4,771) were contracted on a time and material basis. The number of employees totalled 31,439 and is reported as headcounts in the tables below. This is different from the employee-related information in the financial notes where employees are disclosed as full-time equivalents.

	2023			2022			2021		
Number of employees	**Total workforce**	**Of which female**	**Of which male**	**Total workforce**	**Of which female**	**Of which male**	**Total workforce**	**Of which female**	**Of which male**
Nordea Group	31,439	16,247	15,188	30,499	15,754	14,741	29,239	15,051	14,188
Permanent contract	30,579	15,813	14,762	29,355	15,139	14,212	28,840	14,860	13,980
- full-time	28,789	14,485	14,300	27,508	13,784	13,720	27,031	13,502	13,529
- part-time	1,790	1,328	462	1,847	1,355	492	1,809	1,358	451
Temporary contract	860	434	426	1,144	615	529	399	191	208

	2023			2022			2021		
Employees by country of operations	**Total workforce**	**Of which female**	**Of which male**	**Total workforce**	**Of which female**	**Of which male**	**Total workforce**	**Of which female**	**Of which male**
Nordea Group	31,439	16,247	15,188	30,499	15,754	14,741	29,239	15,051	14,188
Denmark	7,525	3,332	4,139	7,630	3,375	4,255	7,345	3,232	4,113
Finland	6,659	3,915	2,744	6,558	3,932	2,626	6,368	3,908	2,460
Norway	3,069	1,476	1,593	2,947	1,415	1,532	2,962	1,427	1,535
Sweden	6,909	3,619	3,290	6,770	3,557	3,213	6,538	3,447	3,091
Poland	5,690	2,900	2,790	5,104	2,564	2,540	4,757	2,290	2,467
Estonia	1,112	797	315	1,016	704	312	836	546	290
International offices	475	208	263	474	207	263	433	201	232

	2023						2022						2021					
Composition of governing bodies, leaders and employees	**Total**	**Of which female**	**Of which male**	**Age <30**	**Age 30–50**	**Age >50**	**Total**	**Of which female**	**Of which male**	**Age <30**	**Age 30–50**	**Age >50**	**Total**	**Of which female**	**Of which male**	**Age <30**	**Age 30–50**	**Age >50**
Board of Directors	10	4	6	0	1	9	10	5	5	0	1	9	10	4	6	0	1	9
Group Leadership Team	12	4	8	0	3	9	12	4	8	0	4	8	12	4	8	0	4	8
Leaders	3,301	1,438	1,863	72	2,287	942	3,277	1,406	1,871	93	2,247	937	3,141	1,306	1,835	79	2,133	929
Employees	28,095	14,791	13,300	5,658	15,402	7,035	27,210	14,344	12,862	5,635	14,519	7,056	26,086	13,741	12,345	5,396	13,671	7,019

S5 Governance and culture

Strong governance and a healthy corporate culture will lead to the successful execution of our strategic sustainability agenda for a greater good.

2023–2025 targets	Status
100% of new suppliers[1] screened for sustainability issues like country risk, sector risk, carbon intensive sectors, investment exclusion list, negative ESG events via media screening and regulatory actions.	100%
Integrate sustainability into people processes covering purpose and values, employee value proposition and variable pay goals by the end of 2023.	Target met

1) Covering all contracted suppliers that are available in the screening system.

Our Code of Conduct and purpose and values

At Nordea, we want to do what is right, not just what is allowed. Our Code of Conduct (the "Code") defines the high-level principles that guide our business, how we treat our customers and the conduct expected from our employees. The Code is based on the relevant legal requirements and internationally agreed-upon standards, primarily the ten principles of the UN Global Compact. The Code includes the application of the precautionary principle and a principle stipulating respect of human rights. All persons working for Nordea are subject to the Code, including the Board of Directors, and it applies to all countries in which Nordea operates. Furthermore, persons working for Nordea and who enter into agreements with third parties on behalf of Nordea are required to ensure that these third parties commit to the principles of the Supplier Code of Conduct. It is the responsibility of each leader to ensure that the Code is known and complied with by all employees. They are required to undertake annual mandatory training including an assessment to confirm their understanding of the Code.

The Code, together with our purpose and values, which are at the core of everything we do, sets the aspiration for whom we want to be: always being purpose-led and guided by values and having a strong ethical mindset. Our purpose and values define our behaviour and help us make the right decisions. Our purpose is to enable dreams and aspirations for a greater good. Our values – collaboration, ownership, passion and courage – are a clear expression of the culture we want to maintain.

Compliance is fundamental to our corporate culture

Being compliant means conducting business in accordance with financial laws, regulations, market standards, rules of conduct, and supervisory requirements from financial regulators governing our licensed activities in any jurisdiction where Nordea operates. It also includes data protection laws and regulations as well as other customer protection-related regulation relevant to our licensed activities.

Raise Your Concern

Our whistleblowing function, Raise Your Concern (RYC), ensures that all stakeholders, including customers, partners, affected communities and employees, have the right to speak up and always feel safe in doing so if they have concerns about suspected misconduct such as breaches of human rights or irregularities such as fraudulent, inappropriate, dishonest, illegal or negligent activity or behaviour in our operations, products or services. This includes any action that constitutes a violation of laws or regulations or of our internal policies, instructions or guidelines. Reporting can be made verbally or in writing and we ensure that all reporting is treated in the strictest confidentiality. Reports can be made in all countries where Nordea operates. Furthermore, it is also possible to report anonymously via WhistleB, an electronic reporting channel. This platform, managed by an external party, is entirely separate from our IT systems and does not track IP addresses or other data that could identify the sender of a message. Cases reported through RYC form part of the monitoring of compliance with the Code of Conduct. A summary of key trends and statistics on cases are also reported on a no-names basis to the Chief Compliance Officer, the Chief People Officer and the Chief Risk Officer in addition to being included in management reports and reports to the Group Board. Furthermore, the RYC process and investigations are subject to regular quality controls with defined escalation procedures to report any process deviations. In 2023 no cases concerning severe human rights issues and incidents connected to our own workforce (for example forced labour, human trafficking or child labour) were reported via RYC. At Nordea, in accordance with internal policies, we do not intimidate or retaliate against colleagues or others who raise a concern in good faith or against those who assist with inquiries or investigations of such violations.

Sustainability governance

At Board level, the Board Operations and Sustainability Committee assists the Group Board in fulfilling its oversight responsibilities concerning sustainability, which encompass governance, strategy, risk management and operationalisation. The committee receives quarterly updates on the implementation of sustainability in our Group business strategy. The Board Audit Committee also reviews and monitors our sustainability reporting as part of our Annual Report and the Capital and Risk Management Report.

The Board Risk Committee assists the Board in fulfilling its oversight responsibilities concerning risk management and related frameworks, controls and processes relating to environmental, social and governance (ESG) factors as drivers of existing risk. The Board Remuneration and People Committee is responsible for preparing and presenting proposals to the Board on remuneration matters, including integration of ESG KPIs, as well as diversity and inclusion. The committee also supports the Board in monitoring the impact of diversity and inclusion policies and practices within Nordea. To ensure a high level of awareness with respect to sustainability and

ESG matters, the entire Board received training in 2023 on biodiversity, human rights and CSRD double materiality, all of which provide the basis for Nordea's ESG governance. The Board has previously received an update on global and European climate science and global biodiversity risk status as an emerging issue.

The Chief of Staff is accountable for overseeing and facilitating the Group-wide integration of ESG factors into the risk management framework and business processes. Additionally, the Chief of Staff is accountable for the development of the Group's strategic sustainability priorities and analysis of emerging topics, ensuring that Nordea's sustainability agenda remains aligned with the business environment developments, such as geopolitical and regulatory trends, and Nordea's long-term net-zero commitment. We also have an executive-level Group-wide committee – the Sustainability and Ethics Committee – as a sub-committee of the CEO's Group Leadership Team. The Sustainability and Ethics Committee consists of representatives from the business areas and Group functions, including Group Risk, Group People, Group Corporate Legal and Group Finance, and supports the Group CEO, the Group Leadership Team, the Board Operations and Sustainability Committee and the Group Board in their oversight responsibilities concerning sustainability. The Sustainability and Ethics Committee is mandated to facilitate the integration of sustainability into the business strategy and supports the integration of ESG factors into our risk management framework. It is tasked with recommending to the Group CEO a long-term plan for fully integrating sustainability into the business strategy and ensuring appropriate implementation to achieve the Group level targets. Part of this is to approve sector and thematic guidelines. It is also responsible for influencing and following the Group's status and progress regarding ethics and culture in line with our purpose and values. This involves advising the Group CEO on decisions on whether Nordea should participate in or withdraw from voluntary commitments related to sustainability and providing guidance to the business areas regarding ethical business dilemmas.

The executive-level Group Risk Committee promotes interaction and coordination within the Group on risk matters. With respect to sustainability, the Group Risk Committee is responsible for overseeing the implementation of ESG factors as embedded drivers of existing risks. In addition to the Group Risk Committee, the Sustainability and Ethics Committee also monitors and, when relevant, supports the business areas and Group functions in risk management activities related to the long-term plan for fully integrating sustainability into the business strategy and the associated targets. The Asset & Liability Committee and its sub-committee, the ESG Reporting Subcommittee, support the preparation of balance sheet-based disclosures of ESG-related information such as the EU taxonomy and financed emissions.

To ensure that sustainability is integrated into all business areas and Group functions, a Group-wide implementation programme has been established with dedicated work streams and an Operational Steering Committee. The progress of the programme is monitored by the Sustainability and Ethics Committee and the Board Operations and Sustainability Committee on a quarterly basis. During 2023 we continued to integrate ESG KPIs applicable to remuneration for the Group Leadership Team and other senior leaders across the Nordea Group. Also, other employees now have their variable pay or Profit Sharing Plan linked to ESG goals in addition to financial targets.

For more information on sustainability governance, see "Corporate governance statement 2023" on page 60.

Policies and guidelines

Our Sustainability Policy sets out our principles for ensuring the long-term sustainability of our operations and, in so doing, strengthens our long-term customer relationships and contribution to a greater good. In addition to the policy, we have position statements as well as thematic and sector guidelines that provide guidance and principles for dealing with both business opportunities and risk mitigation.

To support our Sustainability Policy we published a Human Rights Policy in 2023 that provides information about our commitments and efforts to respect human rights in all our business activities and relationships. In addition, we published a supporting social responsibility thematic guideline describing our strategic position and actions. In 2023, we also published a thematic guideline on biodiversity describing our current work to address biodiversity issues and our commitments to action ahead.

We have described our commitments regarding climate change in our Position Statement on Climate Change. We also have guidelines addressing the climate issue and our position in relation to other sectors, including agriculture, forestry, fossil fuels, mining and real estate. These guidelines are a part of

Sustainability governance structure

our implementation strategy where we set conditions with the aim to support and challenge customers to take responsibility and to make the transition needed to fulfil the objectives of the Paris Agreement.

We review and update sector guidelines regularly to align requirements, expectations and structure. We update the corresponding internal documentation and processes to implement these sector guidelines.

On the investment side, we are committed to integrating ESG factors into our analysis, decision-making processes and active ownership practices. NLP's policy framework for ESG areas and climate change consists of a Responsible Investment Policy and Climate Change Policy. For own managed assets in NLP, we exclude investments in issuers that base any exploration and production volumes on unconventional oil and gas.

Our polices together with all our position statements, thematic and sector guidelines can be found at nordea.com/sustainability and is further detailed in Note "S8 Position statements and guidelines" and Note "S9 Directives, instructions and policies" on pages 377–378.

Financial crime prevention

We fully recognise the threat that societies face from human trafficking, terrorism, corruption, drug smuggling, tax evasion and other forms of illegal activity and have over the years built strong defences to prevent that our resources, products, and services are used to facilitate financial crime. Tracking down and stopping the flow of money from these activities is key to disrupting the criminals involved. Therefore, as a financial institution, we are uniquely positioned to be part of the solution. We commit to complying with the laws and regulations relevant to anti-money laundering, counter terrorist financing, sanctions and anti-bribery and corruption in the jurisdictions in which we operate. In 2023 we further strengthened our financial crime prevention capabilities through new investments in technology, additional employees, training, and more sophisticated prevention and detection techniques.

Similar to 2022, in 2023 a number of countries and international bodies continued to introduce new sanctions in continuous response to the invasion of Ukraine by Russian forces. The sanctions currently include the freezing of assets, deposit restrictions, restrictions on economic relations with certain regions in Ukraine, restrictions focusing on the energy and finance sector, import and export restrictions and overflight bans. Nordea has implemented the applicable sanctions rules introduced by the relevant authorities.

As a consequence of the current sanctions regime and the increasing breadth and complexity of sanctions in force, in 2022 Nordea has decided not to conduct any business activities that relate to the regions of Donetsk, Luhansk, Zaporizhzhia and Kherson. A similar policy was already in place with respect to Crimea and Sevastopol. Furthermore, due to the current sanctions regime and the restrictions in force, in 2022 Nordea stopped the automated processing of payments to and from Russia and Belarus. These policy decisions continue to be in place.

As sanctions measures continue to curb the ability to support and finance the war in Ukraine, the sanctioned parties and facilitators are seeking alternative ways to circumvent sanctions. Nordea remains vigilant to the risk of the bank's products and services being used to evade sanctions and continues to enhance its controls to mitigate sanctions evasion risks.

Our Fraud unit continues to mitigate the threats of phishing (phone calls, e-mails and text messages) and scams through prevention, detection and awareness activities.

Financial crime is a broader societal issue which no financial institution can fight alone. We work together with a wide range of external stakeholders, including financial supervisory authorities, industry associations, tax authorities and the financial units in each of the countries we operate in, and promote information sharing between banks and the relevant authorities, enabling more effective and proactive detection of financial crime.

Anti-bribery and corruption

Nordea has a holistic Group-wide anti-bribery and corruption programme, which outlines how we prevent, detect and correct matters related to bribery and corruption. Key features include: a clear tone from the top, a Group Accountable Executive for anti-bribery and corruption, an extensive suite of internal policies and procedures, communication and training and a dedicated advisory function. In addition, the programme includes gifts and hospitality reporting requirements, management reporting, an annual risk assessment, monitoring and testing, and third-party risk management capabilities. The programme encompasses all three lines of defence. A cornerstone of the anti-bribery and corruption control framework is the Raise Your Concern programme as outlined in a separate section.

All employees must complete annual awareness training on financial crime risks, including bribery and corruption. The training outlines the key bribery and corruption concepts, Nordea's potential exposures and prevention programme, requirements placed on all employees and provides references to additional information. Moreover, 7.4% of the total workforce have completed further in-depth anti-bribery and corruption training tailored to their risk profile. The Group Board and the Group Leadership Team undertake biennial specialised financial crime training, emphasising their responsibilities in relation to bribery and corruption.

Cyber security

Introducing new technologies, exploring new ways of doing business and connecting with customers widen banks' attack surface. At the same time, entities that pose cyber threats are becoming more organised, resourceful and experienced. Banks must also deal with the asymmetry of having to protect all assets, while entities engaged in cyber threats merely need to find one weak spot. Combined, these factors pose an unprecedented risk to the banking industry. In the normal course of business, we focus not only on maintaining effective basic information security controls but also on enhancing our cyber defence with new tools and functions for security, detection and response. We develop innovative security practices to meet new business demands, such as robust mobile banking applications and proactive customer support for fraud detection and prevention. We develop our information security practice based on recognised industry best practices such as the ISO 27000 series standards and the frameworks provided by the National Institute of Standards and Technology in the US. Furthermore, we need to comply with financial industry legislation, for example European Banking Authority guidelines and other European legislation introducing specific information security requirements. To respond to the increased cyber threat level caused by the continued war in Ukraine, we have scaled up selected cyber controls and implemented a wide range of tactical measures to further improve our cyber resilience. In addition, we have teamed up with partners from governmental organisations, law enforcement agencies, intelligence networks, peers in the industry and others to share intelligence and experience.

Data privacy

Keeping our personal data safe is part of our commitment to be a safe and trusted bank. Data privacy is therefore an integral part of our business and operations and an important element of our digital strategy. In 2023 we continued to enhance our ability to ensure compliance with applicable privacy laws

S5. Governance and culture, cont.

by dedicating more employees to data privacy operations. Our privacy units continued their important work, which included providing training, advice and support and carrying out assurance activities on privacy-related issues. In 2023 we also updated the content of our mandatory Data Privacy training and rolled it out to all our employees. All new employees are equally obliged to complete training courses on the GDPR.

Sustainable procurement

With an annual spend of around EUR 2.5bn, we recognise that we have an important role to play in contributing to the sustainable transformation of our society. Sustainability is key to our procurement processes, and we have set ambitious targets. Working with suppliers that share our mindset and ambitions is crucial for us to be able to deliver on our targets.

To further strengthen transparency about our aspirations and direction, we developed a supplier vision in 2023, which not only outlines what we commit to as a buyer, but also describes what our expectations are towards our suppliers. We aim to be part of a collective movement that works towards a just transition of our society, to achieve a low-carbon, climate-resilient and circular economy, and partnering up with suppliers is a prerequisite for succeeding with that.

All our contracted suppliers must sign our Supplier Code of Conduct, which states our requirements related to human rights, labour rights, the environment and anti-bribery and corruption. It has a sub-contractor clause highlighting that we expect our suppliers to adopt similar principles in dealing with their suppliers. It also has an audit clause and a termination clause, and in the event of severe breaches, we reserve the right to terminate the agreement. However, that is considered the very last resort as we always aim to engage and support our suppliers in changing their practices to prevent it from happening again.

During 2023 we further matured how sustainability is integrated into all aspects of our procurement process. All new suppliers are being pre-screened before contracting for aspects such as country and sector risk, carbon intensity, violations of international norms, financial crime and adverse media. Any risks captured in this process are included in the dialogue with the suppliers and can result in deselection or mitigating actions prior to contracting. For selected high impact categories, we have developed product- or service-specific requirements, and we have guidelines stipulating that sustainability must be given a weight of 5–20% in these tenders. In relevant cases these requirements are translated into contractual clauses, which is an area we intend to develop further in 2024, recognising that our suppliers' commitments and actions are critical to ensure delivery on our joint transition. During the contract lifecycle, all our suppliers are monitored on the same aspects as in the pre-screening process, and identified risks are assessed and, if needed, addressed with the supplier.

In addition to the procurement process, we also conduct an annual assessment of the supply chain to identify suppliers with potentially elevated sustainability risks. These suppliers are subject to an in-depth review conducted by an external party and result in in agreed actions of improvement between Nordea and the supplier. In 2023 we conducted a sustainability review of a supplier providing cash handling services, and two suppliers of IT consultants. Again this year, we conclude that sustainability is becoming more anchored to the core business of our suppliers. No severe findings were identified during the reviews, but minor gaps were found related to the scope of diversity being too narrow focussing solely on gender, immature procurement practises where sustainability was not embedded as a selection criteria, lack of formalised and science based environmental targets, as well as immaturity on readiness to share relevant data aligned with the Corporate Sustainability Reporting Directive. In addition to the reviews conducted by our external auditor, we also conducted an in-depth engagement with an IT consultant supplier, which was identified to have potential negative social impacts related to allegations of harassment and potential

Sustainable procurement

100%

of **new suppliers** screened for **environmental and social issues**

EUR 2.5 bn

total spend in **supply chain**

infringement of the right to unionize. Improvements were agreed upon as result of the assessment.

In addition to the reviews, efforts have continued in 2023 to improve the sustainability performance of our branded gift and give-aways. In 2023 we reached 83% of our portfolio meeting defined sustainability requirements like certifications on textiles or recycled material content. The gap to reach 100% is caused by stock product which will be removed from the portfolio when stock is out.

In 2023 we consolidated our sustainability requirements into a Sustainable Procurement guideline which is embedded in our internal rules framework. The guideline explains how we conduct continuous due diligence, and how we identify and assess areas at risk of negative potential or actual impacts. In addition, it also covers how to cease, prevent, mitigate and remediate adverse impacts on people or the planet. Recommendations obtained from the inaugural UN Global Compact Human Rights Accelerator initiative have been included in the guideline and adopted into our practices, including principles and tools on how to embed the risk to people.

To support the implementation of the guideline on Sustainable Procurement, we have empowered and provided dedicated training sessions for our procurement practitioners in areas like human rights, circular economy, scope 1, 2 and 3 emissions and biodiversity. We recognise that competence development in the area of sustainability is, and will continue to be, a requirement to stay on top of regulations and topical matters also for our procurement practitioners.

We seek to promote progress on sustainable procurement at a more structural level and have, together with a range of other large companies, participated in a research initiative with Copenhagen Business School. Here we seek to share knowledge and advance best practices to support progress on the overall sustainable procurement agenda.

As part of our stakeholder engagement, we remain engaged in Atea Sustainability Focus (ASF) with participation

Supply chain data

In the table below, the supply chain data covers Denmark, Finland, Norway, Sweden, Poland, Luxembourg and Estonia. There were no significant changes to our supply chain in 2023.

Supply chain	2023	2022	2021
Total spend in EURm	2,576	2,230	2,114
Estimated number of active contracted suppliers	1,375	1,363	1,555
Number of new suppliers	82	128	145
Spend by supplier category (%)			
IT	29.7	27.8	27.1
People, insurance, legal	17.0	17.9	18.9
Out of scope[1]	20.5	18.7	17.9
Premises and facility management	12.5	13.6	14.1
Transaction banking	7.6	8.0	8.6
Data	5.0	6.1	6.3
Marketing and representation	2.6	2.6	2.3
Distribution	1.6	1.7	1.8
Technology	0.6	0.7	0.8
ATM and cash handling	0.9	0.9	0.9
Travel	1.1	0.9	0.3
Trading	0.4	0.5	0.5
Debt collection	0.3	0.3	0.4
Other[2]	0.2	0.2	0.2
Environmental assessments			
New suppliers screened for environmental issues (%)	100	100	100
Number of suppliers assessed for environmental impacts	145	91	84
Number of suppliers identified as having significant actual and potential negative environmental impacts	0	0	0
Suppliers identified as having significant actual and potential negative environmental impacts and with whom improvements were agreed as a result of assessment (%)	n/a	n/a	n/a
Suppliers identified as having significant actual and potential negative environmental impacts and with whom relationships were terminated as a result of assessment (%)	n/a	n/a	n/a
Social assessments			
New suppliers screened for social issues (%)	100	100	100
Number of suppliers assessed for social impacts	145	91	84
Number of suppliers identified as having significant actual and potential negative social impacts	0	0	0
Suppliers identified as having significant actual and potential negative social impacts and with whom improvements were agreed as a result of assessment (%)	1	n/a	n/a
Suppliers identified as having significant actual and potential negative social impacts and with whom relationships were terminated as a result of assessment (%)	1	n/a	n/a

1) Non-negotiable spend such as government fees or regulatory expenses.
2) Non-categorised spend such as other administrative expenses.

S5. Governance and culture, cont.

of several of the largest IT buyers in the Nordics. ASF is an initiative with the purpose of providing a multi-stakeholder platform for Nordic procurement organisations and the global IT industry to engage in how to achieve more sustainable operations. Through Nordea's representation on the Advisory Board of the ASF initiative, we seek to accelerate sustainability efforts in the IT industry. On an annual basis, the ASF Advisory Board provides recommendations for the Responsible Business Alliance, the world's largest industry coalition dedicated to supply chain sustainability. The coalition consists of more than 145 member companies related to the IT and electronics industry with collective annual revenues of around USD 5.5trn, representing over six million workers in the supply chain. In 2023 we also joined the TCO Certified Purchaser Advisory Forum as one of the founding members. We believe that cross-industry engagement is crucial to achieve change at the scale needed.

Responsible taxpayer

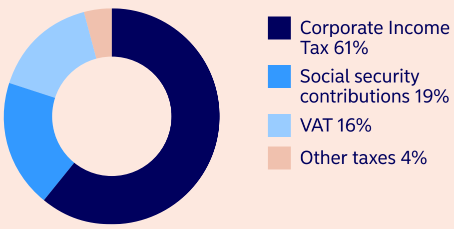
Contributing and being a responsible taxpayer in the jurisdictions in which we operate is one of the key elements in the sustainability work we carry out. Reporting and communicating our tax contributions in a transparent manner is a fundamental part of this work.

In addition to our own taxes, we also administrate and collect taxes such as VAT, payroll taxes for employees and

EUR **4,787**m
Total tax contribution

EUR **2,243**m
Taxes paid globally

Taxes paid by the Group 2023



Taxes that are paid represent a cost to Nordea and impact our financial results. The following taxes are included:

Corporate income tax
Tax paid in 2023 on income in the jurisdictions in which we operate. In some cases, this may include payments in relation to previous years as tax payments are often made in arrears or in advance. Also accrued withholding tax on dividends and interest payments to Nordea entities are included.

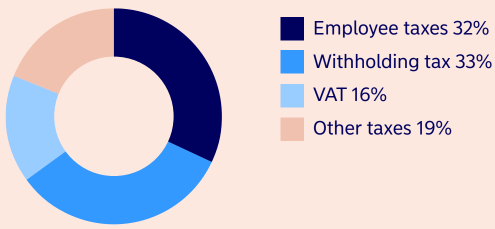
Social security contributions
As an employer, we pay social security contributions based on the remuneration paid to employees. This item includes, in addition to paid social security contributions, also accrued social security contributions on personnel costs.

VAT
We pay value added tax (VAT) and other sales taxes on goods and services. As we can only deduct or claim back a small proportion of the input VAT incurred, the part of an input VAT amount that cannot be deducted, recovered or reclaimed constitutes a tax income for the jurisdictions in which we are registered for VAT purposes.

Other taxes
Other taxes include mainly bank tax and property taxes.

EUR **2,544**m
Taxes collected globally

Taxes collected by the Group 2023



Taxes collected constitute taxes that we do not directly incur but collect from our shareholders, customers and employees on behalf of governments. These include:

Employee payroll taxes
We withhold income taxes and other social security contributions when paying remuneration to employees.

Withholding taxes
Withholding taxes on dividends and interest payments collected by Nordea on behalf of authorities.

Net VAT collected and reported
We collect VAT and other sales taxes on sales of taxable products and services to customers. We also report and pay reverse charge VAT on purchases made from other countries, when applicable. Net VAT collected and reported constitutes both VAT charged on our sales as well as reverse charge VAT paid on purchases made from abroad after a deduction of own input VAT has been made. It corresponds to the amounts reported on the final line in the VAT returns submitted to local tax authorities.

Other taxes
Yield tax for Danish and Swedish life & pension companies, Financial Transaction Tax and other taxes collected by Nordea on behalf of authorities.

S5. Governance and culture, cont.

withholding taxes on dividends. Starting from 2023, we voluntarily publish a breakdown of taxes paid and collected by jurisdiction – the main focus being on the four Nordic countries where we have our main markets. This represents a tax contribution report within the Sustainability note, describing our tax governance, our tax strategy and information on taxes paid and collected in a transparent manner, with a commitment to provide this information within the Annual Report timeline to ensure availability of this data to all stakeholders as early as possible. This is an expansion from previous years when only corporate income tax by jurisdiction was presented. Therefore, no comparison data for previous years is available in 2023.

Our approach to tax

Our approach to tax aims to balance the interest of our stakeholders which include shareholders, customers, governments and tax authorities. This includes handling our own taxes in a responsible, compliant and effective manner, not promoting or acting as a platform for aggressive tax planning as well as being transparent around our tax positions. Nordea's policy statements on tax are described in the Nordea Position Statement on Tax available at nordea.com. The tax strategy and tax policy are adopted by the CEO and reviewed annually by the Board Audit Committee to ensure that emerging risks are addressed.

We apply tax positions consistent with the tax laws and practices of the jurisdictions in which we operate. In addition, we also strive to act in accordance with the purpose of the tax legislation, i.e. the legislators' intention. Furthermore, we are committed to applying the arm's length principle between related parties, in accordance with the OECD as well as internal guidelines on transfer pricing.

Nordea is represented in the banking associations and similar organisations in the Nordic countries, and we actively engage in advocacy in relation to tax regulations.

Tax governance at Nordea

We operate under the three lines of defence model as the primary principle for managing risks and compliance. To ensure coherent governance of taxes, the Nordea Group Tax function is organised as a first line of defence support function, ensuring central oversight over tax matters in the Group. Group Tax supports with advice and recommendations in relation to tax, both in terms of our own taxes and in customer-related tax matters. Group Tax is also represented in special tax forums in each business area and performs quality and risk assessments to ensure proper management of tax risks in the Group. In addition, Group Tax issues guidelines for example for transfer pricing, aggressive tax planning and the Common Reporting Standard (CRS)/the US Foreign Tax Account Compliance Act (FATCA) and holds training sessions for employees on these and other tax-related matters. The tax risk appetite is decided annually by the Group Board within the Group Risk Appetite Framework. Breaches in relation to applicable tax legislation, Nordea's tax policy or any other actions relating to tax perceived as illegal or unethical may be raised through Nordea's whistleblowing function, Raise Your Concern. To ensure tax compliance and accurate disclosures on tax in our financial statements, tax calculations prepared by the Group entities are reviewed by Group Tax, and the Group's effective tax rate is analysed and monitored by Group Tax.

Statement on commitment to information sharing and a fair tax system

We are committed to the legal obligations of information sharing within the tax area and to complying with international reporting standards as implemented in national laws or bi- or multilateral conventions as well as other national legal requirements on customer tax reporting. By this we help tax authorities fight tax evasion and international tax crime.

The international reporting standards implemented in national legislation are mainly the Common Reporting Standard (CRS) and the International Government Agreements entered into on the basis of the US Foreign Account Tax Compliance Act (FATCA). In addition, there are EU directives on administrative cooperation, including DAC6 regarding reporting of cross-border arrangements.

Nordea tax contribution

EURm	Finland	Sweden	Denmark	Norway	Other	Total
Taxes paid by the Group						
Corporate income tax[1]	344	395	405	129	86	1,358
Social security contributions	16	183	128	54	49	431
Irrecoverable / non-deductable VAT	107	110	106	28	6	357
Other	4	83	8	1	0	97
TOTAL	**471**	**771**	**648**	**212**	**141**	**2,243**
Taxes collected by the Group						
Employee payroll taxes	129	156	316	170	45	816
Withholding tax	620	180	0	30	8	839
Other taxes[2]	103	117	211	48	0	480
Net VAT collected and reported[3]	92	115	120	76	7	410
TOTAL	**945**	**568**	**647**	**324**	**60**	**2,544**

1) Yield tax is not presented here, but in the row Other taxes in Taxes collected
2) Other taxes include yield tax, Financial Transaction Tax and other taxes collected on behalf of authorities.
3) Also including State Sales Tax in the USA (NY).
In addition to taxes, Nordea pays several industry-related fees and charges such as resolution fees and deposit guarantee fees, thus contributing to financial stability.

S5. Governance and culture, cont.

The CRS is a global standard for the automatic exchange of financial account information between local competent authorities from different countries issued by the OECD. The standard requires financial institutions to identify and document financial accounts held by customers with tax residence in another country or jurisdiction other than their own and report that information to the local competent authorities which will exchange the information. Over 100 jurisdictions have committed to the reporting standard and implemented it in their national legislation.

FATCA is a legal framework requiring financial institutions to identify and report financial accounts held by US persons to the local tax authorities which will subsequently submit the information to the US Internal Revenue Service (IRS). Approximately 100 countries and the US have entered into information exchange agreements.

DAC6 requires intermediaries and taxpayers to disclose potentially aggressive tax planning arrangements to the tax authorities to minimise the use and promotion of such schemes. The tax authorities will report the arrangements to a central database accessible by the authorities of the EU member states. In relation to DAC6, we have implemented a governance procedure across our business areas to enable us to fulfil our reporting obligations as an intermediary.

In addition to international customer tax reporting, we report financial information about our customers to the tax authorities in each of the Nordic countries. The reporting is a mandatory requirement in the national legislation, and the reported information is used by the tax authorities to prepare taxpayers' income tax returns and for control purposes.

Fair, effective and balanced tax system

We support global initiatives and measures for a fair, effective and balanced tax system.

Base erosion and profit shifting (BEPS) refers to tax planning strategies used by multinational enterprises to exploit gaps and mismatches in tax rules to avoid paying tax. Within the OECD/G20 Inclusive Framework on BEPS, over 135 countries and jurisdictions are collaborating on the implementation of 15 measures to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment. We support the BEPS measures as a step towards fair taxation.

As part of this, we also support the OECD Two-Pillar Solution to address the tax challenges arising from the digitalisation of the economy. Pillar 1 focuses on changing the taxation of digital business. Pillar 2 (Global Anti-Base Erosion – GloBE) will impose a global minimum tax rate of 15% on the profits of multinational enterprises as of 2024. We ensure that we can comply with the GLoBE rules.

Statement on relationship and collaboration with tax authorities

For our tax practices, the tax authorities are the key stakeholder in all the jurisdictions in which we operate. We have a professional, constructive and transparent relationship with the tax authorities and aim at ensuring a good local tax reputation. The collaboration with the tax authorities can be characterised as good with mutual respect and truthful communication.

We have regular interactions with the tax authorities in each of the Nordic countries – our main markets – where we discuss relevant and any material tax issues. We are proactive and inform about significant transactions and seek clearance through binding rulings when needed.

In the tax returns we provide clear and complete information, and in some cases we make use of advance pricing agreements. Audits are handled in a timely, professional and effective manner, and feedback received from the tax authorities in audits and from other interactions is used to reduce our tax risk. We always act according to our values.

Tax strategy key elements

Key elements in Nordea's approach to tax

Tax management

- Handling our own taxes in a responsible, compliant and effective manner
- Not promoting or acting as a platform for aggressive tax planning
- Applying tax positions consistent with the tax laws and practices of the jurisdictions in which we operate

Tax transparency

- Reporting and communicating our tax contributions and tax positions in a transparent manner
- Committing to the legal obligations of information sharing within the tax area and complying with international reporting standards

Interaction with tax authorities

- Maintaining a professional, constructive and transparent relationship with the tax authorities and aim at ensuring a good local tax reputation

S5. Governance and culture, cont.

Country by country reporting

The table below presents, for each country where Nordea is established (i.e. where Nordea has a physical presence), information about the businesses, the geographical area, the average number of employees, total operating income, operating profit and income tax expense. Nordea is considered to have a physical presence in a country if Nordea has a group undertaking, an associated undertaking or a branch in that country.

Total operating income, operating profit and income tax expense are compiled from the consolidated financial statements of Nordea prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU Commission. The consolidated financial statements of Nordea are published in Nordea's Annual Report and are available at nordea.com. Nordea has not received any significant government subsidies.

			2023				2022			
Country	Business[1]	Geographical area	Average number of employees	Total operating income[2], EURm	Operating profit, EURm	Income tax expense, EURm	Average number of employees	Total operating income[2], EURm	Operating profit, EURm	Income tax expense, EURm
Denmark	RB, CB, AM, LP	Denmark	6,953	3,295	1,597	-361	6,714	2,839	1,287	-265
Finland	RB, CB, AM, LP	Finland	6,161	3,445	1,572	-330	5,920	2,240	413	-244
Sweden	RB, CB, AM, LP	Sweden	6,346	3,272	1,565	-316	6,103	2,798	1,331	-280
Norway	RB, CB, AM, LP	Norway	2,844	2,062	1,277	-308	2,775	1,976	1,296	-305
Poland	Other	Poland	5,244	282	20	-4	4,623	217	11	-2
Estonia	Other	Estonia	1,036	56	3	-1	883	43	3	-1
Luxembourg	AM, LP	Luxembourg	192	270	188	-54	184	305	226	-56
United States	RB, CB, AM, LP	New York	104	128	87	-15	102	113	75	-5
United Kingdom	RB, CB, AM, LP	London	45	33	16	-3	32	103	102	-11
Singapore	CB	Singapore	6	1	0	0	4	1	0	0
Germany	CB, AM	Frankfurt	13	15	10	-3	17	16	10	-3
Switzerland	AM	Zürich	5	3	0	0	5	2	0	0
China	CB	Shanghai	27	8	1	-1	27	7	1	-1
Italy	AM	Rome	10	6	0	-8	11	7	1	0
Spain	AM	Madrid	5	1	0	0	5	2	0	0
France	AM	Paris	2	2	1	0	5	1	0	0
Chile	AM	Santiago	2	1	0	0	2	1	0	0
Belgium	AM	Belgium	2	2	0	0	3	1	0	0
Austria	AM	Vienna	1	1	0	0	1	1	0	0
Portugal	AM	Lisbon	57	9	1	0	37	6	0	0
Russia[3]	CB	Russia	–	–	–	–	0	9	6	-2
Eliminations[4]			–	-1,149	–	–	–	-967	–	–
Total			**29,055**	**11,743**	**6,338**	**-1,404**	**27,453**	**9,721**	**4,762**	**-1,175**

1) RB=retail banking, CB=commercial banking, AM=asset management, LP=life & pension. Breakdown based on Nordea's business activities, not on Nordea's organisational units.
2) Total operating income presented in this table is broken down by country based on where Nordea has a physical presence, i.e. where Nordea has a group undertaking, an associated undertaking or a branch.
3) Nordea announced its decision to wind down its operations in Russia in December 2020, completing its exit from the Russian market during 2022. As a result, the Group generated no income in Russia in 2023.
4) Eliminations of transactions consist mainly of intra-group IT services.

S5. Governance and culture, cont.

Nordea discloses the names of the group undertakings, associated undertakings and branches for each country where Nordea is established. These disclosures are presented in Note G9.3 "Investments in associated undertakings and joint ventures" and in Note G9.1 "Consolidated entities" of the latest financial statements of Nordea and in the list below.

Denmark
Nordea Investment Management AB, Danish Branch
Nordea Fund Management, filial af Nordea funds Oy, Finland

Finland
Nordea Investment Management AB, Finnish Branch

Sweden
Nordea Funds Ab, Swedish Branch

Norway
Nordea Investment Management AB, Norwegain Branch
Nordea Funds Ltd, Norwegian Branch

Italy
Nordea Investment Funds S.A., Italian Branch

France
Nordea Investment Funds S.A. French Branch

Belgium
Nordea Investment Funds S.A., Belgium Branch

Austria
Nordea Investment Funds S.A., Austrian Branch

Chile
NAM Chile SpA

Germany
Nordea Investment Management AB, German Branch
Nordea Investment Funds S.A., German Branch

Portugal
Nordea Investment Management AB, Portugal Branch
Nordea Investment Funds S.A. Portugal Branch

Singapore
Nordea Asset Management Singapore Pte. Ltd.

Switzerland
Nordea Bank S.A. Luxemburg Zweignieder lassung, Zürich
Nordea Asset Management Schweiz GmbH

Spain
Nordea Investment Funds S.A. Spanish Branch

United Kingdom
Nordea Investment Funds S.A. UK Branch

United States
Nordea Investment Management North America inc.

S6 Materiality and impact analysis

As a member of the core group of founding banks and a signatory to the Principles for Responsible Banking (PRB), we are committed to the objectives of the Sustainable Development Goals (SDGs) and the Paris Agreement. We have performed a combined materiality and impact analysis of our activities, addressing the requirements set out in the Global Reporting Initiative (GRI) Standards and in the PRB. The purpose of the analysis is to identify our most significant sustainability impacts to use as input for our long-term plan for how to integrate sustainability into our business strategy. The combined analysis was undertaken at two levels in parallel:

- A strategic level looking at the SDGs, the Paris Agreement as well as international, regional and national regulations and frameworks to identify material sustainability topics.
- An impact level using the UNEP FI Portfolio Impact Analysis Tool for Banks to identify specific targets to drive alignment with and contribution to the sustainability areas identified as significant at the strategic level.

We conducted a comprehensive materiality and impact analysis in 2020 and we have revisited the analysis annually. In 2023 we conducted a new impact analysis of the lending portfolio. The conclusion is that the areas of most impact are still valid. As preparations for CSRD and double materiality assessment is ongoing, there will be significant updates to the process in 2024. Below is a detailed description of the steps in the materiality and impact analysis.

Materiality analysis at a strategic level

At the strategic level, we used the SDGs as a basis for identifying potentially relevant material sustainability topics since the Paris Agreement and most of the other relevant regulations and frameworks relate to topics that are accommodated in the SDGs.

The entire Nordea Group was considered in the analysis, which means all business areas, all products and services as well as internal operations. In order to identify the SDGs most material to Nordea, we assessed which topics could have an impact on us as well as the topics that we can impact. This resulted in the identification of topics relating to eight SDGs that are of significance to us from either a direct or an indirect impact perspective: quality education, gender equality, affordable and clean energy, decent work and economic growth, industry, innovation and infrastructure, reduced inequalities, responsible consumption and production and climate action.

Impact analysis

In 2020 we conducted an impact analysis alongside our strategic evaluation, with a specific focus on lending and our balance sheet. This analysis considered the needs of each country and the extent of exposure. It included three of our four business areas: Personal Banking, Business Banking and Large Corporates & Institutions. As a Nordic bank predominantly serving Denmark, Finland, Norway, and Sweden, the impact analysis naturally covered these countries.

In 2022 we conducted the impact analysis on investments for Nordea Asset Management(NAM) based on the Investment Portfolio Impact Analysis Tool launched in 2021. Leveraging this tool, we incorporated NAM's asset under management data as of 31 August 2022 and used the global view of needs linked to the SDGs due to the diversity of countries and sectors of NAM's investments.

In 2023 we performed a new round of impact analysis for our lending portfolio. This initiative was driven by an update to the impact analysis tool, providing more detailed sector-specific information and a more comprehensive data requirement. We used the products perspective for Personal Banking and industry classification for Large Corporates & Institutions and Business Banking. The outcome of the analysis in 2023 aligned with our previous findings in 2020 and 2022, with the same Sustainable Development Goals (SDGs) continuing to be of importance for us.

We populated the UNEP FI Portfolio Impact Analysis Tool with exposure at default (EAD) for both the 2020 and 2023 data for the analysis of our lending portfolio. For a full list of the exact exposure per sector and country for 2023, see Note G11 "Risk and liquidity management".

When populating the impact tools with our data, we could conclude that the same SDGs we had identified at a strategic level were also relevant from a portfolio perspective. In addition, the tool helped us determine that our financing and investments have an impact on resource efficiency and that our financing also has an impact on biodiversity.

Feeding analysis results into the strategy

All in all, the combined materiality and impact analysis identified ten SDGs that are of significance to Nordea from an impact perspective – either negative or positive. The ten SDGs were grouped into three strategic pillars: financial strength, climate and environmental action and social responsibility. We also work with upholding peace, justice and strong institutions as part of a strong foundation and we work in partnerships to achieve the goals. These make up our fourth strategic pillar: governance and culture. In the table on the next page we describe the rationale and impact of each significant SDG and map them in relation to the strategic pillars. We have identified climate change and biodiversity as our two significant impact areas.

All four pillars are connected to 2023–2025 targets, whereas climate and environmental action also has measurable long and medium-term objectives. In addition, we have established sector targets for the climate impact in relation to our financing activities within specific sectors and industries. The objectives and targets are presented in the relevant sections of the report in Note S2 "Financial strength", Note S3 "Climate and environment", Note S4 "Social responsibility" and Note S5 "Governance and culture".

The strategy was decided by the Group Leadership Team and supported by the Board in December 2020 and it has been evaluated and confirmed annually in the following years. We have established a comprehensive sustainability governance structure for the integration of sustainability into our business strategy as described on pages 364–365 in Note S5 "Governance and culture".

Stakeholder interaction

When conducting the materiality and impact analysis in 2020, we worked closely with internal stakeholders from all levels and parts of the organisation and we also had a dedicated group of Board members as an advisory group who were consulted on several occasions. In addition, we sought input from external stakeholders such as academia, NGOs, investors and customers. The purpose was to put our suggested strategy into a holistic context, challenging our approach to ensure that all relevant impacts had been taken into consideration.

We believe feedback and opinions from all of our customers and stakeholders make us a better bank and business partner. One important stakeholder group with insights from the broader civil society is non-governmental organisations (NGOs) and non-profit organisations. In 2023 we met with several of these organisations to share our practices and be advised on various issues within sustainability.

UNEP FI Portfolio Impact Analysis Tool for Banks

The impact analysis was performed using the UNEP FI Portfolio Impact Analysis Tool for Banks, which covers the four requirements for undertaking impact analysis: scope, scale of exposure, context and relevance and scale and intensity/salience. They are described in the PRB Reporting and Self- Assessment Template included in a separate indices document available at nordea.com/sustainability.

S6. Materiality and impact analysis, cont.

Significant SDGs for Nordea

Significant SDG	Rationale and impact	Strategic pillar
4 QUALITY EDUCATION	Our community engagement activities contribute positively to increasing the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship. Furthermore, we have a possibility, and an obligation, to increase awareness among our customers to ensure that they acquire the skills needed to promote sustainable development by offering and advising them on our sustainability-enhanced funds and other products that will contribute to sustainability.	Social responsibility
5 GENDER EQUALITY	Our diversity efforts have gender balance as a starting point with the aim to have a positive impact. We work to ensure equal access to job opportunities for women and men, we support women in leadership, we are committed to ensuring equal remuneration for all employees and we have zero tolerance of violence and harassment in the workplace.	Social responsibility
7 AFFORDABLE AND CLEAN ENERGY	Together with all other actors in the financial sector, we have a key role to play in the creation of a low-carbon and climate-resilient economy by redirecting capital flows towards more sustainable technologies and businesses through both financing and investments. Through our green bonds, we can have a positive impact by ensuring access to affordable and clean energy as proceeds are allocated to, for example, renewable energy.	Climate and environmental action
8 DECENT WORK AND ECONOMIC GROWTH	We are a large employer primarily in the Nordic countries and Poland and as such have a positive impact on the societies in which we operate. We employ young people, both temporarily during the summer and new graduates. However, the digital transformation is leading to redundancy of certain jobs, which has a negative impact on employment. Within our own operations, but primarily through our financing and investments, we work to abolish forced labour, human trafficking, modern slavery and child labour with policies, guidelines, assessments and through transaction monitoring to help reduce our negative impact. Ensuring access to financial services for everyone is part of our banking licence; hence our impact is positive.	Social responsibility
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Helping entrepreneurs to build sustainably successful businesses is one of the best ways for a bank to engage in society and to have a positive impact. We support entrepreneurs on their entire journey, from start-up to large company, with the aim of providing them with financing, networks and the requisite skills.	Social responsibility
10 REDUCED INEQUALITIES	Our ability to grow sustainably depends on the people we employ, the environment we provide and how well we succeed in including diversity of thought. We aim to attract and retain talent irrespective of not only gender, but also of age, ethnicity, sexual orientation, religion or any other aspect, hence positively contributing to reducing inequalities.	Social responsibility
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	In the four Nordic countries where we have the majority of our business, living standards are high, which results in unsustainable consumption patterns with a large amount of waste and a negative impact on the environment. Here we have a role to play, working primarily with our corporate customers towards a circular economy. We also have an impact on the circular economy through our own operations, mainly through procurement but also through our own facility management. Furthermore, we create awareness about sustainable development and responsible consumption with our retail customers in advisory meetings and by offering them products and services focused on sustainability.	Climate and environmental action
13 CLIMATE ACTION	Through our significant exposure to sectors with high greenhouse gas emissions, such as real estate, shipping and agriculture, we have a negative impact on climate change. Although we have the greatest impact on the climate through financing and investments, we also work to reduce the climate impact of our internal operations, such as business travel and energy consumption.	Financial strength Climate and environmental action
14 LIFE BELOW WATER	Through our exposure to the shipping industry, we have a negative impact on the marine environment through for example ballast water and noise pollution.	Climate and environmental action
15 LIFE ON LAND	We recognise the value of biodiversity and functioning ecosystems and the societal threats from loss and degradation. We recognise that we contribute to negative impact through financing of, investing in and buying from companies with large negative impact and our responsibility to take action by including biodiversity in our business model, sustainability governance and offerings.	Climate and environmental action
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	We fully recognise the threat that societies face from human trafficking, terrorism, corruption, drug smuggling, tax evasion and other forms of illegal activities. Tracking down and stopping the money flows from these activities is a key way to disrupt the criminals involved. We, like any other financial institution, are uniquely positioned to be part of the solution and contribute to reducing the negative impact on societies.	Governance and culture
17 PARTNERSHIPS FOR THE GOALS	We recognise the importance of participating in and supporting international commitments that enable businesses to collectively address the global sustainability challenges and work towards the objectives of the SDGs and the Paris Agreement.	Governance and culture

S7 Our stakeholders

We are committed to building and sustaining strong and long-lasting relationships with our stakeholders. We continually seek insights into their needs and expectations and respond in a timely manner with relevant actions and engagement.

Who they are	What they need/expect	Our actions in 2023
Customers		
– Households – Small and medium-sized companies – Large corporates and institutions – High net worth individuals	• Convenient and easy access to expert advice • Broad range of competitive financial products and services • Support in maiking sustainable choices • Personal approach • Safe and trusted bank	• Customer feedback systematically collected through various channels, continually adjusting services in response • Provided dedicated training in local communities to support customers with less digital experience • Engaging with and supporting customers in their net-zero transition planning • Assessed sustainability preferences of customers and further expanded Nordea Sustainable Selection offering • Developed corporate customer engagement strategy based on Climate Transition Maturity Ladder
Employees		
– Around 30,000 employees from all over the world	• Fair employment terms • Professional development opportunities • Productive working environment • Safe and inclusive workplace • Recognition	• Closely tracked employee engagement and well-being through quarterly People Pulse surveys • Held regular Performance, learning and development dialogues and created development plans to support professional development • Maintained a hybrid working model, enabling employees to have a mix of working together at the office and from home • Set targets to further improve our people's perceptions of fair treat-ment, equal opportunities, and inclusion
Shareholders		
– More than 590,000 private individuals across the Nordics – Large institutional investors	• Long-term business strategy • Timely and transparent communication • Sustainable practices and sustainability commitments • Stable finances	• Held individual investor meetings, ran questionnaires and hosted Annual General Meeting to gain insights into expectations and needs • Incorporated additional environmental, social and governance (ESG) disclosures into quarterly and annual reporting • Improved ESG rating scores
Suppliers		
– Close to 1,500 contracted suppliers	• Adherence to contractual terms • Timely payment • Being a responsible buyer	• Continued to agree and work towards common targets in areas such as climate impact, human rights and labour rights • Further integrated sustainability screening and monitoring into daily sourcing practices and risk processes
Authorities		
– Government bodies – Market authorities – National supervisory authorities – European Central Bank – Wide spectrum of political and economic interest groups	• Accurate and professional implementation of regulatory and supervisory requirements • Incorporation of ESG into regulatory requirements • Strategic approach to climate-related and environmental risks • Experts contributions to policy discussions	• Tested the resilience of sustainability in Nordea's business model through participation in EU-wide stress test • Prioritised development of data models to quantify ESG-related impact and risk exposures and to enhance our capabilities • Interacted with supervisors on an ongoing basis, ECB at a group level and each national supervisor at a local level • Provided expert input on regulatory proposals at national and EU level
Broader society		
– General public – Media – Non-governmental organisations – Rating agencies – Educational institutions – Aspiring entrepreneurs	• Taking responsibility for impact of operations • Presence in society and dia-logue with our stakeholders • Support to improve financial and digital literacy • Entrepreneurship support • Transparency on Nordea's processes and engagements within sustainability	• Was a substantial taxpayer in our main countries of operation and also paid social security contributions and bank levies in our countries of operation • Helped build financial skills and foster entrepreneurship through participation in over 20 programmes and partnerships • Continued to develop sustainability policy framework to support and challenge customers and investees needing to transition to a more sustainable future • Established sector targets for climate-vulnerable sectors • Meetings and information sharing with NGOs and rating agencies about their key questions and on improving our sustainability work

S8 Position statements and guidelines

In this note we present all our position statements and guidelines, that provide guidance and principles in relation to different themes or sectors for dealing with both business opportunities and risk reduction.

Sector guideline	Published
Agricultural industry	September 2020
Defence industry	November 2023
Forestry industry	November 2019
Fossil fuel-based industry	November 2023
Gambling industry	August 2023
Mining industry	November 2023
Real estate industry	November 2019
Shipping industry	August 2023

Position statement	Published
Climate Change	May 2019
Tax	June 2022

Thematic guideline	Published
Biodiversity	November 2023
Social responsibility	December 2023

S9 Directives, instructions and policies

In this note we present a list of our Group Board directives, Group CEO instructions and policies. Due to changes in the structure of Nordea's Group Internal Rules, the order of the list has been updated accordingly.

Internal Rule	Approval	Latest update	Disclosure
Group Board Directive on Internal Governance	Group Board	2022	Not public
Group Board Directive on rules of procedure for the Group Board	Group Board	2023	Not public
Group Board Directive for the Board Audit Committee	Group Board	2023	Not public
Group Board Directive for the Board Remuneration and People Committee	Group Board	2023	Not public
Group Board Directive for the Board Risk Committee	Group Board	2023	Not public
Group Board Directive for the Board Operations and Sustainability Committee	Group Board	2023	Not public
Group Board Directive for the Group CEO	Group Board	2023	Not public
Group CEO Instructions on Strategy	Group CEO	2023	Not public
Group CEO Instructions on Resolution Planning	Group CEO	2023	Not public
Group CEO Instructions on ESG Factors	Group CEO	2023	Not public
Group CEO Instructions for the Asset & Liability Committee	Group CEO	2023	Not public
Group CEO Instructions for the Risk Committee	Group CEO	2023	Not public
Group CEO Instructions for the Sustainability and Ethics Committee	Group CEO	2023	Not public
Group CEO Instructions for the Data & Technology Committee	Group CEO	2023	Not public
Group CEO Instructions for the Digital Committee	Group CEO	2023	Not public
Group CEO Instructions for the Financial Steering Committee	Group CEO	2022	Not public
Group Board Directive for the Risk and Remuneration Alignment Committee	Group Board	2022	Not public
Group CEO Instructions for the Heads of Business Areas and Group Functions and the Quarterly Review Meetings	Group CEO	2023	Not public
Group CEO Instructions for Group Business Support	Group CEO	2023	Not public
Group CEO Instructions for Group Finance	Group CEO	2023	Not public
Group CEO Instructions for Group People	Group CEO	2023	Not public
Group CEO Instructions for Chief of Staff Office	Group CEO	2023	Not public
Group Board Directive for the second line of defence risk function	Group Board	2023	Not public
Group Board Directive for Group Compliance	Group Board	2022	Not public
Group Board Directive for Group Internal Audit	Group Board	2023	Not public
Group CEO Instructions for Group Legal	Group CEO	2021	Not public
Group CEO Instructions for the Group Branch Management	Group CEO	2023	Not public
Group CEO Instructions on Technology Governance and Strategy	Group CEO	2023	Not public
Group Board Directive on Procurement	Group Board	2023	Not public
Nordea Supplier Code of Conduct	Other	2023	Public
Group Board Directive on selection of external auditors and pre-approval of services provided by external auditors	Group Board	2023	Not public
Group Board Directive on Data Governance	Group Board	2023	Not public
Group Board Directive on Suitability	Group Board	2023	Not public
Group CEO Instructions on Executive Accountability	Group CEO	2021	Not public
Group Board Directive on Promotion Gender Balance	Group Board	2023	Not public
Group Board Directive on Product Governance Arrangements	Group Board	2023	Not public
Group CEO Instructions on Financial Control	Group CEO	2023	Not public
Group CEO Instructions on Tax	Group CEO	2021	Not public
The Nordea Tax Policy	Group CEO	2022	Public
Group CEO Instructions on Transfer Pricing	Group CEO	2023	Not public
Group CEO Instructions on Tax and Customer Advice	Group CEO	2021	Not public
Group Board Directive on ICAAP and ILAAP	Group Board	2022	Not public
Group Board Directive on Disclosure Policy	Group Board	2023	Not public
Group Board Directive on Code of Conduct	Group Board	2023	Not public
Nordea Code of Conduct	Group Board	2023	Public

S9. Directives, instructions and policies, cont.

Internal Rule	Approval	Latest update	Disclosure
Group Board Directive on Risk	Group Board	2022	Not public
Group Board Directive on Risk Appetite	Group Board	2023	Not public
Group Board Directive on Interest Rate Risk in the Banking Book Strategy	Group Board	2022	Not public
Group Board Directive on Significant Risk Transfer	Group Board	2022	Not public
Group CEO Instructions on Market Risk	Group CEO	2023	Not public
Group Board Directive on Liquidity Risk	Group Board	2023	Not public
Group CEO Instructions on Liquidity Risk	Group CEO	2023	Not public
Group CEO Instructions on Model Governance	Group CEO	2023	Not public
Group CEO Instructions on Credit Risk	Group CEO	2023	Not public
Group CEO Instructions on the IRB Approach	Group CEO	2023	Not public
Group Board Directive on Capital	Group Board	2022	Not public
Group CEO Instructions on Capital Risk	Group CEO	2023	Not public
Group CEO Instructions on Operational Risk	Group CEO	2023	Not public
Group Board Directive on Compliance Risk	Group Board	2022	Not public
Group CEO Instructions on Complaints Handling	Group CEO	2021	Not public
Group CEO Instructions on Record Keeping for Investment Services and Activities, as well as Ancillary Services	Group CEO	2022	Not public
Group CEO Instructions on Customer Handling in the provision of Investment Services	Group CEO	2022	Not public
Group Board Directive on Data Privacy	Group Board	2022	Not public
Group CEO Instructions on Data Privacy	Group CEO	2022	Not public
Group Board Directive on Financial Crime Risk Management	Group Board	2023	Not public
Anti-Bribery & Corruption Policy Statement	Other	2023	Public
Nordea Sanctions Risk Management Policy Statement	Other	2023	Public
Group Board Directive on Conflicts of Interest	Group Board	2023	Not public
Conflict of Interest Policy	Group Board	2023	Public
Group CEO Instructions on Raising Your Concern	Group CEO	2023	Not public
Group Board Directive on Trading for Leading Officials	Group Board	2023	Not public
Group Board Directive on Personal Account Dealing in financial instruments	Group Board	2023	Not public
Group CEO Instructions on Inside Information handling and Market conduct/abuse	Group CEO	2022	Not public
Group Board Directive on Remuneration	Group Board	2023	Not public
Remuneration policy for governing bodies	Group Board	2020	Public
Group CEO Instructions on fixed base salary in the Nordic countries	Group CEO	2023	Not public
Group CEO Instructions on Pension and Insurances	Group CEO	2023	Not public
Group CEO Instructions on Benefits	Group CEO	2023	Not public
Group CEO Instructions on Nordea Incentive Plan	Group CEO	2023	Not public
Group CEO Instructions on Recognition Scheme	Group CEO	2023	Not public
Group CEO Instructions on knowledge and competence requirements for investment advisers and persons giving information	Group CEO	2022	Not public
Group Board Directive on Sustainability	Group Board	2023	Not public
Sustainability Policy	Group Board	2023	Public
The Nordea responsible marketing policy summary	Other	2023	Public
Diversity & Inclusion Policy	Other	2022	Public
Policy against Discrimination and Harassment	Other	2022	Public
The Nordea Responsible Investment Product Distribution Policy	Other	2023	Public
Nordea human rights policy	Group Board	2023	Public

Glossary

B

BREEAM – BREEAM (Building Research Establishment Environmental Assessment Method) is an international scheme that provides independent third party certification of the assessment of the sustainability performance of individual buildings, communities and infrastructure projects. Assessment and certification can take place at a number of stages in the built environment life cycle, from design and construction through to operation and refurbishment.

C

Climate VaR – CVaR (Climate Value at Risk) is a methodology designed to provide a forward-looking and return-based valuation assessment to measure climate-related risks and opportunities in an investment portfolio.

C

CSRD – Corporate Sustainability Reporting Directive (CSRD) modernises and strengthens the rules concerning the social and environmental information that companies have to report. EU law requires large companies and listed companies to publish regular reports on the social and environmental risks they face, and on how their activities impact people and the environment.

G

GHG Protocol – GHG Protocol (the Greenhouse Gas Protocol) establishes global standardised frameworks to measure and manage greenhouse gas (GHG) emissions from private and public sector operations, value chains and mitigation actions. It is the most widely used greenhouse gas accounting standard in the world.

GDPR – GDPR (the General Data Protection Regulation) is a regulation in EU law on data protection and privacy for all individual citizens of the EU and the European Economic Area (EEA). The GDPR primarily aims to provide individuals with control over their personal data and to simplify the regulatory environment for international business by unifying regulation within the EU.

GRI Standards – GRI Standards (GRI Sustainability Reporting Standards) are provided by the GRI (Global Reporting Initiative) and used for sustainability disclosures. The GRI Standards create a common language for organisations and stakeholders, with which the economic, environmental, and social impacts of organisations can be communicated and understood. The GRI Standards are designed to enhance the global comparability and quality of information on these impacts, thereby enabling greater transparency and accountability of organisations.

I

IPCC – IPCC (the Intergovernmental Panel on Climate Change) is the United Nations body for assessing the science related to climate change. In October 2019 the IPCC released a special report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty.

L

LEED – LEED (Leadership in Energy and Environmental Design) is an internationally recognised green building certification system, providing third-party verification that a building or community was designed and built using strategies aimed at improving performance across all the metrics that matter most: energy savings, water efficiency, CO_2 emissions reduction, improved indoor environmental quality and stewardship of resources and sensitivity to their impacts.

M

MSCI – Morgan Stanley Capital International (MSCI) is an investment research firm that provides stock indexes, portfolio risk and performance analytics and governance tools to institutional investors and hedge funds.

P

Paris Agreement – At COP 21 in Paris, on 12 December 2015, parties to the United Nations Framework Convention on Climate Change (UNFCCC) reached a landmark agreement to combat climate change and to accelerate and intensify the actions and investments needed for a sustainable low-carbon future. The Paris Agreement brings all nations into a common cause to undertake ambitious efforts to combat climate change and adapt to its effects, with enhanced support to assist developing countries to do so.

S

SDGs – SDGs (the Sustainable Development Goals) are a collection of 17 global goals set by the United Nations General Assembly in 2015. The goals are an urgent call for action by all countries – developed and developing – in a global partnership. They recognise that ending poverty and other deprivations must go hand in hand with strategies that improve health and education, reduce inequality and spur economic growth – all the while tackling climate change and working to preserve oceans and forests.

Independent practitioner's limited assurance report

To the Management of Nordea Bank Abp

We have been engaged by the Management of Nordea Bank Abp (hereinafter also the "Company") to perform a limited assurance engagement on consolidated sustainability disclosures for the reporting period of 1 January 2023 to 31 December 2023, disclosed in Nordea Bank Abp's Annual Report 2023 in the Sustainability notes on pages 329-379, and in the Board of Directors' Report's section Non-financial statement for the EU taxonomy disclosures on pages 87-98 and on its website in the document Nordea Sustainability Indices 2023 (hereinafter the Selected sustainability information).

Selected sustainability information

The Selected sustainability information within the scope of assurance covers:

- Consolidated sustainability disclosures for the reporting period of 1 January 2023 to 31 December 2023, disclosed in Nordea Bank Abp's Annual Report 2023 in the Sustainability notes on pages 329-379 and on its website in the document Nordea Sustainability Indices 2023 (GRI Index).

  Furthermore, regarding the Sustainability information, the assurance engagement has covered disclosures on financed emissions for the reporting periods of 1 January to 31 December 2022 of Economic intensity for Agriculture and Physical emission intensity for Power Production, Motor vehicle asset class cars and vans, Commercial real estate and Shipping vessels. In addition the assurance engagement has covered the disclosures on Scope 3 emissions and of Business Loans and Commercial real estate in Lending portfolio for reporting of baseline year of 1 January to 31 December 2019.
- With regard to the Company's self-assessments/assertions of its commitments as a signatory of the Principles for Responsible Banking in the Nordea Sustainability Indices 2023, the assurance engagement has covered the following areas:
  - 2.1 Impact Analysis
  - 2.2 Target Setting
  - 2.3 Target Implementation and Monitoring
  - 5.1 Governance Structure for Implementation of the Principles
- EU taxonomy reporting as disclosed in Nordea Bank Abp's Board of Directors' report of Nordea Bank Abp's Annual Report 2023.

Management's responsibility

The Management of Nordea Bank Abp is responsible for preparing the Selected sustainability information in accordance with the Reporting criteria as set out in Nordea Bank Abp reporting instructions described in Nordea Bank Abp's Annual Report 2023, the GRI Sustainability Reporting Standards of the Global Reporting Initiative, the Global GHG Accounting and Reporting Standard for the Financial Industry (2022) of the Partnership for Carbon Accounting Financials (PCAF), Regulation (EU) 2020/852 and supplementing Delegated Act's and in the The Principles for Responsible Banking self-assessment (V2) (collectively Reporting criteria). The Management of Nordea Bank Abp is also responsible for such internal control as the management determines is necessary to enable the preparation of the Selected sustainability information that is free from material misstatement, whether due to fraud or error.

Practitioner's independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers Oy applies International Standard on Quality Management (ISQM) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Practitioner's responsibility

Our responsibility is to express a limited assurance conclusion on the Selected sustainability information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" This Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected sustainability information is free from material misstatement.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other Selected sustainability information. The procedures selected depend on the practitioner's judgment, including an assessment of the risks of material misstatement of the Selected sustainability information.

Our work consisted of, amongst others, the following procedures:

- Interviewing the senior management of the Company.
- Interviewing employees responsible for collecting and reporting Selected sustainability information at the Group level.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.
- Considering the disclosure and presentation of the Selected sustainability information.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Nordea Bank Abp's Selected sustainability information for the reporting period 1 January 2023 to 31 December 2023 is not properly prepared, in all material respects, in accordance with the Reporting criteria.

When reading our limited assurance report, the inherent limitations to the accuracy and completeness of Selected sustainability information should be taken into consideration.

Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Nordea Bank Abp for our work, for this report, or for the conclusion that we have reached.

Helsinki 26 February 2024

PricewaterhouseCoopers Oy

Tiina Puukkoniemi
Partner, Authorised Public Accountant (KHT)
Sustainability Reporting & Assurance

Jukka Paunonen
Partner, Authorised Public Accountant (KHT)

Annual General Meeting 21 March 2024

Nordea's 2024 Annual General Meeting (AGM) will be held on Thursday 21 March 2024 at 12.00 EET at Scandic Marina Congress Center, Katajanokanlaituri 6, 00160 Helsinki. In addition, the AGM will be live streamed via webcast at nordea.com/agm.

Advance voting

Shareholders have the opportunity to exercise their voting rights also by voting in advance in accordance with the instructions, including the relevant deadlines, set out in the notice to the AGM.

Notification of participation

Shareholders who wish to participate in the AGM must be registered as shareholders in the shareholders' register maintained by Euroclear Finland Oy in Finland, Euroclear Sweden AB in Sweden or VP Securities A/S in Denmark on 11 March 2024 and register their participation in accordance with the instructions, including the relevant deadlines, set out in the notice to the AGM.

Notification of participation in the AGM must be made no later than 13 March 2024 on Nordea's website at nordea.com/agm or by regular mail to Innovatics Ltd, AGM/Nordea, Ratamestarinkatu 13 A, 00520 Helsinki, Finland, or by e-mail to agm@innovatics.fi.

Shares held in trust

Shareholders whose shares are held in trust in Denmark must instruct the trustee to re-register the shares in their own name with the shareholders' register held by VP Securities A/S in good time prior to 11 March 2024.

Shareholders whose shares are held in trust in Sweden must instruct the trustee to re-register the shares in their own name with the shareholders' register held by Euroclear Sweden AB in good time prior to 13 March 2024.

Holders of nominee registered shares must temporarily re-register their shares with the shareholders' register maintained by Euroclear Finland Oy in Finland no later than 18 March 2024 at 10.00 EET.

Financial calendar

Financial calendar 2024

Annual General Meeting	21 March
First-quarter results	18 April
Second-quarter results	15 July
Third-quarter results	17 October

Contacts

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Website

All reports and press and stock exchange releases are available at nordea.com. Financial reports published by the Nordea Group can be ordered at nordea.com and via Investor Relations.

Nordea's report on capital and risk management, in accordance with the Pillar III disclosure requirements according to the EU Capital Requirements Regulation, is presented at nordea.com.

Annual Report 2023

Nordea Bank Abp is the parent company of the Nordea Group and domiciled in Helsinki, Finland. This Annual Report covers Nordea Bank Abp and pertains to the operations of the Nordea Group whose main legal structure is presented on page 47.

In this Annual Report, the Nordea Group presents income statements and other financial data in euro (EUR).

The original Annual Report is in Swedish. This is an English version of the Annual Report. In the event of any inconsistencies between the Swedish and English versions, the former will prevail.

English and Swedish copies of this Annual Report are available at Aleksis Kiven katu 7, 00500 Helsinki and at nordea.com.

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In this Annual Report, the Nordea Group presents income statements and other financial data in euro (EUR).

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