

IMPORTANT NOTICE

In accessing the attached base prospectus supplement (the "Supplement") you agree to be bound by the following terms and conditions.

The information contained in the Supplement may be addressed to and/or targeted at persons who are residents of particular countries only as specified in the Base Prospectus (as defined in the Supplement) and is not intended for use, and should not be relied upon, by any person outside those countries. **Prior to relying on the information contained in the Supplement, you must ascertain from the Base Prospectus whether or not you are an intended addressee of, and eligible to view, the information contained therein.**

The Supplement and the Base Prospectus do not constitute, and may not be used in connection with, an offer to sell or the solicitation of an offer to buy securities in the United States or any other jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities law of any such jurisdiction.

The securities described in the Supplement and the Base Prospectus have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States and may include notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, such securities may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("**Regulation S**")). The securities described in the Supplement and the Base Prospectus will only be offered in offshore transactions to non-U.S. persons in reliance upon Regulation S.

For a more complete description of restrictions on offers and sales of the securities described in the Supplement and the Base Prospectus, see pages i to vii and the sections "*Subscription and Sale*" in the Base Prospectus.



NORDEA BANK AB (PUBL)

(Incorporated with limited liability in the Kingdom of Sweden)

€50,000,000,000

Euro Medium Term Note Programme

This supplement no. 1 (the "**Supplement**") is supplemental to, and must be read in conjunction with, the base prospectus dated 13 May 2016 (the "**Base Prospectus**" which also serves as a base listing particulars, the "**Base Listing Particulars**") prepared by Nordea Bank AB (publ) (the "**Issuer**") with respect to its €50,000,000,000 Euro Medium Term Note Programme (the "**Programme**") and constitutes a supplement for the purposes of Article 16 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive. The Central Bank only approves this Supplement as meeting the requirements imposed under Irish and European law pursuant to the Prospectus Directive.

Application has been made to the Irish Stock Exchange for the approval of this Supplement as a Base Listing Particulars supplement (the "**Base Listing Particulars Supplement**"). Save where expressly provided or the context otherwise requires, in the case of Exempt Notes, any reference in this Supplement to "Supplement" shall be deemed to be a reference to "Base Listing Particulars Supplement" and any reference to "Base Prospectus" shall be deemed to be a reference to "Base Listing Particulars".

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statements in or incorporated by reference into this Supplement and (b) any statement in or incorporated by reference into the Base Prospectus, the statements in this Supplement will prevail.

Save as disclosed in this Supplement, no other significant new factor, material mistake or inaccuracy relating to information included in the Base Prospectus has arisen or been noted since the publication of the Base Prospectus.

AMENDMENTS TO THE BASE PROSPECTUS

With effect from the date of this Supplement, the information appearing in the Base Prospectus shall be amended and/or supplemented in the manner described below.

SECOND QUARTER REPORT 2016

On 20 July 2016, the Issuer published its second quarter report for the six months ending 30 June 2016 (the "**Second Quarter Report 2016**"). The Second Quarter Report 2016 contains unaudited consolidated and individual financial statements. By virtue of this Supplement, the unaudited consolidated income statement, statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the Issuer's unaudited income statement and balance sheet and the related notes of the Second Quarter Report 2016 are set out on pages 8 to 36 of this Supplement in the annex hereto, and such annex forms part of this Supplement and the Base Prospectus.

RECENT DEVELOPMENTS

To facilitate a sharper customer focus it has been decided to adjust the organisation and divide the Retail Banking business area into two business areas, Personal Banking and Commercial & Business Banking, from 1 July 2016.

Nordea has the ambition to be in the forefront of digitisation within banking and therefore is establishing a new Group digital unit with the objective to drive the digital agenda forward across the Group. The unit will be co-headed by Poul Raaholt, previously head of Group IT at Nordea, and Ewan MacLeod, previously responsible for the Retail digital transformation programme at the Royal Bank of Scotland. Alvaro Garrido, previously Group Head of Technology at Standard Chartered Bank, is the new head of Group IT. This new Group digital unit will start to operate on 1 September 2016.

LEGAL PROCEEDINGS AND INVESTIGATIONS

The paragraph under the heading "*Legal and regulatory claims arise in the conduct of the Nordea Group's business*" in the "*Risk Factors*" section on page 24 of the Base Prospectus is deleted and replaced by the following:

"In the ordinary course of its business, the Nordea Group is subject to regulatory oversight and liability risk. The Nordea Group carries out operations through a number of legal entities in a number of jurisdictions and is subject to regulations, including, but not limited to, regulations on conduct of business, anti-money laundering, economic and financial sanctions, payments, consumer credits, capital requirements, reporting and corporate governance, in such jurisdictions. Regulations and regulatory requirements are also continuously amended and new requirements are imposed on the Nordea Group. There can be no assurances that breaches of regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.

The Nordea Group is involved in a variety of claims, disputes, legal proceedings and investigations in jurisdictions where it is active. These types of claims, disputes, legal proceedings or investigations expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licenses or authorisations, or loss of reputation, criticism or penalties by supervisory authorities as well as the potential for regulatory restrictions on its businesses, all of which could have a material adverse effect on the Nordea Group's business, financial condition and results of operations. Adverse regulatory actions against the Nordea Group or adverse judgments in litigation to which the Nordea Group is party could result in restrictions or limitations on the Nordea Group's operations or result in a material adverse effect on the Nordea Group's business, financial condition and results of operations."

The three paragraphs under the heading "*Legal Proceedings and Investigations*" in the "*Nordea Bank AB (publ)*" section on page 127 of the Base Prospectus are deleted and replaced by the following:

"Within the framework of normal business operations, the Nordea Group faces claims in civil lawsuits and disputes, most of which involve relatively limited amounts. The Nordea Group is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of

licenses or authorisations, or loss of reputation, criticism or penalties by supervisory authorities as well as the potential for regulatory restrictions on its businesses. As at the date of this Base Prospectus, none of the current disputes may have, or have had, significant adverse effects on the Nordea Group or its financial position.

Supervisory authorities regularly conduct investigations on the Nordea Group's regulatory compliance. As of the date of this Supplement, the Nordea Group is subject to certain ongoing investigations, which include the investigation concerning the compliance of Nordea Bank Danmark with applicable anti-money laundering regulations and the inquiries related to the Panama papers discussed in more detail below. The Nordea Group is also responding to inquiries from U.S. governmental authorities regarding historical compliance with certain U.S. financial sanctions. As of the date of this Base Prospectus, the outcome of such investigations, which could include criticism and/or penalties, is pending.

In April 2016, the so-called "Panama papers," that is, more than 11.5 million documents leaked from the files of a Panamanian law firm, were released to the public. The Panama papers primarily comprise documentation with respect to offshore companies set up by a Panamanian law firm. Following the publication of the Panama papers, the SFSA and other authorities in markets where the Nordea Group operates have requested information related to customers with offshore structures and the Nordea Group's role in relation to such structures. As of the date of this Supplement, these inquiries are in an initial phase and it is too early to assess their outcome.

See also *"Risk Factors—Risks Relating to the Legal and Regulatory Environments in which the Nordea Group Operates—Legal and regulatory claims arise in the conduct of the Nordea Group's business."*

Nordea also initiated an internal investigation following the publication of the Panama papers to assess whether Nordea Bank S.A. in Luxembourg ("**Nordea Bank Luxembourg**") had adhered to internal rules and external regulations regarding activities related to offshore structures. On 20 July 2016, Nordea announced that the internal investigation had been completed and that the investigation had been presented to Nordea's Board of Directors. Nordea is also sharing the findings of the internal investigation with the relevant supervisory authorities. Nordea has decided on a number of actions to address the key findings and recommendations made in connection with the investigation. These actions include the integration of Nordea Bank Luxembourg into the Nordea Group's Nordic organisation to ensure a consistent implementation of compliance policies.

In June 2015, the Danish Financial Supervisory Authority (*Finanstilsynet*) (the "**DFSA**") investigated the compliance of Nordea Bank Danmark with applicable anti-money laundering regulations. Nordea announced on 17 June 2016 that the DFSA's investigation had resulted in criticism and that the matter will, in accordance with Danish administrative practice, be handed over to the Danish police for further handling and possible sanctions."

GROUP EXECUTIVE MANAGEMENT

The paragraphs on pages 125 to 126 under the heading "*Group Executive Management*" in the "*Nordea Bank AB (publ)*" section of the Base Prospectus are to be deleted and replaced by the following:

"Group Executive Management currently consists of nine members, including the CEO. The President and CEO is appointed by the Board of Directors and is charged with the day-to-day management of the Nordea Group and the Nordea Group's group-wide affairs in accordance with applicable laws and regulations, including the Swedish Code of Corporate Governance (*Svensk kod för bolagsstyrning*) (the "**Swedish Corporate Governance Code**"), as well as the instructions provided by the Board of Directors. The instructions regulate the division of responsibilities and the interaction between the CEO and the Board of Directors. The CEO works closely with the Chairman of the Board of Directors, for example, in planning the meetings of the Board of Directors.

The following table sets forth each member of Group Executive Management, his or her year of birth, the year of his or her initial employment as a member of Group Executive Management and his or her current position.

Name	Year of birth	Group Executive Management member since	Position
Casper von Koskull.....	1960	2010	President and Group CEO
Torsten Hagen Jørgensen	1965	2011	Deputy Group CEO and Group Chief Operating Officer, Executive Vice President and Head of Group Corporate Centre
Erik Ekman	1969	2015	Executive Vice President and Head of Wholesale Banking and Country Senior Executive in Sweden
Mads G. Jakobsen	1966	2014	Executive Vice President, Head of Commercial and Business Banking and Country Senior Executive in Denmark
Heikki Ilkka	1970	2016	Head of Group Finance & Business Control and Executive Vice President and Group CFO
Ari Kaperi	1960	2008	CRO, Head of Group Risk Management and Country Senior Executive in Finland
Snorre Storset	1972	2015	Executive Vice President, Head of Wealth Management, and Country Senior Executive in Norway
Karen Tobiasen	1965	2016	CHRO, Head of Group Human Resources
Topi Manner	1974	2016	Executive Vice President , Head of Personal Banking and CEO of NBF

The members of the Group Executive Management have the following office address: c/o Nordea Bank AB (publ), Smålandsgatan 17, SE-105 71 Stockholm, Sweden.

No potential conflicts of interest exist between any duties to NBAB of a member of the Group Executive Management and the private interests or other duties of such persons.

Casper von Koskull has been the President and Group CEO of Nordea since 2015 and has been a member of Group Executive Management since 2010. Mr. von Koskull joined the Nordea Group in 2010 and was Head of Corporate Merchant Banking & Capital Markets from 2010 to 2011. As of the date of this Base Prospectus, Mr. von Koskull is a board member of the European Business Leader's convention.

Torsten Hagen Jørgensen has been Deputy CEO and Group Chief Operating Officer since 2015 and has been Executive Vice President, and Head of Group Corporate Centre and Group CFO since 2013. He has been a member of Group Executive Management since 2011. Mr Jørgensen joined the Nordea Group in 2005 and has held several executive positions within the Nordea Group.

Erik Ekman has been Executive Vice President, Head of Wholesale Banking and a member of Group Executive Management since 2015 and a Country Senior Executive in Sweden since 1 July 2016. Mr. Ekman joined the Nordea Group in 2008 and has held several executive positions within the Nordea Group.

Mads G. Jakobsen has been Executive Vice President, Head of Commercial and Business Banking and Country Senior Executive in Denmark and a member of Group Executive Management since 2014. Mr Jakobsen joined the Nordea Group in 2002 and has held several executive positions within the Nordea Group.

Heikki Ilkka has been Executive Vice President, Group CFO and Head of Group Finance and Business Control and a member of Group Executive Management since 2016. Mr. Ilkka joined Nordea in 2015 as Head of Group Finance following a long career with Ernst & Young in Finland, most recently as senior partner.

Ari Kaperi has been a member of Group Executive Management since 2008. He became CRO and Head of Group Risk Management as well as Country Senior Executive in Finland in 2010. Mr Kaperi joined the Nordea Group in 2001 and has held several executive positions within the Nordea Group. As of the date of this Base Prospectus, Mr Kaperi is the Vice Chairman of the Board of Directors of the Federation of Finnish Financial Services and a member of the Board of Directors of Varma Mutual Pension Insurance Company. He is also a board member of Foundation for Economic Education and Art Foundation Merita and a member of the Advisory Board of Finnish Business and Policy Forum EVA/ETLA.

Snorre Storset has been Executive Vice President, Head of Wealth Management and Country Senior Executive in Norway since 2016 and a member of Group Executive Management since 2015. Ms. Storset

has held several executive positions since he joined the Nordea Group in 2011, most recently as Deputy Head of Wealth Management and Head of Private Banking from 2015 to 2016.

Karen Tobiasen, has been Head of Group Human Resources and a member of group Executive Management since 1 July 2016. Ms Tobiasen was Chief HR Officer at Philips Lighting, a division of the Royal Philips Group, where she had the global responsibility for HR & Transformation. Prior to working at Philips Lighting she held a number of senior international roles at SAP EMEA, most recently as Senior Vice President, HR & Transformation.

Topi Manner has been Executive Vice President, Head of Personal Banking and a member of Group Executive Management since 1 July 2016. Mr Manner has also been CEO of NBF since 2015. Mr Manner has been with Nordea (formerly Merita) since 1998 and has held several senior positions within Retail Banking, including Head of Banking, Finland and Baltics."

GENERAL INFORMATION

The third paragraph of the "General Information" section on page 162 of the Base Prospectus is deleted and replaced by the following:

- "3. Since 30 June 2016, the date to which the latest unaudited financial statements of the Issuer were prepared, there has been no significant change in the financial or trading position of the Issuer or the Nordea Group."

UPDATE OF THE SUMMARY OF THE PROGRAMME

The Summary of the Programme included in the Base Prospectus is updated in the Appendix 1 to this Supplement.

SELECTED FINANCIAL INFORMATION

The Selected Financial Information section on pages 129-132 of the Base Prospectus is replaced in its entirety with the updated Selected Financial Information in Appendix 2 to this Supplement.

ANNEX

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Nordea

Income statement

EURm	Note	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Operating Income						
Interest income		1,950	2,178	3,925	4,417	8,549
Interest expense		-778	-904	-1,585	-1,890	-3,586
Net interest income		1,172	1,274	2,340	2,527	4,963
Fee and commission income		999	1,054	1,993	2,073	4,092
Fee and commission expense		-195	-221	-417	-431	-862
Net fee and commission income	3	804	833	1,576	1,642	3,230
Net result from items at fair value	4	405	386	737	1,013	1,645
Profit from companies accounted for under the equity method		101	8	110	18	39
Other operating income		74	22	88	42	263
Total operating income		2,556	2,523	4,851	5,242	10,140
Operating expenses						
General administrative expenses:						
Staff costs		-756	-772	-1,496	-1,551	-3,263
Other expenses	5	-396	-363	-782	-727	-1,485
Depreciation, amortisation and impairment charges of tangible and intangible assets		-54	-50	-106	-95	-209
Total operating expenses		-1,206	-1,185	-2,384	-2,373	-4,957
Profit before loan losses		1,350	1,338	2,467	2,869	5,183
Net loan losses	6	-127	-103	-238	-225	-479
Operating profit		1,223	1,235	2,229	2,644	4,704
Income tax expense		-227	-283	-451	-610	-1,042
Net profit for the period		996	952	1,778	2,034	3,662
Attributable to:						
Shareholders of Nordea Bank AB (publ)		996	952	1,778	2,034	3,662
Non-controlling interests		-	-	-	-	-
Total		996	952	1,778	2,034	3,662
Basic earnings per share, EUR		0.25	0.24	0.44	0.51	0.91
Diluted earnings per share, EUR		0.25	0.24	0.44	0.51	0.91

Statement of comprehensive income

EURm		Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Full year 2015
Net profit for the period		996	952	1,778	2,034	3,662
Items that may be reclassified subsequently to the income statement						
Currency translation differences during the period		65	-80	220	288	-544
Hedging of net investments in foreign operations:						
Valuation gains/losses during the period		-1	61	-86	-78	308
Tax on valuation gains/losses during the period		0	-14	19	17	-68
Available for sale investments: ¹						
Valuation gains/losses during the period, net of recycling		44	-113	71	-69	-160
Tax on valuation gains/losses during the period		-10	28	-16	16	37
Cash flow hedges:						
Valuation gains/losses during the period, net of recycling		-5	78	11	64	84
Tax on valuation gains/losses during the period		1	-16	-2	-14	-19
Items that may not be reclassified subsequently to the income statement						
Defined benefit plans:						
Remeasurement of defined benefit plans		-114	507	-422	273	483
Tax on remeasurement of defined benefit plans		25	-115	95	-63	-108
Other comprehensive income, net of tax		5	336	-110	434	13
Total comprehensive income		1,001	1,288	1,668	2,468	3,675
Attributable to:						
Shareholders of Nordea Bank AB (publ)		1,001	1,288	1,668	2,468	3,675
Non-controlling interests		-	-	-	-	-
Total		1,001	1,288	1,668	2,468	3,675

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

Nordea

Balance sheet

EURm	Note	30 Jun 2016	31 Dec 2015	30 Jun 2015
Assets				
Cash and balances with central banks		48,188	35,500	45,532
Loans to central banks	7	8,756	13,224	8,485
Loans to credit institutions	7	10,470	10,762	13,319
Loans to the public	7	344,580	340,920	357,580
Interest-bearing securities		84,976	86,535	86,624
Financial instruments pledged as collateral		8,989	8,341	12,010
Shares		21,197	22,273	24,758
Assets in pooled schemes and unit-linked investment contracts		22,040	20,434	20,262
Derivatives		87,240	80,741	86,314
Fair value changes of the hedged items in portfolio hedge of interest rate risk		160	151	166
Investments in associated undertakings		781	515	496
Intangible assets		3,444	3,208	3,086
Properties and equipment		568	557	559
Investment properties		3,072	3,054	3,125
Deferred tax assets		124	76	61
Current tax assets		253	87	160
Retirement benefit assets		221	377	207
Other assets		24,619	18,587	18,208
Prepaid expenses and accrued income		1,558	1,526	1,700
Total assets		671,236	646,868	682,652
Liabilities				
Deposits by credit institutions		63,599	44,209	63,894
Deposits and borrowings from the public		195,960	189,049	206,402
Deposits in pooled schemes and unit-linked investment contracts		22,463	21,088	20,862
Liabilities to policyholders		39,159	38,707	39,133
Debt securities in issue		188,003	201,937	196,467
Derivatives		83,037	79,505	83,904
Fair value changes of the hedged items in portfolio hedge of interest rate risk		3,920	2,594	2,578
Current tax liabilities		432	225	434
Other liabilities		31,830	25,745	27,953
Accrued expenses and prepaid income		1,834	1,805	1,851
Deferred tax liabilities		849	1,028	939
Provisions		394	415	285
Retirement benefit obligations		473	329	405
Subordinated liabilities		9,140	9,200	7,736
Total liabilities		641,093	615,836	652,843
Equity				
Non-controlling interests		1	1	1
Share capital		4,050	4,050	4,050
Share premium reserve		1,080	1,080	1,080
Other reserves		-1,298	-1,188	-767
Retained earnings		26,310	27,089	25,445
Total equity		30,143	31,032	29,809
Total liabilities and equity		671,236	646,868	682,652
Assets pledged as security for own liabilities		194,572	184,795	182,782
Other assets pledged		6,065	9,038	10,711
Contingent liabilities		22,235	22,569	22,835
Credit commitments ¹		71,778	71,340	73,099
Other commitments		1,510	3,323	1,357

¹ Including unutilised portion of approved overdraft facilities of EUR 32,148m (31 Dec 2015: EUR 37,961m, 30 Jun 2015: EUR 38,854m).



Statement of changes in equity

Attributable to shareholders of Nordea Bank AB (publ)										
Other reserves:										
EURm	Share capital ¹	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2016	4,050	1,080	-1,617	71	-10	368	27,089	31,031	1	31,032
Net profit for the period	-	-	-	-	-	-	1,778	1,778	-	1,778
Other comprehensive income, net of tax	-	-	153	9	55	-327	-	-110	-	-110
<i>Total comprehensive income</i>	-	-	153	9	55	-327	1,778	1,668	-	1,668
Share-based payments ²	-	-	-	-	-	-	0	0	-	0
Dividend for 2015	-	-	-	-	-	-	-2,584	-2,584	-	-2,584
Disposal of own shares ³	-	-	-	-	-	-	27	27	-	27
Balance at 30 Jun 2016	4,050	1,080	-1,464	80	45	41	26,310	30,142	1	30,143

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

Attributable to shareholders of Nordea Bank AB (publ)										
Other reserves:										
EURm	Share capital ¹	Share premium reserve	Translation of foreign operations	Cash flow hedges	Available for sale investments	Defined benefit plans	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 Jan 2015	4,050	1,080	-1,313	6	113	-7	25,906	29,835	2	29,837
Net profit for the period	-	-	-	-	-	-	2,034	2,034	-	2,034
Other comprehensive income, net of tax	-	-	227	50	-53	210	-	434	-	434
<i>Total comprehensive income</i>	-	-	227	50	-53	210	2,034	2,468	-	2,468
Share-based payments ²	-	-	-	-	-	-	2	2	-	2
Dividend for 2014	-	-	-	-	-	-	-2,501	-2,501	-	-2,501
Disposal of own shares ³	-	-	-	-	-	-	4	4	-	4
Other changes	-	-	-	-	-	-	-	-	-1	-1
Balance at 30 Jun 2015	4,050	1,080	-1,086	56	60	203	25,445	29,808	1	29,809

¹ Total shares registered were 4,050 million (31 Dec 2015: 4,050 million, 30 Jun 2015: 4,050 million).

² The total holding of own shares related to Long Term Incentive Programme (LTIP) is 10.9 million (31 Dec 2015: 11.7 million, 30 Jun 2015: 11.7 million).

³ Refers to the change in the holding of own shares related to the Long Term Incentive Programme, trading portfolio and Nordea's shares within portfolio schemes in Denmark. The number of own shares at 30 Jun 2016 was 15.2 million (31 Dec 2015: 18.6 million, 30 Jun 2015: 18.4 million).



Cash flow statement, condensed

EURm	Jan-Jun 2016	Jan-Jun 2015	Full Year 2015
<i>Operating activities</i>			
Operating profit	2,229	2,644	4,704
Adjustments for items not included in cash flow	1,854	2,945	2,824
Income taxes paid	-436	-537	-1,056
Cash flow from operating activities before changes in operating assets and liabilities	3,647	5,052	6,472
Changes in operating assets and liabilities	14,518	7,075	-6,276
Cash flow from operating activities	18,165	12,127	196
<i>Investing activities</i>			
Sale/acquisition of business operations	-	-	175
Properties and equipment	-50	-77	-135
Intangible assets	-268	-163	-458
Net investments in debt securities, held to maturity	-83	-263	-139
Other financial fixed assets	-9	-	35
Cash flow from investing activities	-410	-503	-522
<i>Financing activities</i>			
Issued/amortised subordinated liabilities	-	-554	735
Divestment/repurchase of own shares incl change in trading portfolio	27	4	20
Dividend paid	-2,584	-2,501	-2,501
Cash flow from financing activities	-2,557	-3,051	-1,746
Cash flow for the period	15,198	8,573	-2,072
Cash and cash equivalents at beginning of the period	40,200	39,683	39,683
Translation difference	-498	2,206	2,589
Cash and cash equivalents at end of the period	54,900	50,462	40,200
Change	15,198	8,573	-2,072
Cash and cash equivalents	30 Jun 2016	30 Jun 2015	31 Dec 2015
The following items are included in cash and cash equivalents (EURm):			
Cash and balances with central banks	48,188	45,532	35,500
Loans to central banks	4,843	2,945	2,684
Loans to credit institutions	1,869	1,985	2,016
Total cash and cash equivalents	54,900	50,462	40,200

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

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

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



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 2015, for more information see Note G1 in the Annual Report 2015. For changes implemented during 2016, see "Changed accounting policies" below.

Changed accounting policies

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

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

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

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

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

Changed presentation of pooled schemes and unit-linked investment contracts

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

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

EURm	30 Jun 2016			31 Dec 2015			30 Jun 2015		
	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy
Assets									
Loans to credit institutions	10,890	-420	10,470	10,959	-197	10,762	13,517	-198	13,319
Interest-bearing securities	86,671	-1,695	84,976	88,176	-1,641	86,535	88,309	-1,685	86,624
Shares	40,967	-19,770	21,197	40,745	-18,472	22,273	43,012	-18,254	24,758
Assets in pooled schemes and unit-linked investment contracts	-	22,040	22,040	-	20,434	20,434	-	20,262	20,262
Investment properties	3,201	-129	3,072	3,165	-111	3,054	3,218	-93	3,125
Other assets	24,645	-26	24,619	18,600	-13	18,587	18,240	-32	18,208
Liabilities									
Deposits and borrowings from the public	200,196	-4,236	195,960	193,342	-4,293	189,049	210,829	-4,427	206,402
Deposits in pooled schemes and unit-linked investment contracts	-	22,463	22,463	-	21,088	21,088	-	20,862	20,862
Liabilities to policyholders	56,961	-17,802	39,159	55,491	-16,784	38,707	55,541	-16,408	39,133
Other liabilities	32,255	-425	31,830	25,756	-11	25,745	27,980	-27	27,953

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Changed presentation of refinancing fees and pay-out fees

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

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

Changed presentation of stability fees

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

EURm	Q2 2016			Q2 2015			Jan-Jun 2016			Jan-Jun 2015			Full year 2015		
	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy	Old policy	Restate-ment	New policy
Net interest income	1,212	-40	1,172	1,309	-35	1,274	2,402	-62	2,340	2,597	-70	2,527	5,110	-147	4,963
- of which state guarantee fees		-40			-35			-62			-70			-147	
Net fee and commission income	756	48	804	783	50	833	1,492	84	1,576	1,540	102	1,642	3,025	205	3,230
- of which state guarantee fees		40			35			62			70			147	
- of which refinancing/pay-out fees		8			15			22			32			58	
Net result from items at fair value	413	-8	405	401	-15	386	759	-22	737	1,045	-32	1,013	1,703	-58	1,645
- of which refinancing/pay-out fees		-8			-15			-22			-32			-58	

Changed presentation of Net fee and commission income

The presentation within Note 3 "Net fee and commission income" has, in addition to the changes described above, been changed. The main change is that income and expenses have been set off to better reflect the net return from different business activities. Commission expenses have been split more granularly to better match the related commission income.

Commission income in connection with initial public offerings (IPOs) have in addition been reclassified from "Custody and issuer services" to "Brokerage, securities issues and corporate finance" (impact full year 2015 EUR 27m), and commission expenses connected to asset management activities from "Other" to "Asset management" (impact full year 2015 EUR 80m). These reclassifications have been made to better reflect the purpose of services performed/received.

Impact on capital adequacy from new or amended IFRS standards 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 hedging 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. Earlier application is permitted, but IFRS 9 is not yet endorsed by the EU commission. Nordea does not currently intend to early adopt the standard.

The changes in classification and measurement are not expected to have a significant impact on Nordea's income statement or balance sheet as the mixed measurement model will be maintained, and as there will still be a measurement category similar to the current Available For Sale (AFS) category in IAS 39. Significant reclassifications between fair value and amortised cost or impact on the capital adequacy and large exposures are not expected in the period of initial application, but this is naturally dependent on the financial instruments on Nordea's balance sheet at transition.

The impairment requirements in IFRS 9 are based on an expected loss model as opposed to the current incurred loss model in IAS 39. In general, it is expected that the new requirements will increase loan loss provisions, decrease equity and have a negative impact on capital adequacy, but no impact on large exposures, in the period of initial application. IFRS 9 requires all assets measured at amortised cost and fair value through other comprehensive income, as well as 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 AFS portfolio. 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 deterioration in credit risk, stage 2 includes assets where there has been a significant deterioration and stage 3 includes assets that have been individually assessed to be impaired. 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. Nordea's current model for calculating collective provisions

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defines a loss event as a deterioration in rating/scoring, but it is not expected that the loss event in the current model will equal the trigger event for moving items from stage 1 to stage 2 under IFRS 9. Currently Nordea does not, in addition, hold any provisions for assets where there has been no deterioration in credit risk. For assets where there has been a significant deterioration 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. This means total provisions will increase when IFRS 9 is implemented.

The main change to the general hedging 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, or large exposures in the period of initial application.

Nordea has not yet finalised the impact assessment of the implementation of IFRS 9.

IFRS 15 "Revenue from Contracts with Customers"

The IASB has published the new standard IFRS 15 "Revenue from Contracts with Customers". 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 new standard is effective for annual periods beginning on or after 1 January 2018, with earlier application permitted. The

EU-commission is expected to endorse the standard during the third quarter 2016. Nordea does not currently intend to early adopt the standard. The standard does not apply to financial instruments, insurance contracts or lease contracts. Nordea has not finalised the investigation of the impact on the financial statements but the current assessment is that the new standard will not have any significant impact on Nordea's financial statements, capital adequacy, or large exposures in the period of initial application.

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 new standard is not yet endorsed by the EU-commission. Nordea does not currently intend to early adopt IFRS 16. Nordea's current assessment is that the new standard will change the accounting of property leases which mainly affects Nordea's balance sheet.

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-Jun 2016	Jan-Dec 2015	Jan-Jun 2015
EUR 1 = SEK			
Income statement (average)	9.3019	9.3537	9.3416
Balance sheet (at end of period)	9.4242	9.1895	9.2150
EUR 1 = DKK			
Income statement (average)	7.4500	7.4587	7.4564
Balance sheet (at end of period)	7.4393	7.4626	7.4604
EUR 1 = NOK			
Income statement (average)	9.4241	8.9434	8.6461
Balance sheet (at end of period)	9.3008	9.6030	8.7910
EUR 1 = RUB			
Income statement (average)	78.3394	67.9657	64.5730
Balance sheet (at end of period)	71.5200	80.6736	62.3550

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Note 2 Segment reporting

	Operating segments							Total Group
	Retail Banking	Whole-sale Banking	Wealth Management	Group Corporate Centre	Other operating segments	Total operating segments	Reconciliation	
Jan-Jun 2016								
Total operating income, EURm	2,653	1,045	948	327	166	5,139	-288	4,851
- of which internal transactions ¹ , EURm	-594	-212	2	804	0	0	-	-
Operating profit, EURm	1,088	479	558	193	125	2,443	-214	2,229
Loans to the public ² , EURbn	226	58	11	-	-	295	50	345
Deposits and borrowings from the public ² , EURbn	110	41	14	-	-	165	31	196
Jan-Jun 2015								
Total operating income, EURm	2,840	1,336	932	306	7	5,421	-179	5,242
- of which internal transactions ¹ , EURm	-644	-164	7	818	-17	0	-	-
Operating profit, EURm	1,219	792	534	237	12	2,794	-150	2,644
Loans to the public ² , EURbn	223	58	10	-	-	291	67	358
Deposits and borrowings from the public ² , EURbn	107	42	13	-	-	162	44	206

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 Corporate Centre.

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

Breakdown of Retail Banking, Wholesale Banking and Wealth Management

	Retail Banking Nordic ¹		Retail Banking Baltic countries ²		Retail Banking Other ³		Retail Banking Jan-Jun	
	2016	2015	2016	2015	2016	2015	2016	2015
Total operating income, EURm	2,638	2,799	101	92	-86	-51	2,653	2,840
- of which internal transactions, EURm	-498	-563	-13	-15	-83	-66	-594	-644
Operating profit, EURm	1,145	1,232	40	56	-97	-69	1,088	1,219
Loans to the public, EURbn	218	215	8	8	0	0	226	223
Deposits and borrowings from the public, EURbn	106	103	4	4	0	0	110	107

	Corporate & Institutional Banking Jan-Jun		Shipping, Offshore & Oil Services Jan-Jun		Nordea Bank Russia Jan-Jun		Capital Markets unallocated Jan-Jun		Wholesale Banking Other ⁴ Jan-Jun		Wholesale Banking Jan-Jun	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total operating income, EURm	708	723	173	190	115	116	66	307	-17	0	1,045	1,336
- of which internal transactions, EURm	-102	-41	-62	-67	-41	-44	40	25	-47	-37	-212	-164
Operating profit, EURm	424	458	99	160	68	65	-56	154	-56	-45	479	792
Loans to the public, EURbn	41	40	12	12	5	6	-	-	-	-	58	58
Deposits and borrowings from the public, EURbn	35	36	5	5	1	1	-	-	-	-	41	42

	Private Banking Jan-Jun		Asset Management Jan-Jun		Life & Pension unallocated Jan-Jun		Wealth Management Other ⁵ Jan-Jun		Wealth Management Jan-Jun	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Total operating income, EURm	405	439	398	377	286	253	-141	-137	948	932
- of which internal transactions, EURm	2	7	0	0	0	0	0	0	2	7
Operating profit, EURm	194	235	279	257	206	170	-121	-128	558	534
Loans to the public, EURbn	11	10	-	-	-	-	-	-	11	10
Deposits and borrowings from the public, EURbn	14	13	-	-	-	-	-	-	14	13

¹ Retail Banking Nordic includes banking operations in Denmark, Finland, Norway and Sweden.

² Retail Banking Baltic countries includes banking operations in Estonia, Latvia and Lithuania.

³ Retail Banking Other includes the support areas Development & Projects, Distribution, Segments, Products and IT.

⁴ Wholesale Banking Other includes the area International Units and the support areas Transaction Products, Segment CIB and IT.

⁵ Wealth Management Other includes the area Savings and support areas, such as IT.



Note 2, continued

Reconciliation between total operating segments and financial statements

	Operating profit, EURm		Loans to the public, EURbn		Deposits and borrowings from the public, EURbn	
	Jan-Jun		30 Jun		30 Jun	
	2016	2015	2016	2015	2016	2015
Total operating segments	2,443	2,794	295	291	165	162
Group functions ¹	-151	-12	-	-	-	-
Unallocated items	91	6	47	61	30	42
Differences in accounting policies ²	-154	-144	3	6	1	2
Total	2,229	2,644	345	358	196	206

¹ Consists of Group Risk Management, Group Internal Audit, Chief of staff office, Group Finance and Business Control and Group Compliance.

² Impact from 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 Retail Banking, Wholesale Banking and Wealth Management, with a further breakdown on operating segments, and the operating segment Group Corporate Centre. 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.

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Note 3 Net fee and commission income

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
EURm	2016	2016	2015	2016	2015	2015
Asset management commissions	340	314	325	654	626	1,261
Life & Pensions	67	75	82	142	153	299
Deposit Products	8	7	8	15	16	31
Brokerage, securities issues and corporate finance	56	48	57	104	130	225
Custody and issuer services	18	10	18	28	27	55
Payments	75	69	78	144	156	307
Cards	55	58	70	113	137	271
Lending Products	134	135	139	269	279	548
Guarantees	40	42	47	82	93	177
Other	11	14	9	25	25	56
Total	804	772	833	1,576	1,642	3,230

Note 4 Net result from items at fair value

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
EURm	2016	2016	2015	2016	2015	2015
Equity related instruments	42	46	14	88	168	271
Interest related instruments and foreign exchange gains/losses	277	173	293	450	684	1,077
Other financial instruments (including credit and commodities)	24	25	20	49	44	56
Investment properties	0	0	-2	0	-3	-4
Life insurance ¹	62	88	61	150	120	245
Total	405	332	386	737	1,013	1,645

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

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
EURm	2016	2016	2015	2016	2015	2015
Equity related instruments	148	-295	-190	-147	923	893
Interest related instruments and foreign exchange gains/losses	413	645	-942	1,058	-289	-148
Other financial instruments	-	-	0	-	0	-
Investment properties	55	55	39	110	62	150
Change in technical provisions ¹	-783	-433	1,002	-1,216	-289	-529
Change in collective bonus potential	195	144	142	339	-317	-169
Insurance risk income	34	48	60	82	107	213
Insurance risk expense	0	-76	-50	-76	-77	-165
Total	62	88	61	150	120	245

¹ Premium income amounts to EUR 614m for Q2 2016 and EUR 1,271m for Jan-Jun 2016 (Q2 2015: EUR 591m, Jan-Jun 2015: EUR 1,254m).

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Note 5 Other expenses

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
EURm	2016	2016	2015	2016	2015	2015
Information technology	-138	-128	-122	-266	-242	-485
Marketing and representation	-18	-15	-22	-33	-42	-84
Postage, transportation, telephone and office expenses	-31	-33	-34	-64	-76	-145
Rents, premises and real estate	-78	-77	-82	-155	-167	-373
Other	-131	-133	-103	-264	-200	-398
Total	-396	-386	-363	-782	-727	-1,485

Note 6 Net loan losses

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
EURm	2016	2016	2015	2016	2015	2015
Loan losses divided by class						
Recoveries on previous realised loan losses	-	-	0	-	0	0
Provisions	0	0	0	0	1	0
Reversal of previous provisions	0	0	-	0	0	1
Loans to credit institutions	0	0	0	0	1	1
Realised loan losses	-119	-131	-206	-250	-334	-605
Allowances to cover realised loan losses	90	100	172	190	257	448
Recoveries on previous realised loan losses	12	12	14	24	26	63
Provisions	-248	-240	-220	-488	-434	-1,074
Reversal of previous provisions	148	152	148	300	293	693
Loans to the public	-117	-107	-92	-224	-192	-475
Realised loan losses	-2	-2	-1	-4	-5	-11
Allowances to cover realised loan losses	3	1	1	4	5	11
Provisions	-30	-22	-29	-52	-68	-104
Reversal of previous provisions	19	19	18	38	34	99
Off-balance sheet items	-10	-4	-11	-14	-34	-5
Net loan losses	-127	-111	-103	-238	-225	-479

Key ratios

	Q2	Q1	Q2	Jan-Jun	Jan-Jun	Full year
	2016	2016	2015	2016	2015	2015
Loan loss ratio, basis points	15	13	12	14	13	14
- of which individual	13	14	12	13	13	13
- of which collective	2	-1	0	1	0	1

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Note 7 Loans and impairment

EURm	Total			
	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Loans, not impaired	360,156	362,308	361,610	376,240
Impaired loans	6,308	6,084	5,960	5,811
-of which performing	3,783	3,504	3,682	3,600
-of which non-performing	2,525	2,580	2,278	2,211
Loans before allowances	366,464	368,392	367,570	382,051
Allowances for individually assessed impaired loans	-2,192	-2,198	-2,213	-2,236
-of which performing	-1,278	-1,255	-1,289	-1,316
-of which non-performing	-914	-943	-924	-920
Allowances for collectively assessed impaired loans	-466	-447	-451	-431
Allowances	-2,658	-2,645	-2,664	-2,667
Loans, carrying amount	363,806	365,747	364,906	379,384

EURm	Central banks and credit institutions				The public			
	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
Loans, not impaired	19,228	23,018	23,988	21,806	340,928	339,290	337,622	354,434
Impaired loans	-	-	-	-	6,308	6,084	5,960	5,811
-of which performing	-	-	-	-	3,783	3,504	3,682	3,600
-of which non-performing	-	-	-	-	2,525	2,580	2,278	2,211
Loans before allowances	19,228	23,018	23,988	21,806	347,236	345,374	343,582	360,245
Allowances for individually assessed impaired loans	-	-	-	-	-2,192	-2,198	-2,213	-2,236
-of which performing	-	-	-	-	-1,278	-1,255	-1,289	-1,316
-of which non-performing	-	-	-	-	-914	-943	-924	-920
Allowances for collectively assessed impaired loans	-2	-2	-2	-2	-464	-445	-449	-429
Allowances	-2	-2	-2	-2	-2,656	-2,643	-2,662	-2,665
Loans, carrying amount	19,226	23,016	23,986	21,804	344,580	342,731	340,920	357,580

Allowances and provisions				
EURm	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
	2016	2016	2015	2015
Allowances for items on the balance sheet	-2,658	-2,645	-2,664	-2,667
Provisions for off balance sheet items	-76	-68	-65	-100
Total allowances and provisions	-2,734	-2,713	-2,729	-2,767

Key ratios				
	30 Jun 2016	31 Mar 2016	31 Dec 2015	30 Jun 2015
	2016	2016	2015	2015
Impairment rate, gross, basis points	172	165	162	152
Impairment rate, net, basis points	112	105	102	94
Total allowance rate, basis points	73	72	72	70
Allowances in relation to impaired loans, %	35	36	37	38
Total allowances in relation to impaired loans, %	42	43	45	46
Non-performing, not impaired, EURm	356	366	485	354

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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	48,188	-	-	-	-	-	48,188
Loans to central banks	6,708	-	2,048	-	-	-	8,756
Loans to credit institutions	6,884	-	3,585	1	-	-	10,470
Loans to the public	251,457	-	40,187	52,936	-	-	344,580
Interest-bearing securities	60	2,807	32,210	15,606	-	34,293	84,976
Financial instruments pledged as collateral	-	-	8,989	-	-	-	8,989
Shares	-	-	4,120	17,077	-	-	21,197
Assets in pooled schemes and unit-linked investment contracts	-	-	-	21,911	-	-	21,911
Derivatives	-	-	83,750	-	3,490	-	87,240
Fair value changes of the hedged items in portfolio hedge of interest rate risk	160	-	-	-	-	-	160
Other assets	8,106	-	-	15,416	-	-	23,522
Prepaid expenses and accrued income	1,033	-	-	-	-	-	1,033
Total 30 Jun 2016	322,596	2,807	174,889	122,947	3,490	34,293	661,022
Total 31 Dec 2015	306,798	2,708	171,339	119,012	3,147	34,116	673,120

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	23,656	880	-	39,063	63,599
Deposits and borrowings from the public	20,688	4,746	-	170,526	195,960
Deposits in pooled schemes and unit-linked investment contracts	-	22,463	-	-	22,463
Liabilities to policyholders, investment contracts	-	2,805	-	-	2,805
Debt securities in issue	6,795	47,183	-	134,025	188,003
Derivatives	81,568	-	1,469	-	83,037
Fair value changes of the hedged items in portfolio hedge of interest rate risk	-	-	-	3,920	3,920
Other liabilities	8,579	11,445	-	9,507	29,531
Accrued expenses and prepaid income	-	-	-	371	371
Subordinated liabilities	-	-	-	9,140	9,140
Total 30 Jun 2016	141,286	89,522	1,469	366,552	598,829
Total 31 Dec 2015	121,595	86,521	1,618	364,556	574,290

**Note 9 Fair value of financial assets and liabilities**

EURm	30 Jun 2016		31 Dec 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and balances with central banks	48,188	48,188	35,500	35,500
Loans	363,966	363,217	365,057	366,401
Interest-bearing securities	84,976	85,277	86,535	86,750
Financial instruments pledged as collateral	8,989	8,989	8,341	8,341
Shares	21,197	21,197	22,273	22,273
Assets in pooled schemes and unit-linked investment contracts	21,911	21,911	20,323	20,323
Derivatives	87,240	87,240	80,741	80,741
Other assets	23,522	23,522	17,382	17,382
Prepaid expenses and accrued income	1,033	1,033	968	968
Total	661,022	660,574	637,120	638,679
Financial liabilities				
Deposits and debt instruments	460,622	460,656	446,989	446,874
Deposits in pooled schemes and unit-linked investment contracts	22,463	22,463	21,088	21,088
Liabilities to policyholders	2,805	2,805	2,761	2,761
Derivatives	83,037	83,037	79,505	79,505
Other liabilities	29,531	29,531	23,606	23,606
Accrued expenses and prepaid income	371	371	341	341
Total	598,829	598,863	574,290	574,175

The determination of fair value is described in the Annual report 2015, Note G39 "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 Retail 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 instrument (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 sheet¹							
Loans to central banks	-	-	2,048	-	-	-	2,048
Loans to credit institutions	-	-	3,586	-	-	-	3,586
Loans to the public	-	-	93,123	-	-	-	93,123
Interest-bearing securities ²	48,026	13,037	42,841	6,072	231	45	91,098
Shares	15,162	11,624	936	879	5,099	4,454	21,197
Assets in pooled schemes and unit-linked investment contracts	20,237	16,378	1,653	1,653	21	21	21,911
Derivatives	229	-	85,286	762	1,725	-	87,240
Other assets	-	-	15,416	10	-	-	15,416
Total 30 Jun 2016	83,654	41,039	244,889	9,376	7,076	4,520	335,619
Total 31 Dec 2015	83,348	39,743	237,483	8,490	6,783	4,257	327,614
Liabilities at fair value on the balance sheet¹							
Deposits by credit institutions	-	-	24,536	1,723	-	-	24,536
Deposits and borrowings from the public	-	-	25,434	-	-	-	25,434
Deposits in pooled schemes and unit-linked investment contracts	-	-	22,463	18,227	-	-	22,463
Liabilities to policyholders	-	-	2,805	2,805	-	-	2,805
Debt securities in issue ³	47,183	-	6,795	-	-	-	53,978
Derivatives ³	180	-	80,946	1,047	1,911	-	83,037
Other liabilities	6,547	-	13,477	15	-	-	20,024
Total 30 Jun 2016	53,910	-	176,456	23,817	1,911	-	232,277
Total 31 Dec 2015	53,380	-	154,830	21,059	1,524	-	209,734

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

² Of which EUR 8,989m relates to the balance sheet item Financial instruments pledged as collateral.

³ For structured bonds the host contract and the embedded derivative are presented separately. The host contract is presented on the balance sheet as "Debt securities in issue" and the embedded derivative on the balance sheet as "Derivatives". The total fair value of the structured bonds is EUR 6,571m (EUR 6,825m), of which EUR 6,796m (EUR 6,881m) is categorised into Level 2 and a net positive fair value of EUR 225m (net positive fair value of EUR 56m) into Level 3 in the fair value hierarchy.

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

For information about valuation techniques and inputs used in the fair value measurement, see the Annual report 2015, Note G39 "Assets and liabilities at fair value".

Transfers between Level 1 and 2

During the period, Nordea transferred interest-bearing securities (including such financial instruments pledged as collateral) of EUR 378m from Level 1 to Level 2 and EUR 188m from Level 2 to Level 1 of the fair value hierarchy. Nordea has also transferred shares of EUR 0m, derivative assets of EUR 61m, derivative liabilities of EUR 70m and other liabilities of EUR 2m from Level 2 to Level 1 and other liabilities of EUR 83m from Level 1 to Level 2.

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.

Nordea

Note 10, continued

Movements in Level 3

	Fair value gains/losses recognised in the income statement during the year									
EURm	1 Jan	Realised	Un- realised	Purchases/ Issues	Sales	Settle- ments	Transfers into Level 3	Transfers out of Level 3	Transla- tion diffe- rences	30 Jun
Interest-bearing securities	250	0	14	9	-21	0	1	-21	-1	231
- of which Life	45	-	1	-	-	-	-	-	-1	45
Shares	4,854	126	-239	1,030	-687	-17	19	-	13	5,099
- of which Life	4,188	77	-178	947	-576	-17	-	-	13	4,454
Assets in pooled schemes and unit-linked investment contracts	24	-	0	-	-3	-	-	-	-	21
- of which Life	24	-	0	-	-3	-	-	-	-	21
Derivatives (net)	131	-7	-497	-	-	7	21	158	1	-186
Total 2016, net	5,259	119	-722	1,039	-711	-10	41	137	13	5,165
Total 2015, net	5,577	257	80	1,089	-1,185	-134	468	-129	-12	6,011

Unrealised gains and losses relate to those assets and liabilities held at the end of the reporting period. The reason for the transfer from Level 3 to Level 2 was that observable market data became available. The reason for the transfer from Level 2 to Level 3 was that observable market data was no longer available. Transfers between levels are considered to have occurred at the end of the reporting period. Fair value gains and losses in the income statement during the period are included in "Net result from items at fair value". Assets and liabilities related to derivatives are presented net.

The valuation processes for fair value measurements in Level 3

For information about valuation processes for fair value measurement in Level 3, see the Annual report 2015 Note G39 "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 2015 Note G1 "Accounting policies". The table below shows the aggregate 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	2016	2015
Opening balance at 1 Jan	34	36
Deferred profit on new transactions	5	6
Recognised in the income statement during the period ¹	-18	-2
Closing balance at 30 Jun	21	40

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

Nordea

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	178	-	Discounted cash flows	Credit spread	-2/2
Corporates	53	45	Discounted cash flows	Credit spread	-3/3
Total 30 Jun 2016	231	45			-5/5
Total 31 Dec 2015	250	45			-8/8
Shares					
Private equity funds	1,871	1,654	Net asset value ³		-220/220
Hedge funds	369	270	Net asset value ³		-30/30
Credit funds	519	384	Net asset value/market consensus ³		-34/34
Other funds	2,182	2,112	Net asset value/Fund prices ³		-256/256
Other ⁵	179	55	-		-12/12
Total 30 Jun 2016	5,120	4,475			-552/552
Total 31 Dec 2015	4,878	4,212			-504/530
Derivatives, net					
Interest rate derivatives	69	-	Option model	Correlations Volatilities	-26/18
Equity derivatives	-251	-	Option model	Correlations Volatilities Dividends	-20/14
Foreign exchange derivatives	2	-	Option model	Correlations Volatilities	-0/0
Credit derivatives	-34	-	Credit derivative model	Correlations Volatilities Recovery rates	-7/4
Other	28	-	Option model	Correlations Volatilities	-0/0
Total 30 Jun 2016	-186	-			-53/36
Total 31 Dec 2015	131	-			-60/44

¹ Investments in financial instruments is a major part of the life insurance business, acquired to fulfill the obligations behind the insurance- and investment 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 the EVCA (European Venture Capital Association). Less than 15% of the private equity fund investments are internally adjusted/valued based on the IPEV guidelines. These carrying amounts are in a range of 0% 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 2015, Note G39 "Assets and liabilities at fair value".

⁵ Of which EUR 21m 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

For more information on the leverage ratio disclosure requirement, please see the interim disclosure required by regulation (CRR article 433 and 437)*

Summary of items included in own funds

EURm	30 Jun ³ 2016	31 Dec ³ 2015	30 Jun 2015
Calculation of own funds			
Equity in the consolidated situation	29,138	29,959	26,981
Proposed/actual dividend	-1,255	-2,584	
Common Equity Tier 1 capital before regulatory adjustments	27,883	27,375	26,981
Deferred tax assets			
Intangible assets	-3,100	-2,866	-2,759
IRB provisions shortfall (-)	-305	-296	-249
Deduction for investments in credit institutions (50%)			
Pension assets in excess of related liabilities ¹	-104	-296	-90
Other items, net	-355	-342	-506
Total regulatory adjustments to Common Equity Tier 1 capital	-3,864	-3,800	-3,604
Common Equity Tier 1 capital (net after deduction)	24,019	23,575	23,377
Additional Tier 1 capital before regulatory adjustments	2,956	2,968	2,917
Total regulatory adjustments to Additional Tier 1 capital	-17	-27	-27
Additional Tier 1 capital	2,939	2,941	2,890
Tier 1 capital (net after deduction)	26,958	26,516	26,267
Tier 2 capital before regulatory adjustments	5,754	5,940	4,685
IRB provisions excess (+)	82		
Deduction for investments in credit institutions (50%)			
Deductions for investments in insurance companies	-1,205	-1,501	-509
Pension assets in excess of related liabilities			
Other items, net	-59	-55	-44
Total regulatory adjustments to Tier 2 capital	-1,182	-1,556	-553
Tier 2 capital	4,572	4,384	4,132
Own funds (net after deduction)²	31,530	30,900	30,399

¹ Based on conditional FSA approval

² Own Funds adjusted for IRB provision, i.e. adjusted own funds equal 31753m by 30 Jun 2016

³ including profit of the period

Own Funds excluding profit

EURm	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital, excluding profit	23,317	22,802	23,377
Total Own Funds, excluding profit	30,828	30,127	30,399



Note 11, continued

Minimum capital requirement and REA

	30 Jun 2016	30 Jun 2016	31 Dec 2015	31 Dec 2015	30 Jun 2015	30 Jun 2015
	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
EURm						
Credit risk	9,326	116,573	9,358	116,978	9,390	117,383
- of which counterparty credit risk	850	10,626	761	9,510	758	9,473
IRB	8,237	102,962	8,297	103,717	8,287	103,590
- corporate	5,635	70,430	5,630	70,371	5,538	69,227
- <i>advanced</i>	4,443	55,528	4,497	56,211	4,398	54,971
- <i>foundation</i>	1,192	14,902	1,133	14,160	1,140	14,256
- institutions	619	7,742	682	8,526	724	9,047
- retail	1,794	22,427	1,802	22,520	1,865	23,315
- <i>secured by immovable property collateral</i>	997	12,462	1,016	12,702	1,023	12,783
- <i>other retail</i>	797	9,965	786	9,818	842	10,532
- other	189	2,363	183	2,300	160	2,001
Standardised	1,089	13,611	1,061	13,261	1,103	13,793
- central governments or central banks	54	671	40	504	32	396
- regional governments or local authorities	27	340	19	237	18	229
- public sector entities	4	45	3	32	3	34
- multilateral development banks	2	31	0	0	0	0
- international organisations						
- institutions	27	334	23	282	27	342
- corporate	156	1,945	169	2,109	164	2,053
- retail	252	3,155	251	3,137	260	3,253
- secured by mortgages on immovable properties	227	2,838	231	2,887	240	3,004
- in default	9	118	9	119	14	179
- associated with particularly high risk	55	691	59	741	58	723
- covered bonds						
- institutions and corporates with a short-term credit assessment						
- collective investments undertakings (CIU)						
- equity	231	2,885	209	2,617	199	2,484
- other items	45	558	48	596	88	1,096
Credit Value Adjustment Risk	151	1,889	140	1,751	165	2,061
Market risk	526	6,578	522	6,534	696	8,698
- trading book, Internal Approach	255	3,188	239	2,990	392	4,902
- trading book, Standardised Approach ¹	93	1,161	96	1,209	108	1,347
- banking book, Standardised Approach	178	2,229	187	2,335	196	2,449
Operational risk	1,350	16,873	1,363	17,031	1,363	17,031
Standardised	1,350	16,873	1,363	17,031	1,363	17,031
Additional risk exposure amount due to Article 3 CRR	80	1,000	80	1,000	368	4,600
Sub total	11,433	142,913	11,463	143,294	11,982	149,773
Adjustment for Basel I floor						
Additional capital requirement according to Basel I floor	6,244	78,049	6,283	78,533	6,027	75,343
Total	17,677	220,962	17,746	221,827	18,009	225,116

¹ Market Risk - of which trading book, Standardised Approach is restated for Q2 2015



Note 11, continued

Minimum Capital Requirement & Capital Buffers

Percentage	Minimum Capital requirement	Capital Buffers				Capital Buffers total ¹	Total
		CCoB	CCyB	SII	SRB		
Common Equity Tier 1 capital	4.5	2.5	0.6	2.0	3.0	6.1	10.6
Tier 1 capital	6.0	2.5	0.6	2.0	3.0	6.1	12.1
Own funds	8.0	2.5	0.6	2.0	3.0	6.1	14.1

EURm

Common Equity Tier 1 capital	6,431	3,573	811		4,287	8,671	15,102
Tier 1 capital	8,575	3,573	811		4,287	8,671	17,246
Own funds	11,433	3,573	811		4,287	8,671	20,104

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

Common Equity Tier 1 available to meet Capital Buffers

Percentage points of REA	30 Jun ¹	31 Dec ¹	30 Jun
	2016	2015	2015
Common Equity Tier 1 capital	12.3	12.0	11.1

¹ Including profit of the period

Capital ratios

Percentage	30 Jun	31 Dec	30 Jun
	2016	2015	2015
Common Equity Tier 1 capital ratio, including profit	16.8	16.5	16.0
Tier 1 ratio, including profit	18.9	18.5	17.9
Total capital ratio, including profit	22.1	21.6	20.7
Common Equity Tier 1 capital ratio, excluding profit	16.3	15.9	15.6
Tier 1 ratio, excluding profit	18.4	18.0	17.5
Total Capital ratio, excluding profit	21.6	21.0	20.3

Capital ratios including Basel I floor

Percentage	30 Jun	31 Dec	30 Jun
	2016	2015	2015
Common Equity Tier 1 capital ratio, including profit	11.0	10.8	10.8
Tier 1 ratio, including profit	12.3	12.1	12.1
Total capital ratio, including profit	14.4	14.1	13.9
Common Equity Tier 1 capital ratio, excluding profit	10.7	10.4	10.5
Tier 1 ratio, excluding profit	12.0	11.7	11.8
Total Capital ratio, excluding profit	14.1	13.7	13.6

Leverage ratio

	30 Jun ¹	31 Dec ¹	30 Jun
	2016	2015	2015
Tier 1 capital, transitional definition, EURm	26,958	26,516	26,267
Leverage ratio exposure, EURm	598,951	576,317	592,384
Leverage ratio, percentage	4.5	4.6	4.4

¹ Including profit of the period



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:
Corporate, foundation IRB:	14,441	4,396	32,239	933	46.2
of which:					
- rating grades 6	1,547	141	5,474	25	15.2
- rating grades 5	4,088	1,319	10,513	342	30.8
- rating grades 4	5,308	1,543	11,498	339	56.6
- rating grades 3	1,912	911	2,959	185	88.8
- rating grades 2	363	101	717	4	160.0
- rating grades 1	38	21	44	0	180.3
- unrated	682	273	421	14	113.0
- defaulted	503	87	613	24	0.1
Corporate, advanced IRB:	113,083	65,860	144,279	34,733	38.5
of which:					
- rating grades 6	14,208	5,776	16,282	3,159	9.7
- rating grades 5	25,592	25,588	39,900	13,934	23.1
- rating grades 4	51,126	27,204	63,808	14,328	39.1
- rating grades 3	12,383	4,583	14,291	2,363	58.1
- rating grades 2	4,279	1,271	4,433	577	103.0
- rating grades 1	307	63	296	22	102.6
- unrated	1,075	744	1,329	350	77.6
- defaulted	4,113	631	3,940	0	140.7
Institutions, foundation IRB:	30,856	3,056	40,010	1,212	19.3
of which:					
- rating grades 6	11,359	505	13,423	341	8.9
- rating grades 5	19,045	898	24,778	371	21.3
- rating grades 4	297	1,037	1,540	365	57.1
- rating grades 3	70	268	148	90	129.4
- rating grades 2	28	57	28	12	207.2
- rating grades 1	0	7	2	2	271.2
- unrated	57	284	91	31	146.4
- defaulted					
Retail, of which secured by real estate:	137,809	7,235	143,322	5,513	8.7
of which:					
- scoring grades A	90,141	6,035	94,806	4,666	3.5
- scoring grades B	28,400	803	29,025	624	8.0
- scoring grades C	11,926	221	12,058	132	16.0
- scoring grades D	3,493	113	3,555	63	31.0
- scoring grades E	1,494	48	1,514	20	66.0
- scoring grades F	808	6	812	3	89.6
- not scored	44	3	45	1	29.2
- defaulted	1,503	6	1,507	4	139.4
Retail, of which other retail:	25,943	13,291	33,182	8,400	30.0
of which:					
- scoring grades A	7,537	7,389	12,040	4,674	9.2
- scoring grades B	6,251	3,009	7,896	1,910	19.2
- scoring grades C	3,906	1,428	4,514	931	31.5
- scoring grades D	2,762	761	3,024	492	37.1
- scoring grades E	2,638	308	2,764	198	40.3
- scoring grades F	1,823	133	1,825	82	55.0
- not scored	106	127	144	37	46.1
- defaulted	920	136	975	76	267.6
Other non credit-obligation assets:	2,668	35	2,364	12	100.0

Nordea does not have the following IRB exposure classes: equity exposures, items representing securitisation positions, central governments and central banks, qualifying revolving retail

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

Capital requirements for market risk

EURm	Trading book, IM		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other ¹	1 350	108	969	78			2 319	186
Equity risk	152	12	156	12			308	25
Foreign exchange risk	290	23			2 229	178	2 519	202
Commodity risk			35	3			35	3
Settlement risk			1	0			1	0
Diversification effect	-542	-43					-542	-43
Stressed Value-at-Risk	895	72					895	72
Incremental Risk Measure	527	42					527	42
Comprehensive Risk Measure	517	41					517	41
Total	3 188	255	1 161	93	2 229	178	6 578	526

¹ Interest rate risk column Trading book IA includes both general and specific interest rate risk which is elsewhere referred to as interest rate VaR and credit spread VaR.

* <http://www.nordea.com/en/investor-relations/capital-adequacy/interim-disclosure/>



Note 12 Risks and uncertainties

Nordea's revenues base reflects the Group's business with a large and diversified customer base, comprising household customers, corporate customers and financial institutions, representing different geographic areas and industries.

Nordea's main risk exposure is credit risk. The Group also assumes risks such as market risk, liquidity risk, operational risk, compliance risk and life insurance risks. For further information on risk composition, see the Annual Report. None of the above exposures and risks is expected to have any significant adverse effect on the Group or its financial position in the medium term.

Within the framework of the normal business operations, the Group faces claims in civil lawsuits and other disputes, most of which involve relatively limited amounts. None of these disputes are considered likely to have any significant adverse effect on the Group or its financial position in the next six months.



Nordea Bank AB (publ)

Income statement

EURm	Q2 2016	Q2 2015	Jan-Jun 2016	Jan-Jun 2015	Jan-Dec 2015
Operating Income					
<i>Interest income</i>	357	412	718	845	1,607
<i>interest expense</i>	-241	-273	-488	-559	-1,096
Net interest income	116	139	230	286	511
<i>Fee and commission income</i>	260	278	515	561	1,094
<i>Fee and commission expense</i>	-33	-54	-67	-106	-208
Net fee and commission income	227	224	448	455	886
Net result from items at fair value	45	-5	90	74	136
Dividends	1	0	551	261	2,176
Other operating income	183	162	352	321	833
Total operating income	572	520	1,671	1,397	4,542
Operating expenses					
General administrative expenses:					
Staff costs	-222	-276	-653	-560	-1,196
Other expenses	-240	-211	-469	-413	-851
Depreciation, amortisation and impairment charges of tangible and intangible assets	-39	-31	-75	-62	-140
Total operating expenses	-501	-518	-1,197	-1,035	-2,187
Profit before loan losses	71	2	474	362	2,355
Net loan losses	-67	-26	-94	-27	-143
Impairment of securities held as financial non-current assets	-	-	0	-	-9
Operating profit	4	-24	380	335	2,203
Appropriations	-	-	-	-	2
Income tax expense ¹	-15	-74	39	-94	-285
Net profit for period	-11	-98	419	241	1,920

¹ Includes an adjustment related to prior years amounting to EUR 94m in Q2 2015.



Nordea Bank AB (publ)

Balance sheet

EURm	30 Jun 2016	31 Dec 2015	30 Jun 2015
Assets			
Cash and balances with central banks	93	75	73
Treasury bills	5,567	6,905	5,371
Loans to credit institutions	85,851	90,009	103,094
Loans to the public	44,864	45,820	45,847
Interest-bearing securities	10,113	12,163	12,102
Financial instruments pledged as collateral	553	0	211
Shares	2,503	2,362	4,898
Participating interest in other companies	1	1	0
Derivatives	6,131	5,011	5,429
Fair value changes of the hedged items in portfolio hedge of interest rate risk	2	1	0
Investments in group undertakings	19,981	19,394	17,791
Investments in associated undertakings	7	7	7
Intangible assets	1,265	1,091	887
Properties and equipment	131	138	140
Deferred tax assets	74	26	7
Current tax assets	97	3	102
Other assets	2,252	4,387	2,724
Prepaid expenses and accrued income	811	780	860
Total assets	180,296	188,173	199,543
Liabilities			
Deposits by credit institutions	21,046	19,069	30,183
Deposits and borrowings from the public	58,482	61,043	57,719
Debt securities in issue	62,171	68,908	75,309
Derivatives	4,354	4,180	4,046
Fair value changes of the hedged items in portfolio hedge of interest rate risk	1,843	1,158	1,127
Current tax liabilities	0	34	12
Other liabilities	4,185	3,531	4,108
Accrued expenses and prepaid income	932	759	768
Deferred tax liabilities	-	0	-
Provisions	296	301	196
Retirement benefit obligations	176	159	175
Subordinated liabilities	8,884	8,951	7,491
Total liabilities	162,369	168,093	181,134
Untaxed reserves	2	2	4
Equity			
Share capital	4,050	4,050	4,050
Development cost reserve	227	-	-
Share premium reserve	1,080	1,080	1,080
Other reserves	-4	-21	-14
Retained earnings	12,572	14,969	13,289
Total equity	17,925	20,078	18,405
Total liabilities and equity	180,296	188,173	199,543
Assets pledged as security for own liabilities	3,205	1,208	1,611
Other assets pledged	9,772	7,686	7,506
Contingent liabilities	72,300	72,402	71,920
Credit commitments ¹	27,547	27,927	25,403

¹ Including unutilised portion of approved overdraft facilities of EUR 16,695m (31 Dec 2015: EUR 16,658m, 30 Jun 2015: EUR 14,597m).



Nordea Bank AB (publ.)

Note 1 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	30 Jun 2016	31 Dec ³ 2015	30 Jun 2015
Calculation of own funds			
Equity in the consolidated situation	17,508	20,079	18,163
Proposed/actual dividend		-2,584	
Common Equity Tier 1 capital before regulatory adjustments	17,508	17,495	18,163
Deferred tax assets			
Intangible assets	-1,265	-1,091	-887
IRB provisions shortfall (-)			
Deduction for investments in credit institutions (50%)			
Pension assets in excess of related liabilities ¹			
Other items, net	-51	-31	-36
Total regulatory adjustments to Common Equity Tier 1 capital	-1,316	-1,122	-923
Common Equity Tier 1 capital (net after deduction)	16,192	16,373	17,240
Additional Tier 1 capital before regulatory adjustments	2,969	2,971	2,920
Total regulatory adjustments to Additional Tier 1 capital	-30	-30	-30
Additional Tier 1 capital	2,939	2,941	2,890
Tier 1 capital (net after deduction)	19,131	19,314	20,130
Tier 2 capital before regulatory adjustments	5,488	5,686	4,437
IRB provisions excess (+)	119	108	62
Deduction for investments in credit institutions (50%)			
Deductions for investments in insurance companies	-1,205	-1,501	-509
Pension assets in excess of related liabilities			
Other items, net	-58	-58	-44
Total regulatory adjustments to Tier 2 capital	-1,144	-1,451	-491
Tier 2 capital	4,344	4,235	3,946
Own funds (net after deduction)²	23,475	23,549	24,076

¹ Based on conditional FSA approval

² Own Funds adjusted for IRB provision, i.e. adjusted own funds equal 23 356m by 30 Jun 2016

³ including profit of the period

Own Funds including profit

EURm	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital, including profit	16,633	16,373	17,291
Total Own Funds, including profit	23,916	23,549	24,126



Note 1, continued

Minimum capital requirement and REA

	30 Jun 2016	30 Jun 2016	31 Dec 2015	31 Dec 2015	30 Jun 2015	30 Jun 2015
EURm	Minimum Capital requirement	REA	Minimum Capital requirement	REA	Minimum Capital requirement	REA
Credit risk	6,229	77,858	6,346	79,328	6,413	80,158
- of which counterparty credit risk	190	2,378	133	1,660	134	1,677
IRB	2,685	33,562	2,849	35,613	2,809	35,113
- corporate	2,216	27,694	2,367	29,584	2,320	28,996
- <i>advanced</i>	1,545	19,311	1,718	21,467	1,639	20,483
- <i>foundation</i>	671	8,383	649	8,117	681	8,513
- institutions	251	3,138	255	3,195	278	3,473
- retail	125	1,559	125	1,562	151	1,888
- <i>secured by immovable property collateral</i>	6	78	7	83	7	86
- <i>other retail</i>	118	1,481	118	1,479	144	1,802
- other	94	1,171	102	1,272	60	756
Standardised	3,544	44,296	3,497	43,715	3,604	45,045
- central governments or central banks	15	187	5	67	7	85
- regional governments or local authorities	2	24	2	19	2	20
- public sector entities						
- multilateral development banks	0	5				
- international organisations						
- institutions	1,159	14,485	1,279	15,986	1,466	18,324
- corporate	134	1,672	42	529	76	954
- retail	25	310	26	324	27	339
- secured by mortgages on immovable properties	208	2,604	212	2,646	219	2,740
- in default	4	46	3	43	5	60
- associated with particularly high risk						
- covered bonds			0	0	0	0
- institutions and corporates with a short-term credit assessment						
- collective investments undertakings (CIU)						
- equity	1,994	24,921	1,925	24,065	1,799	22,490
- other items	3	42	3	36	3	33
Credit Value Adjustment Risk	14	175	13	156	14	178
Market risk	255	3,187	210	2,623	257	3,207
- trading book, Internal Approach	8	97	23	288	61	763
- trading book, Standardised Approach	0	0			3	30
- banking book, Standardised Approach	247	3,090	187	2,335	193	2,414
Operational risk	369	4,614	378	4,730	378	4,730
Standardised	369	4,614	378	4,730	378	4,730
Additional risk exposure amount due to Article 3 CRR	16	204	16	195		
Sub total	6,883	86,038	6,963	87,032	7,062	88,273
Adjustment for Basel I floor						
Additional capital requirement according to Basel I floor						
Total	6,883	86,038	6,963	87,032	7,062	88,273



Note 1, continued

Minimum Capital Requirement & Capital Buffers

Percentage	Minimum Capital requirement	Capital Buffers				Capital Buffers total	Total
		CCoB	CCyB	SII	SRB		
Common Equity Tier 1 capital	4.5	2.5	0.6			3.1	7.6
Tier 1 capital	6.0	2.5	0.6			3.1	9.1
Own funds	8.0	2.5	0.6			3.1	11.1

EURm

Common Equity Tier 1 capital	3,872	2,151	523			2,674	6,546
Tier 1 capital	5,162	2,151	523			2,674	7,836
Own funds	6,883	2,151	523			2,674	9,557

Common Equity Tier 1 available to meet Capital Buffers

	30 Jun 2016	31 Dec ¹ 2015	30 Jun 2015
Percentage points of REA			
Common Equity Tier 1 capital	14.3	14.3	15.0

¹ Including profit of the period

Capital ratios

Percentage	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital ratio, including profit	19.3	18.8	19.6
Tier 1 ratio, including profit	22.7	22.2	22.9
Total capital ratio, including profit	27.8	27.1	27.3
Common Equity Tier 1 capital ratio, excluding profit	18.8	19.6	19.5
Tier 1 ratio, excluding profit	22.2	22.9	22.8
Total Capital ratio, excluding profit	27.3	27.8	27.3

Capital ratios including Basel I floor

Percentage	30 Jun 2016	31 Dec 2015	30 Jun 2015
Common Equity Tier 1 capital ratio, including profit	19.3	18.8	19.6
Tier 1 ratio, including profit	22.7	22.2	22.9
Total capital ratio, including profit	27.7	26.9	27.3
Common Equity Tier 1 capital ratio, excluding profit	18.8	19.6	19.5
Tier 1 ratio, excluding profit	22.2	22.9	22.8
Total Capital ratio, excluding profit	27.1	27.7	27.2

Leverage ratio

	30 Jun 2016	31 Dec ¹ 2015	30 Jun 2015
Tier 1 capital, transitional definition, EURm	19,130	19,314	20,130
Leverage ratio exposure, EURm	213,773	224,816	244,325
Leverage ratio, percentage	8.9	8.6	8.2

¹ Including profit of the period



Note 1, 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:
Corporate, foundation IRB:	4,302	11,962	17,295	10,973	48.5
of which:					
- rating grades 6	1,016	277	1,515	248	17.3
- rating grades 5	1,429	4,419	6,577	3,939	33.0
- rating grades 4	1,092	5,997	7,372	5,605	58.9
- rating grades 3	260	1,097	1,210	1,019	94.4
- rating grades 2	55	96	149	94	163.7
- rating grades 1	7	2	8	1	214.7
- unrated	155	4	163	3	128.4
- defaulted	288	70	301	64	
Corporate, advanced IRB:	25,419	30,301	46,088	21,071	41.9
of which:					
- rating grades 6	504	2,217	1,907	1,382	14.1
- rating grades 5	6,535	10,832	14,075	7,131	25.0
- rating grades 4	14,386	13,876	23,542	9,869	43.0
- rating grades 3	2,892	2,538	4,936	2,103	67.5
- rating grades 2	543	398	859	369	116.8
- rating grades 1	26	39	58	31	120.6
- unrated	166	202	306	146	82.7
- defaulted	367	199	405	40	181.1
Institutions, foundation IRB:	12,785	879	14,517	457	21.6
of which:					
- rating grades 6	5,586	80	5,853	17	8.7
- rating grades 5	7,117	243	8,182	101	28.6
- rating grades 4	60	427	461	335	56.0
- rating grades 3	1	5	4	3	114.0
- rating grades 2	6	1	1	0	225.6
- rating grades 1	0		0		269.0
- unrated	15	123	16	1	150.1
- defaulted					
Retail, of which secured by real estate:	803	259	997	194	7.9
of which:					
- scoring grades A	344	128	440	96	2.7
- scoring grades B	235	72	289	53	6.4
- scoring grades C	168	47	204	36	13.7
- scoring grades D	49	11	57	9	23.8
- scoring grades E					
- scoring grades F	2	0	2	0	64.6
- not scored	1	0	1	0	21.7
- defaulted	4	1	4	0	110.0
Retail, of which other retail:	3,308	2,685	5,204	1,898	28.4
of which:					
- scoring grades A	1,106	1,513	2,188	1,082	10.5
- scoring grades B	1,109	624	1,551	443	22.9
- scoring grades C	589	353	831	243	37.2
- scoring grades D	250	137	341	91	46.1
- scoring grades E	118	34	140	22	52.6
- scoring grades F	61	11	69	8	86.3
- not scored	14	6	18	4	57.1
- defaulted	61	7	66	5	434.5
Other non credit-obligation assets:	1,171	1	1,171	0	100.0

Nordea does not have the following IRB exposure classes: equity exposures, items representing securitisation positions, central governments and central banks, qualifying revolving retail

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

Capital requirements for market risk

EURm	Trading book, IM		Trading book, SA		Banking book, SA		Total	
	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement	REA	Capital requirement
Interest rate risk & other ¹	31	3					31	3
Equity risk	4	0					4	0
Foreign exchange risk	28	2			3,090	247	3,118	249
Commodity risk								
Settlement risk			0	0			0	0
Diversification effect	-20	-2					-20	-2
Stressed Value-at-Risk	53	4					53	4
Incremental Risk Measure	0	0					0	0
Comprehensive Risk Measure								
Total	97	8	0	0	3,090	247	3,187	255

¹ Interest rate risk column Trading book IA includes both general and specific interest rate risk which is elsewhere referred to as interest rate VaR and credit spread VaR.



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 provided in this press release/report is such that Nordea is required to disclose pursuant to the Swedish Financial Instruments Trading Act (1991:980), the Swedish Securities Markets Act (2007:528) and/or Regulation (EU) No 596/2014 on market abuse.

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

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Corporate registration No. 516406-0120

Report of Review of Interim Financial Information

Introduction

We have reviewed the condensed interim financial information of Nordea Bank AB (publ) as of 30 June 2016 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies. Our responsibility is to express a conclusion on this half-year interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the half-year interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, regarding the Group, and with the Swedish Annual Accounts Act for Credit Institutions and Securities Companies, regarding the parent company.

Stockholm, 20 July 2016

Öhrlings PricewaterhouseCoopers AB

Peter Clemedtsen
Authorized Public Accountant
Lead Partner

Catarina Ericsson
Authorized Public Accountant

APPENDIX 1 SUMMARY

Summaries are made up of disclosure requirements known as "Elements". These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements.

Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of "Not Applicable".

Italics in particular Elements denote placeholders for completing the issue specific summary relating to a Tranche of Notes for which such issue specific summary is to be prepared.

*Words and expressions defined in the "Terms and Conditions of the Notes" (the "**Conditions**") below or elsewhere in the Base Prospectus have the same meanings in this summary.*

Section A – Introduction and Warnings		
A.1	Introduction:	This summary should be read as introduction to the Base Prospectus and the applicable Final Terms. Any decision to invest in the Notes should be based on consideration of the Base Prospectus as a whole by the investor. Where a claim relating to the information contained in the Base Prospectus is brought before a court, the plaintiff investor might, under the national legislation of the Member States, have to bear the costs of translating the Base Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Base Prospectus or it does not provide, when read together with the other parts of the Base Prospectus, key information (as defined in Article 2.1(s) of the Prospectus Directive) in order to aid investors when considering whether to invest in such Notes.
A.2	Consent:	<p>Certain Tranches of Notes with a denomination of less than €100,000 (or its equivalent in any other currency) may be offered in circumstances where there is no exemption from the obligation under the Prospectus Directive to publish a prospectus. Any such offer is referred to as a "Public Offer".</p> <p><i>The Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the Notes by any financial intermediary which is authorised to make such offers under the Markets in Financial Instruments Directive (Directive 2004/39/EC) on the following basis: (a) the relevant Public Offer must occur during the period from and including [] to but excluding [] (the "Offer Period") in [] [and []] (the "Public Offer Jurisdiction(s)") and (b) the relevant Authorised Offeror must have agreed to the Authorised Offeror Terms [and satisfy the following additional conditions: []]./The Issuer consents to the use of this Base Prospectus in connection with a Public Offer of the Notes by [] on the following basis: (a) the relevant Public Offer must occur during the period from and including [] to but excluding [] (the "Offer Period") in [] [and []] (the "Public Offer Jurisdiction(s)") and (b) the relevant Authorised Offeror must have agreed to the Authorised Offeror Terms [and satisfy the following additional conditions: []].</i></p> <p>Authorised Offerors will provide information to an Investor on the terms and conditions of the Public Offer of the relevant Notes at the time such Public Offer is made by the Authorised Offeror to the Investor.</p>

Section B – Issuer																																																	
B.1	<p>The legal name of the Issuer:</p> <p>The commercial name of the Issuer:</p>	<p>Nordea Bank AB (publ) ("Nordea Bank AB" or the "Issuer").</p> <p>Nordea.</p>																																															
B.2	<p>The domicile and legal form of the Issuer, legislation under which the Issuer operates and its country of incorporation:</p>	<p>The Issuer is a public (<i>publ</i>) limited liability company incorporated under Swedish law and is subject to the Swedish Companies Act (2005:551) and is licensed to conduct banking operations in accordance with the Banking and Finance Business Act (2004:297). The Issuer is registered at the Swedish Companies Registration Office under the name Nordea Bank AB with registration no. 516406-0120 and its registered office is located in Stockholm, Sweden.</p>																																															
B.4b	<p>Trends:</p>	<p>Not applicable. There are no clear trends affecting the Issuer or the markets in which it and the Nordea Group operate.</p>																																															
B.5	<p>The Group:</p>	<p>The Issuer is the parent company of the Nordea Group. The Nordea Group is a large financial services group in the Nordic markets (Denmark, Finland, Norway and Sweden) with additional operations in Russia, the Baltic countries and Luxembourg, as well as branches in a number of other international locations. The three main subsidiaries of Nordea Bank AB are Nordea Bank Danmark A/S in Denmark, Nordea Bank Finland Plc in Finland and Nordea Bank Norge ASA in Norway.</p> <p>The Issuer believes that the Nordea Group has the largest customer base of any financial services group based in the Nordic markets (based on a comparison of Nordic bank annual reports by Nordea Markets (Nordea Bank Finland Plc)). As of 31 December 2015, the Nordea Group had total assets of EUR 647 billion and tier 1 capital of EUR 26.5 billion, and was the largest Nordic-based asset manager with EUR 288.2 billion in assets under management.</p>																																															
B.9	<p>Profit forecast or profit estimate:</p>	<p>Not applicable. The Issuer does not make a profit forecast or profit estimate in the Base Prospectus.</p>																																															
B.10	<p>Audit report qualifications:</p>	<p>Not applicable. There are no qualifications in the audit reports for the Issuer.</p>																																															
B.12	<p>Selected key financial information:</p>	<p>The tables below show certain selected summarised financial information which, without material changes, is derived from, and must be read together with, the Nordea Group's audited consolidated financial statements for the year ending 31 December 2015 and unaudited consolidated financial statements for the six months ended 30 June 2016 set out in the annexes to this Base Prospectus (as supplemented) and the auditor's report and notes theretoⁱ.</p> <table><tr><th></th><th colspan="2">Year ended 31 December</th><th colspan="2">6 months ended 30 June</th></tr><tr><th></th><th>2015</th><th>2014</th><th>2016</th><th>2015</th></tr><tr><td colspan="5">(EUR millions)</td></tr><tr><td colspan="5">Income Statement</td></tr><tr><td>Total operating income.....</td><td>10,140</td><td>10,241</td><td>4,851</td><td>5,242</td></tr><tr><td>Net loan losses</td><td>-479</td><td>-534</td><td>-238</td><td>-225</td></tr><tr><td>Net profit for the period from continuing operations.....</td><td>3,662</td><td>3,357</td><td>1,778</td><td>2,034</td></tr><tr><td>Net profit for the period</td><td>3,662</td><td>3,332</td><td>1,778</td><td>2,034</td></tr><tr><td colspan="5">Balance Sheet</td></tr></table>				Year ended 31 December		6 months ended 30 June			2015	2014	2016	2015	(EUR millions)					Income Statement					Total operating income.....	10,140	10,241	4,851	5,242	Net loan losses	-479	-534	-238	-225	Net profit for the period from continuing operations.....	3,662	3,357	1,778	2,034	Net profit for the period	3,662	3,332	1,778	2,034	Balance Sheet				
	Year ended 31 December		6 months ended 30 June																																														
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Balance Sheet																																																	

ⁱ By virtue of the Supplement dated 8 August 2016, selected key information for the six months ending 30 June 2016 accompanied by comparative data from the same period in the prior financial year has been included.

		<table><tr><td>Total assets.....</td><td>646,868</td><td>669,342</td><td>671,236</td><td>682,652</td></tr><tr><td>Total liabilities</td><td>615,836</td><td>639,505</td><td>641,093</td><td>652,843</td></tr><tr><td>Total equity</td><td>31,032</td><td>29,837</td><td>30,143</td><td>29,809</td></tr><tr><td>Total liabilities and equity</td><td>646,868</td><td>669,342</td><td>671,236</td><td>682,652</td></tr></table> <p>Cash Flow Statement</p> <table><tr><td>Cash flow from operating activities before changes in operating assets and liabilities</td><td>6,472</td><td>11,456</td><td>3,647</td><td>5,052</td></tr><tr><td>Cash flow from operating activities.....</td><td>196</td><td>-10,824</td><td>18,165</td><td>12,127</td></tr><tr><td>Cash flow from investing activities</td><td>-522</td><td>3,254</td><td>-410</td><td>-503</td></tr><tr><td>Cash flow from financing activities.....</td><td>-1,746</td><td>-1,040</td><td>-2,557</td><td>-3,051</td></tr><tr><td>Cash flow for the period.....</td><td>-2,072</td><td>-8,610</td><td>15,198</td><td>8,573</td></tr><tr><td>Change</td><td>-2,072</td><td>-8,610</td><td>15,198</td><td>8,573</td></tr></table> <p>There has been no material adverse change in the ordinary course of business or in the prospects or condition of the Issuer or the Nordea Group since 31 December 2015, being the date of its last published audited financial statements.</p> <p>There has been no significant change in the financial or trading position of the Issuer or the Nordea Group which has occurred since 30 June 2016ⁱⁱ, being the date of its last published unaudited financial statements.</p>	Total assets.....	646,868	669,342	671,236	682,652	Total liabilities	615,836	639,505	641,093	652,843	Total equity	31,032	29,837	30,143	29,809	Total liabilities and equity	646,868	669,342	671,236	682,652	Cash flow from operating activities before changes in operating assets and liabilities	6,472	11,456	3,647	5,052	Cash flow from operating activities.....	196	-10,824	18,165	12,127	Cash flow from investing activities	-522	3,254	-410	-503	Cash flow from financing activities.....	-1,746	-1,040	-2,557	-3,051	Cash flow for the period.....	-2,072	-8,610	15,198	8,573	Change	-2,072	-8,610	15,198	8,573
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B.13	Recent events:	Not applicable. There have been no recent events particular to the Issuer which are to a material extent relevant to the evaluation of the Issuer's solvency since the date of its last published audited or unaudited financial statements.																																																		
B.14	Dependence upon other entities within the Group:	Not applicable. The Issuer is not dependent on other entities within the Nordea Group.																																																		
B.15	The Issuer's principal activities:	<p>The Nordea Group's organisational structure is built around three main business areas: Retail Banking, Wholesale Banking and Wealth Management. In addition to these business areas, the Nordea Group's organisation includes the following four Group functions: Group Corporate Centre, Group Finance and Business Control, Group Risk Management and Group Compliance.</p> <p>The Issuer conducts banking operations in Sweden within the scope of the Nordea Group's business organisation. The Issuer develops and markets financial products and services to personal customers, corporate customers and the public sector.</p>																																																		
B.16	Controlling persons:	Not applicable. To the best of the Issuer's knowledge, the Nordea Group is not directly or indirectly owned or controlled by any single person or group of persons acting together.																																																		
B.17	Ratings assigned to the Issuer or its debt securities:	<p>As of the date of the Base Prospectus, the long term (senior) debt ratings of the Issuer are:</p> <table><thead><tr><th>Rating Agency</th><th>Rating</th></tr></thead><tbody><tr><td>Moody's Investors Service Limited</td><td>Aa3</td></tr><tr><td>Standard & Poor's Credit Market Services Europe Limited</td><td>AA- (negative outlook)</td></tr><tr><td>Fitch Ratings Limited</td><td>AA-</td></tr></tbody></table> <p><i>The Notes to be issued have not been assigned any ratings solicited by the Issuer./The Notes to be issued are expected to be rated:</i></p>	Rating Agency	Rating	Moody's Investors Service Limited	Aa3	Standard & Poor's Credit Market Services Europe Limited	AA- (negative outlook)	Fitch Ratings Limited	AA-																																										
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ⁱⁱ By virtue of the Supplement dated 8 August 2016, the date since which there has been no significant change in the financial or trading position of the Issuer has been updated from 31 March 2016 to 30 June 2016.

		<p><i>Standard & Poor's Credit Market Services Europe Limited: [].</i></p> <p><i>Moody's Investors Service Limited: [].</i></p> <p><i>Fitch Ratings Limited: [].</i></p>
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Section C – The Notes		
C.1	Type and class of securities:	<p>Forms of Notes: Notes may be issued in bearer form, in registered form or (in the case of VP Notes, VPS Notes, Swedish Notes and Swiss Franc Notes) in uncertificated and dematerialised book entry form.</p> <p>Each Tranche of Notes in bearer form (except Swiss Franc Notes) will initially be in the form of a Temporary Global Note. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Final Terms, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Final Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.</p> <p>Global Notes may be issued in Classic Global Note or New Global Note form, as specified in the relevant Final Terms.</p> <p>Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the relevant Final Terms. Each Global Registered Note will be exchangeable for Individual Note Certificates in accordance with its terms.</p>
		<p>Notes in bearer form will not be exchangeable for Notes in registered form and Notes in registered form will not be exchangeable for Notes in bearer form.</p> <p><i>The Notes are [bearer Notes which are [not] issued in New Global Note form/registered Notes/VP Notes/VPS Notes/Swedish Notes in uncertificated and dematerialised book entry form].</i></p> <p>Issuance in Series: Notes are issued in series (each a "Series") and Notes of each Series will all be subject to identical terms (except issue price, issue date and interest commencement date, which may or may not be identical) whether as to currency, denomination, interest or maturity or otherwise, save that a Series may comprise Notes in bearer form and in registered form. Further Notes may be issued as part of an existing Series (each a "Tranche"), which will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches.</p> <p><i>The Series number of the Notes is []. [The Tranche number is [].]</i></p> <p>Security Identification Number(s): The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg or, in the case of VP Notes, the VP or, in the case of VPS Notes, the VPS or, in the case of Swedish Notes, Euroclear Sweden or, in the case of Swiss Franc Notes, the SIS. Each Tranche of Notes will be allocated an International Securities Identification Number (ISIN), Common Code and/or other securities identifier, which will be contained in the Final Terms relating thereto. Notes issued in Series comprising more than one Tranche may be assigned a temporary ISIN</p>

		<p>and Common Code or other securities identifier on issue.</p> <p><i>The Notes will be cleared through []. The Notes have been assigned the following securities identifiers: [].</i></p> <p>Conditions: "Terms and Conditions of the Notes" in the Base Prospectus, as completed by the relevant Final Terms.</p>
C.2	Currency of the securities issue:	<p>Currencies: U.S. dollars, euro, sterling, Yen, Swiss francs, Renminbi and/or such other currency or currencies as may be agreed with the relevant Dealer(s), subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><i>The currency of the Notes is [].</i></p> <p>Denominations: Notes will be issued in such denominations as may be specified in the relevant Final Terms, subject to (i) a minimum denomination of €1,000 (or its equivalent in any other currency); and (ii) compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><i>The Notes are issued in denomination(s) of [].</i></p>
C.5	Restrictions on free transferability:	<p>Each Dealer and each purchaser of Notes must observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver Notes or distribute the Base Prospectus or any offering material in relation to the Notes. In particular, Nordea Bank AB has not registered, and will not register, the Notes under the Securities Act or any other securities laws. Subject thereto (and, in the case of beneficial owners of global Notes, in accordance with the applicable procedures of the relevant clearing system(s) in which such Notes are held), the Notes will be freely transferable.</p>
C.8	The rights attaching to the securities, including ranking and limitations to those rights:	<p>Status of the Notes: Notes may be issued on a subordinated or an unsubordinated basis.</p> <p><i>The Notes are [Unsubordinated Notes/Subordinated Notes].</i></p> <p>Taxation: All payments in respect of the Notes will be made without withholding or deduction for or on account of Swedish withholding taxes unless required by law. If such withholdings are required by Swedish law the Issuer will in certain circumstances pay certain additional amounts as described in, and subject to exceptions set out in, Condition 8 (<i>Taxation</i>).</p> <p>Governing Law: English law governs the Notes and all non-contractual obligations arising out of or in connection with them except that (i) the subordination provisions applicable to Subordinated Notes are governed by Swedish law; (ii) the registration of VP Notes in the VP are governed by Danish law; (iii) the registration of VPS Notes in the VPS are governed by Norwegian law; and (iv) the registration of Swedish Notes in the book entry system and register maintained by Euroclear Sweden (the "Euroclear Sweden Register") are governed by Swedish law. Holders of the Notes are entitled to the rights and subject to the obligations and liabilities arising under such regulations and legislation of such jurisdictions.</p> <p>Negative Pledge: None.</p> <p>Cross Default: None.</p> <p>Substitution and Variation: The Issuer may substitute or vary the terms of the Subordinated Notes as provided in Condition 17 (<i>Substitution and Variation</i>) if so specified in the relevant Final Terms. Such Notes may not be substituted or varied without the prior approval of the Swedish Financial Supervisory</p>

		<p>Authority (<i>Finansinspektionen</i>) ("SFSA").</p> <p><i>Condition 17 (Substitution and Variation) is [not] applicable to the Notes.</i></p> <p>Enforcement of Notes in Global Form: In the case of Notes in global form or in uncertificated and dematerialised book entry form, investors' rights will be supported by a deed of covenant dated 13 May 2016 (as amended and/or restated and/or replaced from time to time).</p> <p>Limitations on the rights attaching to the Notes:</p> <p><i>[This part of the Element is not applicable, as there are no such limitations on rights attaching to the Notes./Holders of the Notes shall not be entitled to exercise any right of set-off or counterclaim against moneys owed by the Issuer in respect of such Notes.]</i></p>
C.9	The rights attaching to the securities (continued), including information as to interest, maturity, yield and the representative of the Holders:	<p>See Element C.8 for a description of the rights attaching to the Notes, ranking and limitations.</p> <p>Interest: Notes may be interest bearing or non-interest bearing. Notes may be issued as fixed rate, floating rate (based on LIBOR, EURIBOR, BBSW, BKBM, CDOR, CIBOR, HIBOR, JIBAR, MOSPRIME, NIBOR, SHIBOR, STIBOR, TIBOR, TIEE, TRLIBOR or WIBOR), reset, zero coupon or partly paid. In respect of each Tranche of interest-bearing Notes, the date from which interest becomes payable and the due dates for interest will be specified in the relevant Final Terms.</p>
		<p><i>The Notes do not bear interest./The Notes are interest-bearing:</i></p> <p><i>Nominal interest rate: [].</i></p> <p><i>Interest Commencement Date: [].</i></p> <p><i>Interest Payment Date(s): [].</i></p> <p><i>[Reset Date(s): [].]</i></p> <p><i>[Reference Rate: [].]</i></p> <p><i>[Margin: +/- [].]</i></p> <p><i>[Maximum Rate of Interest: [].]</i></p> <p><i>[Minimum Rate of Interest: [].]</i></p> <p><i>[Day Count Fraction: [].]</i></p> <p>Maturities: Any maturity subject to a minimum maturity of 30 days subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p><i>Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed on [].</i></p> <p>Redemption: Notes may be redeemable at par or at such other redemption amount as may be specified in the relevant Final Terms.</p> <p>Early redemption of the Notes will be permitted for taxation reasons. In relation to Subordinated Notes only, redemption is permitted as a result of a Capital Event or a Tax Event. Notes denominated in Sterling may not be redeemed prior to one year and one day from the date of issue (the "Issue Date").</p>

		<p>No early redemption of Subordinated Notes may take place without the prior written consent of the SFSA.</p> <p><i>Unless previously redeemed, or purchased and cancelled, each Note will be redeemed at [par/its final redemption amount of [] per Calculation Amount]. [The Notes are Subordinated Notes and early redemption is permitted as a result of a Capital Event or a Tax Event [only with the prior written consent of the SFSA].]</i></p> <p>Optional Redemption: Notes may be redeemed before their stated maturity at the option of the Issuer (either in whole or in part) and/or (in the case of Unsubordinated Notes only) the Holder to the extent (if at all) specified in the relevant Final Terms.</p> <p><i>The Notes do [not] provide for early redemption at the option of [either] the Issuer [and/or] the Holder. [The Notes may be redeemed at the option of the Issuer [in whole]/[in whole or in part] on [] at [], plus accrued interest (if any) to such date, on the Issuer's giving not less than 30 nor more than 60 days' notice to the Holder.]/[The Issuer shall, at the option of the Holder of any Note redeem such Note on [] at [] together with interest (if any) accrued to such date, on the Holder's giving not less than 45 days' notice to the Issuer.]</i></p> <p>Withholding Tax Redemption: Except as described in "Optional Redemption" above, early redemption will only be permitted if, as a result of any change in the laws of the Kingdom of Sweden or any political subdivision thereof or any authority or agency therein or thereof having power to tax or any other jurisdiction or any political subdivision thereof or any authority or agency therein or thereof, having power to tax in which the Issuer is treated as having a permanent establishment, under the income tax laws of such jurisdiction or in the interpretation or administration of any such laws or regulations which becomes effective on or after the Issue Date of such Notes or, in the case of Unsubordinated Notes, any earlier date specified in the relevant Final Terms on the occasion of the next payment due in respect of such Notes the Issuer would be required to pay additional amounts as provided in Condition 8. In such circumstances, the Issuer may, at its option and with respect to Subordinated Notes, subject to the prior approval of the SFSA, having given not less than thirty nor more than sixty days' notice (ending, in the case of Notes which bear interest at a floating rate, on a day upon which interest is payable) to the Holders in accordance with Condition 14 (which notice shall be irrevocable) redeem in whole (but not, unless and to the extent that the relevant Final Terms specifies otherwise, in part in relation to Unsubordinated Notes) the Notes of the relevant Series at its Outstanding Principal Amount (or such other redemption amount as may be specified in the relevant Final Terms or at the redemption amount referred to in Condition 6(h), together with accrued interest (if any) thereon.</p> <p>"Outstanding Principal Amount" means, the principal amount of the Note on the Issue Date as reduced by any partial redemptions or repurchases from time to time.</p> <p>Issue Price: Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer at the time of issuance in accordance with prevailing market conditions.</p> <p><i>The Issue Price of the Notes is [].</i></p> <p>Yield: The yield of each Tranche of Notes bearing interest at a fixed rate will be calculated on an annual or semi-annual basis using the relevant Issue Price at the relevant Issue Date.</p>
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C.10	Derivative components in interest payment:	<p>Not applicable.</p> <p>This Element requires that an explanation be given of how the value of an investment in Notes with interest payments linked to derivative components is affected by the value of the underlying instrument(s). No such Notes will be issued under the Programme.</p>
C.11	Listing and trading:	<p>Each Series may be admitted to listing on the Official List of the Irish Stock Exchange or the London Stock Exchange and to trading on its Main Market and/or admitted to listing on the SIX Swiss Exchange or elsewhere as may be agreed between the Issuer and the relevant Dealer and as specified in the relevant Final Terms. Unlisted Notes may also be issued.</p>
C.21		<p><i>Application has been made to the [Irish Stock Exchange/London Stock Exchange] for the Notes to be admitted to the Official List and to trading on its regulated market with effect from [•].</i></p>

Section D - Risks		
D.2	Risks specific to the Issuer:	<p>In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. There is a wide range of factors which individually or together could result in the Issuer becoming unable to make all payments due in respect of the Notes. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer may not be aware of all relevant factors and certain factors which it currently deems not to be material may become material as a result of the occurrence of events outside the Issuer's control. The Issuer has identified in the Base Prospectus a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. These factors include:</p> <p><i>Risks relating to current macroeconomic conditions</i></p> <p>Risks related to the European economic crisis have had and, despite the recent period of moderate stabilisation, may continue to have, a negative impact on global economic activity and the financial markets. If these conditions continue to persist, or should there be any further turbulence in these or other markets, this could have a material adverse effect on the Nordea Group's ability to access capital and liquidity on financial terms acceptable to the Nordea Group.</p> <p>Furthermore, the Nordea Group's performance is significantly influenced by the general economic condition in the countries in which it operates, in particular the Nordic markets (Denmark, Finland, Norway and Sweden). Negative economic developments and conditions in the markets in which it operates can adversely affect its business, financial condition and results of operations, and measures implemented by the Nordea Group might not be satisfactory to reduce any credit, market and liquidity risks.</p> <p><i>Risks relating to the Nordea Group's credit portfolio</i></p> <p>Adverse changes in the credit quality of the Nordea Group's borrowers and counterparties or a decrease in collateral values are likely to affect the recoverability and value of the Nordea Group's assets and require an increase</p>

		<p>in its individual provisions and potentially in collective provisions for impaired loans. A significant increase in the size of the Nordea Group's allowance for loan losses and loan losses not covered by allowances would have a material adverse effect on the Nordea Group's business, financial condition and results of operations.</p> <p>The Nordea Group is exposed to counterparty credit risk, settlement risk and transfer risk on transactions executed in the financial services industry and its transactions in financial instruments. If counterparties default on their obligations, this could have a material adverse effect on the Nordea Group's business, financial condition and results of operations.</p> <p><i>Risks relating to market exposure</i></p> <p>The value of financial instruments held by Nordea Group are sensitive to volatility of and correlations between various market variables, including interest rates, credit spreads, equity prices and foreign exchange rates. Write-downs or realise impairment charges may have a material adverse effect on the Nordea Group's business, financial condition and results of operations, while the performance of financial markets and volatile market conditions could result in a significant decline in the Nordea Group's trading and investment income, or result in a trading loss.</p> <p><i>The Nordea Group is exposed to structural market risk</i></p> <p>The Nordea Group is exposed to structural interest income risk when there is a mismatch between the interest rate re-pricing periods, volumes or reference rates of its assets, liabilities and derivatives. It is also exposed to currency translation risk primarily as a result of its Swedish and Norwegian banking businesses, as it prepares its consolidated financial statements in its functional currency, the euro. Any mismatch in any given period in the event of changes in interest rates, or failure to successfully hedge currency risk exposure, could have a material adverse effect on the Nordea Group's financial condition and results of operations.</p> <p><i>Risks relating to liquidity and capital requirements</i></p> <p>A substantial part of the Nordea Group's liquidity and funding requirements is met through reliance on customer deposits, as well as ongoing access to wholesale lending markets, including issuance of long-term debt market instruments such as covered bonds. Turbulence in the global financial markets and economy may adversely affect the Nordea Group's liquidity and the willingness of certain counterparties and customers to do business with the Nordea Group.</p> <p>The Nordea Group's business performance could be affected if the capital adequacy ratios it is required to maintain under the legislative package comprising Directive 2013/36/EU, Regulation (EU) No. 575/2013 and any regulatory capital rules or regulations, or other requirements, which are applicable to the Issuer or the Nordea Group and which prescribe (alone or in conjunction with any other rules or regulations) the requirements to be fulfilled by financial instruments for their inclusion in the regulatory capital of the Issuer or the Nordea Group (on a solo or consolidated basis, as the case may be) to the extent required by Directive 2013/36/EU or Regulation (EU) No. 575/2013, including for the avoidance of doubt any regulatory technical standards released by the European Banking Authority (or any successor or replacement thereof) ("CRD IV") are reduced or perceived to be inadequate.</p> <p>The Nordea Group's funding costs and its access to the debt capital markets depend significantly on its credit ratings. A reduction in credit ratings could adversely affect the Nordea Group's access to liquidity and its competitive</p>
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		<p>position, and therefore, have a material adverse effect on its business, financial condition and results of operations.</p> <p><i>Other risks relating to the Nordea Group's business</i></p> <p>The Nordea Group's business operations are dependent on the ability to process a large number of complex transactions across different markets in many currencies and operations are carried out through a number of entities. Although the Nordea Group has implemented risk controls and taken other actions to mitigate exposures and/or losses, there can be no assurances that such procedures will be effective in controlling each of the operational risks faced by the Nordea Group, or that the Nordea Group's reputation will not be damaged by the occurrence of any operational risks.</p> <p>The Nordea Group's operations in Russia and the Baltic countries which are typically more volatile and less developed economically and politically than markets in Western Europe and North America – present various risks that do not apply, or apply to a lesser degree, to its businesses in the Nordic markets. Additionally, some of these markets are typically more volatile and less developed economically and politically than markets in Western Europe and North America.</p> <p>The Nordea Group's performance is, to a large extent, dependent on the talents and efforts of highly skilled individuals, and the continued ability of the Nordea Group to compete effectively and implement its strategy depends on its ability to attract new employees and retain and motivate existing employees. New regulatory restrictions, such as the limits on certain types of remuneration paid by credit institutions and investment firms set forth in CRD IV, could adversely affect the Nordea Group's ability to attract new employees and retain and motivate existing employees. Any loss of the services of key employees, particularly to competitors, or the inability to attract and retain highly skilled personnel in the future could have an adverse effect on the Nordea Group's business.</p> <p>There is competition for the types of banking and other products and services that the Nordea Group provides and there can be no assurances that the Nordea Group can maintain its competitive position.</p> <p><i>Risks relating to proposed cross-border subsidiary mergers</i></p> <p>The Nordea Group has announced the proposed merger of each of Nordea Bank Danmark A/S, Nordea Bank Finland Plc and Nordea Bank Norge ASA into Nordea Bank AB. The proposed mergers are subject to certain risks and uncertainties, including the inability of Nordea Bank AB to obtain the necessary regulatory approvals or satisfactory outcomes of the discussions with regulators and authorities, including the local financial supervisory authorities and tax authorities. Any delay in obtaining the required approvals may also postpone the execution of the proposed mergers and failure to consummate the proposed mergers could result in the Nordea Group not obtaining the anticipated benefits of the mergers.</p> <p><i>Risks relating to the legal and regulatory environments in which the Nordea Group operates</i></p> <p>The Nordea Group is subject to substantial regulation and oversight by a number of different regulators as well as laws and regulations, administrative actions and policies in each of the jurisdictions in which it operates, all of which are subject to change, and compliance with which may from time to time require significant costs.</p> <p>The Nordea Group may incur substantial costs in monitoring and complying</p>
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		<p>with new capital adequacy and recovery and resolution framework requirements, which may also impact existing business models. In addition, there can also be no assurances that breaches of legislation or regulations by the Nordea Group will not occur and, to the extent that such a breach does occur, that significant liability or penalties will not be incurred.</p> <p>In the ordinary course of its business, the Nordea Group is subject to regulatory oversight and liability risk and is involved in a variety of claims, disputes, legal proceedings and governmental investigations in jurisdictions where it is active. These types of claims and proceedings expose the Nordea Group to monetary damages, direct or indirect costs (including legal costs), direct or indirect financial loss, civil and criminal penalties, loss of licences or authorisations, or loss of reputation, criticism or penalties by supervisory authorities as well as the potential for regulatory restrictions on its businesses.</p> <p>The Nordea Group's activities are subject to tax at various rates around the world computed in accordance with local legislation and practice. Legislative changes or decisions by tax authorities may impair the present or previous tax position of the Nordea Group.</p> <p>Changes in the accounting policies or accounting standards applicable to the Nordea Group could also materially affect how it reports its financial condition and results of operations.</p>
D.3	Risks specific to the Notes:	<p>There are also risks related to any issue of Notes under the Programme and specific types of Notes, which prospective investors should carefully consider and make sure they understand prior to making any investment decision with respect to the Notes, including:</p> <ul style="list-style-type: none"> • The Notes may not be a suitable investment for all investors. • The Notes may not be freely transferred. • There may be no active trading market for the Notes. • Noteholders are subject to market volatility. • Credit ratings are subject to revision, suspension or withdrawal at any time, and a change in the credit ratings of the Notes, or a new unsolicited credit rating assigned on the Notes, could affect the market value and reduce the liquidity of the Notes. • Fixed Rate Notes are subject to interest rate risks. • Gains on the transfer of the Notes may become subject to income taxes under PRC tax laws. • There are risks relating to Partly Paid Notes. • There are risks relating to fixed/floating rate Notes. • There are risks relating to Reset Notes. • The Notes may be issued at a substantial discount or premium. • The Notes are subject to risks related to exchange rates and exchange controls. • Noteholders are subject to credit risk on the Issuer. • The Notes may be redeemed early.

		<ul style="list-style-type: none"> • Noteholders' rights and obligations may be amended at meetings of Noteholders. • The terms and conditions of the Notes may be changed. • Changes in laws and regulations may affect the terms and conditions of the Notes. • The Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples. • The amount of Notes to be issued under the Programme may be changed. • Regulatory action in the event of a failure of the Issuer could materially adversely affect the value of the Notes. • There may be no rights of set-off or counterclaim. • The proposed financial transactions tax may negatively affect holders of Notes or the Issuer. • Payments under the Notes may be subject to withholding tax pursuant to the U.S. Foreign Account Tax Compliance Act. • Investors will have to rely on Euroclear's, Clearstream, Luxembourg's, VP's, VPS's, Euroclear Sweden's or SIS's (as the case may be) procedures for transfer, payment and communication with the Issuer. <p>In addition to the above, there are risks specific to the Subordinated Notes:</p> <ul style="list-style-type: none"> • Under certain circumstances, the Issuer's ability to redeem or repurchase the Subordinated Notes may be limited. • The Subordinated Notes are subordinated to most of the Issuer's liabilities. • The Issuer is not prohibited from issuing further debt, which may rank pari passu with or senior to the Subordinated Notes. • Remedies in case of default on Subordinated Notes are severely limited. • The Issuer could, in certain circumstances, substitute or vary the terms of Subordinated Notes. <p>In addition to the above, there are risks specific to Notes denominated in Renminbi, including:</p> <ul style="list-style-type: none"> • Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes. • There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of the Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service Renminbi Notes. • Investment in the Renminbi Notes is subject to exchange rate risks. • Investment in the Renminbi Notes is subject to currency risk. • Investment in the Renminbi Notes is subject to interest rate risks. • Payments with respect to the Renminbi Notes may be made only in the
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		<p>manner designated in the Renminbi Notes.</p> <ul style="list-style-type: none"> • Remittance of proceeds in Renminbi into or out of the PRC
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Section E - Offer		
E.2b	Reasons for the offer and use of proceeds:	<i>The net proceeds of the issue of the Notes will be used for [the general banking and other corporate purposes of the Nordea Group/[]].</i>
E.3	Terms and Conditions of the Offer:	<i>A Public Offer of the Notes will take place in the Public Offer Jurisdiction(s) during the Offer Period. [Summarise details of the Public Offer included in the "Distribution—Public Offer" and "Terms and Conditions of the Offer" items in Part B of the Final Terms.] Any investor intending to acquire or acquiring any Notes from an Authorised Offeror will do so, and offers and sales of the Notes to an investor by an Authorised Offeror will be made, in accordance with any terms and other arrangements in place between such Authorised Offeror and such Investor including as to price, allocation and settlement arrangements.</i>
E.4	Interests material to the Issue:	<p>The Issuer has appointed Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Deutsche Bank AG, London Branch, Goldman Sachs International, HSBC Bank plc, J.P. Morgan Securities plc, Merrill Lynch International, Natixis, Nordea Bank AB (publ), Nordea Bank Danmark A/S, Nordea Bank Finland Plc, Nordea Bank Norge ASA, Morgan Stanley & Co. International plc, RBC Europe Limited, The Royal Bank of Scotland plc, Société Générale, UBS Limited and UniCredit Bank AG as principal dealers for the Programme and UBS AG as Swiss dealer for the Programme (together with any other dealer appointed from time to time by the Issuer, either generally in relation to the Programme or in relation to a particular Series of Notes, the "Dealers").</p> <p>The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and purchased by, Dealers are set out in the Dealership Agreement made between the Issuer and the Dealers. Notes may be distributed by way of private or public placement, in each case on a syndicated or a non-syndicated basis.</p> <p>Interests material to the issue/offer of Notes may arise principally as a result of the ordinary business activities of the Dealers and their affiliates, in the course of which they may make, hold and actively trade investments that may involve Notes and/or instruments of the Issuer or the Issuer's affiliates, including Notes, and may hedge their credit exposure to the Issuer. Such hedging may include the purchase of credit default swaps or the creation of short positions in Notes of the Issuer or the Issuer's affiliates, including potentially the Notes. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such Notes.</p> <p><i>So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer./[].</i></p>
E.7	Estimated expenses:	It is not anticipated that the Issuer will charge any expenses to investors in connection with any issue of Notes. Other Authorised Offerors may, however, charge expenses to investors. Any expenses chargeable by an Authorised Offeror to an investor shall be charged in accordance with any contractual arrangements agreed between the Investor and such Authorised Offeror at the time of the relevant offer. Such expenses (if any) will be determined on a case by case basis.

		<i>No expenses are being charged to an investor in the Notes by the Issuer [or any Authorised Offeror]./The Authorised Offeror(s) will charge expenses to investors. The estimated expenses chargeable to investors by the Authorised Offeror(s) are [].</i>
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APPENDIX 2

SELECTED FINANCIAL INFORMATION

The tables below show certain selected summarised financial information which, without material changes, is derived from the Nordea Group's audited consolidated financial statements for the year ending 31 December 2015 and unaudited consolidated financial statements for the six months ended 30 June 2016 (the "**2016 Q2 Statements**"), which are set out in the Annexes to this Supplement and the Base Prospectus.

The Nordea Group's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards ("**IFRS**") and interpretations of such standards by the International Financial Reporting Interpretations Committee, as endorsed by the EU Commission. In addition, certain complementary rules in the Swedish Act on Annual Reports in Credit Institutions and Securities Companies (1995:1559) and the recommendation RFR 1 "*Supplementary Accounting Rules for Groups*", and UFR statements issued by the Swedish Financial Reporting Board as well as the accounting regulations of the SFSA's (FFFS 2008:25, with amendments in FFFS 2009:11 and 2011:54), have also been applied.

The tables below shall be read together with the auditor's report and the notes thereto.

Income Statement

	Group			
	Year ended 31 December		6 months ended 30 June	
	2015 ³	2014	2016	2015
	<i>(EUR millions)</i>			
Interest income.....	8,549	9,995	3,925	4,417
Interest expense	-3,586*	-4,513	-1,585	-1,890
Net interest income	4,963*	5,482	2,340	2,527
Fee and commission income	4,092*	3,799	1,993	2,073
Fee and commission expense	-862*	-957	-417	-431
Net fee and commission income	3,230*	2,842	1,576	1,642
Net result from items at fair value.....	1,645*	1,425	737	1,013
Profit from companies accounted for under the equity method	39	18	110	18
Other operating income.....	263	474	88	42
Total operating income	10,140	10,241	4,851	5,242
Operating expenses				
General administrative expenses:				
Staff costs	-3,263	-3,159	-1,496	-1,551
Other expenses.....	-1,485	-1,656	-782	-727
Depreciation, amortisation and impairment charges of tangible and intangible assets.....	-209	-585	-106	-95
Total operating expenses.....	-4,957	-5,400	-2,384	-2,373
Profit before loan losses	5,183	4,841	2,467	2,869
Net loan losses	-479	-534	-238	-225
Operating profit	4,704	4,307	2,229	2,644
Income tax expense.....	-1,042	-950	-451	-610
Net profit for the period from continuing operations	3,662	3,357	1,778	2,034
Net profit for the period from discontinued operations, after tax.....	-	-25	-	-
Net profit for the period	3,662	3,332	1,778	2,034
Attributable to:				

³ As discussed in more detail under "*Changed accounting policies*" in the unaudited 2016 Q2 Statements which are set out in the Annex to this Supplement, figures marked with a "*" have been restated due to changed accounting policies and presentation and are unaudited. There has been no restatement of the figures for the year ended 31 December 2014.

	Group			
	Year ended 31 December		6 months ended 30 June	
	2015³	2014	2016	2015
	<i>(EUR millions)</i>			
Shareholders of Nordea Bank AB (publ)	3,662	3,332	1,778	2,034
Non-controlling interests.....	-	-	-	-
Total.....	3,662	3,332	1,778	2,034

Balance Sheet

	Group			
	31 December		30 June	
	2015 ⁴	2014	2016	2015
	(EUR millions)			
Assets				
Cash and balances with central banks	35,500	31,067	48,188	45,532
Loans to central banks	13,224	6,958	8,756	8,485
Loans to credit institutions	10,762*	12,217	10,470	13,319
Loans to the public	340,920	348,085	344,580	357,580
Interest-bearing securities	86,535*	87,110	84,976	86,624
Financial instruments pledged as collateral	8,341	12,151	8,989	12,010
Shares	22,273*	39,749	21,197	24,758
Assets in pooled schemes and unit-linked investment contracts ⁵	20,434	-	22,040	20,262
Derivatives	80,741	105,119	87,240	86,314
Fair value changes of the hedged items in portfolio hedge of interest rate risk	151	256	160	166
Investments in associated undertakings	515	487	781	496
Intangible assets	3,208	2,908	3,444	3,086
Property and equipment	557	509	568	559
Investment property	3,054*	3,227	3,072	3,125
Deferred tax assets	76	130	124	61
Current tax assets	87	132	253	160
Retirement benefit assets	377	42	221	207
Other assets	18,587*	17,581	24,619	18,208
Prepaid expenses and accrued income	1,526	1,614	1,558	1,700
Total assets	646,868	669,342	671,236	682,652
Liabilities				
Deposits by credit institutions	44,209	56,322	63,599	63,894
Deposits and borrowings from the public	189,049*	197,254	195,960	206,402
Deposits in pooled schemes and unit-linked investment contracts ⁶	21,088	-	22,463	20,862
Liabilities to policyholders	38,707*	51,843	39,159	39,133
Debt securities in issue	201,937	194,274	188,003	196,467
Derivatives	79,505	97,340	83,037	83,904
Fair value changes of the hedged items in portfolio hedge of interest rate risk	2,594	3,418	3,920	2,578
Current tax liabilities	225	368	432	434
Other liabilities	25,745*	26,973	31,830	27,953
Accrued expenses and prepaid income	1,805	1,943	1,834	1,851
Deferred tax liabilities	1,028	983	849	939
Provisions	415	305	394	285
Retirement benefit obligations	329	540	473	405
Subordinated liabilities	9,200	7,942	9,140	7,736
Total liabilities	615,836	639,505	641,093	652,843
Equity				
Non-controlling interests	1	2	1	1

⁴ As discussed in more detail under "*Changed accounting policies*" in the unaudited 2016 Q2 Statements which are set out in the Annex to this Supplement, figures marked with a "*" have been restated due to changed accounting policies and presentation and are unaudited. There has been no restatement of the figures for the year ended 31 December 2014.

⁵ As discussed in more detail under "*Changed accounting policies*" in the unaudited 2016 Q2 Statements, the Nordea Group has in its unaudited consolidated balance sheet as of 30 June 2016 reclassified certain investments made on behalf of customers in interest-bearing securities and shares in pension pools and unit-linked investment contracts to the separate balance sheet line "assets in pooled schemes and unit-linked investment contracts." The unaudited figures as of 31 December 2015 and as of 30 June 2016 in the above table reflect this reclassification.

⁶ As a result of the accounting policy changes discussed in footnote 5 above, the corresponding liabilities to customers have been reclassified to the separate balance sheet line "deposits in pooled schemes and unit-linked investment contracts." The unaudited figures as of 31 December 2015 and as of 30 June 2016 in the above table reflect this reclassification.

	Group			
	31 December		30 June	
	2015 ⁴	2014	2016	2015
	<i>(EUR millions)</i>			
Share capital	4,050	4,050	4,050	4,050
Share premium reserve	1,080	1,080	1,080	1,080
Other reserves	-1,188	-1,201	-1,298	-767
Retained earnings.....	27,089	25,906	26,310	25,445
Total equity.....	31,032	29,837	30,143	29,809
Total liabilities and equity.....	646,868	669,342	671,236	682,652
Assets pledged as security for own liabilities.....	184,795	163,041	194,572	182,782
Other assets pledged	9,038	11,265	6,065	10,711
Contingent liabilities.....	22,569	22,017	22,235	22,835
Credit Commitments.....	71,340	74,291	71,778	73,099
Other Commitments.....	3,323	1,644	1,510	1,357

Cash Flow Statement

	Group			
	Year ended 31 December		6 months ended 30 June	
	2015	2014	2016	2015
	<i>(EUR millions)</i>			
Operating activities				
Operating profit	4,704	4,307	2,229	2,644
Profit for the period from discontinued operations, after tax	-	-25	-	-
Adjustment for items not included in cash flow	2,824	8,140	1,854	2,945
Income taxes paid	-1,056	-966	-436	-537
Cash flow from operating activities before changes in operating assets and liabilities	6,472	11,456	3,647	5,052
Cash flow from operating activities	196	-10,824	18,165	12,127
Cash flow from investing activities	-522	3,254	-410	-503
Cash flow from financing activities	-1,746	-1,040	-2,557	-3,051
Cash flow for the period	-2,072	-8,610	15,198	8,573
Cash and cash equivalents at the beginning of period	39,683	45,670	40,200	39,683
Translation differences	2,589	2,623	-498	2,206
Cash and cash equivalents at the end of the period ...	40,200	39,683	54,900	50,462
Change	-2,072	-8,610	15,198	8,573