Nordea Press release

Copenhagen, Helsinki, Oslo, Stockholm, 29 April 2015

# Interim Management Statement
# First Quarter Results 2015

### CEO Christian Clausen's comments on the results:

"The first quarter was characterised by an increased activity where we have been successful in capturing business opportunities, leading to a strong growth of revenues. Exceptionally low interest rates put pressure on our net interest margins but also create higher demand for our products and services in other parts of the bank. The increased volatility leads to greater need for our risk management solutions among our corporate and institutional customers, and we continue to see very strong interest in our savings and investment offerings throughout Europe. Assets under management grew to a new record high level of EUR 290bn. Costs came down as expected and credit quality remains solid.

Our customers appreciate our digital solutions and usage continues to increase. In March one out of ten advisory meetings was an online meeting – almost triple the level of December. We continuously invest in new digital solutions and increasingly engage customers in evaluating new services, and as a response to the changing customer behaviour we are also more fundamentally transforming the bank by simplifying our operations and changing core systems the coming years."
(For further viewpoints, see CEO comments on page 2)

### First quarter 2015 vs. First quarter 2014 (First quarter 2015 vs. Fourth quarter 2014):

- Total operating income +9%, in local currencies +11% (+8%)
- Total expenses -4%, in local currencies -2% (-4%)
- Operating profit +27%, in local currencies +29% (+22%)
- Common equity tier 1 capital ratio 15.6%, up from 14.6% (down 10 bps from 15.7%)
- Cost/income ratio down to 43.6% from 49.5% (down 5.2%-points from 48.8%)
- Loan loss ratio of 14 basis points, down from 18 basis points (down 1 basis point from 15 basis points)
- Return on equity 14.3%, up from 11.4% (up to 14.3% from 11.8%)

| **Summary key figures, continuing operations[1], EURm** | **Q1 2015** | **Q4 2014** | **ch %** | **Q1 2014** | **ch %** | **loc. curr** |
|---|---|---|---|---|---|---|
| Net interest income | 1,288 | 1,356 | -5 | 1,362 | -5 | -3 |
| Total operating income | 2,714 | 2,513 | 8 | 2,501 | 9 | 11 |
| Profit before loan losses | 1,530 | 1,286 | 19 | 1,264 | 21 | 23 |
| Net loan losses | -122 | -129 | -5 | -158 | -23 | -21 |
| Operating profit | 1,408 | 1,157 | 22 | 1,106 | 27 | 29 |
| Diluted EPS (total oper.), EUR | 0.27 | 0.22 | 23 | 0.21 | 29 | 31 |
| Return on equity, % | 14.3 | 11.8 | | 11.4 | | |

Exchange rates used for Q1 2015 for income statement items are for DKK 7.45, NOK 8.73 and SEK 9.38, see also page 20

[1]) Key figures for continuing operations, following the divestment of the Polish banking, financing and life insurance operations.

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*Nordea's vision is to be a Great European bank, acknowledged for its people, creating superior value for customers and shareholders. We are making it possible for our customers to reach their goals by providing a wide range of products, services and solutions within banking, asset management and insurance. Nordea has around 11 million customers, approximately 700 branch office locations and is among the ten largest universal banks in Europe in terms of total market capitalisation. The Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges.*
*www.nordea.com*

# CEO comment

**First quarter 2015 Interim Management Statement**
The beginning of 2015 has been exceptional with a strong increase in volatility and customer activity in the capital markets. The Swiss National Bank's decision to abandon the Swiss franc peg to the euro caused high activity. It also triggered speculation against the Danish krone peg to the euro, which fuelled demand for currency hedging. The quantitative easing from the ECB caused high activity in financial markets. In this environment, Nordea has been successful in capturing business opportunities.

Due to excess liquidity we now operate in an environment with negative interest rates in both Sweden and Denmark. Even more striking is that approximately 30% of all government bonds in Europe are traded with a negative interest rate. This leads to a significant appreciation in asset prices and we are closely monitoring the situation.

Revenues showed strong growth. Loan growth is 3% in local currencies compared to the same period in 2014. The net interest margin is down 5 basis points to 103 basis points from the same period of 2014, due to pressure on deposit margins.

A strong trend in our savings and investment operations and high activity in the corporate advisory operations lead to sustained solid growth in fee and commission income. Assets under Management have, in twelve months, increased by 21% to EUR 290bn, driven by a record net inflow and solid performance. Net inflow in our Global Fund Distribution is at an all-time high and, at the beginning of the year, the Nordea Stable Return Fund had the highest net inflow of all European Funds. Gross written premiums increased 34% to EUR 2.7bn.

In the first quarter, Nordea also assisted in a number of major Nordic transactions in the capital markets, one example being our role as advisors in the IPO of Dustin Group on the Nasdaq Stockholm.

Our FICC business (Fixed Income, Currencies and Commodities) has had one of its strongest quarters since the financial crisis and successfully assisted both corporate and institutional customers in an eventful quarter. With its leading market position and a complete platform, FICC is able to capture business opportunities in a more active market. As an integral part of our business model, FICC contributes to the diversification and resilience of the Group's income.

The inflow of new customers continued, as we welcomed 20,500 new relationship customers in the quarter.

Total income is up 11% in local currencies from the same period of 2014.

Costs are down 2% in local currencies from the first quarter of 2014, and we are on track to meeting our target with a 5% cost reduction in 2015 versus 2013. The cost to income ratio improved by 5%-points to 43.6%.

Credit quality is solid with a loan loss level of 14 basis points and the impaired loans ratio declined from 174 basis points to 159 basis points. Our outlook is a largely unchanged credit quality in the coming quarters.

Return on equity improved by 2.9%-points to 14.3% and net profit increased by 29% from the same period of 2014.

The Common Equity Tier 1 ratio has in twelve months improved by 100 basis points to 15.6%, due to modest loan demand and strong capital generation. The total capital ratio is 20.3%. In March, Nordea issued an Additional Tier 1 note in USD, SEK and NOK. We managed to price the tightest transaction in USD and NOK and the first CRD IV compliant SEK issue, once again confirming Nordea as one of the safest banks globally.

**Continued trend towards digital solutions**
Our customers appreciate our digital solutions and usage continues to increase. In March one out of ten advisory meetings was an online meeting – almost triple the level of December. Customers appreciate the flexibility and convenience of a meeting from work, from home and in the evening. Customer satisfaction is high, and 9 out of 10 customers who have tried online advisory would like to do it again.

In response to changing customer behaviour, we are simplifying our operation and changing core systems over the coming years. However, we also continuously invest in and develop new solutions to make it easier for customers to engage with us online.

In the first part of the year we launched several new digital solutions across our markets, including a mobile banking app for corporates, a fully digital mortgage process in Denmark, and digital signing of documents in the private netbank.

We also increasingly engage customers to help us evaluate selected new digital services. Nordea Next is our "experimentation lab" in which customers try out new services while conducting their daily banking using their smartphones. So far, the set-up runs in Finland and Norway; for example customers who buy an Apple Watch can use it to follow their balance and latest transactions.

**Continuing the journey**
As illustrated by this quarterly result, we have taken further steps towards the Future Relationship Bank, - a diversified and stable bank with strong customer relationships and convenient digital solutions. As we approach the end of the 2013-2015 plan, we are very much looking forward to presenting the next part of our journey and financial targets for 2016-2018, at our Capital Markets Day in London on 27 May.

Christian Clausen
President and Group CEO

## Income statement

| EURm | Q1 2015 | Q4 2014 | Change % | Q1 2014 | Change % | Local currency % |
|---|---|---|---|---|---|---|
| Net interest income | **1,288** | 1,356 | -5 | 1,362 | -5 | -3 |
| Net fee and commission income | **757** | 763 | -1 | 704 | 8 | 9 |
| Net result from items at fair value | **644** | 367 | 75 | 411 | 57 | 58 |
| Equity method | **10** | -1 | | 9 | 11 | |
| Other operating income | **15** | 28 | -46 | 15 | 0 | |
| **Total operating income** | **2,714** | **2,513** | **8** | **2,501** | **9** | **11** |
| Staff costs | **-777** | -758 | 3 | -756 | 3 | 6 |
| Other expenses | **-363** | -416 | -13 | -426 | -15 | -13 |
| Depreciation of tangible and intangible assets | **-44** | -53 | -17 | -55 | -20 | -18 |
| **Total operating expenses** | **-1,184** | **-1,227** | **-4** | **-1,237** | **-4** | **-2** |
| **Profit before loan losses** | **1,530** | **1,286** | **19** | **1,264** | **21** | **23** |
| Net loan losses | **-122** | -129 | -5 | -158 | -23 | -21 |
| **Operating profit** | **1,408** | **1,157** | **22** | **1,106** | **27** | **29** |
| Income tax expense | **-326** | -280 | 16 | -266 | 23 | 25 |
| **Net profit for period from continuing operations** | **1,082** | **877** | **23** | **840** | **29** | **31** |
| Net profit for the period from discontinued operations, after tax | **0** | 0 | | -9 | | |
| **Net profit for the period** | **1,082** | **877** | **23** | **831** | **30** | **32** |

## Business volumes, key items[1]

| EURbn | 31 Mar 2015 | 31 Dec 2014 | Change % | 31 Mar 2014 | Change % | Local currency % |
|---|---|---|---|---|---|---|
| Loans to the public | **357.7** | 348.1 | 3 | 346.4 | 3 | 5 |
| Loans to the public, excl. repos | **311.5** | 303.6 | 3 | 305.6 | 2 | 4 |
| Deposits and borrowings from the public | **208.7** | 197.3 | 6 | 203.7 | 2 | 3 |
| Assets under management | **290.0** | 262.2 | 11 | 238.7 | 21 | |
| Equity | **28.5** | 29.8 | -4 | 28.2 | 1 | |
| Total assets | **725.9** | 669.3 | 8 | 636.4 | 14 | |

## Ratios and key figures

| | Q1 2015 | Q4 2014 | Q1 2014 |
|---|---|---|---|
| Diluted earnings per share, EUR - Total operations | **0.27** | 0.22 | 0.21 |
| Share price[1], EUR | **11.33** | 9.68 | 10.26 |
| Total shareholders' return, % | **22.1** | 0.8 | 10.3 |
| Equity per share[1], EUR | **7.07** | 7.40 | 7.01 |
| Potential shares outstanding[1], million | **4,050** | 4,050 | 4,050 |
| Weighted average number of diluted shares, million | **4,032** | 4,034 | 4,026 |
| Return on equity, % - Continuing operations | **14.3** | 11.8 | 11.4 |
| Cost/income ratio, % - Continuing operations | **44** | 49 | 49 |
| Loan loss ratio, basis points | **14** | 15 | 18 |
| Common Equity Tier 1 capital ratio, excl. Basel I floor[1,2], % | **15.6** | 15.7 | 14.6 |
| Common Equity Tier 1 capital ratio, incl. Basel I floor[1,2], % | **10.5** | 10.5 | 10.6 |
| Tier 1 capital ratio, excl. Basel I floor[1,2], % | **17.5** | 17.6 | 15.6 |
| Total capital ratio, excl. Basel I floor[1,2], % | **20.3** | 20.7 | 18.4 |
| Tier 1 capital[1,2], EURm | **26,543** | 25,588 | 24,847 |
| Risk exposure amount excl. Basel I floor[1], EURbn | **152** | 145 | 159 |
| Risk exposure amount incl. Basel I floor[1], EURbn | **228** | 220 | 221 |
| Number of employees (FTEs) - Continuing operations[1] | **29,338** | 29,397 | 29,459 |
| Risk-adjusted profit EURm - Continuing operations | **1,082** | 897 | 880 |
| Economic profit EURm - Continuing operations | **469** | 289 | 286 |
| Economic capital[1], EURbn - Total operations | **25.2** | 23.9 | 24.9 |
| Economic capital[1], EURbn - Continuing operations | **25.2** | 23.9 | 24.0 |
| RAROCAR % - Continuing operations | **18.0** | 14.6 | 15.0 |

[1] End of period.

[2] Including the result for the period.

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# Macroeconomy and financial markets

The global economy grew moderately in the first quarter. The US economy continued to recover although the developments were mixed with the labour market showing increasing strength while other measures, such as retail sales and manufacturing, indicated a slowdown in US growth. Nevertheless, the positive overall picture lead the Federal Reserve to cautiously signal that a policy rate hike could be announced later this year. The euro area economy continued to grow slowly and unemployment remained high. However, forward-looking economic indicators over the quarter suggested improving growth prospects. This was supported by the weakening euro, all-time low interest rates, low energy prices and a gradually recovering banking sector. In January, the ECB announced that it will introduce government bond purchases of 60bn EUR per month until September 2016. In addition, the ECB made clear that it stands prepared to do more if needed, in order to push inflation back to the 2% target. The quantitative easing announcement had a substantial impact on global financial markets. German 10-year yields dropped 36 basis points over the quarter, reaching an all-time low level just shy of 0.20% while the corresponding US rates fell from 2.19% to 1.92%. Interest rates in Spain and Italy largely fell, with 10-year rates dropping to around 1.25%. The EUR-USD fell from 1.21 to 1.08 while European equities gained 12%, strongly outperforming US which only showed modest gains over the period. Oil prices remained volatile even though the quarterly change was limited.

*Denmark*
The Danish economy gained momentum in the first quarter and growth has been in positive territory since mid-2013. After several years of stagnant consumer spending, there are clear signs of improvement as retail sales have been rising steadily and consumer confidence has stabilised at high levels. Moreover, household's purchasing power improved from positive real wage growth, all-time low interest rates and increasing employment. The Danish central bank took drastic steps to defend its fixed exchange rate regime by cutting the deposit rate four times to -0.75%, increasing FX reserves by DKK 275bn and with announcing a temporary suspension of new government bond issuance. Danish equities rose by 29% while 10-year rates fell by 56 basis points, outperforming German rates by 20 basis points.

*Finland*
The Finnish economy continued to show broad-based weakness in many variables in Q1 2015. The labour market and the export sector remained under pressure, still affected by the consequences of Russian sanctions and the sluggishness in the euro area. While the weaker currency, lower energy prices and accommodative monetary policy mitigated some of the strains, economic sentiment remained at one of the lowest levels among EU member countries. However, Finnish equities rose 14% in the first quarter as the 10-year government dropped 40 basis points to new all-time lows at 0.22%.

*Norway*
The drastic drop in oil prices at the end of last year appeared to affect economic data through higher unemployment and somewhat weaker manufacturing production. Norges Bank's regional network survey also signalled weakening output growth for oil related industries. Underlying inflation was stable at 2.4% y/y in the quarter, remaining well above levels in the Euro area. House prices and housing market turnover continued to rise, which was a key factor in Norges Bank's decision in March to leave policy rates unchanged at 1.25% in contrast to market expectations of a rate cut. However, the forward-looking rate trajectory suggested that the Norwegian central bank stands prepared to ease monetary policy in the coming quarters. Norwegian equities rose 7% in the quarter while 10y yields dropped 6 basis points. The Norwegian krona has been stable in trade-weighted terms.

*Sweden*
The Swedish economy continued to hold up relatively well despite the slow euro area recovery. The primary drivers were strong developments in investments, household consumption and service production, - while industrial production and exports remained subdued. Robust domestic demand in combination with favourable financial conditions caused further house price increases and sustained credit growth. The Riksbank delivered aggressive easing measures by cutting the repo rate to -0.25% and introducing a government bond purchase programme in order to stem the low inflation and inflation expectations. Moreover, the Swedish central bank clearly stated that additional actions will be taken should if necessary. Swedish equities rose by 14% in the quarter while 10-year yields dropped 52 basis points. The Swedish krona weakened 2% in trade-weighted terms, predominantly caused by the sharp appreciation of the USD.

# Group results and performance

## First quarter 2015

### Net interest income

Net interest income decreased 4% in local currencies (-5% in EUR) from previous quarter to EUR 1,288m, mainly due to lower net interest income in the business areas following pressure on deposit margins. Adjusted for two fewer interest days in the quarter, Net interest income is down 2%. Net interest margin* was down 5 basis points to 1.03% in the first quarter. Deposit margins decreased while corporate and household lending margins were up somewhat.

Net interest income for Retail Banking was down 6% in local currencies, mainly due to lower deposit margins following negative interest rates in Denmark and Sweden, and lower capital benefit rates.

Wholesale Banking reports a 11% decline in local currencies mainly due to a new methodology for calculating return on allocated equity in Russia, which is offset in Group Functions, and lower deposit margins, yield fees and capital benefit rate.

Net interest income in Wealth is somewhat down due to lower deposit margins and seasonality.

Net interest income in Group Corporate Centre improved mainly due to lower allocation of net interest income to business areas and successful positioning for lower rates.

*Lending volumes*
Loans to the public, excluding repos, increased 3% from previous quarter. Average lending volumes in business areas increased 1% from previous quarter and 3% from first quarter 2014 in local currencies, with no major differences between geographies.

*Deposit volumes*
Total deposits from the public excluding repos decreased 1% from previous quarter. Average deposit volumes in business areas increased 1% from previous quarter and 2% from first quarter 2014 in local currencies.

**Net interest income per business area**

| EURm | Q115 | Q414 | Q314 | Q214 | Q114 | Q1/Q4 | Q1/Q1 | Loc.curr Q1/Q4 | Q1/Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Retail Banking | 904 | 964 | 966 | 956 | 944 | -6% | -4% | -6% | -2% |
| Wholesale Banking | 254 | 294 | 283 | 278 | 271 | -14% | -6% | -11% | 0% |
| Wealth Management | 28 | 33 | 34 | 38 | 37 | -15% | -24% | -16% | -23% |
| Group Corporate Centre | 70 | 51 | 70 | 71 | 92 | 37% | -24% | n.m | n.m |
| Other and eliminations | 32 | 14 | 43 | 25 | 18 | 129% | 77% | n.m | n.m |
| **Total Group** | **1,288** | **1,356** | **1,396** | **1,368** | **1,362** | **-5%** | **-5%** | **-4%** | **-3%** |

**Change in Net interest income**

| EURm | Q1/Q4 | Q1/Q1 |
|---|---|---|
| Margin driven NII | -41 | -64 |
| Lending margin | 16 | 34 |
| Deposit margin | -39 | -85 |
| Other in BA | -18 | -13 |
| Volume driven NII | 9 | 41 |
| Lending volume | 8 | 37 |
| Deposit volume | 1 | 4 |
| Day count | -30 | 0 |
| GCC | 1 | -10 |
| Other* | -7 | -41 |
| **Total NII change** | **-68** | **-74** |
| *of which FX | -13 | -36 |

## Net fee and commission income

Net fee and commission income remained at a solid level in the first quarter at EUR 757m, unchanged in local currencies from the seasonally strong fourth quarter (-1% in EUR).

*Savings and investments commissions*

Net fee and commission income from savings and investments increased 8% in local currencies in the first quarter from the fourth quarter to EUR 477m. Assets under Management (AuM) increased 11% to EUR 290bn following a sustained strong net inflow with all segments contributing positively as well as a positive investment performance. Net inflow reached an all-time high at EUR 7.2bn, corresponding to a yearly level of 11% of Assets under Management at the end of 2014. Brokerage and corporate finance fees improved 25% from the previous quarter following high activity, while custody fees are somewhat down due to seasonality.

*Payments and cards and lending-related commissions*

Lending-related net fee and commission income decreased 16% in local currencies to EUR 169m (-14% in EUR) from the very high level in the previous quarter. Payments and cards net fee and commission income was relatively unchanged from the previous quarter.

**Net fee and commission income per business area**

| EURm | Q115 | Q414 | Q314 | Q214 | Q114 | Q1/Q4 | Q1/Q1 | Loc.curr Q1/Q4 | Q1/Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Retail Banking | 291 | 277 | 274 | 260 | 273 | 5% | 7% | 6% | 9% |
| Wholesale Banking | 143 | 172 | 138 | 157 | 173 | -17% | -17% | -16% | -16% |
| Wealth Management | 342 | 331 | 263 | 300 | 278 | 3% | 23% | 3% | 24% |
| Group Corporate Centre | -4 | -3 | -3 | -2 | -3 | n.m | n.m | n.m | n.m |
| Other and eliminations | -15 | -14 | -5 | -7 | -17 | n.m | n.m | n.m | n.m |
| **Total Group** | **757** | **763** | **667** | **708** | **704** | **-1%** | **8%** | **0%** | **9%** |

**Net fee and commission income per category**

| EURm | Q115 | Q414 | Q314 | Q214 | Q114 | Q1/Q4 | Q1/Q1 | Loc.curr Q1/Q4 | Q1/Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Savings and investments, net | 477 | 443 | 370 | 430 | 398 | 8% | 20% | 8% | 21% |
| Payments and cards, net | 144 | 142 | 160 | 148 | 147 | 1% | -2% | -1% | 3% |
| Lending-related, net | 169 | 196 | 165 | 168 | 178 | -14% | -5% | -16% | -11% |
| Other commissions, net | 2 | 14 | 6 | -5 | 15 | n.m | n.m | n.m | n.m |
| State guarantee fees | -35 | -32 | -34 | -32 | -35 | n.m | n.m | n.m | n.m |
| **Total Group** | **757** | **763** | **667** | **708** | **704** | **-1%** | **8%** | **0%** | **9%** |

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

| EURbn | Q115 | Q115 Net inflow | Q414 | Q314 | Q214 | Q114 |
|---|---|---|---|---|---|---|
| Nordic Retail funds | 54.9 | 1.6 | 48.1 | 46.3 | 44.9 | 43.0 |
| Private Banking | 92.9 | 1.4 | 84.4 | 82.0 | 81.2 | 79.1 |
| Institutional sales | 74.3 | 3.5 | 66.8 | 63.5 | 61.0 | 57.3 |
| Life & Pensions | 67.9 | 0.7 | 62.9 | 62.7 | 61.2 | 59.3 |
| **Total** | **290.0** | **7.2** | **262.2** | **254.5** | **248.3** | **238.7** |

## Net result from items at fair value

The net result from items at fair value increased 75% from the previous quarter to EUR 644m (EUR 367m), due to higher activity in the customer business and favourable market making conditions.

*Capital Markets income for customers in Wholesale Banking, Retail Banking and Private Banking*
The customer-driven capital markets activities generated higher income in the customer business than in the previous quarter, due to higher corporate activity following higher volatility. The net fair value result for the business units increased to EUR 286m, from EUR 240m in the previous quarter.

*Life & Pensions*
The net result from items at fair value for Life & Pensions decreased to EUR 55m in the first quarter from a strong previous quarter that was positively affected by fee recognition in Denmark and Sweden.

*Wholesale Banking other*
The net fair value result for Wholesale Banking other, i.e. income from managing the risks inherent in customer transactions, increased to EUR 207m compared to EUR 37m in the previous quarter..

*Group Functions and Other and eliminations*
The net fair value result of Group Corporate Centre was EUR 92m compared to EUR 15m in the fourth quarter and was mainly related to interest-rate-related items and equity. One of the holdings received an extraordinary dividend which led to positive revaluation effect of EUR 23m. In Other and eliminations, the net result from items at fair value was EUR 4m in the first quarter compared to EUR -19m in the fourth quarter.

**Net result from items at fair value per area**

| EURm | Q115 | Q414 | Q314 | Q214 | Q114 | Q1/Q4 | Q1/Q1 |
|---|---|---|---|---|---|---|---|
| Retail Banking | 145 | 134 | 75 | 94 | 96 | 8% | 51% |
| Wholesale Banking excl. Other | 105 | 83 | 60 | 90 | 70 | 27% | 50% |
| Wealth Mgmt excl. Life | 36 | 23 | 21 | 25 | 25 | 57% | 44% |
| Wholesale Banking Other | 207 | 37 | 78 | 116 | 145 | | 43% |
| Life & Pensions | 55 | 94 | 68 | 53 | 46 | -41% | 20% |
| Group Corporate Centre | 92 | 15 | 28 | 19 | 22 | | |
| Other and eliminations | 4 | -19 | -39 | -41 | 7 | n.m | n.m |
| **Total Group** | **644** | **367** | **291** | **356** | **411** | **75%** | **57%** |

## Equity method

Income from companies accounted for under the equity method was EUR 10m, compared to EUR -1m in the previous quarter. Income from Exportfinans improved to EUR 6m (EUR -5m).

## Other operating income

Other operating income was EUR 15m compared to EUR 28m in the previous quarter.

## Total operating income

Total income increased 9% in local currencies (+8% in EUR) from the previous quarter to EUR 2,714m.

**Total operating income per business area**

| EURm | Q115 | Q414 | Q314 | Q214 | Q114 | Q1/Q4 | Q1/Q1 | Loc.curr Q1/Q4 | Q1/Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Retail Banking | 1,350 | 1,385 | 1,323 | 1,318 | 1,320 | -3% | 2% | -2% | 5% |
| Wholesale Banking | 710 | 587 | 560 | 642 | 660 | 21% | 8% | 23% | 11% |
| Wealth Management | 467 | 488 | 391 | 420 | 394 | -4% | 19% | -4% | 19% |
| Group Corporate Centre | 159 | 70 | 98 | 91 | 113 | 127% | 41% | n.m | n.m |
| Other and eliminations | 28 | -17 | 382 | -15 | 14 | n.m | n.m | n.m | n.m |
| **Total incl. non-recurring items** | **2,714** | **2,513** | **2,754** | **2,456** | **2,501** | **8%** | **9%** | **9%** | **11%** |
| **Total, excl. non-recurring items[1]** | **2,714** | **2,513** | **2,377** | **2,456** | **2,501** | **8%** | **9%** | **9%** | **11%** |

[1] Non-recurring item (Q3 2014: gain from the divestment of Nets EUR 378m)

## Total expenses

Total expenses in the first quarter amounted to EUR 1,184m, down 3% in local currencies (-4% in EUR) from the previous quarter.

Staff costs were up 3% in local currencies (+3% in EUR) mainly due to higher performance related expenses and pension expenses following lower interest rates. Other expenses were down 12% in local currencies (-13% in EUR) from the previous quarter and depreciation was down 19% (-17% in EUR).

The number of employees (FTEs) at the end of the first quarter was down somewhat from the end of the previous quarter and from the end of the first quarter of 2014.

Provisions for performance-related salaries in the first quarter were EUR 95m, compared to EUR 73m in the previous quarter.

In local currencies, costs were down 2% from the first quarter 2014 and down 5% vs. Q4/13.

In local currencies and excluding performance related salaries, costs were down 3.4% from the previous quarter and down 3.1% from the first quarter 2014.

The cost/income ratio was at a record low of 43.6% in the quarter, down 5.2 %-points from the previous quarter.

## Currency fluctuation impact

Currency fluctuations had a net reducing effect of 1 %-point on income and costs for the first quarter compared to the fourth quarter and a reducing effect of 2 %-points on income and 3 %-points on costs for the first quarter compared to the first quarter of the previous year. The effect on loan and deposit volumes was approx. +1 %-point compared to the previous quarter and -1 %-point compared to one year ago.

**Total operating expenses**

| EURm | Q115 | Q414 | Q314 | Q214 | Q114 | Q1/Q4 | Q1/Q1 | Loc.curr Q1/Q4 | Q1/Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Staff cost | -777 | -758 | -728 | -907 | -756 | 3% | 3% | 3% | 6% |
| Other expenses | -363 | -416 | -378 | -415 | -426 | -13% | -15% | -12% | -13% |
| Depreciations | -44 | -53 | -410 | -64 | -55 | -17% | -20% | -19% | -18% |
| **Total incl. non-recurring items** | **-1,184** | **-1,227** | **-1,516** | **-1,386** | **-1,237** | **-4%** | **-4%** | **-3%** | **-2%** |
| **Total, excl. non-recurring items[1]** | **-1,184** | **-1,227** | **-1,172** | **-1,196** | **-1,237** | **-4%** | **-4%** | **-3%** | **-2%** |

[1] Non-recurring items (Q2 2014: restructuring costs EUR 190m, Q3 2014: impairment of intangible assets EUR 344m).

**Total operating expenses per business area**

| EURm | Q115 | Q414 | Q314 | Q214 | Q114 | Q1/Q4 | Q1/Q1 | Loc.curr Q1/Q4 | Q1/Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Retail Banking | -668 | -725 | -686 | -711 | -718 | -8% | -7% | -7% | -5% |
| Wholesale Banking | -226 | -227 | -200 | -222 | -217 | 0% | 4% | 1% | 9% |
| Wealth Management | -192 | -207 | -185 | -197 | -198 | -7% | -3% | -8% | -1% |
| Group Corporate Centre | -67 | -73 | -65 | -68 | -67 | -8% | 0% | n.m | n.m |
| Other and eliminations | -31 | 5 | -380 | -188 | -37 | n.m | n.m | n.m | n.m |
| **Total incl. non-recurring items** | **-1,184** | **-1,227** | **-1,516** | **-1,386** | **-1,237** | **-4%** | **-4%** | **-3%** | **-2%** |
| **Total, excl. non-recurring items[1]** | **-1,184** | **-1,227** | **-1,172** | **-1,196** | **-1,237** | **-4%** | **-4%** | **-3%** | **-2%** |

[1] Non-recurring items (Q2 2014: restructuring costs EUR 190m, Q3 2014: impairment of intangible assets EUR 344m).

**Currency fluctuation effects**

| %-points | Q1/Q4 | Q1/Q1 |
|---|---|---|
| Income | -1 | -2 |
| Expenses | -1 | -3 |
| Operating profit | -1 | -2 |
| Loan and deposit volumes | 1 | -1 |

## Net loan losses

Net loan loss provisions were EUR 122m and the loan loss ratio was 14 basis points (EUR 129m, 15 basis points in the previous quarter). Danish loan loss provisions decreased from the previous quarter. In Corporate and Institutional Banking loan losses increased somewhat, related to very few individual exposures. In other areas the losses were relatively stable, with normal volatility between quarters.

Collective provisions increased by EUR 1m in the first quarter (reversal of collective provisions of EUR 4m in the previous quarter).

## Credit portfolio

Total lending to the public, excluding reversed repurchase agreements, amounted to EUR 311bn, which was up 1% from the previous quarter in local currencies. Overall, the credit quality of the loan portfolio remained solid in the first quarter, with no net migration in the corporate or the retail portfolios.

The impaired loans ratio decreased to 159 basis points of total loans (174 basis points). Total impaired loans gross decreased by 4% compared to the previous quarter and the non-performing part of impaired loans was up by 1% from the previous quarter. The provisioning ratio increased from the end of the fourth quarter to 45% (43%).

**Loan loss ratios and impaired loans**

| Basis points of loans | Q115 | Q414 | Q314 | Q214 | Q114 |
|---|---|---|---|---|---|
| Loan loss ratios annualised, Group | 14 | 15 | 12 | 16 | 18 |
| of which individual | 14 | 15 | 12 | 15 | 18 |
| of which collective | 0 | 0 | 0 | 1 | 0 |
| Banking Denmark | 27 | 31 | 27 | 36 | 41 |
| Banking Finland | 16 | 17 | 20 | 16 | 6 |
| Banking Norway | 16 | 14 | 7 | 15 | 12 |
| Banking Sweden | 4 | 4 | -5[1] | 4 | 4 |
| Banking Baltic countries | -5[1] | 25 | 68 | 63 | 140 |
| Corporate & Institutional Banking (CIB) | 26 | 16 | 27 | 42 | 39 |
| Shipping, Offshore & Oil Services | 9 | -24[1] | 7 | -102[1] | -19[1] |
| Banking Russia | 17 | 77 | 12 | 0 | 6 |
| Impaired loans ratio gross, Group (bps) | 159 | 174 | 170 | 170 | 171 |
| - performing | 62% | 64% | 64% | 64% | 62% |
| - non-performing | 38% | 36% | 36% | 36% | 38% |
| Total allowance ratio, Group (bps) | 71 | 74 | 74 | 75 | 76 |
| Provisioning ratio, Group[2] | 45% | 43% | 44% | 44% | 45% |

[1] Net Reversals

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

## Profit

### Operating profit
Operating profit was up 23% in local currencies (+22% in EUR), to EUR 1,408m for the continuing operations.

### Taxes
Income tax expense was EUR 326m. The effective tax rate was 23.2%, compared to 24.2% in the previous quarter and 24.1% in the first quarter last year.

### Net profit
Net profit from the continuing operations increased 23% from the previous quarter to EUR 1,082m. Return on equity was 14.3%, up 2.5 %-points from the previous quarter.

Diluted earnings per share were EUR 0.27 for the total operations (EUR 0.22 in the previous quarter).

**Operating profit per business area**

| EURm | Q115 | Q414 | Q314 | Q214 | Q114 | Q1/Q4 | Q1/Q1 | Loc.curr Q1/Q4 | Q1/Q1 |
|---|---|---|---|---|---|---|---|---|---|
| Retail Banking | 592 | 558 | 551 | 488 | 478 | 6% | 24% | 7% | 27% |
| Wholesale Banking | 454 | 334 | 335 | 407 | 409 | 36% | 11% | 39% | 13% |
| Wealth Management | 274 | 279 | 206 | 222 | 196 | -2% | 40% | -2% | 40% |
| Group Corporate Centre | 92 | -3 | 33 | 23 | 46 | n.m | n.m | n.m | n.m |
| Other and eliminations | -4 | -11 | 1 | -205 | -23 | n.m | n.m | n.m | n.m |
| **Total, incl. non-recurring items** | **1,408** | **1,157** | **1,126** | **935** | **1,106** | **22%** | **27%** | **23%** | **29%** |
| **Total, excl. non-recurring items[1]** | **1,408** | **1,157** | **1,093** | **1,125** | **1,106** | **22%** | **27%** | **23%** | **29%** |

[1] Non-recurring items (Q2 2014: restructuring costs EUR 190m, Q3 2014: gain from the divestment of Nets EUR 378m and impairment of intangible assets EUR 344m).

## First quarter 2015 compared to first quarter 2014

Total income was up 11% in local currencies (+9% in EUR) from last year and operating profit was up 29% in local currencies (+27% in EUR) from last year.

### Income
Net interest income was down 3% in local currencies (down 5% in EUR) from last year. Average lending volumes in business areas increased 3% from first quarter 2014 in local currencies. Average deposit volumes in business areas increased 2% from first quarter 2014 in local currencies. Lending margins were higher, while deposit margins were down from one year ago.

Net fee and commission income increased 9% in local currencies (+8% in EUR) and the net result from items at fair value increased by 58% in local currencies (57% in EUR) from last year.

### Expenses
Total expenses were down 2% in local currencies (-4% in EUR) from previous year. Staff costs were up 6% in local currencies (+3% in EUR).

In local currencies and excluding performance related salaries, costs were down 3.1%.

### Net loan losses
Net loan loss provisions decreased to EUR 122m, corresponding to a loan loss ratio of 14 basis points (18 basis points for first quarter last year).

### Net profit
Net profit increased 31% in local currencies (+29% in EUR) to EUR 1,082m.

### Currency fluctuation impact
Currency fluctuations had a reducing effect of 2 %-points on income and 3 %-points on expenses and approx. -1 %-point on loan and deposit volumes compared to a year ago.

## Other information

### Capital position and risk exposure amount, REA

The Group's fully loaded Basel III common equity tier 1 (CET1) capital ratio decreased to 15.6% at the end of the first quarter 2015 from 15.7% at the end of the fourth quarter 2014. The CET1 capital ratio was negatively affected by 20 basis points due to currency effects, countered by strong profit generation and the continuous focus on capital management.

The tier 1 capital ratio decreased to 17.5% and the total capital ratio decreased from 20.7 to 20.3%.

REA was EUR 151.5bn, an increase of EUR 6.0bn from previous quarter. This was mainly driven by foreign exchange effects. A reduction in REA of EUR 1.1bn was realised in the quarter following a continued capital management focus.

The CET1 capital was EUR 23.6bn, tier 1 capital was EUR 26.5bn and own funds were EUR 30.8bn. The capital requirement based on the transitional rules was EUR 18.3bn and adjusted own funds were EUR 30.8bn.

The CRR leverage ratio remained stable at 4.3% and including profit at 4.4%. Updates to the leverage ratio calculations, in accordance to the delegated regulation 2015\62, have been implemented.

Economic Capital (EC) was at the end of the first quarter EUR 25.2bn, an increase of EUR 1.4bn from the end of the previous quarter (comparing to re-stated EC for Q4 2014). The increase is mainly due to the introduction of the Norwegian risk weight floor, given an assumption of 25 per cent the equivalent CET1 impact would be 25 basis points. The floor is introduced as a supervisory measure within the Pillar 2 framework and the reported capital ratios under Pillar 1 will thereby be unaffected.

### Regulatory developments

As anticipated and previously communicated by the SFSA, the authority decided that Nordea shall hold a Systemic risk buffer (SRB) of 3 % to be met with CET1 capital. The buffer is activated from the 1st January 2015 and only applicable for Nordea's consolidated situation.

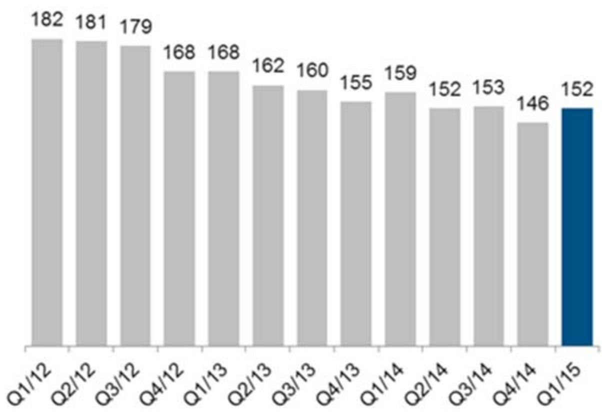
The Group's Internal Capital Requirement (ICR) was at the end of the first quarter EUR 15,002m; this is an increase of EUR 24m compared to the previous quarter. The ICR should be compared to the own funds which was EUR 30,814m at the end of the first quarter. The ICR is calculated based on a Pillar I plus Pillar II approach, for more detailed information about the ICR methodology see the Capital and Risk Management Report.

Further capital information can be found in Fact book, under the risk, liquidity and capital management section and in our Capital and Risk Management report (Pillar III), under the Capital Adequacy section in accordance with Part Eight, CRR.

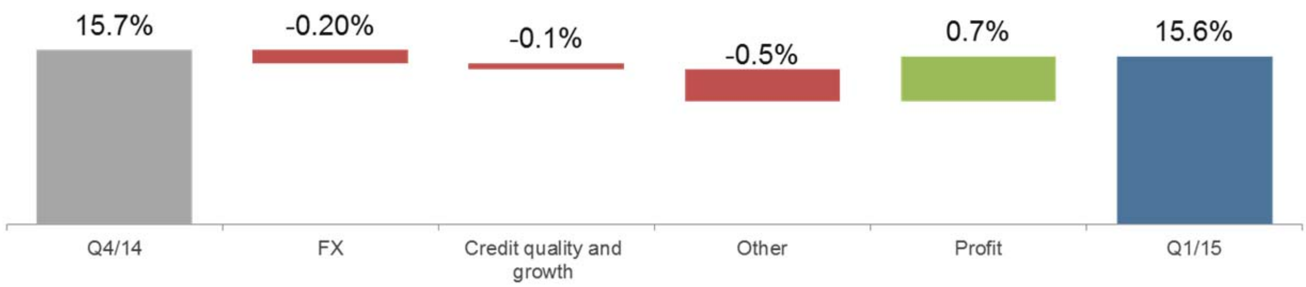
Capital ratios

| % | Q115 | Q414 | Q314 | Q214 | Q114 |
|---|---|---|---|---|---|
| CRR/CRDIV | | | | | |
| Common equity tier 1 capital ratio | 15.6 | 15.7 | 15.6 | 15.2 | 14.6 |
| Tier 1 capital ratio | 17.5 | 17.6 | 17.4 | 16.2 | 15.6 |
| Total capital ratio | 20.3 | 20.7 | 20.2 | 19.0 | 18.4 |

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




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



## Balance sheet
Total assets in the balance sheet increased to EUR 726bn from EUR 669bn at the end of the previous quarter, mainly due to a higher market value of derivatives. The derivative balance sheet values continued to increase in the quarter and the assets values of derivatives were EUR 20bn higher than in the previous quarter. The corresponding increase in derivative liabilities was EUR 23bn.

The increase in derivatives was not volume-driven but due to changes in the market rates. Long-term interest rates continued to decline in Q1. The lower long term rates lead to increased market values of long term interest rate derivatives. The market values of currency swaps increased also due to market movements in foreign exchange rates and the USD appreciation. Despite the substantial increase in market values, the net credit exposure for derivatives increased by only EUR 2bn.

**Balance sheet data**

| EURbn | Q115 | Q414 | Q314 | Q214 | Q114 |
|---|---|---|---|---|---|
| Loans to credit institutions | 12 | 12 | 14 | 15 | 12 |
| Loans to the public | 358 | 348 | 360 | 347 | 346 |
| Derivatives | 124 | 105 | 93 | 79 | 70 |
| Interest-bearing securities | 91 | 87 | 93 | 89 | 87 |
| Other assets | 141 | 117 | 109 | 107 | 121 |
| **Total assets** | **726** | **669** | **669** | **637** | **636** |
| | | | | | |
| Deposits from credit inst. | 66 | 56 | 58 | 54 | 53 |
| Deposits from the public | 209 | 197 | 205 | 202 | 204 |
| Debt securities in issue | 199 | 194 | 191 | 186 | 186 |
| Derivatives | 120 | 97 | 85 | 70 | 64 |
| Other liabilities | 104 | 94 | 100 | 97 | 101 |
| Total equity | 28 | 30 | 30 | 29 | 28 |
| **Total liabilities and equity** | **726** | **669** | **669** | **637** | **636** |

## Nordea's funding and liquidity operations
Nordea issued approx. EUR 8.4bn in long-term funding in the first quarter excluding Danish covered bonds and subordinated notes, of which approx. EUR 5.6bn represented the issuance of Swedish, Norwegian and Finnish covered bonds in domestic and international markets. Notable transactions in the quarter were in February a double tranche out of NBF of EUR 1bn, with 5.25 years and 12 years maturity, respectively, and a EUR 1bn 10-year senior tranche in February. Finally, in March Nordea issued an additional tier 1 triple tranche instrument in USD, SEK and NOK, equivalent to EUR 0.8bn.

Nordea's long-term funding portion of total funding was, at the end of the first quarter, unchanged at 76.3%.

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, 135% at the end of the first quarter. The LCR in EUR was 157% and in USD 192% at the end of the first quarter. With the new suggested Basel definition, the total LCR and the LCRs per currency for the Group would be even higher. The liquidity buffer consists of highly liquid central bank eligible securities with characteristics similar to Basel III/CRD IV liquid assets and amounted to EUR 66bn at the end of the first quarter (EUR 67bn at the end of the fourth quarter).

**Funding and liquidity data**

| | Q115 | Q414 | Q314 | Q214 | Q114 |
|---|---|---|---|---|---|
| Long-term funding portion | 76% | 74% | 74% | 74% | 76% |
| LCR total | 135% | 149% | 133% | 140% | 114% |
| LCR EUR | 157% | 307% | 204% | 134% | 159% |
| LCR USD | 192% | 169% | 113% | 159% | 127% |

## Market risk
Total market risk measured as Value at Risk increased by EUR 30m to EUR 73m in the first quarter compared to the fourth quarter of 2014, mainly due to an increase in interest rate and foreign exchange risk VaR.

**Market risk**

| EURm | Q115 | Q414 | Q314 | Q214 | Q114 |
|---|---|---|---|---|---|
| Total risk, VaR | 73 | 43 | 52 | 57 | 90 |
| Interest rate risk, VaR | 64 | 37 | 54 | 59 | 95 |
| Equity risk, VaR | 9 | 10 | 5 | 8 | 5 |
| Foreign exchange risk, VaR | 12 | 7 | 12 | 11 | 18 |
| Credit spread risk, VaR | 13 | 13 | 7 | 7 | 10 |
| Diversification effect | 25% | 36% | 34% | 33% | 29% |

## Nordea share
In the first quarter, Nordea's share price on the Nasdaq Stockholm Exchange appreciated from SEK 90.90 to SEK 105.30.

## Annual General Meeting
The AGM on 19 March 2015 decided on a dividend of EUR 0.62 per share, corresponding to a payout ratio of 70% of net profit (adjusted for an impairment charge of EUR 344m).

The AGM approved an authorisation for the Board of Directors to decide on a repurchase of own shares on a regulated market, or by means of an acquisition offer directed at all shareholders, and an authorisation to decide on they conveyance of own shares, to be used as payment for or financing of acquisitions of companies or businesses.

The AGM also 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.

## Quarterly development, Group

| EURm | Q1 2015 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 |
|---|---|---|---|---|---|
| Net interest income | 1,288 | 1,356 | 1,396 | 1,368 | 1,362 |
| Net fee and commission income | 757 | 763 | 667 | 708 | 704 |
| Net result from items at fair value | 644 | 367 | 291 | 356 | 411 |
| Equity method | 10 | -1 | 7 | 3 | 9 |
| Other operating income | 15 | 28 | 393 | 21 | 15 |
| **Total operating income** | **2,714** | **2,513** | **2,754** | **2,456** | **2,501** |
| General administrative expenses: | | | | | |
| Staff costs | -777 | -758 | -728 | -907 | -756 |
| Other expenses | -363 | -416 | -378 | -415 | -426 |
| Depreciation of tangible and intangible assets | -44 | -53 | -410 | -64 | -55 |
| **Total operating expenses** | **-1,184** | **-1,227** | **-1,516** | **-1,386** | **-1,237** |
| **Profit before loan losses** | **1,530** | **1,286** | **1,238** | **1,070** | **1,264** |
| Net loan losses | -122 | -129 | -112 | -135 | -158 |
| **Operating profit** | **1,408** | **1,157** | **1,126** | **935** | **1,106** |
| Income tax expense | -326 | -280 | -188 | -219 | -266 |
| **Net profit for the period from continuing operations** | **1,082** | **877** | **938** | **716** | **840** |
| Net profit for the period from discontinued operations, after tax | 0 | 0 | 0 | -30 | -9 |
| **Net profit for the period** | **1,082** | **877** | **938** | **686** | **831** |
| Diluted earnings per share (DEPS), EUR - Total operations | 0.27 | 0.22 | 0.23 | 0.17 | 0.21 |
| DEPS, rolling 12 months up to period end, EUR - Total operations | 0.89 | 0.83 | 0.80 | 0.76 | 0.78 |

## Accounting policies

The accounting policies used for recognising and measuring items in the financial statements are in accordance with International Financial Reporting Standards (IFRS) as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559) and the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25, with amendments in FFFS 2009:11, 2011:54, 2013:2, 2013:24 and 2014:18) have been applied.

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

### Changed accounting policies and presentation

The accounting policies used for recognising and measuring items in the financial statements are in all material aspects unchanged in comparison with the 2014 Annual Report.

**Interim Management Statement**

As from the first quarter 2015 an Interim Management Statement replaces the earlier published Interim Report for the first and third quarters. The Interim Management Statement is less comprehensive than the Interim Report that will be published for the second quarter. Some of the information presented in the Interim Report but not in the Interim Management Statement is for the first and the third quarters presented in the Fact Book separately disclosed on nordea.com.

**IFRIC 21 “Levies”**

The new interpretation IFRIC 21 “Levies” published by IASB was implemented 1 January 2015. IFRIC 21 is an interpretation of IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. IFRIC 21 clarifies that if a levy is triggered by operating as a bank at the end of the reporting period, the liability for the levy is not recognised prior to that date. IFRIC 21 has not had any significant impact on Nordea’s financial statements.

**Other changes in IFRS**

The following amendments published by IASB were implemented 1 January 2015 but have not had any significant impact on Nordea’s financial statements:

- Amendments to IAS 19 “Defined benefit plans: Employee Contributions”
- Annual Improvements to IFRSs, 2010-2012 Cycle
- Annual Improvements to IFRSs, 2011-2013 Cycle

## Income statement

| EURm | Q1 2015 | Q1 2014 | Jan-Dec 2014 |
|---|---|---|---|
| **Operating income** | | | |
| *Interest income* | *2,239* | *2,528* | *9,995* |
| *Interest expense* | *-951* | *-1,166* | *-4,513* |
| Net interest income | 1,288 | 1,362 | 5,482 |
| *Fee and commission income* | *1,002* | *931* | *3,799* |
| *Fee and commission expense* | *-245* | *-227* | *-957* |
| Net fee and commission income | 757 | 704 | 2,842 |
| Net result from items at fair value | 644 | 411 | 1,425 |
| Profit from companies accounted for under the equity method | 10 | 9 | 18 |
| Other operating income | 15 | 15 | 457 |
| **Total operating income** | **2,714** | **2,501** | **10,224** |
| **Operating expenses** | | | |
| General administrative expenses: | | | |
| Staff costs | -777 | -756 | -3,149 |
| Other expenses | -363 | -426 | -1,635 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -44 | -55 | -582 |
| **Total operating expenses** | **-1,184** | **-1,237** | **-5,366** |
| **Profit before loan losses** | **1,530** | **1,264** | **4,858** |
| Net loan losses | -122 | -158 | -534 |
| **Operating profit** | **1,408** | **1,106** | **4,324** |
| Income tax expense | -326 | -266 | -953 |
| **Net profit for the period from continuing operations** | **1,082** | **840** | **3,371** |
| Net profit for the period from discontinued operations, after tax | 0 | -9 | -39 |
| **Net profit for the period** | **1,082** | **831** | **3,332** |
| **Attributable to:** | | | |
| Shareholders of Nordea Bank AB (publ) | 1,082 | 831 | 3,332 |
| Non-controlling interests | - | - | - |
| **Total** | **1,082** | **831** | **3,332** |
| Basic earnings per share, EUR - Total operations | 0.27 | 0.21 | 0.83 |
| Diluted earnings per share, EUR - Total operations | 0.27 | 0.21 | 0.83 |

## Statement of comprehensive income

| EURm | Q1 2015 | Q1 2014 | Jan-Dec 2014 |
|---|---|---|---|
| **Net profit for the period** | **1,082** | **831** | **3,332** |
| **Items that may be reclassified subsequently to the income statement** | | | |
| Currency translation differences during the period | 368 | -30 | -1,039 |
| Hedging of net investments in foreign operations: | | | |
| Valuation gains/losses during the period | -139 | -14 | 435 |
| Tax on valuation gains/losses during the period | 31 | 3 | -96 |
| Available for sale investments:[1] | | | |
| Valuation gains/losses during the period | 44 | 11 | 40 |
| Tax on valuation gains/losses during the period | -12 | -3 | -8 |
| Cash flow hedges: | | | |
| Valuation gains/losses during the period | -14 | -31 | 31 |
| Tax on valuation gains/losses during the period | 2 | 6 | -7 |
| **Items that may not be reclassified subsequently to the income statement** | | | |
| Defined benefit plans: | | | |
| Remeasurement of defined benefit plans | -234 | -57 | -518 |
| Tax on remeasurement of defined benefit plans | 52 | 11 | 120 |
| **Other comprehensive income, net of tax[2]** | **98** | **-104** | **-1,042** |
| **Total comprehensive income** | **1,180** | **727** | **2,290** |
| **Attributable to:** | | | |
| Shareholders of Nordea Bank AB (publ) | 1,180 | 727 | 2,290 |
| Non-controlling interests | - | - | - |
| **Total** | **1,180** | **727** | **2,290** |

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

[2] Of which EUR 2m for Q1 2015 (Q1 2014: EUR -12m, Jan-Dec 2014: EUR -12m) related to discontinued operations.

## Balance sheet

| EURm | 31 Mar 2015 | 31 Dec 2014 | 31 Mar 2014 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 35,080 | 31,067 | 32,553 |
| Loans to central banks | 15,323 | 6,958 | 8,771 |
| Loans to credit institutions | 11,914 | 12,217 | 11,872 |
| Loans to the public | 357,720 | 348,085 | 346,384 |
| Interest-bearing securities | 90,911 | 87,110 | 87,457 |
| Financial instruments pledged as collateral | 10,709 | 12,151 | 8,643 |
| Shares | 45,712 | 39,749 | 34,184 |
| Derivatives | 124,440 | 105,119 | 69,909 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 243 | 256 | 203 |
| Investments in associated undertakings | 501 | 487 | 518 |
| Intangible assets | 3,023 | 2,908 | 3,259 |
| Properties and equipment | 547 | 509 | 474 |
| Investment properties | 3,222 | 3,227 | 3,585 |
| Deferred tax assets | 126 | 130 | 78 |
| Current tax assets | 283 | 132 | 171 |
| Retirement benefit assets | 38 | 42 | 321 |
| Other assets | 24,133 | 17,581 | 16,701 |
| Prepaid expenses and accrued income | 1,929 | 1,614 | 2,493 |
| Assets held for sale | - | - | 8,822 |
| **Total assets** | **725,854** | **669,342** | **636,398** |
| *Of which assets customer bearing the risk* | *32,933* | *29,125* | *25,945* |
| **Liabilities** | | | |
| Deposits by credit institutions | 65,868 | 56,322 | 53,039 |
| Deposits and borrowings from the public | 208,716 | 197,254 | 203,688 |
| Liabilities to policyholders | 56,309 | 51,843 | 48,933 |
| Debt securities in issue | 199,256 | 194,274 | 186,342 |
| Derivatives | 119,676 | 97,340 | 64,015 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 3,721 | 3,418 | 2,181 |
| Current tax liabilities | 367 | 368 | 407 |
| Other liabilities | 30,509 | 26,973 | 33,416 |
| Accrued expenses and prepaid income | 2,595 | 1,943 | 4,079 |
| Deferred tax liabilities | 922 | 983 | 913 |
| Provisions | 298 | 305 | 173 |
| Retirement benefit obligations | 750 | 540 | 379 |
| Subordinated liabilities | 8,395 | 7,942 | 6,554 |
| Liabilities held for sale | - | - | 4,042 |
| **Total liabilities** | **697,382** | **639,505** | **608,161** |
| **Equity** | | | |
| Non-controlling interests | 2 | 2 | 2 |
| Share capital | 4,050 | 4,050 | 4,050 |
| Share premium reserve | 1,080 | 1,080 | 1,080 |
| Other reserves | -1,103 | -1,201 | -263 |
| Retained earnings | 24,443 | 25,906 | 23,368 |
| **Total equity** | **28,472** | **29,837** | **28,237** |
| **Total liabilities and equity** | **725,854** | **669,342** | **636,398** |
| Assets pledged as security for own liabilities | 188,807 | 163,041 | 178,048 |
| Other assets pledged | 9,466 | 11,265 | 9,492 |
| Contingent liabilities | 23,019 | 22,017 | 20,282 |
| Credit commitments[1] | 73,332 | 74,291 | 78,807 |
| Other commitments | 1,286 | 1,644 | 1,359 |

[1] Including unutilised portion of approved overdraft facilities of EUR 37,982m (31 Dec 2014: EUR 38,234m, 31 Mar 2014: EUR 43,929m).

## Statement of changes in equity

| | Attributable to shareholders of Nordea Bank AB (publ) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Other reserves: | | | | | | | |
| 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** |
| **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** |

| | Attributable to shareholders of Nordea Bank AB (publ) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Other reserves: | | | | | | | |
| 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** |
| **Balance at 1 Jan 2014** | **4,050** | **1,080** | **-613** | **-18** | **81** | **391** | **24,236** | **29,207** | **2** | **29,209** |
| Net profit for the period | - | - | - | - | - | - | 3,332 | 3,332 | - | 3,332 |
| Other comprehensive income, net of tax | - | - | -700 | 24 | 32 | -398 | - | -1,042 | - | -1,042 |
| *Total comprehensive income* | *-* | *-* | *-700* | *24* | *32* | *-398* | *3,332* | *2,290* | *-* | *2,290* |
| Share-based payments[2] | - | - | - | - | - | - | 16 | 16 | - | 16 |
| Dividend for 2013 | - | - | - | - | - | - | -1,734 | -1,734 | - | -1,734 |
| Disposal of own shares[3] | - | - | - | - | - | - | 56 | 56 | - | 56 |
| **Balance at 31 Dec 2014** | **4,050** | **1,080** | **-1,313** | **6** | **113** | **-7** | **25,906** | **29,835** | **2** | **29,837** |

| | Attributable to shareholders of Nordea Bank AB (publ) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Other reserves: | | | | | | | |
| 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** |
| **Balance at 1 Jan 2014** | **4,050** | **1,080** | **-613** | **-18** | **81** | **391** | **24,236** | **29,207** | **2** | **29,209** |
| Net profit for the period | - | - | - | - | - | - | 831 | 831 | - | 831 |
| Other comprehensive income, net of tax | - | - | -41 | -25 | 8 | -46 | - | -104 | - | -104 |
| *Total comprehensive income* | *-* | *-* | *-41* | *-25* | *8* | *-46* | *831* | *727* | *-* | *727* |
| Share-based payments[2] | - | - | - | - | - | - | 8 | 8 | - | 8 |
| Dividend for 2013 | - | - | - | - | - | - | -1,734 | -1,734 | - | -1,734 |
| Disposal of own shares[3] | - | - | - | - | - | - | 27 | 27 | - | 27 |
| **Balance at 31 Mar 2014** | **4,050** | **1,080** | **-654** | **-43** | **89** | **345** | **23,368** | **28,235** | **2** | **28,237** |

[1] Total shares registered were 4,050 million (31 Dec 2014: 4,050 million, 31 Mar 2014: 4,050 million).

[2] The total holding of own shares related to Long Term Incentive Programme (LTIP) is 15.9 million (31 Dec 2014: 15.9 million, 31 Mar 2014: 28.1 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 2015 was 26.9 million (31 Dec 2014: 23.0 million, 31 Mar 2014: 18.3 million).

# Cash flow statement, condensed - Total operations

| EURm | Jan-Mar 2015 | Jan-Mar 2014 | Jan-Dec 2014 |
|---|---|---|---|
| *Operating activities* | | | |
| Operating profit | 1,408 | 1,106 | 4,324 |
| Profit for the period from discontinued operations, after tax | 0 | -9 | -39 |
| Adjustments for items not included in cash flow | 4,016 | 2,143 | 8,137 |
| Income taxes paid | -467 | -330 | -966 |
| Cash flow from operating activities before changes in operating assets and liabilities | 4,957 | 2,910 | 11,456 |
| Changes in operating assets and liabilities | 4,664 | -4,533 | -22,280 |
| Cash flow from operating activities | 9,621 | -1,623 | -10,824 |
| *Investing activities* | | | |
| Sale/acquisition of associated undertakings | - | - | 481 |
| Properties and equipment | -1 | -63 | -183 |
| Intangible assets | -67 | -68 | -271 |
| Net investments in debt securities, held to maturity | -12 | -36 | 2,750 |
| Other financial fixed assets | 0 | -1 | 477 |
| Cash flow from investing activities | -80 | -168 | 3,254 |
| *Financing activities* | | | |
| Issued/amortised subordinated liabilities | -16 | - | 638 |
| Divestment/repurchase of own shares incl change in trading portfolio | -46 | 27 | 56 |
| Dividend paid | -2,501 | -1,734 | -1,734 |
| Cash flow from financing activities | -2,563 | -1,707 | -1,040 |
| **Cash flow for the period** | **6,978** | **-3,498** | **-8,610** |
| **Cash and cash equivalents at beginning of the period** | **39,683** | **45,670** | **45,670** |
| Translation difference | 3,211 | -45 | 2,623 |
| **Cash and cash equivalents at end of the period** | **49,872** | **42,127** | **39,683** |
| **Change** | **6,978** | **-3,498** | **-8,610** |

| **Cash and cash equivalents** | 31 Mar | 31 Mar | 31 Dec |
|---|---|---|---|
| The following items are included in cash and cash equivalents (EURm): | 2015 | 2014 | 2014 |
| Cash and balances with central banks | 35,080 | 32,553 | 31,067 |
| Loans to central banks | 12,651 | 7,536 | 6,454 |
| Loans to credit institutions | 2,141 | 1,833 | 2,162 |
| Assets held for sale | - | 205 | - |
| **Total cash and cash equivalents** | **49,872** | **42,127** | **39,683** |

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.

**Exchange rates**

| | Jan-Mar 2015 | Jan-Dec 2014 | Jan-Mar 2014 |
|---|---|---|---|
| EUR 1 = SEK | | | |
| Income statement (average) | 9.3804 | 9.1012 | 8.8598 |
| Balance sheet (at end of period) | 9.2901 | 9.3930 | 8.9483 |
| EUR 1 = DKK | | | |
| Income statement (average) | 7.4500 | 7.4548 | 7.4624 |
| Balance sheet (at end of period) | 7.4697 | 7.4453 | 7.4659 |
| EUR 1 = NOK | | | |
| Income statement (average) | 8.7313 | 8.3597 | 8.3495 |
| Balance sheet (at end of period) | 8.7035 | 9.0420 | 8.2550 |
| EUR 1 = RUB | | | |
| Income statement (average) | 70.8841 | 50.9996 | 48.0351 |
| Balance sheet (at end of period) | 62.4400 | 72.3370 | 48.7800 |

## 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 is 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*
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 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 that unexpected losses occur simultaneously.

*RAROCAR*
RAROCAR, % (Risk-adjusted return on capital at risk) is defined as Risk-adjusted profit relative to Economic capital.

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

# Nordea Bank AB (publ)

## Income statement

| EURm | Q1 2015 | Q1 2014 | Jan-Dec 2014 |
|---|---|---|---|
| **Operating income** | | | |
| *Interest income* | *433* | *494* | *1,942* |
| *Interest expense* | *-270* | *-346* | *-1,293* |
| Net interest income | 163 | 148 | 649 |
| *Fee and commission income* | *283* | *287* | *1,093* |
| *Fee and commission expense* | *-68* | *-62* | *-273* |
| Net fee and commission income | 215 | 225 | 820 |
| Net result from items at fair value | 79 | 56 | 186 |
| Dividends | 261 | 350 | 2,333 |
| Other operating income | 159 | 145 | 975 |
| **Total operating income** | **877** | **924** | **4,963** |
| **Operating expenses** | | | |
| General administrative expenses: | | | |
| Staff costs | -284 | -252 | -1,070 |
| Other expenses | -202 | -224 | -904 |
| Depreciation, amortisation and impairment charges of tangible and intangible assets | -31 | -31 | -261 |
| **Total operating expenses** | **-517** | **-507** | **-2,235** |
| **Profit before loan losses** | **360** | **417** | **2,728** |
| Net loan losses | -1 | -27 | -98 |
| Impairment of securities held as financial non-current assets | - | - | -15 |
| **Operating profit** | **359** | **390** | **2,615** |
| Appropriations | - | - | -1 |
| Income tax expense | -20 | -10 | -189 |
| **Net profit for the period** | **339** | **380** | **2,425** |

# Nordea Bank AB (publ)

## Balance sheet

| EURm | 31 Mar 2015 | 31 Dec 2014 | 31 Mar 2014 |
|---|---|---|---|
| **Assets** | | | |
| Cash and balances with central banks | 72 | 931 | 27 |
| Treasury bills | 4,882 | 5,035 | 5,159 |
| Loans to credit institutions | 100,352 | 86,704 | 82,904 |
| Loans to the public | 46,228 | 39,809 | 33,936 |
| Interest-bearing securities | 12,272 | 11,321 | 11,970 |
| Financial instruments pledged as collateral | 154 | 43 | 703 |
| Shares | 7,905 | 6,061 | 4,674 |
| Derivatives | 6,313 | 5,981 | 4,294 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 0 | 1 | -13 |
| Investments in group undertakings | 17,125 | 16,986 | 17,737 |
| Investments in associated undertakings | 7 | 7 | 7 |
| Intangible assets | 827 | 758 | 760 |
| Properties and equipment | 135 | 119 | 145 |
| Deferred tax assets | 15 | 14 | 17 |
| Current tax assets | 100 | 50 | 79 |
| Other assets | 3,239 | 3,727 | 1,599 |
| Prepaid expenses and accrued income | 907 | 884 | 1,261 |
| **Total assets** | **200,533** | **178,431** | **165,259** |
| | | | |
| **Liabilities** | | | |
| Deposits by credit institutions | 34,428 | 27,452 | 25,307 |
| Deposits and borrowings from the public | 54,546 | 49,367 | 46,027 |
| Debt securities in issue | 68,388 | 63,280 | 61,603 |
| Derivatives | 5,175 | 4,653 | 3,563 |
| Fair value changes of the hedged items in portfolio hedge of interest rate risk | 1,543 | 1,368 | 889 |
| Current tax liabilities | 7 | 4 | 0 |
| Other liabilities | 8,135 | 2,895 | 1,834 |
| Accrued expenses and prepaid income | 1,299 | 642 | 1,106 |
| Deferred tax liabilities | 0 | 0 | 0 |
| Provisions | 201 | 206 | 193 |
| Retirement benefit obligations | 181 | 171 | 167 |
| Subordinated liabilities | 8,176 | 7,728 | 5,977 |
| **Total liabilities** | **182,079** | **157,766** | **146,666** |
| **Untaxed reserves** | **4** | **4** | **3** |
| **Equity** | | | |
| Share capital | 4,050 | 4,050 | 4,050 |
| Share premium reserve | 1,080 | 1,080 | 1,080 |
| Other reserves | -12 | -5 | -2 |
| Retained earnings | 13,332 | 15,536 | 13,462 |
| **Total equity** | **18,450** | **20,661** | **18,590** |
| **Total liabilities and equity** | **200,533** | **178,431** | **165,259** |
| | | | |
| Assets pledged as security for own liabilities | 2,445 | 3,946 | 2,656 |
| Other assets pledged | 7,364 | 9,238 | 7,314 |
| Contingent liabilities | 73,580 | 71,103 | 70,938 |
| Credit commitments[1] | 25,893 | 23,824 | 23,518 |

[1] Including unutilised portion of approved overdraft facilities of EUR 14,526m (31 Dec 2014: EUR 14,114m, 31 Mar 2014: 12,991m).

### For further information:

- A press conference with management will be held on 29 April at 9.30 CET, at Smålandsgatan 17, Stockholm.
- An international telephone conference for analysts with management will be held on 29 April at 14.30 CET. Please dial +44(0)20 3427 0503, confirmation code 6910869#, no later than ten minutes in advance. An indexed on-demand version will also be available on www.nordea.com. A replay will be available until 6 May, by dialling +44 (0)20 3427 0598, access code 6910869#.
- An analyst and investor presentation will be held in London on 30 April at 12.00 local time at Corinthia Hotel, Whitehall Place, London SW1A 2BD. To attend, please contact Veronica Molina at Carnegie via e-mail: veronica.molina@carnegie@co.uk
- This interim management statement, an investor presentation and a fact book are available at www.nordea.com.

### Contacts:

| | |
|---|---|
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### Financial calendar

27 May 2015 – Capital Markets Day
16 July 2015 – Second quarter results 2015 (silent period starts 7 July 2015)
21 October 2015 – Third quarter results 2015 (silent period starts 7 October 2015)

Stockholm 29 April 2015

Christian Clausen
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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