

Nordea



First quarter 2020

First quarter results 2020

CEO Frank Vang-Jensen comments on the results:

"In the first quarter of 2020, we have witnessed the global outbreak of COVID-19, which is affecting all of us. This pandemic has turned into a societal and economic crisis, which will have severe economic consequences and could lead to long-term structural changes in our societies. We are encouraged that Nordic governments and authorities embraced the seriousness of this pandemic early through a variety of actions to limit the effects on society. Although we see early signs of some countries opening up, the duration and extent of the economic impact of COVID-19 remain highly uncertain, and it is too early to predict the shape of the recovery.

The actions we are taking are focused on doing all we can to support our customers, keeping our employees safe, and ensuring business continuity. For example, we are providing instalment-free periods for which we have received more than 60,000 requests from our customers. In March alone, we had new credit requests for more than EUR 13bn from our corporate customers. Over 70% of our employees are currently working remotely, which is enabling us to be fully operational during this crisis and maintain a high activity level, even with the temporary closure of branch offices in some of our home markets. I am proud of all the excellent work and extraordinary efforts by our employees to support our customers and societies in these difficult times.

Despite the challenging market conditions, we are following our plans to deliver our financial targets, and I am satisfied with the result this quarter. We posted a solid result with net interest income up 5% and net commission income up 4%, compared to the first quarter of 2019.

Overall revenues decreased by 5% due to net fair value being adversely affected by the recent turmoil in the financial markets. We are delivering on our cost plans, with costs declining 8%, leading to an unchanged cost to income ratio of 57%.

During the past few years, we have significantly de-risked our balance sheet, and we remain focused on the credit quality of our existing loan book and new business opportunities. Our portfolio is well diversified with low exposures to industries expected to be immediately affected by COVID-19. Net loan loss provisions amounted to EUR 154m in the quarter, of which EUR 120m was an additional management judgement to provide coverage for the likely near-term increase in loan losses. Nordea now has a total management judgement of EUR 327m taking the total amount of allowances to EUR 2.4bn.

Our liquidity coverage ratio improved to 182% and common equity tier 1 ratio remains strong at 16%, 5.8% above current regulatory requirements.

We remain committed to delivering on our financial targets in 2022. It is too early to conclude on the economic consequences of COVID-19, but we are ready to take mitigating steps over time. Our immediate priorities are clear; the continued support of our customers, the safety of our employees and ensuring business continuity during these extraordinary times."

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

Group quarterly results and key ratios Q1 2020 excluding items affecting comparability¹

	Q1 2020	Q1 2019	Chg %	Q4 2019	Chg %
EURm					
Net interest income	1,109	1,056	5	1,108	0
Net fee and commission income	765	737	4	775	-1
Net fair value result	109	264	-59	266	-59
Other income	18	58		7	
Total operating income	2,001	2,115	-5	2,156	-7
Total operating expense	-1,248	-1,357	-8	-1,179	6
Profit before loan losses	753	758	-1	977	-23
Net loan losses	-154	-42		-102	51
Operating profit	599	716	-16	875	-32
Cost/income ratio with amortised resolution fees, %	57	57		57	
Return on Equity with amortised resolution fees, %	7.1	8.1		7.6	
Diluted earnings per share, EUR	0.11	0.13		0.15	

Exchange rates used for Q1 2020 for income statement items are for DKK 7.4714, NOK 10.4678 and SEK 10.6603.

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

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

CEO comment

"In the first quarter of 2020, we have witnessed the global outbreak of COVID-19, which is affecting all of us. This pandemic has turned into a societal and economic crisis, which will have severe economic consequences and could lead to long-term structural changes in our societies. We are encouraged that Nordic governments and authorities embraced the seriousness of this pandemic early through a variety of actions to limit the effects on society. Although we see early signs of some countries opening up, the duration and extent of the economic impact of COVID-19 remain highly uncertain, and it is too early to predict the shape of the recovery.

The actions we are taking are focused on doing all we can to support our customers, keeping our employees safe and ensuring business continuity. For example, we are providing instalment-free periods for which we have received more than 60,000 requests from our customers. In March alone, we had new credit requests for more than EUR 13bn from our corporate customers. Over 70% of our employees are currently working remotely which is enabling us to be fully operational during this crisis and maintain a high activity level, even with the temporary closure of branch offices in some of our home markets. I am proud of all the excellent work and extraordinary efforts by our employees to support our customers and societies in these difficult times.

Despite the challenging market conditions, we are following our plans to deliver our financial targets, and I am satisfied with the result this quarter. We posted a solid result with net interest income up 5% and net commission income up 4%, compared to the first quarter of 2019. Overall revenues decreased by 5%, due to net fair value being adversely affected by the recent turmoil in the financial markets. We are delivering on our cost plans, with costs declining 8%, leading to an unchanged cost to income ratio of 57%.

During the past few years, we have significantly de-risked our balance sheet, and we remain focused on the credit quality of our existing loan book and new business opportunities. Our portfolio is well diversified with low exposures to industries expected to be immediately affected by COVID-19. Net loan loss provisions amounted to EUR 154m in the quarter, of which EUR 120m was an additional management judgement to provide coverage for the likely near-term increase in loan losses. Nordea now has a total management judgement of EUR 327m taking the total amount of allowances to EUR 2.4bn. At this point, it is too early to conclude on the longer-term outlook for loan loss provisions. We will make further assessments in Q2, following updated macro assumptions.

Our recent investments in IT have allowed us to quickly ensure that employees can serve customers remotely, wherever their location. The intensity in customer interactions remains high. During the first weeks of the crisis, we held over 30% more corporate customer meetings than average, and we have doubled the level of remote meetings from 40% to 80%. Our digital capabilities enabled us to act as a strong and personal financial partner for our customers anywhere and anytime.

Our liquidity position is robust with a liquidity buffer of over EUR 100bn and a liquidity coverage ratio of 182%.

Despite this, we have chosen to participate in selected central bank liquidity facilities to ensure additional capacity to support our customers and their funding needs. We have also issued in the USD capital market as well as all domestic covered bond markets at competitive rates.

Common equity tier 1 (CET1) ratio was broadly stable at 16%. This strong capital position together with the reduction in macroprudential buffers by authorities leads to a total CET1 buffer above requirement of 5.8%-points, corresponding to EUR 8.8bn. This allows us to extend credit to meet corporate and household demand while also having the capacity to absorb potentially higher loan losses and credit migration. Return on equity was 7.1%.

In light of the COVID-19 pandemic, the Board of Directors of Nordea Bank Abp has decided to postpone the Annual General Meeting to 28 May 2020. The Board of Directors has further communicated that it intends to follow the recommendation adopted by the ECB and refrain from deciding on a dividend payment before 1 October 2020 subject to the Annual General Meeting's authorisation.

In Personal Banking, we have seen continued growth in lending volumes with improving customer satisfaction. Compared to the first quarter of 2019, net interest income grew 1% and net commission income increased 2%. Costs decreased by 11%, leading to an improvement in the cost to income ratio from 56% to 54%.

In Business Banking, customer activity remained high with double-digit revenue growth in Norway and Sweden. Total lending volumes increased 5% in local currencies compared to the first quarter in 2019 with all revenue lines improving. Revenues increased by 12%, and costs decreased by 5%, leading to a 7-percentage points improvement in the cost to income ratio of 46%.

The re-positioning of Large Corporate & Institutions is progressing. Compared to the first quarter of 2019, economic capital was down EUR 500m, the number of staff down 12% and total costs decreased by 11%. Lending was up 14%, and despite a challenging net fair value result, total revenues were up 3%, leading to an improvement in the cost to income ratio from 63% to 52%.

Asset & Wealth Management was affected by the financial turmoil in the latter part of the quarter. Assets under management decreased by 14%, driven mainly by lower asset prices. The market turbulence also caused negative flow, which was partly offset by higher deposits. Compared to the first quarter of 2019, revenues increased by 2% while costs were down 14%, leading to a reduction in the cost to income ratio of 9-percentage points to 48%.

We remain committed to delivering on our financial targets in 2022. It is too early to conclude on the economic consequences of COVID-19, but we are ready to take mitigating steps over time. Our immediate priorities are clear; the continued support of our customers, the safety of our employees and ensuring business continuity during these extraordinary times."

Frank Vang-Jensen
President and Group CEO

Outlook

Key priorities to succeed and meet the financial targets

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

Financial targets 2022

Nordea's financial targets for 2022 are:

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

Costs

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

Capital policy

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

Dividend policy

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

Credit quality

New: It is too early to give an outlook for loan losses, as the economic impact of the COVID-19 is still very uncertain.

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

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Income statement

	Q1 2020	Q1 2019	Chg %	Local curr. %	Q4 2019	Chg %	Local curr. %
EURm							
Net interest income	1,109	1,056	5	9	1,108	0	2
Net fee and commission income	765	737	4	5	775	-1	-1
Net result from items at fair value	109	264	-59	-62	266	-59	-62
Profit from associated undertakings and joint ventures accounted for under the equity method	-2	14			-1		
Other operating income	20	44	-55	-55	146	-86	-86
Total operating income	2,001	2,115	-5	-4	2,294	-13	-12
Staff costs	-699	-718	-3	-1	-648	8	8
Other expenses	-419	-594	-29	-28	-375	12	13
Depreciation, amortisation and impairment charges of tangible and intangible assets	-130	-140	-7	-6	-156	-17	-17
Total operating expenses	-1,248	-1,452	-14	-13	-1,179	6	6
Profit before loan losses	753	663	14	17	1,115	-32	-32
Net loan losses	-154	-42			-102	51	54
Operating profit	599	621	-4	-1	1,013	-41	-40
Income tax expense	-139	-178	-22	-19	-263	-47	-46
Net profit for the period	460	443	4	7	750	-39	-38

Business volumes, key items¹

	31 Mar 2020	31 Mar 2019	Chg %	Local curr. %	31 Dec 2019	Chg %	Local curr. %
EURbn							
Loans to the public	324.0	325.6	0	4	322.7	0	5
Loans to the public, excl. repos	295.1	300.6	-2	4	303.9	-3	2
Deposits and borrowings from the public	174.0	176.3	-1	3	168.7	3	7
Deposits from the public, excl. repos	169.2	166.6	2	6	166.4	2	6
Total assets	600.4	590.2	2		554.8	8	
Assets under management	280.4	300.5	-7		324.7	-14	
Equity	31.5	30.5	3		31.5	0	

Ratios and key figures²

	Q1 2020	Q1 2019	Chg %	Q4 2019	Chg %
Diluted earnings per share, EUR	0.11	0.10	10	0.19	-42
EPS, rolling 12 months up to period end, EUR	0.38	0.68	-44	0.38	0
Share price ¹ , EUR	5.13	6.80	-25	7.24	-29
Total shareholders' return, %	-25.6	3.3		18.7	
Equity per share ¹ , EUR	7.79	7.55	3	7.80	0
Potential shares outstanding ¹ , million	4,050	4,050	0	4,050	0
Weighted average number of diluted shares, million	4,038	4,033	0	4,039	0
Return on Equity, %	5.9	5.5		9.9	
Return on tangible Equity, %	6.7	6.4		11.3	
Return on Risk Exposure Amount, %	1.2	1.1		2.0	
Return on Equity with amortised resolution fees, %	7.1	7.0		9.4	
Cost/income ratio, %	62	69		51	
Cost/income ratio with amortised resolution fees, %	57	61		54	
Net loan loss ratio, basis points	26	7	271	17	53
Common Equity Tier 1 capital ratio ^{1,4,5} , %	16.0	14.6		16.3	
Tier 1 capital ratio ^{1,3,4} , %	17.8	17.1		18.3	
Total capital ratio ^{1,3,4} , %	20.2	19.5		20.8	
Tier 1 capital ^{1,3} , EURbn	27.1	27.8	-2	27.5	-1
Risk exposure amount ³ , EURbn	152	163	-7	150	1
Number of employees (FTEs) ¹	28,292	29,284	-3	29,000	-2
Economic capital ¹ , EURbn	25.8	28.2	-9	25.7	0

¹ End of period.

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

³ Including the result for the period.

⁴ Changes to the applicable capital requirements regime (for more details, please see chapter Other information).

⁵ Including profit for the period adjusted by accrued dividend.

Income statement

Excluding items affecting comparability¹

	Q1 2020	Q1 2019	Chg %	Local curr. %	Q4 2019	Chg %	Local curr. %
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Operating profit	599	716	-16	-14	875	-32	-31
Income tax expense	-139	-178	-22	-19	-263	-47	-46
Net profit for the period	460	538	-14	-12	612	-25	-24

Ratios and key figures^{1,2}

	Q1 2020	Q1 2019	Chg %	Q4 2019	Chg %
Diluted earnings per share, EUR	0.11	0.13	-15	0.15	-27
EPS, rolling 12 months up to period end, EUR	0.59	0.64	-8	0.61	-3
Return on Equity, %	5.9	6.7		8.1	
Return on tangible Equity, %	6.7	7.7		9.2	
Return on Risk Exposure Amount, %	1.2	1.3		1.6	
Return on Equity with amortised resolution fees, %	7.1	8.1		7.6	
Cost/income ratio, %	62	64		55	
Cost/income ratio with amortised resolution fees, %	57	57		57	
ROCAR, %	7.2	8.1		9.3	

¹ Excl. items affecting comparability in Q4 2019: EUR 138m tax free gain related to sale of LR Realkredit.

In Q1 2019: EUR 95m non-deductible expense related to provision for ongoing AML-related matters.

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

Macroeconomy and financial markets¹

Economic outlook and markets

At the beginning of Q1, there was hope that the world economy heading for better times in the wake of the US-China trade agreement and clarity on the UK Brexit plan. However, the COVID-19 outbreak in China, which developed into a pandemic, has completely changed the picture. As a result of the global lockdown of communities and closed borders, the world economy is heading towards a deep recession. The duration of this recession will depend on how long the lockdowns and restrictions will last and what behavioral changes among households and businesses the pandemic will cause. A U-shaped scenario in which growth gradually returns after the summer and then accelerates into 2021 is currently considered the most likely. However, other more severe scenarios are possible.

Economic policy authorities worldwide have launched relief packages of unprecedented size and scope to counter the negative socioeconomic consequences of the COVID-19 outbreak. The US Federal Reserve has lowered its target rate to 0-0.25% and launched an unlimited QE programme. The ECB has kept its deposit rate unchanged at -0.5%, but significantly expanded its QE programme among other measures. The swift monetary policy response has helped to stabilise developments in financial markets. Still, leading equity indices such as the S&P 500 and the STOXX fell by 20-25% over the quarter. Credit spreads on bonds also rose dramatically, and the US dollar, as well as other traditional safe havens such as the Japanese yen and the Swiss franc, strengthened against other currencies. On the back of a sharp reduction in demand, oil prices dropped to their lowest levels since the turn of the century.

Denmark

In Q4 2019, the Danish economy expanded by 2.4% y/y. This solid upswing most likely continued in the first two months of 2020. Domestic demand was well supported by record-high employment and low-interest expenses, and exports benefited from a strong position within pharmaceuticals and agricultural products. The COVID-19 outbreak has triggered a sharp increase in unemployment and a deterioration in both consumer and business confidence. In March the Danish central bank bought DKK 64.7bn through intervention and hiked its deposit rate by 15 bps to defend the fixed exchange rate regime.

Finland

Growth momentum in Finland was weak already before the outbreak of the COVID-19. Leading indicators for the construction, manufacturing and export sectors were all weak at the beginning of 2020. On a positive note, the labour market remained strong. The COVID-19 outbreak started to hit the Finnish economy mainly from mid-March onwards although there were worrying signs in, for example, tourism well before that. We estimate that the level of production at the end of March was around 15% lower than normal and that GDP declined approximately 4% in Q1. Still, there is significant uncertainty surrounding these estimates.

Norway

The Norwegian mainland economy grew by 0.2% q/q in Q4 2019. However, mainland GDP will fall in Q1 due to large areas of the economy being under lockdown to contain the COVID-19 outbreak. As a result, around 15% of the economy has been shut down. Further, more than 10% of the labour force was laid off in March. The Norwegian krone has weakened to historical lows due to low oil prices and the risk-off environment in financial markets. At the current oil prices around USD 20/bbl, oil investments will be reduced. However, a weaker krone should alleviate some of the blow to the economy. Norges Bank has cut its key rate to a historically low 0.25%, and the government has introduced stimulus measures to support businesses.

Sweden

The Swedish economy grew at a slow pace in Q4 2019. Exports declined, and domestic demand showed weak growth. However, there are signs that household consumption was decent up to and including February. The COVID-19 outbreak has a marked impact on the Swedish economy. GDP probably declined somewhat during Q1 as economic activity fell in March, but the main impact will most likely be on Q2. Unemployment is expected to increase to 9% or higher this summer. Inflation (CPIF) dropped to 1% in February, mainly due to lower energy prices. The Riksbank kept its repo rate unchanged at 0% at the monetary policy meeting in February and signaled an unchanged repo rate for the coming two years. The trade-weighted Swedish krona weakened by 3% during Q1.

1) Source: Nordea Economic Research

Group results and performance

First quarter 2020

Net interest income

Net interest income increased 9% in local currencies from the first quarter of 2019, following continued volume growth and lower funding cost. Higher deposit margins and the lower funding costs compensated for decreased customer lending margins, leading to an overall largely unchanged margin development. In the corporate segments both volumes and margins increased. Compared to the previous quarter, net interest income increased 2% with increased volumes and improved margins as the main drivers.

Personal Banking

Net interest income increased 3% in local currencies from the first quarter of 2019 driven by continued lending volume growth, while margins were broadly stable. Compared to the previous quarter, net interest income was unchanged in local currencies. Mortgage volume growth continued across all markets and lending margins supported by lower funding rates in Norway. Deposit margins improved in Sweden as a result of higher STIBOR while mortgage margins remained under pressure.

Business Banking

Net interest income increased 5% in local currencies from the first quarter of 2019, continuing the trend with higher business volumes and largely unchanged lending margins. Compared to the previous quarter, net interest income was up 1% in local currencies supported by volume growth as well as increased deposit margins.

Large Corporates & Institutions

Net interest income increased by 4% in local currencies from the first quarter of 2019, mainly due to volume growth. Compared to the previous quarter, net interest income was up 1% in local currencies driven by higher deposit margins. Lending volumes increased following higher corporate demand, especially in March.

Asset & Wealth Management

Net interest income increased EUR 5m from both the first quarter of 2019 and the previous quarter and amounted to EUR 18m. Compared to the previous quarter, the primary increase drivers are higher margins and higher income in Life & Pensions.

Group Functions and other

Net interest income increased EUR 3m from the previous quarter to EUR 11m, mainly driven by falling interest rates in Norway.

Lending volumes

Loans to the public in local currencies, excluding repos, were up 4% from the first quarter of 2019 and 2% from the previous quarter. Average lending volumes in local currencies increased in all business areas compared to the first quarter of 2019. Compared to the previous quarter, average lending volumes in local currencies were up in all business areas except in Large Corporates & Institutions.

Deposit volumes

Total deposits from the public in local currencies, excluding repos, were up 6% from both the first quarter of 2019 and the previous quarter. Average deposit volumes increased in local currencies in all business areas except in Large Corporates & Institutions. Compared to the previous quarter, average deposit volumes in local currencies increased in Business Banking and Large Corporates & Institutions, while they were slightly down in Personal Banking and in Asset & Wealth Management.

Net interest income per business area

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local currency	
								Q1/Q1	Q1/Q4
EURm									
Personal Banking	517	523	539	529	514	1%	-1%	3%	0%
Business Banking	346	346	338	343	337	3%	0%	5%	1%
Large Corporates & Institutions	217	218	212	208	214	1%	0%	4%	1%
Asset & Wealth Management	18	13	13	14	13	38%	38%	38%	38%
Group Functions and other	11	8	-19	-23	-22				
Total Group	1,109	1,108	1,083	1,071	1,056	5%	0%	9%	2%

Change in net interest income

	Q1/Q4	Jan-Mar 20/19
EURm		
NII beginning of period	1,108	1,056
Margin driven NII	28	-3
Lending margin	5	-47
Deposit margin	22	19
Cost of funds	1	25
Volume driven NII	9	50
Lending volume	8	54
Deposit volume	1	-4
Day count	-12	12
Other ^{1,2,3}	-24	-6
NII end of period	1,109	1,109
¹ of which FX	-19	-41
² of which Baltics	-	-1
³ of which DGS	-2	-2

Net fee and commission income

Net fee and commission income increased 5% in local currencies from the first quarter of 2019. The increase comes from improving savings commissions, despite a slowdown in March. The development was further supported by both equity trading and corporate finance fees while debt capital markets activity significantly slowed in March due to the market turmoil. Compared to the previous quarter, net fee and commission income decreased 1% in local currencies driven by lower assets under management (AuM) due to lower asset prices, subdued card fees following lower activity in March and a decrease in lending fees from a relatively high level in the previous quarter.

Savings and investment commissions

Net fee and commission income from savings and investments increased by 14% in local currencies from the first quarter of 2019. Compared to the previous quarter, net fee and commission income decreased 2% in local currencies to EUR 503m, driven by lower asset management fees and seasonality. AuM decreased EUR 44bn to EUR 280bn driven by the significant movements in global markets, which also led to a net outflow of EUR 3bn.

Payments and cards and lending-related commissions

Lending-related net fee and commission income increased 3% in local currencies from the first quarter of 2019 but decreased 12% in local currencies to EUR 126m from the high level of EUR 145m in the fourth quarter of 2019. Payments and cards net fee and commission income decreased 12% in local currencies from the first quarter of 2019 but increased 4% in local currencies from the previous quarter to EUR 124m (EUR 120m in the fourth quarter of 2019).

Personal Banking

Net fee and commission income increased by 5% in local currencies from the first quarter of 2019 driven by strong performance at the beginning of the year. Lower re-mortgaging activity in Denmark was the main driver for the 6% decrease in local currencies of net fee and commission income compared to the previous quarter.

Business Banking

Net fee and commission income increased 6% in local currencies from the first quarter of 2019. Compared to the previous quarter, net fee and commission income decreased by 2% in local currencies driven by lower Debt Capital Markets (DCM) fees and re-mortgaging activity in Denmark.

Large Corporates & Institutions

Net fee and commission income increased 20% in local currencies from the first quarter of 2019. Strong commissions from equities and advisory were key drivers of the 23% increase in local currencies of net fee and commission income from the previous quarter.

Asset & Wealth Management

Net fee and commission income increased 7% in local currencies from the first quarter of 2019. Lower assets under management and performance fees booked in the previous quarter led to a decrease of 6% in local currencies of net fee and commission income from the previous quarter.

Group Functions and other

Fees and commissions increased EUR 10m from the previous quarter but decreased EUR 15m from the first quarter of 2019.

Net fee and commission income per business area

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local currency	
								Q1/Q1	Q1/Q4
EURm									
Personal Banking	291	312	312	295	284	2%	-7%	5%	-6%
Business Banking	154	158	151	133	149	3%	-3%	6%	-2%
Large Corporates & Institutions	121	100	104	126	104	16%	21%	20%	23%
Asset & Wealth Management	202	218	190	190	188	7%	-7%	7%	-6%
Group Functions and other	-3	-13	-1	-1	12				
Total Group	765	775	756	743	737	4%	-1%	5%	-1%

Net fee and commission income per category

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local currency	
								Q1/Q1	Q1/Q4
EURm									
Savings and investments, net	503	513	473	495	446	13%	-2%	14%	-2%
Payments and cards, net	124	120	136	128	143	-13%	3%	-12%	4%
Lending-related, net	126	145	148	121	126	0%	-13%	3%	-12%
Other commissions, net	12	-3	-1	-1	22				
Total Group	765	775	756	743	737	4%	-1%	5%	-1%

Assets under Management (AuM), volumes and net inflow

	Q120	Q419	Q319	Q219	Q119	Net inflow Q120
EURbn						
Nordic Retail funds	55.6	65.5	62.5	62.3	61.2	-1.3
Private Banking	77.0	91.4	86.9	85.8	84.5	0.6
Institutional sales	101.7	114.7	113.6	108.6	105.6	-2.8
Life & Pensions	46.1	53.1	51.3	50.2	49.2	0.5
Total	280.4	324.7	314.3	306.9	300.5	-3.0

Net result from items at fair value

The net result from items at fair value decreased 59% from both the first quarter of 2019 and the previous quarter to EUR 109m. The main explanation for the sharp drop is valuation adjustments in both Markets and Treasury, following lower interest rates, wider credit spreads and lower asset prices. The result from the underlying customer business improved both compared with the first quarter of 2019 and the previous quarter.

Personal Banking

The net result from items at fair value decreased 82% from the first quarter of 2019, which benefited from portfolio sales and positive fair value adjustments. Compared to the previous quarter, the net result from items at fair value decreased 43% mainly from lower fair value impact from Nordea Kredit.

Business Banking

The net result from items at fair value increased 204% from the first quarter of 2019, which was negatively impacted by fair value adjustments in Nordea Kredit. Compared to the previous quarter, the net result from items at fair value decreased 13% but customer activity was good in the quarter especially in February and March.

Large Corporates & Institutions

The net result from items at fair value decreased 13% from the first quarter of 2019. Compared to the previous quarter, the net result from items at fair value decreased 30%. Market turmoil increased customer business, but this was offset by negative valuations on the derivative book.

Asset & Wealth Management excl. Life & Pensions

The net result from items at fair value decreased 53% from the first quarter of 2019, which benefited from fair value adjustment in Nordea Kredit. Compared to the previous quarter, the net result from items at fair value increased EUR 3m to EUR 7m.

Life & Pensions

The net result from items at fair value for Life & Pensions was down EUR 5m to EUR 26m from the first quarter of 2019. Compared to the previous quarter, the net result from items at fair value decreased EUR 6m mostly due to year-end fees being included in the previous quarter.

Group Functions and other

The net result from items at fair value in Group Functions and other decreased to EUR -74m from EUR 46m in the first quarter of 2019 and from EUR 31m in the previous quarter driven by valuation adjustments.

Net result from items at fair value per area

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4
EURm							
Personal Banking	13	23	45	32	72	-82%	-43%
Business Banking	70	80	36	67	23		-13%
Large Corporates & Institutions	67	96	81	57	77	-13%	-30%
Asset & Wealth Mgmt. excl. Life	7	4	7	6	15	-53%	75%
Life & Pensions	26	32	5	10	31	-16%	-19%
Group Functions and other	-74	31	37	111	46		
Total Group	109	266	211	283	264	-59%	-59%

Equity method

Income from companies accounted for under the equity method was EUR -2m, down from EUR 14m in the first quarter of 2019 and from EUR -1m in the previous quarter. The decrease was mainly driven by lower results in Luminor and, in comparison to the first quarter of 2019, also a reduced share of ownership.

Other operating income

Other operating income was EUR 20m, down from EUR 44m in the first quarter of 2019 and down from EUR 146m in the previous quarter, of which EUR 138m was related to a capital gain from the sale of LR Realkredit.

Total operating income

Total income was down 4% in local currencies from the first quarter of 2019 and down 12% in local currencies from the previous quarter and amounted to EUR 2,001m.

Total operating income per business area

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local currency	
								Q1/Q1	Q1/Q4
EURm									
Personal Banking	823	857	900	855	870	-5%	-4%	-3%	-3%
Business Banking	575	588	531	550	513	12%	-2%	15%	-2%
Large Corporates & Institutions	405	414	397	392	395	3%	-2%	5%	-1%
Asset & Wealth Management	259	269	237	236	254	2%	-4%	2%	-3%
Group Functions and other	-61	166	20	108	83				
Total Group	2,001	2,294	2,085	2,141	2,115	-5%	-13%	-4%	-12%
Total, excl items affecting comparability¹	2,001	2,156	2,085	2,141	2,115	-5%	-7%	-4%	-6%

¹ Excl. items affecting comparability in Q4 2019: EUR 138m tax free gain related to sale of LR Realkredit.

Total expenses

Total expenses in the first quarter amounted to EUR 1,248m, down 7% from the first quarter of 2019 in local currencies and adjusted for items affecting comparability (IAC). Adjusted also for resolution fees, total expenses decreased 3% from the first quarter of 2019 and decreased 7% from the previous quarter.

Staff costs in local currencies were down 1% from the first quarter of 2019 but up 8% from the previous quarter driven mainly by lower variable salaries in Q4 2019.

Other expenses in local currencies were down 28% from the first quarter of 2019, which included resolution fees of EUR 209m and a provision of EUR 95m for ongoing AML-related matters. Other expenses in local currencies were up 13% compared to the previous quarter driven by the resolution fees of EUR 153m.

Depreciation amounted to EUR 130m, down from EUR 140m in the first quarter of 2019 and down from EUR 156m in the previous quarter.

The number of employees (FTEs) was approximately 28,300 at the end of the first quarter, which is a decrease of 3% from the first quarter of 2019, mainly driven by a reduction in FTEs in the Nordics offset by 17% increase in FTEs in Poland and Baltics. The biggest reductions have been in LC&I, PeB and Group Operations. Compared to the previous quarter, the number of employees (FTEs) was approximately 2% down. The number of consultants decreased by 6% from the previous quarter.

Excluding IAC and with amortised resolution fees, the cost to income ratio was 57%, largely unchanged compared to both the previous quarter and the first quarter of 2019.

Total operating expenses

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local currency	
								Q1/Q1	Q1/Q4
EURm									
Staff costs	-699	-648	-924	-727	-718	-3%	8%	-1%	8%
Other expenses	-419	-375	-366	-304	-594	-29%	12%	-28%	13%
Depreciations	-130	-156	-885	-149	-140	-7%	-17%	-6%	-17%
Total Group	-1,248	-1,179	-2,175	-1,180	-1,452	-14%	6%	-13%	6%
Total, excl. items affecting comparability¹	-1,248	-1,179	-1,161	-1,180	-1,357	-8%	6%	-7%	6%

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

Total operating expenses per business area

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local currency	
								Q1/Q1	Q1/Q4
EURm									
Personal Banking	-470	-484	-501	-473	-529	-11%	-3%	-9%	-2%
Business Banking	-297	-267	-262	-271	-314	-5%	11%	-3%	12%
Large Corporates & Institutions	-268	-196	-204	-229	-302	-11%	37%	-10%	38%
Asset & Wealth Management	-126	-127	-146	-138	-147	-14%	-1%	-14%	-1%
Group Functions and other	-87	-105	-1,062	-69	-160				
Total Group	-1,248	-1,179	-2,175	-1,180	-1,452	-14%	6%	-13%	6%
Total, excl. items affecting comparability¹	-1,248	-1,179	-1,161	-1,180	-1,357	-8%	6%	-7%	6%

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

Currency fluctuation effects

	Q1/Q1	Q1/Q4	Jan-Mar 20/19
%-points			
Income	-2	-1	-2
Expenses	-1	-1	-1
Operating profit	-2	-1	-2
Loan and deposit volumes	-4	-5	-4

Net loan losses

Net loan losses amounted to EUR 154m in the first quarter of 2020, of which EUR 34m originated from the development in Q1 and EUR 120m refers to an additional management judgement to provide coverage for the likely near-term increase in loan losses expected following the COVID-19 outbreak. The EUR 34m net loan loss amount benefited from reversals in all business areas and asset sales in Personal Banking.

Net loan losses were distributed by EUR 10m in stages 1&2 and EUR 144m in stage 3.

The net loan loss ratio including fair value mortgage loans was 22 bps (26 bps on amortised cost only, under IFRS9 standards) and 5 bps excluding the management judgement.

In Large Corporates & Institutions, individual provisions of EUR 84m were made in particular due to reduced collateral valuations for already defaulted offshore assets. Furthermore, reversals (EUR -41m) and management judgement (EUR 26m) affected net loan losses. The net loan losses for Large Corporates & Institutions were EUR 52m and 42 bps (21 bps excl. management judgement). In Business Banking, gross loan losses amounted to EUR 22m before reversals (EUR -25m) and management judgement (EUR 64m). The net loan losses for Business Banking amounted to EUR 61m and 31 bps (0 bps excl. management judgement). In Personal Banking, gross loan losses were EUR 39m before impacts from asset sales (EUR -16m) and reversals (EUR -15m) and management judgement (EUR 30m). The net loan losses for Personal Banking were EUR 38m and 11 bps (3 bps excl. management judgement).

The additional management judgement was accounted for as a reserve for the already identified likely increase in credit losses in the near term. This is an addition to allowances already built up on the balance sheet for future potential losses following the earlier observed adverse macroeconomic development. Nordea has not worsened its customers' stage classifications due to COVID-19 outbreak-related liquidity challenges. This is in line with regulatory guidance, but Nordea will make necessary adjustments in provisions going forward based on updated financial information as the impacts of the ongoing economic shock on the credit exposures become clearer.

The first quarter 2020 management judgement for Large Corporates & Institutions and Business Banking were based on single customer assessments as well as in case of Business Banking (including Business Banking Direct's SMEs) also a portfolio review of the industries most affected.

For Personal Banking, the management judgement was based on already identified likely increases in credit losses (scoring migration) in the near term in credit cards and other unsecured consumer lending. Mortgage lending exposures were considered to be affected only in the medium to long term in a long lasting COVID-19 outbreak scenario. Social safety nets and conservative loan-to-value levels effectively shield against net loan losses on mortgages in the Nordic economies.

Nordea will update its macroeconomic scenarios in the second quarter of 2020 and these will be reflected in the collective provision modelling also considering the relevant regulatory guidance. The assumptions were kept unchanged for the first quarter of 2020 in the models, as the impact of the COVID-19 outbreak on the economy is still highly uncertain.

Nordea considers itself to be adequately provisioned as at 31 March 2020. The total management judgement allowances on the balance sheet amounted to EUR 327m at the end of the first quarter of 2020, following the observed adverse macro development which includes a provision of EUR 100m decided on in the third quarter of 2019. Total allowances for the Nordea Group at the end of first quarter of 2020 amounted to EUR 2,376m, of which EUR 595m relates to stages 1&2. Nordea will continue to monitor the situation closely and will adjust provisions as needed in the second quarter and onwards.

Development in the credit quality e.g. in terms of the average PD and default rate, was stable in the first quarter of 2020, continuing the positive trend observed in 2019. Net scoring migration in the retail portfolio in the first quarter of 2020 was positive, while the corporate portfolio migrated slightly negatively.

Overall, Nordea entered the COVID-19 outbreak with solid overall credit quality after positive longer-term credit risk evolution. As the economic consequences of the COVID-19 outbreak only started emerging late in Q1, this is expected to have an impact on credit quality going forward. No observed stage migration occurred in connection with the management judgement calculation of EUR 120m, which reflects likely near-term losses. The actual rating migration is reflected in the model-based collective provisioning outcomes.

Credit portfolio

Total lending to the public, excluding reverse repurchase agreements, increased by 2% in local currencies compared to the previous quarter and by 4% in local currencies compared to the first quarter of 2019 mostly driven by an increase in the corporate portfolio in Finland.

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

Lending to the public measured at amortised cost decreased to EUR 237bn (EUR 245bn in the previous quarter). Of this portfolio EUR 4.52bn was impaired loans in Stage 3 (EUR 4.61bn in the previous quarter).

The gross impairment rate (Stage 3) was 174 bps for loans at amortised cost (178 bps in the previous quarter). Allowances in relation to impaired loans (Stage 3) increased to 38.7% (36.6% in the previous quarter). The impairment rate for fair value decreased to 83 bps (93 bps in the previous quarter) mostly due to decreased reversed repurchase agreements.

Net loan loss ratios

	Q120	Q419	Q319	Q3 excl. IAC	Q219	Q119
Basis points of loans¹						
Net loan loss ratios, amortised cost, Group	26	17	55	8	10	7
of which Stage 1 and 2	2	1	14	-4	-2	2
of which Stage 3	24	16	41	12	12	5
Net loan loss ratios, incl. fair value mortgage annualised Group ²	22	14	45	7	8	5
Personal Banking total	11	7	8	5	6	13
Banking Denmark	14	7	41	7	3	-5
Banking Finland	9	2	-55	1	11	38
Banking Norway	4	10	21	13	7	11
Banking Sweden	15	5	14	1	5	11
Business Banking	31	14	25	2	12	15
BB Denmark	-5	12	66	-8	39	-6
BB Finland	121	36	21	12	-18	42
BB Norway	28	-12	17	-2	0	10
BB Sweden	20	10	15	7	10	12
BBD Nordic	10	34	-3	10	14	30
Large Corporates & Institutions	42	36	195	23	10	-35
C&I Denmark	-17	-58	243	-31	118	-40
C&I Finland	18	67	10	6	5	0
C&I Norway	161	66	400	37	-52	-22
C&I Sweden	-5	86	59	51	90	6

¹ Negative amounts are net reversals.

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

Profit

Operating profit

Operating profit decreased 1% in local currencies from the first quarter of 2019 to EUR 599m. Compared to the previous quarter, operating profit decreased 40% in local currencies. Excluding IAC, operating profit was down 14% from the first quarter of 2019 and down 31% from the previous quarter in local currencies.

Taxes

Income tax expenses were EUR 139m (EUR 263m in the previous quarter), corresponding to a 23% tax rate.

Net profit

Net profit decreased to EUR 460m in local currencies from the previous quarter and excluding IAC net profit decreased 24%. Return on equity was 5.9% including resolution fees, down from 9.9% in the previous quarter. With amortised resolution fees return on equity was 7.1% down from 7.6% (excluding IAC) in the previous quarter.

Diluted earnings per share were EUR 0.11 compared to EUR 0.10 in the first quarter of 2019 and EUR 0.19 in the previous quarter. Excluding IAC, diluted earnings per share were EUR 0.11 compared to EUR 0.13 in the first quarter of 2019 and EUR 0.15 in the previous.

Operating profit per business area

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local currency	
EURm								Q1/Q1	Q1/Q4
Personal Banking	315	345	371	357	292	8%	-9%	10%	-8%
Business Banking	217	290	222	250	165	32%	-25%	35%	-24%
Large Corporates & Institutions	85	173	-44	151	137	-38%	-51%	-37%	-51%
Asset & Wealth Management	133	144	90	96	107	24%	-8%	24%	-8%
Group Functions and other	-151	61	-1,060	46	-80				
Total Group	599	1,013	-421	900	621	-4%	-41%	-1%	-40%
Total, excl. items affecting comparability¹	599	875	875	900	716	-16%	-32%	-14%	-31%

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

Other information

Capital position and risk exposure amount

Nordea Group's Common equity tier 1 (CET1) capital ratio decreased to 16.0% at the end of the first quarter of 2020, compared to 16.3% in the fourth quarter of 2019. REA increased EUR 1.9bn, primarily stemming from increased lending following increased support to our customers during the COVID-19 outbreak, higher market risk, replacement of securitisation transaction and increased counterparty credit risk (CCR) REA. The overall REA increase was partly offset by favourable FX effects and a reduction in operational risk REA following the annual calculation of operational risk. CET1 capital decreased by EUR 0.1bn, driven by FX effects in retained earnings and increased regulatory deductions for prudential filters. This was partly offset by retained net profit for the period and FX effects in goodwill and intangible assets.

The tier 1 capital ratio decreased to 17.8% from 18.3% in the first quarter of 2020 and the total capital ratio decreased to 20.2% from 20.8%.

At the end of the first quarter of 2020, the CET1 capital was EUR 24.3bn, the Tier 1 capital was EUR 27.1bn and the Own Funds were EUR 30.7bn.

The capital requirement regulation (CRR) leverage ratio decreased to 4.9% compared to 5.3% in the fourth quarter of 2019.

Economic Capital (EC) was EUR 25.8bn at the end of the first quarter, an increase of EUR 0.1bn compared to the fourth quarter of 2019. This was mainly driven by increased pillar 2 capital requirements and increased pillar 1 market risk. Partly offset by decreased pillar 1 credit risk following the annual update of the EC scaling factor.

Pillar 2 requirement (P2R)

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

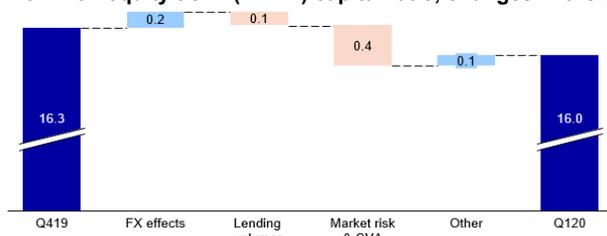
Capital ratios

	Q120	Q419	Q319	Q219	Q119
%					
CRR/CRDIV					
CET 1 cap. ratio	16.0	16.3	15.4	14.8	14.6
Tier 1 capital ratio	17.8	18.3	17.4	17.3	17.1
Total capital ratio	20.2	20.8	20.0	19.8	19.5

Capital and dividend policy

From 1 January 2020, the intention is to hold a CET1 capital management buffer of 150-200 bps above the CET1 capital ratio requirement (MDA level). Nordea strives to maintain a strong capital position in line with our capital policy. From 1 January 2020, the ambition is to distribute 60-70% of the net profit for the year to shareholders. Excess capital in relation to capital targets will be used for organic growth and strategic business acquisitions as well as be subject to buy-back considerations.

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



Dividend proposal

In light of the COVID-19 pandemic and the related recommendation adopted by the European Central Bank (ECB) on 27 March 2020, the Board of Directors of Nordea has decided to propose postponement of the decision on dividend payment for the financial year 2019. The Board of Directors proposes to the Annual General Meeting (AGM) to be held on 28 May 2020 that the AGM authorises the Board of Directors to decide on a dividend payment of a maximum of EUR 0.40 per share for the financial year 2019 to be distributed in one or several instalments. The authorisation would be valid until the AGM in 2021. The Board of Directors intends to follow the recommendation adopted by the ECB and refrain from deciding on a dividend payment based on the authorisation before 1 October 2020.

Given the proposed authorisation to the Board of Directors, the maximum 2019 dividend amount will continue to be deducted from the capital position.

Regulatory development

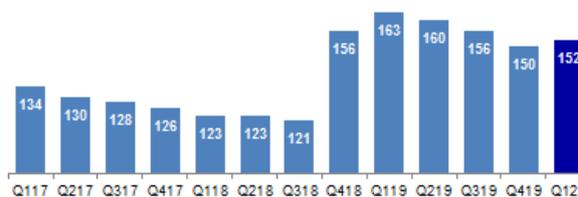
On 12 March, the Danish Minister of Industry, Business and Financial Affairs decided to decrease the Danish countercyclical capital buffer (CCyB) rate to 0% with immediate effect. The Swedish FSA, on 16 March, decided to lower the Swedish CCyB rate to 0% with immediate effect. On 13 March, the Norwegian Ministry of Finance decided to follow Norges Bank's advice to reduce, with immediate effect, the Norwegian CCyB rate from 2.5% to 1%.

On 17 March, the Board of the Finnish FSA took a preliminary decision (final decision taken on 6 April) to remove the systemic risk buffer requirement for all banks domiciled in Finland. Since the higher of SRB (previously 3% for Nordea) and O-SII buffer (currently 2% for Nordea) is applicable, this means that Nordea is required to hold an O-SII buffer of 2%.

On 12 March, the ECB announced that it will allow banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance, the capital conservation buffer and the liquidity coverage ratio. In addition, the ECB will allow banks to partially use capital instruments that do not qualify as Common Equity Tier 1 capital, i.e. Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements.

In total this means that Nordea's CET1 capital ratio requirement has been lowered by approximately 2.9%.

Risk exposure amount, REA (EURbn), quarterly



Risk Exposure Amount

	31 Mar 2020	31 Dec 2019	31 Mar 2019
EURm			
Credit risk	117,242	117,367	128,172
IRB	104,365	103,694	111,858
- sovereign			
- corporate	68,522	67,479	73,978
- advanced	57,014	57,103	62,063
- foundation	11,508	10,376	11,915
- institutions	6,293	6,135	6,129
- retail	25,468	26,248	26,004
- items representing securitisation positions	893	874	1,239
- other	3,189	2,958	4,508
Standardised	12,877	13,673	16,314
- sovereign	948	1,047	536
- retail	4,661	5,163	7,014
- other	7,268	7,463	8,764
Credit Value Adjustment Risk	674	795	1,099
Market risk	8,594	4,934	7,253
- trading book, Internal Approach	5,825	4,126	4,790
- trading book, Standardised Approach	865	808	1,044
- banking book, Standardised Approach	1,904	0	1,419
Settlement Risk	0	4	1
Operational risk	14,701	15,698	15,698
Additional risk exposure amount related to Finnish RW floor due to Article 458 CRR	735	750	673
Additional risk exposure amount related to Swedish RW floor due to Article 458 CRR	10,162	10,667	10,112
Additional risk exposure amount due to Article 3 CRR			
Total	152,108	150,215	163,007

Own Funds including profit

	31 Mar 2020	31 Dec 2019	31 Mar 2019
EURm			
Common Equity Tier 1 capital, including profit	24,325	24,421	23,826
Tier 1 capital (net after deduction), including profit	27,135	27,518	27,817
Total Own Funds, including profit	30,749	31,236	31,753

Summary of items included in own funds

EURm			
Calculation of own funds¹			
Equity in the consolidated situation	28,080	30,057	28,471
Proposed/actual dividend		-1,616	
Common Equity Tier 1 capital before regulatory adjustments	28,080	28,441	28,471
Deferred tax assets	-143	-136	
Intangible assets	-3,285	-3,451	-4,167
IRB provisions shortfall (-)	-96		-96
Deduction for investments in credit institutions (50%)			
Pension assets in excess of related liabilities	-131	-130	-148
Other items, net	-418	-303	-289
Total regulatory adjustments to Common Equity Tier 1 capital	-4,073	-4,020	-4,700
Common Equity Tier 1 capital (net after deduction)	24,007	24,421	23,771
Additional Tier 1 capital before regulatory adjustments	2,833	3,117	4,002
Total regulatory adjustments to Additional Tier 1 capital	-23	-20	-11
Additional Tier 1 capital	2,810	3,097	3,991
Tier 1 capital (net after deduction)	26,817	27,518	27,762
Tier 2 capital before regulatory adjustments	4,382	4,559	4,801
IRB provisions excess (+)	294	220	185
Deduction for investments in credit institutions (50%)			
Deductions for investments in insurance companies	-1,000	-1,000	-1,000
Pension assets in excess of related liabilities			
Other items, net	-62	-61	-50
Total regulatory adjustments to Tier 2 capital	-768	-841	-865
Tier 2 capital	3,614	3,718	3,936
Own funds (net after deduction)	30,431	31,236	31,698

¹ Q1 2020 as to be reported to FSA and previous periods are disclosed as reported to FSA.

Own Funds & Capital ratios (Conglomerate)¹

Conglomerate capital base, EURm	32,367	33,687
The Own funds requirement of the financial conglomerate, EURm	24,560	29,163
Capital adequacy of the conglomerate (capital base surplus/deficit), EURm	7,806	4,524
Conglomerate capital ratio, %	131.8	115.5

¹ The financial conglomerate consists of banking and insurance operations.

Balance sheet

Total assets in the balance sheet in the quarter were EUR 45bn higher than in the previous quarter and amounted to EUR 600bn. Loans to credit institutions as well as derivatives, interest-bearing securities and other assets were higher than in the previous quarter.

Derivatives were EUR 18bn higher in the quarter and amounted to EUR 57bn and other assets increased by EUR 12bn to EUR 131bn from the previous quarter.

Balance sheet data

	Q120	Q419	Q319	Q219	Q119
EURbn					
Loans to credit institutions	16	9	20	18	14
Loans to the public	324	323	328	324	326
Derivatives	57	39	52	42	39
Interest-bearing securities	72	65	66	70	71
Other assets	131	119	120	129	140
Total assets	600	555	586	583	590
Deposits from credit inst.	63	32	45	44	52
Deposits from the public	174	169	168	177	176
Debt securities in issue	184	194	191	189	193
Derivatives	55	42	54	44	41
Other liabilities	93	86	97	98	98
Total equity	31	32	31	31	30
Total liabilities and equity	600	555	586	583	590

Nordea's funding and liquidity operations

Nordea issued approximately EUR 5.7bn in long-term funding in the first quarter (excluding Danish covered bonds), of which approximately EUR 4.8bn in covered bonds and EUR 0.9bn in senior debt.

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

Short-term liquidity risk is measured using several metrics and the Liquidity Coverage Ratio (LCR) is one such metric. The combined LCR according to EBA Delegated Act rules for the Nordea Group was 182% at the end of the first quarter. The Nordea Group LCR in EUR was 234% and in USD 191% at the end of the first quarter. The liquidity buffer is composed of highly liquid central bank eligible securities and cash as defined in the LCR regulation and amounted to EUR 101bn at the end of the first quarter (EUR 102bn at the end of the fourth quarter). Long-term liquidity risk is measured as the Net Stable Funding Ratio (NSFR). At the end of the first quarter 2020, Nordea's NSFR was 109.7% (108.6% at the end of the fourth quarter) according to the CRR2 regulation.

Funding and liquidity data*

	Q120	Q419	Q319	Q219	Q119
Long-term funding portion	78%	78%	79%	79%	79%
LCR total	182%	166%	188%	178%	199%
LCR EUR	234%	236%	185%	195%	274%
LCR USD	191%	146%	183%	291%	230%

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

Market risk

Market risk in the trading book measured by Value at Risk was EUR 60m. Compared to the previous quarter, total VaR increased by EUR 38.5m, primarily as a result of higher interest rate risk which is also the main driver of market risk. Total VaR continued to be driven by market risk related to Nordic and other northern European exposures.

Trading book

	Q120	Q419	Q319	Q219	Q119
EURm					
Total risk, VaR	60	21	15	14	19
Interest rate risk, VaR	53	18	11	13	19
Equity risk, VaR	24	6	9	3	3
Foreign exchange risk, VaR	3	2	2	3	1
Credit spread risk, VaR	27	4	5	3	5
Inflation risk	3	2	2	2	2
Diversification effect	46%	34%	50%	40%	40%

The VaR increase over the period is a reflection of higher market volatility during the COVID-19 outbreak crisis and mostly driven by market data.

Banking book

	Q120	Q419	Q319	Q219	Q119
EURm					
Total risk, VaR	82	34	37	38	47
Interest rate risk, VaR	84	34	37	40	48
Equity risk, VaR	5	6	5	6	4
Foreign exchange risk, VaR	5	5	3	1	1
Credit spread risk, VaR	2	1	0	1	0
Diversification effect	15%	26%	17%	18%	11%

Nordea share and ratings

Nordea's share price and ratings as at the end of Q1 2020.

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
3/31/2018	89.10	63.12	8.61
6/30/2018	86.28	61.38	8.25
9/30/2018	96.86	70.02	9.46
12/31/2018	74.58	54.23	7.27
3/31/2019	70.75	50.79	6.81
6/30/2019	67.42	47.74	6.39
9/30/2019	69.81	48.49	6.50
12/31/2019	75.64	54.27	7.24
3/31/2020	56.08	38.06	5.13

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

*) Rating watch negative

Update on the acquisition of SG Finans

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

The agreed purchase price for SG Finans values the company at a price-to-book multiple of 1.07x (2018). Changes in SG Finans's equity position between year-end 2018 and closing will be reflected in the closing balance sheet and consequently there will be a NOK for NOK adjustment to the purchase price.

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

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

Update on the Gjensidige Bank acquisition

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

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

Nordea's Annual General Meeting (AGM) postponed

Following the COVID-19 outbreak, the Board of Directors of Nordea Bank Abp has decided to postpone the Annual General Meeting scheduled to be held on 25 March 2020 in order to ensure the safety and well-being of Nordea's shareholders, employees and other stakeholders in light of the COVID-19 outbreak and the related restrictions imposed by the Finnish authorities.

Due to the continued extraordinary circumstances relating to the COVID-19 pandemic and the proposed temporary legislation in Finland allowing for general meetings of listed companies to be held as remote meetings only, the Annual General Meeting of Nordea Bank Abp will be arranged on 28 May 2020.

Nordea's decision on dividend payment postponed

In light of the COVID-19 pandemic and the related recommendation adopted by the ECB on 27 March 2020, the Board of Directors of Nordea has decided to propose postponement of the decision on dividend payment for the financial year 2019 and therefore to change its proposal for dividend payment to the Annual General Meeting to be held on 28 May 2020. The ECB considers it is essential that banks conserve capital to retain their capacity to support the economy in an environment of heightened uncertainty caused by the COVID-19 outbreak. The ECB therefore recommends that significant credit institutions, at least until 1 October 2020, refrain from dividend distributions, do not undertake any irrevocable commitment to pay out dividends for the financial years 2019 and 2020 and refrain from share buy-backs aimed at remunerating shareholders.

Nordea is one of the most strongly capitalised banks in Europe. However, the Board of Directors acknowledges the uncertainty caused by the COVID-19 outbreak and agrees with the need for action by all banks to support Europe's society and economy. Following the ECB recommendation, the Board of Directors therefore proposes postponement of the decision on dividend payment for the financial year 2019. The Board of Directors proposes that the Annual General Meeting to be held on 28 May 2020 would authorise the Board of Directors to decide on a dividend payment of a maximum of EUR 0.40 per share for the financial year 2019 to be distributed in one or several instalments. The authorisation would be valid until the Annual General Meeting in 2021. The Board of Directors intends to follow the recommendation adopted by the ECB and refrain from deciding on a dividend payment based on the authorisation before 1 October 2020.

COVID-19 outbreak - Governance and operational risk measures

During the first quarter of 2020, the COVID-19 outbreak spread globally and disrupted various markets, creating economic uncertainty worldwide. At Nordea, we have taken actions in order to strengthen our governance and mitigate operational risks by protecting both our customers and employees while at the same time being able to support our customers. A Global Crisis Management team was established for that purpose, and it meets on a frequent and regular basis to discuss and assess the situation and take the necessary actions. Following the outbreak in our Nordic home markets and measures taken by national authorities, we decided to temporarily close all our Danish branches as well as two of our Norwegian branches. We have also recommended our employees to work from home where possible, and more than 70% are now working remotely. Furthermore, following the lockdown measures taken by the Indian government, we transferred our application support functions from our teams in India to our teams in the Nordics and Poland.

Divestment of Automatia

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

The agreed purchase price is EUR 42m on a debt and cash free basis and the transaction will have limited financial impact for Nordea.

The divestment of Automatia is subject to customary regulatory approvals and is expected to close during the second half of 2020.

Sale of Nordea's shares in VP Securities

On 23 April 2020, Nordea together with the other majority owners entered into an agreement with Euronext to jointly sell approximately 70% of VP Securities, the Danish Central Securities Depository ("CSD"). Nordea holds 11.8% of the shares. Euronext has subsequently launched an offer towards all the minority shareholders. The agreed purchase price for Nordea's 11.8% amounts to approximately EUR 18m. The transaction will generate an estimated increase in fair value of approximately EUR 9m, net of tax and transaction costs. While the transaction agreement has been signed, the completion of the transaction remains subject to applicable regulatory approvals. Closing of the transaction is expected in the third quarter of 2020.

Quarterly development, Group

	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
EURm					
Net interest income	1,109	1,108	1,083	1,071	1,056
Net fee and commission income	765	775	756	743	737
Net result from items at fair value	109	266	211	283	264
Profit from associated undertakings and joint ventures accounted for under the equity method	-2	-1	13	24	14
Other operating income	20	146	22	20	44
Total operating income	2,001	2,294	2,085	2,141	2,115
General administrative expenses:					
Staff costs	-699	-648	-924	-727	-718
Other expenses	-419	-375	-366	-304	-594
Depreciation, amortisation and impairment charges of tangible and intangible assets	-130	-156	-885	-149	-140
Total operating expenses	-1,248	-1,179	-2,175	-1,180	-1,452
Profit before loan losses	753	1,115	-90	961	663
Net loan losses	-154	-102	-331	-61	-42
Operating profit	599	1,013	-421	900	621
Income tax expense	-139	-263	89	-219	-178
Net profit for the period	460	750	-332	681	443
Diluted earnings per share (DEPS), EUR	0.11	0.19	-0.08	0.17	0.10
DEPS, rolling 12 months up to period end, EUR	0.38	0.38	0.32	0.58	0.68

Business areas

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group Functions, Other and Eliminations		Nordea Group		
	Q1 2020	Q4 2019	Q1 2020	Q4 2019	Q1 2020	Q4 2019	Q1 2020	Q4 2019	Q1 2020	Q4 2019	Q1 2020	Q4 2019	Chg
EURm													
Net interest income	517	523	346	346	217	218	18	13	11	8	1,109	1,108	0%
Net fee and commission income	291	312	154	158	121	100	202	218	-3	-13	765	775	-1%
Net result from items at fair value	13	23	70	80	67	96	33	36	-74	31	109	266	-59%
Equity method & other income	2	-1	5	4	0	0	6	2	5	140	18	145	-88%
Total operating income	823	857	575	588	405	414	259	269	-61	166	2,001	2,294	-13%
Total operating expenses	-470	-484	-297	-267	-268	-196	-126	-127	-87	-105	-1,248	-1,179	6%
Net loan losses	-38	-28	-61	-31	-52	-45	0	2	-3	0	-154	-102	51%
Operating profit	315	345	217	290	85	173	133	144	-151	61	599	1,013	-41%
Cost/income ratio, %	57	57	52	45	66	47	49	47			62	51	
ROCAR, %	12	13	9	13	3	7	25	26			7 ¹	9 ¹	
Economic capital (EC)	7,664	7,988	7,057	7,035	7,809	7,418	1,365	1,767	1,887	1,510	25,782	25,718	0%
Risk exposure amount (REA)	43,140	45,870	41,902	42,703	46,897	44,110	5,450	5,560	14,719	11,972	152,108	150,215	1%
Number of employees (FTEs)	7,328	7,498	4,439	4,502	1,677	1,711	2,744	2,718	12,104	12,571	28,292	29,000	-2%
Volumes, EURbn:													
Total lending	149.5	155.8	83.0	84.8	82.8	72.7	8.4	8.5	0.3	0.9	324.0	322.7	0%
Total deposits	75.2	76.5	41.5	41.7	48.3	39.6	10.5	10.5	-1.5	0.4	174.0	168.7	3%

¹ Excluding items affecting comparability

	Personal Banking		Business Banking		Large Corporates & Institutions		Asset & Wealth Management		Group Functions, Other and Eliminations		Nordea Group		
	Jan-Mar 2020	2019	Jan-Mar 2020	2019	Jan-Mar 2020	2019	Jan-Mar 2020	2019	Jan-Mar 2020	2019	Jan-Mar 2020	2019	Chg
EURm													
Net interest income	517	514	346	337	217	214	18	13	11	-22	1,109	1,056	5%
Net fee and commission income	291	284	154	149	121	104	202	188	-3	12	765	737	4%
Net result from items at fair value	13	72	70	23	67	77	33	46	-74	46	109	264	-59%
Equity method & other income	2	0	5	4	0	0	6	7	5	47	18	58	-69%
Total operating income	823	870	575	513	405	395	259	254	-61	83	2,001	2,115	-5%
Total operating expenses	-470	-529	-297	-314	-268	-302	-126	-147	-87	-160	-1,248	-1,452	-14%
Net loan losses	-38	-49	-61	-34	-52	44	0	0	-3	-3	-154	-42	
Operating profit	315	292	217	165	85	137	133	107	-151	-80	599	621	-4%
Cost/income ratio, %	57	61	52	61	66	76	49	58			62	69	
ROCAR, %	12	11	9	8	3	5	25	19			7 ¹	8 ¹	
Economic capital (EC)	7,664	9,051	7,057	6,606	7,809	8,309	1,365	1,672	1,887	2,578	25,782	28,216	-9%
Risk exposure amount (REA)	43,140	44,940	41,902	44,872	46,897	49,803	5,450	5,481	14,719	17,911	152,108	163,007	-7%
Number of employees (FTEs)	7,328	7,935	4,439	4,427	1,677	1,901	2,744	2,802	12,104	12,219	28,292	29,284	-3%
Volumes, EURbn:													
Total lending	149.5	152.6	83.0	83.3	82.8	79.0	8.4	7.8	0.3	2.9	324.0	325.6	0%
Total deposits	75.2	75.3	41.5	41.1	48.3	50.6	10.5	9.8	-1.5	-0.5	174.0	176.3	-1%

¹ Excluding items affecting comparability



Personal Banking

Personal Banking total

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local curr.	
								Q1/Q1	Q1/Q4
EURm									
Net interest income	517	523	539	529	514	1%	-1%	3%	0%
Net fee and commission income	291	312	312	295	284	2%	-7%	5%	-6%
Net result from items at fair value	13	23	45	32	72	-82%	-43%	-82%	-43%
Equity method & other income	2	-1	4	-1	0				
Total income incl. allocations	823	857	900	855	870	-5%	-4%	-3%	-3%
Total expenses incl. allocations	-470	-484	-501	-473	-529	-11%	-3%	-9%	-2%
Profit before loan losses	353	373	399	382	341	4%	-5%	6%	-4%
Net loan losses	-38	-28	-28	-25	-49				
Operating profit	315	345	371	357	292	8%	-9%	10%	-8%
Cost/income ratio, %	57	57	56	55	61				
Cost/income ratio ¹ , %	54	58	57	57	56				
ROCAR, %	12	13	12	12	11				
Economic capital (EC)	7,664	7,988	8,831	9,153	9,051	-15%	-4%	-12%	-1%
Risk exposure amount (REA)	43,140	45,870	45,376	45,415	44,940	-4%	-6%	0%	-3%
Number of employees (FTEs)	7,328	7,498	7,722	7,950	7,935	-8%	-2%	-8%	-2%
Volumes, EURbn:									
Mortgage lending	127.8	133.2	130.4	130.2	129.6	-1%	-4%	4%	1%
Other lending	21.7	22.6	23.0	23.2	23.0	-6%	-4%	-3%	-1%
Total lending	149.5	155.8	153.4	153.4	152.6	-2%	-4%	3%	1%
Total deposits	75.2	76.5	76.2	77.2	75.3	0%	-2%	4%	2%

Restatements due to organisational changes.

Figures presented excluding the distribution agreements with Asset & Wealth Management.

¹ Adjusted for resolution fees before tax.

Personal Banking

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local curr.		
								Q1/Q1	Q1/Q4	
Net interest income, EURm										
PeB Denmark	140	143	141	144	139	1%	-2%	1%	-1%	
PeB Finland	92	91	100	99	99	-7%	1%	-7%	1%	
PeB Norway	112	123	129	122	104	8%	-9%	15%	-6%	
PeB Sweden	174	171	170	169	172	1%	2%	4%	2%	
PeB Other	-1	-5	-1	-5	0					
Net commission income, EURm										
PeB Denmark	75	87	86	71	72	4%	-14%	4%	-14%	
PeB Finland	91	95	98	98	91	0%	-4%	0%	-4%	
PeB Norway	27	27	26	31	27	0%	0%	12%	4%	
PeB Sweden	99	102	100	99	98	1%	-3%	4%	-2%	
PeB Other	-1	1	2	-4	-4					
Net loan losses, EURm										
PeB Denmark	-12	-10	-40	-5	3					
PeB Finland	-8	-1	45	-9	-31					
PeB Norway	-3	-9	-19	-6	-10					
PeB Sweden	-16	-6	-16	-5	-11					
PeB Other	1	-2	2	0	0					
Volumes										
Personal Banking Denmark										
Mortgage lending	31.8	31.5	31.0	30.7	30.7	4%	1%	4%	1%	
Other lending	9.8	9.8	10.2	10.4	10.2	-4%	0%	-4%	0%	
Total lending	41.6	41.3	41.2	41.1	40.9	2%	1%	2%	1%	
Total deposits	20.9	21.5	21.3	21.5	21.0	0%	-3%	0%	-3%	
Personal Banking Finland										
Mortgage lending	27.3	27.1	26.7	26.5	26.3	4%	1%	4%	1%	
Other lending	6.4	6.4	6.4	6.4	6.4	0%	0%	0%	0%	
Total lending	33.7	33.5	33.1	32.9	32.7	3%	1%	3%	1%	
Total deposits	22.9	22.4	22.5	22.3	21.8	5%	2%	5%	2%	
Personal Banking Norway										
Mortgage lending	28.0	32.5	32.0	32.3	31.8	-12%	-14%	5%	2%	
Other lending	2.4	3.0	3.0	3.0	3.0	-20%	-20%	-4%	-10%	
Total lending	30.4	35.5	35.0	35.3	34.8	-13%	-14%	4%	1%	
Total deposits	8.7	10.0	10.3	11.0	10.6	-18%	-13%	-2%	2%	
Personal Banking Sweden										
Mortgage lending	40.6	42.2	40.6	40.6	40.8	0%	-4%	5%	1%	
Other lending	3.2	3.4	3.4	3.4	3.4	-6%	-6%	-3%	-3%	
Total lending	43.8	45.6	44.0	44.0	44.2	-1%	-4%	5%	1%	
Total deposits	22.7	22.6	22.1	22.4	22.0	3%	0%	9%	5%	



Business Banking

Business Banking total

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local curr.	
								Q1/Q1	Q1/Q4
EURm									
Net interest income	346	346	338	343	337	3%	0%	5%	1%
Net fee and commission income	154	158	151	133	149	3%	-3%	6%	-2%
Net result from items at fair value	70	80	36	67	23		-13%		-12%
Equity method & other income	5	4	6	7	4				
Total income incl. allocations	575	588	531	550	513	12%	-2%	15%	-2%
Total expenses incl. allocations	-297	-267	-262	-271	-314	-5%	11%	-3%	12%
Profit before loan losses	278	321	269	279	199	40%	-13%	43%	-13%
Net loan losses	-61	-31	-47	-29	-34				
Operating profit	217	290	222	250	165	32%	-25%	35%	-24%
Cost/income ratio, %	52	45	49	49	61				
Cost/income ratio ¹ , %	46	48	52	52	53				
ROCAR, %	9	13	10	11	8				
Economic capital (EC)	7,057	7,035	6,525	6,771	6,606	7%	0%	11%	4%
Risk exposure amount (REA)	41,902	42,703	45,737	45,840	44,872	-7%	-2%	-3%	1%
Number of employees (FTEs)	4,439	4,502	4,490	4,468	4,427	0%	-1%	0%	-1%
Volumes, EURbn:									
Total lending	83.0	84.8	82.8	83.8	83.3	0%	-2%	5%	2%
Total deposits	41.5	41.7	40.2	41.1	41.1	1%	0%	6%	4%

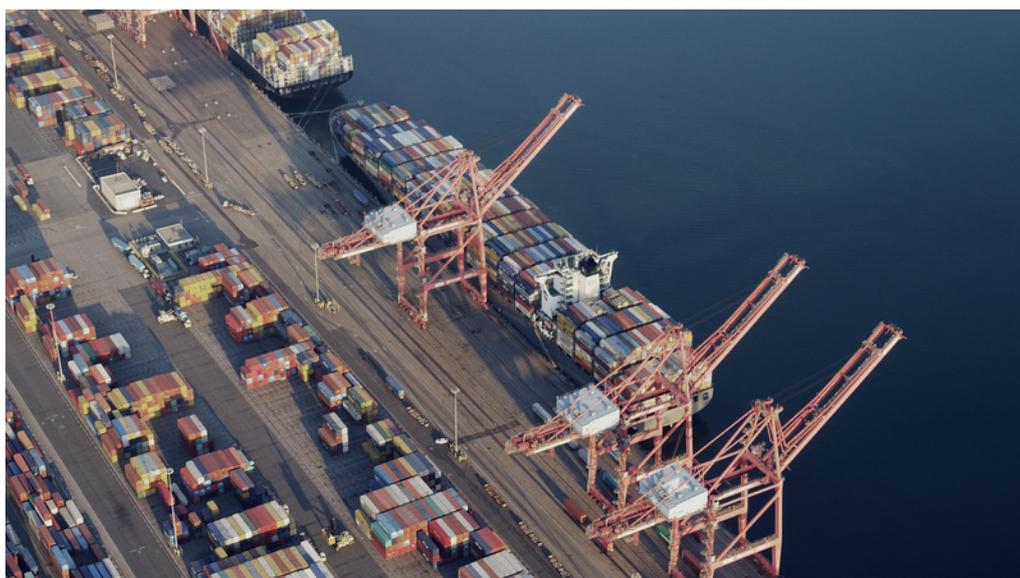
Restatements due to organisational changes.

Figures presented excluding the distribution agreements with Asset & Wealth Management.

¹ Adjusted for resolution fees before tax.

Business Banking

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local curr.	
								Q1/Q1	Q1/Q4
Net interest income, EURm									
Business Banking Denmark	75	77	74	78	75	0%	-3%	0%	-3%
Business Banking Finland	67	66	66	66	65	3%	2%	3%	2%
Business Banking Norway	74	74	72	72	72	3%	0%	9%	4%
Business Banking Sweden	77	71	69	69	69	12%	8%	15%	7%
Business Banking Direct	52	55	54	56	54	-4%	-5%	0%	-5%
Other	1	3	3	2	2				
Net commission income, EURm									
Business Banking Denmark	25	25	26	20	22	14%	0%	14%	0%
Business Banking Finland	31	33	28	29	32	-3%	-6%	-3%	-6%
Business Banking Norway	22	24	23	22	23	-4%	-8%	5%	-8%
Business Banking Sweden	41	41	36	39	41	0%	0%	2%	2%
Business Banking Direct	46	46	43	41	40	15%	0%	15%	0%
Other	-11	-11	-5	-18	-9				
Net loan losses, EURm									
Business Banking Denmark	5	-7	-31	-23	-1				
Business Banking Finland	-42	-12	-7	7	-15				
Business Banking Norway	-11	5	-7	0	-4				
Business Banking Sweden	-10	-5	-8	-6	-7				
Business Banking Direct	-3	-10	1	-2	1				
Other	0	-2	5	-5	-8				
Lending, EURbn									
Business Banking Denmark	21.5	21.8	21.6	21.7	21.6	0%	-1%	0%	-1%
Business Banking Finland	13.9	13.4	13.4	13.6	13.4	4%	4%	4%	4%
Business Banking Norway	15.6	17.2	16.1	16.6	16.1	-3%	-9%	16%	7%
Business Banking Sweden	20.5	20.8	19.9	20.1	20.2	1%	-1%	8%	3%
Business Banking Direct	11.5	11.6	11.8	11.8	11.9	-3%	-1%	-3%	0%
Other	0	0	0	0	0.1				
Deposits, EURbn									
Business Banking Denmark	6.1	6.0	6.0	6.1	6.1	0%	2%	0%	2%
Business Banking Finland	8.9	8.3	7.8	7.8	7.7	16%	7%	16%	7%
Business Banking Norway	5.9	6.7	6.3	6.8	6.9	-14%	-12%	0%	3%
Business Banking Sweden	9.6	9.3	8.9	9.1	9.4	2%	3%	8%	9%
Business Banking Direct	11.0	11.4	11.1	11.3	11.0	0%	-4%	6%	0%
Other	0	0	0.1	0	0				



Large Corporates & Institutions

Large Corporates & Institutions total

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local curr.		
								Q1/Q1	Q1/Q4	
EURm										
Net interest income	217	218	212	208	214	1%	0%	4%	1%	
Net fee and commission income	121	100	104	126	104	16%	21%	20%	23%	
Net result from items at fair value	67	96	81	57	77	-13%	-30%	-14%	-30%	
Equity method & other income	0	0	0	1	0					
Total income incl. allocations	405	414	397	392	395	3%	-2%	5%	-1%	
Total expenses incl. allocations	-268	-196	-204	-229	-302	-11%	37%	-10%	38%	
Profit before loan losses	137	218	193	163	93	47%	-37%	52%	-36%	
Net loan losses	-52	-45	-237	-12	44					
Operating profit	85	173	-44	151	137	-38%	-51%	-37%	-51%	
Cost/income ratio, %	66	47	51	58	76					
Cost/income ratio ¹ , %	52	52	56	63	63					
ROCAR, %	3	7	-2	6	5					
ROCAR ¹ , %	6	6	-2	5	7					
Economic capital (EC)	7,809	7,418	7,852	8,082	8,309	-6%	5%			
Risk exposure amount (REA)	46,897	44,110	47,454	48,117	49,803	-6%	6%			
Number of employees (FTEs)	1,677	1,711	1,833	1,856	1,901	-12%	-2%			
Volumes, EURbn:										
Total lending	82.8	72.7	82.1	77.1	79.0	5%	14%	6%	15%	
Total deposits	48.3	39.6	42.3	46.8	50.6	-5%	22%	1%	26%	

Restatements due to organisational changes.

¹ Adjusted for resolution fees before tax.

Large Corporates & Institutions

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4
Net interest income, EURm							
Denmark	36	37	35	35	35	3%	-3%
Finland	33	32	31	30	31	6%	3%
Norway	78	83	83	82	83	-6%	-6%
Sweden	58	60	58	56	60	-3%	-3%
Other	12	6	5	5	5		
Net loan losses, EURm							
Denmark	4	14	-58	-29	10		
Finland	-4	-14	-2	-1	0		
Norway	-58	-24	-151	20	8		
Sweden	2	-30	-19	-32	-2		
Other	4	9	-7	30	28		
Lending, EURbn							
Denmark	10.0	9.8	9.9	10.0	10.3	-3%	2%
Finland	8.9	8.8	8.2	7.7	8.5	5%	1%
Norway	14.4	14.7	15.1	14.8	14.8	-3%	-2%
Sweden	14.0	14.0	13.7	14.6	14.2	-1%	0%
Other	35.5	25.4	35.2	30.0	31.2		
Deposits, EURbn							
Denmark	7.5	7.0	6.5	6.9	7.5	0%	7%
Finland	11.6	8.7	7.9	8.5	10.0	16%	33%
Norway	9.2	8.8	8.9	9.1	9.2	0%	5%
Sweden	11.0	9.6	9.0	9.9	9.5	16%	15%
Other	9.0	5.5	10.0	12.4	14.4		



Asset & Wealth Management

Asset & Wealth Management total

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4	Local curr.	
								Q1/Q1	Q1/Q4
EURm									
Net interest income	18	13	13	14	13	38%	38%	38%	38%
Net fee and commission income	202	218	190	190	188	7%	-7%	7%	-6%
Net result from items at fair value	33	36	12	16	46	-28%	-8%	-27%	-8%
Equity method & other income	6	2	22	16	7				
Total income incl. allocations	259	269	237	236	254	2%	-4%	2%	-3%
Total expenses incl. allocations	-126	-127	-146	-138	-147	-14%	-1%	-14%	-1%
Profit before loan losses	133	142	91	98	107	24%	-6%	24%	-6%
Net loan losses	0	2	-1	-2	0				
Operating profit	133	144	90	96	107	24%	-8%	24%	-8%
Cost/income ratio, %	49	47	62	58	58				
Cost/income ratio ¹ , %	48	48	62	58	57				
ROCAR, %	25	26	16	17	19				
Economic capital (EC)	1,365	1,767	1,708	1,724	1,672	-18%	-23%	-18%	-22%
Risk exposure amount (REA)	5,450	5,560	5,539	5,542	5,481	-1%	-2%	-1%	-2%
Number of employees (FTEs)	2,744	2,718	2,758	2,798	2,802	-2%	1%	-2%	1%
Volumes, EURbn:									
AuM	280.4	324.7	314.3	306.9	300.5	-7%	-14%	-7%	-14%
Total lending	8.4	8.5	8.2	8.0	7.8	8%	-1%	8%	-1%
Total deposits	10.5	10.5	10.6	10.5	9.8	7%	0%	7%	0%

Restatements due to organisational changes.

Figures presented excluding the distribution agreements with Personal Banking and Business Banking.

¹ Adjusted for resolution fees before tax.

Assets under Management (AuM), volumes and net inflow

	Q120	Q419	Q319	Q219	Q119	Q120 Net inflow
EURbn						
Nordic Retail funds	55.6	65.5	62.5	62.3	61.2	-1.3
Private Banking	77.0	91.4	86.9	85.8	84.5	0.6
Institutional sales	101.7	114.7	113.6	108.6	105.6	-2.8
Life & Pensions	46.1	53.1	51.3	50.2	49.2	0.5
Total	280.4	324.7	314.3	306.9	300.5	-3.0

Wealth Management

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4
EURm							
Net interest income	18	13	14	14	14	29%	38%
Net fee and commission income	100	107	90	95	90	11%	-7%
Net result from items at fair value	32	37	11	17	46	-30%	-14%
Equity method & other income	0	0	16	13	4		
Total income incl. allocations	150	157	131	139	154	-3%	-4%
Total expenses incl. allocations	-80	-73	-80	-80	-83	-4%	10%
Profit before loan losses	70	84	51	59	71	-1%	-17%
Net loan losses	1	3	-2	-2	0	0%	0%
Operating profit	71	87	49	57	71	0%	-18%
Cost/income ratio, %	53	46	61	58	54		
Economic capital (EC)	1,166	1,514	1,381	1,373	1,322	-12%	-23%
Risk exposure amount (REA)	4,533	4,435	4,390	4,417	4,330	5%	2%
Number of employees (FTEs)	1,841	1,836	1,842	1,845	1,830	1%	0%
Volumes, EURbn:							
AuM PB	77.0	91.4	86.9	85.8	84.5	-9%	-16%
AuM NLP	41.9	48.7	47.0	46.1	45.1	-7%	-14%
Mortgage lending	6.4	6.5	6.2	6.1	5.9	8%	-2%
Consumer lending	2.0	2.0	2.0	1.9	1.9	5%	0%
Total lending	8.4	8.5	8.2	8.0	7.8	8%	-1%
Total deposits	10.5	10.5	10.6	10.5	9.8	7%	0%

Asset Management

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4
EURm							
Net interest income	0	-1	0	0	-1		
Net fee and commission income	101	110	102	95	98	3%	-8%
Net result from items at fair value	1	-1	0	-1	0		
Equity method & other income	1	3	1	2	1		
Total income incl. allocations	103	111	103	96	98	5%	-7%
Total expenses incl. allocations	-40	-42	-44	-39	-39	3%	-5%
Profit before loan losses	63	69	59	57	59	7%	-9%
Net loan losses	0	0	0	0	0		
Operating profit	63	69	59	57	59	7%	-9%
Cost/income ratio, %	39	38	43	41	40		
Economic capital (EC)	191	217	172	177	176	9%	-12%
Risk exposure amount (REA)	899	1,014	978	954	942	-5%	-11%
AuM, Nordic sales channels incl. Life, EURbn	102.3	120.4	115.5	113.9	113.4	-10%	-15%
AuM, Ext. Inst. & 3rd part. dist., EURbn	101.7	114.7	113.6	108.6	103.8	-2%	-11%
Net inf., Nordic sales channels incl. Life, EURbn	-1.9	1.0	0.6	0.8	-1.6		
Net inf., Ext. Ins. & 3rd part. dis., EURbn	-2.8	-0.3	3.1	2.0	1.4		
Number of employees (FTEs)	877	869	858	851	820	7%	1%

Private Banking

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4
Net commission income, EURm							
PB Denmark	43	47	42	42	38	13%	-9%
PB Finland	37	41	40	38	37	0%	-10%
PB Norway	8	8	6	8	7	14%	0%
PB Sweden	18	20	17	16	17	6%	-10%
Private Banking	106	116	105	104	99	7%	-9%
AuM, EURbn							
PB Denmark	25.4	29.1	28.4	27.9	27.5	-8%	-13%
PB Finland	26.5	31.8	30.2	30.0	29.6	-10%	-17%
PB Norway	5.6	7.5	6.8	6.8	6.6	-15%	-25%
PB Sweden	19.5	23.0	21.5	21.1	20.5	-5%	-15%
Private Banking	77.0	91.4	86.9	85.8	84.2	-9%	-16%
Lending, EURbn							
PB Denmark	3.4	3.4	3.3	3.3	3.2	6%	0%
PB Finland	2.1	2.0	2.0	2.0	2.0	5%	5%
PB Norway	1.1	1.2	1.2	1.1	1.1	0%	-8%
PB Sweden	1.8	1.9	1.7	1.6	1.5	20%	-5%
Private Banking	8.4	8.5	8.2	8.0	7.8	8%	-1%

Life & Pensions

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4
EURm							
AuM, EURbn	41.9	48.7	47.0	46.1	45.1	-7%	-14%
Premiums	1,644	1,966	1,174	1,247	1,298	27%	-16%
Profit drivers							
Profit Traditional products	4	17	2	5	4	0%	-76%
Profit Market Return products	56	51	53	56	53	6%	10%
Profit Risk products	19	16	18	19	18	6%	19%
Total product result	79	84	73	80	75	5%	-6%

Asset & Wealth Management other

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4
EURm							
Net interest income	0	1	-1	0	0		
Net fee and commission income	1	1	-2	0	0		
Net result from items at fair value	0	0	1	0	0		
Equity method & other income	5	-1	5	1	2		
Total income incl. allocations	6	1	3	1	2		
Total expenses incl. allocations	-6	-12	-22	-19	-25		
Profit before loan losses	0	-11	-19	-18	-23		
Net loan losses	-1	-1	1	0	0		
Operating profit	-1	-12	-18	-18	-23		
Economic capital (EC)	8	36	155	174	174		
Number of employees (FTEs)	26	13	58	102	152		



Group Functions and other

Group Functions, other & eliminations

	Q120	Q419	Q319	Q219	Q119	Q1/Q1	Q1/Q4
EURm							
Net interest income	11	8	-19	-23	-22		
Net fee and commission income	-3	-13	-1	-1	12		
Net result from items at fair value	-74	31	37	111	46		
Equity method & other income	5	140	3	21	47		
Total operating income	-61	166	20	108	83		
Total operating expenses	-87	-105	-1,062	-69	-160		
Profit before loan losses	-148	61	-1,042	39	-77		
Net loan losses	-3	0	-18	7	-3		
Operating profit	-151	61	-1,060	46	-80		
Economic capital (EC)	1,887	1,510	1,582	2,104	2,578		
Risk exposure amount (REA)	14,719	11,972	12,243	14,815	17,911		
Number of employees (FTEs)	12,104	12,571	12,666	12,478	12,219	-1%	-4%

Income statement

	Note	Q1 2020	Q1 2019	Full year 2019
EURm				
Operating income				
Interest income calculated using the effective interest rate method		1,557	1,544	6,399
Other interest income		303	353	1,350
Negative yield on financial assets		-62	-57	-309
Interest expense		-739	-817	-3,334
Negative yield on financial liabilities		50	33	212
Net interest income		1,109	1,056	4,318
Fee and commission income		986	955	3,931
Fee and commission expense		-221	-218	-920
Net fee and commission income	3	765	737	3,011
Net result from items at fair value	4	109	264	1,024
Profit from associated undertakings and joint ventures accounted for under the equity method		-2	14	50
Other operating income		20	44	232
Total operating income		2,001	2,115	8,635
Operating expenses				
General administrative expenses:				
Staff costs		-699	-718	-3,017
Other expenses	5	-419	-594	-1,639
Depreciation, amortisation and impairment charges of tangible and intangible assets		-130	-140	-1,330
Total operating expenses		-1,248	-1,452	-5,986
Profit before loan losses		753	663	2,649
Net loan losses	6	-154	-42	-536
Operating profit		599	621	2,113
Income tax expense		-139	-178	-571
Net profit for the period		460	443	1,542
Attributable to:				
Shareholders of Nordea Bank Abp		433	417	1,519
Additional Tier 1 capital holders		27	26	26
Non-controlling interests		-	-	-3
Total		460	443	1,542
Basic earnings per share, EUR		0.11	0.10	0.38
Diluted earnings per share, EUR		0.11	0.10	0.38

Statement of comprehensive income

	Q1 2020	Q1 2019	Full year 2019
EURm			
Net profit for the period	460	443	1,542
Items that may be reclassified subsequently to the income statement			
Currency translation differences during the period	-996	102	18
Tax on currency translation differences during the period	-	-2	1
<i>Hedging of net investments in foreign operations:</i>			
Valuation gains/losses during the period	623	-70	-62
Tax on valuation gains/losses during the period	-	18	16
<i>Fair value through other comprehensive income¹:</i>			
Valuation gains/losses during the period, net of recycling	-113	41	-16
Tax on valuation gains/losses during the period	26	-9	2
<i>Cash flow hedges:</i>			
Valuation gains/losses during the period, net of recycling	42	-2	-18
Tax on valuation gains/losses during the period	-9	1	4
Other comprehensive income from companies accounted for under the equity method	-	0	1
Tax on other comprehensive income from companies accounted for under the equity method	-	0	0
Items that may not be reclassified subsequently to the income statement			
<i>Changes in own credit risk related to liabilities classified as fair value option:</i>			
Valuation gains/losses during the period	37	-14	-15
Tax on valuation gains/losses during the period	-7	2	2
<i>Defined benefit plans:</i>			
Remeasurement of defined benefit plans	-105	-159	-152
Tax on remeasurement of defined benefit plans	26	34	34
Other comprehensive income, net of tax	-476	-58	-185
Total comprehensive income	-16	385	1,357
Attributable to:			
Shareholders of Nordea Bank Abp	-43	359	1,334
Additional Tier 1 capital holders	27	26	26
Non-controlling interests	-	-	-3
Total	-16	385	1,357

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

Balance sheet

	Note	31 Mar 2020	31 Dec 2019	31 Mar 2019
EURm				
Assets				
Cash and balances with central banks		41,420	35,509	45,764
Loans to central banks	7	12,633	9,207	8,473
Loans to credit institutions	7	16,074	8,516	14,389
Loans to the public	7	324,028	322,740	325,577
Interest-bearing securities		71,690	64,930	70,559
Financial instruments pledged as collateral		7,742	7,151	11,582
Shares		12,836	14,184	16,137
Assets in pooled schemes and unit-linked investment contracts		25,961	30,799	27,003
Derivatives		56,934	39,111	39,491
Fair value changes of the hedged items in portfolio hedge of interest rate risk		332	217	212
Investments in associated undertakings and joint ventures		557	572	1,620
Intangible assets		3,531	3,695	4,319
Property and equipment		1,955	2,002	2,067
Investment properties		1,478	1,585	1,698
Deferred tax assets		443	487	110
Current tax assets		309	362	335
Retirement benefit assets		163	173	195
Other assets		21,223	12,543	19,335
Prepaid expenses and accrued income		1,085	1,065	1,307
Total assets		600,394	554,848	590,173
Liabilities				
Deposits by credit institutions		63,308	32,304	51,634
Deposits and borrowings from the public		173,992	168,725	176,285
Deposits in pooled schemes and unit-linked investment contracts		27,378	31,859	28,120
Liabilities to policyholders		16,736	19,246	19,067
Debt securities in issue		183,927	193,726	193,263
Derivatives		55,386	42,047	41,448
Fair value changes of the hedged items in portfolio hedge of interest rate risk		2,792	2,018	1,828
Current tax liabilities		500	742	386
Other liabilities		33,335	19,868	33,933
Accrued expenses and prepaid income		1,595	1,476	1,933
Deferred tax liabilities		450	481	562
Provisions		531	570	398
Retirement benefit obligations		493	439	489
Subordinated liabilities		8,495	9,819	10,332
Total liabilities		568,918	523,320	559,678
Equity				
Additional Tier 1 capital holders		750	748	750
Non-controlling interests		34	40	52
Share capital		4,050	4,050	4,050
Invested unrestricted equity		1,072	1,080	1,080
Other reserves		-2,538	-2,062	-1,934
Retained earnings		28,108	27,672	26,497
Total equity		31,476	31,528	30,495
Total liabilities and equity		600,394	554,848	590,173
Assets pledged as security for own liabilities		198,314	183,995	177,910
Other assets pledged		4,552	3,919	4,169
Contingent liabilities		17,852	17,792	18,902
Credit commitments ¹		72,163	75,330	71,436
Other commitments		1,788	1,733	1,302

¹ Including unutilised portion of approved overdraft facilities of EUR 28,794m (31 Dec 2019: EUR 28,871m, 31 Mar 2019: EUR 28,865m).

Statement of changes in equity

Attributable to shareholders of Nordea Bank Abp

EURm	Other reserves:											
	Share capital ¹	Invested un-restricted equity	Translation of foreign operations	Cash flow hedges	Fair value through other comprehensive income	Defined benefit plans	Changes in own credit risk related to liabilities classified as fair value option	Retained earnings	Total	Additional Tier 1 capital holders	Non-controlling interests	Total equity
Balance at 1 Jan 2020	4,050	1,080	-1,941	-26	45	-135	-5	27,672	30,740	748	40	31,528
Net profit for the period	-	-	-	-	-	-	-	433	433	27	-	460
Other comprehensive income, net of tax	-	-	-373	33	-87	-79	30	-	-476	-	-	-476
Total comprehensive income	-	-	-373	33	-87	-79	30	433	-43	27	-	-16
Paid interest on AT1 capital	-	-	-	-	-	-	-	-	-	-27	-	-27
Change in additional AT1 capital	-	-	-	-	-	-	-	-	-	2	-	2
Share-based payments	-	-	-	-	-	-	-	3	3	-	-	3
Purchase of own shares ²	-	-8	-	-	-	-	-	-	-8	-	-	-8
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-6	-6
Balance at 31 Mar 2020	4,050	1,072	-2,314	7	-42	-214	25	28,108	30,692	750	34	31,476
Balance at 1 Jan 2019	4,050	1,080	-1,914	-12	59	-17	8	28,891	32,145	750	6	32,901
Net profit for the period	-	-	-	-	-	-	-	1,519	1,519	26	-3	1,542
Other comprehensive income, net of tax	-	-	-27	-14	-14	-118	-13	1	-185	-	-	-185
Total comprehensive income	-	-	-27	-14	-14	-118	-13	1,520	1,334	26	-3	1,357
Paid interest on AT1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Change in additional AT1 capital	-	-	-	-	-	-	-	-	-	-2	-	-2
Share-based payments	-	-	-	-	-	-	-	20	20	-	-	20
Dividend 2018	-	-	-	-	-	-	-	-2,788	-2,788	-	-	-2,788
Divestment of own shares ²	-	-	-	-	-	-	-	29	29	-	-	29
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	37	37
Balance at 31 Dec 2019	4,050	1,080	-1,941	-26	45	-135	-5	27,672	30,740	748	40	31,528
Balance at 1 Jan 2019	4,050	1,080	-1,914	-12	59	-17	8	28,891	32,145	750	6	32,901
Net profit for the period	-	-	-	-	-	-	-	417	417	26	-	443
Other comprehensive income, net of tax	-	-	48	-1	32	-125	-12	-	-58	-	-	-58
Total comprehensive income	-	-	48	-1	32	-125	-12	417	359	26	-	385
Paid interest on AT1 capital	-	-	-	-	-	-	-	-	-	-26	-	-26
Share-based payments	-	-	-	-	-	-	-	5	5	-	-	5
Dividend 2018	-	-	-	-	-	-	-	-2,788	-2,788	-	-	-2,788
Purchase of own shares ²	-	-	-	-	-	-	-	-28	-28	-	-	-28
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	46	46
Balance at 31 Mar 2019	4,050	1,080	-1,866	-13	91	-142	-4	26,497	29,693	750	52	30,495

¹ Total shares registered were 4,050 million (31 Dec 2019: 4,050 million, 31 Mar 2019: 4,050 million). The number of own shares were 12.8 million (31 Dec 2019: 10.8 million, 31 Mar 2019: 19.7 million) which represents 0.3% (31 Dec 2019: 0.3%, 31 Mar 2019: 0.5%) of the total shares in Nordea Bank Abp. Each share represents one voting right.

² Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The total holdings of own shares related to LTIP were 9.2 million (31 Dec 2019: 9.2 million, 31 Mar 2019: 9.6 million).

Cash flow statement, condensed

	Jan-Mar 2020	Jan-Mar 2019	Full year 2019
EURm			
Operating activities			
Operating profit	599	621	2,113
Adjustments for items not included in cash flow	-808	1,749	5,024
Income taxes paid	-237	-297	-816
Cash flow from operating activities before changes in operating assets and liabilities	-446	2,073	6,321
Changes in operating assets and liabilities	9,209	5,258	-8,853
Cash flow from operating activities	8,763	7,331	-2,532
Investing activities			
Acquisition/sale of business operations	-	-569	-472
Acquisition/sale of associated undertakings and joint ventures	-2	-	853
Acquisition/sale of property and equipment	-15	-33	-55
Acquisition/sale of intangible assets	-106	-135	-517
Cash flow from investing activities	-123	-737	-191
Financing activities			
Issued/amortised subordinated liabilities	-1,330	1,101	511
Divestment/repurchase of own shares including change in trading portfolio	-8	-28	29
Dividend paid	-	-2,788	-2,788
Paid interest on Additional Tier 1 capital	-27	-26	-26
Cash flow from financing activities	-1,365	-1,741	-2,274
Cash flow for the period	7,275	4,853	-4,997
Cash and cash equivalents			
	31 Mar 2020	31 Mar 2019	31 Dec 2019
EURm			
Cash and cash equivalents at beginning of the period	41,164	46,009	46,009
Translation difference	-190	294	152
Cash and cash equivalents at end of the period	48,249	51,156	41,164
Change	7,275	4,853	-4,997
The following items are included in cash and cash equivalents:			
Cash and balances with central banks	41,420	45,764	35,509
Loans to central banks	4,721	4,002	4,826
Loans to credit institutions	2,108	1,390	829
Total cash and cash equivalents	48,249	51,156	41,164

Cash comprises legal tender and bank notes in foreign currencies. Balances with central banks consist of deposits in accounts with central banks and postal giro systems under government authority, where the following conditions are fulfilled:

- the central bank or the postal giro system is domiciled in the country where the institution is established.
- the balance on the account is readily available at any time.

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

Notes to the financial statements

Note 1 Accounting policies

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

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

Changed accounting policies and presentation

The following changes in accounting policies and presentation were implemented by Nordea 1 January 2020.

Changed presentation of trading in own shares (treasury shares)

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

Changed presentation of operating segments

Nordea has, in order to reflect the current reporting and decision making process in Nordea, changed the presentation of reportable operating segments and the definition of the chief operating decision maker. For more information see Note 2 "Segment reporting" section "Changes in basis of segmentation".

Other amendments

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

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of business
- Amendments to IAS 1 and IAS 8: Definitions of material

Changes in IFRSs not yet applied

IFRS 17 "Insurance contracts"

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

The measurement principles will change from a non-uniform accounting policy based on the local accounting policies in the life insurance subsidiaries to a uniform accounting policy based on the three measurement models Building Block Approach (BBA), Variable Fee Approach (VFA) and Premium Allocation Approach (PAA). The model application depends on the terms of the contracts (long term, long term with variable fee or short term). The three measurement models include consistent definitions of the contractual cash-flows, risk adjustment margin and discounting. These definitions are based on the similar principles as the measurement principles for technical provisions in the Solvency II capital requirement directives.

Unearned future premiums will be recognised as a provision on the balance sheet and released to revenue when the insurance service is provided. Any unprofitable contracts will be recognised in the income statement at the time when the contract is signed and approved.

IFRS 17 is effective for annual report period beginning on or after 1 January 2021 with earlier application permitted. However, due to comments from the global insurance industry, the IASB board has proposed to amend IFRS 17. The proposed amendments include a two-year deferral of the effective date to 1 January 2023. The original standard is not yet endorsed by the EU commission. Nordea does not currently intend to early adopt the standard. Nordea's current assessment is that the new standard will not have any significant impact on Nordea's capital adequacy or large exposures in the period of initial application. It is not yet possible to conclude on the impact on Nordea's financial statements.

Other amendments to IFRS

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

Critical judgements and estimation uncertainty

Nordea has applied significant critical judgements in the preparation of the interim report for the first quarter 2020, due to the significant uncertainties in relation to the potential long-term impact of COVID-19 on Nordea's financial statements. More information on where critical judgements are generally applied and where estimation uncertainty exists can be found in the Annual Report 2019, Note G1 "Accounting policies", section 4. Areas particularly important in the first quarter are the fair value measurement of certain financial instruments and impairment testing of goodwill and loans to the public/credit institutions, in particular in relation to the assessment of when loans have experienced a significant increase in credit risk (staging) and in the application of macro scenarios when estimating the increase in expected credit losses (management judgement). More information on the impairment testing of loans to the public/credit institutions can be found on page 12. No impairment of goodwill has been identified in the first quarter, but significant uncertainty exists in relation to the long-term impact on Nordea's financial statements and the impairment need will be continuously reassessed.

Exchange rates

	Jan-Mar 2020	Jan-Dec 2019	Jan-Mar 2019
EUR 1 = SEK			
Income statement (average)	10.6603	10.5848	10.4181
Balance sheet (at end of period)	10.9860	10.4563	10.4098
EUR 1 = DKK			
Income statement (average)	7.4714	7.4661	7.4636
Balance sheet (at end of period)	7.4642	7.4717	7.4649
EUR 1 = NOK			
Income statement (average)	10.4678	9.8499	9.7459
Balance sheet (at end of period)	11.5405	9.8463	9.6805
EUR 1 = RUB			
Income statement (average)	73.7331	72.4524	74.9659
Balance sheet (at end of period)	86.1382	69.7096	73.4988

Note 2 Segment reporting

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Reconciliation	Total Group
Jan-Mar 2020								
Total operating income, EURm	831	581	410	260	-66	2,016	-15	2,001
- of which internal transactions ¹	-161	-60	-92	-2	315	0	-	-
Operating profit, EURm	319	219	86	134	-80	678	-79	599
Loans to the public ² , EURbn	154	84	50	9	1	298	26	324
Deposits and borrowings from the public, EURbn	75	42	37	10	1	165	9	174

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segments	Total operating segments	Reconciliation	Total Group
Jan-Mar 2019								
Total operating income, EURm	861	507	391	253	46	2,058	57	2,115
- of which internal transactions ¹	-114	-43	-107	-5	269	0	-	-
Operating profit, EURm	289	162	134	107	17	709	-88	621
Loans to the public ² , EURbn	149	81	48	8	1	287	39	326
Deposits and borrowings from the public, EURbn	73	41	35	10	1	160	16	176

¹ IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest related to the funding of the reportable operating segments by the internal bank in Group Finance, included in other operating segment.

² The volumes are only disclosed separately for operating segments if separately reported to the Chief Operating Decision Maker.

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Mar		Jan-Mar		Jan-Mar	
	2020	2019	2020	2019	2020	2019
Total operating segments	678	709	298	287	165	160
Group functions ¹	-54	-37	-	-	-	-
Unallocated items	-19	-62	38	35	14	14
Differences in accounting policies ²	-6	11	-12	4	-5	2
Total	599	621	324	326	174	176

¹ Consists of Group Business Support, Group Internal Audit, Chief of staff office, Group People, Group Legal and Group Risk & Compliance.

² Impact from plan exchange rates used in the segment reporting.

Measurement of operating segments' performance

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

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

Changes in basis of segmentation

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

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

Note 3 Net fee and commission income

	Q1 2020	Q4 2019	Q1 2019
EURm			
Asset management commissions	359	388	347
Life & Pensions	68	66	62
Deposit products	7	7	5
Brokerage, securities issues and corporate finance	64	34	30
Custody and issuer services	5	17	3
Payments	77	74	86
Cards	47	46	57
Lending products	105	115	102
Guarantees	22	31	24
Other	11	-3	21
Total	765	775	737

Break-down Jan-Mar 2020

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segment	Other and elimination	Nordea Group
EURm							
Asset management commissions	139	25	2	193	0	0	359
Life & Pensions	47	19	1	1	0	0	68
Deposit products	2	5	0	0	0	0	7
Brokerage, securities issues and corporate finance	7	11	35	11	0	0	64
Custody and issuer services	2	0	5	0	-3	1	5
Payments	17	42	17	0	0	1	77
Cards	37	7	3	0	0	0	47
Lending products	31	34	39	0	1	0	105
Guarantees	2	7	13	0	0	0	22
Other	7	4	6	-3	-1	-2	11
Total	291	154	121	202	-3	0	765

Break-down Jan-Mar 2019

	Personal Banking	Business Banking	Large Corporates & Institutions	Asset & Wealth Management	Other operating segment	Other and elimination	Nordea Group
EURm							
Asset management commissions	131	24	1	191	0	0	347
Life & Pensions	48	18	1	-5	0	0	62
Deposit products	2	3	0	0	0	0	5
Brokerage, securities issues and corporate finance	4	8	10	8	0	0	30
Custody and issuer services	2	0	6	-4	-1	0	3
Payments	18	45	18	0	0	5	86
Cards	36	10	3	0	0	8	57
Lending products	30	28	43	0	1	0	102
Guarantees	2	7	14	0	1	0	24
Other	11	6	8	-2	2	-4	21
Total	284	149	104	188	3	9	737

Note 4 Net result from items at fair value

	Q1 2020	Q4 2019	Q1 2019
EURm			
Equity related instruments	-75	306	235
Interest related instruments and foreign exchange gains/losses	480	-144	-14
Other financial instruments (including credit and commodities)	-322	73	12
Life insurance ¹	26	31	31
Total	109	266	264

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

Break-down of life insurance

	Q1 2020	Q4 2019	Q1 2019
EURm			
Equity related instruments	-1,226	337	668
Interest related instruments and foreign exchange gains/losses	-91	26	150
Investment properties	11	35	20
Change in technical provisions ¹	684	-236	-687
Change in collective bonus potential	637	-137	-130
Insurance risk income	16	15	16
Insurance risk expense	-5	-9	-6
Total	26	31	31

¹ Premium income amounts to EUR 71m for Q1 2020 (Q1 2019: EUR 81m).

Note 5 Other expenses

	Q1 2020	Q4 2019	Q1 2019
EURm			
Information technology	-120	-140	-128
Marketing and representation	-9	-20	-12
Postage, transportation, telephone and office expenses	-15	-16	-18
Rents, premises and real estate	-27	-64	-30
Resolution fee	-153	-1	-207
Other	-95	-134	-199
Total	-419	-375	-594

Note 6 Net loan losses

	Q1 2020	Q4 2019	Q1 2019
EURm			
Net loan losses, stage 1	-23	4	-1
Net loan losses, stage 2	13	-8	-9
Net loan losses, non-defaulted	-10	-4	-10
Stage 3, defaulted			
Net loan losses, individually assessed, collectively calculated	-87	-9	-7
Realised loan losses	-69	-148	-85
Decrease of provisions to cover realised loan losses	38	98	66
Recoveries on previous realised loan losses	31	25	7
Reimbursement right	-1	-1	14
New/increase in provisions	-167	-150	-80
Reversals of provisions	111	87	53
Net loan losses, defaulted	-144	-98	-32
Net loan losses	-154	-102	-42

Key ratios

	Q1 2020	Q4 2019	Q1 2019
Net loan loss ratio, amortised cost, bps	26	17	7
- of which stage 1	4	-1	0
- of which stage 2	-2	1	2
- of which stage 3	24	17	5

Excluding COVID-19 management judgement the net loan losses amounts to EUR 34m with net loan losses at EUR 2m in stage 1, net reversals at EUR -42m in stage 2 and net loan losses at EUR 74m in stage 3. More information can be found on page 12.

Note 7 Loans and impairment

	Total		
	31 Mar 2020	31 Dec 2019	31 Mar 2019
EURm			
Loans measured at fair value	95,206	83,624	95,517
Loans measured at amortised cost, not impaired (stage 1 and 2)	255,255	254,412	250,422
Impaired loans (stage 3)	4,516	4,610	4,555
- of which servicing	2,026	2,312	2,080
- of which non-servicing	2,490	2,298	2,475
Loans before allowances	354,977	342,646	350,494
-of which central banks and credit institutions	28,719	17,737	22,862
Allowances for individually assessed impaired loans (stage 3)	-1,746	-1,686	-1,600
-of which servicing	-858	-783	-711
-of which non-servicing	-888	-903	-889
Allowances for collectively assessed impaired loans (stage 1 and 2)	-496	-497	-455
Allowances	-2,242	-2,183	-2,055
-of which central banks and credit institutions	-13	-14	-15
Loans, carrying amount	352,735	340,463	348,439

On-balance allowances amounting to EUR 110m is accounted for after a management judgement related to COVID-19. EUR 15m in Stage 1, EUR 25m in Stage 2 and EUR 70m in Stage 3. Further EUR 10m is accounted for on off-balance exposures with EUR 5m in Stage 1 and EUR 5m in Stage 2. More information can be found on page 12.

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

	31 Mar 2020		
	Stage 1	Stage 2	Stage 3
EURm			
Loans to central banks, credit institutions and the public	246,392	8,863	4,516
Interest-bearing securities	35,837	-	-
Total	282,229	8,863	4,516

	31 Mar 2019		
	Stage 1	Stage 2	Stage 3
EURm			
Loans to central banks, credit institutions and the public	236,500	13,922	4,555
Interest-bearing securities	34,022	-	-
Total	270,522	13,922	4,555

Allowances and provisions

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

	31 Mar 2019		
	Stage 1	Stage 2	Stage 3
EURm			
Loans to central banks, credit institutions and the public	-148	-307	-1,600
Interest-bearing securities	-2	-	-
Provisions for off balance sheet items	-22	-44	-64
Total allowances and provisions	-172	-351	-1,664

Movements of allowance accounts for loans measured at amortised cost

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

The COVID-19 management judgement at EUR 110m is booked out to the full portfolio measured at amortised cost. In the above table most lines are affected by the management judgement.

Note 7 Continued

	Stage 1	Stage 2	Stage 3	Total
EURm				
Balance as at 1 Jan 2019	-146	-295	-1,599	-2,040
Changes due to origination and acquisition	-4	0	-1	-5
Transfer from stage 1 to stage 2	4	-43	-	-39
Transfer from stage 1 to stage 3	0	-	-12	-12
Transfer from stage 2 to stage 1	-8	29	-	21
Transfer from stage 2 to stage 3	-	6	-20	-14
Transfer from stage 3 to stage 1	0	-	18	18
Transfer from stage 3 to stage 2	-	-10	11	1
Changes due to change in credit risk (net)	-7	1	-49	-55
Changes due to repayments and disposals	18	11	22	51
Write-off through decrease in allowance account	-	-	62	62
Other changes	-5	-6	-27	-38
Translation differences	0	0	-5	-5
Balance as at 31 Mar 2019	-148	-307	-1,600	-2,055

Key ratios¹

	31 Mar 2020	31 Dec 2019	31 Mar 2019
Impairment rate (stage 3), gross, basis points	174	178	179
Impairment rate (stage 3), net, basis points	107	113	116
Total allowance rate (stage 1, 2 and 3), basis points	86	84	81
Allowances in relation to impaired loans (stage 3), %	39	37	35
Allowances in relation to loans in stage 1 and 2, basis points	19	20	18

¹ For definitions, see Glossary.

Note 8 Classification of financial instruments

	Fair value through profit or loss (FVPL)				Fair value through other comprehensive income (FVOCI)	Total
	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (Fair value option)	Derivatives used for hedging		
EURm						
Financial assets						
Cash and balances with central banks	41,420	-	-	-	-	41,420
Loans to central banks	12,579	54	-	-	-	12,633
Loans to credit institutions	8,232	7,842	-	-	-	16,074
Loans to the public	236,718	87,310	-	-	-	324,028
Interest-bearing securities	2,956	33,565	3,796	-	31,373	71,690
Financial instruments pledged as collateral	-	6,236	-	-	1,506	7,742
Shares	-	12,836	-	-	-	12,836
Assets in pooled schemes and unit-linked investment contracts	-	25,450	206	-	-	25,656
Derivatives	-	51,789	-	5,145	-	56,934
Fair value changes of the hedged items in portfolio hedge of interest rate risk	332	-	-	-	-	332
Other assets	3,355	16,959	-	-	-	20,314
Prepaid expenses and accrued income	689	-	-	-	-	689
Total 31 Mar 2020	306,281	242,041	4,002	5,145	32,879	590,348
Total 31 Dec 2019	297,826	210,419	4,257	2,327	29,779	544,608

	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (Fair value option)	Derivatives used for hedging	
EURm					
Financial liabilities					
Deposits by credit institutions	43,181	20,127	-	-	63,308
Deposits and borrowings from the public	167,054	6,938	-	-	173,992
Deposits in pooled schemes and unit-linked investment contracts	-	-	27,378	-	27,378
Liabilities to policyholders	-	-	3,011	-	3,011
Debt securities in issue	129,493	-	54,434	-	183,927
Derivatives	-	53,262	-	2,124	55,386
Fair value changes of the hedged items in portfolio hedge of interest rate risk	2,792	-	-	-	2,792
Other liabilities ¹	9,287	22,697	-	-	31,984
Accrued expenses and prepaid income	270	-	-	-	270
Subordinated liabilities	8,495	-	-	-	8,495
Total 31 Mar 2020	360,572	103,024	84,823	2,124	550,543
Total 31 Dec 2019	339,266	68,123	93,680	1,749	502,818

¹ Of which lease liabilities classified into the category Amortised cost EUR 1,213m.

Note 9 Fair value of financial assets and liabilities

	31 Mar 2020		31 Dec 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	41,420	41,420	35,509	35,509
Loans	353,067	362,212	340,680	343,410
Interest-bearing securities	71,690	71,882	64,930	65,047
Financial instruments pledged as collateral	7,742	7,742	7,151	7,151
Shares	12,836	12,836	14,184	14,184
Assets in pooled schemes and unit-linked investment contracts	25,656	25,656	30,493	30,493
Derivatives	56,934	56,934	39,111	39,111
Other assets	20,314	20,314	11,857	11,857
Prepaid expenses and accrued income	689	689	693	693
Total	590,348	599,685	544,608	547,455
Financial liabilities				
Deposits and debt instruments	432,514	433,960	406,592	407,337
Deposits in pooled schemes and unit-linked investment contracts	27,378	27,378	31,859	31,859
Liabilities to policyholders	3,011	3,011	3,318	3,318
Derivatives	55,386	55,386	42,047	42,047
Other liabilities	30,771	30,771	17,562	17,562
Accrued expenses and prepaid income	270	270	215	215
Total	549,330	550,776	501,593	502,338

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

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

Categorisation into the fair value hierarchy

	Quoted prices in active markets for the same instruments (Level 1)	Of which Life	Valuation technique using observable data (Level 2)	Of which Life	Valuation technique using non-observable data (Level 3)	Of which Life	Total
EURm							
Assets at fair value on the balance sheet¹							
Loans to central banks	-	-	54	-	-	-	54
Loans to credit institutions	-	-	7,842	-	-	-	7,842
Loans to the public	-	-	87,310	-	-	-	87,310
Interest-bearing securities ²	41,049	1,440	35,179	2,404	248	8	76,476
Shares	10,159	8,532	701	254	1,976	871	12,836
Assets in pooled schemes and unit-linked investment contracts	25,181	21,618	385	385	90	90	25,656
Derivatives	352	-	54,725	1	1,857	-	56,934
Other assets	-	-	16,924	-	35	34	16,959
Total 31 Mar 2020	76,741	31,590	203,120	3,044	4,206	1,003	284,067
Total 31 Dec 2019	61,634	37,800	181,494	3,353	3,654	963	246,782
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	-	-	20,127	-	-	-	20,127
Deposits and borrowings from the public	-	-	6,938	-	-	-	6,938
Deposits in pooled schemes and unit-linked investment	-	-	27,378	23,457	-	-	27,378
Liabilities to policyholders	-	-	3,011	3,011	-	-	3,011
Debt securities in issue	44,969	-	7,722	-	1,743	-	54,434
Derivatives	285	-	52,983	44	2,118	-	55,386
Other liabilities	8,789	-	13,821	-	87	-	22,697
Total 31 Mar 2020	54,043	-	131,980	26,512	3,948	-	189,971
Total 31 Dec 2019	11,801	-	148,334	30,813	3,417	-	163,552

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

² Of which EUR 7,742m relates to the balance sheet item Financial instruments pledged as collateral.

Transfers between Level 1 and 2

During the period, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 1,279m from Level 1 to Level 2 and EUR 16,825m from Level 2 to Level 1 of the fair value hierarchy. In addition, Nordea has transferred derivative liabilities of EUR 13m from Level 1 to Level 2 and EUR 23m from Level 2 to Level 1 and derivative assets of EUR 2m from Level 1 to Level 2 and EUR 13m from Level 2 to Level 1. Nordea has also transferred shares of EUR 375m from Level 1 to Level 2. Further Nordea transferred debt securities in issue of EUR 1,561m from Level 1 to Level 2 and EUR 38,050m from Level 2 to Level 1, other liabilities from Level 1 to Level 2 of EUR 8m and other liabilities of EUR 1,847m from Level 2 to Level 1. The main driver for the transfers in the first quarter is an update to the rules for categorisation of financial instruments into Level 1, 2 and 3. This had a significant impact on the categorisation of "Interest bearing securities" and "Debt securities in issue" where the volume and frequency of trading for the individual ISIN are now considered. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10 Continued

Movements in Level 3

	1 Jan	Rea- lised	Un- realis- ed	Fair value gains/losses recognised in the income statement during the year	Recog- nised in OCI	Purchases/ Issues	Sales	Settle- ments	Transfers into Level 3	Transfers out of Level 3	Transla- tion diff- erences	31 Mar
EURm												
Interest-bearing securities	172	-3	1	-	-	3	-7	3	73	6	-	248
- of which Life	13	-	-1	-	-	-	-4	-	-	-	-	8
Shares	2,034	-76	46	-	-	223	-177	-8	18	-	-84	1,976
- of which Life	860	11	52	-	-	22	-14	-8	-	-	-52	871
Assets in pooled schemes and unit-linked investment contracts	56	1	22	-	-	22	-8	-3	1	-	-1	90
- of which Life	56	1	22	-	-	22	-8	-3	1	-	-1	90
Derivatives (net)	174	-58	-235	-	-	-	-	58	-51	-149	-	-261
Other assets	35	-	-	-	-	-	-	-	-	-	-	35
- of which Life	34	-	-	-	-	-	-	-	-	-	-	34
Debt securities in issue	2,232	21	-647	17	65	-	-187	245	-3	-	-	1,743
Other liabilities	2	-	-	-	85	-	-	-	-	-	-	87
Total 2020, net	237	-157	481	-17	98	-192	237	-204	-140	-85	-85	258
Total 2019, net	-495	-128	87	3	229	-405	279	28	-2	7	-	-397

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. The main driver for the transfers into and out of Level 3 in the first quarter is an update to the rules of categorisation of financial instruments into Level 1, 2 and 3. This mainly impacted the categorisation of "Derivatives", "Interest bearing securities" and "Debt securities in issue" where the volume and frequency of trading for the individual instrument (ISIN) now are considered. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

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

Deferred day 1 profit

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

Deferred day 1 profit - Derivatives, net

	2020	2019
EURm		
Opening balance at 1 Jan	125	81
Deferred profit on new transactions	27	19
Recognised in the income statement during the period ¹	-18	-10
Closing balance at 31 Mar	134	90

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

Note 10 Continued

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

	Fair value	Of which Life ¹	Valuation techniques	Unobservable input	Range of fair value ⁴
EURm					
Interest-bearing securities					
Public bodies	35	-	Discounted cash flows	Credit spread	-3/3
Mortgage and other credit institutions	55	8	Discounted cash flows	Credit spread	-5/5
Corporates ²	158	-	Discounted cash flows	Credit spread	-16/16
Total 31 Mar 2020	248	8			-24/24
Total 31 Dec 2019	172	13			-16/16
Shares					
Private equity funds	826	495	Net asset value ³		-93/93
Hedge funds	87	83	Net asset value ³		-8/8
Credit funds	440	168	Net asset value/market consensus ³		-37/37
Other funds	253	119	Net asset value/Fund prices ³		-23/23
Other ⁵	460	96	-		-42/42
Total 31 Mar 2020	2,066	961			-203/203
Total 31 Dec 2019	2,090	916			-194/194
Derivatives, net					
Interest rate derivatives	96	-	Option model	Correlations Volatilities	-16/17
Equity derivatives	-62	-	Option model	Correlations Volatilities Dividends	-7/5
Foreign exchange derivatives	8	-	Option model	Correlations Volatilities	0/0
Credit derivatives	-304	-	Credit derivative model	Correlations Volatilities Recovery rates	-44/39
Other	1	-	Option model	Correlations Volatilities	-0/0
Total 31 Mar 2020	-261	-			-67/61
Total 31 Dec 2019	174	-			-61/64
Debt securities in issue					
Issued structured bonds	1,743	-	Credit derivative model	Correlations Recovery rates Volatilities	-8/8
Total 31 Mar 2020	1,743	-			-8/8
Total 31 Dec 2019	2,232	-			-11/11
Other, net					
Other assets and Other liabilities, net	-52	34	-	-	4/-4
Total 31 Mar 2020	-52	34			4/-4
Total 31 Dec 2019	33	34			-4/4

¹ Investments in financial instruments is a major part of the life insurance business, acquired to fulfill the obligations behind the insurance- and investments contracts. The gains or losses on these instruments are almost exclusively allocated to policyholders and do consequently not affect Nordea's equity.

² Of which EUR 155m is priced at a credit spread (the difference between the discount rate and LIBOR) of 1.45% and a reasonable change of this credit spread would not affect the fair value due to callability features.

³ The fair values are based on prices and net asset values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by Invest Europe (formerly called EVCA). Approximately 40% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are a range of 2% to 100% compared to the values received from suppliers/custodians.

⁴ The column "Range of fair value" shows the sensitivity of Level 3 financial instruments to changes in key assumptions. For more information see the Annual Report 2019, Note G41 "Assets and liabilities at fair value".

⁵ Of which EUR 90m related to assets in pooled schemes and unit-linked investment.

Note 11 Risks and uncertainties

Nordea is subject to various legal regimes and requirements, including but not limited to those of the Nordic countries, the European Union and the United States. Supervisory and governmental authorities that administer and enforce those regimes make regular inquiries and conduct investigations with regards to Nordea's compliance in many areas, such as investment advice, anti-money laundering (AML), trade regulation and sanctions adherence, external tax rules, competition law and governance and control. The outcome and timing of these inquiries and investigations is unclear and pending, and accordingly, it cannot be excluded that these inquiries and investigations could lead to criticism against the bank, reputation loss, fines, sanctions, disputes and/or litigations.

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

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

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

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

There are significant risks caused by the COVID-19 outbreak given the uncertainty of the economic impact on the markets in which Nordea operates. The extent of economic disruption caused by 'lock downs' is still not clear. Possibly extended or reintroduced 'lock downs' potentially for a considerable period of time, could cause further significant downside risks. The effect of these developments on Nordea's financial performance is also highly uncertain and could have an impact through further loan losses or reduction in income. Depending on the duration and magnitude of the situation, there is a possibility that the bank is not able to meet its financial targets.

Glossary

Return on equity

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

Return on tangible equity

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

Return on Risk Exposure Amount

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

Return on equity with amortised resolution fees

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

Total shareholders return (TSR)

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

Tier 1 capital

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

Tier 1 capital ratio

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

Net loan loss ratio, amortised cost

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

Impairment rate (Stage 3), gross

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

Impairment rate (Stage 3), net

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

Total allowance rate (Stage 1, 2 and 3)

Total allowances divided by total loans measured at amortised cost before allowances.

Allowances in relation to credit impaired loans (stage 3)

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

Allowance in relation to loans in stage 1 and 2

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

Economic capital

Economic Capital is Nordea's internal estimate of required capital and measures the capital required to cover unexpected losses in the course of its business with a certain probability. EC uses advanced internal models to provide a consistent measurement for Credit Risk, Market Risk, Operational Risk, Business Risk and Life Insurance Risk arising from activities in Nordea's various business areas. The aggregation of risks across the group gives rise to diversification effects resulting from the differences in risk drivers and the improbability that unexpected losses occur simultaneously.

ROCAR

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

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

Nordea Bank Abp

Income statement

	Q1 2020	Q1 2019	Jan-Dec 2019
EURm			
Operating income			
Interest income	1,175	1,334	4,930
Interest expense	-539	-737	-2,555
Net interest income	636	597	2,375
Fee and commission income	585	592	2,354
Fee and commission expense	-136	-133	-545
Net fee and commission income	449	459	1,809
Net result from securities trading and foreign exchange dealing	78	228	844
Net result from securities classified at fair value through other comprehensive income	12	26	77
Net result from hedge accounting	6	-29	-31
Net result from investment properties	0	0	-1
Dividends	352	665	1,746
Other operating income	106	85	581
Total operating income	1,639	2,031	7,400
Operating expenses			
Staff costs	-583	-601	-2,544
Other administrative expenses	-203	-234	-956
Other operating expenses	-247	-356	-729
Depreciation, amortisation and impairment charges of tangible and intangible assets	-88	-102	-1,128
Total operating expenses	-1,121	-1,293	-5,357
Profit before loan losses	518	738	2,043
Net loan losses	-153	15	-464
Impairment on other financial assets	0	0	-16
Operating profit	365	753	1,563
Income tax expense	-16	-61	-125
Net profit for period	349	692	1,438

Nordea Bank Abp

Balance sheet

	31 Mar 2020	31 Dec 2019	31 Mar 2019
EURm			
Assets			
Cash and balances with central banks	40,728	33,483	43,728
Debt securities eligible for refinancing with central banks	66,529	61,218	63,297
Loans to credit institutions	87,740	80,961	68,986
Loans to the public	151,716	144,077	164,652
Interest-bearing securities	9,660	4,695	9,081
Shares and participations	5,344	5,490	8,424
Investments in associated undertakings and joint ventures	87	87	1,050
Investments in group undertakings	13,662	14,190	13,330
Derivatives	57,316	39,371	39,470
Fair value changes of the hedged items in portfolio hedge of interest rate risk	106	71	85
Intangible assets	1,725	1,749	2,385
Tangible assets			
Properties and equipment	278	296	333
Investment properties	2	2	4
Deferred tax assets	408	453	71
Current tax assets	258	322	268
Retirement benefit assets	164	172	194
Other assets	19,715	13,140	18,402
Prepaid expenses and accrued income	1,179	1,202	1,149
Total assets	456,617	400,979	434,909
Liabilities			
Deposits by credit institutions and central banks	73,958	44,790	62,815
Deposits and borrowings from the public	180,850	175,286	180,341
Debt securities in issue	73,144	77,770	78,153
Derivatives	56,928	43,311	42,700
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,656	1,140	933
Current tax liabilities	364	596	288
Other liabilities	30,741	18,094	29,711
Accrued expenses and prepaid income	1,235	1,144	1,514
Deferred tax liabilities	7	14	80
Provisions	615	645	428
Retirement benefit obligations	424	375	426
Subordinated liabilities	8,469	9,789	10,274
Total liabilities	428,391	372,954	407,663
Equity			
Share capital	4,050	4,050	4,050
Additional Tier 1 capital holders	750	748	750
Invested unrestricted equity	1,072	1,080	1,080
Other reserves	-364	-321	-282
Retained earnings	22,369	21,030	20,956
Profit or loss for the period ¹	349	1,438	692
Total equity	28,226	28,025	27,246
Total liabilities and equity	456,617	400,979	434,909
Off balance sheet commitments			
Commitments given to a third party on behalf of customers			
Guarantees and pledges	45,808	48,534	48,802
Other	1,188	1,120	1,386
Irrevocable commitments in favour of customers			
Securities repurchase commitments	-	-	-
Other	71,542	75,549	76,542

¹ Full year 2019 includes anticipated dividends of EUR 517 million from its subsidiaries.

Nordea Bank Abp

Note 1 Accounting policies

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

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

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

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

Changed accounting policies and presentation

The changes in accounting policies presented in the section "Changed accounting policies and presentation" in Note 1 for the Group and are, where applicable, relevant for the parent company.

Information on new and amended standards issued by IASB and implemented by Nordea on 1 January 2020 can be found in the subsection "Other amendments" in Note 1 for the Group. The conclusions within this section are also, where applicable, relevant for the parent company.

Changes in IFRSs not yet applied

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

Other amendments

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

Critical judgements and estimation uncertainty

Nordea Bank Abp has applied significant critical judgements in the preparation of the income statement and balance sheet for the first quarter 2020, due to the significant uncertainties in relation to the potential long-term impact of COVID-19 on Nordea Bank Abp's financial statements. More information on where critical judgements are generally applied and where estimation uncertainty exists can be found in the Annual Report 2019, Note P1 "Accounting policies", section 4. Areas particularly important in the first quarter are the fair value measurement of certain financial instruments and impairment testing of loans to the public/credit institutions, in particular in relation to the assessment of when loans have experienced a significant increase in credit risk (staging) and in the application of macro scenarios when estimating the increase in expected credit losses (management judgement). More information on the impairment testing of loans to the public/credit institutions can be found on page 12.

For further information

- An audio webcast for media, investors and equity analysts will be held on 29 April at 09.00 EET (08.00 CET), at which Frank Vang-Jensen, President and Group CEO, will present the results.
- To participate in the audio webcast, please use the [webcast link](#) or dial one of the following numbers: +44 333 300 0804, +46 8 566 426 51, +358 9 817 103 10, +45 35 44 55 77, confirmation code 51372356# no later than 08.50 EET.
- The webcast will be directly followed by a Q&A audio session for investors and analysts with Frank Vang-Jensen, Christopher Rees, Group CFO, and Rodney Alfvén, Head of Investor Relations, starting at approximately 09.30 EET (08.30 CET).
- After the call an indexed on-demand replay will be available [here](#). The replay will be available until 20 May 2020. Please dial one of the following numbers: +44 333 300 0819, +46 8 519 993 85, +358 9 817 105 15, +45 82 33 31 90, confirmation code 301320667#.
- The event will be webcast live and the presentation slides will be posted on www.nordea.com/ir.
- The Q1 2020 report, investor presentations and fact book are available on www.nordea.com.

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Financial calendar

17 July 2020 – Second Quarter Report 2020 (Silent period starts 7 July 2020)

23 October 2020 – Third Quarter Report 2020 (Silent period starts 7 October 2020)

Helsinki 28 April 2020

Nordea Bank Abp

Board of Directors

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

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

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Report on review of interim financial information of Nordea Bank Abp for the three months period ended 31 March 2020

To the Board of Directors of Nordea Bank Abp

Introduction

We have reviewed the condensed interim financial information of Nordea Bank Abp, which comprise the balance sheet as at 31 March 2020, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the three-month-period then ended and notes, all consolidated, and parent company's balance sheet as at 31 March 2020 and income statement for the three-month-period then ended. The Board of Directors and the Managing Director are responsible for the preparation of the condensed interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union and with regulations governing the preparation of interim financial information in Finland. We will express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of Nordea Bank Abp for the three months period ended on 31 March 2020 is not prepared, in all material respects, as regards the Group financial information, in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union and other regulation governing the presentation of interim financial information in Finland, and as regards the parent company financial information, in accordance with regulations governing the preparation of interim financial information in Finland.

Helsinki 28 April 2020

PricewaterhouseCoopers Oy

Authorised Public Accountants

Juha Wahlroos

Authorised Public Accountant (KHT)