

PROSPECTUS SUPPLEMENT DATED 7 MAY 2018

This supplement to the merger prospectus dated 16 February 2018 (the “**Prospectus**”) in respect of the merger of Nordea Bank AB (publ) (“**Nordea Sweden**”) into Nordea Holding Abp (“**Nordea Finland**”) may not be sent by any medium to any person in Australia, Canada, China, Hong Kong or any other jurisdiction in which the offer to sell or the solicitation of an offer to buy any shares in Nordea Finland would not be permissible.

Nordea Finland supplements the Prospectus with the following information. This information should be read in conjunction with the Prospectus. Terms defined elsewhere in the Prospectus have the same meaning when used in this supplement to the Prospectus.

Approval of the Merger Plan

Due to the approval of the Merger Plan at the AGM of Nordea Sweden held on 15 March 2018, the sections of the Prospectus entitled “*Summary*” and “*Merger of Nordea Sweden into Nordea Finland*” are supplemented as follows:

- (1) The following text is inserted to become the last sentence of the third paragraph of element B.1 (page 2 of the Prospectus) and the last paragraph of Element E.3 (page 16 of the Prospectus) of the section entitled “*Summary*”; the last paragraph of the section entitled “*Merger of Nordea Sweden into Nordea Finland—Overview of the Merger—General*” (page 50 of the Prospectus) and the last paragraph of the section entitled “*Merger of Nordea Sweden into Nordea Finland—Annual General Meeting of Nordea Sweden to Resolve on the Approval of the Merger—General*” (page 54 of the Prospectus):

The AGM of Nordea Sweden has on 15 March 2018 approved the Merger Plan.

Interim Management Statement of the Nordea Group for the three months ended and as of 31 March 2018

On 25 April 2018, Nordea Sweden published the unaudited interim management statement of the Nordea Group for the three months ended and as of 31 March 2018 (the “**Interim Management Statement First Quarter 2018**”). Due to the publication of the Interim Management Statement First Quarter 2018, the section of the Prospectus entitled “*Documents Incorporated by Reference*” is supplemented as follows:

- (1) The following text is inserted to become the first two bullet points under the heading “*Documents Incorporated by Reference*” on page 203 of the Prospectus:
 - the unaudited consolidated financial information of the Nordea Group for the three months ended and as of 31 March 2018, together with the comparative figures for the three months ended and as of 31 March 2017 (set out on pages 16 to 24 of the unaudited interim management statement of the Nordea Group for the three months ended and as of 31 March 2018);
 - the unaudited financial information of Nordea Sweden for the three months ended and as of 31 March 2018, together with the comparative figures for the three months ended and as of 31 March 2017 (set out on pages 25 to 26 of the unaudited interim management statement of the Nordea Group for the three months ended and as of 31 March 2018);

Summary

Due to the publication of the Interim Management Statement First Quarter 2018, the section of the Prospectus entitled “*Summary*” is supplemented as follows:

- (1) The following text is inserted to replace the first paragraph of the section entitled “*Summary—Selected Consolidated Financial and Other Data of the Nordea Group*” on page 5 of the Prospectus:

The selected consolidated income statement and balance sheet data presented below for the years ended and as of 31 December 2015, 2016 and 2017 have been derived from the audited consolidated financial statements of the Nordea Group for the years ended and as of 31 December 2015, 2016 and 2017, together with the restated comparative figures for the year ended and as of 31 December 2015 included in the audited consolidated financial statements of the Nordea Group for the year ended 31 December 2016, incorporated by reference into this Prospectus. Those financial statements have been prepared in accordance with International Financial Reporting Standards as endorsed by the European Commission (“**IFRS**”). The selected consolidated income statement and balance sheet data presented below for the three months ended and as of 31 March 2017 and 2018 are unaudited and have been derived from the unaudited consolidated financial information of the Nordea Group for the three months ended and as of 31 March 2018, together with comparative figures for the three months ended and as of 31 March 2017, included in the interim management statement of the Nordea Group for the three months ended and as of 31 March 2018. Nordea Finland, the parent company of the Nordea Group following the completion of the Merger, was registered with the Finnish Trade Register on 27 September 2017

and no historical financial statements have been prepared in respect of Nordea Finland. The Nordea Group's unaudited consolidated financial information and audited consolidated financial statements incorporated by reference into this Prospectus have been prepared for the Nordea Group with Nordea Sweden as the parent company. As the Merger will be treated in the Nordea Group's consolidated accounts as a reorganisation within the consolidated group, the Merger as an intra-group transaction does not change the reporting entity under IFRS. Accordingly, the consolidated financial statements of Nordea Finland, the new parent company of the Nordea Group, will reflect a continuum of the carrying values from the consolidated financial statements of the former parent company of the Nordea Group, Nordea Sweden, which are incorporated by reference into this Prospectus.

- (2) The following tables are inserted to replace the tables contained in the section entitled “*Summary—Selected Consolidated Financial and Other Data of the Nordea Group*” starting on page 5 of the Prospectus:

Selected Consolidated Income Statement Data

	For the three months ended 31 March		For the year ended 31 December		
	2017	2018	2015	2016	2017
	(EUR million, unless otherwise indicated)				
Net interest income.....	1,197	1,053	4,963 ⁽¹⁾	4,727	4,666
Net fee and commission income	866	770	3,230 ⁽¹⁾	3,238	3,369
Net result from items at fair value.....	375	441	1,645 ⁽¹⁾	1,715	1,328
Profit from associated undertakings accounted for under the equity method	4	28	39	112	23
Other operating income	19	23	263	135	83
Total operating income	2,461	2,315	10,140	9,927	9,469
General administrative expenses:					
Staff costs.....	(799)	(798)	(3,263)	(2,926)	(3,212)
Other expenses.....	(387)	(336)	(1,485)	(1,646)	(1,622)
Depreciation, amortisation and impairment charges of tangible and intangible assets	(60)	(71)	(209)	(228)	(268)
Total operating expenses	(1,246)	(1,205)	(4,957)	(4,800)	(5,102)
Profit before loan losses	1,215	1,110	5,183	5,127	4,367
Net loan losses	(113)	(40)	(479)	(502)	(369)
Operating profit.....	1,102	1,070	4,704	4,625	3,998
Income tax expense	(258)	(250)	(1,042)	(859)	(950)
Net profit for the year	844	820	3,662	3,766	3,048
Attributable to:					
Shareholders of Nordea Bank AB (publ).....	839	809	3,662	3,766	3,031
Additional Tier 1 capital holders.....	–	7	–	–	–
Non-controlling interests.....	5	4	–	–	17
Total	844	820	3,662	3,766	3,048
Basic earnings per share, EUR.....	0.21	0.20	0.91	0.93	0.75
Diluted earnings per share, EUR.....	0.21	0.20	0.91	0.93	0.75

- (1) Due to (i) a reclassification in 2016 of refinancing fees and pay-out fees received in connection with mortgage lending in Denmark from “net result from items at fair value” to “net fee and commission income” and (ii) a reclassification in 2016 of state guarantee fees from “net fee and commission income” to “net interest income”, the Nordea Group restated the comparative income statement figures for the year ended 31 December 2015 included in the audited consolidated financial statements of the Nordea Group for the year ended and as of 31 December 2016. The restated figures for 2015 presented herein are unaudited. The audited non-restated figure for the year ended 31 December 2015 for net interest income is EUR 5,110 million, for net fee and commission income EUR 3,025 million and for net result from items at fair value EUR 1,703 million.

Selected Consolidated Balance Sheet Data

	As of 31	As of 31 December		
	March 2018	2015	2016	2017
		(EUR million)		
Cash and balances with central banks	35,587	35,500	32,099	43,081
Loans to central banks	2,977	13,224	11,235	4,796
Loans to credit institutions	17,243	10,762 ⁽¹⁾	9,026	8,592
Loans to the public	310,926	340,920	317,689	310,158
Interest-bearing securities	73,198	86,535 ⁽¹⁾	87,701	75,294
Financial instruments pledged as collateral	9,618	8,341	5,108	6,489
Shares	17,176	22,273 ⁽¹⁾	21,524	17,180
Assets in pooled schemes and unit-linked investment contracts	25,750	20,434 ⁽¹⁾	23,102	25,879
Derivatives	42,306	80,741	69,959	46,111
Other ⁽²⁾	23,930	28,138 ⁽¹⁾	29,319	21,846
Assets held for sale ⁽³⁾	21,478	–	8,897	22,186
Total assets	580,189	646,868	615,659	581,612
Deposits by credit institutions	50,437	44,209	38,136	39,983
Deposits and borrowings from the public	173,985	189,049 ⁽⁴⁾	174,028	172,434
Deposits in pooled schemes and unit-linked investment contracts	26,185	21,088 ⁽⁴⁾	23,580	26,333
Liabilities to policyholders	19,165	38,707 ⁽⁴⁾	41,210	19,412
Debt securities in issue	174,750	201,937	191,750	179,114
Derivatives	38,307	79,505	68,636	42,713
Other ⁽⁵⁾	39,543	41,341 ⁽⁴⁾	41,021	42,276
Liabilities held for sale ⁽³⁾	26,761	–	4,888	26,031
Total liabilities	549,133	615,836	583,249	548,296
Total equity	31,056	31,032	32,410	33,316
of which additional tier 1 capital holders	750	–	–	750
of which non-controlling interests	172	1	1	168
Total liabilities and equity	580,189	646,868	615,659	581,612

- (1) The Nordea Group reclassified in 2016 certain interest-bearing securities and shares 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 the Nordea Group bears the investment risk. Due to this reclassification, the Nordea Group restated the comparative figures for “loans to credit institutions”, “interest-bearing securities”, “shares”, “investment properties” and “other assets” as of 31 December 2015 included in the audited consolidated financial statements of the Nordea Group for the year ended and as of 31 December 2016. The restated figures as of 31 December 2015 presented herein are unaudited. The corresponding audited non-restated figure as of 31 December 2015 is EUR 10,959 million for loans to credit institutions, EUR 88,176 million for interest-bearing securities, EUR 40,745 million for shares and EUR 28,262 million for other (that, as defined for the purposes of the above table, includes investment properties that decreased by EUR 111 million and other assets that decreased by EUR 13 million due to the restatement).
- (2) Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, investments in associated undertakings and joint ventures, intangible assets, properties and equipment, investment properties, deferred tax assets, current tax assets, retirement benefit assets, prepaid expenses and accrued income, and other assets, which includes claims on securities settlement proceeds, cash/margin receivables and other.
- (3) Assets and liabilities held for sale as of 31 December 2017 relate to Nordea’s decision to sell additional 45 per cent of the shares in Danish Nordea Liv & Pension Livsforsikringsselskab A/S, which sale was completed on 16 April 2018. Assets and liabilities held for sale as of 31 March 2018 relate both to Nordea’s decision to sell additional 45 per cent of the shares in Danish Nordea Liv & Pension Livsforsikringsselskab A/S and to sell Nordea’s Luxembourg-based private banking business, which sale is expected to be completed during the second quarter of 2018. Assets and liabilities held for sale as of 31 December 2016 consist of the Nordea Group’s Baltic operations and lending to retail customers in Russia. Assets and liabilities related to the disposal groups are presented on the separate balance sheet lines “assets held for sale” and “liabilities held for sale”, respectively, as from the classification date.
- (4) As a result of the accounting policy changes discussed in footnote (1) above, the Nordea Group reclassified in 2016 the liabilities corresponding to assets in pooled schemes and unit-linked investment contracts to the separate balance sheet line “deposits in pooled schemes and unit-linked investment contracts” given that these liabilities behave differently than the normal deposits received from customers. Due to this reclassification, the Nordea Group restated the comparative figures for “deposits and borrowings from the public”, “liabilities to policyholders” and “other” liabilities as of 31 December 2015 included in the audited consolidated financial statements of the Nordea Group for the year ended and as of 31 December 2016. The restated figures as of 31 December 2015 presented herein are unaudited. The corresponding audited non-restated figure as of 31 December 2015 is EUR 193,342 million, for deposits and borrowings from the public, EUR 55,491 million for liabilities to policyholders and EUR 41,352 million for other (that, as defined for the purposes of the above table, includes other liabilities that decreased by EUR 11 million due to the restatement).
- (5) Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, current tax liabilities, accrued expenses and prepaid income, deferred tax liabilities, provisions, retirement benefit liabilities, subordinated liabilities, and other liabilities, which includes liabilities on securities settlement proceeds, sold, not held, securities, accounts payable, cash/margin payables and other.

Key Regulatory Ratios and Key Financial Figures⁽¹⁾

	For the three months ended and as of 31 March		For the year ended and as of 31 December		
	2017	2018	2015	2016	2017
Key Regulatory Ratios					
Loan loss ratio, basis points ⁽²⁾	14	7	14	15	12
Common equity tier 1 (CET1) capital ratio, excluding Basel I floor ⁽³⁾⁽⁴⁾ , per cent.....	18.8	19.8	16.5	18.4	19.5
Tier 1 capital ratio, excluding Basel I floor ⁽³⁾⁽⁴⁾ , per cent	21.0	22.2	18.5	20.7	22.3
Total capital ratio, excluding Basel I floor ⁽³⁾⁽⁴⁾ , per cent.....	24.3	25.2	21.6	24.7	25.2
Tier 1 capital ⁽³⁾⁽⁴⁾ , EUR billion	28.1	27.3	26.5	27.6	28.0
Risk exposure amount (REA), excluding Basel I floor ⁽³⁾ , EUR billion.....	134	123	143	133	126
Economic Capital ⁽⁴⁾ , EUR billion.....	28.9	26.2	25.0	26.3	26.7
Key Financial Figures					
Return on equity ⁽⁵⁾ , per cent	10.3	10.0	12.2	12.3	9.5
Cost to income ratio, excluding items affecting comparability, per cent.....	51	52	47	50	54
ROCAR, excluding items affecting comparability ⁽⁶⁾ , per cent	12.6	12.3	14.8	13.4	11.1
Share and Other Data					
Share price ⁽⁴⁾ , EUR	10.73	8.66	10.15	10.60	10.09
Total shareholders' return, per cent	6.7	(3.9)	8.2	16.3	3.6
Proposed/actual dividend per share, EUR.....	n.a.	n.a.	0.64	0.65	0.68
Equity per share ⁽⁴⁾ , EUR.....	7.65	7.65	7.69	8.03	8.21
Potential shares outstanding ⁽⁴⁾ , million	4,050	4,050	4,050	4,050	4,050
Weighted average number of diluted shares, million	4,039	4,038	4,031	4,037	4,039
Number of employees (full-time equivalent ("FTE")) ⁽⁴⁾	31,640	30,082	29,815	31,596	30,399

(1) For definitions of ratios and other key terms, see “—Definitions of Key Regulatory Ratios” and “—Definitions of Key Financial Figures” below.

(2) Including loans to the public reported as assets held for sale in 2016.

(3) Including result for the year.

(4) End of year.

(5) The return on equity of the Nordea Group, excluding items affecting comparability, was 10.0 per cent for the three months ended 31 March 2018, 10.3 per cent for the three months ended 31 March 2017, 9.5 per cent in 2017, 11.5 per cent in 2016 and 12.3 per cent in 2015.

(6) ROCAR, excluding items affecting comparability is restated in 2016 and for the three months ended 31 March 2017 due to changed definition of average Economic Capital.

Definitions of Key Regulatory Ratios

Set forth below are definitions of terms and key regulatory ratios used in “—Key Regulatory Ratios and Key Financial Figures” above.

Loan loss ratio, basis points..... Net loan losses (annualised) divided by closing balance of loans to the public (lending).

Common equity tier 1 (CET1) capital ratio..... Common equity tier 1 (CET1) capital as a percentage of risk exposure amount (REA).

Tier 1 capital ratio..... Tier 1 capital as a percentage of risk exposure amount (REA).

Total capital ratio..... Own funds as a percentage of risk exposure amount (REA).

Own funds..... Own funds is defined in Article 72 in the CRR (as defined below) and consist of the sum of tier 1 capital and tier 2 capital.

Tier 1 capital..... Tier 1 capital is defined in Article 25 in the CRR and consists of the sum of the common equity tier 1 (CET1) capital and additional tier 1 capital of the institution. Common equity tier 1 (CET1) is defined in Article 50 in the CRR and includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations, the full expected shortfall deduction (the negative difference between expected losses and provisions) and other deductions such as cash flow hedges.

Risk exposure amount (REA) Risk exposure amount (REA) is defined in Article 92.3 in the CRR. Total assets and off-balance-sheet items valued on the basis of the credit and market risks, as well as operational risks of the Nordea Group’s undertakings, in accordance with regulations governing capital adequacy, excluding assets in insurance companies, carrying amount of shares which have been deducted from the own funds and intangible assets.

Economic Capital..... Economic Capital is the internally derived amount of capital to ensure that a firm stay solvent. The approach includes both pillar 1 and pillar 2 capital based on a 99.9 per cent confidence measurement.

Definitions of Key Financial Figures

Set forth below are definitions of terms and key financial figures used in “—Key Regulatory Ratios and Key Financial Figures” above.

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

Cost to income ratio, excluding items affecting comparability Total operating expenses excluding items affecting comparability divided by total operating income excluding items affecting comparability.

ROCAR (return on capital at risk), excluding items affecting comparability, per cent Net profit for the period excluding items affecting comparability in percentage of Economic Capital.

Items affecting comparability Significant items that interfere with year-on year comparisons, such as material gain on sale of business operations, restructuring expenses and changes in pension arrangements.

Reconciliation of Certain Key Financial Figures

The following table sets forth the specification of items affecting comparability and the calculation of cost to income ratio, excluding items affecting comparability for the periods indicated:

	For the three months ended 31 March		For the year ended 31 December		
	2017	2018	2015	2016	2017
	(EUR million, unless otherwise indicated)				
Items affecting comparability, before tax:					
Gain from divestment of Nordea’s merchant acquiring business to Nets Holding A/S	—	—	176	—	—
Gain related to Visa Inc.’s acquisition of Visa Europe Ltd.	—	—	—	173	—
Restructuring charge.....	—	—	(263)	—	—
Change in pension agreement in Norway	—	—	—	86	—
Total items affecting comparability, before tax	—	—	(87)	259	—
Total operating expenses.....	(1,246)	(1,205)	(4,957)	(4,800)	(5,102)
Items affecting comparability in total operating expenses	—	—	263	(86)	—
Total operating expenses excluding items affecting comparability	(1,246)	(1,205)	(4,694)	(4,886)	(5,102)
Total operating income.....	2,461	2,315	10,140	9,927	9,469
Items affecting comparability in total operating income	—	—	(176)	(173)	—
Total operating income excluding items affecting comparability	2,461	2,315	9,964	9,754	9,469
Cost to income ratio, excluding items affecting comparability, per cent	51	52	47	50	54

The following table sets forth the calculation of ROCAR, excluding items affecting comparability, as defined by Nordea for the periods indicated:

	For the three months ended 31 March		For the year ended 31 December		
	2017	2018	2015	2016	2017
Net profit for the period	844	820	3,662	3,766	3,048
Items affecting comparability, net of tax	—	—	29	(227)	—
Net profit for the period excluding items affecting comparability	844	820	3,691	3,539	3,048
Average economic capital	27,193	26,974	25,005	26,773	27,342
ROCAR, excluding items affecting comparability⁽¹⁾, per cent	12.6	12.3	14.8	13.4	11.1

(1) ROCAR, excluding items affecting comparability is restated in 2016 due to changed definition of average Economic Capital.

Certain Matters

Due to the publication of the Interim Management Statement First Quarter 2018, the section of the Prospectus entitled “*Certain Matters—Presentation of Financial Information—Historical Financial Statements of the Nordea Group*” is supplemented as follows:

- (1) The following text is inserted to become the new third paragraph of the section entitled “*Certain Matters—Presentation of Financial Information—Historical Financial Statements of the Nordea Group*” on page 37 of the Prospectus:

The Nordea Group’s unaudited financial information for the three months ended and as of 31 March 2018, together with comparatives figures for the three months ended and as of 31 March 2017, presented in this Prospectus is unaudited and has been derived from the interim management statement of the Nordea Group for the three months ended and as of 31 March 2018. The information presented in the interim management statement of the Nordea Group for the three months ended and as of 31 March 2018 follows the guidelines for interim management statements issued by Nasdaq and is not presented in accordance with IAS 34 “*Interim Financial Reporting*”.

Selected Consolidated Financial and Other Data

Due to the publication of the Interim Management Statement First Quarter 2018, the section of the Prospectus entitled “*Selected Consolidated Financial and Other Data*” is supplemented as follows:

- (1) The following text is inserted to replace the first paragraph of the section entitled “*Selected Consolidated Financial and Other Data*” on page 45 of the Prospectus:

The selected consolidated income statement and balance sheet data presented below for the years ended and as of 31 December 2015, 2016 and 2017 have been derived from the audited consolidated financial statements of the Nordea Group for the years ended and as of 31 December 2015, 2016 and 2017, together with the restated comparative figures for the year ended and as of 31 December 2015 included in the audited consolidated financial statements of the Nordea Group for the year ended 31 December 2016, incorporated by reference into this Prospectus. Those financial statements have been prepared in accordance with IFRS. The selected consolidated income statement and balance sheet data presented below for the three months ended and as of 31 March 2017 and 2018 are unaudited and have been derived from the unaudited consolidated financial information of the Nordea Group for the three months ended and as of 31 March 2018, together with comparatives figures for the three months ended and as of 31 March 2017, included in the interim management statement of the Nordea Group for the three months ended and as of 31 March 2018. Nordea Finland, the parent company of the Nordea Group following the completion of the Merger, was registered with the Finnish Trade Register on 27 September 2017 and no historical financial statements have been prepared in respect of Nordea Finland. The Nordea Group’s unaudited consolidated financial information and audited consolidated financial statements incorporated by reference into this Prospectus have been prepared for the Nordea Group with Nordea Sweden as the parent company. As the Merger will be treated in the Nordea Group’s consolidated accounts as a reorganisation within the consolidated group, the Merger as an intra-group transaction does not change the reporting entity under IFRS. Accordingly, the consolidated financial statements of Nordea Finland, the new parent company of the Nordea Group, will reflect a continuum of the carrying values from the consolidated financial statements of the former parent company of the Nordea Group, Nordea Sweden, which are incorporated by reference into this Prospectus. See also “*Certain Matters—Presentation of Financial Information—Accounting Treatment of the Merger*”. For information on the Nordea Group’s income statement and balance sheet data on a business area basis for the years ended and as of 31 December 2015, 2016 and 2017,

see “Operating and Financial Review and Prospects—Results of Operations—Results of Operations on a Business Area Basis for 2015, 2016 and 2017”, and for information on Nordea’s nonconsolidated income statement and balance sheet data, see “Operating and Financial Review and Prospects—Results of Operations—Results of Operations of Nordea on a Nonconsolidated Basis for 2015, 2016 and 2017” and “—Balance Sheet Information—Nordea”. The data set forth below should be read in conjunction with “Operating and Financial Review and Prospects” and the unaudited consolidated financial information and audited consolidated financial statements of the Nordea Group incorporated by reference into this Prospectus.

- (2) The following tables are inserted to replace the tables contained in the section entitled “Selected Consolidated Financial and Other Data” starting on page 45 of the Prospectus:

Selected Consolidated Income Statement Data

	For the three months ended 31 March		For the year ended 31 December		
	2017	2018	2015	2016	2017
	(EUR million, unless otherwise indicated)				
Net interest income.....	1,197	1,053	4,963 ⁽¹⁾	4,727	4,666
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Operating profit.....	1,102	1,070	4,704	4,625	3,998
Income tax expense	(258)	(250)	(1,042)	(859)	(950)
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Attributable to:					
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Additional Tier 1 capital holders.....	–	7	–	–	–
Non-controlling interests.....	5	4	–	–	17
Total	844	820	3,662	3,766	3,048
Basic earnings per share, EUR.....	0.21	0.20	0.91	0.93	0.75
Diluted earnings per share, EUR.....	0.21	0.20	0.91	0.93	0.75

- (1) Due to (i) a reclassification in 2016 of refinancing fees and pay-out fees received in connection with mortgage lending in Denmark from “net result from items at fair value” to “net fee and commission income” and (ii) a reclassification in 2016 of state guarantee fees from “net fee and commission income” to “net interest income”, the Nordea Group restated the comparative income statement figures for the year ended 31 December 2015 included in the audited consolidated financial statements of the Nordea Group for the year ended and as of 31 December 2016. The restated figures for 2015 presented herein are unaudited. The audited non-restated figure for the year ended 31 December 2015 for net interest income is EUR 5,110 million, for net fee and commission income EUR 3,025 million and for net result from items at fair value EUR 1,703 million.

Selected Consolidated Balance Sheet Data

	As of 31	As of 31 December		
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Liabilities to policyholders	19,165	38,707 ⁽⁴⁾	41,210	19,412
Debt securities in issue	174,750	201,937	191,750	179,114
Derivatives	38,307	79,505	68,636	42,713
Other ⁽⁵⁾	39,543	41,341 ⁽⁴⁾	41,021	42,276
Liabilities held for sale ⁽³⁾	26,761	—	4,888	26,031
Total liabilities	549,133	615,836	583,249	548,296
Total equity	31,056	31,032	32,410	33,316
of which additional tier 1 capital holders	750	—	—	750
of which non-controlling interests	172	1	1	168
Total liabilities and equity	580,189	646,868	615,659	581,612

- (1) The Nordea Group reclassified in 2016 certain interest-bearing securities and shares 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 the Nordea Group bears the investment risk. Due to this reclassification, the Nordea Group restated the comparative figures for “loans to credit institutions”, “interest-bearing securities”, “shares”, “investment properties” and “other assets” as of 31 December 2015 included in the audited consolidated financial statements of the Nordea Group for the year ended and as of 31 December 2016. The restated figures as of 31 December 2015 presented herein are unaudited. The corresponding audited non-restated figure as of 31 December 2015 is EUR 10,959 million for loans to credit institutions, EUR 88,176 million for interest-bearing securities, EUR 40,745 million for shares and EUR 28,262 million for other (that, as defined for the purposes of the above table, includes investment properties that decreased by EUR 111 million and other assets that decreased by EUR 13 million due to the restatement).
- (2) Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, investments in associated undertakings and joint ventures, intangible assets, properties and equipment, investment properties, deferred tax assets, current tax assets, retirement benefit assets, prepaid expenses and accrued income, and other assets, which includes claims on securities settlement proceeds, cash/margin receivables and other.
- (3) Assets and liabilities held for sale as of 31 December 2017 relate to Nordea’s decision to sell additional 45 per cent of the shares in Danish Nordea Liv & Pension Livsforsikringselskab A/S, which sale was completed on 16 April 2018. Assets and liabilities held for sale as of 31 March 2018 relate both to Nordea’s decision to sell additional 45 per cent of the shares in Danish Nordea Liv & Pension Livsforsikringselskab A/S and to sell Nordea’s Luxembourg-based private banking business, which sale is expected to be completed during the second quarter of 2018. Assets and liabilities held for sale as of 31 December 2016 consist of the Nordea Group’s Baltic operations and lending to retail customers in Russia. Assets and liabilities related to the disposal groups are presented on the separate balance sheet lines “assets held for sale” and “liabilities held for sale”, respectively, as from the classification date.
- (4) As a result of the accounting policy changes discussed in footnote (1) above, the Nordea Group reclassified in 2016 the liabilities corresponding to assets in pooled schemes and unit-linked investment contracts to the separate balance sheet line “deposits in pooled schemes and unit-linked investment contracts” given that these liabilities behave differently than the normal deposits received from customers. Due to this reclassification, the Nordea Group restated the comparative figures for “deposits and borrowings from the public”, “liabilities to policyholders” and “other” liabilities as of 31 December 2015 included in the audited consolidated financial statements of the Nordea Group for the year ended and as of 31 December 2016. The restated figures as of 31 December 2015 presented herein are unaudited. The corresponding audited non-restated figure as of 31 December 2015 is EUR 193,342 million, for deposits and borrowings from the public, EUR 55,491 million for liabilities to policyholders and EUR 41,352 million for other (that, as defined for the purposes of the above table, includes other liabilities that decreased by EUR 11 million due to the restatement).
- (5) Comprised of fair value changes of the hedged items in portfolio hedge of interest rate risk, current tax liabilities, accrued expenses and prepaid income, deferred tax liabilities, provisions, retirement benefit liabilities, subordinated liabilities, and other liabilities, which includes liabilities on securities settlement proceeds, sold, not held, securities, accounts payable, cash/margin payables and other.

Key Regulatory Ratios and Key Financial Figures⁽¹⁾

	For the three months ended and as of 31 March		For the year ended and as of 31 December		
	2017	2018	2015	2016	2017
Key Regulatory Ratios					
Loan loss ratio, basis points ⁽²⁾	14	7	14	15	12
Common equity tier 1 (CET1) capital ratio, excluding Basel I floor ⁽³⁾⁽⁴⁾ , per cent.....	18.8	19.8	16.5	18.4	19.5
Tier 1 capital ratio, excluding Basel I floor ⁽³⁾⁽⁴⁾ , per cent	21.0	22.2	18.5	20.7	22.3
Total capital ratio, excluding Basel I floor ⁽³⁾⁽⁴⁾ , per cent.....	24.3	25.2	21.6	24.7	25.2
Tier 1 capital ⁽³⁾⁽⁴⁾ , EUR billion	28.1	27.3	26.5	27.6	28.0
Risk exposure amount (REA), excluding Basel I floor ⁽³⁾ , EUR billion.....	134	123	143	133	126
Economic Capital ⁽⁴⁾ , EUR billion.....	28.9	26.2	25.0	26.3	26.7
Key Financial Figures					
Return on equity ⁽⁵⁾ , per cent	10.3	10.0	12.2	12.3	9.5
Cost to income ratio, excluding items affecting comparability, per cent.....	51	52	47	50	54
ROCAR, excluding items affecting comparability ⁽⁶⁾ , per cent	12.6	12.3	14.8	13.4	11.1
Share and Other Data					
Share price ⁽⁴⁾ , EUR	10.73	8.66	10.15	10.60	10.09
Total shareholders' return, per cent	6.7	(3.9)	8.2	16.3	3.6
Proposed/actual dividend per share, EUR.....	n.a.	n.a.	0.64	0.65	0.68
Equity per share ⁽⁴⁾ , EUR.....	7.65	7.65	7.69	8.03	8.21
Potential shares outstanding ⁽⁴⁾ , million	4,050	4,050	4,050	4,050	4,050
Weighted average number of diluted shares, million	4,039	4,038	4,031	4,037	4,039
Number of employees (FTE) ⁽⁴⁾	31,640	30,082	29,815	31,596	30,399

(1) For definitions of ratios and other key terms, see “—Definitions of Key Regulatory Ratios” and “—Definitions of Key Financial Figures” below.

(2) Including loans to the public reported as assets held for sale in 2016.

(3) Including result for the year.

(4) End of year.

(5) The return on equity of the Nordea Group, excluding items affecting comparability, was 10.0 per cent for the three months ended 31 March 2018, 10.3 per cent for the three months ended 31 March 2017, 9.5 per cent in 2017, 11.5 per cent in 2016 and 12.3 per cent in 2015.

(6) ROCAR, excluding items affecting comparability is restated in 2016 and for the three months ended 31 March 2017 due to changed definition of average Economic Capital.

Definitions of Key Regulatory Ratios

Set forth below are definitions of terms and key regulatory ratios used in “—Key Regulatory Ratios and Key Financial Figures” above and other sections of this Prospectus, including “Risk Management”.

Loan loss ratio, basis points..... Net loan losses (annualised) divided by closing balance of loans to the public (lending).

Common equity tier 1 (CET1) capital ratio..... Common equity tier 1 (CET1) capital as a percentage of risk exposure amount (REA).

Tier 1 capital ratio..... Tier 1 capital as a percentage of risk exposure amount (REA).

Total capital ratio..... Own funds as a percentage of risk exposure amount (REA).

Own funds..... Own funds is defined in Article 72 in the CRR and consist of the sum of tier 1 capital and tier 2 capital.

Tier 1 capital..... Tier 1 capital is defined in Article 25 in the CRR and consists of the sum of the common equity tier 1 (CET1) capital and additional tier 1 capital of the institution. Common equity tier 1 (CET1) is defined in Article 50 in the CRR and includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets, intangible assets in the banking operations, the full expected shortfall deduction (the negative difference between expected losses and provisions) and other deductions such as cash flow hedges.

Risk exposure amount (REA) Risk exposure amount (REA) is defined in Article 92.3 in the CRR. Total assets and off-balance-sheet items valued on the basis of the credit and market risks, as well as operational risks of the Nordea Group’s undertakings, in accordance with regulations governing capital adequacy, excluding assets in insurance companies, carrying amount of shares which have been deducted from the own funds and intangible assets.

Economic Capital..... Economic Capital is the internally derived amount of capital to ensure that a firm stay solvent. The approach includes both pillar 1 and pillar 2 capital based on a 99.9 per cent confidence measurement.

Definitions of Key Financial Figures

Set forth below are definitions of terms and key financial figures used in “—Key Regulatory Ratios and Key Financial Figures” above and other sections of this Prospectus.

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

Cost to income ratio, excluding items affecting comparability Total operating expenses excluding items affecting comparability divided by total operating income excluding items affecting comparability.

ROCAR (return on capital at risk), excluding items affecting comparability, per cent Net profit for the period excluding items affecting comparability in percentage of Economic Capital.

Items affecting comparability Significant items that interfere with year-on year comparisons, such as material gain on sale of business operations, restructuring expenses and changes in pension arrangements.

Reconciliation of Certain Key Financial Figures

The following table sets forth the specification of items affecting comparability and the calculation of cost to income ratio, excluding items affecting comparability for the periods indicated:

	For the three months ended 31 March		For the year ended 31 December		
	2017	2018	2015	2016	2017
	(EUR million, unless otherwise indicated)				
Items affecting comparability, before tax:					
Gain from divestment of Nordea’s merchant acquiring business to Nets Holding A/S	—	—	176	—	—
Gain related to Visa Inc.’s acquisition of Visa Europe Ltd.	—	—	—	173	—
Restructuring charge.....	—	—	(263)	—	—
Change in pension agreement in Norway	—	—	—	86	—
Total items affecting comparability, before tax	—	—	(87)	259	—
Total operating expenses.....	(1,246)	(1,205)	(4,957)	(4,800)	(5,102)
Items affecting comparability in total operating expenses	—	—	263	(86)	—
Total operating expenses excluding items affecting comparability	(1,246)	(1,205)	(4,694)	(4,886)	(5,102)
Total operating income.....	2,461	2,315	10,140	9,927	9,469
Items affecting comparability in total operating income	—	—	(176)	(173)	—
Total operating income excluding items affecting comparability	2,461	2,315	9,964	9,754	9,469
Cost to income ratio, excluding items affecting comparability, per cent	51	52	47	50	54

The following table sets forth the calculation of ROCAR, excluding items affecting comparability, as defined by Nordea for the periods indicated:

	For the three months ended 31 March		For the year ended 31 December		
	2017	2018	2015	2016	2017
Net profit for the period	844	820	3,662	3,766	3,048
Items affecting comparability, net of tax	—	—	29	(227)	—
Net profit for the period excluding items affecting comparability	844	820	3,691	3,539	3,048
Average economic capital	27,193	26,974	25,005	26,773	27,342
ROCAR, excluding items affecting comparability⁽¹⁾, per cent	12.6	12.3	14.8	13.4	11.1

(1) ROCAR, excluding items affecting comparability is restated in 2016 due to changed definition of average Economic Capital.

Recent Events

Due to the publication of the Interim Management Statement First Quarter 2018, the section of the Prospectus entitled “*Operating and Financial Review and Prospects—Recent Events*” is supplemented as follows:

- (1) The following text is inserted to replace the second paragraph of the section entitled “*Operating and Financial Review and Prospects—Recent Events—Nordea Liv & Pension*” on page 78 of the Prospectus:

The transaction, which was subject to approvals by the DFSA and antitrust authorities, was completed on 16 April 2018, will generate a post-tax capital gain of EUR 142 million to be recognised in the second quarter of 2018. Nordea’s remaining holding of 30 per cent in the associated company will be remeasured to fair value and is expected to lead to an additional post-tax gain of EUR 108 million for the Nordea Group to be recognised in the second quarter of 2018. The solvency ratio of Nordea Liv & Pension Group is expected to increase by approximately 20–25 percentage points.

- (2) The following text is inserted to replace the paragraph under the section entitled “*Operating and Financial Review and Prospects—Recent Events—Collection Portfolio Denmark*” on page 78 of the Prospectus:

In December 2017, Nordea signed an agreement to divest a portfolio of non-performing loans in Denmark. The portfolio consists of approximately 40,000 claims, the principal value of which amounts to approximately EUR 500 million. The transaction is expected to generate a capital gain of approximately EUR 40–50 million. Should the loans not fulfil contractual terms, the buyers of the loans will be compensated by Nordea. The financial effects of the transaction are expected to be accounted for in the income statement in 2018 as the loan documentation is transferred to the buyers. EUR 9 million was recognised in net result from items at fair value in the first quarter of 2018.

- (3) The following text is inserted to become the new fourth subsection under the section entitled “*Operating and Financial Review and Prospects—Recent Events*” on page 79 of the Prospectus:

Divestment of Shares in UC AB

The Finnish credit information company Asiakastiето Group Plc (“**Asiakastiето**”) listed on Nasdaq Helsinki has entered into an agreement with all owners of UC AB (“**UC**”), including Nordea Sweden, to acquire UC at a price amounting to approximately EUR 340 million. Nordea Sweden owns 26.1 per cent of the shares in UC and will receive 2,303,315 shares in Asiakastiето, equivalent to 9.6 per cent of the shares in the company after completion of the transaction, and approximately EUR 26 million in cash. The transaction results in a capital gain amounting to approximately EUR 86 million for Nordea, expected to be recognised in the result in the second quarter of 2018, based on Asiakastiето’s share price as at 23 April 2018 of EUR 27.30. The transaction is conditional on a decision by an extraordinary general meeting of Asiakastiето to, among other things, mandate the board of directors to issue new shares (to be subscribed for by Nordea Sweden and the other sellers), relevant approval from competition authorities and certain other conditions.

Risk Factors

Due to the binding ruling of the Finnish Central Board of Taxes having recently become final, the section of the Prospectus entitled “*Risk Factors—Risks Relating to the Shares in Nordea Finland*” is supplemented as follows:

- (1) The fourth, fifth and sixth sentences of the section entitled “*Risk Factors—Risks Relating to the Shares in Nordea Finland—The receipt of the Merger Consideration by the shareholders of Nordea Sweden may be a taxable event in certain jurisdictions and shareholders in Nordea Sweden are advised to consult professional tax advisors as to the tax implications that may arise from the Merger*” on page 20 of the Prospectus are deleted and replaced with the following sentences:

The Finnish Central Board of Taxes has issued a final binding ruling on tax treatment of the conversion of Nordea Sweden FDRs into shares in Nordea Finland in a natural person’s income taxation. According to the final binding ruling, the conversion of Nordea Sweden FDRs into shares in Nordea Finland in the Merger is not a disposal in taxation.

Taxation

Due to the binding rulings of the Finnish Central Board of Taxes and the Finnish Tax Administration having recently become final, the section of the Prospectus entitled “*Taxation—Finnish Tax Considerations—Tax Implications of the Merger*” is supplemented as follows:

- (1) The third paragraph of the section entitled “*Taxation—Finnish Tax Considerations—Tax Implications of the Merger—Taxation of Nordea Finland*” on page 193 of the Prospectus is deleted and replaced with the following sentence:

The Finnish Tax Administration has issued a final binding ruling confirming that the transfer tax neutrality applies to the shares and FDRs of Nordea Sweden and assets (in scope of transfer tax) received in the Merger.

- (2) The first, second and third sentences of the second paragraph of the section entitled “*Taxation—Finnish Tax Considerations—Tax Implications of the Merger—Taxation of Merger Consideration Received by Shareholders of Nordea Sweden*” on page 194 of the Prospectus are deleted and replaced with the following sentences:

The Finnish Central Board of Taxes has issued a final binding ruling on tax treatment of the conversion of Nordea Sweden FDRs into shares in Nordea Finland in a natural person’s income taxation. According to the final binding ruling, the conversion of Nordea Sweden FDRs into shares in Nordea Finland in the Merger is not a disposal in taxation.

- (3) The second sentence of the third paragraph of the section entitled “*Taxation—Finnish Tax Considerations—Tax Implications of the Merger—Taxation of Merger Consideration Received by Shareholders of Nordea Sweden*” on page 194 of the Prospectus is deleted and replaced with the following sentence:

The Finnish Tax Administration has issued a final binding ruling confirming that the transfer tax neutrality applies to the shares and FDRs of Nordea Sweden and assets (in scope of transfer tax) received in the Merger.