Nordea

Fourth Quarter and Full Year Results 2017

Fourth Quarter and Full Year Results 2017

CEO Casper von Koskull's comments on the results:

"In 2017, volumes and margins were relatively stable, and business momentum was solid overall. At the end of 2017, we were negatively impacted by a very low activity level on capital markets. The planned de-risking of the bank, with reduced exposure to Russia, Shipping, Offshore & Oil Services, also reduced income levels.

After years of intense investments, things are happening now and we are entering the next stage on our transformation journey. We have built up our capabilities within compliance and risk management functions. Our digital investments result in an increased roll out frequency of improved products and services to our customers. The core banking platform replacement is proceeding in line with budget and will lead to lower operational risks and improved customer satisfaction. Costs are being reduced as part of improved cost efficiency structures throughout the organisation.

Capital generation in 2017 remains strong and we increased the Common Equity Tier 1 ratio by 110 bps to a record-high 19.5%. The Board proposes a dividend per share of EUR 0.68, compared to EUR 0.65 in 2016. This is in line with Nordea's dividend and capital policy.

We are not satisfied with the development in profit during the latter part of 2017. For 2018 we are confident that net profit will grow, and we expect to see slightly higher revenues, lower costs and a stable credit quality. Nordea today stands much more robust and resilient and I am thus confident that we stand prepared to handle both the risks and challenges, and capitalise on future opportunities in our home markets."

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

Full year 2017 vs. Full year 2016[1,2]

(Fourth quarter 2017 vs. Fourth quarter 2016[1,2])

- Total operating income[1] -3%, in local currencies -3% (-14%, in local currencies -13%)
- Total expenses[2] +4%, in local currencies +5% (+3%, in local currencies +4%)
- Operating profit[1,2] -8%, in local currencies -8% (-30%, in local currencies -29%)
- Common equity tier 1 capital ratio 19.5%, up from 18.4% (up from 18.4%)
- Cost/income ratio[1,2] up to 54% from 50% (up 10% -point from 51%)
- Loan loss ratio of 12 bps, down from 15 bps (down 7 bps from 16 bps)
- Return on equity[1,2] 9.5%, down from 11.5% (down 5.2%-points from 12.9%)
- Diluted EPS[1,2] EUR 0.75 vs. EUR 0.88 (EUR 0.15 vs. EUR 0.25)

3,998
Total operating profit, FY 2017 (EURm)

19.5
CET 1 capital ratio (%)

Summary key figures

EURm	Q4 2017	Q3 2017	Chg %	Local curr. %	Q4 2016	Chg %	Local curr. %	Jan-Dec 2017	Jan-Dec 2016	Chg %	Local curr. %
Net interest income	1,109	1,185	-6	-5	1,209	-8	-6	4,666	4,727	-1	-1
Total operating income[1]	2,228	2,373	-6	-5	2,588	-14	-13	9,469	9,754	-3	-3
Total operating income	2,228	2,373	-6	-5	2,610	-15	-13	9,469	9,927	-5	-4
Profit before loan losses	867	1,169	-26	-25	1,377	-37	-36	4,367	5,127	-15	-15
Net loan losses	-71	-79	-10	-11	-129	-45	-43	-369	-502	-26	-26
Operating profit[1,2]	796	1,090	-27	-26	1,140	-30	-29	3,998	4,366	-8	-8
Operating profit	796	1,090	-27	-26	1,248	-36	-35	3,998	4,625	-14	-13
Diluted earnings per share[1,2],	0.15	0.21			0.25			0.75	0.88		
ROE[1,2], %	7.7	10.5			12.9			9.5	11.5		
ROE, %	7.7	10.5			13.9			9.5	12.3		

Exchange rates used for Q4 2017 for income statement items are for DKK 7.4387, NOK 9.3317 and SEK 9.6378.

[1] Excl. items affecting comparability in Q2 2016: gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 151m net of tax and Q4 2016: additional gain related to Visa of EUR 22m before tax.

[2] Excl. items affecting comparability in Q4 2016: gain in staff costs related to change in pension agreement in Norway of EUR 86m before tax.

For further information:

Casper von Koskull, President and Group CEO, +46 10 157 10 20
Torsten Hagen Jørgensen, Deputy CEO and Group COO, +45 5547 2200

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

We build strong and close relationships through our engagement with customers and society. Whenever people strive to reach their goals and realise their dreams, we are there to provide relevant financial solutions. We are the largest bank in the Nordic region and among the ten largest financial groups in Europe in terms of total market capitalisation with around 11 million customers. The Nordea share is listed on the Nasdaq Stockholm, Nasdaq Helsinki and Nasdaq Copenhagen exchanges. Read more about us on nordea.com.

CEO comment

Economic environment

In 2017, we saw for the first time synchronised growth in all our Nordic home markets. We also experienced the lowest volatility since the 1960's, while at the same time geopolitical factors challenged globalisation trends as the predominating force. Meanwhile, asset inflation remained on the high side, supported by extremely low interest rates and tremendous support from the central banks. We saw the price of Bitcoin soar by 1,278%, and the government of Austria issued a 100-year bond with a 2.11% coupon.
There are plenty of risks beneath the surface, thus, it is important to be mindful.

Business transformation

Nordea's response to this and to the changing forces in the industry - digitalisation and regulation - is to transform the bank so as to create a safer, more resilient and agile bank with strategic optionality. With a more robust platform which is digital end-to-end, a changed culture and constant improvement of the cost efficiencies, we will reach the end target of being a customer-centric bank.

The key elements of the transformation are the following;

Investment in compliance and risk

In 2016 and 2017 we invested in the 1st, 2nd and 3rd lines of defence of combatting financial crime, technology and infrastructure and IT remediation. These investments are starting to deliver and we expect to have a significantly strengthened risk and compliance framework in place in 2018.

Technology investments

The Core Banking Platform replacement is proceeding in line with budget and will lead to lower operational risks, improved customer satisfaction and better cost efficiency.

Digital platform

These investments will lead to an increased roll-out frequency of improved products and services to our customers. The investments encompass Open banking, new mobile bank, chat bots, robotics, face-to-face online meetings and a new savings platform.

A substantial improvement in cost efficiency

Between 2017 and 2021 we expect to lower costs by more than EUR 300m. However, operational expenses, excluding depreciation and amortisation, will come down by more than EUR 600m. In addition, a reduction of activated costs on the balance sheet will lead to a total reduction in cash spending of approximately EUR 1bn. This alone will improve Common Equity Tier 1 ratio generation by approximately 75-80 bps per year.

A new legal structure and change of domicile

A new legal structure and change of domicile will enable us to operate as one bank in a more stable and predictable regulatory environment.

P&L trends

Net Interest Income was down 1.3% compared to 2016. However, when adjusting for the deconsolidation of our Baltic operations as well as the de-risking of the bank, mainly by reducing exposure to Russia and Shipping, Offshore & Oil Services, Net Interest Income was up by 1.3%. The de-risking of the bank is more or less finalised and I'm confident that this will lead to better credit quality through the cycle.

Other revenues were down by approximately 8%, driven by lower income from capital markets due to ultra-low volatility.

Costs came in as expected at EUR 5.1bn, including a transformational cost of EUR 146m. The outlook for the 2018 cost of EUR4.9bn, including a transformational cost of approximately EUR 150m, is reiterated.

Credit quality remains very strong and we expect a sustained good credit quality in the coming quarters, at a level below the long-term average of 16bps.

The Common Equity Tier 1 ratio continues to improve, and is now at 19.5%, compared to 18.4% in 2016. The management buffers increased to 190 bps, well above our target of 50-150bps. Our balance sheet has never been stronger which was illustrated when we issued EUR 750m, 3.5% Additional Tier 1 with the lowest coupon ever. This issuance was awarded "Additional Tier One Capital Deal of the Year", by Global Capital.

The Board proposes a dividend per share of EUR 0.68, an increase from last year's level of EUR 0.65. This is in line with Nordea Bank AB's dividend policy.

Adding customer value

The positive effects of our transformation are starting to reach our customers all over the Nordics. This will positively address the current challenge with customer satisfaction in some segments. As a result, we have received awards and top Nordic rankings, including best private banking, IT innovation of the year, best in real estate finance, best transaction banking, and several number-one rankings for our large corporates operation. In addition, we have developed several partnerships in order to meet our customers' demands, such as Apple Pay, Samsung Pay, Wrap, Tink, Vipps, and Betalo. With Nordea Ventures we are the preferred partner to fintech companies. We are well equipped to offer innovative products and services that will help our customers in their everyday lives.

The mobile bank is becoming the natural contact point. In Q4, online meetings were up by 35% from the same quarter last year, meaning that one out of four meetings is held online. Also, our investments in artificial intelligence – AI – progressed well and will result in increased customer service quality.

Customers received a strong return on their Nordea Funds. Nordea Swedish Stars funds were at the top among Swedish funds after gaining 17.6%. In addition, we were the best performer among Norwegian funds and in Denmark we are rated best on performance among the largest Danish fund companies.

The hosting of the "Nordic Sustainable Finance Conference" and facilitation of a number of green bond issuances - including Folksam Group, MuniFin and Ørsted – were important achievements in our sustainability business.

Nordea is the leading Nordic bank for large corporates and institutions and continues to strengthen its leading position within all areas in Wholesale Banking. Nordea's role as Financial Advisor and underwriter in the merger between Tele2 and Com Hem is a good example of this.

Casper von Koskull
President and Group CEO

Income statement

EURm	Q4 2017	Q3 2017	Chg %	Local curr. %	Q4 2016	Chg %	Local curr. %	Jan-Dec 2017	Jan-Dec 2016	Chg %	Local curr. %
Net interest income	1,109	1,185	-6	-5	1,209	-8	-6	4,666	4,727	-1	-1
Net fee and commission income	839	814	3	4	867	-3	-2	3,369	3,238	4	5
Net result from items at fair value	235	357	-34	-34	498	-53	-54	1,328	1,715	-23	-22
Profit from associated undertakings and joint ventures accounted for under the equity method	16	3			4			23	112	-79	-79
Other operating income	29	14		93	32	-9	-9	83	135	-39	-38
Total operating income	**2,228**	**2,373**	**-6**	**-5**	**2,610**	**-15**	**-13**	**9,469**	**9,927**	**-5**	**-4**
Staff costs	-861	-757	14	15	-687	25	27	-3,212	-2,926	10	10
Other expenses	-425	-377	13	14	-475	-11	-9	-1,622	-1,646	-1	-1
Depreciation, amortisation and impairment charges of tangible and intangible assets	-75	-70	7	9	-71	6	6	-268	-228	18	18
Total operating expenses	**-1,361**	**-1,204**	**13**	**14**	**-1,233**	**10**	**12**	**-5,102**	**-4,800**	**6**	**7**
Profit before loan losses	**867**	**1,169**	**-26**	**-25**	**1,377**	**-37**	**-36**	**4,367**	**5,127**	**-15**	**-15**
Net loan losses	-71	-79	-10	-11	-129	-45	-43	-369	-502	-26	-26
Operating profit	**796**	**1,090**	**-27**	**-26**	**1,248**	**-36**	**-35**	**3,998**	**4,625**	**-14**	**-13**
Income tax expense	-167	-258	-35	-36	-148	13	14	-950	-859	11	11
Net profit for the period	**629**	**832**	**-24**	**-23**	**1,100**	**-43**	**-41**	**3,048**	**3,766**	**-19**	**-19**

Business volumes, key items[1]

EURbn	31 Dec 2017	30 Sep 2017	Chg %	Local curr. %	31 Dec 2016	Chg %	Local curr. %
Loans to the public	310.2	313.7	-1	0	317.7	-2	0
Loans to the public, excl. repos	293.9	296.6	-1	1	298.5	-2	1
Deposits and borrowings from the public	172.4	182.2	-5	-4	174.0	-1	2
Deposits from the public, excl. repos	165.4	173.1	-4	-3	170.0	-3	0
Total assets	581.6	615.3	-5	-4	615.7	-6	-2
Assets under management	330.4	330.9	0		322.7	2	
Equity	33.3	32.3	3		32.4	3	

Ratios and key figures[2]

	Q4 2017	Q3 2017	Chg %	Q4 2016	Chg %	Jan-Dec 2017	Jan-Dec 2016	Chg %
Diluted earnings per share, EUR	0.15	0.21	-29	0.27	-44	0.75	0.93	-19
EPS, rolling 12 months up to period end, EUR	0.75	0.87	-14	0.93	-19	0.75	0.93	-19
Share price[1], EUR	10.09	11.44	-12	10.60	-5	10.09	10.60	-5
Total shareholders' return, %	-5.0	8.8		27.5		3.6	16.3	
Proposed/actual dividend per share, EUR	0.68	0.65	5	0.65	0	0.68	0.65	5
Equity per share[1], EUR	8.21	7.95	3	8.03	2	8.21	8.03	2
Potential shares outstanding[1], million	4,050	4,050	0	4,050	0	4,050	4,050	0
Weighted average number of diluted shares, mn	4,039	4,039	0	4,038	0	4,039	4,037	0
Return on equity, %	7.7	10.5		13.9		9.5	12.3	
Cost/income ratio, %	61	51		47		54	48	
Loan loss ratio, basis points[3]	9	10		16		12	15	
Common Equity Tier 1 capital ratio, excl. Basel I floor[1,4], %	19.5	19.2		18.4		19.5	18.4	
Common Equity Tier 1 capital ratio, incl. Basel I floor[1,4], %	12.3	12.1		11.5		12.3	11.4	
Tier 1 capital ratio, excl. Basel I floor[1,4], %	22.3	21.4		20.7		22.3	20.7	
Total capital ratio, excl. Basel I floor[1,4], %	25.2	24.5		24.7		25.2	24.7	
Tier 1 capital[1,4], EURbn	28.0	27.5	2	27.6	1	28.0	27.6	1
Risk exposure amount excl. Basel I floor[4], EURbn	126	128	-2	133	-6	126	133	-6
Risk exposure amount incl. Basel I floor[4], EURbn	202	206	-2	216	-6	202	216	-6
Number of employees (FTEs)[1]	30,399	31,918	-5	31,596	-4	30,399	31,596	-4
Economic capital[1], EURbn	26.7	26.7	0	26.3	1	26.7	26.3	1

[1] End of period.

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

[3] Including Loans to the public reported in Assets held for sale in Q3 2017.

[4] Including the result for the period.

Income statement
Excluding items affecting comparability[1,2]

EURm	Q4 2017	Q3 2017	Chg %	Local curr. %	Q4 2016	Chg %	Local curr. %	Jan-Dec 2017	Jan-Dec 2016	Chg %	Local curr. %
Net interest income	1,109	1,185	-6	-5	1,209	-8	-6	4,666	4,727	-1	-1
Net fee and commission income	839	814	3	4	867	-3	-2	3,369	3,238	4	5
Net result from items at fair value	235	357	-34	-34	498	-53	-54	1,328	1,715	-23	-22
Profit from associated undertakings and joint ventures accounted for under the equity method	16	3			0			23	15	53	53
Other operating income	29	14		93	14			83	59	41	42
Total operating income	**2,228**	**2,373**	**-6**	**-5**	**2,588**	**-14**	**-13**	**9,469**	**9,754**	**-3**	**-3**
Staff costs	-861	-757	14	15	-773	11	13	-3,212	-3,012	7	7
Other expenses	-425	-377	13	14	-475	-11	-9	-1,622	-1,646	-1	-1
Depreciation, amortisation and impairment charges of tangible and intangible assets	-75	-70	7	9	-71	6	6	-268	-228	18	18
Total operating expenses	**-1,361**	**-1,204**	**13**	**14**	**-1,319**	**3**	**4**	**-5,102**	**-4,886**	**4**	**5**
Profit before loan losses	**867**	**1,169**	**-26**	**-25**	**1,269**	**-32**	**-30**	**4,367**	**4,868**	**-10**	**-10**
Net loan losses	-71	-79	-10	-11	-129	-45	-43	-369	-502	-26	-26
Operating profit	**796**	**1,090**	**-27**	**-26**	**1,140**	**-30**	**-29**	**3,998**	**4,366**	**-8**	**-8**
Income tax expense	-167	-258	-35	-36	-116	44	46	-950	-827	15	15
Net profit for the period	**629**	**832**	**-24**	**-23**	**1,024**	**-39**	**-37**	**3,048**	**3,539**	**-14**	**-14**

Ratios and key figures[1,2,3]

	Q4 2017	Q3 2017	Chg %	Q4 2016	Chg %	Jan-Dec 2017	Jan-Dec 2016	Chg %
Diluted earnings per share, EUR	0.15	0.21	-29	0.25	-40	0.75	0.88	-15
EPS, rolling 12 months up to period end, EUR	0.75	0.85	-12	0.88	-15	0.75	0.88	-15
Return on equity, %	7.7	10.5		12.9		9.5	11.5	
Cost/income ratio, %	61	51		51		54	50	
ROCAR, %[4]	9.2	12.2		15.5		11.1	13.2	

[1] Excl. items affecting comparability in Q2 2016: gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 151m net of tax and in Q4 2016: additional gain related Visa Inc.'s acquisition of Visa Europe amounting to EUR 22m before tax.
[2] Excl. items affecting comparability in Q4 2016: gain in staff costs related to change in pension agreement in Norway of EUR 86m before tax.
[3] For more detailed information regarding ratios and key figures defined as Alternative performance measures, see www.nordea.com/en/investor-relations/.
[4] ROCAR restated due to changed definition of Average economic capital.

Table of contents

Macroeconomy and financial markets

The fourth quarter of 2017 saw the world economy continuing to expand at a decent pace with somewhat decreased geopolitical risks. In the US, the Federal Reserve decided to hike interest rates by 0.25% at its December meeting, despite a lower-than-expected core inflation print in November (1.5% y/y). The Federal Reserve argued that the continued strong economic growth and tight labour market warranted the rate hike. This was Janet Yellen's last meeting as Chairwoman. She will be replaced by Jerome Powell, who is expected to follow in the monetary policy footsteps of his predecessor. Also in the US, the Republican Party's anticipated tax bill was passed, which led to a positive but muted reaction in financial markets. In Europe, the ECB decided to leave interest rates unchanged at its December meeting but extended its bond-buying programme by nine months, reducing monthly purchases to EUR 30bn from EUR 60bn. This was in line with market expectations. On the political front in Europe, Catalonia drew much attention in the last quarter of 2017. The Catalonian government's independence declaration, following an illegal referendum, was not recognised by the Spanish government or the EU. A new regional parliament election was held in December, in which the pro-independence parties retained the majority. This political turmoil had a slight negative impact primarily on equity markets. Eurozone economic data indicated strength in the ongoing recovery. Inflation was 1.5% (y/y) in November while the latest GDP figure for Q3 was 0.6% (q/q), following high growth in the first half of the year. Economic growth indicators for Q4 pointed towards further economic expansion during the last quarter. In China, the latest growth figures showed the economy expanding by 6.8% (y/y) in Q3, while the inflation release for November was 1.7% (y/y). This was largely in line with analysts' expectations. Oil prices continued to recover during the fourth quarter, with Brent ending 17.8% higher at 66.9 USD per barrel. The good global growth momentum lifted the MSCI Emerging Market equities index by 7.1% during the quarter, whilst the US S&P 500 increased by 6.1% and the US 10-year government bond yield increased by 8bps to 2.41%. In contrast, over the same time span, the European equity index Eurostoxx 50 decreased by 2.7% and the German 10-year government bond yield decreased by 4bps to 0.42%. The Euro strengthened against the US dollar during the quarter, from 1.181 to 1.201.

Denmark

The Danish economy expanded by 2.2% (y/y) in the first three quarters of 2017. During this period household consumption rose by 1.8%, while exports increased by 5.1%. Employment continued to rise throughout the period. In Q3 GDP fell by 0.5% (q/q). Part of this was caused by a large drop in car sales (-12.9%) due to a change in taxation. Leading indicators pointed towards a rebound in growth in the fourth quarter and both consumer and business surveys were at solid levels. In Q3 prices for single-family houses increased by 4.0%, while for owner-occupied flats they rose by an annual rate of 7.5%. Turnover in the housing market had been steadily increasing and was up by 12.7% (y/y) in Q3. The Danish central bank maintained its -0.65% deposit rate in Q4 and made no intervention in the foreign exchange market. Danish equities fell by 2.7% during the quarter while the 10-year swap rate fell by 6bps to 1.05%.

Finland

The Finnish economy expanded by 3% (y/y) during the first three quarters of 2017. Indicators pointed towards strong growth in the fourth quarter as well. Demand among the main trading partners was robust, concentrated on fixed investments and intermediate goods. This suited the Finnish export portfolio well, supporting export growth. Domestic demand remained strong, ranging from private consumption to construction and machinery investment. Consumption was driven by record-high consumer confidence, further boosted by low inflation (0.9% y/y) and relatively high agreed wage increases for next year. Employment growth accelerated towards the year-end. The Finnish equity markets receded by 1% in Q4, and the Finnish 10-year government yield ended 2bps lower at around 0.60%.

Norway

The Norwegian economy continued its expansion in the third quarter. Quarterly growth was fairly stable and hovered around 2.5 % (y/y) in the first three quarters of 2017. Activity in the oil-related sectors stabilised, investments among mainland firms picked up and private consumption grew at a healthy pace. The downward correction in house prices continued in Q4 but did not impact consumer confidence or consumption. Unemployment continued to decrease in Q4, and unemployment was lower throughout the country, with the largest improvement in the oil counties. Underlying inflation was low at around 1.0% in the last months of 2017, as the effect of past NOK weakening on imported inflation abated. The Norwegian krone weakened by some 4.0% in trade-weighted terms in Q4. Norges Bank kept its key policy rate unchanged at 0.5% at its December meeting, as widely expected, but lifted its forward-looking interest rate path. The first rate hike anticipated by the central bank in December was end-2018, compared to summer of 2019 in the September report. The two-year swap rate increased by 5 bps to 1.13% in Q4, while the 10-year swap rate ended Q4 roughly unchanged from Q3 at around 1.95%. Equities were up by 4%.

Sweden

The Swedish economy showed good growth in the third quarter, at 0.8% (q/q) and 2.8% (y/y). The upturn was broad-based with fixed investments as the main driver. Indicators were positive, suggesting that the upswing in domestic demand as well as exports continued in the fourth quarter. Employment remained on the strong trend, while the unemployment rate fell only gradually due to the large inflow of labour. House prices declined during the autumn but there were some signs of a stabilisation. Consumer price inflation averaged 2% and long-term inflation expectations remained anchored at the 2% inflation target. The Riksbank left its key policy rate unchanged at -0.50% at its December meeting and announced that the QE programme will expire at the end of 2017. However, the Riksbank decided to balance maturing coupons and bonds for 2019, including buybacks totalling SEK 65bn in 2018. The central bank signaled an initial rate hike by mid-2018. The trade-weighted SEK weakened by 2.5% and Swedish equities declined by 3.9% in the fourth quarter. The 10-year government bond yield was down 14bps to 0.77%.

Group results and performance

Fourth quarter 2017

Net interest income

Net interest income in local currencies decreased 5% from the previous quarter mainly due to deconsolidation of the Baltics, de-risking of the bank, lower yield fees and lower income in treasury. Lending margins decreased across all business areas, while deposit margins were fairly stable.

Net interest income for Personal Banking was down 1% in local currencies from the previous quarter, driven by a lower lending margin.

Net interest income for Commercial & Business Banking was stable in local currencies from the previous quarter.

Net interest income in Wholesale Banking was down 10% in local currencies from the previous quarter, mainly driven by the de-risking in Russia and Shipping, Offshore & Oil Services (SOO) and lower yield fees.

Net interest income in Wealth Management was down 8% in the quarter from the previous quarter driven by a lower lending volume due customer move to Personal Banking.

Net interest income in Group Functions and Other was EUR 117m compared to EUR 153m from the previous quarter. The deconsolidation of the Baltics operations reduce Net Interest Income by EUR 32m

Lending volumes

Loans to the public in local currencies, excluding repos, are fairly unchanged from the previous quarter. Average lending volumes in local currencies are up in Personal Banking and Commercial & Business Banking while down in Wholesale Banking and Wealth Management. In Wholesale Banking, Russian and SOO were impacted by de-risking and weaker USD. Wealth Management was impacted by customer moves to Personal Banking.

Deposit volumes

Total deposits from the public in local currencies, excluding repos, decreased by 3% from the previous quarter. Average deposit volumes in business areas were down, driven by volatile volumes in Wholesale Banking.

Net interest income per business area

								Local currency	
	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Personal Banking	522	536	519	524	504	-3%	4%	-1%	4%
Commercial & Business Banking	282	285	284	281	276	-1%	2%	0%	3%
Wholesale Banking	164	185	190	200	203	-11%	-19%	-10%	-16%
Wealth Management	24	26	27	28	30	-8%	-20%	-8%	-19%
Group Functions and other	117	153	155	164	196	-	-	-	-
Total Group	**1,109**	**1,185**	**1,175**	**1,197**	**1,209**	**-6%**	**-8%**	**-5%**	**-6%**

Change in Net interest income

	Q4/Q3	Jan-Dec 17/16
EURm		
NII beginning of period	**1,185**	**4,727**
Margin driven NII	**-16**	**179**
Lending margin	-16	120
Deposit margin	0	59
Volume driven NII	**0**	**-72**
Lending volume	2	-69
Deposit volume	-2	-3
Day count	0	-14
Other[1,2]	-60	-154
NII end of period	**1,109**	**4,666**
[1] of which FX	-14	-8
[2] of which Baltics	-32	-22

Net fee and commission income

Net fee and commission income increased by 4% in local currencies from the previous quarter.

Savings and investment commissions

Net fee and commission income from savings and investments increased by 5% in local currencies from the previous quarter to EUR 547m. AuM was largely unchanged at EUR 330.4bn at the end of the quarter.

Performance fees under quarter were EUR 21m.

Net inflow decreased to EUR -1.0bn compared to net inflow of EUR 0.3bn in the previous quarter. AuM in Q4 was impacted by flow related to customer transfers from Private Banking to Personal Banking.

Payments and cards and lending-related commissions

Lending-related net fee and commission income was unchanged in local currencies from the previous quarter at EUR 147m. Payments and cards net fee and commission income was down 8% to EUR 124m from the previous quarter driven by higher year end commission expenses.

Net fee and commission income per business area

								Local currency	
	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Personal Banking	157	174	181	184	175	-10%	-10%	-9%	-10%
Commercial & Business Banking	112	101	114	105	116	11%	-3%	10%	-3%
Wholesale Banking	132	140	133	167	159	-6%	-17%	-4%	-13%
Wealth Management	442	399	421	411	421	11%	5%	13%	4%
Group Functions and other	-4	0	1	-1	-4	-	-	-	-
Total Group	**839**	**814**	**850**	**866**	**867**	**3%**	**-3%**	**4%**	**-2%**

Net fee and commission income per category

								Local currency	
	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Savings and investments, net	547	524	539	556	547	4%	0%	5%	1%
Payments and cards, net	124	137	148	126	138	-9%	-10%	-8%	-9%
Lending-related, net	147	149	151	161	172	-1%	-15%	0%	-13%
Other commissions, net	21	4	12	23	10	-	-	-	-
Total Group	**839**	**814**	**850**	**866**	**867**	**3%**	**-3%**	**4%**	**-2%**

Assets under Management (AuM), volumes and net inflow

	Q417	Q317	Q217	Q117	Q416	Net inflow Q417
EURbn						
Nordic Retail funds	61.5	61.2	60.6	60.7	59.2	0
Private Banking	98.9	101.8	102.9	101.6	100.2	-1.4
Institutional sales	96.2	94.6	94.4	93.8	91.7	0.5
Life & Pensions	73.8	73.3	74.2	74.0	71.6	-0.1
Total	**330.4**	**330.9**	**332.1**	**330.1**	**322.7**	**-1.0**

Net result from items at fair value

The net result from items at fair value decreased by 34% from the previous quarter to EUR 235m, and decreased 53% from same quarter in 2016. Fair value adjustment had a negative impact of EUR 41m (positive impact of EUR 39m in Q3 2017) mainly following adjustments to CVA and FFVA.

Capital Markets income for customers in Wholesale Banking, Personal Banking, Commercial and Business Banking and Private Banking

Customer-driven capital markets activities in the customer business were 17% higher than in the previous quarter. The net fair value result for the business units increased to EUR 169m, from EUR 144m in the previous quarter. The underlying business level in Q4 was affected by lower market volatility.

Life & Pensions

The net result from items at fair value for Life & Pensions increased EUR 11m from the previous quarter to EUR 62m.

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 -6m from EUR 111m in the previous quarter.

Group Functions and Other

The net fair value result in Group Functions and Other decreased from a high level in the previous quarter and amounted to EUR 10m (EUR 51m in the previous quarter)

Net result from items at fair value per area

EURm	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4
Personal Banking	15	15	17	15	17	0%	-12%
Commercial & Business Banking	53	58	68	61	69	-9%	-23%
Wholesale Banking excl. Other	89	62	43	92	111	44%	-20%
Wealth Mgmt. excl. Life	12	9	16	26	23	33%	-48%
Wholesale Banking Other	-6	111	135	99	183		
Life & Pensions	62	51	57	59	67	22%	-7%
Group Functions and other	10	51	25	23	28	-	-
Total Group	**235**	**357**	**361**	**375**	**498**	**-34%**	**-53%**

Equity method

Income from companies accounted for under the equity method was EUR 16m, up from EUR 3m in the previous quarter.

Other operating income

Other operating income was EUR 29m, up from EUR 14m in the previous quarter.

Total operating income

Total income decreased by 5% in local currencies from the previous quarter to EUR 2,228m.

Total operating income per business area

								Local currency	
EURm	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
Personal Banking	694	725	723	724	697	-4%	0%	-3%	1%
Commercial & Business Banking	456	451	475	467	469	1%	-3%	2%	-1%
Wholesale Banking	379	498	501	562	655	-24%	-42%	-23%	-40%
Wealth Management	546	491	527	530	546	11%	0%	12%	-1%
Group Functions and other	153	208	181	178	243	-	-	-	-
Total, incl. items affecting comparability	**2,228**	**2,373**	**2,407**	**2,461**	**2,610**	**-6%**	**-15%**	**-5%**	**-13%**
Total, excl. Itmes affecting comparability[1]	**2,228**	**2,373**	**2,407**	**2,461**	**2,588**	**-6%**	**-14%**	**-5%**	**-13%**

[1] Items affecting comparability (Q4 2016: gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 22m before tax).

Total expenses

Total expenses in the fourth quarter amounted to EUR 1,361m, up 14% from the previous quarter and up 4% from the fourth quarter of 2016 in local currencies. The fourth quarter included transformation costs of EUR 146m. Excluding these costs, the increase from the previous quarter was 1%.

Staff costs were up 15% in local currencies from the previous quarter and up 27% from the same period in 2016 in local currencies. The fourth quarter included transformation costs of EUR 134m.

Other expenses were up 14% in local currencies from the previous quarter, mainly due to consulting expenses. The fourth quarter included transformation costs of EUR 11m.

Depreciation was up 9% in local currencies from the previous quarter and up 6% from same quarter of 2016. The fourth quarter included transformation costs of EUR 1m.

The number of employees (FTEs) at the end of the fourth quarter was 30,399, which is a decrease of 5% or 1,500 from the previous quarter and down 4% from the same quarter of 2016. The deconsolidation of the Baltics operation reduced the staff number by approximately 1,400.

Expenses related to Group projects, Compliance and Risk that affected the P&L were EUR 127m, compared to EUR 119m in the previous quarter. In addition, EUR 72m was capitalised from Group projects compared to EUR 67m in the previous quarter.

Provisions for performance-related salaries in the fourth quarter were EUR 62m, compared to EUR 77m in the previous quarter.

The cost/income ratio was up to 61% in the fourth quarter, compared to the previous quarter (51%) and compared to the fourth quarter of 2016 (51%).

Total operating expenses

								Local currency	
	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Staff costs	-861	-757	-795	-799	-687	14%	25%	15%	27%
Other expenses	-425	-377	-433	-387	-475	13%	-11%	14%	-9%
Depreciations	-75	-70	-63	-60	-71	7%	6%	9%	6%
Total, incl. items affecting comparability	**-1,361**	**-1,204**	**-1,291**	**-1,246**	**-1,233**	**13%**	**10%**	**14%**	**12%**
Total, excl. items affecting comparability[1]	**-1,361**	**-1,204**	**-1,291**	**-1,246**	**-1,319**	**13%**	**3%**	**14%**	**4%**

[1] Items affecting comparability (Q4 2016: gain in staff costs related to change in pension agreement in Norway of EUR 86m).

Total operating expenses per business area

								Local currency	
	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4
EURm									
Personal Banking	-451	-411	-436	-426	-410	10%	10%	11%	11%
Commercial & Business Banking	-324	-269	-275	-273	-282	20%	15%	22%	16%
Wholesale Banking	-247	-222	-228	-236	-267	11%	-7%	13%	-5%
Wealth Management	-237	-222	-249	-230	-221	7%	7%	8%	7%
Group Functions and other	-102	-80	-103	-81	-53	-	-	-	-
Total, incl. items affecting comparability	**-1,361**	**-1,204**	**-1,291**	**-1,246**	**-1,233**	**13%**	**10%**	**14%**	**12%**
Total, excl. items affecting comparability[1]	**-1,361**	**-1,204**	**-1,291**	**-1,246**	**-1,319**	**13%**	**3%**	**14%**	**4%**

[1] Items affecting comparability (Q4 2016: gain in staff costs related to change in pension agreement in Norway of EUR 86m).

Currency fluctuation effects

	Q4/Q3	Q4/Q4	Jan-Dec 17/16
%-points			
Income	-1	-1	0
Expenses	-1	-1	-1
Operating profit	-1	-1	0
Loan and deposit volumes	-1	-3	-3

Net loan losses

Credit quality remained solid with positive net rating migration in Q4 among the retail portfolio and was stable among the corporate portfolio.

Net loan losses decreased to EUR 71m and the loan loss ratio improved to 9 bps (EUR 79m and 10 bps in the previous quarter). Loan losses in Q4 mainly stem from corporate customers with the largest individual loan losses related to the Oil and Offshore and Manufacturing industries. The oil and offshore-related portfolio is still regarded as high-risk and approximately half of the individual loan losses in Q4 stem from this portfolio. Individual loan losses in Q4 are mainly related to corporate customers and spread out between all Nordic countries as well as our international units, although with Norway and Denmark showing the largest amounts.

The loan loss ratio for individual losses is 20 bps and for collective losses -11 bps (in Q3, the ratio for individual losses was 12 bps and for collective it was -2 bps). Collective reversals are driven by previous general uncertainty now being individually identified and clarified within Oil and offshore and the Consumer staples industry (food, agriculture, etc.).

Our expectation is that loan losses will be below the long-term average of 16 bps in the coming quarters.

Loan loss ratios and impaired loans

	Q417	Q317	Q217	Q117	Q416
Basis points of loans					
Loan loss ratios annualised, Group[1]	9	10	13	14	16
of which individual	20	12	11	16	15
of which collective	-11	-2	2	-2	1
Personal Banking total[2]	1	1	7	2	-1
Banking Denmark[2]	-8	-1	11	3	-10
Banking Finland[2]	2	1	4	1	3
Banking Norway[2]	0	4	0	1	0
Banking Sweden[2]	3	2	2	2	3
Commercial & Business Banking[2]	14	12	8	9	18
Commercial Banking[2]	25	21	13	23	19
Business Banking[2]	0	1	2	-12	15
Wholesale Banking	20	22	34	44	48
Corporate & Institutional Banking (CIB)[2]	27	14	18	18	40
Shipping, Offshore & Oil Services[1]	61	101	146	200	163
Banking Russia[2]	-87	62	88	162	90
Impaired loans ratio gross, Group (bps)[3]	186	174	172	162	163
- servicing	59%	64%	64%	62%	58%
- non-servicing	41%	36%	36%	38%	42%
Total allowance ratio, Group (bps)	72	71	69	71	71
Provisioning ratio, Group	38%	41%	40%	44%	44%

[1] Including Loans to the public in Assets held for sale.
[2] Negative amount are net reversals.
[3] Total allowances in relation to gross impaired loans.

Credit portfolio

Total lending to the public, excluding reversed repurchase agreements, decreased slightly to EUR 294bn from EUR 297bn in Q3 when excluding the Held for Sale operations in the Baltics transferred to Luminor bank as of 1 October 2017. The decrease is driven by FX effects mainly related to NOK and SEK.

Total impaired loans gross increased by 4% to EUR 6,068m driven by few new impaired customers in the Oil and Offshore and Manufacturing industry, albeit partly countered by a lower impaired amount for private customers as well as for small and medium-sized corporate customers.

The gross impairment rate increased to 186 bps (174 bps in Q3) of total loans following the increase in impaired loans as well as a decrease in lending related to FX effects and lending to credit institutions and central banks in reversed repurchase agreements. The provisioning ratio decreased to 38% (41% in Q3).

Profit

Operating profit
Operating profit excluding non-recurring items decreased to EUR 796m, down 26% in local currencies compared to the previous quarter, and down 29% compared to the same quarter of 2016.

Taxes
Income tax expense was EUR 167m compared to EUR 258m in the previous quarter. The effective tax rate was 20.8%, compared to 23.7% in the previous quarter and 11.9% in the fourth quarter last year.

Net profit
Net profit decreased 23% in local currencies from the previous quarter to EUR 629m. Return on equity was 7.7%, down from 10.5% in the previous quarter.

Diluted earnings per share were EUR 0.15 (EUR 0.21 in the previous quarter).

Operating profit per business area

								Local currency	
	Q417	**Q317**	**Q217**	**Q117**	**Q416**	**Q4/Q3**	**Q4/Q4**	**Q4/Q3**	**Q4/Q4**
EURm									
Personal Banking	239	309	263	291	292	-23%	-18%	-22%	-17%
Commercial & Business Banking	103	157	184	177	152	-34%	-32%	-34%	-31%
Wholesale Banking	97	236	209	236	292	-59%	-67%	-57%	-66%
Wealth Management	309	269	278	300	325	15%	-5%	18%	-5%
Group Functions and other	48	119	76	98	187	-	-	-	-
Total, incl. items affecting comparability	**796**	**1,090**	**1,010**	**1,102**	**1,248**	**-27%**	**-36%**	**-26%**	**-35%**
Total, excl. items affecting comparability[1]	**796**	**1,090**	**1,010**	**1,102**	**1,140**	**-27%**	**-30%**	**-26%**	**-29%**

[1] Items affecting comparability (Q4 2016: gain related to Visa Inc.'s acquisition of Visa Europe amounting to EUR 22m before tax and gain in staff costs related to change in pension agreement in Norway of EUR 86m.).

Full year 2017 compared to full year 2016

Total income was down 3% in both local currencies and EUR from the prior year and operating profit was down 8% in both local currencies and EUR from the previous year excluding non-recurring items.

Income
Net interest income was down 1% in both local currencies and EUR from 2016. Average lending volumes in business areas in local currencies were down by 2% compared to 2016 and deposits volumes were down by 1%.

Net fee and commission income increased 5% in local currencies and 4% in EUR from the previous year.

Net result from items at fair value decreased in local currencies by 22% and by 23% in EUR from 2016.

Expenses
Total expenses were up 5% in local currencies and 4% in EUR from the previous year excluding non-recurring items and amounted to EUR 5,102m. Staff costs were up 7% in local currencies excluding non-recurring items.

Net loan losses
Net loan loss provisions decreased to EUR 369m, corresponding to a loan loss ratio of 12 bps (down from 15 bps in 2016).

Net profit
Net profit excluding non-recurring items decreased 14% in both local currencies and EUR and amounted to EUR 3,048m.

Currency fluctuation impact
Currency fluctuations had no effect on income and operating profit but a positive effect of 1%-point on expenses and a negative effect of 3%-points 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 19.5% at the end of the fourth quarter 2017 compared to 19.2% at the end of the third quarter 2017. Risk exposure amount, REA, decreased EUR 2.5bn. The main drivers were decreased counterparty credit risk, favourable FX movements and changes to credit quality. CET1 capital decreased EUR 0.2bn, driven by reduced retained earnings due to OCI impacts and increased deduction related to intangible assets. The decrease was partly offset by a dividend from Nordea's life and pension operations.

The tier 1 capital ratio increased to 22.3% compared to 21.4% in the previous quarter and the total capital ratio increased to 25.2% from 24.5% due to a successful issuance of a new additional tier 1 loan.

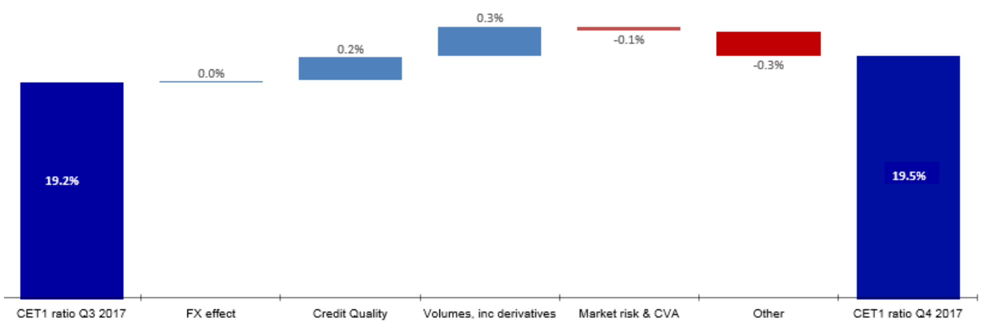
At the end of the fourth quarter, the CET1 capital was EUR 24.5bn, the Tier 1 capital was EUR 28.0bn and the Own Funds was EUR 31.7bn.

The CRR leverage ratio increased to 5.2%, compared to 4.9% in the previous quarter.

Economic Capital (EC) was EUR 26.7bn at the end of the fourth quarter, a decrease by EUR 0.05bn compared to the third quarter. The pillar I changes were somewhat countered by increased market risk in pillar II.

The Group´s Internal Capital Requirement (ICR) was at the end of the fourth quarter EUR 13.3bn. The decrease is mainly driven by reduced credit risk items. The ICR should be compared to the own funds, which was EUR 31.7bn. 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.

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



Capital ratios

%	Q417	Q317	Q217	Q117	Q416
CRR/CRDIV					
CET 1 cap. ratio	19.5	19.2	19.2	18.8	18.4
Tier 1 capital ratio	22.3	21.4	21.4	21	20.7
Total capital ratio	25.2	24.5	24.6	24.3	24.7

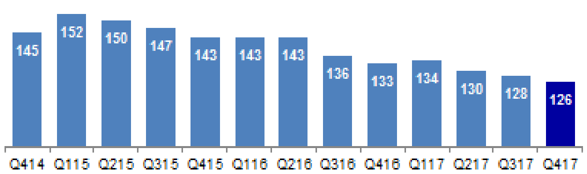
Regulatory developments

On 20 December, the Swedish National Debt Office formally decided on plans for how banks and other financial institutions are to be managed in a crisis and has also set their minimum requirements for own funds and eligible liabilities (MREL). The MREL requirement for Nordea Group is 7.1% of total liabilities and own funds (28.9% of REA), and recapitalisation amount is 4% of total liabilities and own funds (16.5% of REA).

The Swedish FSA, on 27 November, issued rules on repealing its legislative acts on liquidity, FFFS 2011:37 and FFFS 2012:6. The motive for the repealing is that the legislative acts will be replaced by the binding rules, stated in the Capital Requirements Regulation, which entered into force 1 January 2018.

On 27 December, the Swedish FSA communicated that the authority has decided to recognise the Finnish FSA´s risk weight floor on residential mortgage loans. The Swedish FSA´s recognition is applicable for Swedish institutions' Finnish branches and entered into force 1 January 2018.

Risk exposure amount, REA (EURbn), quarterly



Balance sheet

Total assets in the balance sheet decreased by EUR 33bn in the quarter and the asset values of derivatives were EUR 3bn lower than in the previous period.

Loans to the public were down slightly at EUR 310bn in the quarter compared to EUR 314bn in the previous quarter.

Other assets decreased by EUR 8bn from the previous quarter.

Balance sheet data

	Q417	Q317	Q217	Q117	Q416
EURbn					
Loans to credit institutions	9	14	21	19	9
Loans to the public	310	314	315	320	318
Derivatives	46	49	53	56	70
Interest-bearing securities	75	88	91	93	88
Other assets	142	150	163	162	131
Total assets	**582**	**615**	**643**	**650**	**616**
Deposits from credit inst.	40	54	70	70	38
Deposits from the public	172	182	190	191	174
Debt securities in issue	179	183	185	188	192
Derivatives	43	45	53	56	69
Other liabilities	114	118	114	114	111
Total equity	33	32	31	31	32
Total liabilities and equity	**582**	**615**	**643**	**650**	**616**

Nordea's funding and liquidity operations

Nordea issued approx. EUR 1.3bn in long-term funding in the fourth quarter excluding Danish covered bonds and subordinated notes, of which approx. EUR 1.2bn represented the issuance of Finnish, Swedish and Norwegian covered bonds in domestic and international markets.

In November, Nordea undertook a consent solicitation exercise targeting 14 outstanding capital instruments of a total value of EUR 8.1bn equivalent. The consent solicitation was undertaken prior to the planned redomiciliciation to Finland to make certain technical amendments to the terms and conditions of the notes to ensure that these reflect the redomiliciation, ensure that unforeseen legal issues would not be encountered, provide appropriate protections for the noteholders and align the notes with future issuances. The consent solicitation was successful on all 14 capital instruments and the amendments were implemented shortly after the finalisation of the exercise.

Following the results of the consent solicitation, Nordea launched an Additional Tier 1 (AT1) transaction on 21 November. Nordea priced a EUR 750m transaction with temporary write-down feature at a new record low coupon of 3.5% for a European bank AT1. The transaction was Nordea's inaugural EUR AT1 and underscores investors' appetite for both the asset class and the Nordea credit.

Nordea's long-term funding portion of total funding, at the end of the fourth quarter was approx. 81%.

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, 147% at the end of the fourth quarter. The LCR in EUR was 257% and in USD 170% at the end of the fourth quarter. LCR for the Nordea Group according to CRR LCR definitions was 152% at the end of the fourth 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 99bn at the end of the fourth quarter (EUR 107bn at the end of the third quarter).

Funding and liquidity data

	Q417	Q317	Q217	Q117	Q416
Long-term funding portion	81%	81%	80%	81%	82%
LCR total	147%	143%	141%	142%	159%
LCR EUR	257%	187%	203%	185%	334%
LCR USD	170%	161%	165%	150%	221%

Market risk

Total market risk, measured as Value at Risk, in the trading book was EUR 11m, a decrease from the previous quarter (EUR 13m).

Trading book

	Q417	Q317	Q217	Q117	Q416
EURm					
Total risk, VaR	11	13	10	9	16
Interest rate risk, VaR	10	10	12	9	12
Equity risk, VaR	3	2	4	3	5
Foreign exchange risk, VaR	5	9	2	5	4
Credit spread risk, VaR	4	5	5	7	6
Diversification effect	50%	48%	59%	62%	42%

Total market risk, measured as Value at Risk, in the banking book decreased slightly to EUR 46m (EUR 47m in the previous quarter).

Banking book

	Q417	Q317	Q217	Q117	Q416
EURm					
Total risk, VaR	46	47	52	63	59
Interest rate risk, VaR	48	48	53	63	58
Equity risk, VaR	3	4	4	2	1
Foreign exchange risk, VaR	3	2	2	2	5
Credit spread risk, VaR	1	1	1	1	2
Diversification effect	15%	14%	14%	7%	10%

Nordea share and ratings

Nordea's share price as at the end of Q4 2017 and ratings as at the end of Q4 2017.

	Nasdaq STO (SEK)	Nasdaq COP (DKK)	Nasdaq HEL (EUR)
12/30/2016	101.30	78.65	10.60
3/31/2017	102.30	79.90	10.72
6/30/2017	107.20	83.15	11.14
9/30/2017	110.40	85.15	11.44
12/31/2017	99.30	75.20	10.10

Moody's		Standard&Poor's		Fitch	
Short	Long	Short	Long	Short	Long
P-1	Aa3	A-1+	AA-	F1+	AA-

Luminor update
Starting by last quarter Nordea derecognised all assets and liabilities held for sale and recognised an investment in Luminor. Luminor is consolidated using the equity method, meaning Nordea recognises its share of the post-tax result in Luminor on the line "Profit from associated undertakings and joint ventures accounted for under the equity method" in the income statement.

Dividend
The Board of Directors proposes to the AGM a dividend of EUR 0.68 per share (EUR 0.65) and further, that the record date for dividend should be 19 March 2018. The dividend corresponds to a payout ratio of 90 percent of net profit. Total proposed dividend amounts to EUR 2,747m.

The ex-dividend date for the Nordea share is 16 March 2018. The dividend payments are scheduled to be made on 26 March 2018.

Mandate to issue convertible instruments
The Board of Directors proposes that the AGM 2018 should authorise the Board of Directors to decide on issuing of convertible instruments, with or without preferential rights for existing shareholders. The authorisation means that the share capital may be increased by a maximum 10% of the Company's share capital. The authorisation may be used on one or several occasions up until the next AGM.
An issue of convertible instruments should be done on market conditions. The purpose of the authorisation is to facilitate a flexible and efficient adjustment of the Company's capital structure to the capital requirements.
The AGM 2017 decided on a corresponding authorization to decide to issue convertible instruments.

Profit sharing and Long-term incentives
The three decided criteria for the outcome of the profit share programme 2017 are – Return on Capital at Risk (ROCAR), Development of Return on Equity (ROE) against competitors and Customer Satisfaction Index (CSI). If performance criteria are fully met, the cost will amount to approx. EUR 96m.

The provision for Nordea's profit-sharing scheme and the LTIPs was EUR 27m compared to EUR 35m in 2016.

Performance related salaries
Performance-related salaries at Nordea include bonuses, variable salary parts and the executive incentive programmes. In order to attract and retain expertise in areas directly exposed to international competition – Capital Markets, Corporate & Investment Banking, Asset Management, Treasury and ALM – Nordea offers performance-related salaries in the form of bonuses to selected staff groups in these areas.

Nordea's ambition is to have competitive, but not market-leading, total remuneration offering.

The provisions for bonus in 2017 decreased to EUR 181m from EUR 192m in 2016, of which approx. EUR 56m refers to Sweden (EUR 51m in 2016). The decrease is partly explained by the exclusion of International Private Banking as a bonus area. The payout ratio – total staff costs including fixed salaries and bonuses in relation to total income – for the areas with bonus programmes was 11.9% in 2017 compared to 15.6% in 2016. The bonus in relation to total income decreased to 3.6% in 2017 compared to 4.9% in 2016. The decrease in payout ratio and bonus ratio is partly due to the formation of C&IB as a new bonus area in 2017, which it was not in 2016 (consisting separately of Investment Banking). The ratios are thus calculated towards a somewhat higher income base.

Variable salary parts in other areas or units decreased to EUR 59m in 2017 from EUR 92m in 2016. Nordea variable salary parts are capped – normally to 3 months' fixed salary. The provisions in 2017 for executive incentive programmes amounted to EUR 44m (EUR 38m).
The provisions for performance-related salaries in the fourth quarter amounted to EUR 62m, down from 77m in the third quarter.

Defined benefit pension plans
The discount rate used when discounting future pension payments is determined by reference to high quality corporate bonds, where a deep enough market for such bonds exists. Covered bonds are in this context considered to be corporate bonds. In countries where no such market exists the discount rate is determined by reference to government bond yields. In Sweden, Norway and Denmark the discount rate is determined with reference to covered bonds and in Finland with reference to corporate bonds. The discount rates used at the end of the fourth quarter were 2.49% for Sweden, 2.60% for Norway, 1.41% for Finland and 1.70% for Denmark. The total re-measurement loss on other comprehensive income amounted to EUR 172m before income tax in the fourth quarter.

Nordea to re-domicile to Banking union
On 6 September 2017, the Board of Directors of Nordea Bank AB (publ) initiated a process to re-domicile the parent company from Sweden to Finland. The Boards of Directors of each of Nordea Bank AB (publ) and the newly established and wholly-owned Finnish company Nordea Holding Abp on 25 October signed a joint cross-border merger plan that will be presented to the shareholders at the AGM 2018 for their approval, requiring a two-third majority of the votes cast and present at such a meeting.

The execution of the merger is further conditional upon e.g. receiving the requisite regulatory approvals. The merger, and consequently the re-domiciliation, is planned to be effected during the second half of 2018, tentatively on 1 October 2018. The merger plan can be found on www.nordea.com and a prospectus will be made public and available to shareholders by the end of February.

IFRS 9: Expected quantitative impact
The IASB has completed the new standard for financial instruments, IFRS 9 "Financial instruments". IFRS 9 covers classification and measurement, impairment and general hedge accounting and replaces the current requirements covering these areas in IAS 39. IFRS 9 is effective as from annual periods beginning on or after 1 January 2018. The impact on the Common Equity Tier 1 capital ratio, after adjustment of the shortfall deduction and before transition rules, is expected to be insignificant. (More details in Note 1 on Page 44).

Sale of Nordea Life and Pension Denmark

On 21 December 2017, Nordea announced that Foreningen Norliv will purchase 45% of the shares capital in Danish Nordea Liv & Pension, livforsikringsselskab A/S conditional on approval by Danish FSA and antitrust authorities anticipated in Q1 2018. The transaction will generate a post-tax capital gain of EUR 172m to be recognised when all approvals have been received. The remaining holding in the associated company (30 per cent) will be remeasured to fair value and is expected to lead to an additional post-tax gain of EUR 115m for the Nordea Group. The solvency ratio of NLP Group will increase by 20-25 percentage points.

Sale of collection portfolio in Denmark

Nordea has in December 2017 signed an agreement to divest a portfolio of non-performing loans in Denmark. The portfolio consists of around 40.000 claims, the principal value amounts to approximately EUR 500m, and the transaction is expected to generate a capital gain of roughly EUR 50m. Should the loans not fulfil contractual terms buyers will be compensated. The financial effects are expected to be accounted for in the income statement in 2018 as the loan documentation is transferred to the buyers.

Annual General Meeting

The Annual General Meeting (AGM) will be held on Thursday 15 March at Vinterträdgården, Grand Hôtel, entrance Royal, Stallgatan 4, Stockholm at 13.00 CET.

Quarterly development, Group

EURm	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Jan-Dec 2017	Jan-Dec 2016
Net interest income	1,109	1,185	1,175	1,197	1,209	4,666	4,727
Net fee and commission income	839	814	850	866	867	3,369	3,238
Net result from items at fair value	235	357	361	375	498	1,328	1,715
Profit from associated undertakings and joint ventures accounted for under the equity method	16	3	0	4	4	23	112
Other operating income	29	14	21	19	32	83	135
Total operating income	**2,228**	**2,373**	**2,407**	**2,461**	**2,610**	**9,469**	**9,927**
General administrative expenses:							
Staff costs	-861	-757	-795	-799	-687	-3,212	-2,926
Other expenses	-425	-377	-433	-387	-475	-1,622	-1,646
Depreciation, amortisation and impairment charges of tangible and intangible assets	-75	-70	-63	-60	-71	-268	-228
Total operating expenses	**-1,361**	**-1,204**	**-1,291**	**-1,246**	**-1,233**	**-5,102**	**-4,800**
Profit before loan losses	**867**	**1,169**	**1,116**	**1,215**	**1,377**	**4,367**	**5,127**
Net loan losses	-71	-79	-106	-113	-129	-369	-502
Operating profit	**796**	**1,090**	**1,010**	**1,102**	**1,248**	**3,998**	**4,625**
Income tax expense	-167	-258	-267	-258	-148	-950	-859
Net profit for the period	**629**	**832**	**743**	**844**	**1,100**	**3,048**	**3,766**
Diluted earnings per share (DEPS), EUR	0.15	0.21	0.18	0.21	0.27	0.75	0.93
DEPS, rolling 12 months up to period end, EUR	0.75	0.87	0.88	0.95	0.93	0.75	0.93

Business areas

	Personal Banking		Commercial & Business Banking		Wholesale Banking		Wealth Management		Group Functions, Other and Eliminations		Nordea Group		
	Q4 2017	Q3 2017	Q4 2017	Q3 2017	Q4 2017	Q3 2017	Q4 2017	Q3 2017	Q4 2017	Q3 2017	Q4 2017	Q3 2017	*Chg*
EURm													
Net interest income	522	536	282	285	164	185	24	26	117	153	1,109	1,185	*-6%*
Net fee and commission income	157	174	112	101	132	140	442	399	-4	0	839	814	*3%*
Net result from items at fair value	15	15	53	58	83	173	74	60	10	51	235	357	*-34%*
Equity method & other income	0	0	9	7	0	0	6	6	30	4	45	17	
Total operating income	**694**	**725**	**456**	**451**	**379**	**498**	**546**	**491**	**153**	**208**	**2,228**	**2,373**	**-6%**
Total operating expenses	**-451**	**-411**	**-324**	**-269**	**-247**	**-222**	**-237**	**-222**	**-102**	**-80**	**-1,361**	**-1,204**	**13%**
Net loan losses	-4	-5	-29	-25	-35	-40	0	0	-3	-9	-71	-79	*-10%*
Operating profit	**239**	**309**	**103**	**157**	**97**	**236**	**309**	**269**	**48**	**119**	**796**	**1,090**	**-27%**
Cost/income ratio, %	65	57	71	60	65	45	43	45	-	-	61	51	
ROCAR, %	11	14	5	8	4	9	36	32	-	-	9[1]	12[1]	
Economic capital (EC)	7,012	6,772	5,921	5,957	7,763	8,113	2,685	2,598	3,320	3,300	26,701	26,740	*0%*
Risk exposure amount (REA)	25,167	25,393	33,324	34,074	41,179	43,417	5,578	5,525	20,531	19,894	125,779	128,303	*-2%*
Number of employees (FTEs)	11,093	11,475	5,282	5,520	3,727	3,958	3,690	3,632	6,607	7,333	30,399	31,918	*-5%*
Volumes, EURbn:													
Lending to corporates[2]	1.2	0.9	70.8	71.4	71.1	72.4	-	-	4.0	2.8	147.1	147.5	*0%*
Household mortgage lending[3]	124.3	126.3	7.1	7.1	0	0	6.7	7.0	-	-	138.1	140.4	*-2%*
Consumer lending[3]	19.5	20.1	2.2	2.2	-	-	3.3	3.5	-	-	25.0	25.8	*-3%*
Total lending	**145.0**	**147.3**	**80.1**	**80.7**	**71.1**	**72.4**	**10.0**	**10.5**	**4.0**	**2.8**	**310.2**	**313.7**	**-1%**
Corporate deposits[2]	2.3	2.3	35.9	35.2	46.9	54.0	-	-	-1.9	0.5	83.2	92.0	*-10%*
Household deposits[3]	73.1	74.2	3.1	3.0	0.1	0.1	12.9	12.9	-	-	89.2	90.2	*-1%*
Total deposits	**75.4**	**76.5**	**39.0**	**38.2**	**47.0**	**54.1**	**12.9**	**12.9**	**-1.9**	**0.5**	**172.4**	**182.2**	**-5%**

[1] Excluding items affecting comparability
[2] For PeB: Corporate lending and deposits of some household customers is supplied by and reported in Personal Banking.
[3] For CBB: Household lending and deposits of some corporate customers is supplied by and reported in Commercial & Business Banking.

	Personal Banking		Commercial & Business Banking		Wholesale Banking		Wealth Management		Group Functions, Other and Eliminations		Nordea Group		
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	*Chg*
EURm													
Net interest income	2,101	1,962	1,132	1,110	739	830	105	110	589	715	4,666	4,727	*-1%*
Net fee and commission income	696	692	432	408	572	629	1,673	1,519	-4	-10	3,369	3,238	*4%*
Net result from items at fair value	62	79	240	279	625	803	292	353	109	201	1,328	1,715	*-23%*
Equity method & other income	7	4	45	34	4	0	24	23	26	186	106	247	*-57%*
Total operating income	**2,866**	**2,737**	**1,849**	**1,831**	**1,940**	**2,262**	**2,094**	**2,005**	**720**	**1,092**	**9,469**	**9,927**	**-5%**
Total operating expenses	**-1,724**	**-1,666**	**-1,141**	**-1,100**	**-933**	**-967**	**-938**	**-854**	**-366**	**-213**	**-5,102**	**-4,800**	**6%**
Net loan losses	-40	-36	-87	-161	-229	-279	0	0	-13	-26	-369	-502	*-26%*
Operating profit	**1,102**	**1,035**	**621**	**570**	**778**	**1,016**	**1,156**	**1,151**	**341**	**853**	**3,998**	**4,625**	**-14%**
Cost/income ratio, %	60	61	62	60	48	43	45	43	-	-	54	48	
ROCAR, %	12	13	8	7	7	9	33	35	-	-	11[1]	13[1]	
Economic capital (EC)	7,012	6,411	5,921	5,966	7,763	8,365	2,685	2,848	3,320	2,757	26,701	26,347	*1%*
Risk exposure amount (REA)	25,167	26,664	33,324	33,041	41,179	48,564	5,578	5,977	20,531	18,911	125,779	133,157	*-6%*
Number of employees (FTEs)	11,093	11,480	5,282	5,651	3,727	4,059	3,690	3,640	6,607	6,766	30,399	31,596	*-4%*
Volumes, EURbn:													
Lending to corporates[2]	1.2	0.9	70.8	70.3	71.1	80.3	-	-	4.0	7.1	147.1	158.6	*-7%*
Household mortgage lending[3]	124.3	125.6	7.1	7.4	0	0.2	6.7	7.2	-	-	138.1	140.4	*-2%*
Consumer lending[3]	19.5	20.4	2.2	2.3	-	-	3.3	4.3	-	-	25.0	27.0	*-7%*
Total lending	**145.0**	**146.9**	**80.1**	**80.0**	**71.1**	**80.5**	**10.0**	**11.5**	**4.0**	**7.1**	**310.2**	**326.0**	**-5%**
Corporate deposits[3]	2.3	2.5	35.9	36.0	46.9	47.1	-	-	-1.9	3.0	83.2	88.6	*-6%*
Household deposits[3]	73.1	73.3	3.1	3.3	0.1	0.1	12.9	13.5	-	-	89.2	90.2	*-1%*
Total deposits	**75.4**	**75.8**	**39.0**	**39.3**	**47.0**	**47.2**	**12.9**	**13.5**	**-1.9**	**3.0**	**172.4**	**178.8**	**-4%**

[1] Excluding items affecting comparability
[2] For PeB: Corporate lending and deposits of some household customers is supplied by and reported in Personal Banking.
[3] For CBB: Household lending and deposits of some corporate customers is supplied by and reported in Commercial & Business Banking.

Personal Banking

Nordea has the largest customer base of any bank in the Nordic region. In Personal Banking around 11,000 people serve close to 10 million Personal Banking customers through a combination of physical and digital channels.

The Personal Banking business area serves Nordea's household customers through various channels offering a full range of financial services and solutions. The business area includes advisory and service staff, channels, product units, back office and IT under a common strategy, operating model and governance across markets.

Through strong engagement and valuable advice, the aim is for Personal Banking customers to entrust Nordea with all their banking business. Reflecting the rapid changes in customer preferences, Personal Banking's relationship banking concept also encapsulates and integrates digital channels through the constantly expanding mobile offering.

Business development

The Personal Banking business continues with its significant transformation, both in the distribution network and by means of an agile development operating model, in order to deliver on the customer expectations on digitalisation and service. By a range of initiatives, such as moving our physical communication to digital deliveries, we have significantly shortened processing times across Nordea to the benefit of our customers. In Sweden, by introducing a smooth solution within consumer lending, we have reduced processing time to only a few minutes, whereas in worst cases it would have previously taken a couple of weeks. In Norway, the waiting time in the refinancing process has been shortened from 15 days to 3.5 days.

The influence of digitalisation changes what customers expect from us. In Q4 the number of digital transactions increased 5% from the last quarter and customers logged into the mobile bank more than 45 million times a month. More and more customers prefer to obtain advice online. In the fourth quarter one of four meetings was held online and the total number of online meetings increased by 35% compared to same quarter last year.

On 25 August 2016 Nordea and DNB entered into an agreement to combine their operations in Estonia, Latvia and Lithuania in order to create a leading independent financial services provider in the Baltics. The Luminor transaction was successfully closed on 1 October 2017, resulting in the third largest financial services provider in the Baltic banking market.

Result

Total income improved by 1% compared to the same period last year in local currencies but was down 3% from the previous quarter, mainly due to lower non-interest income.

Net interest income in local currencies decreased slightly from the third quarter, but increased 4% from the same quarter last year, supported by improved lending margins. Lending and deposit volumes stayed stable from the previous quarter while deposit margins decreased. Net fee and commission income was down 9% from last quarter mainly due to lower payment commissions.

Expenses increased 11% in local currencies from the third quarter, driven by restructuring provisions following the transformation agenda communicated in Q3. Total expenses were affected by transformation costs of EUR 39.8m, of which EUR 29.9m related to staff costs. The number of FTEs was down 3% from the previous quarter.

The loan loss ratio remained at previous quarter's low level, amounting to 1 bp of total lending volume.

Personal Banking Denmark

Total income decreased by 7% compared to third quarter as a combination of decreasing net interest income and net fee and commission income. Net fee and commission income was negatively affected by periodisation effects between Q4 and Q3 as well as higher payment commission expenses towards the end of the year. The household mortgage lending volume was stable while consumer lending volumes decreased slightly due to low customer demand. The deposit volume remained at a high level in a market with continuing declining interest rates.

Total expenses were unchanged from previous quarter and down 2% compared to the same period last year, driven by lower number of FTEs.

The strong macro-economic trend continued with increasing prices on the housing market, leading to an improved credit quality thus decreasing loan loss provisions.

Personal Banking Finland

Total income decreased 3% from previous quarter while improving by 3% from the same period last year. Net fee and commission income decreased 4% from the previous quarter but was up 5% from the same period last year. Lending volumes and deposit volumes growth were stable quarter-on-quarter but increased from the same period last year. Sales of new housing loans remained strong following high consumer confidence.

Total expenses increased from the previous quarter due to restructuring costs. Number of FTEs decreased from the last quarter.

Loan losses remained at a low level.

Personal Banking Norway

Total income in local currency was down 4% in the fourth quarter, driven mainly by lower non-interest income.

Net interest income decreased slightly, following reduced the deposit margins and some pressure on the lending margins. Lending volumes were up 1% in local currency, driven by higher mortgage lending, while deposit volumes were down 1% in the same period. Non-interest income was down mainly on increased payment commission expenses and reduced markets income.

Total expenses decreased from the same period last year and loan losses were significantly reduced from the previous quarter.

Personal Banking Sweden

Total income improved 1% in local currency from the same period last year and stayed on the same level as previous quarter. Disregarding an extra allocation of commission expenses in the fourth quarter, the underlying development of non-interest income shows a positive trend from consumer cards and the interest cap related income. Net interest income was stable compared to third quarter. Lending and deposit volumes were largely unchanged, while lending margins improved slightly following lower funding costs.

Total expenses were up 3% in local currency due to restructuring costs, but remained at same level as in the same period last year.

Net loan losses remained at a low level.

Credit quality

Net loan losses decreased 19% from the third quarter. The loan loss ratio was 0.9 bps, down 0.2 bps from the third quarter. Credit quality remained stable.

Distribution agreement with Wealth Management

The result excluding the distribution agreement with wealth management is according to the principle that all income, expense, and capital is allocated to the customer-responsible unit. This principle aligns with the internal management reporting and with the principle applied to all other product units in the group.

Personal Banking total

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan-Dec 17/16 EUR	Jan-Dec 17/16 Local
EURm													
Net interest income	522	536	519	524	504	-2%	3%	-1%	4%	2,101	1,962	7%	7%
Net fee and commission income	157	174	181	184	175	-9%	-10%	-9%	-10%	696	692	0%	0%
Net result from items at fair value	15	15	17	15	17	-4%	0%	-3%	2%	62	79	-16%	-15%
Equity method & other income	0	0	6	1	1					7	4		
Total income incl. allocations	**694**	**725**	**723**	**724**	**697**	**-4%**	**-1%**	**-3%**	**1%**	**2,866**	**2,737**	**5%**	**5%**
Total expenses incl. allocations	**-451**	**-411**	**-436**	**-426**	**-410**	**10%**	**10%**	**11%**	**11%**	**-1,724**	**-1,666**	**3%**	**4%**
Profit before loan losses	**243**	**314**	**287**	**298**	**287**	**-23%**	**-16%**	**-21%**	**-15%**	**1,142**	**1,071**	**6%**	**7%**
Net loan losses	-4	-5	-24	-7	5					-40	-36		
Operating profit	**239**	**309**	**263**	**291**	**292**	**-23%**	**-18%**	**-22%**	**-17%**	**1,102**	**1,035**	**7%**	**7%**
Cost/income ratio, %	65	57	60	59	59					60	61		
ROCAR, %	11	14	12	13	14					12	13		
Economic capital (EC)	7,012	6,772	6,538	6,760	6,411	4%	9%	5%	12%	7,012	6,411	9%	12%
Risk exposure amount (REA)	25,167	25,393	25,912	25,990	26,664	-1%	-6%	0%	-4%	25,167	26,664	-6%	-4%
Number of employees (FTEs)	11,093	11,475	11,590	11,442	11,480	-3%	-3%	-3%	-3%	11,093	11,480	-3%	-3%
Volumes, EURbn:													
Lending to corporates[1]	1.2	0.9	0.9	1.1	0.9	1%	7%	2%	9%	1.2	0.9	7%	9%
Household mortgage lending	124.3	126.3	124.0	125.8	125.6	-2%	-1%	0%	2%	124.3	125.6	-1%	2%
Consumer lending	19.5	20.1	20.1	20.1	20.4	-2%	-3%	-1%	-2%	19.5	20.4	-3%	-2%
Total lending	**145.0**	**147.3**	**145.0**	**147.0**	**146.9**	**-2%**	**-1%**	**0%**	**1%**	**145.0**	**146.9**	**-1%**	**1%**
Corporate deposits[1]	2.3	2.3	2.5	2.4	2.5	-3%	-9%	-3%	-9%	2.3	2.5	-9%	-9%
Household deposits	73.1	74.2	73.7	73.0	73.3	-1%	0%	0%	2%	73.1	73.3	0%	2%
Total deposits	**75.4**	**76.5**	**76.2**	**75.4**	**75.8**	**-2%**	**-1%**	**0%**	**1%**	**75.4**	**75.8**	**-1%**	**1%**

Restatements due to organisational changes, including the deconsolidation of the Baltics operations.

[1] Corporate lending and deposits of some household customers in Personal Banking (PeB) is served and reported in PeB.

Personal Banking total excl. Distribution agreement with Wealth Management

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan-Dec 17/16 EUR	Jan-Dec 17/16 Local
EURm													
Net interest income	522	535	517	524	507	-2%	3%	-1%	4%	2,098	1,965	7%	7%
Net fee and commission income	288	301	303	307	301	-4%	-4%	-3%	-4%	1,199	1,152	4%	5%
Net result from items at fair value	16	16	18	15	16	-4%	0%	-3%	2%	65	78	-16%	-15%
Equity method & other income	-1	1	6	1	1					7	4		
Total income incl. allocations	**825**	**853**	**844**	**847**	**825**	**-3%**	**0%**	**-2%**	**1%**	**3,369**	**3,199**	**5%**	**6%**
Total expenses incl. allocations	**-482**	**-443**	**-465**	**-458**	**-438**	**9%**	**10%**	**10%**	**11%**	**-1,848**	**-1,781**	**4%**	**4%**
Profit before loan losses	**343**	**410**	**379**	**389**	**387**	**-16%**	**-12%**	**-15%**	**-10%**	**1,521**	**1,418**	**7%**	**8%**
Net loan losses	-3	-4	-24	-8	4					-39	-39		
Operating profit	**340**	**406**	**355**	**381**	**391**	**-16%**	**-13%**	**-15%**	**-12%**	**1,482**	**1,379**	**7%**	**8%**
Cost/income ratio, %	58	52	55	54	53					55	56		
ROCAR, %	14	17	15	16	18					16	16		
Economic capital (EC)	7,491	7,252	7,015	7,230	6,877	3%	9%	5%	12%	7,491	6,877	9%	12%
Risk exposure amount (REA)	25,167	25,393	25,912	25,990	26,664	-1%	-6%	0%	-4%	25,167	26,664	-6%	-4%
Number of employees (FTEs)	11,093	11,475	11,590	11,442	11,480	-3%	-3%	-3%	-3%	11,093	11,480	-3%	-3%
Volumes, EURbn:													
Lending to corporates[1]	1.2	0.9	0.9	1.1	0.9	1%	7%	2%	9%	0.8	0.9	7%	9%
Household mortgage lending	124.3	126.3	124.0	125.8	125.6	-2%	-1%	0%	2%	124.3	156.6	-1%	2%
Consumer lending	19.5	20.1	20.1	20.1	20.4	-2%	-3%	-1%	-2%	19.9	20.4	-3%	-2%
Total lending	**145.0**	**147.3**	**145.0**	**147.0**	**146.9**	**-2%**	**-1%**	**0%**	**1%**	**145.0**	**149.6**	**-1%**	**1%**
Corporate deposits[1]	2.3	2.3	2.5	2.4	2.5	-3%	-9%	-3%	-9%	2.3	2.5	-9%	-9%
Household deposits	73.1	74.2	73.7	73.0	73.3	-1%	0%	0%	2%	73.1	73.3	0%	2%
Total deposits	**75.4**	**76.5**	**76.2**	**75.4**	**75.8**	**-2%**	**-1%**	**0%**	**1%**	**75.4**	**75.8**	**-1%**	**1%**

Restatements due to organisational changes, including the deconsolidation of the Baltics operations.

[1] Corporate lending and deposits of some household customers in Personal Banking (PeB) is served and reported in PeB.

Personal Banking Denmark

EURm	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
Net interest income	139	144	148	151	155	-3%	-10%	582	600	-3%
Net fee and commission income	34	43	42	51	46	-21%	-27%	170	179	-5%
Net result from items at fair value	2	2	2	2	0	-10%		8	6	70%
Equity method & other income	-1	-1	0	0	-1			-2	-2	
Total income incl. allocations	**174**	**188**	**192**	**204**	**200**	**-7%**	**-13%**	**758**	**783**	**-3%**
Total expenses incl. allocations	**-131**	**-131**	**-130**	**-133**	**-134**	**0%**	**-2%**	**-525**	**-548**	**-4%**
Profit before loan losses	**43**	**57**	**62**	**71**	**66**	**-25%**	**-35%**	**233**	**235**	**-1%**
Net loan losses	8	1	-11	-3	10			-5	0	
Operating profit	**51**	**58**	**51**	**68**	**76**	**-13%**	**-33%**	**228**	**235**	**-2%**
Cost/income ratio, %	75	70	68	65	67			69	70	
ROCAR, %	12	14	11	15	17			13	13	
Economic capital (EC)	1,354	1,284	1,260	1,426	1,370	5%	-1%	1,354	1,370	-1%
Risk exposure amount (REA)	7,348	7,363	7,541	8,271	8,643	0%	-15%	7,348	8,643	-15%
Number of employees (FTEs)	2,233	2,353	2,368	2,368	2,319	-5%	-4%	2,233	2,319	-4%
Volumes, EURbn:										
Lending to corporates	0.3	0.2	0.2	0.2	0.3	0%	5%	0.3	0.3	5%
Household mortgage lending	29.4	29.4	29.5	29.5	29.5	0%	-1%	29.4	29.5	-1%
Consumer lending	8.8	9.1	9.2	9.3	9.5	-3%	-7%	8.8	9.5	-7%
Total lending	**38.5**	**38.7**	**38.9**	**39.0**	**39.3**	**-1%**	**-2%**	**38.5**	**39.3**	**-2%**
Corporate deposits	2.1	1.9	2.0	2.0	2.0	2%	-1%	2.1	2.0	-1%
Household deposits	22.2	22.4	22.6	22.1	22.2	-1%	0%	22.2	22.2	0%
Total deposits	**24.3**	**24.3**	**24.6**	**24.1**	**24.2**	**0%**	**0%**	**24.3**	**24.2**	**0%**

Restatements due to organisational changes.

Personal Banking Finland

EURm	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
Net interest income	99	101	96	95	95	-2%	3%	391	382	1%
Net fee and commission income	47	49	51	52	45	-4%	5%	199	187	7%
Net result from items at fair value	5	5	5	6	6	-7%	-11%	21	27	-21%
Equity method & other income	0	0	4	0	0			4	0	
Total income incl. allocations	**151**	**155**	**156**	**153**	**146**	**-3%**	**3%**	**615**	**596**	**3%**
Total expenses incl. allocations	**-116**	**-105**	**-108**	**-108**	**-110**	**10%**	**5%**	**-437**	**-443**	**-1%**
Profit before loan losses	**35**	**50**	**48**	**45**	**36**	**-29%**	**-4%**	**178**	**153**	**15%**
Net loan losses	-2	-1	-3	-1	-2			-7	-13	
Operating profit	**33**	**49**	**45**	**44**	**34**	**-32%**	**-4%**	**171**	**140**	**20%**
Cost/income ratio, %	77	68	69	71	75			71	74	
ROCAR, %	8	11	11	11	9			10	10	
Economic capital (EC)	1,371	1,305	1,315	1,174	1,173	5%	17%	1,371	1,173	17%
Risk exposure amount (REA)	6,893	6,858	6,876	5,900	6,235	1%	11%	6,893	6,235	11%
Number of employees (FTEs)	2,395	2,471	2,625	2,560	2,629	-3%	-9%	2,395	2,629	-9%
Volumes, EURbn:										
Lending to corporates	0.1	0.1	0.1	0.1	0			0.1	0	
Household mortgage lending	26.6	26.5	26.3	26.0	26.0	0%	2%	26.6	26.0	2%
Consumer lending	5.6	5.6	5.5	5.5	5.5	0%	3%	5.6	5.5	3%
Total lending	**32.3**	**32.2**	**31.9**	**31.6**	**31.5**	**0%**	**2%**	**32.3**	**31.5**	**2%**
Corporate deposits	0.1	0.1	0.1	0.1	0.1	1%		0.1	0.1	
Household deposits	20.7	20.6	20.7	20.3	20.4	0%	2%	20.7	20.4	2%
Total deposits	**20.8**	**20.7**	**20.8**	**20.4**	**20.5**	**0%**	**1%**	**20.8**	**20.5**	**1%**

Personal Banking Norway

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan-Dec 17/16 EUR	Jan-Dec 17/16 Local
EURm													
Net interest income	91	95	90	87	75	-4%	20%	-1%	28%	363	303	19%	20%
Net fee and commission income	21	22	23	20	20	-4%	6%	-11%	1%	86	85	2%	-2%
Net result from items at fair value	2	3	3	2	4	-23%	-34%	-20%	-30%	10	14	-20%	-19%
Equity method & other income	0	0	1	0	0					1	3		
Total income incl. allocations	**114**	**120**	**117**	**109**	**99**	**-5%**	**15%**	**-4%**	**20%**	**460**	**405**	**14%**	**13%**
Total expenses incl. allocations	**-51**	**-50**	**-51**	**-57**	**-55**	**2%**	**-6%**	**4%**	**-1%**	**-209**	**-215**	**-3%**	**-3%**
Profit before loan losses	**63**	**70**	**66**	**52**	**44**	**-9%**	**42%**	**-9%**	**46%**	**251**	**190**	**33%**	**32%**
Net loan losses	0	-3	0	-1	0					-4	-4		
Operating profit	**63**	**67**	**66**	**51**	**44**	**-6%**	**41%**	**-6%**	**45%**	**247**	**186**	**34%**	**33%**
Cost/income ratio, %	45	42	44	52	56					45	53		
ROCAR, %	15	16	16	13	12					15	13		
Economic capital (EC)	1,312	1,294	1,186	1,306	1,158	1%	13%	6%	23%	1,312	1,158	13%	23%
Risk exposure amount (REA)	4,414	4,539	4,849	4,953	5,080	-3%	-13%	2%	-6%	4,414	5,080	-13%	-6%
Number of employees (FTEs)	846	859	843	867	892	-2%	-5%	-2%	-5%	846	892	-5%	-5%
Volumes, EURbn:													
Lending to corporates	0.1	-0.1	0	0.1	0	-3%	25%	1%	35%	0.1	0	25%	35%
Household mortgage lending	25.8	26.7	24.6	26.6	26.9	-3%	-4%	1%	4%	25.8	26.9	-4%	4%
Consumer lending	1.3	1.4	1.3	1.3	1.3	-1%	4%	4%	12%	1.3	1.3	4%	12%
Total lending	**27.2**	**28.0**	**25.9**	**28.0**	**28.2**	**-3%**	**-4%**	**1%**	**4%**	**27.2**	**28.2**	**-4%**	**4%**
Corporate deposits	0.1	0.2	0.3	0.3	0.3	-47%	-57%	-45%	-54%	0.1	0.3	-57%	-54%
Household deposits	8.1	8.4	7.8	8.4	8.6	-4%	-6%	1%	2%	8.1	8.6	-6%	2%
Total deposits	**8.2**	**8.6**	**8.1**	**8.7**	**8.9**	**-5%**	**-8%**	**-1%**	**0%**	**8.2**	**8.9**	**-8%**	**0%**

Restatements due to organisational changes.

Personal Banking Sweden

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan-Dec 17/16 EUR	Jan-Dec 17/16 Local
EURm													
Net interest income	183	187	176	183	179	-2%	2%	0%	2%	729	693	5%	7%
Net fee and commission income	61	65	63	63	63	-5%	-2%	-1%	0%	252	248	1%	2%
Net result from items at fair value	6	5	5	4	7	13%	-13%	16%	-12%	20	26	-20%	-19%
Equity method & other income	0	1	0	0	0					1	1		
Total income incl. allocations	**250**	**258**	**244**	**250**	**249**	**-3%**	**0%**	**0%**	**1%**	**1,002**	**968**	**3%**	**5%**
Total expenses incl. allocations	**-115**	**-115**	**-117**	**-120**	**-114**	**0%**	**1%**	**3%**	**1%**	**-467**	**-474**	**-1%**	**1%**
Profit before loan losses	**135**	**143**	**127**	**130**	**135**	**-6%**	**0%**	**-3%**	**1%**	**535**	**494**	**8%**	**10%**
Net loan losses	-4	-2	-2	-3	-4					-11	-10		
Operating profit	**131**	**141**	**125**	**127**	**131**	**-7%**	**0%**	**-5%**	**1%**	**524**	**484**	**8%**	**9%**
Cost/income ratio, %	46	45	48	48	46					47	49		
ROCAR, %	15	17	15	16	17					15	17		
Economic capital (EC)	2,660	2,581	2,475	2,554	2,359	3%	13%	5%	16%	2,660	2,359	13%	16%
Risk exposure amount (REA)	4,889	4,948	4,956	5,215	4,977	-1%	-2%	1%	1%	4,889	4,977	-2%	1%
Number of employees (FTEs)	1,973	2,024	2,064	2,075	2,119	-3%	-7%	-3%	-7%	1,973	2,119	-7%	-7%
Volumes, EURbn:													
Lending to corporates	0.7	0.7	0.6	0.7	0.6	2%	10%	4%	13%	0.7	0.6	10%	13%
Household mortgage lending	42.5	43.7	43.6	43.7	43.2	-3%	-2%	-1%	1%	42.5	43.2	-2%	1%
Consumer lending	3.8	4.0	4.1	4.0	4.1	-4%	-7%	-2%	-4%	3.8	4.1	-7%	-4%
Total lending	**47.0**	**48.4**	**48.3**	**48.4**	**47.9**	**-3%**	**-2%**	**-1%**	**1%**	**47.0**	**47.9**	**-2%**	**1%**
Corporate deposits	0	0.1	0.1	0	0.1	-1%	0%	1%	3%	0	0.1	0%	3%
Household deposits	22.1	22.8	22.6	22.2	22.1	-3%	0%	-1%	3%	22.1	22.1	0%	3%
Total deposits	**22.1**	**22.9**	**22.7**	**22.2**	**22.2**	**-3%**	**0%**	**-1%**	**3%**	**22.1**	**22.2**	**0%**	**3%**

Personal Banking Other

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
EURm										
Net interest income	10	9	9	8	0			36	-16	
Net fee and commission income	-6	-5	2	-2	1			-11	-7	
Net result from items at fair value	0	0	2	1	0			3	6	
Equity method & other income	1	0	1	1	2			3	2	
Total income incl. allocations	**5**	**4**	**14**	**8**	**3**			**31**	**-15**	
Total expenses incl. allocations	**-38**	**-10**	**-30**	**-8**	**3**			**-86**	**14**	
Profit before loan losses	**-33**	**-6**	**-16**	**0**	**6**			**-55**	**-1**	
Net loan losses	-6	0	-8	1	1			-13	-9	
Operating profit	**-39**	**-6**	**-24**	**1**	**7**			**-68**	**-10**	
Economic capital (EC)	315	308	302	300	351			315	351	
Number of employees (FTEs)	3,646	3,768	3,690	3,572	3,521	-3%	4%	3,646	3,521	4%

Restatements due to organisational changes.

Commercial and Business Banking

Commercial & Business Banking consists of Commercial Banking, Business Banking and Transaction Banking.

Commercial & Business Banking applies a relationship-driven customer service model with a customer-centric value proposition for our corporate customers. Our strategy is to be trusted, relevant and easy to deal with.

Close to 5,300 people work in the Commercial & Business Banking area.

Commercial Banking serves large corporate customers while Business Banking serves small and medium-sized corporate customers. Both units operate in Denmark, Sweden, Norway and Finland and serve more than 500,000 corporate customers from more than 200 physical and online branches across the Nordics.

With a team of around 2,500 people across multiple regions, Transaction Banking incorporates a full value chain and provides services to household, corporate and institutional customers across the Nordics and represents a major innovation hub within the Nordea group. Services include payments, liquidity management, cards, point-of-sale financing, working capital management, trade finance, leasing, and factoring.

Business development

As the banking industry continues its transformation, so too do the businesses of our customers.

The influence of digitalisation has been witnessed through substantial growth in the usage of our online and mobile services and through demand for solutions that support our customers' new business models and their customers' expectations.

Commercial Banking and Business Banking

The first version of Nordea Digital Corporate (new Corporate Netbank solution) has been successfully launched in Sweden, and migration of our smaller customers to the new platform has started. The platform will make daily banking easier for our customers and improve the user experience. The development of the platform is an example of agile and open development in collaboration with our customers.

Product packages that make it easier for both new and existing customers to select a solution matching their needs were launched in Denmark in Q1 and have gained good traction. In Q4 the product packages were launched in Norway with Sweden and Finland to follow.

To provide highly relevant and competent advice to start-ups and high growth companies, we have launched the Start-Up & Growth unit, which is now present in both Denmark and Finland. The concept is appreciated by customers, evidenced by a steady inflow of new customers.

A continued focus on simplification, automation of frontline tasks and robotics has freed up significant time for our advisors to focus on value-adding activities for our customers.

Transaction Banking

In the Open Banking space Nordea was first mover in the Nordics (out of the top ten in the World) with more than one thousand registered external developers. The platform, which was launched in Q4, will enable collaboration and co-creation with fintechs and other market players, improving time to market of new customer solutions and value propositions. For this, Nordea Open Banking was recently commended with the Banking Technology Award for Top Digital Innovation.

In the spirit of collaboration and co-creation, development, sprints with customers have been launched and co-development of solutions is in process. In addition we have officially joined the we.trade blockchain consortium as a founding member which will enable a market launch of the first blockchain based Trade Finance solution in 2018.

In Mobile Payments Nordea was the only major Nordic bank to bring Apple Pay to customers in Denmark, Finland and Sweden. Another example of innovation was a social media banking invoice solution launched in Norway.

In consumer finance, customers in Denmark and Finland can obtain Nordea financing through a broker solution starting in Q4.

The Nordea Finance leasing platform was launched in Finland as the first country. The new and improved system reduces complexity by harmonising processes and products, focusing on leasing, hire purchase and loans as part of our strategy to make banking easy for our customers.

Result

Total income increased 1% compared to the third quarter, driven by net fee and commission income. Compared to the same quarter last year total income decreased 3%.

Net interest income decreased 1% from the previous quarter, in line with the development in lending volumes. In local currency lending volumes increased 1% from the previous quarter.

Net fee and commission income increased by 11% from the seasonally low third quarter. Net result from items at fair value decreased 9% driven by a few customer defaults.

Total expenses were affected by transformation costs of EUR 51m, of which EUR 47m related to staff costs. The underlying cost increased 1% compared to the previous quarter and decreased 3% compared to same quarter last year.

Loan losses increased 16% from the third quarter. Operating profit decreased 35% driven by costs to transform. Excluding restructuring costs operating profit decreased 2%.

Economic capital (EC) decreased 1% and Risk exposure amount (REA) decreased 2%. ROCAR decreased 3%-points. ROCAR excluding transformation cost would be unchanged from the third quarter.

Commercial Banking

Total income remained unchanged compared to the third quarter as net fee and commission income increased while net result from items at fair value decreased.

Net interest income increased 1% from the previous quarter and 8% compared to the same quarter last year. Lending volumes were down 1% compared to previous quarter but up 1% in local currencies.

Net fee and commission income increased by 8% from the seasonally low third quarter. Net result from items at fair value decreased 9% driven by a few customer defaults.

Total expenses decreased 5% compared to previous quarter and 4% compared to same quarter last year.

Loan losses increased 14% leading to an operating profit increase of 5% compared to the third quarter.

Economic capital (EC) decreased 1% and Risk exposure amount (REA) decreased 2%. ROCAR increased 1%-point.

Business Banking

Total income increased by 1% compared to the third quarter driven by net fee and commission income.

Net interest income decreased 2% from the previous quarter. Lending volumes were broadly unchanged compared to previous quarter, in local currencies lending volumes increased slightly.

Net fee and commission income increased by 10% from the previous quarter driven by seasonality.

Total expenses decreased 4% compared both to the previous quarter and to same quarter last year.

Loan losses decreased and were positively impacted by reversals of general provisions. Operating profit increased 8% from the third quarter mainly driven by lower costs.

Economic capital (EC) remained flat and Risk exposure amount (REA) decreased 2%. ROCAR increased 1%-point.

Credit quality

Net loan losses increased 16% from the third quarter. The loan loss ratio was 14bps, up from 12 bps in the third quarter. Overall credit quality remained solid.

Distribution agreement with Wealth Management

The result excluding the distribution agreement with wealth management is according to the principle that all income, expense, and capital is allocated to the customer responsible unit. This principle aligns with the internal management reporting and with the principle applied to all other product units in the group.

Commercial & Business Banking total

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan-Dec 17/16 EUR	Jan-Dec 17/16 Local
EURm													
Net interest income	282	285	284	281	276	-1%	2%	0%	3%	1,132	1,110	2%	2%
Net fee and commission income	112	101	114	105	116	11%	-3%	10%	-3%	432	408	6%	7%
Net result from items at fair value	53	58	68	61	69	-9%	-23%	-7%	-21%	240	279	-14%	-13%
Equity method & other income	9	7	9	20	8					45	34		
Total income incl. allocations	**456**	**451**	**475**	**467**	**469**	**1%**	**-3%**	**2%**	**-1%**	**1,849**	**1,831**	**1%**	**1%**
Total expenses incl. allocations	**-324**	**-269**	**-275**	**-273**	**-282**	**21%**	**15%**	**22%**	**16%**	**-1,141**	**-1,100**	**4%**	**4%**
Profit before loan losses	**132**	**182**	**200**	**194**	**187**	**-28%**	**-30%**	**-27%**	**-28%**	**708**	**731**	**-3%**	**-3%**
Net loan losses	-29	-25	-16	-17	-35					-87	-161		
Operating profit	**103**	**157**	**184**	**177**	**152**	**-35%**	**-32%**	**-34%**	**-31%**	**621**	**570**	**9%**	**9%**
Cost/income ratio, %	71	60	58	59	60					62	60		
ROCAR, %	5	8	9	9	8					8	7		
Economic capital (EC)	5,921	5,957	6,330	6,153	5,966	-1%	-1%	2%	0%	5,921	5,966	-1%	0%
Risk exposure amount (REA)	33,324	34,074	33,966	33,611	33,041	-2%	1%	2%	6%	33,324	33,041	1%	6%
Number of employees (FTEs)	5,282	5,520	5,498	5,515	5,651	-4%	-7%	-4%	-7%	5,282	5,651	-7%	-7%
Volumes, EURbn:													
Lending to corporates	70.8	71.4	70.6	70.2	70.3	-1%	1%	1%	3%	70.8	70.3	1%	3%
Household mortgage lending[1]	7.1	7.1	7.2	7.3	7.4	0%	-4%	0%	-3%	7.1	7.4	-4%	-3%
Consumer lending[1]	2.2	2.2	2.3	2.3	2.3	-3%	-8%	-3%	-7%	2.2	2.3	-8%	-7%
Total lending	**80.1**	**80.7**	**80.1**	**79.8**	**80.0**	**-1%**	**0%**	**1%**	**2%**	**80.1**	**80.0**	**0%**	**2%**
Corporate deposits	35.9	35.2	34.8	35.2	36.0	2%	0%	4%	3%	35.9	36.0	0%	3%
Household deposits[1]	3.1	3.0	3.1	3.1	3.3	3%	-6%	3%	-5%	3.1	3.3	-6%	-5%
Total deposits	**39.0**	**38.2**	**37.9**	**38.3**	**39.3**	**2%**	**-1%**	**4%**	**2%**	**39.0**	**39.3**	**-1%**	**2%**

Restatement due to organisational

[1] Household lending and deposits of some corporate customers is supplied by and reported in Commercial & Business Banking.

Commercial & Business Banking excl. Distribution agreement with Wealth Management

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan-Dec 17/16 EUR	Jan-Dec 17/16 Local
EURm													
Net interest income	282	284	284	281	275	-1%	2%	0%	3%	1,131	1,109	2%	2%
Net fee and commission income	142	130	143	133	141	9%	1%	11%	3%	548	507	8%	9%
Net result from items at fair value	53	58	68	61	69	-9%	-23%	-7%	-21%	240	279	-14%	-13%
Equity method & other income	9	7	9	20	8					45	34		
Total income incl. allocations	**486**	**479**	**504**	**495**	**493**	**1%**	**-2%**	**3%**	**0%**	**1,964**	**1,929**	**2%**	**2%**
Total expenses incl. allocations	**-334**	**-278**	**-284**	**-283**	**-290**	**20%**	**15%**	**21%**	**16%**	**-1,179**	**-1,131**	**4%**	**5%**
Profit before loan losses	**152**	**201**	**220**	**212**	**203**	**-25%**	**-25%**	**-23%**	**-23%**	**785**	**798**	**-2%**	**-2%**
Net loan losses	-29	-25	-16	-17	-35					-87	-161		
Operating profit	**123**	**176**	**204**	**195**	**168**	**-30%**	**-27%**	**-29%**	**-25%**	**698**	**637**	**10%**	**10%**
Cost/income ratio, %	69	58	56	57	59					60	59		
ROCAR, %	6	8	10	9	8					8	8		
Economic capital (EC)	6,151	6,186	6,533	6,382	6,194	-1%	-1%	1%	3%	6,151	6,194	-1%	3%
Risk exposure amount (REA)	33,324	34,074	33,966	33,611	33,041	-2%	1%	-1%	6%	33,324	33,041	1%	6%
Number of employees (FTEs)	5,282	5,520	5,498	5,515	5,651	-4%	-7%	-4%	-7%	5,282	5,651	-7%	-7%
Volumes, EURbn:													
Lending to corporates	70.8	71.4	70.6	70.2	70.3	-1%	1%	1%	3%	70.8	70.3	1%	3%
Household mortgage lending[1]	7.1	7.1	7.2	7.3	7.4	0%	-4%	0%	-3%	7.1	7.4	-4%	-3%
Consumer lending[1]	2.2	2.2	2.3	2.3	2.3	-3%	-8%	-3%	-7%	2.2	2.3	-8%	-7%
Total lending	**80.1**	**80.7**	**80.1**	**79.8**	**80.0**	**-1%**	**0%**	**1%**	**2%**	**80.1**	**80.0**	**0%**	**2%**
Corporate deposits	35.9	35.2	34.8	35.2	36.0	2%	0%	4%	3%	35.9	36.0	0%	3%
Household deposits[1]	3.1	3.0	3.1	3.1	3.3	3%	-6%	3%	-5%	3.1	3.3	-6%	-5%
Total deposits	**39.0**	**38.2**	**37.9**	**38.3**	**39.3**	**2%**	**-1%**	**4%**	**2%**	**39.0**	**39.3**	**-1%**	**2%**

Restatements due to organisational changes.

[1] Household lending and deposits of some corporate customers is supplied by and reported in Commercial & Business Banking.

Commercial Banking

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan-Dec 17/16 EUR	Jan-Dec 17/16 Local
EURm													
Net interest income	130	129	126	126	119	1%	8%	2%	11%	511	471	8%	8%
Net fee and commission income	58	54	57	56	58	8%	1%	9%	2%	225	213	6%	7%
Net result from items at fair value	38	42	53	51	53	-9%	-27%	-8%	-26%	184	211	-13%	-12%
Equity method & other income	2	2	2	15	2					21	9		
Total income incl. allocations	**228**	**227**	**238**	**248**	**232**	**0%**	**-1%**	**2%**	**0%**	**941**	**904**	**4%**	**4%**
Total expenses incl. allocations	**-115**	**-122**	**-123**	**-126**	**-120**	**-5%**	**-4%**	**-4%**	**-2%**	**-486**	**-485**	**0%**	**1%**
Profit before loan losses	**113**	**105**	**115**	**122**	**112**	**7%**	**1%**	**9%**	**3%**	**455**	**419**	**8%**	**8%**
Net loan losses	-27	-23	-14	-25	-21					-89	-69		
Operating profit	**86**	**82**	**101**	**97**	**91**	**5%**	**-5%**	**6%**	**-4%**	**366**	**350**	**4%**	**4%**
Cost/income ratio, %	50	54	52	51	52					52	54		
ROCAR, %	7	6	8	8	7					7	7		
Economic capital (EC)	3,666	3,713	3,999	3,826	3,645	-1%	1%	0%	1%	3,666	3,645	1%	1%
Risk exposure amount (REA)	20,818	21,322	21,396	20,971	20,510	-2%	2%	-1%	5%	20,818	20,510	2%	5%
Number of employees (FTEs)	833	836	833	854	925	0%	-10%	0%	-10%	833	925	-10%	-10%
Volumes, EURbn:													
Lending to corporates	42.4	42.8	42.4	42.1	42.3	-1%	0%	1%	3%	42.4	42.3	0%	3%
Household mortgage lending	0.2	0.2	0.2	0.2	0.2	1%	-5%	2%	-3%	0.2	0.2	-5%	-3%
Consumer lending	0.6	0.6	0.7	0.7	0.7	-5%	-6%	-4%	-6%	0.6	0.7	-6%	-6%
Total lending	**43.2**	**43.6**	**43.3**	**43.0**	**43.2**	**-1%**	**0%**	**1%**	**3%**	**43.2**	**43.2**	**0%**	**3%**
Corporate deposits	16.8	16.7	16.0	16.4	17.0	1%	-1%	3%	2%	16.8	17.0	-1%	2%
Household deposits	0.2	0.1	0.2	0.1	0.2	19%	-13%	20%	-12%	0.2	0.2	-13%	-12%
Total deposits	**17.0**	**16.8**	**16.2**	**16.5**	**17.2**	**1%**	**-1%**	**3%**	**2%**	**17.0**	**17.2**	**-1%**	**2%**

Business Banking

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan-Dec 17/16 EUR	Jan-Dec 17/16 Local
EURm													
Net interest income	150	153	155	150	150	-2%	0%	-1%	1%	608	602	1%	1%
Net fee and commission income	68	62	63	65	67	10%	2%	9%	2%	258	253	2%	3%
Net result from items at fair value	18	19	19	14	21	-9%	-16%	-6%	-14%	70	72	-4%	-3%
Equity method & other income	0	0	0	0	0					0	0		
Total income incl. allocations	**236**	**234**	**237**	**229**	**238**	**1%**	**-1%**	**1%**	**0%**	**936**	**927**	**1%**	**1%**
Total expenses incl. allocations	**-137**	**-142**	**-144**	**-146**	**-143**	**-4%**	**-4%**	**-3%**	**-3%**	**-569**	**-578**	**-1%**	**-1%**
Profit before loan losses	**99**	**92**	**93**	**83**	**95**	**7%**	**4%**	**6%**	**5%**	**367**	**349**	**5%**	**5%**
Net loan losses	0	-1	-2	11	-14					8	-87		
Operating profit	**99**	**91**	**91**	**94**	**81**	**8%**	**22%**	**7%**	**22%**	**375**	**262**	**43%**	**43%**
Cost/income ratio, %	58	61	61	64	60					61	62		
ROCAR, %	13	12	11	12	10					12	8		
Economic capital (EC)	2,349	2,347	2,445	2,457	2,440	0%	-4%	1%	-6%	2,349	2,440	-4%	-6%
Risk exposure amount (REA)	13,273	13,534	13,490	13,601	13,492	-2%	-2%	-1%	1%	13,273	13,492	-2%	1%
Number of employees (FTEs)	1,767	1,776	1,770	1,790	1,834	-1%	-4%	-1%	-4%	1,767	1,834	-4%	-4%
Volumes, EURbn:													
Lending to corporates	28.4	28.5	28.2	28.0	28.0	0%	2%	1%	4%	28.4	28.0	2%	4%
Household mortgage lending	6.9	6.9	7.0	7.1	7.2	0%	-4%	0%	-3%	6.9	7.2	-4%	-3%
Consumer lending	1.6	1.6	1.6	1.7	1.7	-2%	-8%	-2%	-8%	1.6	1.7	-8%	-8%
Total lending	**36.9**	**37.0**	**36.8**	**36.8**	**36.9**	**0%**	**0%**	**1%**	**2%**	**36.9**	**36.9**	**0%**	**2%**
Corporate deposits	19.1	18.5	18.9	18.9	19.0	3%	0%	5%	3%	19.1	19.0	0%	3%
Household deposits	2.9	2.9	2.9	3.0	3.1	2%	-5%	2%	-5%	2.9	3.1	-5%	-5%
Total deposits	**22.0**	**21.4**	**21.8**	**21.9**	**22.1**	**3%**	**0%**	**4%**	**2%**	**22.0**	**22.1**	**0%**	**2%**

Commercial & Business Banking, other

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	17/16 EUR
EURm										
Net interest income	2	3	3	5	7			13	37	
Net fee and commission income	-14	-15	-6	-16	-9			-51	-58	
Net result from items at fair value	-3	-3	-4	-4	-5			-14	-4	
Equity method & other income	7	5	7	5	6			24	25	
Total income incl. allocations	**-8**	**-10**	**0**	**-10**	**-1**			**-28**	**0**	
Total expenses incl. allocations	**-72**	**-5**	**-8**	**-1**	**-19**			**-86**	**-37**	
Profit before loan losses	**-80**	**-15**	**-8**	**-11**	**-20**			**-114**	**-37**	
Net loan losses	-2	-1	0	-3	0			-6	-5	
Operating profit	**-82**	**-16**	**-8**	**-14**	**-20**			**-120**	**-42**	
Economic capital (EC)	-94	-103	-114	-130	-119			-94	-119	
Risk exposure amount (REA)	-767	-782	-920	-961	-961			-767	-961	
Number of employees (FTEs)	2,682	2,908	2,895	2,871	2,892	-8%	-7%	2,682	2,892	-7%

Restatements due to organisational changes.

Wholesale Banking

Wholesale Banking provides financial solutions to large Nordic and international corporate and institutional customers. The offering includes a diverse range of financing, cash management and payment services, investment banking, capital markets products and securities services.

Wholesale Banking has the leading Large Corporate and Institutional customer franchise in the Nordics and, through Nordea Markets, serves a broad range of Commercial & Business Banking, Wealth Management and Personal Banking customers.

Business development

Wholesale Banking was externally recognised for its leading markets capabilities. The strong performance was notable from e.g. the No. 1 ranking in the Prospera Nordic Corporate Banking survey. The nominations follow several market-leading league table positions.

Corporate and Investment Banking

The fourth quarter showed a positive trend with customer activity picking up, despite corporates' borrowing remaining moderate. Lending margins were largely stable, although the general loan market featured high lending capacity and risk appetite among Nordic peers.

Institutional customer activity was strong in various areas in the fourth quarter as a result of active primary market activities and associated interest rates and FX hedging. Risk appetite remains strong with a focus on yield-enhancing strategies.

Customer activity in Shipping, Offshore & Oil Services was moderate during the quarter. Exploration and production spending among oil and gas companies is still low, negatively affecting the offshore market.

The Leveraged Finance market was supportive throughout the year which continued in fourth quarter. As in the rest of Europe, the trend of product convergence and increased use of non-bank sources of liquidity continued in Nordea's core markets. Nordea's position as the leading Nordic arranger and distributor of sponsor-backed financings is underpinned by transactions such as its leading roles in the loan refinancing of Hilding Anders and the refinancing of Verisure.

Nordic ECM activity remained solid in the fourth quarter, with volumes up compared to the same quarter last year. Nordea successfully executed a number of large ECM transactions in the quarter including the EUR 541m primary share issue in Tryg as a sole bookrunner, the EUR 434m primary share issue in AkerBP as a joint bookrunner, and the EUR 131m primary share issue in SAS as a joint bookrunner and Lead Manager. In line with the trend in Europe, Nordic M&A activity declined slightly in the quarter compared to the very active fourth quarter of 2016.

Nordea markets

The low interest rates and low volatility that characterised financial markets in the first three quarters of 2017 continued into the fourth quarter. This resulted in subdued customer activity across several FICC business areas. However, the fixed income market maintained its high activity level throughout the fourth quarter, and interest-rate hedging picked up towards the end of the year.

The Nordic equity markets traded sideways in the first half of Q4, and declined towards the end of the quarter under some of the weakest volumes seen throughout the year. Nordea's robust market position was evidenced by a Q4 result on a par with last year.

The bond market was very active throughout 2017. In a benign market environment Nordea managed to strengthen its already strong market position, again holding leading positions in most areas of the Nordic fixed income market.

Result

Total income was EUR 379m, down 24% from the previous quarter, mainly due to low volatility, low interest rates and valuation adjustments.

Total expenses increased by EUR 25m compared to the previous quarter, and were 7% down compared to the fourth quarter last year. Transformation costs were EUR 32m which were all related to staff costs. This is the result of an intensified cost focus and strict resource management. Net loan losses declined from EUR -281m in 2016 to EUR -229m in full year 2017.

Operating profit was EUR 97m and the business area ROCAR was 4%.

Corporate & Institutional Banking

Total income was EUR 338m, up 9% from the previous quarter.

Net interest income was down 8% whereas net fee and commission income was up 12% and items at fair value increased by 40% from the previous quarter. Lending capacity and risk appetite remained high among Nordic banks, leading to aggressive pricing.

Average volumes were slightly lower with lower yield fees.

Corporate & Institutional Banking ROCAR for the fourth quarter was 12%, up 1%-point from the previous quarter.

Shipping, Offshore & Oil Services

Total income was EUR 62m, down 2% from the previous quarter, mainly due to reduced net interest income.

Net interest income was down 7% mainly reflecting lower loan volumes. Net fee and commission was unchanged and the net result on items at fair value remained low due to limited customer activity. Net loan losses decreased to EUR 14m in the fourth quarter.

Banking Russia

Customer activity picked up slightly along with positive macroeconomic data, but remained low. The strategy of de-risking and focusing on large corporates remained unchanged. Credit volume dropped by EUR 300m and income declined by 24% while operating profit remained unchanged.

Wholesale Banking other (including Capital Markets unallocated)

Total income for Wholesale Banking other decreased from the previous quarter largely due to valuation adjustments and somewhat higher commission expenses.

Wholesale Banking other is the residual result not allocated to customer units. This income includes the unallocated income from Capital Markets and International Division. It also includes the additional liquidity premium for the funding cost of long-term lending and deposits in Wholesale Banking. Wholesale Banking other comprises all staff in Capital Markets as well as support units. The costs are to a large extent allocated to customer units.

Credit quality

Net loan losses decreased from EUR 40m in Q3 to EUR 35m in Q4. The loan loss level primarily reflects challenges within Oil and offshore, but also a couple of specific cases with C&IB.
The loan loss ratio was 26bps, down 4bps from the previous quarter.

Wholesale Banking total

								Local curr.				Jan-Dec 17/16	
	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	EUR	Local
EURm													
Net interest income	164	185	190	200	203	-11%	-19%	-10%	-16%	739	830	-11%	-11%
Net fee and commission income	132	140	133	167	159	-6%	-17%	-4%	-13%	572	629	-9%	-8%
Net result from items at fair value	83	173	178	191	294	-52%	-72%	-52%	-72%	625	803	-22%	-22%
Equity method & other income	0	0	0	4	-1					4	0		
Total income incl. allocations	**379**	**498**	**501**	**562**	**655**	**-24%**	**-42%**	**-23%**	**-40%**	**1,940**	**2,262**	**-14%**	**-14%**
Total expenses incl. allocations	**-247**	**-222**	**-228**	**-236**	**-267**	**11%**	**-7%**	**13%**	**-5%**	**-933**	**-967**	**-4%**	**-3%**
Profit before loan losses	**132**	**276**	**273**	**326**	**388**	**-52%**	**-66%**	**-51%**	**-65%**	**1,007**	**1,295**	**-22%**	**-22%**
Net loan losses	-35	-40	-64	-90	-96					-229	-279		
Operating profit	**97**	**236**	**209**	**236**	**292**	**-59%**	**-67%**	**-57%**	**-66%**	**778**	**1,016**	**-23%**	**-24%**
Cost/income ratio, %	65	45	46	42	41					48	43		
ROCAR, %	4	9	7	8	11					7	9		
Economic capital (EC)	7,763	8,113	8,462	9,226	8,365	-4%	-7%			7,763	8,365	-7%	
Risk exposure amount (REA)	41,179	43,417	43,492	46,757	48,564	-5%	-15%			41,179	48,564	-15%	
Number of employees (FTEs)	3,727	3,958	3,949	4,016	4,059	-6%	-8%			3,727	4,059	-8%	
Volumes, EURbn:													
Lending to corporates	71.1	72.4	75.1	82.1	80.3	-2%	-12%			71.1	80.3	-12%	
Lending to households	0	0	0	0	0.2					0	0.2		
Total lending	**71.1**	**72.4**	**75.1**	**82.1**	**80.5**	**-2%**	**-12%**	**-1%**	**-8%**	**71.1**	**80.5**	**-12%**	**-8%**
Corporate deposits	46.9	54.0	59.5	59.2	47.1	-13%	0%			46.9	47.1	0%	
Household deposits	0.1	0.1	0.1	0.2	0.1	0%	0%			0.1	0.1	0%	
Total deposits	**47.0**	**54.1**	**59.6**	**59.4**	**47.2**	**-13%**	**0%**	**-12%**	**3%**	**47.0**	**47.2**	**0%**	**3%**

Corporate & Institutional Banking

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
EURm										
Net interest income	123	134	134	127	129	-8%	-5%	518	519	0%
Net fee and commission income	131	117	138	141	144	12%	-9%	527	574	-8%
Net result from items at fair value	84	60	77	84	102	40%	-18%	305	311	-2%
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	**338**	**311**	**349**	**352**	**375**	**9%**	**-10%**	**1,350**	**1,404**	**-4%**
Total expenses incl. allocations	**-127**	**-131**	**-132**	**-134**	**-143**	**-3%**	**-11%**	**-524**	**-575**	**-9%**
Profit before loan losses	**211**	**180**	**217**	**218**	**232**	**17%**	**-9%**	**826**	**829**	**0%**
Net loan losses	-25	-13	-17	-17	-38			-72	-103	
Operating profit	**186**	**167**	**200**	**201**	**194**	**11%**	**-4%**	**754**	**726**	**4%**
Cost/income ratio, %	38	42	38	38	38			39	41	
ROCAR, %	12	11	13	12	14			12	12	
Economic capital (EC)	4,516	4,593	4,578	5,344	4,398	-2%	3%	4,516	4,398	3%
Risk exposure amount (REA)	24,419	24,587	23,930	27,126	26,750	-1%	-9%	24,419	26,750	-9%
Number of employees (FTEs)	169	167	167	169	168	1%	1%	169	168	1%
Volumes, EURbn:										
Total lending	36.4	36.2	37.5	38.4	37.9	1%	-4%	36.4	37.9	-4%
Total deposits	33.5	35.9	35.9	36.4	35.5	-7%	-6%	33.5	35.5	-6%

Shipping, Offshore & Oil Services

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
EURm										
Net interest income	52	56	62	64	64	-7%	-19%	234	252	-7%
Net fee and commission income	9	9	10	11	14	0%	-36%	39	57	-32%
Net result from items at fair value	1	-2	-37	5	5			-33	31	
Equity method & other income	0	0	0	0	0			0	0	
Total income incl. allocations	**62**	**63**	**35**	**80**	**83**	**-2%**	**-25%**	**240**	**340**	**-29%**
Total expenses incl. allocations	**-15**	**-15**	**-16**	**-16**	**-16**	**0%**	**-6%**	**-62**	**-63**	**-2%**
Profit before loan losses	**47**	**48**	**19**	**64**	**67**	**-2%**	**-30%**	**178**	**277**	**-36%**
Net loan losses	-14	-25	-39	-58	-49			-136	-147	
Operating profit	**33**	**23**	**-20**	**6**	**18**	**43%**	**83%**	**42**	**130**	**-68%**
Cost/income ratio, %	24	24	46	20	19			26	19	
ROCAR, %	6	4	-3	1	3			2	6	
Economic capital (EC)	1,577	1,802	1,831	1,701	1,595	-12%	-1%	1,577	1,595	-1%
Risk exposure amount (REA)	8,589	9,959	9,931	9,399	9,697	-14%	-11%	8,589	9,697	-11%
Number of employees (FTEs)	45	66	72	76	79	-32%	-43%	45	79	-43%
Volumes, EURbn:										
Total lending	9.2	9.9	10.7	11.6	12.0	-7%	-23%	9.2	12.0	-23%
Total deposits	3.6	3.8	5.1	5.7	5.1	-5%	-29%	3.6	5.1	-29%

Banking Russia

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Local curr. Q4/Q3	Local curr. Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
EURm												
Net interest income	17	25	25	30	39	-32%	-56%	-30%	-54%	97	173	-44%
Net fee and commission income	4	4	3	5	4	0%	0%	6%	3%	16	14	14%
Net result from items at fair value	4	4	3	3	4	0%	0%	-5%	-9%	14	15	-7%
Equity method & other income	0	0	0	0	0					0	0	
Total income incl. allocations	**25**	**33**	**31**	**38**	**47**	**-24%**	**-47%**	**-23%**	**-45%**	**127**	**202**	**-37%**
Total expenses incl. allocations	**-13**	**-12**	**-12**	**-15**	**-16**	**8%**	**-19%**	**5%**	**-20%**	**-52**	**-55**	**-5%**
Profit before loan losses	**12**	**21**	**19**	**23**	**31**	**-43%**	**-61%**	**-39%**	**-58%**	**75**	**147**	**-49%**
Net loan losses	5	-4	-7	-15	-9					-21	-31	
Operating profit	**17**	**17**	**12**	**8**	**22**	**0%**	**-23%**	**2%**	**-23%**	**54**	**116**	**-53%**
Cost/income ratio, %	52	36	39	39	34					41	27	
ROCAR, %	15	13	8	5	16					10	19	
Economic capital (EC)	337	368	428	457	430	-8%	-22%			337	430	-22%
Risk exposure amount (REA)	1,982	2,174	2,411	2,575	2,744	-9%	-28%			1,982	2,744	-28%
Number of employees (FTEs)	409	545	584	619	722	-25%	-43%			409	722	-43%
Volumes, EURbn:												
Lending to corporates	2.3	2.6	3.2	3.7	3.8	-12%	-39%			2.3	3.8	-39%
Lending to households	0	0	0	0	0.2					0	0.2	
Total lending	**2.3**	**2.6**	**3.2**	**3.7**	**4.0**	**-12%**	**-43%**	**-10%**	**-33%**	**2.3**	**4.0**	**-43%**
Corporate deposits	0.7	0.6	0.6	0.7	0.6	17%	17%			0.7	0.6	17%
Household deposits	0.1	0.1	0.1	0.2	0.1	0%	0%			0.1	0.1	0%
Total deposits	**0.8**	**0.7**	**0.7**	**0.9**	**0.7**	**14%**	**14%**	**15%**	**17%**	**0.8**	**0.7**	**14%**

Wholesale Banking Other

	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
EURm										
Net interest income	-28	-30	-31	-21	-29			-110	-114	
Net fee and commission income	-12	10	-18	10	-3			-10	-16	
Net result from items at fair value	-6	111	135	99	183			339	446	
Equity method & other income	0	0	0	4	-1			4	0	
Total income incl. allocations	**-46**	**91**	**86**	**92**	**150**			**223**	**316**	
Total expenses incl. allocations	**-92**	**-64**	**-68**	**-71**	**-92**			**-295**	**-274**	
Profit before loan losses	**-138**	**27**	**18**	**21**	**58**			**-72**	**42**	
Net loan losses	-1	2	-1	0	0			0	2	
Operating profit	**-139**	**29**	**17**	**21**	**58**			**-72**	**44**	
Economic capital (EC)	1,333	1,350	1,625	1,724	1,942			1,333	1,942	
Risk exposure amount (REA)	6,189	6,697	7,220	7,657	9,373			6,189	9,373	
Number of employees (FTEs)	3,104	3,180	3,126	3,152	3,090	-2%	0%	3,104	3,090	0%
Volumes, EURbn:										
Total lending	23.2	23.7	23.7	28.4	26.6			23.2	26.6	
Total deposits	9.1	13.7	17.9	16.4	5.9			9.1	5.9	

Wealth Management

Wealth Management provides high-quality investment, savings and risk management solutions. It manages customers' assets and provides financial advice to high net worth individuals and institutional investors. The area consists of the three businesses: Private Banking, serving customers from 64 branches in the Nordics as well as from offices in Luxembourg and Singapore; Asset Management, responsible for actively managed investment funds and mandates and for serving institutional asset management customers; and Life & Pensions, serving customers with a full range of pension, endowment and risk products. Wealth Management is the largest Nordic private bank, Life & Pensions provider and asset manager.

Business development

Nordea's Assets under Management (AuM) decreased to EUR 330.4bn, down EUR 0.5bn from the previous quarter, and up 2% from the same quarter last year. Market appreciation contributed EUR 0.5bn, while net flow was EUR -1bn in the quarter, partly due to structural adjustments.

Private Banking continues to focus on customer acquisition as well as optimising the service and advisory model to the needs of customers and regulatory changes in the market. Initiatives to further enhance productivity include the simplification of IT systems, increased globalised processes and a transformation towards an agile way of working. Wealth planning services is an area that continued to grow in importance due to greater regulatory complexity and increasingly sophisticated customer needs.

Net flow in Private Banking amounted to EUR -1.4bn in 2017 as the threshold in Private Banking was aligned and increased across countries. Customers below the new threshold have been transferred to the Premium segment in Personal Banking; adjusted net flow is EUR 1.8bn with a clear focus on High Net Worth Individuals and Ultra High Net Worth Individuals customer segments. Fourth quarter income was EUR 124m, an 18% decrease compared to the same quarter last year due to declining margins and internal customer transfers and a sharpened focus on regulatory requirements. Underlying business growth was satisfactory. The cost increase of 6% compared to last quarter can be largely attributed to an extraordinary cost for regulatory remediation and business transformation. Operating profit stands at EUR 7m and ROCAR at 4%.

In the fourth quarter, Nordea Private Banking was named “Best Private Bank in Nordics”, “Best Private Bank in Norway” and “Best Private Bank in Finland” at the Global Private Banking Awards Ceremony, held by the global financial magazine The Banker.

Asset Management maintained its strong revenue growth. Following record-high sales in international third- party fund distribution in recent years, the focus in 2017 was to preserve the current asset base. Net flow in the institutional client segment was satisfactory at EUR 1.2bn, particularly from Denmark and the UK. A realised negative flow for Q4 of EUR 0.7bn, mainly related to the soft closure of the Stable Return fund, resulted in a net flow of EUR 0.5bn. Net flow in Nordic retail funds was flat, negatively affected by compliance and regulatory preparation as well as reorganisation of units across Nordea.

Investment performances have been very strong with 88% of all composites outperforming benchmarks over three months and 92% over three years. In 2017 the performance delivered 122bps of excess return. Nordea Funds was awarded best fund company by Fondmarknaden.se in Sweden and Nordea Asset Management was named best fund manager for the fourth year in a row by Prospera Norway.

Life & Pensions' gross written premiums in the fourth quarter reached EUR 1.7bn, 4% higher than the same quarter last year and 7% higher than in Q3. The Nordea distribution network generated 66% of market return premiums sales in

Q4. Life & Pension has consistently delivered stable returns generating 19% ROE.
In the fourth quarter, market return and risk products accounted for 89% of total gross written premiums compared to 88% in Q4 2016. Market return and risk products continued to support AuM growth and amounted to 64% of total AuM in Life & Pensions at the end of the fourth quarter versus 61% in Q4 2016.

Result

Fourth quarter income was EUR 546m, up 11% from the previous quarter and stable compared to the same quarter last year. The increase in the fourth quarter was positively impacted by seasonal effects.

Costs increased 7% from the previous quarter and 7% from the same quarter last year due to compliance-related costs in Private Banking and higher staff costs in Asset Management. Transformation costs were EUR 6.7m of which EUR 5.2m related to staff costs.

Operating profit in the fourth quarter was EUR 309m, up 15% from the previous quarter and down 5% from the same quarter last year.

Private Banking

Total income was EUR 124m during the fourth quarter, which is 18% lower than the same period last year. The Cost development is largely attributed to regulatory remediation and business transformation and was EUR 117m, which led to an operating profit of EUR 7m and ROCAR at 4%.

Asset Management

Asset Management income was EUR 269m in the fourth quarter, up 16% from the previous quarter and up 11% from the same quarter last year. Performance related income was EUR 21m. The increase was mainly the result of an increase in average AuM. Operating profit was EUR 198m, up 20% from the previous quarter and up 14% from the same quarter last year.

Life & Pensions

Total income was EUR 153m in the fourth quarter, down 1% from the previous quarter and down 3% from the same quarter last year. Operating profit was EUR 103m, down 1% from the previous quarter and down 2% from the same quarter last year. Performance has been positive with a ROE of 19% which has been stable through the quarter.

Wealth Management other

Wealth Management other consists of income and costs related to the Wealth Management business area, but not allocated to the business units.

Wealth Management total

								Local curr.				Jan-Dec 17/16	
	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	EUR	Local
EURm													
Net interest income	24	26	27	28	30	-8%	-20%	-8%	-19%	105	110	-5%	-4%
Net fee and commission income	442	399	421	411	421	11%	5%	13%	4%	1,673	1,519	10%	10%
Net result from items at fair value	74	60	73	85	90	23%	-18%	23%	-18%	292	353	-17%	-17%
Equity method & other income	6	6	6	6	5					24	23		
Total income incl. allocations	**546**	**491**	**527**	**530**	**546**	**11%**	**0%**	**12%**	**-1%**	**2,094**	**2,005**	**4%**	**4%**
Total expenses incl. allocations	**-237**	**-222**	**-249**	**-230**	**-221**	**7%**	**7%**	**8%**	**7%**	**-938**	**-854**	**10%**	**10%**
Profit before loan losses	**309**	**269**	**278**	**300**	**325**	**15%**	**-5%**	**18%**	**-5%**	**1,156**	**1,151**	**0%**	**0%**
Net loan losses	0	0	0	0	0					0	0		
Operating profit	**309**	**269**	**278**	**300**	**325**	**15%**	**-5%**	**18%**	**-5%**	**1,156**	**1,151**	**0%**	**0%**
Cost/income ratio, %	43	45	47	43	40					45	43		
ROCAR, %	36	32	32	33	37					33	35		
Economic capital (EC)	2,685	2,598	2,541	2,640	2,848	3%	-6%	3%	-6%	2,685	2,848	-6%	-6%
Risk exposure amount (REA)	5,578	5,525	5,742	6,733	5,977	1%	-7%	1%	-7%	5,578	5,977	-7%	-7%
Number of employees (FTEs)	3,690	3,632	3,607	3,653	3,640	2%	1%	2%	1%	3,690	3,640	1%	1%
Volumes, EURbn:													
AuM	330.4	330.9	332.1	330.1	322.7	0%	2%	0%	2%	330.4	322.7	2%	2%
Total lending	10.0	10.5	10.8	11.3	11.5	-5%	-13%	-5%	-13%	10.0	11.5	-13%	-13%
Total deposits	12.9	12.9	13.5	13.5	13.5	0%	-4%	0%	-4%	12.9	13.5	-4%	-4%

Restatements due to organisational changes.

Assets under Management (AuM), volumes and net inflow

	Q417	Q317	Q217	Q117	Q416	Q417 Net inflow
EURbn						
Nordic Retail funds	61.5	61.2	60.6	60.7	59.2	0
Private Banking	98.9	101.8	102.9	101.6	100.2	-1.4
Institutional sales	96.2	94.6	94.4	93.8	91.7	0.5
Life & Pensions	73.8	73.3	74.2	74.0	71.6	-0.1
Total	**330.4**	**330.9**	**332.1**	**330.1**	**322.7**	**-1.0**

Private Banking

EURm	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
Net interest income	25	27	27	28	31	-7%	-19%	107	109	-2%
Net fee and commission income	87	66	87	85	92	32%	-5%	325	322	1%
Net result from items at fair value	12	10	18	22	25	20%	-52%	62	86	-28%
Equity method & other income	0	2	1	2	3			5	12	
Total income incl. allocations	**124**	**105**	**133**	**137**	**151**	**18%**	**-18%**	**499**	**529**	**-6%**
Total expenses incl. allocations	**-117**	**-110**	**-118**	**-103**	**-96**	**6%**	**22%**	**-448**	**-400**	**12%**
Profit before loan losses	**7**	**-5**	**15**	**34**	**55**		**-87%**	**51**	**129**	**-60%**
Net loan losses	0	0	0	0	0			0	0	
Operating profit	**7**	**-5**	**15**	**34**	**55**		**-87%**	**51**	**129**	**-60%**
Cost/income ratio, %	94	105	89	75	64			90	76	
ROCAR, %	4	-2	6	15	27			6	17	
Economic capital (EC)	570	574	609	785	661	-1%	-14%	570	661	-14%
Risk exposure amount (REA)	2,951	2,903	3,080	4,146	3,487	2%	-15%	2,951	3,487	-15%
Number of employees (FTEs)	1,229	1,193	1,203	1,179	1,173	3%	5%	1,229	1,173	5%
Volumes, EURbn:										
AuM	98.9	101.8	102.9	101.6	100.2	-3%	-1%	98.9	100.2	-1%
Household mortgage lending	6.7	7.0	7.3	7.2	7.2	-4%	-7%	6.7	7.2	-7%
Consumer lending	3.3	3.5	3.5	4.1	4.3	-6%	-23%	3.3	4.3	-23%
Total lending	**10.0**	**10.5**	**10.8**	**11.3**	**11.5**	**-5%**	**-13%**	**10.0**	**11.5**	**-13%**
Household deposits	12.9	12.9	13.5	13.5	13.5	0%	-4%	12.9	13.5	-4%
Total deposits	**12.9**	**12.9**	**13.5**	**13.5**	**13.5**	**0%**	**-4%**	**12.9**	**13.5**	**-4%**

Restatements due to organisational changes.

Asset Management

EURm	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
Net interest income	-1	0	0	1	0			0	0	
Net fee and commission income	267	231	242	232	242	16%	10%	972	849	14%
Net result from items at fair value	0	-2	-1	3	-2			0	1	
Equity method & other income	3	2	2	2	2			9	6	
Total income incl. allocations	**269**	**231**	**243**	**238**	**242**	**16%**	**11%**	**981**	**856**	**15%**
Total expenses incl. allocations	**-71**	**-66**	**-72**	**-69**	**-68**	**8%**	**4%**	**-278**	**-254**	**9%**
Profit before loan losses	**198**	**165**	**171**	**169**	**174**	**20%**	**14%**	**703**	**602**	**17%**
Net loan losses	0	0	0	0	0			0	0	
Operating profit	**198**	**165**	**171**	**169**	**174**	**20%**	**14%**	**703**	**602**	**17%**
Cost/income ratio, %	26	29	30	29	28			28	30	
Income/AuM in bp p.a.	48	42	44	44	45			45	42	
Economic capital (EC)	240	250	249	205	175	-4%	37%	240	175	37%
Risk exposure amount (REA)	834	829	869	794	697	1%	20%	834	697	20%
AuM, Retail, PB and Life, EURbn	127.4	126.8	125.3	125.0	125.3	0%	2%	127.4	125.3	2%
AuM, Ext. Inst. & 3rd part. dist., EURbn	96.2	94.7	94.4	93.8	91.7	2%	5%	96.2	91.7	5%
Net inf., Retail, PB and Life, EURbn	-0.8	-0.1	0.3	0.2	1.1			-0.8	1.1	
Net inf., Ext. Ins. & 3rd part. dis., EURbn	0.5	0.4	1.0	-0.2	-1.5	25%		0.5	-1.5	
Number of employees (FTEs)	742	711	688	669	660	4%	12%	742	660	12%

Life & Pensions

EURm	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
Net interest income	0	0	0	0	0			0	0	
Net fee and commission income	86	100	92	95	87	-14%	-1%	373	346	8%
Net result from items at fair value	62	51	57	59	67	22%	-7%	229	266	-14%
Equity method & other income	5	4	5	5	4			19	18	
Total income incl. allocations	**153**	**155**	**154**	**159**	**158**	**-1%**	**-3%**	**621**	**630**	**-1%**
Total expenses incl. allocations	**-50**	**-51**	**-53**	**-54**	**-53**	**-2%**	**-6%**	**-208**	**-198**	**5%**
Profit before loan losses	**103**	**104**	**101**	**105**	**105**	**-1%**	**-2%**	**413**	**432**	**-4%**
Net loan losses	0	0	0	0	0			0	0	
Operating profit	**103**	**104**	**101**	**105**	**105**	**-1%**	**-2%**	**413**	**432**	**-4%**
Cost/income ratio, %	32	33	34	34	34			33	31	
Return on Equity, %	19	19	20	19	19			19	20	
Equity	1,810	1,711	1,624	1,592	1,961			1,810	1,961	
AuM, EURbn	68.0	67.3	68.0	68.0	65.7	1%	4%	68.0	65.7	4%
Premiums	1,731	1,600	1,889	1,982	1,668	8%	4%	7,202	6,542	10%
Risk exposure amount (REA)	1,793	1,793	1,793	1,793	1,793	0%	0%	1,793	1,793	0%
Number of employees (FTEs)	1,164	1,127	1,129	1,135	1,155	3%	1%	1,164	1,155	1%
Profit drivers										
Profit Traditional products	28	24	21	17	32	17%	-13%	90	123	-27%
Profit Market Return products	61	61	65	65	61	0%	0%	252	231	9%
Profit Risk products	20	21	20	23	22	-5%	-9%	84	81	4%
Total product result	**109**	**106**	**106**	**105**	**115**	**3%**	**-5%**	**426**	**435**	**-2%**
Return on Shareholder equity, other profits and group adj.	-6	-2	-5	0	-10		-40%	-13	-3	
Operating profit	**103**	**104**	**101**	**105**	**105**	**-1%**	**-2%**	**413**	**432**	**-4%**

Wealth Management Other

EURm	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16	Jan/Dec 17/16
Net interest income	0	-1	0	-1	-1			-2	1	
Net fee and commission income	2	2	0	-1	0			3	2	
Net result from items at fair value	0	1	-1	1	0			1	0	
Equity method & other income	-2	-2	-2	-3	-4			-9	-13	
Total income incl. allocations	**0**	**0**	**-3**	**-4**	**-5**			**-7**	**-10**	
Total expenses incl. allocations	**1**	**5**	**-6**	**-4**	**-4**			**-4**	**-2**	
Profit before loan losses	**1**	**5**	**-9**	**-8**	**-9**			**-11**	**-12**	
Net loan losses	0	0	0	0	0			0	0	
Operating profit	**1**	**5**	**-9**	**-8**	**-9**			**-11**	**-12**	
Economic capital (EC)	65	63	59	58	51			65	51	
Number of employees (FTEs)	555	601	587	670	652	-8%	-15%	555	652	-15%

Restatements due to organisational changes.

Group Functions and other

Together with the results in the business areas, the results of Group Functions & other add up to the reported result for the Group. The main income originates from Group Treasury & ALM together with Capital Account Centre, through which capital is allocated to business areas.

Business development

At the end of the fourth quarter, the proportion of long-term funding of total funding was approx. 81%, almost unchanged compared to the end of the third quarter.

The structural liquidity risk of Nordea is measured and limited through an internal model which conceptually resembles the proposed Net Stable Funding Ratio (NSFR), but applies internal-based assumptions for the stability of assets and liabilities. The structure of the balance sheet is considered conservative and well-balanced and appropriately adapted to the current economic and regulatory environment, also in terms of structural liquidity risk.

Short-term liquidity risk is measured using several metrics and the Liquidity Coverage Ratio is one such metric. LCR for the Nordea Group was 147% at the end of the fourth quarter. The LCR in EUR was 257% and in USD 170% at the end of the fourth quarter. LCR for the Nordea Group according to CRR LCR definitions was 152% at the end of the fourth quarter. The liquidity buffer comprises highly liquid, primarily Nordic government and covered bonds which are all central bank eligible securities with characteristics similar to Basel III/CRD IV. The liquidity buffer amounted to EUR 99bn at the end of the fourth quarter (EUR 107bn at the end of the third quarter). The outstanding volume of short-term debt at the end of the fourth quarter was EUR 35bn.

Nordea issued approx. EUR 1.3bn in long-term funding in the fourth quarter excluding Danish covered bonds and subordinated notes, of which approx. EUR 1.2bn represented the issuance of Finnish, Swedish and Norwegian covered bonds in domestic and international markets.

In November, Nordea undertook a consent solicitation exercise targeting 14 outstanding capital instruments of a total value of EUR 8.1bn equivalent. The consent solicitation was undertaken prior to the planned redomiciliciation to Finland to make certain technical amendments to the terms and conditions of the notes to ensure that these reflect the redomiliciation, ensure that unforeseen legal issues would not be encountered, provide appropriate protection for noteholders and align the notes with future issuances. The consent solicitation was successful on all 14 capital instruments and the amendments were implemented shortly after the finalisation of the exercise.

Following the results of the consent solicitation, Nordea launched an Additional Tier 1 (AT1) transaction on 21 November. Nordea priced a EUR 750m transaction with a temporary write-down feature at a new record-low coupon of 3.5% for a European bank AT1. The transaction was Nordea's inaugural EUR AT1 and underlines the investor appetite for both the asset class and for the Nordea credit.

The market risk on Group Treasury & ALM's interest-rate positions, calculated as average VaR, was EUR 44m in the fourth quarter. The risk related to equities, calculated as VaR, was EUR 3m and the risk related to credit spreads (VaR) was EUR 1m. Interest rate risk, equity and credit spread risk all decreased slightly compared to the third quarter.

Result

Total operating income was EUR 153m in the fourth quarter, down from EUR 208m in the previous quarter. Net interest income decreased to EUR 117m in the fourth quarter compared to EUR 153m in the previous quarter. The net result from items at fair value decreased to EUR 10m compared to EUR 51m in the previous quarter. Operating profit in Q4 was EUR 48m (EUR 119m in Q3).

Total operating expenses increased to EUR 102m (EUR 80m in the previous quarter). The transformation costs were EUR 27m of which all are related to staff costs.

Group functions, Other & Eliminations

EURm	Q417	Q317	Q217	Q117	Q416	Q4/Q3	Q4/Q4	Jan-Dec 17	Jan-Dec 16
Net interest income	117	153	155	164	196	-24%	-40%	589	715
Net fee and commission income	-4	0	1	-1	-4			-4	-10
Net result from items at fair value	10	51	25	23	28		-64%	109	201
Equity method & other income	30	4	0	-8	23			26	186
Total operating income	**153**	**208**	**181**	**178**	**243**	**-26%**	**-37%**	**720**	**1,092**
Total operating expenses	**-102**	**-80**	**-103**	**-81**	**-53**	**28%**		**-366**	**-213**
Profit before loan losses	**51**	**128**	**78**	**97**	**190**	**-60%**	**-73%**	**354**	**879**
Net loan losses	-3	-9	-2	1	-3			-13	-26
Operating profit	**48**	**119**	**76**	**98**	**187**	**-60%**	**-74%**	**341**	**853**
Economic capital (EC)	3,320	3,300	3,465	4,105	2,757			3,320	2,757
Risk exposure amount (REA)	20,531	19,894	20,598	20,497	18,911			20,531	18,911
Number of employees (FTEs)	6,607	7,333	7,203	7,014	6,766	-10%	-2%	6,607	6,766

Restatements due to organisational changes, including the deconsolidation of the Baltics operations.

Income statement

EURm	Note	Q4 2017	Q4 2016	H2 2017	H2 2016	Jan-Dec 2017	Jan-Dec 2016
Operating income							
Interest income		1,834	1,905	3,749	3,822	7,575	7,747
Interest expense		-725	-696	-1,455	-1,435	-2,909	-3,020
Net interest income		**1,109**	**1,209**	**2,294**	**2,387**	**4,666**	**4,727**
Fee and commission income		1,063	1,082	2,082	2,105	4,232	4,098
Fee and commission expense		-224	-215	-429	-443	-863	-860
Net fee and commission income	3	**839**	**867**	**1,653**	**1,662**	**3,369**	**3,238**
Net result from items at fair value	4	235	498	592	978	1,328	1,715
Profit from associated undertakings and joint ventures accounted for under the equity method		16	4	19	2	23	112
Other operating income		29	32	43	47	83	135
Total operating income		**2,228**	**2,610**	**4,601**	**5,076**	**9,469**	**9,927**
Operating expenses							
General administrative expenses:							
Staff costs		-861	-687	-1,618	-1,430	-3,212	-2,926
Other expenses	5	-425	-475	-802	-864	-1,622	-1,646
Depreciation, amortisation and impairment charges of tangible and intangible		-75	-71	-145	-122	-268	-228
Total operating expenses		**-1,361**	**-1,233**	**-2,565**	**-2,416**	**-5,102**	**-4,800**
Profit before loan losses		**867**	**1,377**	**2,036**	**2,660**	**4,367**	**5,127**
Net loan losses	6	-71	-129	-150	-264	-369	-502
Operating profit		**796**	**1,248**	**1,886**	**2,396**	**3,998**	**4,625**
Income tax expense		-167	-148	-425	-408	-950	-859
Net profit for the period		**629**	**1,100**	**1,461**	**1,988**	**3,048**	**3,766**
Attributable to:							
Shareholders of Nordea Bank AB (publ)		624	1,100	1,452	1,988	3,031	3,766
Non-controlling interests		5	-	9	-	17	-
Total		**629**	**1,100**	**1,461**	**1,988**	**3,048**	**3,766**
Basic earnings per share, EUR		0.15	0.27	0.36	0.49	0.75	0.93
Diluted earnings per share, EUR		0.15	0.27	0.36	0.49	0.75	0.93

Statement of comprehensive income

EURm	Q4 2017	Q4 2016	H2 2017	H2 2016	Jan-Dec 2017	Jan-Dec 2016
Net profit for the period	**629**	**1,100**	**1,461**	**1,988**	**3,048**	**3,766**
Items that may be reclassified subsequently to the income statement						
Currency translation differences during the period	-254	24	-225	218	-511	438
Tax on currency translation differences during the period	4	-	1	-	3	-
Hedging of net investments in foreign operations:						
Valuation gains/losses during the period	95	15	69	-133	175	-219
Tax on valuation gains/losses during the period	-19	-3	-14	29	-37	48
Available for sale investments:[1]						
Valuation gains/losses during the period, net of recycling	-24	-5	-15	46	31	117
Tax on valuation gains/losses during the period	5	1	3	-11	-8	-27
Cash flow hedges:						
Valuation gains/losses during the period, net of recycling	1	3	-2	-55	-107	-44
Tax on valuation gains/losses during the period	0	-1	0	12	24	10
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans	-172	256	-115	217	-115	-205
Tax on remeasurement of defined benefit plans	37	-57	24	-48	25	47
Other comprehensive income, net of tax	**-327**	**233**	**-274**	**275**	**-520**	**165**
Total comprehensive income	**302**	**1,333**	**1,187**	**2,263**	**2,528**	**3,931**
Attributable to:						
Shareholders of Nordea Bank AB (publ)	297	1,333	1,178	2,263	2,511	3,931
Non-controlling interests	5	-	9	-	17	-
Total	**302**	**1,333**	**1,187**	**2,263**	**2,528**	**3,931**

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

Balance sheet

EURm	Note	31 Dec 2017	31 Dec 2016
Assets			
Cash and balances with central banks		43,081	32,099
Loans to central banks	7	4,796	11,235
Loans to credit institutions	7	8,592	9,026
Loans to the public	7	310,158	317,689
Interest-bearing securities		75,294	87,701
Financial instruments pledged as collateral		6,489	5,108
Shares		17,180	21,524
Assets in pooled schemes and unit-linked investment contracts		25,879	23,102
Derivatives		46,111	69,959
Fair value changes of the hedged items in portfolio hedge of interest rate risk		163	178
Investments in associated undertakings and joint ventures		1,235	588
Intangible assets		3,983	3,792
Property and equipment		624	566
Investment properties		1,448	3,119
Deferred tax assets		118	60
Current tax assets		121	288
Retirement benefit assets		250	306
Other assets		12,441	18,973
Prepaid expenses and accrued income		1,463	1,449
Assets held for sale	12	22,186	8,897
Total assets		**581,612**	**615,659**
Liabilities			
Deposits by credit institutions		39,983	38,136
Deposits and borrowings from the public		172,434	174,028
Deposits in pooled schemes and unit-linked investment contracts		26,333	23,580
Liabilities to policyholders		19,412	41,210
Debt securities in issue		179,114	191,750
Derivatives		42,713	68,636
Fair value changes of the hedged items in portfolio hedge of interest rate risk		1,450	2,466
Current tax liabilities		389	487
Other liabilities		28,515	24,413
Accrued expenses and prepaid income		1,603	1,758
Deferred tax liabilities		722	830
Provisions		329	306
Retirement benefit obligations		281	302
Subordinated liabilities		8,987	10,459
Liabilities held for sale	12	26,031	4,888
Total liabilities		**548,296**	**583,249**
Equity			
Additional Tier 1 capital holders		750	-
Non-controlling interests		168	1
Share capital		4,050	4,050
Share premium reserve		1,080	1,080
Other reserves		-1,543	-1,023
Retained earnings		28,811	28,302
Total equity		**33,316**	**32,410**
Total liabilities and equity		**581,612**	**615,659**
Assets pledged as security for own liabilities		198,973	189,441
Other assets pledged		4,943	8,330
Contingent liabilities		19,020	23,089
Credit commitments[1]		74,545	77,881
Other commitments		2,487	1,553

[1] Including unutilised portion of approved overdraft facilities of EUR 29,956m (31 Dec 2016: EUR 30,703m).

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	Additional Tier 1 capital holders	Non-controlling interests	Total equity
Balance at 1 Jan 2017	**4,050**	**1,080**	**-1,350**	**37**	**80**	**210**	**28,302**	**32,409**	**-**	**1**	**32,410**
Net profit for the period	-	-	-	-	-	-	3,031	3,031	-	17	**3,048**
Other comprehensive income, net of tax	-	-	-370	-83	23	-90	-	-520	-	-	**-520**
Total comprehensive income	-	-	-370	-83	23	-90	3,031	2,511	-	17	**2,528**
Issuance of Additional Tier 1 capital	-	-	-	-	-	-	-6	-6	750	-	**744**
Dividend 2016	-	-	-	-	-	-	-2,625	-2,625	-	-	**-2,625**
Purchase of own shares[2]	-	-	-	-	-	-	-12	-12	-	-	**-12**
Other changes[3]	-	-	-	-	-	-	121	121	-	150	**271**
Balance at 31 Dec 2017	**4,050**	**1,080**	**-1,720**	**-46**	**103**	**120**	**28,811**	**32,398**	**750**	**168**	**33,316**

	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	Additional Tier 1 capital holders	Non-controlling interests	Total equity
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	-	-	-	-	-	-	3,766	3,766	-	-	**3,766**
Other comprehensive income, net of tax	-	-	267	-34	90	-158	-	165	-	-	**165**
Total comprehensive income	-	-	267	-34	90	-158	3,766	3,931	-	-	**3,931**
Dividend for 2015	-	-	-	-	-	-	-2,584	-2,584	-	-	**-2,584**
Divestment of own shares[2]	-	-	-	-	-	-	31	31	-	-	**31**
Balance at 31 Dec 2016	**4,050**	**1,080**	**-1,350**	**37**	**80**	**210**	**28,302**	**32,409**	**-**	**1**	**32,410**

[1] Total shares registered were 4,050 million (31 Dec 2016: 4,050 million).

[2] Refers to the change in the holding of own shares related to the Long Term Incentive Programme (LTIP), trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares were 13.7 million (31 Dec 2016: 13.3 million). The total holding of own shares related to LTIP were 10.2 (31 Dec 2016: 10.9 million).

[3] Refers to the sale of 25% of Nordea Liv & Pension, Livforsikringsselskab A/S in Denmark.

Cash flow statement, condensed

EURm	Full year 2017	Full year 2016
Operating activities		
Operating profit	3,998	4,625
Adjustments for items not included in cash flow	3,514	3,892
Income taxes paid	-950	-952
Cash flow from operating activities before changes in operating assets and liabilities	**6,562**	**7,565**
Changes in operating assets and liabilities	5,712	-4,285
Cash flow from operating activities	**12,274**	**3,280**
Investing activities		
Sale/acquisition of business operations	228	-
Investments in associated undertakings and joint ventures	-957	-
Properties and equipment	-118	-104
Intangible assets	-642	-656
Net investments in debt securities, held to maturity	-8	-360
Other financial fixed assets	-2	186
Cash flow from investing activities	**-1,499**	**-934**
Financing activities		
Issued/amortised subordinated liabilities	-750	1,000
Divestment/repurchase of own shares including change in trading portfolio	-12	31
Dividend paid	-2,625	-2,584
Issued additional tier 1 capital	750	-
Cash flow from financing activities	**-2,637**	**-1,553**
Cash flow for the period	**8,138**	**793**

Cash and cash equivalents

EURm	31 Dec 2017	31 Dec 2016
Cash and cash equivalents at beginning of the period	41,860	40,200
Translation difference	-3,785	867
Cash and cash equivalents at end of the period	46,213	41,860
Change	**8,138**	**793**
The following items are included in cash and cash equivalents:		
Cash and balances with central banks	43,081	32,099
Loans to central banks	2,004	8,538
Loans to credit institutions	779	1,093
Assets held for sale	349	130
Total cash and cash equivalents	**46,213**	**41,860**

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.

Notes to the financial statements

Note 1 Accounting policies

The consolidated interim financial statements are presented in accordance with IAS 34 “Interim Financial Reporting”. In addition, certain complementary rules in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the Supplementary Accounting Rules for Groups (RFR 1) from the Swedish Financial Reporting Board have been applied.

The same accounting policies and methods of computation are followed as compared to the Annual Report 2016, for more information see Note G1 in the Annual Report 2016. For changes implemented during 2017, see “Changed accounting policies and presentation” below.

Changed accounting policies and presentation

The following new and amended standards and interpretations were implemented by Nordea 1 January 2017 but have not had any significant impact on the financial statements of Nordea:

- Amendment to IAS 12: “Recognition of Deferred Tax Assets for Unrealised Losses”
- Amendments to IAS 7: “Disclosure Initiative”

Amendments have also been made in the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559). These amendments were implemented 1 January 2017 but have not had any significant impact on Nordea’s financial statements.

In addition, the Swedish Financial Reporting Board has amended the accounting recommendation for groups by issuing “RFR 1 Supplementary Accounting Rules for Groups – January 2017”. These changes were implemented by Nordea 1 January 2017 but have not had any significant impact on Nordea’s financial statements.

Changes in IFRSs not yet applied

IFRS 9 ”Financial instruments”

IASB has completed the new standard for financial instruments, IFRS 9 “Financial instruments”. IFRS 9 covers classification and measurement, impairment and general hedge accounting and replaces the current requirements covering these areas in IAS 39. IFRS 9 is effective as from annual periods beginning on or after 1 January 2018. The standard is endorsed by the EU-commission. Earlier application is permitted, but Nordea has not early adopted the standard. Nordea does not either intend to restate the comparative figures for 2017 in the annual report 2018 due to IFRS 9.

Classification and measurement

The classification and measurement requirements in IFRS 9 state that financial assets should be classified as, and measured at, amortised cost, fair value through profit and loss or fair value through other comprehensive income. The classification of a financial instrument is dependent on the business model for the portfolio where the instrument is included and on whether the cash flows are solely payments of principal and interest (SPPI).

In order to assess the business model, Nordea has divided its financial assets into portfolios and/or sub-portfolios based on how groups of financial assets are managed together to achieve a particular business objective. To derive the right level on which portfolios are determined, Nordea has taken the current business area structure into account. When determining the business model for each portfolio Nordea has analysed the objective with the financial assets as well as for instance past sales behaviour and management compensation.

Nordea has analysed whether the cash flows from the financial assets held per 31 December 2017 are SPPI compliant. This has been performed by grouping contracts which are homogenous from a cash flow perspective and conclusions have been drawn for all contracts within that group.

The analysis of the business model and the SPPI review described above have not resulted in any significant changes compared to how the financial instruments are measured under IAS 39. The new requirements will not have any significant impact on the capital adequacy, large exposures, risk management or alternative performance measures in the period of initial application.

Impairment

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. The scope of IFRS 9 impairment requirements is also broader than IAS 39. IFRS 9 requires all assets measured at amortised cost and fair value through other comprehensive income, as well as off-balance commitments including guarantees and loan commitments, to be included in the impairment test. Currently Nordea does not calculate collective provisions for off balance sheet exposures or the financial instruments classified into the measurement category AFS.

The assets to test for impairment will be divided into three groups depending on the stage of credit deterioration. Stage 1 includes assets where there has been no significant increase in credit risk, stage 2 includes assets where there has been a significant increase in credit risk and stage 3 includes defaulted assets. Significant assets in stage 3 are tested for impairment on an individual basis, while for insignificant assets a collective assessment is performed. In stage 1, the provisions should equal the 12 month expected loss. In stage 2 and 3, the provisions should equal the lifetime expected losses.

One important driver for size of provisions under IFRS 9 is the trigger for transferring an asset from stage 1 to stage 2. For assets held at transition, Nordea has decided to use the change in internal rating and scoring data to determine whether there has been a significant increase in credit risk or not. For assets to be recognised going forward, changes to the lifetime Probability of Default (PD) will be used as the trigger. Nordea has concluded it is not possible to calculate the lifetime PDs at origination without undue cost or effort and without the use of hindsight for assets already recognised on the balance sheet at transition. For assets evaluated based on lifetime PDs, Nordea has decided to use a mix of absolute and relative changes in PD as the transfer criterion. In addition, customers with forbearance measures and customers with payments more than thirty days past due will also be transferred to stage 2.

Nordea's current model for calculating collective provisions defines a loss event as one notch deterioration in rating/scoring, while the triggering event for moving items from stage 1 to stage 2 under IFRS 9 will require several notches deterioration.

The provisions under IFRS 9 will be calculated as the exposure at default times the probability of default times the loss given default. For assets in stage 1 this calculation will only be based on the coming 12 months, while it for assets in stage 2 will be based on the expected lifetime of the asset.

For assets where there has been a significant increase in credit risk, Nordea currently holds provisions based on the losses estimated to occur during the period between the date when the loss event occurred and the date when the loss event is identified on an individual basis, the so called "Emergence period" while IFRS 9 will require provisions equal to the lifetime expected loss.

When calculating lifetime losses under IFRS 9, including the staging assessment, the calculation will be based on probability weighted forward looking information. Nordea has decided to apply three macro-economic scenarios to address the non-linearity in expected credit losses. The different scenarios are used to adjust the relevant parameters for calculating expected losses and a probability weighted average of the expected losses under each scenario are recognised as provisions.

The quantitative impact from the new impairment requirements on total allowances and provisions for on- and off-balance exposures, including debt instruments accounted for at fair value through other comprehensive income (FVOCI), is an increase of EUR 0.2bn. This corresponds to an increase of 8% of total allowances and provisions for on- and off-balance exposures. Equity is reduced by EUR 0.2bn including the expected impact from companies accounted for under the equity method. The impact on the Common Equity Tier 1 capital ratio, after adjustment of the shortfall deduction and before transition rules, is insignificant. Nordea does not currently expect to apply the transitional rules issued by the EU allowing a phase in of the impact on common equity tier-1 capital. There is no significant impact to large exposures.

Impairment calculations under IFRS 9 will require more experienced credit judgement by the reporting entities than is required by IAS 39 today and a higher subjectivity is thus introduced. The inclusion of forward looking information adds complexity and makes provisions more dependent on management's view of the future economic outlook. It is expected that the impairment calculations under IFRS 9 will be more volatile and pro-cyclical than under IAS 39, mainly due to the significant subjectivity applied in the forward looking scenarios.

Hedge accounting

The main change to the general hedge accounting requirements is that the standard aligns hedge accounting more closely with the risk management activities. As Nordea generally uses macro (portfolio) hedge accounting Nordea's assessment is that the new requirements will not have any significant impact on Nordea's financial statements, capital adequacy, large exposures, risk management or alternative performance measures in the period of initial application. Nordea will continue to use the IAS 39 hedge accounting requirements also after IFRS 9 has been implemented.

IFRS 15 "Revenue from Contracts with Customers"

The IASB published the new standard, IFRS 15 "Revenue from Contracts with Customers" in 2014. Clarifications to the standard were published in April 2016. The new standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition standards and interpretations within IFRS, such as IAS 18 "Revenue". The standard does not apply to financial instruments, insurance contracts or lease contracts. The new standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The standard and its clarifications have been endorsed by the EU-commission. Nordea has not early adopted the standard.

The standard will be implemented using the modified retrospective approach, meaning that the cumulative effect of the change will be recognised as an adjustment to equity in the opening balance 2018. Comparable figures for 2017 are not restated.

The new standard will have an impact on Nordea's accounting policies for loan origination fees, as such fees will be amortised as part of the effective interest of the underlying exposures to a larger extent than today. An opening balance adjustment amounting to EUR 79m pre-tax, recognised directly in equity (after tax), will be recognised at transition 1 January 2018. IFRS 15 will not have any significant impact on Nordea's financial statements, capital adequacy or large exposures in the period of initial application.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The IASB has amended the requirements in IFRS 10 and IAS 28 regarding sales and contributions of assets between an investor and its associated undertaking or joint venture due to inconsistent treatment of gains and losses of such transactions in those standards. The IASB has thereafter proposed to defer indefinitely the effective date and permit earlier application. The amendments are not yet endorsed by the EU-commission. Nordea does not currently intend to early adopt the amendments. The new requirements are not expected to have any impact on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application as the new requirements are in line with Nordea's current accounting policies.

IFRS 16 "Leases"

The IASB has published the new standard, IFRS 16 "Leases". The new standard changes the accounting requirements for lessees. All leases (except for short term- and small ticket leases) should be accounted for on the balance sheet of the lessee as a right to use the asset and a corresponding liability, and the lease payments should be recognised as amortisation and interest expense. The accounting requirements for lessors are unchanged. Additional disclosures are also required. The new standard is effective for annual periods beginning on or after 1

January 2019 and earlier application is permitted. The standard was endorsed by the EU-commission in 2017. Nordea does not intend to early adopt the standard.

The main impact on Nordea's financial statements is expected to come from the accounting of property leases. Such leasing contracts will be accounted for on the balance sheet to a larger extent than today. No significant impact is currently expected on the income statement or equity, although the presentation is expected to change in the income statement. It is too early to comment on the impact on large exposures and capital adequacy as the relevant requirements are not yet final.

IFRS 17 "Insurance contracts"
The IASB has published the new standard IFRS 17 "Insurance contracts". The new standard will change the accounting requirements for recognition, measurement, presentation and disclosure of insurance contracts.

The measurement principles will change from a non-uniform accounting policy based on the local accounting policies in the life insurance subsidiaries to a uniform accounting policy based on the three measurement models Building Block Approach (BBA), Variable Fee Approach (VFA) and Premium Allocation Approach (PAA). The model application depends on the terms of the contracts (long term, long term with variable fee or short term). The three measurement models include consistent definitions of the contractual cash-flows, risk adjustment margin and discounting. These definitions are based on the similar principles as the measurement principles for technical provisions in the Solvency II capital requirement directives. Unearned future premiums will be recognised as a provision on the balance sheet and released to revenue when the insurance service is provided. Any unprofitable contracts will be recognised in the income statement at the the time when the contract is signed and approved.

The new standard is effective for the annual period beginning on or after 1 January 2021 and earlier application is permitted. The standard is not yet endorsed by the EU-commission. Nordea does not currently intend to early adopt the standard. Nordea's current assessment is that the new standard will not have any significant impact on Nordea's capital adequacy or large exposures in the period of initial application. It is not yet possible to conclude on the impact on Nordea's financial statements.

Other amendments to IFRS
Other amendments to IFRS are not assessed to have any significant impact on Nordea's financial statements, capital adequacy or large exposures in the period of initial application.

Exchange rates

	Jan-Dec 2017	Jan-Dec 2016
EUR 1 = SEK		
Income statement (average)	9.6378	9.4675
Balance sheet (at end of period)	9.8438	9.5525
EUR 1 = DKK		
Income statement (average)	7.4387	7.4453
Balance sheet (at end of period)	7.4449	7.4344
EUR 1 = NOK		
Income statement (average)	9.3317	9.2943
Balance sheet (at end of period)	9.8403	9.0863
EUR 1 = RUB		
Income statement (average)	65.9190	74.1913
Balance sheet (at end of period)	69.3920	64.3000

Note 2 Segment reporting

Jan-Dec 2017	Personal Banking	Commercial & Business Banking	Wholesale Banking	Wealth Management	Group Finance & Treasury	Other operating segments	Total operating segments	Recon-ciliation	**Total Group**
	Operating segments								
Total operating income, EURm	3,371	1,972	1,954	2,104	551	176	10,128	-659	**9,469**
- of which internal transactions[1]	-640	-373	-438	-29	1,489	-9	0	-	**-**
Operating profit, EURm	1,482	703	785	1,165	407	18	4,560	-562	**3,998**
Loans to the public[2], EURbn	141	81	50	10	-	2	284	26	**310**
Deposits and borrowings from the public[2], EURbn	68	39	41	12	-	2	162	10	**172**

Jan-Dec 2016	Personal Banking	Commercial & Business Banking	Wholesale Banking	Wealth Management	Group Finance & Treasury	Other operating segments	Total operating segments	Recon-ciliation	**Total Group**
Total operating income, EURm	3,179	1,929	2,277	2,002	714	404	10,505	-578	**9,927**
- of which internal transactions[1]	-722	-405	-395	-28	1,550	0	0	-	**-**
Operating profit, EURm	1,369	640	1,034	1,151	577	308	5,079	-454	**4,625**
Loans to the public[2], EURbn	139	79	54	11	-	13	296	22	**318**
Deposits and borrowings from the public[2], EURbn	67	39	42	13	-	13	174	0	**174**

[1] IFRS 8 requires information on revenues from transactions between operating segments. Nordea has defined intersegment revenues as internal interest income and expense related to the funding of the operating segments by the internal bank in Group Finance & Treasury.
[2] The volumes are only disclosed separately for operating segments if separately reported to the Chief Operating Decision Maker.

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

	Personal Banking Denmark		Personal Banking Finland		Personal Banking Norway		Personal Banking Sweden		Personal Banking Other		**Personal Banking**	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total operating income, EURm	1,121	1,109	810	786	526	462	1,232	1,161	-318	-339	**3,371**	**3,179**
- of which internal transactions	-132	-129	-98	-101	-218	-233	-153	-174	-39	-85	**-640**	**-722**
Operating profit, EURm	434	416	337	304	268	199	647	584	-204	-134	**1,482**	**1,369**
Loans to the public, EURbn	39	39	32	31	30	29	45	45	-5	-5	**141**	**139**
Deposits and borrowings from the public, EURbn	19	19	21	21	9	9	23	22	-4	-4	**68**	**67**

	Business Banking		Commercial Banking		Commercial & Business Banking Other		**Commercial & Business Banking**	
	Jan-Dec		Jan-Dec		Jan-Dec		Jan-Dec	
	2017	2016	2017	2016	2017	2016	2017	2016
Total operating income, EURm	1,116	1,089	1,073	1,024	-217	-184	**1,972**	**1,929**
- of which internal transactions	-109	-121	-280	-305	16	21	**-373**	**-405**
Operating profit, EURm	471	357	430	417	-198	-134	**703**	**640**
Loans to the public, EURbn	37	37	45	44	-1	-2	**81**	**79**
Deposits and borrowings from the public, EURbn	23	23	19	19	-3	-3	**39**	**39**

Note 2 Continued

	Corporate & Investment Banking		Shipping, Offshore & Oil Services		Banking Russia		Capital Markets unallocated		Wholesale Banking Other		**Wholesale Banking**	
	Jan-Dec		**Jan-Dec**		**Jan-Dec**		**Jan-Dec**		**Jan-Dec**		**Jan-Dec**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Total operating income, EURm	1,354	1,398	250	346	123	216	258	365	-31	-48	**1,954**	**2,277**
- of which internal transactions	-180	-200	-159	-134	-70	-73	55	111	-84	-99	**-438**	**-395**
Operating profit, EURm	756	725	44	131	52	123	106	219	-173	-164	**785**	**1,034**
Loans to the public, EURbn	37	38	10	12	3	4	-	-	-	-	**50**	**54**
Deposits and borrowings from the public, EURbn	36	36	4	5	1	1	-	-	-	-	**41**	**42**

	Private Banking		Asset Management		Life & Pension unallocated		Wealth Management Other		**Wealth Management**	
	Jan-Dec		**Jan-Dec**		**Jan-Dec**		**Jan-Dec**		**Jan-Dec**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Total operating income, EURm	858	834	985	857	624	630	-363	-319	**2,104**	**2,002**
- of which internal transactions	-31	-30	2	1	0	0	0	1	**-29**	**-28**
Operating profit, EURm	333	379	706	603	415	432	-289	-263	**1,165**	**1,151**
Loans to the public, EURbn	10	11	-	-	-	-	-	-	**10**	**11**
Deposits and borrowings from the public, EURbn	12	13	-	-	-	-	-	-	**12**	**13**

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Dec		**Jan-Dec**		**Jan-Dec**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Total operating segments	4,560	5,079	284	296	162	174
Group functions[1]	-140	-12	-	-	-	-
Unallocated items	87	10	32	20	14	-1
Differences in accounting policies[2]	-509	-452	-6	2	-4	1
Total	**3,998**	**4,625**	**310**	**318**	**172**	**174**

[1] Consists of Group Risk Management, Group Internal Audit, Chief of staff office, Group Corporate Centre and Group Compliance.
[2] Impact from different classification of assets/liabilities held for sale, plan exchange rates and internal allocation principles used in the segment reporting.

Measurement of operating segments' performance

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

Financial results are presented for the main business areas Personal Banking, Commercial & Business Banking, Wholesale Banking and Wealth Management, with a further breakdown on operating segments, and the operating segment Group Finance & Treasury. Other operating segments below the quantitative thresholds in IFRS 8 are included in Other operating segments. Group functions (and eliminations) as well as the result that is not fully allocated to any of the operating segments, are shown separately as reconciling items.

Changes in basis of segmentation

During the fourth quarter changes to the basis of segmentation were made following the decision to move Baltic operations out of Personal Banking and to move Treasury out of Group Corporate Centre. The Baltic operations are as from the fourth quarter reported as part of Other operating segments and Group Finance & Treasury is reported as a separate reportable operating segment instead of Group Corporate Centre. The changes are also reflected in the reporting to the Chief Operating Decision Maker (CODM) and are consequently part of the segment reporting in Note 2. Comparative figures have been restated accordingly.

Note 3 Net fee and commission income

EURm	Q4 2017	Q3 2017	Q4 2016	H2 2017	H2 2016	Jan-Dec 2017	Jan-Dec 2016
Asset management commissions	394	375	365	769	715	1,543	1,369
Life & Pensions	83	77	88	160	164	313	306
Deposit Products	6	7	8	13	15	27	30
Brokerage, securities issues and corporate finance	45	55	69	100	122	224	226
Custody and issuer services	19	10	18	29	31	59	59
Payments	73	75	83	148	153	307	297
Cards	51	62	54	113	113	228	226
Lending Products	115	113	133	228	262	465	531
Guarantees	32	36	39	68	79	143	161
Other	21	4	10	25	8	60	33
Total	**839**	**814**	**867**	**1,653**	**1,662**	**3,369**	**3,238**

Note 4 Net result from items at fair value

EURm	Q4 2017	Q3 2017	Q4 2016	H2 2017	H2 2016	Jan-Dec 2017	Jan-Dec 2016
Equity related instruments	45	369	-291	414	-229	370	-141
Interest related instruments and foreign exchange gains/losses	101	-81	1,029	20	1,383	712	1,833
Other financial instruments (including credit and commodities)	26	25	-309	51	-300	20	-251
Investment properties	1	-2	-1	-1	-1	-3	-1
Life insurance[1]	62	46	70	108	125	229	275
Total	**235**	**357**	**498**	**592**	**978**	**1,328**	**1,715**

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

Break-down of life insurance

EURm	Q4 2017	Q3 2017	Q4 2016	H2 2017	H2 2016	Jan-Dec 2017	Jan-Dec 2016
Equity related instruments	516	199	1,027	715	1,485	1,344	1,338
Interest related instruments and foreign exchange gains/losses	96	299	-364	395	-88	715	970
Other financial instruments	3	0	-	3	-	4	-
Investment properties	49	51	68	100	111	195	221
Change in technical provisions[1]	-646	-519	-532	-1,165	-1,275	-2,056	-2,491
Change in collective bonus potential	103	1	-170	104	-162	7	177
Insurance risk income	44	51	45	95	86	177	168
Insurance risk expense	-103	-36	-4	-139	-32	-157	-108
Total	**62**	**46**	**70**	**108**	**125**	**229**	**275**

[1] Premium income amounts to EUR 674m for Q4 2017 and EUR 2,833m for Jan-Dec 2017 (Q4 2016: EUR 635m, Jan-Dec 2016: EUR 2,571m).

Note 5 Other expenses

EURm	Q4 2017	Q3 2017	Q4 2016	H2 2017	H2 2016	Jan-Dec 2017	Jan-Dec 2016
Information technology	-128	-151	-165	-279	-307	-565	-573
Marketing and representation	-21	-14	-33	-35	-46	-66	-79
Postage, transportation, telephone and office expenses	-24	-24	-33	-48	-61	-101	-125
Rents, premises and real estate	-84	-72	-79	-156	-154	-309	-309
Other	-168	-116	-165	-284	-296	-581	-560
Total	**-425**	**-377**	**-475**	**-802**	**-864**	**-1,622**	**-1,646**

Note 6 Net loan losses

EURm	Q4 2017	Q3 2017	Q4 2016	H2 2017	H2 2016	Jan-Dec 2017	Jan-Dec 2016
Loan losses divided by class							
Provisions	0	0	-1	0	-1	-1	-1
Reversal of previous provisions	1	0	1	1	1	1	1
Loans to credit institutions	**1**	**0**	**0**	**1**	**0**	**0**	**0**
Realised loan losses	-97	-116	-231	-213	-350	-426	-600
Allowances to cover realised loan losses	61	86	193	147	284	300	474
Recoveries on previous realised loan losses	13	16	21	29	33	54	57
Provisions	-251	-189	-275	-440	-568	-908	-1,056
Reversal of previous provisions	202	122	165	324	339	642	639
Loans to the public	**-72**	**-81**	**-127**	**-153**	**-262**	**-338**	**-486**
Realised loan losses	-5	-1	-3	-6	-5	-9	-9
Allowances to cover realised loan losses	5	1	3	6	5	9	9
Provisions	-17	-15	-23	-32	-44	-92	-96
Reversal of previous provisions	17	17	21	34	42	61	80
Off-balance sheet items	**0**	**2**	**-2**	**2**	**-2**	**-31**	**-16**
Net loan losses	**-71**	**-79**	**-129**	**-150**	**-264**	**-369**	**-502**

Key ratios

	Q4 2017	Q3 2017	Q4 2016	H2 2017	H2 2016	Jan-Dec 2017	Jan-Dec 2016
Loan loss ratio, basis points	9	10	16	10	16	12	15
- of which individual	20	12	15	16	11	15	12
- of which collective	-11	-2	1	-6	5	-3	3

Note 7 Loans and impairment

EURm	Total 31 Dec 2017	Total 30 Sep 2017	Total 31 Dec 2016
Loans, not impaired	319,811	330,430	334,826
Impaired loans	6,068	5,853	5,550
- of which servicing	3,593	3,717	3,244
- of which non-servicing	2,475	2,136	2,306
Loans before allowances	**325,879**	**336,283**	**340,376**
Allowances for individually assessed impaired loans	-1,936	-1,884	-1,913
- of which servicing	-1,103	-1,168	-1,054
- of which non-servicing	-833	-716	-859
Allowances for collectively assessed impaired loans	-397	-490	-513
Allowances	**-2,333**	**-2,374**	**-2,426**
Loans, carrying amount	**323,546**	**333,909**	**337,950**

	Central banks and credit institutions			The public		
EURm	31 Dec 2017	30 Sep 2017	31 Dec 2016	31 Dec 2017	30 Sep 2017	31 Dec 2016
Loans, not impaired	13,389	20,203	20,254	306,422	310,227	314,572
Impaired loans	0	1	9	6,068	5,852	5,541
- of which servicing	0	1	9	3,593	3,716	3,235
- of which non-servicing	-	-	-	2,475	2,136	2,306
Loans before allowances	**13,389**	**20,204**	**20,263**	**312,490**	**316,079**	**320,113**
Allowances for individually assessed impaired loans	0	-1	0	-1,936	-1,883	-1,913
- of which servicing	0	-1	0	-1,103	-1,167	-1,054
- of which non-servicing	-	-	-	-833	-716	-859
Allowances for collectively assessed impaired loans	-1	0	-2	-396	-490	-511
Allowances	**-1**	**-1**	**-2**	**-2,332**	**-2,373**	**-2,424**
Loans, carrying amount	**13,388**	**20,203**	**20,261**	**310,158**	**313,706**	**317,689**

Allowances and provisions

EURm	31 Dec 2017	30 Sep 2017	31 Dec 2016
Allowances for items on the balance sheet	-2,333	-2,374	-2,426
Provisions for off balance sheet items	-91	-97	-71
Total allowances and provisions	**-2,424**	**-2,471**	**-2,497**

Key ratios

	31 Dec 2017	30 Sep 2017	31 Dec 2016
Impairment rate, gross, basis points	186	174	163
Impairment rate, net, basis points	127	118	107
Total allowance rate, basis points	72	71	71
Allowances in relation to impaired loans, %	32	32	34
Total allowances in relation to impaired loans, %	38	41	44
Non-servicing, not impaired, EURm	253	256	248

Note 8 Classification of financial instruments

EURm	Loans and receivables	Held to maturity	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Available for sale	Total
Financial assets							
Cash and balances with central banks	43,081	-	-	-	-	-	43,081
Loans to central banks	4,487	-	309	-	-	-	4,796
Loans to credit institutions	6,768	-	1,824	-	-	-	8,592
Loans to the public	235,525	-	21,852	52,781	-	-	310,158
Interest-bearing securities	-	3,093	27,825	8,034	-	36,342	75,294
Financial instruments pledged as collateral	-	-	6,489	-	-	-	6,489
Shares	-	-	5,254	11,926	-	-	17,180
Assets in pooled schemes and unit-linked investment contracts	-	-	-	25,728	-	-	25,728
Derivatives	-	-	44,415	-	1,696	-	46,111
Fair value changes of the hedged items in portfolio hedge of interest rate risk	163	-	-	-	-	-	163
Other assets	1,523	-	10,272	-	-	-	11,795
Prepaid expenses and accrued income	999	-	-	-	-	-	999
Total 31 Dec 2017	**292,546**	**3,093**	**118,240**	**98,469**	**1,696**	**36,342**	**550,386**
Total 31 Dec 2016	294,923	3,095	150,912	112,688	2,521	32,295	596,434

EURm	Held for trading	Designated at fair value through profit or loss	Derivatives used for hedging	Other financial liabilities	Total
Financial liabilities					
Deposits by credit institutions	5,905	-	-	34,078	39,983
Deposits and borrowings from the public	9,075	29	-	163,330	172,434
Deposits in pooled schemes and unit-linked investment contracts	-	26,333	-	-	26,333
Liabilities to policyholders, investment contracts	-	3,486	-	-	3,486
Debt securities in issue[1]	-	56,603	-	122,511	179,114
Derivatives[1]	41,607	-	1,106	-	42,713
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	1,450	1,450
Other liabilities	24,421	-	-	2,833	27,254
Accrued expenses and prepaid income	-	-	-	246	246
Subordinated liabilities	-	-	-	8,987	8,987
Total 31 Dec 2017	**81,008**	**86,451**	**1,106**	**333,435**	**502,000**
Total 31 Dec 2016	105,186	78,031	1,641	350,413	535,271

[1]During the year Nordea has reclassified issued structured bonds classified as Debt securities in issue on the balance sheet of EUR 4,986m from Held for trading to Designated at fair value through profit or loss both within Financial liabilities at fair value through profit or loss. The reclassification has been made in order to better reflect the purpose of the instruments. There is no change in measurement. As from 2017 embedded derivatives are presented together with the host bonds as Debt securities in issue.

Note 9 Fair value of financial assets and liabilities

	31 Dec 2017		31 Dec 2016	
	Carrying amount	Fair value	Carrying amount	Fair value
EURm				
Financial assets				
Cash and balances with central banks	43,081	43,081	32,099	32,099
Loans	323,709	325,372	338,128	337,442
Interest-bearing securities	75,294	75,473	87,701	87,892
Financial instruments pledged as collateral	6,489	6,489	5,108	5,108
Shares	17,180	17,180	21,524	21,524
Assets in pooled schemes and unit-linked investment contracts	25,728	25,728	22,963	22,963
Derivatives	46,111	46,111	69,959	69,959
Other assets	11,795	11,795	17,986	17,986
Prepaid expenses and accrued income	999	999	966	966
Total	**550,386**	**552,228**	**596,434**	**595,939**
Financial liabilities				
Deposits and debt instruments	401,968	403,488	416,839	417,528
Deposits in pooled schemes and unit-linked investment contracts	26,333	26,333	3,527	3,527
Liabilities to policyholders	3,486	3,486	23,580	23,580
Derivatives	42,713	42,713	68,636	68,636
Other liabilities	27,254	27,254	22,399	22,399
Accrued expenses and prepaid income	246	246	290	290
Total	**502,000**	**503,520**	**535,271**	**535,960**

The determination of fair value is described in the Annual report 2016, Note G40 "Assets and liabilities at fair value". The fair value has for loans been estimated by discounting the expected future cash flows with an assumed customer interest rate that would have been used on the market if the loans had been issued at the time of the measurement. The assumed customer interest rate is calculated as the benchmark interest rate plus the average margin on new lending in Personal Banking, Commercial & Business Banking and Wholesale Banking respectively.

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

Categorisation into the fair value hierarchy

EURm	Quoted prices in active markets for the same instruments (Level 1)	*Of which Life*	Valuation technique using observable data (Level 2)	*Of which Life*	Valuation technique using non-observable data (Level 3)	*Of which Life*	Total
Assets at fair value on the balance sheet[1]							
Loans to central banks	-	-	309	-	-	-	309
Loans to credit institutions	-	-	1,824	-	-	-	1,824
Loans to the public	-	-	74,633	-	-	-	74,633
Interest-bearing securities[2]	27,889	*3,469*	50,633	*4,555*	168	*5*	78,690
Shares	13,664	*8,986*	1,932	*1,965*	1,584	*927*	17,180
Assets in pooled schemes and unit-linked investment contracts	24,016	*20,120*	1,521	*1,521*	191	*191*	25,728
Derivatives	56	-	44,544	*242*	1,511	-	46,111
Other assets	-	-	10,272	-	-	-	10,272
Total 31 Dec 2017	**65,625**	***32,575***	**185,668**	***8,283***	**3,454**	***1,123***	**254,747**
Total 31 Dec 2016	90,045	*45,689*	202,677	*9,185*	5,694	*3,239*	298,416
Liabilities at fair value on the balance sheet[1]							
Deposits by credit institutions	-	-	5,905	*14*	-	-	5,905
Deposits and borrowings from the public	-	-	9,104	-	-	-	9,104
Deposits in pooled schemes and unit-linked investment	-	-	26,333	*22,016*	-	-	26,333
Liabilities to policyholders	-	-	3,486	*3,486*	-	-	3,486
Debt securities in issue	18,004	-	34,590	-	4,009	-	56,603
Derivatives	41	-	41,614	*3*	1,058	-	42,713
Other liabilities	8,701	-	15,720	-	-	-	24,421
Total 31 Dec 2017	**26,746**	**-**	**136,752**	***25,519***	**5,067**	**-**	**168,565**
Total 31 Dec 2016	55,417	*8*	128,158	*24,651*	1,283	-	184,858

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

[2] Of which EUR 6,489m relates to the balance sheet item Financial instruments pledged as collateral.

Determination of fair values for items measured at fair value on the balance sheet

Significant changes to valuation methodologies during the year relate mainly to changes to the CVA/DVA methodology including modelling of the joint probability of default for highly correlated counterparts and a development of the FFVA methodology to better reflect the market price of funding. For more information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2016, Note G40 "Assets and liabilities at fair value".

Transfers between Level 1 and 2

During the period Nordea transferred debt securities in issue of EUR 33,613m and interest bearing securities of EUR 1,046m from Level 1 to Level 2 of the fair value hierarchy. The reason for the reclassification is an alignment of the classification processes for government bonds and mortgage bonds across different business areas within Nordea.

During the period, Nordea also transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 2,129m from Level 1 to Level 2 and EUR 1,937m from Level 2 to Level 1 of the fair value hierarchy. Nordea has also transferred derivative assets of EUR 24m and derivative liabilities of EUR 14m from Level 2 to Level 1. The reason for the transfers from Level 1 to Level 2 was that the instruments ceased to be actively traded during the period and fair values have now been obtained using valuation techniques with observable market inputs. The reason for the transfer from Level 2 to Level 1 was that the instruments have again been actively traded during the period and reliable quoted prices are obtained in the market. Transfers between levels are considered to have occurred at the end of the reporting period.

Note 10 Continued

Movements in Level 3

EURm	1 Jan	Fair value gains/losses recognised in the income statement during the year: Realised	Fair value gains/losses recognised in the income statement during the year: Unrealised	Recognised in OCI	Purchases/ Issues	Sales	Settlements	Transfers into Level 3	Transfers out of Level 3	Reclassification	Translation differences	31 Dec
Intererest-bearing securities	210	1	7	-	28	-24	-1	-	-32	-20	-1	168
- of which Life	*38*	-	-	-	*20*	-	-	-	*-32*	*-20*	*-1*	*5*
Shares	3,785	9	-78	2	878	-692	-39	243	-47	-2,449	-28	1,584
- of which Life	*3,185*	*7*	*-141*	-	*711*	*-521*	*-38*	*243*	*-47*	*-2,449*	*-23*	*927*
Assets in pooled schemes and unit-linked investment contracts	16	-	2	-	28	-2	-2	149	-	-	-	191
- of which Life	*16*	-	*2*	-	*28*	*-2*	*-2*	*149*	-	-	-	*191*
Derivatives (net)	400	-152	-45	-	-	-	152	98	-1	-	1	453
Debt securities in issue	-	-	-	-	-	-	-	4,009	-	-	-	4,009
Total 2017, net	**4,411**	**-142**	**-114**	**2**	**934**	**-718**	**110**	**-3,519**	**-80**	**-2,469**	**-28**	**-1,613**
Total 2016, net	5,259	100	62	-	2,803	-1,805	-113	550	-2,459	-	14	4,411

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. The reason for the transfer out of Level 3 was that observable market data became available. The reason for the transfer into Level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net. As from 2017 embedded derivatives in issued structured bonds are presented together with the host bonds as Debt securities in issue. The combined instruments are generally classified as Level 3. Up until 2016 the host bonds and embedded derivatives were presented separately on the balance sheet and in the fair value hierarchy the host bonds in Level 2 and embedded derivatives generally in Level 3. The change in classification of the host bonds is presented as a transfer into Level 3.

The valuation processes for fair value measurements in Level 3

For information about valuation processes for fair value measurement in Level 3, see the Annual report 2016 Note G40 "Assets and liabilities at fair value".

Deferred day 1 profit

The transaction price for financial instruments in some cases differs from the fair value at initial recognition measured using a valuation model, mainly due to that the transaction price is not established in an active market. If there are significant unobservable inputs used in the valuation technique (Level 3), the financial instrument is recognised at the transaction price and any difference between the transaction price and fair value at initial recognition measured using a valuation model (Day 1 profit) is deferred. For more information see the Annual report 2016 Note G1 "Accounting policies". The table below shows the aggregated difference yet to be recognised in the income statement at the beginning and end of the period and a reconciliation of how this aggregated difference has changed during the period (movement of deferred Day 1 profit).

Deferred day 1 profit - Derivatives, net

EURm	2017	2016
Opening balance at 1 Jan	23	34
Deferred profit on new transactions	89	19
Recognised in the income statement during the period[1]	-54	-30
Closing balance at 31 Dec	**58**	**23**

[1] Of which EUR -2m (EUR -14m) due to transfers of derivatives from Level 3 to Level 2.

Note 10 Continued

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

EURm	Fair value	Of which Life[1]	Valuation techniques	Unobservable input	Range of fair value[4]
Interest-bearing securities					
Mortgage and other credit institutions[2]	162	-	Discounted cash flows	Credit spread	-1/1
Corporates	6	5	Discounted cash flows	Credit spread	-0/0
Total 31 Dec 2017	**168**	***5***			**-1/1**
Total 31 Dec 2016	210	*38*			-4/4
Shares					
Private equity funds	714	*450*	Net asset value[3]		-80/80
Hedge funds	118	*88*	Net asset value[3]		-10/10
Credit funds	405	*202*	Net asset value/market consensus[3]		-28/28
Other funds	245	*152*	Net asset value/Fund prices[3]		-21/21
Other[5]	293	*226*	-		-13/13
Total 31 Dec 2017	**1,775**	***1,118***			**-152/152**
Total 31 Dec 2016	3,801	*3,201*			-363/363
Derivatives, net					
Interest rate derivatives	332	-	Option model	Correlations Volatilities	-13/14
Equity derivatives	76	-	Option model	Correlations Volatilities Dividends	-14/7
Foreign exchange derivatives	-2	-	Option model	Correlations Volatilities	-0/0
Credit derivatives	25	-	Credit derivative model	Correlations Volatilities Recovery rates	-14/12
Other	22	-	Option	Correlations Volatilities	-0/0
Total 31 Dec 2017	**453**	**-**			**-41/33**
Total 31 Dec 2016	400	-			-51/38
Debt securities in issue					
Issued structured bonds	4,009	-	Credit derivative model	Correlations Volatilities Recovery rates	-20/20
Total 31 Dec 2017	**4,009**	**-**			**-20/20**
Total 31 Dec 2016	-	-			-

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

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

3 The fair values are based on prices and net asset values delivered by external suppliers/custodians. The prices are fixed by the suppliers/custodians on the basis of the development in assets behind the investments. For private equity funds the dominant measurement methodology used by the suppliers/ custodians is consistent with the International Private Equity and Venture Capital Valuation (IPEV) guidelines issued by Invest Europe (formerly called EVCA). Approximately 40% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are a range of 31% to 100% compared to the values received from suppliers/custodians.

4 The column "Range of fair value" shows the sensitivity of Level 3 financial instruments to changes in key assumptions. For more information see the Annual Report 2016, Note G40 "Assets and liabilities at fair value".

5 Of which EUR 191m related to assets in pooled schemes and unit-linked investment.

Note 11 Capital Adequacy

These figures are according to part 8 of CRR, in Sweden implemented in FFFS 2014:12

Summary of items included in own funds

EURm	31 Dec[3] 2017	31 Dec[3] 2016
Calculation of own funds		
Equity in the consolidated situation	31,799	31,533
Proposed/actual dividend	-2,747	-2,625
Common Equity Tier 1 capital before regulatory adjustments	29,052	28,908
Deferred tax assets	0	
Intangible assets	-3,835	-3,435
IRB provisions shortfall (-)	-291	-212
Deduction for investments in credit institutions (50%)		
Pension assets in excess of related liabilities[1]	-152	-240
Other items, net	-259	-483
Total regulatory adjustments to Common Equity Tier 1 capital	-4,537	-4,370
Common Equity Tier 1 capital (net after deduction)	24,515	24,538
Additional Tier 1 capital before regulatory adjustments	3,514	3,042
Total regulatory adjustments to Additional Tier 1 capital	-21	-25
Additional Tier 1 capital	3,493	3,017
Tier 1 capital (net after deduction)	28,008	27,555
Tier 2 capital before regulatory adjustments	4,903	6,541
IRB provisions excess (+)	95	78
Deduction for investments in credit institutions (50%)		
Deductions for investments in insurance companies	-1,205	-1,205
Pension assets in excess of related liabilities		
Other items, net	-54	-65
Total regulatory adjustments to Tier 2 capital	-1,164	-1,192
Tier 2 capital	3,739	5,349
Own funds (net after deduction)[2]	31,747	32,904

[1] Based on conditional FSA approval.
[2] Own Funds adjusted for IRB provision, i.e. adjusted own funds equal 31,943 EURm by 31 Dec 2017.
[3] Including profit of the period.

Own Funds, excluding profit

EURm	31 Dec 2017	31 Dec 2016
Common Equity Tier 1 capital, excluding profit	23,854	23,167
Total Own Funds, excluding profit	31,086	31,533

Note 11 Continued

Minimum capital requirement and REA

	31 Dec 2017 Minimum Capital requirement	31 Dec 2017 REA	31 Dec 2016 Minimum Capital requirement	31 Dec 2016 REA
EURm				
Credit risk	8,219	102,743	8,601	107,512
- of which counterparty credit risk	488	6,096	759	9,489
IRB	7,104	88,808	7,517	93,958
- sovereign	149	1,869		
- corporate	4,560	57,004	4,977	62,212
- advanced	*3,774*	*47,173*	*3,887*	*48,585*
- foundation	*786*	*9,831*	*1,090*	*13,627*
- institutions	493	6,163	572	7,144
- retail	1,671	20,888	1,755	21,933
- secured by immovable property collateral	*934*	*11,678*	*1,001*	*12,505*
- other retail	*737*	*9,210*	*754*	*9,428*
- items representing securitisation positions	68	850	66	828
- other	163	2,034	147	1,841
Standardised	1,115	13,935	1,084	13,554
- central governments or central banks	22	281	26	320
- regional governments or local authorities	1	7	21	266
- public sector entities	0	3	3	39
- multilateral development banks			2	32
- international organisations				
- institutions	14	171	40	498
- corporate	261	3,264	173	2,159
- retail	258	3,225	258	3,223
- secured by mortgages on immovable properties	197	2,458	229	2,863
- in default	47	592	9	114
- associated with particularly high risk	60	754	56	701
- covered bonds				
- institutions and corporates with a short-term credit assessment				
- collective investments undertakings (CIU)				
- equity	208	2,598	221	2,760
- other items	47	582	46	579
Credit Value Adjustment Risk	96	1,207	144	1,798
Market risk	282	3,520	358	4,474
- trading book, Internal Approach	196	2,444	236	2,942
- trading book, Standardised Approach	86	1,076	74	928
- banking book, Standardised Approach			48	604
Operational risk	1,345	16,809	1,350	16,873
Standardised	1,345	16,809	1,350	16,873
Additional risk exposure amount due to Article 3 CRR	120	1,500	200	2,500
Sub total	10,062	125,779	10,653	133,157
Adjustment for Basel I floor				
Additional capital requirement according to Basel I floor	6,132	76,645	6,612	82,655
Total	16,194	202,424	17,265	215,812

Note 11 Continued

Minimum Capital Requirement & Capital Buffers

	Minimum Capital requirement	Capital Buffers: CCoB	CCyB	SII	SRB	Capital Buffers total[1]	Total
Percentage							
Common Equity Tier 1 capital	4.5	2.5	0.8	2.0	3.0	6.3	**10.8**
Tier 1 capital	6.0	2.5	0.8	2.0	3.0	6.3	**12.3**
Own funds	8.0	2.5	0.8	2.0	3.0	6.3	**14.3**
EURm							
Common Equity Tier 1 capital	5,660	3,144	1,007		3,773	7,924	**13,584**
Tier 1 capital	7,547	3,144	1,007		3,773	7,924	**15,471**
Own funds	10,062	3,144	1,007		3,773	7,924	**17,987**

[1] Only the maximum of the SRB and SII is used in the calculation of the total capital buffers.

Common Equity Tier 1 available to meet Capital Buffers

	31 Dec[1] 2017	31 Dec[1] 2016
Percentage points of REA		
Common Equity Tier 1 capital	15.8	13.9

[1] Including profit for the period.

Capital ratios

Percentage	31 Dec 2017	31 Dec 2016
Common Equity Tier 1 capital ratio, including profit	19.5	18.4
Tier 1 capital ratio, including profit	22.3	20.7
Total capital ratio, including profit	25.2	24.7
Common Equity Tier 1 capital ratio, excluding profit	19.0	17.4
Tier 1 capital ratio, excluding profit	21.7	19.7
Total capital ratio, excluding profit	24.7	23.7

Capital ratios including Basel I floor

Percentage	31 Dec 2017	31 Dec 2016
Common Equity Tier 1 capital ratio, including profit	12.3	11.5
Tier 1 capital ratio, including profit	14.0	12.9
Total capital ratio, including profit	15.8	15.3
Common Equity Tier 1 capital ratio, excluding profit	11.9	10.8
Tier 1 capital ratio, excluding profit	13.7	12.2
Total capital ratio, excluding profit	15.5	14.7

Leverage Ratio

	31 Dec[1] 2017	31 Dec[1] 2016
Tier 1 capital, transitional definition, EURm	28,008	27,555
Leverage ratio exposure, EURm	538,338	555,688
Leverage ratio, percentage	5.2	5.0

[1] Including profit of the period.

Capital

	Trading book, IM		Trading book, SA		Banking book, SA		Total	
EURm	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other[1]	557	45	918	73			1,475	118
Equity risk	150	12	109	9			259	21
Foreign exchange risk	281	23					281	23
Commodity risk			49	4			49	4
Settlement risk			0	0			0	0
Diversification effect	-475	-38					-475	-38
Stressed Value-at-Risk	1,043	83					1,043	83
Incremental Risk Measure	477	38					477	38
Comprehensive Risk Measure	411	33					411	33
Total	2,444	196	1,076	86			3,520	282

[1] Interest rate risk Trading book IM includes both general and specific interest rate risk, elsewhere referred to as interest rate VaR and credit spread VaR.

Note 11 Continued

Credit risk exposures for which internal models are used, split by rating grade

	On-balance exposure, EURm	Off-balance exposure, EURm	Exposure value (EAD), EURm[1]	of which EAD for off-balance, EURm	Exposure-weighted average risk weight
Sovereign, foundation IRB:	72,676	5,659	82,141	1,018	2.3
of which					
- rating grades 7	50,930	5,536	59,605	974	2.4
- rating grades 6	21,042	44	22,170	39	1.3
- rating grades 5	98	0	106		4.4
- rating grades 4	7	0	4	0	19.9
- rating grades 3	310	44	215	3	45.4
- rating grades 2	188	3	18		196.3
- rating grades 1	83	30	5	2	213.6
- unrated	18	2	18	0	163.1
- defaulted					
Corporate, foundation IRB:	11,264	3,456	20,559	269	47.8
of which					
- rating grades 6	1,581	156	4,487	2	15.6
- rating grades 5	3,131	850	5,859	112	31.7
- rating grades 4	4,020	1,305	7,191	89	61.1
- rating grades 3	1,252	683	1,823	64	92.2
- rating grades 2	340	98	364	2	161.1
- rating grades 1	49	30	54		176.9
- unrated	725	270	471	0	109.8
- defaulted	166	64	310	0	
Corporate, advanced IRB:	98,646	55,845	123,021	27,214	38.3
of which					
- rating grades 6	15,033	5,549	17,427	2,906	8.9
- rating grades 5	25,375	22,905	36,779	11,478	22.8
- rating grades 4	39,857	21,234	49,275	10,291	39.9
- rating grades 3	10,006	4,422	11,382	2,066	64.3
- rating grades 2	2,141	452	2,122	202	103.4
- rating grades 1	397	138	402	57	119.9
- unrated	975	425	1,065	214	79.4
- defaulted	4,862	720	4,569		147.9
Institutions, foundation IRB:	33,452	3,378	40,127	802	15.4
of which					
- rating grades 6	12,814	560	15,112	309	8.6
- rating grades 5	19,401	1,800	22,885	360	14.6
- rating grades 4	1,078	708	1,848	67	60.5
- rating grades 3	72	206	128	48	134.1
- rating grades 2	33	98	41	17	217.3
- rating grades 1	0	4	1	1	251.3
- unrated	54	2	112	0	137.1
- defaulted	0	0	0	0	
Retail, of which secured by real estate:	138,270	9,608	144,772	6,502	8.1
of which					
- scoring grades A	96,449	7,929	101,884	5,434	3.5
- scoring grades B	26,079	1,023	26,733	654	8.3
- scoring grades C	10,306	489	10,607	301	17.4
- scoring grades D	2,505	131	2,586	82	30.7
- scoring grades E	806	15	819	13	59.0
- scoring grades F	766	14	779	13	87.8
- not scored	23	1	24	1	26.4
- defaulted	1,336	6	1,340	4	156.0

Note 11 Continued

Credit risk exposures for which internal models are used, split by rating grade

	On-balance exposure, EURm	Off-balance exposure, EURm	Exposure value (EAD), EURm[1]	of which EAD for off-balance, EURm	Exposure-weighted average risk weight
Retail, of which other retail:	24,747	12,696	33,823	8,993	27.2
of which					
- scoring grades A	7,593	7,333	12,815	5,208	8.3
- scoring grades B	5,994	2,797	8,030	2,021	16.8
- scoring grades C	3,528	1,303	4,509	960	28.1
- scoring grades D	2,929	619	3,371	428	36.0
- scoring grades E	2,402	261	2,584	177	41.1
- scoring grades F	1,370	120	1,458	87	59.1
- not scored	141	130	181	29	40.8
- defaulted	790	133	875	83	265.4
Other non credit-obligation assets:	2,761	60	2,550	11	79.7

Nordea does not have the following IRB exposure classes: equity exposures and qualifying revolving retail.
[1] Includes EAD for on-balance, off-balance, derivatives and securities financing.

Note 12 Disposal group held for sale

Balance sheet - Condensed[1]

	31 Dec 2017	31 Dec 2016
EURm		
Assets		
Loans to credit institutions	394	34
Loans to the public	-	8,556
Interest-bearing securities	6,051	58
Financial instruments pledged as collateral	1,477	-
Shares	10,361	0
Derivatives	1,184	2
Investments	267	5
Investment property	1,879	44
Other assets	573	198
Total assets held for sale	**22,186**	**8,897**
Liabilities		
Deposits by credit institutions	643	22
Deposits and borrowings from the public	-	4,776
Liabilities to policyholders	23,316	-
Derivatives	810	1
Current tax	921	12
Other liabilities	341	77
Total liabilities held for sale	**26,031**	**4,888**

[1] Includes the external assets and liabilities held for sale.

Assets and liabilities held for sale as of 31 December 2017 relate to Nordea's earlier announced decision to sell 45 per cent of the shares in Danish Nordea Liv & Pension, livsforsikringsselskab A/S. The sale is conditional on approval by the relevant authorities anticipated in the first quarter 2018. The individual assets and liabilities will be derecognised from Nordea's balance sheet, and an investment in an associated company recognised, when all approvals have been received and the transaction has been closed. The disposal group is included in "Life & Pension unallocated" in Note 2 "Segment reporting".

Assets and liabilities held for sale as of 31 December 2016 related to Nordea's decision to combine its Baltic operations with the Baltic operations of DNB. The individual assets and liabilities were derecognised from Nordea's balance sheet, and an investment in an associated company was recognised, at closing in Q4 2017. The disposal group is included in the "Other operating segments" in Note 2 "Segment reporting".

Note 13 Risks and uncertainties

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

The supervisory authorities have during 2016 conducted ongoing investigations with regards to Nordea's compliance in several areas, e.g. investment advice, AML, external tax rules, competition law and governance and control. The Nordea Group is also responding to inquiries from U.S. governmental authorities regarding historical compliance with certain U.S. financial sanctions during 2008-2014. The outcome of some investigations is pending and it cannot be excluded that these investigations could lead to criticism or sanctions.

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

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

Glossary

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

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

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

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

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

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

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

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

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

Nordea Bank AB (publ)

At January 2, 2017 Nordea Bank AB (NBAB) merged with Nordea bank Finland Plc (NBF), Nordea Bank ASA (NBN) and Nordea Bank Denmark A/S (NBD). At the date NBAB has recognised the assets and liabilities and income statement as of 1 January 2017 of its former subsidiaries, as they are dissolved and have become branches to NBAB. For more information see Annual Report 2016, Note P20 "Investments in group undertakings being merged".

Income statement

EURm	Q4 2017	Q4 2016	H2 2017	H2 2016	Jan-Dec 2017	Jan-Dec 2016
Operating income						
Interest income	996	350	2,052	685	4,155	1,403
Interest expense	-442	-227	-887	-451	-1,824	-939
Net interest income	**554**	**123**	**1,165**	**234**	**2,331**	**464**
Fee and commission income	602	249	1,175	463	2,409	978
Fee and commission expense	-116	-34	-209	-71	-407	-138
Net fee and commission income	**486**	**215**	**966**	**392**	**2,002**	**840**
Net result from items at fair value	173	31	473	126	1,104	216
Dividends	2,622	2,259	2,623	2,659	3,344	3,210
Other operating income	122	201	284	360	476	712
Total operating income	**3,957**	**2,829**	**5,511**	**3,771**	**9,257**	**5,442**
Operating expenses						
General administrative expenses:						
Staff costs	-741	-248	-1,391	-460	-2,768	-1,113
Other expenses	-385	-300	-727	-539	-1,469	-1,008
Depreciation, amortisation and impairment charges of tangible and intangible assets	-78	-50	-149	-97	-277	-172
Total operating expenses	**-1,204**	**-598**	**-2,267**	**-1,096**	**-4,514**	**-2,293**
Profit before loan losses	**2,753**	**2,231**	**3,244**	**2,675**	**4,743**	**3,149**
Net loan losses	-61	-84	-116	-99	-299	-193
Impairment of securities held as financial non-current assets	-382	-6	-385	-6	-385	-6
Operating profit	**2,310**	**2,141**	**2,743**	**2,570**	**4,059**	**2,950**
Appropriations	2	1	2	1	2	1
Income tax expense	-212	-121	-316	-90	-551	-51
Net profit for period	**2,100**	**2,021**	**2,429**	**2,481**	**3,510**	**2,900**

Nordea Bank AB (publ)

Balance sheet

EURm	31 Dec 2017	31 Dec 2016
Assets		
Cash and balances with central banks	42,637	101
Treasury bills	13,493	6,583
Loans to credit institutions	59,765	88,375
Loans to the public	152,739	43,726
Interest-bearing securities	47,950	10,359
Financial instruments pledged as collateral	12,430	-
Shares	7,883	130
Derivatives	47,688	4,668
Fair value changes of the hedged items in portfolio hedge of interest rate risk	85	0
Investments in group undertakings	12,532	20,101
Investments in associated undertakings and joint ventures	1,036	12
Participating interest in other companies	23	1
Intangible assets	2,114	1,539
Property and equipment	385	132
Deferred tax assets	84	22
Current tax assets	58	204
Retirement benefit assets	196	-
Other assets	15,316	4,560
Prepaid expenses and accrued income	1,128	749
Total assets	**417,542**	**181,262**
Liabilities		
Deposits by credit institutions	51,735	20,374
Deposits and borrowings from the public	176,231	58,183
Debt securities in issue	72,460	63,162
Derivatives	46,118	3,612
Fair value changes of the hedged items in portfolio hedge of interest rate risk	552	1,008
Current tax liabilities	158	0
Other liabilities	28,720	3,279
Accrued expenses and prepaid income	1,195	670
Deferred tax liabilities	174	-
Provisions	412	307
Retirement benefit obligations	262	169
Subordinated liabilities	8,987	10,086
Total liabilities	**387,004**	**160,850**
Untaxed reserves	**0**	**2**
Equity		
Additional Tier 1 capital holders	750	-
Share capital	4,050	4,050
Development cost reserve	1,205	569
Share premium reserve	1,080	1,080
Other reserves	166	-2
Retained earnings	23,287	14,713
Total equity	**30,538**	**20,410**
Total liabilities and equity	**417,542**	**181,262**
Assets pledged as security for own liabilities	36,000	1,080
Other assets pledged	4,943	11,750
Contingent liabilities	54,130	71,965
Commitments[1]	77,870	26,993

[1] Including unutilised portion of approved overdraft facilities of EUR 34,725m (31 Dec 2016: EUR 15,890m).

Nordea Bank AB (publ)

Note 1 Accounting policies

The interim financial statements for the parent company, Nordea Bank AB (publ) are presented in accordance with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559), the accounting regulations of the Swedish Financial Supervisory Authority (FFFS 2008:25 including amendments) and the accounting recommendation for legal entities (RFR 2) issued by the Swedish Financial Reporting Board.

This means that the same accounting policies and methods for computation are followed as compared with the Annual Report 2016, for more information see Note P1 in the Annual Report 2016. For changed accounting policies implemented during 2017, see “Changed accounting policies and presentation” below.

Changed accounting policies and presentation

Amendments have been made to the Swedish Annual Accounts Act for Credit Institutions and Securities Companies (1995:1559). These amendments were implemented on 1 January 2017. The amendments have not had any significant impact on the financial statements.

The Swedish Financial Reporting Board has amended the accounting recommendation for legal entities by issuing “RFR 2 Accounting for Legal Entities – January 2017”. These amendments were implemented 1 January 2017 but have not had any significant impact on the financial statements.

Changes in IFRSs not yet applied

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

Note 2 Capital Adequacy

These figures are according to part 8 of CRR, in Sweden implemented in FFFS 2014:12

Summary of items included in own funds

EURm	31 Dec[3] 2017	31 Dec[3] 2016
Calculation of own funds		
Equity in the consolidated situation	29,800	20,411
Proposed/actual dividend	-2,747	-2,625
Common Equity Tier 1 capital before regulatory adjustments	27,053	17,786
Deferred tax assets		
Intangible assets	-2,114	-1,539
IRB provisions shortfall (-)	-210	
Deduction for investments in credit institutions (50%)		
Pension assets in excess of related liabilities[1]	-151	
Other items, net	-262	-97
Total regulatory adjustments to Common Equity Tier 1 capital	-2,737	-1,636
Common Equity Tier 1 capital (net after deduction)	24,316	16,150
Additional Tier 1 capital before regulatory adjustments	3,514	3,047
Total regulatory adjustments to Additional Tier 1 capital	-21	-30
Additional Tier 1 capital	3,493	3,017
Tier 1 capital (net after deduction)	27,809	19,167
Tier 2 capital before regulatory adjustments	4,903	6,277
IRB provisions excess (+)	58	134
Deduction for investments in credit institutions (50%)		
Deductions for investments in insurance companies	-1,205	-1,205
Pension assets in excess of related liabilities		
Other items, net	-54	-69
Total regulatory adjustments to Tier 2 capital	-1,201	-1,140
Tier 2 capital	3,702	5,137
Own funds (net after deduction)[2]	31,511	24,304

[1] Based on conditional FSA approval.
[2] Own Funds adjusted for IRB provision, i.e. adjusted own funds equal EUR 31,663m by 31 Dec 2017.
[3] Including profit of the period.

Own Funds, excluding profit

EURm	31 Dec 2017	31 Dec 2016
Common Equity Tier 1 capital, excluding profit	23,520	15,879
Total Own Funds, excluding profit	30,715	24,033

Note 2 Continued

Minimum capital requirement and REA

EURm	31 Dec 2017 Minimum Capital requirement	31 Dec 2017 REA	31 Dec 2016 Minimum Capital requirement	31 Dec 2016 REA
Credit risk	8,292	103,656	6,120	76,502
- of which counterparty credit risk	477	5,963	266	3,329
IRB	5,884	73,553	2,485	31,061
- sovereign	141	1,759		
- corporate	4,170	52,127	2,062	25,772
- advanced	*3,785*	*47,318*	*1,393*	*17,408*
- foundation	*385*	*4,809*	*669*	*8,364*
- institutions	510	6,379	244	3,054
- retail	955	11,942	121	1,512
- secured by immovable property collateral	*245*	*3,065*	*6*	*73*
- other retail	*710*	*8,877*	*115*	*1,439*
- items representing securitisation positions				
- other	108	1,346	58	723
Standardised	2,408	30,103	3,635	45,441
- central governments or central banks	17	209	5	56
- regional governments or local authorities			2	23
- public sector entities				
- multilateral development banks			0	6
- international organisations				
- institutions	581	7,259	1,251	15,641
- corporate	323	4,035	137	1,707
- retail	3	42	18	231
- secured by mortgages on immovable properties	114	1,420	210	2,626
- in default			3	38
- associated with particularly high risk	58	728		
- covered bonds	56	705		
- institutions and corporates with a short-term credit assessment				
- collective investments undertakings (CIU)				
- equity	1,255	15,687	2,007	25,089
- other items	1	18	2	24
Credit Value Adjustment Risk	94	1,182	16	195
Market risk	947	11,831	450	5,628
- trading book, Internal Approach	196	2,444	13	165
- trading book, Standardised Approach	94	1,179		
- banking book, Standardised Approach	657	8,208	437	5,463
Operational risk	1,117	13,961	369	4,614
Standardised	1,117	13,961	369	4,614
Additional risk exposure amount due to Article 3 CRR			8	102
Sub total	10,450	130,630	6,963	87,041
Adjustment for Basel I floor				
Additional capital requirement according to Basel I floor	538	6,720		
Total	10,988	137,350	6,963	87,041

Note 2 Continued

Minimum Capital Requirement & Capital Buffers

	Minimum Capital requirement	Capital Buffers: CCoB	CCyB	SII	SRB	Capital Buffers total[1]	Total
Percentage							
Common Equity Tier 1 capital	4.5	2.5	0.8	0	0	3.3	**7.8**
Tier 1 capital	6	2.5	0.8	0	0	3.3	**9.3**
Own funds	8	2.5	0.8	0	0	3.3	**11.3**
EURm							
Common Equity Tier 1 capital	5,878	3,266	1,037		0	4,303	**10,181**
Tier 1 capital	7,838	3,266	1,037		0	4,303	**12,141**
Own funds	10,450	3,266	1,037		0	4,303	**14,753**

[1] Only the maximum of the SRB and SII is used in the calculation of the total capital buffers.

Common Equity Tier 1 available to meet Capital Buffers

	31 Dec[1] 2017	31 Dec[1] 2016
Percentage points of REA		
Common Equity Tier 1 capital	14.1	14.1

[1] Including profit for the period.

Capital ratios

	31 Dec 2017	31 Dec 2016
Percentage		
Common Equity Tier 1 capital ratio, including profit	18.6	18.6
Tier 1 capital ratio, including profit	21.3	22.0
Total capital ratio, including profit	24.1	27.9
Common Equity Tier 1 capital ratio, excluding profit	18.0	18.2
Tier 1 capital ratio, excluding profit	20.7	21.7
Total capital ratio, excluding profit	23.5	27.6

Capital ratios including Basel I floor

	31 Dec 2017	31 Dec 2016
Percentage		
Common Equity Tier 1 capital ratio, including profit	17.9	18.6
Tier 1 capital ratio, including profit	20.4	22.0
Total capital ratio, including profit	23.1	27.8
Common Equity Tier 1 capital ratio, excluding profit	17.3	18.2
Tier 1 capital ratio, excluding profit	19.8	21.7
Total capital ratio, excluding profit	22.5	27.5

Leverage Ratio

	31 Dec[1] 2017	31 Dec[1] 2016
Tier 1 capital, transitional definition, EURm	27,809	19,167
Leverage ratio exposure, EURm	463,779	216,455
Leverage ratio, percentage	6.0	8.9

[1] Including profit of the period.

Capital requirements for market risk

	Trading book, IM		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
EURm								
Interest rate risk & other[1]	557	45	1,022	81			1,579	126
Equity risk	151	12	108	9			259	21
Foreign exchange risk	280	23			8,208	657	8,488	680
Commodity risk			49	4			49	4
Settlement risk			0	0			0	0
Diversification effect	-475	-38					-475	-38
Stressed Value-at-Risk	1,043	83					1,043	83
Incremental Risk Measure	477	38					477	38
Comprehensive Risk Measure	411	33					411	33
Total	2,444	196	1,179	94	8,208	657	11,831	947

[1] Interest rate risk Trading book IM includes both general and specific interest rate risk, elsewhere referred to as interest rate VaR and credit spread VaR.

Note 2 Continued

Credit risk exposures for which internal models are used, split by rating grade

	On-balance exposure, EURm	Off-balance exposure, EURm	Exposure value (EAD), EURm[1]	of which EAD for off-balance, EURm	Exposure-weighted average risk weight
Sovereign, foundation IRB:	69,569	5,793	79,141	1,545	2.2
of which					
- rating grades 7	48,245	5,667	56,991	1,488	2.3
- rating grades 6	20,834	39	21,963	39	1.3
- rating grades 5	98	0	106	0	4.9
- rating grades 4	7	0	4	0	22.8
- rating grades 3	101	44	16	4	103.5
- rating grades 2	188	3	25		183.8
- rating grades 1	83	30	14	4	213.6
- unrated	13	10	22	10	163.1
- defaulted					
Corporate, foundation IRB:	2,720	39	11,774	23	40.8
of which					
- rating grades 6	981		3,723		15.7
- rating grades 5	1,163	25	3,597	15	32.2
- rating grades 4	390	14	3,481	8	62.5
- rating grades 3	47		581	0	100.3
- rating grades 2			35		158.4
- rating grades 1			7		203.7
- unrated	139		186		127.3
- defaulted			164		
Corporate, advanced IRB:	78,910	65,926	113,068	36,544	41.8
of which					
- rating grades 6	6,879	6,500	10,443	3,955	11.5
- rating grades 5	19,713	24,248	33,003	13,157	24.1
- rating grades 4	36,466	27,054	50,989	15,336	41.8
- rating grades 3	8,993	5,621	11,612	3,279	68.5
- rating grades 2	1,765	648	1,984	397	112.1
- rating grades 1	309	182	359	102	128.3
- unrated	751	529	965	318	83.9
- defaulted	4,034	1,144	3,713		145.4
Institutions, foundation IRB:	33,000	3,678	40,205	1,332	15.9
of which					
- rating grades 6	12,425	572	14,743	330	8.7
- rating grades 5	19,398	2,036	22,931	409	14.6
- rating grades 4	1,023	761	2,254	527	59.5
- rating grades 3	69	206	125	48	134.2
- rating grades 2	33	98	41	17	217.3
- rating grades 1	0	4	1	1	251.3
- unrated	52	1	110	0	137.3
- defaulted	0	0	0		
Retail, of which secured by real estate:	25,537	3,758	27,133	1,596	11.3
of which					
- scoring grades A	15,501	2,803	16,651	1,150	4.7
- scoring grades B	5,986	556	6,242	255	9.3
- scoring grades C	2,521	304	2,664	143	18.6
- scoring grades D	832	82	871	39	32.0
- scoring grades E	49	4	51	2	51.5
- scoring grades F	182	3	184	3	95.5
- not scored	6	1	7	1	31.9
- defaulted	460	5	463	3	154.9

Note 2 Continued

Credit risk exposures for which internal models are used, split by rating grade

	On-balance exposure, EURm	Off-balance exposure, EURm	Exposure value (EAD), EURm[1]	of which EAD for off-balance, EURm	Exposure-weighted average risk weight:
Retail, of which other retail:	16,185	21,185	34,798	18,535	25.5
of which					
- scoring grades A	5,215	12,025	15,739	10,510	9.4
- scoring grades B	4,262	5,127	8,862	4,586	18.0
- scoring grades C	2,326	2,328	4,386	2,040	30.8
- scoring grades D	1,612	760	2,222	599	38.8
- scoring grades E	1,426	413	1,780	349	45.0
- scoring grades F	747	196	924	176	62.8
- not scored	71	77	122	40	42.5
- defaulted	526	259	763	235	283.5
Other non credit-obligation assets:	1,765	56	1,786	7	75.3

Nordea does not have the following IRB exposure classes: equity exposures and qualifying revolving retail.

[1] Includes EAD for on-balance, off-balance, derivatives and securities financing

For further information

- A press conference with management will be held on 25 January at 9.00 CET, at Smålandsgatan 17, Stockholm where Casper von Koskull, President and Group CEO, will present the results. The presentation will be conducted in English and can be viewed live (direct link). You can also find the presentation material at www.nordea.com/ir.
- After the results presentation, there will be a Q&A session (starting at approximately 09.30 with Torsten Hagen Jørgensen, Deputy CEO and Group COO and Rodney Alfvén, Head of Investor Relations); please dial +44(0)330 336 9105 or +46(0)8 5033 6574 confirmation code 9764098 no later than 08.50 CET.
- After the conference an indexed on-demand replay will be available here. A replay will also be available until 1 February by dialing +44 (0) 207 660 0134 or +46 (0)8 5199 3077, access code 9764098.
- An analyst and investor presentation will be held in London on 31 January at 15.00 local time at UBS, 5 Broadgate, London EC2M 2QS where Torsten Hagen Jørgensen, Deputy CEO and Group COO and Pawel Wyszynski, Senior IR Officer, will participate.
- The presentation, including Q&A, is expected to last approximately one hour.
- To attend please contact: Kate Reece at UBS via e-mail: kate.reece@ubs.com
- This Interim report, an investor presentation and a fact book are available on www.nordea.com.

Contacts

Casper von Koskull
President and Group CEO
+46 10 157 10 20

Torsten Hagen Jørgensen
Deputy CEO and Group COO
+45 55 47 22 00

Rodney Alfvén
Head of Investor Relations
+46 72 235 05 15

Sara Helweg-Larsen
Head of Group Communications
+45 22 14 00 00

Financial calendar

25 April 2018 – First Quarter Report 2018 (silent period starts 9 April 2018)

20 July 2018 – Second Quarter Report 2018 (silent period starts 6 July 2018)

24 October 2018 – Third Quarter Report 2018 (silent period starts 5 October 2018)

Stockholm 25 January 2018

Casper von Koskull
President and Group CEO

This report has not been subject to review by the Auditors.

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

The information in this report is such, which Nordea Bank AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact persons set out above, at 07.00 CET on 25 January 2018.

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

Nordea Bank AB (publ) • Smålandsgatan 17 • SE-105 71 Stockholm • www.nordea.com/ir • Tel. 08 614 7800 • Corporate registration No. 516406-0120