

Third Quarter Results 2019

CEO Frank Vang-Jensen's comments on the results:

"In the third quarter, both net interest and net commission income increased from higher business volumes. Net fair value decreased following significant interest rate movements during the summer. Total revenues are down 2% in local currencies. Our Q3 operating loss of EUR 421m includes several one-off items totalling EUR 1.3bn, comprising of an impairment charge for IT intangibles of EUR 735m, a restructuring provision of EUR 204m, an expense related to sale of Luminor shares of EUR 75m, and finally, additional loan loss provisions of EUR 282m.

In my new role as CEO, I have led a strategic review of the Bank and we have developed a new business plan to ensure stronger financial results meeting new financial targets. Our new plan will significantly improve Nordea's operating performance through strengthened customer focus and improved operational efficiency as well as cost reductions and income growth initiatives. For 2020, we expect to reach a cost base of below EUR 4.7bn with planned continued net cost reductions beyond 2020.

Nordea's new financial targets for 2022 are

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

Our new capital policy stipulates a management buffer of 150-200 bps above the regulatory CET1 requirement and a dividend pay-out ratio of 60-70%, both starting from 2020. We will continuously assess the opportunity to use share buy-backs as a tool to distribute excess capital. For 2019, Nordea targets a dividend of EUR 0.4 per share.

While I have been at Nordea since 2017, in my short time as CEO I have had the opportunity to meet many more colleagues from different parts of the bank. I am impressed by our employees' expertise, passion to serve our customers and shared determination to improve our business results. I am convinced that strong customer focus combined with enhanced operational efficiency will enable us to deliver on our targets and new strategy, and to significantly improve Nordea's financial performance."

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

Summary key figures

	Q3 2019	Q2 2019	Chg %	Local curr. %	Q3 2018	Chg %	Local curr. %	Jan-Sep 2019	Jan-Sep 2018	Chg %	Local curr. %
EURm											
Net interest income	1,083	1,071	1	2	1,123	-4	-1	3,210	3,349	-4	-2
Total operating income	2,085	2,141	-3	-2	2,097	-1	1	6,341	7,053	-10	-9
Total operating income ¹	2,085	2,141	-3	-2	2,097	-1	1	6,341	6,569	-3	-2
Total operating expense	-2,175	-1,180	84	84	-1,136	91	93	-4,807	-3,662	31	33
Total operating expense ²	-1,161	-1,180	-2	-1	-1,136	2	3	-3,698	-3,662	1	2
Profit before loan losses	-90	961	-109	-109	961	-109	-109	1,534	3,391	-55	-54
Net loan losses	-331	-61	443	439	-44	652	642	-434	-143	203	204
Net loan losses ³	-49	-61	-20	-19	-44	11	11	-152	-143	6	7
Operating profit	-421	900	-147	-146	917	-146	-146	1,100	3,248	-66	-66
Adj. Operating profit ^{1,2,4}	823	848	-3		875	-6		2,542	2,805	-9	
Diluted earnings per share, EUR	-0.08	0.17			0.18			0.19	0.64		
Common Equity Tier 1 capital ratio, % ^{5,6}	15.4	14.8			20.3			15.4	20.3		
Cost/income ratio, %	104	55			54			76	52		
Cost/income ratio, ^{1,2} %	56	55			54			58	56		
Loan loss ratio, basis points	55	10			8			24	8		
ROE, %	-4.4	9.1			9.2			3.4	10.9		
ROE, ^{1,2,7} %	8.4	8.5			8.8			8.3	9.1		

Exchange rates used for Q3 2019 for income statement items are for DKK 7.4644, NOK 9.7720 and SEK 10.5660.

¹ Excl. Items affecting comparability in Q1 2018: EUR 135m gain from valuation model update in Denmark, EUR 105m after tax, Q2 2018: tax free gain related to divestment of shares in UC EUR 87m and tax free gain related to the sale of Nordea Liv & Pension Denmark EUR 262m.

² Excl. Items affecting comparability in Q1 2019: EUR 95m non-deductible expense related to provision for ongoing AML-related matters.

In Q3 2019: EUR 735m expense related to impairment of capitalised IT systems, EUR 559m after tax, EUR 204m expense related to restructuring, EUR 155m after tax, EUR 75m non-deductible expense related to sale of Luminor.

³ Excl. Items affecting comparability in Q3 2019: EUR 282m loss related to loan loss provisions due to model updates and dialogue with the ECB reflecting a more subdued outlook in certain sectors, EUR 214m after tax.

⁴ Adjusted for resolution fees before tax: In Q3 2019 EUR -52m, In Q2 2019 EUR -52m, in Q3 2018 EUR -42m, in Jan-Sep 2019 EUR 51m and in Jan-Sep 2018 EUR 42m (amortised on a straight-line basis).

⁵ Including profit for the period adjusted by accrued dividend.

⁶ The capital ratios for 2018 have not been restated due to the changed recognition and presentation of resolution fees (see Note 1 for more information).

⁷ Adjusted for resolution fees after tax: In Q3 2019 EUR -40m, In Q2 2019 EUR -40m, in Q3 2018 EUR -32m, in Jan-Sep 2019 EUR 39m and in Jan-Sep 2018 EUR 32m (amortised on a straight-line basis).

For further information:

Frank Vang-Jensen, President and Group CEO, +358 503 821 391
Christopher Rees, Group CFO, +45 5547 2377

Rodney Alfvén, Head of Investor Relations, +46 72 235 05 15
Sara Helweg-Larsen, Head of Group Communications, +45 2214 0000

We build strong and close relationships through our engagement with customers and society. Whenever people strive to reach their goals and realise their dreams, we are there to provide relevant financial solutions. We are the leading bank in the Nordic region. The Nordea share is listed on the Nasdaq Helsinki, Nasdaq Copenhagen and Nasdaq Stockholm exchanges. Read more about us on nordea.com.

CEO comment

In the third quarter, higher business volumes drove increases in both net interest and net commission income. Net fair value decreased following significant interest rate movements during the summer. Total revenues are down 2% in local currencies.

Third quarter compared to the previous quarter in local currencies

Net interest income increased 2% to EUR 1,083m. Volumes had a positive effect in the quarter following increased activities, while blended margins were neutral. Although the margin trend improved in the third quarter, market conditions remain challenging. Average business lending volumes increased by approximately 1%.

Net fee and commission income increased by 2%, despite seasonally lower activities in corporate advisory services. Asset management fees were largely unchanged, while lending, payment and card fees improved.

Net results from items at fair value decreased 27%, driven by challenging market conditions following the interest rate movement during the summer and seasonally low customer activity.

Costs* decreased 1% excluding one-offs and increased 84% including one-offs. Excluding one-offs, staff costs decreased 1%, while other costs decreased 4%.

We are reporting an expense related to sale of Luminor shares of EUR 75m. An impairment charge of EUR 735m is reported, largely due to the new business plan, which also leads to a restructuring provision of EUR 204m.

The cost to income* ratio was unchanged at 58% excluding one-offs and increased to 107% including one-offs.

The return on equity** was 8.4% in the quarter.

Credit quality

Nordea's historical track record of low loan losses continues in Q3 2019. However, after dialogue with the ECB, reflecting a more subdued outlook in certain sectors in the third quarter, Nordea has decided to increase provisions by a total of EUR 229m. Credit quality outside these sectors remains solid. In addition, Nordea has reviewed its collective provisioning models. The model update in the third quarter 2019 generates a EUR 53m increase in collective provisions.

Capital position expressed as Common Equity Tier 1 ratio was 15.4% up from 14.8%.

Personal Banking lending grew 1% compared to the previous quarter, and 6% compared to a year ago in local currencies. Revenues increased by 5% and costs* increased by 6% compared to the previous quarter. The cost to income* ratio was largely unchanged at 62%. We are increasing our market share of new mortgage sales in all Nordic countries and operating profit was at the highest level since the first quarter of 2018.

In **Commercial & Business Banking**, lending was largely unchanged compared to the previous quarter and increased 2% compared to a year ago in local currencies. Both revenues and costs* decreased by 4%, keeping the cost to income* ratio unchanged at 54%. Underlying business momentum continues to improve, driven in particular by Norway and Sweden.

Wholesale Banking lending was largely unchanged compared to the previous quarter and increased 3% compared to a year ago. Revenues increased 2%, while costs* decreased by 11%, leading to an improved cost to income* ratio by 7% to 55%.

Asset & Wealth Management had net inflows of EUR 3.7bn corresponding to an annualised level of 5% of assets under management (AuM). This was the third consecutive quarter of positive flows. Assets under management increased to EUR 314bn at the end of Q3, up from EUR 307bn in Q2. Revenues increased by 2% compared to the previous quarter and costs* increased by 5%. The cost to income* ratio increased from 46% to 47%.

New financial targets

In my new role as CEO, I have led a strategic review of the Bank and we have developed a new business plan to ensure stronger financial results meeting new financial targets. Our new plan will significantly improve Nordea's operating performance through strengthened customer focus and improved operational efficiency as well as cost reductions and income growth initiatives. For 2020, we expect to reach a cost base of below EUR 4.7bn with planned continued net cost reductions beyond 2020.

Nordea's new financial targets for 2022 are

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While I have been at Nordea since 2017, in my short time as CEO I have had the opportunity to meet many more colleagues from different parts of the bank. I am impressed by our employees' expertise, passion to serve our customers and shared determination to improve our business results. I am convinced that strong customer focus combined with enhanced operational efficiency will enable us to deliver on our targets and new strategy, and to significantly improve Nordea's financial performance.

Frank Vang-Jensen
President and Group CEO

* Resolution fees are periodised over 2019

** Excluding one-offs and with periodised resolution fees

Income statement

	Q3 2019	Q2 2019	Chg %	Local curr. %	Q3 2018	Chg %	Local curr. %	Jan-Sep 2019	Jan-Sep 2018	Chg %	Local curr. %
EURm											
Net interest income	1,083	1,071	1	2	1,123	-4	-1	3,210	3,349	-4	-2
Net fee and commission income	756	743	2	2	703	8	9	2,236	2,273	-2	0
Net result from items at fair value	211	283	-25	-27	205	3	-4	758	906	-16	-18
Profit from associated undertakings and joint ventures accounted for under the equity method	13	24	-46	-46	48	-73	-70	51	109	-53	-53
Other operating income	22	20	10	10	18	22	16	86	416	-79	-79
Total operating income	2,085	2,141	-3	-2	2,097	-1	1	6,341	7,053	-10	-9
Staff costs	-924	-727	27	27	-726	27	28	-2,369	-2,254	5	6
Other expenses	-366	-304	20	20	-323	13	15	-1,264	-1,176	7	9
Depreciation, amortisation and impairment charges of tangible and intangible assets	-885	-149	494	493	-87	917	930	-1,174	-232	406	412
Total operating expenses	-2,175	-1,180	84	84	-1,136	91	93	-4,807	-3,662	31	33
Profit before loan losses	-90	961	-109	-109	961	-109	-109	1,534	3,391	-55	-54
Net loan losses	-331	-61	443	439	-44	652	642	-434	-143	203	204
Operating profit	-421	900	-147	-146	917	-146	-146	1,100	3,248	-66	-66
Income tax expense	89	-219	-141	-140	-193	-146	-146	-308	-672	-54	-53
Net profit for the period	-332	681	-149	-148	724	-146	-146	792	2,576	-69	-69

Business volumes, key items¹

	30 Sep 2019	30 Jun 2019	Chg %	Local curr. %	30 Sep 2018	Chg %	Local curr. %
EURbn							
Loans to the public	328.3	323.8	1	2	316.5	4	6
Loans to the public, excl. repos	299.5	300.2	0	0	291.7	3	5
Deposits and borrowings from the public	168.3	176.5	-5	-4	174.2	-3	-2
Deposits from the public, excl. repos	161.9	167.0	-3	-2	160.5	1	2
Total assets	585.9	582.9	1		572.8	2	
Assets under management	313.8	306.5	2		309.0	2	
Equity	30.5	31.1	-2		32.6	-6	

Ratios and key figures²

	Q3 2019	Q2 2019	Chg %	Q3 2018	Chg %	Jan-Sep 2019	Jan-Sep 2018	Chg %
Diluted earnings per share, EUR	-0.08	0.17	-147	0.18	-144	0.19	0.64	-70
EPS, rolling 12 months up to period end, EUR	0.32	0.58	-45	0.79	-59	0.32	0.79	-59
Share price ¹ , EUR	6.50	6.39	2	9.40	-31	6.50	9.40	-31
Total shareholders' return, %	12.4	4.0		20.2		1.5	4.4	
Equity per share ¹ , EUR	7.55	7.69	-2	8.08	-7	7.55	8.08	-7
Potential shares outstanding ¹ , million	4,050	4,050	0	4,050	0	4,050	4,050	0
Weighted average number of diluted shares, mn	4,035	4,032	0	4,037	0	4,033	4,037	0
Return on equity, %	-4.4	9.1		9.2		3.4	10.9	
Return on tangible equity, %	-5.0	10.6		10.6		3.9	12.6	
Return on Risk Exposure Amount, %	-0.9	1.7		2.4		0.7	2.8	
Return on Equity with periodised resolution fees, %	-4.9	8.5		8.8		3.6	11.0	
Cost/income ratio, %	104	55		54		76	52	
Cost/income ratio with periodised resolution fees, %	107	58		56		75	51	
Loan loss ratio, basis points ³	55	10	450	8	588	24	8	200
Common Equity Tier 1 capital ratio ^{1,4,5,6,7} , %	15.4	14.8		20.3		15.4	20.3	
Tier 1 capital ratio ^{1,4,5,7} , %	17.4	17.3		22.3		17.4	22.3	
Total capital ratio ^{1,4,5,7} , %	20.0	19.8		26.0		20.0	26.0	
Tier 1 capital ^{1,4,7} , EURbn	27.3	27.6	-1	27.0	1	27.3	27.0	1
Risk exposure amount ⁴ , EURbn	156	160	-2	121	29	156	121	29
Number of employees (FTEs) ¹	29,469	29,550	0	29,056	1	29,469	29,056	1
Economic capital ^{1,7} , EURbn	26.5	27.8	-5	26.3	1	26.5	26.3	1

¹ End of period.

² For more detailed information regarding ratios and key figures defined as Alternative performance measures, see www.nordea.com/en/investor-relations/.

³ Including Loans to the public reported in Assets held for sale in Q1 2018.

⁴ Including the result for the period.

⁵ Changes to the applicable capital requirements regime (for more details, please see chapter Other information).

⁶ Including profit for the period adjusted by accrued dividend.

⁷ The capital ratios for 2018 have not been restated due to the changed recognition and presentation of resolution fees (see Note 1 for more information).

Income statement

Excluding items affecting comparability^{1,2}

	Q3 2019	Q2 2019	Chg %	Local curr. %	Q3 2018	Chg %	Local curr. %	Jan-Sep 2019	Jan-Sep 2018	Chg %	Local curr. %
EURm											
Net interest income	1,083	1,071	1	2	1,123	-4	-1	3,210	3,349	-4	-2
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Net result from items at fair value	211	283	-25	-27	205	3	-4	758	771	-2	-4
Profit from associated undertakings and joint ventures accounted for under the equity method	13	24	-46	-46	48	-73	-70	51	109	-53	-53
Other operating income	22	20	10	10	18	22	16	86	67	28	30
Total operating income	2,085	2,141	-3	-2	2,097	-1	1	6,341	6,569	-3	-2
Staff costs	-720	-727	-1	-1	-726	-1	0	-2,165	-2,254	-4	-3
Other expenses	-291	-304	-4	-4	-323	-10	-9	-1,094	-1,176	-7	-6
Depreciation, amortisation and impairment charges of tangible and intangible assets	-150	-149	1	1	-87	72	76	-439	-232	89	92
Total operating expenses	-1,161	-1,180	-2	-1	-1,136	2	3	-3,698	-3,662	1	2
Profit before loan losses	924	961	-4	-3	961	-4	-3	2,643	2,907	-9	-8
Net loan losses	-49	-61	-20	-19	-44	11	11	-152	-143	6	7
Operating profit	875	900	-3	-2	917	-5	-3	2,491	2,764	-10	-9
Income tax expense	-204	-219	-7	-6	-193	6	8	-601	-642	-6	-5
Net profit for the period	671	681	-1	-1	724	-7	-6	1,890	2,122	-11	-10

Ratios and key figures^{1,2}

	Q3 2019	Q2 2019	Chg %	Q3 2018	Chg %	Jan-Sep 2019	Jan-Sep 2018	Chg %
Diluted earnings per share, EUR	0.17	0.17	0	0.18	-6	0.46	0.52	-12
EPS, rolling 12 months up to period end, EUR	0.60	0.62	-3	0.68	-12	0.60	0.68	-12
Return on equity, %	8.9	9.1		9.2		8.1	9.0	
Return on tangible equity, %	10.1	10.6		10.6		9.2	10.3	
Return on Risk Exposure Amount, %	1.7	1.7		2.4		1.6	2.3	
Return on Equity with periodised resolution fees, %	8.4	8.5		8.8		8.3	9.1	
Cost/income ratio, %	56	55		54		58	56	
Cost/income ratio with periodised resolution fees, %	58	58		56		58	55	
ROCAR, %	9.7	9.8		10.9		9.2	10.5	

¹ Excl. items affecting comparability in Q3 2019: EUR 735m expense related to impairment of capitalised IT systems, EUR 559m after tax, EUR 204m expense related to restructuring, EUR 155m after tax, EUR 75m non-deductible expense related to sale of Luminor and EUR 282m loss related to loan loss provisions due to model updates and dialogue with the ECB reflecting a more subdued outlook in certain sectors, EUR 214m after tax.

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

Q2 2018: tax free gain related to divestment of shares in UC EUR 87m and tax free gain related to the sale of Nordea Liv & Pension Denmark EUR 262m.

In Q1 2018: EUR 135m gain from valuation model update in Denmark, EUR 105m after tax.

² For more detailed information regarding ratios and key figures defined as Alternative performance measures, see www.nordea.com/en/investor-relations/.

Macroeconomy and financial markets

The world economy weakened during Q3. The trade disputes and uncertainty around Brexit have taken their toll on business sentiment and world trade. Not least the manufacturing sector has been hit hard but activity in the service sector has also slowed. Global growth this year and next is likely to be the weakest since the financial crisis. Risks remain tilted to the downside.

The Fed cut rates again on 18 September almost a week after the ECB introduced a new easing package containing a rate cut by 10 bps, a restart of the asset purchase programme from November, a change in the modalities of the TLTRO III and an introduction of a two-tiered deposit rate system amid weak economic sentiment and the absence of inflationary pressure. The U-turn in monetary policy has led to new lows for interest rates globally and given support to stocks although financial market volatility has increased. EUR/USD weakened during Q3, while oil price volatility increased sharply after the drone attacks on Saudi Aramco's oil facilities.

Denmark

The Danish economy expanded by 0.9% in Q2 2019, thereby causing GDP to increase by 2.3% in H1 compared to the same period last year. Net exports contributed the most to the solid expansion. Forward-looking indicators point to subdued growth over the coming quarters, especially within the manufacturing sector in line with weaker activity in the Euro area. The Danish central bank lowered its deposit rate on 12 September by 10 bps to -0.75% mirroring the interest rate cut by the ECB.

Finland

The Finnish economy has continued to grow at a solid pace in the first half of 2019, but the growth momentum is clearly slowing. Going forward, the global weakness and increasing uncertainty will hit Finland harder. The export sector has performed surprisingly well in H1, while weak household demand and investment have added worries over Finland's growth prospects. Declining consumer and manufacturing confidence can hurt consumption and investments even further.

Norway

The Norwegian economy grew at a healthy pace in Q2 which combined with lower unemployment, supported household demand and the housing market. Forward-looking indicators point toward somewhat slower growth, but still well above trend growth. Norges Bank raised its key policy rate to 1.5% in September and will likely hold the key rate constant going forward. However, there is some probability that Norges Bank will hike once more in 2020. The NOK has remained weak due to global uncertainty.

Sweden

The Swedish economy lost momentum in the first half of 2019. The slowdown continued in Q3. Domestic demand was subdued, and exports levelled out. Consequently, employment fell, and unemployment rose. Inflation has eased over the year from 2% to 1.4% on average for Q3. The Riksbank kept the repo rate unchanged at its September meeting, signalling a rate hike around the turn of the year. The trade-weighted SEK continued to weaken during Q3.

Note 7 Continued

	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	-51	-20	-35	-106
Transfer from stage 1 to stage 2	6	-98	-	-92
Transfer from stage 1 to stage 3	0	-	-55	-55
Transfer from stage 2 to stage 1	-13	55	-	42
Transfer from stage 2 to stage 3	-	15	-70	-55
Transfer from stage 3 to stage 1	-4	-	11	7
Transfer from stage 3 to stage 2	-	-13	68	55
Changes due to change in credit risk (net)	17	76	16	109
Changes due to repayments and disposals	18	27	40	85
Write-off through decrease in allowance account	-	-	209	209
Translation differences	0	0	1	1
Balance as at 30 Sep 2018	-160	-318	-1,631	-2,109

Key ratios¹

	30 Sep 2019	31 Dec 2018	30 Sep 2018
Impairment rate (stage 3), gross, basis points	181	182	188
Impairment rate (stage 3), net, basis points	115	118	124
Total allowance rate (stage 1, 2 and 3), basis points	85	81	84
Allowances in relation to impaired loans (stage 3), %	36	35	34
Allowances in relation to loans in stage 1 and 2, basis points	20	18	19

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)		
EURm					
Financial assets					
Cash and balances with central banks	31,337	-	-	-	31,337
Loans to central banks	7,258	895	-	-	8,153
Loans to credit institutions	7,955	12,112	-	-	20,067
Loans to the public	241,074	87,194	-	-	328,268
Interest-bearing securities	3,443	35,074	4,063	-	23,622
Financial instruments pledged as collateral	-	3,540	-	-	2,552
Shares	-	14,919	-	-	14,919
Assets in pooled schemes and unit-linked investment contracts	-	28,796	294	-	29,090
Derivatives	-	48,285	-	3,506	51,791
Fair value changes of the hedged items in portfolio hedge of interest rate risk	372	-	-	-	372
Other assets	1,736	15,857	-	-	17,593
Prepaid expenses and accrued income	811	-	-	-	811
Total 30 Sep 2019	293,986	246,672	4,357	3,506	26,174
Total 31 Dec 2018	296,819	200,342	7,287	3,110	33,564

	Fair value through profit or loss (FVPL)			Derivatives used for hedging	Total
	Amortised cost (AC)	Mandatorily	Designated at fair value through profit or loss (Fair value option)		
EURm					
Financial liabilities					
Deposits by credit institutions	25,679	19,629	-	-	45,308
Deposits and borrowings from the public	159,286	9,040	-	-	168,326
Deposits in pooled schemes and unit-linked investment contracts	-	-	30,274	-	30,274
Liabilities to policyholders	-	-	3,317	-	3,317
Debt securities in issue	132,241	-	58,618	-	190,859
Derivatives	-	51,481	-	2,261	53,742
Fair value changes of the hedged items in portfolio hedge of interest rate risk	3,248	-	-	-	3,248
Other liabilities	6,567	23,025	-	-	29,592
Accrued expenses and prepaid income	240	-	-	-	240
Subordinated liabilities	9,907	-	-	-	9,907
Total 30 Sep 2019	337,168	103,175	92,209	2,261	534,813
Total 31 Dec 2018	339,700	71,463	83,665	923	495,751

Note 9 Fair value of financial assets and liabilities

	30 Sep 2019		31 Dec 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	31,337	31,337	41,578	41,578
Loans	356,860	363,337	327,435	330,681
Interest-bearing securities	66,202	66,388	76,222	76,334
Financial instruments pledged as collateral	6,092	6,092	7,568	7,568
Shares	14,919	14,919	12,452	12,452
Assets in pooled schemes and unit-linked investment contracts	29,090	29,090	24,425	24,425
Derivatives	51,791	51,791	37,025	37,025
Other assets	17,593	17,593	13,428	13,428
Prepaid expenses and accrued income	811	811	989	989
Total	574,695	581,358	541,122	544,480
Financial liabilities				
Deposits and debt instruments	417,648	418,429	408,227	409,014
Deposits in pooled schemes and unit-linked investment contracts	30,274	30,274	25,653	25,653
Liabilities to policyholders	3,317	3,317	3,234	3,234
Derivatives	53,742	53,742	39,547	39,547
Other liabilities	29,592	29,592	18,817	18,817
Accrued expenses and prepaid income	240	240	273	273
Total	534,813	535,594	495,751	496,538

The determination of fair value is described in the Annual report 2018, Note G40 "Assets and liabilities at fair value". Nordea has, in comparison with the Annual Report 2018, changed the construction of the funding curve used to estimate FFVA to better reflect the fair value.

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

Categorisation into the fair value hierarchy

	Quoted prices in active markets for the same instruments (Level 1)	Of which Life	Valuation technique using observable data (Level 2)	Of which Life	Valuation technique using non-observable data (Level 3)	Of which Life	Total
EURm							
Assets at fair value on the balance sheet¹							
Loans to central banks	-	-	895	-	-	-	895
Loans to credit institutions	-	-	12,112	-	-	-	12,112
Loans to the public	-	-	87,194	-	-	-	87,194
Interest-bearing securities ²	22,548	1,485	46,123	2,715	180	13	68,851
Shares	12,547	9,315	440	438	1,932	925	14,919
Assets in pooled schemes and unit-linked investment contracts	28,536	24,569	503	503	51	51	29,090
Derivatives	57	-	50,250	2	1,484	-	51,791
Other assets	-	-	15,816	-	41	34	15,857
Total 30 Sep 2019	63,688	35,369	213,333	3,658	3,688	1,023	280,709
Total 31 Dec 2018	65,343	32,969	175,791	4,304	3,169	991	244,303
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	-	-	19,629	-	-	-	19,629
Deposits and borrowings from the public	-	-	9,040	-	-	-	9,040
Deposits in pooled schemes and unit-linked investment	-	-	30,274	25,985	-	-	30,274
Liabilities to policyholders	-	-	3,317	3,317	-	-	3,317
Debt securities in issue	8,689	-	47,618	-	2,311	-	58,618
Derivatives	43	-	52,368	18	1,331	-	53,742
Other liabilities	5,677	-	17,347	-	1	-	23,025
Total 30 Sep 2019	14,409	-	179,593	29,320	3,643	-	197,645
Total 31 Dec 2018	19,639	-	132,748	25,003	3,664	-	156,051

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

² Of which EUR 6,092m relates to the balance sheet item Financial instruments pledged as collateral.

Transfers between Level 1 and 2

During the period, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 3,586m from Level 1 to Level 2 and EUR 1,451m from Level 2 to Level 1 of the fair value hierarchy. In addition, Nordea has transferred derivative assets of EUR 20m and derivative liabilities of EUR 4m from Level 2 to Level 1. Further Nordea transferred debt securities in issue of EUR 5,382m from Level 1 to Level 2, other liabilities from Level 1 to Level 2 of EUR 1,371m and other liabilities of EUR 182m from Level 2 to Level 1. 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.

Note 10 Continued

Movements in Level 3

	Fair value gains/losses recognised in the income statement during the year										
	1 Jan	Rea- lised	Un- realised	Recog- nised in OCI	Purchases/ Issues	Sales	Settle- ments	Transfers into Level 3	Transfers out of Level 3	Transla- tion diff- erences	30 Sep
EURm											
Interest-bearing securities	329	-1	-1	-	22	-180	2	9	-	0	180
- of which Life	4	-	-1	-	-	-1	2	9	-	0	13
Shares	1,697	89	100	-	248	-196	-17	3	-	8	1,932
- of which Life	916	36	55	-	19	-71	-17	0	-	-13	925
Assets in pooled schemes and unit-linked investment contracts	31	0	18	-	2	-2	1	1	-	0	51
- of which Life	31	0	18	-	2	-2	1	1	-	0	51
Derivatives (net)	15	-137	190	-	-33	0	137	0	-19	0	153
Other assets	74	-	0	-	-	0	-33	-	-	0	41
- of which Life	40	-	-	-	0	0	-6	-	-	0	34
Debt securities in issue	2,627	45	-146	-4	291	-	-502	-	-	0	2,311
Other liabilities	14	-	-	-	-	-13	-	-	-	-	1
Total 2019, net	-495	-94	453	4	-52	-365	592	13	-19	8	45
Total 2018, net	-1,613	291	-432	0	277	-306	1,133	56	-4	9	-589

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. The reason for the transfer out of Level 3 was that observable market data became available. The reason for the transfer into 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 2018 Note G40 "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 2018 Note G1 "Accounting policies". The table below shows the aggregated difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of how this aggregated difference has changed during the period (movement of deferred Day 1 profit).

Deferred day 1 profit - Derivatives, net

	2019	2018
EURm		
Opening balance at 1 Jan	81	58
Deferred profit on new transactions	58	44
Recognised in the income statement during the period ¹	-29	-31
Closing balance at 30 Sep	110	71

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

Note 10 Continued

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

	Fair value	Of which Life ¹	Valuation techniques	Unobservable input	Range of fair value ⁴
EURm					
Interest-bearing securities					
Mortgage and other credit institutions ²	174	9	Discounted cash flows	Credit spread	-17/17
Corporates	6	4	Discounted cash flows	Credit spread	0/0
Total 30 Sep 2019	180	13			-17/17
Total 31 Dec 2018	329	4			-32/32
Shares					
Private equity funds	810	478	Net asset value ³		-91/91
Hedge funds	90	85	Net asset value ³		-8/8
Credit funds	420	167	Net asset value/market consensus ³		-35/35
Other funds	314	188	Net asset value/Fund prices ³		-28/28
Other ⁵	349	58	-		-30/30
Total 30 Sep 2019	1,983	976			-192/192
Total 31 Dec 2018	1,728	947			-165/165
Derivatives, net					
Interest rate derivatives	310	-	Option model	Correlations Volatilities	-42/55
Equity derivatives	-22	-	Option model	Correlations Volatilities	-7/4
Foreign exchange derivatives	-11	-	Option model	Dividends Correlations	-0/0
Credit derivatives	-131	-	Credit derivative model	Volatilities Correlations	-23/22
Other	7	-	Option model	Recovery rates Correlations Volatilities	-0/0
Total 30 Sep 2019	153	-			-72/81
Total 31 Dec 2018	15	-			-59/55
Debt securities in issue					
Issued structured bonds	2,311	-	Credit derivative model	Correlations Recovery rates Volatilities	-12/12
Total 30 Sep 2019	2,311	-			-12/12
Total 31 Dec 2018	2,627	-			-13/13
Other, net					
Other assets and Other liabilities, net	40	34	-	-	-5/5
Total 30 Sep 2019	40	34			-5/5
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 5% 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 51m related to assets in pooled schemes and unit-linked investment.

Note 11 Disposal group held for sale

Balance sheet - Condensed¹

	30 Sep 2019	31 Dec 2018	30 Sep 2018
EURm			
Assets			
Loans to the public	-	-	1,274
Derivatives	-	-	4
Other assets	-	-	57
Total assets held for sale	-	-	1,335
Liabilities			
Deposits and borrowings from the public	-	-	2,559
Derivatives	-	-	7
Total liabilities held for sale	-	-	2,566

¹ Includes the external assets and liabilities held for sale.

Assets and liabilities held for sale as of 30 September 2018 relate to Nordea's earlier announced intention to divest part of its Luxembourg-based private banking business to UBS. The transaction was closed, and the assets and liabilities held for sale derecognise from Nordea's balance sheet, during the fourth quarter 2018. The disposal group is included in "Private Banking" in Note 2 "Segment reporting".

Note 12 Risks and uncertainties

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

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

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

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

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 Q3 2019	Pre- decessor ¹ Q3 2018	Reported Jan-Sep 2019	Pre- decessor ¹ Jan-Sep 2018	Combined ¹ Full year 2018	Reported ¹ 15 month 2018
EURm						
Operating income						
Interest income	1,065	1,099	3,273	3,086	4,203	1,116
Interest expense	-494	-456	-1,522	-1,255	-1,730	-474
Net interest income	571	643	1,751	1,831	2,473	642
Fee and commission income	570	518	1,755	1,661	2,244	584
Fee and commission expense	-122	-106	-394	-301	-457	-157
Net fee and commission income	448	412	1,361	1,360	1,787	427
Net result from securities trading and foreign exchange dealing	219	154	701	665	868	199
Net result from securities at fair value through fair value reserve	187	6	239	17	25	8
Net result from hedge accounting	-211	31	-256	-5	-61	-55
Net result from investment properties	0	1	-1	-1	-1	0
Dividends	27	372	730	568	1,735	1,167
Other operating income	101	88	277	282	377	94
Total operating income	1,342	1,707	4,802	4,717	7,203	2,482
Operating expenses						
Staff costs	-812	-598	-2,032	-1,863	-2,478	-616
Other administrative expenses	-225	-223	-694	-702	-980	-274
Other operating expenses	-105	-102	-571	-440	-539	-100
Depreciation, amortisation and impairment charges of tangible and intangible assets	-817	-90	-1,030	-240	-355	-115
Total operating expenses	-1,959	-1,013	-4,327	-3,245	-4,352	-1,105
Profit before loan losses	-617	694	475	1,472	2,851	1,377
Net loan losses	-350	-42	-373	-110	-122	-12
Impairment on financial assets	0	-218	0	-218	-239	-21
Operating profit	-967	434	102	1,144	2,490	1,344
Income tax expense	221	-123	81	-302	-514	-211
Net profit for period	-746	311	183	842	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 30 Sep 2019	Reported 31 Dec 2018	Predecessor ¹ 30 Sep 2018
EURm			
Assets			
Cash and balances with central banks	30,670	39,562	42,585
Debt securities eligible for refinancing with central banks	62,268	72,677	71,440
Loans to credit institutions	87,243	64,772	69,588
Loans to the public	152,293	154,419	162,304
Interest-bearing securities	4,588	1,890	4,322
Shares and participations	6,873	4,813	6,817
Investments in associated undertakings and joint ventures	92	1,049	1,041
Investments in group undertakings	14,279	12,175	12,320
Derivatives	52,164	37,221	36,803
Fair value changes of the hedged items in portfolio hedge of interest rate risk	96	72	58
Intangible assets	1,676	2,331	2,274
Tangible assets			
Properties and equipment	316	338	359
Investment properties	2	4	4
Deferred tax assets	296	130	28
Current tax assets	722	234	448
Retirement benefit assets	155	243	252
Other assets	17,767	15,681	14,807
Prepaid expenses and accrued income	1,203	1,111	1,226
Total assets	432,703	408,722	426,676
Liabilities			
Deposits by credit institutions and central banks	57,929	51,427	65,015
Deposits and borrowings from the public	174,074	171,102	180,825
Debt securities in issue	75,408	82,667	77,759
Derivatives	55,575	40,591	40,089
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,725	536	212
Current tax liabilities	12	249	343
Other liabilities	28,770	21,257	22,775
Accrued expenses and prepaid income	1,234	1,330	1,287
Deferred tax liabilities	278	223	54
Provisions	650	352	381
Retirement benefit obligations	602	349	289
Subordinated liabilities	9,875	9,157	9,183
Total liabilities	406,132	379,240	398,212
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	-504	-150	1,487
Retained earnings	21,012	22,619	20,255
Profit or loss for the period ²	183	1,133	842
Total equity	26,571	29,482	28,464
Total liabilities and equity	432,703	408,722	426,676
Off balance sheet commitments			
Commitments given to a third party on behalf of customers			
Guarantees and pledges	47,683	50,026	49,245
Other	1,184	1,406	1,299
Irrevocable commitments in favour of customers			
Securities repurchase commitments	-	-	-
Other	79,672	80,102	75,807

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 for related to the items presented 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.

Acquisition of Gjensidige Bank

On 2 July 2018, Nordea entered into an agreement with Gjensidige Forsikring to acquire all shares in Gjensidige Bank. The transaction was closed on 1 March 2019, when Nordea received final approval from the Norwegian regulators. For more information, see Note 1 for the Group.

For further information

- A webcast for media, investors and equity analysts will be held on 24 October at 09.00 EET (08.00 CET), at which Frank Vang-Jensen, 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 Confirmation code 60475055# no later than 08.50 EET.
- The webcast will be directly followed by a Q&A audio session for investors and analysts with Christopher Rees, Group CFO, and Rodney Alfvén, Head of Investor Relations, starting at approximately 09.30 EET (08.30 CET).
- After the call an indexed on-demand replay will be available [here](#). A replay will also be available until 14 November 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 301299823#.
- A Capital Markets Day (CMD) will be held in London on 25 October at 09.00UK time at Rosewood London, 252 High Holborn, WC1V 7EN, London where the management will present the Group's strategic direction and new financial targets, including capital and dividend policy. In addition, the business areas' strategic agendas and financial targets will be presented. There will be a question and answer session following the presentations. At approximately 12.30 a lunch buffet will be served.
- The event will be webcast live and the presentation slides will be posted on www.nordea.com/ir.
- To attend please contact Ruby Megran at Nordea via e-mail: ruby.megran@nordea.com.
- The Q3 2019 report, an investor presentation and a fact book are available on www.nordea.com.

Contacts

Frank Vang-Jensen

President and Group CEO
+358 503 821 391

Christopher Rees

Group CFO
+45 55 47 23 77

Rodney Alfvén

Head of Investor Relations
+46 72 235 05 15

Sara Helweg-Larsen

Head of Group Communications
+45 22 14 00 00

Financial calendar

06 February 2020 – Fourth Quarter Report 2019 (Silent period starts 9 January 2020)

25 March 2020 – Annual General Meeting

29 April 2020 – First Quarter Report 2020 (Silent period starts 7 April 2020)

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

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

Helsinki 24 October 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 Swedish version shall prevail.

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

Nordea Bank Abp • Hamnbanegatan 5 • 00020 Helsinki • www.nordea.com/ir • Tel. +358 200 70000 • Business ID 2858394-9

Report on review of interim financial information of Nordea Bank Abp for the nine months period ended 30 September 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 30 September 2019, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the nine-month-period then ended and notes, all consolidated, and parent company's balance sheet as at 30 September 2019 and income statement for the nine-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 nine months period ended on 30 September 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 24 October 2019

PricewaterhouseCoopers Oy
Authorised Public Accountants

Juha Wahlroos
Authorised Public Accountant (KHT)