Nordea

Copenhagen, Helsinki, Oslo, Stockholm, 27 April 2016

Interim Management Statement
First Quarter Results 2016

CEO Casper von Koskull's comments on the results:

"The business environment has been relatively stable at the beginning of 2016, although turmoil on the financial markets, and even lower interest rates, have put pressure on revenues. Costs are under strict control and are developing according to plan, and loan losses were below the 10-year average of 16 basis points. Given the environment the result is acceptable. The Common Equity Tier 1 ratio increased to 16.7%.

In the past year we have significantly strengthened the functions and processes devoted to regulatory compliance. Since the requirements that Nordea must fulfil and the risks, to which we are exposed, are constantly changing, work on being compliant and improving risk management will be under constant development. However, all these efforts will only succeed if we continue to have a strong risk and compliance culture, in which values and ethical considerations are always an integral part of our business model. As CEO, I will take all actions necessary to ensure that we stay a safe and trusted partner."

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

First quarter 2016 vs. First quarter 2015 (First quarter 2016 vs. Fourth quarter 2015)[1]:

- Total operating income[1] -16%, in local currencies -14% (-7%, -7% in local currencies)
- Total expenses[1] -1%, unchanged in local currencies (-3%, -2% in local currencies)
- Operating profit[1] -29%, -27% in local currencies (-10%, -9% in local currencies)
- Common Equity Tier 1 capital ratio 16.7%, up from 15.6% (up 20 basis points from 16.5%)
- Cost/income ratio[1] 51.3%, up from 43.7% (up 2.2 %-points from 49.1%)
- Loan loss ratio of 13 basis points, down from 14 basis points (down 4 basis points from 17 basis points)
- Return on equity[1] 10.3%, down from 14.3% (down 1.2 %-points from 11.5%)
- Diluted EPS EUR 0.19 vs. EUR 0.27 (EUR 0.19 vs. EUR 0.21)

Summary key figures	**Q1**	Q4	Chg	Loc. curr	Q1	Chg	Loc. curr
EURm	**2016**	2015	%	%	2015	%	%
Net interest income	**1,168**	1,203	-3	-2	1,253	-7	-4
Total operating income[1]	**2,295**	2,469	-7	-7	2,719	-16	-14
Total operating income	**2,295**	2,645	-13	-13	2,719	-16	-14
Profit before loan losses[1]	**1,117**	1,256	-11	-11	1,531	-27	-26
Net loan losses	**-111**	-142	-22	-20	-122	-9	-5
Operating profit[1]	**1,006**	1,114	-10	-9	1,409	-29	-27
Operating profit	**1,006**	1,027	-2	-2	1,409	-29	-27
Diluted earnings per share, EUR	**0.19**	0.21			0.27		
ROE[1], %	**10.3**	11.5			14.3		
ROE, %	**10.3**	11.1			14.3		

Exchange rates used for Q1 2016 for income statement items are for DKK 7.46, NOK 9.53 and SEK 9.32.

[1] Excluding non-recurring items (Q4 2015: gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176m before tax and restructuring charge of EUR 263m).

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CEO comment

First quarter 2016 Interim Management Statement

The business environment has been relatively stable at the beginning of the year, with the Swedish economy in particular continuing to perform well, while the Norwegian economy has slowed down due to the oil price development. However, volatility on financial markets and lower interest rates put pressure on revenues, which are down 16% compared to the strong start of 2015. Given the environment the result is acceptable.

Net Interest Income has been under severe pressure due to lower interest rates and low volume growth. Lending margins were stable, and going forward, we expect to see improving lending margins.

Customer activity on financial markets held up well in the quarter. However, spreads increased due to the turmoil and, in combination with low liquidity, the Net result from items at fair value decreased to EUR 332m from the high level of EUR 627m in the first quarter of 2015.

Costs are under strict control and decreased by 1% compared to the first quarter of 2015. The cost-to-income ratio increased to 51.3%, compared to 43.7% in the first quarter of 2015. We expect costs to increase by 3% in local currencies in 2016 and to remain on a largely unchanged level in 2017 and 2018.

Loan losses are down slightly to EUR 111m and well within the 10-year average of 16 bps. Impaired loans were up 2% due to a few new impaired customers in the oil segment and Danish agriculture. Our guidance for largely unchanged credit quality in the coming quarters remains intact. We expect some increases in loan loss provisions in oil and offshore-related loans, due to the low oil price.

The Common Equity Tier (CET) 1 ratio increased 20 bps to 16.7% compared to the previous quarter.

Delivering value to customers

We now have 23 e-branches, with the same services as a physical branch but with more flexible opening hours. One out of six customer meetings is now held online, almost a doubling compared to the first quarter of 2015.

Wholesale Banking had the largest market shares in the Nordic Equity Capital Markets, Corporate Bonds and Loan syndication in the first quarter of 2016.

The inflow to Nordea funds was the highest in Europe in the first quarter of 2016, EUR 4.1bn or 5.7% of AuM annualised. For the first time ever, a Nordea fund, Stable Return Fund, exceeded Assets under Management of EUR 10bn. Total assets under management grew EUR 2.7bn to EUR 290.9bn

Delivering on the Simplification programme

The Simplification programme is proceeding as expected. Initial simplification has contributed to a 70% reduction in products and solutions.

Temenos and Accenture were chosen as vendors for the Core Banking Platform. The model bank has been installed and we are now working towards piloting the new system in the summer.

Clear2Pay is the vendor for the payment platform (Global Payment Engine). In mid-February, the first Single Euro Payments Area (SEPA) interbank payments were handled out of Latvia.

The conversion from local to common data warehouses is developing according to plan. As of today, the local data warehouse in Norway has been converted and the remaining countries will be converted in 2016 and 2017.

At the AGM, shareholders approved the plans for the mergers of the Norwegian, Danish and Finnish banking subsidiaries with NBAB. Our intention is to execute on the merger plan in early January 2017. The changes to the legal structure depend among other on regulatory approvals and a satisfactory outcome of discussions with the local authorities.

Compliance, values and culture

To verify that the business activities in our Private Banking operations are in line with internal policies as well as external tax rules and anti-money laundering regulations we have initiated an investigation of these operations with internal and external resources, in full cooperation with all relevant authorities. We expect our investigation to be finalised during summer.

To address deficiencies highlighted by the Swedish Financial Supervisory Authority last spring, we established a Financial Crime Change Programme in June 2015 with a focus on ensuring robust group-wide standards and processes. As part of this, a central anti-money laundering unit is being established for know your customer, sanctions screening and transaction monitoring.

We are significantly strengthening the functions and processes devoted to regulatory compliance in general. “First line of defence”, i.e. the units serving our customers, has the primary responsibility and a crucial role in being compliant. We are also strengthening the monitoring and advice function Group Compliance (“second line”). These efforts will ensure consistency and quality in our compliance work, and also that we will be more rigorous, efficient and competent in serving our customers.

Finally let me emphasise that all these efforts will only succeed if we continue to have a strong risk and compliance culture in place. When I assumed my position in November, I established a Business Ethics and Values committee headed by myself, to make it clear that values and ethical considerations are always an integral part of our business model. In light of the recent debate, it is more important than ever to speed up and enforce this work. As CEO, I will take all actions necessary to ensure that we stay a safe and trusted partner.

Casper von Koskull President and Group CEO

Income statement

EURm	Q1 2016	Q4 2015	Chg %	Local currency %	Q1 2015	Chg %	Local currency %
Net interest income	**1,168**	1,203	-3	-2	1,253	-7	-4
Net fee and commission income	**772**	821	-6	-6	809	-5	-4
Net result from items at fair value	**332**	421	-21	-22	627	-47	-48
Equity method	**9**	3			10	-10	-7
Other operating income	**14**	197	-93	-93	20	-30	-29
Total operating income	**2,295**	**2,645**	**-13**	**-13**	**2,719**	**-16**	**-14**
Total operating income, excl. non-recurring items[1]	**2,295**	**2,469**	**-7**	**-7**	**2,719**	**-16**	**-14**
Staff costs	**-740**	-956	-23	-22	-779	-5	-4
Other expenses	**-386**	-455	-15	-15	-364	6	7
Depreciation of tangible and intangible assets	**-52**	-65	-20	-20	-45	16	18
Total operating expenses	**-1,178**	**-1,476**	**-20**	**-20**	**-1,188**	**-1**	**0**
Total operating expenses, excl. non-recurring items[1]	**-1,178**	**-1,213**	**-3**	**-2**	**-1,188**	**-1**	**0**
Profit before loan losses	**1,117**	**1,169**	**-4**	**-4**	**1,531**	**-27**	**-26**
Profit before loan losses, excl. non-recurring items[1]	**1,117**	**1,256**	**-11**	**-11**	**1,531**	**-27**	**-26**
Net loan losses	**-111**	-142	-22	-20	-122	-9	-5
Operating profit	**1,006**	**1,027**	**-2**	**-2**	**1,409**	**-29**	**-27**
Operating profit, excl. non-recurring items[1]	**1,006**	**1,114**	**-10**	**-9**	**1,409**	**-29**	**-27**
Income tax expense	**-224**	-179	25	24	-327	-31	-30
Net profit for the period	**782**	**848**	**-8**	**-7**	**1,082**	**-28**	**-26**

Business volumes, key items[2]

EURbn	31 Mar 2016	31 Dec 2015	Chg %	31 Mar 2015	Chg %	Local currency %
Loans to the public	**342.7**	340.9	1	357.7	-4	-3
Loans to the public, excl. repos	**308.8**	308.6	0	311.5	-1	1
Deposits and borrowings from the public	**202.8**	189.0	7	204.2	-1	1
Assets under management	**290.9**	288.2	1	290.0	0	
Equity	**29.1**	31.0	-6	28.5	2	
Total assets	**675.6**	646.9	4	725.9	-7	

Ratios and key figures

	Q1 2016	Q4 2015	Q1 2015
Diluted earnings per share, EUR	**0.19**	0.21	0.27
Share price[2], EUR	**8.46**	10.15	11.33
Total shareholders' return, %	**-10.4**	5.5	22.1
Equity per share[2], EUR	**7.21**	7.69	7.07
Potential shares outstanding[2], million	**4,050**	4,050	4,050
Weighted average number of diluted shares, million	**4,037**	4,035	4,032
Return on equity, %	**10.3**	11.1	14.3
Return on equity, % - Excl. non-recurring items[1]	**10.3**	11.5	14.3
Cost/income ratio, % - Excl. non-recurring items[1]	**51**	49	44
Loan loss ratio, basis points	**13**	17	14
Common Equity Tier 1 capital ratio, excl. Basel I floor[2,3], %	**16.7**	16.5	15.6
Common Equity Tier 1 capital ratio, incl. Basel I floor[2,3], %	**11.0**	10.8	10.5
Tier 1 capital ratio, excl. Basel I floor[2,3], %	**18.7**	18.5	17.5
Total capital ratio, excl. Basel I floor[2,3], %	**21.8**	21.6	20.3
Tier 1 capital[2,3], EURm	**26,716**	26,516	26,240
Risk exposure amount, excl. Basel I floor[2], EURbn	**143**	143	152
Risk exposure amount, incl. Basel I floor[2], EURbn	**220**	222	228
Number of employees (FTEs)[2]	**30,399**	29,815	29,588
Economic profit, EURm - Excl. non-recurring items[1]	**230**	349	561
Economic capital[2] EURbn	**27.0**	25.0	25.2
ROCAR, % - Excl. non-recurring items[1]	**12.1**	14.0	17.9

[1] Non-recurring items (Q4 2015: gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176m before tax and restructuring charge of EUR 263m).

[2] End of period.

[3] Including the result for the period.

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Macroeconomy and financial markets

In the first quarter of 2016, the global economy grew by 3%, extending a trend with the lowest rate of expansion since 2009. In the advanced economies, growth continued to be driven by consumption and recovering labour markets, while emerging markets suffered from a recession in world trade, manufacturing and investments. In Europe, economic growth remained slow but positive in Q1, with private consumption being the key driver of economic activity. However, the low and sluggish inflation in Europe remained a concern for the governing council of the European Central Bank during the quarter. In order to spur inflation, the European Central Bank lowered its Deposit Facility Rate to -0.4% from -0.3%, while expanding the quantitative easing programme and introducing long-term refinancing operations. In the US, the economic recovery continued to be supported by strong labour- and housing markets, but there are also signs of late-cycle weakness with slow growth in manufacturing related to energy and mining as well as exports. The Federal Reserve has acknowledged the improving domestic data, but concerns about the global economy have led the Federal Reserve to leave policy rates unchanged in Q1. The year began with substantial risk aversion in financial markets with equity markets opening on a weak note. However, risk sentiment improved in February, and by the end of the quarter, European equity markets were 8% lower, whereas US markets were broadly unchanged. With easier monetary policy and low inflation expectations, fixed income assets were in great demand in Q1, with both US and German 10y yields 50bps lower than at the turn of the year. The more accommodative policy of the Federal Reserve led to a substantial weakening of the USD with EURUSD 4.8% higher in Q1.

Denmark
Economic indicators pointed to a relatively weak development in the Danish economy in the first quarter after an equally weak development through Q4 when the economy grew by only 0.1% q/q due to weakness in the export sector and public consumption, both showing an outright decline. The housing market softened in the first quarter after a long period of price increases, driven by low interest rates along with steady and broad-based labour market improvement. Inflation has been persistently subdued due to the downward pressure on commodity prices. The central bank increased the deposit rate by 10 bps to -0.65% in January as part of the normalisation of monetary policy. The international reserves fell by DKK 22bn to DKK412bn, below the level at the beginning of 2015. Danish equities fell by 6.5% in the first quarter while 10-year government bond yields dropped 50bps to 0.41%. The spread to the German 10-year rate fell by 5bps during Q1.

Finland
The Finnish economy has finally started to show mild signs of recovery after three consecutive years of negative growth. In the first quarter however, macro data remained mixed again. On the one hand, exports and manufacturing continued to struggle as both were lower than a year earlier. On the other hand, domestic demand and economic sentiment looked a little brighter. Investments increased driven by a pick-up in construction and residential activity. Recent behaviour in terms of housing permits suggests that this pick-up might fade towards year end. New mortgages increased and house prices rose slightly following the usual seasonal pattern, even though housing sales showed signs of weakness. Private consumption has remained surprisingly resilient, supported by stronger than expected employment. For example, car registrations reached their highest level in 4-5 years. Finnish equities fell by 7% in the first quarter while the 10-year government yield dropped 56bps to 0.44%.

Norway
Released data in the first quarter indicated that mainland growth remains close to zero, which is in line with the second half of 2015. Business survey figures and labour market data showed that the weakness was mainly due to continued downward pressure in oil-related industries. Meanwhile, the overall unemployment level was more or less unchanged in Q1. Consumer confidence and retail sales data have been generally weak while strong growth in the consumption of services has compensated for low demand in the consumption of goods. House prices increased strongly in Q1 while core inflation remained at elevated levels of around 3% y/y, predominantly caused by a previous weakening of the Norwegian currency. Norges Bank lowered key rates to 0.5% in March, and signalled that further easing could come later on this year. Norwegian equities fell 4% in the fourth quarter while 10-year government yields dropped 38bps to 1.19%. The Norwegian krone strengthened by 3.4% in trade-weighted terms.

Sweden
The Swedish economy continued to show strength in Q1. GDP increased by 4.5% in Q4 2015 and underlying details revealed that domestic consumption grew at a robust pace while the export sector recovered somewhat. These trends seem to have continued in the beginning of 2016. Employment increased swiftly and unemployment declined to around 7%. The inflation outlook improved on the back of previous currency weakening, tax hikes and strong growth, but continued to remain below the Riksbank's 2%-target. The Swedish central bank cut rates to -0.50% in February and remained open to additional easing, even though verbally it seemed less inclined to take further measures in subsequent communication. The Swedish trade-weighted exchange rate weakened in the beginning of 2016, but regained strength and ended the first quarter unchanged from the turn of the year. Swedish equities were down by 6% during the quarter while 10-year government yields dropped 46bps to 0.80%.

Group results and performance

First quarter 2016

Net interest income

Net interest income was down 2% in local currencies and down 3% in EUR from the previous quarter at EUR 1,168m. Net interest income came down in business areas as deposit margins decreased due to lower market rates. Lending margins were up somewhat in the quarter but not enough to offset the continued pressure on deposit margins. Funding costs were largely unchanged in the quarter.

Net interest income for Retail Banking was down 3% in local currencies, mainly driven by re-distribution of funding costs from Group Corporate Centre for 2015, one less interest day in the quarter and lower deposit margins following further reduced rates in Finland, Norway and Sweden. Lending margins increased somewhat.

Net interest income in Wholesale Banking was down 12% in local currencies, mainly driven by re-distribution of funding costs from Group Corporate Centre for 2015, slightly lower deposit margins and yield fees, as well as one less interest day.

Net interest income in Wealth Management was down EUR 10m in the quarter to EUR 26m from a strong level in previous quarter.

Net interest income in Group Corporate Centre increased to EUR 131m compared to EUR 102m in the previous quarter. The increase was mainly related to internal re-distribution of funding costs, while the underlying level is largely unchanged.

Lending volumes

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

Deposit volumes

Total deposits from the public in local currencies, excluding repos, increased 1% from the previous quarter and 7% from the same quarter in 2015. Average deposit volumes in local currencies in business areas were up 1% from the previous quarter and up 5% from the first quarter of 2015.

Net interest income per business area

EURm	Q116	Q415	Q315	Q215	Q115	Q1/Q4	Q1/Q1	Loc.curr Q1/Q4	Q1/Q1
Retail Banking	790	815	834	854	874	-3%	-10%	-3%	-8%
Wholesale Banking	213	250	256	259	249	-15%	-14%	-12%	-10%
Wealth Management	26	36	33	25	27	-28%	-4%	-28%	-3%
Group Corporate Centre	131	102	77	113	93	28%	41%	n.m	n.m
Other and eliminations	8	0	33	23	10	n.m	n.m	n.m	n.m
Total Group	**1,168**	**1,203**	**1,233**	**1,274**	**1,253**	**-3%**	**-7%**	**-2%**	**-4%**

Change in Net interest income

EURm	Q1/Q4	Jan-Mar 16/15
Margin driven NII	**-37**	**-109**
Lending margin	12	-16
Deposit margin	4	-45
Other in BA	-53	-48
Volume driven NII	**4**	**24**
Lending volume	4	22
Deposit volume	0	2
Day count	-14	14
GCC	14	22
Other*	-2	-36
Total NII change	**-35**	**-85**
*of which FX	-14	-37

Net fee and commission income

Net fee and commission income decreased 6% in local currencies from the previous seasonally strong quarter.

Savings and investments commissions

Net fee and commission income from savings and investments decreased 6% in local currencies from the previous quarter to EUR 455m mainly due to lower average Assets under Management (AuM) in the quarter. AuM increased to EUR 290.9bn at the end of the quarter following a continued strong inflow. Net inflow amounted to EUR 4.1bn in the quarter, or 5.7% of AuM annualised. Market return affected AuM negatively by EUR 1.4bn. Performance fees were largely unchanged in the quarter. Corporate finance fees were down EUR 7m in the quarter.

Payments and cards and lending-related commissions

Lending-related net fee and commission income decreased 2% in local currencies to EUR 177m from the previous quarter. Payments and cards net fee and commission income was down 7% from the previous quarter.

Net fee and commission income per business area

EURm	Q116	Q415	Q315	Q215	Q115	Q1/Q4	Q1/Q1	Loc.curr Q1/Q4	Q1/Q1
Retail Banking	284	288	298	320	323	-1%	-12%	-1%	-11%
Wholesale Banking	161	160	139	145	153	1%	5%	1%	8%
Wealth Management	338	384	332	379	342	-12%	-1%	-12%	-1%
Group Corporate Centre	-4	-6	-1	-3	-4	n.m	n.m	n.m	n.m
Other and eliminations	-7	-5	-1	-8	-5	n.m	n.m	n.m	n.m
Total Group	**772**	**821**	**767**	**833**	**809**	**-6%**	**-5%**	**-6%**	**-4%**

Net fee and commission income per category

EURm	Q116	Q415	Q315	Q215	Q115	Q1/Q4	Q1/Q1	Loc.curr Q1/Q4	Q1/Q1
Savings and investments, net	455	485	434	490	462	-6%	-2%	-6%	-1%
Payments and cards, net	127	137	148	148	144	-7%	-12%	-7%	-12%
Lending-related, net	177	182	172	185	186	-3%	-5%	-2%	-4%
Other commissions, net	13	17	13	10	17	-24%	-24%	n.m	n.m
Total Group	**772**	**821**	**767**	**833**	**809**	**-6%**	**-5%**	**-6%**	**-4%**

Assets under Management (AuM), volumes and net inflow

EURbn	Q116	Q116 Net inflow	Q415	Q315	Q215	Q115
Retail funds	53.2	-0.2	54.5	49.5	53.9	54.9
Private Banking	92.2	0.5	93.6	87.7	92.5	92.9
Institutional sales	78.0	3.5	73.7	71.9	73.1	74.3
Life & Pensions	67.5	0.3	66.4	64.2	66.6	67.9
Total	**290.9**	**4.1**	**288.2**	**273.3**	**286.1**	**290.0**

Net result from items at fair value

The net result from items at fair value decreased from EUR 421m in the previous quarter to EUR 332m. Fair Value Adjustments had a negative impact of EUR 93m (positive impact of EUR 48m in previous quarter).

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

The customer-driven capital markets activities held up well in the quarter and generated a net fair value result in the customer business of EUR 191m compared to EUR 195m in the previous quarter.

Life & Pensions

The net result from items at fair value for Life & Pensions increased EUR 21m from the previous quarter to EUR 86m. The increase in the quarter is mainly due a full release of the fee reservation account in Denmark.

Wholesale Banking other

The net fair value result for Wholesale Banking other, i.e. income from managing the risks inherent in customer transactions, decreased to EUR 36m from EUR 108m in the previous quarter following challenging market conditions as well as negative effect from Fair Value Adjustments.

Group Functions and Other and eliminations

The net fair value result in Group Corporate Centre decreased to EUR 25m from EUR 31m in the fourth quarter following large spread movements in the quarter. In Other and eliminations, the net result from items at fair value decreased EUR 28m to EUR -6m mainly due to a negative impact from structured bonds.

Net result from items at fair value per area

EURm	Q116	Q415	Q315	Q215	Q115	Q1/Q4	Q1/Q1
Retail Banking	93	87	97	78	130	7%	-28%
Wholesale Banking excl. Other	76	81	87	83	105	-6%	-28%
Wealth Mgmt excl. Life	22	27	17	25	36	-19%	-39%
Wholesale Banking Other	36	108	8	149	207	-67%	-83%
Life & Pensions	86	65	55	61	55	32%	56%
Group Corporate Centre	25	31	-35	12	84	-19%	-70%
Other and eliminations	-6	22	-18	-22	10	n.m	n.m
Total Group	**332**	**421**	**211**	**386**	**627**	**-21%**	**-47%**

Equity method

Income from companies accounted for under the equity method was EUR 9m, compared to EUR 3m in the previous quarter.

Other operating income

Other operating income was EUR 14m compared to EUR 197m in the previous quarter which included income of EUR 176m from the sale of the card acquiring business to Nets.

Total operating income

Total income decreased 7% in local currencies and EUR excluding non-recurring items from the previous quarter to EUR 2,295m.

Total operating income per business area

EURm	Q116	Q415	Q315	Q215	Q115	Q1/Q4	Q1/Q1	Loc.curr Q1/Q4	Q1/Q1
Retail Banking	1,177	1,195	1,248	1,262	1,336	-2%	-12%	-1%	-11%
Wholesale Banking	486	599	491	636	715	-19%	-32%	-18%	-30%
Wealth Management	481	523	442	498	466	-8%	3%	-9%	4%
Group Corporate Centre	153	129	42	130	180	19%	-15%	n.m	n.m
Other and eliminations	-2	199	30	-3	22	n.m	n.m	n.m	n.m
Total incl. non-recurring items	**2,295**	**2,645**	**2,253**	**2,523**	**2,719**	**-13%**	**-16%**	**-13%**	**-14%**
Total, excl. non-recurring items[1]	**2,295**	**2,469**	**2,253**	**2,523**	**2,719**	**-7%**	**-16%**	**-7%**	**-14%**

[1] Non-recurring item (Q4 2015: gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176m)

Total expenses

Total operating expenses in the first quarter amounted to EUR 1,178m, down 2% from the previous quarter and unchanged from the first quarter of 2015 in local currencies and adjusted for non-recurring items.

Staff costs were down 1% from the previous quarter in local currencies adjusted for non-recurring items driven by lower provisions for performance-related salaries. Other expenses were down 5% in local currencies as IT, marketing and traveling costs were down due to seasonality. Depreciation was down 3% in local currencies from the previous quarter, adjusted for non-recurring items.

The number of employees (FTEs) at the end of first quarter increased 2% compared to the previous quarter and 3% from the same quarter of 2015. Investments in compliance and IT as well as substitution of external consultants increased the number of FTEs.

Provisions for performance-related salaries in the first quarter were EUR 58m, compared to EUR 82m in the previous quarter.

The cost-to-income ratio, excluding non-recurring items, was 51.3% in the first quarter, up from 49.1% in the previous quarter.

Total operating expenses

EURm	Q116	Q415	Q315	Q215	Q115	Q1/Q4	Q1/Q1	Loc.curr Q1/Q4	Q1/Q1
Staff cost	-740	-751	-756	-772	-779	-1%	-5%	-1%	-4%
Other expenses	-386	-408	-303	-363	-364	-5%	6%	-5%	7%
Depreciations	-52	-54	-49	-50	-45	-4%	16%	-3%	18%
Restructuring charge	0	-263	0	0	0	n.m	n.m	n.m	n.m
Total incl. non-recurring items	**-1,178**	**-1,476**	**-1,108**	**-1,185**	**-1,188**	**-20%**	**-1%**	**-20%**	**0%**
Total, excl. non-recurring items[1]	**-1,178**	**-1,213**	**-1,108**	**-1,185**	**-1,188**	**-3%**	**-1%**	**-2%**	**0%**

[1] Non-recurring item (Q4 2015: restructuring charge of EUR 263m).

Total operating expenses per business area

EURm	Q116	Q415	Q315	Q215	Q115	Q1/Q4	Q1/Q1	Loc.curr Q1/Q4	Q1/Q1
Retail Banking	-677	-664	-675	-696	-692	2%	-2%	2%	-1%
Wholesale Banking	-210	-249	-208	-243	-249	-16%	-16%	-15%	-14%
Wealth Management	-197	-203	-198	-208	-192	-3%	3%	-4%	2%
Group Corporate Centre	-51	-48	-28	-37	-32	6%	59%	n.m	n.m
Other and eliminations	-43	-312	1	-1	-23	n.m	n.m	n.m	n.m
Total incl. non-recurring items	**-1,178**	**-1,476**	**-1,108**	**-1,185**	**-1,188**	**-20%**	**-1%**	**-20%**	**0%**
Total, excl. non-recurring items[1]	**-1,178**	**-1,213**	**-1,108**	**-1,185**	**-1,188**	**-3%**	**-1%**	**-2%**	**0%**

[1] Non-recurring item (Q4 2015: restructuring charge of EUR 263m).

Currency fluctuation effects

%-points	Q1/Q4	Q1/Q1	Jan-Mar 16/15
Income	-1	-1	-1
Expenses	0	-1	-1
Operating profit	0	-1	-1
Loan and deposit volumes	0	-1	-1

Net loan losses

Net loan loss provisions decreased to EUR 111m and the loan loss ratio was 13 basis points (EUR 142m and 17 basis points in the previous quarter). Loan losses decreased from the previous quarter in Retail Banking Denmark, Retail Banking Finland and Baltics, while they increased somewhat in Retail Banking Norway and Shipping, Oil and Offshore. The other areas were relatively stable.

Credit portfolio

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

The impaired loans ratio increased to 165 basis points of total loans (162 basis points in the previous quarter). Total impaired loans gross increased by 2% from the previous quarter. The non-performing part of impaired loans increased to 42% of impaired loans (38% in the previous quarter). The provisioning ratio decreased to 43% (45% in the previous quarter)

Loan loss ratios and impaired loans

Basis points of loans	Q116	Q415	Q315	Q215	Q115
Loan loss ratios annualised, Group	13	17	13	12	14
of which individual	14	16	12	11	14
of which collective	-1	1	1	1	0
Retail Banking total	9	14	12	13	16
Banking Denmark	9	21	10	24	27
Banking Finland	5	21	24	13	17
Banking Norway	16	0	2	9	16
Banking Sweden	5	5	6	7	4
Banking Baltic countries	35	54	34	-20[1]	-5[1]
Corporate & Institutional Banking (CIB)	38	56	41	19	26
Shipping, Offshore & Oil Services	50	26	0	-13[1]	9
Banking Russia	29	13	47	72	17
Impaired loans ratio gross, Group (bps)	165	162	145	152	159
- performing	58%	62%	66%	62%	62%
- non-performing	42%	38%	34%	38%	38%
Total allowance ratio, Group (bps)	72	72	69	70	71
Provisioning ratio, Group[2]	43%	45%	48%	46%	45%

[1] Net Reversals

[2] Total allowances in relation to gross impaired loans.

Profit

Operating profit
Operating profit was down 9% in local currencies (-10% in EUR), to EUR 1,006m adjusted for non-recurring items.

Taxes
Income tax expense was EUR 224m in the quarter. The effective tax rate was 22.3%, compared to 17.4% in the previous quarter and 23.2% in the first quarter last year.

Net profit
Net profit decreased 7% in local currencies (-8% in EUR) from the previous quarter to EUR 782m. Return on equity was 10.3%, down 1.2%-points from the previous quarter adjusted for non-recurring items.

Diluted earnings per share were EUR 0.19 (EUR 0.21 in the previous quarter).

Operating profit per business area

EURm	Q116	Q415	Q315	Q215	Q115	Q1/Q4	Q1/Q1	Loc.curr Q1/Q4	Q1/Q1
Retail Banking	445	448	506	492	554	-1%	-20%	0%	-18%
Wholesale Banking	220	294	236	368	436	-25%	-50%	-24%	-48%
Wealth Management	284	320	244	290	273	-11%	4%	-12%	5%
Group Corporate Centre	102	81	14	93	148	26%	-31%	n.m	n.m
Other and eliminations	-45	-116	33	-8	-2	n.m	n.m	n.m	n.m
Total, incl. non-recurring items	**1,006**	**1,027**	**1,033**	**1,235**	**1,409**	**-2%**	**-29%**	**-2%**	**-27%**
Total, excl. non-recurring items[1]	**1,006**	**1,114**	**1,033**	**1,235**	**1,409**	**-10%**	**-29%**	**-9%**	**-27%**

[1] Non-recurring items (Q4 2015: gain from divestment of Nordea's merchant acquiring business to Nets of EUR 176m before tax and restructuring charge of EUR 263m).

First quarter 2016 compared to first quarter 2015

Total income was down 14% in local currencies (-16% in EUR) from last year and operating profit was down 27% in local currencies (-29% in EUR) from last year.

Income
Net interest income was down 4% in local currencies (down 7% in EUR) from last year. Average lending volumes in local currencies in business areas increased 2% from the first quarter of 2015. Average deposit volumes in local currencies in business areas increased 5% from the first quarter of 2015, mainly driven by Retail deposits in Sweden and Finland and corporate deposits in Norway. Lending margins were up somewhat, while deposit margins were down significantly compared to one year ago.

Net fee and commission income decreased 4% in local currencies (-5% in EUR). Net result from items at fair value decreased 48% in local currencies (-47% in EUR) from a very strong first quarter of 2015.

Expenses
Total expenses were unchanged in local currencies (-1% in EUR) from the previous year and amounted to EUR 1,178m. Staff costs were down 4% in local currencies (-5% in EUR).

Net loan losses
Net loan loss provisions decreased to EUR 111m, equalling a loan loss ratio of 13 basis points (14 basis points for the first quarter of 2015).

Net profit
Net profit decreased 26% in local currencies (-28% in EUR) to EUR 782m.

Currency fluctuation impact
Currency fluctuations had a reducing effect of 1 %-point on income and expenses as well as on loan and deposit volumes compared to a year ago.

Other information

Capital position and risk exposure amount, REA

Nordea Group's Basel III Common equity tier 1 (CET1) capital ratio increased to 16.7% at the end of the first quarter 2016 from 16.5% at the end of the fourth quarter 2015. The increase to the CET1 capital ratio was due to an increase in common equity tier 1 capital due to a pay out from Nordea Life and Pension offset by an increase to the additional risk exposure amount buffer.

The tier 1 capital ratio increased to 18.7%, up 20bps compared to previous quarter and the total capital ratio increased from 21.6% to 21.8%.

REA was EUR 143.1bn, a decrease of EUR 0.2bn compared to the previous quarter. The decrease is a combination of decreased credit risk for IRB portfolios mainly due to improved credit quality partly offset by both increased market risk for internal models and an increase to the additional risk buffer held in line with article 3 in CRR.

The CET1 capital was EUR 23.8bn, the tier 1 capital was EUR 26.7bn and the own funds were EUR 31.3bn. The capital requirement based on Basel 1 transitional rules was EUR 17.6bn and the adjusted own funds were EUR 31.1bn.

The CRR leverage ratio decreased 10bps to 4.4% compared to the fourth quarter and including profit to 4.5%. The leverage ratio is calculated in accordance to the delegated regulation 2015\62.

Economic Capital (EC) was at the end of the first quarter EUR 27.0bn, which is an increase by 2.0bn compared to previous quarter. The increase is due to the yearly update of the Pillar II framework in response to the SREP process and increase in mainly within the credit risk. The impacts from the buffers are EUR 0.1bn in Pillar 1 and EUR 0.8bn in Pillar 2. Market risk had a small total change and operational risk increased by EUR 0.4bn. The overall income in the model decreased, while the pillar 2 add-on increased from 25% to 50% following the new EC framework. Capital deductions increased economic capital by EUR 0.1bn driven by increases in intangibles and prudent valuation.

The Group´s Internal Capital Requirement (ICR) was at the end of the first quarter EUR 15,345, an increase of EUR 128m compared to the previous quarter. The ICR should be compared to the own funds, which was EUR 31,253m at the end of the first quarter. The ICR is calculated based on a Pillar I plus Pillar II approach. For more detailed information about the ICR methodology see the Capital and Risk Management Report.

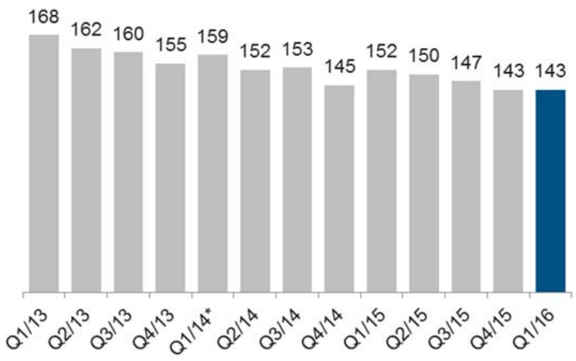
Regulatory developments

On 15 March Finansinspektionen decided to increase the countercyclical capital buffer rate in Sweden to 2% as of 19 March 2017. The buffer rate is currently 1% and will be increased to 1.5% as of 27 June 2016.

Capital ratios

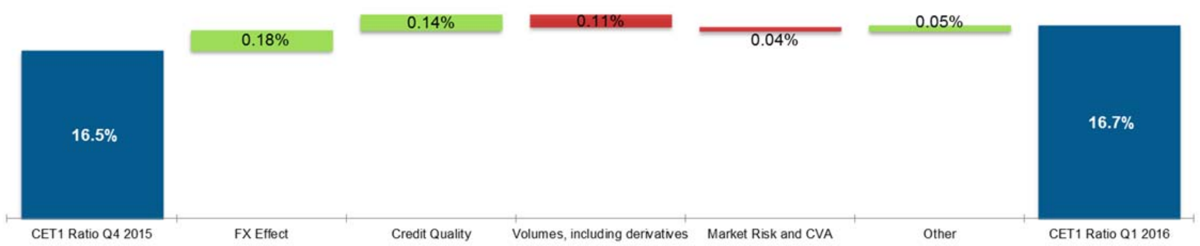
%	Q116	Q415	Q315	Q215	Q115
CRR/CRDIV					
Common equity tier 1 cap. ratio	16.7	16.5	16.3	16.0	15.6
Tier 1 capital ratio	18.7	18.5	18.2	17.9	17.5
Total capital ratio	21.8	21.6	21.3	20.7	20.3

Risk exposure amount, REA (EURbn), quarterly development



*Implementation of CRD IV

Common Equity Tier 1 (CET1) capital ratio, changes in the quarter



Balance sheet

Total assets in the balance sheet increased EUR 29bn in the quarter. Loans to the public increased EUR 2bn in the quarter to EUR 343bn. Asset values of derivatives were EUR 6bn higher than in the fourth quarter. Deposits from the public increased EUR 14bn from the previous quarter to EUR 203bn.

Balance sheet data

EURbn	Q116	Q415	Q315	Q215	Q115
Loans to credit institutions	12	11	12	13	12
Loans to the public	343	341	349	358	358
Derivatives	87	81	90	86	124
Interest-bearing securities	87	87	85	88	89
Other assets	147	127	144	138	143
Total assets	**676**	**647**	**680**	**683**	**726**
Deposits from credit inst.	59	44	64	64	66
Deposits from the public	203	189	204	206	204
Debt securities in issue	193	202	192	197	199
Derivatives	87	80	87	84	120
Other liabilities	105	101	103	102	109
Total equity	29	31	30	30	28
Total liabilities and equity	**676**	**647**	**680**	**683**	**726**

Nordea's funding and liquidity operations

Nordea issued approx. EUR 9.3bn in long-term funding in the first quarter excluding Danish covered bonds and subordinated notes, of which approx. EUR 6.5bn represented the issuance of Swedish and Norwegian covered bonds in domestic and international markets. Notable benchmark transactions in the quarter were a 3Y GBP 400m covered bond issued in January by Nordea Eiendomskreditt (tapped by an additional GBP 100m also in January) and in February a EUR 2bn dual tranche senior unsecured issuance out of NBAB, split by a EUR 750m 3Y FRN and a EUR 1.25bn 7Y Fixed rate bond.

Nordea's long-term funding portion of total funding was, at the end of the first quarter, approx. 83%.

Short-term liquidity risk is measured using several metrics and the Liquidity Coverage Ratio (LCR) is one such metric. LCR for the Nordea Group was, according to the Swedish FSA's LCR definition, 155% at the end of the first quarter. The LCR in EUR was 174% and in USD 230% at the end of the first quarter. LCR for the Nordea Group according to CRR LCR definitions was 154% at the end of the first quarter. The liquidity buffer is composed of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV liquid assets and amounted to EUR 60bn at the end of the first quarter (EUR 60bn at the end of the fourth quarter).

Funding and liquidity data

	Q116	Q415	Q315	Q215	Q115
Long-term funding portion	83%	77%	78%	76%	76%
LCR total	155%	161%	142%	131%	135%
LCR EUR	174%	303%	288%	133%	157%
LCR USD	230%	188%	163%	165%	192%

Market risk

Total market risk, measured as Value at Risk, in the banking book amounted to EUR 90m. The increase in Interest Rate Risk in the banking book is mainly driven by increased exposure to DKK Government Bonds and USD Government & SSA Bonds. Total market risk, measured as Value at Risk, in the trading book amounted to EUR 36m.

Banking book

EURm	Q116	Q415	Q315	Q215	Q115
Total risk, VaR	90	77	77	48	61
Interest rate risk, VaR	90	76	76	45	57
Equity risk, VaR	7	3	3	1	2
Foreign exchange risk, VaR	3	3	3	6	5
Credit spread risk, VaR	6	3	4	4	6
Diversification effect	15%	10%	10%	14%	13%

Trading book

EURm	Q116	Q415	Q315	Q215	Q115
Total risk, VaR	36	33	17	29	35
Interest rate risk, VaR	34	32	14	26	30
Equity risk, VaR	2	7	6	4	8
Foreign exchange risk, VaR	10	4	3	9	7
Credit spread risk, VaR	3	6	9	6	8
Diversification effect	28%	32%	49%	36%	35%

Nordea share

In the first quarter, Nordea's share price on the Nasdaq Stockholm Exchange depreciated from SEK 93.3 to SEK 78.0.

Annual General Meeting

The AGM on 17 March 2016 decided on a dividend of EUR 0.64 per share.

The AGM approved an authorisation for the Board of Directors to decide on issuing of convertible instruments, with or without preferential rights for existing shareholders, to be conducted on market terms, and increasing the share capital by a maximum of 10%. The purpose of the authorisation is to facilitate a flexible and efficient adjustment of the capital structure to meet new capital requirements and the attaching instruments.

As announced in the interim report for Q2 2015, Nordea seeks to simplify its legal structure by changing its subsidiary banks Nordea Bank Denmark A/S, Nordea Bank Finland Abp and Nordea Bank Norge ASA to branches of Nordea. The AGM approved the merger plans. The mergers are expected to take place in early January 2017.

Delivering on the Simplification Programme

In the coming years we will execute on our transformational change agenda in order to generate a truly digital bank and to deliver on the future relationship bank. The Simplification programme is crucial to making this possible and has now been running for a year and a half.
Through the programme, we are building three new platforms: Core banking platform, Payment platform and Information platform with Group common data. These will work together and, with the benefit of increased agility, scale and resilience, enable greater customer orientation and flexibility. The programme is proceeding as expected. At the same time, we are building up change capabilities to the benefit of the entire organisation in order to meet future needs and our constantly evolving environment. The initial simplification has simplified our products, data and processes. So far it has contributed to a 70% reduction in products and solutions.

Temenos and Accenture were selected as vendors for the Core Banking Platform. The model bank has been installed and we are now working towards piloting the new system in the summer.
Clear2Pay is the vendor for the Payment Platform. An important milestone was reached in mid-February, when the first SEPA interbank payments were handled via our new Global Payment engine out of Latvia. The next steps will be to add Euro Interbank transactions from the remaining Baltics, Nordic, non-Euro countries and UK and finally Finland.
The conversion from local to common data warehouses is another major element to ensure simplification. As of today, local data warehouses in Finland and Norway have migrated to Group Common Data Warehouse and the remaining countries are close to conversion.

Visa Inc.'s proposed acquisition of Visa Europe Ltd.

Visa Inc. and Visa Europe Ltd. have announced an agreement for Visa Inc. to acquire Visa Europe. The transaction is subject to regulatory approvals and is expected to be closed in the second quarter of 2016. Nordea is a shareholder and member in Visa Europe and expects to recognise a gain following the closing of the transaction. Compared with the information disclosed in Nordea's Annual Report 2015, Visa has announced changes to the terms. The revised terms of the agreement provide for an additional guaranteed cash payment of EUR 1.87bn to the sellers, while the earn-out mechanism has been removed. Nordea's adjusted pre-tax gain is expected to be within the range of EUR 145m to EUR 165m in cash, with an additional possible gain on preferred stock amounting to around 20% of the cash portion.

Compliance risk

Supervisory authorities are conducting investigations with regards to Nordea's compliance in several areas. e.g. investment advice and AML. The outcome of some investigations is pending and it cannot be ruled out that these investigations could lead to criticism or sanctions.

Following the publication of the 'Panama-papers' the Swedish FSA and other authorities in markets where Nordea operates have put forward information requests related to customers with offshore structures, and Nordea's role in relation thereto. These inquiries are in an initial phase and the outcome too early to assess.

Quarterly development, Group

EURm	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015
Net interest income	1,168	1,203	1,233	1,274	1,253
Net fee and commission income	772	821	767	833	809
Net result from items at fair value	332	421	211	386	627
Equity method	9	3	18	8	10
Other operating income	14	197	24	22	20
Total operating income	**2,295**	**2,645**	**2,253**	**2,523**	**2,719**
General administrative expenses:					
Staff costs	-740	-956	-756	-772	-779
Other expenses	-386	-455	-303	-363	-364
Depreciation of tangible and intangible assets	-52	-65	-49	-50	-45
Total operating expenses	**-1,178**	**-1,476**	**-1,108**	**-1,185**	**-1,188**
Profit before loan losses	**1,117**	**1,169**	**1,145**	**1,338**	**1,531**
Net loan losses	-111	-142	-112	-103	-122
Operating profit	**1,006**	**1,027**	**1,033**	**1,235**	**1,409**
Income tax expense	-224	-179	-253	-283	-327
Net profit for the period	**782**	**848**	**780**	**952**	**1,082**
Diluted earnings per share (DEPS), EUR	0.19	0.21	0.19	0.24	0.27
DEPS, rolling 12 months up to period end, EUR	0.83	0.91	0.92	0.95	0.89

Income statement

EURm	Q1 2016	Q1 2015	Jan-Dec 2015
Operating income			
Interest income	*1,975*	*2,239*	*8,549*
Interest expense	*-807*	*-986*	*-3,586*
Net interest income	1,168	1,253	4,963
Fee and commission income	*994*	*1,019*	*4,092*
Fee and commission expense	*-222*	*-210*	*-862*
Net fee and commission income	772	809	3,230
Net result from items at fair value	332	627	1,645
Profit from companies accounted for under the equity method	9	10	39
Other operating income	14	20	263
Total operating income	**2,295**	**2,719**	**10,140**
Operating expenses			
General administrative expenses:			
Staff costs	-740	-779	-3,263
Other expenses	-386	-364	-1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets	-52	-45	-209
Total operating expenses	**-1,178**	**-1,188**	**-4,957**
Profit before loan losses	**1,117**	**1,531**	**5,183**
Net loan losses	-111	-122	-479
Operating profit	**1,006**	**1,409**	**4,704**
Income tax expense	-224	-327	-1,042
Net profit for the period	**782**	**1,082**	**3,662**
Attributable to:			
Shareholders of Nordea Bank AB (publ)	782	1,082	3,662
Non-controlling interests	-	-	-
Total	**782**	**1,082**	**3,662**
Basic earnings per share, EUR	0.19	0.27	0.91
Diluted earnings per share, EUR	0.19	0.27	0.91

Statement of comprehensive income

EURm	Q1 2016	Q1 2015	Jan-Dec 2015
Net profit for the period	**782**	**1,082**	**3,662**
Items that may be reclassified subsequently to the income statement			
Currency translation differences during the period	155	368	-544
Hedging of net investments in foreign operations:			
Valuation gains/losses during the period	-85	-139	308
Tax on valuation gains/losses during the period	19	31	-68
Available for sale investments:[1]			
Valuation gains/losses during the period, net of recycling	27	44	-160
Tax on valuation gains/losses during the period	-6	-12	37
Cash flow hedges:			
Valuation gains/losses during the period, net of recycling	16	-14	84
Tax on valuation gains/losses during the period	-3	2	-19
Items that may not be reclassified subsequently to the income statement			
Defined benefit plans:			
Remeasurement of defined benefit plans	-308	-234	483
Tax on remeasurement of defined benefit plans	70	52	-108
Other comprehensive income, net of tax	**-115**	**98**	**13**
Total comprehensive income	**667**	**1,180**	**3,675**
Attributable to:			
Shareholders of Nordea Bank AB (publ)	667	1,180	3,675
Non-controlling interests	-	-	-
Total	**667**	**1,180**	**3,675**

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

Balance sheet

EURm	31 Mar 2016	31 Dec 2015	31 Mar 2015
Assets			
Cash and balances with central banks	48,734	35,500	35,080
Loans to central banks	11,030	13,224	15,323
Loans to credit institutions	11,986	10,762	11,746
Loans to the public	342,731	340,920	357,720
Interest-bearing securities	87,154	86,535	89,202
Financial instruments pledged as collateral	9,554	8,341	10,709
Shares	22,983	22,273	27,276
Assets in pooled schemes and unit-linked investment contracts	20,667	20,434	20,414
Derivatives	87,394	80,741	124,440
Fair value changes of the hedged items in portfolio hedge of interest rate risk	171	151	243
Investments in associated undertakings	642	515	501
Intangible assets	3,299	3,208	3,023
Properties and equipment	573	557	547
Investment properties	3,062	3,054	3,130
Deferred tax assets	135	76	126
Current tax assets	201	87	283
Retirement benefit assets	346	377	38
Other assets	23,352	18,587	24,124
Prepaid expenses and accrued income	1,541	1,526	1,929
Total assets	**675,555**	**646,868**	**725,854**
Liabilities			
Deposits by credit institutions	58,523	44,209	65,868
Deposits and borrowings from the public	202,819	189,049	204,155
Deposits in pooled schemes and unit-linked investment contracts	21,340	21,088	21,055
Liabilities to policyholders	39,255	38,707	39,819
Debt securities in issue	192,764	201,937	199,256
Derivatives	87,403	79,505	119,676
Fair value changes of the hedged items in portfolio hedge of interest rate risk	3,496	2,594	3,721
Current tax liabilities	273	225	367
Other liabilities	27,694	25,745	30,505
Accrued expenses and prepaid income	2,097	1,805	2,595
Deferred tax liabilities	952	1,028	922
Provisions	419	415	298
Retirement benefit obligations	447	329	750
Subordinated liabilities	8,945	9,200	8,395
Total liabilities	**646,427**	**615,836**	**697,382**
Equity			
Non-controlling interests	1	1	2
Share capital	4,050	4,050	4,050
Share premium reserve	1,080	1,080	1,080
Other reserves	-1,303	-1,188	-1,103
Retained earnings	25,300	27,089	24,443
Total equity	**29,128**	**31,032**	**28,472**
Total liabilities and equity	**675,555**	**646,868**	**725,854**
Assets pledged as security for own liabilities	189,255	184,795	188,807
Other assets pledged	9,527	9,038	9,466
Contingent liabilities	21,907	22,569	23,019
Credit commitments[1]	70,215	71,340	73,332
Other commitments	3,349	3,323	1,286

[1] Including unutilised portion of approved overdraft facilities of EUR 32,987m (31 Dec 2015: EUR 37,961m, 31 Mar 2015: EUR 37,982m).

Statement of changes in equity

EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to shareholders of Nordea Bank AB (publ)		Other reserves:							
Balance at 1 Jan 2016	**4,050**	**1,080**	**-1,617**	**71**	**-10**	**368**	**27,089**	**31,031**	**1**	**31,032**
Net profit for the period	-	-	-	-	-	-	782	782	-	782
Other comprehensive income, net of tax	-	-	89	13	21	-238	-	-115	-	-115
Total comprehensive income	*-*	*-*	*89*	*13*	*21*	*-238*	*782*	*667*	*-*	*667*
Share-based payments[2]	-	-	-	-	-	-	-1	-1	-	-1
Dividend for 2015	-	-	-	-	-	-	-2,584	-2,584	-	-2,584
Disposal of own shares[3]	-	-	-	-	-	-	14	14	-	14
Balance at 31 Mar 2016	**4,050**	**1,080**	**-1,528**	**84**	**11**	**130**	**25,300**	**29,127**	**1**	**29,128**

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

EURm	Share capital[1]	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to shareholders of Nordea Bank AB (publ)		Other reserves:							
Balance at 1 Jan 2015	**4,050**	**1,080**	**-1,313**	**6**	**113**	**-7**	**25,906**	**29,835**	**2**	**29,837**
Net profit for the period	-	-	-	-	-	-	1,082	1,082	-	1,082
Other comprehensive income, net of tax	-	-	260	-12	32	-182	-	98	-	98
Total comprehensive income	*-*	*-*	*260*	*-12*	*32*	*-182*	*1,082*	*1,180*	*-*	*1,180*
Share-based payments[2]	-	-	-	-	-	-	2	2	-	2
Dividend for 2014	-	-	-	-	-	-	-2,501	-2,501	-	-2,501
Purchase of own shares[3]	-	-	-	-	-	-	-46	-46	-	-46
Balance at 31 Mar 2015	**4,050**	**1,080**	**-1,053**	**-6**	**145**	**-189**	**24,443**	**28,470**	**2**	**28,472**

[1] Total shares registered were 4,050 million (31 Dec 2015: 4,050 million, 31 Mar 2015: 4,050 million).

[2] The total holding of own shares related to Long Term Incentive Programme (LTIP) is 11.7 million (31 Dec 2015: 11.7 million, 31 Mar 2015: 15.9 million).

[3] Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 31 Mar 2016 was 12.0 million (31 Dec 2015: 18.6 million, 31 Mar 2015: 26.9 million).

Cash flow statement, condensed

EURm	Jan-Mar 2016	Jan-Mar 2015	Jan-Dec 2015
Operating activities			
Operating profit	1,006	1,409	4,704
Adjustments for items not included in cash flow	232	4,016	2,824
Income taxes paid	-311	-467	-1,056
Cash flow from operating activities before changes in operating assets and liabilities	927	4,958	6,472
Changes in operating assets and liabilities	16,486	4,663	-6,276
Cash flow from operating activities	17,413	9,621	196
Investing activities			
Sale/acquisition of business operations	-	-	175
Properties and equipment	-29	-1	-135
Intangible assets	-103	-67	-458
Net investments in debt securities, held to maturity	-177	-12	-139
Other financial fixed assets	0	0	35
Cash flow from investing activities	-309	-80	-522
Financing activities			
Issued/amortised subordinated liabilities	-	-16	735
Divestment/repurchase of own shares incl change in trading portfolio	14	-46	20
Dividend paid	-2,584	-2,501	-2,501
Cash flow from financing activities	-2,570	-2,563	-1,746
Cash flow for the period	**14,534**	**6,978**	**-2,072**
Cash and cash equivalents at beginning of the period	**40,200**	**39,683**	**39,683**
Translation difference	-1,290	3,211	2,589
Cash and cash equivalents at end of the period	**53,444**	**49,872**	**40,200**
Change	**14,534**	**6,978**	**-2,072**

Cash and cash equivalents	31 Mar	31 Mar	31 Dec
The following items are included in cash and cash equivalents (EURm):	2016	2015	2015
Cash and balances with central banks	48,734	35,080	35,500
Loans to central banks	2,690	12,651	2,684
Loans to credit institutions	2,020	2,141	2,016
Total cash and cash equivalents	**53,444**	**49,872**	**40,200**

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

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

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

Accounting policies

The information presented in this Interim Management Statement follows the guidelines for Interim Management Statements issued by Nasdaq OMX. This Interim Management Statement is not presented in accordance with IAS 34 “Interim Financial Reporting”.

The accounting policies and methods of computation are largely the same as for the Annual Report 2015. For more information see Note G1 in the Annual Report 2015. For changes implemented during 2015, see “Changed accounting policies and presentation” below.

Changed accounting policies and presentation

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

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

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

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

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

Changed presentation of pooled schemes and unit-linked investment contracts

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

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

	31 Mar 2016			31 Dec 2015			31 Mar 2015		
EURm	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy
Assets									
Loans to credit institutions	12,247	-261	11,986	10,959	-197	10,762	11,914	-168	11,746
Interest-bearing securities	88,730	-1,576	87,154	88,176	-1,641	86,535	90,911	-1,709	89,202
Shares	41,585	-18,602	22,983	40,745	-18,472	22,273	45,712	-18,436	27,276
Assets in pooled schemes and unit-linked investment contracts	-	20,667	20,667	-	20,434	20,434	-	20,414	20,414
Investment properties	3,168	-106	3,062	3,165	-111	3,054	3,222	-92	3,130
Other assets	23,474	-122	23,352	18,600	-13	18,587	24,133	-9	24,124
Liabilities									
Deposits and borrowings from the public	207,063	-4,244	202,819	193,342	-4,293	189,049	208,716	-4,561	204,155
Deposits in pooled schemes and unit-linked investment contracts	-	21,340	21,340	-	21,088	21,088	-	21,055	21,055
Liabilities to policyholders	56,339	-17,084	39,255	55,491	-16,784	38,707	56,309	-16,490	39,819
Other liabilities	27,706	-12	27,694	25,756	-11	25,745	30,509	-4	30,505

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

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

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

	Q1 2016			Q1 2015			Jan-Dec 2015		
EURm	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy
Net interest income	1,190	-22	1,168	1,288	-35	1,253	5,110	-147	4,963
- of which state guarantee fees		*-22*			*-35*			*-147*	
Net fee and commission income	736	36	772	757	52	809	3,025	205	3,230
- of which state guarantee fees		*22*			*35*			*147*	
- of which refinancing/pay-out fees		*14*			*17*			*58*	
Net result from items at fair value	346	-14	332	644	-17	627	1,703	-58	1,645
- of which refinancing/pay-out fees		*-14*			*-17*			*-58*	

Exchange rates

EUR 1 = SEK	Jan-Mar 2016	Jan-Dec 2015	Jan-Mar 2015
Income statement (average)	9.3241	9.3537	9.3804
Balance sheet (at end of period)	9.2253	9.1895	9.2901
EUR 1 = DKK			
Income statement (average)	7.4605	7.4587	7.4500
Balance sheet (at end of period)	7.4512	7.4626	7.4697
EUR 1 = NOK			
Income statement (average)	9.5273	8.9434	8.7313
Balance sheet (at end of period)	9.4145	9.6030	8.7035
EUR 1 = RUB			
Income statement (average)	82.2815	67.9657	62.4400
Balance sheet (at end of period)	76.3051	80.6736	70.8841

Business definitions

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

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

Risk-adjusted profit
Risk-adjusted profit is defined as total income minus total operating expenses, minus Expected losses and standard tax. In addition, Risk-adjusted profit excludes major non-recurring items.

Tier 1 capital
Proportion of the capital base, which includes consolidated shareholders' equity excluding investments in insurance companies, proposed dividend, deferred tax assets and intangible assets in the banking operations. Shortfall is deducted 100% in CET1 – the negative difference between expected losses and provisions. Subsequent to the approval of the supervisory authorities, Tier 1 capital also includes qualified forms of subordinated loans (Tier 1 capital contributions and hybrid capital loans). The Common Equity Tier 1 capital constitutes the Tier 1 capital excluding hybrid capital loans.

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 the quarterly closing balance of loans to the public (lending).

Impairment rate, gross
Individually assessed impaired loans before allowances divided by total loans before allowances.

Impairment rate, net
Individually assessed impaired loans after allowances divided by total loans before allowances.

Total allowance rate
Total allowances divided by total loans before allowances.

Allowances in relation to impaired loans
Allowances for individually assessed impaired loans divided by individually assessed impaired loans before allowances.

Total allowances in relation to impaired loans (provisioning ratio)
Total allowances divided by total impaired loans before allowances.

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

Expected losses
Expected losses reflect the normalised loss level of the individual loan exposure over a business cycle as well as various portfolios.

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 of unexpected losses occurring simultaneously.

ROCAR
ROCAR, % (Return on Capital at Risk) is defined as Net profit as a percentage of Economic capital. For Business Areas it is defined as Operating profit after standard tax as a percentage of Economic capital.

For a list of further business definitions, see the Annual Report.

Nordea Bank AB (publ)

Income statement

EURm	Q1 2016	Q1 2015	Jan-Dec 2015
Operating income			
Interest income	*360*	*433*	*1,607*
Interest expense	*-247*	*-286*	*-1,096*
Net interest income	113	147	511
Fee and commission income	*255*	*283*	*1,094*
Fee and commission expense	*-34*	*-52*	*-208*
Net fee and commission income	221	231	886
Net result from items at fair value	46	79	136
Dividends	550	261	2,176
Other operating income	169	159	833
Total operating income	**1,099**	**877**	**4,542**
Operating expenses			
General administrative expenses:			
Staff costs	-430	-284	-1,196
Other expenses	-229	-202	-851
Depreciation, amortisation and impairment charges of tangible and intangible assets	-37	-31	-140
Total operating expenses	**-696**	**-517**	**-2,187**
Profit before loan losses	**403**	**360**	**2,355**
Net loan losses	-28	-1	-143
Impairment of securities held as financial non-current assets	0	-	-9
Operating profit	**375**	**359**	**2,203**
Appropriations	-	-	2
Income tax expense[1]	54	-20	-285
Net profit for the period	**429**	**339**	**1,920**

[1] Includes an adjustment related to prior years amounting to EUR 94m in 2015.

Balance sheet

EURm	31 Mar 2016	31 Dec 2015	31 Mar 2015
Assets			
Cash and balances with central banks	80	75	72
Treasury bills	6,125	6,905	4,882
Loans to credit institutions	86,291	90,009	100,352
Loans to the public	46,147	45,820	46,228
Interest-bearing securities	11,283	12,163	12,272
Financial instruments pledged as collateral	105	0	154
Shares	3,360	2,362	7,905
Participating interest in other companies	1	1	0
Derivatives	5,324	5,011	6,313
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1	1	0
Investments in group undertakings	19,478	19,394	17,125
Investments in associated undertakings	7	7	7
Intangible assets	1,145	1,091	827
Properties and equipment	135	138	135
Deferred tax assets	85	26	15
Current tax assets	45	3	100
Other assets	1,711	4,387	3,239
Prepaid expenses and accrued income	793	780	907
Total assets	**182,116**	**188,173**	**200,533**
Liabilities			
Deposits by credit institutions	20,963	19,069	34,428
Deposits and borrowings from the public	59,955	61,043	54,546
Debt securities in issue	63,454	68,908	68,388
Derivatives	4,659	4,180	5,175
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,602	1,158	1,543
Current tax liabilities	8	34	7
Other liabilities	3,344	3,531	8,135
Accrued expenses and prepaid income	1,029	759	1,299
Deferred tax liabilities	-	0	0
Provisions	295	301	201
Retirement benefit obligations	180	159	181
Subordinated liabilities	8,701	8,951	8,176
Total liabilities	**164,190**	**168,093**	**182,079**
Untaxed reserves	**2**	**2**	**4**
Equity			
Share capital	4,050	4,050	4,050
Development cost reserve	77	-	-
Share premium reserve	1,080	1,080	1,080
Other reserves	-16	-21	-12
Retained earnings	12,733	14,969	13,332
Total equity	**17,924**	**20,078**	**18,450**
Total liabilities and equity	**182,116**	**188,173**	**200,533**
Assets pledged as security for own liabilities	2,983	1,208	2,445
Other assets pledged	7,693	7,686	7,364
Contingent liabilities	72,515	72,402	73,580
Credit commitments[1]	28,334	27,927	25,893

[1] Including unutilised portion of approved overdraft facilities of EUR 17,059m (31 Dec 2015: EUR 16,658m, 31 Mar 2015: EUR 14,526m).

For further information:

- A press conference with management will be held on 27 April at 09.00 CET, at Mäster Samuelsgatan 17, Stockholm. Registration opens at 08:30
- An international telephone conference for analysts with management will be held on 27 April at 14.30 CET. Please dial +44(0)20 3364 5719, confirmation code 9186941#, no later than ten minutes in advance. An indexed on-demand version will be available on www.nordea.com. A replay will be available until 3 May by dialling +44(0)20 3427 0598, access code 9186941#.
- An analyst and investor presentation will be held in London on 28 April at 12.30 local time at The Dorchester, Park Lane, London W1K 1QA
- This Interim Management Statement, an investor presentation and a fact book are available on www.nordea.com.

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Financial calendar

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

Stockholm 27 April 2016

Casper von Koskull
President and Group CEO

This Interim Management Statement has been prepared in accordance with the Nasdaq guidelines for preparing interim management statements.

This Interim Management Statement has not been subject to review by the Auditors.

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

The information provided in this press release is such, which Nordea is required to disclose pursuant to the Swedish Financial Instruments Trading Act (1991:980) and/or the Swedish Securities Markets Act (2007:528).

This Interim Management Statement contains forward-looking statements that reflect management's current views with respect to certain future events and potential financial performance. Although Nordea believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Accordingly, results could differ materially from those set out in the forward looking statements as a result of various factors. Important factors that may cause such a difference for Nordea include, but are not limited to: (i) the macroeconomic development, (ii) change in the competitive climate, (iii) change in the regulatory environment and other government actions and (iv) change in interest rate and foreign exchange rate levels. This Interim Management Statement 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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