

# Second Quarter Results 2016

## CEO Casper von Koskull's comments on the results

"Despite low growth and turbulent financial markets, revenues are holding up well. Ancillary income is unchanged compared to a year ago. Margin pressure in Net Interest Income is levelling off and we now believe in an inflection point with an improving trend from the second half of 2016. Costs are in line with the plans and credit quality remains solid.

An important milestone was reached in the beginning of June when the first product on our core banking platform successfully went live, less than six months after installing the model bank. Although there are many challenges remaining we can start to report progress in our simplification program and compliance procedures and we continue to deliver on our AML remediation efforts. The transformation of the bank is all about becoming the bank our customers want us to be."

(For further viewpoints, see CEO comments on page 2)

## Second quarter 2016 vs. First quarter 2016 (Second quarter 2016 vs. Second quarter 2015)<sup>1</sup>

- Total operating income<sup>1</sup> 5% (-5%, -3% in local currencies)
- Total expenses 2% (2%, 3% in local currencies)
- Operating profit<sup>1</sup> 7% (-13%, -12% in local currencies)
- Common Equity Tier 1 capital ratio 16.8% up from 16.7% (up 80 bps from 16.0%)
- Cost/income ratio<sup>1</sup> 50%, down from 51% (up 3%-points from 47%)
- Loan loss ratio of 15 bps, up from 13 bps (up 3 bps from 12 bps)
- Return on equity<sup>1</sup> 11.4%, up from 10.3% (down 1.7%-points from 13.1%)
- Diluted EPS EUR 0.25 vs. EUR 0.19 (EUR 0.25 vs. EUR 0.24)

Summary key figures	Q2	Q1	Loc.	Q2	Loc.	H1	H1	Loc.
EURm	2016	2016	Chg % curr. %	2015	Chg % curr. %	2016	2015	Chg % curr. %
Net interest income	1,172	1,168	0 -1	1,274	-8 -5	2,340	2,527	-7 -4
Total operating income <sup>1</sup>	2,405	2,295	5 4	2,523	-5 -3	4,700	5,242	-10 -9
Total operating income	2,556	2,295	11 11	2,523	1 3	4,851	5,242	-7 -6
Profit before loan losses	1,350	1,117	21 20	1,338	1 3	2,467	2,869	-14 -12
Net loan losses	-127	-111	14 16	-103	23 31	-238	-225	6 11
Operating profit <sup>1</sup>	1,072	1,006	7 6	1,235	-13 -12	2,078	2,644	-21 -20
Operating profit	1,223	1,006	22 20	1,235	-1 1	2,229	2,644	-16 -14
Diluted earnings per share, EUR	0.25	0.19		0.24		0.44	0.51	
ROE <sup>1</sup> , %	11.4	10.3		13.1		10.8	13.7	
ROE, %	13.4	10.3		13.1		11.8	13.7	

Exchange rates used for Q2 2016 for income statement items are for DKK 7.4500, NOK 9.4241 and SEK 9.3019.

<sup>1</sup>Excl. non-recurring items (Q2 2016: gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 151m net of tax).

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Nordea is among the ten largest universal banks in Europe in terms of total market capitalisation and has around 11 million customers, 30,000 employees and approximately 600 branch office locations. The Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges. We have a broad expertise across the wide range of products, services and solutions that we provide within banking, asset management and insurance. In Nordea we build trusted relationships through our strong engagement with both customers and society.



## CEO Comment

### Second quarter 2016 Results

The business environment was relatively stable most part of the quarter, but it ended in turbulence due to the outcome of the British EU referendum. Growth remains subdued in our home markets except for Sweden.

Net interest income has been under severe pressure for many years due to lower interest rates and low volume growth. NII declined 8% compared to the same quarter in 2015. However, it improved somewhat sequentially and for the second half of 2016 we expect an inflection point with an improving trend, for the first time since 2012.

Ancillary income is holding up well and is largely unchanged compared to second quarter of 2015. Total assets under management reached a record high level at EUR 300.2bn. Customer activity on financial markets held up well in the quarter and net result from items at fair value increased by 5% despite the fact that falling interest rates and increased spreads lead to a negative fair value adjustment effect of EUR 54m, compared to a positive effect of EUR 44m the same period in 2015.

Costs are under strict control and increased by 3% in local currencies compared to the second quarter of 2015. The cost-to-income ratio increased to 50%, compared to 47% in the second quarter of 2015. We expect costs to increase by 3% in local currencies in 2016 and to remain on a largely unchanged level in 2018 compared to 2016.

Loan losses are EUR 127m or 15bps. As expected we have seen an increased provisioning within the Oil and Offshore segment while credit quality is stable or improving elsewhere. For the second half of 2016 we expect a somewhat higher level of loan loss provisions than the first half, so for the full year we expect to be at approximately the 10-year average level of 16bps.

The Common Equity Tier (CET) 1 ratio increased 10 bps to 16.8% compared to the previous quarter. The preliminary outcome of the Supervisory Review and Evaluation Process (SREP) for 2016 is a forward-looking CET 1 requirement by the end of 2016 of approximately 17% excluding a management buffer. It is Nordea's assessment that we will meet this requirement including a management buffer of 50-150 bps.

Effective July 1 the Retail Banking was split into two new business areas Personal Banking and Commercial & Business Banking, heighten focus on services to our customers.

### Business and operational trends

Nordea piloted its first Start-up Accelerator last fall. This year, we will expand the concept and run the largest Nordic Fintech Accelerator together with one of the world's largest global IT services brands – Tata Consultancy Services. Wholesale Banking had the number one position in Equity Capital Markets following a number of large IPOs and

transactions, among others the rights issue in SSAB and the IPO of Dong Energy, the largest IPO globally in 2016.

The net inflow to Nordea funds was the highest in Europe for the first five months of 2016. In the second quarter the net inflow was EUR 5.8bn or 8% annualised of Assets under Management.

### Progress on the simplification programme and compliance procedures

Nordea's top priorities are to be best in class in compliance and to simplify the bank.

In early June the first product successfully went live on our core banking platform. This was achieved less than six months after installing the model bank. The product is a fixed term deposit, accessible 24/7, fully digitised and offered to Nordea employees in Finland.

In June, all in- and outbound SEPA Interbank payments for the Baltics and Nordic non-Euro countries were successfully added to our Global Payment Engine. The next step will be SEPA Interbank payments in Finland.

At May 17, the Swedish Financial Authority approved the plans for the mergers of the Norwegian, Danish and Finnish banking subsidiaries with NBAB. Our intention is to execute on the merger plan in early January 2017. The changes to the legal structure are subject to among other regulatory approvals and satisfactory outcome of discussions with the local authorities.

We have committed considerable resources to improve our capabilities within compliance and prevention of financial crimes. We have recruited world-class people to key positions to drive the change, built group-wide operations for critical processes and established a separate Financial Crime Change Programme (FCCP). We have 850 full-time employees focusing on activities related to know your customer, sanctions screening and transaction monitoring with the aim to be approximately 1,150 by the end of the year.

In mid-April the CEO initiated an internal investigation to assess whether the business activities in our Private Banking operations are in line with internal policies as well as external tax rules and anti-money laundering regulations. The investigation covered Panama-related offshore structures in Nordea Bank S.A. in Luxembourg (NBSA) as well as Nordic Private Banking. The main conclusions from the investigation are presented in a separate press release that Nordea issued today.

Although many challenges remain we can start to report progress in our simplification program and compliance procedures and we continue to deliver on our AML-remediation efforts. The transformation of the bank is all about becoming the bank our customers want us to be.

Casper von Koskull

President and Group CEO

# Nordea

## Income statement

EURm	Q2				Loc.			Loc.			
	2016	Q1 2016	Chg %	Curr %	Q2 2015	Chg %	Curr %	Jan-Jun 2016	Jan-Jun 2015	Chg %	Curr %
Net interest income	1,172	1,168	0	-1	1,274	-8	-5	2,340	2,527	-7	-4
Net fee and commission income	804	772	4	4	833	-3	-2	1,576	1,642	-4	-3
Net result from items at fair value	405	332	22	22	386	5	3	737	1,013	-27	-28
Equity method	101	9			8			110	18		
Other operating income	74	14			22			88	42		
<b>Total operating income</b>	<b>2,556</b>	<b>2,295</b>	<b>11</b>	<b>11</b>	<b>2,523</b>	<b>1</b>	<b>3</b>	<b>4,851</b>	<b>5,242</b>	<b>-7</b>	<b>-6</b>
<b>Total operating income, excl. non-recurring items<sup>1</sup></b>	<b>2,405</b>	<b>2,295</b>	<b>5</b>	<b>4</b>	<b>2,523</b>	<b>-5</b>	<b>-3</b>	<b>4,700</b>	<b>5,242</b>	<b>-10</b>	<b>-9</b>
Staff costs	-756	-740	2	2	-772	-2	1	-1,496	-1,551	-4	-2
Other expenses	-396	-386	3	2	-363	9	11	-782	-727	8	9
Depreciation of tangible and intangible assets	-54	-52	4	3	-50	8	9	-106	-95	12	13
<b>Total operating expenses</b>	<b>-1,206</b>	<b>-1,178</b>	<b>2</b>	<b>2</b>	<b>-1,185</b>	<b>2</b>	<b>3</b>	<b>-2,384</b>	<b>-2,373</b>	<b>0</b>	<b>2</b>
<b>Profit before loan losses</b>	<b>1,350</b>	<b>1,117</b>	<b>21</b>	<b>20</b>	<b>1,338</b>	<b>1</b>	<b>3</b>	<b>2,467</b>	<b>2,869</b>	<b>-14</b>	<b>-12</b>
Net loan losses	-127	-111	14	16	-103	23	31	-238	-225	6	11
<b>Operating profit</b>	<b>1,223</b>	<b>1,006</b>	<b>22</b>	<b>20</b>	<b>1,235</b>	<b>-1</b>	<b>1</b>	<b>2,229</b>	<b>2,644</b>	<b>-16</b>	<b>-14</b>
<b>Operating profit excl. non-recurring items<sup>1</sup></b>	<b>1,072</b>	<b>1,006</b>	<b>7</b>	<b>6</b>	<b>1,235</b>	<b>-13</b>	<b>-12</b>	<b>2,078</b>	<b>2,644</b>	<b>-21</b>	<b>-20</b>
Income tax expense	-227	-224	1	1	-283	-20	-18	-451	-610	-26	-25
<b>Net profit for the period</b>	<b>996</b>	<b>782</b>	<b>27</b>	<b>26</b>	<b>952</b>	<b>5</b>	<b>7</b>	<b>1,778</b>	<b>2,034</b>	<b>-13</b>	<b>-11</b>

## Business volumes, key items<sup>2</sup>

EURbn	30 Jun 2016			Chg %	Local 30 Jun 2015		
	31 Mar 2016	Chg %	30 Jun 2015		Chg %	curr %	
Loans to the public	344.6	342.7	1	357.6	-4	-2	
Loans to the public, excl. repos	308.9	308.8	0	310.6	-1	1	
Deposits and borrowings from the public	196.0	202.8	-3	206.4	-5	-4	
Assets under management	300.2	290.9	3	286.1	5		
Equity	30.1	29.1	3	29.8	1		
Total assets	671.2	675.6	-1	682.7	-2		

## Ratios and key figures<sup>6</sup>

	Q2		Q2	Jan-Jun	
	2016	Q1 2016		2016	Jan-Jun 2015
Diluted earnings per share, EUR	0.25	0.19	0.24	0.44	0.51
EPS, rolling 12 months up to period end, EUR	0.84	0.83	0.95	0.84	0.95
Share price <sup>2</sup> , EUR	7.52	8.46	11.22	7.52	11.22
Total shareholders' return, %	-2.6	-10.4	3.5	-18.6	19.9
Equity per share <sup>2</sup> , EUR	7.47	7.22	7.39	7.47	7.39
Potential shares outstanding <sup>2</sup> , million	4,050	4,050	4,050	4,050	4,050
Weighted average number of diluted shares, million	4,036	4,034	4,029	4,035	4,028
Return on equity, %	13.4	10.3	13.1	11.8	13.7
Return on equity, % - excl. non-recurring items <sup>1</sup>	11.4	10.3	13.1	10.8	13.7
Cost/income ratio, % - excl. non-recurring items <sup>1</sup>	50	51	47	51	45
Loan loss ratio, basis points	15	13	12	14	13
Common Equity Tier 1 capital ratio, excl. Basel I floor <sup>2,3</sup> , %	16.8	16.7	16.0	16.8	16.0
Common Equity Tier 1 capital ratio, incl. Basel I floor <sup>2,3</sup> , %	11.0	11.0	10.8	11.0	10.8
Tier 1 capital ratio, excl. Basel I floor <sup>2,3</sup> , %	18.9	18.7	17.9	18.9	17.9
Total capital ratio, excl. Basel I floor <sup>2,3</sup> , %	22.1	21.8	20.7	22.1	20.7
Tier 1 capital <sup>2,3</sup> , EURm	26,958	26,716	26,878	26,958	26,878
Risk exposure amount excl. Basel I floor <sup>3,4</sup> , EURbn	143	143	150	143	150
Risk exposure amount incl. Basel I floor <sup>3</sup> , EURbn	221	220	225	221	225
Number of employees (FTEs) <sup>2</sup>	30,996	30,399	29,719	30,996	29,719
Economic profit, EURm - excl. non-recurring items <sup>1,5</sup>	266	230	418	496	979
Economic capital <sup>2</sup> , EURbn	27.3	27.0	25.1	27.3	25.1
ROCAR <sup>1,5</sup> , %	12.5	12.1	15.2	12.0	16.3

<sup>1</sup> Non-recurring items (Q2 2016: gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 151m net of tax).

<sup>2</sup> End of period.

<sup>3</sup> Including the result for the period.

<sup>4</sup> Market Risk - of which trading book, Standardised Approach is restated for Q2 2015.

<sup>5</sup> Economic Profit and ROCAR restated Q2 2015 and Jan-Jun 2015 due to changed definition.

<sup>6</sup> For more detailed information regarding ratios and key figures defined as Alternative performance measures, see <http://www.nordea.com/en/investor-relations/>.



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## Macroeconomy and financial Markets

With the passing of the second quarter of 2016, the global economy entered into a less benign environment for economic growth. In the advanced economies, the recovering growth has been under pressure from weakening labour markets, while emerging markets have continued to suffer from a contraction in world trade, manufacturing and investments. Although growth in Europe continued its stable recovery, confidence suffered following the UK's EU referendum. Financial markets reacted adversely to the UK's vote to leave the EU, resulting in a flight to quality assets and a sharp decrease in bond yields. In Q2, the ECB initiated its expanded quantitative easing program, including long term refinancing operations and a corporate sector debt purchase programme. In the US, while household consumption remained stable, the economy showed signs of a slowdown with low growth and a weakening labour market. The increasing global risks to growth led the Federal Reserve to leave policy rates unchanged in Q2. In China, manufacturing PMIs deteriorated alongside a slowing of investment growth. In financial markets, Q2 began on a strong note with performance in equity and credit markets, but by mid-April sentiment turned in favour of safer fixed income assets. European equity markets ended the quarter 4.7% lower, whereas US equity markets were 1.9% higher. German and US 10y yields both dropped just below 30bp during the quarter, notably pushing 10y German government bond yields to an all-time low level in negative territory. The EURUSD exchange rate dropped by 2.4% to 1.11.

### *Denmark*

The Danish economy expanded by 0.7% q/q during the first quarter of 2016. However, the relatively strong growth in Q1 came after the revised data for the National Account that revealed a technical recession in the second half of 2015. Leading indicators for Q2 point to a slowdown in growth. House prices began to move higher after a slowdown towards the end of last year. Consequently, the prices of single-family homes are now at their highest level since the late summer of 2008, while the prices of owner-occupied flats are about 5% above the 2006 peak. The Danish central bank kept the leading interest rate unchanged in Q2. Both in May and June the central bank intervened in the FX-market to prevent the krone from appreciating. Danish equities increased 1.0% during the quarter while 10-year government bond yields dropped 35bps to 0.07%. The spread to the German 10-year rate fell by 6bps during Q2.

### *Finland*

Finnish economic data in recent quarters was stronger than anticipated. The starting point for Q2 and the rest of 2016 is therefore more positive than expected. The economic outlook, however, remains cloudy weaker-than-expected data in terms of foreign trade, manufacturing and new order flow, indicating that challenges persist on the road to a broad-based recovery.

The domestic demand side looked better, with robust private consumption. Especially the demand for services and durable goods, notably cars, was strong. However, slow improvement in purchasing power, challenges in the labour market and low confidence keep consumption projections under pressure. Positively, the housing market has shown clear signs of recovery as new mortgages and house prices have been increasing moderately again. Finnish equities fell by 1.2% during the second quarter while the 10-year government yield dropped 30bps to 0.14%.

### *Norway*

The Norwegian National Accounts continued to show close to zero growth in the mainland economy for Q1, in line with the picture from the second half of 2015. Business surveys' figures and labour market data showed that the weakness mainly was due to the continued downward pressure in oil-related industries. Meanwhile, the overall unemployment level came down during Q2 after stabilising in Q1. Retail sales data was generally weak, but showed some strength towards the end of Q2. House prices overall continued to increase in Q2 but the picture was mixed with Oslo and surrounding areas rising strongly while areas closer related to the oil sector showed weakness. Core inflation came down by 0.2% during the quarter but was still at elevated levels of around 3% y/y, predominantly driven by a historically weak NOK. Norges Bank kept key rates unchanged at 0.5%, but signalled that more easing could come later this year. Norwegian equities increased 4.7% during the second quarter while the oil price came up by about 25%. The 10-year government bond yield dropped 20bps to 0.99%. NOK strengthened by 2% in trade-weighted terms.

### *Sweden*

The Swedish economy continued to show strength in Q2. GDP increased by 4.2% in Q1 2016 and underlying details revealed that domestic demand grew at a robust pace while the export sector has remained challenged. These trends appear to have continued in the second quarter of 2016. The labour market continued to improve, with declining unemployment. Consumer price inflation remained below the 2%-target, but inflation expectations rose towards the target. The Riksbank left the policy rate unchanged at -0.50% in April but prolonged the purchase programme of government bonds to the second half of 2016. Furthermore, the purchase programme was expanded to include index-linked bonds. Swedish equities were down by 3% while the 10-year government bond yield dropped 54bps to 0.25%. The Swedish trade weighted exchange rate weakened somewhat during the second quarter.



## Group results and performance

### Second quarter 2016

#### Net interest income

Net interest income was up 1% in local currencies adjusted for resolution fees which increased EUR 19m from the previous quarter. It increased by 1% in the three business areas, while it came down from a high level on previous quarter in Group Corporate Centre. Lending margins improved while deposit margin was somewhat lower.

Net interest income for Retail Banking was up 1% in local currencies, mainly due to growth in Norway (7%) and Baltics (6%) as well as Sweden (2%).

Net interest income in Wholesale Banking was down -5% in local currencies driven by lower lending volumes in Shipping, Offshore & Oil Services (-5%) as well as Banking Russia (-6%).

Net interest income in Wealth Management was up EUR 2m in the quarter to EUR 28m.

Net interest income in Group Corporate Centre was down 4% to EUR 125m compared to the high level of EUR 131m from the previous quarter.

#### Lending volumes

Loans to the public in local currencies, excluding repos, increased 1% from the previous quarter and 2% from the same quarter in 2015. Average lending volumes in local currencies in business areas were largely unchanged from the previous quarter and up 2% from second quarter 2015, with marginally higher growth in Sweden and Norway.

#### Deposit volumes

Total deposits from the public in local currencies, excluding repos, increased 4% from the previous quarter and decreased 5% from the same quarter in 2015. Average deposit volumes in local currencies in business areas were down 1% from the previous quarter but up 2% from second quarter 2015.

#### Net interest income per business area

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.	
								Q2/Q1	Q2/Q2
Retail Banking	801	790	815	834	854	1%	-6%	1%	-5%
Wholesale Banking	209	213	250	256	259	-2%	-19%	-5%	-14%
Wealth Management	28	26	36	33	25	8%	12%	5%	9%
Group Corporate Centre	125	131	102	77	113	-4%	11%	n.m	n.m
Other and eliminations	9	8	0	33	23	10%	-61%	n.m	n.m
<b>Total Group</b>	<b>1,172</b>	<b>1,168</b>	<b>1,203</b>	<b>1,233</b>	<b>1,274</b>	<b>0%</b>	<b>-8%</b>	<b>-1%</b>	<b>-5%</b>

#### Change in Net interest income

EURm	Q2/Q1	H1/H1
<b>NII beginning of period</b>	<b>1,168</b>	<b>2,527</b>
Margin driven NII	9	-65
Lending margin	16	-5
Deposit margin	-7	-60
<b>Volume driven NII</b>	<b>-2</b>	<b>44</b>
Lending volume	-1	38
Deposit volume	-1	6
Day count	0	14
GCC	-9	13
Other*	6	-193
<b>NII end of period</b>	<b>1,172</b>	<b>2,340</b>

\*of which FX

13 -81

# Nordea

## Net fee and commission income

Net fee and commission income increased 4% in local currencies from the previous quarter.

### Savings and investments commissions

Net fee and commission income from savings and investments increased 7% in local currencies from the previous quarter to EUR 489m. Assets under Management (AuM) increased to EUR 300.2bn from EUR 290.9bn in the previous period. Net inflow amounted to EUR 5.8bn in the quarter, or 8% of assets under management, annualised.

Performance-related asset management fees were EUR 0m compared to EUR 13m in the previous quarter. Brokerage and corporate finance fees improved in the quarter following a strong trend within Equity and Debt Capital Markets.

### Payments and cards and lending-related commissions

Lending-related net fee and commission income decreased 2% in local currencies to EUR 175m from the previous quarter. Payments and cards net fee and commission income was 2% higher compared to previous quarter.

## Net fee and commission income per business area

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.	
								Q2/Q1	Q2/Q2
Retail Banking	278	284	288	298	320	-2%	-13%	-3%	-13%
Wholesale Banking	162	161	160	139	145	1%	12%	1%	15%
Wealth Management	378	338	384	332	379	12%	0%	11%	-1%
Group Corporate Centre	-2	-4	-6	-1	-3	n.m	n.m	n.m	n.m
Other and eliminations	-12	-7	-5	-1	-8	n.m	n.m	n.m	n.m
<b>Total Group</b>	<b>804</b>	<b>772</b>	<b>821</b>	<b>767</b>	<b>833</b>	<b>4%</b>	<b>-3%</b>	<b>4%</b>	<b>-2%</b>

## Net fee and commission income per category

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.	
								Q2/Q1	Q2/Q2
Savings and investments, net	489	455	485	434	490	7%	0%	7%	0%
Payments and cards, net	130	127	137	148	148	2%	-12%	2%	-11%
Lending-related, net	175	177	182	172	185	-1%	-5%	-2%	-4%
Other commissions, net	10	13	17	13	10	-23%	0%	-19%	22%
<b>Total Group</b>	<b>804</b>	<b>772</b>	<b>821</b>	<b>767</b>	<b>833</b>	<b>4%</b>	<b>-3%</b>	<b>4%</b>	<b>-2%</b>

## Assets under Management (AuM), volumes and net inflow

EURbn	Q216	Net inflow Q216	Q116	Q415	Q315	Q215
Private Banking	93.2	0.2	92.2	93.6	87.7	92.5
Institutional sales	84.6	5.3	78.0	73.7	71.9	73.1
Life & Pensions	68.3	0.1	67.5	66.4	64.2	66.6
<b>Total</b>	<b>300.2</b>	<b>5.8</b>	<b>290.9</b>	<b>288.2</b>	<b>273.3</b>	<b>286.1</b>

## Net result from items at fair value

The net result from items at fair value increased from EUR 332m in the previous quarter to EUR 405m (+22%). Lower interest rates and higher spreads lead to a negative impact on Fair value adjustments of EUR 54m, compared to a negative impact of EUR 93m in previous quarter.

### Capital Markets income for customers in Wholesale Banking, Retail Banking and Private Banking

The customer-driven capital markets activities improved 15% from previous quarter to EUR 221m.

### Life & Pensions

The net result from items at fair value within Nordea Life & Pensions decreased by EUR 26m to EUR 60m. Previous

quarter was positively impacted by EUR 18m from a full release of the fee reservation account in Denmark.

### Wholesale Banking other

The net fair value result for Wholesale Banking other, i.e. income from managing the risks inherent in customer transactions improved EUR 44m to EUR 80m. Fair Value Adjustments had a negative impact of EUR 50m, compared to a negative impact of EUR 86m in previous quarter.

### Group Functions and Other and eliminations

The net fair value result in Group Corporate Centre increased to EUR 46m from EUR 25m in the first quarter, mainly due to strong performance in the liquidity buffer.

# Nordea

## Net result from items at fair value per area

EURm	Q216	Q115	Q415	Q315	Q215	Q2/Q1	Q2/Q2
Retail Banking	108	93	87	97	78	16%	38%
Wholesale Banking excl. Other	89	76	81	87	83	17%	7%
Wealth Mgmt excl. Life	24	22	27	17	25	9%	-4%
Wholesale Banking Other	80	36	108	8	149	122%	-46%
Life & Pensions	60	86	65	55	61	-30%	-2%
Group Corporate Centre	46	25	31	-35	12	86%	n.m
Other and eliminations	-2	-6	22	-18	-22	n.m	n.m
<b>Total Group</b>	<b>405</b>	<b>332</b>	<b>421</b>	<b>211</b>	<b>386</b>	<b>22%</b>	<b>5%</b>

## Equity method

Income from companies accounted for under the equity method was EUR 101m, compared to EUR 9m in the previous quarter. The gain related to VISA Inc.'s acquisition of VISA Europe amounted to EUR 93m, net of tax.

## Total operating income

Total income increased 4% in local currencies and 5% in EUR excluding non-recurring items from the previous quarter to EUR 2,405m.

## Other operating income

Other operating income was EUR 74m compared to EUR 14m in the previous quarter. The gain related to VISA Inc.'s acquisition of VISA Europe amounted to EUR 58m, net of tax deducted by intermediaries.

## Total operating income per business area

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.	
								Q2/Q1	Q2/Q2
Retail Banking	1,197	1,178	1,195	1,248	1,262	2%	-5%	1%	-4%
Wholesale Banking	540	486	599	491	636	11%	-15%	9%	-12%
Wealth Management	499	481	523	442	498	4%	0%	3%	1%
Group Corporate Centre	171	153	129	42	130	12%	31%	n.m	n.m
Other and eliminations	149	-3	199	30	-3	n.m	n.m	n.m	n.m
<b>Total incl. non-recurring items</b>	<b>2,556</b>	<b>2,295</b>	<b>2,645</b>	<b>2,253</b>	<b>2,523</b>	<b>11%</b>	<b>1%</b>	<b>11%</b>	<b>3%</b>
<b>Total excl. non-recurring items<sup>1</sup></b>	<b>2,405</b>	<b>2,295</b>	<b>2,469</b>	<b>2,253</b>	<b>2,523</b>	<b>5%</b>	<b>-5%</b>	<b>4%</b>	<b>-3%</b>

<sup>1</sup> Non-recurring items (Q4 2015: gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176m, Q2 2016: gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 151m net of tax).

# Nordea

## Total expenses

Total operating expenses in the second quarter amounted to EUR 1,206m, up 2% from the previous quarter and up 3% from the second quarter 2015 in local currencies.

Staff costs were up 2% from previous quarter in local currencies. Provisions for performance-related salaries in the second quarter were EUR 85m, compared to EUR 58m in the previous quarter.

Other expenses were up 2% in local currencies, and depreciations were up 3% from the previous quarter.

The number of employees (FTEs) at the end of the second quarter was 30,996, an increase by 597 compared to previous quarter and 1,277 (4%) from the same quarter in

2015. The increase compared to the second quarter in 2015 relates mainly to increase in compliance and insourcing of IT.

Expenses that impacted the P&L related to the Group projects were EUR 62m, compared to EUR 29m in the previous quarter. In addition EUR 56m was capitalised compared to EUR 33m in the previous quarter.

The cost-to-income ratio, excluding non-recurring items, was 50% in the second quarter, down from 51% in the previous quarter.

## Total operating expenses

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.	
								Q2/Q1	Q2/Q2
Staff cost	-756	-740	-751	-756	-772	2%	-2%	2%	-1%
Other expenses	-396	-386	-408	-303	-363	3%	9%	2%	11%
Depreciations	-54	-52	-54	-49	-50	4%	8%	3%	9%
Restructuring charge	0	0	-263	0	0	n.m	n.m	n.m	n.m
<b>Total incl. non-recurring items</b>	<b>-1,206</b>	<b>-1,178</b>	<b>-1,476</b>	<b>-1,108</b>	<b>-1,185</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>
<b>Total, excl. non-recurring items<sup>1</sup></b>	<b>-1,206</b>	<b>-1,178</b>	<b>-1,213</b>	<b>-1,108</b>	<b>-1,185</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>

<sup>1</sup> Non-recurring items (Q4 2015: restructuring charge EUR 263m).

## Total operating expenses per business area

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.	
								Q2/Q1	Q2/Q2
Retail Banking	-680	-677	-664	-675	-696	0%	-2%	0%	-1%
Wholesale Banking	-229	-211	-250	-209	-245	9%	-7%	8%	-4%
Wealth Management	-202	-197	-203	-198	-208	3%	-3%	2%	-2%
Group Corporate Centre	-75	-57	-45	-28	-37	31%	103%	n.m	n.m
Other and eliminations	-20	-36	-314	2	1	-44%	n.m	n.m	n.m
<b>Total incl. non-recurring items</b>	<b>-1,206</b>	<b>-1,178</b>	<b>-1,476</b>	<b>-1,108</b>	<b>-1,185</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>
<b>Total, excl. non-recurring items<sup>1</sup></b>	<b>-1,206</b>	<b>-1,178</b>	<b>-1,213</b>	<b>-1,108</b>	<b>-1,185</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>3%</b>

<sup>1</sup> Non-recurring items (Q4 2015: restructuring charge EUR 263m).

## Currency fluctuation effects

%-points	Q2/Q1	Q2/Q2	H1/H1
Income	1	-2	-2
Expenses	1	-1	-1
Operating profit	1	-2	-1
Loan and deposit volumes	0	-2	-2

# Nordea

## Net loan losses

Credit quality remains solid and net loan losses totalled to EUR 127m or 15 bps for the second quarter in 2016, compared to EUR 111m or 13 bps in the previous quarter. Individual losses on few, mainly oil and offshore related customers as well as increased collective provisions related to the Oil and Offshore sector are the main drivers behind the net loan loss this quarter.

The risk level has increased in oil and offshore related credit portfolios and it will not improve in the second half of this year. The full year loan losses are however expected to remain at around the long term average level of 16bps.

The impaired loans were up by 4%, mainly related to few large new impaired customers.

## Credit portfolio

Total lending to the public, excluding reversed repurchase agreements, amounted to EUR 309bn, unchanged from the previous quarter in local currencies. Overall, the credit quality of the loan portfolio remained solid, with a positive effect from migration in the household portfolio and close to zero migration for the corporate portfolio.

The impaired loans ratio increased to 172bps of total loans (165bps in previous quarter). Total impaired loans gross increased by 4% compared to the previous quarter. The non-performing part of impaired loans has decreased to 40% of impaired loans (42% in previous quarter).

The provisioning ratio decreased to 42% (43% in previous quarter).

### Loan loss ratios and impaired loans

Basis points of loans	Q216	Q116	Q415	Q315	Q215
Loan loss ratios					
annualised, Group	15	13	17	13	12
of which individual	13	14	16	12	12
of which collective	2	-1	1	1	0
Retail Banking Total	12	9	14	12	13
Banking Denmark <sup>1</sup>	10	9	21	10	24
Banking Finland <sup>1</sup>	6	5	21	24	13
Banking Norway <sup>1</sup>	26	16	0	2	9
Banking Sweden <sup>1</sup>	3	5	5	6	7
Banking Baltic countries <sup>1</sup>	54	35	54	34	-20
Corporate & Institutional Banking (CIB) <sup>1</sup>	17	38	56	41	19
Shipping, Offshore & Oil Services <sup>1</sup>	80	50	26	0	-13
Banking Russia <sup>1</sup>	120	29	13	47	72
Impaired loans ratio gross, Group (bps)	172	165	162	145	152
- performing	60%	58%	62%	66%	62%
- non-performing	40%	42%	38%	34%	38%
Total allowance ratio, Group (bps)	73	72	72	69	70
Provisioning ratio, Group <sup>2</sup>	42%	43%	45%	48%	46%

<sup>1</sup> Negative amount are net reversals.

<sup>2</sup> Total allowances in relation to gross impaired loans.

# Nordea

## Profit

### Operating profit

Operating profit excluding non-recurring items increased 6% in local currencies (+7% in EUR), to EUR 1,072m.

### Taxes

Income tax expense was EUR 227m. The effective tax rate was 18.6%.

### Net profit

Net profit increased 26% in local currencies (+27% in EUR) from the previous quarter to EUR 996m. Return on equity excluding non-recurring items was 11.4%, up 1.1%-points from the previous quarter.

Diluted earnings per share were EUR 0.25 for the total operations (EUR 0.19 in the previous quarter).

### Operating profit per business area

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.	
								Q2/Q1	Q2/Q2
Retail Banking	446	446	448	506	492	0%	-9%	-1%	-8%
Wholesale Banking	255	219	293	235	366	16%	-30%	12%	-29%
Wealth Management	297	284	320	244	290	5%	2%	4%	2%
Group Corporate Centre	96	95	80	14	93	1%	3%	n.m	n.m
Other and eliminations	129	-38	-114	34	-6	n.m	n.m	n.m	n.m
<b>Total, incl. non-recurring items</b>	<b>1,223</b>	<b>1,006</b>	<b>1,027</b>	<b>1,033</b>	<b>1,235</b>	<b>22%</b>	<b>-1%</b>	<b>20%</b>	<b>1%</b>
<b>Total, excl. non-recurring items<sup>1</sup></b>	<b>1,072</b>	<b>1,006</b>	<b>1,114</b>	<b>1,033</b>	<b>1,235</b>	<b>7%</b>	<b>-13%</b>	<b>6%</b>	<b>-12%</b>

<sup>1</sup> Non-recurring items (Q4 2015: gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176m before tax and restructuring charge of EUR 263m, Q2 2016: gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 151m net of tax).

## First half year 2016 compared to first half year 2015

Total income was down 9% in local currencies (-10% in EUR) from last year and operating profit was down 20% in local currencies (-21% in EUR) from last year excluding non-recurring items.

### Income

Net interest income was down 4% in local currencies (down 7% in EUR) from last year. Average lending volumes in local currencies in business areas up 2% from the first half year 2015. Average deposit volumes in local currencies in business areas up 5% from the first half year 2015. Both Lending margins and deposit margins are down (EUR -5m and -89m respectively) compared to one year ago.

Net fee and commission income decreased 3% in local currencies (-4% in EUR) and the net result from items at fair value decreased by 28% in local currencies (-27% in EUR) from last year.

### Expenses

Total expenses were up 2% in local currencies (unchanged in EUR) from the previous year excluding non-recurring items and amounted to EUR 2,384m, in line with the cost target communicated in connection with the 2016 plan. Staff costs were down 2% in local currencies.

### Net loan losses

Net loan loss provisions increased to EUR 238m, corresponding to a loan loss ratio of 14bps (13bps for the first half year 2015).

### Currency fluctuation impact

Currency fluctuations had a reducing effect of 2 %-points on income and 1%-point on expenses and -2%-points effect on loan and deposit volumes compared to a year ago.

### Net profit

Net profit decreased 11% in local currencies (-13% in EUR) to EUR 1,778m.

# Nordea

## Other information

### Capital position and risk exposure amount, REA

Nordea Group's Basel III Common equity tier 1 (CET1) capital ratio increased 10 bps in the quarter to 16.8% at the end of the second quarter 2016. The increase to the CET1 capital ratio was due to an increase in common equity tier 1 capital due to FX movements as well as a decrease in REA of EUR 0.1bn.

The tier 1 capital ratio increased to 18.9%, up 20bps compared to previous quarter and the total capital ratio increased from 21.8% to 22.1%.

REA was EUR 142.9bn, a decrease of EUR 0.1bn compared to the previous quarter. The decrease is mainly driven by an improved credit quality in the corporate portfolio as well as decreased market risk. The decrease in Article 3 buffer is offset by an increase in IRB models due to yearly parameter validations.

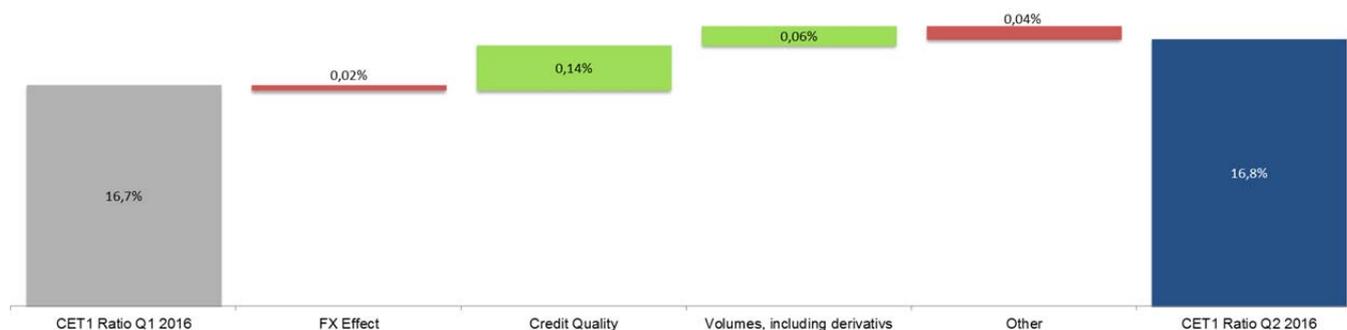
The CET1 capital was EUR 24.0bn, the Tier 1 capital was EUR 27.0bn and the Own Funds were EUR 31.5bn. The capital requirement based on Basel 1 transitional rules was EUR 17.7bn and the adjusted own funds were EUR 31.7bn.

The CRR leverage ratio remained stable at 4.4% compared to the first quarter and including profit at 4.5%. The leverage ratio is calculated in accordance with the delegated regulation 2015\62.

Economic Capital (EC) was at the end of the second quarter EUR 27.3bn, which is an increase by 0.3bn compared to first quarter. The increase is mainly due to the capital deductions, which increased economic capital by EUR 0.2bn driven by increases in intangibles and prudent valuation. Further, the increase in Pillar I credit risk had an effect of EUR 0.1bn on EC.

The Group's Internal Capital Requirement (ICR) was at the end of the second quarter EUR 15,307m, a decrease of EUR 37m compared to the previous quarter. The ICR should be compared to the own funds, which was EUR 31,530m at the end of the fourth quarter. The ICR is calculated based on a Pillar I plus Pillar II approach. For more detailed information about the ICR methodology see the Capital and Risk Management Report.

### Common equity tier 1 (CET1) capital ratio, changes in the quarter



The Common Equity Tier (CET) 1 ratio increased 10 bps to 16.8% compared to the previous quarter. The preliminary outcome of the Supervisory Review and Evaluation Process (SREP) for 2016 is a forward-looking CET 1 requirement by the end of 2016 of approximately 17% excluding a management buffer. It is Nordea's assessment that we will meet this requirement including a management buffer of 50-150 bps. We expect the final outcome in September/October.

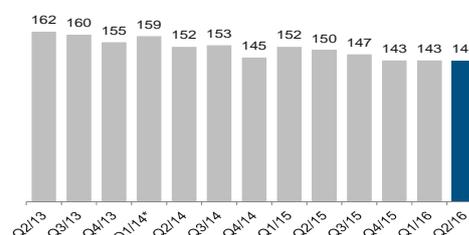
### Regulatory developments

On 24 May the Swedish Financial Authority, SFA, published the formally adopted supervisory methods and the maturity floor that both will raise the capital requirements primarily for exposures to corporates for banks that use the IRB approach. The increase is the result of a more conservative calculation of probability of default (PD) and the introduction of a maturity floor. The maturity floor will be applied in the 2016 supervisory review and evaluation process (SREP) and the changes to PD are expected to be applied during 2016.

### Capital ratios

%	Q216	Q116	Q415	Q315	Q215
<b>CRR/CRDIV</b>					
Common equity tier 1 cap. ratio	16.8	16.7	16.5	16.3	16.0
Tier 1 capital ratio	18.9	18.7	18.5	18.2	17.9
Total capital ratio	22.1	21.8	21.6	21.3	20.7

### Risk exposure amount, REA (EURbn), quarterly development



\*Implementation of CRD IV

# Nordea

## Balance sheet

Total assets in the balance sheet decreased EUR 5bn in the quarter. Loans to the public increased EUR 2bn in the quarter to EUR 345bn.

### Balance sheet data

EURbn	Q216	Q116	Q415	Q315	Q215
Loans to credit institutions	10	12	11	12	13
Loans to the public	345	343	341	349	358
Derivatives	87	87	81	90	86
Interest-bearing securities	85	87	87	85	87
Other assets	144	146	128	144	139
<b>Total assets</b>	<b>671</b>	<b>676</b>	<b>647</b>	<b>680</b>	<b>683</b>
Deposits from credit inst.	64	59	44	64	64
Deposits from the public	196	203	189	204	206
Debt securities in issue	188	193	202	192	196
Derivatives	83	87	80	87	84
Other liabilities	111	105	101	103	102
Total equity	30	29	31	30	30
<b>Total liabilities and equity</b>	<b>671</b>	<b>676</b>	<b>647</b>	<b>680</b>	<b>683</b>

## Nordea's funding and liquidity operations

Nordea issued approx. EUR 6.2bn in long-term funding in the second quarter excluding Danish covered bonds and subordinated notes, of which approx. EUR 2.5bn represented the issuance of Swedish and Norwegian covered bonds in domestic and international markets. A notable benchmark transaction in the quarter was a USD 1.5bn dual tranche senior unsecured issuance out of NBAB in May, split by a USD 1.25bn 5Y fixed and a USD 250m 5Y FRN bond.

Nordea's long-term funding portion of total funding was, at the end of the second quarter, approx. 82%.

Short-term liquidity risk is measured using several metrics and the Liquidity Coverage Ratio (LCR) is one such metric. LCR for the Nordea Group was, according to the Swedish FSA's LCR definition, 159% at the end of the second quarter. The LCR in EUR was 270% and in USD 189% at the end of the second quarter. LCR for the Nordea Group according to CRR LCR definitions was 155% at the end of the second quarter. The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV liquid assets and amounted to EUR 59bn at the end of the second quarter (EUR 60bn at the end of the first quarter).

### Funding and liquidity data

	Q216	Q116	Q415	Q315	Q215
Long-term funding portion	82%	83%	77%	78%	76%
LCR total	155%	155%	161%	142%	131%
LCR EUR	270%	174%	303%	288%	133%
LCR USD	189%	230%	188%	163%	165%

## Market risk

VaR numbers decreased in both banking book and trading book in the last quarter.

Banking book has driven the decrease at Group Level, primarily due to reduced holding positions in EUR and USD long term Government Bonds in Liquidity Buffer.

### Banking book

EURm	Q216	Q116	Q415	Q315	Q215
Total risk, VaR	80	90	77	77	48
Interest rate risk, VaR	75	90	76	76	45
Equity risk, VaR	6	7	3	3	1
Foreign exchange risk, VaR	20	3	3	3	6
Credit spread risk, VaR	4	6	3	4	4
Diversification effect	25%	15%	10%	10%	14%

### Trading book

EURm	Q216	Q116	Q415	Q315	Q215
Total risk, VaR	32	36	33	17	29
Interest rate risk, VaR	29	34	32	14	26
Equity risk, VaR	4	2	7	6	4
Foreign exchange risk, VaR	6	10	4	3	9
Credit spread risk, VaR	10	3	6	9	6
Diversification effect	36%	28%	32%	49%	36%

## Nordea share

In the second quarter, Nordea's share price on the Nasdaq Stockholm Exchange depreciated from SEK 78.0 to SEK 70.9.

## Delivering on the Simplification Programme

At May 17, the Swedish Financial Authority approved the plans for the mergers of the Norwegian, Danish and Finnish banking subsidiaries with NBAB. We intend to execute on the merger plan in early January 2017. The changes to the legal structure are subject to regulatory approvals and a satisfactory outcome of discussions with the local authorities.

In early June our first product successfully went live on our core banking platform. This was achieved less than six months after installing the model bank. The product is a fixed term deposit, accessible 24/7, fully digitised and offered to Nordea employees in Finland.

In June, all in- and outbound SEPA Interbank payments for Baltics and Nordic non Euro countries were successfully added to our Global Payment Engine. The next step will be SEPA Interbank payments in Finland.

## Compliance risk

Nordea is subject to various legal regimes relating to anti-money laundering (AML) and economic sanctions, including those of the European Union and the United States. Governmental authorities that administer and enforce those regimes are regularly conducting investigations with regards to Nordea's regulatory compliance. The outcome of certain investigations is pending, and criticism and sanctions cannot be ruled out. This includes the investigation and related report from the Danish FSA regarding Anti-Money Laundering procedures in Nordea Bank A/S. The report was published in June, but the final outcome is still pending. Similarly, Nordea is also responding to inquiries from U.S. governmental authorities regarding historical

# Nordea

compliance with U.S. financial sanctions, as well as inquiries from U.S. and other governmental authorities related to the law firm Mossack Fonseca and the "Panama Papers" documents.

Nordea is addressing the identified deficiencies within the area of Financial Crime (including AML) through the Financial Crime Change Program which was launched in June 2015, and significantly ramped up during 2016.

In addition, in mid-April the CEO initiated an internal investigation to assess whether the business activities in our Private Banking operations are in line with internal policies as well as external tax rules and anti-money laundering regulations. The investigation covered Panama-related offshore structures in Nordea Bank S.A. in Luxembourg (NBSA) as well as Nordic Private Banking. The main conclusions from the investigation are presented in a separate press release that Nordea issued today.

## **Important events after end of second quarter**

Nordea is finalising an agreement with a limited number of investors to enter into a synthetic risk transfer covering EUR 8.4bn of Nordea's loan portfolio.

The risk transfer is performed through a collateralised CDS structure, and no assets will be derecognised from Nordea's balance sheet. The transaction will be reported as a derivative as from the third quarter 2016.

Nordea considers the Nordic macro indicators to be stable and the risk transfer increases available capital. The transaction includes a broad selection of assets from Nordea's core corporate loan book and does not target any specific sectors/geographies.

The transaction is priced at an attractive cost of capital for Nordea, and reflects Nordea's historically very strong asset quality. The transaction will improve Nordea's CET1 capital ratio with approx. 30bps.

# Nordea

## Quarterly development, Group

EURm	Q2 2016	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Jan-Jun 2016	Jan-Jun 2015
Net interest income	1,172	1,168	1,203	1,233	1,274	2,340	2,527
Net fee and commission income	804	772	821	767	833	1,576	1,642
Net result from items at fair value	405	332	421	211	386	737	1,013
Equity method	101	9	3	18	8	110	18
Other operating income	74	14	197	24	22	88	42
<b>Total operating income</b>	<b>2,556</b>	<b>2,295</b>	<b>2,645</b>	<b>2,253</b>	<b>2,523</b>	<b>4,851</b>	<b>5,242</b>
General administrative expenses:							
Staff costs	-756	-740	-956	-756	-772	-1,496	-1,551
Other expenses	-396	-386	-455	-303	-363	-782	-727
Depreciation of tangible and intangible assets	-54	-52	-65	-49	-50	-106	-95
<b>Total operating expenses</b>	<b>-1,206</b>	<b>-1,178</b>	<b>-1,476</b>	<b>-1,108</b>	<b>-1,185</b>	<b>-2,384</b>	<b>-2,373</b>
<b>Profit before loan losses</b>	<b>1,350</b>	<b>1,117</b>	<b>1,169</b>	<b>1,145</b>	<b>1,338</b>	<b>2,467</b>	<b>2,869</b>
Net loan losses	-127	-111	-142	-112	-103	-238	-225
<b>Operating profit</b>	<b>1,223</b>	<b>1,006</b>	<b>1,027</b>	<b>1,033</b>	<b>1,235</b>	<b>2,229</b>	<b>2,644</b>
Income tax expense	-227	-224	-179	-253	-283	-451	-610
<b>Net profit for the period</b>	<b>996</b>	<b>782</b>	<b>848</b>	<b>780</b>	<b>952</b>	<b>1,778</b>	<b>2,034</b>
Diluted earnings per share (DEPS), EUR	0.25	0.19	0.21	0.19	0.24	0.44	0.51
DEPS, rolling 12 months up to period end, EUR	0.84	0.83	0.91	0.92	0.95	0.84	0.95



## Business areas

EURm	Nordea Group																	
	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
	Q2	Q1	Chg	Q2	Q1	Chg	Q2	Q1	Chg	Q2	Q1	Chg	Q2	Q1	Chg	Q2	Q1	Chg
	2016	2016		2016	2016		2016	2016		2016	2016		2016	2016		2016	2016	
Net interest income	801	790	1%	209	213	-2%	28	26	8%	125	131	-4%	9	8	10%	1,172	1,168	0%
Net fee and commission income	278	284	-2%	162	161	1%	378	338	12%	-2	-4		-12	-7		804	772	4%
Net result from items at fair value	108	93	16%	169	112	51%	84	108	-22%	46	25	86%	-2	-6		405	332	22%
Equity method & other income	10	11	-9%	0	0		9	9	0%	1	1	33%	155	2		175	23	
<b>Total operating income</b>	<b>1,197</b>	<b>1,178</b>	<b>2%</b>	<b>540</b>	<b>486</b>	<b>11%</b>	<b>499</b>	<b>481</b>	<b>4%</b>	<b>171</b>	<b>153</b>	<b>12%</b>	<b>149</b>	<b>-3</b>		<b>2,556</b>	<b>2,295</b>	<b>11%</b>
Staff costs	-336	-349	-4%	-159	-139	14%	-125	-122	2%	-77	-68	13%	-59	-62	-5%	-756	-740	2%
Other expenses	-326	-307	6%	-65	-67	-3%	-75	-72	4%	17	23	-26%	53	37	43%	-396	-386	3%
Depreciations	-18	-21	-14%	-5	-5	0%	-2	-3	-33%	-15	-12	25%	-14	-11	27%	-54	-52	4%
<b>Total operating expenses</b>	<b>-680</b>	<b>-677</b>	<b>0%</b>	<b>-229</b>	<b>-211</b>	<b>9%</b>	<b>-202</b>	<b>-197</b>	<b>3%</b>	<b>-75</b>	<b>-57</b>	<b>31%</b>	<b>-20</b>	<b>-36</b>	<b>-44%</b>	<b>-1,206</b>	<b>-1,178</b>	<b>2%</b>
Net loan losses	-71	-55	29%	-56	-56	0%	0	0		0	0		0	-39	-100%	-127	-111	14%
<b>Operating profit</b>	<b>446</b>	<b>446</b>	<b>0%</b>	<b>255</b>	<b>219</b>	<b>16%</b>	<b>297</b>	<b>284</b>	<b>5%</b>	<b>96</b>	<b>95</b>	<b>1%</b>	<b>129</b>	<b>-38</b>		<b>1,223</b>	<b>1,006</b>	<b>22%</b>
Cost/income ratio, %	57	58		42	43		40	41		44	37		-	-		50	51	
ROCAR, %	10	11		9	8		38	36		-	-		-	-		12	12	
Economic capital (EC)	13,543	13,295	2%	9,109	8,926	2%	2,442	2,367	3%	1,065	1,065	0%	1,188	1,384	-14%	27,347	27,037	1%
Risk exposure amount (REA)	68,761	68,070	1%	53,440	52,639	2%	5,526	5,526	0%	7,735	7,720	0%	7,451	9,108	-18%	142,913	143,063	0%
Number of employees (FTEs)	18,414	18,242	1%	4,046	4,023	1%	3,673	3,613	2%	2,870	2,646	8%	1,993	1,875	6%	30,996	30,399	2%
<b>Volumes, EURbn:</b>																		
Lending to corporates	78.3	78.5	0%	99.4	98.4	1%	-	-		-	-		0.7	0		178.4	177.4	1%
Household mortgage lending	132.9	131.9	1%	0.3	0.3	0%	7.0	6.8	3%	-	-		-	-		140.2	139.0	1%
Consumer lending	22.2	22.5	-1%	-	-		3.8	3.8	0%	-	-		-	-		26.0	26.3	-1%
<b>Total lending</b>	<b>233.4</b>	<b>232.9</b>	<b>0%</b>	<b>99.7</b>	<b>98.7</b>	<b>1%</b>	<b>10.8</b>	<b>10.6</b>	<b>2%</b>	<b>-</b>	<b>-</b>		<b>0.7</b>	<b>0.5</b>		<b>344.6</b>	<b>342.7</b>	<b>1%</b>
Corporate deposits	45.1	45.8	-2%	60.2	67.9	-11%	-	-		-	-		1.9	2.6		107.2	116.3	-8%
Household deposits	75.3	73.3	3%	0.1	0.1	0%	13.4	13.1	2%	-	-		0	0		88.8	86.5	3%
<b>Total deposits</b>	<b>120.4</b>	<b>119.1</b>	<b>1%</b>	<b>60.3</b>	<b>68.0</b>	<b>-11%</b>	<b>13.4</b>	<b>13.1</b>	<b>2%</b>	<b>-</b>	<b>-</b>		<b>1.9</b>	<b>2.6</b>	<b>-27%</b>	<b>196.0</b>	<b>202.8</b>	<b>-3%</b>

EURm	Nordea Group																	
	Retail Banking			Wholesale Banking			Wealth Management			Group Corporate Centre			Group Functions, Other and Eliminations			Nordea Group		
	Jan-Jun	2015	Chg	Jan-Jun	2015	Chg	Jan-Jun	2015	Chg	Jan-Jun	2015	Chg	Jan-Jun	2015	Chg	Jan-Jun	2015	Chg
	2016	2015		2016	2015		2016	2015		2016	2015		2016	2015		2016	2015	
Net interest income	1,591	1,727	-8%	422	508	-17%	54	52	4%	256	206	24%	17	34	-49%	2,340	2,527	-7%
Net fee and commission income	562	644	-13%	323	298	8%	716	721	-1%	-6	-7		-19	-14		1,576	1,642	-4%
Net result from items at fair value	201	208	-3%	281	544	-48%	192	177	8%	71	96	-26%	-8	-12		737	1,013	-27%
Equity method & other income	21	19	11%	0	1	-100%	18	14	29%	2	15	-86%	157	11		198	60	
<b>Total operating income</b>	<b>2,375</b>	<b>2,598</b>	<b>-9%</b>	<b>1,026</b>	<b>1,351</b>	<b>-24%</b>	<b>980</b>	<b>964</b>	<b>2%</b>	<b>324</b>	<b>310</b>	<b>4%</b>	<b>146</b>	<b>19</b>		<b>4,851</b>	<b>5,242</b>	<b>-7%</b>
Staff costs	-685	-715	-4%	-298	-343	-13%	-247	-255	-3%	-145	-118	23%	-121	-120	1%	-1,496	-1,551	-4%
Other expenses	-633	-636	0%	-132	-140	-6%	-147	-142	4%	40	68	-41%	90	123	-27%	-782	-727	8%
Depreciations	-39	-37	5%	-10	-12	-17%	-5	-3	67%	-27	-19	42%	-25	-24	4%	-106	-95	12%
<b>Total operating expenses</b>	<b>-1,357</b>	<b>-1,388</b>	<b>-2%</b>	<b>-440</b>	<b>-495</b>	<b>-11%</b>	<b>-399</b>	<b>-400</b>	<b>0%</b>	<b>-132</b>	<b>-69</b>	<b>90%</b>	<b>-56</b>	<b>-21</b>	<b>172%</b>	<b>-2,384</b>	<b>-2,373</b>	<b>0%</b>
Net loan losses	-126	-164	-23%	-112	-55	104%	0	-1	-100%	0	0		0	-55	-100%	-238	-225	6%
<b>Operating profit</b>	<b>892</b>	<b>1,046</b>	<b>-15%</b>	<b>474</b>	<b>801</b>	<b>-41%</b>	<b>581</b>	<b>563</b>	<b>3%</b>	<b>191</b>	<b>241</b>	<b>-21%</b>	<b>91</b>	<b>-7</b>		<b>2,229</b>	<b>2,644</b>	<b>-16%</b>
Cost/income ratio, %	57	53		43	37		41	42		41	22		-	-		51	45	
ROCAR, %	11	13		9	15		37	38		-	-		-	-		12	16	
Economic capital (EC)	13,543	11,923	14%	9,109	7,872	16%	2,442	2,319	5%	1,065	1,311	-19%	1,188	1,660	-28%	27,347	25,085	9%
Risk exposure amount (REA)	68,761	70,015	-2%	53,440	53,120	1%	5,526	5,402	2%	7,735	9,941	-22%	7,451	11,288	-34%	142,913	149,766	-5%
Number of employees (FTEs)	18,414	18,150	1%	4,046	4,141	-2%	3,673	3,501	5%	2,870	2,301	25%	1,993	1,625	23%	30,996	29,719	4%
<b>Volumes, EURbn:</b>																		
Lending to corporates	78.3	80.9	-3%	99.4	114.0	-13%	-	-		-	-		0.7	-1.0		178.4	193.9	-8%
Household mortgage lending	132.9	129.8	2%	0.3	0.4	-25%	7.0	6.5	8%	-	-		-	-		140.2	136.7	3%
Consumer lending	22.2	23.6	-6%	-	-		3.8	3.3	15%	-	-		-	-		26.0	26.9	-3%
<b>Total lending</b>	<b>233.4</b>	<b>234.3</b>	<b>0%</b>	<b>99.7</b>	<b>114.4</b>	<b>-13%</b>	<b>10.8</b>	<b>9.9</b>	<b>9%</b>	<b>-</b>	<b>-</b>		<b>0.7</b>	<b>-1.0</b>		<b>344.6</b>	<b>357.6</b>	<b>-4%</b>
Corporate deposits	45.1	44.8	1%	60.2	72.0	-16%	-	-		-	-		1.9	1.3		107.2	118.1	-9%
Household deposits	75.3	75.0	0%	0.1	0.1	0%	13.4	13.2	2%	-	-		-	-		88.8	88.3	1%
<b>Total deposits</b>	<b>120.4</b>	<b>119.8</b>	<b>1%</b>	<b>60.3</b>	<b>72.1</b>	<b>-16%</b>	<b>13.4</b>	<b>13.2</b>	<b>2%</b>	<b>-</b>	<b>-</b>		<b>1.9</b>	<b>1.3</b>	<b>46%</b>	<b>196.0</b>	<b>206.4</b>	<b>-5%</b>

# Nordea

## Retail Banking

The business area consists of the retail banking business in the Nordic region and the Baltic countries and includes all parts of the value chain except the Nordic Private Banking segment. Approx. 10 million household customers and 0.5 million corporate customers are offered a wide range of products. Besides 582 branch locations, customers are served by contact centres as well as through the online banking channels.

On July 1<sup>st</sup> the business area was split into two new business areas Personal Banking and Commercial & Business Banking, to enhance our customer services. The change will be implemented during the second half year of 2016.

### Business development

The digital services for household customers continue to expand. Since the beginning of the year, iPhone users have been able to get access to an adviser in Nordea with just one click in the Mobile Banking app. Now, Android users can also chat with Nordea and easily place calls to Nordea directly in the app as well as use the fun features of logging in with TouchID and shaking the phone to log out. In Finland, customers can now see the balances of their funds and insurance savings in the Mobile Banking app. And in Norway customers can now access an overview of their funds in Nordea Life & Pension, get an insurance quote and apply for a loan promise.

This year, we have made it possible to send documents and agreements digitally to our customers. In Denmark, Norway and soon Sweden, customers can now sign the documents digitally, thus shortening loan procedures immensely.

Nordea piloted its first Start-up Accelerator last November which was fruitful for both the start-ups and Nordea. This year, we will expand the concept and run the largest Nordic Fintech Accelerator together with one of the world's largest global IT services brands – Tata Consultancy Services (TCS). The programme will start with a Training and Selection week in Oslo in August and then continue with a 12 week onsite in Nordea HQ in Helsinki and Stockholm from September.

Another area where the interest for our online solutions continues to increase is when it comes to getting advice online. Still more customers prefer an online meeting and today one out of six of all customer meetings are online meetings. The need for online meetings is also met via our new e-branches. Here, customers get access to the same advice as in the physical branch, but with more flexible opening hours and through a team of advisers. Across the Nordics we now have 29 eBranches with so far 250 advisers available to serve customers.

The online on boarding solutions mean better customer experiences and enhanced compliance. In Sweden 97% of our new Business Banking customers coming through Business Banking Direct are now on boarded online. That

is a good achievement. In Denmark we opened the first Business Banking Direct e-branch during the quarter.

### Result

Total income increased 2% from the first quarter as net interest income increased for the first time since 2014 and net result from items at fair value continued to grow.

Net interest income increased 1% from the previous quarter as initiatives to increase margins gradually took effect on both corporate and household lending, mitigating the worsening of the macroeconomic environment where interest rates have continued to drop.

In local currencies, lending volumes continued up from the previous quarter and increased by 1% from the same quarter last year. Deposit volumes improved from the previous quarter and ended at a high level.

Net fee and commission income decreased from the previous quarter coming primarily from the development in Banking Denmark. Net result from items at fair value picked up and ended at the highest level since the beginning of 2015, coming primarily from customer activity in the risk management area.

In local currencies expenses were unchanged from the previous quarter, but down 1% compared to the same period last year as the continued focus on efficiency and branch network transformation more than mitigated inflation and increased compliance investments.

Economic capital (EC) and Risk exposure amount (REA) increased from last quarter. ROCAR ended at 10%, slightly down compared to the previous quarter.

### Credit quality

Net loan losses increased from a very low Q1, but remained at a low level. The loan loss ratio was 12bps compared to 9bps in the first quarter. Compared to the first half of 2015, net loan losses decreased 23%. Credit quality remained solid.

### Banking Denmark

Total income decreased from the previous quarter following a lower level of mortgage refinancing. Further Q1 included a yearly effect from general insurance sales. Demand for consumer lending remained low while tax returns and dividend payments increased the deposit volumes. Demand for online services was high. The number of Household relationship customers serviced in e-branches increased 38% compared to the previous quarter. With the establishment of Business Banking Direct online service is now offered to small and mid-sized corporate customers.

### Banking Finland

Total income increased in the second quarter driven by markets income. The development of net interest income and commission income was stable despite an uncertain

# Nordea

macroeconomic environment. Lending volumes increased from household mortgage lending, while the increase in deposits came mainly from the corporate segment. Costs have remained stable despite investments in the Remote and Premium concept. Loan losses remained at a low level in the second quarter.

## Banking Norway

Total income increased 10% from the previous quarter. In local currency corporate lending volumes decreased on business selection and internal customer movements with a corresponding increase in lending margin. Household lending volumes increased with close to market growth and the underlying lending margin improved. Deposit volumes increased significantly. Net fee and commission income showed a high growth especially from savings- and lending commission income. The number of online meetings increased further, and 22% of Household meetings were remote meetings. Loan losses increased on single corporate customers and collective provisions.

## Banking Sweden

In local currency business volumes increased compared to the previous quarter, a combination of growing lending vol-

umes and stable deposit volumes. Continued volatile stock markets and capital markets limited the development for commission income. A 35% increase in net result from items at fair value was the main driver behind the 4% growth in total income. The number of FTEs increased following investments in online units and contact centres as well as in compliance processes. Net loan losses remained low.

## Banking Baltic countries

Total income increased 8% from the previous quarter coming primarily from the high sales of risk management products, improving lending margins and increased customer activity in daily banking.

Expenses increased following temporary fluctuations and investments in compliance processes. After the unusually low loan losses in the first half of 2015, provisions have increased but have been on an average stable level during the last four quarters.

### Retail Banking total

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.		H1 16	H1 15	H1 vs H1	
								Q2/Q1	Q2/Q2			EUR	Local
Net interest income	801	790	815	834	854	1%	-6%	1%	-5%	1,591	1,727	-8%	-6%
Net fee and commission income	278	284	288	298	320	-2%	-13%	-3%	-13%	562	644	-13%	-12%
Net result from items at fair value	108	93	87	97	78	16%	38%	16%	42%	201	208	-3%	-1%
Equity method & other income	10	11	5	19	10	-9%	0%	-9%	0%	21	19	11%	11%
<b>Total income incl. allocations</b>	<b>1,197</b>	<b>1,178</b>	<b>1,195</b>	<b>1,248</b>	<b>1,262</b>	<b>2%</b>	<b>-5%</b>	<b>1%</b>	<b>-4%</b>	<b>2,375</b>	<b>2,598</b>	<b>-9%</b>	<b>-7%</b>
Staff costs	-336	-349	-340	-361	-362	-4%	-7%	-5%	-6%	-685	-715	-4%	-3%
Other exp. excl. depreciations	-326	-307	-304	-292	-316	6%	3%	5%	4%	-633	-636	0%	1%
<b>Total expenses incl. allocations</b>	<b>-680</b>	<b>-677</b>	<b>-664</b>	<b>-675</b>	<b>-696</b>	<b>0%</b>	<b>-2%</b>	<b>0%</b>	<b>-1%</b>	<b>-1,357</b>	<b>-1,388</b>	<b>-2%</b>	<b>-1%</b>
<b>Profit before loan losses</b>	<b>517</b>	<b>501</b>	<b>531</b>	<b>573</b>	<b>566</b>	<b>3%</b>	<b>-9%</b>	<b>3%</b>	<b>-7%</b>	<b>1,018</b>	<b>1,210</b>	<b>-16%</b>	<b>-14%</b>
Net loan losses	-71	-55	-83	-67	-74	29%	-4%	29%	-1%	-126	-164	-23%	-21%
<b>Operating profit</b>	<b>446</b>	<b>446</b>	<b>448</b>	<b>506</b>	<b>492</b>	<b>0%</b>	<b>-9%</b>	<b>-1%</b>	<b>-8%</b>	<b>892</b>	<b>1046</b>	<b>-15%</b>	<b>-13%</b>
Cost/income ratio, %	57	58	56	54	55					57	53		
ROCAR, %	10	11	11	13	12					11	13		
Economic capital (EC)	13,543	13,295	12,158	12,095	11,923	2%	14%	3%	16%	13,543	11,923	14%	16%
Risk exposure amount (REA)	68,761	68,070	69,428	71,389	70,015	1%	-2%	1%	-1%	68,761	70,015	-2%	-1%
Number of employees (FTEs)	18,414	18,242	18,184	18,198	18,150	1%	1%	1%	1%	18,414	18,150	1%	1%
<b>Volumes, EURbn:</b>													
Lending to corporates	78.3	78.5	78.3	78.8	80.9	0%	-3%	0%	-1%	78.3	80.9	-3%	-1%
Household mortgage lending	132.9	131.9	130.6	128.4	129.8	1%	2%	1%	4%	132.9	129.8	2%	4%
Consumer lending	22.2	22.5	22.7	23.3	23.6	-1%	-6%	-1%	-5%	22.2	23.6	-6%	-5%
<b>Total lending</b>	<b>233.4</b>	<b>232.9</b>	<b>231.6</b>	<b>230.5</b>	<b>234.3</b>	<b>0%</b>	<b>0%</b>	<b>1%</b>	<b>1%</b>	<b>233.4</b>	<b>234.3</b>	<b>0%</b>	<b>1%</b>
Corporate deposits	45.1	45.8	46.7	44.4	44.8	-2%	1%	-1%	2%	45.1	44.8	1%	2%
Household deposits	75.3	73.3	73.7	73.5	75.0	3%	0%	3%	2%	75.3	75.0	0%	2%
<b>Total deposits</b>	<b>120.4</b>	<b>119.1</b>	<b>120.4</b>	<b>117.9</b>	<b>119.8</b>	<b>1%</b>	<b>1%</b>	<b>2%</b>	<b>2%</b>	<b>120.4</b>	<b>119.8</b>	<b>1%</b>	<b>2%</b>

Restatements following organisational changes and changes in EC and REA, due to divestment of card acquiring business to Nets.

# Nordea

## Banking Denmark

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	250	250	259	266	263	0%	-5%	500	532	-6%
Net fee and commission income	56	68	65	74	82	-18%	-32%	124	177	-30%
Net result from items at fair value	15	18	1	13	-13	-17%		33	16	106%
Equity method & other income	0	4	-4	9	3	-100%	-100%	4	6	-33%
<b>Total income incl. allocations</b>	<b>321</b>	<b>340</b>	<b>321</b>	<b>362</b>	<b>335</b>	<b>-6%</b>	<b>-4%</b>	<b>661</b>	<b>731</b>	<b>-10%</b>
Staff costs	-74	-75	-73	-78	-73	-1%	1%	-149	-149	0%
Other exp. excl. depreciations	-119	-114	-124	-114	-123	4%	-3%	-233	-247	-6%
<b>Total expenses incl. allocations</b>	<b>-197</b>	<b>-193</b>	<b>-200</b>	<b>-196</b>	<b>-200</b>	<b>2%</b>	<b>-2%</b>	<b>-390</b>	<b>-404</b>	<b>-3%</b>
<b>Profit before loan losses</b>	<b>124</b>	<b>147</b>	<b>121</b>	<b>166</b>	<b>135</b>	<b>-16%</b>	<b>-8%</b>	<b>271</b>	<b>327</b>	<b>-17%</b>
Net loan losses	-17	-14	-35	-16	-40	21%	-58%	-31	-84	-63%
<b>Operating profit</b>	<b>107</b>	<b>133</b>	<b>86</b>	<b>150</b>	<b>95</b>	<b>-20%</b>	<b>13%</b>	<b>240</b>	<b>243</b>	<b>-1%</b>
Cost/income ratio, %	61	57	62	54	60			59	55	
ROCAR, %	9	11	8	13	8			10	11	
Economic capital (EC)	3,856	3,763	3,410	3,481	3,410	2%	13%	3,856	3,410	13%
Risk exposure amount (REA)	23,146	22,628	23,385	24,321	23,650	2%	-2%	23,146	23,650	-2%
Number of employees (FTEs)	3,252	3,192	3,173	3,240	3,332	2%	-2%	3,252	3,332	-2%
<b>Volumes, EURbn:</b>										
Lending to corporates	22.2	22.2	22.4	22.1	22.4	0%	-1%	22.2	22.4	-1%
Household mortgage lending	32.6	32.4	32.3	32.3	32.0	1%	2%	32.6	32.0	2%
Consumer lending	10.6	10.8	10.9	11.3	11.3	-2%	-6%	10.6	11.3	-6%
<b>Total lending</b>	<b>65.4</b>	<b>65.4</b>	<b>65.6</b>	<b>65.7</b>	<b>65.7</b>	<b>0%</b>	<b>0%</b>	<b>65.4</b>	<b>65.7</b>	<b>0%</b>
Corporate deposits	8.9	9.0	9.3	8.8	9.0	-1%	-1%	8.9	9.0	-1%
Household deposits	23.3	22.6	22.9	23.2	23.7	3%	-2%	23.3	23.7	-2%
<b>Total deposits</b>	<b>32.2</b>	<b>31.6</b>	<b>32.2</b>	<b>32.0</b>	<b>32.7</b>	<b>2%</b>	<b>-2%</b>	<b>32.2</b>	<b>32.7</b>	<b>-2%</b>

Restatements following changes in EC and REA, due to divestment of card acquiring business to Nets.

## Banking Finland

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	168	169	190	188	186	-1%	-10%	337	373	-10%
Net fee and commission income	88	86	88	84	95	2%	-7%	174	187	-7%
Net result from items at fair value	38	29	32	27	35	31%	9%	67	70	-4%
Equity method & other income	1	0	1	2	1		0%	1	1	0%
<b>Total income incl. allocations</b>	<b>295</b>	<b>284</b>	<b>311</b>	<b>301</b>	<b>317</b>	<b>4%</b>	<b>-7%</b>	<b>579</b>	<b>631</b>	<b>-8%</b>
Staff costs	-53	-54	-52	-57	-54	-2%	-2%	-107	-109	-2%
Other exp. excl. depreciations	-106	-106	-109	-101	-105	0%	1%	-212	-210	1%
<b>Total expenses incl. allocations</b>	<b>-162</b>	<b>-163</b>	<b>-164</b>	<b>-160</b>	<b>-162</b>	<b>-1%</b>	<b>0%</b>	<b>-325</b>	<b>-324</b>	<b>0%</b>
<b>Profit before loan losses</b>	<b>133</b>	<b>121</b>	<b>147</b>	<b>141</b>	<b>155</b>	<b>10%</b>	<b>-14%</b>	<b>254</b>	<b>307</b>	<b>-17%</b>
Net loan losses	-8	-6	-26	-30	-16	33%	-50%	-14	-37	-62%
<b>Operating profit</b>	<b>125</b>	<b>115</b>	<b>121</b>	<b>111</b>	<b>139</b>	<b>9%</b>	<b>-10%</b>	<b>240</b>	<b>270</b>	<b>-11%</b>
Cost/income ratio, %	55	57	53	53	51			56	51	
ROCAR, %	16	16	18	17	22			16	21	
Economic capital (EC)	2,459	2,396	2,046	2,038	1,969	3%	25%	2,459	1,969	25%
Risk exposure amount (REA)	13,640	13,382	13,310	13,445	12,949	2%	5%	13,640	12,949	5%
Number of employees (FTEs)	3,637	3,623	3,667	3,707	3,760	0%	-3%	3,637	3,760	-3%
<b>Volumes, EURbn:</b>										
Lending to corporates	15.6	15.6	15.4	15.5	15.3	0%	2%	15.6	15.3	2%
Household mortgage lending	27.9	27.7	27.8	27.7	27.6	1%	1%	27.9	27.6	1%
Consumer lending	6.4	6.4	6.4	6.5	6.5	0%	-2%	6.4	6.5	-2%
<b>Total lending</b>	<b>49.9</b>	<b>49.7</b>	<b>49.6</b>	<b>49.7</b>	<b>49.4</b>	<b>0%</b>	<b>1%</b>	<b>49.9</b>	<b>49.4</b>	<b>1%</b>
Corporate deposits	11.8	11.3	10.8	10.7	10.6	4%	11%	11.8	10.6	11%
Household deposits	20.7	20.5	20.6	20.6	20.7	1%	0%	20.7	20.7	0%
<b>Total deposits</b>	<b>32.5</b>	<b>31.8</b>	<b>31.4</b>	<b>31.3</b>	<b>31.3</b>	<b>2%</b>	<b>4%</b>	<b>32.5</b>	<b>31.3</b>	<b>4%</b>

Restatements following organisational changes and changes in EC and REA, due to divestment of card acquiring business to Nets.

# Nordea

## Banking Norway

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.		H1 16	H1 15	H1 vs H1	
								Q2/Q1	Q2/Q2			EUR	Local
Net interest income	150	136	145	161	171	10%	-12%	7%	-4%	286	350	-18%	-10%
Net fee and commission income	43	39	45	42	44	10%	-2%	10%	10%	82	86	-5%	6%
Net result from items at fair value	18	17	17	17	20	6%	-10%	6%	-5%	35	53	-34%	-30%
Equity method & other income	1	0	0	2	0			0%	0%	1	0		
<b>Total income incl. allocations</b>	<b>212</b>	<b>192</b>	<b>207</b>	<b>222</b>	<b>235</b>	<b>10%</b>	<b>-10%</b>	<b>8%</b>	<b>-1%</b>	<b>404</b>	<b>489</b>	<b>-17%</b>	<b>-9%</b>
Staff costs	-32	-31	-33	-34	-35	3%	-9%	0%	-3%	-63	-70	-10%	-3%
Other exp. excl. depreciations	-70	-64	-68	-66	-71	9%	-1%	8%	9%	-134	-141	-5%	0%
<b>Total expenses incl. allocations</b>	<b>-103</b>	<b>-96</b>	<b>-102</b>	<b>-100</b>	<b>-107</b>	<b>7%</b>	<b>-4%</b>	<b>4%</b>	<b>5%</b>	<b>-199</b>	<b>-214</b>	<b>-7%</b>	<b>2%</b>
<b>Profit before loan losses</b>	<b>109</b>	<b>96</b>	<b>105</b>	<b>122</b>	<b>128</b>	<b>14%</b>	<b>-15%</b>	<b>12%</b>	<b>-6%</b>	<b>205</b>	<b>275</b>	<b>-25%</b>	<b>-18%</b>
Net loan losses	-28	-17	0	-2	-10	65%	180%	61%	190%	-45	-28	61%	74%
<b>Operating profit</b>	<b>81</b>	<b>79</b>	<b>105</b>	<b>120</b>	<b>118</b>	<b>3%</b>	<b>-31%</b>	<b>1%</b>	<b>-24%</b>	<b>160</b>	<b>247</b>	<b>-35%</b>	<b>-29%</b>
Cost/income ratio, %	49	50	49	45	46					49	44		
ROCAR, %	9	9	12	14	14					9	15		
Economic capital (EC)	2,664	2,641	2,630	2,603	2,610	1%	2%	0%	8%	2,664	2,610	2%	8%
Risk exposure amount (REA)	14,007	14,204	15,009	15,360	15,298	-1%	-8%	-3%	-4%	14,007	15,298	-8%	-4%
Number of employees (FTEs)	1,294	1,274	1,269	1,327	1,326	2%	-2%	2%	-2%	1,294	1,326	-2%	-2%
<b>Volumes, EURbn:</b>													
Lending to corporates	16.7	16.7	16.7	17.2	18.7	0%	-11%	-3%	-6%	16.7	18.7	-11%	-6%
Household mortgage lending	25.7	25.1	24.3	24.1	25.8	2%	0%	2%	6%	25.7	25.8	0%	6%
Consumer lending	0.2	0.3	0.2	0.5	0.6	-33%	-67%	0%	-50%	0.2	0.6	-67%	-50%
<b>Total lending</b>	<b>42.6</b>	<b>42.1</b>	<b>41.2</b>	<b>41.8</b>	<b>45.1</b>	<b>1%</b>	<b>-6%</b>	<b>0%</b>	<b>0%</b>	<b>42.6</b>	<b>45.1</b>	<b>-6%</b>	<b>0%</b>
Corporate deposits	9.4	9.2	9.0	8.9	9.5	2%	-1%	0%	4%	9.4	9.5	-1%	4%
Household deposits	8.0	7.5	7.3	7.8	8.6	7%	-7%	7%	0%	8.0	8.6	-7%	0%
<b>Total deposits</b>	<b>17.4</b>	<b>16.7</b>	<b>16.3</b>	<b>16.7</b>	<b>18.1</b>	<b>4%</b>	<b>-4%</b>	<b>3%</b>	<b>2%</b>	<b>17.4</b>	<b>18.1</b>	<b>-4%</b>	<b>2%</b>

Restatements following changes in EC and REA, due to divestment of card acquiring business to Nets.

## Banking Sweden

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.		H1 16	H1 15	H1 vs H1	
								Q2/Q1	Q2/Q2			EUR	Local
Net interest income	229	225	209	207	217	2%	6%	2%	6%	454	441	3%	2%
Net fee and commission income	103	102	98	103	106	1%	-3%	-1%	-4%	205	209	-2%	-2%
Net result from items at fair value	31	23	29	36	30	35%	3%	29%	0%	54	59	-8%	-8%
Equity method & other income	1	0	0	0	0			0%	0%	1	0		
<b>Total income incl. allocations</b>	<b>364</b>	<b>350</b>	<b>336</b>	<b>346</b>	<b>353</b>	<b>4%</b>	<b>3%</b>	<b>3%</b>	<b>3%</b>	<b>714</b>	<b>709</b>	<b>1%</b>	<b>0%</b>
Staff costs	-65	-67	-67	-68	-68	-3%	-4%	-4%	-4%	-132	-136	-3%	-3%
Other exp. excl. depreciations	-129	-128	-127	-120	-125	1%	3%	0%	2%	-257	-250	3%	2%
<b>Total expenses incl. allocations</b>	<b>-196</b>	<b>-197</b>	<b>-197</b>	<b>-190</b>	<b>-196</b>	<b>-1%</b>	<b>0%</b>	<b>-2%</b>	<b>0%</b>	<b>-393</b>	<b>-391</b>	<b>1%</b>	<b>0%</b>
<b>Profit before loan losses</b>	<b>168</b>	<b>153</b>	<b>139</b>	<b>156</b>	<b>157</b>	<b>10%</b>	<b>7%</b>	<b>10%</b>	<b>6%</b>	<b>321</b>	<b>318</b>	<b>1%</b>	<b>0%</b>
Net loan losses	-5	-9	-9	-10	-12	-44%	-58%	-44%	-58%	-14	-19	-26%	-26%
<b>Operating profit</b>	<b>163</b>	<b>144</b>	<b>130</b>	<b>146</b>	<b>145</b>	<b>13%</b>	<b>12%</b>	<b>13%</b>	<b>12%</b>	<b>307</b>	<b>299</b>	<b>3%</b>	<b>2%</b>
Cost/income ratio, %	54	56	59	55	56					55	55		
ROCAR, %	14	13	12	14	14					13	14		
Economic capital (EC)	3,687	3,643	3,284	3,264	3,240	1%	14%	4%	16%	3,687	3,240	14%	16%
Risk exposure amount (REA)	12,727	12,686	12,691	13,231	13,155	0%	-3%	2%	-1%	12,727	13,155	-3%	-1%
Number of employees (FTEs)	3,048	3,026	3,030	2,994	2,934	1%	4%	1%	4%	3,048	2,934	4%	4%
<b>Volumes, EURbn:</b>													
Lending to corporates	18.7	18.9	18.8	18.8	19.4	-1%	-4%	1%	-2%	18.7	19.4	-4%	-2%
Household mortgage lending	44.1	44.1	43.6	41.7	41.8	0%	6%	2%	8%	44.1	41.8	6%	8%
Consumer lending	4.5	4.6	4.7	4.6	4.8	-2%	-6%	0%	-4%	4.5	4.8	-6%	-4%
<b>Total lending</b>	<b>67.3</b>	<b>67.6</b>	<b>67.1</b>	<b>65.1</b>	<b>66.0</b>	<b>0%</b>	<b>2%</b>	<b>2%</b>	<b>4%</b>	<b>67.3</b>	<b>66.0</b>	<b>2%</b>	<b>4%</b>
Corporate deposits	11.9	13.2	14.5	12.8	13.0	-10%	-8%	-8%	-8%	11.9	13.0	-8%	-8%
Household deposits	22.0	21.5	21.6	20.7	20.7	2%	6%	5%	9%	22.0	20.7	6%	9%
<b>Total deposits</b>	<b>33.9</b>	<b>34.7</b>	<b>36.1</b>	<b>33.5</b>	<b>33.7</b>	<b>-2%</b>	<b>1%</b>	<b>0%</b>	<b>3%</b>	<b>33.9</b>	<b>33.7</b>	<b>1%</b>	<b>3%</b>

Restatements following changes in EC and REA, due to divestment of card acquiring business to Nets.

# Nordea

## Banking Baltic countries

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	38	36	37	38	36	6%	6%	74	70	6%
Net fee and commission income	9	8	9	9	8	13%	13%	17	15	13%
Net result from items at fair value	6	5	3	5	3	20%	100%	11	6	83%
Equity method & other income	0	0	0	0	-1		-100%	0	0	
<b>Total income incl. allocations</b>	<b>53</b>	<b>49</b>	<b>49</b>	<b>52</b>	<b>46</b>	<b>8%</b>	<b>15%</b>	<b>102</b>	<b>91</b>	<b>12%</b>
Staff costs	-7	-7	-7	-7	-7	0%	0%	-14	-13	8%
Other exp. excl. depreciations	-16	-13	-18	-16	-15	23%	7%	-29	-28	4%
<b>Total expenses incl. allocations</b>	<b>-24</b>	<b>-19</b>	<b>-24</b>	<b>-22</b>	<b>-22</b>	<b>26%</b>	<b>9%</b>	<b>-43</b>	<b>-41</b>	<b>5%</b>
<b>Profit before loan losses</b>	<b>29</b>	<b>30</b>	<b>25</b>	<b>30</b>	<b>24</b>	<b>-3%</b>	<b>21%</b>	<b>59</b>	<b>50</b>	<b>18%</b>
Net loan losses	-11	-7	-11	-7	4	57%		-18	5	
<b>Operating profit</b>	<b>18</b>	<b>23</b>	<b>14</b>	<b>23</b>	<b>28</b>	<b>-22%</b>	<b>-36%</b>	<b>41</b>	<b>55</b>	<b>-25%</b>
Cost/income ratio, %	45	39	49	42	48			42	45	
ROCAR, %	7	9	6	10	12			8	12	
Economic capital (EC)	795	788	704	705	694	1%	15%	795	694	15%
Risk exposure amount (REA)	5,051	5,028	4,954	5,032	4,963	0%	2%	5,051	4,963	2%
Number of employees (FTEs)	781	799	790	792	792	-2%	-1%	781	792	-1%
<b>Volumes, EURbn:</b>										
Lending to corporates	5.2	5.2	5.2	5.3	5.1	0%	2%	5.2	5.1	2%
Household mortgage lending	2.6	2.5	2.5	2.5	2.6	4%	0%	2.6	2.6	0%
Consumer lending	0.4	0.4	0.4	0.4	0.4	0%	0%	0.4	0.4	0%
<b>Total lending</b>	<b>8.2</b>	<b>8.1</b>	<b>8.1</b>	<b>8.2</b>	<b>8.1</b>	<b>1%</b>	<b>1%</b>	<b>8.2</b>	<b>8.1</b>	<b>1%</b>
Corporate deposits	3.1	3.0	3.1	3.1	2.7	3%	15%	3.1	2.7	15%
Household deposits	1.3	1.3	1.3	1.3	1.3	0%	0%	1.3	1.3	0%
<b>Total deposits</b>	<b>4.4</b>	<b>4.3</b>	<b>4.4</b>	<b>4.4</b>	<b>4.0</b>	<b>2%</b>	<b>10%</b>	<b>4.4</b>	<b>4.0</b>	<b>10%</b>

Restatements following organisational changes and changes in EC and REA, due to divestment of card acquiring business to Nets.

## Retail Banking Other

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	-34	-26	-25	-26	-19	31%	79%	-60	-38	58%
Net fee and commission income	-21	-19	-17	-14	-15	11%	40%	-40	-30	33%
Net result from items at fair value	0	1	5	-1	3	-100%	-100%	1	4	-75%
Equity method & other income	7	7	8	6	7	0%	0%	14	12	17%
<b>Total income incl. allocations</b>	<b>-48</b>	<b>-37</b>	<b>-29</b>	<b>-35</b>	<b>-24</b>	<b>30%</b>	<b>100%</b>	<b>-85</b>	<b>-52</b>	<b>63%</b>
Staff costs	-105	-115	-108	-117	-125	-9%	-16%	-220	-238	-8%
Other exp. excl. depreciations	114	118	142	125	123	-3%	-7%	232	240	-3%
<b>Total expenses incl. allocations</b>	<b>2</b>	<b>-9</b>	<b>23</b>	<b>-7</b>	<b>-9</b>			<b>-7</b>	<b>-14</b>	<b>-50%</b>
<b>Profit before loan losses</b>	<b>-46</b>	<b>-46</b>	<b>-6</b>	<b>-42</b>	<b>-33</b>	<b>0%</b>	<b>39%</b>	<b>-92</b>	<b>-66</b>	<b>39%</b>
Net loan losses	-2	-2	-2	-2	0	0%		-4	-2	100%
<b>Operating profit</b>	<b>-48</b>	<b>-48</b>	<b>-8</b>	<b>-44</b>	<b>-33</b>	<b>0%</b>	<b>45%</b>	<b>-96</b>	<b>-68</b>	<b>41%</b>
Economic capital (EC)	82	64	84	4	0	28%		82	0	
Number of employees (FTEs)	6,402	6,328	6,255	6,138	6,006	1%	7%	6,402	6,006	7%

Restatements due to organisational changes.

# Nordea

## Wholesale Banking

Wholesale Banking provides financial solutions to the largest corporate and institutional customers of Nordea. The business area incorporates the entire value chain including customer and product units as well as supporting IT and infrastructure.

Wholesale Banking emphasises a return-driven culture through continuous improvements and disciplined cost and capital management. A relationship-driven customer service model and effective business selection support income development and capital allocation.

### Business development

It was a solid customer activity in the quarter despite uncertainty surrounding the UK's EU membership referendum by the end of the quarter.

Nordea Equity Research was ranked number 1 in Thomson Reuters Analyst Awards 2016. This nomination follows other recent number 1 rankings in customer surveys from Prospera and Greenwich as well as leading league table positions.

### Banking

Customer activity remained moderate in the second quarter. Corporates muted borrowing need is still visible as well as tight price competition, especially for strong rated customers. Nordea was successful in product bundling to core customers, which had a positive contribution to return generation. Stricter business selection principles were also applied in order to further optimise balance sheet commitment and available ancillary business.

Lending margins held up well although the general loan market featured high lending capacity and risk appetite among Nordic peers.

Institutional customer activity was modest in the second quarter with reduced risk and trading activity. As a result of the UK's EU membership referendum, customer activity increased towards the end of the quarter.

Customer activity in Shipping, Offshore & Oil Services was moderate. Low oil price combined with oil and gas companies lower spending on exploration and oil production continues to affect the offshore market.

In Russia, customer activity was moderate. Due to challenging geopolitical and economic environment the strategy for Russia to gradually reduce the exposure continued in the second quarter. In line with the strategy, Nordea has also reduced its branch network, maintaining presence only in Moscow and St. Petersburg.

### Capital markets

Activity in the FICC business was in general characterised by muted customer activity in anticipation of the UK's EU membership referendum late in the quarter. The market conditions were dominated by the lack of clear direction, low volatility, falling interest rates and flattening of rate curves. Generally the markets proved resilient throughout the quarter although with some reduction in liquidity and available risk capacity in selected areas. Following the UK membership referendum interest rates dropped even further, credit spreads widened and the USD strengthened which triggered significant increased customer activity. The uncertainty leading up to the referendum also caused some pickup in hedging activity both within Foreign Exchange and Interest Rates. Nordea took the necessary precautions and successfully managed the aftermath of the referendum.

Activity in the Nordic bond markets picked up in the second quarter as a result of improved market conditions. Nordea was an active arranger in both EUR and local currency markets. Several notable High Yield issuances were placed in the quarter. Corporate borrowers were active in the loan market, especially M&A transactions and IPOs. Activity in the buy-out market was somewhat subdued and related financing activity was lower than normal.

Activity in Nordic ECM was high in the second quarter. Nordea successfully led the EUR 2.65bn IPO of Danish Dong Energy, the largest IPO globally this year. In line with the trend in Europe, M&A activity declined in the quarter compared to second quarter last year, mainly due to a lower number of large transactions.

Activity in the Nordic equity markets remained high throughout the quarter. Nordea's leading role in the Nordic equity markets was again manifested, this time by selective number 1 rankings. By the end of the quarter volatility increased due to the outcome of UK's EU membership referendum. Equities successfully managed the outcome of the referendum, despite the highly volatile equity markets.

### Credit quality

Net loan losses amounted to EUR 56m. The loan loss ratio was 23bps, unchanged from the previous quarter.

### Result

Total income was EUR 540m, up 11% from the previous quarter, mainly due to an increase in net result from items at fair value reflecting higher customer activity.

# Nordea

Total expenses increased to EUR 229m in the second quarter. Continued strict resource management resulted in a competitive cost-to-income ratio of 42%, down from 43% in the previous quarter.

Operating profit was EUR 255m and the business area ROCAR increased to 9% from 8% in the previous quarter.

## Corporate & Institutional Banking

Total income was EUR 366m, up 9% from the previous quarter. Net interest income was up 2% from the previous quarter partly due to further implementation of deposit fees. Net fee and commission income was up 11% and items at fair value increased by 18% from the previous quarter as a result of increased customer activity. Lending capacity and risk appetite remained high among Nordic banks leading to aggressive pricing. Lending volume remained on the same level as the previous quarter.

Institutional customer income was stable in the second the quarter. Customers continued to focus on liquidity and high quality assets, combined with investments in alternative assets. Corporate & Institutional Banking ROCAR for the second quarter was 15%, up 2%-points from the previous quarter.

## Shipping, Offshore & Oil Services

Total income was EUR 82m, down 2% from the previous quarter. Items at fair value increased and net fee and commission income was stable.

Net interest income was affected by lower average loan volumes. Net loan losses increased in the second quarter due to collective loan loss provisions related to the offshore portfolio.

## Banking Russia

Total income was EUR 52m, down 5% from the previous quarter following lower lending volumes. Compared to the same quarter last year the lending portfolio has decreased by 18%, equivalent to EUR 1bn. The reduction in the lending portfolio reflects the strategy based on a more selective approach for new business.

## Wholesale Banking other (including Capital Markets unallocated)

Wholesale Banking other total income increased from the previous quarter, following higher net result from items at fair value. Valuation Adjustments continued to have a negative impact, although less so than in the previous quarter. Wholesale Banking other is the residual result not allocated to customer units. This includes the unallocated income from Capital Markets and the International Division. It also includes the additional liquidity premium for the funding cost of long-term lending and deposits in Wholesale Banking.

### Wholesale Banking total

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.		H1 16	H1 15	H1 vs H1	
								Q2/Q1	Q2/Q2			EUR	Local
Net interest income	209	213	250	256	259	-2%	-19%	-5%	-14%	422	508	-17%	-12%
Net fee and commission income	162	161	160	139	145	1%	12%	1%	15%	323	298	8%	11%
Net result from items at fair value	169	112	189	95	232	51%	-27%	51%	-28%	281	544	-48%	-49%
Equity method & other income	0	0	0	1	0			0%	0%	0	1	-100%	0%
<b>Total income incl. allocations</b>	<b>540</b>	<b>486</b>	<b>599</b>	<b>491</b>	<b>636</b>	<b>11%</b>	<b>-15%</b>	<b>9%</b>	<b>-12%</b>	<b>1,026</b>	<b>1,351</b>	<b>-24%</b>	<b>-22%</b>
Staff costs	-159	-139	-170	-137	-166	14%	-4%	14%	-1%	-298	-343	-13%	-11%
Other exp. excl. depreciations	-65	-67	-77	-68	-69	-3%	-6%	-4%	-4%	-132	-140	-6%	-4%
<b>Total expenses incl. allocations</b>	<b>-229</b>	<b>-211</b>	<b>-250</b>	<b>-209</b>	<b>-245</b>	<b>9%</b>	<b>-7%</b>	<b>8%</b>	<b>-4%</b>	<b>-440</b>	<b>-495</b>	<b>-11%</b>	<b>-9%</b>
<b>Profit before loan losses</b>	<b>311</b>	<b>275</b>	<b>349</b>	<b>282</b>	<b>391</b>	<b>13%</b>	<b>-20%</b>	<b>11%</b>	<b>-18%</b>	<b>586</b>	<b>856</b>	<b>-32%</b>	<b>-29%</b>
Net loan losses	-56	-56	-56	-47	-25	0%	124%	4%	150%	-112	-55	104%	120%
<b>Operating profit</b>	<b>255</b>	<b>219</b>	<b>293</b>	<b>235</b>	<b>366</b>	<b>16%</b>	<b>-30%</b>	<b>12%</b>	<b>-29%</b>	<b>474</b>	<b>801</b>	<b>-41%</b>	<b>-39%</b>
Cost/income ratio, %	42	43	42	43	39					43	37		
ROCAR, %	9	8	11	9	14					9	15		
Economic capital (EC)	9,109	8,926	7,824	7,871	7,872	2%	16%			9,109	7,872	16%	
Risk exposure amount (REA)	53,440	52,639	51,413	52,411	53,120	2%	1%			53,440	53,120	1%	
Number of employees (FTEs)	4,046	4,023	4,022	4,050	4,141	1%	-2%			4,046	4,141	-2%	
<b>Volumes, EURbn:</b>													
Lending to corporates	99.4	98.4	98.2	109.4	114.0	1%	-13%			99.4	114.0	-13%	
Lending to households	0.3	0.3	0.3	0.3	0.4	0%	-25%			0.3	0.4	-25%	
<b>Total lending</b>	<b>99.7</b>	<b>98.7</b>	<b>98.5</b>	<b>109.7</b>	<b>114.4</b>	<b>1%</b>	<b>-13%</b>	<b>1%</b>	<b>-12%</b>	<b>99.7</b>	<b>114.4</b>	<b>-13%</b>	<b>-12%</b>
Corporate deposits	60.2	67.9	56.3	71.2	72.0	-11%	-16%			60.2	72.0	-16%	
Household deposits	0.1	0.1	0.1	0.1	0.1	0%	0%			0.1	0.1	0%	
<b>Total deposits</b>	<b>60.3</b>	<b>68.0</b>	<b>56.4</b>	<b>71.3</b>	<b>72.1</b>	<b>-11%</b>	<b>-16%</b>	<b>-4%</b>	<b>-15%</b>	<b>60.3</b>	<b>72.1</b>	<b>-16%</b>	<b>-15%</b>

Historical numbers have been restated following organisational changes.

# Nordea

## Corporate & Institutional Banking

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	131	128	148	149	148	2%	-11%	259	301	-14%
Net fee and commission income	157	142	145	125	127	11%	24%	299	261	15%
Net result from items at fair value	78	66	73	68	73	18%	7%	144	165	-13%
Equity method & other income	0	0	0	0	0			0	0	
<b>Total income incl. allocations</b>	<b>366</b>	<b>336</b>	<b>366</b>	<b>342</b>	<b>348</b>	<b>9%</b>	<b>5%</b>	<b>702</b>	<b>727</b>	<b>-3%</b>
Staff costs	-9	-9	-9	-9	-10	0%	-10%	-18	-19	-5%
Other exp. excl. depreciations	-104	-103	-100	-100	-102	1%	2%	-207	-203	2%
<b>Total expenses incl. allocations</b>	<b>-112</b>	<b>-112</b>	<b>-110</b>	<b>-109</b>	<b>-112</b>	<b>0%</b>	<b>0%</b>	<b>-224</b>	<b>-222</b>	<b>1%</b>
<b>Profit before loan losses</b>	<b>254</b>	<b>224</b>	<b>256</b>	<b>233</b>	<b>236</b>	<b>13%</b>	<b>8%</b>	<b>478</b>	<b>505</b>	<b>-5%</b>
Net loan losses	-17	-39	-57	-40	-19	-56%	-11%	-56	-45	24%
<b>Operating profit</b>	<b>237</b>	<b>185</b>	<b>199</b>	<b>193</b>	<b>217</b>	<b>28%</b>	<b>9%</b>	<b>422</b>	<b>460</b>	<b>-8%</b>
Cost/income ratio, %	31	33	30	32	32			32	31	
ROCAR, %	15	13	14	14	16			14	17	
Economic capital (EC)	5,028	4,743	4,194	4,132	4,018	6%	25%	5,028	4,018	25%
Risk exposure amount (REA)	30,807	29,163	28,748	28,735	27,950	6%	10%	30,807	27,950	10%
Number of employees (FTEs)	168	174	174	172	169	-3%	-1%	168	169	-1%
<b>Volumes, EURbn:</b>										
Total lending	40.2	40.7	40.5	39.4	40.4	-1%	0%	40.2	40.4	0%
Total deposits	33.2	38.4	39.0	35.8	35.5	-14%	-6%	33.2	35.5	-6%

## Shipping, Offshore & Oil Services

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	61	64	74	75	73	-5%	-16%	125	145	-14%
Net fee and commission income	14	14	16	20	16	0%	-13%	28	32	-13%
Net result from items at fair value	7	6	5	19	7	17%	0%	13	15	-13%
Equity method & other income	0	0	0	0	0			0	0	
<b>Total income incl. allocations</b>	<b>82</b>	<b>84</b>	<b>95</b>	<b>114</b>	<b>96</b>	<b>-2%</b>	<b>-15%</b>	<b>166</b>	<b>192</b>	<b>-14%</b>
Staff costs	-4	-4	-5	-5	-5	0%	-20%	-8	-10	-20%
Other exp. excl. depreciations	-11	-12	-12	-11	-11	-8%	0%	-23	-22	5%
<b>Total expenses incl. allocations</b>	<b>-15</b>	<b>-16</b>	<b>-17</b>	<b>-16</b>	<b>-16</b>	<b>-6%</b>	<b>-6%</b>	<b>-31</b>	<b>-32</b>	<b>-3%</b>
<b>Profit before loan losses</b>	<b>67</b>	<b>68</b>	<b>78</b>	<b>98</b>	<b>80</b>	<b>-1%</b>	<b>-16%</b>	<b>135</b>	<b>160</b>	<b>-16%</b>
Net loan losses	-24	-15	-8	0	4	60%		-39	1	
<b>Operating profit</b>	<b>43</b>	<b>53</b>	<b>70</b>	<b>98</b>	<b>84</b>	<b>-19%</b>	<b>-49%</b>	<b>96</b>	<b>161</b>	<b>-40%</b>
Cost/income ratio, %	18	19	18	14	17			19	17	
ROCAR, %	9	11	16	23	19			10	19	
Economic capital (EC)	1,537	1,552	1,376	1,311	1,267	-1%	21%	1,537	1,267	21%
Risk exposure amount (REA)	9,390	9,597	9,785	9,345	9,055	-2%	4%	9,390	9,055	4%
Number of employees (FTEs)	76	79	79	79	77	-4%	-1%	76	77	-1%
<b>Volumes, EURbn:</b>										
Total lending	12.0	11.9	12.4	12.4	12.3	1%	-2%	12.0	12.3	-2%
Total deposits	4.6	4.8	5.4	5.5	5.2	-4%	-12%	4.6	5.2	-12%

# Nordea

## Banking Russia

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.		H1 16	H1 15	H1/H1
								Q2/Q1	Q2/Q2			
Net interest income	45	48	53	53	56	-6%	-20%	-12%	-1%	93	108	-14%
Net fee and commission income	3	3	4	4	4	0%	-25%	-3%	-29%	6	8	-25%
Net result from items at fair value	4	4	3	0	3	0%	33%	-19%	8%	8	8	0%
Equity method & other income	0	0	1	0	0			0%	0%	0	0	
<b>Total income incl. allocations</b>	<b>52</b>	<b>55</b>	<b>61</b>	<b>57</b>	<b>63</b>	<b>-5%</b>	<b>-17%</b>	<b>-12%</b>	<b>-1%</b>	<b>107</b>	<b>124</b>	<b>-14%</b>
Staff costs	-7	-8	-10	-11	-13	-13%	-46%	-18%	-27%	-15	-24	-38%
Other exp. excl. depreciations	-4	-4	-6	-6	-5	0%	-20%	4%	-5%	-8	-10	-20%
<b>Total expenses incl. allocations</b>	<b>-12</b>	<b>-13</b>	<b>-16</b>	<b>-18</b>	<b>-24</b>	<b>-8%</b>	<b>-50%</b>	<b>-12%</b>	<b>-38%</b>	<b>-25</b>	<b>-41</b>	<b>-39%</b>
<b>Profit before loan losses</b>	<b>40</b>	<b>42</b>	<b>45</b>	<b>39</b>	<b>39</b>	<b>-5%</b>	<b>3%</b>	<b>-12%</b>	<b>-20%</b>	<b>82</b>	<b>83</b>	<b>-1%</b>
Net loan losses	-15	-4	-2	-7	-11		36%		53%	-19	-14	36%
<b>Operating profit</b>	<b>25</b>	<b>38</b>	<b>43</b>	<b>32</b>	<b>28</b>	<b>-34%</b>	<b>-11%</b>	<b>-40%</b>	<b>6%</b>	<b>63</b>	<b>69</b>	<b>-9%</b>
Cost/income ratio, %	23	24	26	32	38					23	33	
ROCAR, %	16	24	27	20	17					20	22	
Economic capital (EC)	484	505	471	476	475	-4%	2%			484	475	2%
Risk exposure amount (REA)	3,140	3,289	3,363	3,455	3,433	-5%	-9%			3,140	3,433	-9%
Number of employees (FTEs)	792	809	846	917	1,081	-2%	-27%			792	1,081	-27%
<b>Volumes, EURbn:</b>												
Lending to corporates	4.7	5.3	5.7	5.7	5.7	-11%	-18%	-12%	-19%	4.7	5.7	-18%
Lending to households	0.3	0.3	0.3	0.3	0.4	0%	-25%	-7%	-19%	0.3	0.4	-25%
<b>Total lending</b>	<b>5.0</b>	<b>5.6</b>	<b>6.0</b>	<b>6.0</b>	<b>6.1</b>	<b>-11%</b>	<b>-18%</b>	<b>-12%</b>	<b>-19%</b>	<b>5.0</b>	<b>6.1</b>	<b>-18%</b>
Corporate deposits	0.6	0.5	0.7	0.4	0.6	20%	0%	23%	14%	0.6	0.6	0%
Household deposits	0.1	0.1	0.1	0.1	0.1	0%	0%	1%	5%	0.1	0.1	0%
<b>Total deposits</b>	<b>0.7</b>	<b>0.6</b>	<b>0.8</b>	<b>0.5</b>	<b>0.7</b>	<b>17%</b>	<b>0%</b>	<b>18%</b>	<b>12%</b>	<b>0.7</b>	<b>0.7</b>	<b>0%</b>

## Wholesale Banking Other

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net fee and commission income	-12	2	-5	-10	-2			-10	-3	
Net result from items at fair value	80	36	108	8	149	122%	-46%	116	356	-67%
Equity method & other income	0	0	-1	1	0			0	1	-100%
<b>Total income incl. allocations</b>	<b>39</b>	<b>11</b>	<b>77</b>	<b>-22</b>	<b>129</b>		<b>-70%</b>	<b>50</b>	<b>308</b>	<b>-84%</b>
Staff costs	-139	-118	-146	-112	-138	18%	1%	-257	-290	-11%
Other exp. excl. depreciations	54	52	41	49	49	4%	10%	106	95	12%
<b>Total expenses incl. allocations</b>	<b>-90</b>	<b>-70</b>	<b>-107</b>	<b>-66</b>	<b>-93</b>	<b>29%</b>	<b>-3%</b>	<b>-160</b>	<b>-200</b>	<b>-20%</b>
<b>Profit before loan losses</b>	<b>-50</b>	<b>-59</b>	<b>-30</b>	<b>-88</b>	<b>36</b>	<b>-15%</b>		<b>-109</b>	<b>108</b>	
Net loan losses	0	2	11	0	1	-100%	-100%	2	3	-33%
<b>Operating profit</b>	<b>-50</b>	<b>-57</b>	<b>-19</b>	<b>-88</b>	<b>37</b>	<b>-12%</b>		<b>-107</b>	<b>111</b>	
Economic capital (EC)	2,060	2,126	1,783	1,952	2,112	-3%	-2%	2,060	2,112	-2%
Risk exposure amount (REA)	10,103	10,590	9,517	10,876	12,682	-5%	-20%	10,103	12,682	-20%
Number of employees (FTEs)	3,010	2,961	2,923	2,882	2,814	2%	7%	3,010	2,814	7%
<b>Volumes, EURbn:</b>										
Total lending	42.5	40.5	39.6	51.9	55.6	5%	-24%	42.5	55.6	-24%
Total deposits	21.8	24.2	11.2	29.5	30.7	-10%	-29%	21.8	30.7	-29%

Historical numbers have been restated following organisational changes.

# Nordea

## Wealth Management

Wealth Management provides high-quality investment, savings and risk management solutions. It manages customers' assets and provides financial advice to high net worth individuals and institutional investors. The area consists of the three businesses: Private Banking serving customers from 80 branches in the Nordics as well as from offices in Luxembourg, Zürich and Singapore; Asset Management responsible for actively managed investment funds and mandates and for serving institutional asset management customers; Life & Pensions serving customers with a full range of pension, endowment and risk products. Wealth Management is the largest Nordic private bank, Life & Pensions provider and asset manager.

### Business development

Financial markets featured sustained low interest rates and high volatility in the second quarter. Volatility was mainly attributable to uncertainty regarding the UK referendum vote to leave the European Union. Despite this Wealth Management steadily attracted assets as the offering proved sturdy in the prevailing economic climate

Nordea's Assets under Management (AuM) increased to EUR 300.2bn, up EUR 9.3bn or 3% from the previous quarter, and up 5% from the same quarter last year. The increase in AuM in the second quarter was due to market appreciation of EUR 3.5bn, and net inflow of EUR 5.8bn, ending the quarter with AuM at another all-time high reaching the 300bn-mark for the first time.

In the current economic climate several Private Banking customers have reduced their trading activities, as usually seen in periods when markets get too uncertain and volatile.

Efforts to enhance productivity in all Private Banking units are ongoing, including activities that will streamline processes, upgrade IT systems and make room for further enhancements of the value proposition. During second quarter, Private Banking introduced e-branches in all Nordic countries offering online advice also in evenings and weekends.

Asset Management maintains its strong momentum in sales and revenues and Nordea was ranked first in Europe measured on net flow YTD by Morningstar as of

end of May. Especially international 3rd party fund distribution attracted high net flows of EUR 5.1bn in the second quarter, while the institutional segment had a net flow of EUR 0.2bn. Net flows in Nordic Retail were EUR 0.2bn reflecting the Nordic retail investors' current reluctance to invest.

Nordea's Multi-Asset solutions remained popular among investors during the quarter, and especially the Stable Return fund has attracted high inflows and was the best-selling fund in Europe 2016 YTD as of the end of May according to Morningstar.

Investment performance was below targets in the second quarter with 54% of composites outperforming benchmarks. The 3-year performance remains strong with 73% of all composites outperforming benchmarks.

Asset Management was also nominated best asset manager in the Nordics and Sweden on equity research by Extel. Asset Management is maintaining the number 1 position among Nordic institutions according to Prospera.

Life & Pensions' gross written premiums has been significant lower than the record levels experienced in 2015, reaching EUR 1,532m in the second quarter, which is 26% lower than in the same quarter of 2015 and 14% lower than in previous quarter. In the current market climate customers have decreased their savings in endowment products. The Nordea distribution network generated 67% of the Market return premiums sales in the second quarter.

In the second quarter, market return and risk products accounted for 89% of total gross written premiums. Market return products continued to support the growth in AuM and amounted to 58% of total AuM in Life & Pensions at the end of the second quarter.

### Result

Second quarter income was EUR 499m, up 4% from the previous quarter and on level with the same quarter last year. The increase in the second quarter was mainly due to increase in income in Private Banking and Asset Management.

Costs increased 3% from the previous quarter due to seasonal fluctuations and decreased 3% from the same quarter last year as a consequence of successful cost management. Operating profit in the second quarter was EUR 297m, up 5% from the previous quarter and up 2% from the same quarter last year.

# Nordea

## Private Banking

Total income was EUR 137m during the second quarter, which is 6% lower than the same period last year. The financial markets are currently dominated by volatility, low interest rates and low trading activity which has had a negative effect on income generation in Private Banking. A continuous strict cost focus and simplification initiatives contributed to an operating profit at EUR 42m and a ROCAR level of 23%.

## Asset Management

Asset Management income was EUR 213m in the second quarter, up 15% from the previous quarter and up 7% from the same quarter last year. The increase was mainly the result of an increase in average AuM. Operating profit was EUR 152m, up 20% from the previous quarter and up 9% from the same quarter last year.

## Life & Pensions

Total income was EUR 148m in the second quarter, down 16% from the previous quarter and down 3% from the same quarter last year. The decrease was due to the one time recognition of fee buffer in Q1 2016 with EUR 18m from the traditional insurance portfolios in Denmark. Operating profit was EUR 100m, down 21% from the previous quarter and down 3% from the same quarter last year.

## Wealth Management other

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

### Wealth Management total

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	Local curr.		H1 16	H1 15	H1 vs H1	
								Q2/Q1	Q2/Q2			EUR	Local
Net interest income	28	26	36	33	25	8%	12%	5%	9%	54	52	4%	3%
Net fee and commission income	378	338	384	332	379	12%	0%	11%	-1%	716	721	-1%	-1%
Net result from items at fair value	84	108	92	72	86	-22%	-2%	-23%	4%	192	177	8%	12%
Equity method & other income	9	9	11	5	8	0%	13%	-5%	20%	18	14	29%	33%
<b>Total income incl. allocations</b>	<b>499</b>	<b>481</b>	<b>523</b>	<b>442</b>	<b>498</b>	<b>4%</b>	<b>0%</b>	<b>3%</b>	<b>1%</b>	<b>980</b>	<b>964</b>	<b>2%</b>	<b>2%</b>
Staff costs	-125	-122	-123	-123	-127	2%	-2%	2%	-2%	-247	-255	-3%	-2%
Other exp. excl. depreciations	-75	-72	-79	-74	-79	4%	-5%	1%	-4%	-147	-142	4%	6%
<b>Total expenses incl. allocations</b>	<b>-202</b>	<b>-197</b>	<b>-203</b>	<b>-198</b>	<b>-208</b>	<b>3%</b>	<b>-3%</b>	<b>2%</b>	<b>-2%</b>	<b>-399</b>	<b>-400</b>	<b>0%</b>	<b>1%</b>
<b>Profit before loan losses</b>	<b>297</b>	<b>284</b>	<b>320</b>	<b>244</b>	<b>290</b>	<b>5%</b>	<b>2%</b>	<b>4%</b>	<b>2%</b>	<b>581</b>	<b>564</b>	<b>3%</b>	<b>3%</b>
Net loan losses	0	0	0	0	0					0	-1		
<b>Operating profit</b>	<b>297</b>	<b>284</b>	<b>320</b>	<b>244</b>	<b>290</b>	<b>5%</b>	<b>2%</b>	<b>4%</b>	<b>2%</b>	<b>581</b>	<b>563</b>	<b>3%</b>	<b>3%</b>
Cost/income ratio, %	40	41	39	45	42					41	42		
ROCAR, %	38	36	40	32	39					37	38		
Economic capital (EC)	2,442	2,367	2,521	2,372	2,319	3%	5%	3%	5%	2,442	2,319	5%	5%
Risk exposure amount (REA)	5,526	5,526	5,669	5,422	5,402	0%	2%	0%	2%	5,526	5,402	2%	2%
Number of employees (FTEs)	3,673	3,613	3,596	3,585	3,501	2%	5%	2%	5%	3,673	3,501	5%	5%
<b>Volumes, EURbn:</b>													
AuM	300.2	290.9	288.2	273.3	286.1	3%	5%	3%	5%	300.2	286.1	5%	5%
Total lending	10.8	10.6	10.6	9.8	9.9	2%	9%	2%	9%	10.8	9.9	9%	9%
Total deposits	13.4	13.1	12.6	12.4	13.2	2%	2%	2%	2%	13.4	13.2	2%	2%

### Assets under Management (AuM), volumes and net inflow

EURbn	Q216	Q216 Net inflow	Q116	Q415	Q315	Q215
Nordic Retail funds	54.1	0.2	53.2	54.5	49.5	53.9
Private Banking	93.2	0.2	92.2	93.6	87.7	92.5
Institutional sales	84.6	5.3	78.0	73.7	71.9	73.1
Life & Pensions	68.3	0.1	67.5	66.4	64.2	66.6
<b>Total</b>	<b>300.2</b>	<b>5.8</b>	<b>290.9</b>	<b>288.2</b>	<b>273.3</b>	<b>286.1</b>

# Nordea

## Private Banking

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	28	26	36	33	25	8%	12%	54	52	4%
Net fee and commission income	85	70	89	65	94	21%	-10%	155	183	-15%
Net result from items at fair value	22	22	25	19	25	0%	-12%	44	58	-24%
Equity method & other income	2	3	4	1	2	-33%	0%	5	4	25%
<b>Total income incl. allocations</b>	<b>137</b>	<b>121</b>	<b>154</b>	<b>118</b>	<b>146</b>	<b>13%</b>	<b>-6%</b>	<b>258</b>	<b>297</b>	<b>-13%</b>
Staff costs	-44	-42	-43	-43	-45	5%	-2%	-86	-89	-3%
Other exp. excl. depreciations	-49	-46	-45	-45	-47	7%	4%	-95	-89	7%
<b>Total expenses incl. allocations</b>	<b>-95</b>	<b>-90</b>	<b>-89</b>	<b>-88</b>	<b>-93</b>	<b>6%</b>	<b>2%</b>	<b>-185</b>	<b>-180</b>	<b>3%</b>
<b>Profit before loan losses</b>	<b>42</b>	<b>31</b>	<b>65</b>	<b>30</b>	<b>53</b>	<b>35%</b>	<b>-21%</b>	<b>73</b>	<b>117</b>	<b>-38%</b>
Net loan losses	0	0	0	0	0			0	-1	0%
<b>Operating profit</b>	<b>42</b>	<b>31</b>	<b>65</b>	<b>30</b>	<b>53</b>	<b>35%</b>	<b>-21%</b>	<b>73</b>	<b>116</b>	<b>-37%</b>
Cost/income ratio, %	69	74	58	75	64			72	61	
ROCAR, %	23	17	36	17	31			20	35	
Economic capital (EC)	570	565	573	533	520	1%	10%	570	520	10%
Risk exposure amount (REA)	3,082	3,082	3,360	3,094	3,108	0%	-1%	3,082	3,108	-1%
Number of employees (FTEs)	1,235	1,245	1,230	1,237	1,224	-1%	1%	1,235	1,224	1%
<b>Volumes, EURbn:</b>										
AuM	93.2	92.2	93.6	87.7	92.5	1%	1%	93.2	92.5	1%
Household mortgage lending	7.0	6.8	6.7	6.5	6.5	3%	8%	7.0	6.5	8%
Consumer lending	3.8	3.8	3.8	3.4	3.3	0%	15%	3.8	3.3	15%
<b>Total lending</b>	<b>10.8</b>	<b>10.6</b>	<b>10.6</b>	<b>9.8</b>	<b>9.9</b>	<b>2%</b>	<b>9%</b>	<b>10.8</b>	<b>9.9</b>	<b>9%</b>
Household deposits	13.4	13.1	12.6	12.4	13.2	2%	2%	13.4	13.2	2%
<b>Total deposits</b>	<b>13.4</b>	<b>13.1</b>	<b>12.6</b>	<b>12.4</b>	<b>13.2</b>	<b>2%</b>	<b>2%</b>	<b>13.4</b>	<b>13.2</b>	<b>2%</b>

Historical numbers have been restated following changed allocations.

## Assets Management

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	0	0	0	0	0			0	0	
Net fee and commission income	210	183	200	188	198	15%	6%	393	372	6%
Net result from items at fair value	2	0	2	-2	0			2	3	-33%
Equity method & other income	1	2	2	1	1	-50%	0%	3	1	
<b>Total income incl. allocations</b>	<b>213</b>	<b>185</b>	<b>204</b>	<b>187</b>	<b>199</b>	<b>15%</b>	<b>7%</b>	<b>398</b>	<b>376</b>	<b>6%</b>
Staff costs	-34	-32	-30	-34	-36	6%	-6%	-66	-71	-7%
Other exp. excl. depreciations	-28	-25	-30	-24	-24	12%	17%	-53	-47	13%
<b>Total expenses incl. allocations</b>	<b>-61</b>	<b>-58</b>	<b>-60</b>	<b>-59</b>	<b>-60</b>	<b>5%</b>	<b>2%</b>	<b>-119</b>	<b>-118</b>	<b>1%</b>
<b>Profit before loan losses</b>	<b>152</b>	<b>127</b>	<b>144</b>	<b>128</b>	<b>139</b>	<b>20%</b>	<b>9%</b>	<b>279</b>	<b>258</b>	<b>8%</b>
Net loan losses	0	0	0	0	0			0	0	
<b>Operating profit</b>	<b>152</b>	<b>127</b>	<b>144</b>	<b>128</b>	<b>139</b>	<b>20%</b>	<b>9%</b>	<b>279</b>	<b>258</b>	<b>8%</b>
Cost/income ratio, %	29	31	29	31	30			30	31	
Income/AuM in bp p.a.	43	39	44	40	41			41	40	
Economic capital (EC)	145	152	109	116	106	-5%	37%	145	106	37%
Risk exposure amount (REA)	651.0	651.0	516.0	534.0	501.0	0%	30%	651.0	501.0	30%
AuM, Retail, PB and Life, EURbn	117.1	115.1	115.2	111.1	117.5	2%	0%	117.1	117.5	0%
AuM, Ext. Inst. & 3rd part. dist., EURbn	84.6	78.0	73.8	71.9	73.1	8%	16%	84.6	73.1	16%
Net inf., Retail, PB and Life, EURbn	-0.1	0.5	1.1	0.9	1.1			-0.1	1.1	0%
Net inf., Ext. Ins. & 3rd part. dis., EURbn	5.3	3.5	0.1	1.9	0.9	51%		5.3	0.9	0%
Number of employees (FTEs)	634	620	597	608	604	2%	5%	634	604	5%

# Nordea

## Life & Pensions

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	0	0	0	0	0			0	0	
Net fee and commission income	83	85	95	79	87	-2%	-5%	168	166	1%
Net result from items at fair value	60	86	65	55	61	-30%	-2%	146	116	26%
Equity method & other income	5	5	5	3	5	0%	0%	10	9	11%
<b>Total income incl. allocations</b>	<b>148</b>	<b>176</b>	<b>165</b>	<b>137</b>	<b>153</b>	<b>-16%</b>	<b>-3%</b>	<b>324</b>	<b>291</b>	<b>11%</b>
Staff costs	-27	-28	-29	-27	-25	-4%	8%	-55	-55	0%
Other exp. excl. depreciations	-21	-21	-19	-23	-25	0%	-16%	-42	-44	-5%
<b>Total expenses incl. allocations</b>	<b>-48</b>	<b>-49</b>	<b>-48</b>	<b>-50</b>	<b>-50</b>	<b>-2%</b>	<b>-4%</b>	<b>-97</b>	<b>-99</b>	<b>-2%</b>
<b>Profit before loan losses</b>	<b>100</b>	<b>127</b>	<b>117</b>	<b>87</b>	<b>103</b>	<b>-21%</b>	<b>-3%</b>	<b>227</b>	<b>192</b>	<b>18%</b>
Net loan losses	0	0	0	0	0			0	0	
<b>Operating profit</b>	<b>100</b>	<b>127</b>	<b>117</b>	<b>87</b>	<b>103</b>	<b>-21%</b>	<b>-3%</b>	<b>227</b>	<b>192</b>	<b>18%</b>
Cost/income ratio, %	32	28	29	36	33			30	34	
Return on Equity, %	20	22	20	17	19			21	19	
Equity	1,687	1,609	1,812	1,703	1,674	5%	1%	1,687	1,674	1%
AuM, EURbn	62.7	61.9	60.6	58.6	60.6	1%	3%	62.7	60.6	3%
Premiums	1,532	1,784	1,918	1,485	2,079	-14%	-26%	1,532	2,079	-26%
Risk exposure amount (REA)	1,793	1,793	1,793	1,793	1,793	0%	0%	1,793	1,793	0%
Number of employees (FTEs)	1,160	1,114	1,094	1,088	1,080	4%	7%	1,160	1,080	7%
<b>Profit drivers</b>										
Profit Traditional products	26	41	36	27	24	-37%	8%	67	47	43%
Profit Market Return products	53	59	70	52	59	-10%	-10%	112	101	11%
Profit Risk products	21	18	18	18	18	17%	17%	39	36	8%
<b>Total product result</b>	<b>100</b>	<b>118</b>	<b>124</b>	<b>97</b>	<b>101</b>	<b>-15%</b>	<b>-1%</b>	<b>218</b>	<b>184</b>	<b>18%</b>
Return on Shareholder equity, other profits and group adj.	0	9	-7	-10	2	-100%	-100%	9	8	13%
<b>Operating profit</b>	<b>100</b>	<b>127</b>	<b>117</b>	<b>87</b>	<b>103</b>	<b>-21%</b>	<b>-3%</b>	<b>227</b>	<b>192</b>	<b>18%</b>

## Wealth Management Other

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15	H1/H1
Net interest income	0	0	0	0	0			0	0	
Net fee and commission income	0	0	0	0	0			0	0	
Net result from items at fair value	0	0	0	0	0			0	0	
Equity method & other income	1	-1	0	0	0			0	0	
<b>Total income incl. allocations</b>	<b>1</b>	<b>-1</b>	<b>0</b>	<b>0</b>	<b>0</b>			<b>0</b>	<b>0</b>	
Staff costs	-20	-20	-21	-19	-21	0%	-5%	-40	-40	0%
Other exp. excl. depreciations	23	20	15	18	17	15%	35%	43	38	13%
<b>Total expenses incl. allocations</b>	<b>2</b>	<b>0</b>	<b>-6</b>	<b>-1</b>	<b>-5</b>			<b>2</b>	<b>-3</b>	
<b>Profit before loan losses</b>	<b>3</b>	<b>-1</b>	<b>-6</b>	<b>-1</b>	<b>-5</b>			<b>2</b>	<b>-3</b>	
Net loan losses	0	0	0	0	0			0	0	
Imp. of sec. fin. non-cur. ass.	0	0	0	0	0			0	0	
<b>Operating profit</b>	<b>3</b>	<b>-1</b>	<b>-6</b>	<b>-1</b>	<b>-5</b>			<b>2</b>	<b>-3</b>	
Economic capital (EC)	40	41	27	20	19	-2%	111%	40	19	111%
Number of employees (FTEs)	644	634	675	652	593	2%	9%	644	593	9%

Historical numbers have been restated following changed allocations.

# Nordea

## Group Functions and Others

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

### Group Corporate Centre

#### Business development – Nordea's funding, liquidity and market risk management

At the end of the second quarter, the proportion of long-term funding of total funding was approx. 82% compared to 83% at the end of the first quarter.

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

Short-term liquidity risk is measured using several metrics and Liquidity Coverage Ratio is one of the metrics. LCR for the Nordea Group was 159% at the end of the second quarter. The LCR in EUR was 270% and in USD 189% at the end of the second quarter. LCR for the Nordea Group according to CRR LCR definitions was 155% at the end of the second quarter. The liquidity buffer comprises highly liquid, primarily Nordic government and covered bonds

which are all central bank eligible securities with characteristics similar to Basel III/CRD IV. The liquidity buffer amounted to EUR 59bn at the end of the second quarter (EUR 60bn at the end of the first quarter).

The outstanding volume of short-term debt was at the end of the second quarter, EUR 35bn.

Nordea issued approx. EUR 6.2bn in long-term funding in the second quarter excluding Danish covered bonds and subordinated notes, of which approx. EUR 2.5bn represented the issuance of Swedish and Norwegian covered bonds in domestic and international markets. Notable benchmark transaction in the quarter was a USD 1.5bn dual tranche senior unsecured issuance out of NBAB in May, split by a USD 1.25bn 5Y fixed and a USD 250m 5Y FRN bond.

The market risk on Group Treasury's interest-rate positions, calculated as average VaR, was EUR 133m in the second quarter. The risk related to equities, calculated as VaR, was EUR 4m and the risk related to credit spreads (VaR) was EUR 3m. Interest rate risk increased slightly and equity risk and credit spread risk decreased compared to the first quarter.

#### Result

Total operating income was EUR 171m in the second quarter. Net interest income was largely unchanged at EUR 125m in the second quarter compared to EUR 131m in the previous quarter. The net result from items at fair value was EUR 46m compared to EUR 25m in the first quarter and was mainly related to interest-rate-related items in the liquidity buffer. Operating profit in Q2 was EUR 96m.

# Nordea

## Group Corporate Centre

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15
Net interest income	125	131	102	77	113	-4%	11%	256	206
Net fee and commission income	-2	-4	-6	-1	-3	-50%	-33%	-6	-7
Net result from items at fair value	46	25	31	-35	12	86%		71	96
Equity method & other income	1	1	2	1	8	33%	-85%	2	15
<b>Total operating income</b>	<b>171</b>	<b>153</b>	<b>129</b>	<b>42</b>	<b>130</b>	<b>12%</b>	<b>31%</b>	<b>324</b>	<b>310</b>
Staff costs	-77	-68	-60	-59	-59	13%	31%	-145	-118
Other exp. excl. depreciations	17	23	29	42	32	-26%	-47%	40	68
<b>Total operating expenses</b>	<b>-75</b>	<b>-57</b>	<b>-45</b>	<b>-28</b>	<b>-37</b>	<b>31%</b>	<b>103%</b>	<b>-132</b>	<b>-69</b>
<b>Profit before loan losses</b>	<b>96</b>	<b>95</b>	<b>84</b>	<b>14</b>	<b>93</b>	<b>1%</b>	<b>3%</b>	<b>191</b>	<b>241</b>
Net loan losses	0	0	0	0	0			0	0
Imp. of sec. fin. non-cur. ass.	0	0	-4	0	0			0	0
<b>Operating profit</b>	<b>96</b>	<b>95</b>	<b>80</b>	<b>14</b>	<b>93</b>	<b>1%</b>	<b>3%</b>	<b>191</b>	<b>241</b>
Economic capital (EC)	1,065	1,065	1,297	1,317	1,311			1,065	1,311
Risk exposure amount (REA)	7,735	7,720	8,174	8,754	9,941	0%	-22%	7,735	9,941
Number of employees (FTEs)	2,870	2,646	2,286	2,340	2,301	8%	25%	2,870	2,301

Restatements following organisational changes.

## Group functions, Other & Eliminations

EURm	Q216	Q116	Q415	Q315	Q215	Q2/Q1	Q2/Q2	H1 16	H1 15
Net interest income	9	8	0	33	23	10%	-61%	17	34
Net fee and commission income	-12	-7	-5	-1	-8	71%	50%	-19	-14
Net result from items at fair value	-2	-6	22	-18	-22	-59%	-89%	-8	-12
Equity method & other income	155	2	182	16	4			157	11
<b>Total operating income</b>	<b>149</b>	<b>-3</b>	<b>199</b>	<b>30</b>	<b>-3</b>			<b>146</b>	<b>19</b>
Staff costs	-59	-62	-263	-76	-58	-5%	2%	-121	-120
Other exp. excl. depreciations	53	37	-24	89	69	43%	-23%	90	123
<b>Total operating expenses</b>	<b>-20</b>	<b>-36</b>	<b>-314</b>	<b>2</b>	<b>1</b>	<b>-44%</b>		<b>-56</b>	<b>-21</b>
<b>Profit before loan losses</b>	<b>129</b>	<b>-39</b>	<b>-115</b>	<b>32</b>	<b>-2</b>			<b>90</b>	<b>-24</b>
Net loan losses	0	0	-3	2	-4		-100%	0	-5
Imp. of sec. fin. non-cur. ass.	0	0	4	0	0			0	0
<b>Operating profit</b>	<b>129</b>	<b>-38</b>	<b>-114</b>	<b>34</b>	<b>-6</b>			<b>91</b>	<b>-7</b>
Economic capital (EC)	1,188	1,384	1,153	1,170	1,660	-14%	-28%	1,188	1,660
Risk exposure amount (REA)	7,451	9,108	8,610	8,729	11,288	-18%	-34%	7,451	11,288
Number of employees (FTEs)	1,993	1,875	1,727	1,648	1,625	6%	23%	1,993	1,625

Restatements following organisational changes and changes in EC and REA, due to divestment of card acquiring business to Nets.

# Nordea

## Income statement

EURm	Note	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
<b>Operating Income</b>						
Interest income		1,950	2,178	3,925	4,417	8,549
Interest expense		-778	-904	-1,585	-1,890	-3,586
Net interest income		1,172	1,274	2,340	2,527	4,963
Fee and commission income		999	1,054	1,993	2,073	4,092
Fee and commission expense		-195	-221	-417	-431	-862
Net fee and commission income	3	804	833	1,576	1,642	3,230
Net result from items at fair value	4	405	386	737	1,013	1,645
Profit from companies accounted for under the equity method		101	8	110	18	39
Other operating income		74	22	88	42	263
<b>Total operating income</b>		<b>2,556</b>	<b>2,523</b>	<b>4,851</b>	<b>5,242</b>	<b>10,140</b>
<b>Operating expenses</b>						
General administrative expenses:						
Staff costs		-756	-772	-1,496	-1,551	-3,263
Other expenses	5	-396	-363	-782	-727	-1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets		-54	-50	-106	-95	-209
<b>Total operating expenses</b>		<b>-1,206</b>	<b>-1,185</b>	<b>-2,384</b>	<b>-2,373</b>	<b>-4,957</b>
<b>Profit before loan losses</b>		<b>1,350</b>	<b>1,338</b>	<b>2,467</b>	<b>2,869</b>	<b>5,183</b>
Net loan losses	6	-127	-103	-238	-225	-479
<b>Operating profit</b>		<b>1,223</b>	<b>1,235</b>	<b>2,229</b>	<b>2,644</b>	<b>4,704</b>
Income tax expense		-227	-283	-451	-610	-1,042
<b>Net profit for the period</b>		<b>996</b>	<b>952</b>	<b>1,778</b>	<b>2,034</b>	<b>3,662</b>
<b>Attributable to:</b>						
Shareholders of Nordea Bank AB (publ)		996	952	1,778	2,034	3,662
Non-controlling interests		-	-	-	-	-
<b>Total</b>		<b>996</b>	<b>952</b>	<b>1,778</b>	<b>2,034</b>	<b>3,662</b>
Basic earnings per share, EUR		0.25	0.24	0.44	0.51	0.91
Diluted earnings per share, EUR		0.25	0.24	0.44	0.51	0.91

## Statement of comprehensive income

EURm	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
<b>Net profit for the period</b>	<b>996</b>	<b>952</b>	<b>1,778</b>	<b>2,034</b>	<b>3,662</b>
<b>Items that may be reclassified subsequently to the income statement</b>					
Currency translation differences during the period	65	-80	220	288	-544
Hedging of net investments in foreign operations:					
Valuation gains/losses during the period	-1	61	-86	-78	308
Tax on valuation gains/losses during the period	0	-14	19	17	-68
Available for sale investments: <sup>1</sup>					
Valuation gains/losses during the period, net of recycling	44	-113	71	-69	-160
Tax on valuation gains/losses during the period	-10	28	-16	16	37
Cash flow hedges:					
Valuation gains/losses during the period, net of recycling	-5	78	11	64	84
Tax on valuation gains/losses during the period	1	-16	-2	-14	-19
<b>Items that may not be reclassified subsequently to the income statement</b>					
Defined benefit plans:					
Remeasurement of defined benefit plans	-114	507	-422	273	483
Tax on remeasurement of defined benefit plans	25	-115	95	-63	-108
<b>Other comprehensive income, net of tax</b>	<b>5</b>	<b>336</b>	<b>-110</b>	<b>434</b>	<b>13</b>
<b>Total comprehensive income</b>	<b>1,001</b>	<b>1,288</b>	<b>1,668</b>	<b>2,468</b>	<b>3,675</b>
<b>Attributable to:</b>					
Shareholders of Nordea Bank AB (publ)	1,001	1,288	1,668	2,468	3,675
Non-controlling interests	-	-	-	-	-
<b>Total</b>	<b>1,001</b>	<b>1,288</b>	<b>1,668</b>	<b>2,468</b>	<b>3,675</b>

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

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## Balance sheet

EURm	Note	30 Jun 2016	31 Dec 2015	30 Jun 2015
<b>Assets</b>				
Cash and balances with central banks		48,188	35,500	45,532
Loans to central banks	7	8,756	13,224	8,485
Loans to credit institutions	7	10,470	10,762	13,319
Loans to the public	7	344,580	340,920	357,580
Interest-bearing securities		84,976	86,535	86,624
Financial instruments pledged as collateral		8,989	8,341	12,010
Shares		21,197	22,273	24,758
Assets in pooled schemes and unit-linked investment contracts		22,040	20,434	20,262
Derivatives		87,240	80,741	86,314
Fair value changes of the hedged items in portfolio hedge of interest rate risk		160	151	166
Investments in associated undertakings		781	515	496
Intangible assets		3,444	3,208	3,086
Properties and equipment		568	557	559
Investment properties		3,072	3,054	3,125
Deferred tax assets		124	76	61
Current tax assets		253	87	160
Retirement benefit assets		221	377	207
Other assets		24,619	18,587	18,208
Prepaid expenses and accrued income		1,558	1,526	1,700
<b>Total assets</b>		<b>671,236</b>	<b>646,868</b>	<b>682,652</b>
<b>Liabilities</b>				
Deposits by credit institutions		63,599	44,209	63,894
Deposits and borrowings from the public		195,960	189,049	206,402
Deposits in pooled schemes and unit-linked investment contracts		22,463	21,088	20,862
Liabilities to policyholders		39,159	38,707	39,133
Debt securities in issue		188,003	201,937	196,467
Derivatives		83,037	79,505	83,904
Fair value changes of the hedged items in portfolio hedge of interest rate risk		3,920	2,594	2,578
Current tax liabilities		432	225	434
Other liabilities		31,830	25,745	27,953
Accrued expenses and prepaid income		1,834	1,805	1,851
Deferred tax liabilities		849	1,028	939
Provisions		394	415	285
Retirement benefit obligations		473	329	405
Subordinated liabilities		9,140	9,200	7,736
<b>Total liabilities</b>		<b>641,093</b>	<b>615,836</b>	<b>652,843</b>
<b>Equity</b>				
Non-controlling interests		1	1	1
Share capital		4,050	4,050	4,050
Share premium reserve		1,080	1,080	1,080
Other reserves		-1,298	-1,188	-767
Retained earnings		26,310	27,089	25,445
<b>Total equity</b>		<b>30,143</b>	<b>31,032</b>	<b>29,809</b>
<b>Total liabilities and equity</b>		<b>671,236</b>	<b>646,868</b>	<b>682,652</b>
Assets pledged as security for own liabilities		194,572	184,795	182,782
Other assets pledged		6,065	9,038	10,711
Contingent liabilities		22,235	22,569	22,835
Credit commitments <sup>1</sup>		71,778	71,340	73,099
Other commitments		1,510	3,323	1,357

<sup>1</sup> Including unutilised portion of approved overdraft facilities of EUR 32,148m (31 Dec 2015: EUR 37,961m, 30 Jun 2015: EUR 38,854m).

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## Statement of changes in equity

EURm	Attributable to shareholders of Nordea Bank AB (publ)							Total	Non-controlling interests	Total equity
	Share capital <sup>1</sup>	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings			
<b>Balance at 1 Jan 2016</b>	<b>4,050</b>	<b>1,080</b>	<b>-1,617</b>	<b>71</b>	<b>-10</b>	<b>368</b>	<b>27,089</b>	<b>31,031</b>	<b>1</b>	<b>31,032</b>
Net profit for the period	-	-	-	-	-	-	1,778	1,778	-	1,778
Other comprehensive income, net of tax	-	-	153	9	55	-327	-	-110	-	-110
<i>Total comprehensive income</i>	-	-	153	9	55	-327	1,778	1,668	-	1,668
Share-based payments <sup>2</sup>	-	-	-	-	-	-	0	0	-	0
Dividend for 2015	-	-	-	-	-	-	-2,584	-2,584	-	-2,584
Disposal of own shares <sup>3</sup>	-	-	-	-	-	-	27	27	-	27
<b>Balance at 30 Jun 2016</b>	<b>4,050</b>	<b>1,080</b>	<b>-1,464</b>	<b>80</b>	<b>45</b>	<b>41</b>	<b>26,310</b>	<b>30,142</b>	<b>1</b>	<b>30,143</b>

EURm	Attributable to shareholders of Nordea Bank AB (publ)							Total	Non-controlling interests	Total equity
	Share capital <sup>1</sup>	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings			
<b>Balance at 1 Jan 2015</b>	<b>4,050</b>	<b>1,080</b>	<b>-1,313</b>	<b>6</b>	<b>113</b>	<b>-7</b>	<b>25,906</b>	<b>29,835</b>	<b>2</b>	<b>29,837</b>
Net profit for the period	-	-	-	-	-	-	3,662	3,662	-	3,662
Other comprehensive income, net of tax	-	-	-304	65	-123	375	-	13	-	13
<i>Total comprehensive income</i>	-	-	-304	65	-123	375	3,662	3,675	-	3,675
Share-based payments <sup>2</sup>	-	-	-	-	-	-	2	2	-	2
Dividend for 2014	-	-	-	-	-	-	-2,501	-2,501	-	-2,501
Disposal of own shares <sup>3</sup>	-	-	-	-	-	-	20	20	-	20
Other changes	-	-	-	-	-	-	-	-	-1	-1
<b>Balance at 31 Dec 2015</b>	<b>4,050</b>	<b>1,080</b>	<b>-1,617</b>	<b>71</b>	<b>-10</b>	<b>368</b>	<b>27,089</b>	<b>31,031</b>	<b>1</b>	<b>31,032</b>

EURm	Attributable to shareholders of Nordea Bank AB (publ)							Total	Non-controlling interests	Total equity
	Share capital <sup>1</sup>	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings			
<b>Balance at 1 Jan 2015</b>	<b>4,050</b>	<b>1,080</b>	<b>-1,313</b>	<b>6</b>	<b>113</b>	<b>-7</b>	<b>25,906</b>	<b>29,835</b>	<b>2</b>	<b>29,837</b>
Net profit for the period	-	-	-	-	-	-	2,034	2,034	-	2,034
Other comprehensive income, net of tax	-	-	227	50	-53	210	-	434	-	434
<i>Total comprehensive income</i>	-	-	227	50	-53	210	2,034	2,468	-	2,468
Share-based payments <sup>2</sup>	-	-	-	-	-	-	2	2	-	2
Dividend for 2014	-	-	-	-	-	-	-2,501	-2,501	-	-2,501
Disposal of own shares <sup>3</sup>	-	-	-	-	-	-	4	4	-	4
Other changes	-	-	-	-	-	-	-	-	-1	-1
<b>Balance at 30 Jun 2015</b>	<b>4,050</b>	<b>1,080</b>	<b>-1,086</b>	<b>56</b>	<b>60</b>	<b>203</b>	<b>25,445</b>	<b>29,808</b>	<b>1</b>	<b>29,809</b>

<sup>1</sup> Total shares registered were 4,050 million (31 Dec 2015: 4,050 million, 30 Jun 2015: 4,050 million).

<sup>2</sup> The total holding of own shares related to Long Term Incentive Programme (LTIP) is 10.9 million (31 Dec 2015: 11.7 million, 30 Jun 2015: 11.7 million).

<sup>3</sup> 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 number of own shares at 30 Jun 2016 was 15.2 million (31 Dec 2015: 18.6 million, 30 Jun 2015: 18.4 million).

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## Cash flow statement, condensed

EURm	Jan-Jun 2016	Jan-Jun 2015	Full Year 2015
<i>Operating activities</i>			
Operating profit	2,229	2,644	4,704
Adjustments for items not included in cash flow	1,854	2,945	2,824
Income taxes paid	-436	-537	-1,056
Cash flow from operating activities before changes in operating assets and liabilities	3,647	5,052	6,472
Changes in operating assets and liabilities	14,518	7,075	-6,276
Cash flow from operating activities	18,165	12,127	196
<i>Investing activities</i>			
Sale/acquisition of business operations	-	-	175
Properties and equipment	-50	-77	-135
Intangible assets	-268	-163	-458
Net investments in debt securities, held to maturity	-83	-263	-139
Other financial fixed assets	-9	-	35
Cash flow from investing activities	-410	-503	-522
<i>Financing activities</i>			
Issued/amortised subordinated liabilities	-	-554	735
Divestment/repurchase of own shares incl change in trading portfolio	27	4	20
Dividend paid	-2,584	-2,501	-2,501
Cash flow from financing activities	-2,557	-3,051	-1,746
<b>Cash flow for the period</b>	<b>15,198</b>	<b>8,573</b>	<b>-2,072</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>40,200</b>	<b>39,683</b>	<b>39,683</b>
Translation difference	-498	2,206	2,589
<b>Cash and cash equivalents at end of the period</b>	<b>54,900</b>	<b>50,462</b>	<b>40,200</b>
<b>Change</b>	<b>15,198</b>	<b>8,573</b>	<b>-2,072</b>
<b>Cash and cash equivalents</b>	30 Jun	30 Jun	31 Dec
The following items are included in cash and cash equivalents (EURm):	<u>2016</u>	<u>2015</u>	<u>2015</u>
Cash and balances with central banks	48,188	45,532	35,500
Loans to central banks	4,843	2,945	2,684
Loans to credit institutions	1,869	1,985	2,016
<b>Total cash and cash equivalents</b>	<b>54,900</b>	<b>50,462</b>	<b>40,200</b>

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". In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the Supplementary Accounting Rules for Groups (RFR 1) from the Swedish Financial Reporting Board have been applied.

The same accounting policies and methods of computation are followed as compared to the Annual Report 2015, for more information see Note G1 in the Annual Report 2015. For changes implemented during 2016, see "Changed accounting policies" below.

### Changed accounting policies

The following amendments published by the IASB were implemented 1 January 2016 but have not had any significant impact on Nordea's financial statements:

- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"
- IAS 1 "Disclosure Initiative"
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"
- Annual Improvements to IFRSs, 2012-2014 Cycle

Amendments have in addition been made in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) which have been implemented 1 January 2016. These amendments have not had any significant impact on Nordea's financial statements.

The Swedish Financial Supervisory Authority has amended the accounting regulation FFFS 2008:25 by issuing FFFS 2015:20. Those amendments were implemented by Nordea 1 January 2016 but have not had any significant impact on Nordea's financial statements.

The Swedish Financial Reporting Board has amended the accounting recommendation for groups by issuing "RFR 1 Supplementary Accounting Rules for Groups – January 2016". These changes were implemented by Nordea 1 January 2016 but have not had any significant impact on Nordea's financial statements.

### Changed presentation of pooled schemes and unit-linked investment contracts

Nordea invests in interest-bearing securities and shares on behalf of customers, in pension pools and unit-linked investment contracts, where the customers bear the investment risk. Such assets have been reclassified to the separate balance sheet line "Assets in pooled schemes and unit-linked investment contracts" in order to disclose them separately from assets for which Nordea bears the investment risk. The corresponding liabilities to customers have been reclassified to the separate balance sheet line "Deposits in pooled schemes and unit-linked investment contracts" following that these liabilities behave differently than the normal deposits received from customers.

The comparable figures have been restated and the impact on the current and comparative periods can be found in the below table. The change in presentation has not had any impact on the income statement or equity.

EURm	30 Jun 2016			31 Dec 2015			30 Jun 2015		
	Old policy	Restatement	New policy	Old policy	Restatement	New policy	Old policy	Restatement	New policy
<b>Assets</b>									
Loans to credit institutions	10,890	-420	10,470	10,959	-197	10,762	13,517	-198	13,319
Interest-bearing securities	86,671	-1,695	84,976	88,176	-1,641	86,535	88,309	-1,685	86,624
Shares	40,967	-19,770	21,197	40,745	-18,472	22,273	43,012	-18,254	24,758
Assets in pooled schemes and unit-linked investment contracts	-	22,040	22,040	-	20,434	20,434	-	20,262	20,262
Investment properties	3,201	-129	3,072	3,165	-111	3,054	3,218	-93	3,125
Other assets	24,645	-26	24,619	18,600	-13	18,587	18,240	-32	18,208
<b>Liabilities</b>									
Deposits and borrowings from the public	200,196	-4,236	195,960	193,342	-4,293	189,049	210,829	-4,427	206,402
Deposits in pooled schemes and unit-linked investment contracts	-	22,463	22,463	-	21,088	21,088	-	20,862	20,862
Liabilities to policyholders	56,961	-17,802	39,159	55,491	-16,784	38,707	55,541	-16,408	39,133
Other liabilities	32,255	-425	31,830	25,756	-11	25,745	27,980	-27	27,953

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## Changed presentation of refinancing fees and pay-out fees

Refinancing fees and pay-out fees received in connection with mortgage lending in Denmark have been reclassified from “Net result from items at fair value” to “Net fee and commission income” in the income statement, in order to align with Nordea’s classification policy for loan processing fees. A refinancing fee is charged when an adjustable rate mortgage loan is refinanced, and a pay-out fee when a loan is initially paid out. The comparable figures have been restated and the impact on the current and comparative periods can be found in the below table. The change in

presentation has not had any impact on the balance sheet or equity.

## Changed presentation of stability fees

Nordea has, in order to align with local market practice, reclassified state guarantee fees from “Net fee and commission income” to “Net interest income”. The comparable figures have been restated and the impact on the current and comparative periods can be found in the below table. The change in presentation has not had any impact on the balance sheet or equity.

EURm	Q2 2016			Q2 2015			Jan-Jun 2016			Jan-Jun 2015			Full year 2015		
	Old policy	Restatement	New policy	Old policy	Restatement	New policy	Old policy	Restatement	New policy	Old policy	Restatement	New policy	Old policy	Restatement	New policy
Net interest income	1,212	-40	1,172	1,309	-35	1,274	2,402	-62	2,340	2,597	-70	2,527	5,110	-147	4,963
- of which state guarantee fees		-40			-35			-62			-70			-147	
Net fee and commission income	756	48	804	783	50	833	1,492	84	1,576	1,540	102	1,642	3,025	205	3,230
- of which state guarantee fees		40			35			62			70			147	
- of which refinancing/pay-out fees		8			15			22			32			58	
Net result from items at fair value	413	-8	405	401	-15	386	759	-22	737	1,045	-32	1,013	1,703	-58	1,645
- of which refinancing/pay-out fees		-8			-15			-22			-32			-58	

## Changed presentation of Net fee and commission income

The presentation within Note 3 “Net fee and commission income” has, in addition to the changes described above, been changed. The main change is that income and expenses have been set off to better reflect the net return from different business activities. Commission expenses have been split more granularly to better match the related commission income.

Commission income in connection with initial public offerings (IPOs) have in addition been reclassified from “Custody and issuer services” to “Brokerage, securities issues and corporate finance” (impact full year 2015 EUR 27m), and commission expenses connected to asset management activities from “Other” to “Asset management” (impact full year 2015 EUR 80m). These reclassifications have been made to better reflect the purpose of services performed/received.

## Impact on capital adequacy from new or amended IFRS standards not yet applied IFRS 9 “Financial instruments”

IASB has completed the new standard for financial instruments, IFRS 9 “Financial instruments”. IFRS 9 covers classification and measurement, impairment and general hedging and replaces the current requirements covering these areas in IAS 39. IFRS 9 is effective as from annual periods beginning on or after 1 January 2018. Earlier application is permitted, but IFRS 9 is not yet endorsed by the EU commission. Nordea does not currently intend to early adopt the standard.

The changes in classification and measurement are not expected to have a significant impact on Nordea’s income statement or balance sheet as the mixed measurement model will be maintained, and as there will still be a measurement category similar to the current Available For Sale (AFS) category in IAS 39. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy and large exposures are not expected in the period of initial application, but this is naturally dependent on the financial instruments on Nordea’s balance sheet at transition.

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. In general, it is expected that the new requirements will increase loan loss provisions, decrease equity and have a negative impact on capital adequacy, but no impact on large exposures, in the period of initial application. IFRS 9 requires all assets measured at amortised cost and fair value through other comprehensive income, as well as guarantees and loan commitments, to be included in the impairment test. Currently Nordea does not calculate collective provisions for off balance sheet exposures or the AFS portfolio. The assets to test for impairment will be divided into three groups depending on the stage of credit deterioration. Stage 1 includes assets where there has been no significant deterioration in credit risk, stage 2 includes assets where there has been a significant deterioration and stage 3 includes assets that have been individually assessed to be impaired. In stage 1, the provisions should equal the 12 month expected loss. In stage 2 and 3, the provisions should equal the lifetime expected losses. Nordea’s current model for calculating collective provisions

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defines a loss event as a deterioration in rating/scoring, but it is not expected that the loss event in the current model will equal the trigger event for moving items from stage 1 to stage 2 under IFRS 9. Currently Nordea does not, in addition, hold any provisions for assets where there has been no deterioration in credit risk. For assets where there has been a significant deterioration in credit risk, Nordea currently holds provisions based on the losses estimated to occur during the period between the date when the loss event occurred and the date when the loss event is identified on an individual basis, the so called "Emergence period", while IFRS 9 will require provisions equal to the lifetime expected loss. This means total provisions will increase when IFRS 9 is implemented.

The main change to the general hedging requirements is that the standard aligns hedge accounting more closely with the risk management activities. As Nordea generally uses macro (portfolio) hedge accounting Nordea's assessment is that the new requirements will not have any significant impact on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application.

Nordea has not yet finalised the impact assessment of the implementation of IFRS 9.

## IFRS 15 "Revenue from Contracts with Customers"

The IASB has published the new standard IFRS 15 "Revenue from Contracts with Customers". The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition standards and interpretations within IFRS, such as IAS 18 "Revenue". The new standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The

EU-commission is expected to endorse the standard during the third quarter 2016. Nordea does not currently intend to early adopt the standard. The standard does not apply to financial instruments, insurance contracts or lease contracts. Nordea has not finalised the investigation of the impact on the financial statements but the current assessment is that the new standard will not have any significant impact on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application.

## IFRS 16 "Leases"

The IASB has published the new standard IFRS 16 "Leases". The new standard changes the accounting requirements for lessees. All leases (except for short term- and small ticket leases) should be accounted for on the balance sheet of the lessee as a right to use the asset and a corresponding liability, and the lease payments should be recognised as amortisation and interest expense. The accounting requirements for lessors are unchanged. Additional disclosures are also required. The new standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The new standard is not yet endorsed by the EU-commission. Nordea does not currently intend to early adopt IFRS 16. Nordea's current assessment is that the new standard will change the accounting of property leases which mainly affects Nordea's balance sheet.

## 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.

## Exchange rates

	Jan-Jun 2016	Jan-Dec 2015	Jan-Jun 2015
<b>EUR 1 = SEK</b>			
Income statement (average)	9.3019	9.3537	9.3416
Balance sheet (at end of period)	9.4242	9.1895	9.2150
<b>EUR 1 = DKK</b>			
Income statement (average)	7.4500	7.4587	7.4564
Balance sheet (at end of period)	7.4393	7.4626	7.4604
<b>EUR 1 = NOK</b>			
Income statement (average)	9.4241	8.9434	8.6461
Balance sheet (at end of period)	9.3008	9.6030	8.7910
<b>EUR 1 = RUB</b>			
Income statement (average)	78.3394	67.9657	64.5730
Balance sheet (at end of period)	71.5200	80.6736	62.3550

# Nordea

## Note 2 Segment reporting

	Operating segments							Recon- ciliation	Total Group
	Retail Banking	Whole- sale Banking	Wealth Manage- ment	Group Corporate Centre	Other operating segments	Total operating segments			
<b>Jan-Jun 2016</b>									
Total operating income, EURm	2,653	1,045	948	327	166	5,139	-288	<b>4,851</b>	
- of which internal transactions <sup>1</sup> , EURm	-594	-212	2	804	0	0	-	-	
Operating profit, EURm	1,088	479	558	193	125	2,443	-214	<b>2,229</b>	
Loans to the public <sup>2</sup> , EURbn	226	58	11	-	-	295	50	<b>345</b>	
Deposits and borrowings from the public <sup>2</sup> , EURbn	110	41	14	-	-	165	31	<b>196</b>	
<b>Jan-Jun 2015</b>									
Total operating income, EURm	2,840	1,336	932	306	7	5,421	-179	<b>5,242</b>	
- of which internal transactions <sup>1</sup> , EURm	-644	-164	7	818	-17	0	-	-	
Operating profit, EURm	1,219	792	534	237	12	2,794	-150	<b>2,644</b>	
Loans to the public <sup>2</sup> , EURbn	223	58	10	-	-	291	67	<b>358</b>	
Deposits and borrowings from the public <sup>2</sup> , EURbn	107	42	13	-	-	162	44	<b>206</b>	

<sup>1</sup> IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Corporate Centre.

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

### Breakdown of Retail Banking, Wholesale Banking and Wealth Management

	Retail Banking Nordic <sup>1</sup>		Retail Banking Baltic countries <sup>2</sup>		Retail Banking Other <sup>3</sup>		Retail Banking	
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun	
	2016	2015	2016	2015	2016	2015	2016	2015
Total operating income, EURm	2,638	2,799	101	92	-86	-51	<b>2,653</b>	<b>2,840</b>
- of which internal transactions, EURm	-498	-563	-13	-15	-83	-66	<b>-594</b>	<b>-644</b>
Operating profit, EURm	1,145	1,232	40	56	-97	-69	<b>1,088</b>	<b>1,219</b>
Loans to the public, EURbn	218	215	8	8	0	0	<b>226</b>	<b>223</b>
Deposits and borrowings from the public, EURbn	106	103	4	4	0	0	<b>110</b>	<b>107</b>

	Corporate & Institutional Banking		Shipping, Offshore & Oil Services		Nordea Bank Russia		Capital Markets unallocated		Wholesale Banking Other <sup>4</sup>		Wholesale Banking	
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total operating income, EURm	708	723	173	190	115	116	66	307	-17	0	<b>1,045</b>	<b>1,336</b>
- of which internal transactions, EURm	-102	-41	-62	-67	-41	-44	40	25	-47	-37	<b>-212</b>	<b>-164</b>
Operating profit, EURm	424	458	99	160	68	65	-56	154	-56	-45	<b>479</b>	<b>792</b>
Loans to the public, EURbn	41	40	12	12	5	6	-	-	-	-	<b>58</b>	<b>58</b>
Deposits and borrowings from the public, EURbn	35	36	5	5	1	1	-	-	-	-	<b>41</b>	<b>42</b>

	Private Banking		Asset Management		Life & Pension unallocated		Wealth Management Other <sup>5</sup>		Wealth Management	
	Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun		Jan-Jun	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total operating income, EURm	405	439	398	377	286	253	-141	-137	<b>948</b>	<b>932</b>
- of which internal transactions, EURm	2	7	0	0	0	0	0	0	<b>2</b>	<b>7</b>
Operating profit, EURm	194	235	279	257	206	170	-121	-128	<b>558</b>	<b>534</b>
Loans to the public, EURbn	11	10	-	-	-	-	-	-	<b>11</b>	<b>10</b>
Deposits and borrowings from the public, EURbn	14	13	-	-	-	-	-	-	<b>14</b>	<b>13</b>

<sup>1</sup> Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden.

<sup>2</sup> Retail Banking Baltic countries includes banking operations in Estonia, Latvia and Lithuania.

<sup>3</sup> Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT.

<sup>4</sup> Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT.

<sup>5</sup> Wealth Management Other includes the area Savings and support areas, such as IT.



Note 2, continued

#### Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Jun		30 Jun		30 Jun	
	2016	2015	2016	2015	2016	2015
Total operating segments	2,443	2,794	295	291	165	162
Group functions <sup>1</sup>	-151	-12	-	-	-	-
Unallocated items	91	6	47	61	30	42
Differences in accounting policies <sup>2</sup>	-154	-144	3	6	1	2
<b>Total</b>	<b>2,229</b>	<b>2,644</b>	<b>345</b>	<b>358</b>	<b>196</b>	<b>206</b>

<sup>1</sup> Consists of Group Risk Management, Group Internal Audit, Chief of staff office, Group Finance and Business Control and Group Compliance.

<sup>2</sup> Impact from plan exchange rates and internal allocation principles used in the segment reporting.

#### Measurement of operating segments' performance

The measurement principles and allocation between operating segments follow the information reported to the Chief Operating Decision Maker (CODM), as required by IFRS 8. In Nordea the CODM has been defined as Group Executive Management. The main differences compared to the section "Business areas" in this report are that the information for CODM is prepared using plan exchange rates and to that different allocation principles between operating segments have been applied.

Financial results are presented for the main business areas Retail Banking, Wholesale Banking and Wealth Management, with a further breakdown on operating segments, and the operating segment Group Corporate Centre. Other operating segments below the quantitative thresholds in IFRS 8 are included in Other operating segments. Group functions (and eliminations) as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

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## Note 3 Net fee and commission income

EURm	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
	2016	2016	2015	2016	2015	2015
Asset management commissions	340	314	325	654	626	1,261
Life & Pensions	67	75	82	142	153	299
Deposit Products	8	7	8	15	16	31
Brokerage, securities issues and corporate finance	56	48	57	104	130	225
Custody and issuer services	18	10	18	28	27	55
Payments	75	69	78	144	156	307
Cards	55	58	70	113	137	271
Lending Products	134	135	139	269	279	548
Guarantees	40	42	47	82	93	177
Other	11	14	9	25	25	56
<b>Total</b>	<b>804</b>	<b>772</b>	<b>833</b>	<b>1,576</b>	<b>1,642</b>	<b>3,230</b>

## Note 4 Net result from items at fair value

EURm	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
	2016	2016	2015	2016	2015	2015
Equity related instruments	42	46	14	88	168	271
Interest related instruments and foreign exchange gains/losses	277	173	293	450	684	1,077
Other financial instruments (including credit and commodities)	24	25	20	49	44	56
Investment properties	0	0	-2	0	-3	-4
Life insurance <sup>1</sup>	62	88	61	150	120	245
<b>Total</b>	<b>405</b>	<b>332</b>	<b>386</b>	<b>737</b>	<b>1,013</b>	<b>1,645</b>

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

## Break-down of life insurance

EURm	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
	2016	2016	2015	2016	2015	2015
Equity related instruments	148	-295	-190	-147	923	893
Interest related instruments and foreign exchange gains/losses	413	645	-942	1,058	-289	-148
Other financial instruments	-	-	0	-	0	-
Investment properties	55	55	39	110	62	150
Change in technical provisions <sup>1</sup>	-783	-433	1,002	-1,216	-289	-529
Change in collective bonus potential	195	144	142	339	-317	-169
Insurance risk income	34	48	60	82	107	213
Insurance risk expense	0	-76	-50	-76	-77	-165
<b>Total</b>	<b>62</b>	<b>88</b>	<b>61</b>	<b>150</b>	<b>120</b>	<b>245</b>

<sup>1</sup> Premium income amounts to EUR 614m for Q2 2016 and EUR 1,271m for Jan-Jun 2016 (Q2 2015: EUR 591m, Jan-Jun 2015: EUR 1,254m).

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## Note 5 Other expenses

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
EURm	2016	2016	2015	2016	2015	2015
Information technology	-138	-128	-122	-266	-242	-485
Marketing and representation	-18	-15	-22	-33	-42	-84
Postage, transportation, telephone and office expenses	-31	-33	-34	-64	-76	-145
Rents, premises and real estate	-78	-77	-82	-155	-167	-373
Other	-131	-133	-103	-264	-200	-398
<b>Total</b>	<b>-396</b>	<b>-386</b>	<b>-363</b>	<b>-782</b>	<b>-727</b>	<b>-1,485</b>

## Note 6 Net loan losses

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
EURm	2016	2016	2015	2016	2015	2015
<b>Loan losses divided by class</b>						
Recoveries on previous realised loan losses	-	-	0	-	0	0
Provisions	0	0	0	0	1	0
Reversal of previous provisions	0	0	-	0	0	1
<b>Loans to credit institutions</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>
Realised loan losses	-119	-131	-206	-250	-334	-605
Allowances to cover realised loan losses	90	100	172	190	257	448
Recoveries on previous realised loan losses	12	12	14	24	26	63
Provisions	-248	-240	-220	-488	-434	-1,074
Reversal of previous provisions	148	152	148	300	293	693
<b>Loans to the public</b>	<b>-117</b>	<b>-107</b>	<b>-92</b>	<b>-224</b>	<b>-192</b>	<b>-475</b>
Realised loan losses	-2	-2	-1	-4	-5	-11
Allowances to cover realised loan losses	3	1	1	4	5	11
Provisions	-30	-22	-29	-52	-68	-104
Reversal of previous provisions	19	19	18	38	34	99
<b>Off-balance sheet items</b>	<b>-10</b>	<b>-4</b>	<b>-11</b>	<b>-14</b>	<b>-34</b>	<b>-5</b>
<b>Net loan losses</b>	<b>-127</b>	<b>-111</b>	<b>-103</b>	<b>-238</b>	<b>-225</b>	<b>-479</b>

## Key ratios

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
	2016	2016	2015	2016	2015	2015
Loan loss ratio, basis points	15	13	12	14	13	14
- of which individual	13	14	12	13	13	13
- of which collective	2	-1	0	1	0	1

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## Note 7 Loans and impairment

EURm	Total			
	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Loans, not impaired	360,156	362,308	361,610	376,240
Impaired loans	6,308	6,084	5,960	5,811
-of which performing	3,783	3,504	3,682	3,600
-of which non-performing	2,525	2,580	2,278	2,211
<b>Loans before allowances</b>	<b>366,464</b>	<b>368,392</b>	<b>367,570</b>	<b>382,051</b>
Allowances for individually assessed impaired loans	-2,192	-2,198	-2,213	-2,236
-of which performing	-1,278	-1,255	-1,289	-1,316
-of which non-performing	-914	-943	-924	-920
Allowances for collectively assessed impaired loans	-466	-447	-451	-431
<b>Allowances</b>	<b>-2,658</b>	<b>-2,645</b>	<b>-2,664</b>	<b>-2,667</b>
<b>Loans, carrying amount</b>	<b>363,806</b>	<b>365,747</b>	<b>364,906</b>	<b>379,384</b>

EURm	Central banks and credit institutions				The public			
	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Loans, not impaired	19,228	23,018	23,988	21,806	340,928	339,290	337,622	354,434
Impaired loans	-	-	-	-	6,308	6,084	5,960	5,811
-of which performing	-	-	-	-	3,783	3,504	3,682	3,600
-of which non-performing	-	-	-	-	2,525	2,580	2,278	2,211
<b>Loans before allowances</b>	<b>19,228</b>	<b>23,018</b>	<b>23,988</b>	<b>21,806</b>	<b>347,236</b>	<b>345,374</b>	<b>343,582</b>	<b>360,245</b>
Allowances for individually assessed impaired loans	-	-	-	-	-2,192	-2,198	-2,213	-2,236
-of which performing	-	-	-	-	-1,278	-1,255	-1,289	-1,316
-of which non-performing	-	-	-	-	-914	-943	-924	-920
Allowances for collectively assessed impaired loans	-2	-2	-2	-2	-464	-445	-449	-429
<b>Allowances</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2</b>	<b>-2,656</b>	<b>-2,643</b>	<b>-2,662</b>	<b>-2,665</b>
<b>Loans, carrying amount</b>	<b>19,226</b>	<b>23,016</b>	<b>23,986</b>	<b>21,804</b>	<b>344,580</b>	<b>342,731</b>	<b>340,920</b>	<b>357,580</b>

EURm	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Allowances for items on the balance sheet	-2,658	-2,645	-2,664	-2,667
Provisions for off balance sheet items	-76	-68	-65	-100
<b>Total allowances and provisions</b>	<b>-2,734</b>	<b>-2,713</b>	<b>-2,729</b>	<b>-2,767</b>

Key ratios	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Impairment rate, gross, basis points	172	165	162	152
Impairment rate, net, basis points	112	105	102	94
Total allowance rate, basis points	73	72	72	70
Allowances in relation to impaired loans, %	35	36	37	38
Total allowances in relation to impaired loans, %	42	43	45	46
Non-performing, not impaired, EURm	356	366	485	354

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## Note 8 Classification of financial instruments

EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
<b>Financial assets</b>							
Cash and balances with central banks	48,188	-	-	-	-	-	48,188
Loans to central banks	6,708	-	2,048	-	-	-	8,756
Loans to credit institutions	6,884	-	3,585	1	-	-	10,470
Loans to the public	251,457	-	40,187	52,936	-	-	344,580
Interest-bearing securities	60	2,807	32,210	15,606	-	34,293	84,976
Financial instruments pledged as collateral	-	-	8,989	-	-	-	8,989
Shares	-	-	4,120	17,077	-	-	21,197
Assets in pooled schemes and unit-linked investment contracts	-	-	-	21,911	-	-	21,911
Derivatives	-	-	83,750	-	3,490	-	87,240
Fair value changes of the hedged items in portfolio hedge of interest rate risk	160	-	-	-	-	-	160
Other assets	8,106	-	-	15,416	-	-	23,522
Prepaid expenses and accrued income	1,033	-	-	-	-	-	1,033
<b>Total 30 Jun 2016</b>	<b>322,596</b>	<b>2,807</b>	<b>174,889</b>	<b>122,947</b>	<b>3,490</b>	<b>34,293</b>	<b>661,022</b>
Total 31 Dec 2015	306,798	2,708	171,339	119,012	3,147	34,116	673,120

EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
<b>Financial liabilities</b>					
Deposits by credit institutions	23,656	880	-	39,063	63,599
Deposits and borrowings from the public	20,688	4,746	-	170,526	195,960
Deposits in pooled schemes and unit-linked investment contracts	-	22,463	-	-	22,463
Liabilities to policyholders, investment contracts	-	2,805	-	-	2,805
Debt securities in issue	6,795	47,183	-	134,025	188,003
Derivatives	81,568	-	1,469	-	83,037
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	3,920	3,920
Other liabilities	8,579	11,445	-	9,507	29,531
Accrued expenses and prepaid income	-	-	-	371	371
Subordinated liabilities	-	-	-	9,140	9,140
<b>Total 30 Jun 2016</b>	<b>141,286</b>	<b>89,522</b>	<b>1,469</b>	<b>366,552</b>	<b>598,829</b>
Total 31 Dec 2015	121,595	86,521	1,618	364,556	574,290

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## Note 9 Fair value of financial assets and liabilities

EURm	30 Jun 2016		31 Dec 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets</b>				
Cash and balances with central banks	48,188	48,188	35,500	35,500
Loans	363,966	363,217	365,057	366,401
Interest-bearing securities	84,976	85,277	86,535	86,750
Financial instruments pledged as collateral	8,989	8,989	8,341	8,341
Shares	21,197	21,197	22,273	22,273
Assets in pooled schemes and unit-linked investment contracts	21,911	21,911	20,323	20,323
Derivatives	87,240	87,240	80,741	80,741
Other assets	23,522	23,522	17,382	17,382
Prepaid expenses and accrued income	1,033	1,033	968	968
<b>Total</b>	<b>661,022</b>	<b>660,574</b>	<b>637,120</b>	<b>638,679</b>
<b>Financial liabilities</b>				
Deposits and debt instruments	460,622	460,656	446,989	446,874
Deposits in pooled schemes and unit-linked investment contracts	22,463	22,463	21,088	21,088
Liabilities to policyholders	2,805	2,805	2,761	2,761
Derivatives	83,037	83,037	79,505	79,505
Other liabilities	29,531	29,531	23,606	23,606
Accrued expenses and prepaid income	371	371	341	341
<b>Total</b>	<b>598,829</b>	<b>598,863</b>	<b>574,290</b>	<b>574,175</b>

The determination of fair value is described in the Annual report 2015, Note G39 "Assets and liabilities at fair value". The fair value has for loans been estimated by discounting the expected future cash flows with an assumed customer interest rate that would have been used on the market if the loans had been issued at the time of the measurement. The assumed customer interest rate is calculated as the benchmark interest rate plus the average margin on new lending in Retail Banking and Wholesale Banking respectively.

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

### Categorisation into the fair value hierarchy

EURm	Quoted prices in active markets for the same instrument		Valuation technique using observable data		Valuation technique using non- observable data		Total
	(Level 1)	Of which Life	(Level 2)	Of which Life	(Level 3)	Of which Life	
<b>Assets at fair value on the balance sheet<sup>1</sup></b>							
Loans to central banks	-	-	2,048	-	-	-	2,048
Loans to credit institutions	-	-	3,586	-	-	-	3,586
Loans to the public	-	-	93,123	-	-	-	93,123
Interest-bearing securities <sup>2</sup>	48,026	13,037	42,841	6,072	231	45	91,098
Shares	15,162	11,624	936	879	5,099	4,454	21,197
Assets in pooled schemes and unit-linked							
investment contracts	20,237	16,378	1,653	1,653	21	21	21,911
Derivatives	229	-	85,286	762	1,725	-	87,240
Other assets	-	-	15,416	10	-	-	15,416
<b>Total 30 Jun 2016</b>	<b>83,654</b>	<b>41,039</b>	<b>244,889</b>	<b>9,376</b>	<b>7,076</b>	<b>4,520</b>	<b>335,619</b>
Total 31 Dec 2015	83,348	39,743	237,483	8,490	6,783	4,257	327,614
<b>Liabilities at fair value on the balance sheet<sup>1</sup></b>							
Deposits by credit institutions	-	-	24,536	1,723	-	-	24,536
Deposits and borrowings from the public	-	-	25,434	-	-	-	25,434
Deposits in pooled schemes and unit-linked							
investment contracts	-	-	22,463	18,227	-	-	22,463
Liabilities to policyholders	-	-	2,805	2,805	-	-	2,805
Debt securities in issue <sup>3</sup>	47,183	-	6,795	-	-	-	53,978
Derivatives <sup>3</sup>	180	-	80,946	1,047	1,911	-	83,037
Other liabilities	6,547	-	13,477	15	-	-	20,024
<b>Total 30 Jun 2016</b>	<b>53,910</b>	<b>-</b>	<b>176,456</b>	<b>23,817</b>	<b>1,911</b>	<b>-</b>	<b>232,277</b>
Total 31 Dec 2015	53,380	-	154,830	21,059	1,524	-	209,734

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

<sup>2</sup> Of which EUR 8,989m relates to the balance sheet item Financial instruments pledged as collateral.

<sup>3</sup> For structured bonds the host contract and the embedded derivative are presented separately. The host contract is presented on the balance sheet as "Debt securities in issue" and the embedded derivative on the balance sheet as "Derivatives". The total fair value of the structured bonds is EUR 6,571m (EUR 6,825m), of which EUR 6,796m (EUR 6,881m) is categorised into Level 2 and a net positive fair value of EUR 225m (net positive fair value of EUR 56m) into Level 3 in the fair value hierarchy.

### Determination of fair values for items measured at fair value on the balance sheet

For information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2015, Note G39 "Assets and liabilities at fair value".

### Transfers between Level 1 and 2

During the period, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 378m from Level 1 to Level 2 and EUR 188m from Level 2 to Level 1 of the fair value hierarchy. Nordea has also transferred shares of EUR 0m, derivative assets of EUR 61m, derivative liabilities of EUR 70m and other liabilities of EUR 2m from Level 2 to Level 1 and other liabilities of EUR 83m from Level 1 to Level 2.

The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

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## Note 10, continued

### Movements in Level 3

EURm	Fair value gains/losses recognised in the income statement during the year									
	1 Jan	Realised	Un-realised	Purchases/Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Translation differences	30 Jun
Interest-bearing securities	250	0	14	9	-21	0	1	-21	-1	231
- of which Life	45	-	1	-	-	-	-	-	-1	45
Shares	4,854	126	-239	1,030	-687	-17	19	-	13	5,099
- of which Life	4,188	77	-178	947	-576	-17	-	-	13	4,454
Assets in pooled schemes and unit-linked investment contracts	24	-	0	-	-3	-	-	-	-	21
- of which Life	24	-	0	-	-3	-	-	-	-	21
Derivatives (net)	131	-7	-497	-	-	7	21	158	1	-186
<b>Total 2016, net</b>	<b>5,259</b>	<b>119</b>	<b>-722</b>	<b>1,039</b>	<b>-711</b>	<b>-10</b>	<b>41</b>	<b>137</b>	<b>13</b>	<b>5,165</b>
Total 2015, net	5,577	257	80	1,089	-1,185	-134	468	-129	-12	6,011

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. The reason for the transfer from Level 3 to Level 2 was that observable market data became available. The reason for the transfer from Level 2 to Level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

### The valuation processes for fair value measurements in Level 3

For information about valuation processes for fair value measurement in Level 3, see the Annual report 2015 Note G39 "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 2015 Note G1 "Accounting policies". The table below shows the aggregate difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of how this aggregated difference has changed during the period (movement of deferred Day 1 profit).

### Deferred day 1 profit - Derivatives, net

EURm	2016	2015
Opening balance at 1 Jan	34	36
Deferred profit on new transactions	5	6
Recognised in the income statement during the period <sup>1</sup>	-18	-2
<b>Closing balance at 30 Jun</b>	<b>21</b>	<b>40</b>

<sup>1</sup> Of which EUR -14m due to transfers of derivatives from Level 3 to Level 2.

# Nordea

## Note 10, continued

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

EURm	Fair value	Of which Life <sup>1</sup>	Valuation techniques	Unobservable input	Range of fair value <sup>4</sup>
<b>Interest-bearing securities</b>					
Mortgage and other credit institutions <sup>2</sup>	178	-	Discounted cash flows	Credit spread	-2/2
Corporates	53	45	Discounted cash flows	Credit spread	-3/3
<b>Total 30 Jun 2016</b>	<b>231</b>	<b>45</b>			<b>-5/5</b>
Total 31 Dec 2015	250	45			-8/8
<b>Shares</b>					
Private equity funds	1,871	1,654	Net asset value <sup>3</sup>		-220/220
Hedge funds	369	270	Net asset value <sup>3</sup>		-30/30
Credit funds	519	384	Net asset value/market consensus <sup>3</sup>		-34/34
Other funds	2,182	2,112	Net asset value/Fund prices <sup>3</sup>		-256/256
Other <sup>5</sup>	179	55	-		-12/12
<b>Total 30 Jun 2016</b>	<b>5,120</b>	<b>4,475</b>			<b>-552/552</b>
Total 31 Dec 2015	4,878	4,212			-504/530
<b>Derivatives, net</b>					
Interest rate derivatives	69	-	Option model	Correlations Volatilities	-26/18
Equity derivatives	-251	-	Option model	Correlations Volatilities Dividends	-20/14
Foreign exchange derivatives	2	-	Option model	Correlations Volatilities	-0/0
Credit derivatives	-34	-	Credit derivative model	Correlations Volatilities Recovery rates	-7/4
Other	28	-	Option model	Correlations Volatilities	-0/0
<b>Total 30 Jun 2016</b>	<b>-186</b>	<b>-</b>			<b>-53/36</b>
Total 31 Dec 2015	131	-			-60/44

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

<sup>2</sup> 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.

<sup>3</sup> 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 the EVCA (European Venture Capital Association). Less than 15% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in a range of 0% to 100% compared to the values received from suppliers/custodians.

<sup>4</sup> 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 2015, Note G39 "Assets and liabilities at fair value".

<sup>5</sup> Of which EUR 21m related to assets in pooled schemes and unit-linked investment.

# Nordea

## Note 11 Capital Adequacy

These figures are according to part 8 of CRR, in Sweden implemented in FFFS 2014:12

For more information on the leverage ratio disclosure requirement, please see the interim disclosure required by regulation (CRR article 433 and 437)\*

### Summary of items included in own funds

EURm	30 Jun <sup>3</sup> 2016	31 Dec <sup>3</sup> 2015	30 Jun 2015
Calculation of own funds			
Equity in the consolidated situation	29,138	29,959	26,981
Proposed/actual dividend	-1,255	-2,584	
Common Equity Tier 1 capital before regulatory adjustments	27,883	27,375	26,981
Deferred tax assets			
Intangible assets	-3,100	-2,866	-2,759
IRB provisions shortfall (-)	-305	-296	-249
Deduction for investments in credit institutions (50%)			
Pension assets in excess of related liabilities <sup>1</sup>	-104	-296	-90
Other items, net	-355	-342	-506
Total regulatory adjustments to Common Equity Tier 1 capital	-3,864	-3,800	-3,604
<b>Common Equity Tier 1 capital (net after deduction)</b>	<b>24,019</b>	<b>23,575</b>	<b>23,377</b>
Additional Tier 1 capital before regulatory adjustments	2,956	2,968	2,917
Total regulatory adjustments to Additional Tier 1 capital	-17	-27	-27
Additional Tier 1 capital	2,939	2,941	2,890
<b>Tier 1 capital (net after deduction)</b>	<b>26,958</b>	<b>26,516</b>	<b>26,267</b>
Tier 2 capital before regulatory adjustments	5,754	5,940	4,685
IRB provisions excess (+)	82		
Deduction for investments in credit institutions (50%)			
Deductions for investments in insurance companies	-1,205	-1,501	-509
Pension assets in excess of related liabilities			
Other items, net	-59	-55	-44
Total regulatory adjustments to Tier 2 capital	-1,182	-1,556	-553
Tier 2 capital	4,572	4,384	4,132
<b>Own funds (net after deduction)<sup>2</sup></b>	<b>31,530</b>	<b>30,900</b>	<b>30,399</b>

<sup>1</sup> Based on conditional FSA approval

<sup>2</sup> Own Funds adjusted for IRB provision, i.e. adjusted own funds equal 31753m by 30 Jun 2016

<sup>3</sup> including profit of the period

### Own Funds excluding profit

EURm	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital, excluding profit	23,317	22,802	23,377
Total Own Funds, excluding profit	30,828	30,127	30,399

# Nordea

## Note 11, continued

Minimum capital requirement and REA	30 Jun	30 Jun	31 Dec	31 Dec	30 Jun	30 Jun
	2016	2016	2015	2015	2015	2015
EURm	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
<b>Credit risk</b>	<b>9,326</b>	<b>116,573</b>	<b>9,358</b>	<b>116,978</b>	<b>9,390</b>	<b>117,383</b>
- of which counterparty credit risk	850	10,626	761	9,510	758	9,473
<b>IRB</b>	<b>8,237</b>	<b>102,962</b>	<b>8,297</b>	<b>103,717</b>	<b>8,287</b>	<b>103,590</b>
- corporate	5,635	70,430	5,630	70,371	5,538	69,227
- <i>advanced</i>	4,443	55,528	4,497	56,211	4,398	54,971
- <i>foundation</i>	1,192	14,902	1,133	14,160	1,140	14,256
- institutions	619	7,742	682	8,526	724	9,047
- retail	1,794	22,427	1,802	22,520	1,865	23,315
- <i>secured by immovable property collateral</i>	997	12,462	1,016	12,702	1,023	12,783
- <i>other retail</i>	797	9,965	786	9,818	842	10,532
- other	189	2,363	183	2,300	160	2,001
<b>Standardised</b>	<b>1,089</b>	<b>13,611</b>	<b>1,061</b>	<b>13,261</b>	<b>1,103</b>	<b>13,793</b>
- central governments or central banks	54	671	40	504	32	396
- regional governments or local authorities	27	340	19	237	18	229
- public sector entities	4	45	3	32	3	34
- multilateral development banks	2	31	0	0	0	0
- international organisations						
- institutions	27	334	23	282	27	342
- corporate	156	1,945	169	2,109	164	2,053
- retail	252	3,155	251	3,137	260	3,253
- secured by mortgages on immovable properties	227	2,838	231	2,887	240	3,004
- in default	9	118	9	119	14	179
- associated with particularly high risk	55	691	59	741	58	723
- covered bonds						
- institutions and corporates with a short-term credit assessment						
- collective investments undertakings (CIU)						
- equity	231	2,885	209	2,617	199	2,484
- other items	45	558	48	596	88	1,096
<b>Credit Value Adjustment Risk</b>	<b>151</b>	<b>1,889</b>	<b>140</b>	<b>1,751</b>	<b>165</b>	<b>2,061</b>
<b>Market risk</b>	<b>526</b>	<b>6,578</b>	<b>522</b>	<b>6,534</b>	<b>696</b>	<b>8,698</b>
- trading book, Internal Approach	255	3,188	239	2,990	392	4,902
- trading book, Standardised Approach <sup>1</sup>	93	1,161	96	1,209	108	1,347
- banking book, Standardised Approach	178	2,229	187	2,335	196	2,449
<b>Operational risk</b>	<b>1,350</b>	<b>16,873</b>	<b>1,363</b>	<b>17,031</b>	<b>1,363</b>	<b>17,031</b>
Standardised	1,350	16,873	1,363	17,031	1,363	17,031
<b>Additional risk exposure amount due to Article 3 CRR</b>	<b>80</b>	<b>1,000</b>	<b>80</b>	<b>1,000</b>	<b>368</b>	<b>4,600</b>
<b>Sub total</b>	<b>11,433</b>	<b>142,913</b>	<b>11,463</b>	<b>143,294</b>	<b>11,982</b>	<b>149,773</b>
<b>Adjustment for Basel I floor</b>						
Additional capital requirement according to Basel I floor	6,244	78,049	6,283	78,533	6,027	75,343
<b>Total</b>	<b>17,677</b>	<b>220,962</b>	<b>17,746</b>	<b>221,827</b>	<b>18,009</b>	<b>225,116</b>

<sup>1</sup> Market Risk - of which trading book, Standardised Approach is restated for Q2 2015

# Nordea

## Note 11, continued

### Minimum Capital Requirement & Capital Buffers

Percentage	Minimum Capital requirement	Capital Buffers				Capital Buffers total <sup>1</sup>	Total
		CCoB	CCyB	SII	SRB		
Common Equity Tier 1 capital	4.5	2.5	0.6	2.0	3.0	6.1	10.6
Tier 1 capital	6.0	2.5	0.6	2.0	3.0	6.1	12.1
Own funds	8.0	2.5	0.6	2.0	3.0	6.1	14.1

### EURm

Common Equity Tier 1 capital	6,431	3,573	811		4,287	8,671	15,102
Tier 1 capital	8,575	3,573	811		4,287	8,671	17,246
Own funds	11,433	3,573	811		4,287	8,671	20,104

<sup>1</sup> Only the maximum of the SII and SRB is used in the calculation of the total capital buffers

### Common Equity Tier 1 available to meet Capital Buffers

Percentage points of REA	30 Jun <sup>1</sup>	31 Dec <sup>1</sup>	30 Jun
	2016	2015	2015
Common Equity Tier 1 capital	12.3	12.0	11.1

<sup>1</sup> Including profit of the period

### Capital ratios

Percentage	30 Jun	31 Dec	30 Jun
	2016	2015	2015
Common Equity Tier 1 capital ratio, including profit	16.8	16.5	16.0
Tier 1 ratio, including profit	18.9	18.5	17.9
Total capital ratio, including profit	22.1	21.6	20.7
Common Equity Tier 1 capital ratio, excluding profit	16.3	15.9	15.6
Tier 1 ratio, excluding profit	18.4	18.0	17.5
Total Capital ratio, excluding profit	21.6	21.0	20.3

### Capital ratios including Basel I floor

Percentage	30 Jun	31 Dec	30 Jun
	2016	2015	2015
Common Equity Tier 1 capital ratio, including profit	11.0	10.8	10.8
Tier 1 ratio, including profit	12.3	12.1	12.1
Total capital ratio, including profit	14.4	14.1	13.9
Common Equity Tier 1 capital ratio, excluding profit	10.7	10.4	10.5
Tier 1 ratio, excluding profit	12.0	11.7	11.8
Total Capital ratio, excluding profit	14.1	13.7	13.6

### Leverage ratio

	30 Jun <sup>1</sup>	31 Dec <sup>1</sup>	30 Jun
	2016	2015	2015
Tier 1 capital, transitional definition, EURm	26,958	26,516	26,267
Leverage ratio exposure, EURm	598,951	576,317	592,384
Leverage ratio, percentage	4.5	4.6	4.4

<sup>1</sup> Including profit of the period



## Note 11, continued

## Credit risk exposures for which internal models are used, split by rating grade

	On-balance exposure, EURm	Off-balance exposure, EURm	Exposure value (EAD), EURm <sup>1</sup>	of which EAD for off-balance, EURm	Exposure-weighted average risk weight:
Corporate, foundation IRB:	14,441	4,396	32,239	933	46.2
of which:					
- rating grades 6	1,547	141	5,474	25	15.2
- rating grades 5	4,088	1,319	10,513	342	30.8
- rating grades 4	5,308	1,543	11,498	339	56.6
- rating grades 3	1,912	911	2,959	185	88.8
- rating grades 2	363	101	717	4	160.0
- rating grades 1	38	21	44	0	180.3
- unrated	682	273	421	14	113.0
- defaulted	503	87	613	24	0.1
Corporate, advanced IRB:	113,083	65,860	144,279	34,733	38.5
of which:					
- rating grades 6	14,208	5,776	16,282	3,159	9.7
- rating grades 5	25,592	25,588	39,900	13,934	23.1
- rating grades 4	51,126	27,204	63,808	14,328	39.1
- rating grades 3	12,383	4,583	14,291	2,363	58.1
- rating grades 2	4,279	1,271	4,433	577	103.0
- rating grades 1	307	63	296	22	102.6
- unrated	1,075	744	1,329	350	77.6
- defaulted	4,113	631	3,940	0	140.7
Institutions, foundation IRB:	30,856	3,056	40,010	1,212	19.3
of which:					
- rating grades 6	11,359	505	13,423	341	8.9
- rating grades 5	19,045	898	24,778	371	21.3
- rating grades 4	297	1,037	1,540	365	57.1
- rating grades 3	70	268	148	90	129.4
- rating grades 2	28	57	28	12	207.2
- rating grades 1	0	7	2	2	271.2
- unrated	57	284	91	31	146.4
- defaulted					
Retail, of which secured by real estate:	137,809	7,235	143,322	5,513	8.7
of which:					
- scoring grades A	90,141	6,035	94,806	4,666	3.5
- scoring grades B	28,400	803	29,025	624	8.0
- scoring grades C	11,926	221	12,058	132	16.0
- scoring grades D	3,493	113	3,555	63	31.0
- scoring grades E	1,494	48	1,514	20	66.0
- scoring grades F	808	6	812	3	89.6
- not scored	44	3	45	1	29.2
- defaulted	1,503	6	1,507	4	139.4
Retail, of which other retail:	25,943	13,291	33,182	8,400	30.0
of which:					
- scoring grades A	7,537	7,389	12,040	4,674	9.2
- scoring grades B	6,251	3,009	7,896	1,910	19.2
- scoring grades C	3,906	1,428	4,514	931	31.5
- scoring grades D	2,762	761	3,024	492	37.1
- scoring grades E	2,638	308	2,764	198	40.3
- scoring grades F	1,823	133	1,825	82	55.0
- not scored	106	127	144	37	46.1
- defaulted	920	136	975	76	267.6
Other non credit-obligation assets:	2,668	35	2,364	12	100.0

Nordea does not have the following IRB exposure classes: equity exposures, items representing securitisation positions, central governments and central banks, qualifying revolving retail

<sup>1</sup> Includes EAD for on-balance, off-balance, derivatives and securities financing

## Capital requirements for market risk

EURm	Trading book, IM		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other <sup>1</sup>	1 350	108	969	78			2 319	186
Equity risk	152	12	156	12			308	25
Foreign exchange risk	290	23			2 229	178	2 519	202
Commodity risk			35	3			35	3
Settlement risk			1	0			1	0
Diversification effect	-542	-43					-542	-43
Stressed Value-at-Risk	895	72					895	72
Incremental Risk Measure	527	42					527	42
Comprehensive Risk Measure	517	41					517	41
<b>Total</b>	<b>3 188</b>	<b>255</b>	<b>1 161</b>	<b>93</b>	<b>2 229</b>	<b>178</b>	<b>6 578</b>	<b>526</b>

<sup>1</sup> Interest rate risk column Trading book IA includes both general and specific interest rate risk which is elsewhere referred to as interest rate VaR and credit spread VaR.

\* <http://www.nordea.com/en/investor-relations/capital-adequacy/interim-disclosure/>



## Note 12 Risks and uncertainties

Nordea's revenues base reflects the Group's business with a large and diversified customer base, comprising household customers, corporate customers and financial institutions, representing different geographic areas and industries.

Nordea's main risk exposure is credit risk. The Group also assumes risks such as market risk, liquidity risk, operational risk, compliance risk and life insurance risks. For further information on risk composition, see the Annual Report. None of the above exposures and risks is expected to have any significant adverse effect on the Group or its financial position in the medium term.

Within the framework of the normal business operations, the Group faces claims in civil lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes are considered likely to have any significant adverse effect on the Group or its financial position in the next six months.



## Business definitions/ Alternative Performance Measures

### *Return on equity*

Net profit for the year excluding non-controlling interests as a percentage of average equity for the year. Average equity including net profit for the year and dividend until paid, non-controlling interests excluded.

### *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.

### *Loan loss ratio*

Net loan losses (annualised) divided by quarterly closing balance of loans to the public (lending).

### *Impairment rate, gross*

Individually assessed impaired loans before allowances divided by total loans before allowances.

### *Impairment rate, net*

Individually assessed impaired loans after allowances divided by total loans before allowances.

### *Total allowance rate*

Total allowances divided by total loans before allowances.

### *Allowances in relation to impaired loans*

Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

### *Total allowances in relation to impaired loans (provisioning ratio)*

Total allowances divided by total impaired loans before allowances.

### *Non-performing, not impaired*

Past due loans, not impaired due to future cash flows (included in Loans, not impaired).

### *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 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, <http://www.nordea.com/en/investor-relations/reports-and-presentations/select-reports-and-presentations/> and the Annual Report.



## Nordea Bank AB (publ.)

### Accounting policies

The interim financial statements for the parent company, Nordea Bank AB (publ) are presented in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the accounting recommendation for legal entities (RFR 2) issued by the Swedish Financial Reporting Board.

This means that the same accounting policies and methods for computation are followed as compared with the Annual Report 2015, for more information see Note P1 in the Annual Report 2015. For changed accounting policies implemented during 2016, see "Changed accounting policies" below.

### Changed accounting policies

The IASB has issued "Amendments to IAS 27, Equity method in Separate Financial Statements" which allows the equity method when accounting for investments in subsidiaries, joint ventures and associated companies. Equity method accounting for investments in subsidiaries is however not allowed under the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559). The amendments were implemented 1 January 2016 but have not had any impact on the financial statements, capital adequacy or large exposures in the period of initial application.

Amendments have in addition been made to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559). These amendments have been implemented on 1 January 2016.

In accordance with the new requirements, investments where the intention is to create a long term relationship with the other company, without meeting the requirements for a group undertaking or an associated undertaking, have been presented separately on the balance sheet as "Participating interest in other companies". An amount equal to the cost for own development work (recognised as an intangible asset on Nordea's balance sheet) has furthermore been presented separately within equity as "Development cost reserve". The amendments have not had any other significant impact on the financial statements.

The Swedish Financial Supervisory Authority has amended the accounting regulation FFFS 2008:25 by issuing FFFS 2015:20. Those amendments were implemented 1 January 2016 but have not had any significant impact on the financial statements.

The Swedish Financial Reporting Board has amended the accounting recommendation for legal entities by issuing "RFR 2 Accounting for Legal Entities – January 2016". These amendments were implemented 1 January 2016 but have not had any significant impact on the financial statements.

Other changes implemented by 1 January 2016 can be found in the section "Changed accounting policies" in Note 1 for the Group. The conclusions within this section are also, where applicable, relevant for the parent company. Regarding the changed presentation of stability fees the comparable figures have been restated and the impact on the current and comparative periods for the parent company can be found in the below table.

EURm	Q2 2016			Q2 2015			Jan-Jun 2016			Jan-Jun 2015			Full year 2015		
	Old policy	Restatement	New policy	Old policy	Restatement	New policy	Old policy	Restatement	New policy	Old policy	Restatement	New policy	Old policy	Restatement	New policy
Net interest income	130	-14	116	155	-16	139	245	-15	230	318	-32	286	576	-65	511
Net fee and commission income	213	14	227	208	16	224	433	15	448	423	32	455	821	65	886

### Impact on capital adequacy from new or amended IFRS standards not yet applied

Other, forthcoming changes in IFRS not yet implemented can be found in the section "Impact on capital adequacy

from new or amended IFRS standards" in Note 1 for the Group. The conclusions within this section are also, where applicable, relevant for the parent company.

# Nordea

## Nordea Bank AB (publ)

### Income statement

EURm	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
<b>Operating Income</b>					
<i>Interest income</i>	357	412	718	845	1,607
<i>interest expense</i>	-241	-273	-488	-559	-1,096
Net interest income	116	139	230	286	511
<i>Fee and commission income</i>	260	278	515	561	1,094
<i>Fee and commission expense</i>	-33	-54	-67	-106	-208
Net fee and commission income	227	224	448	455	886
Net result from items at fair value	45	-5	90	74	136
Dividends	1	0	551	261	2,176
Other operating income	183	162	352	321	833
<b>Total operating income</b>	<b>572</b>	<b>520</b>	<b>1,671</b>	<b>1,397</b>	<b>4,542</b>
<b>Operating expenses</b>					
General administrative expenses:					
Staff costs	-222	-276	-653	-560	-1,196
Other expenses	-240	-211	-469	-413	-851
Depreciation, amortisation and impairment charges of tangible and intangible assets	-39	-31	-75	-62	-140
<b>Total operating expenses</b>	<b>-501</b>	<b>-518</b>	<b>-1,197</b>	<b>-1,035</b>	<b>-2,187</b>
<b>Profit before loan losses</b>	<b>71</b>	<b>2</b>	<b>474</b>	<b>362</b>	<b>2,355</b>
Net loan losses	-67	-26	-94	-27	-143
Impairment of securities held as financial non-current assets	-	-	0	-	-9
<b>Operating profit</b>	<b>4</b>	<b>-24</b>	<b>380</b>	<b>335</b>	<b>2,203</b>
Appropriations	-	-	-	-	2
Income tax expense <sup>1</sup>	-15	-74	39	-94	-285
<b>Net profit for period</b>	<b>-11</b>	<b>-98</b>	<b>419</b>	<b>241</b>	<b>1,920</b>

<sup>1</sup> Includes an adjustment related to prior years amounting to EUR 94m in Q2 2015.

# Nordea

## Nordea Bank AB (publ)

### Balance sheet

EURm	30 Jun 2016	31 Dec 2015	30 Jun 2015
<b>Assets</b>			
Cash and balances with central banks	93	75	73
Treasury bills	5,567	6,905	5,371
Loans to credit institutions	85,851	90,009	103,094
Loans to the public	44,864	45,820	45,847
Interest-bearing securities	10,113	12,163	12,102
Financial instruments pledged as collateral	553	0	211
Shares	2,503	2,362	4,898
Participating interest in other companies	1	1	0
Derivatives	6,131	5,011	5,429
Fair value changes of the hedged items in portfolio hedge of interest rate risk	2	1	0
Investments in group undertakings	19,981	19,394	17,791
Investments in associated undertakings	7	7	7
Intangible assets	1,265	1,091	887
Properties and equipment	131	138	140
Deferred tax assets	74	26	7
Current tax assets	97	3	102
Other assets	2,252	4,387	2,724
Prepaid expenses and accrued income	811	780	860
<b>Total assets</b>	<b>180,296</b>	<b>188,173</b>	<b>199,543</b>
<b>Liabilities</b>			
Deposits by credit institutions	21,046	19,069	30,183
Deposits and borrowings from the public	58,482	61,043	57,719
Debt securities in issue	62,171	68,908	75,309
Derivatives	4,354	4,180	4,046
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,843	1,158	1,127
Current tax liabilities	0	34	12
Other liabilities	4,185	3,531	4,108
Accrued expenses and prepaid income	932	759	768
Deferred tax liabilities	-	0	-
Provisions	296	301	196
Retirement benefit obligations	176	159	175
Subordinated liabilities	8,884	8,951	7,491
<b>Total liabilities</b>	<b>162,369</b>	<b>168,093</b>	<b>181,134</b>
<b>Untaxed reserves</b>	<b>2</b>	<b>2</b>	<b>4</b>
<b>Equity</b>			
Share capital	4,050	4,050	4,050
Development cost reserve	227	-	-
Share premium reserve	1,080	1,080	1,080
Other reserves	-4	-21	-14
Retained earnings	12,572	14,969	13,289
<b>Total equity</b>	<b>17,925</b>	<b>20,078</b>	<b>18,405</b>
<b>Total liabilities and equity</b>	<b>180,296</b>	<b>188,173</b>	<b>199,543</b>
Assets pledged as security for own liabilities	3,205	1,208	1,611
Other assets pledged	9,772	7,686	7,506
Contingent liabilities	72,300	72,402	71,920
Credit commitments <sup>1</sup>	27,547	27,927	25,403

<sup>1</sup> Including unutilised portion of approved overdraft facilities of EUR 16,695m (31 Dec 2015: EUR 16,658m, 30 Jun 2015: EUR 14,597m).



## Nordea Bank AB (publ.)

### Note 1 Capital Adequacy

These figures are according to part 8 of CRR, in Sweden implemented in FFFS 2014:12

#### Summary of items included in own funds

EURm	30 Jun 2016	31 Dec <sup>3</sup> 2015	30 Jun 2015
Calculation of own funds			
Equity in the consolidated situation	17,508	20,079	18,163
Proposed/actual dividend		-2,584	
Common Equity Tier 1 capital before regulatory adjustments	17,508	17,495	18,163
Deferred tax assets			
Intangible assets	-1,265	-1,091	-887
IRB provisions shortfall (-)			
Deduction for investments in credit institutions (50%)			
Pension assets in excess of related liabilities <sup>1</sup>			
Other items, net	-51	-31	-36
Total regulatory adjustments to Common Equity Tier 1 capital	-1,316	-1,122	-923
<b>Common Equity Tier 1 capital (net after deduction)</b>	<b>16,192</b>	<b>16,373</b>	<b>17,240</b>
Additional Tier 1 capital before regulatory adjustments	2,969	2,971	2,920
Total regulatory adjustments to Additional Tier 1 capital	-30	-30	-30
Additional Tier 1 capital	2,939	2,941	2,890
<b>Tier 1 capital (net after deduction)</b>	<b>19,131</b>	<b>19,314</b>	<b>20,130</b>
Tier 2 capital before regulatory adjustments	5,488	5,686	4,437
IRB provisions excess (+)	119	108	62
Deduction for investments in credit institutions (50%)			
Deductions for investments in insurance companies	-1,205	-1,501	-509
Pension assets in excess of related liabilities			
Other items, net	-58	-58	-44
Total regulatory adjustments to Tier 2 capital	-1,144	-1,451	-491
Tier 2 capital	4,344	4,235	3,946
<b>Own funds (net after deduction)<sup>2</sup></b>	<b>23,475</b>	<b>23,549</b>	<b>24,076</b>

<sup>1</sup> Based on conditional FSA approval

<sup>2</sup> Own Funds adjusted for IRB provision, i.e. adjusted own funds equal 23 356m by 30 Jun 2016

<sup>3</sup> including profit of the period

#### Own Funds including profit

EURm	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital, including profit	16,633	16,373	17,291
Total Own Funds, including profit	23,916	23,549	24,126

# Nordea

## Note 1, continued

Minimum capital requirement and REA	30 Jun	30 Jun	31 Dec	31 Dec	30 Jun	30 Jun
	2016	2016	2015	2015	2015	2015
EURm	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
<b>Credit risk</b>	<b>6,229</b>	<b>77,858</b>	<b>6,346</b>	<b>79,328</b>	<b>6,413</b>	<b>80,158</b>
- of which counterparty credit risk	190	2,378	133	1,660	134	1,677
<b>IRB</b>	<b>2,685</b>	<b>33,562</b>	<b>2,849</b>	<b>35,613</b>	<b>2,809</b>	<b>35,113</b>
- corporate	2,216	27,694	2,367	29,584	2,320	28,996
- advanced	1,545	19,311	1,718	21,467	1,639	20,483
- foundation	671	8,383	649	8,117	681	8,513
- institutions	251	3,138	255	3,195	278	3,473
- retail	125	1,559	125	1,562	151	1,888
- secured by immovable property collateral	6	78	7	83	7	86
- other retail	118	1,481	118	1,479	144	1,802
- other	94	1,171	102	1,272	60	756
<b>Standardised</b>	<b>3,544</b>	<b>44,296</b>	<b>3,497</b>	<b>43,715</b>	<b>3,604</b>	<b>45,045</b>
- central governments or central banks	15	187	5	67	7	85
- regional governments or local authorities	2	24	2	19	2	20
- public sector entities						
- multilateral development banks	0	5				
- international organisations						
- institutions	1,159	14,485	1,279	15,986	1,466	18,324
- corporate	134	1,672	42	529	76	954
- retail	25	310	26	324	27	339
- secured by mortgages on immovable properties	208	2,604	212	2,646	219	2,740
- in default	4	46	3	43	5	60
- associated with particularly high risk						
- covered bonds			0	0	0	0
- institutions and corporates with a short-term credit assessment						
- collective investments undertakings (CIU)						
- equity	1,994	24,921	1,925	24,065	1,799	22,490
- other items	3	42	3	36	3	33
<b>Credit Value Adjustment Risk</b>	<b>14</b>	<b>175</b>	<b>13</b>	<b>156</b>	<b>14</b>	<b>178</b>
<b>Market risk</b>	<b>255</b>	<b>3,187</b>	<b>210</b>	<b>2,623</b>	<b>257</b>	<b>3,207</b>
- trading book, Internal Approach	8	97	23	288	61	763
- trading book, Standardised Approach	0	0			3	30
- banking book, Standardised Approach	247	3,090	187	2,335	193	2,414
<b>Operational risk</b>	<b>369</b>	<b>4,614</b>	<b>378</b>	<b>4,730</b>	<b>378</b>	<b>4,730</b>
Standardised	369	4,614	378	4,730	378	4,730
<b>Additional risk exposure amount due to Article 3 CRR</b>	<b>16</b>	<b>204</b>	<b>16</b>	<b>195</b>		
<b>Sub total</b>	<b>6,883</b>	<b>86,038</b>	<b>6,963</b>	<b>87,032</b>	<b>7,062</b>	<b>88,273</b>
<b>Adjustment for Basel I floor</b>						
Additional capital requirement according to Basel I floor						
<b>Total</b>	<b>6,883</b>	<b>86,038</b>	<b>6,963</b>	<b>87,032</b>	<b>7,062</b>	<b>88,273</b>



## Note 1, continued

## Minimum Capital Requirement &amp; Capital Buffers

Percentage	Minimum Capital requirement	Capital Buffers			SII	SRB	Capital Buffers total	Total
		CCoB	CCyB					
Common Equity Tier 1 capital	4.5	2.5	0.6			3.1	7.6	
Tier 1 capital	6.0	2.5	0.6			3.1	9.1	
Own funds	8.0	2.5	0.6			3.1	11.1	

## EURm

Common Equity Tier 1 capital	3,872	2,151	523			2,674	6,546
Tier 1 capital	5,162	2,151	523			2,674	7,836
Own funds	6,883	2,151	523			2,674	9,557

## Common Equity Tier 1 available to meet Capital Buffers

	30 Jun 2016	31 Dec <sup>1</sup> 2015	30 Jun 2015
<b>Percentage points of REA</b>			
Common Equity Tier 1 capital	14.3	14.3	15.0

<sup>1</sup> Including profit of the period

## Capital ratios

	30 Jun 2016	31 Dec 2015	30 Jun 2015
<b>Percentage</b>			
Common Equity Tier 1 capital ratio, including profit	19.3	18.8	19.6
Tier 1 ratio, including profit	22.7	22.2	22.9
Total capital ratio, including profit	27.8	27.1	27.3
Common Equity Tier 1 capital ratio, excluding profit	18.8	19.6	19.5
Tier 1 ratio, excluding profit	22.2	22.9	22.8
Total Capital ratio, excluding profit	27.3	27.8	27.3

## Capital ratios including Basel I floor

	30 Jun 2016	31 Dec 2015	30 Jun 2015
<b>Percentage</b>			
Common Equity Tier 1 capital ratio, including profit	19.3	18.8	19.6
Tier 1 ratio, including profit	22.7	22.2	22.9
Total capital ratio, including profit	27.7	26.9	27.3
Common Equity Tier 1 capital ratio, excluding profit	18.8	19.6	19.5
Tier 1 ratio, excluding profit	22.2	22.9	22.8
Total Capital ratio, excluding profit	27.1	27.7	27.2

## Leverage ratio

	30 Jun 2016	31 Dec <sup>1</sup> 2015	30 Jun 2015
Tier 1 capital, transitional definition, EURm	19,130	19,314	20,130
Leverage ratio exposure, EURm	213,773	224,816	244,325
Leverage ratio, percentage	8.9	8.6	8.2

<sup>1</sup> Including profit of the period

# Nordea

**Note 1, continued**
**Credit risk exposures for which internal models are used, split by rating grade**

	On-balance exposure, EURm	Off-balance exposure, EURm	Exposure value (EAD), EURm <sup>1</sup>	of which EAD for off-balance, EURm	Exposure- weighted average risk weight:
Corporate, foundation IRB:	4,302	11,962	17,295	10,973	48.5
<i>of which:</i>					
- rating grades 6	1,016	277	1,515	248	17.3
- rating grades 5	1,429	4,419	6,577	3,939	33.0
- rating grades 4	1,092	5,997	7,372	5,605	58.9
- rating grades 3	260	1,097	1,210	1,019	94.4
- rating grades 2	55	96	149	94	163.7
- rating grades 1	7	2	8	1	214.7
- unrated	155	4	163	3	128.4
- defaulted	288	70	301	64	
Corporate, advanced IRB:	25,419	30,301	46,088	21,071	41.9
<i>of which:</i>					
- rating grades 6	504	2,217	1,907	1,382	14.1
- rating grades 5	6,535	10,832	14,075	7,131	25.0
- rating grades 4	14,386	13,876	23,542	9,869	43.0
- rating grades 3	2,892	2,538	4,936	2,103	67.5
- rating grades 2	543	398	859	369	116.8
- rating grades 1	26	39	58	31	120.6
- unrated	166	202	306	146	82.7
- defaulted	367	199	405	40	181.1
Institutions, foundation IRB:	12,785	879	14,517	457	21.6
<i>of which:</i>					
- rating grades 6	5,586	80	5,853	17	8.7
- rating grades 5	7,117	243	8,182	101	28.6
- rating grades 4	60	427	461	335	56.0
- rating grades 3	1	5	4	3	114.0
- rating grades 2	6	1	1	0	225.6
- rating grades 1	0		0		269.0
- unrated	15	123	16	1	150.1
- defaulted					
Retail, of which secured by real estate:	803	259	997	194	7.9
<i>of which:</i>					
- scoring grades A	344	128	440	96	2.7
- scoring grades B	235	72	289	53	6.4
- scoring grades C	168	47	204	36	13.7
- scoring grades D	49	11	57	9	23.8
- scoring grades E					
- scoring grades F	2	0	2	0	64.6
- not scored	1	0	1	0	21.7
- defaulted	4	1	4	0	110.0
Retail, of which other retail:	3,308	2,685	5,204	1,898	28.4
<i>of which:</i>					
- scoring grades A	1,106	1,513	2,188	1,082	10.5
- scoring grades B	1,109	624	1,551	443	22.9
- scoring grades C	589	353	831	243	37.2
- scoring grades D	250	137	341	91	46.1
- scoring grades E	118	34	140	22	52.6
- scoring grades F	61	11	69	8	86.3
- not scored	14	6	18	4	57.1
- defaulted	61	7	66	5	434.5
Other non credit-obligation assets:	1,171	1	1,171	0	100.0

Nordea does not have the following IRB exposure classes: equity exposures, items representing securitisation positions, central governments and central banks, qualifying revolving retail

<sup>1</sup> Includes EAD for on-balance, off-balance, derivatives and securities financing

**Capital requirements for market risk**

EURm	Trading book, IM		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other <sup>1</sup>	31	3					31	3
Equity risk	4	0					4	0
Foreign exchange risk	28	2			3,090	247	3,118	249
Commodity risk								
Settlement risk			0	0			0	0
Diversification effect	-20	-2					-20	-2
Stressed Value-at-Risk	53	4					53	4
Incremental Risk Measure	0	0					0	0
Comprehensive Risk Measure								
<b>Total</b>	<b>97</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>3,090</b>	<b>247</b>	<b>3,187</b>	<b>255</b>

<sup>1</sup> Interest rate risk column Trading book IA includes both general and specific interest rate risk which is elsewhere referred to as interest rate VaR and credit spread VaR.



### For further information:

- A press conference with management will be held on 20 July at 09.00 CET, at Mäster Samuelsgatan 17, Stockholm. Registration opens at 08.30.
- An international telephone conference for analysts with management will be held on 20 July at 14.30 CET. Please dial +44(0) 20 3427 1905 confirmation codes 7854006# no later than 14.20 CET. An indexed on-demand version will be available on [www.nordea.com](http://www.nordea.com). A replay will be available until 3 August by dialling +44 (0)20 3427 0598, access code 7854006#
- An analyst and investor presentation will be held in London on 21 July at 08.15 local time at Nordea Bank, 5 Aldermanbury Square, EC2V 7BP, London
- This quarterly report, an investor presentation and a fact book are available on [www.nordea.com](http://www.nordea.com).

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### Financial calendar

26 October 2016 – Third quarter results 2016 (silent period starts 7 October 2016)

The Board of Directors and the President and Group CEO certify that the half-year interim report provides a fair overview of the Parent Company's and the Group's operations, their financial position and result, and describes material risks and uncertainties that the Parent Company and other companies in the Group are facing.

Stockholm 20 July 2016

	Björn Wahlroos Chairman	
Marie Ehrling Vice Chairman	Kari Ahola Board member <sup>1</sup>	Tom Knutzen Board member
Robin Lawther Board member	Lars G Nordström Board member	Lars Oddestad Board member <sup>1</sup>
Hans Christian Riise Board member <sup>1</sup>	Sarah Russell Board member	Silvija Seres Board member
	Kari Stadigh Board member	Birger Steen Board member

Casper von Koskull  
President and Group CEO

<sup>1</sup> Employee representative

# Nordea

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 English version shall prevail.

The information provided in this press release/report is such that Nordea is required to disclose pursuant to the Swedish Financial Instruments Trading Act (1991:980), the Swedish Securities Markets Act (2007:528) and/or Regulation (EU) No 596/2014 on market abuse.

This Interim 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 Interim 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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Corporate registration No. 516406-0120

## Report of Review of Interim Financial Information

### Introduction

We have reviewed the condensed interim financial information of Nordea Bank AB (publ) as of 30 June 2016 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this half-year interim report based on our review.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review 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, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do 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 half-year interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, regarding the Group, and with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, regarding the parent company.

Stockholm, 20 July 2016

Öhrlings PricewaterhouseCoopers AB

Peter Clemedtson  
Authorized Public Accountant  
Lead Partner

Catarina Ericsson  
Authorized Public Accountant