

Note 2 Segment reporting

Operating segments

	Personal Banking	Commercial & Business Banking	Wholesale Banking	Asset & Wealth Management	Group Finance & Treasury	Other operating segments	Total operating segments	Reconciliation	Total Group
Jan-Mar 2019									
Total operating income, EURm	878	513	396	406	25	23	2,241	-126	2,115
- of which internal transactions ¹	-151	-61	-120	-6	330	8	0	-	-
Operating profit, EURm	291	158	138	215	10	14	826	-205	621
Loans to the public ² , EURbn	150	82	50	7	-	0	289	37	326
Deposits and borrowings from the public ² , EURbn	71	42	36	9	-	0	158	18	176
Jan-Mar 2018									
Total operating income, EURm	932	611	505	447	21	23	2,539	-161	2,378
- of which internal transactions ¹	-128	-59	-98	-3	276	12	0	-	-
Operating profit, EURm	381	286	174	246	24	13	1,124	-158	966
Loans to the public ² , EURbn	143	80	46	8	-	2	279	32	311
Deposits and borrowings from the public ² , EURbn	67	39	37	10	-	2	155	19	174

¹ IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Finance & Treasury.

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

Breakdown of Personal Banking, Commercial & Business Banking, Wholesale Banking and Wealth Management

	Personal Banking Denmark		Personal Banking Finland		Personal Banking Norway		Personal Banking Sweden		Personal Banking Other		Personal Banking	
	Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total operating income, EURm	265	301	189	200	139	128	282	307	3	-4	878	932
- of which internal transactions	-51	-42	-26	-40	-45	-24	-31	-23	2	1	-151	-128
Operating profit, EURm	128	143	27	64	39	51	96	135	1	-12	291	381
Loans to the public, EURbn	37	37	32	33	35	28	45	45	1	0	150	143
Deposits and borrowings from the public, EURbn	17	17	21	21	11	8	22	21	0	0	71	67

	Business Banking		Business Banking Direct		Commercial & Business Banking Other		Commercial & Business Banking	
	Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar	
	2019	2018	2019	2018	2019	2018	2019	2018
Total operating income, EURm	404	518	110	98	-1	-5	513	611
- of which internal transactions	-62	-57	1	-2	0	0	-61	-59
Operating profit, EURm	149	286	33	24	-24	-24	158	286
Loans to the public, EURbn	70	68	12	12	0	0	82	80
Deposits and borrowings from the public, EURbn	31	29	11	10	0	0	42	39

Note 2 Continued

	Corporate & Investment Banking		Financial Institutions & International Banks		Banking Russia		Capital Markets unallocated		Wholesale Banking Other		Wholesale Banking	
	Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total operating income, EURm	328	325	87	78	15	22	-31	83	-3	-3	396	505
- of which internal transactions	-84	-75	-9	-10	-14	-14	-11	3	-2	-2	-120	-98
Operating profit, EURm	210	135	5	15	19	14	-80	45	-16	-35	138	174
Loans to the public, EURbn	46	42	2	2	2	2	-	-	-	-	50	46
Deposits and borrowings from the public, EURbn	25	24	10	12	1	1	-	-	-	-	36	37

	Private Banking		Asset Management		Life & Pension unallocated		Asset & Wealth Management Other		Asset & Wealth Management	
	Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar		Jan-Mar	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Total operating income, EURm	134	139	221	234	112	143	-61	-69	406	447
- of which internal transactions	-5	-2	0	0	0	0	-1	-1	-6	-3
Operating profit, EURm	40	40	147	160	80	91	-52	-45	215	246
Loans to the public, EURbn	7	8	-	-	-	-	-	-	7	8
Deposits and borrowings from the public, EURbn	9	10	-	-	-	-	-	-	9	10

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Mar		Jan-Mar		Jan-Mar	
	2019	2018	2019	2018	2019	2018
Total operating segments	826	1,124	289	279	158	155
Group functions ¹	-31	-44	-	-	-	-
Unallocated items	-65	21	39	32	19	20
Differences in accounting policies ²	-109	-135	-2	0	-1	-1
Total	621	966	326	311	176	174

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

² Impact from different classification of assets/liabilities held for sale, plan exchange rates and internal allocation principles used in the segment reporting.

Measurement of operating segments' performance

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

Financial results are presented for the main business areas Personal Banking, Commercial & Business Banking, Wholesale Banking and Wealth Management, with a further breakdown on operating segments, and the operating segment Group Finance & Treasury. 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.

Note 3 Net fee and commission income

	Q1 2019	Q4 2018	Q1 2018
EURm			
Asset management commissions	347	361	358
Life & Pensions	62	64	81
Deposit Products	5	7	5
Brokerage, securities issues and corporate finance	30	54	34
Custody and issuer services	3	15	7
Payments	86	72	76
Cards	57	49	54
Lending Products	102	92	97
Guarantees	24	22	33
Other	21	-16	25
Total	737	720	770

Break-down Jan-Mar 2019

	Personal Banking	Commercial & Business Banking	Wholesale Banking	Asset & Wealth Management	Group Finance and Treasury	Other and elimination	Nordea Group
EURm							
Asset management commissions	42	7	1	297	0	0	347
Life & Pensions	14	6	1	41	0	0	62
Deposit Products	2	3	0	0	0	0	5
Brokerage, securities issues and corporate finance	4	8	10	8	0	0	30
Custody and issuer services	2	0	6	-4	-1	0	3
Payments	21	47	18	0	0	0	86
Cards	36	10	3	0	0	8	57
Lending Products	31	27	43	1	0	0	102
Guarantees	2	7	14	0	1	0	24
Other	9	6	9	-6	1	2	21
Total	163	121	105	337	1	10	737

Break-down Jan-Mar 2018

	Personal Banking	Commercial & Business Banking	Wholesale Banking	Asset & Wealth Management	Group Finance and Treasury	Other and elimination	Nordea Group
EURm							
Asset management commissions	41	14	10	293	0	0	358
Life & Pensions	15	5	1	60	0	0	81
Deposit Products	2	3	0	0	0	0	5
Brokerage, securities issues and corporate finance	8	5	17	6	-2	0	34
Custody and issuer services	3	0	8	-2	-2	0	7
Payments	23	40	13	0	0	0	76
Cards	46	5	3	0	0	0	54
Lending Products	30	27	40	0	0	0	97
Guarantees	2	11	19	0	0	1	33
Other	10	4	7	4	-2	2	25
Total	180	114	118	361	-6	3	770

Note 4 Net result from items at fair value

	Q1 2019	Q4 2018	Q1 2018
EURm			
Equity related instruments	235	52	-45
Interest related instruments and foreign exchange gains/losses	-14	119	404
Other financial instruments (including credit and commodities)	12	-16	34
Investment properties	0	0	-1
Life insurance ¹	31	27	49
Total	264	182	441

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

Break-down of life insurance

	Q1 2019	Q4 2018	Q1 2018
EURm			
Equity related instruments	668	-605	-306
Interest related instruments and foreign exchange gains/losses	150	-82	-84
Other financial instruments	0	0	0
Investment properties	20	36	39
Change in technical provisions ¹	-687	295	196
Change in collective bonus potential	-130	373	194
Insurance risk income	16	16	42
Insurance risk expense	-6	-6	-32
Total	31	27	49

¹ Premium income amounts to EUR 81m for Q1 2019 (Q1 2018: EUR 644m).

Note 5 Other expenses

	Q1 2019	Q4 2018	Q1 2018
EURm			
Information technology	-128	-120	-123
Marketing and representation	-12	-26	-11
Postage, transportation, telephone and office expenses	-18	-20	-22
Rents, premises and real estate	-30	-83	-74
Resolution fees	-207	0	-167
Other	-199	-141	-106
Total	-594	-390	-503

Note 6 Net loan losses

	Q1 2019	Q4 2018	Q1 2018
EURm			
Net loan losses, stage 1	-1	21	11
Net loan losses, stage 2	-9	18	70
Stage 3, defaulted			
Net loan losses, individually assessed, collectively calculated	-7	2	-71
Realised loan losses	-85	-129	-108
Decrease of provisions to cover realised loan losses	66	81	82
Recoveries on previous realised loan losses	7	13	9
Reimbursement right	14	-	-
New/increase in provisions	-80	-150	-127
Reversals of provisions	53	114	94
Net loan losses, defaulted	-32	-69	-121

Key ratios

	Q1 2019	Q4 2018	Q1 2018
Loan loss ratio, basis points	7	5	
- of which stage 2	2	-3	-12
- of which stage 3	5	12	21

Note 7 Loans and impairment

	Total		
	31 Mar 2019	31 Dec 2018	31 Mar 2018
EURm			
Loans measured at fair value	95,517	77,521	90,640
Loans measured at amortised cost, not impaired (stage 1 and 2)	250,422	247,204	237,574
Impaired loans (stage 3)	4,555	4,581	5,212
- of which servicing	2,080	2,097	2,539
- of which non-servicing	2,475	2,484	2,673
Loans before allowances	350,494	329,306	333,426
-of which central banks and credit institutions	22,862	18,977	20,243
Allowances for individually assessed impaired loans (stage 3)	-1,600	-1,599	-1,877
-of which servicing	-711	-720	-866
-of which non-servicing	-889	-879	-1,011
Allowances for collectively assessed impaired loans (stage 1 and 2)	-455	-441	-403
Allowances	-2,055	-2,040	-2,280
-of which central banks and credit institutions	-15	-15	-24
Loans, carrying amount	348,439	327,266	331,146

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

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

	31 Mar 2018		
	Stage 1	Stage 2	Stage 3
EURm			
Loans to central banks, credit institutions and the public	222,687	14,887	5,212
Interest-bearing securities	37,790	-	-
Total	260,477	14,887	5,212

Allowances and provisions

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

	31 Mar 2018		
	Stage 1	Stage 2	Stage 3
EURm			
Loans to central banks, credit institutions and the public	-123	-280	-1,877
Interest-bearing securities	-1	-	-
Provisions for off balance sheet items	-9	-34	-84
Total allowances and provisions	-133	-314	-1,961

Movements of allowance accounts for loans measured at amortised cost

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

	Stage 1	Stage 2	Stage 3	Total
EURm				
Balance as at 1 Jan 2018	-133	-360	-1,816	-2,309
Changes due to origination and acquisition	-2	-1	-2	-5
Changes due to change in credit risk (net)	4	68	-138	-66
Changes due to repayments and disposals	7	12	16	35
Write-off through decrease in allowance account	-	-	80	80
Other changes	1	0	-22	-21
Translation differences	0	1	5	6
Balance as at 31 Mar 2018	-123	-280	-1,877	-2,280

Note 7 Continued

Key ratios¹

	31 Mar 2019	31 Dec 2018	31 Mar 2018
Impairment rate (stage 3), gross, basis points	179	182	215
Impairment rate (stage 3), net, basis points	116	118	137
Total allowance rate (stage 1, 2 and 3), basis points	81	81	94
Allowances in relation to impaired loans (stage 3), %	35	35	36
Allowances in relation to loans in stage 1 and 2, basis points	18	1	17

¹ For definitions, see Glossary.

Note 8 Classification of financial instruments

	Fair value through profit or loss (FVPL)				Fair value through other comprehensive income (FVOCI)	Total
	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (Fair value option)	Derivatives used for hedging		
EURm						
Financial assets						
Cash and balances with central banks	45,764	-	-	-	-	45,764
Loans to central banks	4,001	4,472	-	-	-	8,473
Loans to credit institutions	6,593	7,796	-	-	-	14,389
Loans to the public	242,328	83,249	-	-	-	325,577
Interest-bearing securities	3,537	30,213	6,863	-	29,946	70,559
Financial instruments pledged as collateral	-	11,045	-	-	537	11,582
Shares	-	16,137	-	-	-	16,137
Assets in pooled schemes and unit-linked investment contracts	-	26,688	116	-	-	26,804
Derivatives	-	37,391	-	2,100	-	39,491
Fair value changes of the hedged items in portfolio hedge of interest rate risk	212	-	-	-	-	212
Other assets	3,612	14,574	-	-	-	18,186
Prepaid expenses and accrued income	795	-	-	-	-	795
Total 31 Mar 2019	306,842	231,565	6,979	2,100	30,483	577,969
Total 31 Dec 2018	296,819	200,342	7,287	3,110	33,564	541,122

	Fair value through profit or loss (FVPL)				Total
	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (Fair value option)	Derivatives used for hedging	
EURm					
Financial liabilities					
Deposits by credit institutions	28,290	23,344	-	-	51,634
Deposits and borrowings from the public	163,485	12,800	-	-	176,285
Deposits in pooled schemes and unit-linked investment contracts	-	-	28,120	-	28,120
Liabilities to policyholders	-	-	3,427	-	3,427
Debt securities in issue	137,144	-	56,119	-	193,263
Derivatives	-	39,673	-	1,775	41,448
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,828	-	-	-	1,828
Other liabilities	5,524	22,180	-	-	27,704
Accrued expenses and prepaid income	346	-	-	-	346
Subordinated liabilities	10,332	-	-	-	10,332
Total 31 Mar 2019	346,949	97,997	87,666	1,775	534,387
Total 31 Dec 2018	339,700	71,463	83,665	923	495,751

Note 9 Fair value of financial assets and liabilities

	31 Mar 2019		31 Dec 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	45,764	45,764	41,578	41,578
Loans	348,651	355,314	327,435	330,681
Interest-bearing securities	70,559	70,702	76,222	76,334
Financial instruments pledged as collateral	11,582	11,582	7,568	7,568
Shares	16,137	16,137	12,452	12,452
Assets in pooled schemes and unit-linked investment contracts	26,804	26,804	24,425	24,425
Derivatives	39,491	39,491	37,025	37,025
Other assets	18,186	18,186	13,428	13,428
Prepaid expenses and accrued income	795	795	989	989
Total	577,969	584,775	541,122	544,480
Financial liabilities				
Deposits and debt instruments	433,342	434,482	408,227	409,014
Deposits in pooled schemes and unit-linked investment contracts	28,120	28,120	25,653	25,653
Liabilities to policyholders	3,427	3,427	3,234	3,234
Derivatives	41,448	41,448	39,547	39,547
Other liabilities	27,704	27,704	18,817	18,817
Accrued expenses and prepaid income	346	346	273	273
Total	534,387	535,527	495,751	496,538

The determination of fair value is described in the Annual report 2018, Note G40 "Assets and liabilities at fair value".

Note 10

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

	Fair value	Of which Life ¹	Valuation techniques	Unobservable input	Range of fair value ⁴
EURm					
Interest-bearing securities					
Mortgage and other credit institutions ²	172	7	Discounted cash flows	Credit spread	-17/17
Corporates	5	4	Discounted cash flows	Credit spread	0/0
Total 31 Mar 2019	177	11			-17/17
Total 31 Dec 2018	329	4			-32/32
Shares					
Private equity funds	752	449	Net asset value ³		-84/84
Hedge funds	108	86	Net asset value ³		-9/9
Credit funds	381	175	Net asset value/market consensus ³		-31/31
Other funds	305	186	Net asset value/Fund prices ³		-27/27
Other ⁵	298	53	-		-25/25
Total 31 Mar 2019	1,844	949			-176/176
Total 31 Dec 2018	1,728	947			-165/165
Derivatives, net					
Interest rate derivatives	281	-	Option model	Correlations Volatilities	-20/11
Equity derivatives	3	-	Option model	Correlations Volatilities	-9/6
Foreign exchange derivatives	-7	-	Option model	Dividends Correlations	-0/0
Credit derivatives	-154	-	Credit derivative model	Volatilities Correlations	-25/26
Other	6	-	Option model	Recovery rates Correlations Volatilities	-0/0
Total 31 Mar 2019	129				-54/43
Total 31 Dec 2018	15				-59/55
Debt securities in issue					
Issued structured bonds	2,629	-	Credit derivative model	Correlations Recovery rates Volatilities	-13/13
Total 31 Mar 2019	2,629				-13/13
Other, net					
Other assets and Other liabilities, net	82	40	-	-	-9/9
		40			-9/9
Total 31 Dec 2018	60	40			-7/7

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

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

³ The fair values are based on prices and net asset values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by Invest Europe (formerly called EVCA). Approximately 40% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are a range of 6% to 100% compared to the values received from suppliers/custodians.

⁴ The column "Range of fair value" shows the sensitivity of Level 3 financial instruments to changes in key assumptions. For more information see the Annual Report 2018, Note G40 "Assets and liabilities at fair value".

⁵ Of which EUR 46m related to assets in pooled schemes and unit-linked investment.

Note 11

Balance sheet - Condensed¹

	31 Mar 2019	31 Dec 2018	31 Mar 2018
EURm			
Assets			
Loans to credit institutions	-	-	540
Loans to the public	-	-	1,234
Interest-bearing securities	-	-	6,140
Financial instruments pledged as collateral	-	-	146
Shares	-	-	10,070
Derivatives	-	-	370
Investments	-	-	268
Investment property	-	-	1,895
Other assets	-	-	815
Total assets held for sale	-	-	21,478
Liabilities			
Deposits by credit institutions	-	-	170
Deposits and borrowings from the public	-	-	2,008
Liabilities to policyholders	-	-	23,168
Derivatives	-	-	297
Current tax	-	-	87
Other liabilities	-	-	1,031
Total liabilities held for sale	-	-	26,761

¹ Includes the external assets and liabilities held for sale.

Assets and liabilities held for sale as of 31 March 2018 related to Nordea's earlier announced decisions to sell an additional 45 per cent of the shares in Danish Nordea Liv & Pension, livsforsikringselskab A/S and parts of its Luxembourg-based private banking business. The sale of the shares in Danish Nordea Liv & Pension, livsforsikringselskab A/S has been closed and the assets and liabilities held for sale were derecognised from Nordea's balance sheet during the second quarter 2018. The disposal group was included in "Life & Pension unallocated" in Note 2 "Segment reporting". Also the sale of parts of the Luxembourg-based private banking business has been closed and the assets and liabilities held for sale were derecognised from Nordea's balance during the fourth quarter 2018. The disposal group was included in "Private Banking" in Note 2 "Segment reporting".

Note 12 Risks and uncertainties

Nordea is subject to various legal regimes and requirements, including those of the Nordic countries, the European Union and the United States. Governmental authorities that administer and enforce those regimes regularly conduct investigations with regards to Nordea's regulatory compliance, including the compliance with anti-money laundering (AML) and economic sanctions requirements.

The supervisory authorities have conducted ongoing investigations with regards to Nordea's compliance in several areas, e.g. investment advice, AML, external tax rules, competition law and governance and control. The Nordea Group is also responding to inquiries from US governmental authorities regarding historical compliance with certain US financial sanctions during 2008–2014. The outcome of some investigations is pending, and it cannot be excluded that these investigations could lead to criticism or sanctions.

In June 2015 the Danish Financial Supervisory Authority investigated how Nordea Bank Danmark A/S had followed the regulations regarding anti-money laundering (AML). The outcome has resulted in criticism and the matter was, in accordance with Danish administrative practice, handed over to the police for further handling and possible sanctions. As

previously stated, Nordea expects to be fined in Denmark for our weak AML processes and procedures in the past and is consequently making a provision for ongoing AML-related matters.

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

The Danish tax authorities are in addition investigating whether there is a basis for raising a claim for damages against Nordea relating to Nordea's assistance to a foreign bank in connection with the said bank's reclaim of dividend tax on behalf of one of its customers. At this point in time, it is not possible to assess the potential risk related to the case.

Glossary

Return on equity

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

Return on tangible equity

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

Return on Risk Exposure Amount

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

Return on equity with amortised resolution fees

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

Total shareholders return (TSR)

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

Tier 1 capital

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

Tier 1 capital ratio

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

Loan loss ratio

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

Impairment rate (Stage 3), gross

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

Impairment rate (Stage 3), net

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

Total allowance rate (Stage 1, 2 and 3)

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

Allowances in relation to credit impaired loans (stage 3)

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

Allowance in relation to loans in stage 1 and 2

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

Economic capital

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

ROCAR

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

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

Nordea Bank Abp

Income statement

	Reported Q1 2019	Pre- decessor Q1 2018	Combined Full year 2018	Reported 15 month 2018 ¹
EURm				
Operating income				
Interest income	1,104	979	4,203	1,116
Interest expense	-507	-405	-1,730	-474
Net interest income	597	574	2,473	642
Fee and commission income	592	553	2,244	584
Fee and commission expense	-133	-101	-457	-157
Net fee and commission income	459	452	1,787	427
Net result from securities trading and foreign exchange dealing	228	271	868	199
Net result from securities classified at fair value through other comprehensive income	26	7	25	8
Net result from hedge accounting	-29	-15	-61	-55
Net result from investment properties	0	-1	-1	0
Dividends	665	-1	1,735	1,167
Other operating income	85	105	377	94
Total operating income	2,031	1,392	7,203	2,482
Operating expenses				
Staff costs	-601	-654	-2,478	-616
Other administrative expenses	-234	-238	-980	-274
Other operating expenses	-356	-222	-539	-100
Depreciation, amortisation and impairment charges of tangible and intangible assets	-102	-74	-355	-115
Total operating expenses	-1,293	-1,188	-4,352	-1,105
Profit before loan losses	738	204	2,851	1,377
Net loan losses	15	-16	-122	-12
Impairment on other financial assets	0	0	-239	-21
Operating profit	753	188	2,490	1,344
Income tax expense	-61	-64	-514	-211
Net profit for period	692	124	1,976	1,133

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

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

Nordea Bank Abp

Balance sheet

	Reported 31 Mar 2019	Reported 31 Dec 2018 ¹	Predecessor 31 Mar 2018
EURm			
Assets			
Cash and balances with central banks	43,728	39,562	35,194
Debt securities eligible for refinancing with central banks	63,297	72,677	69,982
Loans to credit institutions	68,986	64,772	64,958
Loans to the public	164,652	154,419	156,976
Interest-bearing securities	9,081	1,890	6,063
Shares and participations	8,424	4,813	8,143
Investments in associated undertakings and joint ventures	1,050	1,049	1,039
Investments in group undertakings	13,330	12,175	12,531
Derivatives	39,470	37,221	43,444
Fair value changes of the hedged items in portfolio hedge of interest rate risk	85	72	67
Intangible assets	2,385	2,331	2,140
Tangible assets			
Properties and equipment	333	338	378
Investment properties	4	4	2
Deferred tax assets	71	130	105
Current tax assets	268	234	274
Retirement benefit assets	194	243	231
Other assets	18,402	15,681	14,721
Prepaid expenses and accrued income	1,149	1,111	1,217
Total assets	434,909	408,722	417,465
Liabilities			
Deposits by credit institutions and central banks	62,815	51,427	63,894
Deposits and borrowings from the public	180,341	171,102	179,607
Debt securities in issue	78,153	82,667	67,616
Derivatives	42,700	40,591	41,019
Fair value changes of the hedged items in portfolio hedge of interest rate risk	933	536	374
Current tax liabilities	288	249	329
Other liabilities	29,711	21,257	26,317
Accrued expenses and prepaid income	1,514	1,330	1,465
Deferred tax liabilities	80	223	59
Provisions	428	352	402
Retirement benefit obligations	426	349	252
Subordinated liabilities	10,274	9,157	8,321
Total liabilities	407,663	379,240	389,655
Equity			
Share capital	4,050	4,050	4,050
Additional Tier 1 capital holders	750	750	750
Invested unrestricted equity	1,080	1,080	1,080
Other reserves	-282	-150	1,317
Retained earnings	20,956	22,619	20,489
Profit or loss for the period ²	692	1,133	124
Total equity	27,246	29,482	27,810
Total liabilities and equity	434,909	408,722	417,465
Off balance sheet commitments			
Commitments given to a third party on behalf of customers			
Guarantees and pledges	48,802	50,026	51,974
Other	1,386	1,406	1,434
Irrevocable commitments in favour of customers			
Securities repurchase commitments	-	-	-
Other	76,542	80,102	74,309

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

² In 2018 including anticipated dividends of EUR 436m from its subsidiaries.

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

Nordea Bank Abp

Note 1 Accounting policies

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

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

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

The accounting policies and methods of computation are unchanged in comparison with the Annual Report 2018, except from changed accounting policies and presentation described below in the section "Changed accounting policies and presentation". For more information see Note P1 in the Annual Report 2018.

Changed accounting policies and presentation

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

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

Changes in IFRSs not yet applied

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

Other amendments

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

For further information

- A webcast for media, investors and equity analysts will be held on 30 April at 09.00 EET (08.00 CET), at which Casper von Koskull, President and Group CEO, will present the results.
- To participate in the webcast (starting at 09:00 EET) please use the webcast [link](#) or dial +44 333 300 0804 or +46 8 566 426 51 or +358 9 817 103 10 or +45 35 44 55 77 PIN code 68301225# no later than 08.50 EET.
- The webcast will be directly followed by a Q&A audio session (starting at approximately 09.30) with Christopher Rees, Group CFO and Rodney Alfvén, Head of Investor Relations.
- After the call an indexed on-demand replay will be available [here](#). A replay will also be available until 7th May 2019. Please dial one of the following numbers +44 333 300 0819, +46 8-519 993 85, +358 9 817 105 15, +45 82 33 31 90, confirmation code 301285308#.
- An analyst and investor presentation will be held in London on 2 May at 11.00 local time at Autonomous, 50 Berkeley Street, London, W1J 8HA in which Casper von Koskull, President and Group CEO, Christopher Rees, Group CFO, Rodney Alfvén, Head of Investor Relations and Pawel Wyszynski, Senior Investor Relations Officer will participate.
- The presentation, including Q&A, is expected to last approximately one hour.
- To attend please contact: Rachel Griffin at Autonomous Research via e-mail: rgriffin@autonomous.com
- The Q1 2019 report, an investor presentation and a fact book are available on www.nordea.com.

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Financial calendar

18 July – Second Quarter Report 2019 (silent period starts 5 July 2019)

24 October 2019 – Third Quarter Report 2019 (silent period starts 7 October 2019)

Helsinki 29 April 2019

Nordea Bank Abp

Board of Directors

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

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

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Report on review of interim financial information of Nordea Bank Abp for the three months period ended 31 March 2019

To the Board of Directors of Nordea Bank Abp

Introduction

We have reviewed the condensed interim financial information of Nordea Bank Abp, which comprise the balance sheet as at 31 March 2019, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the three-month-period then ended and notes, all consolidated, and parent company's balance sheet as at 31 March 2019 and income statement for the three-month-period then ended. The Board of Directors and the Managing Director are responsible for the preparation of the condensed interim financial information in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union. We will express a conclusion on this condensed interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of Nordea Bank Abp for the three months period ended on 31 March 2019 is not prepared, in all material respects, in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting", as adopted by the European Union.

Helsinki 29 April 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Wahlroos
Authorised Public Accountant (KHT)